

**Evolving**

**for a stronger**

**Mexico**

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Amid a constantly changing environment, **GFNorte continued on its path of evolution, staying in constant and open communication with stakeholders.** The year brought us many lessons about the reality of new financial climate and about our customers, and we continue to break new ground to offer them unequalled products and experiences.



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# Message from the Chairman of the Board of Directors 2-22

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## To our stakeholders:

Almost two years have gone by since we were faced with the most daunting challenge of our generation. But the pandemic has also taught each of us lessons and helped us grow as human beings... learning anew to value what is most important in life.

As an institution, we understand that change is the only constant, and that to keep moving forward we have to rechart our path as many times as necessary. This capacity to adapt has been our compass for navigating these difficult times.

**We understood that our people are what matters most.**

**We changed the way we come together**, because we were the financial group that did the most to protect its employees through scrupulous prevention and health care measures.

**We learned to work remotely**, and we found that productivity and quality of life are not necessarily mutually exclusive. We embarked on a new way of working, more flexible and more effective, for 2022. This change in the way we organize meant redesigning our spaces, inspired by the best international practices.

**We understood that the future is digital, but the human factor is irreplaceable.**

**We changed the way we do things.** The future caught up with us. The rules changed and they will keep changing. Innovation is vital.

The biggest transformation of the past year was undoubtedly the acceleration of digital media. We had already anticipated this revolution, but the pandemic set things in motion much more rapidly.

**This year we recorded 2.9 billion transactions through digital channels (+54% vs. 2020) and 3.99 million new contracts signed (+37% vs. 2020).** Today, Banorte has around 6 million digital.

**We try to offer our clients an experience they fall in love with:** a personal style of banking that anticipates their needs. A 100% digital bank, agile, intuitive and secure, that they can access whenever they want, wherever they want and however they want.

After successfully meeting the goals that we set in our Vision 20/20 initiative, we have launched a new effort: Plan 1, 2, 3. Its aim is to make us the number one institution for banking in a digital world by 2023.

**We are investing between 10% and 13% of our revenues in improving our physical and technological infrastructure.** Our alliance with Google Cloud, bringing Apple Pay closer to our clients, our strategic alliance with Rappi and Artificial Intelligence with IBM are just the first steps.

At Banorte, we're going to work harder than ever for the group's digital transformation, and we'll be working hand-in-hand with our branch staff.

**Our employees are what set us head and shoulders above the rest.** They know the environment of their business units better than anyone, they make our users feel welcome, guide them in migrating their banking to digital channels, and most importantly, they build a long-term relationship of trust with every one of our clients.

**We better understood our relationship with the planet and society.**

**We changed our way of doing business to be more sustainable.**

This year, Banorte became a **founder of the Net-Zero Banking Alliance**, sponsored by the United Nations Environment Program Finance Initiative (UNEPFI), with the commitment of generating zero emissions in our businesses and operations by 2050.

Banorte also joined the Taskforce on Nature-related Financial Disclosures and in 2021 we launched **our first sustainable investment fund.**

We participated in the **Global Leaders for Climate Action** forum, part of COP26, organized by the International Chamber of Commerce (ICC), one of the world's leading business organizations, and I said at that time that the battle against climate change cannot wait, and that the financial industry must commit to immediate, measurable action.

The world is beginning to recover, and this recovery will only be sustainable if the financial industry assumes its leadership role. We at Banorte are involving all of our stakeholders in promoting a sustainable recovery.

We also underscored our commitment to the Women's Empowerment Principles, the 10 Principles of the United Nations Global Compact, and the Principles for Responsible Banking, of which we are signing members.

Furthermore, as part of our social commitment, we successfully completed our "Banorte Adopts a Community" construction program, turning over 650 homes to families affected by the 2017 earthquake and other actions to benefit the nine communities we adopted.

**What lies ahead for 2022?**

Together we've made it possible, as hard as it may seem, to find opportunities in this crisis. The numbers show that trust is returning among people and among investors. In Mexico, we are seeing a substantial growth in the economy, in consumption, in investment in all areas, and in lending.

We are seeing tangible signs that things are actually beginning to improve!

For Banorte, our mission is clear:

**Mexico needs, now more than ever, a bank that can be the engine for resuming growth.**

We have a deep commitment to families to help them get ahead and fulfill their dreams: to buy their first home, or a car; and to support businesses, especially small and mid-sized ones.

We see a 2022 of great results for Banorte: we will compensate our shareholders for their confidence through greater profitability and efficiency.

We intend to make 2022 a year of progress toward our target of becoming the number one institution for banking in a digital world.

**We are seeing a country in clear recovery, and Banorte as its greatest ally.**

A year to reinvent ourselves in our way of coming together and serving our clients who are, and will always be, the heart of all we do.

**Carlos Hank González**  
Chairman of the Board of Directors  
Grupo Financiero Banorte



## Message from the Chief Executive Officer 2-22

**Banorte's commitment to Mexico and to Mexicans has inspired us to advance more rapidly in our digital transformation, which will be to the benefit of all, and to assume our key role in the sustainable recovery of our economy.**

The pandemic has dramatically altered the way we live and work over the past 18 months, and the banking business is no exception. The domestic market and global trends in financial services and technology have prompted us to incorporate agile methodologies throughout the entire business, to deliver rapid, efficient and increasingly personalized solutions, guided, as always, by the customer's voice.

Although we have been through challenging times, we have also seen firsthand how the pandemic has inspired innovation on an extraordinary scale. From scientific breakthroughs achieved in record time to develop vaccines in order to contain the pandemic, to technology advances that facilitate remote work. **The progress we have seen in a matter of months is undeniable.**

**We can see tangible evidence in what is one of Banorte's greatest strengths—its human capital.** After almost two years of remote work for most of our corporate staff—who has performed exceptionally while overcoming unprecedented obstacles—we have decided to introduce a hybrid work scheme on a permanent basis, as the new way of working. To support this, we have set in motion significant changes that will create a comfortable, attractive and flexible working environment that can maximize productivity, encourage retention and allow us to attract the best talent.

Our Productivity with Flexibility program considers the nature of each person's job and establishes

working schemes. Some people will go back to work in the office full time, and others will follow a hybrid system, working two and three days at home on average. To accommodate this new system, we have redesigned our corporate offices to adapt them to new mobility requirements and facilitate collaboration. This new system will also reduce the amount of commuting to and from the office, which should have a positive impact on the environment, a key priority in our long-term strategy.

**As we all know, there is no industry where digitalization has not become a flashpoint. In the banking industry, the pandemic accelerated many digital changes that were already under way.** For Banorte in particular, we have charted a course in this direction since 2014. The challenge has been steering our digital initiatives toward personalization, remaining one step ahead of the changing needs of our customers, and being prepared for the customers of the future.

In the various areas of our financial group, we are already seeing encouraging signs of recovery. But the global economy is still facing a complex outlook, with high inflation levels, gradually climbing unemployment, and uncertainty over the possibility of new COVID-19 variants ahead. In Mexico's case, the environment in which we do business will continue to be influenced by these factors. However, the resilience of Mexico's manufacturing and services industries set it apart, because they are a key asset for the country's development.

We project economic growth of around 2.5% for Mexico in 2022, once again approaching the pre-pandemic average. Successful vaccination campaigns throughout the country have resulted in more than 60% of the population being fully vaccinated, on top

of which booster shots are being administered, giving us hope that the country's productive industries will recover more permanently, and that hospitalization and mortality rates can be significantly reduced.

In our digitalization strategy, we are determined to exceed and generate best practices, placing our customers at the center of our mission. We continued to operate through a collaborative scheme called cell-based working, which refers to multi-disciplinary teams that are assigned a specific task, such as improving or correcting a process and development a new product, accelerating execution of that task in order to create a better customer experience. Supported by cutting-edge technology, we have gained an increasingly thorough knowledge of our customers' behavior and preferences, so that we can steadily improve the products and services we offer them. We have moved from a strategy of one-size-fits-all promotion to one increasingly close to hyper-personalization.

Also, during the pandemic, **we have kept our environmental, social and governance (ESG) strategy firmly at the center of our organization.** We know that development and execution of the group's sustainability initiatives are a crucial factor and a lever for the long-term growth of this financial group. In this regard, GFNorte is especially proud of the following actions:

- We created a **Sustainability Committee** to manage the ESG strategy and aligned it with the group's strategy, vision and commercial interests.
- We reorganized and created a multidisciplinary team of **experts in environmental, social and governance areas.**
- We defined a **Sustainability Model** based on corporate governance, environmental and social criteria and the core axis of sustainable finance.
- We aligned our operations, products and services with the **Sustainable Development Goals.**

Furthermore, inspired by the success of our 20/20 Vision Plan, we launched a medium-term strategy called **"1,2,3," by which we aim to become the number 1 bank in a digital world by 2023.** This strategy is based first on accelerating Banorte's digital transformation, strengthening the services

provided to current customers through digitalization and process simplification. The result of these efforts is our "Bank in Minutes," which means offering the entire range of our products through our mobile app, minimizing processing time and keeping the customer's experience as our main metric and objective. The second basis for our strategy is the pursuit of partnerships or alliances that enable us to be a part of the customer's day-to-day life, for example, through our alliance with Rappi, where we can bring digital strategies to more families with the use of our extraordinary analytics capacities that enable us to know each of them better. In this regard, the key word is "hyper-personalization."

We at GFNorte are convinced that we have charted the right course, and we are moving ahead decisively to make the results of our strategy a reality. But there is another equally important matter: Banorte has made an effort to buttress our balance sheet to protect it from adversities that arise, and to maintain solid capital adequacy levels, an aspect that distinguishes us in the Mexican banking industry.

**For Banorte, the mission is clear: to be the engine of Mexico's recovery, maintaining a firm commitment to the Mexican people to help them get ahead and fulfill their dreams.**

My sincere thanks to our customers and investors for another year of their trust and their confidence; to our Board of Directors, local and regional board members, and to each and every one of the employees that once again proved their dedication and commitment.

Thank you for being part of the great Banorte family!

**Marcos Ramírez Miguel**

Chief Executive Officer, Grupo Financiero Banorte

# Macroeconomic climate

## The global recovery will continue in 2022, but with increasing challenges to economic policy.

We expect the economies of the world and Mexico to continue on the path to recovery next year. The International Monetary Fund projects global GDP growth of 4.4% in 2022, following a 5.9% advance in 2021. Despite this general improvement, there remain broad gaps between countries, regions, and industries, largely because of the differing magnitude of fiscal and monetary stimulus measures introduced since the start of the pandemic, as well as the varying degree of progress in vaccination campaigns and the pandemic's structural impact on the market for goods, services and factors of production. This in turn has fueled a growing and urgent call to address levels of equality between and within countries.

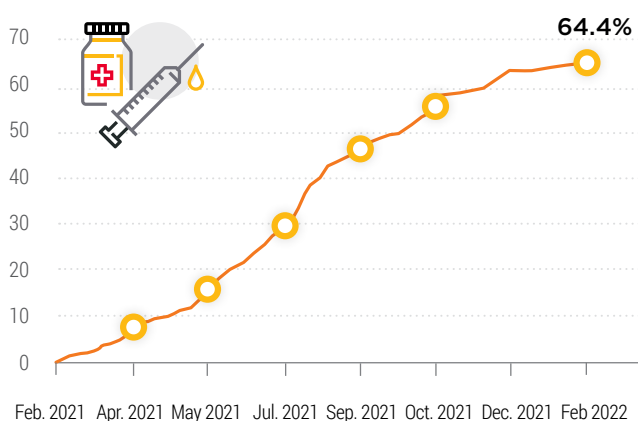
Economic policies continue to face a complex environment. Aside from the possible emergence of new Covid-19 variants, the most immediate concern is the strong global upturn in inflation. There are widespread doubts about its duration, magnitude, and persistence, because it has been caused by a multitude of factors. Among these are supply chain delays, rising prices on raw materials and transportation, logistical bottlenecks, changes in consumption patterns, even climate change.

**The challenge** lies in correcting these imbalances by withdrawing stimulus gradually, without jeopardizing the economic recovery and financial stability, especially **for developing economies.**

The situation in Mexico will be influenced by this context in 2022, although its continuing economic stability is emerging as one of the country's key assets. We estimate economic growth of 2.4% for Mexico in 2022, returning to prepandemic levels by around mid-year. Although the dynamic of the virus remains highly uncertain, new waves of contagion will probably have a more moderate economic impact, thanks to the progress of vaccination campaigns, and people's fatigue and adaptation to the setbacks.

### Percentage of the population vaccinated with at least one dose

Number of cases

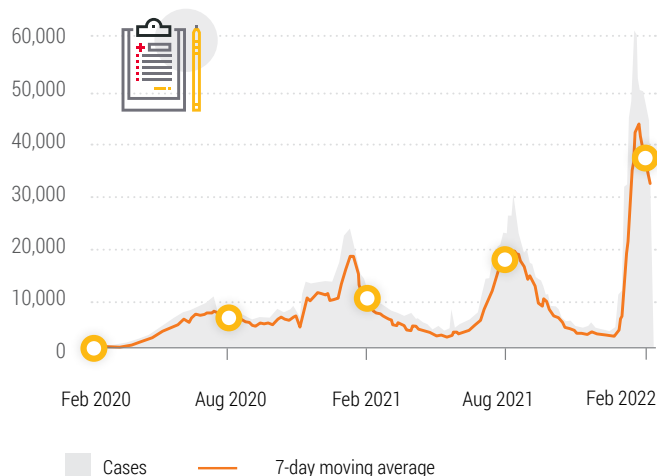


Source: Banorte, with data from *Our World in Data*.

According to the Ministry of Health, as of February 7, 2022, there had been almost 5.2 million cases of Covid in Mexico, and a little less than 169 million vaccine doses had been applied. Based on calculations published by *Our World in Data*, 64.4% of the population had received at least one dose.



### New cases of Covid-19 in Mexico, daily



Source: Banorte, with data from the Ministry of Health.

On the monetary policy front, Banco de México will probably extend the cycle of rate hikes begun in 2021 due to rising inflation. Specifically, we expect the benchmark rate to end the year at 8.25% and inflation at 6.7%, above the central bank’s range of tolerance around the 3% target. Fiscal policy will continue to be managed prudently and responsibly, with more funding going to investment projects and social programs, among other items. Despite the challenges, Mexico will retain its investment grade rating, which has been confirmed by the leading rating agencies.

Despite the challenges, Mexico will retain its investment grade, as reiterated by the leading rating agencies. Growth opportunities remain attractive. Conflicts between the United States and China and supply chain disruptions continue to drive companies to move their production to their most important centers of consumption. Internal consumption will probably be supported by wage gains, changes in hiring schemes and the brisk dynamic of remittances. But investment will be dampened somewhat by the climate of lingering uncertainty.

**The certainty afforded by USMCA and a relatively young population give Mexico a certain competitive edge in this climate.**

Current events and geopolitical risks will remain foremost in investors’ minds. Among these are tensions between the United States and China on various fronts, as well between Russia and Ukraine. In Europe, there will be presidential elections in France (in April), while in Germany the new chancellor Olaf Scholz recently took office. There are also mid-term elections upcoming in the United States (November 8), where 435 seats in the lower house are up for election, 34 in the Senate, 36 governorships and other local offices. In Mexico the national recall or confidence vote (April 10) will be held, and gubernatorial posts are up for election in six states, along with various local offices (June 5).

**Banorte has established and will continue to pursue a variety of initiatives and projects to face the most pressing medium-term challenges.**

We remain committed to the growth and well-being of Mexico and our customers, through actions such as continuous innovation, changes in work systems and interaction with our stakeholders through digital and technological transformation; the challenges of climate change through concrete and significant measures in our sustainability agenda; supporting migrants through efficient, secure and low-cost payment methods for transferring their money; and the need to deal with technological change and the problem of inequality through a multitude of measures in support of education and those supported through our foundation. We are convinced that if we work firmly and decisively together with our employees, clients and communities, we can continue our progress toward building a better Mexico.

# Banorte at a glance

January

Grupo Financiero Banorte was included in **Bloomberg's Gender Equity Index**.



February

Banorte launched **NTEESG**, the group's first sustainable investment fund.



April



The Instituto Mexicano de Teleservicios awarded the Banorte Contact Center two silver **CX National Prize** awards.

Cemefi recognized Grupo Financiero Banorte as a **Socially Responsible Enterprise** for the 11<sup>th</sup> year in a row; Afore XXI Banorte for the 2<sup>nd</sup> year in a row; and the Insurance and Pensions businesses for the 7<sup>th</sup> year in a row.



Banorte became a founding member of the **Net Zero Banking Alliance** organized by the U.N.



June

Banorte formed an alliance with **Google Cloud** to boost technological acceleration.



August

The 2021 **"A Thousand Dreams to Fulfill"** campaign was launched.



# 2021

September

The “Adopt a Community” reconstruction program was successfully completed with results above target.



Grupo Financiero Banorte participated in **National Financial Education Week 2021**.



October



FEMA and Accenture named Grupo Financiero Banorte’s virtual assistant, **Maya**, as one of the nine best banking innovations in the world in the categories of AI and Analytics.

November



Carlos Hank González attended the **ICC Global Leaders for Climate Action** as the sole representative for Mexico.

Normalización y Certificación (NYCE) certified Banorte as a **Binding Self-Regulatory Scheme**, which means its system for managing personal data complies with the requirements established in the Federal Law on Protection of Personal Data Held by Private Parties.

Grupo Financiero Banorte was named **Best Employer Brand among companies with more than 5,000 employees**, in the LinkedIn Brand Talent Awards.

Afore XXI Banorte was awarded **first place in the Sustainability Research Leader awards** by ALAS20.

Grupo Financiero Banorte was selected once again for inclusion in the **Dow Jones MILA Sustainability Index**.

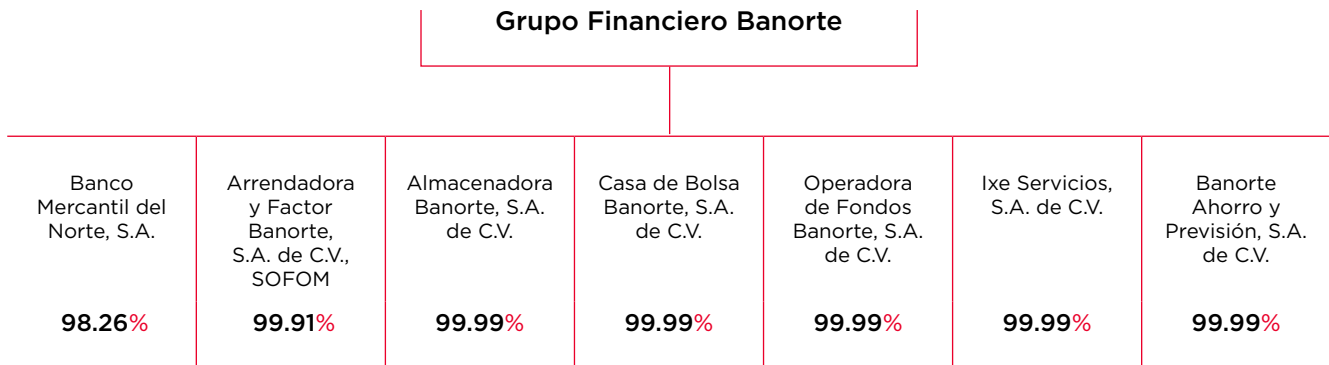


**Reforestamos México** recognized us for our participation in the “Connecting People and Forests” project, after we incorporated the option to redeem points and adopt trees to our Banorte Total Rewards program.

## GFNorte Structure

2-1, 2-2, 2-6, FS13, FS14

Grupo Financiero Banorte is Mexico’s leading financial institution. It has the most diversified business, operates under a universal banking model, with a wide variety of products and services through its various subsidiaries, owning a solid stake in each of these.



### GFNorte services:

**+ 28 million clients** 

through a network of:

**+ 1,000 branches** 

**+ 18,000 correspondents** 

**+ 9,000 ATMs** 

**+ 150,000 point-of-sale terminals** 



Being an ally of Mexico also means **staying close to each of our customers.**

	2019	2020	2021
Branches	1,182	1,193	1,151
Transactions (millions)	162	123	130
Automatic teller machines	8,919	9,387	9,668
Transactions (millions)	715	645	620
Correspondents	14,181	16,984	18,425
Transactions (millions)	32	22	22
Online Banking – number of active clients	2,774,205	3,669,281	4,775,766
Transactions (millions)	1,175	799	818
Mobile Banking – number of active clients	2,082,674	2,946,732	4,394,251
Transactions (millions)	672	1,085	2,078
Point-of-sale terminals (POS)	166,505	159,780	154,443
Transactions (millions)	586	717	1,105
Billing (millions of pesos)	\$ 373,587	\$ 402,822	\$580,724
Contact Center, calls received (millions)	84	84	57

The next table shows the coverage of Mexican municipalities served by our branches and correspondents:

	2021		
	Number of offices	Municipalities covered	Percentage of municipalities covered
Banorte branch network	1,151	333	13.6%
Correspondent network	18,425	1,683	68.5%
Correspondents located in municipalities where there are no Banorte branches	5,106	1,355	55.1%
Correspondents located in municipalities where there are no Banorte or other bank branches	186	116	4.7%

Total number of municipalities in Mexico: **2,457**

Source: [en.www.inegi.org.mx/](https://en.www.inegi.org.mx/)

Municipal coverage of Mexican banking infrastructure.

Source: [www.cnbv.gob.mx/Paginas/PortafolioDeInformacion.aspx](https://www.cnbv.gob.mx/Paginas/PortafolioDeInformacion.aspx)

## 2021 Achievements



### Afore

- Fitch Ratings: Rating upgrade from strong to excellent.
- First Afore with gender equity programs.
- ALAS20: Top ranking as Leading Company in Sustainability Research.
- ALAS20: Ranked second among Leading companies in Responsible Investment and Leading Companies in Corporate Governance.
- Began a new CRM system to support knowledge of our clients and encourage their loyalty.
- First to sign U.N. Principles for Responsible Investment.
- The Mi Afore digital and App Lite platform improved to include a breakdown of investment of voluntary contributions, benefiting 565,000 clients.
- Introduction of unemployment and marriage-related withdrawal services through digital channels (Mi Afore digital and App Lite).
- A 13% increase in customer loyalty and satisfaction, measured through NPS in e-mail channels, chat, chatbot y WhatsApp.
- *Sustainability achievements*



### Pensions

- World Finance: Best Pension Fund in Mexico for the sixth year in a row.
- Aivo Awards, second edition: Winner in the category of Best Transactional Experience.
- 95% of the portfolio of pensioners with remote-voice signature as a means of survival verification.
- We mapped pensioner services from traditional channels (contact center and offices) onto digital channels (WhatsApp, webpage and App Pensions).
- 68% of clients have pensioner loan benefits through our digital channels (PBD loan, ATM and app).
- A leader in the market, with more than 47% of the accounts auctioned by the social security institutes.



# Insurance

- First placement of parametric insurance for the state of Guanajuato, which supports natural disaster response.
- Expansion of the parametric insurance coverage area to include beaches and reefs of Quintana Roo.
- Seguros Banorte maintained service and solvency levels despite the extraordinary impact of the pandemic.
- The insurance company continues its move to digital channels through new app functions, website redesign, virtual store and social media.

• *Sustainability achievements*



The group's customer-centric strategy brought **significant changes in our technology and infrastructure**, including a redesign of our branches.

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# Strategy

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Through well-defined strategies for each of our capitals, accelerating digital transformation—which this year was the cornerstone of our performance—and joining leading sustainability indexes and initiatives, we achieved a multidimensional change.



**Ps. 32.9 mn**

in contributions to  
associations

**45.6/100**

in Bloomberg's  
Gender Equity  
Index

**63/100**

in the Dow Jones  
Sustainability  
Index MILA



## Value creation

### Our capitals

Financial Capital



Technology and Infrastructure Capital



Intellectual Capital



Human Capital



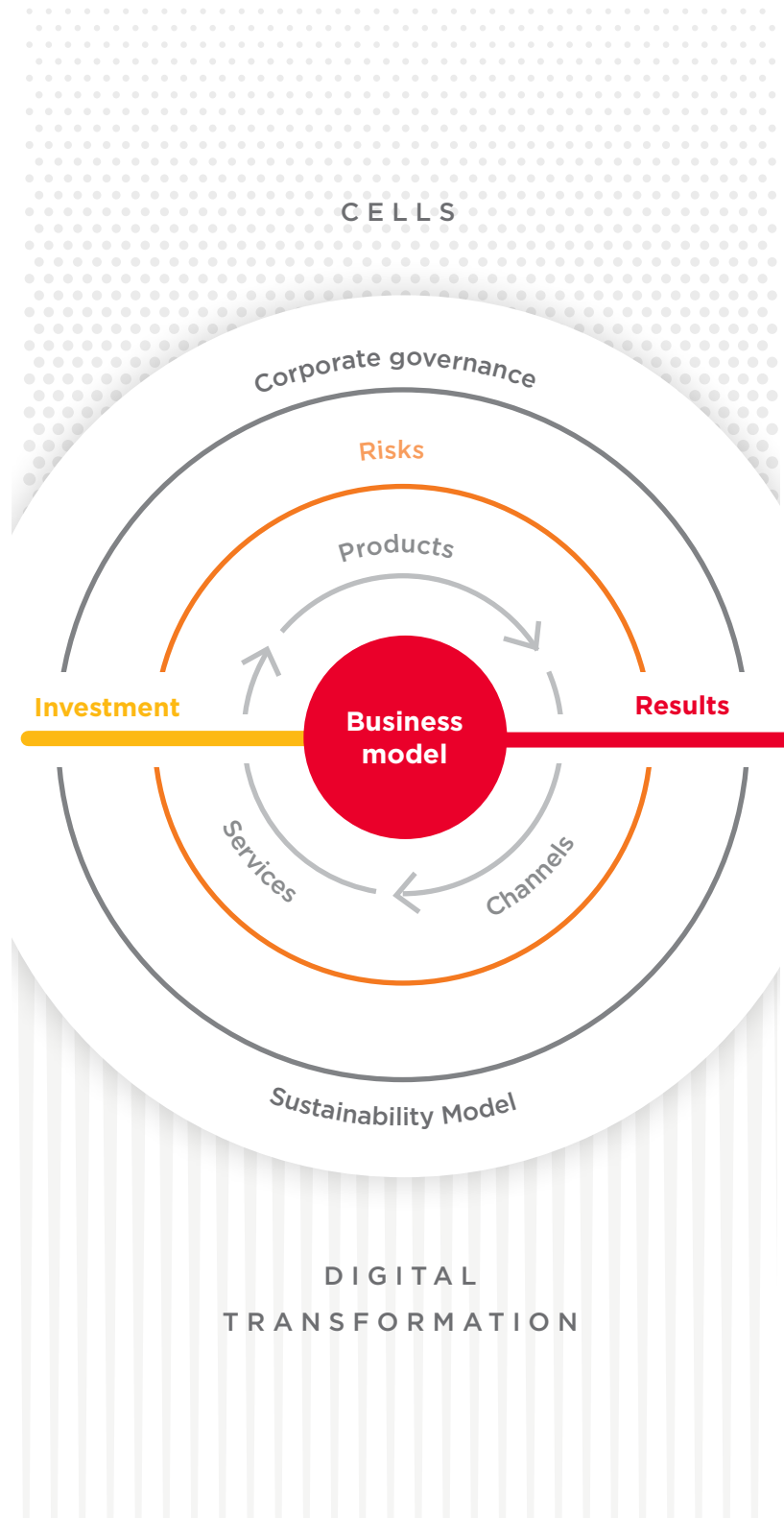
Social Capital



Environmental Capital



How do we transform them into value?



**Stakeholders**

- Investors
- Customers
- Employees
- Industry authorities and trade associations
- Suppliers
- Communications media
- Nonprofits
- Community
- Government agencies



**Our results**

**Financial Capital**

**15%** increase in net income (Ps. 35.05 bn)

**24.69%** capital adequacy

**1.0%** loan delinquency rate

**Ps. 5.59 billion** in sustainable portfolio in Corporate Banking and **Ps. 2.91 billion** in Commercial Banking

**Ps. 8.12 bn** in climate portfolio

**Ps. 785.27 billion** in policies placed to cover hydrometeorological risk

**Technology and Infrastructure Capital**

**56%** of credit cards activated through digital channels

NPS of **76.9** in digital credit card acquisition

**20%** reduction in customer response time through digital channels

**Intellectual Capital**

**11** minutes to open an individual account at the branch

NPS of **80.06** for Banorte Móvil

**1,170** branches adopted the cell model

**Human Capital**

**58%** of employees working in hybrid or remote scheme

**4,058** promotions (51% women and 49% men)

**Ps. 164 mn** invested in training

**Social Capital**

**1,293,818** beneficiaries with an Apoyo Banorte account

eNPS **84 pts**

**8,711** beneficiaries from financial education initiatives

**19,000** SMEs financed with a portfolio of approximately Ps. 37 billion

**996** suppliers, 96% of them Mexican

**48,348** direct beneficiaries of Fundación Banorte

**Ps. 109 mn** invested by Fundación Banorte

**Environmental Capital**

**16.25** GJ energy consumption per employee

**2.15** tCO<sub>2</sub>e emissions intensity per employee

## Accelerating the digital transformation

2-22

Digitalization is the how and why of the customer experience. We aim to provide the perfect experience in every channel and interaction, to surpass their expectations.

We recently launched a new version of our mobile banking app, Banorte Móvil, which has been enthusiastically welcomed by our customers, so we expect the number of users to grow further, enabling us to free up capacity in our physical channels. With this, our employees can devote more time and effort to creating added value.

In the process of our digital transformation, we believe the leverage of expert teams is crucial for supporting the modernization of our technological infrastructure, guarantee protection of our users and information, and help us better use data and artificial intelligence to redefine our offering based fully on the needs of our clients.

With this in mind, we began the search for digital leaders in their field, so as to maintain and empower the relevance of our services. One example was our joint venture with Rappi, a Latin American multiple-service provider, which helps us maximize the information we have on our customers' consumption habits and day to day activities, so we can develop a new generation of financial services within one super app, presenting ultra-personalized offers to them which are not only 100% digital but supported by a top-flight customer experience.

Also, in June 2021 we signed a multi-year strategic alliance with Google Cloud, which should serve as a catalyst for transformation by: i) leveraging our ability to achieve more sophisticated technological environments in the bank—including applications, infrastructure and data bases—that lead us gradually to greater cost efficiency thanks to the flexibility and scalability that Google offers; ii) strengthen our cybersecurity system, focused on threat detection; iii) use analytics and artificial intelligence to personalize experiences and obtain an in-depth

knowledge of our customers' needs; iv) develop open banking applications and new digital services; and v) foster a culture of innovation, providing ongoing training and development for our employees and innovative solutions focused on creating the best experiences for our customers.

In short, we have worked and will continue working to expand our digital offering and make our processes more efficient in all our channels, to benefit our customers and improve the profitability of GFNorte.

### **ESG Strategy: The key to multidimensional change**

For several years now, the concept of sustainability integrated into the business has become increasingly important to this group. This has been reflected in our growing presence in environmental, social and governance indexes and initiatives.

We have aligned our ESG strategy with the group's strategy, which means: i) making it an integral part of the business model; and ii) directing it from the highest level of the organization, with the idea of turning the ESG factor into a key lever for accelerating growth, as a differentiating factor for industry leadership worldwide.

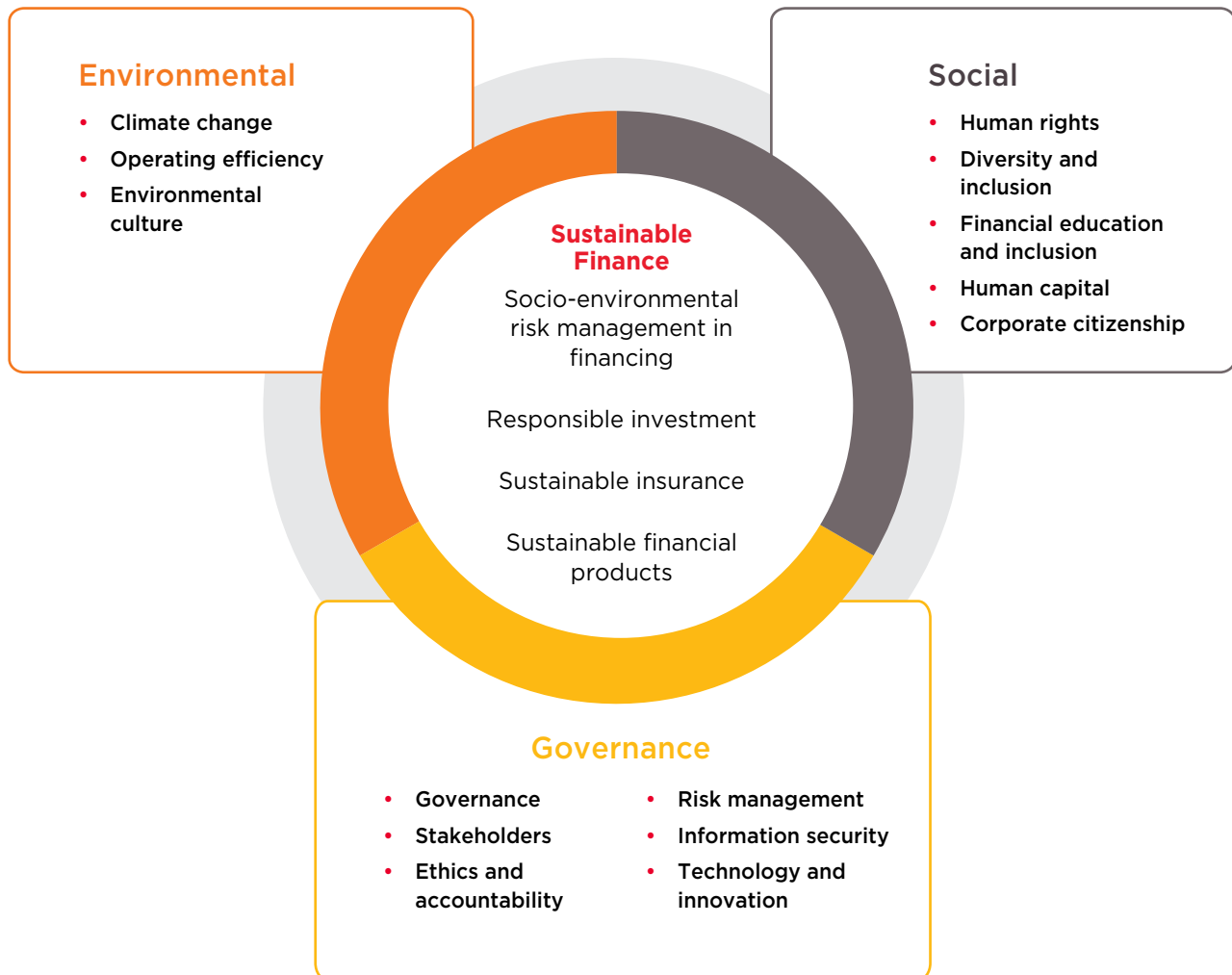
**GFNorte is convinced that the strategic alignment of the entire organization will turn the ESG factor from a market standard into a growth lever by which we can add value to the financial ecosystem in the long term.**

## Sustainability model

Our sustainability strategy is expressed through a model that rests on three pillars: Environmental, Social and Governance. These converge in a fourth pillar: Sustainable Finance, which enables us to align these with our business strategy.

### Sustainable Finance

We incorporate ESG factors into the assessment of risk in our portfolios and into our product and service offering, in order to contribute to sustainable development.



### Environmental

We create initiatives aimed at mitigating the environmental impact of our operations through efficient use of resources and a culture of environmental care inside and outside of the institution.

### Social

We carry out various social programs for the purpose of improving the quality of life of our employees and the communities we are a part of.

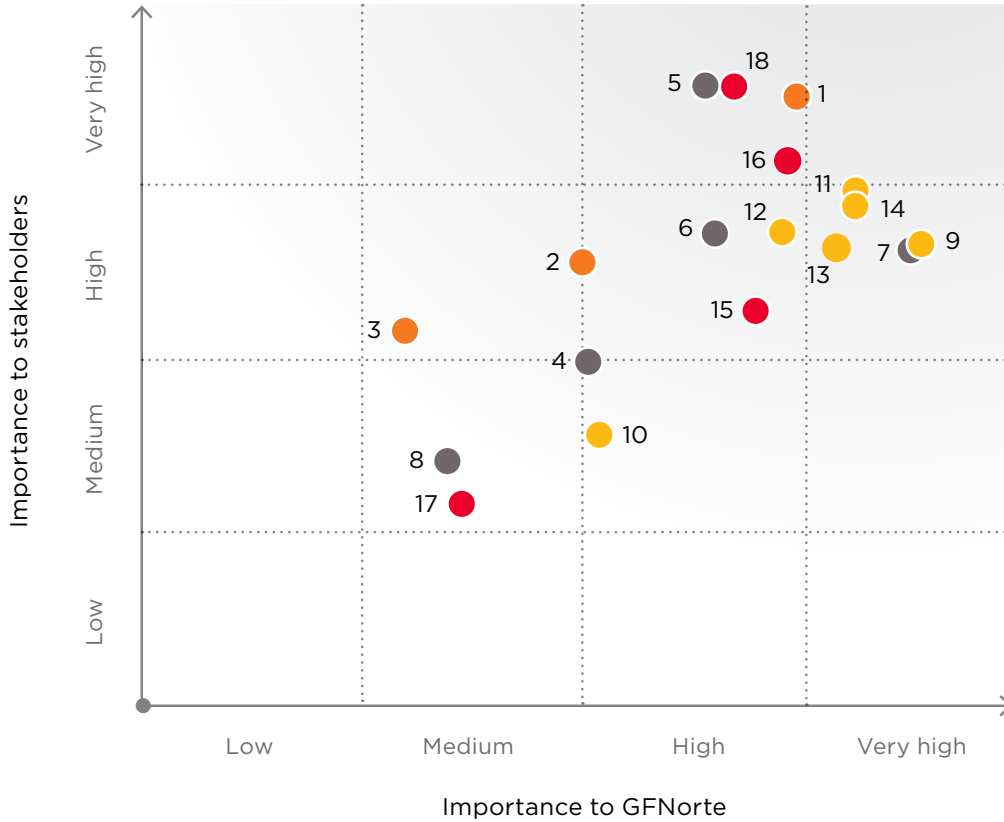
### Governance

We have a series of principles and standards that ensure proper functioning of our governance bodies, which are complemented by solid risk management and efficient decision-making.

## Materiality

3-1, 3-2, 3-3

Within the group's sustainability strategy, we updated our 2020 materiality exercise to prioritize the issues most important to our stakeholders and the organization.



Number	Pillar	Material issue
1	A	Climate change
2	A	Operational eco-efficiency
3	A	Environmental culture
4	S	Human rights
5	S	Education and inclusion
6	S	Diversity and inclusion
7	S	Human capital
8	S	Corporate citizenship
9	G	Corporate governance
10	G	Stakeholder relations

Number	Pillar	Material issue
11	G	Ethics and accountability
12	G	Risk management
13	G	Technology and Innovation
14	G	Information Security
15	FS	Management of socio-environmental risks in financing
16	FS	Responsible investment
17	FS	Sustainable insurance
18	FS	Sustainable financial products

For more details on this exercise and its results, visit:

<https://investors.banorte.com/en/sustainability/sustainability-strategy/materiality>

## Stakeholders

2-29

Aware of the importance of engaging in constant dialogue with our stakeholders, we have various channels for internal and external communication

aimed at each of these groups, so we can learn about and understand their needs and better serve each of them.

Investors	Clients	Employees
<ul style="list-style-type: none"> <li>■ Quarterly reports</li> <li>■ Investor website</li> <li>■ “Norte Económico” podcast</li> <li>■ Sustainability newsletter</li> <li>■ Annual Report</li> <li>■ Newsletters</li> <li>■ Conferences</li> <li>■ E-mail</li> <li>■ Annual results</li> <li>■ Shareholders’ meeting</li> <li>■ Website</li> </ul> <p>→ <b>Investor relations and Corporate governance</b></p>	<ul style="list-style-type: none"> <li>■ Branch network</li> <li>■ Banorte Móvil</li> <li>■ UNE</li> <li>■ Media advertising</li> <li>■ Banortel</li> <li>■ Website</li> <li>■ Social media</li> <li>■ “Norte Económico” podcast</li> <li>■ Satisfaction surveys</li> </ul> <p>→ <b>Commercial area, Marketing, Specialized Inquiry and Claims Unit</b></p>	<ul style="list-style-type: none"> <li>■ Institutional website</li> <li>■ Banorte news</li> <li>■ Collaborative tools: Skype/Microsoft Teams</li> <li>■ BanorTV/Aldea Solutions</li> <li>■ EthicsPoint hotline</li> <li>■ Human capital development</li> <li>■ E-mail</li> <li>■ Banorte support line</li> <li>■ Weekly COVID-19 Update</li> <li>■ AsisMed app</li> <li>■ Union magazine</li> <li>■ Organizational climate survey</li> <li>■ Collaborative Intranet</li> </ul> <p>→ <b>Human Resources</b></p>
Government Agencies	Industry authorities and trade associations	Community
<ul style="list-style-type: none"> <li>■ Webpage</li> <li>■ Participation in forums</li> <li>■ E-mail</li> <li>■ Contact numbers</li> <li>■ Committees</li> <li>■ Online Meetings</li> <li>■ Face-to-face meetings</li> </ul> <p>→ <b>Sustainability and Responsible Investment and Fundación Banorte</b></p>	<ul style="list-style-type: none"> <li>■ Contact numbers</li> <li>■ Website</li> <li>■ Social media</li> <li>■ Online meetings and visits</li> <li>■ Face-to-face meetings and visits</li> <li>■ E-mail</li> </ul> <p>→ <b>Communication and Public Affairs</b></p>	<ul style="list-style-type: none"> <li>■ Call center</li> <li>■ Website</li> <li>■ Social media</li> <li>■ Community visits</li> <li>■ On-site meetings and visits</li> <li>■ Corporate volunteering</li> <li>■ E-mail</li> </ul> <p>→ <b>Sustainability and Responsible Investment and Fundación Banorte</b></p>
Media	Suppliers	Nonprofits
<ul style="list-style-type: none"> <li>■ E-mail</li> <li>■ Public tenders</li> <li>■ Online meetings and visits</li> <li>■ Face-to-face meetings and visits</li> <li>■ Call center</li> </ul> <p>→ <b>Communications and Institutional Relations</b></p>	<ul style="list-style-type: none"> <li>■ Online meetings and visits</li> <li>■ Face-to-face meetings and visits</li> <li>■ E-mail</li> <li>■ Contact numbers</li> <li>■ Public tenders</li> </ul> <p>→ <b>Sourcing and Expense Control</b></p>	<ul style="list-style-type: none"> <li>■ Webpage</li> <li>■ Social media</li> <li>■ E-mail</li> <li>■ Contact numbers</li> </ul> <p>→ <b>Sustainability and Responsible Investment and Fundación Banorte</b></p>

Frequency of stakeholder interaction: ■ **Annual**, ■ **Regular**: weekly, monthly, bimonthly, quarterly or biyearly communication ■ **Constant**: communication available on a permanent basis.

