3Q25

As of September 30th, 2025

Risk Management Report

Contact Information:
investor@banorte.com
investors.banorte.com
+52 (55) 1670 2256

GRUPO FINANCIERO BANORTE

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Risk Management

Risk management at GFNorte is a key element for determining and implementing the Group's strategic planning. The Group's risk management and policies comply with regulations and market's best practices.

1. COMPREHENSIVE RISK MANAGEMENT FRAMEWORK

A Comprehensive Risk Management Framework, consisting of objectives, guidelines, policies, and procedures, has the following main objectives:

- Provide clear rules to the different business areas, which help minimize risk and ensure compliance with the parameters established and approved by the Board of Directors and the Risk Policies Committee (CPR by its acronym in Spanish).
- Establish mechanisms to monitor risk-taking throughout GFNorte, through the use of robust systems and processes.
- Verify the observance of Risk Appetite.
- Estimate and control GFNorte's capital, under base and stressed scenarios, aiming to provide coverage for unexpected losses from market movements, credit bankruptcies, and operational risks.
- Implement identification, valuation, and management models for different types of risks.
- Establish procedures for portfolio's optimization and credit portfolio management.
- Update and monitor the Contingency Plan to restore capital and liquidity levels in case of adverse events.

1.1. Risk Management – Structure and Corporate Governance

Regarding the structure and organization for a comprehensive Risk Management, the Board of Directors is responsible for authorizing policies and overall strategies such as:

- GFNorte's Risk Appetite.
- Comprehensive Risk Management Framework.
- Risk exposure limits, risk tolerance levels, and mechanisms for corrective actions.
- Contingency Plan and the Contingency Funding Plan.
- The outcome of the internal and regulatory capital adequacy scenarios.

The Board of Directors designates the Risk Policy Committee (CPR by its acronym in Spanish) as accountable for managing the risks to which GFNorte is exposed to, in order to ensure operations compliance with the objectives, policies and procedures established by Risk Management.

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

The CPR is composed of members and deputies of the Board, the CEO, the Managing Directors of the Group's Entities, the Risk and Credit Managing Director, and the Audit Managing Director (CAE). The latter participates with voice but no vote.

Moreover, the Balance Sheet Management Committee (ALCO), analyze, monitor, and establish the guidelines regarding interest rate risks and foreign exchange risk in the balance sheet, the financial margin, liquidity, and net capital of the Institution.

The Unit for the Comprehensive Risk Management (UAIR by its acronym in Spanish) supervises the Risk Management and Credit Department (DGARC by its acronym in Spanish), and among its functions, is responsible for identifying, measuring, monitoring, limiting, controlling, reporting, and disclosing the different types of risk to which the GFNorte is exposed to.

The DGARC reports to the CPR, in compliance with regulation regarding its independence from the Business areas.

1.2. Main and emerging risks

The Comprehensive Risk Management Framework includes strategies to identify and regulate the main and emerging risks that pose as a potential threat to the business, clients, collaborators, and to GFNorte's strategy. The definition and classification of potential risks allows them to be better managed and mitigated, according to the nature of each type of risk.

GFNorte owns sound methodologies to manage quantifiable risks such as Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Concentration Risk and Counterparty Risk.

1. Credit Risk: revenue volatility due to constitution of provisions for impaired loans, and potential losses on borrower or counterparty defaults.

2. Market Risk: revenue volatility due to market changes, which affect the valuation of book positions for assets, liabilities, or contingent liabilities operations, such as: interest rates, spread over yields, exchange rates, price index, among others.

3. Balance and Liquidity Risk: potential loss by the impossibility of renewing liabilities or securing resources in normal conditions, and by early or forced sale of assets at unusual discounts to meet their obligations.

4. Operational Risk: loss resulting from inadequate or failed internal processes, employees, internal systems, or external events. This definition includes Technology Risk and Legal Risk. Technology Risk groups all potential losses from damage, interruption, disruption, or failures resulting from use of or reliance on hardware, software, systems, applications, networks, and any other information distribution channel, while the Legal Risk involves the potential loss caused by sanctions for noncompliance with laws as well as unfavorable administrative or judicial decisions related to GFNorte's operations.

5. Concentration Risk: potential loss by high and disproportional exposure to particular risk factors within a single category or among different risk categories.

6. Sustainability Risk: likelihood that dangerous environmental, social or governance events or conditions occur and generate adverse impacts on the institution and/or the environment and the community.

Likewise, regarding non-quantifiable risks, Risk Management's Manual in GFNorte establishes specific objectives for:

7. Reputational Risk: potential loss in the Institution's performance activities, due to an inappropriate or unethical perception of the different stakeholders, internal or external, on their solvency and viability. Likewise, the deterioration of the Institution's image due to internal or external events that go against 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 business model and strategies of the Institution as well as due to ignorance of the risks to which the business activity is exposed to, affecting 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 market conditions in which the Institution operates.

Emerging Risks are new risks that arise from changes in economic, political, social, cultural, environmental, 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, derived from a new or evolving hazard, which may result in significant new exposure for the Group.

1. Epidemiological Risk: The probability that a disease in a determined population escalates to the degree of epidemic or pandemic, generating adverse impacts on the Institution, financing, health, and the community. It's expressed through various epidemiological indicators whose analysis makes it possible to design preparation and response plans.

2. Risk of New Technologies: 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 frauds, crimes against intellectual property, threats to the privacy of information, and cyberbullying, among others.

3. Disinformation Risk: Is the possible materialization of a loss or impact on results attributable to a loss of trust in the market, among clients or employees of the institution, or the interruption of operations directly caused by

disinformation, defined as false, misleading or erroneous information which, intentionally or unintentionally, could stir up uncertainty or doubt among individuals or institutions.

At GFNorte, the identification and tracking of new risks is a continuous task, and as a result, it strengthens and consolidates the Comprehensive Risk Management Framework, considering the Sustainability vision and new emerging risks.

1.3. Risk Management Culture at GFNorte

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

GFNorte's risk culture is based on the following principles:

- **We Are All Risk Managers:** Promote employees' proactive participation in risk identification, escalation, and management. The operational, technological, psychosocial, credit, market, and fraud risk reporting channels make it easier for all employees to fulfill their role as the first line of defense. For example, through the Governance, Risk, and Compliance (GRC) platform, all employees report their relevant identified risks, monitoring them until their mitigation. This feedback triggers process improvements by implementing control measures based on what is reported.

- **Risk Anticipation:** Monitor the economic and business environment to anticipate future risks and incorporate market trends into models, tools, processes, and policies to prevent and mitigate risks. It also covers the importance of close communication with clients to be able to identify their needs and problems, preventing potential breaches.

- **Prospective Vision:** Always maintaining a farsighted vision in line with the new business trends in the risk management strategy and the evaluation of policies and models. For a continuous improvement of products and processes, updating methodologies and tools following the best practices to estimate the future behavior of assets and create scenarios to make strategic decisions.

- **Multidisciplinary Participation:** Joint decision-making through multidisciplinary committees and teams strengthens GFNorte's perspective to identify and control risks. Risks are continuously monitored, and mitigation strategies or actions are planned and executed consensually with all the areas involved. Operating through a cell-based collaboration scheme, i.e., multidisciplinary teams assigned a specific task, such as improving a process or developing a new product. This collaboration scheme allows to react instantly to changing environments involving risks in operations and strategies or execute an existing credit prevention or mitigation plan.

- **Communication and Continuous Training:** The Board of Directors and Senior management members communicate the importance of robust risk culture. In this regard, the Group has reinforced internal training for risk management, including the content of risk management, prevention, and mitigation for all our staff.

- **Risk - Return-Based Compensation:** Risk management criteria is targeted into the employees' evaluation and compensation to maximize the risk-return ratio. To attain this, the risk indicators' formal measurement is linked with the performance evaluation process, promotion, and compensation of staff. The Remuneration System establishes these incentives, where the evaluation criteria is established mainly for Senior management, consistent with reasonable risk-taking. Additionally, a performance evaluation system has been implemented, where employees and their immediate superiors set operational, safety, and career development goals. Performance is evaluated under specific metrics as well as professional skills and credentials, according to the profile of each position.

- **Innovation:** GFNorte is known for its fast development in risk management and for performing with the latest banking practices. Therefore, it is observed to remain at the forefront of new products, channels, technologies, and risk implications. Technological innovation is crucial to identify, measure, and control risks properly in the face of technological change and new products and segments of the digital market. These innovative products go through a formal project evaluation process, which includes identifying and measuring risks determined by the relevant areas.

1.3.1. Desired Risk Profile

General and specific guidelines are established throughout the Group to monitor the Desired Risk Profile; in addition, a formal escalation process is in place, in case of any deviation from the desired risk profile. Critical quantitative indicators by type of risk were developed, for the Group and its subsidiaries. Such indicators are sensitive to the material risks to which the Institutions are exposed to and can be used as critical financial health indicators. These indicators are reviewed and ratified at least 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

Credit risk is the risk of clients, issuers or counterparties not fulfilling their payment obligations. Hence, proper management is essential to maintain loan quality of the portfolio.

The objectives of Credit Risk Management at GFNorte are:

- Comply with the Risk Appetite set 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 global best practices, such as, implementing models, methodologies, procedures, and systems.
- Measure Institution's vulnerability to extreme conditions and consider those results for decision making.

The policies for managing, covering and mitigating Credit Risk in GFNorte are:

- 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 scenarios as well as departments or officers responsible for carrying out such actions.
- Surveil 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 the Institution.

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

2.1. Credit Risk Scope, Nature, and Methodology

Risk management is supported by a framework of policies and manuals, which establish the implementation and monitoring process of Credit Risk limits, coverage, mitigation, and compensation strategies, the disclosure of the referred risk metrics, within the established limits. Within these policies are detailed, among others: the characteristics, capacity, legal aspects, instrumentation issues and degree of coverage that must be considered when compensating or mitigating risk. Likewise, the execution of guarantees is contemplated as a risk compensation mechanism whenever there is a breach that has not been corrected by the debtors.

The DGARC relies on 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 generated by them are continuously backed up, following institutional procedures of institutional information security procedures.

As part of the strategies and processes to monitor the continuous effectiveness of the hedges or mitigants, there are limits for Credit Risk, which are continuously monitored, and there are procedures established so that excesses and their causes are documented as well as implementing the corresponding corrective actions to return to acceptable risk levels.

The 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

GFNorte segments its loan portfolio into two large groups: retail loans and wholesale loans.

The individual Credit Risk for retail loans is identified, measured, and controlled through a parametric system (scoring) that includes models for each of the SME (small and medium enterprises) and consumer products (mortgage, auto, payroll, personal loans, and credit cards).

The individual risk for wholesale loans is identified, measured, and controlled through Target Markets, Risk Acceptance Criteria, Early Warnings and GFNorte's New Internal Risk Rating (NCIR Banorte), which are tools that integrate GFNorte's Loan Strategy and support the estimated level of Credit Risk.

The Target Markets are categories of economic activity by region, backed by economic research and loan behavior analysis as well as expert opinions, where GFNorte is interested in granting loans.

The Risk Acceptance Criteria are parameters that describe different types of risks by industry, to estimate the risk taking when granting loans to customers based on their economic activity. The types of risk observed in the Risk Acceptance Criteria are: Financial, Operation, Market, and Enterprise's life cycle, Legal and Regulatory Risks, besides credit experience and management quality.

Early Warnings are a set of criteria based on borrower's information and indicators as well as their market conditions, as a mechanism for timely prevention and identification of a probable deterioration in the loan portfolio, thereby enabling the Institution to take prompt preventive actions to mitigate Credit Risk.

Banorte's NCIR is a borrower's rating methodology which assesses quantitative and qualitative criteria to determine credit quality. NCIR applies to commercial loans equal to or greater than the equivalent of four million investment units (UDIs) in Mexican pesos on the rating date, or borrowers whose annual sales or income are equal to or greater than 14 million UDIs (in case of being enterprises).

2.1.2. Portfolio Credit Risk

GFNorte has developed a portfolio Credit Risk methodology, which considers the loan portfolio exposure directly from the balance of each loan, whereas the financial instruments' portfolio considers the present value of the instruments and their future cash flows. Since the exposure is sensible to market changes, it is possible to define sensitivity estimates under different economic scenarios.

This Credit Risk methodology provides the current value of GFNorte's entire loan's portfolio, in order to monitor risk concentration levels through risk ratings, geographical regions, economic activities, currency, and type of product, in order to observe the portfolio's profile and act to improve diversification, which will maximize profitability with the lowest risk.

Aside from loan exposure, the methodology takes into consideration the probability of default, the recovery level associated to each client, and the classification of the debtor based on the Merton model. The probability of default is the probability that the debtor will not fulfill his/her debt obligation with the institution according to the originally agreed terms and conditions. The probability of default is based on transition matrixes estimated by GFNorte based on the migration of the debtors through different risk rating levels. The recovery rate is the percentage of the total exposure that is expected to be recovered if the debtor defaults. The classification of the debtor, based on the Merton model, associates the debtor's future behavior to credit and market factors on which his/her "credit health" depends, as determined by statistical techniques.

The results of this methodology are risk measures, such as the expected and unexpected loss at a one-year horizon. Expected loss is the mean of the credit portfolio's loss distribution, which is used to measure the following year's expected loss due to defaults or variations in debtors' credit quality. Unexpected loss is an indicator of the loss in extreme scenarios and is measured as the difference between the maximum loss given the loss distribution, at a specific confidence level which for GFNorte's is 99.85%, based on Expected Shortfall, and expected loss.

These results are used as a tool for better decision-making for granting loans as well as for the diversification of the portfolio, in line with GFNorte's strategy. The individual risk identification tools and the portfolio Credit Risk methodology are periodically reviewed and updated to include the application of new techniques that may support or strengthen them.

2.1.3. Credit Risk of Financial Instruments

The Credit Risk Management of financial instruments is managed through a robust framework of policies for its origination, analysis, authorization, and management.

Origination policies define the types of eligible negotiable financial instruments as well as the methodology for assessing credit quality of different types of issuers and counterparties. Credit quality is allocated through a rating obtained by using an internal methodology, evaluations of external rating agencies or a combination of both. Maximum parameters of operation are also defined based on the type of issuer or counterparty, rating, and type of operation.

The Loan Committee authorizes operation lines with financial instruments for clients and counterparties in accordance with authorization policies. The authorization request is submitted by the business area and other areas involved in the operation, with all the relevant information for analysis by the Committee, which grants approval if it deems it appropriate. Nevertheless, counterparty credit lines (mainly to financial entities) that comply with certain criteria may be approved through a parametric methodology approved by the CPR.

In the specific case of Derivatives contracts, and in line with best practices, a methodology for estimating the potential exposure to lines is used. The potential exposure for lines calculation methodology is then analyzed by the Credit Committee, and if approved, is monitored on a daily basis as well as reported monthly in the CPR, where analysis of guarantees behind Derivative transaction is held for both clients and financial counterparties.

The correspondent regional Credit Committee holds the minimum faculty to approve Derivative lines for clients (when applicable, a fast-track process has been approved by the CPR). For these transactions, the use of Derivatives lines with margin calls shall be privileged in order to mitigate the risk of potential exposure on these transactions.

