

**Grupo Financiero Banorte,
S.A.B. de C.V. and Subsidiaries**

Consolidated Financial Statements
for the Years Ended December 31,
2024 and 2023, and Independent
Auditors' Report Dated February 28,
2025



Grupo Financiero Banorte, S.A.B. de C.V. and Subsidiaries

Independent Auditors' Report and Consolidated Financial Statements as of December 31, 2024 and 2023

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Independent Auditors' Report to the Board of Directors and Stockholders of Grupo Financiero Banorte, S.A.B. de C.V. and Subsidiaries

Opinion

We have audited the consolidated financial statements of Grupo Financiero Banorte, S.A.B. of C.V. and Subsidiaries (the Holding), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in stockholders' equity and the consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Holding as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the accounting criteria established by the National Banking and Securities Commission (the Commission) through the "General Provisions applicable to Holding Companies of Financial Groups subject to the Supervision of the National Banking and Securities Commission "(the Accounting Criteria).

Basis of opinion

We conducted our audits in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Holding in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professionals Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in accordance with the Code of Ethics issued by the Mexican Institute of Public Accountants (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code with the IMCP Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The accompanying consolidated financial statements, where required, present unaudited financial information within their Notes, which is required in the Provisions established by the Commission.

The accompanying consolidated financial statement have been translated into English for the convenience of users.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that the matters described below are the key audit matters which should be communicated in our report.

- **Allowance for loan losses (See Notes 5 and 13 to the consolidated financial statements)**

The methodology for calculating allowance for loan losses requires that the expected loss be evaluated in accordance with the Accounting Standards issued by the National Banking and Securities Commission (the Commission). This expected loss considers 3 credit risk factors that are (i) the probability of default, (ii) the severity of the loss and (iii) the exposure to non-compliance.



To carry out the above identification, said rules establish a method, which considers a series of qualitative and quantitative factors, such as: 1) in consumer loans: payment behavior, potential losses and credit risk; 2) in mortgage loans: delinquency periods, possibility of non-payment and net potential losses of the guarantees received; and 3) in commercial credits: evaluation of the ability to repay the credit, financial risk, payment history, as well as the corresponding guarantees.

It has been considered a key audit matter due to the importance of the book value of the loan portfolio and its corresponding allowance for loan losses, and because the process for determining the estimate requires considering the completeness and accuracy of the information.

Our audit procedures to cover this key audit issue included:

- a) Test the design and implementation, and operational effectiveness of the relevant controls regarding the valuation of allowance for loan losses of the Holding.
- b) Reperformance the valuation on a sample of credits, considering the risk factors and the source of information used to carry out this calculation. In addition, we review the source of information used to determine and update each of the risk factors in the calculation.
- c) Our tests were developed with the involvement of our team of credit risk specialists, who ensured that the models to determine the preventive estimates used by the Holding were in accordance with the stipulated and authorized models (so it corresponds to the internal models) by the Commission.
- d) We validate the correct presentation and disclosure in the consolidated financial statements.

Information Other than the Consolidated Financial Statements and Auditors' Report

Management is responsible for the other information. The other information will include the information that will be incorporated in the annual report that the Holding Company is required to prepare in accordance with Article 33, Section I, subsection b) of Title Four, Chapter One of the General Provisions Applicable to Issuers and Other Participants in the Securities Market in Mexico and the Instructions that accompany those Provisions. The annual report is expected to be available for our reading after the date of this audit report.

Our opinion of the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we concluded that there is a material misstatement of this other information, we are required to report that fact. When we read the Annual Report, we will issue the statement regarding the reading of the annual report, as required by Article 33, Section I, subsection b) numeral 1.2. of the aforementioned Provisions.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Accounting Standards issued by the Commission and the internal control that management deems necessary to enable the preparation of consolidated financial statements free of material misstatement, due to fraud or error.

In preparing of the consolidated financial statements, management is responsible for assessing the Holding's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Holding or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Holding's consolidated financial reporting process.⁴



Independent Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Holding's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Holding's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Holding to cease to continue as a going concern.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Holding to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Galaz, Yamazaki, Ruiz Urquiza, S.C.

Affiliate of a Member of Deloitte Touche Tohmatsu Limited



C.P.C. Fernando Noguera

Registration in the General Administration
Of Federal Tax Audit No. 13204
Monterrey, Nuevo León, México

February 28, 2025



GRUPO FINANCIERO BANORTE, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024 and 2023
(In millions of Mexican pesos)

ASSETS	2024	2023
CASH AND CASH EQUIVALENTS	Ps. 98,704	Ps. 100,230
MARGIN SECURITIES (DERIVATIVE FINANCIAL INSTRUMENTS)	3,998	4,918
INVESTMENTS IN SECURITIES		
Trading Financial Instrument	400,772	335,756
Financial Instruments to collect or sell	201,079	222,018
Financial instruments to collect principal and interest	374,746	338,578
	976,597	896,352
DEBTOR BALANCES UNDER REPURCHASE AND RESALE AGREEMENTS	4,002	41,606
DERIVATIVE FINANCIAL INSTRUMENTS		
For trading purposes	21,126	28,957
For hedging purposes	1,004	4,442
	22,130	33,399
LOAN PORTAFOLIO WITH CREDIT RISK STAGE 1		
Commercial loans		
Business loans	478,315	404,688
Financial institution's loans	39,171	25,470
Government loans	183,594	171,537
Consumer loans	200,754	172,328
Mortgage loans		
Medium and residential	267,837	248,257
Low-income housing	1	2
Loans acquired from INFONAVIT or FOVISSSTE	1,373	1,618
TOTAL LOAN PORTAFOLIO WITH CREDIT RISK STAGE 1	1,171,045	1,023,900
LOAN PORTAFOLIO WITH CREDIT RISK STAGE 2		
Commercial loans		
Business loans	1,645	1,406
Government loans	332	424
Consumer loans	3,152	2,936
Mortgage loans		
Medium and residential	3,407	3,193
Loans acquired from INFONAVIT or FOVISSSTE	75	68
TOTAL LOAN PORTAFOLIO WITH CREDIT RISK STAGE 2	8,611	8,027
LOAN PORTAFOLIO WITH CREDIT RISK STAGE 3		
Commercial loans		
Business loans	4,053	3,759
Financial institutions' loans	136	123
Government loans	4	11
Consumer loans	4,835	4,820
Mortgage loans		
Medium and residential	1,754	1,831
Loans acquired from INFONAVIT or FOVISSSTE	343	346
TOTAL LOAN PORTAFOLIO WITH CREDIT RISK STAGE 3	11,125	10,890
LOAN PORTFOLIO	1,190,781	1,042,817
(Plus/Minus) DEFERRED ITEMS	3,132	2,386
(Minus) ALLOWANCE FOR LOAN LOSSES	(20,122)	(19,603)
LOAN PORTFOLIO OF INSURANCE AND BOND	3,812	3,503
(Minus) ALLOWANCE FOR LOAN LOSSES	(312)	(254)
LOAN PORTFOLIO OF INSURANCE AND BOND, (NET)	3,500	3,249
ACQUIRED COLLECTION RIGHTS, (NET)	876	1,094
TOTAL LOAN PORTFOLIO, (NET)	1,178,167	1,029,943
DEBTORS OF INSURANCE AND SURETY COMPANIES	5,619	4,660
AMOUNTS RECOVERABLE BY REINSURANCE AND COUNTER-GUARANTEE, (NET)	5,661	5,773
OTHER ACCOUNTS RECEIVABLE, (NET)	56,229	44,932
MERCHANDISE INVENTORY	1,219	938
FORECLOSED ASSETS, (NET)	4,600	4,881
ADVANCE PAYMENTS AND OTHER ASSETS, (NET)	14,091	13,183
PROPERTY, FURNITURE AND EQUIPMENT, (NET)	31,913	30,551
LEASE RIGHT OF USE ASSETS, (NET)	4,440	3,903
PERMANENT STOCK INVESTMENTS	15,629	15,495
DEFERRED INCOME TAX ASSETS, (NET)	5,245	
INTANGIBLE ASSETS, (NET)	14,898	17,270
GOODWILL	28,067	26,825
TOTAL ASSETS	Ps. 2,471,209	Ps. 2,274,859



LIABILITIES AND STOCKHOLDERS' EQUITY	2024	2023
DEPOSITS		
Demand deposits	Ps. 722,181	Ps. 678,923
Time deposits		
General public	363,684	332,098
Money market	1,795	8,098
Senior debt issued	41,831	33,643
Global account of deposits without movements	4,009	3,656
	1,133,500	1,056,418
INTERBANK AND OTHER LOANS		
Short-term loans	22,196	25,731
Long-term loans	12,865	7,411
	35,061	33,142
TECHNICAL RESERVES	321,727	288,892
CREDITOR BALANCES UNDER REPURCHASE AND RESALE AGREEMENTS	459,442	381,012
COLLATERAL SOLD OR PLEDGED		
Repurchase or resale agreements (creditor balance)	52,704	88,145
DERIVATIVE FINANCIAL INSTRUMENTS		
For trading purposes	22,130	21,534
For hedging purposes	3,798	2,259
	25,928	23,793
ACCOUNTS PAYABLE TO REINSURERS, net	3,018	2,379
LEASE LIABILITY	4,577	3,947
OTHER ACCOUNTS PAYABLES		
Creditors from settlements of transactions	30,746	13,148
Creditors from collaterals received in cash	9,903	19,747
Contributions payable	3,719	2,707
Sundry creditors and other payables	32,527	37,037
	76,895	72,639
FINANCIAL INSTRUMENTS THAT QUALIFY AS LIABILITY		
Subordinated debentures	86,928	55,421
INCOME TAX LIABILITIES	9,130	6,933
EMPLOYEE BENEFIT LIABILITY	12,646	11,399
DEFERRED CREDITS AND ADVANCED COLLECTIONS	1,225	1,534
TOTAL LIABILITIES	Ps. 2,222,781	Ps. 2,025,654



STOCKHOLDERS' EQUITY		
PAID-IN CAPITAL		
Common stock	14,711	14,988
Additional paid-in capital	48,161	47,648
	62,872	62,636
EARNED CAPITAL		
Capital reserves	22,236	33,885
Retained earnings from prior years	170,319	155,928
Other comprehensive income		
Result from valuation of securities to collect or sell	(3,240)	(1,411)
Result from valuation of instruments for cash flow hedging	(866)	181
Defined remeasurements for employees benefits	(2,805)	(1,947)
Result from valuation of reserve for unexpired risks variations in rates	428	189
Cumulative Translation Adjustment	465	(108)
	186,537	186,717
CONTROLLING INTEREST	249,409	249,353
NON-CONTROLLING INTEREST	(981)	(148)
TOTAL STOCKHOLDERS' EQUITY	248,428	249,205
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	Ps. 2,471,209	Ps. 2,274,859

"These statements of financial position were formulated in accordance with the accounting criteria for controlling and sub-controlling companies, issued by the Supervisory Commissions, based on the provisions of Articles 91, 92, 94 and 101 of the Law Regulating the Financial Groups, of general and obligatory observance, applied in a consistent manner, reflecting the operations carried out by the Holding and the financial entities and other companies that are part of the Financial Group that are capable of being consolidated up to the aforementioned date, which they were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions."

As of December 31, 2024, the stockholders' equity amounts to Ps. 9,756.

The accompanying Consolidated Statements of financial positions have been approved by the Board of Directors in accordance with the responsibility assigned to them.

"The attached Notes are an integral part of these consolidated financial statements."

Act. José Marcos Ramírez Miguel
CEO

Eng. Rafael Arana de la Garza
Managing Director - COO, Administration and Finance

C.P. Isaías Velázquez González
Managing Director – Audit

Lic. Jorge Eduardo Vega Camargo
Deputy Managing Director – Controller

C.P.C. Mayra Nelly López López
Deputy Managing Director – Accounting



GRUPO FINANCIERO BANORTE, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED COMPREHENSIVE INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023
(In millions of mexican pesos)

	2024	2023
Interest income	Ps. 405,433	Ps. 375,497
Interest expense	(266,073)	(248,015)
NET INTEREST INCOME	139,360	127,482
Allowance for loan losses	(19,536)	(15,942)
NET INTEREST INCOME AFTER ALLOWANCE FOR LOAN LOSSES	119,824	111,540
Commission and fee income	41,260	35,073
Commission and fee expense	(20,956)	(18,119)
Premium revenue, (net)	55,293	48,259
Increase in technical reserves	(33,318)	(28,288)
Net cost for insurance and bond operations	(1,898)	(1,735)
Casualty rate, claims and other contractual obligations, net	(33,498)	(29,222)
Brokerage revenues	4,983	3,913
Other operating income (expenses)	(3,447)	(3,278)
Non-interest expense	(54,625)	(48,582)
OPERATING INCOME	73,618	69,561
Equity in earnings of unconsolidated subsidiaries and associated companies	1,713	1,413
INCOME BEFORE INCOME TAX	75,331	70,974
Current income tax	(19,127)	(17,832)
INCOME BEFORE DISCONTINUED OPERATIONS	56,204	53,142
NET INCOME	Ps. 56,204	Ps. 53,142
Other comprehensive income:		
Financial instruments to collect or sell valuation	(1,783)	1,417
Result from valuation of instruments for cash flow hedging	(1,047)	1,725
Defined remeasurements for employees benefits	(858)	(81)
Result from valuation of reserve for unexpired risks variations in rates	239	(7)
Cumulative Translation Adjustment	573	(192)
	(2,876)	2,862
RESULTADO INTEGRAL	Ps. 53,328	Ps. 56,004
Attributable net income to:		
Controlling interest	56,188	52,418
Non-controlling interest	16	724
	Ps. 56,204	Ps. 53,142
Attributable comprehensive income to:		
Controlling interest	53,358	55,230
Non-controlling interest	(30)	774
	Ps. 53,328	Ps. 56,004
Earnings per ordinary share	Ps. 19.720	Ps. 18.311

"These consolidated comprehensive income statements were formulated in accordance with the accounting criteria for the controlling and sub-controlling companies, issued by the Supervisory Commissions, based on the provisions of Articles 91, 92, 94 and 101 of the Law Regulating the Financial Groups, of general and obligatory observance, applied in a consistent manner, reflecting all the income and expenses derived from the operations carried out by the Holding and the financial entities and other companies that are part of the Financial Group that are susceptible to consolidation, during the aforementioned period, which were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

The accompanying comprehensive income statements have been approved by the Board of Directors in accordance with the responsibility assigned to them.

The attached notes are an integral part of these consolidated income statements.

Act. José Marcos Ramírez Miguel
CEO

Eng. Rafael Arana de la Garza
Managing Director - COO, Administration and Finance

C.P. Isaías Velázquez González
Managing Director – Audit

Lic. Jorge Eduardo Vega Camargo
Deputy Managing Director – Controller

C.P.C. Mayra Nelly López López
Deputy Managing Director – Accounting



GRUPO FINANCIERO BANORTE, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023
(In millions of Mexican pesos)

	PAID-IN CAPITAL		OTHER CAPITAL			
	Common Stock	Additional paid-in capital	Capital reserves	Retained earnings from prior years	Result from valuation of securities to collect and sell	Result from valuation of instruments for cash flow hedging
Balances, December 31, 2022	Ps. 14,955	Ps. 48,440	Ps. 33,342	Ps. 145,218	(Ps. 2,783)	(Ps. 1,544)
TRANSACTIONS APPROVED BY STOCKHOLDERS:						
Share repurchase for executive shares' plan payable in equity instruments	33	304	543	53	-	-
Dividends Decreed by the Ordinary General Assembly of Shareholders on June 23 and October 5, 2023	-	-	-	(37,704)	-	-
Transfer of shares between entities under common control	-	(1,141)	-	-	-	-
Total transactions approved by stockholders	33	(837)	543	(37,651)	-	-
OTHER STOCKHOLDERS' TRANSACTIONS:						
Effect of subsidiaries, affiliates and mutual funds	-	45	-	(69)	(45)	-
Interest on subordinated debentures	-	-	-	(3,988)	-	-
Total	-	45	-	(4,057)	(45)	-
COMPREHENSIVE INCOME:						
Comprehensive income	-	-	-	52,418	-	-
OTHER COMPREHENSIVE INCOME:						
Financial instruments to collect or sell valuation	-	-	-	-	1,417	-
Cumulative Translation Adjustment	-	-	-	-	-	-
Result from valuation of instruments for cash flow hedging	-	-	-	-	-	1,725
Defined remeasurements for employees benefits	-	-	-	-	-	-
Result from valuation of reserve for unexpired risks variations in rates	-	-	-	-	-	-
Total	-	-	-	52,418	1,417	1,725
Non-controlling interest	-	-	-	-	-	-
Balances, December 31, 2023	Ps. 14,988	Ps. 47,648	Ps. 33,885	Ps. 155,928	(Ps. 1,411)	Ps. 181
TRANSACTIONS APPROVED BY STOCKHOLDERS:						
Share repurchase for executive shares' plan payable in equity instruments	(277)	455	(11,649)	-	-	-
Dividends Decreed by the Ordinary General Assembly of Shareholders on April 29 and December 9, 2024	-	-	-	(35,938)	-	-
Total transactions approved by stockholders	(277)	455	(11,649)	(35,938)	-	-
RESERVES TRANSACTION:						
Release of reserve for the repurchase of shares	-	-	-	-	-	-
OTHER STOCKHOLDERS' TRANSACTIONS:						
Effect of subsidiaries, affiliates and mutual funds	-	58	-	(1,992)	(46)	-
Interest on subordinated debentures	-	-	-	(3,867)	-	-
Total	-	58	-	(5,859)	(46)	-
COMPREHENSIVE INCOME:						
Comprehensive income	-	-	-	56,188	-	-
OTHER COMPREHENSIVE INCOME:						
Financial instruments to collect or sell valuation	-	-	-	-	(1,783)	-
Cumulative Translation Adjustment	-	-	-	-	-	-
Result from valuation of instruments for cash flow hedging	-	-	-	-	-	(1,047)
Defined remeasurements for employees benefits	-	-	-	-	-	-
Result from valuation of reserve for unexpired risks variations in rates	-	-	-	-	-	-
Total	-	-	-	56,188	(1,783)	(1,047)
Non-controlling interest	-	-	-	-	-	-
Balances, December 31, 2023	Ps. 14,711	Ps. 48,161	Ps. 22,236	Ps. 170,319	(Ps. 3,240)	(Ps. 866)

"These consolidated statements of changes in consolidated stockholders' equity were formulated in accordance with the accounting criteria for holding and subholding companies, issued by the Supervisory Commissions, based on the provisions of Articles 91, 92, 94 and 101 of the Law to Regulate Financial Groups, of general and mandatory observance, applied consistently, reflecting all movements in the stockholders' equity accounts derived from the operations carried out by the Holding and the financial entities and other companies that are part of the Financial Group that are likely to be consolidated, during the aforementioned period, which were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

These consolidated statements of changes in consolidated stockholders' equity were approved by the Board of Directors under the responsibility of the executives who sign it."

The attached notes are an integral part of these consolidated statements of changes in stockholders' equity.



	OTHER CAPITAL					
	Defined remeasurements for employees benefits	Result in the valuation of unexpired risk reserves due to changes in rates	Cumulative foreign currency translation adjustment	Total Controlling interest	Total Non-controlling interest	Total stockholders' equity
Balances, December 31, 2022	(Ps. 1,866)	Ps. 196	Ps. 84	Ps. 236,042	Ps. 2,989	Ps. 239,031
TRANSACTIONS APPROVED BY STOCKHOLDERS:						
Share repurchase for executive shares' plan payable in equity instruments	-	-	-	933	-	933
Dividends Decreed by the Ordinary General Assembly of Shareholders on June 23 and October 5, 2023	-	-	-	(37,704)	-	(37,704)
Transfer of shares between entities under common control	-	-	-	(1,141)	-	(1,141)
Total transactions approved by stockholders	-	-	-	(37,912)	-	(37,912)
OTHER STOCKHOLDERS' TRANSACTIONS:						
Effect of subsidiaries, affiliates and mutual funds	-	-	-	(69)	-	(69)
Interest on subordinated debentures	-	-	-	(3,988)	-	(3,988)
Total	-	-	-	(4,057)	-	(4,057)
COMPREHENSIVE INCOME:						
Comprehensive income	-	-	-	52,418	724	53,142
OTHER COMPREHENSIVE INCOME:						
Financial instruments to collect or sell valuation	-	-	-	1,417	-	1,417
Cumulative Translation Adjustment	-	-	(192)	(192)	-	(192)
Result from valuation of instruments for cash flow hedging	-	-	-	1,725	-	1,725
Defined remeasurements for employees benefits	(81)	-	-	(81)	-	(81)
Result from valuation of reserve for unexpired risks variations in rates	-	(7)	-	(7)	-	(7)
Total	(81)	(7)	(192)	55,280	724	56,004
Non-controlling interest	-	-	-	-	(3,861)	(3,861)
Balances, December 31, 2023	(Ps. 1,947)	Ps. 189	(Ps. 108)	Ps. 249,353	(Ps. 148)	Ps. 249,205
TRANSACTIONS APPROVED BY STOCKHOLDERS:						
Share repurchase for executive shares' plan payable in equity instruments	-	-	-	(11,471)	-	(11,471)
Dividends Decreed by the Ordinary General Assembly of Shareholders on April 29 and December 9, 2024	-	-	-	(35,938)	-	(35,938)
Total transactions approved by stockholders	-	-	-	(47,409)	-	(47,409)
OTHER STOCKHOLDERS' TRANSACTIONS:						
Effect of subsidiaries, affiliates and mutual funds	-	-	-	(1,980)	-	(1,980)
Interest on subordinated debentures	-	-	-	(3,867)	-	(3,867)
Total	-	-	-	(5,847)	-	(5,847)
COMPREHENSIVE INCOME:						
Comprehensive income	-	-	-	56,188	16	56,204
OTHER COMPREHENSIVE INCOME:						
Financial instruments to collect or sell valuation	-	-	-	(1,783)	-	(1,783)
Cumulative Translation Adjustment	-	-	573	573	-	573
Result from valuation of instruments for cash flow hedging	-	-	-	(1,047)	-	(1,047)
Defined remeasurements for employees benefits	(858)	-	-	(858)	-	(858)
Result from valuation of reserve for unexpired risks variations in rates	-	239	-	239	-	239
Total	(858)	239	573	53,312	16	53,328
Non-controlling interest	-	-	-	-	(849)	(849)
Balances, December 31, 2023	(Ps. 2,805)	Ps. 428	Ps. 465	Ps. \$249,409	(Ps. 981)	Ps. 248,428

Act. José Marcos Ramírez Miguel
GEO

Eng. Rafael Arana de la Garza
Managing Director - COO, Administration and Finance

C.P. Isaías Velázquez González
Managing Director – Audit

Lic. Jorge Eduardo Vega Camargo
Deputy Managing Director – Controller

C.P.C. Mayra Nelly López López
Deputy Managing Director – Accounting



GRUPO FINANCIERO BANORTE, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023
(In millions of Mexican pesos)

	2024	2023
Operating activities		
Income before income tax	Ps. 75,331	Ps. 70,974
Adjustments for items associated with investing activities		
Depreciation of property, furniture and equipment	4,198	3,685
Amortization of intangible assets	1,053	800
Equity in earnings of unconsolidated subsidiaries and associated companies	(1,713)	(1,413)
Adjustments for items associated with financing activities		
Interest associated with interbank and other loans	3,483	3,214
Interest associated with financial instruments that qualify as liability	3,814	2,530
	10,835	8,816
Changes in operating activities:		
Changes in margin accounts (derivative financial instruments)	920	560
Changes in investments in securities (net)	(81,891)	(82,540)
Changes in debtor balances under repurchase and resale agreements (net)	37,603	(18,779)
Changes in derivative financial instruments (asset)	7,831	6,744
Change in loan portfolio (net)	(148,443)	(111,664)
Changes in acquired collection rights (net)	218	(440)
Changes in debtors of insurance and surety companies	(959)	(700)
Changes in reinsurance and surety agencies (net)	112	(372)
Changes in merchandise inventory	(281)	37
Change in other accounts receivables	(11,559)	(1,834)
Change in foreclosed assets	281	(1,920)
Change in deposits	77,083	159,226
Change in technical reserves	32,835	29,731
Change in interbank and other loans	(1,563)	(7,277)
Change in creditor balances under repurchase and sale agreements	78,429	11,773
Collateral sold or pledged	(35,440)	15,583
Change in liability position of derivative financial instruments (liability)	596	(7,586)
Changes in reinsurance and surety agencies (net) (liability)	640	650
Change in hedging instruments related to operations	3,929	(2,560)
Change in assets / liabilities for employees benefits	1,247	1,848
Change in other account payable	1,508	3,497
Income tax payment	(21,179)	(21,855)
Net cash flows provided by (used in) operating activity	28,083	51,912
INVESTING ACTIVITIES:		
Payments for acquisition of property, furniture and equipment	(8,272)	(9,064)
Proceeds on disposal of property, furniture and equipment	2,905	3,940
Payment on acquisitions of subsidiaries and associated companies	(3)	(94)
Proceeds for cash dividends	1,400	954
Net cash flows provided by (used in) investment activity	(3,970)	(4,264)
FINANCING ACTIVITIES:		
Leasing liability paid	(767)	(362)
Payments associated with financial instruments that qualify as equity	(3,867)	(3,988)
Dividends paid	(35,938)	(37,704)
Repurchase of shares	(12,674)	-
Payments associated with financial instruments that qualify as liability	27,693	(13,090)
Interest of leasing paid	(387)	(379)
Net cash flow provided by (used in) financing activity	(25,940)	(55,523)
Net decrease in cash and cash equivalents	(1,827)	(7,875)
Effects from changes in the value of cash and cash equivalents	301	(149)
Cash and cash equivalents at the beginning of the year	100,230	108,254
Cash and cash equivalents at the end of the year	Ps. 98,704	Ps. 100,230

"These consolidated cash flow statements were formulated in accordance with the accounting criteria for the controlling and sub-controlling companies, issued by the Supervisory Commissions, based on the provisions of Articles 91, 92, 94 and 101 of the Law for Regulate the Financial Groups, of general and mandatory observance, applied consistently, reflecting the cash inflows and cash outflows derived from the operations carried out by the Holding and the financial entities and other companies that are part of the Financial Group that are capable of being consolidated, during the aforementioned period, which were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions".

The attached notes are an integral part of these consolidated cash flow statements.

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CEO

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GRUPO FINANCIERO BANORTE, S.A.B. DE C.V. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023
(In millions of Mexican pesos, except exchange rates and Note 33)

1 – ACTIVITY AND REGULATORY ENVIRONMENT

Grupo Financiero Banorte, S.A.B. de C.V. and Subsidiaries (the Financial Group or Holding) are authorized by Mexico's Ministry of Finance and Public Credit (SHCP) to operate as a Financial Group under the form and terms established by the Law Regulating Financial Groups, subject to the supervision and monitoring of the National Banking and Securities Commission (the Commission). Its main activities consist of acquiring and managing entities engaged in the financial services industry and supervising their activities, as defined in the above-mentioned law. The Financial Group is regulated, depending on its activities, by the Commission, the Mexican National Insurance and Bonding Commission (CNSF) (the Commissions), the Mexican Central Bank (Banco de México) and other applicable laws and regulations.

The main activity of its subsidiaries is the execution of financial operations such as the provision of services of commercial banking, brokerage, leasing, financial factoring, warehousing services in general, pensions, life and damage insurance, as well as disposal, management, collection and negotiation, in any form, with credit rights.

The main regulating aspect compels the Financial Group to maintain a minimum capitalization ratio for market and loan risks, to meet certain acceptance limits for deposits, obligations and other types of funding that may be denominated in foreign currency, as well as to establish the minimum limits for paid-in capital and capital reserves. The Financial Group complies satisfactorily with all of the above as of December 31, 2024.

By legal requirements, the Financial Group has unlimited liability for the obligations assumed and losses incurred by each of its subsidiaries.

The powers of the Commission, in its capacity as regulator of the Financial Group and its subsidiaries, include reviewing the financial information and requesting modifications to such information.

The Financial Group performs its activities throughout Mexico and until March 2017, the United States of America.

The Financial Group's consolidated financial statements have been approved by the Board of Directors at its January 28, 2025 meeting in accordance with the responsibility assigned to this Organ.

2 – SIGNIFICANT EVENTS DURING THE YEAR

Issuance of bank stock certificates

On February 15, 2024, Banco Mercantil del Norte, S. A., Institución de Banca Múltiple (Banorte) placed the amount of Ps. 13,063 through the issuance of bank stock certificates, in three different issuances, under the recurring issuer program for up to Ps. 70,000 or its equivalent in Investment Units ("UDIs"), or any foreign currency, authorized on December 15, 2023 by the Commission.

The characteristics of the issuances are the following:

- BANORTE 24X for an amount of Ps. 4,172 for a term of 4 years and TIIE rate plus spread of 0.33%.
- BANORTE 24-2X for an amount of Ps. 3,642 for a term of 7 years a fixed rate of 9.74%.
- BANORTE 24UX for an amount of UDIs 648 (equivalent to Ps. 5,249) for a term of 10 years and fix rate of 4.90%.



Amortization of structured bank bonds BANORTE 3-23

On March 21, 2024, Banorte exercised the right to fully redeem the BANORTE 3-23 bank stock certificates, issued on April 12, 2023, the amount of the amortization was Ps. 202.

Amortization of BANORTE 23-6 bank stock certificates

On July 5, 2024, Banorte exercised the right to fully redeem the BANORTE 23-6 bank stock certificates, issued on November 9, 2023, the amortization amount was Ps. 10,000. Issuance expenses of Ps. 2 were also amortized against results.

Acquisition of More Payment Evolution

On August 13, 2024, Uniteller Financial Services, Inc. (UniTeller) completed the acquisition of More Payment Evolution (More). The acquisition price was USD 59 million and resulted in a goodwill of USD 55 million.

Amortization of subordinated obligations BANO64

On September 27, 2024, Banorte exercised the right to fully amortize the preferred subordinated obligations that cannot be converted into shares BANO64, issued on June 27, 2019, the amortization amount was USD 600 million. Issuance expenses of Ps. 9 were also amortized against results.

Issuance of capital notes (Tier 1) for USD 1,500 million (Subordinated Notes)

On November 20, 2024, the Institution successfully concluded the issuance of Perpetual, Non-Preferred, Non-Convertible Capital Notes (Tier 1) for a global amount of US\$1,500 million.

The issuance of the Capital Notes (Tier 1) was carried out in two series:

- NC6.5 Notes PERP for \$750 million US dollars, prepayable in the sixth year and a half, with a coupon rate of 8.375% and;
- NC6.5 Notes PERP for \$750 million US dollars, prepayable in the sixth year and a half, with a coupon rate of 8.375%.

The ratings given to both series by the rating agencies Moody's and S&P were Ba2 and BB-, respectively. It should be noted that the Subordinated Notes issued comply with the Basel III regulation.

The proceeds from the issue will be used for general corporate purposes.

Amortization of BANORTE 23-6 bank stock certificates

On December 10, 2024, the Institution exercised the right to fully redeem the BANORTE 23-6 bank stock certificates, issued on August 28, 2024, the amortization amount was Ps. 3,000.

3 – BASIS OF PRESENTATION

Presentation of consolidated financial statements

The consolidated financial statements as of December 31, 2024 and 2023, which are accompanied, have been prepared by Management assuming that the Holding will continue to operate as a going concern due to the uncertainty and duration of the pandemic in accordance with the accounting criteria established by the Commission.

Monetary unit of the consolidated financial statements

The consolidated financial statements and notes for the years ended as of December 31, 2024 and 2023 include balances and transactions in Mexican pesos of purchasing power of such dates.



As of December 31, 2024 and 2023, the registration currency and functional currency of the Parent Company is the Mexican peso.

Recognition of the effects of inflation in financial consolidated information

Inflation recognition is done pursuant to MFRS B-10, "Inflation Effects," which considers two types of economic environments: a) inflationary, when the accumulated inflation of the three previous years is 26% or over, in which case the inflation effects must be acknowledged; b) non-inflationary, when in the same period inflation is less than 26%; in this case the effects of inflation should not be recorded in the consolidated financial statements.

The cumulative Mexican inflation over the three years prior to 2024 and 2023 was 20.83% and 19.50%, respectively. Therefore, the Mexican economy is considered as non-inflationary. However, assets, liabilities and stockholders' equity as of December 31, 2024 and 2023 include the restatement effects recorded up through December 31, 2007. The cumulative Mexican inflation over the three years including the year ended December 31, 2024 was 17.34%.

The Mexican inflation rates for the years ended December 31, 2024 and 2023 were 4.50% and 4.38%, respectively.

Going concern

The consolidated financial statements have been prepared by Management on the assumption that the Holding Company will continue to operate as a going concern.

Consolidation of financial statements

The accompanying consolidated financial statements include those of Grupo Financiero Banorte, S.A.B. de C.V. and its subsidiaries mentioned below. All significant intercompany balances and transactions have been eliminated in consolidation.

As of December 31, 2024 and 2023, the Grupo Financiero Banorte S.A.B. de C.V.'s consolidated subsidiaries and its equity ownership is as follows:

Entity	2024	2023
Banco Mercantil del Norte, S.A. y Subsidiarias (Banorte)	98.26%	98.26%
Arrendadora y Factor Banorte, S.A. de C.V., SOFOM, ER y Subsidiarias (AyF)*	99.92%	99.90%
Almacenadora Banorte, S.A. de C.V. y Subsidiaria	99.99%	99.99%
Banorte Ahorro y Previsión, S.A. de C.V. y Subsidiarias	99.99%	99.99%
Casa de Bolsa Banorte, S.A. de C.V. y Subsidiaria	99.99%	99.99%
Operadora de Fondos Banorte, S.A. de C.V.	99.99%	99.99%
Banco Bineo, S.A. de C.V., Institución de Banca Múltiple	99.99%	99.99%

Equity investments in mutual funds and investments in associated companies are valued under the equity method according to the accounting principles established by the Commission.

* The permanent investment in AyF includes the participation in the Trusts created in conjunction with GEO, URBI and HOMEX, constituted for the construction of real estate developments (the Trusts). As of December 31, 2024 and 2023, AyF consolidated the financial statements of said trusts.

Conversion of financial statements of foreign subsidiary

In order to consolidate the financial statements of Banorte Financial Services, INC., they are first adjusted to the recording and functional currency (U.S. dollar) to conform to the accounting criteria established by the Commission. The financial statements are then converted to the reporting currency (Mexican pesos) according to the following methodology:

Foreign operations whose recording and functional currency are one and the same convert their financial statements using the following exchange rates for the year-end rate for assets and liabilities (20.8829 for 2024), historical rate for non-monetary assets and liabilities as well as stockholders' equity, and the weighted average rate of the period for income, costs and expenses (18.3378 for 2024). The conversion effects are presented in the Institution's stockholders' equity.



Comprehensive Income

This is the change in stockholders' equity during the year, for items other than distributions and activity in contributed common stock, and is comprised of the net income of the year, plus other comprehensive income (loss) items of the same period, which are presented directly in stockholders' equity and do not affect the Consolidated Income Statements, in accordance with the accounting practices established by the Commission. In 2024 and 2023, comprehensive income includes the net income of the year, the result from valuation of securities to collect and sell; the effect of subsidiaries, affiliates and mutual funds; the cumulative conversion effect; remeasurements for employee benefits; Interest on subordinated debentures, Commission special accounting criteria and the result from valuation of cash flow hedging instruments.

4 – CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES FOR THE ESTIMATION OF UNCERTAINTIES

In applying the Financial Group's accounting policies, which are described in note 5, management must make judgments, estimates and assumptions about the book values of assets and liabilities in the consolidated financial statements. Estimates and relative assumptions are based on experience and other factors considered relevant. Actual results could differ from these estimates.

Estimates and assumptions are reviewed on a regular basis. Changes to accounting estimates are recognized in the period in which the change is made and future periods if the change affects both the current period and subsequent periods.

a. Critical judgments when applying accounting policies

Below are critical judgments, apart from those involving estimates, made by management during the process of applying the Financial Group's accounting policies and that have a significant effect on the consolidated financial statements.

- *Business model evaluation*

The classification and evaluation of financial assets depend on the result of the SPPI tests (only principal and interest payments) and the business model test. The Financial Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular objective. This task includes judgments that reflect all relevant evidence including how the performance of the assets is evaluated and how their performance is measured, the risks that affect the performance of the assets and how the assets are managed and how the managers of the assets are compensated. The Financial Group monitors the financial assets evaluated at amortized cost and at fair value through other comprehensive income that were derecognized before their maturity, to understand the reason for their derecognition and if the reasons are consistent with the objective of the business for which assets are held. Monitoring is part of the Holding Company's ongoing assessment of whether the business model for the remaining financial assets is appropriate and if it is not appropriate, whether there has been a change in the business model and a prospective change should be made to those assets. These changes were not necessary during the periods presented

- *Significant increase in credit risk*

As explained in note 5, ECP (expected credit loss) is measured as an allocation equal to 12 months of the total expected loss for stage 1 assets, the total life of the total expected loss for stage 2 or 3 assets. An asset is moved to stage 2 when the credit risk has increased significantly since initial recognition. MFRS C-16 "Impairment of financial instruments" does not define what constitutes a significant increase in credit risk. In assessing whether credit risk has significantly increased, the Financial Group considers prospective quantitative and qualitative information.



- *Technical reserves*

The current risk reserve is determined as the sum of the best estimate and a risk margin, where the best estimate will be equal to the expected value of future flows of obligations, understood as the probability-weighted average of those flows, considering the time value of money based on the market risk-free interest rate curves for each currency or monetary unit provided by the price provider. The amount of the reserve for unfulfilled obligations is determined as the sum of the best estimate and a risk margin, where the best estimate will be the amount that corresponds to each of the known obligations at the time of valuation. As indicated in note 5 to the consolidated financial statements, the Financial Group annually reports on its technical reserves by independent actuaries.

b. Key sources of uncertainty in estimates

Key forward-looking assumptions and other key sources of uncertainty in estimates at the end of the period, which have a significant risk of resulting in significant adjustments to the carrying amounts of assets and liabilities during the coming year, are explained below.

Discount rate used to determine the book value of the defined benefit obligation

The determination of the benefits of the borrowed obligations depends on some assumptions, which include the selection of the discount rate. The discount rate is set by reference to the market return at the end of the period in corporate bonds. Significant assumptions need to be made when setting the criteria for the bonds and must be included in the yield curve. The most important criteria to consider for bond selection include the current size of corporate bonds, quality, and identification of exclusionary guidelines.

5 – SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Holding are in conformity with practices prescribed by the Commission through issued accounting standards and other applicable laws, which require Management to make certain estimates and use certain assumptions to determine the valuation of certain items included in the consolidated financial statements and make the required disclosures therein. Even though they may differ in their final effect, management considers the estimates and assumptions to have been adequate under the current circumstances.

Pursuant to accounting criteria A-1, "Basic Framework of the Accounting Criteria Applicable to Banking Institutions", prescribed by the Commission, the Institutions' accounting will adhere to Mexican Financial Reporting Standards, (MFRS or individually referred to as Normas de Informacion Financiera (MFRSs)) defined by the Mexican Board of Financial Reporting Standards (previously the Mexican Board for Research and Development of Financial Reporting Standards (CIMFRS)), except when the Commission deems it necessary to apply a specific accounting standard or Circular, considering the fact that financial institutions perform specialized operations.

Explanation for translation into English

The accompanying consolidated financial statements have been translated from Spanish into English for the convenience of users. These consolidated financial statements are presented on the basis of accounting practices prescribed by the Commission. Certain accounting practices applied by the Institution may not conform to Mexican Financial Reporting Standards ("MFRS") or other accounting principles generally accepted outside of Mexico.

Arithmetical translation of the consolidated financial statements from Mexican pesos into United States of America (U.S.) dollars for the year ended December 31, 2024

The consolidated financial statements are stated in millions of Mexican pesos ("Ps.") the currency of the country in which the Institution is incorporated and has its principal operations. The translations of Mexican pesos into U.S. dollars ("USPs. ") are included solely for the convenience of the readers and have been made at the rate of Ps. 20.8829 per one U.S. dollar on December 31, 2024, as issued by Banco de México. Such translation should not be construed as representations that the Mexican peso amounts have been, could have been, or could in the future, be converted into U.S. dollars at this rate or at any other rate, if at all.



Changes in accounting policies

Improvements to the NIF 2024 – The following improvements were issued with entry into force as of January 1, 2024, that do not generate accounting changes.

NIF C-10.- converges with the provisions of IFRS 9, Financial Instruments; therefore, in the case of a of a foreign currency risk, a non-derivative financial instrument denominated in that currency may be designated as a hedging instrument, provided that it is not an equity instrument for which an entity has chosen to present at fair value in Other Comprehensive Income in accordance with IFRS C-2.

NIF B-17, Determination of fair value; NIF C-2, Investment in financial instruments; NIF C-16, Impairment of financial instruments receivable; NIF C-20, Financial instruments receivable principal and interest; INIF 24, Recognition of the effect of the application of the new reference interest rates - In terms of NIF C-2, An entity will classify financial assets based on its business model, among others, as instruments financial receivables or to be sold (IFCV). The term "financial instruments for collection or sale" is replaced by the term "financial instruments to collect and sell" because the main purpose of these must be obtain a profit from its sale, which will be carried out when the optimal market conditions are met, and meanwhile, collect contractual cash flows; that is, they have to collect and sell.

Special accounting treatment of the support programs granted by the Holding Company derived from Hurricane Otis

Given the negative impact generated by the hydrometeorological phenomenon with severe impact in the state of Guerrero, Mexico, the Holding Company has determined to support its clients by implementing various support programs that will be applicable to all clients located in the aforementioned state. and subscribe to the program from October 24, 2023 until April 30, 2024, in accordance with the following:

Credit card:

- The support consists of maintain interests from the October 2023 cutoff and recommence interests in May 2024. This applied to the entire State of Guerrero. The accounts that were included were accounts with up to 2 payments due as of October 24, 2023.

Non-revolving consumer credit, housing credit and Pymes

- The support consists of a 6-month deferral without capitalization of interests, during which no payment of capital or interest is required and the term is extended by 6 months. Those credits are considered for all clients domiciled in the State of Guerrero, whose credit risk corresponds to stage 1 and stage 2 as of October 24, 2023.

By virtue of the above, on October 27, 2023, through official letter P307/2023, the Commission issued the Special Accounting Criteria, applicable to credit institutions for the period from October 24, 2023 to April 30, 2024, according to the following:

Those loans with the schemes of single payment of principal at maturity and periodic payments of interest, single payment of principal at maturity and interest at maturity, periodic payments of principal and interest, as well as revolving credits, which are renewed or restructured, were not transferred to the next immediate category with the highest credit risk in terms of what is established in paragraphs 98 to 112 of criterion B-6, the special accounting criterion applied only to credits that as of October 24, 2023 were registered as a credit portfolio with stage 1 and stage 2 credit risk and that the new maturity period does not exceed six months from the expiration date of the original contract.

Additionally, the credits subject to the special accounting criterion were not considered as restructured in accordance with the provisions of paragraph 35 of Criterion B-6, nor were they reported as overdue credits before to the credit information institutions.



The amounts that would have been recorded and presented both in the statement of financial position and in the statement of comprehensive income by type of portfolio, if the special accounting criteria had not been applied, as well as the details of the concepts and amounts by type of portfolio, for which the accounting impact has been made due to the application of the special accounting criterion as of December 31, 2024, are shown below:

Concept	Balances with special accounting criteria	Effects on portfolio and allowance	Balances without special accounting criteria
LOAN PORTAFOLIO WITH CREDIT RISK STAGE 1			
Commercial loans	Ps. 701,080	Ps. -	Ps. 701,080
Consumer loans	200,754	(1,019)	199,735
Mortgage loans	269,211	(1,739)	267,472
TOTAL LOAN PORTAFOLIO WITH CREDIT RISK STAGE 1	1,171,045	(2,758)	1,168,287
LOAN PORTAFOLIO WITH CREDIT RISK STAGE 2			
Commercial loans	1,977	(2)	1,975
Consumer loans	3,152	-	3,152
Mortgage loans	3,482	(2)	3,480
TOTAL LOAN PORTAFOLIO WITH CREDIT RISK STAGE 2	8,611	(4)	8,607
LOAN PORTAFOLIO WITH CREDIT RISK STAGE 3			
Commercial loans	4,193	2	4,195
Consumer loans	4,835	1,019	5,854
Mortgage loans	2,097	1,741	3,838
TOTAL LOAN PORTAFOLIO WITH CREDIT RISK STAGE 3	11,125	2,762	13,887
LOAN PORTFOLIO	1,190,781	-	1,190,781
(+/-) DEFERRED ITEMS	3,132		3,132
(Minus) ALLOWANCE FOR LOAN LOSSES	20,122	3,103	23,225
LOAN PORTFOLIO OF INSURANCE AND BOND	3,812	-	3,812
(Minus) ALLOWANCE FOR LOAN LOSSES	(312)	-	(312)
LOAN PORTFOLIO OF INSURANCE AND BOND	3,500	-	3,500
ACQUIRED COLLECTION RIGHTS, (NET)	876	-	876
LOAN PORTFOLIO	1,178,167	(3,103)	1,175,064
TOTAL ASSETS	2,471,209	(3,103)	2,468,106
Allowance for loan losses (Net income)	19,536	3,103	22,639
NET INCOME	56,204	(3,103)	53,101
TOTAL STOCKHOLDERS' EQUITY	248,428	(3,103)	245,325
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	Ps. 2,471,209	(Ps. 3,103)	Ps. 2,468,106

As of December 31, 2024, the balance of credits subject to support program is Ps. 2,916.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset in such a way that the debit or credit balance is presented in the statement of financial position, as appropriate, if and only if there is the contractual right to offset recognized imports, and the intention to settle the net amount, or to realize the asset and cancel the liability, simultaneously.

Recording of operations

Transactions with securities and repurchase agreements, among others, for its own account or for the account of third parties, are recorded on the date they are agreed, regardless of the date of their settlement.



Financial instruments valuation

To determine the fair value of the positions in financial instruments, both its own and those of third parties, the Financial Group uses the prices, rates and other market information provided by a price provider authorized by the Commission, except for what refers to the operations with futures, which are valued with the market prices determined by the clearing house of the stock exchange in which they are operated.

Cash and cash equivalents

Cash and cash equivalents are stated and valued at nominal value, except for precious metal coins, which are stated at fair value at the end of the period. Cash and cash equivalents available in foreign currency are valued at the closing of the day exchange rate published by Banco de México at the Consolidated statement of financial position.

Margin securities

Margin securities on cash in transactions with derivative financial instruments in recognized markets are recorded at nominal value.

The cash is intended to ensure the compliance with the obligations corresponding to derivatives held in recognized markets and correspond to the initial margin, to partial or total settlements, additional contributions or withdrawals, returns generated by the account itself, as well as commissions that correspond to charge in the validity of the corresponding contracts.

Partial or total settlements deposited and withdrawn by the clearing house due to fluctuations in the prices of derivatives must be recognized within the margin account, affecting as a counterpart a specific account that may be of a debtor or creditor nature, and that It will reflect the effects of the derivative valuation prior to its liquidation. The counterpart of a debtor or creditor nature will represent an advance received, or, a financing granted by the clearing house prior to the liquidation of the derivative.

The amount of margin accounts granted and received in cash in derivative transactions not carried out in recognized markets or exchanges will be presented under other accounts receivable, while the account payable generated by the receipt of cash collateral It will be presented in other accounts payable.

Collaterals granted in such operations, other than restricted cash must remain in the same area from which they originate. The payable account, which represents the obligation of the assignee to return to the transferor the collateral other than cash that has been sold must be presented in the statement of financial position, on collaterals sold or given as collateral. The amount of the collateral other than cash on which the right to sell or give as guarantee has been granted shall be presented in memorandum accounts in a specific item.

As of December 31, 2024 and 2023, the Financial Group maintained standardized derivative and future operations, so cash collateral (cash margin calls) were recognized to ensure compliance with the obligations corresponding to the operations held in markets recognized for the purpose to mitigate the default risk.

Investments in securities

Business model

Pursuant to MFRS C-2, the Financial Group determined a business model consistent with the management of its investments in financial instruments, in order to classify them properly. The business model is based on the way in which financial instruments are managed to generate cash flows for the Financial Group when carrying out its activities and not on a particular intention to hold an instrument.