We have also forged alliances in Mexico and abroad, which have served as catalysts to promote best practices in our industry. These include membership in global initiatives as well as participation in various committees, boards and work groups that focus on sustainability issues.

**International alliances**

 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	 <p><b>10</b> REDUCED INEQUALITIES</p>	 <p><b>13</b> CLIMATE ACTION</p>
		
		
		
		
		
		

**National alliances**

 <p><b>5</b> GENDER EQUALITY</p>	 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	 <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p>	 <p><b>13</b> CLIMATE ACTION</p>
			
			
			
			
			



## Sustainability initiatives

2-28

Our commitment to sustainability has grown stronger over the years. We have remained at the forefront of our industry in priority issues, which is reflected in our participation in initiatives, frameworks and reporting standards and strategic alliances that have earned us a place in prominent sustainability indexes.



## Alignment with the SDG

3-3

In order to quantify our positive impact on society, we have identified the operational and business indicators that signal contributions to the United Nations Sustainable Development Goals (SDG), prioritizing those which in turn align with the most relevant issues identified in our materiality matrix.

### SDG Contribution Model

#### Material issue: Climate change



#### Target 2.4

- Ps. 4.87 bn in small producers portfolio
- 55,996 producers supported
- 369,304 hectares of crops
- 5<sup>th</sup> place in lending according to FIRA



#### Target 7.2

- 2.02 tCO<sub>2</sub>e/employee
- 1.79 tCO<sub>2</sub>e/Ps. mn in net income
- 15.32 GJ/employee
- 13.61 GJ/employee energy per net profit



#### Target 15.2

- Through the Banorte Total Rewards program and in an alliance with Reforestamos México, our clients can redeem loyalty points for trees



#### Target 17.1

- Strategic alliances: Net-Zero, TCFD, SBTi, ABM, 2DII, WWF

#### Material issue: Sustainable financial products



#### Target 7.2

- Renewable financing
- Ps. 8.12 bn in climate portfolio, corresponding to 10 projects
- Ps. 3.56 mn in active portfolio SME eco-loans



#### Target 8.10

- Ps. 26.26bn in thematic investment
- 1,639 redemptions for sustainable products in the Banorte Total Rewards catalog
- 289 recommendations to clients on best practices



#### Target 9.2

- 13 Equator Principles evaluations
- 5 Performance Standards evaluations
- 1 SEMS evaluation
- Ps. 23.17 billion in impact investments



#### Target 13.1

- 5 zones ensured with parametric hurricane insurance
- 214,256 risks insured against hydrometeorological events for a total value of Ps. 785.27 bn

#### Material issue: Corporate governance



#### Target 5.5

- 9% women in senior management
- 9% women on regional boards
- 7% women on local boards
- 7% women on Board of Directors



#### Target 16.7

- Two meetings of the Sustainability Committee for 2021: <https://investors.banorte.com/en/sustainability/sustainability-banorte/governance>



#### Target 17.1

- Training in ESG matters
- Strategic alliances: <https://investors.banorte.com/en/sustainability/performance/global-initiatives>

In 2021, we published a report on the efforts made over the 18 months since the pandemic began, a voluntary report entitled “Banorte and the 2030 agenda in times of COVID,” which can be viewed at this link: <https://investors.banorte.com/-/media/Files/B/Banorte-IR/financial-information/annual-reports/en/2020/Reporte%20COVID%20ODS%20ingls%20V1.pdf>

Material issue: Ethics and accountability



Target 10.5

- Participation in industry initiatives to promote sustainable development: Equator Principles, Principles for Responsible Investment, Principles for Responsible Banking



Target 12.6

- Integrated Annual Report: GRI, SASB and IIRC
- CDP and TCFD for climate change
- PE, PRI and PRB reports on sustainable finance performance
- Incorporation of ESG factors into quarterly reports: <https://investors.banorte.com/en/financial-information/quarterly-reports>
- 12 issues of our newsletter: Our Journey, Banorte's ESG report <https://investors.banorte.com/en/sustainability/resources/our-journey>



Target 16.5

- 27,193 employees trained in MLP
- 26,353 employees signed the Code of Conduct
- 0 fines for corruption or bribery
- We have various accountability channels
- IR blacklists: [https://investors.banorte.com/-/media/Files/B/Banorte-IR/sustainability/policies-and-procedures/en/PoliticalInversinResponsable\\_en.pdf](https://investors.banorte.com/-/media/Files/B/Banorte-IR/sustainability/policies-and-procedures/en/PoliticalInversinResponsable_en.pdf)



Target 17.1

- November newsletter: Strategic alliances: <https://investors.banorte.com/en/sustainability/performance/global-initiatives>
- Banorte and the 2030 Agenda in times of COVID-19: <https://investors.banorte.com/-/media/Files/B/Banorte-IR/financial-information/annual-reports/en/2020/Reporte%20COVID%20ODS%20ingls%20V1.pdf>

Material issue: Financial inclusion and education



Target 1.4

- 102 workshops held
- 9,309 beneficiaries
- 160 hours of workshops
- 26 volunteers



Target 5a

- 5,724,356 debit card customers
- 865,594 credit card customers
- 58% remittance customers are women
- 38% SME clients (individuals with business activity)
- 211,369 customers with Mujer Banorte credit cards
- 159,119 customers with Mujer Banorte debit cards



Target 10.2

- 11,663 Digital Enlace customers
- 2,553 Universal Card customers
- 1,556,235 Apoyos Banorte customers

For more information, visit <https://sdgs.un.org/goals>

## Principles for Responsible Banking

2-28

As founding members of the Principles for Responsible Banking (PRB), we reinforced our commitment to the SDG and the Paris Agreement. This means that we act in accordance with the six principles of this initiative and report on our progress each year.

The full report in the official PRB format can be viewed at the following link: <https://investors.banorte.com/en/financial-information/annual-reports/2021>

### Principle 1. Alignment

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### Principle 2. Impact & Target-Setting

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### Principle 3. Clients & Customers

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### Principle 4. Stakeholders

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### Principle 5. Governance & Culture

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### Principle 6. Transparency & Accountability

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## Impact measurement

2-12

Measuring the impact of our portfolios is one of the primordial commitments we assumed as a responsible bank. In 2021 we applied the Portfolio Impact Tool, developed by the United Nations Environment Program Finance Initiative, for a second time. The new version includes a Methodology for Holistic Impact Analysis, a two-step process for understanding and managing real and potential positive and negative impacts across the entire spectrum of environmental, social and economic issues, considering the context of the regions in which the bank operates.

The methodology provides a resource map that enables users to trace relevant indicators for the various areas of impact and a point scale on the level of necessity of each by country, depending on the nature, content and geographic scope of their portfolios. GFNorte used the tool to study its Corporate Banking and Commercial Banking portfolios as of December 2021, which account for 42% of the total for Wholesale Banking. The following are the salient findings of that analysis.

	Corporate Banking	Commercial Banking
Representative industry groups	<ul style="list-style-type: none"> <li>• Manufacturing</li> <li>• Real-estate</li> <li>• Transportation</li> </ul>	<ul style="list-style-type: none"> <li>• Retail</li> <li>• Construction</li> <li>• Hotels and restaurants</li> </ul>
Significant positive impacts	<ul style="list-style-type: none"> <li>• Resource efficiency/security</li> <li>• Mobility and development</li> <li>• Housing</li> <li>• Climate (renewable energy)</li> <li>• Economic convergence</li> </ul>	<ul style="list-style-type: none"> <li>• Mobility and development</li> <li>• Resource efficiency/security</li> <li>• Improvement in health and sanitation systems</li> <li>• Culture and heritage</li> <li>• Healthy, inclusive economies</li> <li>• Significant negative impacts</li> </ul>
Significant negative impacts	<ul style="list-style-type: none"> <li>• Climate</li> <li>• Resource efficiency/security</li> <li>• Improvement health and sanitation systems</li> <li>• Soil</li> <li>• Waste</li> </ul>	<ul style="list-style-type: none"> <li>• Climate</li> <li>• Improvement health and sanitation systems</li> <li>• Resource efficiency/security</li> <li>• Waste</li> <li>• Soil</li> </ul>
Country-level priorities (Mexico)	<ul style="list-style-type: none"> <li>• Climate</li> <li>• Resource efficiency/security</li> <li>• Health</li> </ul>	

In 2022, we will incorporate actions into our annual strategy by which we can begin **to mitigate the negative effects we identify and amplify the positive impacts.** We will replicate the impact measurement methodology and expand its scope in order to gradually cover all our portfolios.

## Our environmental, social and governance performance

We know that investors are increasingly interested in companies' environmental, social and governance (ESG) performance, which is an important aspect in their decision-making. This means we are under constant observation by various rating agencies.

Our ESG performance in recent years has earned us a place in the sustainability indexes of various markets, the benefits of which are reflected in our attraction and retention of institutional investors.

ESG Rating	2019	2020	2021	Included in index
Bloomberg <sup>1</sup>	47.8/100	44.3/100	45.6/100	Gender Equity Index (GEI)
CDP <sup>2</sup>	B	A-	B	
FTSE Russell	3.9/5	3.7/5	3.3/5	FTSE4Good Emerging Markets Latam FTSE4Good BIVA
MSCI <sup>3</sup>	A	AA	AA	MSCI ACWI ESG Universal MSCI ACWI Climate Change MSCI EM ESG Universal MSCI EM ESG Focus MSCI Mexico ESG Universal
SAM CSA	61/100	62/100	63/100	Dow Jones Sustainability Index MILA S&P/BMV Total Mexico ESG Index
Vigeo-Eiris (VE)	45/100	44/100	41/100	Best EM Performers Ranking
Interamerican Development Bank (IDB)*	ND*	ND*	ND*	Index Americas

1. Bloomberg rates only issuers' level of ESG transparency.
  2. CDP rates only issuers' climate change management.
  3. Of the 109 ESG, SRI or thematic indexes that had incorporated GFNorte by the close of 2021, only the five flagship regional indexes with the greatest coverage are mentioned.
- \* The IDB does not conduct an evaluation; it uses the ratings of Vigeo Eiris.



## ESG Transparency

2-29

In order to maintain best practices in transparency, for the second year in a row we included information on material ESG events and data in our quarterly reports, available at the following link:

<https://investors.banorte.com/en/financial-information/quarterly-reports>

We also launched a monthly newsletter called “Our Journey: Banorte’s ESG Report” to publicize our progress in ESG matters. In 2021, these were the basic topics addressed in each of our issues:

Month	Main topic	Interviewed	Title
January	Welcome	Carlos Hank González	Chairman of the Board of Grupo Financiero Banorte
February	Responsible investment	Alejandro Stieglitz	Executive Vice President, Franklin Templeton
March	Sustainability and equality	María Ariza	CEO of BIVA
April	Transparency (annual reports)	José Oriol Bosch	Chief Executive Officer, Mexican Stock Exchange
May	Family remittances and sustainability	Ricardo Velázquez	Deputy Chief Executive Officer of International Banking, Grupo Financiero Banorte
June	Biodiversity	Jessica Smith	Nature Lead - United Nations Environment Program Finance Initiative
July	A new vision: Circular economy	Jaime Cámara	Chief Executive Officer of PetStar
August	Climate change	Eduardo Piquero	Director MÉXICO2
September	Sustainable Development Goals	Mariuz Calvet	Executive Director of Sustainability and Responsible Investment, Grupo Financiero Banorte
October	Strategic alliances	Alba Aguilar	Director of the Consulting Council on Green Finance
November	Financial inclusion	Francisco Martha	Chief Business Development Officer, Grupo Financiero Banorte
December	Overview: A year on the path	Mariuz Calvet	Executive Director of Sustainability and Responsible Investment, Grupo Financiero Banorte

You can view the most recent issue of our newsletter at:

<https://investors.banorte.com/en/sustainability/resources/our-journey>

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# Corporate governance

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Our corporate governance and sustainability practices have earned us a reputation as a highly solid group among Mexican institutions and international organizations. We have joined in global initiatives and participate in industry proposals in favor of sustainable development, like the Principles for Responsible Banking.



## First training program

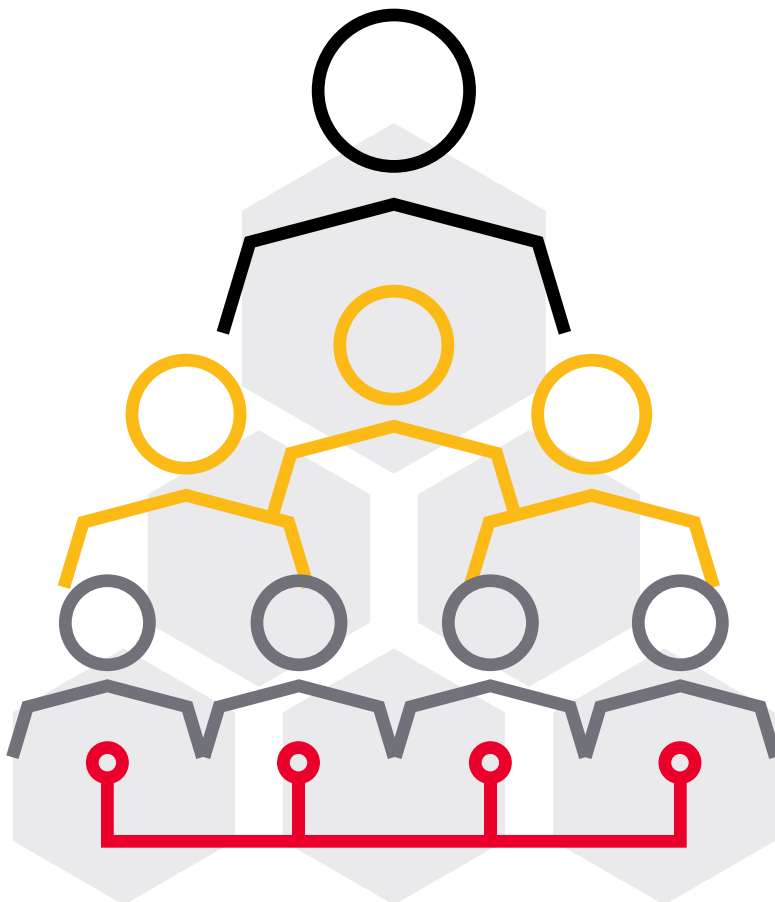
for board members regarding the Handbook for the Director: Development Session on ESG Best Practices in the Banking Sector

**98%**

attendance at board meetings held in 2021

## The Compensation System

includes the Chief Executive Officer of GFNorte, 5 managing directors in charge of the business areas, 17 adjunct managing directors in charge of risk-taking areas and 8 territorial directors



## Corporate governance

Grupo Financiero Banorte is Mexico's Strong Bank, not just because of its reputation and excellence in financial services, but because it applies the best corporate governance and sustainability practices, which has earned us the recognition of Mexican and international organizations.

Our Internal Control System ensures that we have a set of mechanisms and internal controls that permit us state in all confidence that GFNorte and its subsidiaries conform to applicable regulations, and also apply methodologies that make it possible to verify their compliance. The Audit and Corporate Practice Committee keeps the board informed of the status of this system at GFNorte and its financial subsidiaries as well as other corporations it controls, including any irregularities detected.

GFNorte pays special attention to internal control over its transactions, from the origination, processing and disclosure of accounting and financial information to relationships with investors, customers and suppliers, and compliance with applicable regulations.

The Code of Conduct establishes the guidelines that must be followed by board members, officers and employees in the course of their activities and businesses; it also mandates stewardship of natural resources in the communities where we are present, and if these resources are in any way depleted, it provides for means of replacing them and/or mitigating the environmental damage.

Banorte is aware of the fundamental role we must play in transitioning toward a fair economy, efficient in its use of resources and low-carbon. Our Chairman of the Board has expressed the Group's solid commitment to combating climate change, and other environmental and social problems we face, in his participation in various forums, including this year's COP26. This is reflected in the way we operate and do business: sustainability is part of our DNA.

## Board of Directors

2-10, 2-15

The Board of Directors is the highest governing body of Grupo Financiero Banorte, charged with taking the actions necessary to ensure that our objectives, values and strategy correspond to what can be expected of sound corporate governance, while safeguarding the interests of shareholders, customers, employees, suppliers and communities.

GFNorte's Board of Directors, working together with the Chief Executive Officer, each in its sphere of competence, is in charge of management of the group and the financial firms it comprises. One of the primary duties of the Board of Directors is establishing general strategies for GFNorte and specific strategies for managing, directing and executing the business of the holding company, financial firms and sub-holdings that belong to it.

In order to guarantee that our shareholders' interests are protected, the Board of Directors is made up primarily of independent members, so that decisions can be made autonomously and possible conflicts of interest avoided. Accordingly, GFNorte's corporate bylaws establish that the board should consist of at least 50% independent members, in accordance with best corporate practices, which is above the regulatory minimum of 25%. At present, 61% of the board's members qualify as independent.

The Board of Directors meets on a quarterly basis, or more often when necessary in extraordinary cases, when called by the Chairman of the Board, 25% of the regular members or the chairman of the Audit and Corporate Practices Committee.

The general ordinary shareholders' meeting of April 23, 2021 approved compensation for regular board members and their alternates, for every meeting they attend, in the amount of two 50-peso gold coins, commonly known as Centenarios, at the listed value on the date of each session.

## Structure of the Board of Directors

2-9, 2-11

The Board of Directors has the following members:

### Carlos Hank González

- Mexican, 50 years old
- Chairman of the Board
- Years on the board: 7
- No. other board memberships: 3

### Juan Antonio González Moreno

- Mexican, 63 years old
- Regular member
- Years on the board: 17
- No. other board memberships: 1

### David Juan Villarreal Montemayor

- Mexican, 72 years old
- Regular member
- Years on the board: 28
- No. other board memberships: 0

### José Marcos Ramírez Miguel

- Mexican, 57 years old
- Regular member
- Years on the board: 10
- No. other board memberships: 1

### Carlos de la Isla Corry

- Mexican, 57 years old
- Regular member
- Years on the board: 5
- No. other board memberships: 0

### Everardo Elizondo Almaguer

- Mexican, 77 years old
- Independent member
- Years on the board: 11
- No. other board memberships: 3

### Clemente Ismael Reyes Retana Valdés

- Mexican, 59 years old
- Independent member
- Years on the board: 4
- No. other board memberships: 2

### Alfredo Elías Ayub

- Mexican, 70 years old
- Independent member
- Years on the board: 9
- No. other board memberships: 1

### Adrián Sada Cueva

- Mexican, 45 years old
- Independent member
- Years on the board: 8
- No. other board memberships: 3

### David Peñaloza Alanís

- Mexican, 47 years old
- Independent member
- Years on the board: 2
- No. other board memberships: 1

### José Antonio Chedraui Eguía

- Mexican, 54 years old
- Independent member
- Years on the board: 6
- No. other board memberships: 1

### Alfonso de Angoitia Noriega

- Mexican, 58 years old
- Independent member
- Years on the board: 6
- No. other board memberships: 3

### Thomas Stanley Heather Rodríguez

- Mexican, 66 years old
- Independent member
- Years on the board: 5
- No. other board memberships: 2

**Average seniority of board members: 9 years**

\*The number of other board memberships does not include GFNorte.

\*\*Carmen Patricia Armendáriz Guerra was an independent member of the Board of Directors until August 31, 2021.

For more details, visit: <https://investors.banorte.com/en/governance/board-of-directors>

**Percentage of executives, non-equity related and independent members**

% executives	% non-equity related	% independent
8%	92%	61%

**Attendance at Board of Directors meetings in 2021**

January	April	July	October
100%	100%	100%	92%



**Matrix of Board of Directors skills and expertise**

2-17

Board members must meet minimum regulatory requirements and also not be prohibited from holding the position under any of the limitations mentioned in the Law to Regulate Financial Groups and the Securities Market Act. Furthermore, in all cases board members must possess recognized technical expertise, honorability and a satisfactory credit record, and must have extensive knowledge and experience in finance, law or administration.

Moreover, the Nominating Committee, which has the purpose of guaranteeing an appropriate balance between knowledge, skills, qualifications, diversity and experience among board members, designed a matrix of skills and expertise to ensure the combined capacities of the board are sufficient to consistently manage the group’s strategic goals and its various business lines.

**Other board memberships**

In selecting candidates to serve on GFNorte’s board, the Nominating Committee makes an effort to ensure active participation of all members in the board meetings. For that reason, it permits board members to sit on the boards of directors of other companies, provided their commitment and dedication to GFNorte is not affected. Under this rule, when a board member is also a director on the board of a related company, they are considered to be a member of just one board.

Matrix of Board of Directors skills and expertise

	Board of Directors												
	Carlos Hank González	Juan Antonio González Moreno	David Juan Villarreal Montemayor	José Marcos Ramírez Miguel	Carlos de la Isla Corry	Everardo Elizondo Almaguer	Clemente Ismael Reyes Retana Valdés	Alfredo Elías Ayub	Adrián Sada Cueva	David Peñaloza Alanís	José Antonio Chedraui Eguía	Alfonso de Angoitia Noriega	Thomas Stanley Heather Rodríguez
Capital Markets	✓			✓	✓		✓			✓			✓
Corporate Banking	✓			✓	✓		✓						✓
Government and Public Policy	✓			✓	✓	✓		✓	✓	✓		✓	✓
Insurance and Bonding							✓						✓
Private Banking	✓			✓			✓						✓
Retail Sales	✓	✓	✓	✓			✓				✓		
Risk Management				✓	✓	✓	✓	✓					✓
Business Administration	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Infrastructure	✓			✓	✓			✓		✓			
Foreign Trade	✓	✓						✓	✓		✓	✓	
Customer Experience	✓			✓	✓		✓						
Economics	✓			✓		✓		✓					
Academe						✓		✓					✓
Accounting, Comptrollership and Auditing		✓		✓	✓	✓	✓			✓	✓		✓
Business Strategy	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	
Digital Banking and Technology					✓		✓						
Information Security							✓				✓		
Corporate Governance							✓					✓	✓
Human Resources					✓	✓	✓	✓					✓
Institutional Relations	✓	✓		✓	✓	✓	✓	✓	✓	✓			✓
Legal												✓	✓
Regulatory Authorities	✓	✓		✓	✓	✓	✓		✓	✓		✓	✓
Compensation					✓	✓		✓					✓
Sustainability and Business Ethics								✓					✓

## Board diversity and inclusion

2-10, 405-1, FN-IB-330a.1, FN-AC-330a.1

For a number of years now, GFNorte has had a policy in place to promote equality between men and women at all levels of the organization. One of the duties of the Nominating Committee is to promote dignity, equity, inclusion and diversity in the composition of the Board of Directors, seeking a combination of genders, experiences and skills necessary to lead the group’s administration and strategy, and to have various perspectives to enrich decision-making.

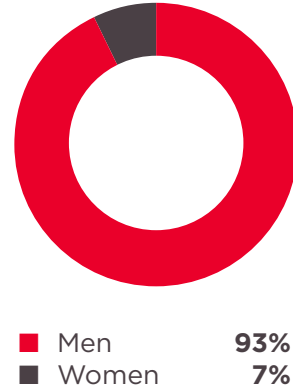
In accordance with GFNorte’s corporate bylaws, it also seeks a general balance between board members, classifying them by groups into those that are between forty and fifty years of age, between fifty and sixty, and sixty and older.

The selection and compensation of board members, as well as the conditions for discharging their duties, are established solely on the basis of their merit and capacities toward the position. No discrimination is permitted based on culture, race or gender, and recruitment policies have been bolstered to prevent such obstacles. This enables the Committee to select the best candidate according to their skills and contributions.

Before board members are sworn in and begin work, GFNorte checks that each of them meets the requirements established in the corporate bylaws, the Securities Market Act and the Law to Regulate Financial Groups.

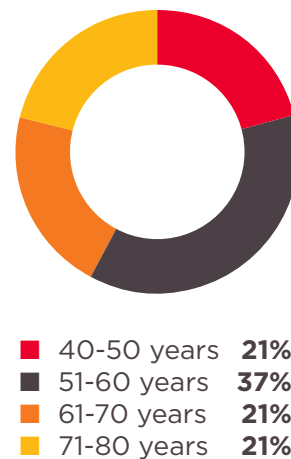
**We encourage nondiscrimination on the basis of culture, race or gender, and we have reinforced recruitment policies to avoid any such impediments; this enables us to choose the best candidate according to his or her skills and contributions.**

### Board of Directors by gender as of April 23, 2021



Carmen Patricia Armendáriz Guerra was an independent member of the Board of Directors until August 31, 2021.

### Board of Directors by age range as of April 23, 2021

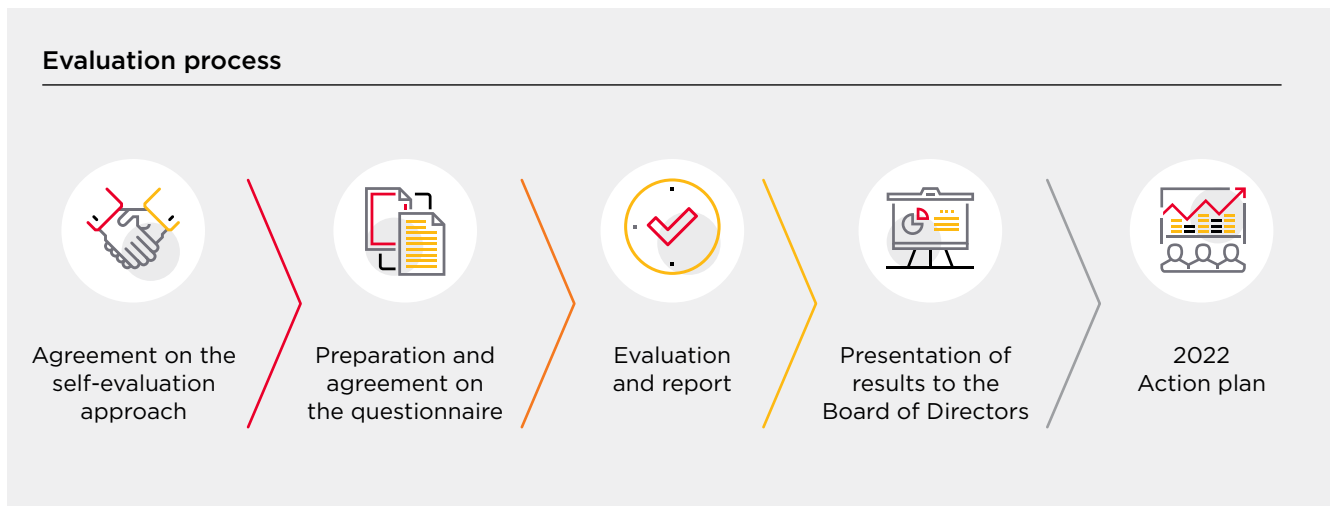


## Board member evaluations

2-18

In May 2021, with the assistance of Nestor Advisors, a leading global consultancy firm in the area of corporate governance, we began a self-evaluation process to determine the efficiency of GFNorte's Board of Directors. The evaluation reviewed the results of its performance in various areas, including strategic and control responsibilities, qualifications and composition, the dynamics between the board

and the support committees, and leadership and functioning. As a result of this exercise the general efficiency of both the board and its support committees was deemed appropriate for leading GFNorte, although a number of recommendations were made on performance improvement in areas like oversight, qualification, frequency of meetings and information quality.



## Board member training

2-17

We began a program of board member training in 2021. The first program, based on the **Handbook for the Director: Development Session on ESG Best Practices in the Banking Sector**, consisted of instructing the members on best ESG practices in the banking industry, and was given by Nestor Advisors. The purpose of the program was to provide board members with a knowledge of investor expectations regarding ESG performance, the role of the Board of Directors and Support Committees in corporate sustainability and special ESG considerations applicable to banks and the holding companies of financial groups.

Also during the year, directors received training on money-laundering prevention and, in the case of new board members, an onboarding course.



## Support Committees

2-9

The board has established support committees that are made up of independent members of the board, and in some cases by executives of the institution itself or related board members, in keeping with the applicable regulations.

### Audit and Corporate Practices Committee

Ordinary meetings 12 times a year; extraordinary meetings as necessary.

Member	Type	Position	Committee member since	Executive	Non-executive
Thomas Stanley Heather Rodríguez	Regular independent member	Chairman	April 2016		✓
Everardo Elizondo Almaguer	Regular independent member	Member	April 2021		✓
Clemente Ismael Reyes Retana Valdés	Regular independent member	Member	April 2017		✓
Diego Martínez Rueda-Chapital	Independent alternate	Member	April 2021		✓

\* Carmen Patricia Armendáriz Guerra was an independent member of the Board of Directors until August 31, 2021.

### Attendance at Audit and Corporate Practices Committee meetings in 2021

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
100%	100%	100%	100%	100%	80%	100%	100%	100%	100%	100%	100%

### Risk Policies Committee

Ordinary meetings 12 times a year; one extraordinary meeting.

Member	Type	Position	Committee member since	Executive	Non-executive
Carlos de la Isla Corry	Regular related member	Chairman	April 2019		✓
Clemente Ismael Reyes Retana Valdés	Regular independent member	Member	April 2019		✓
Everardo Elizondo Almaguer	Regular independent member	Member	October 2010		✓
Thomas Stanley Heather Rodríguez	Regular independent member	Member	April 2016		✓
Diego Martínez Rueda-Chapital	Independent alternate	Member	April 2021		✓
José Marcos Ramírez Miguel	CEO, GFNorte	Member	November 2014	✓	
Gerardo Salazar Viezca	Managing Director, Risk Management and Credit/Comprehensive Risk Management Unit	Member	April 2019	✓	

### Attendance at Risk Policies Committee meetings in 2021

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



## Human Resources Committee

Meets four times a year.

Member	Type	Position	Committee member since	Executive	Non-executive
Everardo Elizondo Almaguer	Regular independent member	Chairman	Enero 2011		✓
Thomas Stanley Heather Rodríguez	Regular independent member	Member	April 2020		✓
Gerardo Salazar Viezca	Managing Director, Risk Management and Credit	Member	April 2020	✓	
Javier Beltrán Cantú	Chief Administrator and Human Relations Officer	Member	April 2016	✓	
Rafael Arana de la Garza	Chief Financial and Operational Officer	Member	April 2016	✓	
Isaías Velázquez González	Chief Audit Executive	Guest	April 2016	✓	

### Attendance at Human Resources Committee meetings in 2021

Jan	Apr	Jul	Oct
100%	100%	100%	100%

## Nominating Committee

Meets at least once a year or when called by its Chairman.

Member	Type	Position	Committee member since	Executive	Non-executive
Carlos Hank González	Regular related member	Chairman	November 2014		✓
Juan Antonio González Moreno	Regular related member	Member	November 2014		✓
José Marcos Ramírez Miguel	Regular related member	Member	November 2014	✓	
Everardo Elizondo Almaguer	Regular independent member	Member	January 2015		✓
Alfonso de Angoitia Noriega	Regular independent member	Member	July 2016		✓
José Antonio Chedraui Eguía	Regular independent member	Member	July 2016		✓
Thomas Stanley Heather Rodríguez	Regular independent member	Member	July 2016		✓

### Attendance at Nominating Committee meetings in 2021

Mar
100%

For more details, see: <https://investors.banorte.com/en/governance/support-committees-to-the-board-of-directors>

## Regional and Local Boards

2-9

The Regional Boards were created in 2011 in order to provide opinions and advice to the Chairman of the Board and the Chief Executive Officer of Grupo Financiero Banorte regarding key aspects and opportunities that arise in various regions of the country. They also serve as channels for communication with the rest of the business community, creating ties for developing sustainability-related projects.

In their meetings, members debate current economic and social issues for the country and their region; discuss topics relating to the institution's activities in that zone and weigh opinions on products and/or services that best meet market needs, always with a priority on dialogue between board members and executives.

These boards, which have been operating for ten years, are made up of 270 distinguished members of the business community, among them 23 women. They correspond to 29 states of Mexico and are classified into nine different economic sectors.

They meet twice a year, or whenever called by the Chairman of the Board of Directors of GFNorte.

In the interests of complementing the purpose of the regional boards geographically, in January 2017 the Chairman and CEO of the group approved the creation of 33 local boards in the country. These currently have a combined 771 members who are outstanding in various areas of business, 93% of them men and 7% of them women. These also meet twice a year and are managed by the regional directors of each zone with the support of the Regional Boards Management area.

Starting last year, to protect the health of all our board members and executives amid the COVID-19 pandemic, and with the technological and communication tools available to us, these meetings were held virtually, which enabled us to remain close to our board members and receive their feedback, stressing our commitment to sustainability and our focus on digital tools.



## Composition of Regional and Local Boards



### Breakdown by gender and region



#### Regional Boards

Metropolitan	18%
Western	17%
Northern	17%
Northwestern	17%
Peninsular	16%
Central	15%
<b>Men (247)</b>	<b>91%</b>
<b>Women (23)</b>	<b>9%</b>

Average age: 58



#### Local Boards

Northwestern	28%
Metropolitan	17%
Peninsular	15%
Central	14%
Northern	14%
Western	12%
<b>Men (720)</b>	<b>93%</b>
<b>Women (51)</b>	<b>7%</b>

Average age: 57

## Senior management

Grupo Financiero Banorte Senior Officers	
Name	Title
José Marcos Ramírez Miguel	Chief Executive Officer
José Armando Rodal Espinosa	Managing Director, Wholesale Banking
Mario Alberto Barraza Barrón	Managing Director, Retail Banking
Fernando Solís Soberón	Managing Director, Product and Segment Development
Carlos Eduardo Martínez González	Managing Director, Government Banking
José Francisco Martha González	Managing Director, Digital Businesses
Rafael Arana de la Garza	Chief Financial and Operational Officer
Gerardo Salazar Viezca	Managing Director, Risk Management and Credit
Javier Beltrán Cantú	Chief Administrative Officer
Héctor Ávila Flores	Chief Legal Officer
Sergio García Robles Gil	Advisor to the Chairman, Regional Boards
Isaías Velázquez González	Chief Audit Executive

## Senior management compensation

2-19, 2-20, FN-IB-550b.1, FN-IB-550b.2, FN-IB-550b.3

GFNorte's compensation system is based on the duties, policies and procedures established by the institution. The fixed and variable compensation of employees are determined based on their performance and the achievement of institutional goals.

Based on the job description for each position, the Compensation System pays them for their efforts, capacity, responsibility and management of risk-taking, and to encourage their productivity.

The system administers and supervises the compensation paid to employees through a set of policies and procedures.

### The Compensation Committee is made up of the following members:

- Regular independent board member (Committee chair)
- Alternate independent board member
- Head of Comprehensive Risk Management
- Representative from Human Resources
- Representative from Financial Planning
- Internal Auditor

Its duties are to propose for approval by the Board of Directors:

- Compensation policies and procedures, employees or positions subject to the Compensation System and special cases or circumstances.
- Implementation of the Compensation System relating to risk-taking.
- Informing employees about compensation policies and procedures.
- Information on the results of the year's evaluation of the Chief Executive Officer of GFNorte and the Chairman of the Board of Directors.
- The engagement, when necessary, of external consultants to advise on compensation and risk management schemes.
- Definition and update of guidelines that regulate the employee stock option program.
- Information at least twice yearly on the functioning of the Compensation System.

**The policy is applied in general to all companies of the group and it was most recently reviewed in October 2021.**

The main risks that are incorporated in the design of compensation policies are credit risk, market risk and regulatory risk. The metrics used are based on reserves for the current month less reserves from the previous month, plus discounts and write-offs, less recoveries. They also consider the accounting balance of non-performing loans at the end of the month being evaluated, divided by the accounting balance of the total portfolio for the same month, as well as absolute and relative portfolio returns, regulatory compliance and audit results.

For positions that are subject to credit risk, the evaluation assigns a weighting of 60% to this risk; for those subject to market risk, the weighting is between 60% and 75%. In both these cases, the human resources evaluation has a weighting of 25% and compliance 15%. For positions subject to regulatory risk, a weighting of 75% is assigned to this risk, while the human resources evaluation has a weighting of 25%.

**Fixed compensation**

This compensation includes guaranteed salary and benefits, like the annual bonus, savings fund and vacation bonus. It is established on the basis of the current wage table, which in turn defined according to fair compensation in the Mexican financial industry.

The fixed compensation paid to the risk management, comptroller's and audit areas, which are part of GFNorte's internal control system, are determined, like other areas, based on an analysis of the value of each position, market comparisons, and an internal equality check.

The Compensation System includes the Chief Executive Officer of GFNorte, 5 managing directors in charge of the business areas, 17 adjunct managing directors in charge of risk-taking areas and 8 territorial directors.

**The compensation committee met four times last year.**

**Variable compensation**

Employees receive an annual bonus if GFNorte meets at least 80% of its annual profit goal. Payment of this bonus also depends on how well within budget each business unit ends the year, and the performance evaluation of each employee.

- The adjustment in the deferred portion of the bonus depends on the evaluation by the Compensation Committee.
- The compensation System defers a portion of the variable bonus over time.
- Payment of the deferred percentage depends on achieving a certain point score in the evaluation corresponding to credit and market risk, which are the highest weighted components, as well as regulatory compliance.
- If the employee does not achieve the required point score, only a portion of the deferred payment is released. This evaluation is case-by-case, according to the compensation system.
- Before variable compensation is paid out, it is adjusted according to the criteria described in the preceding point. Once the variable compensation is paid out, no further return of the previous adjustments is possible.
- Short-term variable compensation is paid in cash; long-term variable compensation is paid in Grupo Financiero Banorte shares; this type of compensation is paid primarily at the senior management level.
- For variable compensation in the risk management, comptroller's and audit areas, which are part of GFNorte's internal control system, each employee is evaluated by their immediate superior, without the intervention of oversight areas.

## Key figures on the Compensation System

- **31 employees** received extraordinary compensation during the year.
- **2 guaranteed bonuses** amounting to 0.21450% of the balance of the Direct Short-Term Benefits Account.
- **3 severance payments** representing 0.25490% of the balance of the Direct Short-Term Benefits Account.
- The total amount of **extraordinary compensation pending payment** represents 0.56994% of the balance of the Direct Short-Term Benefits Account. All of the pending amounts are payable in shares.
- The **total amount of compensation earned and paid out represents 5.65675%** of the balance of the Direct Short-Term Benefits Account.
- **Fixed compensation represents 1.34269% and variable compensation 4.31405%** of the balance of the Direct Short-Term Benefits Account.
- **Transferred compensation represents 0.56994%, and non-transferred 3.74412%**, of the balance of the Direct Short-Term Benefits Account.
- The amount of **extraordinary compensation paid in cash represent 1.09902%, and shares 3.21504%**, of the balance of the Direct Short-Term Benefits Account.

The balance of the Direct Short-Term Benefits Account represents 32.46791% of the Administration and Promotion Expenses Account.

## Sustainability Committee

2-12, 2-13

GFNorte has a Sustainability Committee that is part of the Office of the Chief Executive and reports to the Risk Policies Committee, which in turn reports to the Board of Directors. The Committee is made up of 12 members of senior management and a representative of the Internal Audit department.

Members:

- Managing Director of Sustainability and Responsible Investment (Committee Chair)
- Under-Director of Sustainability (Secretary)
- Chief Administrative Officer
- Managing Director, Risk Management and Credit
- Managing Director, Products
- Managing Director, Wholesale Banking
- Managing Director, Retail Banking
- Managing Director, Government Banking
- Managing Director, Digital Businesses
- Managing Director, Investor Relations
- Chief Legal Officer
- Managing Director, Communication and Public Affairs



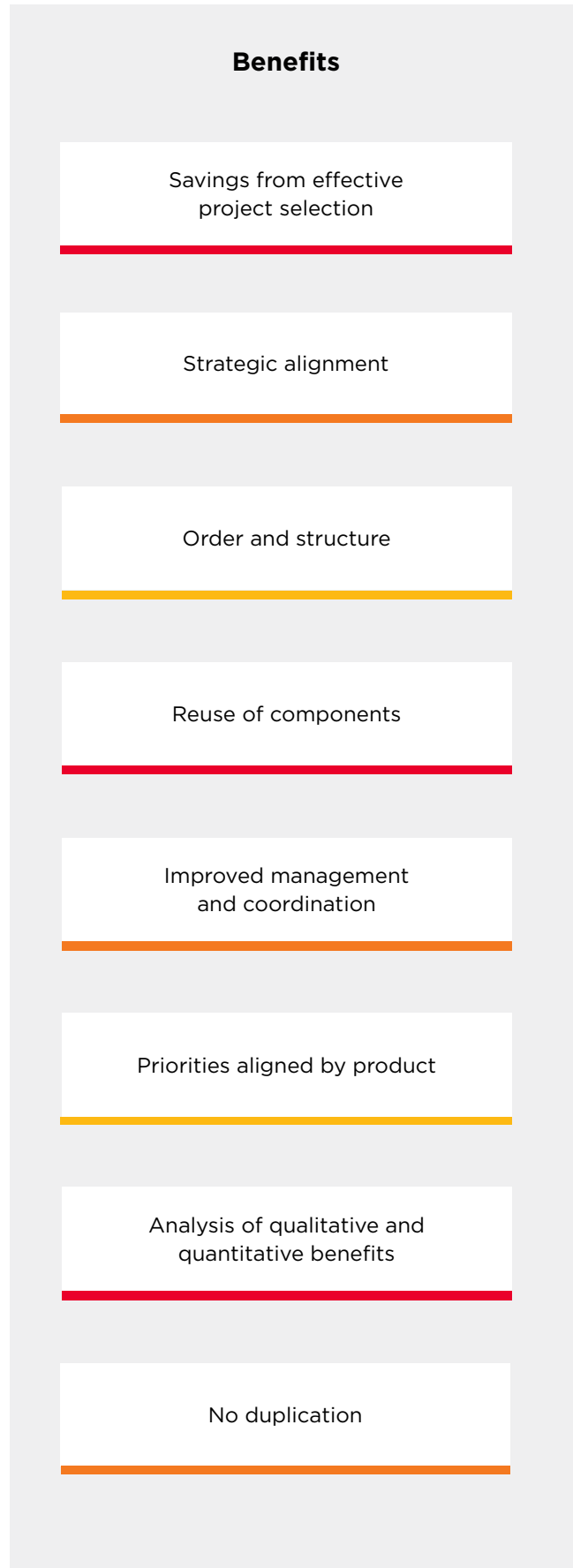
This committee, which meets twice yearly, is in charge of approving the company’s sustainability strategy, communicating it to the entire organization, and ensuring it is correctly implemented.