On an individual level, the risk concentration on financial instruments is managed on a continuous basis, by establishing and monitoring maximum parameters of operation for each counterparty or issuer depending on the rating and type of operation. Defined risk diversification policies exist for portfolios, for economic groups and internal groups. Additionally, the concentration of counterparty type or issuer, the size of the financial institutions, and the region in which it operates, are monitored in order to obtain an appropriate diversification and to avoid undesired concentrations.

Credit Risk is measured through a rating associated with the issuer, security, or counterparty which has a pre-assigned risk level based on two fundamentals:

1) The probability of default of the issuer, security, or counterparty, which is expressed as a percentage between 0% and 100% where the better the rating or lower rate differential vs. the instrument of an equivalent government bond, the lower the probability of default and vice versa.

2) The loss given default that could be experienced with regard of the total of the operation in the event of non-fulfillment, is expressed as a percentage between 0% and 100% where the better the guarantees or credit structures, the lower the loss given default and vice versa. In order to mitigate Credit Risk and to reduce the loss given default in the event of non-fulfillment, the counterparties have signed ISDA contracts and agreements to net out, in which credit lines and the use of collaterals to mitigate loss in the event of non-fulfillment are implemented.

2.2. Credit Risk Exposure

As of September 30th, 2025 the total amount of the exposure subject to the Standard Method and the Internal Models (Advanced Approach Internal Model for Credit Cards, Mortgages, Auto Loans and Business Enterprises Annual sales less than 14 million of UDIS, and Foundation Approach Internal Model for Business Enterprises Annual sales greater than or equal 14 million of UDIS) for the estimation of Capital Ratio is as follows:

Gross Exposures subject to the Standard Method and Internal Models** *(Million pesos)*	Banorte	Arrendadora y Factor Banorte*	Total Portfolio
States or Municipalities	80,423	238	80,662
Decentralized Federal Government Agencies and State Companies	33,721	3,726	37,447
Projects with own source of payment	110,832		110,832
Financial Institutions	62,515	1,118	63,633
Consumer Non-Revolving	92,369	1	92,370
Total Loans subject to the Standard Method	**379,860**	**5,083**	**384,943**
Commercial	249,742	41,679	291,421
YoY Revenues or Sales >= 14 MM UDIS	249,742	41,679	291,421
Federal, State and Municipal Government Decentralized Agencies, with annual income or Sales >= 14 MM UDIS	9,320		9,320
Total Loans subject to the Foundation Approach Internal Model	**259,062**	**41,679**	**300,741**
Commercial	97,234	1,788	99,022
YoY Revenues or Sales < 14 MM UDIS	97,234	1,788	99,022
Consumer Non-Revolving (Auto)	65,592		65,592
Credit Card	71,994		71,994
Mortgage	290,406		290,406
Total Loans subject to Advanced Approach Internal Model	**525,226**	**1,788**	**527,014**
Eliminations and Accounting Records			(29,740)
Deferred Items	3,736	(22)	3,714
BAP Portfolio			4,113
Tarjetas del Futuro			5,597
Fid. Bursa GEM			28,062
Not Rated			
Total Loans with BAP and DI			**1,224,444**

* Excludes Pure Leasing.

** The exposure excludes Letters of Credit and has accounting adjustments.

For transactions subject to Credit Risk, the Institution uses external ratings issued by the rating agencies S&P, Moody's, Fitch, HR Ratings, Verum, DBRS Ratings México and A.M. Best America Latina. Only ratings issued by rating agencies are considered and are not assigned based on comparable assets.

2.2.1. Loan Portfolio

GFNorte's Credit Risk loan portfolio as of 3Q25 presents a total exposure of Ps 1,224.44 billion, Ps 22.9 billion more than previous quarter or 1.9% more, and Ps 81.05 billion higher or a 7.1% increase from the previous year.

Variations per product of GFNorte's total portfolio are:

Product / Segment	Total Loan			Var. vs. 2Q25		Var. vs. 3Q24	
(Million pesos)	3Q24	2Q25	3Q25	Ps	%	Ps	%
Government	175,739	153,132	155,490	2,358	1.5%	(20,249)	(11.5%)
Commercial	282,578	305,325	311,306	5,981	2.0%	28,728	10.2%
Mortgage	268,808	284,847	290,406	5,559	2.0%	21,598	8.0%
Corporate	208,302	225,831	223,862	(1,969)	(0.9%)	15,560	7.5%
Payroll	84,392	89,345	92,377	3,032	3.4%	7,986	9.5%
Credit Card	66,780	74,208	77,591	3,382	4.6%	10,811	16.2%
Auto Loans	50,087	61,386	65,584	4,198	6.8%	15,498	30.9%
Total Loans	**1,136,685**	**1,194,075**	**1,216,617**	**22,542**	**1.9%**	**79,931**	**7.0%**
Deferred Items	2,950	3,491	3,714	223	6.4%	764	25.9%
BAP Portfolio	3,756	3,993	4,113	120	3.0%	357	9.5%
Total Loans with BAP and DI	**1,143,392**	**1,201,558**	**1,224,444**	**22,885**	**1.9%**	**81,052**	**7.1%**

Performing Loans now broken down into Stage 1 and 2 represent Ps 1,199.86 billion, while Non-performing loans, also known as Stage 3 Loans, represent Ps 16.75 billion.

Subsidiary (Million pesos)	Loans		Total	Total Reserves
	Performing	Non-Performing		
Banorte*	1,118,444	15,964	1,134,408	21,536
Tarjetas del Futuro	5,244	353	5,597	1,755
Arrendadora y Factoraje	48,113	437	48,550	363
Fid. Bursa GEM	28,062		28,062	158
Accounting Records				7
Total Loans	**1,199,863**	**16,754**	**1,216,617**	**23,820**
Deferred Items			3,714	
BAP Portfolio			4,113	336
Total Loans with BAP and DI			**1,224,444**	**24,156**

* Banorte' s total loans include eliminations for (Ps 29.74 billion).

Total reserves of Ps 24.16 billion include rating reserves of Ps 23.82 billion and accounting records (Credit Letters reserves, revaluations and BAP reserves) of Ps 336 million.

GFNorte's Performing and Non-performing portfolios in 3Q25 grouped by sector and subsidiary are detailed in the following two tables:

Sector (Million pesos)	Loans		Total Loans	Reserves		3Q25 Charge offs	Days Past-Due**
	Performing	Non-Performing		3Q25	Var vs. 2Q25		
Services*	176,657	4,804	181,461	2,916	1,763	140	482
Government	155,490		155,490	843	22	4	2,587
Commerce	82,805	1,498	84,303	1,222	(48)	316	379
Manufacturing	68,571	552	69,122	454	(44)	62	508
Hotels and Restaurants	68,309	186	68,495	228	20	2	452
Top 5 Sectors	**551,832**	**7,040**	**558,871**	**5,663**	**1,714**	**524**	
Other Sectors	129,730	2,057	131,787	1,068	57	51	
Mortgage	287,802	2,604	290,406	1,354	55	523	
Consumer	225,255	4,701	229,956	13,972	545	4,187	
Tarjetas del Futuro	5,244	353	5,597	1,755	434	361	
Accounting Records				7			
Total Loans	**1,199,863**	**16,754**	**1,216,617**	**23,820**	**2,797**	**5,651**	
Deferred Items			3,714				
BAP Portfolio			4,113	336			
Total Loans with BAP and DI			**1,224,444**	**24,156**			

* Includes Financial, Real Estate and Other Services.

** Days past due from Non-performing Loans.

Sector/Subsidiary *(Million pesos)*	Banorte*	Tarjetas del Futuro	AyF	Fid. Bursa GEM	Total Loans
Services**	171,604		9,857		181,461
Government	123,465		3,964	28,062	155,490
Commerce	76,999		7,305		84,303
Manufacturing	54,908		14,214		69,122
Hotels and Restaurants	68,439		56		68,495
Top 5 Sectors	**495,414**	**0**	**35,396**	**28,062**	**558,871**
Remaining	638,994	5,597	13,154		657,745
Total Loans	**1,134,408**	**5,597**	**48,550**	**28,062**	**1,216,617**
Deferred Items					3,714
BAP Portfolio					4,113
Total Loans with BAP and DI					**1,224,444**

* Banorte' s total loans include eliminations for (Ps 29.74) billion.

** Includes Financial and Real Estate services.

As of 3Q25, GFNorte's Performing and Non-performing loans grouped by federal entity and subsidiary are detailed in the following table:

	Federal Entities *(Million pesos)*	Loans		Total Loans	Total Reserves
		Performing	Non-performing		
1	Ciudad de México	324,297	6,532	330,829	5,162
2	Nuevo León	202,136	1,068	203,204	2,559
3	Estado de México	82,397	1,182	83,579	2,026
4	Jalisco	82,294	578	82,872	1,215
5	Sinaloa	48,117	441	48,558	655
6	Quintana Roo	39,859	146	40,006	341
7	Baja Calif. Nte	35,731	420	36,151	720
8	Chihuahua	34,489	526	35,015	780
9	Tamaulipas	33,296	536	33,832	923
10	Coahuila	31,583	429	32,012	761
	Top 10	**914,200**	**11,858**	**926,058**	**15,143**
	Other Federal Entities	280,419	4,543	284,962	7,258
	Tarjetas del Futuro	5,244	353	5,597	1,755
	Total Loans	**1,199,863**	**16,754**	**1,216,617**	**24,156**
	Deferred Items			3,714	
	BAP Portfolio			4,113	
	Total Loans with BAP and DI			**1,224,444**	

* Banorte' s total loans include eliminations for (Ps 29.74) billion.

As of 3Q25, GFNorte's Performing and Non-performing loans grouped by term are detailed below:

Remaining Term (Million pesos)	Portfolio		Total Loans	Total Reserves
	Performing	Non-performing		
0 - 1 years	207,259	4,008	211,267	8,887
1 - 5 years	388,226	4,009	392,235	8,326
5 - 10 years	129,711	1,644	131,355	736
> 10 years	393,247	6,304	399,551	3,586
Banorte*	**1,118,444**	**15,964**	**1,134,408**	**21,536**
Tarjetas del Futuro	5,244	353	5,597	1,755
Arrendadora y Factor Banorte	48,113	437	48,550	363
Fid. Bursa GEM	28,062		28,062	158
Accounting Records				7
Total Loans	**1,199,863**	**16,754**	**1,216,617**	**23,820**
Deferred Items			3,714	
BAP Portfolio			4,113	336
Total Loans with BAP and DI			**1,224,444**	**24,156**

* Banorte' s total loans include eliminations for (Ps 29.74 billion).

2.2.2. Exposure to Financial Instruments

As of 3Q25, exposure to Credit Risk for Securities Investments of Banco Mercantil del Norte was Ps 437.60 billion, of which 99.1% is rated higher or equal to AA-(mex) on a local scale, placing them in investment grade, and the 3 main counterparties other than the Federal Government, State Governments and National Financial Institutions represent 17% of the Tier 1 Capital as of June 2025. Additionally, the exposure of investments with the same counterparty besides the Federal Government that represents a higher or equal concentration to 5% of the Net Capital as of June 2025 is rated as AAA(mex) and is comprised of (*weighted average term, amounts in pesos and weighted average return to annualized maturity*): market certificates of the state government portfolio securitized (BANORCB Trust 4907 or Bursa GEM) for 22 years and 3 months totaling Ps 26.20 billion at 8.3%.

For Derivatives operations, the exposure of the three main counterparties other than the Federal Government, State Governments and National Financial Institutions represent 2% of the Tier 1 Capital as of June 2025.

Exposure to Credit Risk for Securities Investments of Casa de Bolsa Banorte was Ps 220.02 billion, of which 100% is rated higher or equal to AA(mex) on a local scale, placing them in investment grade and the 3 main counterparties other than the Federal Government, State Governments and National Financial Institutions represent 74% of the Equity as of June 2025. Additionally, the exposure of investments with the same counterparty besides the Federal Government that represents a higher or equal concentration to 3% of the Equity as of June 2025 has a higher or equal rating to AA(mex) and are comprised of (*weighted average term, amounts in pesos and weighted average return to annualized maturity*): market certificates of BBVA Mexico for 2 years and 2 months totaling Ps 5.77 billion at 7.9%; certificates of deposit and market certificates of HSBC Mexico for 7 months totaling Ps 5.02 billion at 7.9%; market certificates of Banco Santander Mexico for 1 year and 2 months totaling Ps 4.66 billion at 7.9%; market certificates of Mexico City Government for 22 years totaling Ps 2.42 billion at 8.1%; market certificates of Scotiabank Inverlat for 1 year and 10 months totaling Ps 2.3 billion at 7.9%; market certificates of FEFA for 2 years and 1 month totaling Ps 2.14 billion at 7.9%; market certificates of NAFIN for 1 year totaling Ps 2.03 billion at 7.8%; certificates of deposit and market certificates of BANOBRAS for 1 year and 3 months totaling Ps 2.01 billion at 7.8%; market certificates of BANCOMEXT for 1 year and 9 months totaling Ps 1.93 billion at 7.8%; certificates of deposit of Banco Invex for 6 months totaling Ps 1.5 billion at 8.2%; market certificates of Banco Compartamos for 1 year and 10 months totaling Ps 1.43 billion at 8.3%; CABEI bonds for 1 year and 9 months totaling Ps 1.11 billion at 8%; market certificates of FONACOT for 2 years and 1 month totaling Ps 961 million at 8.2%; market certificates of Banco Actinver for 1 year and 5 months totaling Ps 804 million at 8.6%; market certificates of Sociedad Hipotecaria Federal for 1 year and 6 months totaling Ps 634 million at 7.8%; and market certificates of CFE for 1 year and 9 months totaling Ps 268 million at 8.2%.

For Derivatives operations, the exposure of the 3 main counterparties other than the Federal Government, State Governments and National Financial Institutions represent 3% of the Equity as of June 2025.

Arrendadora y Factor Banorte had no exposure neither to Securities Investments nor to Derivatives.

Banorte' s exposure to counterparty risk from transactions with derivatives is presented below as well as the netting effect and risk mitigation based on the aggregate guarantees related to settled transactions (includes operations with Banxico and excludes settled transactions through central counterparties).

Position Banorte (MTM in *Million Pesos*)	3Q25	3Q25 Average
Forwards	39	113
FX Swaps	(173)	(58)
FX	(0.3)	1
Options	381	250
Swaps with Interest Rates IRS	3,933	3,201
Cross Currency Swap (CCIRS)	3,828	3,280
Credit Default Swaps (CDS)	(35)	(34)
Total	**7,973**	**6,749**
Positive Fair Value *(Positive Market Value)*	10,250	9,434
Netting Effect*	2,277	2,681
Delivered Guarantees (-) /Received (+)		
Cash	4,841	4,376
Securities		
Total	**4,841**	**4,376**

* Difference between the positive market value (excluding net positions) and the portfolio market value.
Transactions performed at the Clearing House are not included, as they are not subject to counterparty risk.