The Financial Group's business model is determined at a level that reflects how the groups of financial instruments are managed as a whole to achieve a business objective and not based on management's intentions regarding a particular instrument.



The business model for managing financial instruments is based on facts and not on intention. It is typically observable through the activities carried out to achieve the business objective and judgment is applied to determine the business model, since it is not based on a single factor or activity, therefore all the evidence available at the time is considered to do the evaluation.

Derived from the analysis that the Financial Group carried out to determine the business model, financial instruments are classified as follows:

a) financial instruments to collect principal and interest (IFCPI), whose objective is to collect the contractual cash flows and the terms of the contract consider cash flows on pre-established dates, which correspond only to payments of principal and interest on the outstanding principal amount payment. Due to the above, the IFCPI has loan characteristics and are managed based on its contractual performance. These instruments are valued after their initial recognition at their amortized cost, as established in MFRS C-20.

b) financial instruments to collect or sell (IFCV), the objective is to obtain a possible profit in their sale when it is convenient or to collect the contractual cash flows to obtain a profit for the contractual interest that they generate. These instruments are valued at their fair value through Other Comprehensive Income (OCI); or

c) trading financial instrument (IFN), which are all those investments in financial instruments that do not have the characteristics mentioned in the two previous paragraphs, and are made up of debt or capital financial instruments, whose objective is to obtain a profit between the purchase price and the sale price and not to collect principal and interest, that is, its administration is based on the market risks of said instruments, which are valued at their fair value through results.

For the application of the business model, the Financial Group performs SPPI tests (Only payments of principal and interest) to the investments in financial instruments, which consist of testing whether the recovery of the flows is represented only by concept of principal and interest.

Trading financial instruments

Trading financial instruments are securities owned by the Financial Group, acquired with the intention of selling them for a profit derived from the price differences in short-term purchase and sale operations made by the Financial Group as a market participant.

At the time of the acquisition they are initially recorded at fair value, which may include either a discount or premium.

These securities (including both capital and accrued interest) are stated at fair value, which is determined by the price vendor contracted by the Financial Group.

The trading financial instruments valuation result is recorded in the results of the period.

Financial instruments to collect or sell

Financial instruments to collect or sell are debt or equity securities that are neither classified as trading nor held to maturity, therefore they represent a residual category, which means that, they are purchased with an intention different from trading or collect principal and interest.

They are valued in the same way as trading financial instruments, but with unrealized gains and losses recognized in other comprehensive income in consolidated stockholders' equity.

Financial instruments to collect principal and interest

Financial instruments to collect principal and interest consist of debt instruments whose payments are fixed or can be determined with a set maturity, which are acquired with the intent and capability to hold them to maturity.

They are initially recorded at fair value and valued at amortized cost, which means that the amortization of the premium or discount (included in the fair value at which they were initially recorded), is part of the earned interest.



The provisions of paragraph 41.1.1 numeral 4 of MFRS C-20 regarding the use of the market rate as the effective interest rate in the valuation of the financial instrument to collect principal and interest when both rates are substantially different are not applicable.

The option to irrevocably designate a financial instrument to collect principal and interest upon initial recognition, to be subsequently valued at fair value with effect on net income referred to in paragraph 41.3.4 of MFRS C-20, is not applicable.

General valuation standards

Upon the sale of trading financial instruments, the valuation result previously recorded in the year's results is reclassified as part of the gain or loss on the sale. Similarly, upon the sale of financial instruments to collect or sell, the cumulative valuation result recorded in other comprehensive income in stockholders' equity is reclassified as part of the gain or loss on the sale.

Accrued interest on debt instruments is determined using the effective interest method and is recorded in the corresponding category of investments in securities and in the year's results.

Dividends on equity instruments are recorded in the corresponding category of investments in securities and in the year's results when the right to receive such dividends is established.

The foreign exchange gain or loss on investments in securities denominated in foreign currency is recorded in the year's results.

In the event of reclassifications under section 44 of MFRS C-2 among the different categories of investments in financial instruments, they may be made due to changes in the business model, which must be reported in writing to the Commission within the 10 business days following the authorization issued for such purposes by the Risk Committee, detailing the change in the business model that justifies them.

If securities to collect principal and interest are reclassified as securities to collect and sell, the corresponding valuation result on the reclassification date is recorded in other comprehensive income within stockholders' equity.

In the case of debt instruments reclassified from securities to collect and sell to securities to collect principal and interest, the valuation result on the transfer date continues to be reported in stockholders' equity, and it is amortized based on such instrument's remaining life.

Regarding authorized reclassifications from trading financial instruments to any other category, the valuation result on the reclassification date is already acknowledged in the year's results.

An impairment loss on a security is recorded against the year's results if there is objective evidence of such impairment as a result of one or more events, occurring after the initial recording of the security, that have had an impact on the estimated future cash flows that can be reliably determined. The effect of recording the impairment of securities is shown in Note 7.

A previously recorded impairment loss is reversed against the year's results if, in a later period, the amount of the loss decreases and such decrease is objectively associated with an event occurring after the impairment was recorded.

The Financial Group periodically assesses whether its financial instruments to be collected or sold and its financial instruments to be collected principal and interest present impairment under the expected credit loss method (PCE), in accordance with MFRS C-16, considering the credit risk of them. The PCEs are estimated based on all possible default events in the entire life of the IFCVs and IFCPI.

The PCE are the losses accrued in the IFCV and IFCPI that can be evidenced later in view of their probability of default and their severity of loss. Therefore, its recognition begins from the time the IFC is generated, since there is already a risk of uncollectibility, even if it is minimal at that time.



The Financial Group evaluates the PCE on the IFCV and IFCPI considering the following:

- a) The PCE are not the losses verified at the date of the financial statements, but the losses accrued in the IFCV and IFCPI that could be evidenced later in view of their probability of default and their severity of loss. Therefore, its recognition begins when the IFCV and IFCPI are generated, since there is already a risk of uncollectibility, even if it is minimal at that time.
- b) The time value of money; and
- c) Reasonable and supported information that is available without any undue effort or cost at the date of analysis, about past events, current conditions and forecasts of future economic conditions.

In accordance with MFRS C-16, the Financial Group determines the stage of default of IFCV and IFCPI as follows:

Stage 1: They are all those for which their risk of default has not increased significantly since their initial recognition, up to the date of the financial statements. The Probability of Default (PI) is determined at 12 months

Stage 2: Includes those that have already shown a significant increase in credit risk from their initial recognition to the date of the financial statements. The PI is determined by the total term.

Stage 3: They are those for which one or more events have occurred that have a detrimental impact on future cash flows. The IP considered for these investments is 100%.

Based on the identification of the three stages of default described, the amount of the allowance for PCE is determined. For this, the following steps are applied

- 1) The investments with non-compliance of each of the three previous stages are determined, considering the IP applicable to each stage
- 2) Based on the severity of loss (SP), the recoverable amount (MR) of the defaulted investments is determined, valuing the cash flows that are estimated to be recovered at their present value, with the original effective interest rate; and
- 3) The recoverable amount is compared against the defaulted portfolio determined in step 1 above.

The PCE allowance is recognized in the income statement at the time it is determined.

Customer repurchase agreements (repos)

This is a transaction through which the purchaser acquires ownership of credit securities for a sum of money and is obliged to transfer the property of another amount of securities of the same kind to the seller of the securities within the agreed term and in exchange for the same price plus a premium. The purchaser keeps the premium unless agreed otherwise.

Repurchase transactions are recorded according to their economic substance, which is financing with collateral, through which the Financial Group, acting as the purchaser, provides cash as financing in exchange for financial assets as guarantee in case of non-compliance.

On the repurchase agreement transaction contract date, the Financial Group, acting as the seller, records the cash inflow, or else a settlement debtor account as well as a payable account at its fair value, initially at the agreed price, which represents the obligation to reimburse the cash to the purchaser. The account payable is subsequently valued over the term of the repurchase agreement at amortized cost by recognizing the interest from the repurchase agreement in the year's results using the effective interest method.

As to the collateral granted, the Financial Group reclassifies the financial asset in the Consolidated statement of financial position as restricted and values it according to the criteria mentioned earlier in this note until the maturity of the repurchase agreement.



The Financial Group, acting as the purchaser, on the repurchase transaction contract date records cash and cash equivalents or a creditor settlement account, with an account receivable at its fair value, initially at the agreed price, which represents the right to recover the cash that was delivered. The receivable is subsequently valued over the life of the repurchase agreement at amortized cost by recognizing the repurchase agreement interest in the year's results using the effective interest method.

As to the collateral received, the Financial Group records it in off statement of financial position memorandum accounts until the repurchase agreement's maturity, following the guidelines of Circular B-9, "Asset Custody and Management", issued by the Commission.

When the Financial Group sells the collateral or delivers it as a guarantee, the proceeds from the transaction are recognized, as well as an account payable for the obligation to return the collateral to the reported (initially measured at the agreed price), which is valued, to the case of its sale at fair value or, in the event that it is given as collateral in another repurchase agreement, at its amortized cost (any difference between the price received and the value of the account payable is recognized in the results of the year). For presentation purposes, said account can be offset with the account receivable "Repo debtors" in accordance with the provisions of MFRS B-12.

Derivative financial instruments

The Financial Group is authorized to perform two types of transactions involving derivative financial instruments:

Transactions to hedge the Financial Group's open risk position: Such transactions involve purchasing or selling derivative financial instruments to mitigate the risk resulting from one or a group of given transactions.

Transactions for trading purposes: The Financial Group enters into such transactions as a market participant for reasons other than to hedge its exposed position.

Transactions with derivative financial instruments are presented in assets or liabilities, as applicable, under the heading "Derivative financial instruments", separating derivatives for trading purposes from those for hedging purposes.

When entering into transactions involving derivative financial instruments, the Financial Group's internal policies and norms require an assessment and if necessary, determination of different risk exposures for each counterparty in the financial system that have been authorized by Banco de México to enter into these types of transactions. Regarding corporate customers, a preauthorized credit line by the National Credit Committee must be granted or liquid guarantees must be given through a securitized collateral contract before entering into these types of transactions. Medium and small sized companies and individuals must provide liquid guarantees established in securitized collateral contracts with this type of transactions.

The recognition or cancellation of assets and/or liabilities resulting from transactions involving derivative financial instruments occurs when these transactions are entered into, regardless of the respective settlement or delivery date of the goods.

Forward and futures contracts

Forward and futures contracts with trading purposes establish an obligation to buy or sell a financial asset or an underlying at a future date in the quantity, quality and prices pre-established in the contract. Future contracts are recorded initially by the Financial Group in the Consolidated statement of financial positions as an asset and a liability at fair value, which represents the price agreed in the contract in order to acknowledge the right and obligation of receiving and/or delivering the underlying, as well as the right and obligation of receiving and/or delivering the cash equivalent to the underlying, object of the contract.

The derivatives are presented in a specific item of the assets or liability depending on whether their fair value (as a consequence of the rights and/or obligations it establishes) corresponds to the debtor balance or creditor balance. Such debtor or creditor balances in the Consolidated statement of financial positions are offset when the Financial Group has the contractual right to offset the stated amount, the intention of liquidating the net amount or to realize the asset and cancel the liability simultaneously.



In the case of transactions for trading purposes, their balance represents the difference between the fair value of the contract and the established "forward" price.

Option contracts

Through paying a premium, options contracts grant the right but not the obligation to buy or sell a financial asset or underlying instrument at a given price within an established term.

Options are divided into: options to buy (calls) and options to sell (puts). Both can be used as trading or hedging instruments.

Options can be executed on a specific date or within a certain period of time. The price is agreed in the option and may be exercised at the discretion of the buyer. The instrument used to establish the price is the reference or underlying value.

The premium is the price the holder pays to the issuer for the option rights.

The holder of a call option has the right, but not the obligation, to purchase from the issuer a certain financial asset or underlying instrument at a fixed price (transaction price) within a certain term.

The holder of a put option has the right, but not the obligation, to sell a certain financial asset or underlying instrument at a fixed price (transaction price) within a certain term.

The Financial Group records the option premium as an asset or liability at the transaction date. The fluctuations resulting from market valuation of the option's premium are recorded by affecting the Consolidated Income Statement in the account "Trading results" and the corresponding Consolidated statement of financial position account.

Swaps

These are two-party contracts through which a bilateral obligation is established to exchange a series of cash flows for a certain period on pre-set dates at a nominal or reference value.

They are recorded at fair value which corresponds to the net amount between the asset and liability portion for the rights and obligations agreed upon; they are subsequently valued at fair value using the present value of the future flows to receive or grant according to the projections for future implicit applicable rates, discounting the market rate on the valuation date with yield curves given by the price provider. The result of such valuation is recorded in the year's results.

Management's risk policy regarding hedging contracts is to protect the Financial Group's Consolidated Statement of financial positions and to anticipate interest and exchange rate fluctuations, thereby protecting the stockholders' equity.

For hedging derivatives, the Financial Group applies the fair value and cash flow hedging methods and the accumulated compensation method to measure effectiveness. Such methods are approved by current accounting standards. In case ineffective hedges are detected, they are recorded in the year's results.

The Financial Group documents hedging transactions from the date on which the derivatives are designated as coverage. The documentation is carried out by drawing up a file for each operation, leaving the evidence as required in NIF C-10 "Derivative Financial Instruments and Hedging Relationships" (NIF C-10), which sets out the conditions for the use of hedge accounting.



Accordingly, the Financial Group documents its cash flow's hedging transactions based on the following guidelines:

- a. The effective portion of the hedging instrument's gain or loss is recorded as a component of other comprehensive income in stockholders' equity using an asset or liability account called "derivative financial instruments" with an offsetting account in liquid assets or liabilities. The portion determined as ineffective is measured through retrospective testing, and when it results in over-hedging, it is immediately recognized in the period's results under "Trading results".
- b. The effective hedging component recognized in stockholders' equity associated with the hedged item is adjusted to equal the lowest (in absolute terms) of:
 - i. The accumulated gain or loss of the hedging instrument from its inception.
 - ii. The accumulated change in fair value (present value) of the hedged expected future cash flows from the beginning of the transaction.

Valuation techniques

Since the derivatives used by the Financial Group are considered as conventional ("Plain Vanilla") standard valuation models contained in the derivative transaction systems and the Financial Group's risk management are used.

All of the valuation methods that the Financial Group uses result in fair value of the transactions and are periodically adjusted. Furthermore, they are audited by internal and external auditors as well as by the financial authorities.

Valuation of the positions is done on a daily basis and a price provider generates the input used by the transaction and risk management systems. The price provider generates these valuations based on daily market conditions.

The valuation methods are based on the principles accepted and commonly used by the market. As of 31 December 2024, and 2023, derivatives are valued using the Present Value of Flows method, with the exception of the options. This method consists of estimating the future flows of derivatives, using the difference between the level of and the forward curves of the market at the valuation date, and then discount these flows and bring them to present value. The options are evaluated under the Black and Scholes method, which, in addition to the value The present of the flows involves the volatility and probability of occurrence for the calculation of the premium. Once the market value of the option is obtained, it is compared against the original premium accrued on the date of the valuation.

Cancellation of hedging accounting

A cash flow hedging relation is cancelled when:

1. The hedging instrument expires or is sold, terminated or enforced;
2. The hedging fails to meet the requirements of documentation, evaluation and effectiveness measuring;
3. The projected transaction is not expected to occur;
4. The hedging designation is revoked.

For cases 1 and 2, the profit or loss recorded in net income stays in that account until the projected transactions occurs. For case 3, the profit or loss recorded in net income should be immediately restated in results; and for case 4, if the hedging is on a projected transaction, the loss or profit stated in net income should stay in that account until the projected transactions is realized. Otherwise, it should be immediately restated in results.

A fair value hedging relation is canceled when:

1. The hedging instrument expires or is sold, terminated or enforced;
2. The hedging fails to meet the requirements of documentation, evaluation and effectiveness measuring;
3. The hedging designation is revoked.



Any adjustment to the result from the valuation adjustment of the hedged item attributable to the covered risk, should be amortized in the period's results. The amortization begins as soon as the adjustment turns up, and under no circumstance after the hedged item is no longer adjusted due to changes in the fair value attributable to the risk covered. The adjustment should be amortized in full on the due date of the hedged item.

Operation strategies

Trading

The Financial Group participates in the derivatives market with trading purposes, and the risk exposures generated are computed within its overall VaR limit.

The trading strategy is submitted on a weekly basis to the Financial Group's Treasury Committee, which analyzes the current risks and takes any necessary decisions.

The trading strategy is carried out according to market levels and expectations, maximizing the circumstances to obtain a benefit by trading, margin and volatility. Each trading strategy is submitted to the Treasury Committee on a weekly basis for its consideration. The Risk Policies Committee analyzes the risks and then decides accordingly.

Hedging

The hedging strategy is determined annually and when market conditions require it. Hedging strategies are submitted to the Risk Policies Committee.

Hedging transactions comply with the applicable norm set forth in NIF C-10. This implies among other things that the effectiveness of the coverage be evaluated both prospectively (prior to its agreement) and in a prospective manner retrospectively (after its agreement). These tests must be performed on a monthly basis.

The hedging strategy is determined annually and each time the market conditions require. Hedges are used to reduce foreign exchange risks, through both, exchange rate forwards and currency swaps, as well as interest rates by means of interest rate swaps. This is done with the purpose of setting the rates paid on debt issued by the Financial Group, thereby ensuring the debt servicing, as well as to make investments that generate greater value for the customers. The main strategy is to ensure that the Financial Group's future income and expenses are covered, maximizing its profitability.

Hedging derivatives can be restated whole or partially due to hedging inefficiencies, maturity or sale of primary position.

Contingencies

To enter the derivatives market, the Financial Group is bound by agreement to deliver its financial information in a timely manner and to abide by the applicable laws, regulations and provisions, as well as to provide written notice to the affected parties in case that an event arises that could be considered as early termination, which could lead to a credit contingency. These include the following: bankruptcy filing, payment suspension, restructuring, intervention, liquidation, dissolution or other similar judicial or extra-judicial proceedings that affect the Financial Group; if the statements stipulated in the contract are incorrect; the Financial Group's failure to fulfill its obligations and/or payments; breach of contract; the Financial Group's consolidates or merges with another entity thereby transferring a substantial portion of its assets; failure to provide the guarantees that were agreed in the event of noncompliance with obligations or if such guarantees expired or diminished in value; the Financial Group's falls into insolvency, lower credit quality or illegality due to changes in the tax or legal legislation; the existence of a ruling, proceeding or embargo against the Financial Group that could substantially affect its ability to fulfill its obligations in a timely manner; or general noncompliance with obligations. Each ground for early termination is subject to the counter-party's consideration to determine its importance and substantiality regarding the Financial Group's ability to comply.



As of December 31, 2024 and 2023, there have been no contingency situations.

Embedded derivatives

Embedded derivatives are those contract components that do not intend to explicitly originate a derivative financial instrument but rather that the implicit risks generated or hedged by those components differ in their economic and risk features from those of the contract, and therefore display a behavior and features similar to those of a common derivative.

Identified embedded derivatives are separated from the host contract for valuation purposes and are treated as a derivative when they meet the features outlined in NIF C-10, unless the embedded derivative is denominated in a currency commonly used for the purchase and sale of non-financial items in the economic environment where the transaction takes place. The main embedded derivatives recognized by the Financial Group prior to January 2011 are from service and leasing contracts established in US dollars.

Loan portfolio

Business model

In accordance with criterion B-6 "Loan Portfolio", the Financial Group has implemented a business model in accordance with the provisions of MFRS C-2 based on the administration and management of the loan portfolio to generate cash flows, with this business model the Financial Group determines whether the cash flows will come from obtaining contractual cash flows, from the sale of the credit portfolio, or from both.

The business model to administer and manage the loan portfolio is a matter of facts, not an intention or statement. It is typically observable through the activities carried out to achieve the business objective and judgment is applied to determine the business model, since it is not based on a single factor or activity, therefore all the evidence available at the time is considered to do the evaluation.

The loan portfolio is recognized if the objective of the business model is to hold it to collect the contractual cash flows and the terms of the contract provide for cash flows on pre-established dates, which correspond only to payments of principal and interest on the outstanding principal amount payment, in this case the portfolio is valued at amortized cost in accordance with criterion B-6, if the above is not met, it is valued in accordance with the provisions of MFRS C-2.

Loans or loan portfolios previously evaluated, whose contractual conditions are modified and in the case of new products, are submitted to the SPPI tests and are authorized by the Credit Committee of the Financial Group, it is also communicated in writing to the Commission within the 10 calendar days prior to its application, stating in detail the justification for its classification within the business model for collection of principal and interest, to negotiate or to collect or sell.

The Financial Group evaluates periodically the business model, in accordance with its established policies for the classification of the portfolio based on the business model. The aforementioned policies are duly documented.

Loan portfolio represents the balance of the amounts actually delivered to borrowers plus accrued interest not collected, less interest collected in advance. The allowance for loan losses is presented by deducting the balances of the portfolio. Transaction costs and commissions charged at the beginning of the loan are recognized separately as a deferred charge or credit, and are presented net in deferred items, as part of the loan portfolio.

Interest collected in advance is recognized as a deferred credit and is presented net of the loan portfolio that originated it.

The unpaid loan balance is classified as stage 1 as follows:

- Loans with single amortization at maturity of principal and interest that accumulate from 0 to 29 calendar days after payment overdue.
- In the case of loans with a single amortization of principal at maturity, but with periodic interest payments, when they accumulate between 0 and 29 days after payment overdue of principal, or between 0 and 30 days after payment overdue in interest payments.



- Commercial loans whose amortization of principal and interest have been agreed in partial periodic payments, when the first amortization is 0 to 30 calendar days after payment overdue, in the case of consumer credits when they accumulate zero arrears or the equivalent of 1 arrears or less.

The unpaid loan balance is classified as stage 2 as follows:

- In the case of commercial loans with a single amortization of principal at maturity, but with periodic interest payments, when interest accumulates from 31 to 89 calendar days after payment overdue.
- Loans whose amortization of principal and interest have been agreed in partial periodic payments, when they are 31 to 89 calendar days after payment overdue in their amortizations, in the case of consumer loans when they accumulate more than 1 arrears or the equivalent of 3 arrears or less.

The unpaid loan balance is classified as stage 3 as follows:

- Loans with single amortization at maturity of principal and interest, 30 calendar days after maturity occurs
- In the case of loans with a single amortization of principal at maturity, but with periodic interest payments, the total principal and interest at 30 and 90 calendar days after payment overdue, respectively.
- Loans whose amortization of principal and interest have been agreed in partial periodic payments, 90 calendar days after payment overdue in their amortizations, in the case of consumer loans when they accumulate more than 3 arrears or 90 or more days after payment overdue in their payments, whichever comes first.
- In the case of revolving loans, when payment has not been made for two periods or they are 90 or more days after payment overdue, in the case of consumer loans when they accumulate more than 3 arrears or 90 or more days in arrears in their payments.
- In the case of overdrafts in customer checking accounts, they are considered as a stage 3 portfolio at the time the overdraft occurs.

Interest is recognized and accrued as income when earned. The accrual of interest income is suspended when loans are transferred to stage 3.

The commissions collected for the initial granting, restructuring and renewal of loans, interest collected in advance, as well as the loss from renegotiation, are recorded as a deferred credit, which is amortized against the results of the year as interest income, under the effective interest method, through the application of the effective interest rate, during the life of the credit, except those originating from credit cards that are recognized directly in results.

Annual credit card fees, whether the first annual charge or subsequent of a renewal, are recorded as a deferred credit and amortized over a 12-month period against the year's results in the commission and fee income line item.

The costs and expenses associated with the initial granting, restructuring and renewal of a loan, as well as the profit from renegotiation, are stated as a deferred charge, which is amortized against the results of the year as interest income, under the effective interest method, through the application of the effective interest rate, during the life of the credit, except those originating from credit cards that are recognized directly in results.

When a loan is considered to have stage 3 credit risk, the balance pending amortization of transaction costs, as well as commissions charged for the initial granting, restructuring and renewal of credits, and interest collected in advance are recognized in results and, if applicable, the effect of the profit or loss in renegotiation pending amortization against the results of the year.

The restructured or renewed loans that have been transferred to the next immediate risk stage, until the moment in which there is evidence of sustained payment, which is considered when the Financial Group receives the collection without delay and in its entirety of three consecutive amortizations, in the case of loans with amortizations that cover between 61 and 90 days, the payment of two amortizations, or, the collection of an exhibition in the cases in which the amortization covers periods greater than 90 days.

The restructured credits are renewed with single payment of principal at maturity, regardless of whether the payment of interests is periodic or at maturity, it is considered that there is sustained payment of credit when, The accredited has covered at least 20%t of the original amount of the loan at the time of the restructuring or renewal, Or, has covered the amount of accrued interest in accordance with the scheme of payments by restructuring or renewal for a period of 90 days and this period has passed.



When a loan is restructured in stage 1 or 2 and remains in one of those stages, the effect of renegotiation is determined as follows:

- a) The book value of the loan is determined, which corresponds to the amortized cost at the date of the renegotiation,
- b) The new future cash flows are determined on the partially restructured or renewed amount, discounted at the original effective interest rate,
- c) The difference between the book value and the cash flows determined in subparagraph b) above is determined and recognized as a deferred charge or credit against the profit or loss from loan portfolio renegotiation in the statement of comprehensive income.

The determination of profit or loss from renegotiation is not applicable to credit cards, or to credits with stage 3 credit risk.

If the Financial Group renews a loan, it is considered that there is a new loan, therefore the previous loan is canceled in the event of a total renewal.

Accrued interest during the period in which the loan was included in stage 3 is recognized as income when collected.

The recognition of interest income is renewed when the portfolio is no longer considered stage 3, which occurs when the outstanding balances, including the principal, interest and any other item, are paid in full.

Restructured loans are those whose terms have been modified due to the borrowers' financial difficulties, and it was decided to grant them a concession. Such modifications may include reductions in the interest rate, debt discount or term extensions.

The Financial Group regularly evaluates whether a stage 3 loan should remain in the statement of financial position or be written off. Such write-offs are done by canceling the outstanding loan balance against the allowance for loan losses. The Financial Group may opt to eliminate from its assets those stage 3 loans that are 100% provisioned according to the following parameters:

- Commercial loans – Must be classified in stage 3 loans, with an E risk rating, 100% reserved, unsecured by any fund.
- Consumer loans – 180 days or more overdue.
- Mortgage loans – 270 days or more overdue.

Write-offs and discounts, that is, the amount forgiven for the payment of the loan partially or totally, is recorded with a charge to allowance for credit risks. In the event that the amount of these exceeds the balance of the estimate associated with the loan, estimates are made up to the amount of the difference.

When the balance of the allowance for credit risks exceeds the amount required under the Provisions, the differential is canceled in the period in which said excesses occur, against the results of the year, affecting the allowance for loan losses.

Allowance for loan losses

As of January 1, 2022, regulatory modifications of the Commission entered into force, regarding the classification and registration of the loan portfolio (Accounting Criterion B-6) for the implementation of the MFRS C-16 (IFRS 9), modifications to the standard methodologies for rating and calculating allowance for loan losses, recalibration of the standard methodologies for calculating the probability of default of the commercial portfolio and changes in the requirements to certify internal models and methodologies for calculating capital requirements for credit risk and estimate of preventive reserves.



Within these modifications, loans are classified into three "Stages" based on their risk: those cataloged within Stage 1 are considered to have no significant increase in credit risk, Stage 2 are considered those that have a significant increase in credit risk, but without objective evidence of impairment. Stage 3 classifies those loans where there is objective evidence of impairment. With the above description, for loans classified in Stage 1 and 3, the expected loss was calculated over a 12-month time horizon, while for those loans classified in Stage 2, expected losses were recognized throughout the life of the loan.

Among the most relevant regulatory changes in standard portfolio rating methodologies and in the requirements to certify internal models and methodologies, the following stand out:

Standar methodology

- All portfolios
 - In loans classified as Stage 2, allowances are estimated considering the higher of the expected loss with a 12-month horizon or the expected loss considering the remaining term of the loan.
- Comercial loans
 - The methodologies for determining the Probabilities of Default of all types of borrowers (Governments loans, Financial Holding Companies and Business with Sales of less than 14 million udis) are replaced.
 - The methodology for determining the percentage of reserves in loans granted to Investment Projects with their own source of payment is modified, where in addition to the cash flow, a series of qualitative factors specific to each type of project are evaluated.
 - The Severity of the Loss of unsecured credits is modified to differentiate the factor according to the type of borrower, and additionally, the evolution of said Severity of the Loss of credits classified in Stage 3 is modified, which will gradually increase to reach 100% in a period of 36 months after its classification in Stage 3
 - The formulas for estimating the Exposure at Default in committed lines of credit are adjusted
 - In certain exposures, Rebuttal of Stage 2 is allowed when the borrower's delay event is due to an operational issue, a quantitative and qualitative analysis is carried out, and it is also approved by a collegiate body.

In the event of impairment in the credit quality of the borrower, in certain exposures the deterioration to a Stage of higher risk is allowed after a quantitative and qualitative analysis, and that is also approved by a collegiate body.

Internal models

In October 2016, the Board of Directors approved the implementation plan for the internal models for calculating reserves and capital requirements for all modelable portfolios, which was sent to the Commission that same year. Pursuant to this implementation plan, the models for the Credit Card, Business and Personal Automotive portfolios were certified.

At the end of 2018, the Commission released the project to migrate standard and internal methodologies under the IFRS 9 approach, but it was not until March 2020 that the definitive rules for Internal Methodologies on the Official Gazette of the Federation (DOF). reserves based on MFRS C-16 (IFRS 9), effective as of January 2021, however, derived from the Covid-19 pandemic, the Commission issued a statement in April 2020, indicating that the rule would be effective as of January 2022.

Due to the foregoing, the Financial Group adhered to the new regulation and adopted the Internal Reserve Methodologies based on MFRS C-16, requesting in April 2021 the CPR and the Board of Directors, the approval of the new Implementation Plan (Capital and Reserves), which was authorized by the Commission in January 2022 through Official Letter No. 111-2/852/2022.



Therefore, as of January 2022, when the MFRS C-16 (IFRS 9) standard came into force, it is being used to calculate preventive reserves for credit risks, both in the Standard Approach and in the Internal Models. Consequently, for the Internal Models there will be estimates for the risk parameters under two approaches: IRB for calculating the capital requirement and IMFRS9 for calculating reserves:

- The approach for equity will maintain long-term estimates under Annex 15 of the CUB2.
- The approach for reserves captures current behaviors and with a prospective approach (future macroeconomic environment), under Annex 15 Bis of the CUB. In addition, the new methodology indicates that the portfolio must be classified into 3 risk stages, being necessary for stage 2 a reserve calculation for the remaining term.

Given the new guidelines of the CUB on Internal Models, the Commission will only issue an official letter of approval for the use of the methodology for the Calculation of Equity, for a maximum period of 18 months. The use of the internal reserve methodology is authorized by the Board of Directors with the support of the Technical Evaluation made by the Independent Evaluator that guarantees compliance with the model under the standards established in Annex 15 Bis. It should be noted that the Technical Evaluation Report is sent to the Commission for its review, the validity of this model is also for a maximum period of 18 months.

Advanced Internal Model for Credit Card

On November 15, 2017, the Financial Group obtained approval from the Commission for the use of Internal Models (IM) for Credit Card (TDC) qualification for the constitution of regulatory reserves and capital for credit risk with an advanced approach (Official 111-3/706/2017). Every year, the Internal Models are recalibrated, and the certification is obtained again, and given that, on December 17, 2021, the Commission granted authorization for the use of the MI only for the calculation of capital requirements for a maximum period of 18 months. (Official Letter 111-2/272/2021) and the Board of Directors authorized the use of the reserve methodology based on MFRS C-16 at its meeting held on October 21, 2021. The maximum period of use of the reserve model is also for 18 months.

These internal models improve comprehensive credit risk management, estimating risk parameters through the Institution's experience, and have been applied as of February 2018 (with January figures). The aforementioned parameters are:

- Probability of default (PI). Indicates the probability that a borrower defaults on his contractual obligations in the following twelve months with respect to the month of qualification. A score is obtained for each credit, which is mapped to a Master rating scale.
- Loss severity (SP). Measures the intensity of the loss at default expressed as a percentage of the Exposure at Default (EI)
- Exposure at Default (EI). It is the amount of the debt at the time of default on a loan, considering a horizon of the following 12 months with respect to the month of qualification.

Advanced Internal Model for Individual Auto Loan

On November 25, 2019, the Financial Group obtained approval from the Commission for the use of Internal Models (IM) for the qualification of Individuals Auto Loans (Auto PF) for the constitution of regulatory reserves and capital for credit risk with a focus advanced (Official 111/678/2019). Every year, the Internal Models are recalibrated, and the certification is obtained again, and given that, on September 29, 2022, the Commission (Official 111-2/272/2021) granted authorization for the use of the MI only for the calculation of capital requirements for a maximum period of 18 months, and the Board of Directors authorized the use of the reserve methodology based on MFRS-C16 at its meeting on July 21, 2022. The maximum period of use of the reserve model also is for 18 months.



These internal models improve comprehensive credit risk management, estimating risk parameters through the Institution's experience. The aforementioned parameters are:

- Probability of default (PI). Indicates the probability that a borrower defaults on his contractual obligations in the following twelve months with respect to the month of qualification. A score is obtained for each credit, which is mapped to a Master rating scale.
- Loss severity (SP). Measures the intensity of the loss at default expressed as a percentage of the Exposure at Default (EI)
- Exposure at Default (EI). It is the amount of the debt at the time of default on a loan, considering a horizon of the following 12 months with respect to the month of qualification.

Basic Internal Model for Business

The Financial Group obtained on November 30, 2018 from the Commission the approval for the use of the Internal Model for business for the constitution of reserves and regulatory capital requirement for credit risk with a basic approach (Official Letter 111-3/1472/ 2018) in Banorte, and on March 1, 2019 for AyF (Oficios 111-1/160/2019 and 111-1/161/2019). Every year, the Internal Models are recalibrated, and the certification is obtained again, and given that, on December 17, 2021, the Commission granted authorization for the use of the MI only for the calculation of capital requirements for a maximum period of 18 months. for Banorte (Official 111-2/269/2021) and AyF (Official 111-2/267/2021). Likewise, the Board of Directors authorized the use of the reserve methodology based on MFRS C16 at its meeting held on October 21, 2021 for Banorte and on October 20, 2021 for AyF. The maximum period of use of the reservation model is also for 18 months.

The positions subject to those qualification are Business Entities (other than federal entities, municipalities and financial entities) and individuals with business activity, both with annual sales greater than or equal to 14 million UDIs.

The Internal Model improves comprehensive credit risk management, estimating risk parameters through the Institution's experience, and has been applied as of February 2019 (with figures as of January) at Banorte; and as of March 2019 (with figures as of February) in AyF. The authorized parameter under the Basic Internal Model of Companies is:

- Probability of default (PI). Indicates the probability that a borrower defaults on his contractual obligations in the following twelve months with respect to the month of qualification. A score is obtained for each credit, which is mapped to a Master rating scale.

Acquired collection rights

Are represented by the acquisition cost of the various packages of credit assets acquired by the Financial Group and are valued at amortized cost through the effective interest method with the effective interest rate.

For purposes of recognition of effective interest, the effective interest rate of the collection rights may be adjusted periodically in order to recognize variations in the estimated cash flows to be received.

The collection rights acquired by the Financial Group are considered as financial instruments receivable with high credit risk (stage 3), and cannot be transferred to another stage for any subsequent effect.

Impairment of credit assets.- The Financial Group performs an evaluation of the expected cash flows periodically during the term of the collection rights, discounts them based on the effective interest rate of each portfolio in accordance with the provisions of the MFRS C-16, in the event that, based on events and information, it is determined that said discounted cash flows will decrease, it constitutes an estimate for irrecoverability or difficult collection against the results of the year, for the amount by which said discounted cash flows are less to the book value of the account receivable.



Premium receivables

This balance represents the premiums pending collection on the statement of financial position date. Pursuant to the provisions of the General Law of Institutions and Mutual Insurance Companies (the Law) and the Mexican National Insurance Commission CNSF, premiums over 45 days old should be cancelled against the year's earnings including, if applicable, the technical reserves, acquisition cost and relative reinsurance granted, and should not be considered in the coverage of technical reserves.

Based on the internal policy approved by the CEO, where it establishes that the policies will be protected based on the payment agreement on the 2024 and 2023, premiums older than 45 days that have not been paid amount to approximately Ps. 112 and Ps. 217, respectively, excluding maturities of less than 45 days and even receipts that were not yet in force on the indicated date, a situation that arises when considering the total debit balance of the policy if it has at least one receipt older than 45 days, as well as debts in charge of dependencies and entities of the federal public administration, amount to which the net unearned premium, commissions and corresponding reinsurance must be reduced to determine its net effect on results. Said amount was not computed for the coverage of technical reserves.

Reinsurance

According to the rules of the CNSF, a portion of the insurance contracted by the Financial Group is ceded in reinsurance to other insurance or reinsurance companies. Therefore they are part of both the premiums and the casualty rate cost.

Other accounts receivable and payable

The Financial Group performs a study to quantify the different future events that could affect the amount in accounts receivable over 90 days and thus determine the percentage of non-recoverability in order to calculate its allowance for doubtful accounts, as per the provisions. The remaining balance of accounts receivable is reserved at 90 calendar days from the initial recognition.

The balances of asset and liability settlement accounts represent transactions involving the sale and purchase of currency and securities, recorded when entered into and are settled within 48 hours.

The investment projects' balances represent financing to investment projects' trusts (especially in the development of social housing). The Financial Group acknowledges a yield from the trust financing disposal, which is related to the construction project's progress compliance and/or sale as stated in each trust's agreement. Failure to meet the construction project's progress and/or sale as stipulated in the agreement, the Financial Group stops recording the funding yield.

To assess investment projects, each project's expected value is determined according to the expected flow of the sale of investment project's potential inventory or that of a portfolio of investment projects of the Financial Group based on the current business plan.

The impairment of investment projects will be determined based on the projection of cash flows to be recovered discounted at present value using a corresponding interest rate, in accordance with the policy mentioned in note 5.

Merchandise inventory

This is comprised mainly of finished goods and is restated to the lower of replacement cost or market. Cost of sales, included in "Other Operating Income (expenses)" in the Consolidated Income Statements is restated using the replacement cost at the time of the sale.

Impairment of the value of long-lived assets and their disposal

The Financial Group has established guidelines to identify and, if applicable, record losses derived from the impairment or decrease in value of long-lived tangible or intangible assets, including goodwill.



Foreclosed assets, net

Foreclosed property or property received as payments in kind are recorded at the lower of their cost or fair value minus the strictly necessary costs and expenses disbursed in the foreclosure. Cost is determined as the forced-sale value established by the judge upon foreclosure or, in the case of payments in kind, the price agreed between the parties involved.

The recognition of the awarded asset will be the lower between the gross book value of the asset that gave rise to the award (without deducting the reserve), and the net realizable value of the assets received, when the entity's intention is to sell said assets. to recover the amount to be collected. The net realizable value is the estimated amount of what you expect to receive from the sale of the asset less disposal costs.

When the gross value of the asset or the accrued or past due amortizations leading to the foreclosure, is higher than the foreclosed property, the difference is recorded in the period's results under "Other operating income (expenses)".

When the value of the asset or the accrued or past due amortizations leading to the foreclosure, estimates, is lower than the foreclosed property, its value is adjusted to the asset's value.

The carrying value is only modified when there is evidence that the fair value is lower than the recorded carrying value. Reductions in the carrying value of the loan are recorded in the current earnings as they occur.

The provisions applicable to the new valuation methodology for the allowance for loan losses mentioned above define the valuation methodology for reserves related to either foreclosed property or those assets received as payment in kind, establishing that additional quarterly provisions must be created to recognize the potential decrease in value over time of property awarded under legal proceedings, out-of-court or received as payment in kind and the investments in financial instruments received as foreclosed goods or payment in kind, based on the following guidelines:

I. In the case of collection rights and movable property, the provisions referenced in the preceding paragraph must be treated as follows:

Movable property reserves	
Time elapsed as of award date or receipt as payment in kind (months)	Reserve percentage
Up to 6	-%
More than 6 and up to 12	10%
More than 12 and up to 18	20%
More than 18 and up to 24	45%
More than 24 and up to 30	60%
More than 30	100%

The amount of the reserves to be created will be the result of applying the reserve percentage determined under the preceding table to the value of collection rights or foreclosed property, received as payment in kind or awarded in a court proceeding.

II. Investments in financial instruments must be valued in accordance with the provisions of the MFRS C-2 or MFRS C-20, using annual audited financial statements and monthly financial information of the issuer.

Following the valuation of foreclosed assets or those received as payment in kind, the reserves resulting from applying the percentages established in the table of Section I above to the estimated value, must be created.



III. In the case of real estate property, provisions must be created as follows:

Real estate property reserves	
Time elapsed as of award date or receipt as payment in kind (months)	Reserve percentage
Up to 12	-%
More than 12 and up to 24	10%
More than 24 and up to 30	15%
More than 30 and up to 36	25%
More than 36 and up to 42	30%
More than 42 and up to 48	35%
More than 48 and up to 54	40%
More than 54 and up to 60	50%
More than 60	100%

The amount of the reserves to be created will be the result of applying the reserve percentage determined under the preceding table to the awarded value of the property based on the accounting criteria. Furthermore, when problems are identified regarding the realization of the value of the foreclosed property, the Financial Group records additional reserves based on management's best estimates. On December 31, 2024 and 2023, there were no reserves other than those created by the percentage applied based on the accounting criteria that could indicate realization problems with the values of the foreclosed properties.

If appraisals subsequent to the foreclosure or payment in kind result in the recording of a decrease in the value of the collection rights, securities, movable or real estate property, the reserve percentages contained in the preceding table can be applied to the adjusted value.

Property, furniture and equipment

Property, furniture and equipment are recorded at acquisition cost. The balances of acquisitions made up to December 31, 2007 are restated using factors derived from the value of the UDI of that date.

Depreciation is calculated using the straight-line method based on the useful lives of the assets as estimated by independent appraisers.

Lease right of use assets / Lease liability

Asset for rights of use.

It represents the initial valuation amount of the lease liability, plus the lease payments made in advance, plus the initial direct costs incurred. Subsequently, the right-of-use asset is depreciated monthly in accordance with MFRS C-6 during the life of the lease.

Lease liability.

It represents the present value of future lease payments. Future payments are discounted using a risk-free rate, which is maintained until the end of the lease. The subsequent valuation of the lease liability is at amortized cost.

Permanent stock investments

The Financial Group recognizes its investments in associated companies where it has significant influence but not control using the equity method, based on the book values shown in the most recent financial statements of such entities.

Income taxes

Income tax (ISR) is recorded in the year it is incurred. Deferred income taxes are calculated by applying the corresponding tax rate to the applicable temporary differences resulting from comparing the accounting and tax bases of assets and liabilities and including, if any, future benefits from tax loss carryforwards and certain tax credits. The deferred income tax assets are recorded only when there is a high probability of recovery.



The net effect of the aforementioned items is presented in the Consolidated Statement of Financial Position under the "Deferred Income taxes, net" line.

Intangible assets

Intangible assets are recognized in the Consolidated Statement of Financial Position provided they are identifiable and generate future economic benefits that are controlled by the Financial Group. The amortizable amount of the intangible asset is assigned on a systematic basis during its estimated useful life. Intangible assets with indefinite lives are not amortized and their value is subject to the annual impairment tests.

Goodwill

The Financial Group records goodwill when the total fair value of the acquisition cost and the Non-controlling interest is greater than the fair value of the net assets of the acquired business, pursuant to MFRS B-7, "Business acquisitions." As goodwill is considered an intangible asset with an indefinite life, it is subject to impairment tests at least annually according to MFRS C-15, "Impairment in the value of long-lasting assets and their disposal." No indicators of impairment of goodwill have been identified as of December 31, 2024 and 2023.

Deposits

Liabilities derived from deposits, including promissory notes settled at maturity, are recorded at their funding or placement cost plus accrued interest, determined according to the number of days elapsed at each monthly close, which are charged against results when accrued as an interest expense.

Interbank and other loans

These loans are recorded based on the contractual value, recognizing the interest in the year's earnings as accrued. The Financial Group records in this item the direct loans obtained from domestic and foreign banks, loans obtained through bids with Banco de Mexico and development funds' financing. Furthermore, this includes discounted loan portfolios from funds provided by banks specializing in financing economic, productive or development activities.

Technical reserves

According to the Commission, all technical reserves must be audited by independent actuaries on a yearly basis. On February 9, 2024 and February 10, 2023, the actuaries have confirmed that in their opinion, the amounts of the reserves recorded by the Financial Group as of December 31, 2024 and 2023, respectively, are reasonably acceptable based on its liabilities, and are within the parameters that the actuarial practice indicates and comply with the criteria considered by the authorities in the matter.

Technical reserves are constituted pursuant to the terms set forth by the Law, as well as to the provisions issued by the CNSF. To value the technical reserves, the Insurance Company used the valuation methods of the provisions set forth in Chapter 5, "Technical Reserves" in the CUSF published in the Official Gazette on December 19, 2014.

1) Unexpired risk reserve:

In terms of the provisions of section I of article 217 of the LISF, the unexpired risk reserve is intended to cover the expected value of future liabilities arising from the payment of claims, benefits, guaranteed securities, dividends, acquisition and administrative costs, as well as any future liability arising from insurance contracts.

The unexpired risk reserve will include the amount of premiums issued in advance, understanding that a premium issued in advance is when it is issued on a date prior to the effective date of the policy to which said premium corresponds.

The reserve for insurance operations is determined in accordance with actuarial formulas, considering the characteristics of policies in force, reviewed and approved by the Commission.



The unexpired risk reserve is valued in accordance with the following:

I. The amount of the unexpired risk reserve shall be equal to the sum of the best estimate and a risk margin, which shall be calculated separately.

II. The best estimate will be equal to the expected value of the future flows of liabilities, understood as the weighted average probability of these flows, considering the time value of money based on the risk-free market interest rate curves for each currency or monetary unit provided by the price provider with which they maintain a contract.

III. The calculation of the best estimate shall be based on timely, reliable, homogeneous and sufficient information as well as realistic assumptions and shall be made using actuarial methods and statistical techniques based on the application of the actuarial practice standards referred to in Chapter 5.17 of the CUSF. For these purposes, when an Insurance Institution or Mutual Society does not have reliable, homogeneous and sufficient information of its own, it must use the corresponding market information.

IV. The projection of future flows used in the calculation of the best estimate will consider the total of gross revenues and expenses (without deducting Reinsurance Recoveries), which are necessary to meet the obligations of the insurance and reinsurance contracts throughout their period of validity, as well as other liabilities that the Insurance Institution or *Sociedad Mutualista* assumes in relation to them.

V. The future income flows will be determined as the best estimate of the expected value of the future income that the Insurance Institution or *Sociedad Mutualista* will have for premiums that, according to the payment method established in the contracts that are in force at the time of valuation, will mature in the future time of validity of such contracts, as well as recoveries and adjustments of less than the estimates of claims. Future premiums for these effects will not be considered as premiums due and unpaid at the time of valuation, or the fractional payments that are accounted for under the concept of debtor for the premium.

VI. Future outflows will be determined as the best estimate of the expected value of future payments and expenses to be incurred by the Insurance Institution or *Sociedad Mutualista* as a result of claims and adjustments of having more derivatives vs. the risks covered, dividend payments, redemptions, administrative and acquisition costs for contracts in force at the time of valuation. Future outflows must also consider all other payments to the insured and beneficiaries, as well as the expenses that the Insurance Institution or *Sociedad Mutualista* will incur in order to meet the obligations of the insurance and reinsurance contracts, as well as the effect of the exchange rate and inflation, including that relating to expenses and claims.