Meeting	Topics discussed	% Attendance
First meeting	<ul style="list-style-type: none"> <li>• Committee updates</li> <li>• Global context</li> <li>• Salient advances</li> <li>• Net-Zero Banking Alliance &amp; SBTi</li> <li>• Goal setting and work plan</li> </ul>	92%
Second meeting	<ul style="list-style-type: none"> <li>• Committee updates</li> <li>• Global context</li> <li>• GFNorte ESG performance</li> <li>• Diversity and inclusion program</li> <li>• Renewable energy supply status</li> <li>• Climate strategy</li> </ul>	83%

### Corporate Projects Office (CPO)

The purpose of the Corporate Projects Office is to act as a liaison and facilitator for turning ideas into reality. Its aim is to comprehensively manage the initiatives, projects, programs and portfolios generated by the business lines, ensuring their alignment with the institution’s strategic goals by centralizing documentation, evaluation and authorization under a Prioritization Model. It also centrally monitors process of budgeting and execution for each initiative or project, quantifying the benefits and identifying any discrepancies.

The CPO works to encourage and guarantee empowerment and support for self-organized, high-performing teams for execution and management of programs, projects and efforts of business areas and staff.



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# Corporate Ethics

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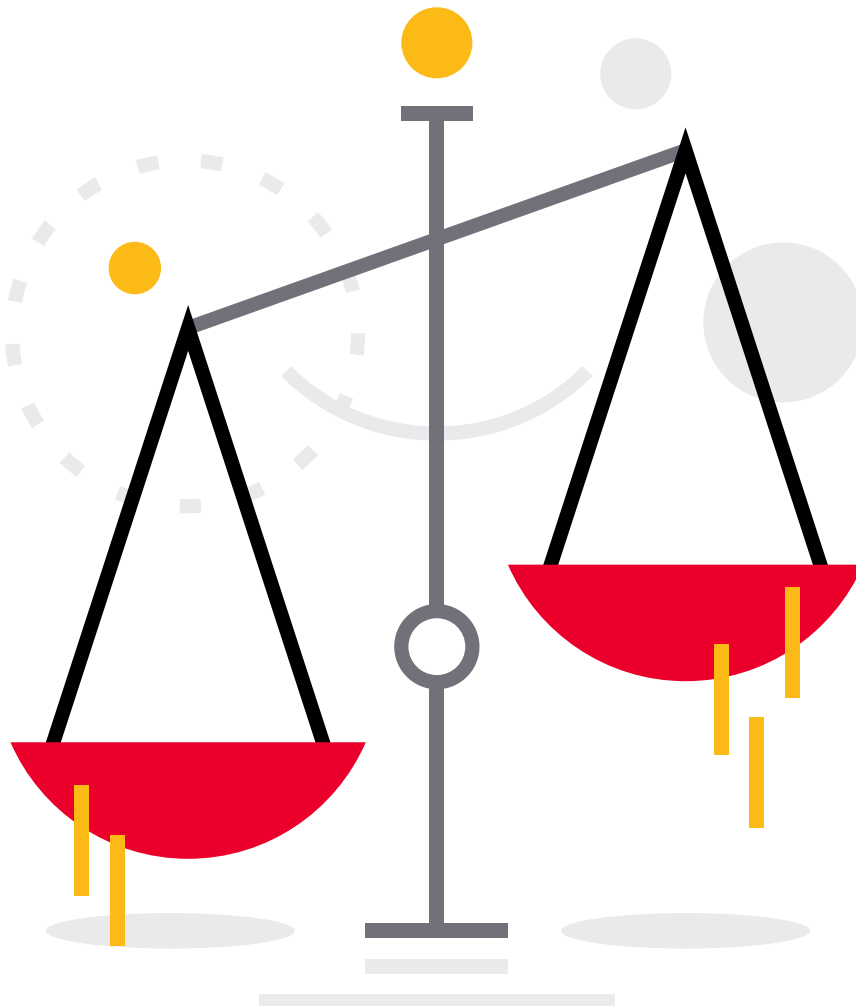
Sustained by the solid values we have set forth in the Code of Conduct, we have the best tools for offering continuous training to employees, who year after year ratify their pledge to act in accordance with our values and offer the best service to our customers.



**99.7%**  
of our staff  
completed the  
Code of  
Conduct course

**26,353**  
employees trained  
in fair economic  
competition

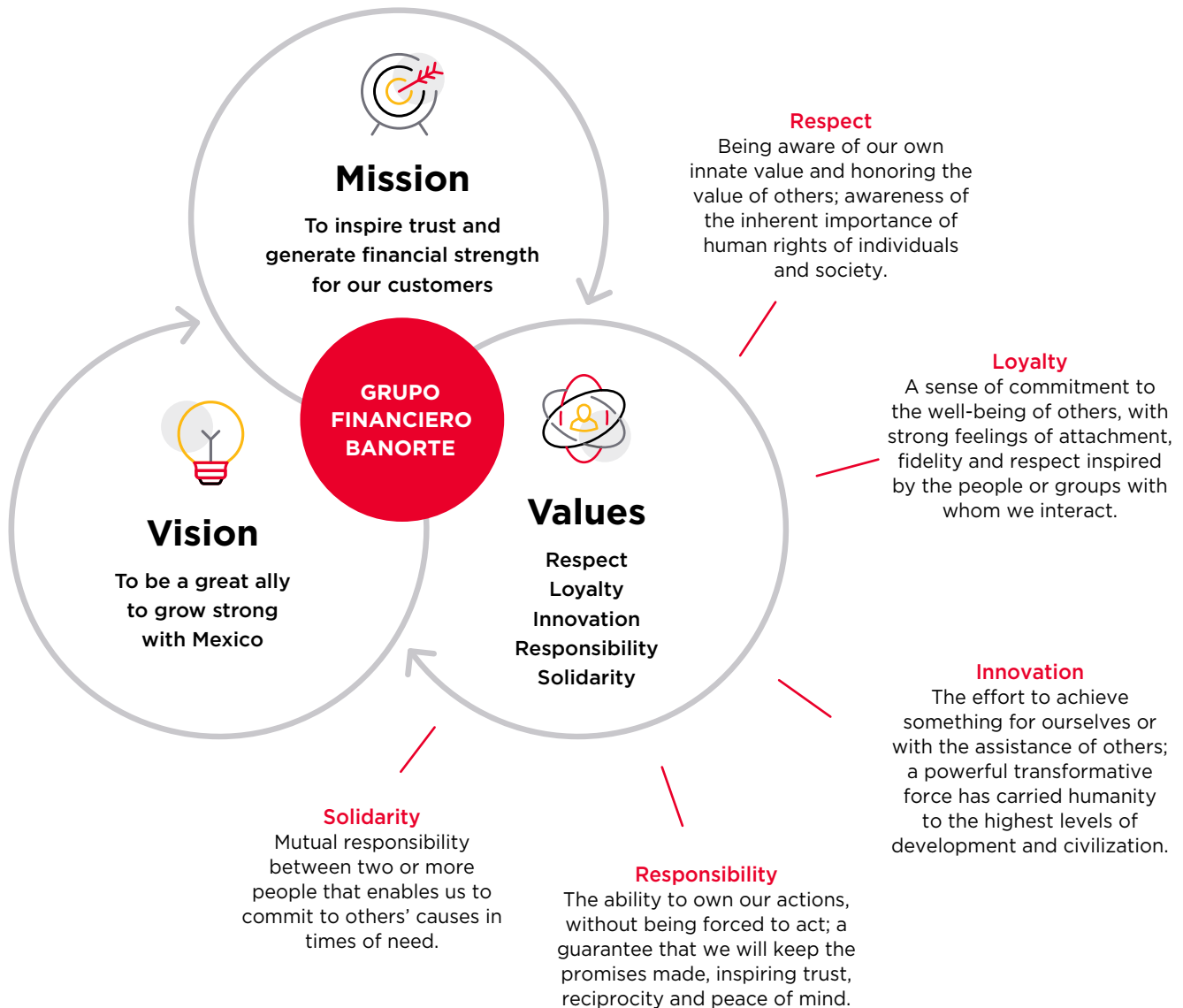
**27,193**  
employees trained  
in money-laundering  
prevention



## Mission, vision and values

### Our values

Our actions are always guided by the principles of integrity, trust and loyalty, with full respect and recognition of the intrinsic value of the human being. GFNorte prohibits any form of discrimination on the basis of gender, age, religion, race, social or ethnic origin, physical disability, nationality, sexual preference, family responsibilities, marital status or any other condition that might provide a motive for discrimination. Any individual who feels the need to defend or exercise their rights, when they feel they have been violated, can do so with full respect for the institution, its staff and the work we do here.



## Code of Conduct

2-23, 2-24, 2-25, FN-IB-510b.4

The Code of Conduct provides a general framework for action, adaptable to the changing nature of our environment. Every year we work to keep this Code current and robust by integrating new issues relating to the general market situation as well as those that may have emerged in our day-to-day work.

The principles contained in the Code of Conduct are based on one ironclad rule: “Doing business in good faith, in an absolutely honest and law-abiding manner.” Ensuring that every member of GFNorte complies fully with these principles enables us to maintain our reputation as a dynamic, serious, and above-board institution.

The issues covered by the Code of Conduct are, among others, conflicts of interest, information confidentiality, conduct with customers, relations with competitors, suppliers and authorities, interpersonal relations and relations with the community, and employee complaints and grievances.

In keeping with the regulations governing the way GFNorte’s companies do business, each year the Code of Conduct is reviewed to ensure that it remains up to date in its context and addresses current issues and the strategies defined by the Board of Directors, so that it can serve as a guide for the actions of all employees.

All employees and senior management must abide by the Code of Conduct, which fosters a culture of honesty and responsibility. New hires are taught about this Code as part of the onboarding process, and when they complete this process, they sign a statement that they are aware of and will comply with it.



### 1.

Proposed changes to the Code are submitted to the Audit and Corporate Practices Committee and after that presented to the Board of Directors for authorization.

### 2.

Once the Board approves changes to the document, employees are notified of the modifications through distribution of a regulatory bulletin.

### 3.

The Code of Conduct is available for consultation on the Institutional Compliance website and on our webpage.

We have a **permanent training program** one of the most important parts of which is **knowledge and application of the Code of Conduct.**

Each year, after the Board of Directors has approved the update of the issues covered by the Code of Conduct, an exercise is carried out institution-wide with the support of the Human Resources technological platform, through which our staff is informed of the main changes, urged to view the full document on the Compliance platform and ratify their commitment to acting each day in a manner consistent with the provisions of the Code of Conduct.

A continuous program of training is carried out, the focus of which is familiarity with and application of the Code of Conduct. It includes training courses for both new hires, as part of the onboarding process, and for those already working in GFNorte's companies.

In general this program has been met with strong acceptance by personnel, 99.7% of which at present have passed the required course.

The work of certain officers subject to performance-based compensation is evaluated by the Human Resources Committee. This evaluation includes not only the activities they carry out in performance of their assigned duties, but their compliance with the Code of Conduct as well.

The Internal Audit department reviews each audited area independently, according to its annual work plan, in which some personnel fill out a questionnaire regarding their knowledge of the Code of Conduct. As part of its report, Internal Audit confirms the results, which are generally positive.



GFNorte officers and employees must also participate, depending on their responsibilities, with these audits, providing the required information fully and promptly, and offering auditors the facilities needed to complete the job. They are also obligated to assist in correcting any irregularities detected and to cooperate in official investigations, which may be led by internal or external personnel, into possible breaches of the Code of Conduct.

The efforts and performance of GFNorte officers and employees is **continually evaluated by their superiors**, with the support of the Human Resources area.

## EthicsPoint

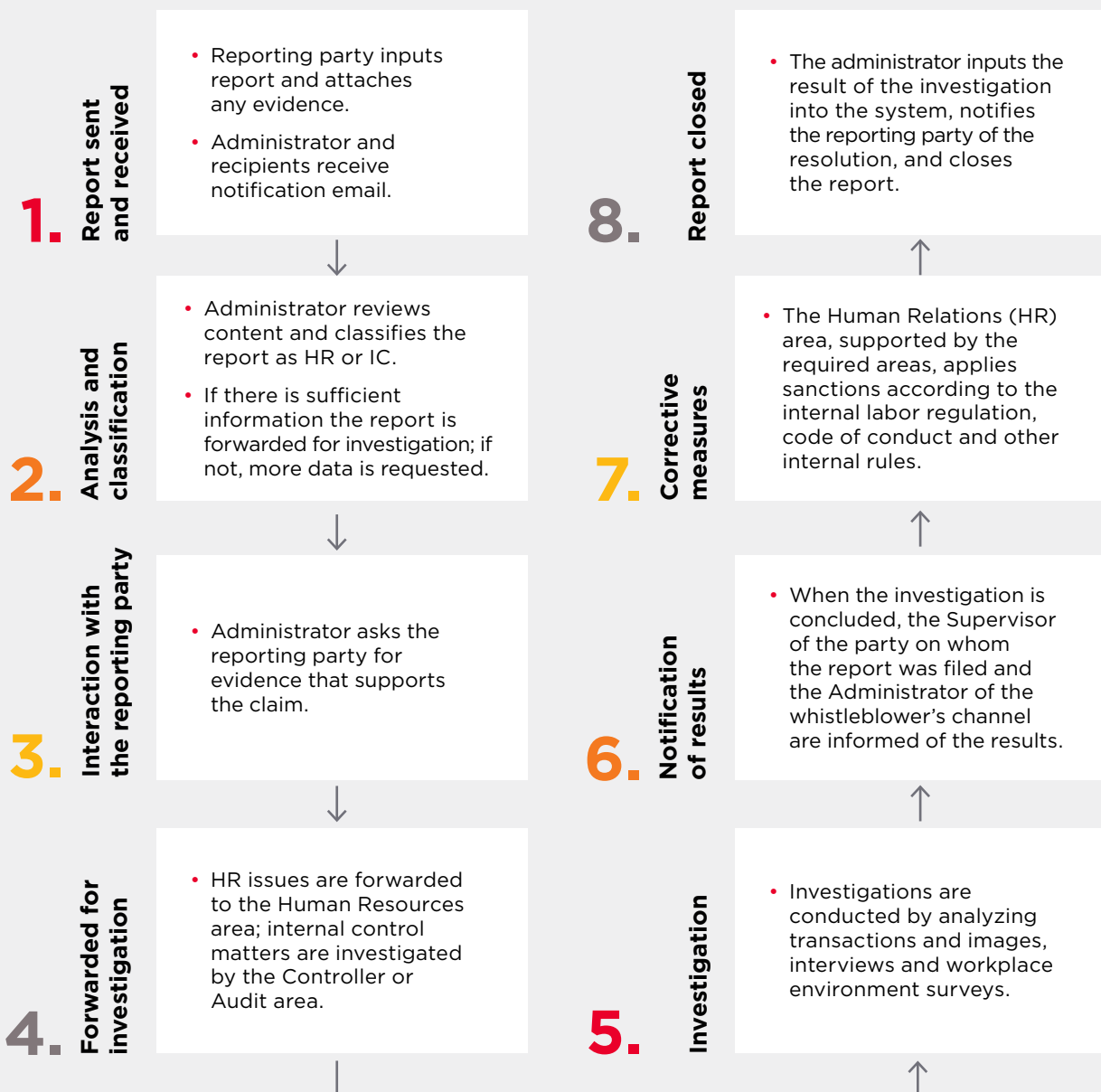
406-1, 2-16, 2-25, 2-26, FN-CB-510a.2, FN-IB-510a.2, FN-AC-510a.2

EthicsPoint is a whistleblowing channel that allows any GFNorte employee, officer or board member to report breaches of the Code of Conduct or of internal or external regulations. Although the system itself is installed in the institutional intranet and can also be accessed from the supplier page (EthicsPoint Navex

Global), the information received through this channel resides outside of the group's technological environment.

Reports are emailed to members of the Audit Committee, the Chief Controller and Audit Officers and an administrator.

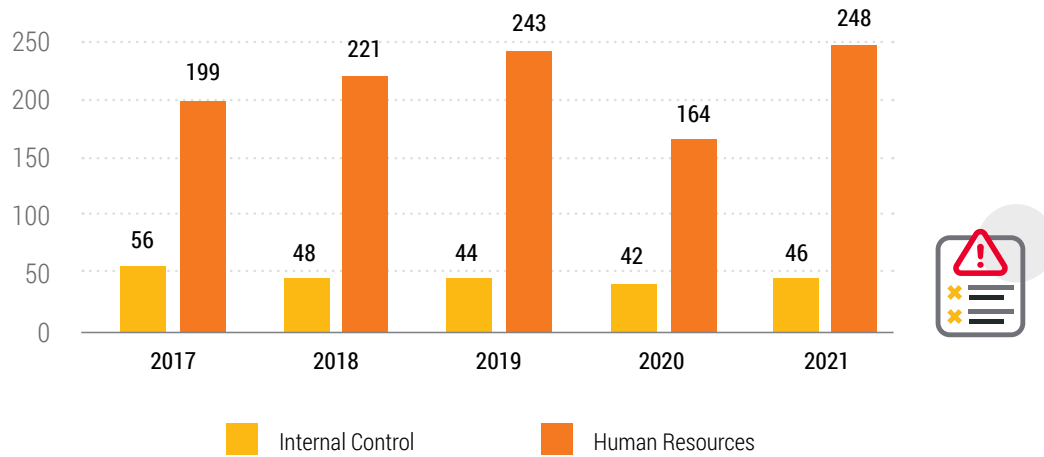
### Report receipt and resolution - process



A status report is provided to the Audit Committee twice yearly.

The volume of reports in 2021 returned to pre-pandemic levels, with 294 reports received; 84% classified as HR issues and 16% Internal Control.

**Reports per year**



Reports that are substantiated are regularly sanctioned with reprimands, relocation, suspension without pay or termination of the labor relationship.

2021 Report Resolution		
Received	294	100%
Insufficient information	148	50%
Sent for investigation	146	50%
Dismissed	48	16%
Substantiated	95	33%
Firing	21	7%
Reprimand	45	15%
Suspension without pay	14	5%
Relocation and others	15	5%
Under investigation	3	1%

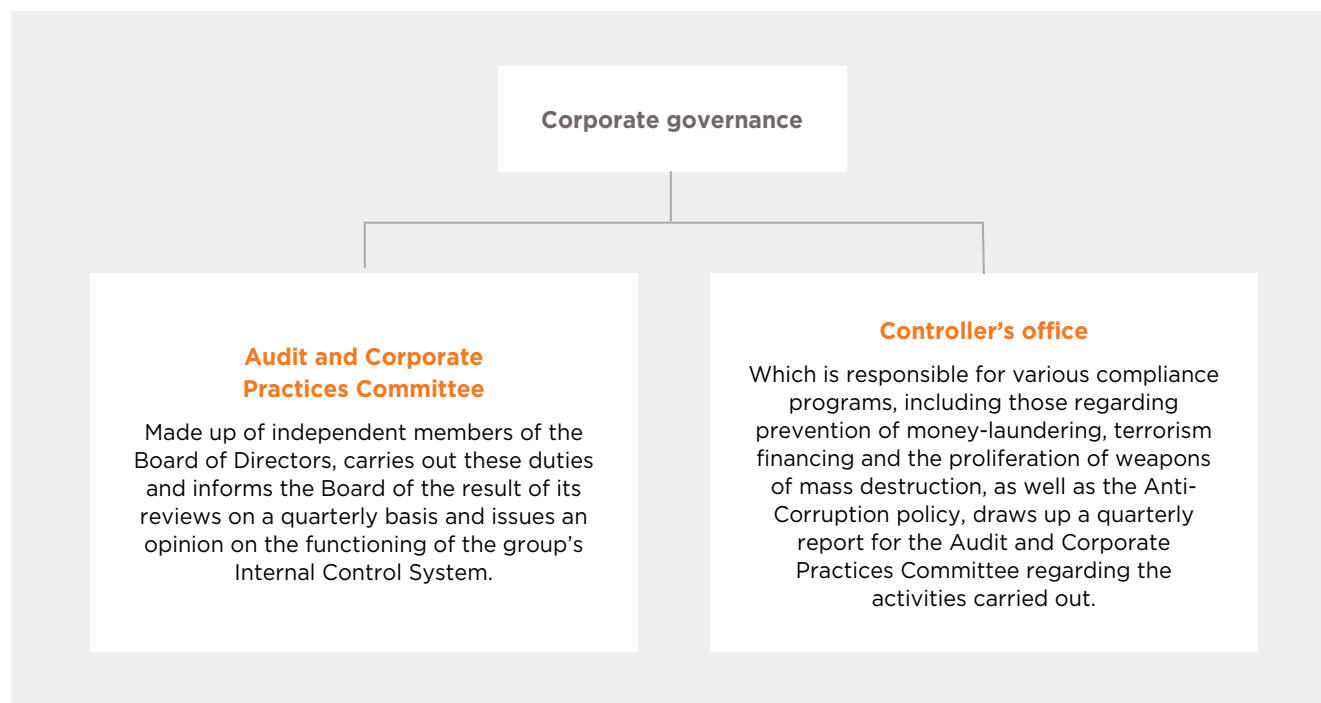


During the year, **50% of reports were found sufficient to warrant investigation**, resulting in reprimand or termination.

## Money-laundering and terrorism financing prevention

205-2, 205-3

Board oversight is carried out through the corporate governance bodies appointed by the Board itself for review and evaluation of the aspects of inspection and control.



Every year the Audit and Corporate Practices Committee, Risk Policies committee and Board of Directors are informed of the results of application of the Risk Assessment model, which determines the level of money-laundering and terrorism financing risk to which the institution is exposed because of the products it offers, the geographies in which it is present, and the type of clients it serves, combining this with the controls we have developed to mitigate such risks.

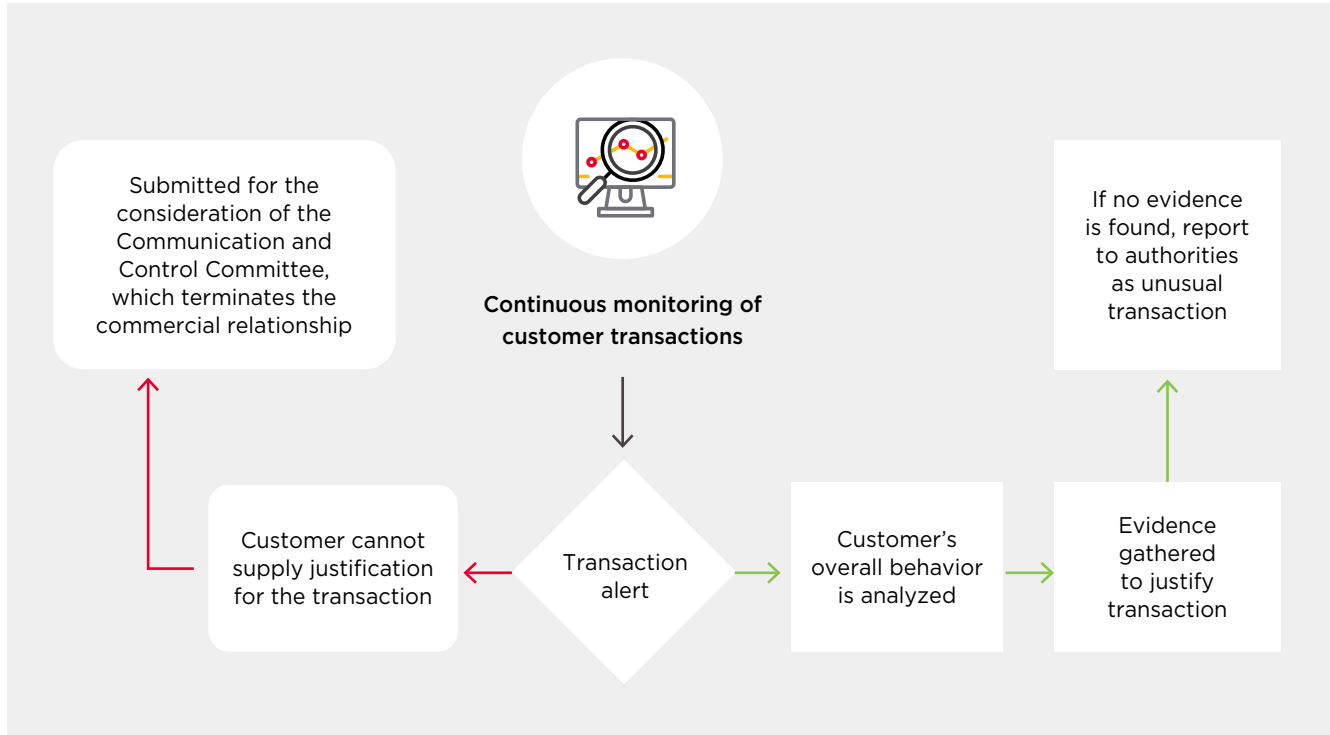
The Risk Policies Committee also reports annually to the Board on the design and implementation of the risk assessment model, as well as any changes made to it. This model incorporates a classification of customers' degree of risk (high, medium or low) with regard to exposure to money-laundering and terrorism financing.

To prevent transactions using illegally obtained resources, Banorte has a designated area—the Compliance Department, which is part of the Controller's Office, responsible for monitoring and ensuring compliance with the established measures. To do so, it has policies and procedures, systems and controls to mitigate the risk of such transactions. It also has a control structure through the Commercial Controller's Office which supports it in the physical and documentary review of transactions and files in each branch and customer service module.

There is also a special system for monitoring transactions and comparing them against the transactional profile of each customer. When one of the established parameters is exceeded, a transactional alert is generated, which is analyzed and reviewed by the compliance team, in coordination with the Commercial Department.

We have also developed a model for rating all customers according to their degree of risk, which is applied at the start of the commercial relationship. When a customer is rated medium or high risk an expanded questionnaire is applied to request further information in order to know more about their activities and the origin and use of their resources, and their transactions are also monitored more strictly.

**Banorte has six officers in charge of Regulatory Compliance, certified by the National Banking and Securities Commission as specialists in the prevention of illegal transactions.**



Additionally, we have a strategy of continuous improvement that includes the support of external consultants every three years, immediate attention and implementation of recommendations that arise

from participation in industry-wide meetings or seminars given by specialized personnel, as well as the observations of the internal Audit Department or regulators in their annual review.

**Training in prevention of money-laundering and terrorism financing**



In coordination with the Mexican Bankers' Association, we have created an annual training program.

It includes employees, officers, senior management and Board members.

The course includes an evaluation that each person must pass, and corrective measures to ensure it is complied with.



Furthermore, compliance staff participate in international seminars on **prevention of money-laundering and terrorism financing**, as well as various internal training programs in these areas.

**We report approximately 500 unusual transactions on average to the authorities each year.**

As part of our money-laundering and terrorism financing prevention program we presented to the authorities various regulatory reports on unusual, relevant or internal transactions that merited concern. We also presented the operating reports on international fund transfers, cash dollar deposits and purchases and transactions relating to the issuance and cashing of cashier's checks.

**The information is stored during the life of the account or contract with the customer, and for a period of no less than ten years after that.**

Our policy on customer identification and knowledge—contained in the Compliance Manual—includes a specific section on the obligation to identify and apply the strictest monitoring to transactions by politically exposed persons.



**Banorte has a policy of not participating in transactions with people operating in **jurisdictions considered high-risk.****



The Controller's Office has a **specialized team** for monitoring transactions by politically exposed persons.



**Monitors whether transactional behavior** corresponds reasonably to the duties, level and responsibilities of politically exposed persons and persons in high-risk jurisdictions.

We also have policies, controls and systems in place that prohibit transactions related to high-risk jurisdictions defined as such by the authorities, like the Grupo de Acción Financiera Internacional (GAFI) or Financial Action Task Force (FATF) and the Office of Foreign Assets Control (OFAC). Transactions by politically exposed persons that involve jurisdictions considered tax havens are monitored and exhaustively reviewed.

The Compliance Department, which is part of the Controller's Office, is made up of 102 people who directly monitor customer transactions depending on their degree of risk, administer the policy and prepare regulatory reports, among other duties.

We also have teams that indirectly participate in and support this process, for example process controllers that cover this issue in their reviews, the Commercial, Legal, Internal Audit and Operations teams, and others. As regards the Anti-Corruption Policy, the Controller's team is in charge of keeping policies up to date and keeping all personnel informed of them on a timely basis.

**In-person customer due diligence:** Client verification based on documents, data or information from independent, reliable sources; identification of final beneficiary or continuous due diligence in commercial relations.

When opening a commercial relationship with a new customer, we prepare an identification file, which includes data and documents by which we can know them, as well as the origin and destination of their resources and how they will use the account. Among the documents we compile are official identification, which is corroborated with the agencies that issue it, proof of address, deeds of incorporation, tax identification certificates, and population registry code (CURP).

In the case of corporations we also identify the real owner (final beneficiary) and the company's stock structure and corporate organization.

If a customer is rated medium or high risk an expanded questionnaire is applied to request further information in order to determine their main activity and the origin and destination of their funds. We also track their transactions more closely.

**Distance customer due diligence:** Certification of the documents submitted and independent contact with the customer by the bank.

To identify clients considered to be politically exposed persons, we have acquired the **"Who's Who"** and **"Bridger Insight"** tools, which provide up-to-date data bases. We cross-reference these against the database of our own clients.



We are currently in the process of implementing **distance modes for account opening and contract signing** and have obtained the necessary approval from the National Banking and Securities Commission. This will be carried out in accordance with current regulations.

**Terrorism financing: formal searches in lists of known or suspected terrorists issued by competent authorities with jurisdiction over the financial institution.**

**1.**

**Banorte has an in-house bureau which monitors formal lists of known or suspected terrorists** issued by the competent authorities with jurisdiction over the relevant financial institution. These include various blacklists, such as the OFAC list, the list of 1267 and 1373 rulings on terrorism by the United Nations Security Council, and the list of blocked persons, among others.

**2.**

**Before beginning the relationship, these documents are reviewed** to ensure that no one that appears in any of these lists are accepted as customers. **We also use the Bridger Insight system** which contains various blacklists by authorities of different countries, among them relating to terrorism, which also serves as a tool for background checking before opening accounts or entering into contracts or transactions.

The Internal Audit Department evaluates compliance with regulatory measures on avoiding transactions with illegal resources or terrorism financing each year. Its review covers the period from January to December, and when the review is completed, it prepares a report on the results and submits it to the regulatory agency, which is the National Banking and Securities Commission.

The Commission also conducts ordinary inspection visits to evaluate compliance with money-laundering and terrorism financing prevention measures. These visits are not scheduled with any particular frequency, and depend instead on the degree of risk each institution presents.

## Anti-corruption

205-1

Banorte's Anti-Corruption Policy is part of a series of key governance documents pertaining to internal control. It brings together into a single source various internal ordinances that Banorte maintains on this matter, and generally covers the following aspects:

### Anti-Corruption Policy



- Corruption
- Prohibitions in matters of human and material resources
- Use of information
- Donations
- Doing business
- Bribery and influence-peddling
- Prevention, monitoring and oversight

This policy establishes measures for preventing acts of corruption in the course of business and operations by any of the financial institutions that make up the group, as well as in any other cases that may arise, in order to investigate and sanction them.

It also serves as a basic tool for GFNorte personnel to deal with situations in the normal course of their activities that may place them in any of the situations described in the policy. If they have any questions or concerns, the Controller's Office can provide them with guidance on how to proceed in keeping with institutional guidelines.

The policy also establishes an obligation on the part of the Internal Audit Department to inform the Audit and Corporate Practices Committee of any act of

corruption that comes to their notice during the course of their activities. To support this Committee, the Internal Audit Department conducts an overall review of the compliance program on money-laundering and terrorism financing prevention, which includes reviews of database integrity, completeness of the data and documents contained in the customer identification files, and policy updates, among others.

In order to keep the policy consistent with the current climate, every year various areas of management work together on a review, submitting their adjustments or ratifying the current content with the Audit and Corporate Practices Committee, for subsequent presentation to the Board of Directors for its consideration.

#### Department of Communication and Public Affairs

Is responsible for creating communication programs that stress to employees the importance of acting with integrity, and to explain the tools and channels available for combating corruption when they become aware of it. Among these channels is the anonymous whistleblower system called EthicsPoint.

#### Controller's Office

Is responsible for communicating the **Anti-Corruption Policy** to employees and outside parties through regulatory newsletters and posting on the Institutional Compliance website.

## Economic competition

FN-CB-510a.1, FN-AC-510a.1, FN-IB-510b.3, FN-IB-510a.1

GFNorte is aware of the value of economic competition, because this is what has allowed it to become a key player in the Mexican financial industry. It knows how to compete openly and wishes to continue doing so, and it therefore promotes free competition, respects laws on this matter and prohibits any practice that might be considered anti-competitive.

As a result, it has an Economic Competition Policy, which establishes a series of measures intended to promote, protect and guarantee economic competition, and to prevent and investigate, when necessary, monopolistic practices, illegal concentrations and barriers to free competition, as well as restrictions on the efficient functioning of the free market that may result from decisions or agreements made by GFNorte officers.

The Control areas that make up the second line of defense in the Internal Control System (Legal, Risks, and Controller, with the support of process and management controllers), each in the sphere of its responsibilities, assist in detecting risk, implementing controls and updating regulations as necessary to reinforce the Economic Competition Policy and, when needed, disclose incidents.

They will also be responsible for reporting to the Operational Risk department any event they may detect involving acts that damage, limit or impede economic competition regardless of whether or not that action has resulted in a fine or sanction by the authorities.

Monitoring the efficiency of compliance with Economic Competition Policies includes managing the risks that may be identified regarding anti-competitive practices, and informing the appropriate Corporate Governance bodies of the results and remediation plans. Furthermore, the reputational risk of participating in anti-competitive practices will be managed according to institutional policies and guidelines on this matter.

The Chief Administrative Officer is responsible for developing and deploying training programs for officers and employees regarding the Economic Competition Policy.

**In 2021 there were no monetary implications resulting from anti-competitive practices.**



**26,353**  
employees trained

- Different personal training programs are applied, and in the case of high-level executives, the training is carried out in conjunction with the Mexican Bankers' Association.
- Some courses are focused on Control areas, addressing ways to identify practices of this type.
- Courses are held for the Business and Product areas that cover situations and practices considered anti-competitive, and their possible consequences.

## Responsible marketing

FS15, 417-1, 417-2, 417-3, FN-AC-270a.3

### Product approval procedures

New products or services are launched as described in the Policy on Evaluation and Approval of New Products or Services, which also covers modification of existing products and services. A new product or service is defined as one that is not currently offered or marketed in any of the distribution channels aimed at current or prospective GFNorte clients.

**In 2021 there were no instances of noncompliance with laws or regulations on information and labeling of products and services.**

1.



Any business area that has an initiative for the development and implementation of a new product or service, or the modification of an existing one, should submit it for the consideration of the appropriate GFNorte governance bodies.

2.



All proposals should include an analysis and opinion by the Controller's and Risk offices, to determine whether the functions of operation, registry and authorization are duly segregated.

3.



The following must be done:  
 i) check that there is no conflict of interest in the activity, ii) identify the inclusion of physical and local security for implementation, when a technological plan is required, iii) compliance with internal and external regulations, iv) evaluate the risks involved and the existence of controls to mitigate them, v) in general, issue an opinion and provide recommendations as appropriate.

4.



If the project is approved, the actions necessary to set it in motion must be managed. These should include not only the technological aspects but the drafting of rules on the applicable technical, economic and operating characteristics, as well as training of the people that will be involved.

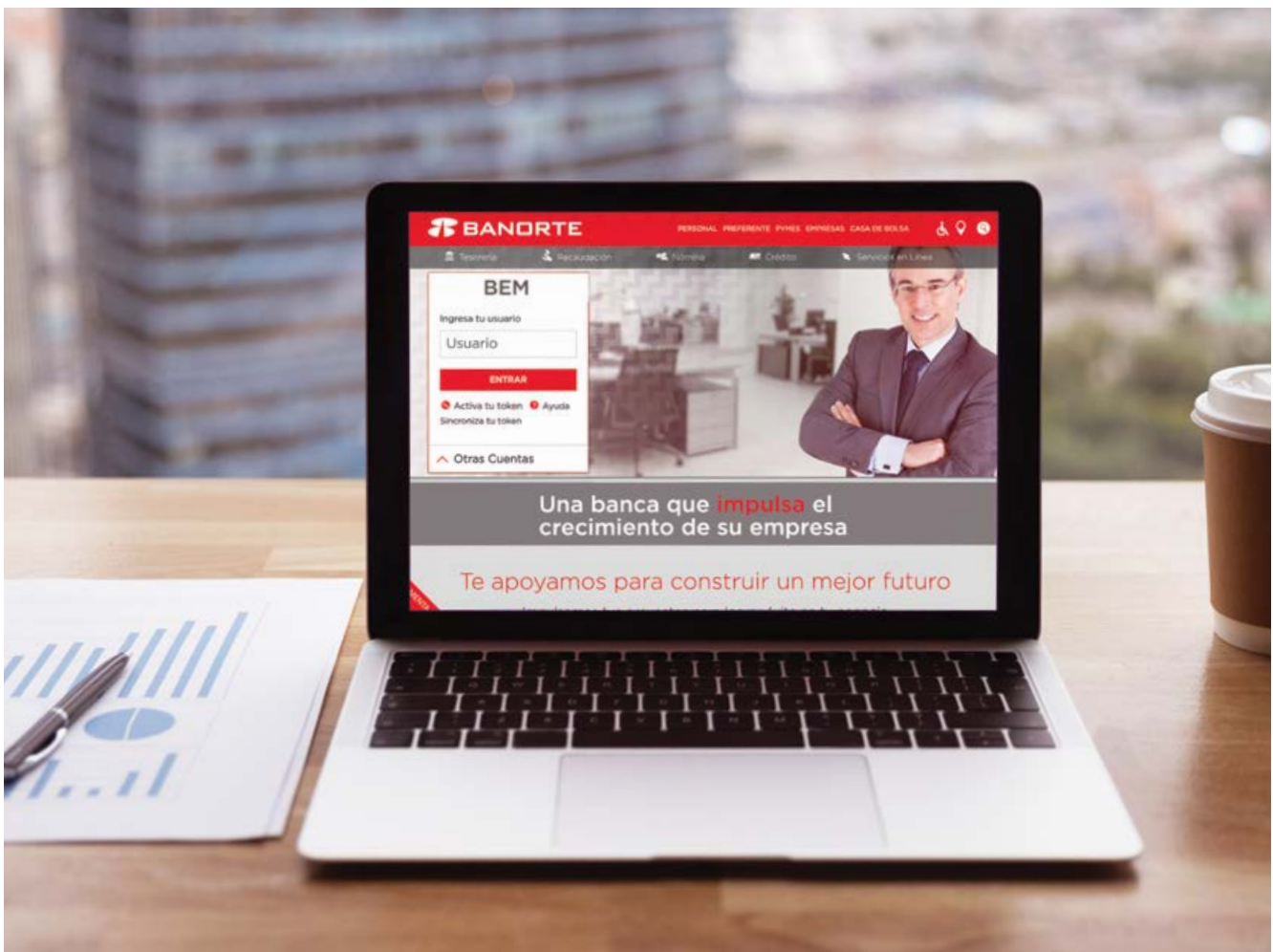
**Product offering**

As established in the Code of Conduct, officers and employees who provide information on the products or services offered by GFNorte must do so exclusively through institutional communication channels, and must ensure that the information is truthful, verifiable and free of any potentially confusing or misleading data as to the product or service’s characteristics. The following should be avoided:

- Steering the client toward products or services they do not need, merely because they may be profitable for GFNorte.
- Failing to include the possible risks or inconvenience to the client within the detailed description of the product or service.
- Making false or misleading comparisons with equivalent products or services offered on the market.

In addition to what is established in that Code, all of this is also covered in various internal regulations. One of the most representative of these is the General Investment Services Guidelines (sales practices), which contains policies on evaluating and determining clients’ investment profile; determining the profile of financial products; the reasonability of recommendations to clients; the parameters for the conduct of promoters who supply investment services; and measures to avoid conflicts of interest. All of this is intended to ensure that each client receives the financial product or service that corresponds to their specific needs and level of market knowledge, supported by institutional tools consistent with official regulations.

**There were no instances of noncompliance with marketing laws and regulations during the year.**



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# Financial Capital

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With our excellent risk management structure we maintained a solid level of loan-reserves and capital adequacy, buttressing our balance sheet for 2022. We also incorporated social and environmental risk management in lending, proving the deeper commitment reflected in the various ESG indexes and initiatives we have joined.