The following table shows the current and potential levels of exposure (MTM) at the end of the quarter and the average amount for the quarter for Banorte:

Banorte (*Million Pesos*)	Potential Risk		Current Risk (MTM)	
Financial Counterparties	**3Q25**	**3Q25 Average**	**3Q25**	**3Q25 Average**
FWD				
FX SWAP	782	909	(171)	(49)
FX				
OPTIONS	380	471	312	228
INTEREST RATE SWAP	599	744	979	772
CCS	1,126	1,133	3,730	3,281
CDS	225	282	(35)	(34)
Total	**2,035**	**2,080**	**4,815**	**4,195**
Clients (Non-Financial)	**3Q25**	**3Q25 Average**	**3Q25**	**3Q25 Average**
FWD	66	104	37	104
OPTIONS	262	250	70	21
INTEREST RATE SWAP	3,890	3,470	2,953	2,429
CCS	339	293	98	(1)
Total	**4,525**	**4,081**	**3,158**	**2,554**

Based on conditions established in derivative agreements, tolerance levels of exposure are considered according to the rating of involved entities. The following table presents the number of guarantees to be delivered, in case of a rating downgrade. It's worth noting that we have migrated to a zero threshold for most counterparties, thus, guarantees to be delivered are not dependent on credit rating but rather on market movements:

In the following table, the derivatives' market value (MTM) is detailed according to the counterparties' ratings:

Banorte Rating (*Million Pesos*)	MTM 3Q25	3Q25 Average
AAA/AA-		
A+/A-	4,632	4,079
BBB+/BBB-	1,372	1,199
BB+/BB-	730	651
B+/B-	(0.02)	(0.09)
CCC/C		
SC	1,240	821
Total	**7,973**	**6,749**

Casa de Bolsa Banorte's exposure to counterparty risk from transactions with derivatives is presented below as well as the netting effect and risk mitigation based on the aggregate guarantees related to settled transactions (includes operations with Banxico and excludes settled transactions through central counterparties).

Position Casa de Bolsa Banorte (MTM) (*Million Pesos*)	3Q25	3Q25 Average
Forwards		
FX Swaps		
FX		
Options		
Swaps with Interest Rates IRS	121	123
Cross Currency Swap (CCIRS)		
Credit Default Swaps (CDS)		
Total	**121**	**123**
Positive Fair Value *(Positive Market Value)*	224	280
Netting Effect*	104	157
Delivered Guarantees (-) /Received (+)		
Cash		
Securities		
Total	**0**	**0**

* Difference between the positive market value (not considering the net positions) and the portfolio market value.
Transactions performed at the Clearing House are not included, as they are not subject to counterparty risk.

The following table shows the current and potential levels of exposure (MTM) at the end and the average amount of the quarter, respectively, for Casa de Bolsa Banorte.

Casa de Bolsa Banorte (*Million Pesos*)	Potential Risk		Current Risk (MTM)	
Financial Counterparties	**3Q25**	**3Q25 Average**	**3Q25**	**3Q25 Average**
FWD				
FX SWAP				
FX				
OPTIONS			(4)	(5)
INTEREST RATE SWAP	299	344	80	163
CCS				
CDS				
Total	**299**	**344**	**75**	**158**
Non-Financial Counterparties	**3Q25**	**3Q25 Average**	**3Q25**	**3Q25 Average**
FWD				
OPTIONS	4	4	4	5
INTEREST RATE SWAP	303	268	41	(40)
CCS				
Total	**307**	**273**	**45**	**(35)**

Based on conditions established in derivative agreements, tolerance levels of exposure are considered according to the rating of involved entities. The following table shows the number of guarantees to be delivered, in case of a rating downgrade. It's worth noting that we have migrated to zero threshold with most counterparties, thus, guarantees to be delivered are not dependent on credit rating, but rather on market movements.

In the following table, the derivatives' market value (MTM) is detailed according to the counterparties' ratings:

Casa de Bolsa Banorte Rating (*Million Pesos*)	MTM 3Q25	3Q25 Average
AAA/AA-		
A+/A-		
BBB+/BBB-	75	158
BB+/BB-		
B+/B-		
CCC/C		
SC	45	(35)
Total	**121**	**123**

2.3. Credit Collaterals

Collaterals represent the second credit recovery source when its coverage, through the predominant activity of the applicant, is compromised. Collaterals may be real or personal.

The main types of real collaterals are the following:

- Civil Mortgage.
- Industrial Mortgage.
- Regular Pledge.
- Pledge without possession transfers.
- Pledge / Pledge Bond.
- Pledge Bond.
- Caution Securities.

- Securities Pledge.
- Management and Payments Trust.
- Development Funds.

For assets granted in guarantee, the Institution has policies and procedures for monitoring and periodically making inspection visits to ensure the existence, legitimacy, value, and quality of the guarantees accepted as an alternative credit support. Furthermore, when the guarantees are a type securities, there are policies and procedures to monitor their market valuation; furthermore, additional guarantees may be required if needed.

The following table shows the covered loan portfolio by collateral type.

Collateral Type (Million Pesos)	3Q25			
	Banorte	Banorte Ahorro y Previsión	Arrendadora y Factor Banorte**	GFNorte*
Total Loan Portfolio	**1,191,396**	**4,113**	**48,528**	**1,224,444**
Covered Loan Portfolio by type of collateral				
Real Financial Guarantees	79,967			79,967
Real Non-Financial Guarantees	659,651		9,864	669,515
Pari Passu	56,236			56,236
First Losses	3,509			3,509
Personal Guarantees	63,809		6,910	70,719
Total Loan Portfolio Covered	**863,172**	**0**	**16,774**	**879,946**

* Total Loans include eliminations and accounting records for (Ps 19.59 billion).

** Excludes Pure Leasing.

2.4. Expected Loss

As of 3Q25, Banco Mercantil del Norte's total portfolio was Ps 1,167.88 billion. The expected loss represents 1.8%, while the unexpected loss is 3.4% of the total portfolio. The average expected loss is 1.7%, for the period July - September 2025.

Regarding Casa de Bolsa Banorte, the credit exposure of investments is Ps 220.24 billion and the expected loss represents 0.004% of the exposure. The average expected loss is 0.004% for the period July - September 2025.

The total portfolio of Arrendadora y Factor Banorte, including pure leasing is Ps 51.76 billion. The expected loss represents 0.7% and the unexpected loss is 1.9% of the total portfolio. The average expected loss is 0.8%, for the period July - September 2025.

2.5. Internal Models

In October 2016, the Board of Directors approved the implementation plan for the Internal Models for estimating reserves and capital requirements on all applicable portfolios, which was dispatched to CNBV in the same year. In accordance with this implementation plan, the models for the Credit Card, Commercial Loans and Auto Loans 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 Internal Methodologies of reserves based on NIF C-16 (IFRS9), effective as of January 2021, was published in the Federation Official Journal (DOF by its acronym in Spanish). However, due to the COVID-19 pandemic, the CNBV issued a press release in April 2020 indicating that the rule would be effective as of January 2022.

Therefore, GFNorte complied with the new regulation and adopted the Internal Reserve Methodologies based on NIF C-16, for which the Risk Policies Committee (CPR by its acronym in Spanish) and the Board of Directors were requested in April 2021 to approve the Implementation Plan (Capital and Reserves), which was authorized by the CNBV in January 2022 through Document 111-2/852/2022.

Since January 2022, the NIF C16 (IFRS9[1]) rule has been effective for the calculation of preventive reserves for credit risks, both in the Standard Approach and Internal Models. Consequently, for Internal Models, estimates for risk parameters will consider two approaches: IRB to compute capital requirements and IFRS9 to compute reserves:

- The capital approach will maintain long-term estimates ("Through the Cycle", TTC), under Annex 15 of the CUB[2].
- The reserves approach will consider 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 three risk stages, being necessary for stage 2 a reserve calculation for the remaining term (LifeTime).

Given the new guidelines of the CUB on Internal Models, the regulator (CNBV) will only issue a Document of approval for the use of methodology for Capital Estimation, for a maximum period of 18 months. The use of Internal Model for Reserve methodology is authorized by Banorte's Board of Directors and by the Board of Arrendadora y Factor Banorte, accordingly, with the support of the Technical Evaluation made by the Independent Evaluator, which 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 CNBV for review; likewise, the validity of this model has a maximum period of 18 months.

Given the new guidelines on July 27, 2023, were approved by the CNBV the IM for the calculation of Capital Requirements and the Board of Directors authorized the use of the Reserve methodology based on NIF C16 in its session on April 20, 2023.

Subsequently, on August 30, 2024, the CNBV granted authorization for the use of IM only for the calculation of Capital Requirements for Banco Mercantil del Norte and on September 30, 2024, for Arrendadora y Factor Banorte. Likewise, the Board of Directors authorized the use of the Reserve methodology based on NIF C16 in its session on January 17, 2024, for Banco Mercantil del Norte and on January 16, 2024, for Arrendadora y Factor Banorte.

All portfolios continued re-certified behind these new guidelines according to the Implementation Plan.

2.5.1. Advanced Approach Internal Model for Credit Card

On November 15, 2017, GFNorte received approval from the banking regulator (Comisión Nacional Bancaria y de Valores) to use Internal Models (IM) for credit card rating for reserves and regulatory capital calculation by credit risk with an Advanced Approach (Document 111-3/706/2017). As indicated by the regulation, Internal Models are periodically recalibrated. On July 4th, 2024, the CNBV granted authorization for the use of IM for the calculation of Capital Requirements for a period of 18 months (Document 111-2/1269/2024); additionally, the Board of Directors authorized the use of the Reserve methodology based on NIF C16 in its session on April 16, 2024.

The previously mentioned internal models improve overall credit risk management by estimating risk parameters from the bank's own experience. These risk parameters are described below:

- Probability of Default (PD): Indicates the probability that a credit card customer defaults on its contractual obligations within the next twelve months starting after the month being rated. For each loan, there is a score, which is mapped to a Master rating scale.
- Loss Given Default (LGD): Measures the intensity of the loss upon default expressed as a percentage of the Exposure at Default (EAD).
- Exposure at Default (EAD): The amount of debt at the time of default, considering a time frame of twelve months starting after the month being rated.

The next table shows the Credit Card portfolio subject to the Advanced Approach Internal Model, classified by degrees of Internal Model risk as of 3Q25:

[1] IFRS9 = International Financial Reporting Standards 9, IRB = Internal Rate Based Models.

[2] Circular Única de Bancos.

Consumer Revolving Credit Card Portfolio under Advanced Approach Internal Model												*(Million Pesos)*
Risk Level*	Account. Balance	Exposure at Default (EAD)**			Loss Given Default			PD factored by EAD			Unused Credit Lines	EAD factored by Exposure
		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3		
1	4,087	5,440	0.04		63.7%	62.1%		0.4%	0.4%		21,809	25%
2	6,343	8,264	0.04		64.7%	62.1%		0.8%	0.8%		26,267	23%
3	8,571	12,406	0.3		65.7%	64.3%		1.4%	1.4%		32,427	31%
4	8,381	10,825	0.3		67.1%	62.6%		2.0%	1.9%		21,828	23%
5	6,062	8,040	0.5		67.8%	63.3%		2.8%	2.8%		11,995	25%
6	6,662	8,539	2		69.2%	64.8%		3.9%	3.9%		8,971	22%
7	6,749	8,578	5		70.7%	66.8%		5.4%	5.4%		6,375	21%
8	8,063	10,018	11		72.2%	68.6%		8.0%	8.0%		5,887	20%
9	7,431	9,162	41		74.4%	69.6%		13.4%	13.4%		2,309	19%
10	7,571	8,201	923		76.1%	77.8%		36.8%	36.8%		588	17%
11	2,073			2,073			83.2%			100.0%	-60	0%
Total Portfolio	**71,994**	**89,472**	**982**	**2,073**	**69.1%**	**77.3%**	**83.2%**	**7.3%**	**35.2%**	**100.0%**	**138,397**	**22%**

* Scale of Risk Level for the Advanced Approach Internal Model.
** The balance under Exposure at Default includes Potential Risk as well as Used Credit Line Balance.

The next table shows the difference between expected loss and observed loss resulting from the Advance Approach Internal Model for Credit Cards from 3Q24.

Backtesting				
Portfolio	Expected Loss Internal Model*	Observed Loss*	Difference Ps (Observed Loss – Expected Loss)	% NCL Coverage
Credit Card	5,587	5,426	(161)	103%
Total Portfolio	**5,587**	**5,426**	**(161)**	**103%**

* Expected and Observed Loss is equal to the last twelve months' average.

2.5.2. Advanced Approach Internal Model for Auto Loans

On November 25, 2019, GFNorte received approval from the banking regulator (Comisión Nacional Bancaria y de Valores) to use Internal Models (IM) for Auto Loans for reserves and regulatory capital calculation by credit risk with an Advanced Approach (Document 111/678/2019). Periodically, as indicated by the regulation, Internal Models are recalibrated. On September 01, 2025, the CNBV (Document 111-4/12665/2025) granted authorization for the use of IM exclusively for the calculation of Capital Requirements for a period mentioned in this document; in addition, the Board of Directors authorized, in its meeting on July 22, 2025, the use of reserve methodology based on NIF-C16.

The previously mentioned internal models improve overall credit risk management by estimating risk parameters from the bank's own experience. These risk parameters are described below:

- Probability of Default (PD). Indicates the probability that an auto customer defaults on its contractual obligations within the next twelve months starting after the month being rated. For each loan, there is a score, which is mapped to a Master rating scale.
- Loss Given Default (LGD). Measures the intensity of the loss upon default expressed as a percentage of the Exposure at Default (EAD).
- Exposure at Default (EAD). The amount of debt at the time of default, considering a time frame of twelve months starting after the month being rated.

The next table shows the Auto portfolio subject to the Advanced Approach Internal Model, classified by degrees of Internal Model risk 3Q25:

Consumer Revolving Auto Portfolio under Advanced Approach Internal Model										*(Million Pesos)*
Risk Level*	**Accounting Balance**			**Exposure at Default (EAD)**			**Loss Given Default**			**PD factored by EAD**
	Stage 1	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	
1	12,254	0.1		12,254			46.78%	55.35%		0.17%
2	18,621	1		18,621	1		54.77%	50.10%		0.35%
3	9,208	0.6		9,208	0.6		53.36%	43.83%		0.58%
4	7,421	1		7,421	1.12		56.93%	58.79%		0.78%
5	6,492	4		6,492	3.9		53.97%	58.89%		1.29%
6	5,075	10		5,075	9.5		54.46%	55.57%		1.96%
7	4,481	44		4,481	44		53.84%	50.75%		5.13%
8	1,141	504		1,141	504		52.63%	52.32%		29.28%
9			335			335			53.86%	100.00%
Total Portfolio	**64,692**	**565**	**335**	**64,692**	**565**	**335**	**52.66%**	**52.28%**	**53.86%**	**2.18%**

* Scale of Risk Level for the Advanced Approach Internal Model.

The next table shows the difference between expected loss and observed loss resulting from the Advance Approach Internal Model for Auto Loans from 3Q24.