VII. In the constitution and valuation of the unexpired risk reserve, the amount of the guaranteed assets, as well as the possible options for the insured or beneficiary included in the insurance contracts, should be considered. Any hypothesis used by the Insurance Institution or *Sociedad Mutualista* with respect to the likelihood that the insured or beneficiaries will exercise the contractual options, including those related to resolution, termination and redemption, must be realistic and based on timely, reliable, homogeneous and sufficient information. The assumptions must consider, explicitly or implicitly, the consequences that future changes in financial and other conditions may have on the exercise of such options;

VIII. The risk margin will be calculated in accordance with the provisions of Chapter 5.4 of the CUSF.

IX. In the valuation and constitution of unexpired risk reserves, the liabilities should be segmented into homogeneous risk groups.

X. The short-term and long-term liabilities should be segmented in the valuation and constitution of the unexpired risk reserve so that the Institutions maintain an adequate balance in the investments of resources in the short and long term, and these hold are coherent with the nature of the liabilities to which they are related, and



XI. Processes and procedures should be established to ensure that the best estimate, as well as the assumptions underlying its calculation, is periodically compared with its previous experience. When such a comparison reveals a systematic deviation between the experience and the best estimate, the Insurance Institution or *Sociedad Mutualista* shall make the necessary adjustments to the actuarial methods or assumptions used. For these purposes, it will be understood that there is a systematic deviation when, in a given class or type of insurance, it is observed that the best estimate of the obligations differs by a reasonable amount from the actual value that the liabilities have attained, in a number of times such that, by statistical criteria, it is determined that such number of times exceeds the maximum number of times that such estimate could have been deferred. The methodology for the estimation of Reinsurance Recovery should be included as part of the actuarial method.

2) Contractual obligations:

a) Claims and expirations - Claims for life, accidents, health and damage are recorded as soon as they are reported. Life insurance claims are based on the insured sums. Accident, illness and damage claims are adjusted based on the estimate of the amount of the obligations, and, at the same time, the pay back is recorded in the ceded reinsurance. Expirations are payments for expired endowments set forth in the insurance contract.

b) Unreported claims – This reserve is intended for recognizing the amount of actual claims not yet reported to the Financial Group. The estimate is based on prior years' casualty rate, adjusting the actuarial calculations on a quarterly basis, pursuant to the methodology approved by the cap.5.4 CNSF.

c) Dividends on policies - This reserve is determined based on actuarial studies, considering the casualty rate. The dividends are established in the insurance contract.

d) Insurance funds under management - These are the dividends on policies earned by the insured and withheld by the Financial Group to manage, as established in the insurance contract.

e) Security premiums - They are the amounts of segmented collections on the policies.

3) Catastrophic reserve:

The reserve for catastrophic risks is intended to cover the Financial Group's obligations assumed under insurance policies for earthquakes or other catastrophic risks. This reserve is increased as per the bases and percentages established by the CNSF. CNSF authorization is required to release this reserve.

4) Special Technical Reserve

In the operation of insurance that, due to its nature, special characteristics or lack of experience, experimental rates are used, the Insurance Institutions and Mutual Societies must constitute, by indication or prior authorization of the Commission, a technical reserve special for use of experimental rates.

Provisions

Provisions are recognized when the Financial Group has a current obligation resulting from a past event and is likely to result in the use of economic resources and can be reasonably estimated.

Employee benefits labor obligations

According to Mexican Federal Labor Law, the Financial Group has obligations derived from severance payments and seniority premiums payable to employees that cease to render their services under certain circumstances.

Defined benefit plan

The Financial Group records a liability for seniority premiums, pensions and post-retirement medical services as incurred based on calculations by independent actuaries using the projected unit credit method, using nominal interest rates. Accordingly, this recognizes the liability whose present value will cover the obligation from benefits projected to the estimated retirement date of the Holding overall employees, as well as the obligation related to retired personnel.



At the end of December 2024 and 2023, actuarial (earning) / losses were generated in all benefits, these amounts are integrated into the other comprehensive income account and will be recycled to results during the future working life of the workers according to the benefit.

The Financial Group applies the provision of MFRS D-3 related to the recognition of the liability for severance payments for reasons other than restructuring, which is recorded using the projected unit credit method based on calculations by independent actuaries.

Defined contribution plan

As of January 2001, the Holding provided defined contribution pension plan in place. The participating employees are those hired as of this date as well as those hired prior to such date that enrolled voluntarily. The pension plan is invested in a fund, which is included in "Other assets".

Employees who were hired prior to January 1, 2001 and who decided to enroll voluntarily in the defined contribution pension plan received a contribution from the Financial Group for prior services equivalent to the actuarial benefit accrued in their previous defined benefit plan that was cancelled. The initial contribution was made from the plan assets that had been established for the original defined benefit plan and participants were immediately assigned 50% of such amount with the remaining 50% to be assigned over 10 years.

The initial payment to the defined contribution plan for past services was financed with funds established originally for the defined benefit plan as a result of the early termination of its obligations and recognized in accordance with the provision guidelines.

The labor obligations derived from the defined contribution pension plan do not require an actuarial valuation as established in MFRS D-3, because the cost of this plan is equivalent to the Financial Group's contributions made to the plan's participants.

Provisions for PTU are recorded in the results of the year in which they are incurred as administrative expenses. The Financial Group determines employee statutory profit sharing based on the criteria established in the guidelines set forth by the Mexican Constitution.

Foreign currency conversion

Foreign currency transactions are recorded at the applicable exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Mexican pesos at the applicable exchange rate at the close of each period. The exchange rate used to establish Mexican peso equivalence is the FIX exchange rate published by Banco de México. Foreign exchange fluctuations are recorded in the results of operations.

Interest from outstanding subordinated debentures

Accrued interest from outstanding subordinated debentures is recognized as it is accrued and translated according to the exchange rate in effect at each monthly close.

Transfer of financial assets

The Financial Group can act as the assignor or assignee, as applicable, in this type of transactions. Moreover the Financial Group evaluates whether or not to retain the risks and benefits associated with the asset property to determine whether or not there was a transfer of property in a transaction. In transactions involving the transfer of ownership in financial assets, the assignor yields control and substantially transfers all the risks and benefits over such assets. Therefore, the assignor derecognizes such assets and records the consideration received from the transaction. Conversely, the assignee recognizes such financial assets and the transfer consideration in its accounting records.



Share-based payments

The Financial Group grants stock options to key officers through different payment schemes based on stocks. The Financial Group has established trusts to manage the plans and contributes the necessary funds so that shares can be purchased directly from the market at the initiation of each plan.

The Financial Group records its stock option plans according to the guidelines of MFRS D-8, "Share-based payments." The compensation expense is recorded at fair value as of the date the stock options are granted. Pursuant to MFRS D-8 and given that the Financial Group grants its own stock options, the Financial Group records the expense as if the plan were payable in cash. This expense is then restated at a fair value in each reporting period as per the provisions known on such date.

In accordance with MFRS D-8 and given that the Holding Company grants shares of the Financial Group, the Holding Company recognizes the expense as a capital contribution by the Financial Group.

Memorandum accounts

Memorandum accounts are used to record assets or commitments that are not part of the Financial Group's general statement of financial position, as no rights are acquired on the assets and such commitments are not acknowledged as liabilities until they materialize, respectively. The accumulated amounts in the memorandum accounts have only been subject to audit tests when their information is derived from an accounting record. The memorandum accounts not audited are indicated in each case:

- Contingent assets and liabilities:

It records the amount of economic penalties imposed by the administrative or judicial authorities until such payments are made, as a motion for revocation has been filed. It also records the exposure to risk line item for its participation in the Expanded Use Electronic Payments System.

- Loan commitments:

The balance represents the amount of the letters of credit granted by the Financial Group that are considered as irrevocable commercial loans not disposed by the borrowers. It includes the lines of credit granted to clients that were not disposed.

- Assets in trust or mandate:

For the assets in trust, the value of the goods is recorded and any information related to their individual administration is recorded independently. For assets under mandate, the declared value of the assets, subject to the mandates executed by the Financial Group is recorded.

- Assets in custody or under management:

This account records the movement of others' assets and securities that are received in custody or are to be managed by the Financial Group.

- Collateral received:

The balance represents all the collateral received in securities repurchase agreement operations when the Financial Group is the buyer.

- Collateral received and sold or given as a pledge:

The balance represents all the collateral received in securities repurchase agreements when the Financial Group is acting as the buyer, and which in turn are sold by the Financial Group acting as the seller.



Main subsidiaries' income recognition

Banorte

- Income from cash and cash equivalents, financial instruments, repurchasing operations, hedging transactions and loan interest is recorded as income when accrued.
- The fees charged for the initial granting, restructuring and renewal of loans will be recorded as a deferred credit, which will be amortized as interest income.
- Securities purchase-sales results are recorded when performed.
- Permanent stock investments in affiliates are originally recorded at their acquisition cost and are valued using the equity method based on the last available financial statements.

Casa de Bolsa Banorte

- Recognition of income from services, financial advisory and securities intermediation fees and commissions generated by customer securities' operations are recorded as they are performed.
- Income from financial advisory is recorded when accrued as per the contract.
- Securities intermediation results are recorded when performed.
- Income and expenses - are recorded as generated or accrued as per the relative contracts.
- Share dividends - share dividends are recorded at zero value in investments; therefore they only affect the results when the shares are sold.
- Permanent stock investments in affiliates – they are originally recorded at their acquisition cost and are valued using the equity method based on the last available financial statements.

Arrendadora y Factor Banorte

- Credit from financial leasing operations, net – financial leasing operations are recorded as direct financing, wherein the account receivable is the total amount of the settled rents, and potential profit is the difference between such amount and the cost of the leased properties. Net financed capital is recorded on the Consolidated Statement of financial position, deducting the total of rents from the potential profit.
- Loans from operating leasing operations – represent company assets given to a third party for the latter's temporary use and enjoyment for a given term equal to or over six months. The operating leasing contract rents are recorded as revenues when accrued.
- Loans from factoring operations, net – funded or non-funded factoring is recorded as follows:
 - Ceded portfolio – the amount is recorded in loan portfolios, minus the difference between loans and the financed amount.
 - Profit from acquired documents (interest) - calculated in advance, per month completed and upon maturity, recorded in factoring, and both are applied to results when accrued.
- Recognition of income – interest from leasing and financial factoring is recognized as income when accrued; however the accumulation of interest is suspended whenever the uncollected interest and/or total loan is transferred to past-due loans. Accrued, normal and past-due interest during the period the loan is considered past-due is recognized as income when collected.
- Profits to be realized from financial leasing are recognized as income when accrued. The final value of the good in financial leasing is recognized as income when purchased.
- The fees for credit opening in leasing and factoring operations are recognized as income as accrued.



Banorte Ahorro y Previsión (Seguros y Pensiones)

Income from premiums – Recognized as follows:

- The premium revenue for group and collective life insurance is recorded in income as the segmented payment receipt is issued, deducting the premiums ceded in reinsurance.
- Premium revenue for accidents, health and damage is recorded in terms of the policies contracted in the year, even though their term is for over one year, deducting the premiums ceded in reinsurance.
- The rights on premiums are recognized in the income at the time of issuance except for the policies that the Insurer agrees with the insured, where the right policy is fractioned in each of the receipts in this scheme, the right policy is recognized in income as it accrues. Revenue from surcharges on policyholders is recognized in income at the time of accrual and the unearned portion is recorded as deferred credits.
- Premium income is recorded at the time premiums are settled.

6 - CASH AND CASH EQUIVALENTS

As of December 31, 2024 and 2023, cash and cash equivalents are as follows:

	2024	2023
Cash	Ps. 31,362	Ps. 29,566
Banks	67,289	70,632
Other cash equivalents	53	32
	Ps. 98,704	Ps. 100,230

"Banks" is represented by cash in Mexican pesos and US dollars converted at the exchange rate issued by Banco de México of Ps. 20.8829 and Ps. 16.9666 as of December 31, 2024 and 2023, respectively, and is made up as follows:

	Mexican pesos		USD		Total	
	2024	2023	2024	2023	2024	2023
Call money	Ps. 6,573	Ps. 26,474	Ps. -	Ps. -	Ps. 6,573	Ps. 26,474
Deposits with foreign credit institutions	-	-	11,605	12,662	11,605	12,662
Domestic banks	2,233	2,310	3,840	-	6,073	2,310
Banco de México	40,522	29,186	2,516	-	43,038	29,186
	Ps. 49,328	Ps.57,970	Ps. 17,961	Ps. 12,662	Ps. 67,289	Ps. 70,632

In June 2014, Banco de Mexico issued Circular 9/2014, which establishes banking institutions' obligation to constitute a new monetary regulation deposit, and modifies the interest rate such deposits pay. As of December 31, 2024 and 2023, the Financial Group had made monetary regulation deposits of Ps. 25,985 and Ps. 25,980, respectively.

As of December 31, 2024 and 2023, the total sum of restricted cash and cash equivalents is de Ps. 32,558 and Ps. 52,454, respectively. This includes monetary regulation deposits, futures placed in the domestic and foreign market, call money and contracted transactions pending liquidation in 24 and 48 hours.

The exchange rates used for the conversion of gold and silver coins (Centenarios and Troy ounces, respectively) was Ps. 1,346.96 and Ps. 683.97, per unit, respectively, in 2024; and Ps. 864.879 and Ps. 453.26, per unit, respectively, in 2023.

As of December 31, 2024 and 2023, "Other cash equivalents" includes:

	2024	2023
Minted metals in gold and silver	Ps. 38	Ps. 10
Cashable checks received, pending payment at a 3-day term	-	3
Remittances	15	19
	Ps. 53	Ps. 32



7 - INVESTMENTS IN SECURITIES

a. Trading financial instruments

As of December 31, 2024 and 2023, trading securities are as follows:

	2024			
	Acquisition cost	Accrued interest	Valuation increase (decrease)	Book value
Government securities	Ps. 333,534	Ps. 3,802	Ps. 114	Ps. 337,450
Not restricted	30,500	266	(237)	30,529
F Bonds	3,405	10	(2)	3,413
M Bonds	9,001	60	(202)	8,859
CEBUR – Government	10	-	1	11
CEBUR – Udizados	493	12	12	517
Cetes	16,416	178	10	16,604
Eurobonds	780	4	(47)	737
Udibonos	328	2	(9)	321
Treasury Notes	67	-	-	67
Restricted	303,034	3,536	351	306,921
D Bonds	18,597	59	14	18,670
F Bonds	50,288	282	12	50,582
M Bonds	6,856	120	(44)	6,932
BPA	222,743	3,075	366	226,184
CEBUR – Government	1,008	-	1	1,009
Cetes	3,307	-	3	3,310
Udibonos	235	-	(1)	234
Bank securities	31,415	79	2	31,496
Not restricted	8,055	-	(1)	8,054
Bank Acceptances	6	-	-	6
CEBUR – development bank	(115)	-	-	(115)
CEBUR – bank	12	-	-	12
CEDES	186	-	-	186
Other bank securities	371	-	(1)	370
Promissory Notes	7,595	-	-	7,595
Restricted	23,360	79	3	23,442
CEBUR – development bank	9,106	27	2	9,135
CEBUR – bank	6,224	26	-	6,250
CEDES	6,343	20	-	6,363
Other bank securities	1,526	6	1	1,533
Promissory Notes	161	-	-	161
Private securities	28,737	8	3,081	31,826
Not restricted	27,933	8	3,079	31,020
CEBUR – corporate	374	7	(1)	380
Eurobonds	43	1	-	44
Shares	1,767	-	1,138	2,905
Acciones Sociedades de Inversión	25,749	-	1,942	27,691
Restricted	804	-	2	806
Shares	804	-	2	806
	Ps. 393,686	Ps. 3,889	Ps. 3,197	Ps. 400,772



	2023			
	Acquisition cost	Accrued interest	Valuation increase (decrease)	Book value
Government securities	Ps. 285,142	Ps. 3,533	Ps. 668	Ps. 289,343
Not restricted	26,656	307	310	27,273
F Bonds	68	-	-	68
M Bonds	5,357	36	190	5,583
BPA	7	-	-	7
CEBUR – Government	11	-	2	13
Cetes	14,137	247	11	14,395
Eurobonds	59	1	(10)	50
Udibonos	6,814	22	117	6,953
Treasury Bills	195	1	-	196
Treasury Notes	8	-	-	8
Restricted	258,486	3,226	358	262,070
D Bonds	27,087	91	18	27,196
F Bonds	43,827	225	29	44,081
M Bonds	3,453	29	58	3,540
BPA	180,749	2,875	242	183,866
CEBUR – Government	1,317	6	1	1,324
Cetes	1,565	-	(3)	1,562
Udibonos	488	-	13	501
Bank securities	26,580	106	2	26,688
Not restricted	4,450	3	-	4,453
Bank Acceptances	5	-	-	5
CEBUR – development bank	6	-	-	6
CEBUR – bank	8	-	-	8
CEDES	102	-	-	102
Other bank securities	66	-	-	66
Promissory Notes	4,263	3	-	4,266
Restricted	22,130	103	2	22,235
CEBUR – development bank	8,117	22	1	8,140
CEBUR – bank	1,632	11	1	1,644
CEDES	10,824	67	-	10,891
Other bank securities	1,058	3	-	1,061
Promissory Notes	499	-	-	499
Private securities	17,341	12	2,372	19,725
Not restricted	14,935	12	2,378	17,325
Shares	(1,111)	-	971	(140)
Investment funds	15,460	-	1,417	16,877
CEBUR – corporate	536	11	(8)	539
Eurobonds	50	1	(2)	49
Restricted	2,406	-	(6)	2,400
Shares	2,406	-	(6)	2,400
	Ps. 329,063	Ps. 3,651	Ps. 3,042	Ps. 335,756

During 2024 and 2023, the Financial Group recognized under “Brokerage revenues” gain and loss of Ps. 1,345 and Ps. 2,108, respectively, for the fair value valuation of these instruments.

As of December 31, 2024 and 2023, there are Ps. 331,169 and Ps. 286,705, respectively, in restricted trading securities associated mainly with repurchase operations.



b. Financial instruments to collect or sell

As of December 31, 2024 and 2023, financial instruments to collect or sell are as follows:

	2024			Book value
	Acquisition cost	Accrued interest	Valuation increase (decrease)	
Government securities	Ps. 151,270	Ps. 2,306	(Ps. 2,457)	Ps. 151,119
Not restricted	45,920	516	(1,067)	45,369
M Bonds	9,189	179	(109)	9,259
BREMs	7,778	26	-	7,804
CEBUR – Government	733	2	(123)	612
CEBUR – Udizados	102	1	183	286
Cetes	1,419	46	-	1,465
Eurobonds - Government	14,874	198	(747)	14,325
Udibonos	11,825	64	(271)	11,618
Restricted	105,350	1,790	(1,390)	105,750
D Bonds	2,998	4	1	3,003
M Bonds	12,193	149	(302)	12,040
BPA	52,870	1,204	126	54,200
CEBUR – Government	393	4	(5)	392
Cetes	3,649	-	5	3,654
Eurobonds - Government	29,732	420	(1,128)	29,024
Udibonos	3,515	9	(87)	3,437
Bank securities	27,603	178	(417)	27,364
Not restricted	14,126	122	(422)	13,826
CEBUR – development bank	4,201	61	(323)	3,939
CEBUR – bank	3,066	27	(43)	3,050
CEDES	1,896	9	(12)	1,893
Other bank securities	3,869	25	(44)	3,850
Promissory Notes	1,094	-	-	1,094
Restricted	13,477	56	5	13,538
CEBUR – development bank	3,298	10	(1)	3,307
CEBUR – bank	10,179	46	6	10,231
Private securities	23,117	465	(986)	22,596
Not restricted	18,414	414	(929)	17,899
CEBUR – corporate	10,628	193	(784)	10,037
CEBUR – Municipality	848	11	1	860
Eurobonos	6,938	210	(146)	7,002
Restricted	4,703	51	(57)	4,697
CEBUR – corporate	662	3	-	665
CEBUR – Municipality	2,513	8	(4)	2,517
Eurobonos	1,528	40	(53)	1,515
	Ps. 201,990	Ps. 2,949	(Ps. 3,860)	Ps. 201,079



	2023			
	Acquisition cost	Accrued interest	Valuation increase (decrease)	Book value
Government securities	Ps. 162,947	Ps. 3,131	(Ps. 484)	Ps. 165,594
Not restricted	42,691	605	31	43,327
M Bonds	7,663	183	159	8,005
BREMs	7,778	24	-	7,802
CEBUR – Government	809	2	(71)	740
CEBUR – Udizados	102	1	184	287
Cetes	3,022	4	(2)	3,024
Eurobonds - Government	8,103	186	(356)	7,933
Udibonos	2,585	8	57	2,650
Treasury Bills	1,670	-	(5)	1,665
Treasury Notes	10,959	197	65	11,221
Restricted	120,256	2,526	(515)	122,267
D Bonds	3,042	3	3	3,048
M Bonds	9,019	84	205	9,308
BPA	79,597	2,080	76	81,753
CEBUR – Government	1,666	10	(7)	1,669
Eurobonds - Government	24,311	343	(786)	23,868
Udibonos	2,621	6	(6)	2,621
Bank securities	36,923	246	(178)	36,991
Not restricted	24,642	181	(188)	24,635
CEBUR – development bank	2,834	29	(212)	2,651
CEBUR – bank	2,747	20	(18)	2,749
CEDES	15,119	120	(12)	15,227
Other bank securities	2,070	12	54	2,136
Promissory Notes	1,872	-	-	1,872
Restricted	12,281	65	10	12,356
CEBUR – development bank	3,133	24	(3)	3,154
CEBUR – bank	9,148	41	13	9,202
Private securities	20,186	375	(1,128)	19,433
Not restricted	15,389	327	(1,006)	14,710
CEBUR – BORHIS	77	-	(77)	-
CEBUR – corporate	6,447	92	(755)	5,784
CEBUR – Municipality	874	12	67	953
Eurobonos	7,991	223	(241)	7,973
Restricted	4,797	48	(122)	4,723
CEBUR – corporate	951	4	3	958
CEBUR – Municipality	2,520	9	(12)	2,517
Eurobonos	1,326	35	(113)	1,248
	Ps. 220,056	Ps. 3,752	(Ps. 1,790)	Ps. 222,018

As of December 31, 2024 and 2023, there are Ps. 123,983 and Ps. 139,346, respectively, in restricted securities available for sale, mainly associated with securities repurchasing transactions.

As of December 31, 2024 and 2023, the balance of BREMSR amounted 77,783,110 securities acquired in May 2016, these BREMs were initially classified in the category of Financial Instruments to collect or sell their business model corresponds to collecting contractual cash flows for principal and interest collections, or to sell them in case of changes in the Institution's liquidity strategy. A portion of these securities serves as a hedged item in a cash flow hedge relationship, which is detailed in note number 9.



c. Financial instruments to collect principal and interest

As of December 31, 2024 and 2023, financial instruments to collect principal and interest are as follows:

Medium and long-term debt securities:

	2024		
	Acquisition cost	Accrued interest	Book value
Government securities	Ps. 361,458	Ps. 2,325	Ps. 363,783
Not restricted	305,196	1,781	306,977
M Bonds	926	6	932
CEBUR – Government	2,027	28	2,055
CEBUR – Udizados	126	2	128
Cetes	1,890	-	1,890
CETES – Specials	36	440	476
Eurobonds - Government	40,852	559	41,411
Udibonos	257,255	708	257,963
Treasury Notes	2,084	38	2,122
Restricted	56,262	544	56,806
M Bonds	15,480	121	15,601
CEBUR – Municipality	39,616	420	40,036
Udibonos	1,166	3	1,169
Bank securities	1,040	21	1,061
Not restricted	1,040	21	1,061
CEBUR – Bank	1,040	21	1,061
Private securities	8,666	1,236	9,902
Not restricted	6,401	1,227	7,628
CEBUR – BORHIS	2	-	2
CEBUR – corporate	2,636	1,171	3,807
CEBUR – Municipality	1,989	39	2,028
Eurobonos	700	17	717
Other private securities	1,074	-	1,074
Restricted	2,265	9	2,274
CEBUR – Municipality	2,265	9	2,274
	Ps. 371,164	Ps. 3,582	Ps. 374,746



	2023		
	Acquisition cost	Accrued interest	Book value
Government securities	Ps. 321,483	Ps. 1,745	Ps. 323,228
Not restricted	291,665	1,522	293,187
F Bonds	2,000	15	2,015
M Bonds	927	6	933
CEBUR – Government	1,956	26	1,982
CEBUR – Udizados	136	2	138
Cetes	3,987	-	3,987
CETES – Specials	36	426	462
Eurobonds - Government	35,838	372	36,210
Udibonos	236,837	593	237,430
Treasury Notes	9,948	82	10,030
Restricted	29,818	223	30,041
M Bonds	15,498	115	15,613
CEBUR – Municipality	2	-	2
Eurobonds - Government	14,147	108	14,255
Udibonos	171	-	171
Bank securities	996	20	1,016
Not restricted	996	20	1,016
CEBUR – Bank	996	20	1,016
Private securities	13,193	1,141	14,334
Not restricted	10,571	1,131	11,702
CEBUR – BORHIS	2	-	2
CEBUR – corporate	3,161	1,058	4,219
CEBUR – Municipality	2,009	40	2,049
Eurobonos	4,700	33	4,733
Other private securities	699	-	699
Restricted	2,622	10	2,632
CEBUR – Municipality	2,622	10	2,632
	Ps. 335,672	Ps. 2,906	Ps. 338,578

As of December 31, 2024 and 2023, there are Ps. 59,080 and Ps. 32,673, respectively, in restricted trading securities associated mainly with repurchasing operations.



As of December 31, 2023, the maturities of the securities (expressed at their acquisition cost), are as follows:

	More than one and up to 5 years	More and 5 and up to 10 years	More than 10 years	Total
Government securities	Ps. 40,269	Ps. 56,631	Ps. 266,884	Ps. 363,784
Not restricted	27,657	13,606	265,715	306,978
M Bonds	246	686	-	932
CEBUR – Government	-	-	2,055	2,055
CEBUR – Udizados	74	53	-	127
Cetes	1,890	-	-	1,890
CETES – Specials	476	-	-	476
Eurobonds - Government	20,462	12,867	8,083	41,412
Udibonos	2,387	-	255,577	257,964
Treasury Notes	2,122	-	-	2,122
Restricted	12,612	43,025	1,169	56,806
M Bonds	12,612	2,989	-	15,601
CEBUR – Municipality	-	40,036	-	40,036
Udibonos	-	-	1,169	1,169
Bank securities	1,061	-	-	1,061
Not restricted	1,061	-	-	1,061
CEBUR – Bank	1,061	-	-	1,061
Private securities	2,555	1,920	5,426	9,901
Not restricted	2,555	1,920	3,152	7,627
CEBUR – BORHIS	-	-	2	2
CEBUR – corporate	2,555	130	1,122	3,807
CEBUR – Municipality	-	-	2,028	2,028
Eurobonos	-	717	-	717
Other private securities	-	1,073	-	1,073
Restricted	-	-	2,274	2,274.00
CEBUR – Municipality	-	-	2,274	2,274
	Ps. 43,885	Ps. 58,551	Ps. 272,310	Ps. 374,746

Some of the investments in securities are given as collateral in derivative transactions without any restriction; therefore, the receiver has the right to trade them and offer them as collateral.

During the year ended December 31, 2024 and 2023, the Financial Group did not carry out sales of financial instruments to collect principal and interest.

Financial instruments impairment

For impairment testing purposes, government and corporate bonds are considered to have low credit risk as the counterparties to these investments have a minimum credit rating of BBB. Consequently, for the purposes of evaluating these financial assets for impairment, the expected loss is measured by an amount equal to 12-month PCE.

When determining the PCE for these assets, the Financial Group's management has taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the issuers of the bonds and debentures obtained economic reports, reports from financial analysts and considering various external sources of real and forecast economic information, as appropriate, when estimating the probability of default of each of these financial assets within their respective loss assessment time horizon, as well as the loss in case of default in each case.



The following table shows the movement in expected credit losses that has been recognized for financial assets:

	<u>12 months expected credit losses</u>		<u>Permanent expected credit losses and impairment credit</u>		Total
	<u>Financial Instruments to collect or sell</u>	<u>Financial instruments to collect principal and interest</u>	<u>Financial Instruments to collect or sell</u>	<u>Financial instruments to collect principal and interest</u>	
Adoption as of January 1, 2023	Ps. 121	Ps. 59	Ps. 363	Ps. 293	Ps. 837
Increase in the estimate of loss caused by new financial assets recorded in the period	6	-	149	-	155
Decrease in the estimate caused by the derecognition of financial assets recorded in the period	(81)	(59)	(15)	(209)	(364)
Balances as of December 31, 2023	Ps. 46	Ps. -	Ps. 498	Ps. 84	Ps. 628
Increase in the estimate of loss caused by new financial assets recorded in the period	3	-	11	-	14
Decrease in the estimate caused by the derecognition of financial assets recorded in the period	(13)	-	-	(8)	(21)
Balances as of December 31, 2024	Ps. 36	Ps. -	Ps. 509	Ps. 76	Ps. 621

d. Collateral

The fair value of the collateral given in derivative transactions as of December 31, 2024 and 2023, is as follows:

2024			
Fair value in millions			
Type of collateral:	Pesos	USD	EUR
Cash	Ps. 931	Ps. 829	Ps. 38
	Ps. 931	Ps. 829	Ps. 38

2023			
Fair value in millions			
Type of collateral:	Pesos	USD	EUR
Cash	Ps. 1,145	Ps. 771	Ps. 38
	Ps. 1,145	Ps. 771	Ps. 38

The fair value of the collaterals received in derivative operations as of December 31, 2024 and 2023, is made up as follows:

2023			
Fair value in millions			
Type of collateral:	Pesos	USD	EUR
Cash	Ps. 7,550	Ps. 113	Ps. -
	Ps. 7,550	Ps. 113	Ps. -



2023			
Fair value in millions			
Type of collateral:	Pesos	USD	EUR
Cash	Ps. 10,890	Ps. 522	Ps. -
	Ps. 10,890	Ps. 522	Ps. -

The Holding Company has no securities received as collateral as of December 31, 2024 and 2023

As of December 2024 and 2023, interest income is as follows:

Concept	2024	2023
Trading Financial Instrument	Ps. 47,557	Ps. 41,747
Financial Instruments to collect or sell	19,549	18,839
Financial instruments to collect principal and interest	5,198	4,895
	Ps. 72,304	Ps. 65,481

8 - CREDITOR BALANCES UNDER REPURCHASE AND RESALE AGREEMENTS

As of December 31, 2024 and 2023, creditor and debtor balances under repurchase agreements are as follows:

Acting as seller of securities

Instrument	2024		2023	
	Repurchase agreement from debtors	Received, sold collateral in repurchase	Repurchase agreement from debtors	Received, sold collateral in repurchase
CEBUR – Government	Ps. -	Ps. 1,078	Ps. 3,002	Ps. 5,020
CETES	-	2,773	234	100
CEBUR – Development Bank	-	8,336	-	6,120
UMS (Fix) Bondes - Government	-	-	-	-
IPAB Bonds 28	-	1,995	500	3,924
IPAB Bonds 91	382	12,334	5,901	20,074
IPAB Bonds 182	-	8,720	-	5,385
F Bonds	79	-	28,099	31,999
D Bonds	2,541	-	457	1,005
Government Bonds (Fix)	1,000	3,499	1,912	2,088
Udibons	-	361	-	-
Government securities	4,002	39,096	40,105	75,715
CEBUR – Bank	-	8,807	-	3,311
CEDES (Fix)	-	3,880	-	6,843
Multilateral Financial Organizations	-	433	-	347
Bank securities	-	13,120	-	10,501
CEBUR Municipality	-	26	-	141
CEBUR Corporate	-	462	-	287
EBUR Udis	-	-	1,501	1,501
Private securities	-	488	1,501	1,929
	Ps. 4,002	Ps. 52,704	Ps. 41,606	Ps. 88,145

With the Financial Group acting as the vendor, accrued interest were charged to the results of operations as of December 31, 2024 and 2023 for Ps. 8,580 and Ps. 9,925, respectively, which is presented in the “Interest Expenses heading.”

During 2024 and 2023, the period of repurchase transactions carried out by the Financial Group in its capacity as vendor ranged in term from 1 day to 7 years.

As of December 31, 2024, the amount of the delivered and received securities as collateral in repurchase transactions that represent a transfer of ownership, amount to Ps. 52,708 and Ps. 212,285, respectively, and as of December 31, 2023, the collaterals delivered was Ps. 235,218 and the collaterals received was Ps. 88,155.



Acting as securities purchaser

Instrument	2024	2023
CEBUR – Government	Ps. 323	Ps. 967
CETES	1,832	1,564
CEBUR – Development Bank	4,105	5,174
UMS (Fix) Bondes - Government	50,725	29,324
IPAB Bonds 28	61,769	36,884
IPAB Bonds 91	131,153	125,792
IPAB Bonds 182	61,930	72,744
D Bonds	21,591	27,890
F Bonds	48,331	36,174
Government Bonds (Fix)	31,454	23,312
Udibonds	2,945	2,747
Government securities	416,158	362,572
CEBUR – Bank	7,688	7,540
CEDES (Fix)	2,483	4,055
PRLV	-	499
Multilateral Financial Organizations	1,096	713
Bank securities	11,267	12,807
CEBUR Short term	-	5,633
CEBUR Municipality	5,085	-
CEBUR Corp	26,928	-
Eurobond	4	-
Private securities	32,017	5,633
	Ps. 459,442	Ps. 381,012

With the Financial Group acting as the purchaser, accrued interest charged to the results of operations as of December 31, 2024 and 2023 were Ps. 59,124 y Ps. 54,834, respectively, which are presented in the “Interest Income” Heading.

During 2024, repurchase transactions carried out by the Financial Group in its capacity as purchaser ranged in term from 1 day to 10 years.

9 - DERIVATIVE FINANCIAL INSTRUMENTS

Transactions carried out by the Financial Group involving derivatives correspond mainly to futures, swaps and options contracts. These transactions are done to hedge various risks and for trading purposes.

The Financial Group has evaluated the effectiveness of derivatives’ transactions for hedging purposes and has concluded that they are highly effective.

As of December 31, 2024 and 2023, positions in derivative financial instruments are as follows:

Asset position	2024	2023
Forwards		
Foreign currency forwards	Ps. 280	Ps. 939
Options		
Interest rate options	647	910
Shares options	369	81
Foreign currency options	6	14
Swaps		
Interest rate swaps	13,940	18,464
Foreign currency swaps	5,839	8,547
Credit swaps	45	2
Total trading	Ps. 21,126	Ps. 28,957
Swaps		
Foreign currency swaps	199	3,701
Interest rate swaps	805	741
Total hedging	1,004	4,442
Total position	Ps. 22,130	Ps. 33,399



Liability position	2024	2023
Forwards		
Foreign currency forwards	Ps. 376	Ps. 731
Options		
Interest rate options	605	943
Foreign currency options	352	87
Share options	3	-
Swaps		
Interest rate swaps	8,330	11,995
Foreign currency swaps	12,432	7,765
Credit swaps	32	13
Total trading	22,130	21,534
Swaps		
Interest rate swaps	1,407	1,151
Foreign currency swaps	2,391	1,108
Total hedging	3,798	2,259
Total position	Ps. 25,928	Ps. 23,793

Trading instruments:

As of December 31, 2024 and 2023, the trading derivative financial instruments are classified by fair value and the result of the period.

Trading	Book value	Valuation
Forward	(Ps. 97)	(Ps. 20)
Options	62	240
Foreign Currency Swaps	(6,593)	2,434
Interest Rate Swaps	5,610	(1,230)
Credit Swaps	14	25

The effect of credit risk of the derivatives portfolio in the 2024 and 2023 period amounts to Ps 209 and Ps. 289, respectively.

An analysis of undiscounted trading cash flows as of December 31, 2024 is broken down below.

Instrument	Currency	1 year	1 to 5 years	5 to 10 years	More than 10 years
Interest Rate Swap	MXN	(16)	4,408	1,507	(41)
Interest Rate Swap	USD	-	(95)	(30)	(2)
Foreign Currency Swap	MXN	-	483	(1,303)	101
Foreign Currency Swap	USD	-	(61)	3	1
Foreign Currency Swap	EUR	-	(23)	(5)	-

As of December 31, 2024, the items hedged by type of coverage and risk are detailed.

Instrument	Book value		Item
	Asset	Liability	
Interest Rate Swaps (Forecast Fund)	50	1,395	Liability
Interest Rate Swaps (DRM)	199	62	Asset
Interest Rate Swaps (Loans)	197	-	Asset
Foreign Currency Swap (UDI Liability)	588	951	Liability
Foreign Currency Swap (EUR Assets)	-	15	Asset
Foreign Currency Swap (GBP Assets)	20	1,424	Asset
Foreign Currency Swap (USD Assets)	50	1,395	Asset



As of December 31, 2024 and 2023, OCI movements to results from cash flow hedges are detailed.

Instrument	2024	2023
Interest Rate Swaps (Forecast Fund)	Ps. 935	Ps. 1,205
Interest Rate Swaps (DRM)	(565)	9
Foreign Currency Swap (ME Asset)	(722)	(986)

The instruments operated and their main underlying instruments are as follows

Forwards	Options	Interest Rate Swaps	CCS
Fx-USD	Fx-USD	TIIE 28	TIIE 28
Fx-EUR	TIIE 28	TIIE 91	TIIE 91
Fx-CAD	TIIE 91	CETES 91	Libor
Fx-CHF	Libor	Libor SOFR	Euribor

The risk management policies and internal control procedures for managing risks inherent to derivatives are described in Note 36.

Transactions carried out for hedging purposes have maturities from 2025 to 2043 and are intended to mitigate the financial risk derived from long-term loans offered by the Financial Group at fixed nominal rates, as well as the exchange rate risk generated by market instruments in the Financial Group's portfolio.

As of December 31, 2024 and 2023, the collateral was comprised mainly of cash. Their fair value is shown in Note 7 d).

During 2024 and 2023, the net earnings from the valuation and realization of derivative financial instruments were Ps. 1,450 and Ps. 593, respectively.

The net amount of estimated gains or losses originated by from transactions or events recorded within Comprehensive Income as of December 31, 2024 and 2023 and that are expected to be reclassified to results within the next 12 months amounts to (Ps. 131) and Ps. 15, respectively.

As of December 31, 2024 and 2023, the main positions hedged by the Financial Group and the derivatives designated to hedge such positions are:

Cash flow hedging:

- Forecast funding using TIIE rate Caps and Interest Rate Swaps.
- Cash flow hedge of Banxico's monetary regulation deposits (DRM) using TIIE interest rate swaps.
- Recorded assets and liabilities in foreign currency using Cross Currency Swaps.

As of December 31, 2024, there are 81 coverage files. All hedging relationships are effective as they meet the effectiveness requirements of MFRS C-10 "There is no over-hedging in any of the derivatives; therefore, as of December 31, 2023, there are no ineffective portions that cause market value recognition that need to be recognized in the Holding Company's results."

The following are the Financial Group's hedged cash flows as of December 31, 2024 and 2023, expected to occur and affect earnings:

Concept	More than 3			
	Up to 3 months	months and up to 1 year	More than 1 and up to 5 years	More than 5 years
Forecast funding	Ps. 670	Ps. 1,988	Ps. 7,752	Ps. 2,170
Monetary regulation deposits	12	12	85	19
UDI	169	412	1,539	553
Assets denominated in EUR	14	39	-	-
Assets denominated in GBP	241	743	650	201
Assets denominated in USD	17	50	154	52
	Ps. 1,123	Ps. 3,244	Ps. 10,180	Ps. 2,995



The fair value of the instruments designated as cash flows hedging, which is recognized in comprehensive income within stockholders' equity as of December 31, 2024 and 2023, amounts to (Ps. 765) and Ps. 61, respectively. Likewise, the amount that was reclassified from stockholders' equity to results amounts to (Ps. 25) and Ps. 133, respectively.

Trading derivatives and hedging derivatives: the loan risk is minimized through means of contractual compensation agreements, in which asset and liability derivatives with the same counterparty are settled for their net balance. Similarly, there may be other types of collateral such as credit lines, depending on the counterparty's solvency and the nature of the transaction.

The following table shows the cash flows hedging valuation balance:

Balance	Valuation of cash flows hedging instruments	Net change in period	Reclassified to income
Balance, December 31, 2019	(Ps. 1,275)	Ps. 3,726	(Ps. 71)
Balance, December 31, 2020	Ps. 448	Ps. 1,723	(Ps. 266)
Balance, December 31, 2021	(Ps. 2,257)	(Ps. 2,705)	(Ps. 193)
Balance, December 31, 2022	(Ps. 869)	Ps. 1,388	(Ps. 300)
Balance, December 31, 2023	Ps. 61	Ps. 930	Ps. 133
Balance, December 31, 2024	(Ps. 765)	Ps. 826	(Ps. 25)

The economic relationship between the hedged item and the hedging instrument is described below.

For hedge of liabilities, subordinated debentures, assets denominated in foreign currency:

Hedge	Use of hedge instrument	Economic relationship	Coverage ratio
Liabilities denominated in foreign currency and UDI	Agreement of a currency swap (Cross-Currency Swap) to fix the interest and principal in pesos in a fixed rate liability denominated in foreign currency or UDI	It is considered that there is a clear economic relationship between the hedged item and the hedging instrument since: <ul style="list-style-type: none"> 1. Any increase in the exchange rate does not affect the Entity since when contracting the currency swap a fixed amount is received in foreign currency, and a fixed amount of interest is paid in pesos, which synthetically converts the hedged item in a Eurobond at a fixed rate in pesos. 2. Since the critical terms of the hedged item and the hedging instrument are aligned, economic ineffectiveness is not expected. 	1:1
Assets denominated in foreign currency	Agreement of a currency swap (Cross-Currency Swap) to fix the interest and principal in pesos in an eurobond at fixed rate denominated in foreign currency	It is considered that there is a clear economic relationship between the hedged item and the hedging instrument since: <ul style="list-style-type: none"> 1. Any increase in the exchange rate does not affect the Entity since when contracting the currency swap a fixed amount is paid in foreign currency, and a fixed amount of interest is received in pesos, which synthetically converts the hedged item into a eurobond at a fixed rate in pesos. 2. Since the critical terms of the hedged item and the hedging instrument are aligned, economic ineffectiveness is not expected. 3. The execution of the prepayment clause has a very low probability of occurrence, so the economic relationship is not affected. 	1:1



		An economic relationship is considered to cease to exist if the Issuer invokes the Issuer's optional redemption clause during the term of the hedging relationship, since this would lead to the disappearance of the hedged item. For this purpose, a monthly monitoring will be carried out regarding the existence of the official notification by the Issuer to execute the optional redemption clause.	
Monetary regulation deposits	Agreement of a portfolio of interest rate swaps (Interest-Rate Swap) to fix the interest of an DRM and/or BREM a variable rate denominated in pesos.	It is considered that there is a clear economic relationship between the hedged item and the hedging instrument since: <ol style="list-style-type: none"> 1. Any increase in the interest rate does not affect the Entity since when contracting the interest rate swap a variable interest amount is paid and a fixed interest amount is received, which synthetically converts the hedged item into a DRM or BREM at a fixed rate. 2. Since the critical terms of the hedged item and the hedging instrument are aligned, economic ineffectiveness is not expected. 	70-99%
Promissory notes with yield payable at maturity	Agreement of a portfolio of interest rate swaps (Interest-Rate Swap) to fix the interest on future issues of promissory notes with yield payable at maturity (PRLV) issued by the Treasury at a variable rate denominated in pesos.	It is considered that there is a clear economic relationship between the hedged item and the hedging instruments since: <ol style="list-style-type: none"> 1. Any increase in the interest rate does not affect the Entity since when contracting interest rate swaps a fixed amount of interest is paid, and a variable amount of interest is received, which synthetically converts the hedged item into a fixed rate liabilities. 2. Given that the Entity's strategy is to cover less than 100% of all promissory notes to be issued, economic ineffectiveness is not expected. 	70%-95%

10 – EXPECTED CREDIT LOSS

The Financial Group has a methodology to determine the expected credit loss based on the issuer's rating, the characteristics of the instrument, as well as the sector to which it belongs. Once these characteristics are determined, the exposure is estimated at the instrument level as amortized cost and a probability of default and severity of loss are assigned.

Default is defined as the event where the issuer does not perform the obligations to which it subscribed when issuing the instrument in a timely manner. The same definition of default is considered for each instrument.

For financial instruments that have come to maturity and the principal and interest have not been fully collected, the internal policy is periodic monitoring by the business area that acquired said instrument with respect to its possible recovery given the resolutions legal within the commercial bankruptcy or the liquidation process of the issuer.



The expected credit loss of the IFCPI is calculated by the product of the probability of default, the severity of the loss and the exposure, depending on the stage in which it is located:

Stage 1: Financial Instruments with low credit risk. They are those for which their credit risk has not increased significantly from their initial recognition to the date of the financial statements. The Financial Instruments in this Stage must have a long-term rating greater than or equal to BBB+, or mxA-2 in the case of being a short-term instrument, both ratings on a local scale. The PCE estimate at this stage will be carried out over a period of one year.

Stage 2 – Financial Instrument with a significant increase in credit risk. They are those that have shown a significant increase in credit risk from their initial recognition to the date of the financial statements. The Financial Instruments in this Stage must have a rating greater than or equal to B- and up to BBB in long-term instruments, greater than or equal to mxB and up to mxA-3 in short-term instruments. The PCE estimate at this stage will be made for the entire life of the Financial Instrument.

Stage 3 – Financial Instruments with high credit risk. They are those with credit deterioration because one or more events have occurred that have a detrimental impact on the future cash flows of the Financial Instruments. The Financial Instruments in this Stage must have a rating less than or equal to CCC+ in long-term instruments or mxC in short-term instruments. The PCE estimate at this stage will be made for the entire life of the Financial Instrument.

The probability of default is obtained through a transition matrix published by Standard and Poor's (S&P), which considers various scenarios according to past events, current conditions and economic forecasts, considering different and numerous institutions in the study.

The severity of the loss is established based on article 2 bis 73 of the Provisions, where a level of 45% is handled for instruments in stage 1 and stage 2, while for instruments in stage 3 the maximum between 45% and the difference between the unit and the quotient of the market value between the purchase price of the instrument.

The exposure is the amortized cost of the instrument at the calculation date.

During the current period there was no change in the techniques and assumptions used to determine the expected credit loss.

As of December 31, 2024 and 2023, there is the following exposure by instrument:

Classification	2024			2023		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Government	Ps. 363,783	Ps.	Ps.	Ps. 323,228	Ps. -	Ps. -
Bank	714			669	-	-
Private	7,942	2,306	1	12,463	2,217	1
Total	Ps. 372,439	Ps. 2,306	Ps. 1	Ps. 336,360	Ps. 2,217	Ps. 1

The expected credit loss classified by stages as of December 31, 2024 and 2023 is as follows:

Stage 1

Classification	2024	2023
Government	Ps. -	Ps. -
Bank	-	-
Private	-	-
Total	Ps. -	Ps. -

Stage 2

Classification	2024	2023
Government	Ps. -	Ps. -
Bank	-	-
Private	74	164
Total	Ps. 74	Ps. 164



Stage 3

Classification	2024	2023
Government	Ps. -	Ps. -
Bank	-	-
Private	1	1
Total	Ps. 1	Ps. 1

Of the expected credit loss of stage 3 instruments, the amount is broken down into:

	2024	2023
Instruments that migrated to stage 3	Ps. -	Ps. -
Instruments that already existed in stage 3	1	-
Total	Ps. 1	Ps. -

As of December 31, 2024 and 2023, there were no renegotiations or modifications in the financial instruments to collect principal and interest.

11 - LOAN PORTFOLIO

Loan portfolio management

The objectives of Credit Risk Management in the Financial Group are:

- Comply with the Risk Appetite defined by the Board of Directors.
- Improve the quality, diversification and composition of the loan portfolio in order to optimize the risk- reward ratio.
- Provide Executive Management with reliable, timely information to assist decision making regarding funding.
- Provide Business Areas with clear and sufficient tools to support and monitor funding placement.
- Create economic value for shareholders through an efficient Credit Risk Management.
- Define and update the regulatory framework for the Credit Risk Management.
- Comply with the information requirements that the authorities establish regarding Credit Risk Management.
- Perform Risk Management in accordance with the best practices, implementing models, methodologies, procedures and systems based on best practices worldwide.
- Measure Institution's vulnerability to extreme conditions and consider those results for decisions making.