**15%**

increase in net income,  
to Ps. 35.05 bn

**Ps. 5.59 bn**

in sustainable portfolio in  
Corporate Banking,  
and Ps. 2.91 bn in  
Commercial Banking

**Ps. 785.27 bn**

in policies for  
insurance coverage of  
hydrometeorological  
events



By the close of last year, GFNorte was on a clear path to recovery, benefiting from growing economic activity in Mexico and a cycle of benchmark rate hikes that encouraged borrowing demand, boosted transaction fees and strengthened net interest income. Our portfolio quality was better than we had projected for the year and ended 2021 even stronger than before the pandemic. Moving ahead of inflation pressures, non-interest expense rose sharply due to increased outlays for personnel, relating to the restructuring of our operations and the reclassification of commissions paid to the outsourced sales force, which are now entered under expenses, in addition to higher employee

profit-sharing due to a change in the methodology as part of the federal labor reform.

Unfortunately, the emergence of the omicron variant of the coronavirus late in the year clouded the horizons once again and continued to affect the performance of the insurance business, which reported high claims in its life and medical expense portfolios.

With all of these factors, GFNorte achieved a 15% growth in net income, to Ps. 35.05 billion. At the same time, we maintained a solid level of loan-loss reserves and capital adequacy which buttressed our balance sheet heading into 2022.

Data highlights	2019	2020	2021
<b>Balance sheet</b>			
Assets under administration	2,771,604	2,975,753	3,144,794
Total portfolio	775,448	811,070	829,338
Total assets	1,580,010	1,787,904	1,850,879
Total deposits	724,490	821,712	799,025
Shareholders' equity	195,998	225,103	237,239
Banorte capital adequacy (%)	18.54%	20.18%	24.69%
<b>Asset quality</b>			
NPL ratio (%)	1.65%	1.10%	1.03%
Coverage ratio (%)	137.74%	223.98%	191.07%
Cost of Risk	1.98%	2.75%	1.39%
<b>Net income</b>	<b>36,528</b>	<b>30,508</b>	<b>35,048</b>
<b>Profitability</b>			
Return on equity (RoE) (%)	20.06%	14.78%	15.32%
Return on assets (RoA) (%)	2.30%	1.76%	1.94%
Net interest margin (%)	5.62%	5.30%	4.85%
Efficiency index (%)	39.06%	41.40%	45.43%

Figures in millions of pesos

For more details, visit: [https://investors.banorte.com/-/media/Files/B/Banorte-IR/financal-information/quarterly-results/es/2021/q4/4T21\\_.pdf](https://investors.banorte.com/-/media/Files/B/Banorte-IR/financal-information/quarterly-results/es/2021/q4/4T21_.pdf)

## Exposure to commercial credit and industrial loans

FN-CB-410a.1

Using Banco de Mexico’s catalog as a reference, the following table lists the ten subsectors where we have the most credit exposure. The scope includes the bank’s business, commercial and corporate portfolio.

Top	Subsector	Number of borrowers	Total Portfolio	Non-performing loans
1	Real-estate services	668	49,828	53
2	Temporary lodging services	268	38,726	173
3	Transportation-related services	162	27,843	3
4	Professional, scientific and technical services	2,838	23,433	293
5	Construction of civil engineering works	344	18,182	39
6	Building	564	17,052	272
7	Institutions offering nonmarket credit and financial intermediation	101	13,514	-
8	Manufacture of products based on non-metallic minerals	154	10,093	6
9	Wholesale trade in dry goods, food, beverages, ice and tobacco, and retail trade in dry goods, food, beverages, ice and tobacco	1,480	9,905	157
10	Wholesale trade in trucks, parts and new spare parts for cars, light trucks and trucks, and retail trade in motor vehicles, spare parts, fuel and lubricants	1,596	7,007	36
		8,175	215,585	1,032

Figures in millions of pesos

The concentration of our portfolio in these ten subsectors represents 68% of the business portfolio (excluding government).

## Tax transparency

207-1, 207-2, 207-3

Committed to transparency in all of its tax obligations, GFNorte’s fiscal strategy is embedded in our system of corporate governance, which establishes the policies, principles and values that guide us in this regard. This system extends to all of the institution’s personnel, which means compliance is of the utmost importance to us.

To ensure we comply with all of our tax obligations, we have various tax risk control procedures, and our head tax counsel is in regular contact with government agencies to stay informed about the primary tax issues and adopt measures to manage tax risk.

**1.**

Actively working to comply with tax obligations, in keeping with current regulations

**2.**

Adapting to the new digital environment

**3.**

Constant, clear and transparent disclosure on tax matters with our various stakeholders

Provisions for income tax and employee profit-sharing are entered in the results as they accumulate. The deferred tax is calculated based on financial projections, and is recognized by applying the rate that corresponds to temporary differences between the book and tax values of assets and liabilities. It also includes the benefits of tax-loss carryovers from previous years and some tax credits. A deferred tax asset is recognized only when there is a strong possibility of recovery. The effect of all these entries is presented on a net basis in the balance sheet, under “Deferred taxes and profit-sharing, net.”

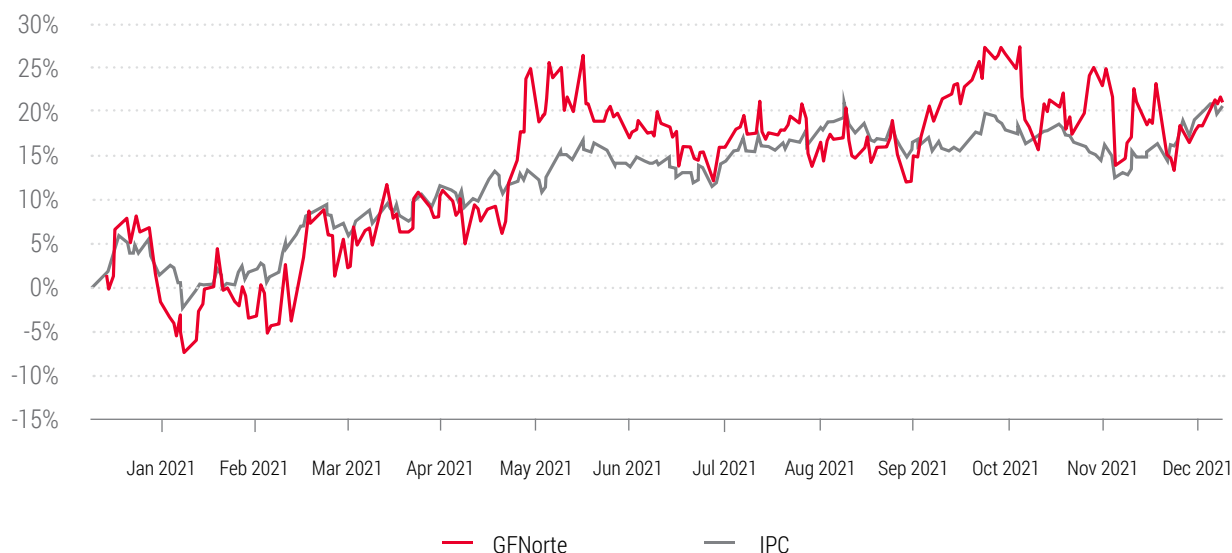
According to the Mexican income tax law, our income tax rate for 2020, 2021 and subsequent years is 30%.

The reconciliation of the legal income tax rate and the effective rate expressed as a percentage of profit before income tax is as follows:

Concept	2020	2021
Legal tax	30%	30%
Tax inflation	(1%)	(4%)
Non-tax book deductions	2%	1%
Other entries	(5%)	(3%)
Effective tax rate	26%	24%

## GFNorte Shares

### Relative performance. GFNORTEO vs. IPC



## Our shareholders

Grupo Financiero Banorte has a globally diversified winstitutional investors. Throughout the Group’s process of institutionalization, we have developed various strategies to expand our shareholder base and remain an option for those seeking long- or short-term investment, or simply following our dividend policy.

During the year, we resumed dividend payments after suspending them in 2020 by recommendation of the regulatory authority. In May we made a payment corresponding to 25% of net earnings for 2019, and in November we paid 25% of 2020 net earnings.

We remain in close communication with the authorities for notice of when we can resume complementary payments of 25% on profits from fiscal years 2019 and 2020, as well as the dividend for fiscal-year 2021.

### Shareholder indicators

Indicators	2019	2020	2021
Shares outstanding at close of year (millions)	2,883.46	2,883.46	2,883.46
Average trading volume (shares)	6,890,384	8,471,064	6,268,801
Average value traded <sup>1</sup>	732.72	728.00	771.74
Highest quote <sup>2</sup>	123.69	117.12	140.11
Lowest quote <sup>2</sup>	90.83	59.07	101.60
Stock price <sup>2</sup>	105.65	109.93	133.01
Book value per share <sup>2</sup>	67.18	77.07	81.23
Diluted earnings per share <sup>2</sup>	12.69	10.70	12.25
Market cap <sup>1</sup>	302,763.00	316,978.38	383,529.00
Dividends per share <sup>2</sup>	5.54	-	5.81
Dividends paid <sup>1</sup>	15,979.00	-	16,759
Dividend yield	5.25%	-	4.37%

1 Figures in millions of pesos.

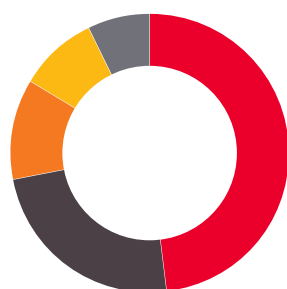
2 Figures in pesos.

No dividends were paid in 2020, in keeping with special COVID-19 pandemic recommendations by the regulatory authorities.

Continuing our program of GFNorte Level 1 American Depositary Receipts (ADRS) (GBOOY), where each ADR represents five shares, we closed the year with 8,476,268 ADRs outstanding; a 1.9% decrease compared to 2020.

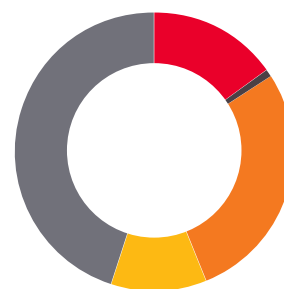
During the year we remained in constant communication with our shareholder base, in order to learn about their main concerns and thus to act promptly to remain in alignment with best market practices. The Chief Investor Relations Officer had contact with more than 360 investors in 37 conferences—covering more than 57% of the group’s shares—most of which were conducted by remote conferencing media.

### Shares outstanding by region



■ North America	<b>33%</b>
■ UK and Ireland	<b>17%</b>
■ Europe	<b>8%</b>
■ Rest of world	<b>6%</b>
■ Mexico	<b>5%</b>

### Classification by investment strategy



■ Index	<b>15%</b>
■ Return	<b>1%</b>
■ Value	<b>28%</b>
■ Growth	<b>11%</b>
■ Reasonably priced growth	<b>45%</b>

## Risk management

2-12, 2-13, FN-CB-550a.2, FN-IB-550a.2

Risk management requires a comprehensive approach and a forward-looking vision based on the desired risk profile, as well as compliance with the regulatory framework and support for corporate governance. The risk management area is key to preserving GFNorte’s strength and its staying power. Its purpose is to anticipate and mitigate different types of risk and to contribute proactively, in collaboration with the other areas, to initiatives and projects that support the group’s profitability.

The results of 2021 were better than we expected. The catastrophic events we had planned for did not materialize, and the group maintained its conservative stance amid the uncertainty.

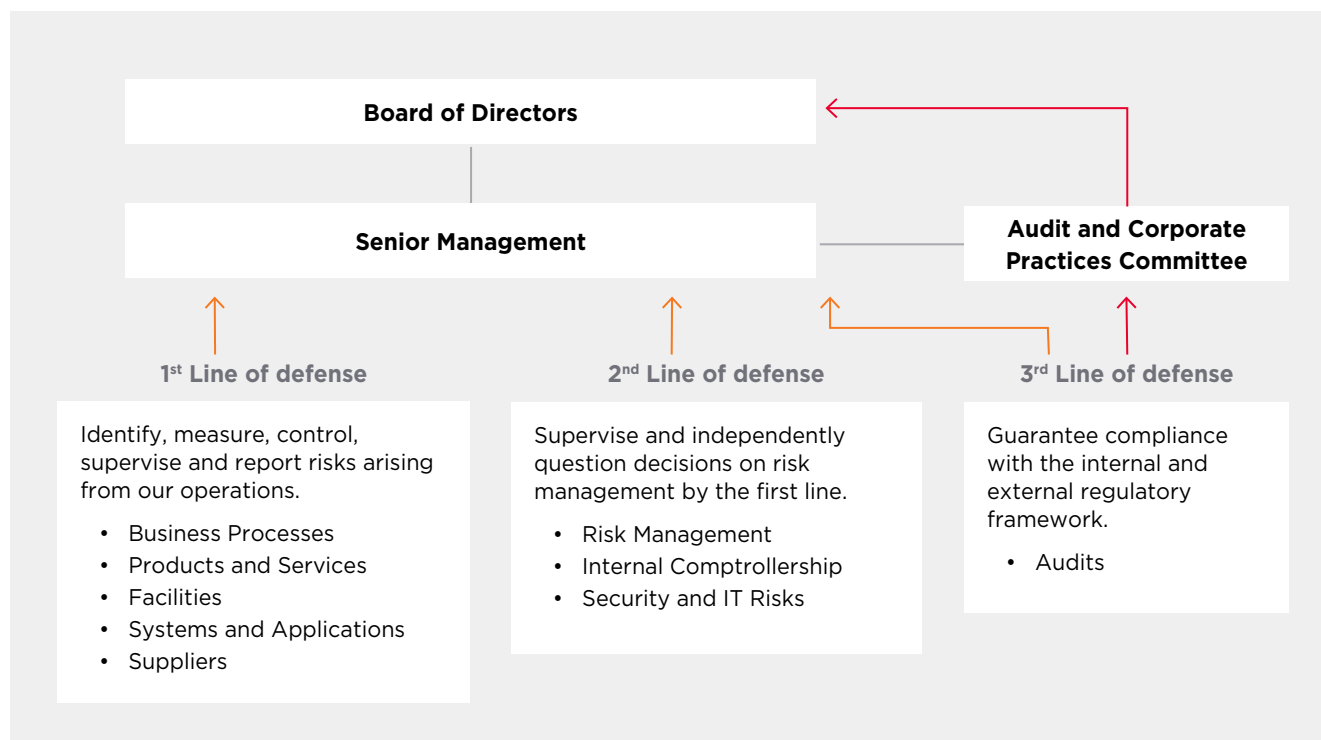
### Corporate governance of risk management Risk management structure

GFNorte has a solid governance framework whose purpose is to maintain effective control risk within the desired profile defined by the Board of Directors. This governance framework rests on a structure of well-defined governance, three lines of defense, and a rigorous standard of regulatory and legal compliance.

In our corporate governance model, the Board of Directors is the highest risk management body, responsible for determining the limits on risk appetite. To fulfill these duties, the Risk Policies Committee authorizes risk management models, policies and limits, and also the creation, goals, members and functioning of the committees that support the Chief Executive officer. The Comprehensive Risk Management Unit is in charge of managing and monitoring them.

We have clear procedures and policies in our risk manuals to ensure regulatory and legal compliance in accordance with best practices. We place a priority on prompt disclosure of information to investors, analysts and rating agencies. The institution is audited internally and externally by renowned auditors and the reports to date have been satisfactory.

GFNorte has a solid model of three lines of defense for appropriately managing and controlling risks.



## Comprehensive risk management framework

### A strong risk culture

GFNorte's risk management culture is one of the pillars of this institution, and it is elementary in defining and executing strategies as well as in the bank's day-to-day operations. The group's decisions are targeted at maximizing the risk-return ratio and supporting informed decision-making. Therefore, this culture is key to achieving the strategic goals of asset quality, profitability, liquidity and solvency.

We assume a forward-looking vision by which we define and implement models, tools, processes and policies that enable us to anticipate and mitigate risks. We also encourage the growth of our assets and their returns according to the desired risk profile. At GFNorte, all of us consider ourselves risk managers, because we actively promote a culture of risk at all levels of the organization. It is essential that each employee understands the risks involved in their activities and avoids taking on risks that are out of keeping with the desired risk profile or regulatory framework.

### Our desired risk profile

GFNorte has a conservative risk profile, while maintaining its business perspective of creating value and achieving the strategic goals of asset quality, profitability, liquidity and solvency.

The general guidelines of the desired risk profile are the principles that guide execution of the group's strategy, and which the Board of Directors and senior management have identified as priorities:

- A proactive strategy regarding environmental, social and governance risks, incorporating this culture gradually into all the group's activities.
  - Growth of productive and non-productive assets sustained by solid risk management which includes a strategy of growth combined with high asset quality.
  - The capacity to generate stable, recurring results and to compensate our shareholders with dividends, on a strong foundation of capital, solvency, liquidity, and an appropriate strategy of asset and liability diversification.
  - A portfolio approach based on the risk-return-opportunity ratio with appropriate capital adequacy levels for ensuring the group's solvency.
  - Stable financial results that create value for shareholder through recurring profits.
  - Incentives and compensation for the organization's personnel, aligned with the desired risk profile, stressing that the decisions they make must incorporate short, medium and long-term risk implications.
  - Innovation for enriching the offering of segments, products and channels with new technology that meets the client's needs functionally and attractively.
  - A continuing rating of investment grade from the leading rating agencies, provided Mexico's sovereign risk also maintains investment grade; otherwise a minimum local long-term rating of AAA.
  - No appetite for any activity or business that may harm the group's reputation through its employees, clients, investors and authorities. Zero tolerance for risks relating to noncompliance with the law or regulations.
- Medium-low risk profile (appetite) based on a diversified business model and the comprehensive relationship with clients.
  - Corporate structure based on affiliates that are autonomous and self-sufficient in terms of capital and liquidity.
  - A global vision of all types of risk to management and decision-making by senior management.
  - Independent risk management with intensive involvement by senior officers and the rest of the organization.

The desired risk profile also includes the definition of limits and tracking of key quantitative indicators by type of risk for the group and its subsidiaries, which complement the general guidelines and which are reviewed and ratified once a year by the Board of Directors, serving as a directive for defining and implementing strategies and goals.

### **Main risks**

We define and classify risks in order to better manage and mitigate them depending on the nature of each. The following are the main types of risk included in our Comprehensive Risk Management framework:

#### **Credit risk**

Credit risk is defined as a potential loss due to the failure of a borrower or counterparty to pay the amount they owe—including collateral and other means of mitigation used by institutions. To mitigate this risk we have policies, strategies and methodologies to encourage healthy origination. We continually track the performance of our portfolios and work closely with the Business and Recovery area teams.

Historically, Banorte has exercised a prudent risk management, particularly during the recent COVID-19 pandemic, when it set aside additional reserves above the mandatory minimum for its rating level, totaling Ps. 3.0 billion in June 2020 and another Ps. 2.0 billion in December 2020. Of these amounts, there were still Ps. 1.80 billion in reserves at the close of 2021 to deal with the adverse effects on clients' payment capacity. We also cleaned up the loan portfolio by writing off Ps. 4.62 billion in June 2020 and Ps. 837 million in December 2020, to make room for the expected growth in defaults. In 2021 our loan portfolio performed better than we expected, spurred on by both the general economic and financial climate in Mexico and by our established strategies, advanced action and containment, coupled with close tracking of credit risk.

Banorte began the process of obtaining certification for its internal provisioning and capital models in 2018, and the board approved a timeline for certifying all key segments and products in coming years. Through these models, we have been able to: improve the precision with which we assign degrees of risk in creating efficient reserves and capital; optimize profitability adjusted by group risk; improve origination models to focus them on more profitable niches; better manage collection strategies for portfolios that have fallen behind; better structure collateral and haircuts on loans; measure real portfolio concentration to ensure capital adequacy and the bank's solidity, and project expected losses to assign appropriate coverage by generating reserves.

GFNorte follows a proactive strategy for keeping our loan portfolio diversified by setting limits and maximum amounts on exposure and concentration in different groups or segments. This ensures that the loan portfolio is diversified and can attenuate risks in a particular business unit, segment, industry or group.

Work groups have been created in order to decide on strategies for anticipating and mitigating default in the business and government loan portfolio, and thus to contain non-performing loans and preserve loan portfolio quality. These groups include participants from all areas that are key to the lending process, as well as senior management.

**As a result of the past year's strategies and actions, key credit risk indicators confirmed strong performance, which was reflected in the quality of the loan portfolio.**

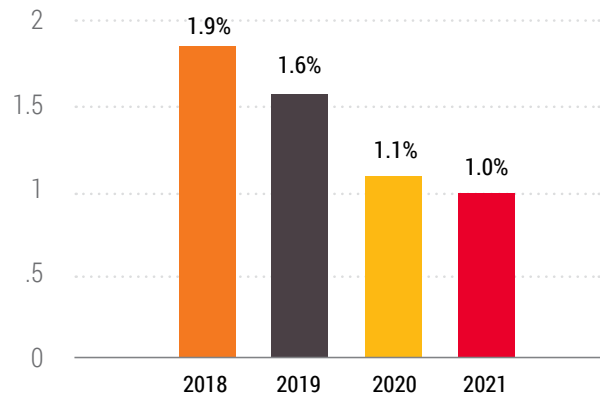


In Retail Banking, we reacted promptly at the start of the pandemic and in April-May 2020, we created support programs to mitigate the impact of borrowers in all products. The programs consisted of deferred payment terms, initially four months and later extended to six. Some weeks after the program's launch the government announced support measures for borrowers that dovetailed with our own programs. The loan deferral programs began to expire in October 2020 and ended in January 2021, depending on the date each client signed up, and whether or not they requested an additional two-month extension.

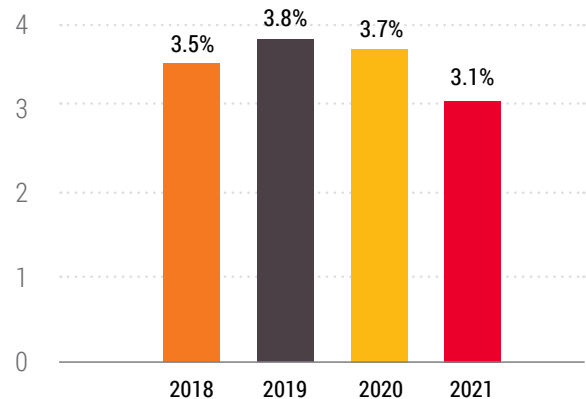
In 2021, the consumer credit, mortgage and SME portfolios moved from record highs to record lows in non-performing loan rates for most of their products. At the start of the year, after support programs ended, non-performing loan rates rose and portfolios were cleaned up again before the second half of the year. Throughout the second half, the cost of risk was kept down through strategies focused on collection and good payment performance by clients who did not sign up for the support programs, proving the strength of the decision-making models. Lending standards remained tight through the second half of the year, when the stability of the models was once again tested to begin gradually lifting these restrictive measures. We succeeded in tailoring portfolio actions to each individual case to such an extent that, by segmenting the portfolios we were able to offer different programs for each type of client. Prudence and discipline remain the cornerstones of our efforts to manage risk in the Retail Banking loan portfolios.



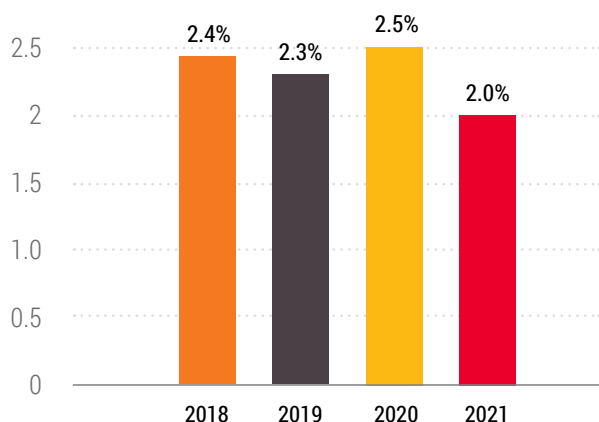
**Non-performing loan index (NPL)**



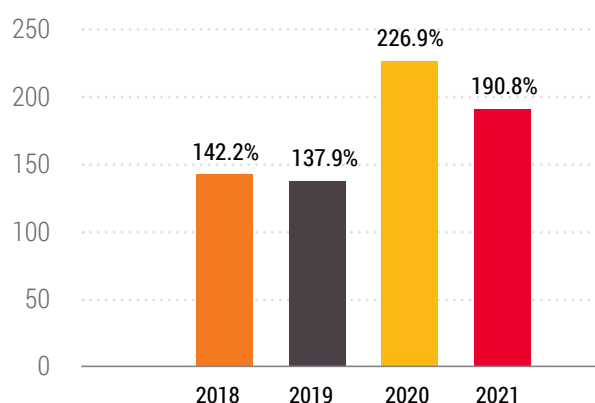
**Adjusted NPL (ANPL)**



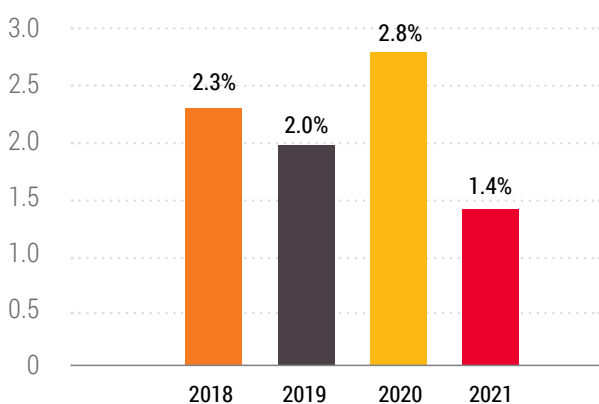
### Reserves/Total Portfolio



### ICOB



### Cost of risk



### Market risk

Market risk is defined as the possible volatility in revenues due to changes in market conditions, which influence the valuation of positions in lending or borrowing operations or those that generate contingent liabilities. These conditions include interest rates, spreads, exchange rate, price indexes, etc.

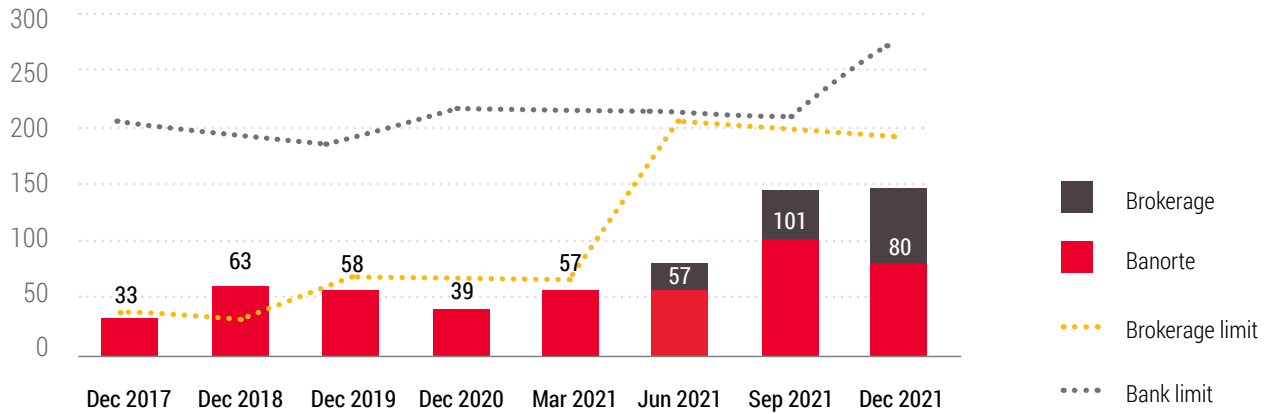
Market risk is managed according to a series of fundamental pillars. Some of the most important of these are the use of models and methodologies such as potential loss, commonly known as expected shortfall, backtesting, sensitivity analysis and stress testing. All of these are used to measure the risk

of products and portfolios of instruments listed on the financial markets. Banorte calculates the expected shortfall and uses this to replace the value-at-risk calculation. It also began valuing derivative instruments using OIS curves and collateral-adjusted curves, following international standards, including the adoption of risk-free rates for products and curves.

Risk management is also supported by policies and manuals that establish how market risk limits are to be imposed and tracked, how risk metrics are to be disclosed and how to monitor them against the established limits. The chart below shows the trend in the expected shortfall indicator for the bank and the brokerage firm.

**In 2022, we will introduce a new suite of market risk provisions called Fundamental Review of the Trading Book, consistent with Basel IV, and compliant with new rules and standards for managing market risk.**

### Expected shortfall indicator for the bank and the brokerage firm



#### Balance sheet risk

Balance sheet risk includes both liquidity risk and interest rate risk in a company's balance sheet. Liquidity risk is defined as the potential loss from being unable to roll over liabilities or acquire others under normal conditions for the institution in the event of an early or forced sale of assets in which it must accept an unusual discount in order to fulfill its obligations. Interest rate risk refers to the exposure of net interest income to adverse interest-rate movements, due to the effect of temporary differences between maturities and repricing of the balance sheet entries.

In order to keep track of the institution's liquidity needs, we go by a series of indicators, some of which we designed and some of which are

regulatory. In the regulatory sphere, the main tracking indicator is the **liquidity coverage rate (LCR)**, as a short-term indicator, and **the net stable funding rate (NSFR)**, as a long-term indicator.

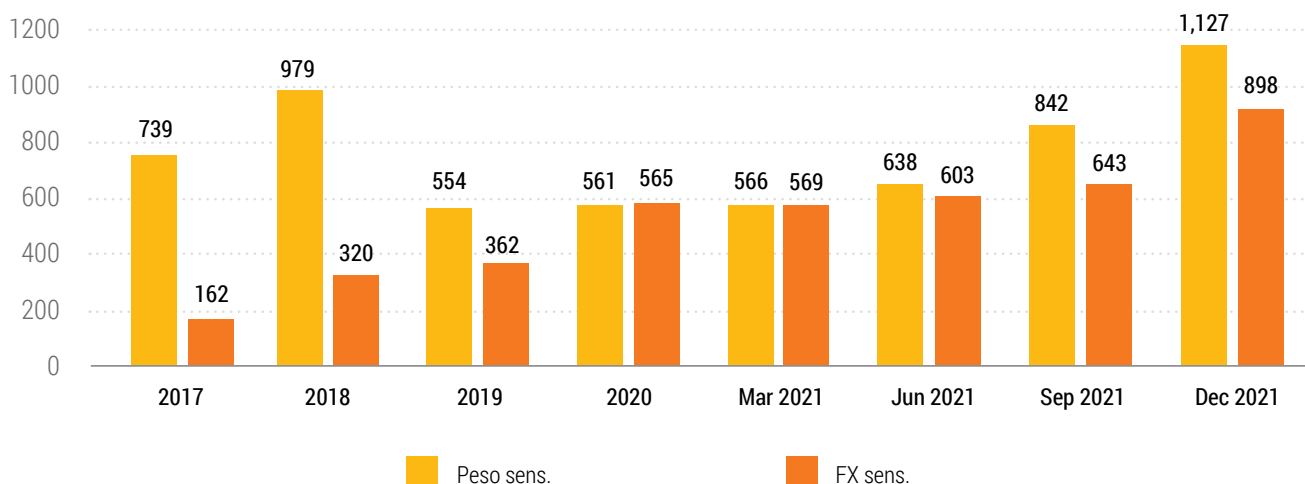
To proactively manage liquidity needs, and in line with local regulations and best international practices, we calculate the LCR on a daily basis. But this indicator is not only calculated for the last date available; we also carry out a prospective exercise on the current day's close to analyze possible liquidity needs and prepare short- and long-term projections according to treasury expectations. The NSFR is calculated at the close of each month, including projected short- and long-term closes to analyze the impact of actions and possible additional funding needs in the long term.

### Liquidity coverage rate (LCR) 2021



Interest-rate risk in the balance sheet is tracked via a margin sensitivity exercise, for balances in both domestic and foreign currency. In keeping with market practices, this indicator shows the effect on the margin of a parallel change of 100 basis points in the interest rates that affect the balance sheet.

**Balance-sheet margin sensitivity in domestic and foreign currency**



Margin sensitivity is calculated on a monthly and weekly basis with current data, and on a monthly basis for short- and long-term projections based on budget and expected growth in the balance sheet.

In 2022, we will begin applying new provisions on Interest Rate Risk in the Banking Book, also consistent with Basel IV, thus complying with new rules and standards on market risk management.

**Counterparty risk**

Counterparty risk is defined as the potential loss, from an individual and portfolio perspective, from a failure by some financial counterparty or client to settle in cash or securities some transaction negotiated on the market with an institution on a specific date.

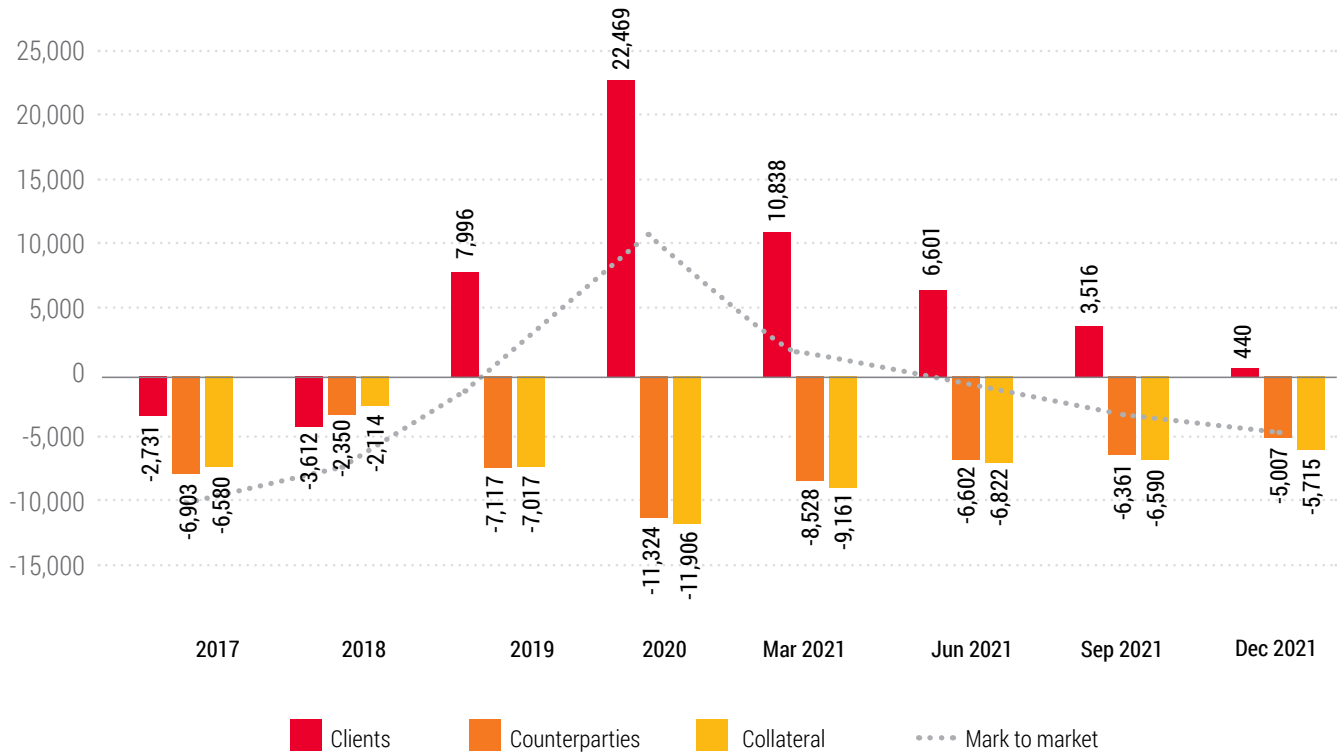
Counterparty risk is measured by **various indicators: market valuation, potential exposure, expected exposure, and others.**

GFNorte seeks to identify, measure, monitor, control and disclose the risk associated with potential default in financial market transactions, including tracking its counterparties and clients.

Exposure and other key indicators are reported to the Risk Policies Committee, the Chief Executive Officer and the heads of the trading and treasury desks, on a daily, monthly and quarterly basis.

The graph below shows the trend in the market value of the clients and counterparties portfolios, as well as the balance in collateral.

Market valuation of client and counterparty portfolio and balance of collateral



As part of our comprehensive management of counterparty risk we created the Derivatives Committee, among whose goals are to evaluate and approve, when appropriate, proposed transactions in derivative products with clients, exclusively for hedging purposes. To complement the risk measurement, we assist treasury in managing the credit valuation adjustment (CVA) and the funding valuation adjustment (FVA), including likelihood of default.

**Capital measurement and adjustment**

To efficiently manage the institution’s capital and solvency, we focus on tracking four basic indicators: the **Net Capital Adequacy ratio (ICAP)**, the **Common Equity Tier 1 ratio (CET1)**, **Tier 1 Capital ratio**, and the **Basel III leverage ratio**.

In managing the institution’s solvency, we perform not only the monthly capital calculations required under local regulation and international standards, but also a series of projections during the month to analyze possible deviations both in the risk profile and in market expectations regarding these indexes. Our budget projections also include long-term solvency indicators. These short- and long-term projections guide the actions of senior management in terms of the efficient use of capital, including the dividend plan.

New rules soon to take effect on banks’ total loss-absorbing capacity (TLAC) are incorporated into current levels of early alerts, internal limits and ICAP projections. Based on the institution’s current capital structure we do not foresee any difficulties in meeting the required level of that indicator in the future.

In this regard, and under the new TLAC rule, the minimum ICAP levels the bank must maintain starting in December 2022—which will rise by 162.5bp a year after that for a period of four years—are shown in the table below:

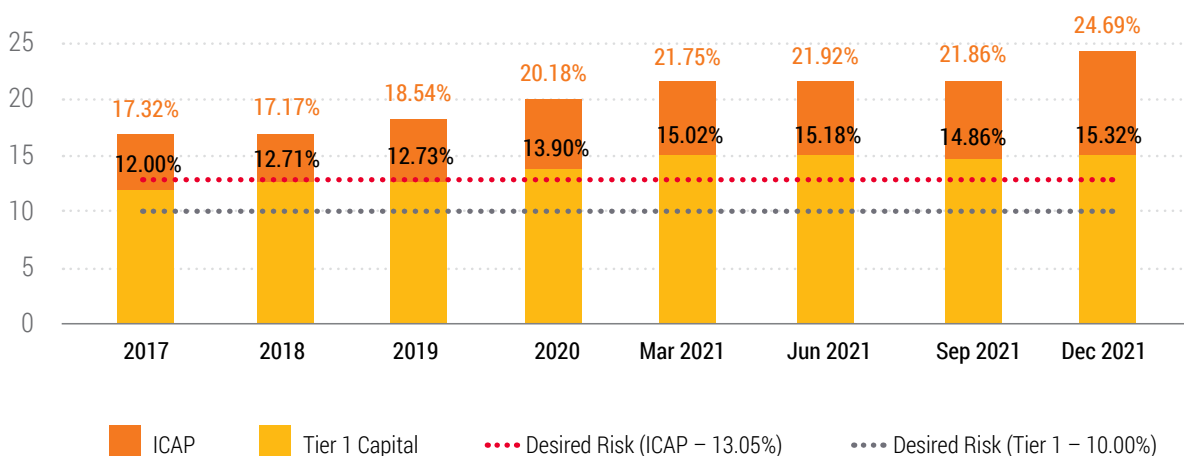
Date	Minimum ICAP
December 2021	11.4%
December 2022	13.0%
December 2023	14.7%
December 2024	16.3%
December 2025	17.9%

We are currently awaiting publication of a series of regulatory changes that will have a significant impact on our capitalization levels, such as the entry into force of new accounting rules applicable to this institution, among others.

### Regulatory and internal stress testing

As part of our regulatory compliance and best industry practices, we participate each year in a Capital Sufficiency Assessment exercise, following regulatory and internal scenarios. This exercise serves as the basis for planning and analysis of the bank’s dividend capacity, as well as the minimum capital levels necessary, which inform the desired risk profile and internal limits for these indicators.

Our basic objective in conducting these exercises is not only to comply with management indicators but also to fulfill our pledge to shareholders and investors to guarantee the institution’s solvency and plan for annual dividends.



### Contingency planning

We have contingency plans for events involving liquidity (liquidity funding plan) and solvency (solvency plan), which include:

- Defining indicators and levels for early alerts to identify possible liquidity or solvency crises.
- Action plans for various levels of solvency or liquidity crisis, including the persons responsible and the possible impact of those actions on the institution’s indicators.

- Internal and external communication plans for maintaining the stability of the institution and the market.

These plans are presented each year to the Board of Directors and the authorities for their authorization and/or comments.

**Operational risk**

This is the risk of a loss from a deviation or failure of processes, in personnel, in internal systems, or due to external events. It includes technological and legal risk. It is managed through a system that records events and classifies them into various types of associated risks. It is monitored throughout the organization, ensuring compliance with the acceptable levels of risk tolerance we have defined.

Banorte pursues its goals through various plans, programs and projects. Its ability to meet the goals may be affected by the presence of operational risks, so the institution has a robust model of management by which it can identify operational risks with the support of controllers for each process, in order to analyze them, quantify them and mitigate them appropriately. This management model is supported by a new tool, the technological platform for governance, risk and compliance (GRC).

The GRC management platform also covers operational risk management, applications for internal control and information security, among others, so that these risks can be managed comprehensively and with a common taxonomy. Among its advantages are that it provides prompt and efficient information through dashboards, and reports to the various management and operational levels, optimizing and automating processes, and ensuring the traceability of data and indicators.

The risks derived specifically from the COVID-19 pandemic were dealt with as a priority in our organization. A multi-disciplinary committee was created to develop an institutional protocol of general prevention measures, reducing the concentration of personnel in our facilities through rotating shifts and remote work, and we supplied sanitary and hygiene support and supplies to all personnel and customer service offices. With this, we had to adapt to new forms of remote work, which in turn revealed new risks relating to cybersecurity

and cyberattacks through the use of technological platforms. Banorte introduced a number of control measures focused on mitigating any type of cyberattack or, when necessary, minimizing the impacts that materialized.

Also this year, thanks to the timely collaboration of various control areas, the institution strengthened its technological risk indicators and earned various certifications, among them NYCE: ISO/IEC 27001:2013 and PCI-DSS for personal data protection; and CNBV authorization to execute level 4 account opening agreements. These certifications strengthen our internal control management and reduce risks to the institution.