Backtesting				
Portfolio	**Expected Loss Internal Model***	**Observed Loss**	**Difference Ps (Observed Loss – Expected Loss)**	**% NCL Coverage**
Auto Loans	663	563	(100)	118%
Total Portfolio	663	563	(100)	118%

* Data as of September 2024.

2.5.3. Advanced Approach Internal Model for Mortgages

On July 27, 2023, GFNorte received approval from the banking regulator (Comisión Nacional Bancaria y de Valores) to use Internal Models with an Advanced Approach for regulatory capital calculation on the Mortgage portfolio (Document 111-2/1628/2023), for the period authorized in the corresponding official letter. In addition, the Board of Directors authorized, in its meeting on April 20, 2023, the use of reserve methodology based on NIF-C16. Periodically, as indicated by the regulation, Internal Models are recalibrated. On February 21, 2025, the CNBV (Document 111-4/12606/2025) granted authorization for the use of IM exclusively for the calculation of Capital Requirements; in addition, the Board of Directors authorized, in its meeting on January 28, 2025, the use of reserve methodology based on NIF-C16.

The previously mentioned internal models improve overall credit risk management by estimating risk parameters from the bank's own experience. These risk parameters are described below:

- Probability of Default (PD). Indicates the probability that an auto customer defaults on its contractual obligations within the next twelve months starting after the month being rated. For each loan, there is a score, which is mapped to a Master rating scale.
- Loss Given Default (LGD). Measures the intensity of the loss upon default expressed as a percentage of the Exposure at Default (EAD).
- Exposure at Default (EAD). The amount of debt at the time of default, considering a time frame of twelve months starting after the month being rated.

The next table shows the Mortgage portfolio subject to the Advanced Approach Internal Model, classified by degrees of Internal Model risk as of 3Q25:

Mortgage Portfolio under Advanced Approach Internal Model										*(Million Pesos)*
Risk Level	**Accounting Balance***			**Exposure at Default (EAD)**			**Loss Given Default**			**PD factored by EAD**
	Stage 1	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	
1	35,894	58		35,894	58		19.59%	16.83%		0.02%
2	67,860			67,860			21.91%			0.06%
3	80,368	9		80,368	9		22.11%	25.90%		0.15%
4	52,486	9		52,486	9		22.30%	25.90%		0.42%
5	26,703	3		26,703	3		22.43%	25.90%		1.09%
6	11,823	81		11,823	81		20.93%	16.70%		2.91%
7	5,509	1,349		5,509	1,349		19.89%	18.02%		8.65%
8	1,796	2,584		1,796	2,584		19.48%	19.11%		20.98%
9	37	4		37	4		25.90%	25.90%		49.24%
10			2,197			2,197			22.37%	100.00%
Total Portfolio	**282,476**	**4,096**	**2,197**	**282,476**	**4,096**	**2,197**	**21.46%**	**18.63%**	**22.37%**	**1.65%**

* Accounting Balance excludes Joint Portfolio for Ps 1.64 billion.

The next table shows the difference between expected loss and observed loss resulting from the Advance Approach Internal Model for Mortgage from 3Q24.

Backtesting				
Portfolio	**Expected Loss Internal Model***	**Observed Loss**	**Difference Ps (Observed Loss – Expected Loss)**	**% NCL Coverage**
Mortgage	1,094	978	(116)	112%
Total Portfolio	**1,094**	**978**	**(116)**	**112%**

* Expected and Observed Loss is estimated as the Average for the last 12 months.

2.5.4. Foundation Approach Internal Model for Commercial Loans

On November 27th, 2018, GFNorte received authorization from the banking regulator CNBV (Comisión Nacional Bancaria y de Valores) to use the Internal Model (IM) for Commercial Loans for the generation of reserves and regulatory capital requirements by credit risk with a Foundation Approach, as per (Document 111-3/1472/2018) in Banco Mercantil del Norte, and on February 26th, 2019, for Arrendadora y Factor Banorte as per Documents (111-1/160/2019). As indicated by the regulation, Internal Models are periodically recalibrated. On July 04, 2024, the CNBV granted authorization for the use of IM only for the calculation of Capital Requirements for a period of 18 months for Banco Mercantil del Norte (Document 111-2/1267/2024) and on July 19, 2024 for Arrendadora y Factor Banorte (Document 111-2/1273/2024). Likewise, the Board of Directors authorized the use of the Reserve methodology based on NIF C16 in its session on April 16, 2024 for Banco Mercantil del Norte and on April 12, 2024 for Arrendadora y Factor Banorte.

Exposures subject to this rating are those pertaining to corporations (other than states, municipalities, and financial entities), and individuals (sole proprietorships), both with annual sales equal to or greater than 14 million UDIs.

The Internal Model (IM) enhances the overall credit risk management practice by estimating risk parameters through the institution's own experience with such customers. These models have been applied at Banco Mercantil del Norte since February 2019 (January figures) and at Arrendadora y Factor Banorte since March 2019 (with February figures). The parameter authorized under the Foundation Approach Internal Model for Corporations is:

- Probability of Default (PD). Indicates the likelihood that a borrower will default on its contractual obligations within twelve months after the month being rated. Each borrower is assigned a score, which is in turn mapped against a master rating scale.

The following tables show the portfolio which is subject to the Foundation Approach Internal Model for Commercial Loans, classified by stage and risk level as of 3Q25:

Commercial Loans subject to the Foundation Approach Internal Model
GFNorte
Stage 1 Loans
(Million Pesos)

Risk Level	Accounting Balance	Exposure at Default (EAD)*	PD weighted by EAD
1	106,397	106,934	0.05%
2	111,900	112,569	0.08%
3	55,257	55,617	0.47%
4	33,714	33,754	0.95%
5	10,475	10,475	1.22%
6	6,695	6,860	1.07%
7	268	268	9.03%
8	72	72	24.72%
9	215	215	21.06%
Total	**324,994**	**326,765**	**0.31%**

* EAD balances include both potential risk as well as used balance risk.
The 'PD Weighted by EAD' column may not be monotonic across risk levels because there may be loans with personal guarantees, which influence the final probability of default (PD) of the loans.

Commercial Loans subject to the Foundation Approach Internal Model
GFNorte
Stage 2 Loans
(Million Pesos)

Risk Level	Accounting Balance	Exposure at Default (EAD)*	PD weighted by EAD
1	4	4	0.04%
2	185	185	0.23%
3			
4	8	8	1.03%
5	2	2	1.38%
6	95	95	3.39%
7			
8	88	88	29.64%
9	416	416	2.94%
Total	**799**	**799**	**5.25%**

* EAD balances include both potential risk as well as used balance risk.
The 'PD Weighted by EAD' column may not be monotonic across risk levels because there may be loans with personal guarantees, which influence the final probability of default (PD) of the loans.

Commercial Loans subject to the Foundation Approach Internal Model
GFNorte
Stage 3 Loans
(Million Pesos)

Risk Level	Accounting Balance	Exposure at Default (EAD)*	PD weighted by EAD
Stage 3	1,501	1,501	90.42%
Total	**1,501**	**1,501**	**90.42%**

* EAD balances include both potential risk as well as used balance risk.
The 'PD Weighted by EAD' column may not be 100% because there may be loans with personal guarantees, which influence the final probability of default (PD) of the loans.

Commercial Loans subject to the Foundation Approach Internal Model GFNorte Total Loans			(Million Pesos)
Risk Level	**Accounting Balance**	**Exposure at Default (EAD)***	**PD weighted by EAD**
1	106,401	106,938	0.05%
2	112,085	112,754	0.08%
3	55,257	55,617	0.47%
4	33,722	33,762	0.95%
5	10,478	10,478	1.22%
6	6,790	6,956	1.10%
7	268	268	9.03%
8	160	160	27.42%
9	632	632	9.11%
Stage 3	1,501	1,501	90.42%
Total	**327,294**	**329,065**	**0.73%**

* EAD balances include both potential risk as well as used balance risk.
The 'PD Weighted by EAD' column may not be monotonic across risk levels because there may be loans with personal guarantees, which influence the final probability of default (PD) of the loans.

A breakdown of risk exposure and expected loss in 3Q25 by subsidiary is shown below:

Commercial Loans Portfolio subject to the Foundation Approach Internal Model			(Million Pesos)
Subsidiary	**Accounting Balance**	**Exposure at Default (EAD)****	**Expected Loss**
Banco Mercantil del Norte	285,457	287,228	838
Arrendadora y Factor Banorte	41,837	41,837	237
Total Loans*	**327,294**	**329,065**	**1,074**

* The balance includes Letters of Credit of Ps 26.49 billion and excludes accounting adjustments of Ps 7 million in Banorte and Ps 158 million in Arrendadora y Factor Banorte.
** EAD balances include both potential risk as well as used balance risk.

The following table shows the difference between expected loss estimated by the Foundation Approach Internal Model for Commercial Loans, and the real loss observed in the following 12 months. Since the model was just recently authorized, the table shows the estimations obtained during the parallel model run period.

Backtesting			(Million Pesos)
Period	**Expected Loss with Internal Model**	**Observed Loss**	**% Coverage (Expected Loss / Observed Loss)**
3Q24	1,167	9	12,951%

2.5.5. Foundation Approach Internal Model for Small and Midsize Enterprise (SME's)

On August 30th, 2024, GFNorte received authorization from the banking regulator CNBV (Comisión Nacional Bancaria y de Valores) to use the Internal Model (IM) for SME's Loans for the generation of reserves and regulatory capital requirements by credit risk with a Advanced Approach, as per (Document 111-2/1240/2024) in Banco Mercantil del Norte, and on September 30th, 2024, for Arrendadora y Factor Banorte as per Documents (111-2/1295/2024). Likewise, the Board of Directors authorized the use of the Reserve methodology based on NIF C16 in its session on January 17, 2024, for Banco Mercantil del Norte and on January 16, 2024, for Arrendadora y Factor Banorte. As indicated by the regulation, Internal Models are periodically recalibrated. On July 31, 2025, the CNBV granted authorization for the use of IM only for the calculation of Capital Requirements for a period mentioned in Document for Banco Mercantil del Norte (Document 111-4/12657/2025) and on July 29, 2024 for Arrendadora y Factor Banorte (Document 111-4/12655/2025). Likewise, the Board of Directors authorized the use of the Reserve methodology based on NIF C16 in its session on April 22, 2025, for Banco Mercantil del Norte and on April 21, 2025, for Arrendadora y Factor Banorte.

Exposures subject to this rating are those pertaining to corporations (other than states, municipalities, and financial entities), and individuals (sole proprietorships), both with annual sales lower than 14 million UDIs.

The Internal Model (IM) enhances the overall credit risk management practice by estimating risk parameters through the institution's own experience with such customers. The parameters authorized under the Advanced Approach Internal Model for SME´s are:

- Probability of Default (PD): Indicates the probability that a credit card customer defaults on its contractual obligations within the next twelve months starting after the month being rated. For each loan, there is a score, which is mapped to a Master rating scale.
- Loss Given Default (LGD): Measures the intensity of the loss upon default expressed as a percentage of the Exposure at Default (EAD).
- Exposure at Default (EAD): The amount of debt at the time of default, considering a time frame of twelve months starting after the month being rated.

The following tables show the portfolio which is subject to the Advanced Approach Internal Model for Commercial Loans, classified by stage and risk level:

Small and Midsize Enterprise (SME's) Loans subject to the Advanced Approach Internal Model GFNorte Stage 1 Loans				*(Million Pesos)*
Risk Level	**Accounting Balance**	**Exposure at Default (EAD)***	**PD weighted by EAD**	**SP weighted**
1	46,754	46,800	0.94%	39.96%
2	35,563	35,712	2.38%	34.48%
3	8,253	8,287	2.67%	30.00%
4	2,986	2,988	9.85%	35.08%
5	1,282	1,283	12.03%	37.87%
6	1,239	1,239	17.69%	37.16%
7	429	430	29.07%	43.82%
8	84	84	39.17%	42.05%
Total	**96,590**	**96,823**	**2.41%**	**36.92%**

* EAD balances include both potential risk as well as used balance risk.
The 'PD Weighted by EAD' column may not be monotonic across risk levels because there may be loans with personal guarantees, which influence the final probability of default (PD) of the loans.

Small and Midsize Enterprise (SME's) Loans subject to the Advanced Approach Internal Model GFNorte Stage 2 Loans				*(Million Pesos)*
Risk Level	**Accounting Balance**	**Exposure at Default (EAD)***	**PD weighted by EAD**	**SP weighted**
1	6	6	0.88%	45.00%
2	30	31	2.07%	44.21%
3	25	25	2.65%	43.70%
4	87	87	11.33%	25.96%
5	28	28	14.57%	39.55%
6	320	320	12.31%	41.94%
7	634	634	26.76%	43.17%
8	240	240	35.55%	42.22%
Total	**1,369**	**1,370**	**22.60%**	**41.59%**

* EAD balances include both potential risk as well as used balance risk.
The 'PD Weighted by EAD' column may not be monotonic across risk levels because there may be loans with personal guarantees, which influence the final probability of default (PD) of the loans.

Small and Midsize Enterprise (SME's) Loans subject to the Advanced Approach Internal Model GFNorte Stage 3 Loans	*(Million Pesos)*

Risk Level	Accounting Balance	Exposure at Default (EAD)*	PD weighted by EAD	SP weighted
Stage 3	2,977	2,980	90.18%	51.36%
Total	**2,977**	**2,980**	**90.18%**	**51.36%**

* EAD balances include both potential risk as well as used balance risk.
The 'PD Weighted by EAD' column may not be 100% because there may be loans with personal guarantees, which influence the final probability of default (PD) of the loans.

Small and Midsize Enterprise (SME's) Loans subject to the Advanced Approach Internal Model GFNorte Total Loans				*(Million Pesos)*
Risk Level	**Accounting Balance**	**Exposure at Default (EAD)***	**PD weighted by EAD**	**SP weighted**
1	46,760	46,806	0.94%	39.96%
2	35,593	35,742	2.38%	34.49%
3	8,278	8,311	2.67%	30.04%
4	3,073	3,075	9.89%	34.82%
5	1,309	1,311	12.09%	37.90%
6	1,559	1,559	16.59%	38.14%
7	1,063	1,064	27.69%	43.44%
8	324	324	36.50%	42.17%
Stage 3	2,977	2,980	90.18%	51.36%
Total	**100,936**	**101,172**	**5.27%**	**37.41%**

* EAD balances include both potential risk as well as used balance risk.
The 'PD Weighted by EAD' column may not be monotonic across risk levels because there may be loans with personal guarantees, which influence the final probability of default (PD) of the loans.

A breakdown of risk exposure and expected loss in 3Q25 by subsidiary is shown below:

Small and Midsize Enterprise (SME's Loans Portfolio subject to the Advanced Approach Internal Model			*(Million Pesos)*
Subsidiary	**Accounting Balance**	**Exposure at Default (EAD)****	**Expected Loss**
Banco Mercantil del Norte	99,148	99,384	2,094
Arrendadora y Factor Banorte	1,788	1,788	77
Total*	**100,936**	**101,172**	**2,171**

* The balance includes Letters of Credit of Ps 1.3 billion.
** EAD balances include both potential risk as well as used balance risk.