The Credit Risk Management policies in the Financial Group are applicable to:

- Grant and Manage Retail Credit Risk according to best market practices through Parametric Models aimed to identify risk, minimize losses and increase loan origination with quality.
- Grant and Manage Wholesale Loans to companies and other entities, according to best market practices through a credit strategy including Target Markets and Risk Acceptance Criteria, identifying and managing risk through Loan Rating and Early Warnings methodologies.
- Monitor and control asset quality through Loan Classification System which provides treatment and general actions for defined situations, as well as departments or officers responsible for carrying out such actions.
- Surveillance and Control through Global and Specific Limits, loan rating policies, and Portfolio Credit Risk models that identify expected and unexpected losses at specific confidence levels.
- Inform and disclose Credit Risks to risk taking areas, CPR, Board of Directors, Financial Authorities and Investors.
- Define faculties for Credit Risks taking at Institution.

In order to comply with objectives and policies, a series of strategies and procedures have been defined including origination, analysis, approval, management, monitoring, recovery and collections.



Credit portfolio analysis

As of December 31, 2024 and 2023, the loan portfolio by loan type is as follows:

	Stage 1	Stage 2	Stage 3	Total
Commercial loans				
Denominated in domestic currency				
Commercial	Ps. 338,312	Ps. 1,588	Ps. 3,482	Ps. 343,382
Rediscounted portfolio	5,329	2	-	5,331
Denominated in USD				
Commercial	133,054	55	571	133,680
Rediscounted portfolio	1,620	-	-	1,620
Loans to financial institutions	39,171	-	136	39,307
Consumer loans				
Credit card	67,496	949	2,158	70,603
Other consumer loans	133,258	2,203	2,677	138,138
Mortgage loans				
Denominated in domestic currency	269,183	3,474	2,095	274,752
Denominated in UDIS	28	8	2	38
Government loans	183,594	332	4	183,930
Total loan portfolio	Ps. 1,171,045	Ps. 8,611	Ps. 11,125	Ps. 1,190,781

	Stage 1	Stage 2	Stage 3	Total
Commercial loans				
Denominated in domestic currency				
Commercial	Ps. 309,639	Ps. 1,269	Ps. 3,334	Ps. 314,242
Rediscounted portfolio	5,535	122	-	5,657
Denominated in USD				
Commercial	88,319	15	425	88,759
Rediscounted portfolio	1,195	-	-	1,195
Loans to financial institutions	25,471	-	123	25,594
Consumer loans				
Credit card	57,166	973	1,968	60,107
Other consumer loans	115,161	1,962	2,852	119,975
Mortgage loans				
Denominated in domestic currency	249,841	3,250	2,175	255,266
Denominated in UDIS	36	12	2	50
Government loans	171,537	424	11	171,972
Total loan portfolio	Ps. 1,023,900	Ps. 8,027	Ps. 10,890	Ps. 1,042,817

Restructured loans

The restructured loans that modified their terms and rates are shown below:

	2024		
	Stage 1	Stage 2	Stage 3
Commercial loans			
Business loans	Ps. 48,538	Ps. 253	Ps. 875
Consumer loans	882	92	1,934
Mortgage loans	172	17	92
	Ps. 49,592	Ps. 362	Ps. 2,901



2023			
	Stage 1	Stage 2	Stage 3
Commercial loans			
Business loans	Ps. 28,239	Ps. 206	Ps. 359
Consumer loans	20	5	958
Mortgage loans	129	17	110
	Ps. 28,388	Ps. 228	Ps. 1,427

As of December 31, 2024, the Stage 3 portfolio past-due loans showed the following periods of delinquency:

	From 1 to 180 days	From 181 to 365 days	From 366 days to 2 years	More than 2 years	Total
Commercial loans	Ps. 1,160	Ps. 1,204	Ps. 688	Ps. 555	Ps. 3,607
Consumer loans	2,708	2,485	570	1	5,764
Mortgage loans	904	810	27	13	1,754
	Ps. 4,772	Ps. 4,499	Ps. 1,285	Ps. 569	Ps. 11,125

As of December 31, 2023, the Stage 3 portfolio past-due loans showed the following periods of delinquency:

	From 1 to 180 days	From 181 to 365 days	From 366 days to 2 years	More than 2 years	Total
Commercial loans	Ps. 1,040	Ps. 450	Ps. 707	Ps. 819	Ps. 3,016
Consumer loans	2,791	372	2,533	1	5,697
Mortgage loans	909	909	13	346	2,177
	Ps. 4,740	Ps. 1,731	Ps. 3,253	Ps. 1,166	Ps. 10,890

Past due loan movements for the years ended on December 31, 2024 and 2023 are shown below:

	2024	2023
Balance at the beginning of the year	Ps. 10,890	Ps. 9,973
Liquidations	(7,018)	(7,932)
Write-offs*	(19,818)	(15,896)
Renewals	(22)	(101)
Discounts	1,636	1,309
Foreclosures	-	(30)
Transfers to portfolio stage 1 and 2	(5,028)	(4,129)
Transfers from portfolio stage 1 and 2	30,282	27,236
Fluctuation from foreign exchange rate	204	153
Sales loans	(1)	307
Year-end balance	Ps. 11,125	Ps. 10,890

* Corresponds to 100% hedged loans.

As of December 31, 2024, the balance of deferred loan origination fees was Ps. 2,520 and the amount recorded in results was Ps. 1,927. Furthermore, the deferred balance of costs and expenses associated with initial loan originations was Ps. 6,104, and the amount recorded in results was Ps. 3,124.

As of December 31, 2023, the balance of deferred loan origination fees was Ps. 2,596 and the amount recorded in results was Ps. 1,688. Furthermore, the deferred balance of costs and expenses associated with initial loan originations was Ps. 5,371, and the amount recorded in results was Ps. 2,432.

The average term in which the deferred balance of commissions and costs and expenses will be recognized is equivalent to the average term of the portfolio balances.



The collected fees and costs are presented net in the line item of “Deferred credits and advance collections” within the Consolidated Statement of financial positions as well as in Interest Income and Interest Expenses, respectively, in the Consolidated income statements.

During the year ended December 31, 2024 and 2023, the balance of written off loans that had been fully reserved as past due was Ps. 18,182 and Ps. 16,292, respectively.

During the years ended December 31, 2024 and 2023, revenues from recoveries of previously written-off loan portfolios were Ps. 2,589 y Ps. 3,360, respectively.

The loans granted per economic sectors as of December 31, 2024 and 2023 is shown below:

	2024		2023	
	Amount	Concentration percentage	Amount	Concentration percentage
Private (companies and individuals)	Ps. 484,013	40.64%	Ps. 409,853	39.30%
Financial institutions	39,307	3.30%	25,594	2.45%
Credit card and consumer	208,741	17.53%	180,082	17.27%
Mortgage	274,790	23.08%	255,316	24.48%
Government loans	183,930	15.45%	171,972	16.50%
	Ps.			
	1,190,781	100.00%	Ps. 1,042,817	100.00%

Policies and procedures for granting loans

The granting, control and recovery of loans are regulated by the Financial Group's Credit Manual, which has been authorized by the Board of Directors. Accordingly, administrative portfolio control is performed in the following areas:

- I. Business Areas (includes Corporate, Commercial, Business, Governmental and Consumer Banking), primarily through the branch network.
- II. Operations Areas
- III. General Comprehensive Risk Management
- IV. Recovery Management

Similarly, the Financial Group has manuals establishing the policies and procedures to be utilized for credit risk management purposes.

The structure of the credit management process is based on the following stages:

- a) Product design
- b) Promotion
- c) Evaluation
- d) Formalization
- e) Operation
- f) Administration
- g) Recovery

Procedures have also been implemented to ensure that stage 3 loans are timely transferred and recorded in the accounting, and those loans with recovery problems are properly and promptly identified.

12 - LOANS RESTRUCTURED IN UDIS

As of December 31, 2024 and 2023, the Financial Group has no mortgage loans restructured in UDIS.

Early termination of mortgage loan borrower support programs

On June 30, 2010, the Federal Government through the SHCP and Banking Institutions signed an agreement for the early termination of the mortgage loan debtors support programs (*Final Point* and *UDIS trusts*) (the Agreement); consequently as of January 1, 2011, the Financial Group absorbed its part of the early discount granted to mortgage loan debtors participating in the program.



The Agreement established a series of obligations for the Federal Government payable in 5 annual amortizations with a due date of June 1, 2015 which is when the last payment of Ps. 29 was received. Such payment included the monthly financial cost from the day immediately following the cut-off date and up to closing of the month immediately preceding the due date.

As of December 31, 2024, the remaining balance of SPECIAL CETES not repurchased by the Federal Government is Ps. 478 with maturities in 2027.

13 - ALLOWANCE FOR LOAN LOSSES

The Financial Group's portfolio classification, which serves as the basis for recording the allowance for loan losses, is detailed below:

Risk category	2024						
	Required allowances for losses						
	Loan portfolio	Companies	Government	Financial institutions' loans	Consumer portfolio	Mortgage portfolio	Total
Risk A1	Ps. 1,095,486	Ps.1,192	Ps.864	Ps.77	Ps.1,132	Ps.209	Ps.3,474
Risk A2	30,149	73	42	0	492	46	653
Risk B1	45,707	19	54	0	1,342	31	1,446
Risk B2	19,871	27	5	0	817	43	892
Risk B3	14,418	84	1	12	693	8	798
Risk C1	16,822	74	0	1	927	236	1,238
Risk C2	17,198	127	40	0	2,446	244	2,857
Risk D	8,337	722	0	7	1,252	422	2,403
Risk E	8,143	1,149	0	85	4,454	80	5,768
Unclassified	(1,180)	-	-	-	-	-	-
BAP loan portfolio	3,812	-	-	-	-	-	-
Deferred items	3,132	-	-	-	-	-	-
	Ps. 1,261,895	Ps. 3,467	Ps. 1,006	Ps. 182	Ps. 13,555	Ps. 1,319	Ps. 19,529
Recorded allowance	-	-	-	-	-	-	20,434
BAP allowances	-	-	-	-	-	-	312
Supplement	-	-	-	-	-	-	Ps. 593

Risk category	2023						
	Required allowances for losses						
	Loan portfolio	Companies	Government	Financial institutions' loans	Consumer portfolio	Mortgage portfolio	Total
Risk A1	Ps. 946,536	Ps. 1,236	Ps. 837	Ps. 69	Ps. 806	Ps. 201	Ps. 3,149
Risk A2	32,302	138	13	-	399	46	596
Risk B1	37,755	70	4	-	1,065	23	1,162
Risk B2	22,225	25	-	-	955	37	1,017
Risk B3	13,346	69	1	-	651	6	727
Risk C1	16,121	65	-	-	764	212	1,041
Risk C2	13,364	98	62	-	1,225	235	1,620
Risk D	9,746	517	-	5	2,228	416	3,166
Risk E	9,095	1,950	4	34	4,492	76	6,556
Unclassified	(1,318)	-	-	-	-	-	-
BAP loan portfolio	3,503	-	-	-	-	-	-
Deferred items	2,386	-	-	-	-	-	-
	Ps. 1,105,061	Ps. 4,168	Ps. 921	Ps. 108	Ps. 12,585	Ps. 1,252	Ps. 19,034
Recorded allowance	-	-	-	-	-	-	19,857
BAP allowances	-	-	-	-	-	-	254
Supplement	-	-	-	-	-	-	Ps. 569

The reserve complement is in accordance with the provisions of the general provisions applicable to credit institutions.

As of December 31, 2024 and 2023, the provisions to cover 100% of the rating base for loan portfolios includes Ps. 34,880 and Ps. 19,157, respectively, for Guarantees Granted and Credit Commitments, which are recorded in memorandum accounts. Ps. 19,439 y Ps. 18,835 were also added for loans to related parties consolidated by the Parent Company.



The estimated allowance for loan losses is determined based on portfolio balances at those dates.

As of December 31, 2024 and 2023, the allowance for loan losses represents 181% and 180%, respectively, of the past-due portfolio.

The estimated allowance includes the classification of loans granted in foreign currency, which are evaluated at the exchange rate in effect as of December 31, 2024 and 2023.

According to the current regulation, as of December 31, 2024 and 2023, the Institution rated under the regulatory methodologies based on expected losses the commercial portfolios (except credits destined to investment projects with own payment source), Mortgage portfolio and non-revolving consumer portfolio (except auto credits to individuals).

The Financial Group uses internal methodologies authorized by the Commission according to the following: for the Revolving Consumer portfolio since January 2018, for the commercial portfolio of borrowers with sales or income greater than or equal to 14 million udis, since January 2019, and for the Auto (Individuals) portfolio since January 2020.

Below are shown for each type of portfolio, the exposure to default, probability of breach of contract, and severity of the loss.

Type of portfolio	Exposure to Default	Weighted Probability of Non-compliance	Weighted Severity of Loss
Commercial*	599,733	1.9%	33.7%
Mortgage	274,789	2.4%	19.9%
Non-revolving consumer	138,116	7.2%	68.5%
Revolving Consumer loan	83,399	9.4%	77.8%

* Loans to financial intermediaries and loan intended for investment projects having their own source of payment are not included.

Movements in allowance for loan losses

An analysis of the movements in allowance for loan losses is detailed below:

	2024	2023
Balance at the beginning of the year	Ps. 19,857	Ps. 17,899
Increase charged to results	22,158	19,764
Discounts and write-offs	(21,766)	(17,696)
Rebates granted to housing debtors	(55)	(31)
Others	240	(79)
Year-end balance	Ps. 20,434	Ps. 19,857

14- ACQUIRED COLLECTION RIGHTS, NET

The balance of acquired collection rights (net) as of December 31, 2024 and 2023 was Ps. 876 and Ps. 1,094, they are valued at amortized cost based on the effective interest method in accordance with MFRS C-20.

As of December 31, 2024, recognized income amounted to Ps. 714 and Ps. 519 and amortization to Ps. 155 and Ps. 110, respectively.

The Financial Group performs an analysis based on events or information to estimate the amount of expected cash flows to determine the estimated rate of return used in applying the valuation method for the amortization of the accounts receivable. If based on historical or current events information, the analysis demonstrates that the future cash flows discounted at the original rate of return (effective interest rate) will decrease to the degree that they will not cover the book value, it will constitute an estimate for non-recoverability or difficult collection against the year's results for the amount that such discounted cash flows are lower than the book value of the accounts receivable.



Assets different from cash that the Financial Group has received as part of portfolio collection or recovery have been mainly in real estate property.

The main feature considered for segmenting acquired portfolios has been the type of loan.

15 – DEBTORS OF INSURANCE AND SURETY COMPANIES

This item is made up as follows:

	2024	2023
Maritime and transportation	Ps. 19	Ps. 30
Automobile	2,405	1,920
Various	1,072	812
Accidents and health	915	849
Life	1,140	873
Pensions	68	85
	5,619	4,569
Federal public administration agencies' indebtedness	-	91
	Ps. 5,619	Ps. 4,660

16 – AMOUNTS RECOVERABLE BY REINSURANCE AND COUNTER-GUARANTEE

This item is made up as follows:

	2024	2023
Insurance and surety entities	Ps. 2,064	Ps. 1,978
Reinsurers' participation for pending claims	2,447	3,088
Reinsurers' participation for current risk	572	389
Other participations	629	365
Preemptive credit risk assessment of Foreign Reinsurers		
Foreing	(2)	(3)
Estimate for punishments	(49)	(44)
	Ps. 5,661	Ps. 5,773

17 - OTHER ACCOUNTS RECEIVABLE, NET

This item is made up as follows:

	2024	2023
Loans to officers and employees	Ps. 3,739	Ps. 3,562
Debtors from liquidation settlements	26,156	22,231
Debtors from cash collateral	15,065	10,015
Real estate property portfolios	379	397
Sundry debtors in Mexican pesos	9,198	7,107
Sundry debtors in foreign currency	436	1,007
Others	1,641	1,037
	56,614	45,356
Allowance for doubtful accounts	(385)	(424)
	Ps. 56,229	Ps. 44,932

Loans to officers and employees mature within 3 to 30 years and accrue an interest rate from TIIE +0.6% to TIIE +1 %.



18 - FORECLOSED ASSETS, NET

As of December 31, 2024 and 2023, the foreclosed assets balance is as follows:

	2024	2023
Moveable property	Ps. 112	Ps. 2,303
Real estate property	6,417	4,598
Goods pledged for sale	241	143
	6,770	7,044
Allowance for losses on foreclosed assets	(49)	(83)
Allowance for losses on foreclosed real estate assets	(2,091)	(2,036)
Allowance for losses on assets pledged for sale	(30)	(44)
	(2,170)	(2,163)
	Ps. 4,600	Ps. 4,881

19 - PROPERTY, FURNITURE AND EQUIPMENT, NET

As of December 31, 2024 and 2023, the property, furniture and equipment balance is as follows:

	2024	2023
Furniture and equipment	Ps. 20,519	Ps. 19,818
Property intended for offices	18,827	17,990
Installation costs	16,904	15,024
	56,250	52,832
Less - Accumulated depreciation and amortization	(24,337)	(22,281)
	Ps. 31,913	Ps. 30,551

Depreciation recorded in the results of 2024 and 2023 was Ps. 4,198 and Ps. 3,685, respectively.

The average estimated useful lives of the Financial Group's assets subject to depreciation are listed below:

	Useful Life
Furniture and equipment	From 4 to 10 years
Property intended for offices	From 4 to 99 years
Installation costs	10 years

20 - ASSETS RIGHTS OF USE OF ASSETS AND LEASE LIABILITY

The Financial Group leases computer equipment, furniture and equipment and real estate, agreed upon in previous years.

The asset balance of the right-of-use as of December 31, 2024 and 2023 is as follows

	2024	2023
Computer equipment	Ps. 4,328	Ps. 3,876
Real estate	112	27
	Ps. 4,440	Ps. 3,903



As of December 31, 2024 and 2023, the lease liability is made up as follows:

Analysis of Maturity - Undiscounted Contractual Cash Flows

	2024	2023
From zero to five years	Ps. 2,132	Ps. 129
From more than five to ten	229	2,057
Ten years and more	2,216	1,761
	Ps. 4,577	Ps. 3,947

The depreciation expense of asset right-of-use recognized in results as of December 31, 2024 and 2023, was Ps. 1,311 and Ps. 924, respectively.

The interest expense of the lease liability recognized in results as of December 31, 2024 and 2023, was Ps. 386 and Ps. 379, respectively.

Lease payments made in 2024 and 2023 were Ps. 1,626 and Ps. 1,453, respectively.

21 - PERMANENT STOCK INVESTMENTS

Investments in non-consolidated companies and associated companies are valued according to the equity method, as detailed below:

	Share %	2024	2023
Afore XXI-Banorte, S.A. de C.V.	50%	Ps. 13,911	Ps. 13,762
McN Investments Ltd	4.95%	1,008	1,008
Controladora PROSA, S.A. de C.V.	19.73%	374	431
Sociedades de Inversión Ixe Fondos	Several	146	126
F-741723 - Valle de San Pedro	20.00%	27	27
Fondo Chiapas, S.A. de C.V.	12.09%	19	18
Capital I CI-3, S.A.P.I. de C.V.	50.00%	6	7
Others	Several	138	116
		Ps. 15,629	Ps. 15,495

The Financial Group exercises significant influence over its affiliates valued under the equity method through its representation in the board of directors or equivalent management body, as well as through significant intercompany transactions.

The relevant activities of the Afore are directed by both the Financial Group and the Mexican Institute of Social Security [*Instituto Mexicano del Seguro Social*], with equal rights and responsibilities. Therefore the Financial Group has no control over such entity and does not consolidate it.



22 - DEFERRED TAXES, NET

The tax reported by the Financial Group is calculated based on the current taxable result of the year and enacted tax regulations. However, due to temporary differences between how income and expenses are recognized for accounting and tax purposes, as well as the differences between the accounting and tax statement of financial position accounts, As of December 31, 2024 and 2023, the Financial Group has recognized a net deferred tax for Ps. 5,245 and (Ps. 1,838), respectively, and it is made up as follows:

	2024		2023	
	Temporary Differences	Deferred Effect	Temporary Differences	Deferred Effect
<u>Temporary Differences - Assets</u>				
Allowance for loan losses	Ps. 1,842	Ps. 552	Ps. 1,924	Ps. 577
Tax loss carryforwards	2,740	822	1,022	307
Surplus allowances for credit risks over the net tax limit	19,452	6,135	17,440	5,232
Excess of tax over book value of foreclosed and fixed assets	1,140	368	3,512	1,073
PTU	1,497	449	1,309	393
Fees collected in advance	3,733	1,120	4,149	1,245
Financial instruments valuation	3,631	1,089	-	-
Deferred from the IXE purchase method	67	20	-	-
Accounting provisions	7,240	2,172	6,176	1,853
Other assets	581	174	303	91
Total assets	Ps. 41,923	Ps. 12,901	Ps. 35,835	Ps. 10,771
<u>Temporary Differences - Liabilities</u>				
Excess of tax over book value of foreclosed and fixed assets and expected payments	1,500	450	Ps. 1,139	Ps. 342
Adquisition of Portafolios	1,108	333	1,339	402
Capitalizable projects' expenses	21,804	6,541	23,624	7,087
Financial instruments valuation	-	-	14,629	4,404
Advance contributions to the pension fund	4	1	5	2
Intangible assets	954	286	1,002	301
Deferred from the IXE purchase method	-	-	21	6
Other liabilities	152	45	214	65
Total Liabilities	Ps. 25,522	Ps. 7,656	Ps. 41,973	Ps. 12,609
Deferred tax, net		Ps. 5,245		(Ps. 1,838)

As explained in Note 33, the applicable income tax rate is 30% for 2024 and 2023 and later years.

At December 31, 2024, the tax loss carry forwards prescription is as follows:

Due date	Amount
2029	Ps. 255
2030	218
2031	297
2032	285
2033	424
2034	1,261
	Ps. 2,740



Banorte USA's deferred tax assets and liabilities are determined using the liability method. According to this method, the net asset or liability of deferred taxes is determined based on the tax effects of temporary differences between the book and tax base of assets and liabilities. Due to the consolidation of Banorte USA, as of December 31, 2024 and 2023, a net amount of Ps. 43 was added to deferred taxes determined at a rate of 21% as per the tax law of the USA.

23 - ADVANCE PAYMENTS AND OTHER ASSETS, NET

The balance of advanced payments and other assets as of December 31, 2024 and 2023 is as follows:

	2024	2023
Payments to be amortized	Ps. 1,505	Ps. 1,195
Various taxes	4,278	4,285
Advances to suppliers	3,861	2,773
Other assets	4,447	4,930
	Ps. 14,091	Ps. 13,183

24 – GOODWILL

As of December 31, 2024 and 2023 goodwill is as follows:

	2024	2023
Originated by the merger with Grupo Financiero Interacciones, S.A.B. de C.V.	Ps. 14,070	Ps. 14,070
Originated by the merger with Ixe Grupo Financiero, S.A.B. de C.V.	11,258	11,258
Originated by the merger with Banorte-Ixe Tarjetas, S.A. de C.V., SOFOM, ER	1,005	1,005
Originated by the merger with Uniteller Financial Services	433	345
Originated by the merger with Tarjetas del Futuro, S.A.P.I. de C.V. (TDF)	147	147
Originated by the merger with More Payment Evolution	1,154	-
	Ps. 28,067	Ps. 26,825

* Includes Ps. 727 of the goodwill generated by the acquisition of Banorte-Ixe Tarjetas and Ps. 278 that this entity had registered at the time of the acquisition.

As mentioned in Note 5, goodwill is not amortized since 2007 and since then is subject to annual impairment tests. No impairment to goodwill value was detected as of December 31, 2024 and 2023.

25 - DEPOSITS

Liquidity coefficient

The "Investment regime for transactions in foreign currency and conditions to be fulfilled during the term of transactions in such currency", designed for credit institutions by Banco de México, establishes the mechanism for determining the liquidity coefficient of liabilities denominated in foreign currency.

In accordance with the aforementioned regime, during 2024 and 2023 the Holding Company generated an average monthly liquidity requirement of 964,178 and 705,119 thousand USD, respectively, and maintained an average investment in liquid assets of 5,324,763 and 5,448,614 thousand USD, having on average an excess of 4,360,584 and 4,743,495 thousand USD, respectively.



Deposits

The liabilities derived from core deposits are made up as follows:

	2024	2023
Demand deposits		
Non-interest bearing checking accounts:		
Cash deposits	Ps. 424,998	Ps, 408,257
Checking accounts in US dollars for individual residents on the Mexican border	4,767	4,417
Demand deposits accounts	13,086	12,238
Interest bearing checking accounts:		
Other bank checking deposit	253,503	237,593
Checking accounts in US dollars for individual residents on the Mexican border	2,360	2,297
Demand deposits accounts	23,467	14,121
	722,181	678,923
Time deposits		
General public:		
Fixed-term deposits	27,237	25,588
Retail time deposits	334,349	304,429
Promissory note with interest payable at maturity PRLV primary market for individuals	85	87
Promissory note with interest payable at maturity PRLV primary market for institutions	114	148
Provision for interest	1,899	1,846
	363,684	332,098
Money market:		
Over the counter promissory notes	1,795	8,098
	1,795	8,098
	365,479	340,196
Senior debt	41,831	33,643
Global account of deposits without movement	4,009	3,656
	Ps. 1,133,500	Ps. 1,056,418

The funding rates which the Financial Group uses as reference are: a) for Mexican pesos, Interbank Interest Rate (TIIE), Average Cost of Funds (CCP) and; b) for foreign currency, the London Interbank Offered Rate (LIBOR).

These liabilities incur interest depending on the type of instrument and average balance held in the investments. The average interest rates and their currency of reference are shown below:

Immediately due and payable deposits:

Foreign exchange	2024				2023			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Mexican pesos and UDIS	2.99%	2.89%	2.85%	2.67%	2.07%	2.58%	3.11%	3.06%
Foreign currency	1.72%	2.00%	1.72%	1.54%	0.74%	1.29%	1.75%	1.68%

Time deposits:

Foreign exchange	2024				2023			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
General public								
Mexican pesos and UDIS	8.96%	8.81%	8.74%	8.22%	7.65%	8.38%	8.54%	8.72%
Foreign currency	3.02%	2.47%	3.27%	3.56%	0.51%	0.53%	1.72%	2.96%
Money market	10.07%	10.77%	10.50%	10.32%	10.12%	10.76%	10.65%	10.67%



As of December 31, 2024 and 2023, the terms set for these deposits are as follows:

	2024			Total
	From 1 to 179 days	From 6 to 12 months	More than 1 year	
General public				
Fixed-term deposits	Ps. 21,866	Ps. 1,242	Ps. 4,129	Ps. 27,237
Retail time deposits	323,543	10,559	247	334,349
Promissory note with interest payable at maturity PRLV primary market for individuals	85	-	-	85
Promissory note with interest payable at maturity PRLV primary market for entities	100	11	3	114
Provision for interest	1,656	231	12	1,899
	347,250	12,043	4,391	363,684
Money market:				
Over the counter promissory notes	-	-	1,795	1,795
	-	-	1,795	1,795
Senior debt issued	41,831	-	-	41,831
Global account of deposits without movements	4,009	-	-	4,009
	Ps. 393,090	Ps. 12,043	Ps. 6,186	Ps. 411,319

	2023			Total
	From 1 to 179 days	From 6 to 12 months	More than 1 year	
General public				
Fixed-term deposits	Ps. 20,154	Ps. 915	Ps. 4,519	Ps. 25,588
Retail time deposits	292,208	11,957	264	304,429
Promissory note with interest payable at maturity PRLV primary market for individuals	84	1	2	87
Promissory note with interest payable at maturity PRLV primary market for entities	135	10	3	148
Provision for interest	1,525	309	12	1,846
	314,106	13,192	4,800	332,098
Money market:				
Over the counter promissory notes	-	-	8,098	8,098
	-	-	8,098	8,098
Senior debt issued	33,643	-	-	33,643
Global account of deposits without movements	3,656	-	-	3,656
	Ps. 351,405	Ps. 13,192	Ps. 12,898	Ps. 377,495

26 - INTERBANK AND OTHER LOANS

The loans received from other banks as of December 31, 2024 and 2023 is as follows:

	Mexican pesos		Denominated in USD		Total	
	2024	2023	2024	2023	2024	2023
Short-term:						
Commercial banking	Ps. 1,530	Ps. 3,836	Ps. -	Ps. 416	Ps. 1,530	Ps. 4,252
Development banking	1,943	17,736	-	558	1,943	18,294
Public trusts	13,837	2,842	4,744	298	18,581	3,140
Provision for interest	117	37	25	8	142	45
	17,427	24,451	4,769	1,280	22,196	25,731
Long-term:						
Commercial banking	-	648	3,836	182	3,836	830
Development banking	-	1,845	-	152	-	1,997
Public trusts	7,273	3,829	1,756	755	9,029	4,584
	7,273	6,322	5,592	1,089	12,865	7,411
	Ps. 24,700	Ps. 30,773	Ps. 10,361	Ps. 2,369	Ps. 35,061	Ps. 33,142



These liabilities incur interest depending on the type of instrument and average balance of the loans.

The average interest rates are shown below:

Foreign exchange	2024				2023			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<u>Call money</u>								
Mexican pesos and UDIS	-%	-%	-%	-%	-%	-%	-%	-%
<u>Other bank loans</u>								
Mexican pesos and UDIS	9.68%	9.92%	9.84%	9.43%	10.06%	10.21%	9.69%	9.38%
Foreign currency	5.00%	5.47%	5.90%	5.19%	4.76%	5.22%	5.32%	4.82%

27 - TECHNICAL RESERVES

Technical reserves are made as follows:

	2024	2023
Current risk:		
Life	Ps. 292,877	Ps. 261,254
Accidents and health	2,779	2,550
Damages	4,360	3,470
	300,016	267,274
Contractual obligations:		
Claims and expirations	7,434	7,613
Unreported claims	6,565	6,039
Dividends on policies	173	402
Insurance funds under management	82	79
Security premiums	87	347
	14,341	14,480
Contingency:		
Catastrophic risk	1,119	1,281
Contingencies	5,055	4,671
Special	1,196	1,186
	7,370	7,138
	Ps. 321,727	Ps. 288,892

Seguros Banorte's technical reserves were ruled by Actuary Ana Maria Ramírez Lozano, member of the company called KPMG Cárdenas Dosal, S.C.

The technical reserves of Pensiones Banorte were ruled by Actuary Rocío Gomez Reyes, member of the company called Willis Towers Watson Consultores México, S. de R.L. of C.V.

28 - SUNDRY CREDITORS AND OTHER PAYABLES

The item of sundry creditors and other payables as of December 31, 2024 and 2023 is made up as follows:

	2024	2023
Cashier and certified checks and other negotiable instruments	Ps. 7,170	Ps. 5,273
Provisions for other obligations	8,842	6,966
Others	16,515	24,798
	Ps. 32,527	Ps. 37,037



29 - EMPLOYEE BENEFIT LIABILITY

As of December 31, 2024 and 2023 it is integrated as follows:

	2024	2023
Direct short-term and other benefits	\$6,815	\$7,163
Post-employment benefits	5,464	3,906
Termination Benefits	367	330
	\$12,646	\$11,399

The Holding recognizes the liabilities for pension plans and seniority premiums using the "Projected Unit Credit Method", which considers the benefits accrued at the date of the Consolidated Statement of financial positions and the benefits generated during the year.

The amount of current and projected benefits as of December 31, 2024 and 2023, related to the Defined Benefit Pension Plan, seniority premiums and retiree medical coverage, determined by independent actuaries, is analyzed below:

	2024			Total
	Pension plan	Seniority premiums	Medical services	
Projected benefit obligation (PBO)	(Ps. 1,732)	(Ps. 4,626)	(Ps. 921)	(Ps. 7,279)
Fund market value	666	947	202	1,815
Fund status	(1,066)	(3,679)	(719)	(5,464)
Unrecognized prior service cost	-	-	-	-
Unrecognized actuarial losses	-	-	-	-
Net projected liability	(Ps. 1,066)	(Ps. 3,679)	(Ps. 719)	(Ps. 5,464)

	2023			Total
	Pension plan	Seniority premiums	Medical services	
Projected benefit obligation (PBO)	(Ps. 1,745)	(Ps. 810)	(Ps. 3,666)	(Ps. 6,221)
Fund market value	724	290	1,301	2,315
Fund status	(1,021)	(520)	(2,365)	(3,906)
Unrecognized prior service cost	-	-	-	-
Unrecognized actuarial losses	-	-	-	-
Net projected liability	(Ps. 1,021)	(Ps. 520)	(Ps. 2,365)	(Ps. 3,906)

As of December 31, 2024 and 2023, a separate fund amounting to Ps. 101 and Ps. 127 has been set aside to meet the above-mentioned obligations, in accordance with MFRS D-3 and is recorded under "Other assets".

As of December 31, 2024 and 2023, the net periodic pension cost is as follows:

	2024	2023
Service cost	Ps. 166	Ps. 128
Interest cost	644	569
Expected return on plan assets	(227)	(238)
Amortizations of unrecognized items:		
Profits (actuarial losses)	132	115
Net periodic pension cost	Ps. 715	Ps. 574



The rates used in the calculation of the projected benefit obligation and return on plan assets as of December 31, 2024 and 2023, are shown below:

Concept	2024 Nominal	2023 Nominal
Discount rate	11.25%	10.75%
Rate of wage increase	4.75%	4.50%
Long-term inflation rate	3.50%	3.50%
Expected long-term rate of return on plan assets	3.50%	3.50%

The liability for severance indemnities due to causes other than organization restructuring, which was also determined by independent actuaries, is comprised as follows:

Concept	2024	2023
Defined and projected benefit obligations	(Ps. 367)	(Ps. 330)
Net projected liability	(Ps. 367)	(Ps. 330)

The net periodic pension cost is as follows:

Concept	2024	2023
Service cost	Ps. 52	Ps. 69
Interest cost	(13)	8
Net periodic pension cost	Ps. 39	Ps. 77

Pursuant to the law, the Financial Group makes payments equivalent to 2% of its workers' salary to the contribution plan defined for the retirement saving fund established by law. The expense for this concept was Ps. 295 2024 and Ps. 230 2023.

The balance of the employee retirement obligations presented in this Note refers to the Holding's Defined Benefit Pension Plan for those employees who remain enrolled.

The labor obligations derived from the Defined Contribution Pension Plan do not require an actuarial valuation as established in MFRS D-3, because the cost of this plan is equivalent to the Financial Group's contributions made to the plan's participants. This pension plan is invested in a fund as of December 31, 2024 and 2023, equivalent to Ps. 110 and Ps. 101, respectively, which is recorded under "Other assets" and is equivalent to the recorded plan liability.

As of December 31, 2024 and 2023, the PTU provision was Ps. 1,546 and Ps. 1,394, respectively.



30 - SUBORDINATED DEBENTURES

As of December 31, 2024 and 2023, the subordinated debentures in circulation are as follows:

	2023	2023
Non-preferred subordinated obligations, non preferent, perpetual, non-cumulative 10 years callable BANOE91 999999 C10 Notes denominated in USD, with an interest rate of 7.625%. **	Ps. 11,486	Ps. 9,332
Preferred subordinated obligations not susceptible to be converted into share capital BANOC36 311004 with maturity in October 2031, denominated in USD, with an interest rate of 5.75% payable semiannually and amortizing the capital at maturity.	1,546	1,380
Non-preferred subordinated obligations, non-preferent, perpetual, non-cumulative 5 years callable NC5 Notes denominated in USD, with an interest rate of 6.750%**	-	10,180
Non-preferred subordinated obligations, non preferent, perpetual, non-cumulative 10 years callable NC10 Notes denominated in USD, with an interest rate of 7.50%**	10,441	8,483
Non-preferred subordinated obligations, non preferent, perpetual, non-cumulative 10 years callable NC10 Notes denominated in USD, with an interest rate of 8.375%.	10,441	8,483
Non-preferred subordinated obligations, non preferent, perpetual, non-cumulative 5 years callable NC10 Notes denominated in USD, with an interest rate of 5.875%.	10,441	8,483
Non-preferred subordinated obligations, non preferent, perpetual, non-cumulative 10 years callable NC10 Notes denominated in USD, with an interest rate of 6.625%.	11,486	9,332
Non-preferred subordinated obligations, non preferent, perpetual, non-cumulative 10 years callable D2_BANOD06_999999 Notes denominated in USD, with an interest rate of 8.375%.	15,662	-
Non-preferred subordinated obligations, non preferent, perpetual, non-cumulative 10 years callable D2_ BANOE88_999999 Notes denominated in USD, with an interest rate of 8.75%.	15,662	-
Accrued interest.	22	19
Issuance and placement expenses.	(259)	(271)
	Ps. 86,928	Ps. 55,421

** Issuance recorded in liabilities and the interest generated by the notes is payable against the results of previous years, given the characteristic established in the obligations to pay the returns at the discretion of the issuer, it is considered a component of equity.

Expenses related to these issuances are amortized based on the effective interest rate during the issuance term. The amount charged to results for amortization amounted to Ps 63 and Ps. 67 in 2024 and 2023, respectively.

31 - TRANSACTIONS AND BALANCES WITH NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES

Pursuant to Article 73 Bis of the LIC, the loans granted by Banking Institutions to related parties may not exceed 35% of the basic part of its net capital.

For the year ended December 31, 2024 and 2023, the amount of the loans granted to related parties were as follows:

Institution granting the loan	2024	% over the limit	2023	% over the limit
Banco Mercantil del Norte, S.A.	Ps. 32,469	17.1%	Ps. 22,105	11.2%

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



32 - INFORMATION BY SEGMENT

The main operations and balances per concept and/or business segment in the Statement of financial position and the Income Statement are comprised as follows:

a. Interest and fees income is made up as follows:

	2024		
	Interest	Fees	Total
	MXP	MXP	MXP
Cash and cash equivalents	Ps. 8,127	Ps. -	Ps. 8,127
Margin securities	(471)	-	(471)
Investment in securities	72,392	-	72,392
Securities repurchasing and loans	9,058	-	9,058
Hedging transactions	151,717	-	151,717
Commercial loans	76,379	570	76,949
Mortgage loans	24,675	833	25,508
Consumer loans	48,669	524	49,193
Others	12,960	-	12,960
	Ps. 403,506	Ps. 1,927	Ps. 405,433

	2023		
	Interest	Fees	Total
	MXP	MXP	MXP
Cash and cash equivalents	Ps. 7,342	Ps. -	Ps. 7,342
Margin securities	(618)	-	(618)
Investment in securities	65,550	-	65,550
Securities repurchasing and loans	10,399	-	10,399
Hedging transactions	146,812	-	146,812
Commercial loans	69,794	421	70,215
Mortgage loans	22,166	822	22,988
Consumer loans	41,565	444	42,009
Others	10,800	-	10,800
	Ps. 373,810	Ps. 1,687	Ps. 375,497

b. The balances by service sector of the Financial Group, without considering the eliminations relative to the consolidation of the financial statements, are as follows:

	2024	2023
Banking sector:		
Net income	Ps. 43,873	Ps. 41,946
Stockholders' equity	150,826	150,966
Total portfolio	1,162,108	1,017,106
Stage 3 loan portfolio	10,576	10,006
Allowance for loan losses	(19,671)	(18,749)
Total net assets	1,834,184	1,682,493
Brokerage sector:		
Net income	959	751
Stockholders' equity	4,743	4,475
Portfolio balance	1,425,818	1,161,116
Total net assets	260,857	250,929
Long term saving sector*		
Net income	9,714	8,155
Stockholders' equity	36,834	36,052
Total net assets *	373,465	336,777



	2024	2023
Other finance companies' sector:		
Net income	1,023	779
Stockholders' equity	14,424	13,929
Total portfolio	48,113	44,546
Stage 3 loan portfolio	550	885
Allowance for loan losses	(451)	(854)
Total net assets	60,684	59,086
Grupo Financiero Banorte (Financial Group)		
Net income	56,188	52,422
Stockholders' equity	249,299	249,242
Total assets	249,357	249,338

*For sector comparisons, Afore XXI Banorte's results are shown at 100% in this table. As of the fourth quarter of 2016, results are reported in Seguros Banorte in 50% through participation method.

c. The trading results is as follows:

	2024	2023
Trading results:		
Spot foreign currency and metal	Ps. 14,615	(Ps. 7,009)
Derivative financial instruments	(8,317)	546
Investments in securities	1,351	1,562
Valuation	7,649	(4,901)
Purchase-sales result, net		
Spot foreign currency and metal	(4,445)	7,895
Derivative financial instruments	(153)	48
Investments in securities	1,932	871
Purchase and Sale	(2,666)	8,814
Total trading results	Ps. 4,983	Ps. 3,913

d. The loan portfolio in stage 1 and 2 grouped by economic sector and geographical location, is as follows

Economic sector	2024	%	2022	%
Agriculture	Ps. 13,339	1.1%	Ps. 11,570	1.1%
Commerce	145,197	12.3%	105,597	10.2%
Construction	41,900	3.6%	37,259	3.6%
Manufacturing	53,588	4.5%	48,548	4.7%
Mining	2,056	0.2%	1,842	0.2%
Services	50,131	4.2%	57,186	5.5%
Financial and real estate services	116,173	9.8%	86,185	8.4%
Transportation	50,930	4.3%	47,645	4.6%
Government	183,927	15.6%	171,961	16.7%
Mortgage	272,692	23.1%	253,138	24.5%
Credit card	68,445	5.8%	58,137	5.6%
Other consumer loans	135,461	11.5%	117,125	11.4%
Leasing	30,267	2.6%	23,815	2.3%
Factoring	15,550	1.3%	11,919	1.2%
	Ps. 1,179,656	100.0%	Ps. 1,031,927	100.00%



e. The stage 3 loan portfolio, grouped by economic sector and geographical location, is as follows

Economic Sector	2024	%	2023	%
	Ps.		Ps. 312	2.9%
Agriculture	483	4.3%		
Commerce	1,437	12.9%	1,086	10.0%
Construction	184	1.7%	276	2.5%
Manufacturing	667	6.0%	631	5.8%
Mining	31	0.3%	30	0.3%
Services	270	2.4%	356	3.3%
Financial and real estate services	391	3.5%	248	2.3%
Transportation	179	1.6%	63	0.6%
Government	4	0.0%	11	0.1%
Mortgage	2,097	18.8%	2,177	20.0%
Credit card	2,158	19.4%	1,968	18.1%
Other consumer loans	2,679	24.1%	2,852	26.2%
Leasing	256	2.3%	212	1.9%
Factoring	289	2.6%	668	6.1%
	Ps.		Ps. 10,890	100.00%
	11,125	100.0%		

f. Deposit accounts grouped by product and geographical location are as follows:

Producto	2024							
	Geographical location							Total
	Monterrey	Mexico City	West	Northwest	South-east	Treasury and other	Foreign	
Non-interest bearing checking accounts	Ps. 98,028	Ps. 159,952	Ps. 39,536	Ps. 58,887	Ps. 61,484	Ps. 2,501	Ps. -	Ps. 420,388
Interest-bearing checking accounts	27,551	108,124	13,136	15,988	39,091	318	-	204,208
Current account Ps. and pre-established	812	1,683	390	514	540	70	-	4,009
Non-interest bearing demand deposits, USD	10,136	10,147	2,309	15,251	1,971	-	-	39,814
Interest bearing demand deposits, USD	20,154	23,172	3,349	7,684	3,410	-	-	57,769
Retail time deposits	78,068	120,580	32,037	34,820	45,252	892	-	311,649
Time deposits, USD	469	3,365	28	259	15	10	-	4,146
Customers money market	25,655	12,874	4,133	3,067	1,975	187	-	47,891
Financial intermediaries	-	-	-	-	-	40,390	3,236	43,626
Total deposits	Ps. 260,873	Ps. 439,897	Ps. 94,918	Ps. 136,470	Ps. 153,738	Ps. 44,368	Ps. 3,236	Ps. 1,133,500



Producto	2023							
	Geographical location							Total
	Monterrey	Mexico City	West	Northwest	South-east	Treasury and other	Foreign	
Non-interest bearing checking accounts	Ps. 89,825	Ps. 150,477	Ps. 37,562	Ps. 53,807	Ps. 58,730	Ps. 2,304	Ps. -	Ps. 392,705
Interest-bearing checking accounts	19,812	126,164	12,545	14,677	40,867	1,663	-	215,726
Current account Ps. and pre-established	754	1,533	359	486	498	25	-	3,656
Non-interest bearing demand deposits, USD	7,771	7,569	2,188	12,056	2,625	(3)	-	32,207
Interest bearing demand deposits, USD	12,205	15,545	1,382	6,497	2,658	(1)	-	38,286
Retail time deposits	66,953	106,563	26,694	29,892	38,423	186	-	268,712
Time deposits, USD	154	3,858	22	425	31	6	-	4,495
Customers money market	19,934	16,829	5,305	3,507	3,069	170	-	48,815
Financial intermediaries	-	-	-	-	-	49,172	2,644	51,816
Total deposits	Ps. 217,408	Ps. 428,538	Ps. 86,057	Ps. 121,347	Ps. 146,901	Ps. 53,522	Ps. 2,644	Ps. 1,056,418

33 - INCOME TAXES

The Financial Group is subject to Income Tax (ISR).

ISR

Pursuant to the ISR Law the rate for 2024 was 30% and will continue at the same rate for subsequent years.

Reconciliation of the accounting and tax result

The main items that affected the determination of the Financial Group's fiscal result were the annual adjustment for inflation, the deduction in the exercise of the write-offs of the loan portfolio and the valuation of financial instruments.

Reconciliation of the ISR legal rate and the effective rate expressed as a percentage of the income before ISR and PTU is:

	2024	2023
Legal rate	30%	30%
Tax inflation	(1%)	(1%)
Accounting deductions non-tax	1%	1%
Non-cumulative recoveries	(1%)	(1%)
Interest oddebentures	(2%)	(2%)
Other entriers	(1%)	(1%)
Effective rate	26%	26%



34 - DISCLOSURE OF FAIR VALUE

The level of the fair value hierarchy is determined based on the input data and the valuation methodologies used, and is divided into:

- Level 1: are those instruments whose input data are quoted prices, stock market closing prices, facts or position in active markets. These data represent reliable evidence for the determination of fair value without the need to be adjusted.
- Level 2: when the price or input data used to calculate the fair value is that of an instrument similar to the valued one. Also included are those instruments that, despite the existence of quoted prices in the market, do not have transactions on the valuation date or that such transactions are not of a considerable volume.
- Level 3: these are financial instruments whose fair value was calculated using input data that are not available in the market or that are not observable.