**Strategic risk**

This is the risk of potential losses resulting from failures or deficiencies in decision-making, in the implementation of procedures and actions to apply the institution's business model and strategies, and from a lack of awareness of the risks it faces in the course of its business activities, which could influence the expected results and the capacity to achieve the goals agreed upon in our strategic plan.

Strategic risk is managed and mitigated through solid corporate governance, a well-defined strategic plan and short-, medium- and long-term goals, communication mechanisms and dissemination of the strategic plan throughout all levels of the organization, strict tracking of the strategic plan's deployment, succession plans, proactive tracking of key internal indicators in relation to the market, projections of adverse scenarios and contingencies, and a comprehensive, forward-looking vision that facilitates flexibility and speed to adjust strategies.

Planning and execution of the group's business model is highly important to strategic risk. For this reason, we need to maintain a consistent vision at all levels of the organization and communicate this target, a key aspect for aligning employees and better managing the company's operations.

**Business risk**

This risk is defined as the potential loss or impact on profitability attributable to the inherent nature of the business and changes in the economic cycle or climate within which it operates.

Business risk is managed and mitigated by placing a priority on innovation, investment in new technologies, use of artificial intelligence, and development of a team focused on financial technology research. It also relies on the creation of new channels like digital banking, strategic alliances with new key participants in digital spaces, the continuous strengthening of asset recovery equipment and an in-depth analysis of economic, political and legal risks. Business risk is managed through a flexible, innovative approach that enables us to overcome the challenges faced by the group.

**Management of ESG risks helps us to define our priorities in financial practice and achieve our business goals, creating value responsibly and transparently.**

Although the public health emergency was one such challenge, it also generated opportunities, for example a high level of digitalization so that we could obtain information in real time, and confront obstacles with solutions that would not have been possible before.

Being leaders in a highly technologically specialized financial environment means that we must make it a priority to ensure employees are responsible for managing this risk in their various activities, through constant innovation and communication of growth opportunities.

**Environmental, social and governance risk**

GFNorte is firmly convinced of the importance of sustainable finance. To achieve this, we comprehensively manage our environmental, social and governance (ESG) risks. With this strategy, we promote the sustainable development of our group in the financial system. By managing ESG risks, we can define our priorities in financial practice and achieve our business goals while creating value responsibly and transparently.





### Sustainability Score

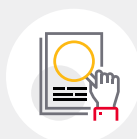
In order to internally evaluate our ESG performance, we developed a Sustainability Score applicable to the bank, for the purpose of detecting risks and areas of improvement and to identify opportunities for the institution in this area.



The methodology involves selection of the material indicators corresponding to each of the ESG pillars, which are assigned certain risk thresholds. It also incorporates external ESG ratings, to arrive at an overall Sustainability Score (based 70% on the internal evaluation and 30% on the external ratings). Each year the results are presented to the Risk Policies Committee and the Sustainability Committee.

In our 2021 Sustainability Score assessment, we obtained a rating of 71.04 points (on a scale of 0 to 100), 16.4 points better than the previous year, which is within the appropriate range of risk tolerance<sup>1</sup>.

### Update process



#### Methodological review

Analysis of the indicators counted in the score to determine which remain useful and which should be eliminated.



#### Compilation of information

Information was compiled as of December 2020 from areas in charge of tracking and managing indicators.



#### Information evaluation

The information was checked for coherency, completeness, consistency, and correction of measurements.



#### Definition of thresholds

Together with the responsible areas, risk thresholds were defined with a forward-looking vision, ensuring they aligned with standards, commitments and best domestic and international practice.



#### Sustainability index

A score was assigned to each pillar, and improvements and areas of opportunities analyzed, which resulted in the Overall Sustainability Index.

### Improvements in the score

The strategy and materiality matrix was incorporated.



To determine the score, each indicator and category was assigned a specific weight, according to the strategy and materiality matrix, in which investors and senior management determine a level of importance according to ESG matters.

<sup>1</sup> Sustainability Score threshold: Risk appetite >80, Risk tolerance >50, Risk capacity <50.

## Management of socio-environmental risks in financing

2-12, 201-2, FS2, FS3, FS5, FS10, FS11, FN-IB-410a.3, FN-CB-410a.2, FN-IB-410a.2

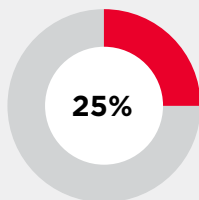
For GFNorte, taking environmental and social risks into account in decision-making is essential for achieving a resilient future in light of climate change, biodiversity loss and social inequality.

For this reason, preventing and managing this type of risk is a priority for our business processes and our stakeholders.

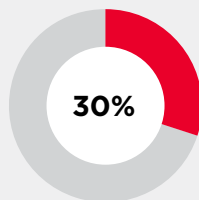
### Social and Environmental Risk Management System (SEMS)



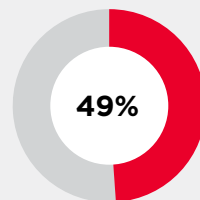
Wholesale banking portfolio analyzed



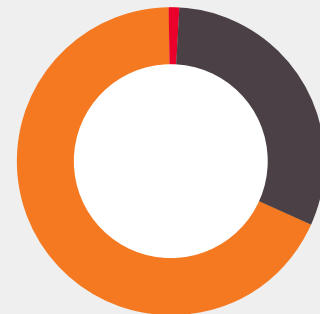
Corporate Banking portfolio analyzed



Commercial Banking portfolio analyzed



More than half of the loans we grant were classified as low-risk, meaning the risks they pose are non-existent, minimal or mitigable.



■ High 1%  
■ Medium 31%  
■ Low 68%

#### Projects evaluated in 2021

Evaluation framework	Category A	Category B	Category C	Total
Equator Principles	5	7	1	13
Performance standards	0	5	0	5
SEMS evaluation	0	1	0	1



**We evaluated 19 projects**, primarily in the construction, tourism and infrastructure industries, which together represented **Ps. 16.41 billion** in financing.

We also funded **289 lower-impact loans** on the recommendations of the IFC industry-specific Environmental, Health and Safety Guidelines.

The most representative sectors with which we share best global practices are:

- Construction
- Agriculture
- Manufacturing

For more information, contact [sems@banorte.com](mailto:sems@banorte.com)

**Emerging risks**

GFNorte has become increasingly aware of the potential for direct impact from a variety of emerging risks in areas like the economy, families and society. We have also observed their relationship to other types of risks, as well as to changes that must be made in the way we operate, to a redefinition of our strategic goals, and even profit generation.

Among the main emerging risks are climate risk, nature risk, pandemic risk and cybersecurity risk.

**Climate risk**

The risk arising from climate change has become increasingly significant in the financial industry,

because the threats it poses to the short-, medium- and long-term future of mankind demand immediate action. To understand this type of risk, we must first understand how a low-carbon economy functions, as well as the direct risk of natural disasters caused by climate change.

Climate change is one of the greatest environmental risks the world faces today. The severity and frequency of weather-related events, and the transition to a low-carbon economy, are affecting economic stability. GFNorte recognizes our key role as a financial institution in accelerating actions to mitigate and adapt to the phenomenon, inviting our stakeholders to participate as well in this process.

**Taskforce on Climate-Related Financial Disclosures (TCFD)**

In January 2021, GFNorte joined a pilot program for the United Nations Environmental Program Finance Initiative (UNEP-FI), aimed at banks interested in aligning themselves with TCFD recommendations.



**Climate risk team**

We created a multidisciplinary work team, which incorporates the know-how and experience of the following areas:

- Innovation
- Risk modeling
- Risk information and analysis
- Risk appetite
- Wholesale credit risk
- Specialized areas
- Insurance
- Sustainability

**Goals of the TCFD program**

Pursuant to the four recommendations of the framework, we defined the following goals.

- Make climate change a priority on the agendas of government agencies
- Define a business strategy that responds to climate-related risks and opportunities.
- Include climate risk in the institution’s risk management processes.
- Develop metrics and targets to mitigate risks, take advantage of opportunities and improve disclosure on climate aspects.



*(continued on next page)*

## Taskforce on Climate-Related Financial Disclosures (TCFD) *(continued from previous page)*

### First TCFD report

In 2022, we will be publishing our first disclosure report on the TCFD recommendations, which will incorporate aspects such as:

- Corporate governance
- Climate strategy
- Identifying climate risks and opportunities in key sectors of our portfolio
- Application of the PACTA methodology
- System for Managing Environmental and Social Risks
- Business Targets

View the full report at the following link:

<https://investors.banorte.com/en/financial-information/annual-reports/2021>



## Paris Agreement Capital Transition Assessment (PACTA)

For GFNorte, the use of methodologies and tools that make it possible to identify and quantify climate-related risks is a pressing necessity. For this reason, in 2021 we joined a pilot effort headed by the Mexican Bankers' Association (ABM) to apply the open-code PACTA model, developed by the 2° Investing Initiative (2DII).

The exercise was led by the Innovation and Sustainability areas, based on an evaluation of the physical assets associated with the coal, cement, steel, energy, oil & gas, and aviation industries, linked with financial assets such as loans, stocks and bonds, and their active alignment with climate scenarios.

Application of this model enabled us to obtain the first results that determine the extent to which our loan portfolio and our clients are aligned with climate change scenarios in critical sectors. We were also able to define metrics like the Technology/Fuel Mix, which reveals the bank's relative exposure to economic activities affected by the transition to a low-carbon economy.

This first pilot helps us lay the groundwork for key decision-making regarding our climate strategy, involving business areas in order to ensure a close alignment between our portfolios and climate scenarios recommended by science.

View the report on the results at this link:

<https://investors.banorte.com/en/financial-information/annual-reports/2021>



## Nature risk

GFNorte is convinced that the loss of biodiversity, scarcity of natural resources and alteration of ecosystems are all risks that could compromise the subsistence of all economic activities. We know that we cannot face climate and social risks without protecting the environment, so it is urgent that we galvanize action toward an economy that also generates positive impacts on nature.

## Taskforce on Nature-related Financial Disclosures (TNFD)

The TNFD is a new global initiative whose aim is to develop and deliver a risk management and disclosure framework for organizations to report and act on evolving nature-related risks, which aims to support a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes. The initiative is based on seven principles:

- Market usability
- Science-based
- Nature-related risks
- Purpose-driven
- Integrated & adaptive
- Climate-nature nexus
- Globally inclusive

The TNFD will build on current standards to develop a framework based on initiatives and standards that are relevant to its scope.

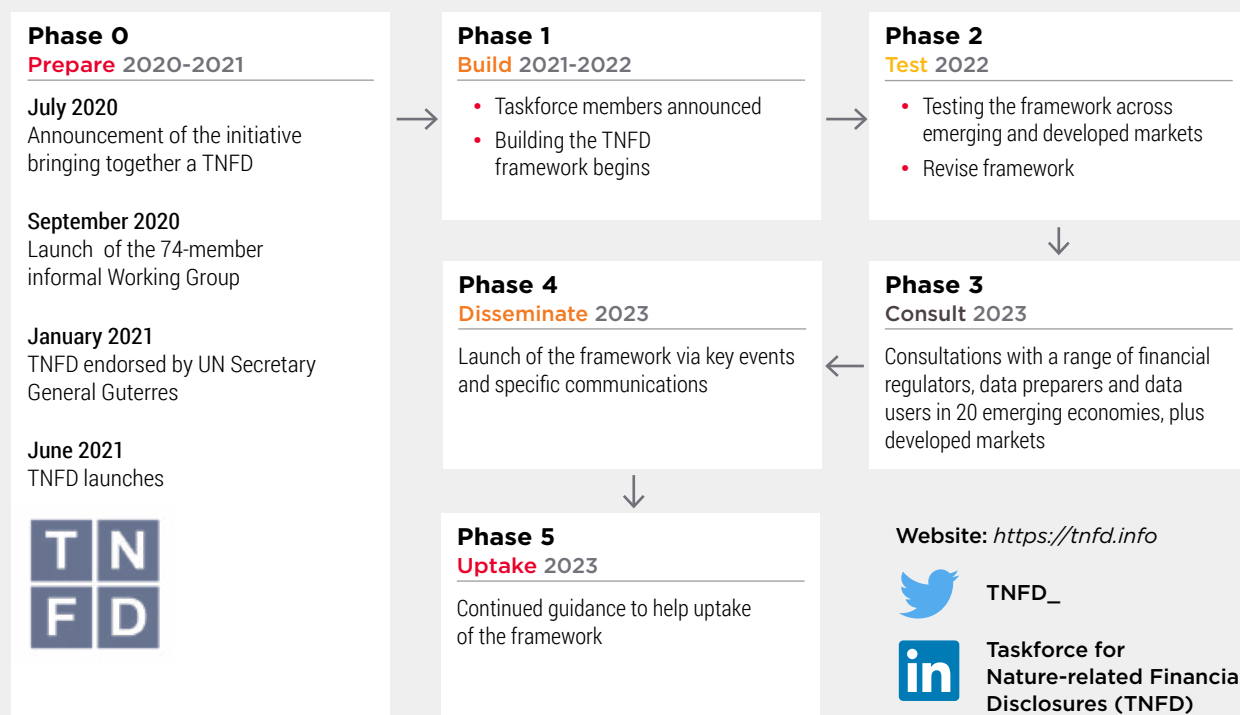
The TNFD was formally launched in June 2021 under the direction of Elizabeth Maruma Mrema, executive secretary of the United Nations Convention on Biological Diversity, and David

Craig, CEO of Refinitiv and leader of the Data and Analysis Division of the London Stock Exchange Group.

The initiative is made up of 34 members, divided equally among financial institutions and corporates in developed and emerging markets. GFNorte is one of these members. The TNFD will also be informed by a diverse group of stakeholders, including governments, regulators, multilaterals, financial and commercial consortia, NGOs, groups of experts and research organizations.

Members have met in five work groups: (1) definition of nature-related risks; (2) availability of data for nature-related disclosures; (3) overview of standards and metrics; (4) beta version of the framework; and (5) pilot testing and integration. Together with the co-chairs and secretary of the TNFD, members defined a general roadmap and timeline for developing the framework, by which they hope to launch a beta version in early 2022.

The following is the timeline, with the development phases of the initiative:



## Methodologies and tools

As a result of GFNorte's collaboration with the World Wildlife Fund Mexico, for the purpose of improving the bank's capacities for understanding, applying methodologies and addressing the financial risks relating to environmental deterioration, we drafted two working papers: "Initial diagnosis of voids and opportunities for integrating nature-related risks in Grupo Financiero Banorte's Socio-Environmental Risk Management System (SEMS)" and "Main environmental and social risks relating to beef and pork livestock farming and some crops in Mexico."

We also began developing a computer tool that can provide a spatial and socio-environmental characterization of sites of interest where banks intend to offer loans or financing, in order to avoid possible environmental and social impacts. The tool will be developed by the

National Commission for Knowledge and Use of Biodiversity (CONABIO), in collaboration with the French Alliance for Development, WWF México, and GFNorte.

Learn more about the diagnostics at this link:  
<https://investors.banorte.com/en/sustainability/sustainability-strategy/riesgos-naturaleza>



## Pandemic risk

Pandemic risk, which manifested itself in 2020 and 2021 in the many variants of the SARS-COV-2 virus, is defined as the potential loss caused by a wide range of economic, social and political impacts caused by the pandemic, primarily the negative effects on the health of the Mexican population and on our employees, and the climate of widespread uncertainty it generates about the future.

In 2020, Banorte developed support programs for borrowers, while the National Banking and Securities Commission defined a set of special accounting criteria to mitigate the negative economic effects of the public health emergency. This enabled us to assist affected clients and keep our portfolio and key indicators stable in 2021.

The pandemic continues to test the robustness of our financial system, but it has remained resilient, retaining the strength of its main indicators and continuing to adopt to a stricter regulatory framework.

In the case of COVID-19, a growing number of contagions and the prolongation of the pandemic into a second year threatened economic growth and development due to the possibility shutdowns of company operations, supply chain disruptions and alterations in international trade flows. This type of risk can be mitigated if countries approach the level of herd immunity so that contagion and mortality rates diminish.

Comprehensive risk management efforts at GFNorte were focused on identifying industries and segments with the highest risk, creating work groups on controlling non-performing loans and strengthening portfolio quality, proactively managing the balance sheet and bolstering capital ratios.

### Cybersecurity risk

GFNorte has undertaken a digital transformation to remain competitive on the market, supported by new information technologies, but these also pose new threats and cyber-risks. The group currently has a series of initiatives and programs focused on mitigating this risk. In December 2021 a Cyber-risk Sub-committee began work on a preventive approach for managing cyber-risks, improving capacity and speed of response.

In 2022, the Cyber-risk Management Model will be fully in place, enabling Grupo Financiero Banorte to systematically manage such risks.

This topic is covered in greater detail in [Technology and Infrastructure Capital](#) of this report.



### Responsible investment

FS5, FN-AC-410a.1, FN-AC-410a.2, FN-AC-410a.3, FN-IB-410a.3

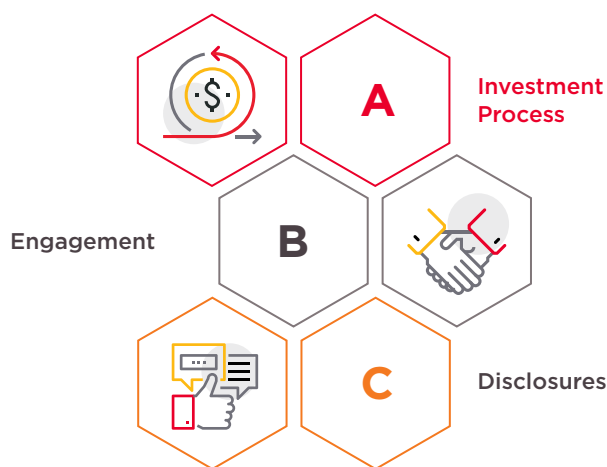
We are aware of the relevance of ESG factors in investment—in terms of the risks, opportunities and the positive and negative impacts they may have. We have incorporated responsible investment as a complement to traditional investment processes and as part of our fiduciary duty to our clients.

In March 2017, we became the first Mexican financial group to sign the United Nations Principles for Responsible Investment (PRI). In late 2020, we decided to add two business lines independently, given the nature of their operations: Afore XXI Banorte, as an asset holder, and Operadora de Fondos Banorte, as an asset manager.

#### Afore XXI Banorte

At Afore XXI Banorte, we work steadily to maintain our position as a leading Mexican pension fund manager in the area of responsible investment. Over the course of the year, we developed a Policy on Climate Change Management in the Portfolio, which reinforces our commitment to incorporating ESG factors into the investment process and charting a roadmap toward compliance with the Paris Agreement.

The policy centers around a tree-step approach for response to climate change:



- A** Investment aligned with the Paris Agreement

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- B** Collaborative Corporate

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- C** Governance  
TCFD recommendations  
Contributions to the SDG

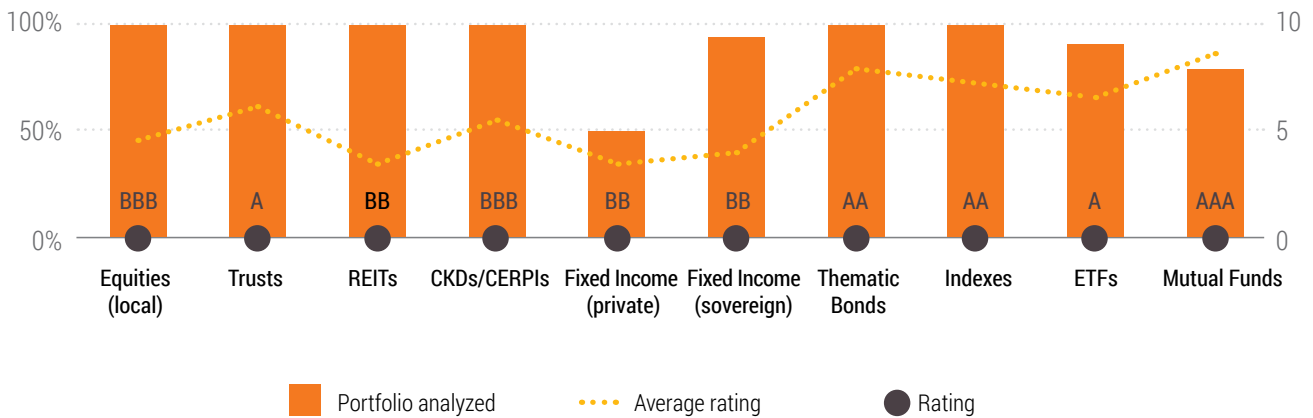
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We seek to understand the results of the investments made and their real impact on society, the economy and the environment. Accordingly, we focus on contributing to the SDG and thus fulfilling our fiduciary duty and protecting the equity of our savers.

We continued to train our team in key ESG matters, providing a total of 70 hours of training to various teams in the investment area.

**ESG Analysis**

Based on an in-house methodology, with the support of an ESG data provider, we analyzed the presence of these factors in our portfolio, covering 100% of the universe of investment. This was 9% more than last year—42 new security issues, in absolute terms, which were assigned an ESG rating. We also monitored for disputes relating to the most significant portfolio positions.



**Type of commitment**



Reporting	39%
Resource use	4%
Environmental	9%
Other	4%
Corporate Governance	22%
Socio-environmental	22%

**Engagement**

Based on the results of our ESG analysis, we sought out an individual engagement with the companies to learn about their initiatives, processes and strategies in this area, and to establish specific commitments with them. During the year we approached 19 issuers with this process and formalized 23 commitments relating to areas of opportunity identified, most of which will take effect next year.

To complement this effort, we continue our collective engagement through the Green Finance Consulting Council, the Mexican AFORES Association (AMAFORE) and the Climate Action 100+ Initiative. Together with other market participants, both local and international, we opened a conversation with three of the country's leading corporations engaged in the industries that are most relevant in ESG terms. These meetings were held at least once every quarter, and the issues addressed included requests for information disclosure, alignment with



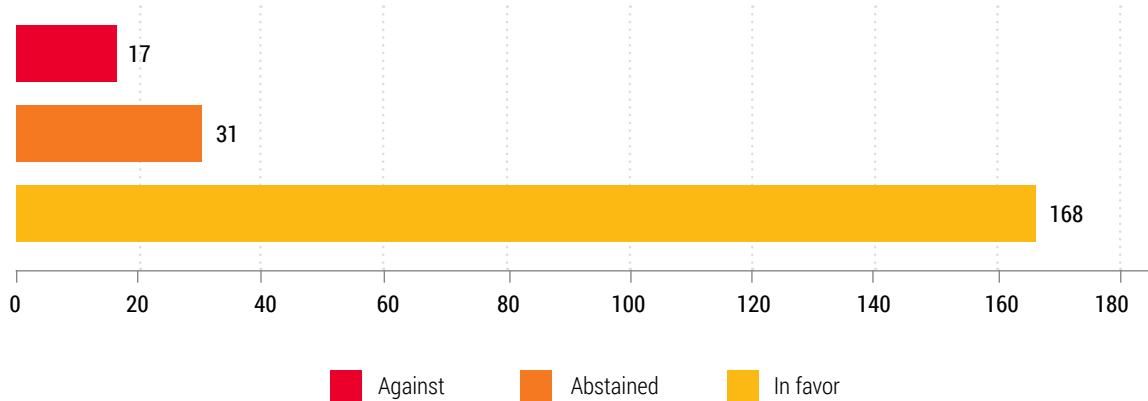
international reporting standards, decarbonization plans and climate adaption, as well as monitoring of the goals established previously.



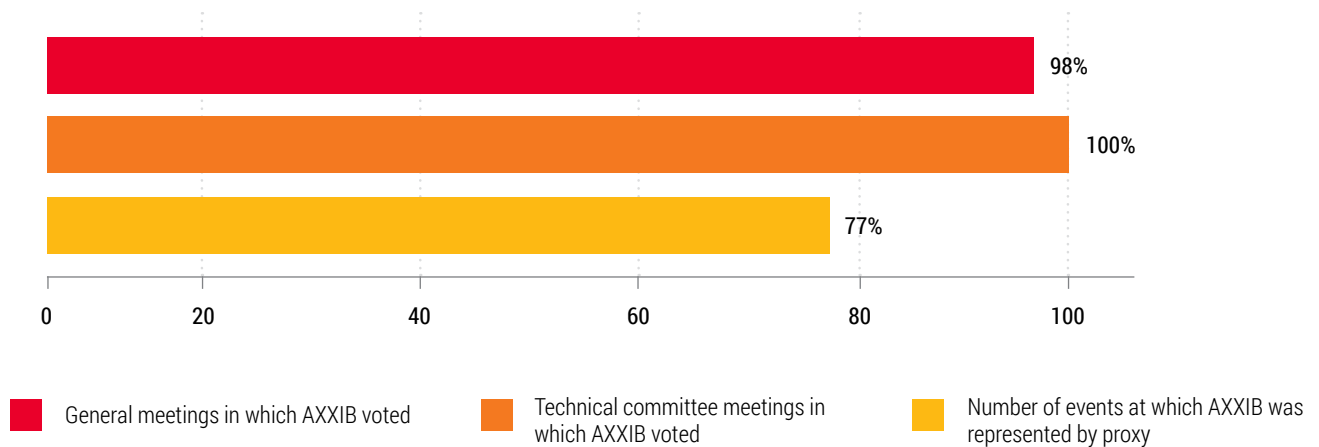
These efforts are part of our climate change commitment and are aligned with the Nationally Determined Contributions Plan (NDC), which set medium- and long-term goals for managing GHG emissions, to take effect in 2025 and 2030.

We also worked to strengthen our responsible investment processes during the year. We engaged an international consultant to assist us in the first phase, which consisted of a diagnosis of ESG progress, identifying strengths such as our internal culture, our solid credibility with stakeholders, and our infrastructure and ESG data quality.

### Voting statistics



### ESG Votes



ESG issues were involved in 14% of the votes; the remainder were matters of corporate governance. See the responsible investment policies of Afore XXI Banorte at: <https://www.xxi-banorte.com/asg/>

### Promotion of responsible investment

Early in the year, the National Retirement Savings System (CONSAR) announced that beginning in 2022, all AFORES must consider ESG factors in their investment process. This required adaptation of manuals, communication materials and risk assessment, along with a transformation of the process by which investments are analyzed.

In 2021, Afore XXI Banorte (AXXIB) supported other fund managers in complying with each of the regulator’s requirements, heading the Sub-Committee on Responsible Investment at AMAFORE. This sub-committee encourages and develops various activities that benefit all participants, most notably:

- Constant communication with the regulator to better understand the requirements.
- Involvement in various initiatives to encourage climate change action and gender equality.
- Communication forums to share best practices.
- Training by international leaders for local managers.

Other efforts to foster and disseminate information on responsible investment in line with PRI number

4 included participation by Afore XXI Banorte in 12 forums, ranging from webinars and virtual workshops to training for various stakeholders. These events focused on sustainable finance, corporate social responsibility, human rights and gender perspective.

### Asset manager

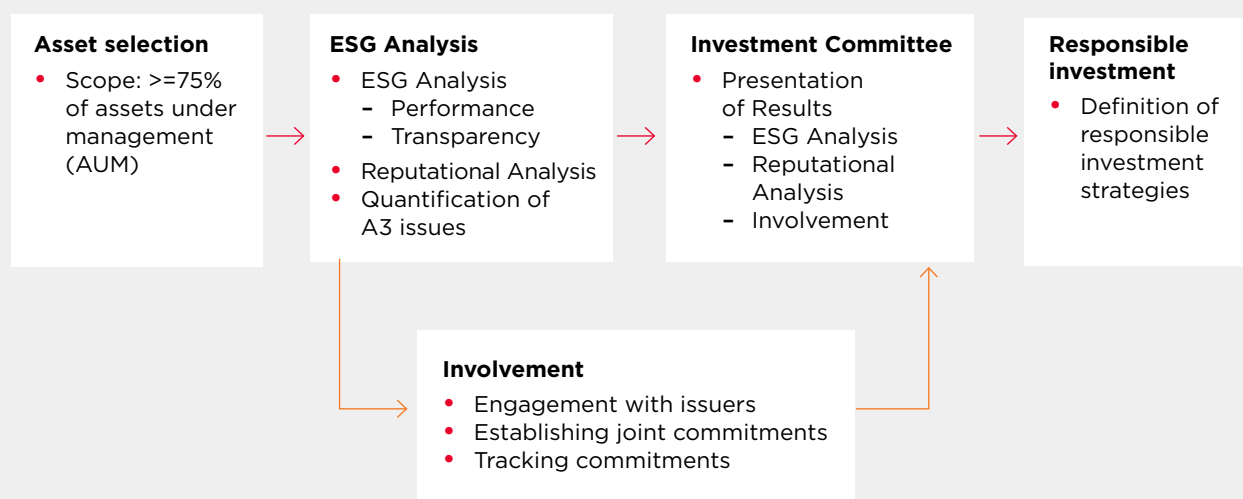
Our asset manager, Operadora de Fondos Banorte, strengthened its responsible investment strategy in 2021 by updating the Responsible Investment Policy and its ESG analysis and issuer engagement procedures which are part of the internal regulation of this subsidiary. Among the most important changes were regular reporting to the Investment Committee, the group that establishes investment strategy and tracks fund performance.

The policy is available at the following link:

[https://investors.banorte.com/~/\\_/media/Files/B/Banorte-IR/sustainability/policies-and-procedures/en/Responsible%20Investment%20Policy\\_151021.pdf](https://investors.banorte.com/~/_/media/Files/B/Banorte-IR/sustainability/policies-and-procedures/en/Responsible%20Investment%20Policy_151021.pdf)

Responsible investment requires analyzing the ESG aspects of the instruments in which we invest, to establish joint commitments and align sustainability interests. We also try to reward issuers with outstanding ESG performance, using various responsible investment strategies depending on the mandate for the fund in question.

### Responsible investment process



To analyze ESG performance, we use an in-house methodology following best practices established by the GRI and SASB standards, as well as the CDP questionnaire on climate change aspects. This methodology encompasses key indicators for each of the 17 industry groups included in the scope of analysis, weighting them according to our industry materiality matrix and evaluating them based on best global practices.

In addition, we evaluated ESG-related controversies for each industry group in order to determine the reputational risk of each issuer. To do so, we used an algorithm involving three factors: source of the controversy, dissemination and number of mentions in the media.

During the year we developed a special ESG methodology for analyzing sovereign debt issues, evaluating the countries that make up the MILA market: Mexico, Peru, Chile and Colombia. Although we only have positions in Mexican securities at present, we used the results as a benchmark for analyzing other emerging countries in the region.

The ESG analysis carried out this year covered 72% of the AUM.

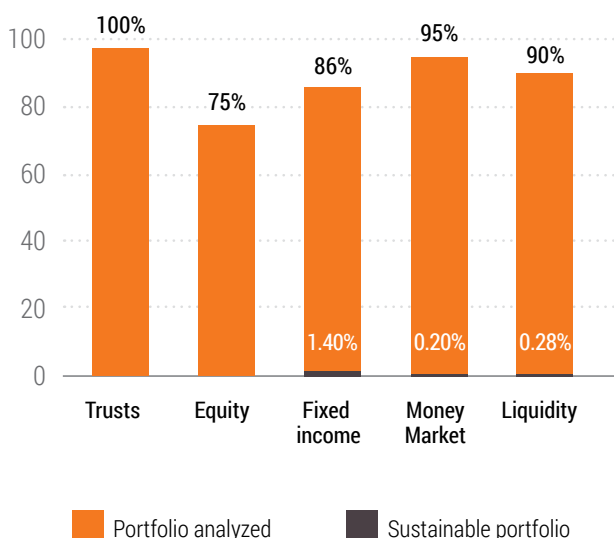
For the second year in a row, we led the CDP's Non-Disclosure Campaign (NDC) in Mexico, which encourages companies to report their actions against climate change, deforestation and water stress through its questionnaires. The request went out to 24 issuers, 45% of which responded and 21% agreed to participate.

We also joined the Science-Based Targets initiative (SBTi) together with the CDP, in order to accelerate corporate adoption of this initiative and encourage other companies to commit to decarbonizing their portfolios and mitigating climate-related risks.

In line with our commitment to tackling climate change, we are part of the LatAm Investors' Climate Initiative, promoted by the PRI, the goal of which is to develop skills for incorporating climate aspects in investment decisions. The first phase consisted of five workshops; in 2022 the second phase will focus on the use of scenario analysis to assess climate-related risks and opportunities in a portfolio.

The application of responsible investment principles is reflected in our NTESEL fund, which includes a strategy of involving ESG criteria in its selection, and the NTEESG fund, administered by an external manager, with a positive screening strategy. With these efforts, we hope to contribute to society and the environment while creating value for our clients and rewarding issuers who show outstanding ESG performance.

### Portfolio under ESG analysis



Along the same lines, **all of our external asset managers are PRI signatories**, which guarantees comprehensive application of responsible investment strategies.

## Sustainable financial products

FS8, FS11

### Sustainable Finance

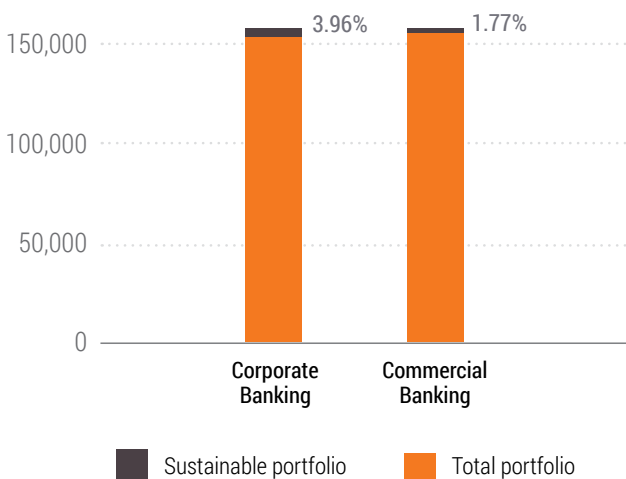
#### Sustainable and climate portfolio

FN-IB-410a.2

GFNorte wants to contribute more to the general goals of society and to climate agreements. We are convinced that there are tremendous opportunities for the capital markets to direct funding to projects that protect the environment and improve people's quality of life, which is why we identify and categorize our financing to ensure a positive impact on the country.

At the close of the year, the value of our sustainable portfolio in corporate and commercial loans was estimated at Ps. 8.50 billion, which was invested in projects in the following areas:

- Renewable energy (wind and solar)
- Clean energy
- Sustainable building
- Sustainable agriculture
- Wastewater treatment
- Waste recycling (paper, metal, plastic)
- Financing for vulnerable members of society (women)



The percentage of sustainable portfolio is calculated against the total Corporate Banking and Commercial Banking portfolio.

We also recognize the importance of clean energy as a primordial way to transition toward a low-carbon economy. Despite current uncertainty over energy industry legislation, we remain committed to our clients in the renewable and clean energy industries. As of December 2021, our ten renewable energy projects totaled Ps. 8.12 billion in financing to ten major projects.

### Banorte Total Rewards

Inspired by the success of our inclusion of cause-based suppliers in our Banorte Total Rewards program, we extended our portfolio of Products with a Cause, the purpose of which is to support Mexican companies that make sustainable products to benefit the community and the environment. On our platform, we have a space where employees and clients can find a wide range of such products to redeem their loyalty points.

### Responsible Investment

#### ESG Integration

Within the range of products offered by Operadora de Fondos Banorte, our NTESEL fund is a relatively managed mutual fund whose investment strategy is determined by a quantitative model involving ESG criteria, among others, to screen instruments for acceptance. With an ESG rating of 56.7 points, according to an internal evaluation, and 63 points from an independent consultant, the fund had a total value of Ps. 1.32 billion in assets under management at the close of the year.

#### Positive and negative screening

In collaboration with Franklin Templeton, Operadora de Fondos Banorte launched our NTEESG fund, made up of issuers who follow the best global ESG practices and who meet this subsidiary's Responsible Investment Policy guidelines. The fund's aim is to deliver returns superior to its benchmark. With an ESG rating of 7.26 points according to the manager's rating (19% higher than the benchmark index), the fund closed the year with a total of Ps. 2.15 billion in assets under management.

We also have exclusion lists for Afore XXI and Operadora de Fondos, which rule out certain activities and industries for investment.



**Thematic investment**

Through our subsidiaries Afore XXI and Operadora de Fondos, we strive to have a positive impact on the environment and society by investing in financial instruments with a sustainable focus. In 2021, our exposure to this type of asset totaled Ps. 19.06 billion in thematic bonds, Ps. 7.20 billion in sustainable ETFs and Ps. 23.17 billion in alternative instruments (CKDs and CERPIs).

**Impact investment**

Through Afore XXI Banorte, we promote investment in impact projects that benefit society and the environment, weighting the benefits for our AFORE members in each investment. Some of the results we obtained in 2021 were:

- We helped build 9,017 km of highways and paved roads.
- We supported social impacts that benefited around 7.5 million people.
- We promoted reforestation and remediation in around 100 square meters of land in various parts of Mexico.
- We invested in farmers that generated 17,065 metric tons of food.
- We contributed to the generation of around 127,000 megawatts a year, equivalent to 3.3% of national installed energy capacity.
- The companies that make up the portfolio achieved savings of 400 billion liters of water last year through treatment and recycling strategies for reusing water in other processes.
- We helped create 3.5 million jobs, both direct and indirect, in Mexico, equivalent of 6% of the country's economically active population.
- We encouraged the inclusion of women in governance bodies of around 39 publicly traded Mexican companies and more than 40 development capital asset managers (CKDs), resulting in a participation of 10% and 16% women in the boards of these institutions, respectively.

## Thematic issues

FN-IB-410a.1

### Placement of thematic bonds

During the year, Banorte participated as lead underwriter in 12 thematic bond tranches for four different issuers: Banobras, FIRA, U-Storage and Compartamos, for a total of Ps. 27.50 billion, in which the bid-to-cover ratio averaged 2.5x.

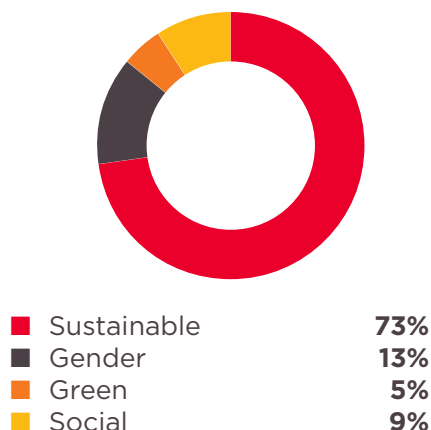
Issuer	Ticker	Bond type	Sector	(Ps. mn)	Format	Rate/spread
Banobras <sup>1</sup>	BANOB 21X	Sustainable	Developing Banking	1,100	TIIE+	-0.09%
Banobras <sup>1</sup>	BANOB 21-2X	Sustainable	Developing Banking	2,000	TIIE+	-0.03%
Banobras <sup>1</sup>	BANOB 21-3X	Sustainable	Developing Banking	4,300	Fixed	7.07%
Banobras <sup>1</sup>	BANOB 21UX	Sustainable	Developing Banking	2,600	UDIs	3.04%
FIRA <sup>1</sup>	FEFA 21G	Gender	Developing Banking	3,500	TIIE+	0.14%
U-Storage <sup>1</sup>	STORAGE 21V	Green	REITs	1,171	Fixed	8.64%
U-Storage <sup>1</sup>	STORAGE 21-2V	Green	REITs	329	TIIE+	1.50%
Bancomext <sup>1</sup>	BACMEXT 21X	Sustainable	Developing Banking	3,000	TIIE+	-0.07%
Bancomext <sup>1</sup>	BACMEXT 21-2X	Sustainable	Developing Banking	1,000	TIIE+	-0.05%
Bancomext <sup>1</sup>	BACMEXT 21-3X	Sustainable	Developing Banking	6,000	Fixed	7.83%
Compartamos <sup>1</sup>	COMART 21S	Social	Commercial Banking	1,783	TIIE+	0.40%
Compartamos <sup>1</sup>	COMART 21-2S	Social	Commercial Banking	717	Fixed	9.19%
Total amount				27,500		

<sup>1</sup> Issued under communicating vessels scheme

The total amount of issues labeled Sustainable accounted for 73% of the total, with Ps. 20 billion; total Gender-linked issues 13% with Ps. 3.50 billion; Social 9% with Ps.2.50 billion; and Green 5% with Ps. 1.5 billion.

All of these issues have been subject to external verification of the reference framework as a second opinion.

### Breakdown by bond type



### Green bond reference framework

In line with market trends and needs, we have a green bond reference framework aligned with the Green Bond Principles. Backed by a favorable second opinion from Sustainalytics, this framework sets the guidelines for future debt issues the proceeds of which go to financing or refinancing projects in the areas of renewable energy, energy efficiency, natural resources and biodiversity, sustainable mobility and water stewardship, provided they meet the criteria established in that document.

Consult our green bond reference framework at:  
[https://investors.banorte.com/~/\\_/media/Files/B/Banorte-IR/sustainability/policies-and-procedures/en/GreenBondFramework\\_010520.pdf](https://investors.banorte.com/~/_/media/Files/B/Banorte-IR/sustainability/policies-and-procedures/en/GreenBondFramework_010520.pdf)

	Issue date	Term	Bid-to-cover by tranche	Bid-to-cover for issue	S&P	Moody's	Fitch	HR
	Mar 21	3	9.2x	3.6x	AAA	Aaa	AAA	
	Mar 21	5	2.0x		AAA	Aaa	AAA	
	Mar 21	10	2.4x		AAA	Aaa	AAA	
	Mar 21	15	4.1x		AAA	Aaa	AAA	
	Apr 21	3	3.2x	3.2x	AAA			AAA
	Jun 21	7	1.3x	1.6x			AA-	AA
	Jun 21	4	2.7x				AA-	AA
	Oct 21	3	2.0x	1.9x		Aaa	AAA	
	Oct 21	5	3.0x			Aaa	AAA	
	Oct 21	10	1.6x			Aaa	AAA	
	Nov 21	3	2.1x	3.0x	AA		AA	
	Nov 21	5	5.1x		AA		AA	
Average bid-to-cover 2.5x								

## Sustainable insurance

### Hydrometeorological insurance

Our insurance subsidiary, Seguros Banorte, offers catastrophic coverage for weather-related phenomena, helping clients mitigate the physical risks of climate change, like hurricanes, flooding, storm surges, tsunamis and hail, among others. This type of insurance is available for homes, retail and industrial properties.