The following table shows the difference between expected loss estimated by the Advanced Approach Internal Model for Commercial Loans, and the real loss observed in the following 12 months. Since the model was just recently authorized, the table shows the estimations obtained during the parallel model run period.

Backtesting			*(Million Pesos)*
Period	**Expected Loss with Internal Model**	**Observed Loss**	**% Coverage (Expected Loss / Observed Loss)**
3Q24	2,125	2,054	103%

2.6. Risk Diversification

In December 2005, the CNBV issued "General Provisions Applicable to Credit Institutions related to Risk Diversification". These guidelines state that institutions must perform an analysis of their borrowers and/or loans to determine the amount of "Common Risk"; institutions must also have the necessary information and documentation to prove that the person or group of people represent a common risk in accordance with the assumptions established in these rules.

In compliance with risk diversification regulation on active and passive operations, **Banco Mercantil del Norte** presents the following information:

Tier 1 Capital as of June 30th, 2025 *(Million Pesos)*	219,018
I. Large Exposures (Groups and Clients whose joint exposure represents more than 10% of Tier 1 Capital):	
Number of Groups and Clients	3
Total Exposure of Groups and Clients as a whole	92,116
% in relation to Tier 1	42%
II. Maximum amount of credit with the 4 largest debtors and common risk groups:	**98,642**

In compliance with risk diversification regulation on active and passive operations, **Arrendadora y Factor Banorte** presents the following information:

Tier 1 Capital as of June 30th, 2025 *(Million Pesos)*	12,339
I. Large Exposures (Groups and Clients whose joint exposure represents more than 10% of Tier 1 Capital):	
Number of Groups and Clients	10
Total Exposure of Groups and Clients as a whole	16,468
% in relation to Tier 1	133%
II. Maximum amount of credit with the 4 largest debtors and common risk groups:	**8,153**

3. MARKET RISK (Banorte and Casa de Bolsa Banorte)

GFNorte's Market Risk objectives are:

- Adhere to the Desired Profile Risk defined by the Group's Board of Directors.
- Ensure proper monitoring of Market Risk. Keep, in a timely manner, the Senior Management properly informed.
- Quantify the exposure to Market Risk through the use of various methodologies.
- Define the maximum risk levels the Institution is willing to maintain.
- Measure the Institution's vulnerability to extreme market conditions and consider such results in decision making.

GFNorte's Market Risk Policies are:

- New products subject to market risk must be evaluated and approved though the new products' guidelines approved by the CPR.
- The Board of Directors is the entitled body to approve global limits and market risk's appetite metrics, as well as their amendments.
- The CPR is the entitled body to approve models, methodologies, and specific limits, as well as their amendments.
- Market risk models will be valid by an independent area, which is separate from the one that develops and manages them.
- Market risk inputs and models will be valid in accordance with a properly approved policy by the CPR.

3.1. Scope, Methodologies and Reports for Market Risk

Market Risk Management is controlled through a series of fundamental pillars, highlighting the use of models and methodologies such as potential loss commonly known as "*expected shortfall*", Backtesting and Stress Testing, which are used to measure the risk of traded products and portfolios in the financial markets. Banorte implemented during January 2019 the calculation of expected shortfall, thus replacing the calculation of VaR. In addition, the valuation of derivatives through RFRs curves and curves adjusted for collateral was implemented in accordance with international standards.

Risk management is supported by a framework of policies and manuals, which establish the implementation and monitoring of Market Risk limits, the disclosure of risk metrics and their monitoring with respect to the established limits. These policies detail, among other things, the characteristics, capacity, legal aspects, instrumentation issues and degree of coverage that must be considered when compensating or mitigating the risk.

Market Risk management is supported by various information and risk measurement systems, which comply with regulatory standards and are aligned with the international best practices in Risk Management. It is worth mentioning that the information contained in the risk systems as well as the reports generated by them, are continuously backed up following institutional information security procedures.

Key risk ratios are disclosed in monthly reports to the Risk Policy Committee and through a daily report to the Institution's senior executives, in relation to the Market risk-taking.

3.2. Market Risk Exposure Banorte

The Institution's financial portfolios' exposure to Market Risk is quantified using the methodology denominated Expected Shortfall, which is the average of losses once VaR is surpassed.

The expected shortfall model is based on a one-day horizon base and takes into account a non-parametric historical simulation with a 97.5% confidence level and 500 historical observations on risk factors, as well as an additional stress scenario. It also takes into account all positions (money market, treasury, equities, FX and derivatives) that are classified as trading assets, both on and off the balance sheet.

The average expected shortfall of the Bank´s portfolio for 3Q25 was Ps 290.5 million (Ps 140.8 million higher than the average expected shortfall from the previous quarter).

The result shows that the Bank's expected shortfall, using a 97.5% confidence level, is an average of Ps 290.5 million, as shown in the following table:

Expected Shortfall (*Million Pesos*)	Average 3Q25
Total Expected Shortfall	290.5
Net Capital	229,961.4
Expected Shortfall/Net Capital	**0.126%**

The expected shortfall by risk factor behavior in 3Q25 is detailed in the following table:

Risk Factor (*Million Pesos*)	3Q25	Average 3Q25
Rates	280.5	239.4
Surcharges	54.4	52.4
FX	17.7	30.9
Others	22.2	26.2
Diversification Effect	(59.7)	(58.4)
Bank's Expected Shortfall	**315.1**	**290.5**

The expected shortfall for 3Q25 is an average of Ps 315.1 million. The contribution to the Bank´s Expected shortfall for each risk factor is shown in the following table:

Risk Factor (*Million Pesos*)	3Q25	Average 3Q25
Rates	279.4	235.2
Surcharges	50.1	48.6
FX	(10.4)	15.2
Others	(4.2)	(8.5)
Bank's Expected Shortfall	**315.1**	**290.5**

Expected shortfall by risk factor is determined by simulating 500 historical scenarios and an additional stress scenario for each risk factor and assessing instruments by their main risk factor. It is important to note that all positions classified as trading were considered, while those classified as held to maturity and available for sale were excluded.

The average proportion by market risk factor excluding the diversification effect is:

Risk Factor	3Q25
Rates	81%
Surcharges	17%
FX	5%
Others	(3%)

3.2.1. Sensitivity Analysis and Stress Testing under extreme conditions

With the aim of complementing and reinforcing risk analysis, Banorte carries out tests under extreme conditions known as Stress Testing. The results of these tests are presented to the Risk Policy Committee on a monthly basis with the main objective of assessing the impact of extreme movements in risk factors on the Institution's positions.

3.2.2. Backtesting Banorte

In order to validate the effectiveness and accuracy of the expected shortfall, a monthly Backtesting analysis is presented to the Risk Policy Committee. Through this analysis, it is possible to compare the losses and profits observed in relation to the estimated expected shortfall, and if necessary, make the required adjustments to the parameter.

3.2.3. Expected Shortfall of Casa de Bolsa Banorte

The average expected shortfall in 3Q25 was Ps 152.5 million, Ps 5.4 million higher in comparison with 2Q25.

The result shows that the potential loss for Casa de Bolsa Banorte, using a 97.5% confidence level, is on average Ps 147.1 million:

Expected Shortfall (*Million Pesos*)	Average 3Q25
Total Expected Shortfall	152.5
Net Capital	4,452.5
Expected Shortfall/Net Capital	**3.42%**

The expected shortfall by risk factor for Casa de Bolsa Banorte portfolio behavior during 3Q25 is:

Risk Factor *(Million Pesos)*	3Q25	Average 3Q25
Rates	89.1	87.3
Surcharges	70.0	71.8
FX	0.8	0.8
Others	0.9	1.0
Diversification effect	(7.9)	(8.4)
Casa de Bolsa Banorte Expected Shortfall	**152.8**	**152.5**

The expected shortfall at the end of 3Q25 is Ps 152.8 million.

Expected shortfall by risk factor is determined by simulating 500 historical scenarios and an additional stress scenario for each risk factor and assessing instruments by their main risk factor. It is important to note that all positions classified as trading were considered, while those classified as held to maturity and available for sale were excluded.

Concentration by Market Risk factor is mainly reflected in interest rates.

3.2.4. Sensitivity Analysis and Stress Testing under extreme conditions

In addition to the potential losses methodology, with the aim of improving risk analysis, Casa de Bolsa Banorte complements its risk analysis by carrying out tests under extreme conditions, knows as Stress Testing. This is presented to the Risk Policy Committee on a monthly basis, with the main objective of assessing the impact of extreme movements on the Institution's positions.

3.2.5. Backtesting Casa de Bolsa Banorte

In order to validate the effectiveness and accuracy of the expected shortfall, a monthly Backtesting analysis is presented to the Risk Policy Committee. Through this analysis it is possible to compare losses and gains observed regarding the estimated expected shortfall, and if necessary, make the required adjustments to the parameter.

4. BALANCE AND LIQUIDITY RISK

GFNorte's Balance and Liquidity Risk objectives are:

- Adhere to the Risk Appetite defined by the Group's Board of Directors.
- Ensure proper monitoring of Balance and Liquidity Risk.
- Assess, through the use of different methodologies, Balance and Liquidity Risk exposure.
- Measure the Institution's vulnerability to extreme market conditions and consider such results for decision making.
- Keep, in a timely manner, the Senior Management properly informed on Balance and Liquidity Risk exposure and on any limits' and risk profile's deviation.
- Follow-up on the institution's coverage policy and review it at least annually.
- Maintain a sufficient level of liquid assets eligible to guarantee the institution's liquidity even under stress conditions.

GFNorte's Liquidity Risk Policies:

- The establishment of specific global limits of Balance and Liquidity Risk Management.
- The measuring and monitoring ofBalance and Liquidity Risk.
- The informing and disclosure of Liquidity Risk to risk-taking areas, CPR, Board of Directors, Financial Authorities and public investors.

4.1. Methodologies and Exposure to Liquidity Risk

Balance and Liquidity risk is managed through the use of key indicators such as the Liquidity Coverage Ratio (LCR), re-price gaps and liquidity as well as stress testing. The latter is based on a framework of policies and manuals, including a funding contingency plan, and a contingency plan to preserve solvency and liquidity. It is also supported by monitoring limits and Risk Appetite metrics of Balance and Liquidity Risk. The disclosure of the metrics and indicators and their compliance with established limits and desired established risk profile is done through monthly reports to the CPR, weekly reports to the capital and liquidity management group, and quarterly reports to the Board of Directors.

4.2. Profile and Funding Strategy

The composition and evolution of the Bank's funding during the quarter are shown in the following table:

Funding Source (Million Pesos)	2Q25	3Q25	Change vs. 2Q25
Demand Deposits			
Local Currency [1]	697,939	672,895	(3.6%)
Foreign Currency [1]	96,755	87,442	9.6%)
Demand Deposits	**794,694**	**760,337**	**(4.3%)**
Time Deposits – Core			
Local Currency [2]	333,510	342,771	2.8%
Foreign Currency	3,303	2,599	(21.3%)
Core Deposits	**1,131,507**	**1,105,707**	**(2.3%)**
Money Market			
Local Currency [3]	35,805	35,000	(2.2%)
Foreign Currency [3]	34,181	32,011	(6.4%)
Banking Sector Deposits	**1,201,493**	**1,172,717**	**(2.4%)**

1. Includes balance of the Global Deposits without Movement.
2. Includes eliminations among subsidiaries.
3. Money Market & Time Deposits.

4.3. Liquidity Coverage Ratio

The LCR measures Liquidity Risk through the relationship between Liquid Assets and Net Cash Outflows ratio in the next 30 days, under a regulatory stress scenario.

The LCR is an indicator normed by Mexican regulation designed to ensure that the institution has sufficient liquidity to meet its short-term obligations, and under an extreme scenario, to use only high-quality liquid assets as source of funding.

The following tables shows the average evolution of LCR components in 3Q25.

LCR Components		Consolidated Entity	
(Million Pesos)		Unweighted amount (Average)	Weighted amount (Average)
COMPUTABLE LIQUID ASSETS			
1	Total Computable Liquid Assets	**NA**	**185,934**
CASH DISBURSEMENTS			
2	**Unsecured retail financing**	682,364	42,103
3	Stable financing	522,678	26,134
4	Less stable financing	159,686	15,969
5	**Unsecured wholesale financing**	365,336	71,920
6	Operational Deposits	341,727	56,773
7	Non-Operational Deposits	20,556	12,094
8	Unsecured debt	3,053	3,053
9	**Secured wholesale financing**	305,316	26,732
10	**Additional Requirements:**	553,256	40,531
11	Disbursements related to derivatives and other guarantee requirements	11,397	9,320
12	Disbursements related to losses from debt financing		
13	Lines of credit and liquidity	541,858	31,211
14	Other contractual financing obligations	2,747	861
15	Other contingent financing liabilities		
16	**TOTAL CASH DISBURSEMENTS**	**NA**	**182,146**
CASH INFLOWS			
17	Cash Inflows for secured operations	128,620	9,964
18	Cash Inflows for unsecured operations	78,945	51,953
19	Other Cash Inflows	3,853	3,853
20	**TOTAL CASH INFLOWS**	**211,417**	**65,770**
			Adjusted amount
21	**TOTAL COMPUTABLE LIQUID ASSETS**	**NA**	**185,934**
22	**TOTAL NET CASH DISBURSEMENTS**	**NA**	**116,377**
23	**LIQUIDITY COVERAGE RATIO**	**NA**	**159.92%**

	LCR Components (Million Pesos)	Bank Stand Alone Unweighted amount (Average)	Weighted amount (Average)
COMPUTABLE LIQUID ASSETS			
1	Total Computable Liquid Assets	**NA**	**185,934**
CASH DISBURSEMENTS			
2	**Unsecured retail financing**	682,364	42,103
3	Stable financing	522,678	26,134
4	Less stable financing	159,686	15,969
5	**Unsecured wholesale financing**	355,482	66,450
6	Operational Deposits	341,727	56,773
7	Non-Operational Deposits	10,701	6,624
8	Unsecured debt	3,053	3,053
9	**Secured wholesale financing**	305,316	26,732
10	**Additional Requirements:**	489,822	37,241
11	Disbursements related to derivatives and other guarantee requirements	12,577	9,782
12	Disbursements related to losses from debt financing		
13	Lines of credit and liquidity	478,424	27,920
14	Other contractual financing obligations	2,747	861
15	Other contingent financing liabilities		
16	**TOTAL CASH DISBURSEMENTS**	**NA**	**173,386**
CASH INFLOWS			
17	Cash Inflows for secured operations	128,620	9,964
18	Cash Inflows for unsecured operations	79,069	55,025
19	Other Cash Inflows	3,853	3,853
20	**TOTAL CASH INFLOWS**	**211,541**	**68,842**
			Adjusted amount
21	**TOTAL COMPUTABLE LIQUID ASSETS**	**NA**	**185,934**
22	**TOTAL NET CASH DISBURSEMENTS**	**NA**	**104,544**
23	**LIQUIDITY COVERAGE RATIO**	**NA**	**178.33%**

During 3Q25, the 92-day average LCR for the Consolidated Entity was 159.92% with a 92-day average for the Bank's Stand-Alone LCR of 178.83%, and at the end of 3Q25, the LCR for the Consolidated Entity was 144.96%, while the bank's Stand-Alone LCR for 3Q25 was 160.22%; the aforementioned levels are above the Risk Appetite and the regulatory minimum standards. These results show that Banorte can meet all of its short-term obligations in a crisis scenario[3].