As of December 31, 2024 and 2023, the Financial Group determined the fair values of its assets and liabilities, as well as the amount corresponding to each fair value hierarchy level classification as shown in the following table:

Activos	2024	Level 1	Level 2	Level 3	2023	Level 1	Level 2	Level 3
Derivatives – Trading								
Forwards	Ps. 280	Ps. -	Ps. 280	Ps. -	Ps. 939	Ps. -	Ps. 939	Ps. -
Options	1,022	-	1,022	-	998	-	998	-
Swaps	19,824	-	19,824	-	26,854	-	26,854	-
Derivatives – Hedge								
Swaps	1,004	-	1,004	-	4,442	-	4,442	-
Investment in securities								
Trading financial instrument	400,773	178,526	221,581	666	109,121	24,327	84,250	544
Financial Instruments to Collect or Sell	201,079	100,074	100,911	94	161,048	74,310	86,678	60
Total assets	Ps. 623,982	Ps. 278,600	Ps. 344,622	Ps. 760	Ps. 303,402	Ps. 98,637	Ps. 204,161	Ps. 604
Pasivos	2024	Level 1	Level 2	Level 3	2023	Level 1	Level 2	Level 3
Derivatives – Trading								
Forwards	Ps. 376	Ps. -	Ps. 376	Ps. -	Ps. 731	Ps. -	Ps. 731	Ps. -
Options	960	-	960	-	1,024	-	1,024	-
Swaps	20,793	-	20,793	-	19,733	-	19,733	-
Derivatives – Hedge								
Swaps	3,798	-	3,798	-	2,259	-	2,259	-
Total liabilities	Ps. 25,927	Ps. -	Ps. 25,927	Ps. -	Ps. 23,747	Ps. -	Ps. 23,747	Ps. -

- Input data and valuation techniques for assets and liabilities classified as level 2 and level 3



The following table shows the valuation techniques and the observable and unobservable input data used to determine the fair value of those assets and liabilities classified as level 2 and level 3, as well as the figures corresponding to December 31, 2024 and 2023:

Asset

Concept	2024		2023		Valuation methodology	Observable input data	Non-observable input data
	Level 2	Level 3	Level 2	Level 3			
Derivatives – Trading	Ps. 21,273	Ps. -	Ps. 28,926	Ps. -			
Forwards	279	-	939	-			
Currency	279	-	939	-	Net present value	<u>Net present value:</u> - Spot exchange rate - Forward points - Market interest rates	
Options	1,027	-	1,003	-			
Interest rate	652	-	908	-	Black Model Normal/Lognormal	<u>Black Normal/Lognormal model:</u> - Market interest rates - Embedded volatility	
Index	6	-	14	-	Black-Scholes Model	<u>Black-Scholes model:</u> - Spot exchange rate - Market interest rates - Embedded volatility	
Currency	369	-	81	-	Black-Scholes Model	<u>Black-Scholes model:</u> - Dividends - Spot exchange rate - Market interest rates - Forward points - Embedded volatility FX	
Swaps	19,967	-	26,984	-			
Interest rate	14,073	-	18,426	-	Net Present Value	<u>Net present value:</u> - Market interest rates	
Currency	5,849	-	8,556	-	Net Present Value	<u>Net present value:</u> - Market interest rates - Spot exchange rate - Forward points	
Credit	45	-	2	-	Default Intensity Model	<u>Default intensity model:</u> - Market interest rates - Market credit spread - Recovery rate	
Derivatives – Hedge	1,010		4,444				
Swaps	1,010	-	4,444	-			
Interest rate	201	-	742	-	Net Present Value	<u>Valor Presente Neto:</u> - Market interest rates	
Currency	809	-	3,702	-	Net Present Value	<u>Valor Presente Neto:</u> - Market interest rates - Spot exchange rate - Forward points	



Concept	2024		2023		Valuation methodology	Observable input data	Non-observable input data
	Level 2	Level 3	Level 2	Level 3			
XVA	(Ps. 152)	Ps. -	(Ps. 137)	Ps. -			
Forwards	1	-	-	-	<u>Probability of Default:</u>	- Market credit spread	- Synthetic credit spread
Options	(4)	-	(5)	-	- <u>Default Intensity</u>	- Market loss severity	- Historical values
Swaps – Trading	(143)	-	(130)	-	- Model	- Interest rate volatility	- Correlations between market variables
Swaps – Hedge	(6)	-	(2)	-	<u>Synthetic credit spread:</u>	- Market interest rates	
					- Global CDS data regression model	- Spot exchange rate	
						- Forward points	
						- Embedded volatility	
					<u>Exposiciones:</u>		
					<u>Exposiciones:</u>		
					- Hull-White Model		
					- Black-Scholes Model		
					- CIR Model		

Concept	2024		2023		Valuation methodology	Observable input data	Non-observable input data
	Level 2	Level 3	Level 2	Level 3			
Investment in securities	Ps. 322,492	Ps. 760	Ps. 170,928	Ps. 604			
Trading financial instrument	221,581	666	84,250	544			
Bank	29,588	-	5,564	-	Net present value	<u>Net Present Value:</u> - Market rate on the valuation day - Weighted bank funding rate	
Government	191,644	-	78,686	-	Net present value	<u>Net Present Value:</u> - Market rate on the valuation day - Exchange rate	
Private	349	666	-	544	Basket price of financial assets and liabilities	<u>Last observable price:</u> - Last share price	<u>Basket price of financial assets and liabilities:</u>
					Last observable price	<u>Value in books:</u> - Valuation to the millionth	- Acquired financial assets
					Value in books	<u>Comparable multiples method:</u>	- Administrative and placement expenses
					Comparable Multiples Method	- Exchange rate - Market value	- Adjustment for rights decreed that affect the shareholding structure
					Value relative to similar issues	<u>Value with respect to similar emissions:</u> - Price of the similar instrument	<u>Value in books:</u> - Book value at valuation date - Last observed price of the share - Book value at the date of the last observed price
							<u>Comparable multiples method:</u> - Control premium - Liquidity discount - Company value

Concept	2024		2023		Valuation methodology	Observable input data	Non-observable input data
	Level 2	Level 3	Level 2	Level 3			
Financial Instruments to Collect or Sell	Ps. 100,911	Ps. 94	Ps. 86,678	Ps. 60			
Bank	22,299	-	26,152	-	Net present value	<u>Net Present Value:</u> - Market rate on the valuation day - Weighted bank funding rate	
Government	60,593	-	51,180	-	Net present value	<u>Net Present Value:</u> - Market rate on the valuation day	
Private	18,019	94	9,346	60	Net present value	<u>Net Present Value:</u> - Market rate on the valuation day	
					Reiner-Rubinstein Cash or Nothing	- Exchange rate	
						<u>Reiner-Rubinstein Cash or Nothing:</u> - Market bank interest rate - Implied volatility	
Total	Ps. 344,623	Ps. 760	Ps. 204,161	Ps. 604			



Liabilities

Concept	Level 2	Level 3	Level 2	Level 3	Valuation methodology	Observable input data	Non-observable input data
Derivatives – Trading	Ps. 22,610	Ps. -	Ps. 21,687	Ps. -			
Forwards	376	-	730	-			
Currency	376	-	730	-	Net present value	<u>Net Present Value:</u> - Spot exchange rate - Forward points - Market interest rates	
Options	971	-	1,045	-			
Interest rate	616	-	958	-	Normal Black Model /NormalLog	<u>Black Normal/Lognormal model:</u> - Market interest rates - Implied volatility	
Index	3	-	-	-	Black-Scholes Model	<u>Black-Scholes model:</u> - Spot price of the index - Market interest rates - Implied volatility - Dividends	
Currency	352	-	87	-	Black-Scholes Model	<u>Black-Scholes model:</u> - Spot exchange rate - Market interest rates - Forward Points - Implied FX Volatility	
Swaps	21,263	-	19,912	-			
Interest rate	8,725	-	12,128	-	Net Present Value	<u>Net Present Value:</u> - Market interest rates	
Currency	12,506	-	7,771	-	Net Present Value	<u>Present Value:</u> - Market interest rates - Spot exchange rate - Forward Points	
Credit	32	-	13	-	Default intensity model	<u>Default intensity model:</u> - Market interest rates - Market Credit Spread - Recovery rate	
Derivatives – Hedge	Ps. 3,803	Ps. -	Ps. 2,277	Ps. -			
Swaps	3,803	-	2,277	-			
Interest rate	1,409	-	1,152	-	Valor Presente Neto	<u>Net Present Value:</u> - Market interest rates	
Currency	2,394	-	1,125	-	Valor Presente Neto	<u>Net Present Value:</u> - Market interest rates - Spot exchange rate - Forward Points	
XVA	(Ps. 487)	Ps. -	(Ps. 215)	Ps. -			
Forwards	-	-	1	-	<u>Probability of default:</u>	- Market credit spread - Severity of market loss	- Synthetic credit spread
Options	(12)	-	(21)	-	- Default intensity model	- Volatility of interest rates - Market interest rates	- Historical values
Swaps – Trading	(469)	-	(178)	-		- Spot exchange rate	- Correlations
Swaps – Hedge	(6)	-	(17)	-	<u>Synthetic credit spread:</u> - Global CDS data regression model	- Forward points - Implied volatility	between market variables
					<u>Exhibitions:</u> - Hull-White model - Black-Scholes model - IRC model		
Total	Ps. 25,926	Ps. -	Ps. 23,749	Ps. -			

- **Transfers of amounts between classifications of level 1 and level 2 of the determination of fair value**

The conditions to recognize the transfer from level 1 to level 2 will be considered in accordance with the instrument:

Investments in securities

When there are no facts or positions for the operations, and the price is determined through the movement of the price of similar instruments, the price of the previous period is considered, there is no market information on the instrument, no fact is presented for the amount minimum required, some theoretical adjustment is made to the surcharge or the instrument changes range, it is considered that there is a transfer to level 2 of the hierarchy.

Derivative financial instruments

In the case of derivatives, the prices of derivatives quoted on derivatives exchanges through clearing houses are considered as level 1 of the hierarchy. Therefore, if there is no information in the market and the price is estimated or the last observable price is taken, the transfer to level 2 of the fair value hierarchy will be recognized.



During the fiscal year to December 31, 2024 and 2023, no transfers were made between Level 1 and Level 2 of the fair value hierarchy within the assets and liabilities held by the Financial Group.

Transfers between tiers	Of:	Level 1		Level 2		Level 3	
	To:	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
Financial Instruments to tradable		Ps. 1,333	Ps. -	58,560	Ps. -	Ps. -	Ps. -
Bank		-	-	633	-	-	-
Government		1,328	-	57,912	-	-	-
Private		5	-	15	-	-	-
Financial Instruments to Collect or Sell		4,261	-	5,455	-	-	-
Bank		-	-	881	-	-	-
Government		752	-	4,449	-	-	-
Private		3,869	-	125	-	-	-
Total		Ps. 5,954	Ps. -	Ps. 64,015	Ps. -	Ps. -	Ps. -

- Description of valuation techniques for assets and liabilities classified as level 3

As of December 31, 2023, the Financial Group maintains investments in financial instruments classified as collect and sell, negotiable financial instruments and derivative financial instruments classified as level 3, whose valuation techniques are described below:

Investments in securities

The recorded fair value of investments in financial instruments and their fair value hierarchy is obtained from the vector of prices of the Integral Price Provider (PiP). The valuation techniques used for those instruments classified as level 3 of the fair value hierarchy are as follows:

- Net present value: the flows are projected based on the characteristics of the instrument, discounting them with a market discount rate.
- Last observable price: if there is no price on the valuation date, the last price issued will be maintained until there is a publication by an independent appraiser, a corporate event or a change in the information reported by the Entity.
- Price of basket of financial assets and liabilities: the net value between the Entity's financial assets and liabilities is considered, dividing the result by the number of titles issued.
- Book value: when a share has not operated or been suspended for more than 20 days, will be considered its book value. Depending on the case, the corresponding method will be applied:
 - *Without operation*: the last price determined will be taken between the book value on the date the last price was determined, multiplied by the book value on the valuation date.
 - *Suspended*: if the Entity delivered its financial information in the last 4 quarters, a percentage of the book value will be taken based on the time that the shares have been suspended. Time will be considered in quarters, taking 75% of the value if the shares have been suspended for a quarter, 50% of the value if they have been suspended for two quarters, 25% if they have been suspended for three quarters and 10% if they have been suspended for 4 quarters. If you did not provide your financial information, there are two options: (1) if you updated your financial information, 10% of the book value will be considered as fair value of the share; (2) if you did not update your financial information, the share will be valued at one millionth (0.000001).



- Comparable multiples method: based on market information, the last transaction carried out is obtained. Said value is adjusted by means of a discount for lack of control and a discount for illiquidity, which are obtained as follows:
 - *Discount for lack of control*: first, the control premium is determined based on comparable companies, to later infer the discount for lack of control.
 - *Illiquidity discount*: comparable companies are considered, from which the ratio of the company's market value and sales in the last 12 months of each one is obtained. An average of these ratios is obtained and multiplied by the Financial Group's estimated income for the last 12 months to obtain the enterprise value. With said enterprise value, income and cash figures, said discount is obtained using the Damodaran formula.
- Value with respect to similar issues: the price of the share will be considered with another series, ordinary participation certificates or ADRs (American Depositary Receipts), in that order of priority, obtaining a fair value based on the latest facts of the instrument of reference in the market.
- Prepayment method: the auction price issued by the title is considered by obtaining a yield rate based on market rates to estimate the future flows of the bond based on payments (amortizations) made historically.

Likewise, the movements for the determination of fair value classified in level 3 as of December 31, 2024 and 2023 are disclosed:

Concepts	2023	2022
Initial balance	Ps. Ps. 659	Ps. 926
Change in profit and loss recognized in the income statement	92	(90)
Change in profit and loss recognized in OCI	9	(177)
Transfers to/from Level 3	-	-
Final balance	Ps. 760	Ps. 659

35 - STOCKHOLDERS' EQUITY

The Financial Group's shareholders' common stock is comprised as follows:

Paid-in Capital	Number of shares with a nominal value of Ps. 3.50	
	2024	2023
"O" Series	2,787,371,397	2,866,416,238

Paid-in Capital	Historical Amounts	
	2024	2023
"O" Series	Ps. 9,756	Ps. 10,032
Restatement in Mexican pesos through December 2007	4,955	4,956
	Ps. 14,711	Ps. 14,988

Restrictions on profits

The distribution of stockholders' equity, except restated paid-in capital and retained tax earnings, will be subject to income tax on dividends payable by the Financial Group at the effective rate. Any tax paid on such distribution may be credited against that year's income tax paid on dividends and the two immediate fiscal years following such payment, charged against that year's tax and the provisional payments made.

The dividends paid derived from the profits generated as of January 1, 2014 to individuals residing in Mexico and abroad are subject to additional 10% ISR which will be withheld by the Financial Group.



The following are prior years' results that may be subject to withheld ISR for up to 10% on the paid-out dividends:

Year	Amount that may be subject to withholding	Amount not subject to withholding
Retained earnings until December 2013	Ps. -	Ps. 39,303
Net income 2014	50,407	-
Net income 2015	62,860	-
Net income 2016	68,492	-
Net income 2017	71,294	-
Net income 2018	76,550	-
Net income 2019	90,084	-
Net income 2020	118,773	-
Net income 2021	130,076	-
Net income 2022	145,218	-
Net income 2023	155,928	-
Net income 2024	170,319	-

As of December 31, 2024 and 2023 the stockholders' equity tax account balances are as follows:

	2024	2023
Capital contribution account	Ps. 209,716	Ps. 198,159
CUFIN as of 2014	163,612	154,605
Total	Ps. 373,328	Ps. 352,764

The Financial Group's net profit is subject to the requirement of transferring at least 5% of each year's net income to the legal reserve until the reserve equals 20% of capital stock at par value. The legal reserve may not be distributed to the stockholders during the life of the Financial Group, except in the form of a stock dividend. As of December 31, 2024 and 2023, the legal reserve is Ps. 3,000 and represents 20% of paid-in capital.

Share-based payments

The Financial Group grants stock options to key officers through different payment schemes based on stocks. The Financial Group has established trusts to manage the plans and contributes the necessary funds so that shares can be purchased directly from the market at the initiation of each plan.

The Financial Group records its stock option plans according to the guidelines of MFRS D-8, "Share-based payments". The compensation expense is recorded at fair value as of the date the stock options are granted. The MFRS D-8 guidelines stipulate that the fair value determined at the beginning is not revalued at a later date.

During 2024 and 2023, the Financial Group recorded Ps. 1,204 and Ps. 1,011 in Non-interest expense compensation for share-based payments against the paid-in capital, respectively.

As of December 31, 2024 and 2023, the shares that the holding company has assigned to its executives through the different payment plans with shares that it has structured and that are pending exercise are 4,931,665 and 17,040,356, respectively. The weighted average exercise price of the plans during 2024 and 2023 is Ps. 85.4711 and PS. 81.1441pesos per share, respectively.

During 2024 and 2023, 8,455,159 and 9,741,680 shares were operated, respectively.

Anex I-O
Disclosure of information related to capitalization
(Not audited)

Capitalization ratio (information corresponding to Banco Banorte, figures in millions of pesos)

The principal purpose of these disclosures is to meet the directives by the Central Bank of Mexico (Banxico) directives on public disclosures under the Basel III framework.



This document comprises of the bank's capital and risk management disclosures as of December 31st 2024. During 2021, Banorte was designated as a Locally Systemic Important Bank of II Degree, for which it must comply with a capital buffer of 0.90 pp. With the latter, the total capital ratio has a minimum required level of 11.40% as of December 2019.

The bank's total capital ratio as of December 31st 2024 was 21.78% when considering its total risk (market, credit and operational) and 31.28% when considering only credit risk, with both exceeding the minimum regulatory requirements. As such, the institution has a Level I classification level regarding the total capital ratio required by CNBV.

I. Composition of Capital

Table I.1

Ref	Common Equity Tier 1 capital: instruments and reserves	Million MXN
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	24,499
2	Retained earnings	69,427
3	Accumulated other comprehensive income (and other reserves)	57,473
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	N/A
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	N/A
6	Common Equity Tier 1 capital before regulatory adjustments	151,399
	Common Equity Tier 1 capital: regulatory adjustments	
7	Prudential valuation adjustments	N/A
8	Goodwill (net of related tax liability)	1,151
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	7,833
10 (conservative)	Deferred tax assets excluding those arising from temporary differences (net of related tax liability)	-
11	Cash flow hedge reserve	(883)
12	Shortfall of provisions to expected losses	-
13	Securitisation gain on sale	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	N/A
15	Defined benefit pension fund net assets (net of related tax liability)	(2,849)
16 (conservative)	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-
17 (conservative)	Reciprocal cross holdings in common equity	-
18 (conservative)	Non-significant investments in the capital of banking, financial and insurance entities, net of eligible short positions (amount above 10% threshold)	-
19 (conservative)	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	3,986
20 (conservative)	Mortgage servicing rights (amount above 10% threshold)	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
22	Amount exceeding the 15% threshold	N/A
23	of which: significant investments in the common stock of financials	N/A



24	of which: mortgage servicing rights	N/A
25	of which: deferred tax assets arising from temporary differences	N/A
26	Derogated	
A	of which: Accumulated other comprehensive income (and other reserves)	348
B	of which: Investments in subordinated debt	-
C	of which: Securitisation gain on sale	-
D	of which: Investments in multilateral organizations	-
E	of which: Investments in related parties	-
F	of which: Investments in capital risk	-
G	of which: Investments in fund investments	-
H	of which: Own shares acquisition funding	-
I	of which: Contravening depositions operations	-
J	of which: Deferred liabilities and advances	4,862
K	of which: First loss positions	-
L	of which: Deferred profit sharing	-
M	of which: Relevant related parties	-
N	of which: Defined benefit pension fund net assets	-
O	Derogated	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-
28	Total regulatory adjustments to Common Equity Tier 1	15,889
29	Common Equity Tier 1 capital (CET1)	135,509
	Additional Tier 1 capital: instruments	
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	85,620
31	of which: classified as equity under applicable accounting standards	-
32	of which: classified as liabilities under applicable accounting standards	N/A
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	N/A
35	of which: instruments issued by subsidiaries subject to phase out	N/A
36	Additional Tier 1 capital before regulatory adjustments	85,620
	Additional Tier 1 capital: regulatory adjustments	
37 (conservative)	Investments in own Additional Tier 1 instruments	N/A
38 (conservative)	Reciprocal cross holdings in Additional Tier 1 instruments	N/A
39 (conservative)	Non-significant investments in the capital of banking, financial and insurance entities, net of eligible short positions (amount above 10% threshold)	N/A
40 (conservative)	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	N/A
41	Other deductions from Tier 1 capital	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	N/A
43	Total regulatory adjustments to Additional Tier 1 capital	-
44	Additional Tier 1 capital (AT1)	85,620
45	Tier 1 capital (T1 = CET1 + AT1)	221,129
	Tier 2 capital: instruments and provisions	



46	Directly issued qualifying Tier 2 instruments plus related stock surplus	1,546
47	Directly issued capital instruments subject to phase out from Tier 2	-
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	N/A
49	of which: instruments issued by subsidiaries subject to phase out	N/A
50	Provisions	647
51	Tier 2 capital before regulatory adjustments	2,193
	Tier 2 capital: regulatory adjustments	
52 (conservative)	Investments in own Tier 2 instruments	N/A
53 (conservative)	Reciprocal cross holdings in Tier 2 instruments	N/A
54 (conservative)	Non-significant investments in the capital of banking, financial and insurance entities, net of eligible short positions (amount above 10% threshold)	N/A
55 (conservative)	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	N/A
56	Other deductions from Tier 2 capital	-
57	Total regulatory adjustments to Tier 2 capital	-
58	Tier 2 capital (T2)	2,193
59	Total capital (TC = T1 + T2)	223,322
60	Total risk-weighted assets	1,025,490
	Capital ratios	
61	Common Equity Tier 1 (as percentage of risk-weighted assets)	13.21%
62	Tier 1 (as percentage of risk-weighted assets)	21.56%
63	Total capital (as percentage of risk-weighted assets)	21.78%
64	Buffer requirement (minimum CET1 requirement plus capital conservation buffer plus G-SIB buffer requirement plus DSIB buffer requirement expressed as a percentage of risk-weighted assets)	7%
65	of which: capital conservation buffer requirement	2.50%
66	of which: bank specific countercyclical buffer requirement	N/A
67	of which: G-SIB buffer requirement	0.90%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	5.31%
	National minima (where different from Basel III)	
69	Common Equity Tier 1 minimum ratio	N/A
70	Tier 1 minimum ratio	N/A
71	Total capital minimum ratio	N/A
	Amounts below the thresholds for deduction (before risk weighting)	
72	Non-significant investments in the capital of other financials	N/A
73	Significant investments in the common stock of financials	N/A
74	Mortgage servicing rights (net of related tax liability)	N/A
75	Deferred tax assets arising from temporary differences (net of related tax liability)	8,601
	Applicable caps on the inclusion of provisions in Tier 2	
76 (conservative)	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	647



77 (conservative)	Cap on inclusion of provisions in Tier 2 under standardised approach	5,293
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings- based approach (prior to application of cap)	-
79	Cap on inclusion of provisions in Tier 2 under internal ratings-based approach	2,257
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)	
80	Current cap on CET1 instruments subject to phase out arrangements	N/A
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	N/A
82	Current cap on AT1 instruments subject to phase out arrangements	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-
84	Current cap on T2 instruments subject to phase out arrangements	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-



II. Reconciliation of Regulatory Capital

Table II.1
Balance Sheet

Reference	Balance Sheet	Million MXN
	Assets	1,835,253
BG1	Cash and due from banks	96,454
BG2	Margin accounts	3,998
BG3	Investment in securities	423,890
BG4	Debtor balance in repo trans	52,600
BG5	Securities lending	-
BG6	Transactions with derivatives	22,123
BG7	Valuation adjustments for asset coverage	-
BG8	Net loan portfolio	1,123,314
BG9	Benef. receivab. securization transactions	3,855
BG10	Sundry debtors & other accs rec, net	47,963
BG11	Foreclosed assets, net	4,533
BG12	Real estate, furniture & equipment, net	26,593
BG13	Investment in subsidiaries	5,144
BG14	Long-term assets held for sale	-
BG15	Deferred taxes, net	3,160
BG16	Other assets	21,625
	Liabilities	1,682,963
BG17	Deposits	1,152,379
BG18	Due to banks & correspondents	13,064
BG19	Creditor balance in repo trans, net	270,428
BG20	Securities' loans	-
BG21	Total collateral sold	52,600
BG22	Transactions with Derivatives	26,034
BG23	Valuation adjustments for financial liability coverage	-
BG24	Obligations in securitization transactions	-
BG25	Other Payable Accounts	63,368
BG26	Subordinated non convertible debt	86,928
BG27	Deferred taxes, net	17,088
BG28	Deferred credits	1,074
	Equity	152,290
BG29	Paid-in capital	24,499
BG30	Earned capital	127,791
	Memorandum Accounts	2,419,226
BG31	Endorsement guarantees granted	-
BG32	Contingent assets & liabilities	62
BG33	Loan obligations	508,937
BG34	Properties in trusts and warrant	339,632
BG35	Government secs of the corp under custody	-
BG36	Properties in custody or management	708,520
BG37	Collateral received	190,755
BG38	Collateral received or sold	45,888
BG39	Investment banking transactions for third parties, net	-
BG40	Uncollected accrued interest from past due loans	403
BG41	Miscellaneous accounts	625,027



Table II.2
Net Capital Components

Id	Net Capital Components	Section I Reference	Amount	Reference and amount in balance sheet
	Asset			
1	Goodwill	8	1,151	BG16: 1,151 (Goodwill)
2	Other Intangibles	9	7,833	BG16: 7,833 (Other Intangibles)
3	Income tax deferred (in favor) from losses and tax credits	10	-	
4	Benefits over the remainder in operations Securitization	13	-	BG9: 0 (Securitisation gain on sale)
5	Investments of the Pensions for defined benefits without unrestricted access and limitless	15	-	
6	Stock Investments of the institution itself	16	-	
7	Reciprocal investments in ordinary capital	17	-	
8	Direct investments in the capital of entities financial institutions where the institution does not possess more than 10% of the capital social issued	18	-	
9	Indirect investments in the capital of financial institutions where the institution does not owns more than 10% of the Issued share capital	18	-	
10	Direct investments in the capital of entities financial institutions where the institution owns more of 10% of the capital social issued	19	-	
11	Indirect investments in the capital of financial institutions where the institution owns more than 10% of the Issued share capital	19	3,986	BG13: 3,986 (Investment in subsidiaries)
12	Income taxes deferred (in favor) from Temporal differences	21	N/A	
13	Recognized reserves as capital complementary	50	647	BG16: 647 (Reserves)
14	Investments in subordinated debt	26 - B	-	
15	Investments in multilateral organizations	26 - D	-	
16	Investments in related companies	26 - E	-	
17	Venture Capital Investments	26 - F	-	
18	Investments in investment funds	26 - G	-	
19	Financing for the acquisition of treasury shares	26 - H	-	
20	Deferred Charges and Advance Payments	26 - J	-	
21	Employee share of deferred (net) profits	26 - L	-	
22	Defined Benefit Pension Plan Investments	26 - N	-	
23	Investments in clearing houses	26 - P	-	
	Liability			
24	Deferred Profit Tax (payable) associated with goodwill	8	1,151	BG16: 1,151 (Goodwill)
25	Deferred Income Taxes (payable) associated with other intangibles	9	7,833	BG16: 7,833 (Other Intangibles)



26	Defined benefit pension plan liabilities without unrestricted and unlimited access	15	-	
27	Deferred Earnings (Charge) Taxes Associated with the Defined Benefit Pension Plan	15	-	
28	Deferred income taxes (payable) associated with other taxes other than those mentioned above	21	-	
29	Subordinated obligations amount that complies with Schedule 1-R	31	-	
30	Subordinated obligations subject to transitory nature that count as basic capital 2	33	-	
31	Subordinated obligations amount that comply with Schedule 1-S	46	-	
32	Subordinated obligations subject to transitory nature that count as complementary capital	47	1,546	BG26: 1,546 (Subordinated bonds outstanding)
33	Deferred Earnings Taxes (Charged) Associated with Deferred Charges and Advance Payments	26 - J	-	
	Equity			
34	Contributed capital that complies with Schedule 1-Q	1	24,499	BG29; 24,499 (Paid- in capital)
35	Profit from previous years	2	69,427	BG30; 69,427 (Earned Capital)
36	Valuation Profit or Loss on Cash Flow Hedge Instruments	3	(883)	BG30; (883) (Earned Capital)
37	Other items of earned capital other than those above	3	58,357	BG30; 58,357 (Earned capital)
38	Contributed capital that complies with Schedule 1-R	31	-	
39	Schedule 1-S compliant contributed capital	46	-	
40	Profit or loss on cash flow hedging instruments of items not recorded at fair value	3, 11	(883)	BG30; (883) (Earned capital)
41	Cumulative effect per conversion	3, 26 - A	-	BG30; 0 (Earned Capital)
42	Profit or loss on holdings of non-cash assets	3, 26 - A	-	
	Memorandum Accounts			
43	Positions in First Loss Schemes	26 - K	-	
	Regulatory concepts not considered in balance sheet			
44	Reserves to be established	12	-	
45	Profit or increase in the value of assets due to the acquisition of securitization positions (Originator Institutions)	26 - C	-	
46	Transactions that contravene the provisions	26 - I	-	
47	Transactions with Relevant Related Persons	26 - M	-	
48	Derogated	26 - O, 41, 56	-	



III. Total Risk Weighted Assets

Table III.1
Market Risk Exposures

Concept	Exposures	Capital Requirement
Transactions in national currency with a nominal rate	139,089	11,127
Transactions with debt securities in national currency with a surcharge and a revisable rate	9,192	735
Transactions in national currency with a real rate or denominated in UDI's or UMA's	4,965	397
Operations in national currency with a rate of return referring to the growth of the General Minimum Wage	-	-
Positions in UDI's, UMA's or with performance referred to the INPC	50	4
Positions in national currency with a rate of return referring to the growth of the general minimum wage	-	-
Foreign currency transactions with a nominal rate	11,468	917
Positions in foreign currency or with exchange rate indexed yield	4,437	355
Positions in shares or with yields indexed to the price of a stock or group of shares	8,297	369
Items in Goods	-	-

Table III.2
Credit Risk Weighted Assets by Group

Concept	RWA	Capital Requirement
Group I-A (0%)	-	-
Group I-A (10%)	-	-
Group I-A (20%)	-	-
Group I-B (2%)	1,034	83
Group I-B (4%)	-	-
Group III (20%)	17,907	1,433
Group III (23%)	-	-
Group III (57.5%)	480	38
Group III (100%)	17,247	1,380
Group III (115%)	83	7
Group III (120%)	-	-
Group III (138%)	-	-
Group III (150%)	-	-
Group III (172.5%)	-	-



Group IV (0%)	-	-
Group IV (20%)	8,097	648
Group V (10%)	-	-
Group V (20%)	13,537	1,083
Group V (50%)	2,020	162
Group V (115%)	2,202	176
Group V (150%)	21,039	1,683
Group VI (20%)	36,765	2,941
Group VI (50%)	37,687	3,015
Group VI (75%)	106,723	8,538
Group VI (100%)	162,343	12,987
Group VI (120%)	-	-
Group VI (150%)	-	-
Group VI (172.5%)	-	-
Group VII_A (10%)	-	-
Group VII_A (11.5%)	-	-
Group VII_A (20%)	5,361	429
Group VII_A (23%)	-	-
Group VII_A (50%)	209	17
Group VII_A (57.5%)	-	-
Group VII_A (100%)	98,133	7,851
Group VII_A (115%)	-	-
Group VII_A (120%)	-	-
Group VII_A (138%)	-	-
Group VII_A (150%)	1	-
Group VII_A (172.5%)	-	-
Group VII_B (0%)	-	-
Group VII_B (20%)	14,308	1,145
Group VII_B (23%)	-	-



Group VII_B (50%)	922	74
Group VII_B (57.5%)	-	-
Group VII_B (100%)	81,016	6,481
Group VII_B (115%)	-	-
Group VII_B (120%)	-	-
Group VII_B (138%)	-	-
Group VII_B (150%)	-	-
Group VII_B (172.5%)	-	-
Group VIII (115%)	2,235	179
Group VIII (150%)	2,127	170
Group IX (100%)	65,729	5,258
Group IX (115%)	-	-
Group X (1250%)	-	-
Securitisations (20%)	15,466	1,237
Securitisations (50%)	355	28
Securitisations (100%)	843	67
Securitisations (350%)	-	-
Securitisations (1250%)	105	8
Securitisations (40%)	-	-
Securitisations (100%)	-	-
Securitisations (225%)	-	-
Securitisations (650%)	-	-
Securitisations (1250%)	-	-



Table III.3
Operational Risk Weighted Assets

Approach	RWA	Capital Requirement
Business Indicator Method	133,668	10,693

1/ The Institution shall indicate, if applicable, the transitional nature chosen in accordance with the RESOLUTION amending the General Provisions applicable to credit institutions published in the Official Gazette of the Federation on July 29, 2016.

Market and credit risk requirements average from past 36 months	Annual positive earnings average from past 36 months
63,729	97,182

IV. Main features of regulatory capital instruments

Ref	Feature	D2 BANOE91 999999
1	Emitter	Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Group Financiero Banorte.
2	ISIN, CUSIP, or Bloomberg identifier	USP14008AE91
3	Legal framework	New York Laws
	Regulatory treatment	
4	Transient Capital Level	Capital in the Fundamental
5	Non-transitory capital level	N.A.
6	Instrument Level	Credit institution without consolidating subsidiaries
7	Instrument Type	Subordinated Obligation
8	Amount recognized in the regulatory capital	U.S. Ps. 550,000,000 (Five Hundred and Fifty Million USD)
9	Nominal value of the instrument	U.S. Ps. 1,000.00 (One Thousand USD)
9A	Instrument currency	USD Dollar
10	Accounting classification	Liabilities at amortized cost
11	Date of issue	04/10/2017
12	Instrument term	Expiration
13	Expiration Date	Perpetual
14	Prepayment Clause	Yes
15	First prepayment date	Anytime before the due date
15A	Regulatory or tax events	Yes
15B	Settlement price of the prepayment clause	Nominal Value plus accrued interest not paid at the early repayment date
16	Subsequent prepayment dates	Anytime before the due date
	Yields/dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	IRUSDOLibor
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A



25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	Non-convertible
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	Yes
32	If write-down, full or partial	7%
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Non preferred subordinated debt
36	Non-compliant transitioned features	Yes
37	If yes, specify non-compliant features	30 day default coupon, default on maturity date, bankruptcy

Ref	Feature	D2 BANOC36 311004
1	Issuer	Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Group Financiero Banorte.
2	ISIN, CUSIP, or Bloomberg identifier	USP14008AC36
3	Legal framework	New York Laws
	Regulatory treatment	
4	Transient Capital Level	Complementary Capital
5	Non-transitory capital level	N/A
6	Instrument Level	Credit institution without consolidating subsidiaries
7	Instrument Type	Subordinated Obligation
8	Amount recognized in the regulatory capital	U.S.Ps. 550,000,000 (Five hundred fifty million USD)
9	Nominal value of the instrument	U.S. Ps. 1,000.00 (One thousand USD)
9A	Currency of instrument	USD Dollar
10	Accounting classification	Liabilities at amortized cost
11	Original date of issuance	04/10/2016
12	Perpetual or dated	Expiration
13	Original maturity date	04/10/2031
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Anytime before the due date
15A	Regulatory or fiscal events	Yes
15B	Liquidation price in advance	Nominal Value plus accrued interest not paid at the early repayment date
16	Subsequent call dates, if applicable	Anytime before the due date
	Yields/dividends	



17	Yield/dividend type	Fixed
18	Interest Rate/Dividend	IRUSDOLibor
19	Dividend cancellation clause	Yes
20	Discretion in payment	Discretionary
21	Interest increase clause	No
22	Yield/dividends	Not cumulative
23	Instrument convertibility	Non-convertible
24	Convertibility conditions	N/A
25	Degree of convertibility	Not Susceptible to Conversion to Shares
26	Conversion rate	N/A
27	Type of convertibility of the instrument	Non-convertible
28	Type of convertibility financial instrument	N/A
29	Instrument issuer	N/A
30	Write-down feature	Yes
31	Conditions for diminution in value	Yes
32	Degree of Value Decline	7%.
33	Temporality of the decline in value	N/A
34	Mechanism of decrease in time value	N/A
35	Subordination position in the event of liquidation	Non-Preferred Subordinated Bonds
36	Characteristics of non-compliance	Yes
37	Description of non-compliance characteristics	Failure to pay interest within 30 days, failure to pay principal on the due date, bankruptcy or bankruptcy.

Ref	Feature	D2 BANOB48 0999999
1	Issuer	Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Group Financiero Banorte.
2	ISIN, CUSIP, or Bloomberg identifier	USP1400MAB48
3	Legal framework	New York Laws
	Regulatory treatment	
4	Transient Capital Level	Capital in the Fundamental
5	Non-transitory capital level	N.A.
6	Instrument Level	Credit institution without consolidating subsidiaries
7	Instrument Type	Subordinated Obligation
8	Amount recognized in the regulatory capital	U.S. Ps. 500,000,000 (Five hundred million USD)
9	Nominal value of the instrument	U.S. Ps. 1,000.00 (One thousand USD)
9 ^a	Instrument currency	USD Dollar
10	Accounting classification	Liabilities at amortized cost
11	Date of issue	27/06/2019
12	Instrument term	Expiration
13	Expiration Date	Perpetual
14	Prepayment Clause	Yes
15	First prepayment date	27/06/2029
15 ^a	Regulatory or fiscal events	Yes
15B	Liquidation price in advance	Nominal Value plus accrued interest not paid at the early repayment date



16	Subsequent call dates, if applicable	Anytime before the due date
	Yields/dividends	
17	Yield/dividend type	Fixed
18	Interest Rate/Dividend	IRUSD0Libor
19	Dividend cancellation clause	Yes
20	Discretion in payment	Discretionary
21	Interest increase clause	No
22	Yield/dividends	Not cumulative
23	Instrument convertibility	Non-convertible
24	Convertibility conditions	N.A.
25	Degree of convertibility	Not Susceptible to Conversion to Shares
26	Conversion rate	N/A
27	Type of convertibility of the instrument	Non-convertible
28	Type of convertibility financial instrument	N/A
29	Instrument issuer	N/A
30	Write-Down Clause	Yes
31	Conditions for diminution in value	Yes
32	Degree of Value Decline	7%.
33	Temporality of the decline in value	N/A
34	Mechanism of decrease in time value	N/A
35	Subordination position in the event of liquidation	Non-Preferred Subordinated Bonds
36	Characteristics of non-compliance	Yes
37	Description of non-compliance characteristics	Failure to pay interest within 30 days, failure to pay principal on the due date, bankruptcy or bankruptcy.

Reference	Characteristics	D2 BANOC21 0999999
1	Emitter	Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte.
2	ISIN, CUSIP, or Bloomberg identifier	USP1400MAC21
3	Legal framework	New York Laws
	Regulatory treatment	
4	Transient Capital Level	Capital in the Fundamental
5	Non-transitory capital level	N/A
6	Instrument Level	Credit institution without consolidating subsidiaries
7	Instrument Type	Subordinated Obligation
8	Amount recognized in the regulatory capital	U.S. Ps. 500,000,000 (Five hundred million USD)
9	Nominal value of the instrument	U.S. Ps. 1,000.00 (One thousand USD)
9th	Instrument currency	USD Dollar
10	Accounting classification	Liabilities at amortized cost
11	Date of issue	14/07/2021
12	Instrument term	Expiration
13	Expiration Date	Perpetual
14	Prepayment Clause	Yes
15	First prepayment date	27/06/2029



15 A	Regulatory or tax events	Yes
15B	Settlement price of the prepayment clause	Nominal Value plus accrued interest not paid at the early repayment date
16	Subsequent prepayment dates	Anytime before the due date
	Yields/dividends	
17	Yield/dividend type	Fixed
18	Interest Rate/Dividend	IRUSD0Libor
19	Dividend cancellation clause	Yes
20	Discretion in payment	Discretionary
21	Interest increase clause	No
22	Yield/dividends	Not cumulative
23	Instrument convertibility	Non-convertible
24	Convertibility conditions	N/A
25	Degree of convertibility	Not Susceptible to Conversion to Shares
26	Conversion rate	N/A
27	Type of convertibility of the instrument	Non-convertible
28	Type of convertibility financial instrument	N/A
29	Instrument issuer	N/A
30	<i>Write-Down Clause</i>	Yes
31	Conditions for diminution in value	Yes
32	Degree of Value Decline	7%.
33	Temporality of the decline in value	N/A
34	Mechanism of decrease in time value	N/A
35	Subordination position in the event of liquidation	Non-Preferred Subordinated Bonds
36	Characteristics of non-compliance	Yes
37	Description of non-compliance characteristics	Failure to pay interest within 30 days, failure to pay principal on the due date, bankruptcy or bankruptcy.

Reference	Characteristics	D2 BANOB72 0999999
1	Issuer	Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte.
2	ISIN, CUSIP, or Bloomberg identifier	USP1401KAB72
3	Legal framework	New York Laws
	Regulatory treatment	
4	Transient Capital Level	Capital in the Fundamental
5	Non-transitory capital level	N/A
6	Instrument Level	Credit institution without consolidating subsidiaries
7	Instrument Type	Subordinated Obligation
8	Amount recognized in the regulatory capital	U.S. Ps. 550,000,000 (Five Hundred and Fifty Million USD)
9	Nominal value of the instrument	U.S. Ps. 1,000.00 (One Thousand USD)
9th	Instrument currency	USD Dollar
10	Accounting classification	Liabilities at amortized cost
11	Date of issue	24/11/2021



12	Instrument term	Expiration
13	Expiration Date	Perpetual
14	Prepayment Clause	Yes
15	First prepayment date	24/01/2027
15 A	Regulatory or tax events	Yes
15B	Settlement price of the prepayment clause	Nominal Value plus accrued interest not paid at the early repayment date
16	Subsequent prepayment dates	Anytime before the due date
	Yields/dividends	
17	Yield/dividend type	Fixed
18	Interest Rate/Dividend	IRUSD0Libor
19	Dividend cancellation clause	Yes
20	Discretion in payment	Discretionary
21	Interest increase clause	No
22	Yield/dividends	Not cumulative
23	Instrument convertibility	Non-convertible
24	Convertibility conditions	N/A
25	Degree of convertibility	Not Susceptible to Conversion to Shares
26	Conversion rate	N/A
27	Type of convertibility of the instrument	Non-convertible
28	Type of convertibility financial instrument	N/A
29	Instrument issuer	N/A
30	<i>Write-Down Clause</i>	Yes
31	Conditions for diminution in value	Yes
32	Degree of Value Decline	7%.
33	Temporality of the decline in value	N/A
34	Mechanism of decrease in time value	N/A
35	Subordination position in the event of liquidation	Non-Preferred Subordinated Bonds
36	Characteristics of non-compliance	Yes
37	Description of non-compliance characteristics	Failure to pay interest within 30 days, failure to pay principal on the due date, bankruptcy or bankruptcy.

Reference	Characteristics	D2 BANO99 0999999
1	Issuer	Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte.
2	ISIN, CUSIP, or Bloomberg identifier	USP1401KAA99
3	Legal framework	New York Laws
	Regulatory treatment	
4	Transient Capital Level	Capital in the Fundamental
5	Non-transitory capital level	N/A
6	Instrument Level	Credit institution without consolidating subsidiaries
7	Instrument Type	Subordinated Obligation
8	Amount recognized in the regulatory capital	U.S. Ps. 500,000,000 (Five hundred million USD)



9	Nominal value of the instrument	U.S. Ps. 1,000.00 (One thousand USD)
9th	Instrument currency	USD Dollar
10	Accounting classification	Liabilities at amortized cost
11	Date of issue	24/11/2021
12	Instrument term	Expiration
13	Expiration Date	Perpetual
14	Prepayment Clause	Yes
15	First prepayment date	24/01/2027
15 A	Regulatory or tax events	Yes
15B	Settlement price of the prepayment clause	Nominal Value plus accrued interest not paid at the early repayment date
16	Subsequent prepayment dates	Anytime before the due date
	Yields/dividends	
17	Yield/dividend type	Fixed
18	Interest Rate/Dividend	IRUSD0Libor
19	Dividend cancellation clause	Yes
20	Discretion in payment	Discretionary
21	Interest increase clause	No
22	Yield/dividends	Not cumulative
23	Instrument convertibility	Non-convertible
24	Convertibility conditions	N/A
25	Degree of convertibility	Not Susceptible to Conversion to Shares
26	Conversion rate	N/A
27	Type of convertibility of the instrument	Non-convertible
28	Type of convertibility financial instrument	N/A
29	Instrument issuer	N/A
30	<i>Write-Down Clause</i>	Yes
31	Conditions for diminution in value	Yes
32	Degree of Value Decline	7%.
33	Temporality of the decline in value	N/A
34	Mechanism of decrease in time value	N/A
35	Subordination position in the event of liquidation	Non-Preferred Subordinated Bonds
36	Characteristics of non-compliance	Yes
37	Description of non-compliance characteristics	Failure to pay interest within 30 days, failure to pay principal on the due date, bankruptcy or bankruptcy.



Reference	Characteristics	D2 BANOE88 0999999
1	Issuer	Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte.
2	ISIN, CUSIP, or Bloomberg identifier	US05971PAE88
3	Legal framework	New York Laws
	Regulatory treatment	
4	Transient Capital Level	Capital in the Fundamental
5	Non-transitory capital level	N/A
6	Instrument Level	Credit institution without consolidating subsidiaries
7	Instrument Type	Subordinated Obligation
8	Amount recognized in the regulatory capital	U.S. Ps. 750,000,000 (Seven Hundred and Fifty Million USD)
9	Nominal value of the instrument	U.S. Ps. 1,000.00 (One Thousand USD)
9th	Instrument currency	USD Dollar
10	Accounting classification	Liabilities at amortized cost
11	Date of issue	20/11/2024
12	Instrument term	Expiration
13	Expiration Date	Perpetual
14	Prepayment Clause	Yes
15	First prepayment date	20/05/2031
15 A	Regulatory or tax events	Yes
15B	Settlement price of the prepayment clause	Nominal Value plus accrued interest not paid at the early repayment date
16	Subsequent prepayment dates	Anytime before the due date
	Yields/dividends	
17	Yield/dividend type	Fixed
18	Interest Rate/Dividend	8.75%
19	Dividend cancellation clause	Yes
20	Discretion in payment	Discretionary
21	Interest increase clause	No
22	Yield/dividends	Not cumulative
23	Instrument convertibility	Non-convertible
24	Convertibility conditions	N/A
25	Degree of convertibility	Not Susceptible to Conversion to Shares
26	Conversion rate	N/A
27	Type of convertibility of the instrument	Non-convertible
28	Type of convertibility financial instrument	N/A
29	Instrument issuer	N/A
30	<i>Write-Down Clause</i>	Yes
31	Conditions for diminution in value	Yes
32	Degree of Value Decline	7%.
33	Temporality of the decline in value	N/A
34	Mechanism of decrease in time value	N/A
35	Subordination position in the event of liquidation	Non-Preferred Subordinated Bonds
36	Characteristics of non-compliance	Yes
37	Description of non-compliance characteristics	Failure to pay interest within 30 days, failure to pay principal on the due date, bankruptcy or bankruptcy.

Reference	Characteristics	D2 BANOD06 0999999
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1	Issuer	Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte.
2	ISIN, CUSIP, or Bloomberg identifier	US05971PAD06
3	Legal framework	New York Laws
	Regulatory treatment	
4	Transient Capital Level	Capital in the Fundamental
5	Non-transitory capital level	N/A
6	Instrument Level	Credit institution without consolidating subsidiaries
7	Instrument Type	Subordinated Obligation
8	Amount recognized in the regulatory capital	U.S. Ps. 750,000,000 (Seven Hundred and Fifty Million USD)
9	Nominal value of the instrument	U.S. Ps. 1,000.00 (One Thousand USD)
9th	Instrument currency	USD Dollar
10	Accounting classification	Liabilities at amortized cost
11	Date of issue	20/11/2024
12	Instrument term	Expiration
13	Expiration Date	Perpetual
14	Prepayment Clause	Yes
15	First prepayment date	20/05/2031
15 A	Regulatory or tax events	Yes
15B	Settlement price of the prepayment clause	Nominal Value plus accrued interest not paid at the early repayment date
16	Subsequent prepayment dates	Anytime before the due date
	Yields/dividends	
17	Yield/dividend type	Fixed
18	Interest Rate/Dividend	8.375%
19	Dividend cancellation clause	Yes
20	Discretion in payment	Discretionary
21	Interest increase clause	No
22	Yield/dividends	Not cumulative
23	Instrument convertibility	Non-convertible
24	Convertibility conditions	N/A
25	Degree of convertibility	Not Susceptible to Conversion to Shares
26	Conversion rate	N/A
27	Type of convertibility of the instrument	Non-convertible
28	Type of convertibility financial instrument	N/A
29	Instrument issuer	N/A
30	Write-Down Clause	Yes
31	Conditions for diminution in value	Yes
32	Degree of Value Decline	7%.
33	Temporality of the decline in value	N/A
34	Mechanism of decrease in time value	N/A
35	Subordination position in the event of liquidation	Non-Preferred Subordinated Bonds
36	Characteristics of non-compliance	Yes
37	Description of non-compliance characteristics	Failure to pay interest within 30 days, failure to pay principal on the due date, bankruptcy or bankruptcy.



V. Capital Management

In accordance with current regulations and the requirements of the CNBV, Banorte carries out an annual Capital Adequacy Assessment exercise, which considers the risks to which the Institution is exposed, as well as its main vulnerabilities that may test its solvency, through an exercise of financial projections with adverse macroeconomic scenarios. In addition, in order to manage capital, a weekly monitoring analysis of the requirements of risk positions and simulations of operations or strategies carried out by the different business areas is carried out in order to know the capital requirements of each of them.