At the close of 2021 we were covering 214,256 risks throughout the country, including the zones with the greatest exposure to hurricanes: the Yucatán peninsula, the Gulf of Mexico and the Pacific Coast. The insurable assets declared in these policies totaled Ps. 785.27 billion, with total risk retention of Ps. 104.74 billion and net premiums of Ps. 825 million.

### Parametric insurance

Seguros Banorte offers a parametric insurance policy with coverage against hurricanes. The parametric triggers of payment depend on the trajectory and speed of wind—scaled at 100, 130 and 160 knots—which in turn determines the maximum parametric payout. Parameters are graded according to the official records of the National Hurricane Center at the National Oceanic and Atmospheric Administration (NHC-NOAA).

In the event of a claim that includes any of the predefined parameters, our commitment is to make payment within 72 hours, regardless of whether or not there was any impact in the insured zone. This guarantees that both infrastructure and natural capital impacts in the defined area can be addressed as quickly as possible. In 2021, we issued five policies in various states of Mexico, with net premiums of Ps 15 million.

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# Technology and Infrastructure Capital

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Through launches like a next-generation debit card, we continue to break the mold with innovative solutions and constant process renewal, sustained by our cell-based work culture, specific work groups that enable us to react instantly to changing environments.



**56%**

of credit cards  
activated through  
digital channels

**NPS of 76.9**

points in digital  
credit card  
applications

**20%**

reduction in  
response time for  
transactions in  
digital channels



## Strategy and course

Evolution and change have been the force propelling us for the last 12 months. In 2021, we continued to transform and adapt to a new reality, strengthening our internal processes and simplifying our clients' lives, in line with our vision of being a great ally to grow strong with Mexico.

In 2021, we found new and better ways of doing things, breaking paradigms through solutions that were unthinkable in the past, and which we achieved in record times, in addition to completely overhauling out-of-date processes. Our cell-based work culture gave us the flexibility and capacity to respond immediately to changing environments, taking advantage of common technological components that can be used, expediting the delivery of value to clients, and improving our resource management.

We continued our effort to preserve and develop our three priorities:



1.

### The Client

**Listening and acting** as they expect us to, which is key to a long-term relationship.

2.

### Personalization

Each client has their own interests and needs. **"I decide what I want."**

3.

### Digitalization

We all want it **right here, right now**. Agile communication and execution and immediate results.

With the same focus, we remain committed to offering the best banking products and services in Mexico.

## Market

Acquiring business



**1<sup>st</sup> place**  
in transactions

**2<sup>nd</sup> place**  
in terminals

**4<sup>th</sup> place**  
in affiliate  
merchants

Credit cards



**4<sup>o</sup> place**  
in portfolio

**Strategic clarity**

We are continually developing new solutions for credit and/or debit card collections, while maximizing the benefits and availability of these payment methods.

With this as our point of reference, in 2021 we brought together credit and debit card management into a single team called Physical and Digital Cards. The aims are both tactical and strategic: to optimize and make more efficient processes that are common in our operations; to strengthen our promotions to multi-product clients; to have a higher volume of clients so that we can agree on benefits with our commercial partners; and to bring technological and digital advances to both types of payment methods.

For the acquiring business, this strategy is reflected in an exponential growth of our client portfolio. One of the ways we support our merchants' development is technological infrastructure, with a continuing improvement in the institution's own payment engine, which last year reached a record high volume of transactions processed: more than 183 million in one month.

The structural pillars of our payment method strategy remain constant, but their details can be adapted to the market situation, the economic environment and the available technology.

We work to steadily create more opportunities for personalizing our products, all of them consistent with the needs and preferences of our various types of clients. We would like most functionalities, features and promotions to be available on a self-service basis.

**We maintain our goal of forging alliances with companies that enable us to offer them more and better products, services and benefits to our clients.**

For our acquiring business clients, we set up an online contract channel so they can handle the entire process via the web. Also, through our Multi-collections tool, clients can manage their channels for payment method acceptance, create transaction reports and administer users, to mention just the most important functionalities.

Last but not least, we continue to protect the quality of our assets, using segmentation and client-level data to decide on granting and extending the credit, and eligibility for benefits. Being able to identify what each client needs, particularly in a complicated economic environment, is an essential component of our portfolio's success story.

Besides incorporating a commercial and product strategy, the course we have charted begins with a robust infrastructure to support the platforms and processes we offer clients, guaranteeing them stability and security in their services and transactions.

Point-to-point digital solutions remain another of our priorities, consistent with our mission of building trust and financial solidity for all our clients.



Our project portfolio is divided into three areas:

# 1.

**Operating the bank** with projects that allow us to tend to regulatory and security requirements and to technological and operating risk, as well as corrective and evolutionary maintenance in our current systems.

# 2.

**Changing the bank** with projects that keep the way we manage and evolve our operations up to date through cutting-edge technology.

# 3.

**Transforming the bank** through projects that seek continuously to reinvent it through digital technology solutions.

2020	Category	2021	Main programs/projects
35%	Operating	34%	Security programs, virtual desktops
43%	Changing	44%	Mobile app redesign
22%	Transforming	22%	Remote identification module
100%	Total	100%	

## Payment methods and channels

2-6

Our biggest achievements revolve around personalization, availability and digitalization, and seeking out the best experience for the client.

We launched a next-generation debit card which has become a market watershed. It is a contactless card that contains no sensitive data, which can be obtained in branches and associated merchants (7 Eleven and Farmacias del Ahorro), which the client can link to their deposit account via the mobile banking app. This year our clients linked almost 50,000 cards to their accounts, and we sold around 33,000 cards in retail establishments. The aggregate billing through these cards totaled Ps. 265 million.

### NPS 77

#### Universal Card

We launched two co-branded credit cards with Marriott, which serve the needs of traveling clients in various wealth brackets.

In cross-selling, we used segmentation and archetypes to better identify the needs of the banks' clients and offer them the ideal credit card. The result has been high rates of acceptance along with significantly faster activation and use than the average for the portfolio.

Similarly, our usage campaigns offer clients another great experience, because channels of communication and acceptance of offers are flexible, and the benefits can be obtained based on targets and achievements, and not on chance.

Card-not-present credit card billing grew 27%, accounting for 42% of total billing, a substantial percentage considering this past year's reactivation of shopping in physical stores.

### Credit cards

**+5% growth in client with billing**

**Digital card billing accounted for 9%** (+6% in 2020) of card-not-present billing, +30% in total billing over 2020.

The number of clients in card-not-present billing grew 6% over 2020.

**Card-not-present debit card billing grew 36%**, accounting for 23% of total billing. Digital card billing accounted for 5% of the card-not-present billing.

The number of clients in card-not-present billing grew 11% over 2020.

**Debit card**  
**+2% in clients with billing,**  
**supporting a growth of**  
**+24% in total billing vs. 2020**  
 (merchant payments only,  
 excluding withdrawals)

In the acquiring business, the product was extended nationwide to a little **over 100,000 affiliations**, which can participate in card-present solutions as well as remote ones; focused on digitalization, we reached record levels in e-commerce sales.

**+55% in number of transactions and**  
**+13% in total billing in e-commerce**

We remain focused on improving client experience in order to build loyalty. Our Payment Link solution lets small businesses easily control their expenses, because they can view them in real time from their webpage. Today we process more than Ps. 70 million a month in payments. We improved processes by cutting client payment time in half, and we maintain a constant synergy with the commercial and issuing teams to offer personalized solutions that generate added value.

**NPS 80**  
**Mobile app redesign**  
**(vs NPS 69.7 for the previous version)**

**NPS 61.2**  
**Acquiring business**  
**(+5.1 points vs. 2020)**

All of this has positioned **Banorte as 65<sup>th</sup> largest acquirer in the world** according to the Largest Merchant Acquirers Worldwide report, **climbing 9 notches** from the 2020 ranking, and coming in **tenth in Latin America**, one notch higher than in 2020, based on Latin America's Largest Acquirers, both published by the Nilson Report in 2021.

On the subject of our channels, this year we ranked second in the number of ATMs nationwide; we completed the modernization of 50% of our network and met our goal of achieving a 95.8% availability rate, serving an average of 9.5 million clients and users each month. Our placement strategy continues to prioritize locations where our clients operate.

**NPS 67.6**  
**ATMs**  
**(+5.9 points vs. 2020)**



Finally, we enhanced the experience of our personal banking clients by launching a new version of our mobile app. This was the result of a complete re-engineering of the app to make it faster, simpler and more secure. The app now serves 4.5 million clients, a year-to-year growth of 40%.

Day after day, our mobile banking app becomes stronger as our main means of interaction with clients. We focus on clients' adoption of digital media with a close banking relationship, concerning ourselves first with those to whom we can offer a digital alternative to the transactions they formerly performed at our branches, but also with those who were conducting transactions through the call center or ATMs.

Some of the most important transactions migrated to the digital channel were:

**Credit card activations**  
**56% in 2021 vs. 37% in 2020**

**PIN assignment**  
**60% in 2021 vs. 50% in 2020**

**Deferred interest-free installment payments**  
**57% in 2021 vs. 45% in 2020**

**We had the opportunity to venture into neuroscience. Accompanied by real clients, we tested the usability and design of our app, increasingly involving the end client.**

We made it easier to acquire and activate products through the digital platform, so we can more easily serve clients whose first interaction with Banorte is through digital channels, many of them payroll clients.

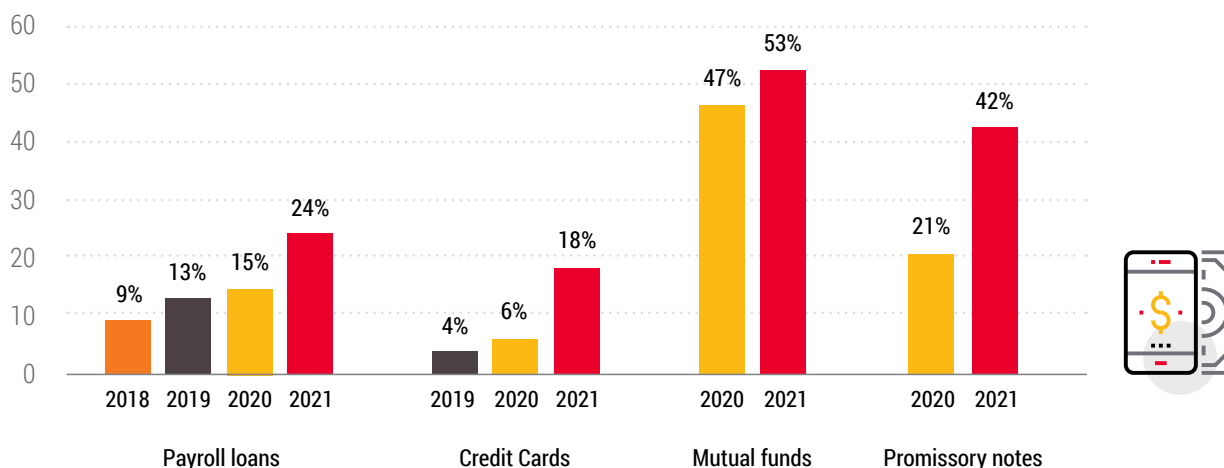
Communication with our clients was a core concern: We encouraged not just digital adoption, but digital culture, guiding our clients step-by-step toward doing their banking through a variety of digital channels.

**+97% in transaction volume vs. 2020**

We laid the groundwork for non-client users to begin their relationship with the bank 100% digitally, easily and with our constant assistance.

Thanks to this support, sales through the digital channel performed well last year and show an encouraging trend.

**Digital origination vs. total bank**



## Facing digitalization

In recent years, we have devoted considerable effort and investment to developing digital functionalities for our products. Today, almost any credit card process can be conducted digitally, from acquisition, activation, purchases, and withdrawals to payments and disputed charges, among the most important. In the acquiring business, we will soon have an online onboarding process available so that the client does not need to visit a Banorte branch.

**In December 2021, 81% of the credit cards placed in our branches were granted immediately.**

In 2021, we placed 78,000 new accounts through our digital self-service channels, a 200% increase over 2020.

At our branches, clients can obtain a physical card instantly, and in all cases, they can activate the digital card associated with the account through a simple process that takes seconds. Fifty-four percent of the accounts placed through Banorte Móvil have an active digital card. We are one of the few card issuers on the market that offer the Apple Pay service on all our cards.

We continued to bolster cross-selling processes to payroll clients. Through segmentation we were able to identify each client's payment capacity and offer them access to credit on a responsible basis.

In our 2020 report we mentioned that in 2021 we would be looking for a system to prioritize technological solutions. We are pleased to announce that we succeeded, despite the continuing uncertainty the year brought, efficiently focusing most of our resources on changing the bank, ensuring regulatory compliance, security and systems stability, so that we could operate the bank normally and with high availability in all our channels.

### Availability

Channel	2020	2021
Payworks	99.90%	100%
Call center	99.74%	99.88%
Correspondents	99.93%	100%
Branches	99.54%	99.70%

### Availability

Channel	2020	2021
Banorte Móvil	99.68%	99.57%
Internet individuals	99.58%	100%
Internet corporate and government	99.65%	99.74%
ATMs	95.24%	95.65%



Digital credit card acquisition  
NPS **76.9 points**



In physical experiences  
Opening **NPS 84.9 (+14 points vs. 2020)**  
Activation **NPS 86 (+5 points vs. 2020)**  
Delivery **NPS 9.2**

Thanks to the consistency and maturity of the development areas, **the value delivery fulfillment index (iCEV) reached 93% of on-time deliveries in 2021**, as planned and without production failures, and a total of 1,048 value deliveries.

### iCEV **+1ppts** vs. 2020

### Value deliveries **+17%** vs. 2020

This was the result of **2.8 million workhours of development**, higher than any year before that, with an efficient management of resources: a ratio of four to one external/in-house.

### Development hours **+8%** vs. 2020

Among the main projects competed in the year were:

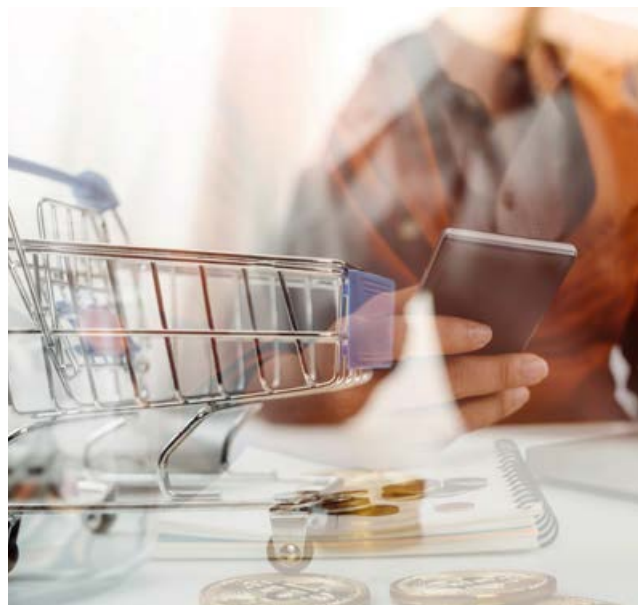
**Banorte Retail Center:** We introduced a digital platform for Banorte's affiliated merchants to expand their digital channels, using our payment engine and complementing our services.

**Adoption of container technology:** By adopting a service platform to expedite the deployment and delivery for applications, we maintained a stable infrastructure and improved response times in channels like Banorte Móvil, using our infrastructure more efficiently and optimizing hardware and software use.

**Wholesale Banking app:** Offers online information and a business relationship with the bank, and the ability to detect growth opportunities.

**Campaign warehouse:** A latest-generation repository to increase campaign distribution capacity and strengthen advanced analytics on business intelligence tools.

**Centralized transaction repository:** A source of interaction between clients and the bank, by which we can offer recommendations through text messages, e-mail, or a review by the responsible area, when necessary.



We introduced a digital platform called **Banorte Shopping Center**, so that affiliated merchants can expand their digital channels.

**Service screen for Banorte executives:** Allows for comprehensive client management, reducing the call time and solution.

**Hardware-software update in the acquiring business:** update of platforms to strengthen operations and service. Some of the most important changes were:

- ✓ Update of the Payworks Hosted and Motor service apps, 3D Secure, 3D Secure Plus, Cybersource, Banorte Merchants Management (BMM), Interface with PRM and credit report service.
- ✓ Introduction of high availability in Payworks, taking advantage of the capacity at Querétaro and Monterrey data centers with international standards and guidelines.
- ✓ Technological renovation of the hardware and software platform to maintain service levels and transactional demand growth.



**Introduction of Switch E-Global for Payworks**

**transactions:** To start up operations in early 2022 as an authorizer and clearinghouse additional to PROSA. This will be a competitive advantage in the acquiring market, because it will be the only acquirer that works with two of the largest clearinghouses in the country.

**Controls on outside equipment:** Technological controls to reduce the risks involved in bringing outside personnel into the bank, through virtual desks (VDI) and Office 365 in order to protect the bank’s information.

Among other initiatives, we have defined the Digital New to Bank contract processes.

We continued to work on our technological infrastructure based on API platform solutions that address the 75 most-used services at the bank, with increased speed and more transactions per second.

Thanks to our alliance with Google, we are extending our APIs, now toward partners like Rappi and other solutions like Apple Pay, CoDi and ATMs. We met the requirements of the regulator (Banxico) by creating the entire scaffolding for what will be our OpenBanking program. In June we launched our ATM inquiry API with the APIGee platform.

This year as well, we set up guidelines for having an open stance on the cloud, with low-risk loads and signed agreements with Microsoft, IBM, SAP and Google, to upload the most critical processes to the cloud. The agreement we signed with Google will enable services for our clients and partners, accelerating digital transformation and cultural interchange in operating models.

**Infrastructure**

We made significant progress last year in expanding our central capacity, outfitting workspaces and updating operating systems in our computer equipment.

- Central capacity expansion and upgrade of mainframe equipment
  - **Reduced transaction response time** in our channels by 20% (24/7 access, mobile banking, branches, ATMs/POS, correspondents, etc.)
  - **We reduced CPU consumption** by 2.7% in peak hours through architectural efficiency and increased available processing capacity by 32% in order to meet business demand in coming years.
- Creation of **HANA catalog**



**OpenBanking**



We enabled a framework for creating catalogs that require delivery of information in real time, ideal for online applications. The benefits will materialize as bank applications progressively migrate their catalogs to HANA.

The HANA catalog lookup service offers a 50-millisecond response time, 40% faster than the previous version of the branch catalog. This will improve the response time of all our mobile and web apps for the external client, as well as the apps our executives use in the branches. It will also allow for the input of data, creation of new fields online, greater agility in bank developments, and zero impact on availability from out-of-service windows.

## Information security

FN-CB-230a.1, FN-CB-230a.2, FN-CF-230a.1,  
FN-CF-230a.2, FN-CF-230a.3

Banorte has an extensive portfolio of information security policies and procedures which determine its security strategy, incorporating external regulations and best practices.

In 2021, the goal was to update our internal regulations in order to reinforce information security. In consideration of the increasing prevalence of remote work at Banorte, we published a Remote Work Policy on our Institutional Regulations page and updated another 11 policies.

Every year the external auditor conducts a series of visits to ascertain whether existing controls guarantee the integrity of the information we publish in our financial statements. Additionally, last year the CNBV conducted a visit to verify compliance with the security controls applied in the bank.

### Cybersecurity risks

The digital transformation GFNorte has undertaken to boost its market competitiveness is grounded in the latest information technologies, but these entail certain new threats and cyber-risks. With this in mind, in December 2021, the Subcommittee on Cyber-Risks began its work, with a preventive focus to manage them, improving its capacity and the ability to promptly detect and address them. For 2022, implementation of the Cyber-Risk Management Model will be completed, making it possible to systematically manage these risks at GFNorte.

### Information security management

To improve information security culture at Banorte, we introduced an annual awareness-building and training program for all employees, which strengthens their commitment to protecting information, the group's most valuable asset. Each month short articles are published in the institutional newsletter covering key security issues, and we also post constantly on social media like Yammer and the group's institutional website. And by sending out simulated phishing e-mails, our employees are kept alert to any risk.



During the year, we published:

**15 information security newsletters,**  
with a view rate of 70%

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**11 phishing scenarios,** with a 12.4%  
failure rate

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**11 posts on Yammer,** Banorte's official  
social network

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**Ten guidelines** on the internal  
collaborative website

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**Mandatory information security**  
**course** for all employees, completed  
by 99.1% of attendees

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**Two workshops** on phishing

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### Standards (ISO 27001, PCI)

We carried out a second inspection process in 2021 with an eye to recertifying our Information security Management System (DSMS) in 2022, to remain in alignment with international standard ISO 27001.

The following were certified during the year:

1. Critical data assets of our online banking and mobile banking services and apps, our payment method platform, local interbank transfer platforms, personal data archives and databases authorized by senior management.
2. Operation of the FORTSEC factory process and incident response team (IRT), including their critical assets.
3. Joint management by the business areas of GFNorte and the Technology Department of cyber-fraud risk in ATMs, online banking and card-not-present transactions.

The DSMS currently covers six channels, a scope we intend to expand in 2022 to include the correspondent channel (for banking transactions).

We also obtained PCI DSS recertification for the acquirer process, expanding the scope of our certification, and began the process of obtaining certification for online banking, which is expected to conclude in 2022.

**As part of our strategic security goals, we continued PCI DSS certification for the acquirer process and expanded our coverage to include digital channels that use data and transactions with cards, complying with the more than 400 controls the standard requires for certification.**

### Regulations and compliance

We comply with all laws and regulations as well as international standards and best practices. The most important of these are:

- General Provisions Applicable to Credit Institutions (Information security Section), published on November 27, 2018 in the Official Gazette of the Federation
- General Provisions Applicable to Brokerage Firms
- Credit Institutions Law
- Federal Law on Protection of Personal Data in the Possession of Private Parties
- ISO 27001:2013
- Payment Card Industry Information Security Standard (PCI DSS)

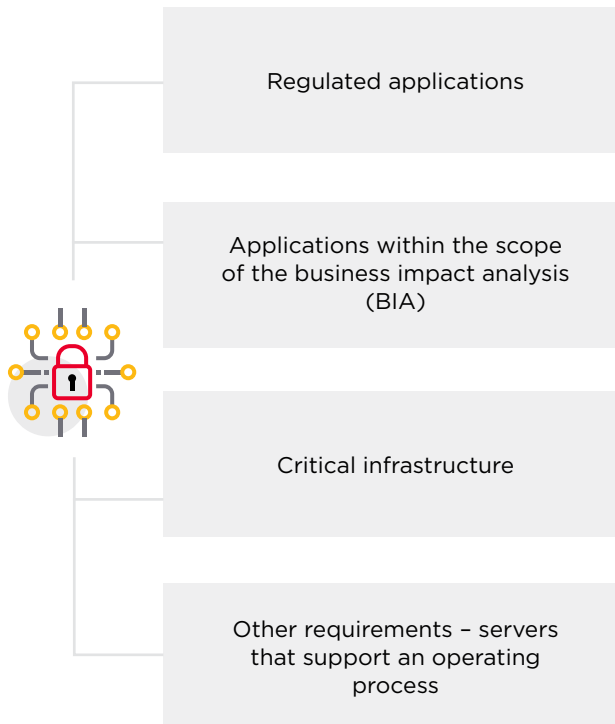
We also have a broad portfolio of data security policies and procedures, in which we define the security strategies that must be followed at GFNorte, considering external regulations and best practices. These policies are authorized by the bank's Control and Audit areas, including the Chief Information Security Officer (CISO) and Integrity Committee.

The following were among the actions taken last year:

- 20 intrusion tests run by a qualified external consultant and 12 internal tests.
- More than 49 code-level applications, with black-box and white-box scans.
- Monthly platform scans of 161 applications, which encompassed more than one thousand servers in all the bank's environments.

### Application security

The Vulnerability Management Program provides detailed instructions on analyzing and conducting vulnerability tests of the technological infrastructure that supports critical applications. It covers four groups:



This program is aligned with an internal methodology for measuring the level of vulnerability to risk, based on frequency and severity. This methodology was updated and authorized the Risk Policies Committee, for the purpose of detailing the components that impact risk classification by type of vulnerability.

This program is tracked monthly using the KRI016 indicator, “Critical vulnerabilities pending correction and detected in vulnerability analyses,” established in annex 72 of the General Provisions Applicable to Credit Institutions. The results are presented to the Audit and Risks Committees as well as the CEO in the CISO’s monthly management report. With this we can obtain supporting material and resources for reducing risk indicators when the results so indicate.

### Border Patrol


The Border Patrol service is a review of security controls on servers that are released to production. Its aim is to identify applicable security risks and controls in new services involving the production of information technologies, by tracking change controls related to the creation of new servers. The process at GFNorte entails the recording, documentation and communication of vulnerabilities with the teams responsible for remediation—infrastructure or development—and then verifying compliance in the implementation of security baseline setup, the installation and configuration of integrity agents (anti-malware) and the connection of operating system logs with the event correlator managed by the Security Operations Center.

In 2021, around **500 servers were examined and validated** in the platform’s Border Patrol process.

### Internal security operations management



**ATM Security:** To bolster ATM security, controls were introduced to ATM equipment and their communication with the bank’s network. To do so, security monitoring agents were updated in more than 9,700 ATMs, hard disk encryption tools were installed in more than 1,900 units, and new technology acquired and installed for encrypting communication between the equipment and the Banorte team.



**Security event monitoring:** At GFNorte, the Security Operations Center is in charge of continually monitoring network traffic and the performance of the various applications that make up our infrastructure, including automatic teller machines across the country. We also have a security intelligence team that conducts a proactive and iterative search for fraud alerts, as well as threats, both internal and external, to our information security.

**Cyber-crisis program**

One of the main objectives of this program is to strengthen crisis response capacity among the teams that make up the various lines of defense of the Cyber-crisis Department. To this end, we conducted 14 cyber-drills throughout the year, some of them regulatory, like those mandated by Banxico and Swift, involving a variety of scenarios for local and global risks, like ransomware, phishing, supply chain attacks and denial-of-service, among others. This enables us to identify and make improvements, and to buttress our security controls in order to face the eventuality of an actual cyber-crisis.

Toward the same end, we have created action protocols with strategic areas of the bank in order to ensure a coordinated response by the various teams. At least 12 training sessions are given each year, both in-house and supplied by vendors, to members of the various cyber-crisis teams.

We also continued our collaboration with critical manufacturers and key suppliers to the organization. Another 27 firms were added to this effort last year, with which we reached agreements and made improvements in technology operation and information security.

**Incorporating security into projects**

We have a Security Services Delivery Program that ensures the definition and application of controls to mitigate project risk through an efficient process and by reinforcing the roles and responsibilities of the areas and persons involved.

Every project in Banorte’s technology area is categorized and classified for attention within the Security Services Delivery Program run by the Executive Department of Data Security. As of December 2021, a total of 338 projects had been covered by this program.

**Operating models**

In aspects pertaining to our day-to-day operations, we pursue standardization, continuous improvement and automation of security processes. With this in mind, we designed a customized method of operating models that includes the area’s most important processes and services.

First, we evaluate existing processes and controls, identifying areas of opportunity in aspects such as automation efficiency, definition of responsibilities or agreement, and taking maximum advantage of technological resources. After that we design improvements to the model through standardized artifacts such as high-level diagrams, data flow charts, N2 diagrams and RASCI, KPI and SLA matrixes, among others. Based on this we then define the execution plan, including indicators by which we can monitor behavior and, when necessary, improve execution.

We also work to expedite processes and execution, and to do this we aligned some operating models with an Agile methodology based on the “scrum” framework.

Our current inventory of operating models includes 35 initiatives, 30 of which are in the execution and monitoring phase. Ten models have been incorporated into the Agile methodology, and of these, 58 sprints have been completed; another 15 are in process and 40 are in the planning phase.

We organized 14 cyber-drills during the year, some of them mandatory like those of Banxico and Swift, operating on various scenarios relating to local and global threats.

**No data leaks were reported in 2021.**

## Data privacy

418-1, FN-CF-220a.1, FN-CF-220a.2, FN-CB-230a.1, FN-CB-230a.2, FN-CF-230a.1, FN-CF-230a.2, FN-CF-230a.3



### Policy on Personal Data Protection

Banorte has a Policy on Personal Data Protection that applies to all of the group's subsidiaries. **This policy outlines the duties and obligations of each employee**, especially those whose activities involve collecting, analyzing, processing, storing or consulting sensitive personal data pertaining to the bank's customers.

This policy was created in response to new regulations on personal data protection in Mexico, and it has already been updated several times based on best practices recommended by external consultants and the authorities.

We also have a Personal Data Management System Policy which describes the internal strategy we have for dealing with security risks, threats to our computer systems and incidents that may compromise the confidentiality, integrity or

availability of personal data, and for complying with the applicable regulations. This policy is part of our effort to obtain certification for our personal data management processes.

### Personal Data Protection Committee

As part of our commitment to protecting personal data, in October 2017 we created a Personal Data Protection Committee, which is made up of an interdisciplinary group of representatives of our various areas. **Its mission is to analyze, evaluate, predict risk, and to issue resolutions on the protection of personal data** through planning, monitoring, and review of policies, procedures, strategies and actions for continuous improvement in this area. It also works to build a culture of personal data protection, seeking to prioritize the interests of those to whom the data belong and their privacy, in addition to internal rules and external regulations.

### Responding to official requests

Official requests from the authorities are received in the form of formal notices or instructions, with due justification and grounds on the part of the competent regulators and/or by a court order, pursuant to Mexican law. Such requests are handled by the Legal area in the appropriate time and form, in coordination with the Regulatory Provisions Control Area.

Because of **Banorte's remarkable level of maturity in data protection, we can much more easily and efficiently handle such requests from the authorities.**

In 2021 one ruling on a fine was settled in the bank's favor, and another fine was paid to the competent authorities for a total of Ps. 7.5 million. Both of these had to do with cases from previous years.

### Data privacy mechanisms

#### Privacy notice

Grupo Financiero Banorte protects personal data as mandated in the Federal Law on Protection of Personal Data in the Possession of Private Parties and its Regulations. **The owners of personal data, their privacy and their trust, are our priority. That is why we protect this data through a continuous review of our information security processes, both physical and digital.** Banorte makes its privacy notices available at all times to personal data owners on its websites, and these are updated as required by the business and to comply with applicable regulations.

A refusal to allow the use of one's personal data for secondary purposes shall not be grounds for a denial of the services and/or products to that person when applying to or signing contracts with Banorte. If someone does not wish for their data to be used for secondary purposes, they have the right to communicate this through the media indicated in the privacy notice.

Personal data are stored for the time periods established in the provisions that apply to financial institutions in Mexico.

### Personal data protection culture

**We promote a culture of data protection through annual training and regular awareness-building programs for our employees, as well as sanctions against those who violate the law.**

Banorte is a member of the INAI Allies program, focused on building a culture of data protection. This program encourages and supports personal data protection training in organizations and companies, in conjunction with the Federal Institute for Access to Public Information and Data Protection (INAI).



On September 30, 2021, Banco Mercantil del Norte obtained certification in personal data protection for Personal Data Management Systems from Normalización y Certificación NYCE, S.C. (NYCE), (certificate no.: REA. EA.01.2015.-01/15-NYCE-CPDP-070) Personal Data Management System, having met the requirements established in the federal personal data protection law, its regulations and self-regulatory parameters on this matter. The bank was awarded a full-scope certificate, which includes all the areas that participate in its Personal Data Protection Committee, as well as its Call Centers, Data Centers and Branches. Thus, the bank underscores its commitment to making protection of its customers' data its highest priority. The Certificate is effective until September 2023, at which time Banorte must apply for renewal. The Certificate can be viewed at <https://registro-esquemas.inai.org.mx/>

**In 2021, the information of 310,249 account holders was used for secondary purposes—3% of the total.**

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# Intellectual Capital

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Digitalization of our services has shortened all of our transaction times, sustained by a policy of innovation and customer-centricity. A Bank in Minutes is one example of how we have done this: generating customer experiences in minutes, for any transaction they need.



## **1,170 branches**

adopted the cell model

## **Improvement in crossed sales**

of insurance, portability,  
credit cards, payroll loans  
and investments

## **Elimination of physical files**

in branches and custody



## Customer experience and innovation

416-1, FS5

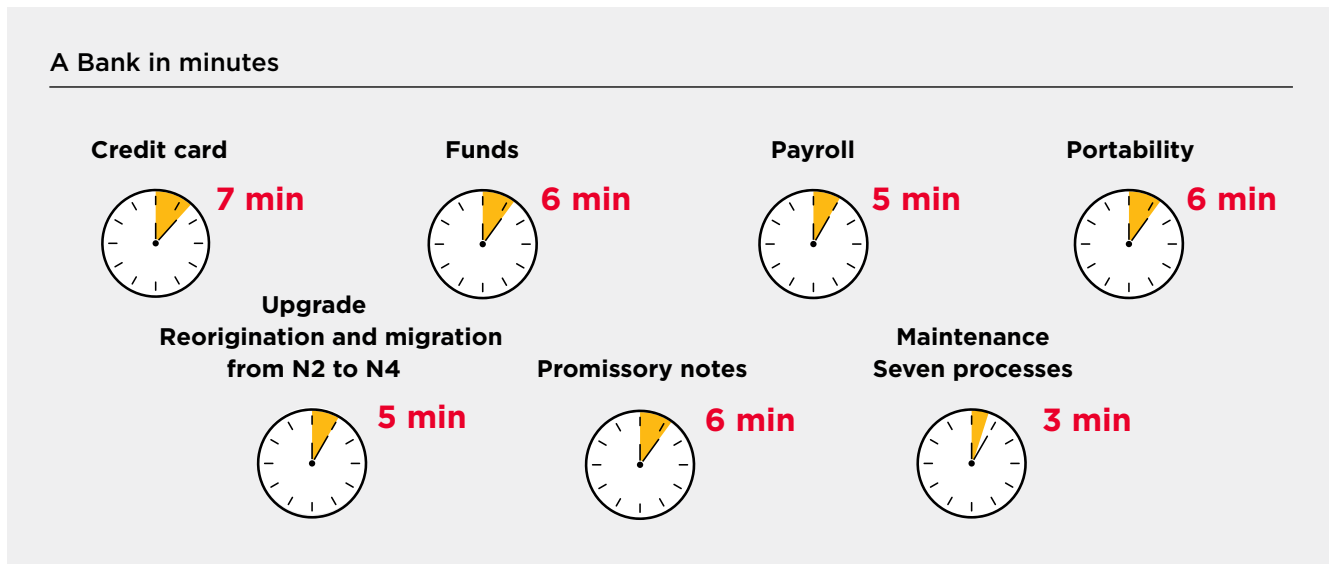
### Banorte, a bank in minutes that goes beyond digital

At Banorte, we are undergoing a sweeping change, placing the customer front and center in our design, transformation and innovation.

Five years ago we began a technological overhaul that would enable us to focus on the customer's experience, unifying platforms, data and processes to create personalized experiences. This architecture

makes widespread use of reusable services and components, which gives us greater flexibility and a deeper knowledge of our customers so that we can generate experiences in minutes in any of our physical or digital channels, as well as through our omnichannel experience.

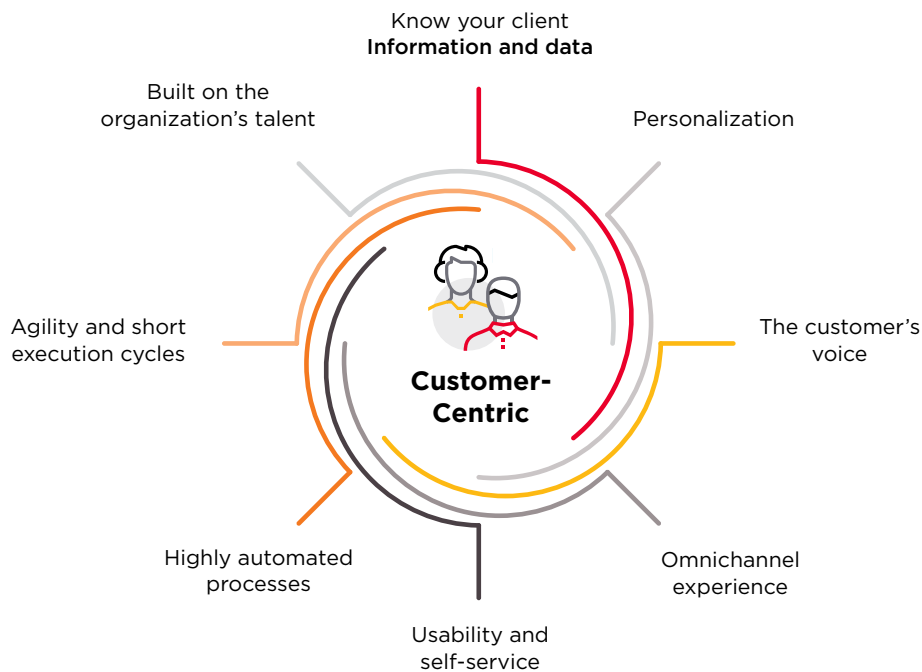
We began the transformation program by reimagining experiences, internal processes and information use, directing and mobilizing the organization to where the client wants to be served. The outcome of all these efforts is what we call "a Bank in minutes," where customers can do their banking quickly, easily, and secure as always.



A number of improvements have also been made in various operating processes, such as:

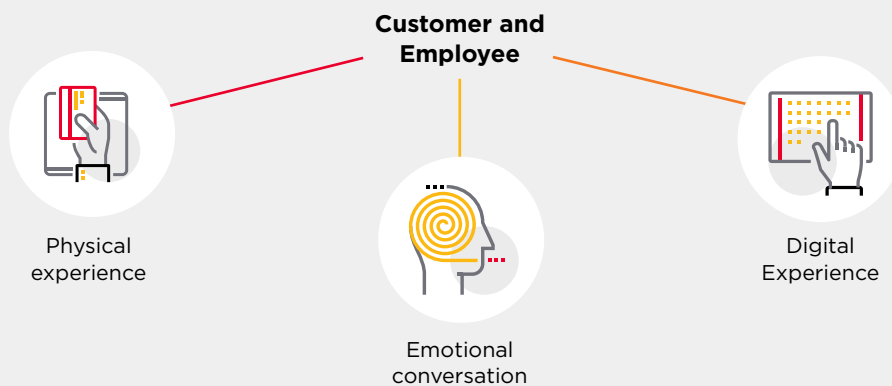
- Paperless processing with biometric/digital signature
- Verification of cell phone number by SMS
- Standardized customer service processes
- Sending of digital contracts by e-mail
- Shortened service times and better customer experience
- Cross selling of insurance, portability, credit cards, payroll loans and investments
- Storing of contracts in a digital file by any channel
- No need to print or type out contracts
- One-stop banking app
- Identity verification by biometry and official id + fingerprint.
- Holistic, multi-channel view of the customer by having full enabler data
- No physical files at the branch; no custody

Parallel to this technological transformation, we are building the bank that will allow us to compete by creating personalized, omnichannel experiences, highly user friendly and self-servicing. We began by listening to the customer’s voice, to hear about their needs and expectations and thus begin transforming processes and experiences; a comprehensive transformation built on the talent of the entire organization.



This year we enhanced the transformation model to further benefit our clients by forging closer emotional ties with them. This increased trust and security indicators at various points of interaction with Banorte.

Building **trust** in every interaction with Banorte...



...orchestrating the customer's **Overall Experience**

### Digital experiences

The adoption of digital technologies and media sped up during the year, encouraging the design and construction of the experience of customers' journey from start to finish, detailing each moment of truth in order to develop prototypes that have the functionality they expect. We incorporated neuroscientific findings to understand and learn about their experiences and emotions and identify improvements that can increase their satisfaction.

Each built experience was based on a process of testing in the customer experience laboratory. More than 15,500 functionality tests were performed on mobile banking, branches, online banking and business banking, among others.

Some key experiences that were designed and introduced thanks to the work of our cells were the following:



#### 1. In-branch digital origination

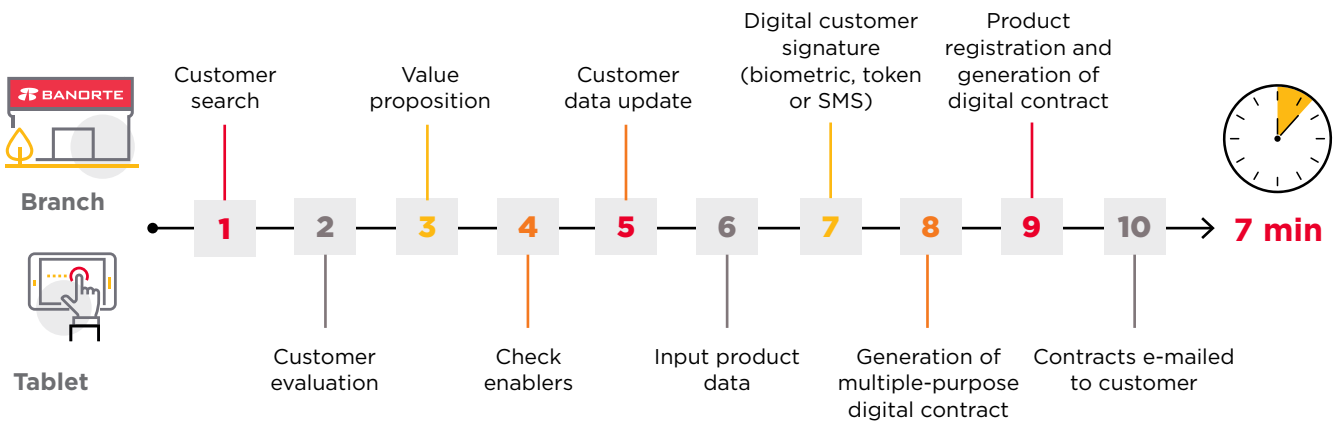
Personal account openings at the branch in just 11 minutes, 100% digitally, incorporating high-value functions and security for the customer.