[3] The Liquidity Coverage Ratio information is preliminary and is subject to Banco de Mexico's validation.

4.4. Evolution of LCR Components

The evolution of the LCR components comparing 2Q25 and 3Q25 is presented in the following table:

LCR Component (Million Pesos)	2Q25	3Q25	Var. vs. 2Q25
Liquid Assets	210,719	183,796	(12.8%)
Cash Inflows	84,911	72,798	(14.3%)
Cash Outflows	205,957	199,584	(3.1%)

The Liquid Assets that compute in the LCRs for the Bank and Sofomes between 2Q25 and 3Q25 are distributed as follows:

Type of Asset (Million Pesos)	2Q25	3Q25	Var. vs. 2Q25
Total	**210,719**	**183,796**	**(12.8%)**
Level I	204,390	177,829	(13.0%)
Level II	6,329	5,967	(5.7%)
Level II A	5,539	5,231	(5.6%)
Level II B	790	736	(6.8%)

4.5. Main Causes of LCR Results

The changes in the Liquidity Coverage Ratio between 2Q25 and 3Q25 are mainly due to the early amortization of a series of market issuances.

It is worth noting that Banorte has not used Banco de México's Permanent Liquidity Facilities or Extraordinary Facilities during 3Q25.

4.6. Exposure to Derivatives and possible Margin calls

Banorte applies the regulatory methodology to determine potential cash outflows for derivatives. At the end of 3Q25, the estimated outflows for derivatives were as follows:

Derivatives Cash Outflows (Million Pesos)	2Q25	3Q25	Var. vs. 2Q25
Net cash outflows at market value and for potential future exposure	6,962	6,962	0.0%
Cash outflows for a 3-notch credit rating downgrade.			0.0%

The assessment shows that potential outflows for derivatives may represent a liquidity requirement of up to Ps 6.96 billion, stable when compared to 2Q25.

4.7. Net Stable Funding Ratio (NSFR)

The NSFR is an indicator that should be interpreted as the proportion between the Available Stable Financing, made up of internal and external resources that are considered reliable over a time horizon, and the Required Stable Financing, made up of liquidity, asset maturities and off-balance sheet positions.

The following tables present the average evolution of NSFR components in 3Q25:

NSFR		Consolidated Entity				
(Million Pesos)		Unweighted value by residual maturity				Weighted Value
		No Maturity	< 6 months	6 months to < 1 year	> 1 year	
Available Stable Funding Items						
1	Capital:	246,719	0	0	0	246,719
2	*Regulatory Capital*	246,719				246,719
3	*Other capital instruments*					
4	Retail deposits and deposits from small business customers:	0	801,823	2,819	245	755,444
5	*Stable deposits.*		618,451	1,973	190	589,593
6	*Less Stable deposits*		183,373	846	55	165,851
7	Wholesale funding:	0	615,443	10,769	101,029	400,099
8	*Operational deposits*		58,834			29,417
9	*Other wholesale funding*		556,610	10,769	101,029	370,682
10	Liabilities with matching interdependent assets	0	628	176	6,714	0
11	Other liabilities	32,158		25,440		12,159
12	*NSFR derivative liabilities*	NA				NA
13	*All other liabilities and equity not included in the above categories*	32,158	2,500	21,562	1,378	12,159
14	**Total Available Stable Funding**	NA	NA	NA	NA	**1,414,421**
Required Stable Funding Items						
15	Total NSFR high-quality liquid assets (HQLA)	NA	NA	NA	NA	95,982
16	Deposits held at other financial institutions for operational purposes	0	1,645	0	0	823
17	Performing loans and securities:	0	298,151	102,362	807,110	824,863
18	*Performing loans to financial institutions secured by Level 1 HQLA*		41,084			4,108
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*		25,484	16,431	17,340	29,378
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*		172,691	76,394	509,991	538,817
21	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		21,818	11,223	96,090	78,979
22	*Performing residential mortgages, of which:*		13,393	5,373	265,752	204,604
23	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk.*		3,750	2,377	153,340	102,734
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*		45,498	4,165	14,027	47,955
25	*Assets with matching interdependent liabilities*		628	176	6,714	
26	Other assets:	51,993		1,192,324		118,574
27	*Physical traded commodities, including gold*	24	NA	NA	NA	20
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*	NA				
29	*NSFR derivative assets*	NA		23,526		6,624
30	*NSFR derivative liabilities before deduction of variation margin posted*	NA		485,864		983
31	*All other assets not included in the above categories*	51,970	670,860	54	12,021	110,946
32	Off-balance sheet items	NA		582,523		29,126
33	**Total Required Stable Funding**	NA	NA	NA	NA	1,069,368
34	**Net Stable Funding Ratio (%)**	NA	NA	NA	NA	**132.31%**

NSFR		Stand-Alone				
(Million Pesos)		Unweighted value by residual maturity				Weighted Value
		No Maturity	< 6 months	6 months to < 1 year	> 1 year	
Available Stable Funding Items						
1	Capital:	246,719	0	0	0	246,719
2	*Regulatory Capital*	246,719				246,719
3	*Other capital instruments*					
4	Retail deposits and deposits from small business customers:	0	801,823	2,819	245	755,444
5	*Stable deposits.*		618,451	1,973	190	589,593
6	*Less Stable deposits*		183,373	846	55	165,851
7	Wholesale funding:	0	602,890	7,649	93,186	386,223
8	*Operational deposits*		58,834			29,417
9	*Other wholesale funding*		544,056	7,649	93,186	356,806
10	Liabilities with matching interdependent assets	0	628	176	6,714	0
11	Other liabilities	32,158		25,440		12,159
12	*NSFR derivative liabilities*	NA				NA
13	*All other liabilities and equity not included in the above categories*	32,158	2,500	21,562	1,378	12,159
14	**Total Available Stable Funding**	NA	NA	NA	NA	1,400,545
Required Stable Funding Items						
15	Total NSFR high-quality liquid assets (HQLA)	NA	NA	NA	NA	95,982
16	Deposits held at other financial institutions for operational purposes	0	1,645	0	0	823
17	Performing loans and securities:	0	285,516	100,171	787,942	798,921
18	*Performing loans to financial institutions secured by Level 1 HQLA*		41,084			4,108
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*		33,098	18,311	20,200	34,320
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*		152,443	72,323	487,963	507,934
21	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		21,818	11,223	96,090	78,979
22	*Performing residential mortgages, of which:*		13,393	5,373	265,752	204,604
23	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk.*		3,750	2,377	153,340	102,734
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*		45,498	4,165	14,027	47,955
25	*Assets with matching interdependent liabilities*		628	176	6,714	
26	Other assets:	51,993		1,244,294		118,574
27	*Physical traded commodities, including gold*	24	NA	NA	NA	20
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*	NA				
29	*NSFR derivative assets*	NA		23,526		6,624
30	*NSFR derivative liabilities before deduction of variation margin posted*	NA		485,864		983
31	*All other assets not included in the above categories*	51,970	670,860	54	670,860	54
32	Off-balance sheet items	NA		517,174		25,859
33	**Total Required Stable Funding**	NA	NA	NA	NA	1,040,159
34	**Net Stable Funding Ratio (%)**	NA	NA	NA	NA	**134.70%**

During 3Q25, the NSFR for the Consolidated Entity had a 92-days quarterly average of 132.31% while the bank's quarterly average stand-alone NSFR was 134.70%, with an end of quarter consolidated entity NSFR of 132.74%; forementioned levels are above the Risk Appetite and the regulatory minimum standards. Such levels show that Banorte has the stable funding required for its assets and off-balance sheet items.

4.8. Evolution of NSFR Components

The evolution of the components of the Net Stable Funding Ratio from 2Q25 to 3Q25 is shown in the following figure.

	2Q25			3Q25			Variation		
	Available Stable Funding	Required Stable Funding	NSFR	Available Stable Funding	Required Stable Funding	NSFR	Available Stable Funding	Required Stable Funding	NSFR
< 6 months	1,267,339	271,743		1,300,287	271,727		2.6%	(0.01%)	
From 6 months to < 1 year	18,270	54,276		22,193	51,417		21.5%	(5.3%)	
>1 year	106,132	729,395	**131.87%**	100,021	748,478	**132.74%**	(5.8%)	2.6%	0.66%

4.9. Main Causes of NSFR Results

The solid levels of the Net Stable Funding Ratio are supported mainly: (1) by the strength of Banorte's Tier 1 capital, reinforced by a strong long-term funding structure; (2) the stability of customer deposits, which allow for the natural coverage of the asset balance with high-quality liabilities.

4.10. Liquidity Risk in foreign currency

In order to quantify and monitor the liquidity risk, in the specific case of the foreign currency denominated portfolio, Banorte uses the criteria established by the Banco de México for the assessment of the foreign currency Liquidity Coefficient.

The Liquidity Coefficient in foreign currencies should be interpreted as the ability of the institution to meet its liquidity mismatches with liquid assets in foreign currency.

4.11. Liquidity Gaps

As part of the Bank's liquidity analysis, 30-day liquidity gaps are analyzed for the institution's assets and liabilities (obligations). The results for the Bank at the end of 3Q25 are shown in the following table:

Concept *(Million Pesos)*	2Q25	3Q25	Var. vs. 2Q25
Cumulative 30-day Gap	4,713	7,648	62.3%
Liquid Assets	209,090	182,804	(12.6%)

The mismatch between inflows and outflows (gaps) for the next 30 days is covered by liquid assets. In addition, a more granular breakdown of the liquidity gaps is presented, remaining as follows for 3Q25:

Concept (Million pesos)	1 day	7 days	1 month	3 months	6 months	12 months
Natural Gap	(22,677)	15,043	15,282	43,645	36,730	87,525
Accumulated Gap	(22,677)	(7,635)	7,648	51,293	88,023	175,548

4.12. Stress Testing under liquidity extreme conditions

As part of its Liquidity Risk management, Banorte carries out tests under extreme liquidity circumstances with internal scenarios, in order to assess the Bank's liquidity adequacy under adverse conditions from the environment as well as from the bank's intrinsic conditions. A total of 9 scenarios are used, based on 3 sources of risk (systemic, idiosyncratic and combined) and 3 levels of severity (moderate, medium and severe).

4.13. Contingency Funding Plan

In order to comply with comprehensive liquidity management practices, and to ensure its operation in adverse Liquidity situations, Banorte has implemented a contingency funding plan, which incorporates elements to identify possible liquidity problems and defines alternate funding sources available to deal with contingencies.

4.14. Balance Risk

Interest rate risk entails estimating its impact on the financial margin. Financial margin is the difference between interest income and costs associated to interest bearing liabilities (interest expense). Depending on the balance's structure, variations in interest rates may have either a positive or negative impact in the rate scenarios.

Given that financial margin follows the flow structure of the assets and liabilities in the balance sheet, the model used is a re-pricing model by brackets in which all assets and liabilities are distributed into different bands depending on their re-pricing characteristics and/or tenure. Once categorized by re-pricing structure, the impact that each of these bands have on these metrics can be estimated.

4.14.1. Financial Margin Sensitivity

Financial Margin sensitivity is a static metric that considers a twelve-month period. Only the bands with a duration of less than 1 year are affected by stimulated interest rate fluctuations. Relevant considerations behind margin sensitivity calculations are:

- Consideration of repricing outcomes for all financial assets and liabilities on the balance sheet.
- Separate trading book surveillance.
- Considers the behavior for all balance sheet models, such as mortgage prepayments and deposit survival.
- The balance sheet is considered static and constant over time. It does not take into account organic growth, interest rate structure, or product mix changes or strategies.

The following table shows the Financial Margin Sensitivity for Banorte Bank:

Margin Sensitivity *(Million Pesos)*	**2Q25**	**3Q25**	**Change vs. 2Q25**
Local Currency Balance	20	70	250.0%
Foreign Currency Balance	651	729	12.0%

At the end of 3Q25, the local currency balance sensitivity for a 100 bps shift in reference rates, changed from Ps 20 million in 2Q25 to Ps 70 million. The foreign currency balance sensitivity for a 100 bps shift in reference rates changed from Ps 651 million to Ps 729 million. It is important to highlight that the positions held by Financial Markets hedge, through intermediation results, the impact of rate decreases on the Balance Sheet. The Available for Sale portfolio had a balance of Ps 159,706 billion at the end of 3Q25, with an average balance of Ps 168,756 billion.

4.14.2. Economic value of equity

The economic value of Equity (EVE) is a long-term economic measure that contrasts the difference in the present value of assets and the present value of liabilities, under different interest rate scenarios. This measure also considers all internal models impacts on the balance sheet behavior, which were previously mentioned for the sensitivity of the financial margin.

The following table shows the economic value of equity for Banco Banorte, in a parallel scenario of +100 bps.

Economic Value of Equity *(bsp)*	3Q25
Generalized Increase	71

4.15. Subsidiaries

Balance and Liquidity Risk Management processes for the Bank and its Sofomes are centralized in GFNorte's Credit and Risk Management and Credit Managing Direction. In order to monitor Sofomes' liquidity, an analysis of the balance sheet structural behavior is conducted as well as funding diversification. Furthermore, a liquidity gap analysis is performed. Specifically, for Casa de Bolsa Banorte, regulatory liquidity requirements are monitored.

The following table shows the composition of the gap indicators for the Bank's subsidiaries and SOFOMES at the end of 3Q25.

Liquidity Ratio *(Million Pesos)*	Casa de Bolsa Banorte	Arrendadora y Factor Banorte
Cumulative 30 days Gap	5,046	(10,423)
Liquid assets	5,052	15

5. OPERATIONAL RISK

Operational Risk is defined as the potential loss due to failures or deficiencies in internal controls, errors in operation processing and storing, or in data transmitting, as well as to adverse administrative and judicial rulings, fraud or theft (this definition includes Technological and Legal Risk).

The objectives of Operational Risk Management are to:

- Enable and support the organization in achieving its institutional objectives through prevention and management of operational risks.
- Ensure that the existing operational risks and the required controls are properly identified, assessed, and aligned with the organization's risk strategy.
- Ensure that operational risks are properly quantified in order to adequately allocate capital by Operational Risk.

Pillars in Operational Risk Management

5.1. Policies, Objectives and Guidelines

As part of the Institutional regulations, there are documented policies, objectives, guidelines, methodologies, and responsible areas in Operating Risk management.

The Operational Risk Management Directors maintain close communication and coordination with the Regulatory Comptrollership in order to facilitate effective Internal Control in which proper procedures and controls are established to mitigate Operational Risk between processes and are monitored by the Internal Audit Department.