1. The identification, measurement, surveillance, control and mitigation of the risks to which the Institution is exposed.

The Capital Adequacy Assessment recognises the impact of Credit, Market and Operational Risk on the calculation of capital requirements, while analysing the evolution of Liquidity and Solvency Risk in the results of the years. In particular, the following points are recognized:

- **Credit Risk.** The composition of the total portfolio, its composition in the market, its stage 3 portfolio index per portfolio, management and monitoring policies, as well as the applicable regulation are recognized.
- **Market Risk.** It is recognized that the intermediation of financial instruments (securities and derivatives) is limited to the products approved by the Risk Policy Committee, and that the operation is delimited by market risk limits proposed by the UAIR and agreed with the business area, adhering to the guidelines issued for this purpose by the corresponding authorities.

2. The way in which the financial reports reveal and reflect the risks referred to in the preceding paragraph.

In the macroeconomic scenarios developed by an independent area and used to carry out the Capital Adequacy Assessment under Internal Scenarios, the evolution of credit risk is incorporated through the effects of these scenarios on the factors of probability of default and severity of loss, aligned with these scenarios. Finally, the year includes the monitoring of the Solvency and Liquidity Risk Profile for the current period, as well as a prospective Desired Risk Profile for the projection period incorporated in the year.

3. The identification, measurement, monitoring, control and mitigation of potential risks in the face of stress scenarios that may compromise the adequacy of the Institution's capital and liquidity, considering the structure of the balance sheet and the composition of the assets in the stress scenarios considered.

During the development of the Capital Adequacy Assessment, the way in which Credit, Market, Operational, Liquidity and Solvency Risks are impacted throughout the year is analyzed in a timely manner. Specifically, these impacts are analysed as follows:

Credit Risk. The following are analyzed: (1) the effect of the factors of probability of default and severity of loss derived from each macroeconomic scenario on the institution's reserves and cost of risk; (2) the evolution of the capitalization requirement for credit risk under the various scenarios for each portfolio; (3) The results obtained between the capitalization requirement and the growth of the portfolio with respect to the 2008 crisis are contrasted.

- **Market Risk.** The analysis considers: (1) a market shock to the income statements of the trading portfolio for adverse scenarios; (2) the effect of the evolution of the balance sheet derived from the economic scenarios on the capital requirement for market risk; (3) the results obtained between the capitalization requirement and the results by intermediation with respect to the 2008 crisis are contrasted.
- **Operational Risk.** The impact of the methodology of the Business Indicator Method is considered under the parameters corresponding to the macroeconomic scenarios.
- **Liquidity Risk.** It is analyzed from the point of view of the evolution of the balance sheet in the regulatory indicators Liquidity Coverage Ratio and Net Stable Funding Ratio under each of the scenarios, contrasting the results with respect to the authorized Desired Risk Profile.
- **Solvency Risk.** The effect of macroeconomic scenarios on the institution's solvency indicators is analyzed through the following processes: (1) evolution of total risk-subject assets, considering the methodologies referred to in the previous scenarios; (2) the effect of macroeconomic scenarios on the institution's performance (and therefore capital levels).



4. The ability to obtain resources and continue operating in a stressful scenario, in which the adequacy of the Institution's capital is compromised without the need to fail to comply with the minimums established in these provisions.

Within the 2023-2025 Capital Adequacy Assessment exercise, mitigation actions derived from the Institution's solid capital and liquidity levels are not considered, which do not require additional capitalization plans. However, in the event that it requires the taking of contingent actions to maintain solvency and liquidity levels, Banorte has a Contingency Plan that contains a series of applicable actions to recover the corresponding solvency and liquidity levels. The actions included in the Contingency Plan range from monitoring and follow-up of internal and regulatory indicators of solvency and liquidity, communication processes inside and outside the institution that guarantee the transparency of the actions carried out, management strategies for attracting and using alternative sources of funding, and selling positions, to the sale of non-productive assets. The actions taken depend on the scenario under which the Contingency Plan is activated.

Results and Conclusions of the 2023-2025 Capital Adequacy Assessment

The 2023-2025 Capital Adequacy Assessment complies with the minimum levels expected within the year (regulatory minimums for regulatory scenarios and prospective desired risk profile for internal scenarios) for all scenarios and periods. Considering the above, mitigation actions derived from the solid levels of capital and liquidity are not considered, so they do not require additional capitalization plans.

VI. Weights involved in the calculation of the Countercyclical Capital Supplement of the Institutions

Institution's Countercyclical Capital Supplement	
69.96 millions	
Country	Factor
Germany	0.00%
Saudi Arabia	0.00%
Argentina	0.00%
Australia	0.00%
Belgium	0.00%
Brazil	0.00%
Canada	0.00%
China	0.00%
Spain	0.00%
USA	0.00%
France	0.00%
Netherlands	0.00%
Hong Kong	1.25%
India	0.00%
Indonesia	0.00%
Italy	0.00%
Japan	0.00%
South Korea	0.00%
Luxembourg	0.00%
Mexico	0.00%
United Kingdom	0.00%
Russia	0.00%
Singapour	0.00%
South Africa	0.00%
Sweden	0.00%
Switzerland	2.00%
Turkey	0.00%
Others jurisdictions other than the above	0.00%



VII. Main indicators related to the Total Loss-Absorbing Capacity for Locally Systemic Important Bank.

Table VII.1

Reference	Concept	a	b	c	d	e
		T	T-1	T-2	T-3	T-4
1	Amount of the Net Capital Supplement referred to in the last paragraph of Article 2 Bis 5 of these provisions	34,966	34,172	34,459	33,135	15,762
1a	N/A					
2	Total Risk-Weighted Assets (APSRT) according to the amount recorded in row 60 of Table I.1 of this annex	1,025,490	997,350	988,484	962,796	946,593
3	Capital Supplement as a Percentage of APSRTs (%)	3.41%	3.43%	3.49%	3.44%	1.67%
3a	N/A					
4	Total exposures associated with the Leverage Ratio in accordance with row 21 of Table I.1 of Appendix 1-O Bis of these Provisions	1,864,836	1,822,486	1,837,797	1,767,190	1,681,264
5	Supplement to Net Capital as a percentage of total exposures associated with the Leverage Ratio (%)	1.88%	1.88%	1.88%	1.88%	0.94%
5a	Not applicable					
6a	As part of the amount of the Net Capital Supplement, are there equity instruments that are at the same level of priority of payments (i.e. pari passu), relative to instruments that are excluded by statute from being converted into ordinary shares or on whose amount the remission or forgiveness of the debt and its accessories in favor of the institution would operate, in a resolution process?	NO	NO	NO	NO	NO
6b	As part of the amount of the Net Capital Supplement, are there any equity instruments that are at the same level of priority of payments (i.e. pari passu), in relation to instruments that, in accordance with the General Provisions Applicable to Credit Institutions, are excluded from being converted into ordinary shares or on whose amount the debt and its accessories would be remitted or forgiven in favor of the institution, in a resolution process?	NO	NO	NO	NO	NO
6c	In the event that the assumption contained in row 6b is updated, what is the share (%) of the amount of the equity instruments considered in the net capital supplement, relative to the amount of the equity instruments issued that comply with the with the aforementioned priority of payments?	N/A	N/A	N/A	N/A	N/A



Table VII.2.1

		Amounts
Net Capital Supplement Regulatory Capital Items and Adjustments		
1	Capital Fundamental	135,509
2	Non-Fundamental Core Capital before adjustments to the Net Capital Supplement	85,620
3	Ineligible Non-Fundamental Core Capital, as a Supplement to Net Capital, issued by the institution held by third parties	-
4	Other adjustments	-
5	Eligible Non-Core Capital Instruments for Net Capital Supplement	85,620
6	Complementary Capital, before Net Capital Supplement adjustments	2,193
7	Amortized portion of complementary capital instruments, where the remaining maturity > 1 year	-
8	Non-eligible supplemental capital, such as Supplement to Net Capital issued by the institution held by third parties	-
9	Other adjustments	647
10	Eligible Complementary Capital Instruments, according to the rules for the Total Loss Absorption Supplement	1,546
11	Supplement to Net Capital arising from regulatory capital	222,675
Items of Supplement to Net Capital of Non-Regulatory Capital		
12	External Net Capital Supplement instruments issued directly by the bank and subordinated to excluded liabilities	-
13	External Net Capital Supplement instruments issued directly by the bank which are not subordinated to excluded liabilities, but which meet all other requirements of the Net Capital Supplement term sheet	-
14	Of which: Eligible amount of Net Capital Supplement, after applying the upper limits.	-
15	External Net Capital Supplement instruments issued by financing vehicles, before 1 January 2022	-
16	Eligible ex-ante commitments to recapitalize a local systemically important institution in resolution	-
17	Supplement to Net Capital arising from non-regulatory capital instruments before adjustments	-
Non-regulatory capital items of Net Capital Supplement: adjustments		
18	Net Capital Supplement Before Deductions	222,675
19	Deductions from exposures that apply to accounts eligible for Net Capital Supplement (not applicable to a local systemically important institution with a single point of entry).	-
20	Deductions for investments in other eligible Net Capital Supplement liabilities	-
21	Other adjustments to the Net Capital Supplement	-
22	Net Capital Supplement After Deductions	222,675
Risk-Weighted Assets (RWA) and Leverage Exposure Measure for Net Capital Supplement Purposes		
23	Total Risk-Weighted Assets (APSRT) in accordance with the amount recorded in row 60 of Table I.1 of this annex adjusted as permitted under the Net Capital Supplement regime	1,025,490
24	Total exposures associated with the Leverage Ratio in accordance with row 21 of Table I.1 of Annex 1-O Bis to these provisions	1,864,836
Indicators Net Capital Supplement and Supplements		
25	Net Capital Supplement (as a percentage of adjusted APSRTs as allowed under the Net Capital Supplement regime)	21.71%
26	Net Capital Supplement (as a percentage of leverage exposure)	11.94%
27	Fundamental Capital (as a percentage of APSRT) available after meeting the minimum capital and Net Capital Supplement requirements	5.31%
28	Bank-specific supplement requirements (capital conservation supplement plus countercyclical capital supplement requirement plus net capital supplement requirements, expressed as percentage of APSRT)	5.91%
29	Of which: Capital Conservation Supplement Requirement	2.50%
30	Of which: Requirement for bank-specific countercyclical capital supplement	-%
31	Of which: Requirement for supplement to net capital	3.41%



Annex 1-O Bis (millions of pesos)

LEVERAGE RATIO DISCLOSURE REQUIREMENTS

I. Integration of the principal sources of Leverage

TABLE I.1

LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE		
REFERENCE	CONCEPT	AMOUNT
On-Balance Sheet Exposure		
1	Balance sheet items (excluding derivative financial instruments and repo and securities lending (SFT) transactions, but including collateral received as collateral and recorded on the balance sheet)	1,760,530
2	(Amounts of assets deducted to determine Basel III Tier 1 capital)	(16,433)
3	On-balance sheet exposures (Net) (excluding derivative financial instruments and SFTs, sum of lines 1 and 2)	1,744,097
Exposures to derivative financial instruments		
4	Present replacement cost associated with <i>all</i> transactions in derivative financial instruments (net of the variation margin in eligible cash)	10,357
5	Amounts of additional factors for potential future exposure, associated with all transactions in derivative financial instruments	9,099
6	Increase for Collateral contributed in transactions with derivative financial instruments when such collateral is derecognized from the balance sheet in accordance with the operational accounting framework	N/A
7	(Deductions from accounts receivable for margin of change in cash contributed in transactions with derivative financial instruments)	(3,789)
8	(Exposure for transactions in derivative financial instruments on behalf of clients, in which the settlement partner does not provide its guarantee in the event of non-compliance with the obligations of the Central Counterparty)	N/A
9	Adjusted effective notional amount of the credit derivative financial instruments subscribed	N/A
10	(Offsets made to the adjusted effective notional of the credit derivative financial instruments subscribed and deductions of the additional factors for the credit derivative financial instruments subscribed)	N/A
11	Total exposures to derivative financial instruments (sum of lines 4 to 10)	15,667
Securities financing transaction exposures		
12	Gross SFT assets (without clearing recognition), after accounting transaction adjustments for sales	52,600
13	(SFT Accounts Payable and Receivable Cleared)	(52,496)
14	SFT Counterparty Risk Exposure	32,659
15	Exposures by SFT acting on behalf of third parties	-
16	Total exposures from securities financing transactions (sum of lines 12 to 15)	32,762



Other off-balance sheet exposures		
17	Off-balance sheet exposure (gross notional)	507,447
18	(Adjustments for conversion to credit equivalents)	(435,138)
19	Off-balance sheet items (sum of lines 17 and 18)	72,309
Capital and Total Exposures		
20	Tier 1 capital	221,129
21	Total Exposures (sum of lines 3, 11, 16 and 19)	1,864,836
Leverage Ratio		
22	Basel III leverage ratio	11.86%

**TABLE I.2
NOTES TO STANDARDIZED DISCLOSURE FORMAT FOR LEVERAGE RATIO**

REFERENCE	EXPLANATION
1	Total assets of the Institution without consolidating subsidiaries or special purpose entities (less the assets presented in said balance sheet for: 1) transactions with derivative financial instruments, 2) repo transactions and 3) securities lending.
2	Amount of the deductions from the basic capital established in paragraphs b) to r) of section I, of Article 2 Bis 6 of these provisions. The amount must be recorded with a negative sign.
3	Sum of lines 1 and 2
4	Present replacement cost (CR) of transactions with derivative financial instruments, as set forth in Annex 1-L of these provisions, less partial cash settlements (cash variation margin) <i>received</i> , provided that the following conditions are met: a) In the case of counterparties other than the clearing houses indicated in the second paragraph of Article 2 Bis 12 a, the cash received must be available to the Institution. b) The market valuation of the operation is carried out daily and the cash received is exchanged with the same frequency. c) The cash received as well as the transaction with the derivative instrument, are denominated in the same currency. d) The amount exchanged of the variation margin in cash is at least the amount necessary to cover the market value considering the threshold and the minimum amount transferred agreed in the corresponding framework contract. e) The framework agreement with the counterparty should consider both the transaction and the variation margin, and should explicitly stipulate that liquidation, in the event of default, bankruptcy, restructuring or insolvency, of either party, shall be carried out after clearing the transactions and shall consider the cash variation margins received. In any case, the maximum amount of cash variation margins received that may be considered will be the one that corresponds to the positive value of the current replacement cost of each counterparty.
5	Additional factor in accordance with Annex 1-L of these provisions, for transactions with derivative financial instruments. In addition, in the case of credit derivative financial instruments in which credit protection is provided, the conversion value to credit risk must be included in accordance with Article 2 Bis 22 of these provisions. In no case may the financial collateral that the Institution has received be used to reduce the amount of the Additional Factor reported in this line.
6	Not applicable. The accounting framework does not allow the derecognition of assets delivered as collateral.
7	Amount of cash variation <i>margins delivered</i> in transactions with derivative financial instruments that meet the conditions indicated in line 4 to subtract the cash variation margins received. The amount must be recorded with a negative sign.
8	Not applicable.



9	Not applicable. The exposure considered for solvency framework purposes in transactions with credit derivative financial instruments in which credit protection is provided corresponds to 100 per cent of the amount effectively guaranteed in the transactions in question. This exhibition is considered in line 5.
10	Not applicable. The exposure considered for solvency framework purposes in transactions with credit derivative financial instruments in which credit protection is provided corresponds to 100 per cent of the amount effectively guaranteed in the transactions in question. This exhibition is considered in line 5.
11	Sum of lines 4 to 10
12	Amount of assets recorded in the balance sheet (accounts receivable recorded in the accounts) of repo and securities lending operations. The amount shall not consider any compensation in accordance with the Accounting Criteria.
13	Positive amount resulting from deducting accounts payable from accounts receivable generated by repo and securities lending transactions, on own account, with the same counterparty, and provided that the following conditions are met:
	a) The corresponding transactions have the same settlement date.
	b) It has the right to settle the operations at any time.
	c) The transactions are settled in the same system and there are settlement mechanisms or arrangements (lines or guarantees) that allow the settlement to be carried out at the end of the day on which it is decided to settle.
	d) Any problem related to the settlement of the flows of collateral in the form of securities does not hinder the settlement of accounts payable and receivable in cash. The amount must be recorded with a negative sign.
14	Conversion value to credit risk of repo and securities lending transactions on own account, in accordance with Article 2 Bis 22 of these provisions when there is no framework netting agreement. And in accordance with Article 2 Bis 37 when such a contract exists. This is without considering the adjustments for admissible collateral that are applied to the collateral in the capitalization framework.
15	In the case of repo and securities lending transactions on behalf of third parties, in which the Institution provides a guarantee to its customers in the event of the counterparty's default, the amount to be recorded is the positive difference between the value of the security or cash that the customer has delivered and the value of the guarantee that the borrower has provided.
	In addition, if the Institution can dispose of the collateral delivered by its customers, on its own account, the amount equivalent to the value of the securities and/or cash delivered by the customer to the Institution.
16	Sum of lines 12 to 15
17	Amounts of credit commitments recognized in suspense accounts in accordance with the Accounting Criteria.
18	Amounts of the reductions in the value of the credit commitments recognized in suspense accounts for applying the conversion factors to credit risk established in Title One Bis of these provisions, considering that the minimum conversion factor to credit risk is 10% (for those cases in which the conversion factor is 0%).
	The amount must be recorded with a negative sign.
19	Sum of lines 17 and 18
20	Basic Capital calculated in accordance with Article 2 Bis 6 of these provisions.
21	Sum of lines 3, 11, 16 and 19
22	Leverage Ratio. Ratio of line 20 to line 21.



II. Comparison between total assets and adjusted assets

TABLE II.1

COMPARISON OF TOTAL ASSETS AND ADJUSTED ASSETS

REFERENCE	CONCEPT	AMOUNT
1	Total assets	1,835,253
2	Adjustment for investments in the capital of banking, financial, insurance or commercial entities that are consolidated for accounting purposes, but are outside the scope of regulatory consolidation	(16,433)
3	Adjustment for trust assets recognized on the balance sheet in accordance with the accounting framework, but excluded from the leverage ratio exposure measure	Not Applicable
4	Adjustment for derivative financial instruments	(6,455)
5	Adjustment for repo and securities lending transactions[1]	(19,799)
6	Adjustment for Recognized Line Items in Memorandum Accounts	72,308
7	Other settings	-
8	Exposure of the leverage ratio	1,864,874

[1] In which the value of the transaction is that of the market valuation of the operations and are generally subject to margin agreements.

TABLA II.2

NOTES TO THE COMPARISON OF TOTAL ASSETS AND ADJUSTED ASSETS

REFERENCE	DESCRIPTION
1	Total assets of the Institution without consolidating subsidiaries or special purpose entities
2	Amount of the deductions from the basic capital contained in subsections b), d), e), f), g), h), i), j) and l) of section I, of Article 2 Bis 6 of these provisions.
3	The amount must be recorded with a negative sign.
4	Not applicable. The scope of application is over the Institution without consolidating subsidiaries or special purpose entities.
5	Amount equivalent to the difference between the figure contained in row 11 of Table I.1 and the figure presented in transactions with derivative financial instruments contained in the Institution's balance sheet.
6	The amount must be recorded with the sign resulting from the difference indicated, i.e. it may be positive or negative.
7	Amount equivalent to the difference between the figure contained in row 16 of Table I.1 and the figure presented for repo and securities lending transactions contained in the Institution's balance sheet.
8	The amount must be recorded with the sign resulting from the difference indicated, i.e. it may be positive or negative.



III. Reconciliation between total assets and on-balance sheet exposure

TABLA III.1

CONCILIATION BETWEEN TOTAL ASSETS AND ON BALANCE SHEET EXPOSURE

REFERENCE	CONCEPT	AMOUNT
1	Total assets	1,835,253
2	Transactions in derivative financial instruments	(22,123)
3	Repo transactions and securities loans	(52,599)
4	Trust assets recognized on the balance sheet in accordance with the accounting framework, but excluded from the leverage ratio exposure measure	N/A
5	Exhibitions within the Balance Sheet	1,760,530

TABLA III.2

NOTES TO CONCILIATION BETWEEN TOTAL ASSETS AND ON BALANCE SHEET EXPOSURE

REFERENCE	DESCRIPTION
1	Total assets of the Institution without consolidating subsidiaries or special purpose entities.
2	The amount corresponding to transactions in derivative financial instruments presented in the assets of the latest financial statements. The amount must be recorded with a negative sign.
3	The amount corresponding to the repo and securities lending operations presented in the assets of the latest financial statements. The amount must be recorded with a negative sign.
4	Not applicable. The scope of application is over the Institution without consolidating subsidiaries or special purpose entities.
5	Sum of lines 1 to 4, which must coincide with line 1 of Table I.1

IV. Main causes of the most important variations in the elements (numerator and denominator) of the Leverage Ratio

TABLE IV.1

MAIN CAUSES OF THE MOST IMPORTANT VARIATIONS IN THE ELEMENTS (NUMERATOR AND DENOMINATOR) OF THE LEVERAGE RATIO

CONCEPT/TRIMESTER	SEPTEMBER '24	DECEMBER '24	VARIATION (%)
Basic Capital	189,539	221,129	16.667%
Adjusted Assets	1,822,486	1,864,836	2.324%
Leverage Ratio	10.40%	11.86%	14.038%



ANNEX 1-O BIS 1 BANORTE (million pesos)

DISCLOSURE OF INFORMATION RELATING TO THE CALCULATION OF THE CAPITAL REQUIREMENT FOR OPERATIONAL RISK

Report december 2024

SECTION I

MINIMUM CAPITAL REQUIREMENT FOR OPERATIONAL RISK

Reference	Description	a
1	Business Indicator (CIN) component	9,629.07
2	Internal Loss Multiplier (MPI)	1.11
3	Capital Requirement for Operational Risk	10,693.43
4	Assets subject to Operational Risk	133,667.82

SECTION II

BUSINESS INDICATOR AND SUBCOMPONENTS

Reference	BI and subcomponents	a	b	c
		j=3	j=2	j=1
1	Interest, Lease and Dividend Component (CIAD)	31,840.32		
1a	Interest Income	209,416.42	191,477.55	137,956.04
1b	Interest Expense	103,130.01	91,594.77	52,580.00
1c	Productive Assets	1,414,378.91		
1d	Dividend Income	16.73	16.51	17.14
2	Services Component (CS)	35,819.95		
2a	Commissions and Fees Charged	37,785.51	33,135.04	29,718.72
2b	Commissions and Fees Paid	18,717.67	16,347.77	13,778.68
2c	Other Income from the Operation	3,459.42	1,813.50	1,547.67
2d	Other Operating Expenses	587.45	1,309.73	1,458.83
3	Financial Component (CF)	2,372.16		
3a	Profit from Sale	1,911.36	2,059.23	3,145.90
4	Business Indicator (IN)	70,032.43		
5	Business Indicator (CIN) component	9,629.07		



SECTION III

HISTORIC LOSSES

Ref	Description	a	b	c	d	and	f	g	h	i	j	k
		j=10	j=9	j=8	j=7	j=6	j=5	j=4	j=3	j=2	j=1	Average 10 years
A. Losses												
1	Total Net Loss Amount Recoveries (considering exclusions)	702,498.21	739,000.97	731,406.52	907,231.04	875,766.27	1,355,984.29	1,781,140.37	984,021.41	596,118.07	389,681.95	906,284.91
2	Total number of losses	391,031	263,348	190,144	204,183	240,949	233,841	233,334	150,737	74,159	45,414	202,714
3	Total Amount of Excluded Losses	-	-	-	-	-	-	-	-	-	-	-
4	Total number of exclusions	-	-	-	-	-	-	-	-	-	-	-
5	Total Amount of Net Losses, Recoveries and Exclusions	702,498.21	739,000.97	731,406.52	907,231.04	875,766.27	1,355,984.29	1,781,140.37	984,021.41	596,118.07	389,681.95	906,284.91
B. Details of the calculation of capital by Operational Risk												
11	Are losses used to calculate MPI? (Yes/No)	Yes										
12	If reference 11 is answered "No", is the exclusion due to the failure to have a loss database that has been constituted in compliance with the provisions of Annexes 1-D Bis and 12-A of these provisions? (Yes/No)	Not applicable										

36 - FOREIGN CURRENCY POSITION

As of December 31, 2024 and 2023, the Financial Group holds certain assets and liabilities in foreign currency, mainly US dollars, converted to the exchange rate issued by Banco de México Ps. 20.8829 and Ps. 16.9666, respectively, per USD 1.00, as shown below:

	Thousands of US dollars	
	2024	2023
Assets	24,114,565	22,125,813
Liabilities	24,008,682	22,020,124
Net liability position in US dollars	105,882	105,689
Net liability position in Mexican pesos	Ps. 2,211	Ps. 1,793



37 - POSITION IN UDIS

As of December 31, 2024 and 2023, the Financial Group holds certain assets and liabilities denominated in UDIS, converted to Mexican pesos based on the current conversion factor of Ps. 8.340909 and Ps 7.981602, respectively, per UDI, as shown below:

	Thousands of UDIS	
	2024	2023
Assets	2,286,592	814,763
Liabilities	1,507,863	762,044
Net asset (liability) position in UDIS	778,729	52,719
Net asset (liability) position in Mexican pesos	Ps. 6,495	Ps. 421

38 - EARNINGS PER SHARE

Earnings per share are the result of dividing the net income by the weighted average of the Financial Group's shares in circulation during the year.

Earnings per share for the years ended December 31, 2024 and 2023 are shown below:

	2024			2023
	Net Income	Weighted share average	Earnings per share	Earnings per share
Net income per share	Ps. 56,188	2,849,342,960	Ps. 19.7197	Ps. 18.3109

39 - RISK MANAGEMENT (unaudited)

Authorized bodies

In order to properly manage the Holder's Risks, the Board of Directors of the Holding Company established the Risk Policies Committee (CPR) in 1997, whose purpose is to manage the risks to which the Holding Company is exposed, as well as to ensure that the execution of operations adheres to the objectives, policies and procedures for risk management.

The RPC also monitors the overall risk limits for risk exposure approved by the Board of Directors, in addition to approving the specific risk limits for exposure to the different types of risk.

The CPR is made up of proprietary members of the Board of Directors, the Chief Executive Officer of the Financial Group, the General Directors of the Group's entities and the General Manager of Comprehensive Risk Management, in addition to the General Director of Audit, the latter participating with voice but without vote.

For the adequate performance of its objective, the CPR plays, among others, the following functions:

1. Propose for approval by the Board of Directors:

- The objectives, guidelines and policies for overall risk management.
- The global limits for risk exposure.
- The mechanisms for the implementation of corrective actions.
- The cases or special circumstances which may exceed the overall limits as much as the specifics.

2. Approve and review at least once a year:

- Specific limits for discretionary risks and the risk tolerance levels for non-discretionary.
- The methodology and procedures to identify, measure, monitor, limit, control, report and disclose various types of risk to which the Financial Group is exposed to.
- The models, parameters and settings used to carry out the valuation, measurement and control of risks proposed by the unit for comprehensive risk management.



3. Approve:

- The methodologies for the identification, valuation, measurement and control of risks of new business, products and services that the holding intends to offer to the market.
- The corrective actions proposed by the drive for comprehensive risk management.
- Manuals for comprehensive risk management.
- The technical evaluation aspects of risk management.

4. Appoint and remove the unit responsible for overall risk management, it is ratified by the Board.

5. Report to the Board at least quarterly, the risk exposure and its possible negative effects and follow-up to the limits and tolerance levels.

6. Report to the Board on corrective actions taken.

40 - COMPREHENSIVE RISK MANAGEMENT UNIT (UAIR) (unaudited)

The Risk Management function in the Holding Company is a fundamental pillar for the determination and execution of the Institution's strategic planning. The Group's risk management and policies are aligned with compliance with regulation and market best practices.

1. COMPREHENSIVE RISK MANAGEMENT FRAMEWORK

The Framework for Integrated Risk Management, which integrates objectives, guidelines, policies and procedures, has among its main objectives:

- Provide the different business areas with clear rules that help to minimize risks and ensure that they are within the parameters established and approved by the Board of Directors and the Risk Policy Committee (CPR).
- Establish mechanisms to follow up on risk-taking within Tenedora with robust systems and processes.
- Verify compliance with the Desired Risk Profile.
- Calculate and monitor the capital of the Holding Company's subsidiaries, under normal and adverse scenarios, in order to cover unexpected losses due to market movements, credit failures and operational risks.
- Implement identification, valuation and management models for the different types of risks.
- Establish portfolio optimization and credit portfolio management procedures.
- Update and follow up on the Contingency Plan to restore the level of capital and liquidity in case of adverse events.

1.1. Risk Management Structure and Corporate Governance

In relation to the structure and organization of the function for Integrated Risk Management, the Board of Directors is responsible for authorizing the general policies and strategies, as well as:

- The Desired Risk Profile for the Holding Company.
- The Framework for Comprehensive Risk Management and the Contingency Financing Plan.
- The Risk Exposure Limits, the Risk Tolerance Levels and the mechanisms for carrying out corrective actions.
- The Contingency Plan.
- The Results of the Supervisory and Internal Scenarios of Resource Adequacy.

The Board of Directors has designated the Risk Policy Committee (CPR) as the body responsible for managing the risks to which the Financial Group is exposed, as well as ensuring that the conduct of operations is in accordance with the objectives, policies and procedures for Risk Management.

For its part, the CPR also monitors the global risk exposure limits approved by the Board of Directors, in addition to approving the specific limits for exposure to the different types of risk.



The CPR is made up of full and alternate members of the Board of Directors, the Chief Executive Officer of the Financial Group, the General Directors of the Group's Entities and the General Manager of Risk and Credit Management, in addition to the Chief Audit Officer, with the latter participating with voice but without vote.

Likewise, the Balance Sheet Management Committee (ALCO) analyzes, monitors and makes decisions in relation to rate and currency risk on the balance sheet, financial margin, liquidity and net capital.

The Unit for Comprehensive Risk Management (UAIR) is in charge of the General Directorate of Risk and Credit Management (DGARC) and includes among its functions identifying, measuring, monitoring, limiting, controlling, reporting and disclosing the different types of risk to which the Holding Company is exposed.

The DGARC reports to the CPR, complying with the regulations regarding its independence with respect to the Business areas.

1.2. Key Risks and Emerging Risks

The Comprehensive Risk Management Framework has strategies to identify and regulate the main and emerging risks, which represent potential threats to the business, customers, employees, and to La Tenedora's strategy. The definition and classification of potential risks allows for better management and mitigation of these, according to the nature of each type of risk.

The Holding Company has solid methodologies to manage quantifiable risks such as Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Concentration Risk and Counterparty Risk.

1. Credit Risk: volatility of income as a result of the constitution of reserves due to impairment of loans and potential losses due to non-payment by a borrower or counterparty.
2. Market Risk: volatility of income due to changes in market conditions, which affect the valuation of positions for active or passive operations or those causing contingent liabilities, such as: interest rates, surcharges, exchange rates, price indices, etc.
3. Liquidity Risk: potential loss due to the impossibility of renewing liabilities or contracting others under normal conditions for The Holding Company, due to the early or forced sale of assets at unusual discounts to meet its obligations.
4. Operational Risk: loss resulting from a lack of adequacy or failure of processes, personnel, internal systems or external events. This definition includes Technological Risk and Legal Risk. Technological Risk includes potential losses due to damages, interruption, alteration or failures arising from the use of or reliance on hardware, software, systems, applications, networks and any other information distribution channel, while Legal Risk involves potential loss due to penalties arising from non-compliance with legal and administrative provisions or the issuance of unappealable unfavorable judicial decisions in relation to the operations that the Holding Company carries out.
5. Concentration Risk: potential loss attributed to high and disproportionate exposure to particular risk factors within the same category or between different risk categories.
6. Sustainability Risk: probability that dangerous environmental, social or governance events or conditions will occur and generate adverse impacts on the institution and/or the environment and communities.

On the other hand, with regard to Non-Quantifiable Risks, the Holding Company has objectives defined in the Risk Management Manual to:

7. Reputational Risk: potential loss in the development of the Institution's activity caused by the deterioration in the perception that the different stakeholders, both internal and external, have about its solvency and viability. Likewise, the deterioration of the image of the Institution due to failures or internal or external events incompatible with corporate values.



8. **Strategic Risk:** potential loss due to failures or deficiencies in decision-making, in the implementation of procedures and actions to carry out the Institution's business model and strategies, as well as due to ignorance about the risks to which it is exposed due to the development of its business activity and that affect the expected results of its strategic plan.
9. **Business Risk:** potential loss or impact on profitability attributable to the inherent characteristics of the business and changes in the economic cycle or environment in which the Institution operates.

Emerging Risks are new risks that arise as a result of change in economic, political, social, cultural, natural, and even technological processes. They are characterized by a recent increase in the probability of occurrence and exposure to them, therefore, their prompt identification is necessary to be able to implement effective and timely measures. Its potential for damage or loss is not yet fully known, arising from a new or evolving hazard, which may result in significant new exposure for the Holding Company.

1. **Epidemiological Risk:** It is the probability that a disease in a given population will escalate to the level of an epidemic or pandemic, generating adverse impacts on the Institution, financing, health and the community. It is expressed through various epidemiological indicators, the analysis of which allows for the generation of preparedness and response plans.
2. **New Technology Risk:** risks associated with the implementation of new technologies that could materialize in economic losses for the institution. They arise from new vulnerabilities, technical threats, potential economic fraud, crimes against intellectual property, threats to information privacy, cyberbullying, among others.

At the Holding Company, the identification and documentation of new risks is a continuous task, strengthening and consolidating the Comprehensive Risk Management Framework considering the vision of Sustainability and new emerging risks.

1.3. Risk Management Culture at the Holding Company

La Tenedora's Risk Management culture permeates holistically to all levels of the organization. The Group's decisions are based on maximizing the risk-return ratio, favoring informed decision-making to achieve the strategic objectives of asset quality, profitability, liquidity and solvency.

The Holding Company's risk culture is made up of the following principles:

- **We are all risk managers:** The proactive participation of the Group's employees is promoted for the identification, escalation and management of risks. The reporting channels for operational, technological, psychosocial, credit, market, and fraud risks make it easier for employees in all areas to fulfill their role as the first line of defense. Through the Governance, Risk and Compliance (GRC) platform, employees from the different areas report their respective identified risks. This feedback triggers improvements in processes by implementing control measures based on what has been reported.
- **Risk anticipation:** We monitor the economic and business environment with the aim of anticipating future risks, and incorporate market trends into our models, tools, processes and policies to prevent and mitigate risks. Likewise, close communication is maintained with customers to identify their needs and problems, preventing potential breaches.
- **Forward-looking view:** A forward-looking view is maintained by considering new business trends in the risk management strategy and the calibration of policies and models. For continuous improvement of products and processes, methodologies and tools are updated, in accordance with best practices, which makes it possible to estimate the future behavior of assets and generate scenarios that help the business to make strategic decisions.



- **Multidisciplinary participation:** Joint decision-making through Committees and multidisciplinary teams enriches the Holding Company's panorama of identifying opportunities and containing risks. Risks are continuously monitored and mitigation strategies or actions are planned and executed in a consensual manner among all areas involved. Likewise, it continues to operate through a collaborative scheme of cell-based work, which refers to multidisciplinary teams that are assigned a specific task, such as improving or correcting a process, the development of a new product, among others. This collaboration scheme allows you to react instantly to changing environments that could generate risks in operations and strategies, or execute a prevention or mitigation plan for an existing credit.
- **Communication and continuous training:** Members of the Board of Directors and senior management communicate the importance of a strong Risk Culture throughout the Group. Along the same lines, we have reinforced internal training regarding Risk Management, including content for risk management, prevention, and mitigation for our executives and employees who work in the different areas.
- **Compensation based on risk and performance:** Risk management criteria are incorporated into the evaluation and compensation of employees, so that the risk-return ratio is maximized. To do this, we link the formal measurement of risk indicators with the process of evaluating the performance of employees, promotion and compensation. These incentives are established in our Remuneration System where the evaluation criteria are reflected, mainly for senior management, consistent with reasonable risk-taking. In addition to this, we have a performance evaluation system where employees, together with their immediate boss, establish operational, safety, and career development goals. Performance is evaluated considering specific metrics, as well as professional skills and competencies according to the profile of each position.
- **Innovation:** At Tenedora we are aware of the speed with which risk management evolves along with the new ways of banking; for this reason it is of vital importance to stay ahead of the curve in relation to new products, channels, technologies and their implications from the point of view of risks. Technological innovation is vital to be able to continue to identify, measure and control risks correctly in the face of technological change and new products and segments of the digital market. These innovation products go through a formal project evaluation process that includes the identification and measurement of the different risks involved, as determined by the areas involved.

1.3.1. Desired Risk Profile

In order to monitor the Desired Risk Profile, general and specific guidelines are established at the group level and there are follow-up and formal escalation processes in the event of any deviation from said profile. In addition, key quantitative indicators are assigned by type of risk for the Holding Company and its subsidiaries, which are sensitive to the material risks to which it is exposed and which can function as key indicators of financial health. These indicators are reviewed and ratified once a year by the Board of Directors and serve as a guideline for the definition and implementation of strategies and objectives.

2. CREDIT RISK

It refers to the risk that customers, issuers or counterparties will not meet their payment obligations. That is why the correct management of the portfolio is essential to maintain the credit quality of the portfolio.

The objectives of Credit Risk Management at the Holding Company are:

- Comply with the Desired Risk Profile defined by the Board of Directors.
- Improve the quality, diversification and composition of the financing portfolio to optimize the risk-return ratio.
- Provide Senior Management with reliable and timely information to support decision-making regarding financing.
- Provide the Business Areas with clear and sufficient tools to support the placement and monitoring of financing.
- Support the creation of economic value for shareholders through efficient Credit Risk Management.
- Define and keep updated the regulatory framework for Credit Risk Management.
- Comply with the information requirements regarding Credit Risk Management before the authorities.
- Carry out Risk Management in accordance with best practices, implementing models, methodologies, procedures and systems based on the main advances at an international level.
- Measure the vulnerability of the Institution to extreme conditions, and consider these results for decision-making.



The policies for the management, coverage and mitigation of Credit Risk in the Holding Company are:

- Granting and Administration of Consumer Credit in accordance with best market practices through Parametric Models that allow risk to be identified, losses to be minimized and to increase the placement of quality credit.
- Granting and Administration of Credit to Companies and other entities, in accordance with best market practices, through a credit strategy that includes Target Markets and Risk Acceptance Criteria, identifying and managing risk through Portfolio Rating and Early Warning methodologies.
- Monitoring and control of the quality of credits by means of a Credit Rating System, which indicates the treatment and general actions that derive from defined situations, as well as the areas or officials responsible for such actions.
- Surveillance and control of Credit Risk through Global and Specific Limits, portfolio classification policies and Credit Risk models at the portfolio level that allow the identification of expected loss and unexpected loss at a specific confidence level.
- Information and disclosure of Credit Risk to the risk-taking areas, the CPR, the Board of Directors, the Financial Authorities and the Investing Public.
- Definition of powers in the taking of Credit Risks for the institution.

In order to comply with the objectives and policies, a series of strategies and procedures have been defined that cover origination, analysis, approval, administration, monitoring, recovery and collection.

2.1. Scope, Nature and Methodologies of Credit Risk

Risk Management is supported by a framework of policies and manuals, which establish the implementation and monitoring of Credit Risk limits, hedging and mitigation and compensation strategies, the disclosure of the referred risk metrics, as well as their monitoring with respect to the established limits. These policies detail, among others: the characteristics, capacity, legal aspects, implementation issues and degree of coverage that must be considered for the coverage when compensating or mitigating the risk. Likewise, the enforcement of guarantees is contemplated as a risk compensation mechanism whenever there is an unremedied default by the debtors.

The DGARC is supported by various Credit Risk information and measurement systems, which comply with regulatory standards and are aligned with the best international practices in Risk Management. It is worth mentioning that the information contained in the risk systems, as well as the reports they generate, are backed up continuously, following institutional procedures in terms of computer security.

As part of the strategies and processes to monitor the continued effectiveness of hedges or mitigants, there are limits for Credit Risk, which are monitored on an ongoing basis, and there are established procedures so that excesses and their causes are documented and the corresponding corrective actions are implemented to return to acceptable risk levels.

Key risk indicators are disclosed through monthly reports to the CPR and through a daily report to the main executives in the institution about credit defaults by customers that could potentiate Credit Risk.

2.1.1. Individual Credit Risk

The Holding Company segments Credit Risk into two large groups: Retail and Wholesale.

The individual Credit Risk for the Retail portfolio is identified, measured and controlled by means of a parametric system (scoring) that includes models for each of the SME and Consumer products (mortgage, automotive, payroll, personal and credit card).

The individual risk for the Wholesale portfolio is identified, measured and controlled through the Target Markets, the Risk Acceptance Criteria, the Early Warnings and the New Banorte Internal Risk Rating (NCIR Banorte), which are tools that are part of the Holder's Credit Strategy and support the estimation of risk levels.

The Target Markets are categories of economic activity for each region in which the Holding Company has an interest in participating in the placement of credit. Its definition is supported by economic studies and analysis of the portfolio's behavior, as well as by the opinion of experts.



The Risk Acceptance Criteria are parameters that describe the different types of risks identified by each industry, allowing estimating the risk involved in granting a loan to a customer according to the economic activity they carry out. The types of risk considered in the Risk Acceptance Criteria are Financial, Operational, Market, Company Life Cycle, Legal and Regulatory Risk, as well as credit experience and quality of management.

Early Warnings are a set of criteria based on information and indicators of borrowers and their environment that have been established as a mechanism to prevent and identify in a timely manner the probable deterioration in the credit portfolio, allowing action through preventive actions that mitigate Credit Risk.

The Banorte NCIR is a debtor rating methodology that evaluates quantitative and qualitative criteria to determine its credit quality and is applied to Commercial portfolio equal to or greater than an amount equivalent in national currency to four million investment units as of the rating date, or accredited with annual sales or revenues greater than or equal to 14 million investment units (only in the case of Companies).

2.1.2. Portfolio Credit Risk

The Holding Company has designed a Credit Risk methodology for the portfolio that directly considers the balance of each of the loans as the exposure of the credit portfolio, while for the portfolio of financial instruments it considers the present value of the instruments and their future flows. Because exposure is sensitive to changes in the market, it is possible to make sensitivity estimates using models with different economic scenarios.

The Credit Risk methodology developed allows us to know the exposure of all credit portfolios in the total portfolio of the Holding Company, allowing us to monitor the levels of risk concentration by risk ratings, geographical regions, economic activities, currencies and type of product in order to know the profile of the portfolio and take actions to guide it towards diversification where the risk-return relationship is optimized.

In addition to the exposure, the methodology considers the probability of default, the level of recovery associated with each client and the modelling of borrowers based on the Merton model. The probability of default is the probability that a borrower defaults on its debt obligation to the institution in accordance with the terms and conditions originally agreed upon; and is based on the transition matrices that the Holding Company estimates based on the migration of borrowers to different risk rating levels. The recovery rate is the percentage of the total exposure that is expected to be recovered in the event that the borrower defaults. The modelling of borrowers based on Merton's model is based on associating the future behaviour of the borrower with the credit and market factors on which it has been determined, by means of statistical techniques, on which their "credit health" depends.

The main results are the expected loss and the unexpected loss over a one-year horizon. The expected loss is defined as the average of the distribution of losses in the credit portfolio, which estimates the average loss that would be expected in the following year due to default or variations in the credit quality of borrowers. Unexpected loss is an indicator of loss under extreme scenarios, and is measured as the difference between the maximum loss given the distribution of losses, at a specific confidence level, which in the case of the Holding Company as of June 2021, is 99.85% based on Expected Shortfall (previously it was 99.95% based on VaR), and the expected loss.

The results obtained are used as a tool for better decision-making in the granting of loans and in the diversification of the portfolio, in accordance with the strategy of the Holding Company. The individual risk identification tools and the Credit Risk methodology of the portfolio are reviewed and updated periodically in order to strengthen them.

2.1.3. Credit Risk of Financial Instruments

Credit Risk Management of financial instruments is based on a robust policy framework for the origination, analysis, authorization, and administration processes of financial instruments.

Origination policies define the types of financial instruments eligible for trading, as well as how to assess the credit quality of different types of issuers and counterparties. Credit quality is assigned through a rating that can be obtained with an internal methodology, through evaluations by external rating agencies or a combination of both. In addition, maximum operating parameters have been defined depending on the type of issuer or counterparty, rating and type of operation.



The Credit Committee is the highest body empowered to authorize lines of operation with financial instruments for clients and counterparties in accordance with the authorization policies. The request for authorization is submitted by the business area and the areas involved in the operation with all the relevant information to be analyzed by the Committee and if deemed appropriate, to issue its authorization. However, counterparty lines (mainly to financial institutions) that meet certain criteria can be approved using a parametric model authorized by the CPR.

In the specific case of Derivative contracts, and in line with best practices, a potential exposure methodology is used for the calculation of lines, which are analyzed and approved within the Credit Committee and are monitored on a daily basis and reported monthly to the CPR. where an analysis of the guarantees behind derivatives transactions is also presented, both by clients and financial counterparties.

The minimum power to authorize lines for Derivatives with clients is of the corresponding Credit Committee according to their territory (where appropriate, facilities approved by the CPR may apply). For these transactions, the use of Derivatives lines with margin calls should be favoured to mitigate the risk posed by the potential exposure of the derivatives transactions.

To determine the lines with adverse correlation (Wrong Way Risk (WWR)), an adjustment in potential exposure is considered.

The concentration of credit risk with financial instruments is managed on an ongoing basis at the individual level, establishing and monitoring maximum operating parameters for each counterparty or issuer depending on its rating and the type of operation. At the portfolio level, there are risk diversification policies at the level of economic groups and internal groups. In addition, concentration is monitored by type of counterparty or issuer, size of financial institutions and the region in which they operate, so that adequate diversification is achieved and unwanted concentrations are avoided.

The measurement of Credit Risk is carried out through the rating associated with the issuer, issuance or counterparty, which is assigned a degree of risk measured based on two elements:

- 1) The probability of default of the issuer, issue or counterparty, which is expressed as a percentage between 0% and 100% where the better rating or lower the differential of the instrument's rate compared to that of an equivalent government bond, the lower the probability of default and vice versa.
- 2) The severity of the loss that would be incurred with respect to the total of the operation in the event of a default, expressed as a percentage between 0% and 100% where the better the guarantees or credit structure, the lower the severity of the loss and vice versa. In order to mitigate Credit Risk and reduce the severity of the loss in the event of default, ISDA contracts and netting agreements have been signed with the counterparties, which contemplate the implementation of credit lines and use of collateral to mitigate the loss in the event of default.



2.2. Credit Risk Exposure

As of 4Q24, the total amount of gross exposures subject to the Standard Approach and the Internal Models (Advanced Internal Model for Credit Cards, Mortgage, Automotive, Individuals and Companies with Sales or Revenues of less than 14 million UDIS, and Basic Internal Model for Companies with Sales or Revenues greater than or equal to 14 million UDIS) for the calculation of the Capital Ratio is as follows:

Gross Exposures (Balances) subject to the Standard Method and/or Internal Models** <i>(Millions of pesos)</i>	Banorte	Lessor and Factor*	Wallet Total
States or Municipalities	82,631	333	82,963
Decentralized Agencies of the Federal, State and Municipal Government, and State Productive Enterprises	57,738	1,417	59,155
Projects with Own Source of Payment	111,619	-	111,619
Financial Institutions	57,480	1,265	58,745
Non-revolving consumption	84,637	-	84,637
Total Portfolio Subject to the Standardised Approach	394,106	3,015	397,121
Commercial	243,909	42,186	286,095
Annual Revenue or Sales >= 14 MM UDIS	243,909	42,186	286,095
Decentralized Agencies of the Federal, State and Municipal Government with annual income or sales >= 14 MM UDIS	13,003	-	13,003
Total Portfolio Subject to the Basic Internal Model	256,911	42,186	299,097
Commercial	93,236	2,911	96,147
Annual Revenues or Sales < 14 MM UDIS	93,236	2,911	96,147
Non-revolving consumption (automotive)	53,455	-	53,455
Credit Card	64,963	-	64,963
Mortgage	274,789	-	274,789
Total Portfolio Subject to the Advanced Internal Model	486,443	2,911	489,354
Eliminations and Accounting Records			(29,287)
Deferred Departures	3,192	(60)	3,132
BAP Sector Portfolios	3,812	-	3,812
Cards of the Future			5,640
Fid. Bursa GEM			28,810
Bineo			47
Ungraded			-
Total Portfolio with BAP and PD			1,197,726

* Does not include Pure Lease.