- ✓ Digital biometric signature
- ✓ 100% digital contracts
- ✓ Identity verified by biometry, official ID + fingerprint
- ✓ Digital sale in less than five minutes in branches: insurance, payroll, credit cards, payroll loans, investments

#### 2. Branch mobility via tablet

The new process of loan placement in branches using tablets has benefited the customer, not just in shorter times but in superior experiences. Today, our executives are more mobile, in and outside of the branch, meeting the customers' needs for products and services.

- ✓ Immediate online response on the customer's credit application
- ✓ Automatic upload of the electronic file
- ✓ Biometric authorization via fingerprint



### 3. 100% do-it-yourself product acquisition through Banorte Móvil

As part of our mission of offering quality service to our customers while protecting their health and saving them time, this year we offered 100% do-it-yourself experiences with no need to visit a branch.

From their mobile banking app, a customer can quickly, safely and easily acquire products like credit cards, payroll loans, investments, term promissory notes, insurance, account openings, and personalized offers and promotions.

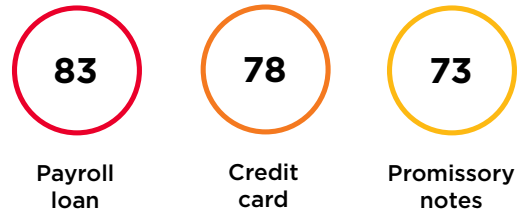
### 4. Banorte Móvil redesign

Our customer-centric approach, the co-design of experiences between the customer and the bank, and collaborative work in the cells, combined with hard work and dedication, all provided essential support for the launch of a new design for our Banorte Móvil app, making it more intuitive, easy and fast tool for banking. Among its top functionalities are:

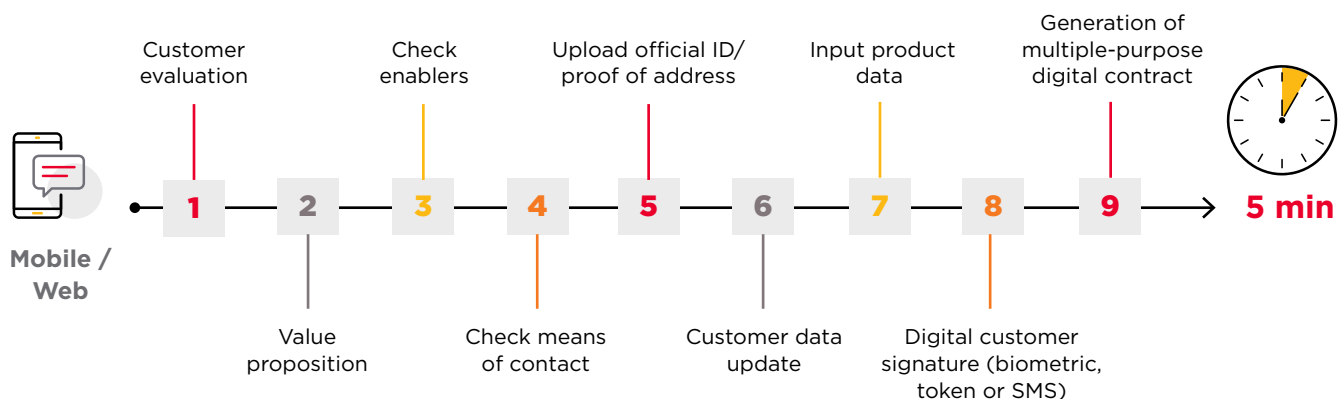
- ✓ Apple Pay
- ✓ Cardless cash withdrawal at ATMs
- ✓ Credit card delivery tracking
- ✓ Entry of inquiries
- ✓ Online product acquisition module

These experiences are highly valued by customers, which is why **the NPS on our digital contract process grew by 11 points** in 2021.

### NPS of Banorte Móvil digital contract process



We transformed our **Banorte Móvil** app into a more intuitive, fast and easy-to-use version.



Our customers' acceptance of the new redesigned version was reflected in an NPS of more than 80 points just two months after its release, with an increase in feelings of surprise and happiness. This led to a rapid adoption of the new version, leveraged by branch strategies to encourage customers to make the transition.

Banorte Móvil prioritized **speed and user-friendliness**, which most affect customer's experience and trust in mobile banking.

**5. New branch service model**

This year we gave a voice to our branch employees by introducing the cell work model in our 1,170 bank branches.

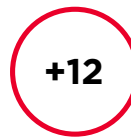
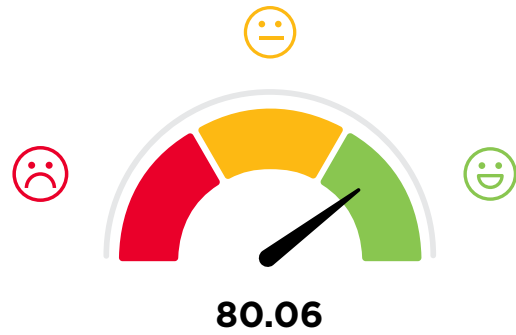
Branch cells encourage an ongoing awareness of the market competitors, products, and customer's needs and expectations, so that we can define local strategies and tactics that make the branch more profitable and distinguish us from the competition.

Our branch network interacts every day with thousands of clients throughout the country. Our employees are the ones who best know our customers and their needs, and with their voices we accelerated the pace and course of this transformation of processes and solutions. During the year, our branches generated more than 4,700 local strategies.

One of the benefits of the new cell system in our branches was an improvement in two of the most essential aspects of the branch experience: wait time and the empathy and knowledge of the executive in the service.

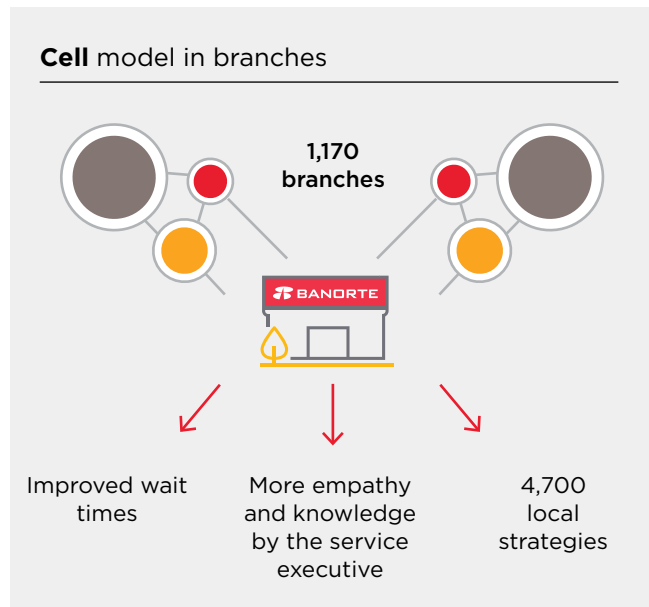
One of the innovations we introduced to protect clients during the pandemic was a model for branch service based on numbered turns requested and sent by WhatsApp. Customers could thus avoid waiting in line and better manage their time, with a high impact in terms of positive emotions. During the year, more than 27 million turns were sent by WhatsApp.

**Banorte Móvil NPS**

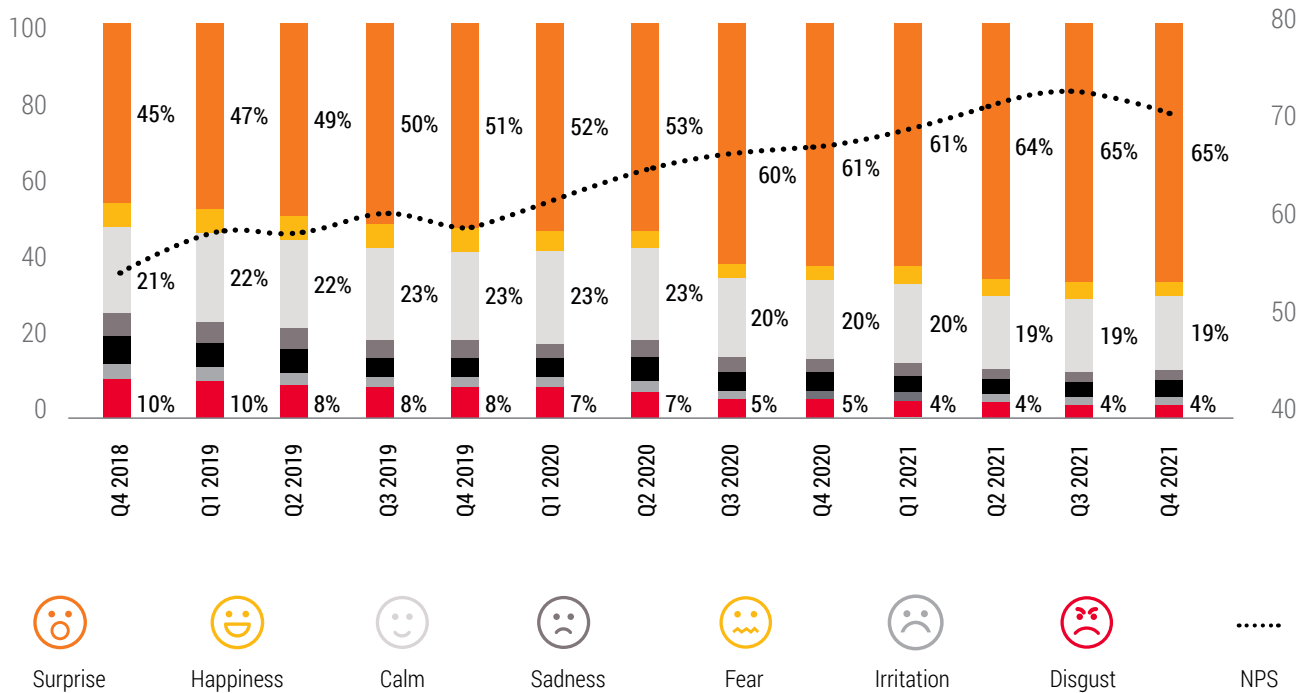


Improvement in the experience of monetary transactions

Every one of our branches is an example of the **leadership process**: each of them is assigned a market and equipped with a series of technological, structural and commercial resources, but the heart of the branch is a group of people.



### NPS vs emotions in the branch channel



Another innovation was a pilot robot that interacted with customers in one branch, testing their acceptance and interaction, with the intention of introducing the robot as another banking channel.



The robot can advise users on various product and service issues, eliminating pressure on the branch and helping turn it into a business center.

**6. A new service model for replacing lost or stolen debit cards**

This year we introduced a new way for customers to get a replacement debit card. Now instead of having to go to the bank, they can do it any time they need at a convenience store. This new experience has created pleasant surprises for customers.

**7. The best credit card on the market**

Thanks to the transformation and continuous improvement of our processes and experiences, this year we were able to pull ahead of the competition on our credit card product. The delivery and immediate activation of the credit card, along with promotions and the loyalty points redemption program, are some of the features customers value most.

The NPS for Banorte’s card was **the top in the banking system in 2021, 7 points above the competition.**

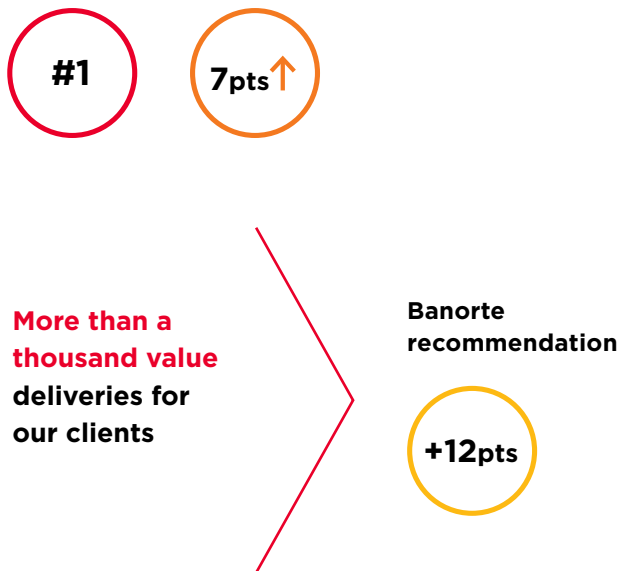
Source: Bain, 2021 competitive study, baseline 2020 vs. 4Q 2021.



**8. Borrower support program**

The strength and ease of making changes in the cells allowed for a swift response in building borrower support programs for our customers, listening to what they had to say and creating internal strategies to support lending and recovery. A propensity model appropriate to the pandemic emergency was developed, resulting in past-due loans significantly lower than projected. This new proximity with our customers ensures increased loyalty to Banorte.

The “customer’s voice” program, measured through our NPS score, is an engine of change that incorporates more than 15 million feedbacks. Through artificial intelligence, we were able to identify customers’ feelings through seven emotions generated at various points of interaction, and with this to detect areas of opportunity to transform and improve processes.

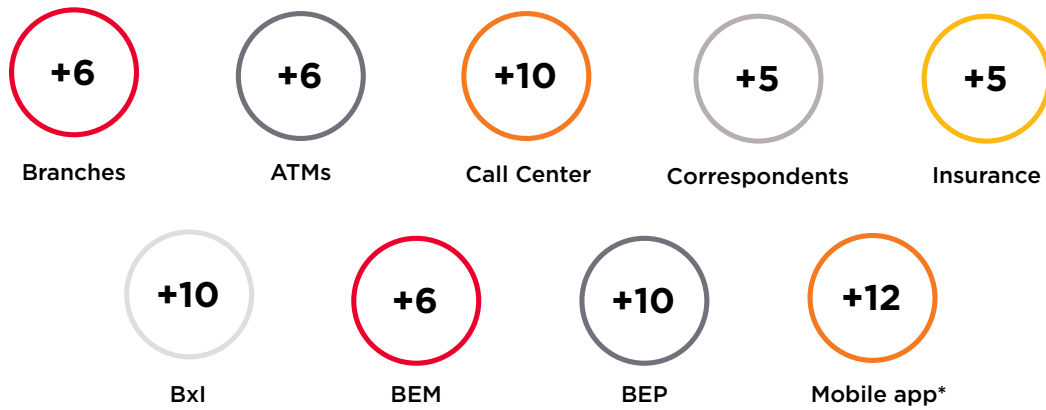


Source: Bain, 2021 competitive study, baseline 2020 vs. 4Q 2021



### NPS by channel

(2020 vs. 2021)



\*The mobile app redesign prompted a 12-point growth in NPS over the previous version.

### Banorte's NPS in strategic segments

(2020 vs. 2021)



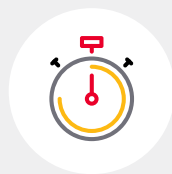
The Office of the Managing Director of Customer Experience and Innovation developed new technologies for **introducing blockchain prototypes** for functionalities like transfers or digital document certification, **ultimately improving process security for our customers.**

In our process of continuous improvement for our customers, we once again focused our efforts on four key aspects:



1

Process **automation**



2

**Optimization** of service times in **omni- and multi-channel modes**



3

**Setup** of new components to enhance business functions



4

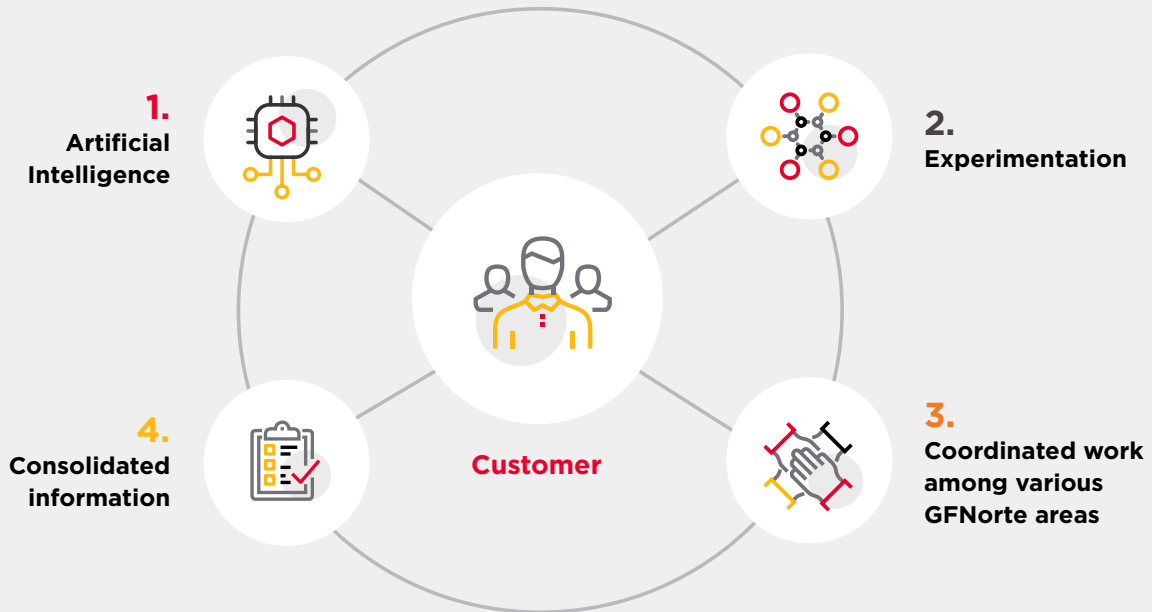
**Reuse of architecture** based on Front/NBA from other Bank systems

## Analytics

The GFNorte Department of Analytics focused during the year on deepening our knowledge of customers for the purpose of creating personalized commercial strategies, and on optimizing management and expansion of the branch network. New advanced analytics tools were applied to develop a micro-

segmentation of personal banking and small-business banking, and predict their behavior. Thanks to the collaboration of various areas of the financial group, we were able to deploy offers with a greater degree of personalization in various channels, translating into a deeper business relationship with our customers.

A greater understanding of our customers has been leveraged on four key aspects:



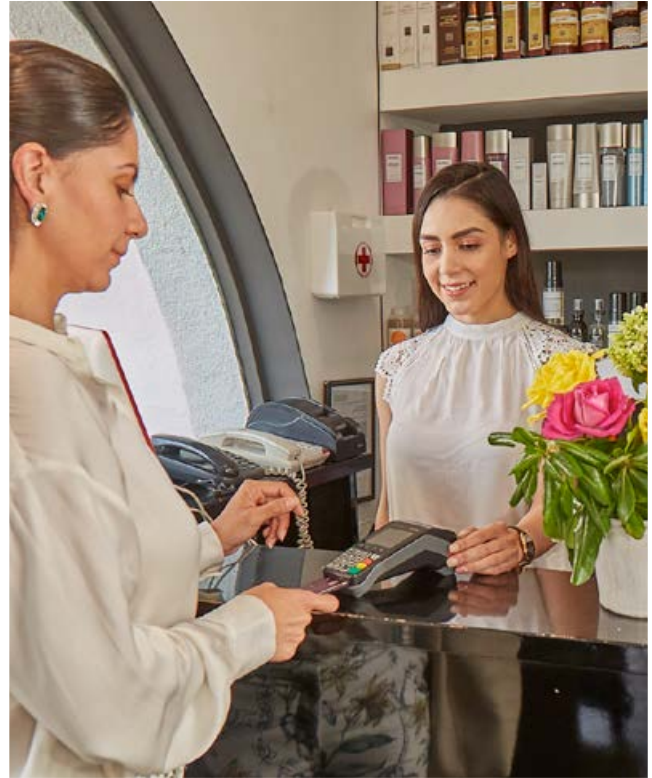
This has been instrumental in proposing appropriate offers in terms of price, timeliness and service, helping to generate value for both the customer and the bank. Specifically, the development of analytic models, behavioral micro-segmentation and analysis of customer value, all feed into the development

of proactive strategies for retaining clients that we risk losing, while recognizing high-value clients. Furthermore, in coordination with the Customer Experience area, we have created indicators for measuring the value generated from a good service, and the value lost from a bad one.

The Analytics team also developed indicators that incorporate information from the branches, including their resources and the characteristics of each micro-market in order to measure their efficiency in attracting new clients and developing the current ones. This has enabled us to determine which branches have areas of opportunity in their management, which require more investment, and which should be relocated. Micro-market analysis, combined with the knowledge of territorial directors and the macroeconomic conditions of each region, also allowed us to identify areas that are right for the opening of new, high-profit potential branches.

**Microsegments on the characteristics and behavior of branch customers were included, so the branch could focus its commercial strategies and boost profitability.**

Finally, the Analytics team worked in tandem with the Risks and Collections team to develop various models to assist customers whose risk profile may have been affected by the crisis throughout the country during the year.



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# Human Capital

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We value our employees as crucially important capital, always willing to adapt to the changes required by this new normal, so we try to offer them a working culture and environment that meets their needs, like workshops and courses that support their personal and professional advancement.

**58%**

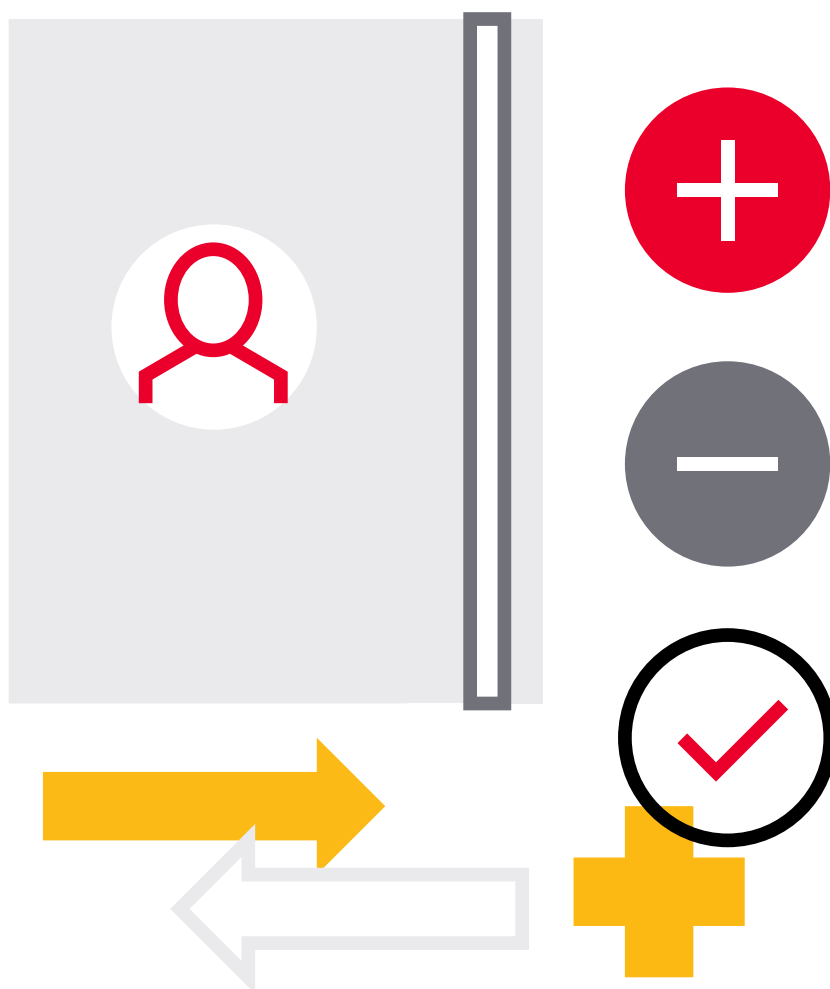
of employees worked  
in hybrid and  
remote modes

**4,058**

promotions (51%  
women and 49% men)

**Ps. 164 mn**

invested in training



## The value of the individual

2-7, 2-8, 405-1, FN-IB-330a.1, FN-AC-330a.1

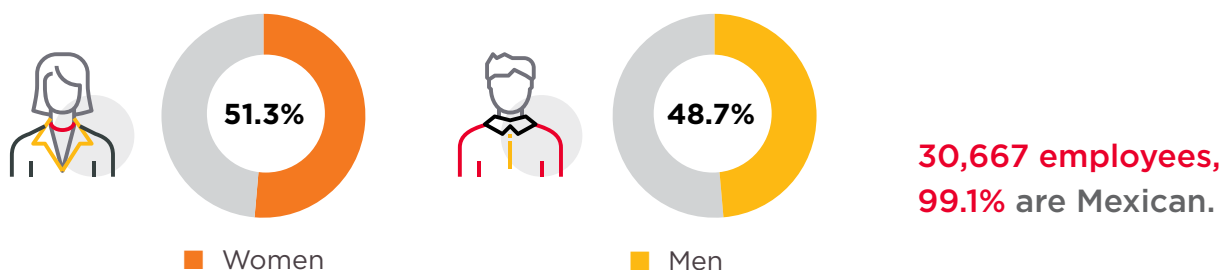
For Banorte, our employees are our most important asset, which is why we focused on protecting their physical and emotional health this past year. Amid a changing and uncertain environment, we were able to adapt to new forms of work under conditions very different from what we had before the pandemic.

We know that the market and the organizational sphere will continue to change, and this will present a number of challenges in the area of labor that will help us capitalize on the lessons of the pandemic, like

flexibility and digital skills, and new ways of working together and leading hybrid work teams.

We learned to make the best use of technology. We lost our fear of virtual communications and found ways to remain close to our employees, even at a distance. These new forms of work helped us develop new skills, to be more empathetic, and above all, to be more resilient and adaptable. The following describes how we worked with our employees in 2021:

### Workforce



### Workforce by age range and gender

Edad	2020			2021		
	Women	Men	Total	Women	Men	Total
< 30 years	5,859	5,365	11,224	5,572	5,083	10,655
30 - 50 years	8,074	7,371	15,445	8,790	7,967	16,757
> 50 years	1,136	1,600	2,736	1,370	1,885	3,255
Total	15,069	14,336	29,405	15,732	14,935	30,667
% of Total	51%	49%	100%	51%	49%	100%

### Workforce by gender and category

Category	2020			2021		
	Women	Men	Total	Women	Men	Total
Senior management	145	565	710	152	547	699
Middle management	3,167	4,240	7,407	3,642	4,569	8,211
Operations	11,757	9,531	21,288	11,938	9,819	21,757
Total	15,069	14,336	29,405	15,732	14,935	30,667
% of Total	51%	49%	100%	51%	49%	100%

### New outsourcing law: implications and of the regulation and response measures

On April 24, 2021, a new law took effect on labor outsourcing in Mexico, changing certain regulations in an effort to regularize the hiring of external personal through contractors and ensure that these employees received all the benefits to which they were entitled under Federal Labor Law. Banorte responded with a number of initiatives to comply with all of these new regulations fully and on time.

Company	December 2020				December 2021			
	On payroll	Honoraria	Outsourcing	Total	On payroll	Honoraria	Outsourcing	Total
Banorte	21,952	-	-	21,952	25,766	-	-	25,766
Insurance and Pensions	126	2	-	128	1,627	2	-	1,629
Afore	3,140	1	234	3,375	3,272	-	-	3,272
Total	29,756	6	286	30,048	30,665	2	-	30,667

### Workplace environment and culture: productivity with flexibility

401-1

One of the biggest challenges we faced during the pandemic was developing healthy workplaces, resilient work teams, and motivated, connected employees that can continue contributing to the company’s results regardless of their job and whether they work in the office or at home. Capitalizing on some of the lessons we learned from the pandemic, we introduced a new way of working organized into three systems, giving each area greater autonomy: in person, hybrid and remote. For on-site employees we guarantee a safe workplace with strict health protocols, by providing co-working spaces.

#### Staff breakdown by work mode

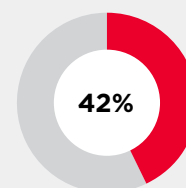


In person

#### Essential staff in the office

Critical positions selected by the comptroller’s office, and employees with less than a year of work at the organization

4,827 employees

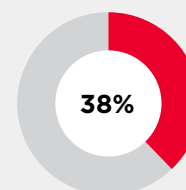


Hybrid

#### Flexible Office/Home scheme

Business, staff, product, IT, operations, support

4,252 employees

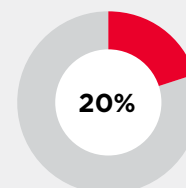


Remote

#### Work from home

Condensed roles with business heads

2,253 employees



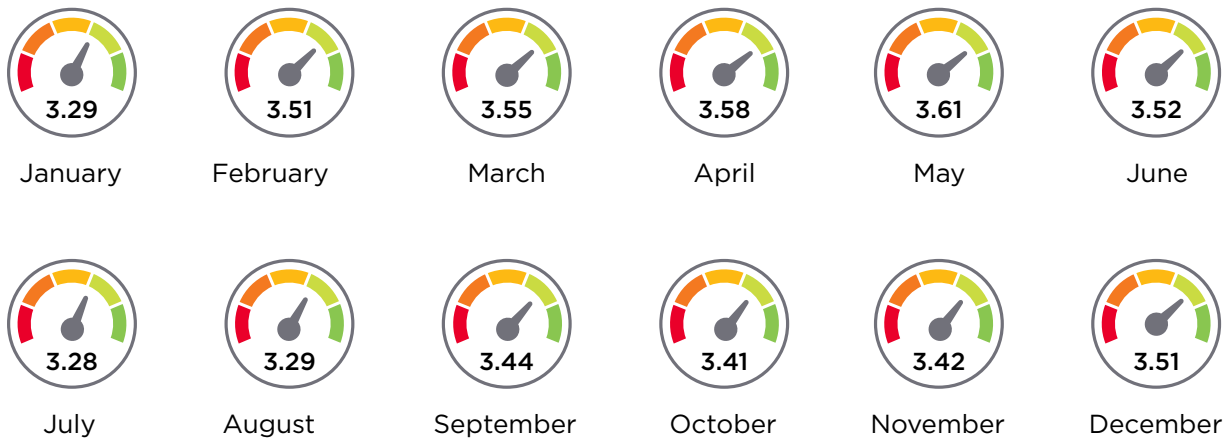
Under the circumstances, the image in these spaces changed to a more comfortable dress code.



**Our co-working spaces are flexible workplaces with agile services and technology** to ensure available facilities for being connected and interacting with work teams both on-site and remote.

### Organizational climate

We performed a pulse-taking exercise throughout the year to gauge our employees' state of mind, to evaluate situations or risk factors that might affect their well-being. This gave us some opportunities for the operation or productivity of the business. The result of these exercises is shown in the following chart:



The colors represent a scale from 1 to 5, where one (red) is the lowest and 5 (green) is the highest. These speedometers are key for monitoring each employees' state of mind and activating portions of the Banorte Code relating to the causes or reasons for concern that may be affecting their mental health.



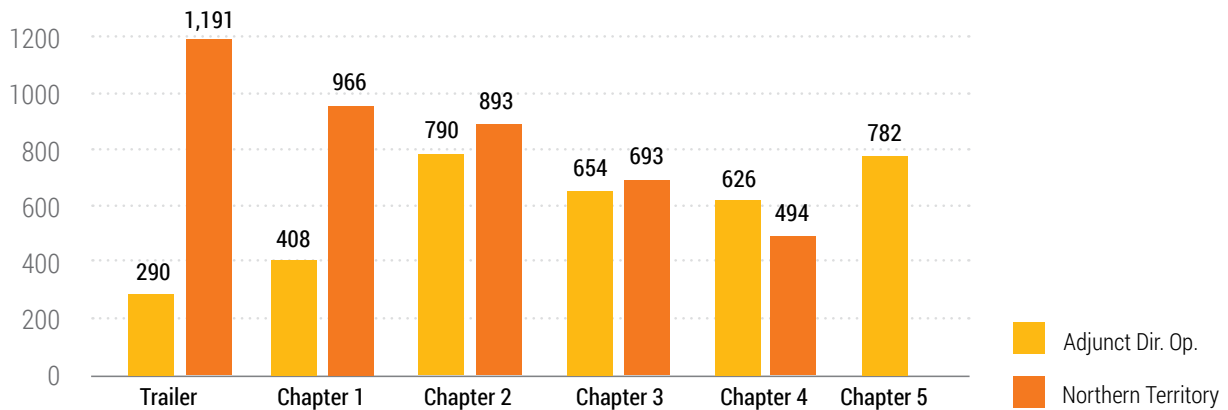
### Organizational culture

As part of our plan to build a winning culture, we try to proactively strengthen ethical, responsible conduct consistent with our standards and values.

With this in mind, we developed a miniseries called “Our Code”, featuring values like integrity, confidence, respect and loyalty. We hope these will encourage modes of conduct that will support our continuing success and our vision of being a great ally to grow strong with Mexico.

The following are the results of two pilot programs carried out this year:

Department	No. employees	Participation in Yammer	Participation in BizFit	Learning
Adjunct Dir. Operations	1,269 May 2021	Members: 1,186 Percentage: 93%	Users: 991 Percentage: 78%	Previous knowledge: 79% Learning: 93%
Northern Territory Commercial Banking (in progress)	2,411 October 2021	Members: 2,092 Percentage: 90%	Users: 1,855 Percentage: 77%	Previous knowledge: 75% Learning: 89%









We also continued to add to and improve the content of our “Banorte With You” platform, which has become the channel for evolving our culture, promoting practices, attitudes and skills that make us stronger to face the challenges of today’s world, and providing assistance and a means of communications to employees since the pandemic began.

**Banorte Contigo Timeline**

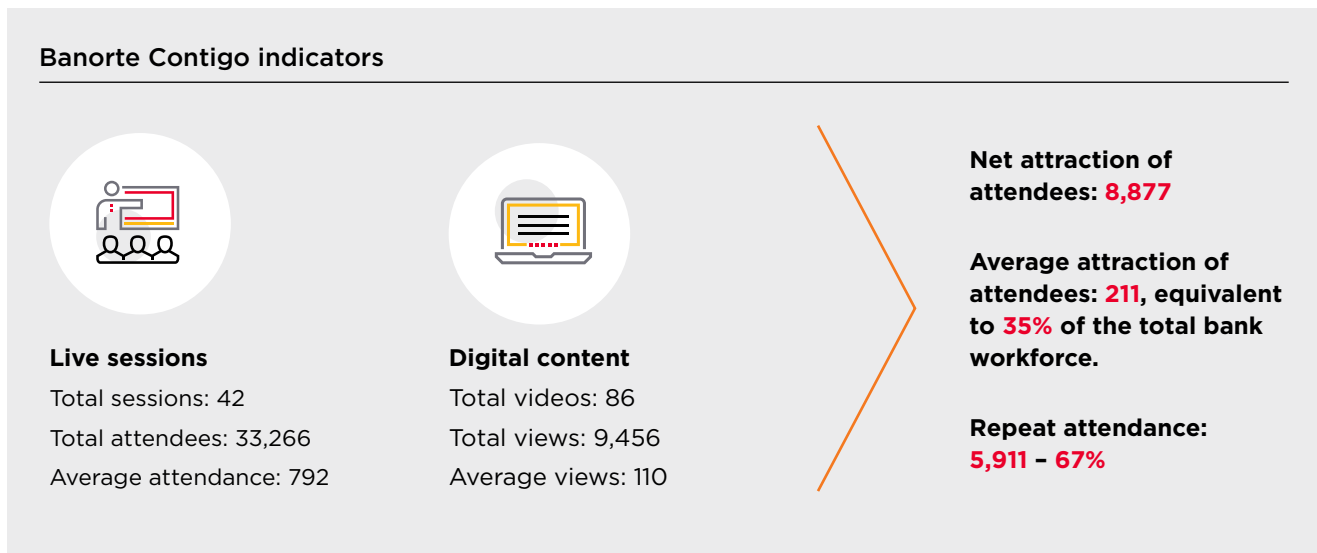
	01 January	02 February	03 March	04 April	05 May	06 June
Chat with leaders			Carlos Hank González			
Meetings with internal talent			■ Effective team management	■ Effective team management in a challenging climate		
Comprehensive Health System Meetings		■ What you need to know about the vaccine	■ Covid-19 present and future	■ Choosing a healthy lifestyle	■ Chat with epidemiologists ■ Healthy living	■ Myths and realities of miracle diets and exercises ■ How to avoid job burnout
Meetings with graphic and digital specialists	■ Practices and tools for effectively managing your team	■ Your decisions build ■ It's in your hands	■ -Why SMART goals are smart	■ Accept the challenge: I'm where I want to be! ■ Today I've decided to take care of myself	■ Be more effective and manage your time ■ Effective virtual meetings	■ Assertive communication in hybrid teams ■ 1 year older, 10 times stronger
Extra				Challenge – Accept the challenge: I'm where I want to be!		Video of Banorte Contigo anniversary

- Motivation and performance
- Digital culture
- Positive environments and overall wellness
- New work schemes
- Job commitment
- Diversity and inclusion

During the year we held live sessions and created videos and digital material on six thematic axes: positive environments and comprehensive wellness; job commitment; motivation and performance; new work schemes; digital culture; and diversity and inclusion.

	 <b>July</b>	 <b>August</b>	 <b>September</b>	 <b>October</b>	 <b>November</b>	 <b>December</b>
<b>Chat with leaders</b>	Dr. Juan Carlos Muñoz	Dr. Juan Carlos Muñoz				
<b>Comprehensive Health System Meetings</b>	<ul style="list-style-type: none"> <li>■ The latest on COVID-19 from the experts</li> <li>■ Discover and build a better, healthier you</li> </ul>	<ul style="list-style-type: none"> <li>■ Caring for ourselves means caring for others</li> <li>■ The pandemic from the trenches</li> <li>■ Caring for your health is more vital than ever—strengthen your immune system</li> </ul>	<ul style="list-style-type: none"> <li>■ Back-to-school recommendations</li> </ul>	<ul style="list-style-type: none"> <li>■ Early breast cancer detection</li> <li>■ Risks relating to your weight</li> </ul>	<ul style="list-style-type: none"> <li>■ Pandemic evolution and the new normal</li> </ul>	<ul style="list-style-type: none"> <li>■ Fourth wave: omicron variant</li> <li>■ Tips for staying in shape even during the holidays</li> </ul>
<b>Meetings with graphic and digital specialists</b>	<ul style="list-style-type: none"> <li>■ A mindset of growth</li> </ul>	<ul style="list-style-type: none"> <li>■ Avoiding job burnout</li> <li>■ Boost your motivation and avoid contagion during the pandemic</li> </ul>	<ul style="list-style-type: none"> <li>■ Embrace change with agility</li> <li>■ The future is today</li> </ul>	<ul style="list-style-type: none"> <li>■ Mindsets that enable innovation</li> <li>■ Collaboration and hybrid teams</li> </ul>	<ul style="list-style-type: none"> <li>■ Innovative teams and digital organizations</li> <li>■ Personal finances: your annual bonus</li> <li>■ International Day for the Elimination of Violence Against Women</li> </ul>	<ul style="list-style-type: none"> <li>■ Resolutions for the coming year: ignite your potential</li> <li>■ What story do you want to tell in 2022?</li> </ul>
<b>Extra</b>	Challenge – How to stay energetic during the work day	Podcast – Effective meetings, yes; meeting-itis, no	CC and BC campaign: Me for you and you for me (short videos)	Challenge– Mindsets that enable innovation.		Surprise! meeting Banorte Contigo is by you and for you

Participation in this program and access to the digital material were met by strong interest among employees. Total attendance grew by 30% and the number of views of the digital material grew by 116% over 2020.



Net attraction refers to employees who attended at least one of our sessions. This means that during the year we reached 32% of bank employees, reflecting the significant impact of this program. Besides the quantitative data, based on interviews and focus groups we found that Banorte employees perceive the program as part of our value proposition to employees.

#### Turnover

Keeping employee turnover down is vitally important to Banorte because it means preserving our organization's greatest strength in terms of operating expenses, productivity, and of course, company culture. This is why management places a high priority on programs to strengthen work

culture, flexibility, working environment, gender equality, and equality in training and compensation at every level of the institution.

This indicator basically reflects the turnover we aim for, representing the proportion of employees who left the group for whatever reason. Note that the customer call center has the highest turnover index, due to the nature of the duties and the required qualifications. But development plans have been put in place to help these people continue to advance in their careers in other areas of the institution.

Subsidiary	2020			2021		
	Women	Men	Total	Women	Men	Total
Bank	12.0%	14.0%	13.0%	16.13%	19.24%	17.66%
Afore	28%	33%	30%	26.74%	28.67%	27.54%
Insurance and Pensions	3.8%	5.3%	4.5%	3.61%	4.06%	3.87%

## Diversity, gender equality and inclusion

Grupo Financiero Banorte is convinced that experiencing a diverse, inclusive culture is the key to developing talent and ensuring that differences are valued. We are constantly looking for ways to innovate, to be competitive in the market, to positively impact our teams and build a workplace environment in which our differences enrich us. This year we formally established our intention of fostering this diverse, inclusive culture by:

- Shifting to a more inclusive mindset.
- Promoting cultural change toward gender equality.
- Involving organizational leaders in this strategy of diversity and inclusion, so that they can introduce and encourage it in their areas and work teams.
- Anchoring initiatives and work approaches in the strategic pillar of attracting the best talent with a focus on gender, diversity, equity and inclusions.

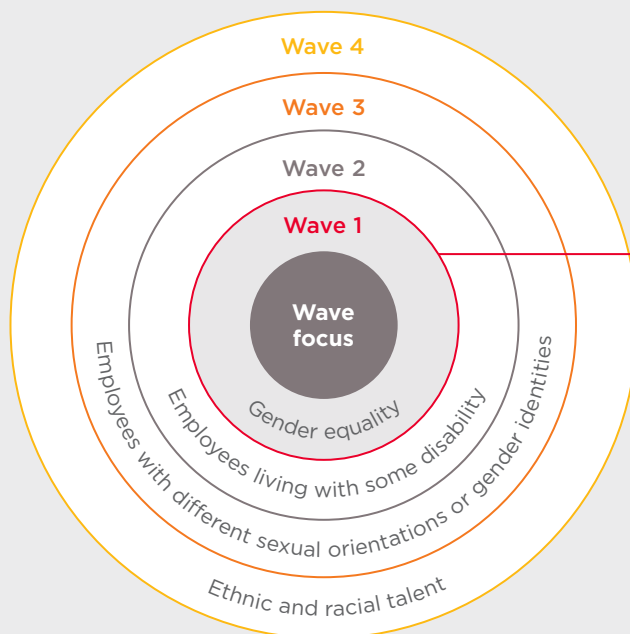
To do so, GFNorte created a Subcommittee on Diversity, Equality and Inclusion, a collegiate, inter-sectorial group made up of representatives from various areas of the bank, seeking to bring the equality and inclusion approach into the institutional mainstream.