The Regulatory Comptrollership, as part of the Internal Control System, carries out the following activities to mitigate risk:

- Validation of internal controls.
- Management and control of Institutional regulations.
- Monitoring of the operating processes' internal control by means of control indicators reports, that are reported by the process comptrollers in the various areas.
- Money Laundering Prevention process management.
- Control and monitoring of the regulatory provisions.
- Analysis and assessment of the operating processes and projects with the participation of the responsible Directors for each process in order to ensure adequate internal control.

5.2. Quantitative and Qualitative Measuring Tools

5.2.1. Operational Losses Database

In order to record operational loss events, the Institution owns a system that enables the central information supplier areas to directly record online such events, which are classified by Type of Event in accordance with the following categories:

Internal Fraud: Losses derived from a type of action intended to defraud; unlawfully assets appropriation; or sidestep regulations, laws or company policies (excluding diversity/discrimination events) in which at least one company party is involved.

External Fraud: Losses derived from a type of action intended to defraud; unlawful appropriation of assets; or sidestep of laws, committed by a third party.

Labor Relations and Workplace Safety: Losses caused by acts incompatible with the legislation or labor agreements regarding hygiene or safety, payment of personal damage claims, or cases related to diversity/discrimination.

Customers, Products and Business Practices: Losses caused by involuntary noncompliance by neglect of a professional obligation to specific customers (including fiduciary and adjustment requirements), or due to the nature or design of a product.

External Events: Losses caused by damage or harm to material assets as a consequence of natural disasters or other events.

Business Incidences and Technological Failures: Losses caused by incidences in the business and systems failures.

Process Execution, Delivery and Management: Losses caused by errors in management or processing operations as well as relations with commercial counterparties and suppliers.

This historical Database provides the statistics on the operational events in which the institution has incurred to determine their trends, frequency, impact, and distribution.

5.2.2. Legal and Fiscal Contingencies Database

An internal system called "Legal Risk Issues Monitoring System" (SMARL by its acronym in Spanish) has been developed to record and monitor legal, administrative and tax issues that may arise as a result of adverse ruling. This system enables the central data supplying areas to directly and online record such events, which are then classified by company, sector and legal issue, among others.

As part of GFNorte's Legal Risk Management, legal and fiscal contingencies are estimated by the attorneys that process the cases, who determine risk level based on an internal methodology. This allows the necessary reserves to be constituted in a specific term (according to lawsuit's term) to face such Contingencies.

5.3. Risk Management Model

GFNorte achieves its defined objectives, through various plans, programs and projects. Compliance with such objectives may be adversely affected due to operational risks, therefore it is imperative to provide a methodology for managing them within the organization. Consequently, Operational Risk Management is now an institutional policy defined and supported by senior management.

To perform Operational Risk Management, each of the operational risks involved in the processes must be identified in order to analyze them. In this regard, the risks identified by the Regulatory Comptrollership with the support of Process Comptrollership, are processed in order to eliminate or mitigate them (seeking to reduce their severity or frequency), and if applicable, define tolerance levels.

5.4. Required Capital Calculation

In accordance with the current Capitalization for Operational Risk Regulations, the Institution has adopted the Business Indicator Method, which is estimated and reported periodically to the authorities.

5.5. Information and Reporting

The information generated by the Database and the Management Model is processed periodically to report to the Risk Policies Committee and the Board of Directors regarding the main operational events that were detected, the trends, identified risks and their mitigating strategies. The status of the main Operational Risk mitigation initiatives implemented by the various areas of the organization, is also being reported.

5.6. Technology Risk

Technology Risk is defined as all potential losses from damage, interruption, alteration or failures derived from the use of, or reliance on, hardware, software, systems, applications, networks and any other information distribution channels in the rendering of banking services to the customers. This risk is an inherent part of Operational Risk, which is why its management is collectively overseen throughout the entire organization.

To address the Operational Risk associated with information integrity, an "Operational Risk Committee" has been created. Its objectives are to align security and information control efforts under a prevention focus, to define new strategies, policies, processes or procedures, and to provide solutions to information security issues that affect or may affect the Institution's capital.

The functions established by the CNBV (Comisión Nacional Bancaria y de Valores) for Technology Risk Management are performed by the Institution under the regulatory and Operational Risk Committee guidelines.

To address the Operational Risk caused by high impact external events, GFNorte has a Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) based on a same-time data replication system at an alternate computer site. All of the above, cover the backup and recovery of the Institution's critical applications in the event or any relevant operating contingency.

5.7. Legal risk

Legal Risk is defined as the potential loss resulting from non-compliance with the applicable legal and administrative provisions, the issuance of indisputable unfavorable court rulings, and the application of penalties related to the operations performed by the Institution.

The Legal Risk must be measured as an inherent part of Operational Risk in order to understand and estimate its impact. Therefore, those legal issues which result in actual operational losses of the SMARL system are subsequently recorded in the database of operational events.

Based on the statistics of the current legal issues and real loss events, the Institution will be able to identify specific legal or operational risks, which are analyzed in order to eliminate or mitigate them, in an attempt to reduce or limit their future occurrence or impact.

5.8. Money Laundering and Terrorist Financing Risk

Given that the risk of money laundering and terrorist financing is one of the most significant Operational Risks for our Institution, we maintain strict monitoring of client account transactions to promptly detect potential transactions that, due to their nature, could be related to this type of crime.

Foreign International Terrorist Organizations (FTOs)

The designation of some Mexican drug cartels as FTOs at the beginning of 2025 significantly prioritizes this risk, and therefore our Institution is adapting to this new environment through adjustments to its risk models.

At this Institution, we have regulatory compliance mechanisms and controls that allow us to fully comply with the very robust and comprehensive Mexican regulations on the matter. As this is a significant and evolving risk, it is important that we continually review our processes and invest in governance, human resources, training, and awareness-raising structures. We also highlight the strengthening of the Sanction Program that allows us not only to comply with local regulations but also to go further in monitoring and supervision of our clients' operations.

6. SECURITIZATIONS PERFORMED BY GFNORTE

The primary objective of the Group's securitization operations, is to transfer risks and benefits of certain financial assets to third parties. Likewise, it represents an alternative funding source for the Group.

GFNorte has carried out the following securitization:

- On October 11th, 2006, Fincasa Hipotecaria (Fincasa), now merged with Banorte, held the irrevocable trust for the issuance of market certificates No. 563, issuer code FCASACB, whose underlying assets are mortgages originated and transferred by Fincasa.
- On December 5th, 2023, Banorte held the irrevocable trust for the issuance of market certificates No. 4907, issuer code BANORCB. The issuance took place on December 21st, 2023, these are backed by loans to governments, states and municipalities, all originated and assigned by Banorte.

The Institution is not responsible for assumed or retained risks regarding the trust assets; its sole responsibility is the fulfillment of its obligations in the trust agreement and administration contract. However, with respect to the BANORCB 23 securitization, the risks assumed and retained by the trust are relevant given the participation in the market certificates.

The Institution is responsible for ensuring that each of the assigned loans meet the eligibility criteria at the time of their respective allocation. If the fiduciary, the common representative or the financial guarantor identify any non-eligible loans, they may require Banorte to replace such loan or if replacement is not possible, to make payment for the "non-replaced ineligible loan" in question. If Banorte identifies any non-eligible loan, it must be notified and replaced or make the corresponding payment.

The Institution's Board of Directors does not have pre-determined policies for the issuance of securitizations; authorization for any new issuance must be requested.

The Institution does not participate in securitizations of third-party positions.

There are several risk factors associated with securitizations that may affect the trust's assets. If these risks materialize, payment to market certificates' holders could be adversely affected. The main risks to which these financial instruments are exposed to are credit, market, liquidity, and operational risk, as described in the previous sections.

To monitor the quality of Credit Risk exposure of financial instruments arising from securitized assets, the Institution estimates the expected loss within one-year time horizon. Similarly, in order to monitor the exposure to market risk, the value at risk is calculated for these instruments with a one-day time horizon and a 99% confidence level.

Banorte is the settlor and trustee of trusts for the conducted securitizations. Additionally, the Institution also performs the duties of administrator in each of the trusts.

On the other hand, Banorte also acts as an investor by acquiring securities certificates issued by the trusts established for the securitizations. As of September 30th, 2025, GFNorte has in its own position the following securities and amounts from those securitizations carried out by the Institution:

Securitization *(Million pesos)*	**Banorte**		**Seguros**		**Total GFNorte**	
	Securities	**Ps**	**Securities**	**Ps**	**Securities**	**Ps**
91_BANORCB_23	270,000,000	26,197			270,000,000	26,197
97_FCASACB_06U						

The following table shows the proportion of Securities held by Grupo Financiero Banorte, for each series as of September 30th, 2025 in its own position:

Securitization *(Million pesos)*	**Issued Securities**	**Banorte**	**Seguros Banorte**	**Total GFNorte**	**Total Clients**
91_BANORCB_23	270,000,000	100.0%	0.0%	100.0%	
97_FCASACB_06U	1,351,386				100.0%

The ratings assigned by each rating agency as of the end of the quarter for each market certificate issued by the aforementioned trusts are as follows:

Securitization	Standard & Poor's		Fitch Ratings		Moody's		HR Ratings		Verum		Best		DBRS	
	Local	Global	Local	Global	Local	Global	Local	Global	Local	Global	Local	Global	Local	Global
91_BANORCB_23							HRAAA		AAA/ M					
97_FCASACB_06U	mxBB		CCC (mex)											

As of September 30th, 2025 the amounts of the underlying assets of the securitization were as follows:

Securitization *(Million pesos)*	Amount		
	Performing	Non-performing	Total
91_BANORCB_23	Ps 28,044	Ps 0	Ps 28,044
97_FCASACB_06U	Ps 34	Ps 96	Ps 130

Securitization exposure broken down by Credit Risk Weight is shown below:

Securitization by Risk Level *(Millon Pesos)*	Exposure	Capital Requirements
Securitizations with Risk Level 1	26,197	939
Securitizations with Risk Level 2		
Securitizations with Risk Level 3		
Securitizations with Risk Level 4		
Securitizations with Risk Level 5.1 to 5.4		
Securitizations with Risk Level 5.5 to 5.9		

No securitization position is registered in memorandum accounts and no maintained securitization position is deducted from Tier 1 Capital.

Trusts 563 and 4907 Securitizations takes into account early amortization provisions. The institution has not made revolving securitizations or re-securitizations operations during the quarter.

6.1 Applied Accounting Policies

All securitization operations conducted by the Institution were recognized in accordance with criterion C-14 *Transfer and Elimination of Financial Assets*. Despite retaining the contractual rights to receive cash flows from financial assets for the BORHIS Securitization, a contractual obligation is assumed to pay such cash flows to a third party. In addition, an analysis of the transfer of these assets indicates that the entity substantially transfers all the risks and benefits inherent with ownership of the financial assets.

Registration of profits from sales conforms to the provisions in paragraph 43.1.1 of criterion C-14, which states:

a) Eliminate transferred financial assets at the last book value.
b) Recognition for the consideration received in the operation.
c) Recognition of profit or loss in the income statement, for the difference between the book value of eliminated financial assets, and the sum of (i) compensation received (recognized at fair value) and (ii) the effect (gain or loss) by cumulative valuation recognized in equity.

Regarding the GEM Securitization, it was concluded that the entity did not effectively sold to a third party, as it does not transfer substantially all the risks and benefits inherent to the transferred assets. For this reason, these assets are not unsubscribed at a consolidated level.

Both Securitizations issued certificates in favor of the institution, as holders of rights in last place under the trust agreement. These certificates provide the right to receive a percentage of the distributions and in general to the corresponding proportions of the remnant that may be in the trust after full payment of the bonds. Valuation of the certificates is based on the method of net present value of remaining cash flows expected over the lifespan of the securitization. Remaining cash flows are the sum of cash flows to be received from the securitized loan portfolio, minus cash flow to be paid to securitized portfolios, minus the monthly administration and maintenance expenses, minus any increase in principal or interest reserve, if applicable. At the end of the period, the certificate related to securitization FCASACB 06U shows a fair market value of zero, since no remaining cash flows are expected to be received. Likewise, the certificate related to securitization BANORCB 23 shows a fair market value of 3.86 billion, which is only recognized in the accounting notes of Banco Banorte (individual level). At the consolidated Banco Banorte balance level, this certificate is eliminated as part of the consolidation entries.

Remaining flows are discounted with the B1 banking curve, which takes into consideration the trusts' Credit Risks. The most important assumptions in the valuation of the GEM certificates are the following:

a) Default: Considers credit reserve of the securitized loans in accordance with the CNBV rating methodology in order to reflect the risk of default of principal and/or interest 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 are considered on each payment date of each of the securitized assets.
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 current value of the remaining flows is added to the amount of cash or cash equivalents deposited in the general account, collection account and if the case, in the expense, interest and principal reserve account, in case of total payment of the stock certificates, these assets would be distributed to the certificate holders.

Regarding the policies for recognizing obligations in balance sheet of the agreements that may require financial support from the Institution in case of asset's securitization: all amounts due under the stock certificates of the different existing securitizations, will be charged to the trust estate. If, for any reason, the liquid assets of the trust net worth are not sufficient to ensure payment of the amounts due under the stock certificates, holders will not have the right to claim payment from the Institution, the fiduciary, the common representative, the placement agent, the guarantor or guarantors in the case, or anyone else. The stock certificates have not been guaranteed or endorsed by any of the persons involved in the issuance therefore none of them are obligated to make payments to the certificate holders, except for the fiduciary, whose payments may be charged to the fiduciary's account in accordance with the trust agreement.

7. POSITION IN SHARES

At the end of 3Q25, Banco Mercantil del Norte held shares for an amount of Ps 972.51 million, with gains of Ps 404.1 million accumulated.

During the third quarter of the year, losses were recorded from the purchase and sale of securities in the amount of (Ps 35.4 million).

The capital requirement for Market Risk was Ps 434.66 million.

Institution	Type of Trading	Accounting Classification	Capitalization Treatment	Market Value 3Q25	Gains / Losses Cumm.	Profit / Loss Sales / Purchases
Bank Banorte	Public Trading	Negotiation	Market Risk	187.3	(55.3)	(35.4)
Bank Banorte	Public Trading	Negotiation	Capital Deduction	233.5	132.8	
Bank Banorte	w/o Public trading	Negotiation	Market Risk	551.7	326.6	
Bank Banorte	w/o Public trading	Negotiation	Market and Credit			
			Total	**972.5**	**404.1**	**(35.4)**

As of 3Q25 a position of Ps 559.7 million is held in Casa de Bolsa Banorte with cumulative gains of Ps 310.1 million.

During the second quarter, there were gains of Ps 2.5 million from purchases and sales of securities.

Regarding Market Risk Capital Requirement, the amount was Ps 167.8 million of the total position in shares of Banorte.