** The Exhibit does not include Letters of Credit and includes accounting adjustments.

For operations subject to Credit Risk, the Institution uses external ratings issued by the agencies S&P, Moody's, Fitch, HR Ratings, Verum, DBRS Ratings Mexico and A.M. Best Latin America. Only ratings issued by rating agencies are considered and are not assigned based on comparable assets.

2.2.1. Credit Portfolio

The Holding Company's loan portfolio with Credit Risk as of 4Q24 registered a gross exposure (total balance) of Ps 1,197,726 million, showing a quarterly growth of Ps 54,334 million, 4.8% and a growth of Ps 149,020 million in the year 14.2%.



The variations by product of La Tenedora's total portfolio are:

Product/Segment (Millions of pesos)	Total Portfolio			Var. vs 3T24		Var. vs 4T23	
	4T23	3T24	4T24	Ps	%	Ps	%
Government	171,972	175,739	183,931	8,192	4.7%	11,959	7.0%
Commercial	256,719	282,578	302,344	19,766	7.0%	45,624	17.8%
Mortgage	255,315	268,808	274,789	5,981	2.2%	19,474	7.6%
Corporate	178,727	208,302	220,976	12,674	6.1%	42,249	23.6%
Payroll	77,108	84,392	84,647	256	0.3%	7,539	9.8%
Card	60,105	66,780	70,603	3,823	5.7%	10,498	17.5%
Automotive	42,870	50,087	53,491	3,404	6.8%	10,620	24.8%
Total Portfolio	1,042,817	1,136,685	1,190,782	54,096	4.8%	147,965	14.2%
Deferred Departures	2,386	2,950	3,132	182	6.2%	745	31.2%
BAP Portfolio	3,503	3,756	3,812	56	1.5%	309	8.8%
Total Portfolio with BAP and PD	1,048,706	1,143,392	1,197,726	54,334	4.8%	149,020	14.2%

The Stage 1 and 2 Portfolio is Ps 1,179,656; while the Stage 3 Portfolio is Ps 11,125.

Subsidiary (Millions of pesos)	Wallet		Total Portfolio	Reserves Total
	Stage 1 and 2	Step 3		
Banorte*	1,097,950	10,223	1,108,173	18,206
Cards of the Future	5,298	342	5,640	1,282
Leasing and Factoring	47,563	550	48,112	451
Bineo	36	11	47	13
Fid. Bursa GEM	28,810	-	28,810	162
Accounting Records	-	-	-	8
Total Portfolio	1,179,656	11,125	1,190,782	20,122
Deferred Departures			3,132	
BAP Portfolio			3,812	312
Total Portfolio with BAP and PD			1,197,726	20,434

* Banorte's total backlog includes eliminations of (Ps 29,287) million.

Total reserves of Ps 20,434 million include rating reserves of Ps 20,122 million, and accounting records (reserves for Letters of Credit, revaluations and BAP sector reserves) of Ps 312 million.



The Stage 1 and 2 and Stage 3 loan portfolios grouped by sector and subsidiary are detailed in the following two tables:

Sector (Millions of pesos)	Wallet		Total Portfolio	Reservation		Punishme nts 4T24	Days** Defeated
	Stage 1 and 2	Step 3		4T24	Var. vs 3T24		
Government	183,927	4	183,931	1,006	8	-	-
Services*	169,713	686	170,400	956	(30)	120	539
Commerce	82,774	1,483	84,257	1,093	(4)	113	252
Factory	69,539	172	69,711	216	12	3	241
Hotels & Restaurants	64,911	806	65,717	480	(432)	466	537
Top 5 Sectors	570,864	3,151	574,015	3,752	(445)	703	
Other Sectors	132,194	1,042	133,236	882	(13)	22	
Housing	272,692	2,097	274,789	1,319	58	545	
Consumption	198,573	4,482	203,055	12,866	570	3,706	
Cards of the Future	5,298	342	5,640	1,282	72	297	
Bineo	36	11	47	13	6	3	
Accounting Records			-	8			
Total Portfolio	1,179,656	11,125	1,190,782	20,122	247	5,276	
Deferred Departures			3,132				
BAP Portfolio			3,812	312			
Total Portfolio with BAP and PD			1,197,726	20,434			

* Services includes Financial, Real Estate and Other Services.

** Days in arrears of the overdue portfolio.

Sector/Subsidiary (Millions of pesos)	Banorte*	Cards of the Future	AyF	Bineo	Fid. Bursa GEM	Total Portfolio
Government	153,372		1,749		28,810	183,931
Services**	158,381		12,019			170,400
Commerce	76,995		7,262			84,257
Factory	69,640		71			69,711
Hotels & Restaurants	54,255		11,461			65,717
Top 5 Sectors	512,642	-	32,563	-	28,810	574,015
Remainder	595,530	5,640	15,550	47	-	616,766
Total Portfolio	1,108,173	5,640	48,112	47	28,810	1,190,782
Deferred Departures						3,132
BAP Portfolio						3,812
Total Portfolio with BAP and PD						1,197,726

* Banorte's total backlog includes eliminations of (Ps 29,287) million.

** Services includes Financial and Real Estate Services.



The Holder's current and overdue loan portfolio as of 4Q24 grouped by state and subsidiary are detailed in the following table:

State (Millions of pesos)	Wallet		Wallet Total*	Reserve s Total
	Stage 1 and 2	Step 3		
1 Mexico City	344,761	1,664	346,425	3,398
2 Nuevo León	193,965	1,033	194,997	2,386
3 State of Mexico	78,867	914	79,780	1,807
4 Jalisco	78,366	741	79,106	1,141
5 Sinaloa	47,725	460	48,185	565
6 Baja California Norte	35,552	417	35,970	682
7 Quintana Roo	35,195	133	35,328	322
8 Tamaulipas	31,425	535	31,960	857
9 Chihuahua	30,719	454	31,173	657
10 Coahuila	29,891	402	30,294	707
Top 10	906,467	6,752	913,219	12,522
Other States	267,856	4,021	271,877	6,616
Cards of the Future	5,298	342	5,640	1,282
Bineo	36	11	47	13
Total Portfolio	1,179,656	11,125	1,190,782	20,434
Deferred Departures			3,132	
BAP Portfolio			3,812	
Total Portfolio with BAP and PD			1,197,726	

* Banorte's total backlog includes eliminations of (Ps 29,287) million.

The Holding Company's Stage 1 and 2 and Stage 3 loan portfolio as of 4Q24 grouped by remaining term is detailed below:

Remaining Term (Millions of pesos)	Wallet		Total Portfolio*	Reserves Total
	Stage 1 and 2	Step 3		
0 - 1 years	230,708	3,733	234,441	7,871
1 - 5 years	367,159	3,805	370,963	7,896
5 - 10 years	108,154	798	108,952	592
> 10 years	391,929	1,887	393,816	1,846
Banorte*	1,097,950	10,223	1,108,173	18,206
Cards of the Future	5,298	342	5,640	1,282
Bineo	36	11	47	13
Leasing and Factoring	47,563	550	48,112	451
Fid. Bursa GEM	28,810	-	28,810	162
Accounting Records	-	-	-	-
Total Portfolio	1,179,656	11,125	1,190,782	20,122
Deferred Departures			3,132	
BAP Portfolio			3,812	312
Total Portfolio with BAP and PD			1,197,726	20,434

* Banorte's total backlog includes eliminations of (Ps 29,287) million.



2.2.2. Exposure to Financial Instruments

As of 4Q24, the exposure to Credit Risk of Investments in Securities for Banco Mercantil del Norte is Ps 411,233 million, of which 98.2% have a rating greater than or equal to AA-(mex) on a local scale, placing them in investment grade and where the 3 main issuers other than the Federal Government, Parastatals and National Financial Institutions represent 20%% of Basic Capital as of September 2024. Additionally, the exposure of investments with the same issuer other than the Federal Government that represent a concentration greater than or equal to 5% of the Net Capital as of September 2024 are rated AAA(mex) and are composed of (*weighted average term, amount in millions of pesos and annualized yield to maturity weighted average*): securitized portfolio certificates to state governments (BANORCB Trust 4907 o Fid. Bursa GEM) at 23 years for Ps 26,695 at 10.6%.

In the case of Derivatives transactions, the exposure of the three main counterparties other than the Federal Government, Parastatals and National Financial Institutions represents 4% of the Basic Capital as of September 2024.

As for Casa de Bolsa Banorte, the exposure to Credit Risk of Investments in Securities is Ps 250,394 million, of which 100% has a rating greater than or equal to AA(mex) on a local scale, which places them in investment grade and the 3 main issuers other than the Federal Government, Parastatals and National Financial Institutions represent 95% of Stockholders' Equity as of September 2024. Additionally, the exposure of investments with the same issuer other than the Federal Government that represent a concentration greater than or equal to 5% of stockholders' equity as of September 2024 are rated greater than or equal to AA(mex) and are composed of (*term in weighted average, amount in millions of pesos and annualized yield to maturity in weighted average*): BBVA Mexico 2-year, 1-month stock certificates for Ps 6,025 at 10.4%; Banco Santander Mexico 1-year and 11-month stock certificates for Ps 4,666 at 10.4%; HSBC Mexico 10-month certificates of deposit and stock certificates for Ps 3,000 at 10.3%; BANOBRAS 1-year and 6-month certificates of deposit and certificates for Ps 2,910 at 10.3%; 2-year BANCOMEXT stock certificates for Ps 2,625 at 10.3%; 22-year and 9-month government certificates for Ps 2,415 at 10.5%; Scotiabank Inverlat 1-year and 2-month certificates of deposit and certificates for Ps 2,311 at 10.3%%; Banco Invex 6-month certificates of deposit for Ps 2,207 at 10.7%; 1-year, 9-month NAFIN certificates of deposit for Ps 2,057 at 10.4%; Banco Compartamos 2-year, 5-month certificates of deposit for Ps 1,271 at 10.7%; 7-month Banco Sabadell Mexico certificates of deposit for Ps 1,145 to 10.5%; CABEI bonds to 2 years and 6 months for Ps 1,129 to 10.4%; Banco Actinver stock certificates to 2 years and 2 months for Ps 804 to 11.0%; FEFA stock certificates to 1 year and 6 months for Ps 708 to 10.4%; stock certificates of Sociedad Hipotecaria Federal to 2 years and 3 months for Ps 631 to 10.4%; stock certificates of Grupo Aeroportuario del Pacífico to 1 monthly for Ps 462 at 10.4%; and FONACOT stock certificates for 1 year and 5 months for Ps 301 at 10.5%.

There is no exposure of Derivatives other than to the Federal Government, Parastatals and National Financial Institutions.

For Arrendadora and Factor Banorte, there is no exposure in Investments in Securities or Derivatives.

The counterparty risk exposure of transactions with derivative financial instruments for Banorte is presented below, as well as the netting effect and mitigation of exposure based on the aggregate of the guarantees related to the transactions entered into (includes transactions with Banco de México and does not include transactions settled through central counterparties).



Banorte Position (Millions of pesos)	4T24	Average 4Q24
Forwards	(151)	(117)
FX Swap	(37)	(80)
FX	(11)	3
Options	56	40
Interest Rate Swap (IRS)	(1,725)	(1,240)
Cross Currency Swap (CCIRS)	(8,294)	(6,814)
Credit Default Swaps (CDS)	13	2
Total	(10,150)	(8,238)
Positive fair value (Positive Market Value)	3,722	4,631
Net Effect*	13,872	12,837
Warranties Delivered (-) / Received (+)		
Effective Values	(4,138)	(4,647)
Total	(4,138)	(4,647)

*The difference between the positive market value (excluding the net of the positions) and the market value of the portfolio.

Transactions settled in the Clearing House are not included because they do not have counterparty risk.

The following table shows the current exposure levels and potential future exposure at the end of the quarter and on average during the quarter, respectively, for Banorte.

Banorte (Millions of pesos)	Potential Risk		Current Risk	
	4T24	Average 4Q24	4T24	Average 4Q24
Counterparts				
Financial				
FWD				
FX SWAP	3,124	2,817	(88)	(99)
FX				
OPTIONS	5,124	4,928	321	323
RATE SWAP	6,990	6,619	836	1,241
CCS	2,419	2,566	(8,010)	(6,571)
CDS	356	156	13	2
Total	2,131	2,837	(6,928)	(5,135)
Clients				
(Non-Financial)				
FWD	16	13	(110)	(95)
OPTIONS	131	166	(266)	(283)
RATE SWAP	1,248	1,429	(2,561)	(2,482)
CCS	399	380	(285)	(244)
Total	1,765	1,945	(3,222)	(3,103)



Based on the conditions established within the contracts for the operation of derivative financial instruments, exposure tolerance levels are considered, depending on the rating maintained by the entities involved in the transaction. The following table presents the amount of guarantees to be delivered in the event of deterioration due to downgrading of the institution. It is worth mentioning that with most of the counterparties, the threshold has been migrated to zero, so the guarantees to be delivered do not depend on the credit rating, but are due to market movements:

Banorte Net Cash Outflows (Millions of pesos)	4T24	Average 4Q24
Cash Out with 1-Step Downgrade	-	-
Cash Out with 2-Step Downgrade	-	-
Cash Out with 3-Step Downgrade	-	-

The following table details the market value according to the rating ranges for the counterparties of the portfolio of the traded derivatives products.

Banorte Grading Interval (Millions of pesos)	MtM 4T24	Average 4Q24
AAA/AA-	-	-
A+/A-	(6,654)	(5,430)
BBB+/BBB-	118	614
BB+/BB-	(133)	(111)
B+/B-	-	(23)
CCC/C	-	-
SC	(3,481)	(3,288)
Total	(10,150)	(8,238)

The counterparty risk exposure of transactions with Derivatives financial instruments for brokerage houses is presented below, as well as the netting effect and mitigation of exposure based on the aggregate of the guarantees related to the transactions entered into (including operations with Banco de México. It does not include transactions settled through central counterparties).

Brokerage House Position (Millions of pesos)	4T24	Average 4Q24
Forwards	-	-
FX Swaps	-	-
FX	-	-
Options	-	-
Interest Rate Swap (IRS)	127	128
Cross Currency Swap (CCIRS)	-	-
Credit Default Swaps (CDS)	-	-
Total	127	128
Positive fair value (Positive Market Value)	785	726
Net Effect*	658	599
Warranties Delivered (-) / Received (+)		
Effective Values	-	-
Total	-	-

*The difference between the positive market value (excluding the net of the positions) and the market value of the portfolio.

Transactions settled in the Clearing House are not included because they do not have counterparty risk.



The following table presents the current exposure levels and potential future exposure at the end of the quarter and on average during the quarter, respectively, for Casa de Bolsa.

Brokerage House (Millions of pesos)	Potential Risk		Current Risk	
	4T24	Average 4Q24	4T24	Average 4Q24
Counterparts Financial				
FWD				
FX SWAP	-	-	-	-
FX				
OPTIONS	-	-	(14)	(13)
RATE SWAP	800	738	800	739
CCS	-	-	-	-
CDS	-	-	-	-
Total	800	738	785	726
Counterparts Non-Financial				
FWD				
OPTIONS	13	10	14	13
RATE SWAP	113	140	(673)	(611)
CCS	-	-	-	-
Total	126	150	(658)	(599)

Based on the conditions established within the contracts for the operation of derivative financial instruments, exposure tolerance levels are considered, depending on the rating maintained by the entities involved in the transaction. The following table presents the amount of guarantees to be delivered in the event of deterioration due to downgrading of the institution. It is worth mentioning that with most of the counterparties, the threshold has been migrated to zero, so the guarantees to be delivered do not depend on the credit rating, but are due to market movements:

Brokerage House Net Cash Outflows (Millions of pesos)	4T24	Average 4Q24
Cash Out with 1-Step Downgrade	-	-
Cash Out with 2-Step Downgrade	-	-
Cash Out with 3-Step Downgrade	-	-

The following table details the market value according to the rating ranges for the counterparties of the portfolio of the traded derivatives products.

Brokerage House Grading Interval (Millions of pesos)	MtM 4T24	Average 4Q24
AAA/AA-	-	-
A+/A-	-	-
BBB+/BBB-	785	726
BB+/BB-	-	-
B+/B-	-	-
CCC/C	-	-
SC	(658)	(599)
Total	127	128



2.3. Credit Guarantee

Guarantees represent the second source of credit recovery, when the coverage of the same via the preponderant activity of the applicant is compromised. Warranties can be real or personal.

The main types of security rights are as follows:

- Civil Mortgage
- Industrial Mortgage
- Ordinary Pledge
- Pledge without Transfer of Possession
- Pledge/Pledge Bond
- Pledge Bond
- Stock Surety
- Stock Pledge
- Administration and Payment Trust
- Development Funds

In the case of physical assets granted as collateral, the Institution has policies and processes to follow up and carry out periodic inspection visits to ascertain the existence, legitimacy, value and quality of the guarantees that were accepted as alternative support for the credit. On the other hand, when the guarantees are securities, there are policies and processes in place to monitor the market valuation of the securities and require additional guarantees if necessary.

The following is the credit portfolio covered by type of collateral:

Type of Warranty (Millions of pesos)	4T24				Total*
	Banorte	Banorte Savings and Forecasting	Bineo	Lessor and Factor**	
Total Portfolio	1,165,253	3,812	47	48,053	1,197,726
Portfolio Covered by Collateral Type					
Financial collateral	69,520	-	-	-	69,520
Non-Financial Collateral	637,329	-	-	9,828	647,157
Pari Passu	53,565	-	-	-	53,565
First Losses	4,402	-	-	-	4,402
Personal Guarantees	61,899	-	-	9,020	70,919
Total Portfolio Covered	826,715	-	-	18,848	845,563

*Total Credit Portfolio includes eliminations and accounting records for (Ps 19,439).

** AyF's portfolio does not include pure leasing.

2.4. Expected Losses

As of 4Q24, Banco Mercantil del Norte's total backlog is Ps 1,140,652 million. The expected loss represents 1.6% and unexpected loss 3%.4% both with respect to the total portfolio. The average of the expected loss represents 1.6% of the period October – December 2024.

As for Casa de Bolsa Banorte, the credit exposure of the investments is Ps 251,194 million and the expected loss represents 0.004% of this exposure. The average of the expected loss is 0.004% of the period October – December 2024.

The total portfolio of Lessor and Factor, including pure leasing, is Ps 51,032 million. The expected loss represents 0.9% and the unexpected loss represents 1.5% both with respect to the total portfolio. The average expected loss represents 0.9% of the October-December 2024 period.



2.5. Internal Models

In October 2016, the Board of Directors approved the implementation plan for the internal models for the calculation of reserves and capital requirements for all modelable portfolios, which was sent to the CNBV that same year. In accordance with this implementation plan, the models for the Credit Card, Business and Automotive Individual portfolios were certified.

At the end of 2018, the CNBV released the project to migrate standard and internal methodologies under the IFRS9 approach, but it was not until March 2020 that the definitive rule for the Internal Methodologies of reserves based on NIF C-16 (IFRS9) was published in the DOF (Official Gazette of the Federation), effective as of January 2021. However, as a result of the Covid-19 pandemic, the CNBV issued a statement in April 2020, indicating that the rule would be effective as of January 2022.

Therefore, the Holding Company adhered to the new regulation and adopted the Internal Methodologies for reserves based on NIF C-16, requesting in April 2021 the CPR and the Board of Directors to approve the Implementation Plan (Capital and Reserves), which was authorized by the CNBV in January 2022 through Official Letter No. 111-2/852/2022.

Therefore, as of January 2022, when the NIF C16 (IFRS9) standard came into force¹, it is being used for the calculation of preventive reserves for credit risks, both in the Standard Approach and in the Internal Models. Consequently, for the Internal Models, estimates for the risk parameters will be obtained under two approaches: IRB for capital requirement calculation and IFRS9 for reserve calculation:

- The equity approach will maintain long-term estimates ("Through the Cycle" (TTC), under Annex 15 of the CUB.²
- The focus on reserves captures current behaviors ("Point in Time", PIT) and with a prospective approach (future macroeconomic environment), under Annex 15 Bis of the CUB. In addition, the new methodology indicates that the portfolio must be classified into 3 risk stages, with a reserve calculation for the remaining term (LifeTime) being necessary for stage 2.

Given the new guidelines of the CUB on Internal Models, the National Banking and Securities Commission (CNBV) will only issue an official letter of approval for the use of the methodology for the Calculation of Capital, for a maximum period of 18 months. The use of the internal reserves methodology is authorized by Banorte's Board of Directors and by the Board of Lessor and Factor Banorte, as appropriate, with the support of the Technical Evaluation made by the Independent Evaluator that endorses compliance with the model under the standards established in Annex 15 Bis. It should be noted that the Technical Evaluation Report is sent to the CNBV for review, the validity of this model is also for a maximum period of 18 months.

2.5.1. Advanced In-House Credit Card Model

On November 15, 2017, the Holding Company obtained approval from the National Banking and Securities Commission (CNBV) for the use of Internal Credit Card Rating Models (IM) for the constitution of regulatory reserves and capital for credit risk with an advanced approach (Official Letter 111-3/706/2017). Periodically (as indicated in the regulation), the Internal Models are recalibrated, and the certification is obtained again, and given that, on July 4, 2024, the CNBV granted authorization for the use of the MI for the calculation of capital requirements for the period authorized according to the corresponding official letter (Official Letter 111-2/1269/2024) and the Governing Body authorized the use of the reserve methodology based on IFRS C16 at its meeting on 16 April 2024.

These internal models improve the comprehensive management of credit risk, estimating risk parameters through the Institution's experience. The aforementioned parameters are:

- Probability of Default (PI). It indicates the probability that a borrower will fail to comply with its contractual obligations in the twelve months following the qualification month. For each credit a score is obtained, which is mapped to a Master Grading scale.

¹ IFRS9 = International Financial Reporting Standards 9, IRB = Internal Rate Based Models

² Single Circular of Banks



- Severity of Loss (SP). Measures the intensity of loss in default expressed as a percentage of Exposure to Default (EI).
- Exposure to Non-Compliance (EI). It is the amount of the debt at the time of default on a loan, considering a horizon of the following 12 months with respect to the month of qualification.

The following table shows the Credit Card Portfolio subject to the Advanced Internal Model classified by risk grades of the Internal Model as of 4Q24:

Revolving Consumer Portfolio under Advanced Internal Model											Millions of Pesos	
MI Risk Grade*	Accounting Balance	Exposure to Non-Compliance (EI)**			Severity of Loss			PI weighted by EI			Unwilling Commitments	Exposure to non-compliance Weighted average by position
		Stage 1	Step 2	Step 3	Stage 1	Step 2	Step 3	Stage 1	Step 2	Step 3		
1	2,928	3,968	0.00	-	63.7%	62.1%		0.4%	0.4%		16,726	26%
2	5,592	7,288	0.00	-	64.8%	62.1%		0.8%	0.8%		23,000	23%
3	7,602	10,964	0.05	-	65.7%	63.1%		1.4%	1.4%		27,881	31%
4	8,634	11,114	0.15	-	67.1%	66.3%		2.0%	2.0%		21,811	22%
5	5,697	7,438	0.49	-	68.3%	63.5%		2.8%	2.8%		10,441	23%
6	6,361	8,139	1	-	69.4%	63.4%		3.9%	3.9%		8,068	22%
7	6,240	7,904	1	-	71.4%	64.4%		5.4%	5.4%		5,401	21%
8	7,458	9,270	4	-	73.0%	65.8%		8.0%	8.0%		5,311	20%
9	6,376	7,890	26	-	74.9%	69.0%		13.4%	13.4%		2,030	19%
10	6,259	6,859	717	-	76.6%	77.8%		36.8%	36.8%		597	17%
11	1,816	-	-	1,816			83.3%			100.0%	(1)	0%
Total Portfolio	64,963	80,835	749	1,816	69.4%	77.3%	83.3%	7.1%	35.7%	100.0%	121,266	22%

* The scale of risk degrees corresponds to the Advanced Internal Model.

** EI balances include both potential risk and drawn-down balance.

The following table will show the difference between the expected and observed loss resulting from the Advanced Internal Credit Card Model as of 4Q23:

Backtesting					
Wallet	Expected Loss Internal Models*	Observed Loss	Ps Difference (Observed Loss – Expected Loss)	% Coverage PNC	
Credit Card		5,291	5,020	(271)	105%
Total Portfolio		5,291	5,020	(271)	105%

*Information as of December 2023. Note: Expected and Observed Loss is equal to the average of the last 12 months



2.5.2. Advanced Internal Model for Automotive Individual

On November 25, 2019, the Holding Company obtained approval from the National Banking and Securities Commission for the use of Internal Models (MI) for the rating of Automotive Individuals (Auto PF) for the constitution of regulatory reserves and capital for credit risk with an advanced approach (Official Letter 111/678/2019). Periodically (as indicated in the regulation), the Internal Models are recalibrated, and the certification is obtained again, and given that, on August 23, 2024, the CNBV (Official Letter 111-2/1280/2024) granted authorization for the use of the MI only for the calculation of capital requirements for a period of 13 months, and the Board of Directors authorized the use of the reserve methodology based on IFRS-C16 at its meeting on January 17, 2024.

These internal models improve the comprehensive management of credit risk, estimating risk parameters through the Institution's experience. The aforementioned parameters are:

- Probability of Default (PI). It indicates the probability that a borrower will fail to comply with its contractual obligations in the twelve months following the qualification month. For each credit a score is obtained, which is mapped to a Master Grading scale.
- Severity of Loss (SP). Measures the intensity of loss in default expressed as a percentage of Exposure to Default (EI).
- Exposure to Non-Compliance (EI). It is the amount of the debt at the time of default on a loan, considering a horizon of the following 12 months with respect to the month of qualification.

The following table shows the Portfolio of Automotive Individuals subject to the Advanced Internal Model classified by risk grades of the Internal Model as of 4Q24:

Automotive Portfolio Individual under Advanced Internal Model										Millions of Pesos
MI Risk Grade*	Accounting Balance			Exposure to Non-Compliance			Severity of Loss			Exposure-weighted IP
	Stage 1	Step 2	Step 3	Stage 1	Step 2	Step 3	Stage 1	Step 2	Step 3	
1	2,908	-	-	2,908	-	-	58.53%			0.21%
2	8,449	-	-	8,449	-	-	67.57%			0.35%
3	12,848	0.1	-	12,848	0.1	-	54.56%	49.42%		0.53%
4	11,939	0.02	-	11,939	0.02	-	57.94%	49.42%		0.74%
5	7,335	0.2	-	7,335	0.2	-	58.45%	57.76%		1.01%
6	3,902	0.7	-	3,902	0.7	-	61.02%	72.59%		1.73%
7	2,783	11	-	2,783	11	-	54.49%	49.67%		3.93%
8	2,569	420	-	2,569	420	-	56.04%	56.86%		18.25%
9	-	-	290	-	-	290			59.12%	100.00%
Total Portfolio	52,732	433	290	52,732	433	290	58.11%	56.64%	59.12%	2.39%

* The scale of risk degrees corresponds to the Advanced Internal Model.

The following table shows the difference between the expected and observed loss resulting from the Advanced Internal Model for Automotive Individuals as of 4Q23:

Backtesting				
Wallet	Expected Loss Internal Models*	Observed Loss	Ps Difference (Observed Loss – Expected Loss)	% Coverage PNC
Automotive Individual	616	508	(108)	110%
Total Portfolio	616	508	(108)	110%

* Information as of December 2023



2.5.3. Advanced In-House Model for Mortgage Portfolio

On July 27, 2023, the Holding Company obtained approval from the National Banking and Securities Commission for the use of the Model based on Internal Ratings with an Advanced Approach to calculate the capital requirement in the Mortgage portfolio (Official Letter 111-2/1628/2023), this authorization being for the period authorized in the corresponding official letter. Likewise, authorization was obtained from the Board of Directors for the use of the reserve methodology based on NIF-C16 at its meeting on April 20, 2023.

These internal models improve the comprehensive management of credit risk, estimating risk parameters through the Institution's experience. The aforementioned parameters are:

- Probability of Default (PI). It indicates the probability that a borrower will fail to comply with its contractual obligations in the twelve months following the qualification month. For each credit a score is obtained, which is mapped to a Master Grading scale.
- Severity of Loss (SP). Measures the intensity of loss in default expressed as a percentage of Exposure to Default (EI).
- Exposure to Non-Compliance (EI). It is the amount of the debt at the time of default on a loan, considering a horizon of the following 12 months with respect to the month of qualification.

The following table shows the Mortgage Portfolio subject to the Advanced Internal Model classified by risk grades of the 4Q24 Internal Model:

Mortgage Portfolio under Advanced Internal Model										Millions of Pesos
MI Risk Grade*	Accounting Balance*			Exposure to Non-Compliance			Severity of Loss			Exposure-weighted IP
	Stage 1	Step 2	Step 3	Stage 1	Step 2	Step 3	Stage 1	Step 2	Step 3	
1	83,402	80	-	83,402	80	-	14.37 %	13.15 %		0.09%
2	76,751	-	-	76,751	-	-	16.41 %			0.28%
3	62,526	-	-	62,526	-	-	17.12 %			0.69%
4	19,614	0.4	-	19,614	0.4	-	18.31 %	19.19 %		1.58%
5	14,202	2	-	14,202	2	-	17.26 %	31.55 %		3.39%
6	2,266	77	-	2,266	77	-	12.30 %	12.30 %		7.06%
7	4,929	381	-	4,929	381	-	18.50 %	18.78 %		11.48%
8	4,148	2,867	-	4,148	2,867	-	14.58 %	15.20 %		30.39%
9	-	-	1,754	-	-	1,754			16.23 %	100.00%
Total Portfolio	267,838	3,407	1,754	267,838	3,407	1,754	15.81 %	15.24 %	16.23 %	2.26%

*The Accounting Balance does not include the Co-participated Portfolio for Ps 2,114 million



The following table shows the difference between the expected and observed loss resulting from the Advanced Internal Model for Mortgage Portfolio as of 4Q23:

Backtesting				
Wallet	Expected Loss Internal Models*	Observed Loss	Ps Difference (Observed Loss – Expected Loss)	% Coverage PNC
Mortgage	1,099	1,068	(31)	103%
Total Portfolio	1,099	1,068	(31)	103%

* Information as of December 2023. Note: Expected and Observed Loss is equal to the average of the last 12 months

2.5.4. Basic Internal Model for Companies

On November 30, 2018, the Holding Company obtained approval from the National Banking and Securities Commission for the use of the Internal Business Model for the constitution of regulatory reserves and capital requirements for credit risk with a basic approach (Official Letter 111-3/1472/2018) in Banco Mercantil del Norte, and on February 26, 2019 for Arrendadora and Factor Banorte (Official Letters 111-1/160/2019). Periodically (as indicated in the regulation), the Internal Models are recalibrated, and the certification is obtained again, and given that, on July 4, 2024, the CNBV granted authorization for the use of the MI only for the calculation of capital requirements for the period authorized in the corresponding official letter for Banco Mercantil del Norte (Official Letter 111-2/1267/2024) and on July 19, 2024. 2024 for Lessor and Factor Banorte (Official Letter 111-2/1273/2024). Likewise, the Board of Directors authorized the use of the reserve methodology based on NIF C16 at its meeting on April 16, 2024 for Banco Mercantil del Norte and on April 12, 2024 for Arrendadora and Factor Banorte.

The positions subject to this classification are those of legal entity clients (other than states, municipalities and financial institutions) and individuals with business activity, both with annual sales greater than or equal to 14 million UDIs.

The Internal Model improves the comprehensive management of credit risk, estimating the risk parameters through the experience of the Institution, and have been applied as of February 2019 (with figures as of January) in Banco Mercantil del Norte; and as of March 2019 (with figures as of February) in Arrendadora and Factor Banorte. The parameter authorized under the Basic Internal Business Model is:

- Probability of Default (PI). It indicates the probability that a borrower will fail to comply with its contractual obligations in the twelve months following the qualification month. For each accredited student, a score is obtained, which is mapped to a master grading scale.

The following tables show the portfolio subject to the Internal Business Model classified by stage and degree of risk as of 4Q24

Commercial Portfolio under the Basic Internal Business Model				<i>Millions of pesos</i>
Grupo Financiero Banorte				
Portfolio Stage 1				
Risk Level	Accounting Balance	Exposure to Non-Compliance (EI)*	PI weighted by EI	
1	116,878	117,586	0.04%	
2	104,888	105,436	0.09%	
3	54,701	55,022	0.47%	
4	29,193	29,618	0.93%	
5	10,492	10,492	0.95%	
6	1,193	1,193	3.50%	
7	1,928	1,928	10.65%	
8	366	366	17.04%	
9	21	21	43.51%	
Total	319,660	321,663	0.34%	

* EI balances include both potential risk and drawn-down balance.



Commercial Portfolio under the Basic Internal Business Model Grupo Financiero Banorte Stage 2 Portfolio				Millions of pesos
Risk Level	Accounting Balance	Exposure to Non-Compliance (EI)*	PI weighted by EI	
1	0.4	0.4	0.03%	
2	0.003	0.003	0.06%	
3	18	18	0.52%	
4	231	231	1.03%	
5	27	27	2.22%	
6				
7	27	27	10.69%	
8	219	219	29.49%	
9	30	30	15.49%	
Total	552	552	13.63%	

* EI balances include both potential risk and drawn-down balance.

Commercial Portfolio under the Basic Internal Business Model Grupo Financiero Banorte Portfolio Stage 3				Millions of pesos
Risk Level	Accounting Balance	Exposure to Non-Compliance (EI)*	PI weighted by EI	
Step 3	1,669	1,669	94.11%	
Total	1,669	1,669	94.11%	

* EI balances include both potential risk and drawn-down balance.

Commercial Portfolio under the Basic Internal Business Model Grupo Financiero Banorte Total Portfolio				Millions of pesos
Risk Level	Accounting Balance	Exposure to Non-Compliance (EI)*	PI weighted by EI	
1	116,879	117,586	0.04%	
2	104,888	105,436	0.09%	
3	54,718	55,040	0.47%	
4	29,424	29,849	0.94%	
5	10,519	10,519	0.96%	
6	1,193	1,193	3.50%	
7	1,955	1,955	10.65%	
8	586	586	21.71%	
9	51	51	27.16%	
Step 3	1,669	1,669	94.11%	
Total	321,881	323,884	0.85%	

* EI balances include both potential risk and drawn-down balance.

Below is the breakdown of risk exposure and expected loss by subsidiary:

Commercial Portfolio under the Basic Internal Business Model				Millions of pesos
Subsidiary	Accounting Balance*	Exposure to Non-Compliance (EI)**	Expected Loss	
Banco Mercantil del Norte	279,476	281,479	822	
Lessor and Factor Banorte	42,405	42,405	238	
Total Portfolio*	321,881	323,884	1,060	

* The balances include Letters of Credit for Ps 22,560 million, and exclude accounting adjustments for Ps 5 million in Banorte and Ps 219 million in Arrendadora and Factor Banorte.

** EI balances include both potential risk and drawn-down balance.



The following table shows the difference between the expected loss that was estimated by the Internal Business Model and the actual loss observed in the following 12 months. Since this model was recently authorized, the estimated results during the parallel run period are shown:

Backtesting			Millions of pesos
Period	Expected Loss Internal Models	Observed Loss	% Coverage (Expected Loss / Observed Loss)
4Q23	983	516	190%

2.5.5. Advanced In-House Model for SME Portfolio

On August 30, 2024, the Holding Company obtained authorization from the National Banking and Securities Commission for the use of the MI for the calculation of capital requirements for a period of 12 months for Banco Mercantil del Norte (Official Letter 111-2/1240/2024) and on September 30, 2024 for Lessor and Factor Banorte (Official Letter 111-2/1295/2024). Likewise, the Board of Directors authorized the use of the reserve methodology based on NIF C16 at its meeting on January 17, 2024 for Banco Mercantil del Norte and on January 16, 2024 for Arrendadora and Factor Banorte.

The positions subject to this classification are those of clients who are legal entities (other than states, municipalities and financial institutions) and individuals with business activity, both with annual sales of less than 14 million UDIs.

The Internal Model improves the comprehensive management of credit risk, estimating risk parameters through the Institution's experience. The parameters authorized under the Advanced Internal Model of SMEs are:

- Probability of Default (PI). It indicates the probability that a borrower will fail to comply with its contractual obligations in the twelve months following the qualification month. For each credit a score is obtained, which is mapped to a Master Grading scale.
- Severity of Loss (SP). Measures the intensity of loss in default expressed as a percentage of Exposure to Default (EI).
- Exposure to Non-Compliance (EI). It is the amount of the debt at the time of default on a loan, considering a horizon of the following 12 months with respect to the month of qualification.

The following tables show the Portfolio subject to the Advanced Internal SME Model classified by stage and degree of risk:

Commercial Portfolio under Advanced Internal SME Model				Millions of pesos
Grupo Financiero Banorte				
Portfolio Stage 1				
Risk Level	Accounting Balance	Exposure to Non-Compliance (EI)*	PI weighted by EI	Weighted SP
1	56,545	56,545	0.96%	30.80%
2	26,919	26,971	1.93%	27.80%
3	6,364	6,364	3.06%	28.35%
4	1,760	1,760	9.58%	29.48%
5	1,355	1,355	11.56%	29.05%
6	556	556	18.04%	35.17%
7	378	378	20.64%	35.16%
8	94	94	31.00%	34.95%
Total	93,970	94,023	1.90%	29.78%

* EI balances include both potential risk and drawn-down balance.



Commercial Portfolio under Advanced Internal SME Model Grupo Financiero Banorte Stage 2 Portfolio				Millions of pesos	
Risk Level	Accounting Balance	Exposure to Non-Compliance (EI)*	PI weighted by EI	Weighted SP	
1	10	10	1.03%	35.80%	
2	69	69	1.94%	32.65%	
3	17	17	2.98%	32.73%	
4	20	20	6.29%	34.03%	
5	59	59	12.88%	57.89%	
6	293	293	19.68%	52.72%	
7	486	486	28.03%	53.98%	
8	245	245	36.49%	54.91%	
Total	1,199	1,199	24.52%	52.03%	

* EI balances include both potential risk and drawn-down balance.

Commercial Portfolio under Advanced Internal SME Model Grupo Financiero Banorte Portfolio Stage 3				Millions of pesos	
Risk Level	Accounting Balance	Exposure to Non-Compliance (EI)*	PI weighted by EI	Weighted SP	
Step 3	2,447	2,447	92.11%	52.68%	
Total	2,447	2,447	92.11%	52.68%	

* EI balances include both potential risk and drawn-down balance.

Commercial Portfolio under Advanced Internal SME Model Grupo Financiero Banorte Total Portfolio				Millions of pesos	
Risk Level	Accounting Balance	Exposure to Non-Compliance (EI)*	PI weighted by EI	Weighted SP	
1	56,556	56,556	0.96%	30.80%	
2	26,988	27,041	1.93%	27.82%	
3	6,380	6,380	3.06%	28.36%	
4	1,780	1,780	9.54%	29.54%	
5	1,413	1,413	11.62%	30.25%	
6	849	849	18.61%	41.23%	
7	864	864	24.79%	45.75%	
8	338	338	34.97%	49.39%	
Step 3	2,447	2,447	92.11%	52.68%	
Total	97,617	97,669	4.44%	30.64%	

* EI balances include both potential risk and drawn-down balance.

Below is the breakdown of risk exposure and expected loss by subsidiary:

Commercial Portfolio under Advanced Internal SME Model			Millions of pesos
Subsidiary	Accounting Balance*	Exposure to Non-Compliance (EI)**	Expected Loss
Banco Mercantil del Norte	94,705	94,758	1,597
Lessor and Factor Banorte	2,911	2,911	154
Total Portfolio*	97,617	97,669	1,751

* The balances include Letters of Credit for Ps 717 million.

** EI balances include both potential risk and drawn-down balance.



The following table shows the difference between the expected loss that was estimated by the Advanced Internal SME Model and the actual loss observed in the following 12 months. Since this model was recently authorized, the estimated results during the parallel run period are shown:

Backtesting			Millions of pesos
Period	Expected Loss Internal Models	Observed Loss	% Coverage (Expected Loss / Observed Loss)
4Q23	2,218	1,517	146%

2.6. Risk Diversification

In December 2005, the CNBV issued the "General Provisions Applicable to Credit Institutions in the Matter of Risk Diversification", which require institutions to carry out an analysis of the borrowers and/or financing they hold to determine the amount of their "Common Risk". Likewise, the institutions must have the necessary information and documentation to verify that a person or group of people represent a common risk in accordance with the assumptions referred to in the aforementioned rules.

In compliance with the rules of risk diversification in active and passive operations, the following information corresponding to **Banco Mercantil del Norte** is shown:

Basic Capital as of September 2024 (Millions of pesos)	189,539
I. Large Exposures (Groups and Clients whose combined exposure represents more than 10% of core capital):	
Number of Groups and Customers	5
Total Exposure of Groups and Customers as a Whole	136,852
% to core capital	72%
II. Maximum amount of financing with the 4 largest debtors and common risk groups	102,951

In compliance with the rules for risk diversification in active and passive operations, the following information is shown corresponding to **Lessor and Factor Banorte**:

Stockholders' equity as of September 2024 (Millions of pesos)	13,607
I. Large Exposures (Groups and Clients whose combined exposure represents more than 10% of stockholders' equity):	
Number of Groups and Customers	8
Total Exposure of Groups and Customers as a Whole	15,417
% of stockholders' equity	113%
II. Maximum amount of financing with the 4 largest debtors and common risk groups	9,122

3. MARKET RISK (Bank and Brokerage House)

The objectives of Market Risk at La Tenedora are:

- Comply with the Desired Risk Profile defined by the Group's Board of Directors.
- Maintain adequate monitoring of Market Risk.
- To keep Senior Management adequately informed in a timely manner.
- Quantify through the use of various methodologies, the exposure to Market Risk.
- Define the maximum levels of risk that the Institution is willing to maintain.
- Measure the vulnerability of the Institution to extreme market conditions and consider these results for decision-making.



The Market Risk policies at La Tenedora are:

- New products subject to market risk must be evaluated and approved through the guidelines for new products approved by the Risk Policy Committee.
- The Board is the body empowered to approve global limits and market risk appetite metrics, as well as modifications to the above.
- The Risk Policy Committee is the body empowered to approve specific models, methodologies and limits, as well as modifications to the previous ones.
- Market risk models will be validated by an area independent of the one that develops and manages them.
- Market risk inputs and models will be validated in accordance with a policy duly approved by the Risk Policy Committee.

3.1. Scope, Methodologies and Reporting of Market Risk

Market Risk Management is managed through a series of fundamental pillars, including the use of models and methodologies such as *expected shortfall*, *Backtesting*, *Sensitivity Analysis* and *Stress Testing*, all used to measure the risk of products and portfolios of instruments listed on the financial markets. During the month of January 2019, Banorte implemented the calculation of the potential loss, thus replacing the calculation of VaR. Likewise, the valuation of Derivatives instruments was implemented using RFR curves and collateral-adjusted curves following international standards for currencies other than pesos; during 2024, the methodology was changed to RFR curves in pesos, in line with the prohibition of the use of the TIIE rate by Banco de México..

Similarly, risk management is supported by a framework of policies and manuals, which establish the implementation and monitoring of Market Risk limits, the disclosure of the referred risk metrics and their monitoring with respect to the established limits. These policies detail, among others: the characteristics, capacity, legal aspects, implementation issues and degree of coverage that must be considered when compensating or mitigating the risk.

Market Risk Management is supported by various risk information and measurement systems, which comply with regulatory standards and are aligned with the best international practices in Risk Management. It is worth mentioning that the information contained in the risk systems, as well as the reports they generate, are continuously backed up following institutional procedures in terms of computer security.

Key risk indicators are disclosed through monthly reports to the CPR and through a daily report to the main executives in the institution related to the taking of Market Risk positions.

3.2. Market Risk Exposure

The exposure to Market Risk of the Institution's portfolios of financial instruments is quantified through the methodology called "*Expected Shortfall*", which is determined as the average of the losses once the Value at Risk (VaR) is exceeded.

The potential loss model is based on a one-day time horizon and is based on a non-parametric historical simulation with a 97.5% confidence level and 500 historical observations on risk factors plus a stress scenario. It also considers all financial instrument positions (money market, treasury, capital, exchanges, and derivatives) classified as trading, both on and off the balance sheet.

The average potential loss for 4Q24 of the Bank's portfolio is Ps 68.7 million, (Ps 97.3 million lower than the average potential loss of the previous quarter).

The result shown represents that the Bank's potential loss, with a confidence level of 97.5%, is on average Ps 68.7 million.

Potential Loss (Millions of pesos)	Average 4Q24
Total Potential Loss	68.7
Capital Neto	223,322.0
Potential Loss/Net Capital	0.03%



The potential loss by risk factor behaved during 4Q24 as follows:

Risk Factor <i>(Millions of pesos)</i>	4Q24	Average 4Q24
Domestic Taxes	49.7	58.1
Foreign Fees	26.9	37.3
Surcharges	30.2	37.4
FX	26.8	12.8
Other	23.1	28.6
Diversification Effect	(95.6)	(105.4)
Total Potential Loss of the Bank	61.2	68.7

The potential loss at the end of 4Q24 corresponds to Ps 61.2 million. The contribution to the potential loss for each risk factor is:

Risk Factor <i>(Millions of pesos)</i>	4T24	Average 4Q24
Domestic Taxes	48.7	52.4
Foreign Fees	1.2	10.2
Surcharges	1.0	0.9
FX	11.6	4.5
Other	(1.3)	0.7
Total Potential Loss of the Bank	61.2	68.7

The potential loss by risk factor is determined by simulating 500 historical scenarios plus a stress scenario, grouping instruments by their main risk factor. Importantly, all positions classified as trading positions were taken into account, excluding the hold-to-maturity and available-for-sale position.

The average concentration by market risk factor without considering the diversification effect is:

Risk Factor	4Q24
Rates	91%
Surcharges	1%
FX	6%
Other	1%

3.2.1. Sensitivity Analysis and Testing under Extreme Conditions

In addition to the potential loss and in order to strengthen the risk analysis, Banorte conducts tests under extreme conditions, also known as *Stress Testing*. The foregoing, presented monthly to the CPR and its main objective is to obtain the impact on the institution's positions given important movements in risk factors.



3.2.2. Backtesting Banorte

In order to validate the effectiveness and accuracy of the potential loss, the Backtesting analysis is submitted to the CPR monthly. Through this analysis, it is possible to compare the observed gains and losses with respect to the estimated Potential Loss and, if necessary, make pertinent adjustments to the estimator.

3.2.3. Potential Loss at Casa de Bolsa Banorte

The portfolio's average potential loss for 4Q24 is Ps 165.5 million (Ps 41.6 million higher than the average potential loss for the previous quarter).

The result shown represents that the potential loss of the Brokerage House, with a confidence level of 97.5%, is on average Ps 165.5 million.

Potential Loss <i>(Millions of pesos)</i>	Average 4T24
Total Potential Loss	165.5
Capital Neto	3,541
Potential Loss/Net Capital	4.67%

The potential loss due to risk factor of the portfolio of instruments described for Casa de Bolsa Banorte behaved during 4Q24 as follows:

Risk Factor <i>(Millions of pesos)</i>	4Q24	Average 4Q24
Domestic Taxes	101.7	93.0
Foreign Fees	0.4	0.4
Surcharges	93.0	88.1
FX	0.0	0.2
Other	0.0	0.0
Diversification Effect	(17.3)	(16.3)
Total Potential Loss of Casa de Bolsa Banorte	177.8	165.5

The potential loss at the end of 4Q24 corresponds to Ps 177.8 million.