Institution	Type of Trading	Accounting Classification	Capitalization Treatment	Market Value 3Q25	Gains / Losses Cumm.	Profit / Loss Sales / Purchases
Casa de Bolsa Banorte	Public	Negotiation	Market Risk	559.7	310.1	2.5
			Total	**559.7**	**310.1**	**2.5**

APPENDIX

CREDIT PORTFOLIO INTERNAL MODELS RATINGS FOR RESERVES AND REGULATORY CAPITAL CONSTITUTION ON CREDIT RISK

1. Applicable Portfolio

GFNorte owns Rating Internal Models for Revolving Consumer and Auto Loans portfolios for the constitution of reserves and capital under an Advanced Approach, estimating the three parameters required for its calculation: Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

Additionally, GFNorte owns a Rating Internal Model for Commercial Loans portfolio for the constitution of reserves and capital under a Foundation Approach, estimating only the Probability of Default (PD) parameter. The exposures considered in the Commercial Loans portfolio are those pertaining to corporations (excluding states, municipalities and financial entities), and individuals (sole proprietorships), both with annual sales greater than or equal to 14 million UDIs.

The methodology used by the Institution for estimating parameters and calculating capital and reserves includes two approaches: IRB for capital calculation and IFRS9 for reserves calculation, based on the guidelines established by the banking regulator CNBV (Comisión Nacional Bancaria y de Valores by its acronym in Spanish), in relation to the general provisions applicable to Credit Institutions stipulated in the Single Bank Circular (Circular Única de Bancos CUB) and its Annex 15 and Annex 15 BIS.

According to these guidelines (CUB and its Annex 15 and Annex 15 BIS), it is necessary to carry out at least every 18 months the calibration and re-certification of the Internal Models, including the most recent data available, attending Internal Audit and the CNBV's observations and adjusting what is necessary for the improvement of the Models.

2. Internal Models Authorization

On November 15, 2017, GFNorte received approval from the banking regulator (Comisión Nacional Bancaria y de Valores) to use Internal Models (IM) for credit card rating for reserves and regulatory capital calculation by credit risk with an Advanced Approach (Document 111-3/706/2017). According to regulation, Internal Models were re-certified on January 28,2019 (Document 111-1/153/2019), January 8,2020 (Document 111/698/2019) and January19,2021 (Document 111-2/155/2021). In view of the regulatory changes in place since January 1, 2022, the Internal Model for capital requirements was re-certified on December 17, 2021 (Document 111-2/272/2021) and the use of the Internal Model for reserves constitution based on NIF-C16 was approved by the Board of Directors in October 2021. The Internal Model for capital requirements was re-certified for an 18 month period on December 15, 2022 (Document 111-2/948/2022) and the use of the Internal Model for reserves constitution based on NIF-C16 was approved for an 18-month period by the Board of Directors in October 2022. The Internal Model for capital requirements was re-certified on July 04, 2024, for a period mentioned in (Document 111-2/1269/2024) and the use of the Internal Model for reserves constitution based on NIF-C16 was approved by the Board of Directors on April 24, 2024.

Likewise, on November 30th, 2018, GFNorte received authorization from the banking regulator CNBV (Comisión Nacional Bancaria y de Valores) to use the Internal Model (IM) for Commercial Loans for reserves generation and regulatory capital requirements by credit risk with a Foundation Approach, as per Document 111-3/1472/2018 in Banco Mercantil del Norte, and on March 1st, 2019, for Arrendadora y Factor Banorte as per Documents 111-1/160/2019 y 111-1/161/2019. Models were re-certified on December 20,2019 (Document 111/690/2019) and January 19,2021 (Document 111-2/154/2021) for Banorte, and for Arrendadora y Factor Banorte on December 20,2019 (Documents 111/694/2019 and 111/695/2019) and December 17,2020 (Document 111-2/107/2020). In view of the regulatory changes in place since January 1, 2022, in Banorte, the Internal Model for capital requirements was re-certified on December 17, 2021 (Document 111-2/269/2021) in Banco Mercantil del Norte and the use of the Internal Model for reserves generation based on NIF-C16 was approved by the Board of Directors in October 2021. For Arrendadora y Factor, the Internal Model for capital requirements was re-certified on December 17, 2021 (Document 111-2/267/2021) and the use of the Internal Model for reserves constitution was approved by the Board of Directors in July 2021. The Internal Model for capital requirements was re-certified for an 18-month period on December 15, 2022 (Document 111-2/938/2022)) in Banco Mercantil del Norte and the use of the Internal Model for reserves generation was approved by the Board of Directors in July 2022. For Arrendadora y Factor, the Internal Model for capital requirements based on NIF-C16 was re-certified on December 17, 2021 (Document 111-2/939/2022) and the use of the Internal Model for reserves constitution based on NIF-C16 was approved by the Board of Directors in July 2022. The period of use for the reserve model is also for 18 months. The Internal Model for capital requirements was re-certified on July 04, 2024 (Document 111-2/1267/2024) for a period mentioned in Document and the use of the Internal Model for reserves generation was approved by the Board of Directors on April 16, 2024, in Banco Mercantil del Norte. For Arrendadora y Factor, the Internal Model for capital requirements based on NIF-C16 was re-certified on July 19, 2024 (Document 111-2/1273/2024) and the use of the Internal Model for reserves constitution based on NIF-C16 was approved by the Board of Directors on April 12, 2024.

Subsequently, on November 25, 2019, GFNorte received approval from the banking regulator (Comisión Nacional Bancaria y de Valores) to use Internal Models (IM) for Auto Loans for reserves and regulatory capital calculation by credit risk with an Advanced Approach (Document 111/678/2019). The models were re-certified on September 30, 2020 (Document 111-2 / 085/2020) and September 29,2021 (Document 111-2/243/2021). Given the changes in the regulation in place since January 1, 2022, the Internal Model for capital requirements was re-certified on September 28, 2022 (Document 111-2/917/2022) and the use of the Internal Model for reserves constitution was approved by the Board of Directors in July 2022 for an 18-month period. The Internal Model for capital requirements was re-certified on August 23, 2024, for a period mentioned in (Document 111-2/1280/2024) and the use of the Internal Model for reserves constitution based on NIF-C16 was approved by the Board of Directors on January 17, 2024. The Internal Model for capital requirements was re-certified on September 01, 2025, for a period mentioned in (Document 111-4/12665/2025) and the use of the Internal Model for reserves constitution based on NIF-C16 was approved by the Board of Directors on July 22, 2025.

Subsequently, on July 27, 2023, GFNorte received approval from the banking regulator (Comisión Nacional Bancaria y de Valores) to use the Internal Model for capital requirements for Mortgages Loans (Document 111-2/1628/2023) and the use of the Internal Model for reserves constitution based on NIF-C16 was approved for an 18-month period by the Board of Directors in April 2023. The Internal Model for capital requirements was re-certified on February 21, 2025, for a period mentioned in (Document 111-4/12606/2025) and the use of the Internal Model for reserves constitution based on NIF-C16 was approved by the Board of Directors on October 29, 2024.

Recently on August 30th, 2024, GFNorte received authorization from the banking regulator CNBV (Comisión Nacional Bancaria y de Valores) to use the Internal Model (IM) for SME's Loans for the generation of reserves and regulatory capital requirements by credit risk with a Foundation Approach, as per (Document 111-2/1240/2024) in Banco Mercantil del Norte, and on September 30th, 2024, for Arrendadora y Factor Banorte as per Documents (111-2/1295/2024). Likewise, the Board of Directors authorized the use of the Reserve methodology based on NIF C16 in its session on January 17, 2024, for Banco Mercantil del Norte and on January 16, 2024, for Arrendadora y Factor Banorte. The Internal Model for capital requirements was re-certified on July 31, 2025 (Document 111-4/12657/2025) for a period mentioned in Document and the use of the Internal Model for reserves generation was approved by the Board of Directors on April 22, 2025, in Banco Mercantil del Norte. For Arrendadora y Factor, the Internal Model for capital requirements based on NIF-C16 was re-certified on July 29, 2025 (Document 111-4/12655/2025) and the use of the Internal Model for reserves constitution based on NIF-C16 was approved by the Board of Directors on April 21, 2025.

3. Internal Models Implementation

In October 2016, the Board of Directors approved the implementation plan for the Internal Models for estimating reserves and capital requirements, on all applicable portfolios, which was dispatched to CNBV in the same year. In accordance with this implementation plan, the models for the Credit Card, Commercial Loans and Auto Loans 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 Internal Methodologies of reserves based on NIF C-16 (IFRS9), effective as of January 2021, was published in the Federation Official Journal (DOF by its acronym in Spanish). However, due to the COVID-19 pandemic, the CNBV issued a communiqué in April 2020 stating that the rule would be effective as of January 2022.

Therefore, GF Banorte complied with the new regulation and adopted the Internal Reserve Methodologies based on NIF C-16, for which the Risk Policies Committee (CPR by its acronym in Spanish) and the Board of Directors were requested in April 2021 to approve the new Implementation Plan (Capital and Reserves), which was authorized by the CNBV in January 2022 through Document 111-2/852/2022.

During 2024, GF Banorte updated implementation plan for the Internal Models. This update was authorized by the Board of Directors in session on July 23, 2024 for Banco Mercantil del Norte and on July 19, 2024 for Arrendadora y Factor Banorte, the plan was authorized by the CNBV on September 20, 2024 for Banco Mercantil del Norte (Document 111-2/1283/2024) and on September 30, 2024 for Arrendadora y Factor Banorte (Document 111-2/1294 /2024).

4. Internal Models Statements

The Internal Models used by the Institution, like the Standard Models, have an expected loss approach for the next twelve months.

The Internal Models allow for a comprehensive credit risk management, taking into account the portfolio's own risk in such a way that the resulting models show greater predictability, derived from the use of specific attributes for each of the segments.

4.1.1. Internal Models Usage

One of the purposes of internal estimations, is to calculate Reserves and Capital Requirements for Credit Card, Auto Loans and Commercial Loans Portfolios, which must be rated according with the General Provisions Applicable to Credit Institutions described in the Single Bank Circular (Circular Única de Bancos CUB).

On the other hand, reports on the performance of the Internal Models are generated and sent to the senior management on a quarterly basis. These reports show the transition matrices of the Probability of Default (PD); as well as a comparative analysis of the estimated values versus the observed values, for each of the parameters: Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) (the latter two only for Credit Cards and Auto Loans).

4.1.2. Coverage Management Process

The Institution owns a risk coverage system, using different scenarios, which has shown that the coverage is at an acceptable level, hedging the observed losses for the next twelve months.

4.1.3. Control Mechanisms

As part of the control process for the Rating Systems, there is an internal validation process which monitors the different models in order to ensure the consistency of their results, as well as an Independent Validation and Self-evaluation process that verifies that the models meet the needs for which they were developed and comply with all the requirements established in the CUB for the certification of Internal Models.

The following independent areas are engaged in the Control processes for Rating Systems:

- Model Development Area: Responsible for the development of Internal Models.
- Independent validation: It´s a self-dependent area from the Model Development Area that reviews, validates, and replicates the development of a model from its inception and issues a judgment from a statistical consistency point of view.
- Auditor: It's an objective and independent authority of the Institution's internal controls, which carries out the Self-evaluation process of the model in accordance with Section VI of Annex 15, and Fraction II of Article 2 Bis 66 of the CUB and Technical Evaluation in accordance with Section XII of Annex 15 BIS, and Fraction II of Article 139 Bis 3 of the CUB.
- Support areas: All the areas involved throughout the different stages of the project, such as Planning, Certification Office, Risks, Audit and Comptroller, among others.

5. Internal Rating Process

GF Banorte uses Internal Rate Based Methodologies for Capital Calculation (IRB) and IFRS9 for Reserves Calculation (in Mexico NIF-C-16), which includes the following approaches:

- Capital Calculations includes a long-term estimation Through the Cycle, according to Annex 15 in CUB.
- Reserves Calculations considers the current behaviors "Point in Time", PIT and future macroeconomic expectations, according to Annex 15 BIS in CUB. Additionally, the portfolio must be classified into 3 risk stages.

5.1.1. Commercial Loans

For the Commercial Loans portfolio, the Probability of Default (PD) is estimated using the Internal Model with Foundation Approach, considering internal and external variables.

Once the PD has been determined, the Loss Given Default (LGD) and the Exposure at Default (EAD) are taken into account using the Standard Method, and once the above factors have been obtained, the Expected Loss (EL) is computed as follows:

$$EL = PD * SL * EAD$$

The Regulatory capital for credit risk is estimated according to the formula established in Article 2 BIS 71 of the CUB, using the PI determined under the Internal Models and the other parameters using the standard methodology.

5.1.2. Credit Cards Portfolio

In the Credit Card portfolio, the Rating System scale allows the Institution to better manage credit risk when considering the portfolio's own risk, in order to continuously monitor customers and to prevent or mitigate adverse events.

Its main purpose is to segregate population into homogeneous subsets (buckets) within each other, so that the resulting models show greater predictability, derived from the use of specific attributes for each of the segments.

The Credit Card Model's certification was made under the Advanced Approach, which means that the three parameters required to calculate Expected Loss (Probability of Default (PD), the Loss Given Default (LGD) and Exposure to Default (EAD)) were estimated.

The Regulatory capital for credit risk is estimated according to the formula established in Article 2 BIS 83 of the CUB, using the parameters determined by the Internal Models.

5.1.3. Auto Loans Portfolio

The scale of the Rating System for the Auto portfolio allows Banorte to own an efficient credit risk management that takes into account the actual risk, in order to continuously monitor the customers and to prevent or mitigate adverse events.

Its main purpose is to segregate population into homogeneous subsets (buckets) within each other, so that the resulting models show greater predictability, derived from the use of specific attributes for each of the segments.

The Auto Loans Model's certification was made under the Advanced Approach, which means that the three parameters required to calculate Expected Loss (Probability of Default (PD), the Loss Given Default (LGD) and Exposure to Default (EAD)) were estimated.

The Regulatory capital for credit risk is estimated in accordance with the formula established in Article 2 BIS 83 of the CUB, using the parameters determined by the Internal Models.

6. Internal Models' Variable Estimation

6.1.1. Probability of Default

The Probability of Default (PD) shows the likelihood that a borrower will default on its contractual obligations within twelve months starting after the month being rated. Default is defined as loans that are 90 or more days past-due. In the case of Corporations, a materiality criterion is applied, which consists on recording default only if the balance of delinquent loans represents 5% or more of the total balance.

For its estimation, information from internal and external variables is used to obtain a score, which is mapped to a master rating measuring risk level.

6.1.2. Loss Given Default

Loss Given Default. Measures the intensity of the loss upon default expressed as a percentage of the Exposure at Default (EAD), after considering the collateral values and the costs associated regarding the settlement (judicial, administrative collection, and deed in lieu, among others).

The estimation of the Loss Given Default (LGD) implies calculating present value of flows at default date, granting a comparable measure for loans with different recovery periods.

6.1.3. Exposure at Default

Exposure at Default (EAD) is the amount of the debt at the time of default of a loan. It is estimated on a conversion factor basis, which considers the relationship between balance and the unused credit line.

In the specific case of the Commercial Loan portfolio, Loss Given Default (LGD) and Exposure at Default (EAD) are used in accordance with those established on the CUB for Standard Models.