The potential loss by risk factor is determined by simulating 500 historical scenarios plus a stress scenario, grouping instruments by their main risk factor. Importantly, all positions classified as trading positions were taken into account, excluding the hold-to-maturity and available-for-sale position.

The concentration by Market Risk Factor is mainly in interest rates.

3.2.4. Sensitivity Analysis and Testing under Extreme Conditions.

In addition to the Potential Loss, and in order to strengthen the risk analysis, Casa de Bolsa Banorte performs the analysis by applying tests under extreme conditions, also known as *Stress Testing*. The foregoing, presented monthly to the CPR and its main objective is to obtain the impact on the institution's positions given important movements in risk factors.



3.2.5. Backtesting Casa de Bolsa Banorte

In order to validate the effectiveness and accuracy of the Potential Loss, the Backtesting analysis is submitted monthly to the CPR. Through this analysis it is possible to compare the observed gains and losses with respect to the estimated Potential Loss and, if necessary, the pertinent adjustments will be made to the estimator.

4. BALANCE SHEET AND LIQUIDITY RISK

The objectives of Balance Sheet Risk and Liquidity in the Holding Company are:

- Comply with the Desired Risk Profile defined by the Group's Board of Directors.
- Adequately monitor Balance Sheet Risk and Liquidity.
- Quantify through the use of various methodologies, the exposure to Balance Sheet and Liquidity Risk.
- Measure the vulnerability of the Institution to extreme market conditions and that these results are considered for decision-making.
- To keep Senior Management adequately informed in a timely manner about exposure to Balance Sheet and Liquidity Risk and any deviation from the limits and risk profile.
- Follow up on the institution's coverage policy and review it at least annually.
- Maintain a sufficient level of eligible Liquid Assets to guarantee the liquidity of the Institution even under stress conditions.

The Liquidity Risk policies in the Holding Company are:

- Establishment of Global and Specific Limits for Balance Sheet Risk Management and Liquidity.
- Measurement and monitoring of Balance Sheet and Liquidity Risk.
- Information and disclosure of Liquidity Risk to risk-taking areas, the CPR, the Board of Directors, the Financial Authorities and the Investing Public.

4.1. Scope, Methodologies and Reporting of Balance Sheet and Liquidity Risk

Balance Sheet and Liquidity Risk is managed through a series of fundamental pillars, among which the use of key indicators, such as the Liquidity Coverage Ratio (LCC), reprice and liquidity gaps, as well as stress tests, can be highlighted. This is based on a framework of policies and manuals, including a contingency financing plan and a contingency plan for the preservation of solvency and liquidity. Similarly, it is complemented by the monitoring of Desired Risk Profile limits and levels on the Balance Sheet Risk and Liquidity metrics in question. The disclosure of the aforementioned metrics and indicators and their compliance with the limits and the Desired Risk Profile established is carried out through monthly reports to the CPR, weekly reports to the Balance Sheet Management Committee and quarterly reports to the Board of Directors.

Balance Sheet and Liquidity Risk management is supported by various risk information and measurement systems, which comply with regulatory standards and are aligned with the best international practices in Risk Management. It is worth mentioning that the information contained in the risk systems, as well as the reports they generate, are continuously backed up following institutional procedures in terms of computer security.



4.2. Financing Profile and Strategy

The composition and evolution of the bank's funding during the quarter is shown in the following table:

Anchor Source <i>(Millions of pesos)</i>	3Q24	4Q24	Var vs. 3Q24
Demand Deposits			
National Currency ⁽¹⁾	629,907	647,454	2.8%
Foreign Currency ⁽¹⁾	87,052	97,845	12.4%
Demand Deposits	716,960	745,299	4.0%
Time Deposits – Window			
National Currency ⁽²⁾	307,402	311,661	1.4%
Foreign currency	6,250	4,144	-33.7%
Window Capture	1,030,612	1,061,104	3.0%
Money Table			
National Currency ⁽³⁾	62,544	50,673	-19.0%
Foreign Currency ⁽³⁾	48,769	40,602	-16.7%
Comprehensive Deposits Banking Sector	1,141,925	1,152,379	0.9%

1. Includes balance of the Global Deposit Account without Movement.
2. Includes eliminations between subsidiaries
3. Money Desk and Time Deposits

4.3. Liquidity Coverage Ratio (LCC)

The CCL allows quantifying Liquidity Risk through the relationship between Liquid Assets and Net Cash Outflows, in the next 30 days, under assumptions of a regulatory stress scenario.

The LCC is an indicator that should be interpreted as the Institution's liquidity sufficiency to cover its short-term obligations, under an extreme scenario, using only its highest quality Liquid Assets.



The following tables present the average evolution of the components of the LCC in 4Q24.

CCL Components (Millions of pesos)	Consolidated Calculation	
	Unweighted Amount (Average)	Weighted Amount (Average)
ELIGIBLE LIQUID ASSETS		
1 Total Eligible Liquid Assets	Not applicable	184,204
CASH OUTFLOWS		
2 Unsecured Retail Financing	605,899	41,261
3 Stable financing	386,570	19,329
4 Less stable funding	219,329	21,933
5 Unsecured wholesale financing	390,233	97,439
6 Operational Deposits	369,774	85,496
7 Non-operational deposits	15,147	6,631
8 Unsecured debt	5,312	5,312
9 Guaranteed wholesale financing	272,188	25,689
10 Additional Requirements:	552,069	41,827
11 Outflows related to derivative financial instruments and other collateral requirements	19,142	11,088
12 Loss-related outflows from debt instrument financing	-	-
13 Lines of credit and liquidity	532,927	30,740
14 Other contractual financing obligations	1,560	377
15 Other contingent funding obligations	-	-
16 TOTAL CASH OUTFLOWS	Not applicable	206,593
CASH INFLOWS		
17 Cash inflows from secured transactions	98,860	11,143
18 Cash inflows from unsecured transactions	111,674	75,002
19 Other cash inflows	7,058	7,058
20 TOTAL CASH INFLOWS	217,592	93,203
		Adjusted Amount
21 TOTAL ELIGIBLE LIQUID ASSETS	Not applicable	184,204
22 TOTAL NET CASH OUTFLOWS	Not applicable	113,390
23 LIQUIDITY COVERAGE RATIO	Not applicable	164.15%



CCL Components (Millions of pesos)		Individual Calculation	
		Unweighted Amount (Average)	Weighted Amount (Average)
ELIGIBLE LIQUID ASSETS			
1	Total Eligible Liquid Assets	Not applicable	184,204
CASH OUTFLOWS			
2	Unsecured Retail Financing	605,899	41,261
3	Stable financing	386,570	19,329
4	Less stable funding	219,329	21,933
5	Unsecured wholesale financing	382,136	94,016
6	Operational Deposits	369,774	85,496
7	Non-operational deposits	7,050	3,208
8	Unsecured debt	5,312	5,312
9	Guaranteed wholesale financing	272,188	25,689
10	Additional Requirements:	491,552	38,698
11	Outflows related to derivative financial instruments and other collateral requirements	19,142	11,088
12	Loss-related outflows from debt instrument financing	-	-
13	Lines of credit and liquidity	472,409	27,610
14	Other contractual financing obligations	1,560	377
15	Other contingent funding obligations	-	-
16	TOTAL CASH OUTFLOWS	Not applicable	200,041
CASH INFLOWS			
17	Cash inflows from secured transactions	98,860	11,143
18	Cash inflows from unsecured transactions	110,174	78,072
19	Other cash inflows	7,058	7,058
20	TOTAL CASH INFLOWS	216,092	96,273
		Adjusted Amount	
21	TOTAL ELIGIBLE LIQUID ASSETS	Not applicable	184,204
22	TOTAL NET CASH OUTFLOWS	Not applicable	103,768
23	LIQUIDITY COVERAGE RATIO	Not applicable	180.07%

During 4Q24, a 92-day average consolidated QC of 164.15% and an average 92-day individual QC of 180.07% were observed, with a consolidated QC at the end of 4Q24 of 145.18%, and an individual QC at the end of the quarter of 152.81% above the Desired Risk Profile and the regulatory minimum established in current regulations. The above results indicate that Banorte is in a position to meet all of its short-term obligations in a crisis scenario³.

4.4. Evolution of the Components of the CCL

The evolution of the components of the Liquidity Coverage Ratio between the end of 3Q24 and the end of 4Q24 is presented in the table below.

Componente CCL (Millions of pesos)	3T24	4T24	Var vs. 3T24
Liquid Assets	187,676	181,736	(3.2%)
Cash Inflows	73,082	71,125	(2.7%)
Cash Outflows	205,452	196,309	(4.5%)

³ The information on the Liquidity Coverage Ratio is preliminary and is subject to validation by Banco de México.



The Liquid Assets that are computed for the CCL of the Bank and Sofomes between the end of 3Q24 and the end of 4Q24 are distributed as follows:

Asset Type <i>(Millions of pesos)</i>	3T24	4T24	Var vs. 3T24
Total	187,676	181,736	(3.2%)
Level I	179,697	100,695	(44.0%)
Level II	7,979	7,820	(2.0%)
Level II A	5,598	5,423	(3.1%)
Level II B	2,381	2,397	0.7%

4.5. Main Causes of CCL Results

The variations in the Liquidity Coverage Ratio between 3Q24 and 4Q24 are due to the maturity of an issue of the institution for Ps. 4,400 million, the effect of the dividend payment to Banco a Grupo Financiero, and the issuance of two Perpetual Capital Notes (Tier 1) for Ps. 30,484 million.

It should be noted that Banorte has not used the Permanent Liquidity Facilities of Banco de México.

4.6. Exposure to Derivative Instruments and Possible Margin Calls

Banorte applies the regulatory criteria for the determination of potential cash outflows from derivatives. At the end of 4Q24, the following can be observed:

Cash Outflows from Derivatives <i>(Millions of pesos)</i>	3T24	4T24	Var vs. 3T24
Net outflow at market value and by potential exposure	6,962	6,962	0.0%
Cash Outflows due to Downgrade of 3 Notches in Credit Rating	-	-	0.0%

The above measurement indicates that potential outflows from derivatives could represent a liquidity requirement of up to Ps 6,962 million.

4.7. Net Stable Funding Ratio (CFEN)

The CFEN is an indicator that should be interpreted as the proportion between the Stable Financing Available, made up of own and external resources that are considered reliable in a time horizon; and Required Stable Financing, consisting of liquidity, asset maturities and off-balance sheet positions.



The following tables present the average evolution of the components of the CFEN in 4Q24:

CFEN (Millions of Pesos)		Consolidated Figures				
		Unweighted amount by residual term				Weighted amount
		No expiration	< 6 months	From 6 months to < 1 year	>1 year	
Elements of the Amount of Stable Financing Available						
1	Capital:	228,812	-	-	-	228,812
2	<i>Fundamental capital and non-fundamental basic capital.</i>	228,812	-	-	-	228,812
3	<i>Other capital instruments.</i>	-	-	-	-	-
4	Retail Deposits:	-	693,276	2,265	449	647,490
5	<i>Stable deposits.</i>	-	420,502	576	155	400,179
6	<i>Less stable deposits.</i>	-	272,774	1,690	294	247,311
7	Wholesale Financing:	-	653,282	3,328	115,079	424,327
8	<i>Operational deposits.</i>	-	52,625	-	-	26,312
9	<i>Other wholesale financing.</i>	-	600,657	3,328	115,079	398,014
10	Interdependent liabilities	-	954	291	6,916	-
11	Other liabilities:	35,847	-	26,492	-	12,618
12	<i>Derivatives liabilities for purposes of the Net Stable Funding Ratio</i>	Not applicable	-	-	-	Not applicable
13	<i>All liabilities and own funds not included in the above categories.</i>	35,847	2,780	22,189	1,523	12,618
14	Total Amount of Stable Financing Available	Not applicable	Not applicable	Not applicable	Not applicable	1,313,247
Elements of the Stable Funding Amount Required						
15	Total liquid assets eligible for the purposes of the Net Stable Funding Ratio.	Not applicable	Not applicable	Not applicable	Not applicable	97,298
16	Deposits in other financial institutions for operational purposes.	-	2,098	-	-	1,049
17	Current loans and securities:	-	402,098	83,749	657,172	746,144
18	<i>Guaranteed financing granted to financial institutions with eligible Tier I liquid assets.</i>	-	46,888	589	-	4,984
19	<i>Financing granted to financial institutions secured with eligible liquid assets other than Level I, and financing granted to unsecured financial institutions.</i>	-	33,850	15,176	4,593	17,259
20	<i>Financing granted to counterparties other than financial institutions, which:</i>	-	270,507	60,474	392,564	490,763
21	<i>They have a credit risk weighting of less than or equal to 35% according to the Basel II Standard Method for credit risk.</i>	-	102,611	4,069	42,036	80,663
22	<i>Housing Loans (in stages 1 and 2), of which:</i>	-	8,179	5,362	247,466	191,885
23	<i>They have a credit risk weighting of less than or equal to 35% according to the Standard Method established in the Provisions.</i>	-	3,697	2,029	126,162	84,868
24	<i>Debt securities and shares other than Eligible Liquid Assets (which are not in default).</i>	-	42,673	2,147	12,549	41,254
25	Interdependent assets.	-	954	291	6,916	-
26	Other Assets:	51,142	-	695,507	-	118,633
27	<i>Physically traded commodities, including gold.</i>	3	Not applicable	Not applicable	Not applicable	3
28	<i>Initial margin granted on transactions in derivative financial instruments and</i>	Not applicable	-	-	-	-



	<i>contributions to the loss-absorbing fund of central counterparties</i>					
29	<i>Derivative assets for purposes of the Net Stable Funding Ratio.</i>	Not applicable		25,248		6,615
30	<i>Derivatives liabilities for purposes of the Net Stable Funding Ratio before deduction for the change in initial margin</i>	Not applicable		500,476		1,244
31	<i>All assets and operations not included in the above categories.</i>	51,139	158,838	-	10,944	110,771
32	Off-balance sheet transactions.	Not applicable		564,036		28,202
33	Total Amount of Stable Financing Required.	Not applicable	Not applicable	Not applicable	Not applicable	991,325
34	Net Stable Financing Ratio (%).	Not applicable	Not applicable	Not applicable	Not applicable	132.47%



CFEN		Individual Figures				
(Millions of pesos)		Unweighted amount by residual term				Weighted amount
		No expiration	< 6 months	From 6 months to < 1 year	>1 year	
Elements of the Stable Financing Amount Available						
1	Capital:	228,812	-	-	-	228,812
2	<i>Fundamental capital and non-fundamental basic capital.</i>	228,812	-	-	-	228,812
3	<i>Other capital instruments.</i>	-	-	-	-	-
4	Retail Deposits:	-	693,276	2,265	449	647,490
5	<i>Stable deposits.</i>	-	420,502	576	155	400,179
6	<i>Less stable deposits.</i>	-	272,774	1,690	294	247,311
7	Wholesale Financing:	-	637,878	2,570	107,670	409,279
8	<i>Operational deposits.</i>	-	52,625	-	-	26,312
9	<i>Other wholesale financing.</i>	-	585,253	2,570	107,670	382,966
10	Interdependent liabilities	-	954	291	6,916	-
11	Other liabilities:	35,847		26,492		12,618
12	<i>Derivatives liabilities for purposes of the Net Stable Funding Ratio</i>	Not applicable		-		Not applicable
13	<i>All liabilities and own funds not included in the above categories.</i>	35,847	2,780	22,189	1,523	12,618
14	Total Amount of Stable Financing Available	Not applicable	Not applicable	Not applicable	Not applicable	1,298,200
Elements of the Stable Financing Required						
15	Total liquid assets eligible for the purposes of the Net Stable Funding Ratio.	Not applicable	Not applicable	Not applicable	Not applicable	97,298
16	Deposits in other financial institutions for operational purposes.	-	2,098	-	-	1,049
17	Current loans and securities:	-	391,242	80,005	646,255	727,072
18	<i>Guaranteed financing granted to financial institutions with eligible Tier I liquid assets.</i>	-	46,888	589	-	4,984
19	<i>Financing granted to financial institutions secured with eligible liquid assets other than Level I, and financing granted to unsecured financial institutions.</i>	-	43,613	15,679	10,760	25,141
20	<i>Financing granted to counterparties other than financial institutions, which:</i>	-	249,887	56,228	375,480	463,808
21	<i>They have a credit risk weighting of less than or equal to 35% according to the Basel II Standard Method for credit risk.</i>	-	102,611	4,069	42,036	80,663
22	<i>Housing Loans (in stages 1 and 2), of which:</i>	-	8,179	5,362	247,466	191,885
23	<i>They have a credit risk weighting of less than or equal to 35% according to the Standard Method established in the Provisions.</i>	-	3,697	2,029	126,162	84,868
24	<i>Debt securities and shares other than Eligible Liquid Assets (which are not in default).</i>	-	42,673	2,147	12,549	41,254
25	<i>Interdependent assets.</i>	-	954	291	6,916	-
26	Other Assets:	51,142		746,645		118,633



27	Physically traded commodities, including gold.	3	Not applicable	Not applicable	Not applicable	3
28	Initial margin granted on transactions in derivative financial instruments and contributions to the loss-absorbing fund of central counterparties	Not applicable		-		-
29	Derivative assets for purposes of the Net Stable Funding Ratio.	Not applicable		25,248		6,615
30	Derivatives liabilities for purposes of the Net Stable Funding Ratio before deduction for the change in initial margin	Not applicable		500,476		1,244
31	All assets and operations not included in the above categories.	51,139	158,838	-	10,944	110,771
32	Off-balance sheet transactions.	Not applicable		509,012		25,451
33	Total Amount of Stable Financing Required.	Not applicable	Not applicable	Not applicable	Not applicable	969,502
34	Net Stable Financing Ratio (%).	Not applicable	Not applicable	Not applicable	Not applicable	133.90%

During 4Q24, an average consolidated CFEN for the 92 days of the quarter of 132.47% was observed and an average individual CFEN of the 92 days of the quarter of 133.99%, with CFEN consolidated at the end of 4Q24 of 132.47%, placing it above the Desired Risk Profile and the regulatory minimum established in current regulations. The above results indicate that Banorte maintains a stable financing profile in relation to the composition of its off-balance sheet assets and operations.

4.8. Evolution of the Components of the CFEN

The evolution of the components of the Net Stable Funding Coefficient between the end of 3Q24 and the end of 4Q24 is presented in the following table:

	3T24			4T24			Variation		
	Stable Anchoring Available	Stable Anchoring Required	CFEN	Stable Anchoring Available	Stable Anchoring Required	CFEN	Stable Anchoring Available	Stable Anchoring Required	CFEN
< 6 months	1,151,558	317,297		1,193,609	311,701		3.7%	(1.8%)	
From 6 months to < 1 year	14,181	40,029		15,109	48,630		6.5%	21.5%	
>1 year	111,557	607,437	132.39%	112,871	637,352	132.47%	1.2%	4.9%	0.05%

4.9. Main Causes of CFEN Results

The institution's solid Net Stable Funding Ratio levels are mainly due to: (1) the institution's solid capitalization levels, reinforced by a strong long-term funding structure derived from subordinated debt issuances; (2) the stability of customer deposits, which allow the natural coverage of the active balance sheet with high-quality liabilities.

4.10. Foreign Currency Liquidity Risk

For the quantification and monitoring of the Liquidity Risk, the criteria established by Banco de México for the preparation of the Liquidity Ratio, in foreign currency, are used for the dollar portfolio.

The Liquidity Ratio in foreign currency should be interpreted as the institution's ability to cover its liquidity mismatches with liquid assets, both in foreign currency.



4.11. Liquidity Gaps

As part of the Bank's liquidity analysis, the liquidity gaps resulting from the Institution's 30-day active and passive obligations are analyzed. Under this scheme, it is monitored at the Bank level, with the following results for 4Q24.

Concept (Millions of pesos)	3T24	4T24	Var vs. 3T24
One-month cumulative gap	(6,350)	(21,029)	+231.2%
Liquid Assets	185,266	177,060	(4.4%)

The mismatch between the inputs and outputs (gaps) for the next 30 days is covered with liquid assets. Additionally, a more granular breakdown of liquidity gaps is presented, as follows for 4Q24:

Concept (Millions of pesos)	1 day	7 days	1 month	3 months	6 months	12 months
Natural Gap	(3,043)	(11,121)	(6,865)	64,209	44,460	93,595
Cumulative Gap	(3,043)	(14,160)	(21,029)	43,180	87,640	181,235

4.12. Testing under extreme liquidity conditions

As part of the management of Liquidity Risk management, Banorte conducts tests under extreme liquidity conditions with internal scenarios to evaluate the adequacy of the bank's liquidity under adverse conditions both in the environment and due to intrinsic conditions of the bank. For these purposes, a total of 9 scenarios have been considered, based on 3 sources of risk (systemic, idiosyncratic and combined) with 3 levels of severity each (moderate, medium and severe).

4.13. Contingency Financing Plan

In order to have comprehensive practices in liquidity management, and to guarantee its operation in adverse liquidity situations, Banorte has implemented a contingency financing plan that incorporates elements to identify possible liquidity problems and defines the alternative sources of funding available to deal with contingencies.

4.14. Balance Sheet Risk

Interest rate risk consists of estimating the impact on the financial margin. The financial margin is the difference between the income generated by interest and the costs associated with liabilities with financial costs (interest expense). Depending on the structure of the balance sheet, movements in interest rates can have positive or negative impacts on the scenarios of rising or falling rates.

Because the financial margin obeys the flow structure of assets and liabilities on the balance sheet, the model used to estimate this metric is a repriced gap model. All assets and liabilities are allocated in different bands depending on their nature of re-price and/or maturity structure. Once the repriced structure is in place, the impact of each band on the indicator can be calculated.

4.14.1. Financial Margin Sensitivity

Financial margin sensitivity is a static metric that considers the twelve-month budget exercise, i.e., only bands less than one year are impacted by the different movements of interest rates. The assumptions are:

- It considers the re-valuation effects of all financial assets and liabilities in the balance sheet.
- The monitoring of the negotiation book is kept separately.
- It considers the behavior of all balance sheet models (e.g., mortgage prepayment, and deposit survival).
- The balance sheet is considered static and constant over time, i.e., it does not consider organic growth, movements in the rate structure, or changes in the product mix or strategies.



The following table shows the Sensitivity of the Financial Margin for Banco Banorte.

Margin Sensitivity <i>(Millions of pesos)</i>	3Q24	4Q24	Var vs. 3Q24
Balance in National Currency	36	90	+150.0%
Foreign Currency Balance	531	687	+29.4%

During 4Q24, the sensitivity of the balance sheet in national currency to a variation of 100 bps in national rates went from Ps 36 million in 3Q24 to Ps 90 million. On the other hand, the sensitivity of the foreign currency balance sheet to a variation of 100 bps in foreign rates goes from Ps 531 million to Ps 687 million. It is important to note that Financial Markets positions immunize, through intermediation results, the impact of lower rates on the Balance Sheet. Financial Instruments for Receivable and Sale (previously Available for Sale) at the end of 4Q24 amounted to Ps 182,594 million, and on average during 4Q24 to Ps 180,574 million.

4.14.2. Economic Value of Capital

The economic value of capital is a long-term metric that contrasts the difference in the present value of assets and the present value of liabilities, under different interest rate scenarios. This metric also considers the results of all the internal models on the behavior of the balance sheet, previously mentioned for sensitivity to the financial margin.

The following table shows the economic value of capital for Banco Banorte, in a scenario of +100 bps in parallel.

Economic Value of Capital <i>(Pbs)</i>	4Q24
Overall Increase +100bp	178

4.15. Subsidiaries

The Balance Sheet and Liquidity Risk Management processes of the Bank and its Sofomes are centralized in the General Directorate of Risk and Credit Management of La Tenedora. To monitor the liquidity of the Sofomes, analyses of the structural behavior of the balance sheet are carried out, as well as the diversification of the Funding. Additionally, liquidity gap analysis is carried out. Specifically, for the Brokerage House, the regulatory liquidity requirements are followed.

The following table presents the composition of the gap indicators of the Bank's subsidiaries and Sofomes at the end of 4Q24.

Liquidity Indicator <i>(Millions of pesos)</i>	Casa de Bolsa Banorte	Lessor and Factor
One-month cumulative gap	4,017	(11,217)
Liquid Assets	4,286	78

5. OPERATIONAL RISK

The Holding Company has a formal Operational Risk area that reports directly to the General Directorate of Risk and Credit Management.

Operational Risk is defined as the potential loss due to failures or deficiencies in internal controls, errors in the processing and storage of operations or in the transmission of information, as well as adverse administrative and judicial resolutions, fraud or theft (this definition includes Technological and Legal Risk).



The objectives of Operational Risk Management are:

- a) Enable and support the organization to achieve its institutional objectives through the prevention and management of operational risks,
- b) Ensure that existing operational risks and required controls are duly identified, assessed and aligned with the risk strategy established by the organization
- c) Ensure that operational risks are duly quantified to enable the adequate allocation of capital by Operational Risk.

5.1. Policies, objectives and guidelines

As part of the institutional regulations, the policies, objectives, guidelines, methodologies and areas responsible for Operational Risk Management are documented, for its management, coverage and mitigation.

The Operational Risk Directorate maintains close communication and coordination with the Regulatory Audit Directorate, in order to promote effective Internal Control in which procedures and adequate controls are established to mitigate Operational Risk within the processes, monitoring compliance with them through the Internal Audit Department.

The Regulatory Comptroller's Office, as part of the Internal Control System, carries out the following activities related to risk mitigation:

- a) Validation of internal control.
- b) Administration and control of institutional regulations.
- c) Monitoring of the internal control of the operational processes through the reports of control indicators, reported by the process controllers of the different areas.
- d) Administration of the Anti-Money Laundering process.
- e) Control and monitoring of regulatory provisions.
- f) Analysis and evaluation of operational processes and projects with the participation of the directors responsible for each process, in order to ensure adequate internal control.

5.2. Quantitative and Qualitative Measurement Tools

5.2.1. Operating Loss Database

For the registration of operational loss events, there is a system that allows the central areas providing information to record these events directly and online, which are classified by Event Type according to the following categories:

Internal Fraud: Losses derived from any type of action aimed at defrauding, misappropriating assets or circumventing regulations, laws or company policies (excluding diversity/discrimination events) in which at least one party internal to the company is involved.

External Fraud: Losses derived from some type of action aimed at defrauding, misappropriating goods or circumventing the legislation, by a third party.

Labour Relations and Safety in the Workplace: Losses arising from actions incompatible with labour legislation or agreements, on health or safety at work, on the payment of claims for personal injury, or on cases related to diversity/discrimination.

Customers, Products and Business Practices: Losses arising from the inadvertent or negligent breach of a professional obligation to particular customers (including fiduciary and adequacy requirements), or from the nature or design of a product.

External Events: Losses arising from damage or harm to material assets as a result of natural disasters or other events.

Business Incidents and System Failures: Losses derived from business incidents and system failures.

Process Execution, Delivery, and Management: Losses arising from errors in the processing of operations or in the management of processes, as well as from relationships with business counterparties and suppliers.



This Historical Database allows us to have statistics on the operational events in which the institution has incurred in order to determine the trends, frequency, impact and distribution they present.

5.2.2. Database of Legal and Fiscal Contingencies

For the registration and follow-up of judicial, administrative and fiscal matters that may lead to the issuance of unfavorable resolutions that cannot be appealed, the system called "Monitoring System of Legal Risk Matters" (SMARL) was developed internally. This system allows the central areas that provide information to register these events directly and online, which are classified by company, sector and legal matter, among others.

As part of the management of Legal Risk in La Tenedora, an estimate of the Legal and Fiscal Contingencies is made by the lawyers who handle the cases, determining the degree of risk of each matter based on an internal methodology. This allows the creation of the necessary Accounting Reserves within a certain period of time (depending on the duration of the demand), in order to deal with these Contingencies.

5.3. Management Model

La Tenedora's companies have defined objectives, which are achieved through different plans, programs and projects. The fulfillment of these objectives can be affected by the presence of operational risks, which is why it is necessary to have a methodology to manage them within the organization, so Operational Risk management is now an institutional policy defined and supported by Senior Management.

To carry out Operational Risk Management, it is essential to identify each of the operational risks involved in the processes in order to be able to analyze them in an appropriate way. In this sense, currently the risks identified, by the Regulatory Comptroller's Office with the support of the Process Comptrollers, are registered and managed in order to eliminate or mitigate them (seeking to reduce their severity or frequency) and defining tolerance levels where appropriate.

5.4. Capital Requirement Calculation

In accordance with the Operational Risk Capitalization Rules in force, in the case of Banorte, the institution has adopted the Business Indicator Method, which is calculated and periodically reported to the authority.

5.5. Information, Measurement and Reporting Systems of Operational Risk

Operational Risk Management is supported by various risk information and measurement systems, which comply with regulatory standards and are aligned with the best international practices in Risk Management. It is worth mentioning that the information contained in the risk systems, as well as the reports they generate, are continuously backed up following institutional procedures in terms of computer security.

The information generated by the Databases and by the Management Model is processed periodically in order to report to the CPR and the Board of Directors the main operational events detected, trends, identified risks and their mitigation strategies. Additionally, the status of the main initiatives in terms of Operational Risk mitigation implemented by the different areas of the organization is reported.

5.6. Technology Risk

Technology Risk is defined as the potential loss for damage, interruption, alteration, or failure arising from the use of or reliance on hardware, software, systems, applications, networks, and any other information distribution channel in the provision of banking services to customers. This risk is an inherent part of Operational Risk, so its management is carried out jointly with the entire organization.

To address the Operational Risk related to the integrity of information, the Operational Risk Committee has been created whose objectives are to align information security and control efforts under the prevention approach, define new strategies, policies, processes or procedures and seek to solve computer security problems that affect or may affect the Institutional assets.

The functions established by the CNBV in the area of Technological Risk Management are carried out by the Institution under the guidelines established by institutional regulations and the Operational Risk Committee.



To face the Operational Risk caused by high-impact external events, there is a Business Continuity Plan (BCP) and a Disaster Recovery Plan (DRP) based on a synchronous data replication scheme, in an alternate data center. With the above, the backup and recovery of the main critical applications of the institution is covered, in case of any relevant operational event.

5.7. Legal Risk

Legal Risk is defined as the potential loss due to non-compliance with applicable legal and administrative provisions, the issuance of unfavorable administrative and judicial resolutions and the application of sanctions, in relation to the operations carried out by the institution.

It is essential to measure Legal Risk as an inherent part of Operational Risk to understand and estimate its impact. Therefore, the legal issues that result in real operating losses of the SMARL system are subsequently recorded in the operational events database, according to a predefined taxonomy.

Based on the statistics of ongoing legal matters and actual loss events, it is possible to identify specific legal or operational risks, which are analyzed in order to eliminate or mitigate them, seeking to reduce or limit their future occurrence or impact.

6. SECURITIZATIONS CARRIED OUT BY THE HOLDING COMPANY

The main objective of the securitization operations carried out by the Institution is to transfer the risks and rewards of certain financial assets in its own position to third parties. Likewise, for the institution it represents a source of alternative funding.

The Holding Company has carried out the following securitization:

- On October 11, 2006, Fincasa Hipotecaria (Fincasa), currently merged with Banorte, entered into an irrevocable trust agreement for the issuance of stock certificates No. 563, with issuer code FCASACB, whose underlying asset is mortgage loans originated and assigned by Fincasa.
- On December 5, 2023, Banorte entered into irrevocable trust agreement No. 4907 for the issuance of stock certificates with the issuer symbol BANORCB. The issuance of the stock certificates by the trust took place on December 21, 2023, these are backed by credits to governments, states and municipalities, all originated and assigned by Banorte.

The institution is not responsible for the risks assumed or retained with respect to the assets of the trusts, its only responsibility is in relation to the fulfillment of the obligations that are expressly provided for in the trust agreement and in the management contract. However, with respect to the BANORCB 23 securitization, the risks assumed and retained by the trust are relevant given the participation in the stock certificates.

The Institution is responsible for ensuring that each of the assigned receivables meets the eligibility criteria at the time of the respective assignment. If the trustee, common representative, or financial guarantor identifies any ineligible credit, Banorte may be required to replace such credit or, if such replacement is not possible, payment of the "ineligible unreplaced credit" in question. If Banorte identifies any ineligible credit, it must notify it and replace it or make the corresponding payment.

There are no predetermined policies for the issuance of securitizations by the Board of Directors of the Institution, authorization to originate any new issuance would be requested when required.

The Institution does not participate in the securitization of positions of third parties.

There are several risk factors that can affect the assets of securitization trusts. If these risks materialize, the payment to the holders of the stock certificates could be adversely affected. The main risks to which these financial instruments are exposed are: Credit Risk, Market Risk, Liquidity Risk and Operational Risk, which have been detailed in previous sections.



To monitor the credit quality of the credit risk exposure of financial instruments originating from securitized assets, the Institution calculates the expected loss with a time horizon of one year, while to monitor the Market Risk exposure it calculates the value at risk over a time horizon of one day and with a confidence level of 99%. for such instruments.

In the securitizations carried out, in which Banco Mercantil del Norte participates, it is the settlor and trustee of the trusts. In addition, the Institution also performs administrator functions in each of the trusts.

On the other hand, the Institution also acts as an investor by acquiring securities of the stock certificates issued by the trusts constituted for securitizations. As of 4Q24, The Holding Company has in its own position the following securities and amounts of the securitizations carried out by the same Institution:

Securitization (Millions of pesos)	Banorte		Insurance		Total	
	Titles	Amount	Titles	Amount	Titles	Amount
91_BANORCB_23	270,000,000	26,695	-	-	270,000,000	26,695
97_FCASACB_06U	-	-	-	-	-	-

Below is the proportion of securities held in GFNorte's own position, in relation to the total number of securities issued by each series:

Securitization (Millions of pesos)	Securities issued	Banorte	Insurance	Total The Fork	Total Customers
91_BANORCB_23	270,000,000	100.0%	0.0%	100.0%	0.0%
97_FCASACB_06U	1,351,386	0.0%	0.0%	0.0%	100.0%

Below are the ratings assigned by each rating agency at the end of the quarter for each stock certificate issued by the aforementioned trusts:

Securitization	Standard & Poor's		Fitch Ratings		Moody's		HR Ratings		Verum		Best		DBRS	
	National	Global	National	Global	National	Global	National	Global	National	Global	National	Global	National	Global
91_BANORCB_23							HRAA A		AAA/ M					
97_FCASACB_06U	mxBB		CCC (mex)											

As of 4Q24, the amounts of the underlying assets of the securitization are:

Securitization (Millions of pesos)	Amount		
	In effect	Defeated	Total
91_BANORCB_23	Ps 28,785	Ps -	Ps 28,785
97_FCASACB_06U	Ps 41	Ps 96	Ps 137

The maintained exposure of securitizations carried out, broken down by Credit Risk weight, is shown below:

Concept (Millions of pesos)	Exposition	Capital requirement
Securitizations with Risk Grade 1	26,695	957
Securitizations with Risk Grade 2	-	-
Securitizations with Risk Grade 3	-	-
Securitizations with Risk Grade 4	-	-
Securitizations with Risk Grade 5.1 to 5.4	-	-
Securitizations with Risk Grade 5.5 to 5.9	-	-



There is no securitization position recorded in suspense accounts and no securitization positions held are deducted from fundamental capital.

The securitizations of trusts 563 and 4907 have early amortization clauses. The Institution has not securitized revolving transactions or resecuritizations during the quarter

6.1 Accounting policies applied

The securitization operations carried out by the Institution were recognized in accordance with the provisions of Financial Reporting Standard C-14 *Transfer and deregistration of financial assets*. With regard to the securitization of BORHIS, it was concluded that despite retaining the contractual rights to receive the cash flows from the financial assets, it assumes a contractual obligation to pay such cash flows to a third party. In addition, in the analysis of the transfer of these assets, it was concluded that the entity transfers substantially all the risks and rewards inherent in the ownership of the financial assets.

The recognition of the profit on sales is in accordance with the provisions of paragraph 43.1.1 of NIF C-14, which states:

- a) Derecognition of transferred financial assets at the last carrying amount;
- b) Recognize the consideration received in the transaction;
- c) Recognize in the results of the year the gain or loss, for the difference between the carrying amount of the financial assets derecognized and the sum of (i) the consideration received (recognized at fair value) and (ii) the effect (gain or loss) from accumulated valuation that may have been recognized in stockholders' equity.

With respect to the GEM securitization, it was concluded that the Entity did not make a sale to a third party, as it does not transfer substantially all the risks and benefits inherent in the transferred assets. For this reason, these assets are not derecognized at the consolidated level.

Both securitizations issued instruments known as certificates in favor of the Institution, as holders of the rights in the last place under the trust contract. These certificates give the right to receive a percentage of the distributions and in general to the corresponding proportion of the remainder that may be in the trust assets after the total payment of the stock certificates. The valuation of the certificates is based on the net present value method of the expected remaining cash flows over the life of the securitization. The remaining cash flow is the sum of the cash flow to be received from the securitized loan portfolio, less the cash flow payable from the stock certificates, less the monthly expense for administration and maintenance, less any increase in principal or interest reserve, if any. At the end of the year, the record generated by the securitization FCASACB 06U has a fair value of zero, given that it does not include receiving remaining cash flows. On the other hand, the evidence generated by the BANORCB 23 securitization has a fair value of 3,857 million pesos, which is only recognized in the accounts of Banco Banorte (individual). At the consolidated Banco Banorte level, this record is eliminated as part of the consolidation entries.

The remaining flows are discounted with the B1 bank curve, which takes into account the Credit Risk of the trusts. Among the most important assumptions in the valuation of the GEM certificate are the following:

- a) Default: The credit reserve of the securitized loans is considered in accordance with the CNBV's rating methodology to reflect the risk of default on principal and/or interest payments of the securitized portfolio.
- b) Prepayment: In the event of the existence of prepayments, the notional of the portfolio is adjusted to update the future cash flows to be discounted.
- c) Portfolio term: All contractual payments of principal and interest at each payment date of each of the securitized assets are considered.
- d) Portfolio interest rate: The contractual rates of each of the securitized assets are considered. In the case of variable interest rates, forward rates are estimated based on the TIIE28 curve at the valuation date.
- e) General Account: The present value of the remaining flows is added with the amount of cash or cash equivalents deposited in the general account, collection account and, where appropriate, in the expense reserve, interest and principal accounts, since, in the event of full payment of the stock certificates, these assets would be distributed to the holders of the certificate.



With respect to the policies for the recognition of obligations on the balance sheet of the agreements that may require financial support from the Institution for the securitization of assets, it is necessary that all the amounts owed under the stock certificates of the different securitizations in force, will be paid out of the assets of the trust. In the event that, for any reason, the liquid resources of the trust's assets are not sufficient to pay in full the amounts owed under the stock certificates, the holders shall not have the right to claim payment from the Institution, the trustee, the common representative, the placement intermediary, the guarantor or guarantors, as the case may be, or anyone. The stock certificates have not been guaranteed or guaranteed by any of the persons participating in the issuance of the same, so none of them is obliged to make payments to the holders, except, in the case of the trustee, the payments that have to be made by the trust assets in accordance with the provisions of the trust agreement.

7. STOCK POSITION

As of 4Q24, the shareholding position in Banco Mercantil del Norte is equivalent to Ps 1,705 million, with a capital gain of Ps 451.5 million accumulated.

During the fourth quarter of the year, no gains were recorded from the purchase and sale of securities.

The capital requirement for Market Risk was Ps 663.78 million.

Institution	Type of Quote	Classification Accountant	Treatment Capitalization	Value Market 4Q24	Surplus value/ Minusvalía Acum.	Usefulness/ Loss Sales / Purchases
Banorte	Public Contribution	Negotiation	Market Risk	872.7	(55.2)	-
Banorte	Public Contribution	Negotiation	Capital deduction	203.5	102.8	-
Banorte	No Public Listing	Negotiation	Market Risk	629.1	403.9	-
Banorte	No Public Listing	Negotiation	Market and Credit Risk	0.0	0.0	-
			Total	1,705.3	451.5	-

As of 4Q24, the equity position in Casa de Bolsa Banorte is equivalent to Ps 549.6 million, with a capital gain of Ps 241.2 million accumulated

During the fourth quarter of the year, gains were recorded from the purchase and sale of securities in the amount of Ps 3.6 million.

The capital requirement for Market Risk was Ps 164.5 million.

Institution	Type of Quote	Classification Accountant	Treatment Capitalization	Value Market 4Q24	Surplus value/ Disability Acum.	Usefulness/ Loss Sales / Purchases
Casa de Bolsa Banorte	Public Contribution	Negotiation	Market Risk	549.6	241.2	3.6
			Total	549.6	241.2	3.6



41 - MEMORANDUM ACCOUNTS (unaudited)

	2024	2023
Operations on behalf of third parties		
Banks customers (current accounts)	Ps. 21	Ps. 13
Settlement of customer transactions	(150)	(53)
Customer securities received in custody	1,059,245	873,526
Customer repurchase agreements	Ps. 250,325	246,140
Collateral pledged on account of clients	250,038	240,997
Collateral delivered as guarantee on behalf of clients	104	5,050
Managed trusts	265	246
Investment banking transactions on account of third parties, (net)	336,778	322,821
	Ps. 1,896,626	Ps. 1,688,740
Proprietary transactions		
Contingent assets and liabilities	Ps. 30	Ps. 29
Assets in trust or under mandate	348,837	312,660
Managed assets in custody	734,276	623,956
Shares on custody or guarantee	49,442	45,542
Credit commitments	572,012	453,193
Collateral received	212,285	235,218
Collateral received and sold or given as a pledge	52,708	88,155
Deposits of assets	3,823	3,706
Interest accrued but not charged of stage 3	457	410
Other registration accounts	726,121	655,197
	Ps. 2,699,991	Ps. 2,418,066

42 - COMMITMENTS

As of December 31, 2024 and 2023, the Financial Group had the following contingent obligations and commitments:

Other contingent obligations and opening of credits totaling Ps. 572,012 and Ps. 453,193, respectively, which are recorded in memorandum accounts.

43 - CONTINGENCIES

As of December 31, 2024, there are lawsuits filed against the Financial Group in civil and business court cases; however, the Financial Group attorneys consider that the claims filed are unsubstantiated and, in the event of an adverse ruling, they would not significantly impact the Financial Group consolidated financial position. As of December 31, 2024, the Financial Group has recorded a reserve for contentious matters of Ps. 1,069 (Ps. 1,915 in 2023).

44 - PREVENTIVE MECHANISM FOR SAVINGS' PROTECTION

The objective of the Institute for the Protection of Bank Savings (IPAB) is to protect the deposits of small customers and thereby contribute to maintain the financial system's stability and the proper functioning of the payments systems.

According to the Law of Bank Savings Protection (LPAB), the IPAB manages a bank savings protection system that guarantees the payment of bank deposits or loans or credits to Full Service Banking Institution up to an amount equivalent to 400 thousand UDIS per individual or business entity, regardless of the number or type of such obligations in the customer's favor and charged to a single bank.

On July 30, 2007, general rules were issued for addressing joint accounts or those in which there is more than one account holder, referred to in art. 14 of the LPAB, as well as the rules banks must observe for classifying information relative to transactions associated with guaranteed obligations.



The IPAB plays a major role in the implementation of the LPAB resolutions methods and the Law of Credit Institutions (LIC) as timely and adequate mechanisms for salvaging and liquidating Full Service Banking Institutions in financial trouble that may affect their solvency. The purpose is to provide maximum protection to the public while minimizing the negative impact that salvaging an institution may have on others in the banking system.

During 2024 and 2023, the amount of contributions to the IPAB payable by Banorte for fees amounted to Ps. 4,740 and Ps. 4,292, respectively.

45 – LATER EVENTS

On February 12, 2025, Bineo completed the capitalization of the contributions for future capital increases that the Holding Company had made during 2024 for Ps. 1,050.

45 - NEW ACCOUNTING GUIDELINES

As of December 31, 2024, the CINIF has promulgated the following NIFs and Improvements to the NIFs that could have an impact on the financial statements of the Parent Company.

a. Improvements to the NIFs that generate accounting changes

NIF B-14, Earnings per share – its scope was modified so that it is applicable only to entities that have capital instruments listed or to be listed on a stock exchange.

NIF B-15, Conversion of foreign currencies – the applicable regulations on what an entity must do when on the date of conversion of foreign currencies it is determined that a certain currency is not exchangeable are included.

NIF C-3, Accounts receivable – the requirement to present an item with the amount of bonuses, discounts and returns is eliminated.

NIF C-6, Property, plant and equipment – eliminates the special depreciation method of the standard, which was based on using average depreciation rates on a group of unimportant assets.

NIF C-19, Financial instruments payable – certain requirements are added to derecognize a financial liability when payment is made in cash using an electronic payment system. Additionally, it incorporates information disclosure requirements that allow users of financial statements to know the uncertainty of future cash flows, as an investor and/or issuer of financial instruments (this requirement comes into effect for fiscal years beginning on or after January 1, 2026).

NIF C-20, Financial instruments to collect principal and interest – disclosures are added for financial instruments linked to contingent events (this requirement comes into effect for fiscal years beginning on or after January 1, 2026).

NIF D-1, Income from contracts with clients – clarifies that when an entity issues contracts that in economic substance are similar to an insurance contract, it must apply NIF D-1 provided that the entity is a service provider and meets specific requirements.

These rules will be effective for fiscal years beginning on or after 1 January 2025, except where a different date has been indicated and early application is permitted.

b. Improvements to the IFRS that do not generate accounting changes

IFRS A-1, Conceptual Framework for Financial Reporting Standards – Various modifications were made for consistency between the IFRS and the Sustainability Reporting Standards and to require disclosures of significant risks due to environmental, social or governance issues that may have an effect on the financial statements.



Clarifications were made to clarify how other comprehensive income (OCI) is recycled, considering that the recycling of OCI to the comprehensive income statement must be proportional to the realization of the item that gave rise to it.

IFRS B-1, Accounting changes and correction of errors – clarifications are made for consistency with the definition of “reclassification”.

IFRS B-5, Financial information by segments – it is clarified that the standard is applicable to Public Interest Entities (PIEs) that have financial instruments listed or to be listed on a stock exchange.

IFRS B-17, Determination of fair value – indicates the information that must be disclosed.

NIF C-2, Investments in financial instruments – modifications were made for purposes of consistency with the definition of “concentration”.

NIF C-6, Property, Plant and Equipment – the disclosure of the amount of accumulated and estimated investment for the completion of construction in progress was eliminated.

NIF C-8, Intangible Assets – requires that in all cases an analysis be made of whether an acquired intangible asset meets the criteria for its recognition.

NIF C-9, Provisions, Contingencies and Commitments – a description of the costs to be considered in determining the costs of onerous contracts was added.

NIF C-10, Derivative Financial Instruments and Hedging Relationships – clarifies, in an introductory paragraph, that NIF C-10 has an additional criterion to those indicated in International Financial Reporting Standard 9, Financial Instruments, as a requirement to determine the effectiveness of a hedging relationship.

NIF C-15, Impairment of long-lived assets – it is clarified that the discount rate to be used in projections of future cash flows should not exceed the average long-term growth rate for the products or industries, as well as for the country or countries in which the entity operates and for the market in which the asset is used, unless a higher growth rate can be justified.

NIF C-19, Financial instruments payable – clarifications were made to clarify that accounts payable, whose term exceeds one year, must be valued at their amortized cost, considering the value of money over time.

NIF C-20, Financial instruments to be collected and sold – modifications were made for purposes of consistency with the definition of “concentration”

NIF D-8, Share-based payments – the necessary clarifications were made to clarify the recognition of taxes withheld from a third party for a share-based payment, not only when it is an employee.

These standards come into effect for fiscal years beginning on or after January 1, 2025, allowing early application.

a. Sustainability Reporting Standards (SRS).

SRS A-1 establishes the basis for the development of specific SRS and their application in the preparation and disclosure of an entity's sustainability information, and also establishes the quality requirements that this information must meet.

SRS B-1 requires determining and disclosing Core Sustainability Indicators (CSI). CSIs are a starting point for identifying risks and opportunities related to sustainability and, consequently, implementing the necessary infrastructure in the entity to manage them and establish best sustainability practices, as well as to provide information that meets the needs of users.

These standards come into force for fiscal years beginning on or after January 1, 2025, allowing early application, provided they are applied jointly.