The committee is a continuation of the efforts made by the group in the past, including our membership in the United Nations Global Compact, the UN Principles for Women’s Empowerment, and inclusion in the Bloomberg Gender Equality Index.

Banorte has a set of practices and initiatives to identify and create equal opportunities for the various groups that make up our workforce. Our intent is to recognize, value and respect the contributions of each of them. Through our Diversity and Inclusion Strategy, we build a culture that promotes innovation, growth and competitiveness in our diverse workforce.

The work plan is organized into various “waves.” The focus in 2022 was on the following.

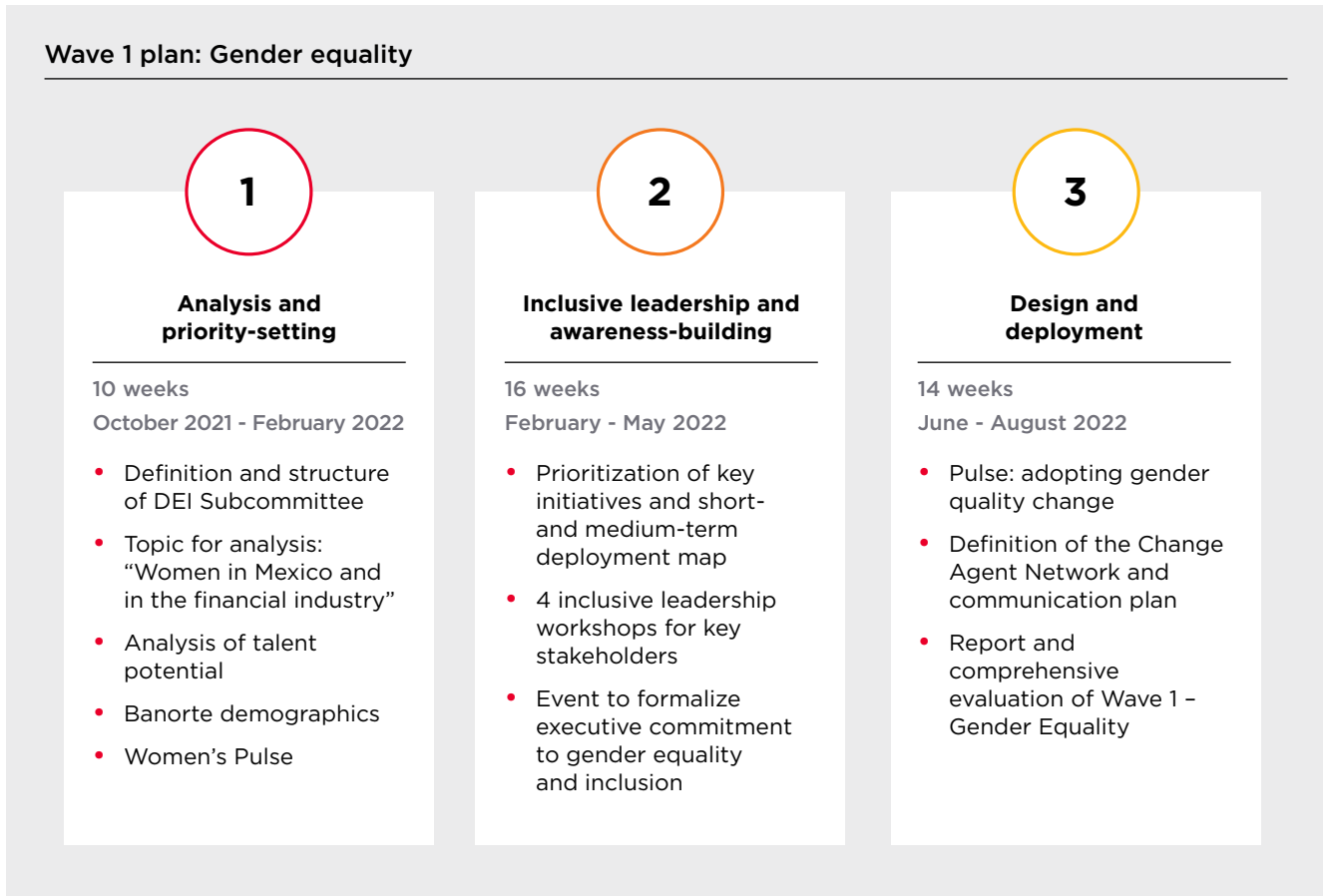
### Wave focus 2022-2025



#### Wave 1 - Gender equality

The first wave is focused on addressing the issue of gender equality and women’s empowerment, in order to direct the work team’s efforts and attention toward adopting best practices and a culture of gender parity.

**Wave 1 plan: Gender equality**



We are also members of the Mexican Bankers’ Association Committee on Diversity and Inclusion, which works to standardize metrics, processes, procedures and initiatives throughout the industry regarding diversity and inclusion. We also participate in joint work desks with the Business Consulting Council.

**Target Gender Equality – United Nations Global Compact**

This initiative offers companies an opportunity to go deeper in their implementation of the Principles for Women’s Empowerment and to strengthen their contribution to Sustainable Development Goal 5.5, which demands equal representation, participation and leadership by women in business across the globe. It is a guide for planning actions by which participating companies can chart strategic priorities to work toward and make gender equality a reality.

This program begins with application of the Women’s Empowerment Principles Gender Gap Analysis Tool (WEPs Tool).

Banorte is one of 25 Mexican companies that have enrolled in the program since 2020, and the core issues on which goals for the year 2030 will be set are:

- increasing the percentage of women on the Board of Directors;
- increasing the percentage of women in senior management;
- reducing the wage gap;
- training Banorte employees on issues of diversity and inclusion;
- conduct an internal census with a gender, diversity and inclusion perspective.

We also attended various worktables to continue guidelines and establish strategic goals for 2025.

### Bloomberg Gender Equality Index

GFNorte is one of only five Mexican companies selected for inclusion in the Bloomberg Gender Equality Index. For the fifth year in a row, Bloomberg recognized our commitment to advancing equality, including it in a group of 325 firms around the world committed to transparent reporting with a gender perspective.

### Internal gender equality initiatives

During the year, through the General Department of Risk Management and Credit, two initiatives were created for all of the group’s women. The goal was to generate positive experiences in personal and professional development. These initiatives consisted of the following:

- Executive Woman Mini-Magazine. Twelve monthly issues were published, covering topics like personal development, leadership and emotional intelligence, as well as tips on healthy habits.
- Stories that Inspire. We organized four lectures by women senior executives, who shared the personal and professional experiences that brought them to the positions they hold today, giving the audience an insight into these two aspects of their lives. This is why we gave this lecture cycle the name “Stories that Inspire,” because they aim to inspire us to continue growing, both in our jobs and in our personal lives.



The General Department of Digital Business Development contributed several initiatives as well:

- In March, International Women’s Month, the following activities were organized:



### “Sharing with...” Talks

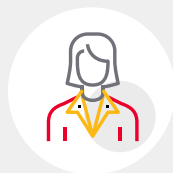
As part of the activities commemorating Women’s Month in March 2021, women leaders gave talks at the Office of the Chief Executive.

After an internal vote taken live during a plenary meeting of company management on March 5, three women were elected to give these talks. During the talk they would each answer two questions, focused on various issues, like the inspiration for their work, what they attribute their success to, what a company should do to attract female talent, and motivations for continuing to grow. Once they answered these questions, the audience was invited to ask their own questions along the same lines—their professional growth, work/life balance, and others.

Based on the success of the first talk, a second was organized. The dynamics were the same: they began by sharing lessons and experiences on various topics like personal and professional career, book recommendations, favorite quotes, life lessons, the lack of women in leadership positions, balance between personal and professional life, how to achieve success, and advice for women that are just beginning their professional careers.

### “Tell us your success story” contest

To commemorate women during the month of March, the Chief Executive Officer sent out a call for entries on Yammer where women were asked to tell a success story. Seven women participated, sharing stories about various moments in their lives, like their professional growth and achievements at Banorte, their academic experience, losses, motherhood and child-raising, work from home, staying healthy, habits and routines. All of them are impressive professionals and women who have been with the bank for a number of years. A jury of ten employees from various areas voted for the three best stories, which were published in the monthly internal management newsletter.



Within the “Banorte Contigo” program, two sessions were held, primarily on issues relating to women.

1. Talk on **Everything you should know about breast cancer**, open to all bank employees. 723 employees attended.
2. A session on the **International Day for the Elimination of Violence Against Women**, with a specialist from Ernst & Young and a leader on this topic in Mexico. We shared basic concepts with both men and women employees on issues like violence, gender violence, how to identify it and how to help eradicate it. A total of 730 employees participated in this session.

### Banorte Women’s Circle

An initiative promoted by the Executive Department of Sustainability and Responsible Investment since 2020, to create a specific community for developing and empowering women employees at Banorte.

This year we decided to pause this initiative to align it with the Diversity and Inclusion Strategy now being developed in Human Resources and the contributions of an outside consultant, to begin gender equality initiatives in 2022.

### 30% Club Mexico mentoring program

The 30% Club is a global gender equality initiative with 16 chapters around the world. It aims at a proportion of at least 30% women in boards of directors and C-Suites. The Mexican chapter of the 30% Club was launched in December 2020, and its goal is to achieve a representation of at least 30% women in all boards of directors and senior management by 2025.

In 2021 we decided to join an inter-corporate mentoring program together with the 30% Club Mexico and Moving Ahead. Its purpose is to empower female talent by sharing and learning from mentors in other organizations, while developing leadership to encourage women’s inclusion at various levels of the organization.

Fifteen mentees (women sub-directors from various areas of the group) and fifteen mentors (men and women from other areas) participated, programming one-on-one work sessions to transmit knowledge and experience and create personal and professional bonds, which strengthen the networks by which women can develop in leadership roles.

This program will last for nine months, concluding in the first quarter of 2022.

### Afore Initiatives

401-3

Early in March, during its ordinary meeting, the Investment Committee of Afore XXI Banorte approved participation in the Equal Wage and Non-Discrimination initiative promoted by the Bolsa Institucional de Valores (BIVA), whose goal is to apply and maintain the principles of equality, non-discrimination and all the values that work toward achieving the goal of wage equality in companies.



Having signed this commitment, AXXIB created the Institutional Gender Equality Program, along with a Gender Equality Committee as one of the governance bodies of this subsidiary. The committee is chaired by the Afore's CEO and consists of five members and a secretary.

Although the program has several goals within its overall purpose of transforming and strengthening internal processes at the fund manager, the highlights of 2021 included:

- Extended paternity leave to 84 calendar days after the birth of a child, and for adoptions, 42 calendar days.
- We modified the recruitment and selection process to make it more inclusive and free of discrimination.
- We created a mentoring program to develop employee talent, encouraging their personal and professional growth.

## Sustainability Culture

404-1, 404-2, FS4

For GFNorte, employee training is a priority, and training in environmental, social and governance matters (ESG) is a fundamental part of the sustainability strategy that underpins our initiatives. In 2021, we developed content aimed at areas that interact with the Sustainability area, involving 2,077 employees for a total of 3,390 hours of training.

Topic	Target audience	Number of employees	Hours of Training
Waste	Employees in Mexico City belonging to the environmental volunteer corps	46	46
Volunteer initiatives	Employees who volunteer in social areas	43	86
Sustainability Week	Equity Banking	188	188
NTEESG Fund, given by Franklin Templeton	Equity Banking	232	232
Sustainable Banorte: Responsible Investment	Equity banking clients and advisors	313	313
Introduction to Responsible Investment, given by PRI	Operadora de Fondos	24	24
Workshop on applying the Principles for Responsible Banking	Sustainability	3	39
Community of Mexican companies for establishing Science-Based Targets (SBTi)	Sustainability	2	56
Introduction to socioenvironmental risk management	Commercial and Corporate Banking and Credit	77	77
Social and Environmental Risk Management System and environmental law	Risks and Credit, Wholesale Banking, Government Banking, Commercial Banking, Products, Audit, Finance and Operations	1,295	1,295
Sustainable building and international certification systems	Technical Real-Estate Area and Sustainability	40	60
Task Force on Climate-related Financial Disclosures	Innovation, Insurance, Risk Models, Risk Appetite, Credit Risk, Specialist Areas and Sustainability	29	1,276

### Awareness-building and communication

Topic	Target audience	Number of employees	Hours of Training
Monthly communiqués on cases of socioenvironmental risk	Sustainability Champions	98	11

### Sustainability Week

We held our third Sustainability Week from December 13 to 17, 2021, by virtual media. This year we decided to organize it in partnership with Tecnológico de Monterrey.

With this new partner we were able to expand the scope of the events beyond our employees which were the audience in previous years. Open Sustainability Week to more stakeholders strengthened our commitment to the Sustainable Development Goals.

To bring together a variety of perspectives on sustainability, we enlisted the following speakers:

Topic	Presentation	Represented by
Social innovation	Tecnológico de Monterrey	Daniela González <i>Co-editor of the Stanford Social Innovation Review, Tecnológico de Monterrey</i>
Green swans: Extreme climate events and financial crisis	Tecnológico de Monterrey	Dr. Luis Fernández Carril <i>Sustainability Coordinator</i>
Toward a culture of sustainability	Tecnológico de Monterrey	Natalia García Moreno <i>Manager of Living our Values</i> Martín Sánchez Gutiérrez <i>Sustainability Specialist</i>
Turkey farming will end the world	Grupo Promesa	Fernando Ledezma <i>Coordinator and specialist Grupo Promesa</i>
Sustainable me	Initiatives for Sustainable Development (ISD)	Ana Paula Fernández del Castillo <i>Managing Partner ISD / Independent Director / ESG Specialist</i>

### Sustainability Ambassadors

We remain firmly committed to ensuring that sustainability culture permeates this entire group, and in this effort our sustainability ambassadors and champions are a key component. In 2021 we worked on planning for recruitment and awareness-building for a new generation, and our outreach strategy for 2022. At the end of the year we had around 550 sustainability ambassadors and champions working in Mexico City and Monterrey.



## Professional Development

401-1, 404-1, 404-2, 404-3

### Number of hires

Recruiting talent enables us to enrich our work teams in pursuit of our goals.

Subsidiary	2021	
	Men	Women
Bank	713	583
Afore	468	581
Insurance and Pensions	27	19
<b>Total</b>	<b>1,208</b>	<b>1,183</b>

### Onboarding for new employees

We know how important it is to welcome and familiarize new employees with the company, so we have sessions called “Hola!” to introduce them and offer them information they will need to do their jobs and about GFNorte in general.

Through virtual and face-to-face sessions, we welcomed 4,259 new employees last year, providing them information on internal issues like institutional philosophy, financial information, value chain, organizational structure, Afore, Banorte Móvil (our mobile banking app) and value proposition, among others.

### Number of promotions

GFNorte is particularly concerned about its employees’ advancement, and we actively work to promote internal talent. We have a webpage where employees can look up vacancies in the institution, encouraging the principle of meritocracy in promotion.

The number of promotions is counted based on the total number of vacancies filled by internal applicants during the year, divided by the total number of vacancies.

### Promotions by category and gender at the bank

	Women	Men
Senior Management	11	27
Middle management	235	212
Operating staff	1,731	1,615
Under-directors	95	132
<b>Total</b>	<b>2,072</b>	<b>1,986</b>
<b>Grand total</b>		<b>4,058</b>

### Jobs filled with internal and external candidates

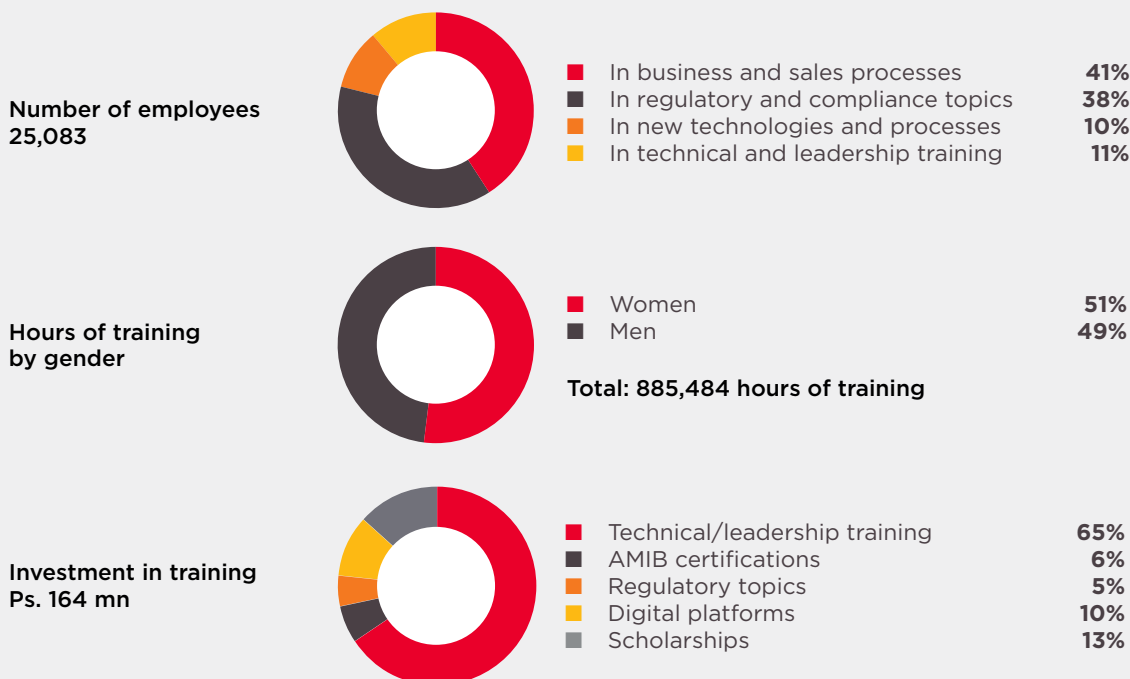
Generation	Baby boomers		Gen X		Centennials		Millennials		Total
	External	Internal	External	Internal	External	Internal	External	Internal	
Senior management		4	18	23			7	18	70
Sub-director		4	35	67	3	6	63	146	324
Managers	1	12	98	71	117	58	313	363	1,033
Operating	7	3	152	62	1,931	2,252	1,085	1,681	7,173
<b>Total</b>	<b>8</b>	<b>23</b>	<b>303</b>	<b>223</b>	<b>2,051</b>	<b>2,316</b>	<b>1,468</b>	<b>2,208</b>	<b>8,600</b>

### Training and career development

To support the advancement of our employees, we provide them technical and leadership training to support their preparation and development. Through the “Success Factors” technological platform we diagnose training needs for each employee and address them more rapidly and in detail.

- 89% of our employees were trained in money-laundering prevention and in 30 regulatory issues that ensure compliance with standards, protection and security.
- Through the Banorte Sales School, 10,995 employees from our branch network benefited from updated content on specialization, products, sales and customer service.
- We reinforced our “Aprende” self-learning model, a virtual platform used by more than 7,700 employees with more than 28,000 courses and 26,000 book summaries, available 365 days a year, 24 hours a day.
- As regards succession in senior management, we have identified successors for participating company officers. We worked with an independent consulting firm to evaluate around 100 top executives, who received feedback on their results.
- We evaluated the leadership abilities of 6,500 middle-management employees with the support of external consultants, in order to identify people with high potential and create a pool of talent.
- To encourage ongoing professional development for our employees, we publish an annual call for scholarship applications for postgraduate studies, which are awarded to the most qualified applicants.
- We maintained our educational offering by providing leadership training online, given to 1,169 leaders at various levels of the organization.

### Investment in Training



### Average hours of training by job category

Category	2020	2021
Senior management	63	42
Sub-directors	49	44
Managers	76	35
Administrative	92	36
Average	70	35

### Average hours of training by gender

Category	2020	2021
Women	90	36
Men	87	35
Average	89	35

Training topics	2020	2021
Leadership skills	27,566	10,485
Executive skills	2,016	168
Total hours	29,582	10,653

### Performance evaluations by job category

#### Percentage of employees who received an evaluation

	2020		2021	
	Women	Men	Women	Men
Senior Management	100%	100%	100%	97%
Middle management	100%	100%	97%	96%
Operating staff	67%	72%	78%	79%

Figures include the Bank and Insurance & Pension business.

### Agreements with Universities

Attracting top talent means improving processes for creating an attractive, digital, and memorable experience for candidates and new recruits.

- Young Talent Program: Last year 69 undergraduate and masters-degree students worked in various areas of the bank, a significant source of talent for the institution.
- TEC-Banorte Agreement: under this partnership, various initiatives were launched to connect students from “el Tec” with Banorte and spark their interest in the financial industry:
  - TEC lectures: Banorte executives shared their knowledge and experience in the classroom, furthering students’ education. Thirteen lectures were given to more than 350 students.
  - Professional internships: We brought in 30 students in various degree programs to complete internships with the company in various projects.



## Employee compensation

2-19, 2-20, 201-3, 401-2, 403-1, 405-2, FN-CF-270a.1

Banorte offers comprehensive salary and benefit packages that guarantee our ability to attract and retain talent, with a constant eye on competitiveness and alignment with market levels and the group's cost structure.

Our compensation philosophy incorporates a variable portion of the employee's overall pay, which includes bonuses and incentives, in order to encourage them to achieve goals and strategic, tactical and sales targets for the group or its business areas.

Variable compensation schemes are structured around individual or collective goals, depending on the nature and responsibilities of each job. For evaluation purposes, all of our variable compensation schemes consider the following metrics: profitability of the area or business, net

income for the group, commission or service premium revenues, deposit or placement volume, non-performing loan rates, NPS, operating efficiency indicators, loan portfolio growth, and on an individual level, a performance evaluation according to annual goals, skills and conduct aligned with the group's leadership model.

In addition to cash compensation, Banorte offers benefits that encourage short- and long-term savings, social security and equity, and retirement planning for our employees.

One mechanism for retaining talent in key positions is our executive stock plan, which gives employees more incentive to achieve the company's financial goals and aligns their objectives with the generation of value for the shareholder.

### Employee compensation

	2020	2021	Chge.
Senior management	5,962	5,750	-3.56%
Employees	5,470	6,242	14.11%
Total	11,433	11,992	4.89%

### Average salary by job category and gender

	Women		Men	
	2020	2021	2020	2021
Senior management	141,315	150,823	160,283	162,713
Middle management	35,661	38,981	40,955	43,485
Operating staff	11,840	12,332	11,981	12,785

\*Figures in pesos.

**Banorte has a solid system of corporate governance that oversees the entire compensation ecosystem for the group, defining policies and procedures for evaluation of the annual bonus and stock compensation plans for all key officers and positions of significant responsibility.**

### Compensation structure by organizational role

Medium term (3yrs)	Organizational Role	Fixed Compensation	Variable compensation	Cash/economic incentives	Stock Plan	Benefits			
Term for full receipt of compensation	<b>Strategic</b>	CEO	Employee profit-sharing	Annual performance bonus	Not eligible	All group eligible			
		Adjunct CEO					Salary	Vacations	
	<b>Tactical</b>	Executive Director			Mandatory annual bonus	Regional Directors and Relationship Managers in Wholesale and SME banking	High Potential and High Performers		Loan access
		Area Director			Vacation bonus			Commercial Banking, Recovery and Call Center	
	<b>Operational</b>	Sub-Director/ Manager			Savings Fund	Productivity Bonus	Not eligible		Retirement plan
					Grocery vouchers (only for operational staff)			Medical Service	
		Operating Staff			Sales bonus				
		Operating Sales						Funeral expense assistance	
		Operating Sales							

Short term (monthly)

### Union

2-30

Banco Mercantil del Norte has a collective bargaining agreement that covers all the obligations of labor and management and regulates Banorte’s relations with its union. This agreement was first signed with the National Union of Banorte Workers in 1992, and is reviewed every year for salary changes, and every two years for other clauses.

The union is an independent organization made up of employees of the institution, duly registered with the labor authorities. Its general secretary is José Carlos Torres García.

#### Percentage of unionized employees

Total employees	Union members	Percentage of employees unionized
25,766	8,325	32.3%

### Employee health and safety

403-2, 403-3, 403-6

For Banorte, the health of all our employees is a priority, so during the past year we took the hygiene and prevention measures indicated by the authorities to care for our employees and their families at all times. We also took action on various fronts throughout the year.

- We enacted a contingency and business continuity plan when the pandemic began, which remains in effect; it follows the guidelines issued by federal, state and local authorities in order to conform to the established standards.
- We hired health personnel to staff checkpoints at the entrances to our corporate offices in order to monitor and follow entry protocols and avoid contagion within the facilities.

- We continued our work through three standing work committees, from senior management down to the operating level, to plan, execute and control strategies. These committees met according to the established calendar: operating and strategic committee each week; business recovery and continuity committee each month; and senior management and CAPS as needed.
- We acquired 8,000 rapid antigen tests which were given to Banorte's internal health teams in order to obtain prompt results, avoiding contagions from contact with people who test positive. This also gave employees an alternative to commercial laboratories, saving them time and money.
- A random COVID-19 testing program was also set up in various offices, including the Call Center. This program was created on a permanent basis, enhancing confidence for employees who must work in the office, as part of our general approach to employee safety.
- We continued to rely on a group of expert epidemiologists, which we hired at the start of the pandemic, headed by the former Under Secretary of Health. This reflects our interest in having the most experienced and academically rigorous advice in the country and thus protecting our employees and clients.
- We offered a series of webinars relating to COVID updates, three of which were attended by our epidemiological consultants and were offered nationwide, and 21 were given by the Comprehensive Health System, carried out for each of the territorial departments to ensure that they reached all of Banorte's people.
- We established a video-based medical checkup, as an alternative way for employees and their families to receive medical attention, relating either to COVID-19 or other health issues.
- We expanded our network of hospitals, because various of the existing facilities became COVID hospitals. In this way we were able to protect the health of patients with issues not relating to the pandemic.
- We continued our emotional health program to support patients and their close family members.
- We established mechanisms for quick detection of COVID-19 through rapid tests applied by our medical staff to employees suspected of having the virus.
- We acquired oxygen concentrators to support employees who required them, as they became scarce in the market.
- We created rapid transport mechanisms with air-lift ambulances through agreements with private firms, because hospitals were saturated.
- We defined a mechanism for immediate support of employees who had lost family members to COVID-19.
- We established practices to protect employee health and safety, including prevention and management initiatives like monitoring accident, illness and absenteeism rates.
- We set up vaccination programs in partnership with Minister of Health authorities in the state of Nuevo León. We organized five vaccination events, some of them at Estadio Banorte in Monterrey, where 6,150 people were vaccinated, 4,825 of them employees. The campaign was also opened to sister companies of this group.
- We set up a vaccination program that reached 97% of our employees with at least one dose of the vaccine and 80% who were fully vaccinated by year-end. The program remains under way to date.
- Also, we conducted an influenza vaccine program, with record participation, mitigating the possibility of a "syndemic" (flu/COVID-19).



- We created a Social Security support webpage, which assists employees with a series of health-related services through the various electronic media available today.
- We also created a Quality Bureau, a tool for measuring our suppliers' performance and compliance with service standards.

**Absenteeism rate**

	2020	2021
Bank	1.48%	0.85%
Afore	1.38%	0.07%
Insurance and Pensions	0.08 case	1.03%

In 2020, the rate for Insurance and Pensions was calculated as the number of cases/days absent, while in 2021 this methodology was aligned with the Bank and Afore.

**Declaration of compliance with laws on working hours and elimination of excessive working hours**

We issued a recommendation to adjunct CEOs, territorial directors, executive directors, regional directors and area directors to monitor and encourage meetings to be held as established in these guidelines, to efficiently manage work gatherings and observe other guidelines mentioned in the Policy on Psycho-Social Risks, ultimately to ensure a positive working environment.

**NOM-035**

403-6

In order to ensure a healthy working environment for all employees, and in keeping with our Policy on Psycho-Social Risks at Work, a new set of Guidelines for Effective Management of Work meetings took effect in June 2021, including the following:

- 1. Respect working hours.** Meetings should be scheduled within the eight-hour workday and outside of the regulatory one hour allotted for lunch.
- 2. 50 minutes is enough:** Whether face to face or virtual, meetings should be limited to 50 minutes, except for committees already established and scheduled.

**3. Use alternatives:** instead of holding meetings to clear up questions or check issues, we suggest using other tools, like brief calls or instant messaging.

**4. No meetings on Friday afternoons.** We suggest meeting-free Friday afternoons so that employees can devote this time to planning, checking agendas, preparing documentation, catching up on e-mails, etc.

**5. Effective vacations:** We recommend efficient management of personnel and workloads so that each employee is free to schedule and enjoy all of the vacation time to which they are entitled.

**Human Rights**

2-23

**Human Rights Policy**

At Grupo Financiero Banorte, we recognize the value and importance of human rights and we understand our responsibility to respect, protect, prevent and mitigate any impact that our activities may have on them. With this in mind, in 2020 we launched our Human Rights Policy, a guiding document for ensuring and respecting human rights with our stakeholders, detailing the actions we take as employers, employees, financial service providers and contractors that are aligned with our values and commitments.

In 2021, we joined a community of practice on business management of human rights led by the Global Compact, in order to create a space for dialogue, training and joint work with the Mexican business community, and encourage them to include a human rights perspective in their operations.

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# Social Capital

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We have products to foster financial inclusion among various prospective customer groups, like women, children and SMEs; we also offer financial education workshops for both customers and suppliers, and forge close ties with our communities in a continual effort to generate value for all players in the economy.

eNPS of  
**84** points  
(employee score)

**19,000**  
SMEs supported with  
total performing loans of  
about Ps. 37 bn

**Ps. 109 mn**  
invested by  
Fundación Banorte in  
various initiatives



## Financial inclusion

FS14, FN-CB-240a.3

Financial inclusion leads to greater well-being when users are aware of the financial products and services available to them. Grupo Financiero Banorte has led the industry in this regard, with innovative products that bring easily accessible banking within reach of all Mexicans.

### Remittances

Remittances from workers in other countries to their families back home are one of the keys to achieving the U.N.'s Sustainable Development Goals, because of the positive economic and social impact they have on families and their communities. They can also promote financial inclusion, competitiveness and cooperation among the various sectors. Mexico's central bank estimated that around **USD 50 billion** were received from family remittances in Mexico last year.

With this service, Banorte contributes toward the goals of financial inclusion. This past year, out of the total value transacted in the form of remittances, **60% were deposited into Banorte accounts and 40% of transactions were cashed at bank branches** where the user does not have an account with us.



Banorte reported a **30% growth in new clients** who received family remittances in 2021.

### Remittances transacted through Banorte



■ Cash transactions	40%
■ Account deposits	60%

## Products that promote financial inclusion

Committed to financial inclusion, Banorte broadened the array of personalized products and services it offers through a 100% digital channel, making it easier for our clients to do their banking.

Product	Description	Beneficiaries (number of accounts)
Apoyos Banorte*	This account is part of the Bienestar program, supporting Mexico's most vulnerable populations through a deposit account and debit card that make it easier to access their money. This product is offered only for social programs that pay out money to their beneficiaries.	1,293,818
Banorte Fácil	An attractive option for anyone who wants to access the banking world and its benefits through a basic peso deposit account.	136,901
Enlace Digital	A 100% digital account that can be opened in just five minutes from any device with internet access, with no annual membership fee or minimum opening amount. This account can be used for banking anytime, from anywhere, through Banorte Móvil.	218,973
Suma Menores*	Once activated, the account can receive deposits at any branch and through Online Banking, and money can be withdrawn at any of our network of ATMs. The account earns interest on a minimum monthly balance of 500 pesos. *Can only be opened by the child's parent.	147,245
Universal Debit Card**	One of the most practical and simplest cards on the market. Clients can obtain, replace or renew their card immediately at any of our affiliated merchants, without having to go to the branch.  Its main goals are to offer greater security and a better customer experience, guaranteeing permanent access to a payment method, while taking the pressure off our branches, particularly during the pandemic.  The card has contactless payment technology and invisible security elements (no CVV2 or expiration date printed on the card). This payment method can be associated 24/7 with various deposit or savings accounts through Banorte Móvil, or online <a href="#">here</a>	Since its launch in August 2021, more than <b>150,000</b> cards have been linked to an account.

\*Number of accounts for first-time banking clients (under 18 years of old and over 65).

\*\*The universe for this section are accounts in the following portfolios: Banorte Fácil, Enlace Digital and Nómina 2, taking into account the criteria for first-time banking clients (under 18 years of old and over 65).

## Customer relations

### Work cells

In response to the customer’s voice, we have designed and transformed processes to offer extraordinary experiences that set us apart from the competition, thanks to our collaborative cell-based model. This model consists of multidisciplinary teams that work throughout the organization to keep the transformation on course and up to speed. In 2020 and 2021, virtual cells were able to accelerate the pace of work and value deliveries to clients.

The pride and recognition experienced by employees who work in the cells has made this an increasingly prevalent way of collaborating to transform processes.

### Cell inventory



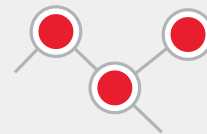
#### 31 macro-cells

Chart the course and accelerate transformation



#### 178 cells

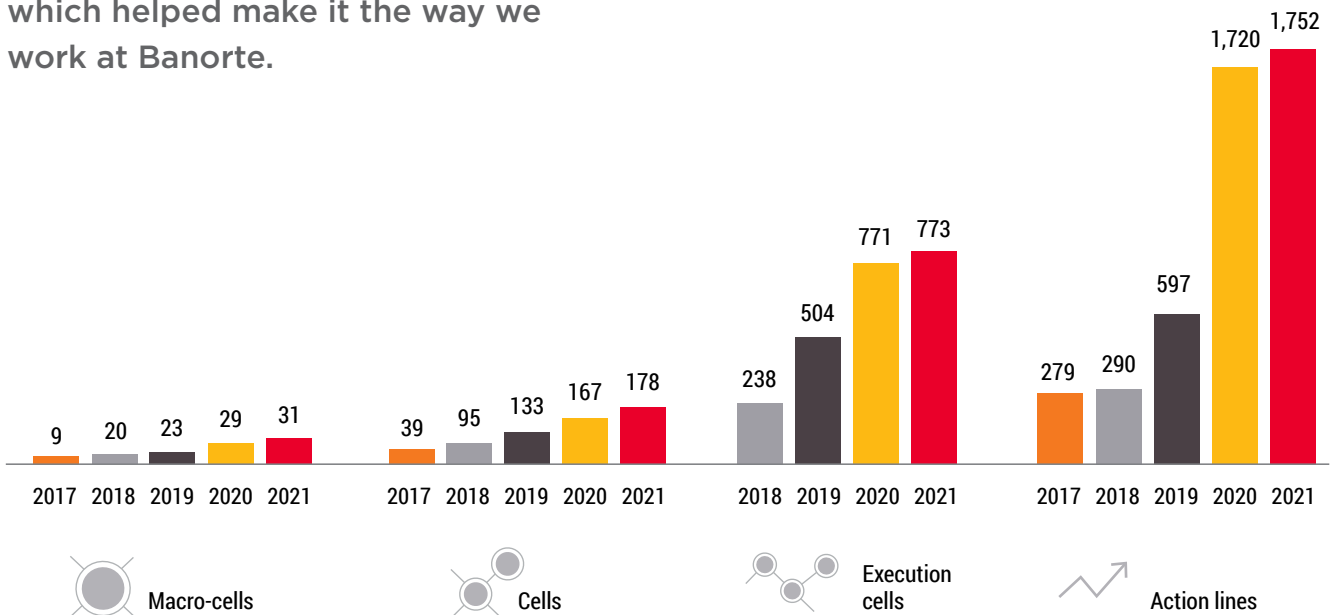
Design and transform the customer’s journey



#### 773 execution cells

Implement and ensure experiences

In 2021, the net performance score (NPNS) of the cells was 90 points, which helped make it the way we work at Banorte.



In the words of employees, cell-based work means:



**More than 760,00 hours of collaborative work** were invested in creating and transforming experiences, resulting in a **150% improvement in the productivity of value deliveries to our customers.**

**Corporate Projects Office (CPO)**

To better service our customers, we need to continually evolve. To do this, various areas of the group regularly present initiatives that are reviewed and managed by a central office: the Corporate Projects Office, which is in charge of evaluating internal projects and prioritizing their implementation, according to a strategy defined by the office of the Chief Executive, aligning business efforts under a process structured by the CPO.

**CPO evaluates and prioritizes**

Requirements are evaluated and prioritized for budget purposes

**Financial Impact**

- TIR
- VPN
- ROI
- Payback
- Cost of risk
- Efficiency Index

**Strategic Impact**

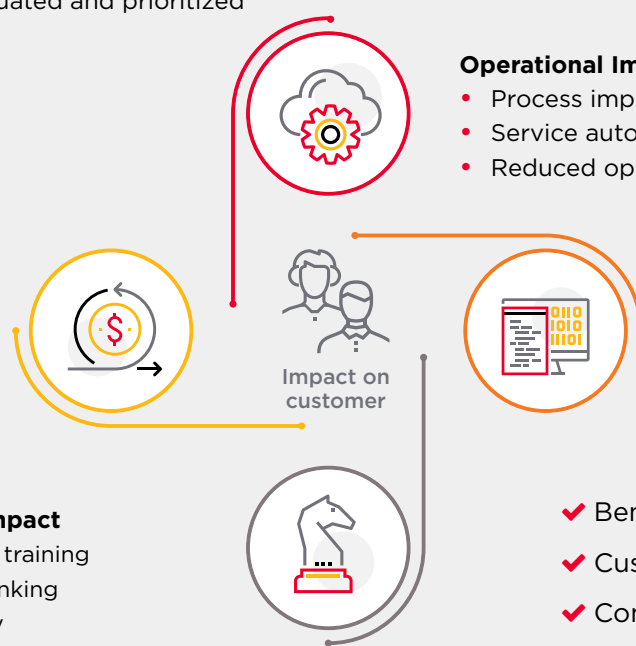
- Increased training
- Digital banking
- Scalability

**Operational Impact**

- Process improvement
- Service automation
- Reduced operating risk

**Technological Impact**

- Alignment of components
- Architectural alignment
- Application health



- ✓ Benefits to the customer
- ✓ Customer-centricity
- ✓ Competition

Having an area to manage the portfolio of initiatives for all areas of the group means we can consolidate evaluation and implementation of these initiatives into a single channel, efficiently manage our resources and promptly complete each initiative with the active involvement of more than 30 macro-cells and senior management groups.

**Review and evaluation of initiatives:**

**1.  
Single entry  
channel**

- 303 active business projects in the current portfolio
- 110 new initiatives entered
- Incorporation of affiliates into the process and CPO work model

- Strategic alignment
- Resource optimization and allocation
- Alignment with the agility scheme and reduced service levels for the CPO process

**2.  
Resource  
stewardship and  
efficiency**

- Budget prioritization aligned with the strategy
- Centralized budget control
- Construction of business cases and identification of benefits
- Comprehensive tracking accompanied by profitability when projects yield expected benefits

- Budget efficiency
- Reduction of average cost per project
- Support and allocation of resources to strategic cells
- Measurable real benefit
- Increase in value deliveries

**3.  
Synergy and  
assistance**

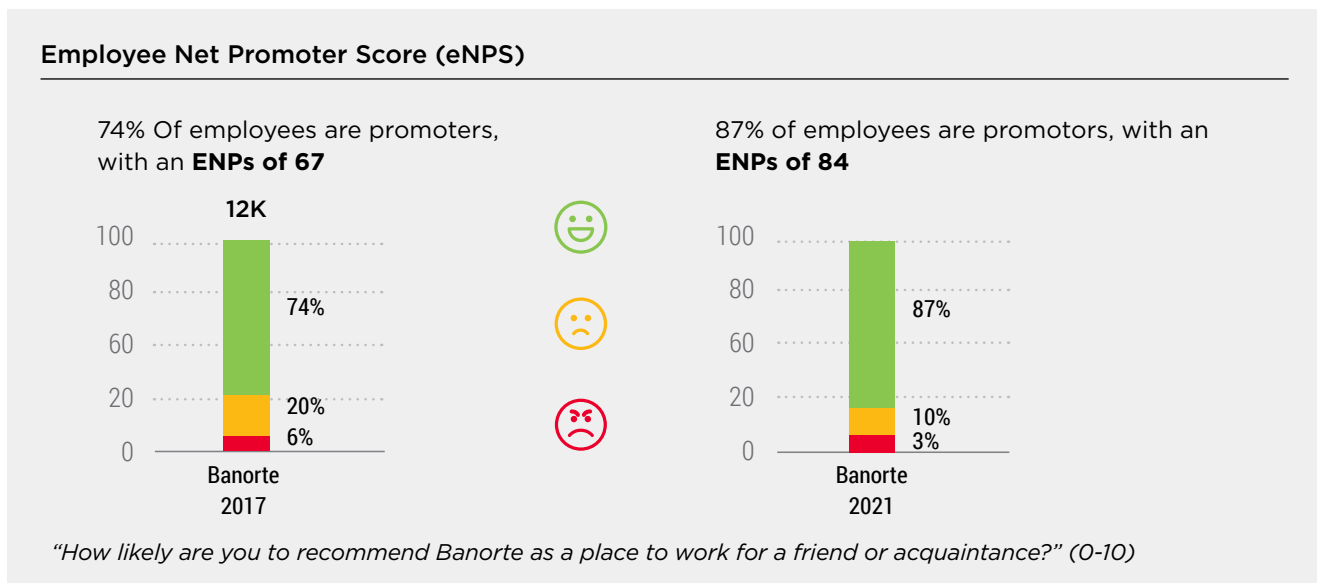
- Close collaboration with areas relating to CPO process
  - Information technology
  - Acquisitions
  - Material resources
  - Financial planning
  - Customer experience
  - Investment projects
  - Comptrollership
  - Profitability
  - Accounting
- Participation in macro-cells, tracking and detailed evaluation of initiatives

- Processes, criteria, guidelines and service levels:
  - Self-funding
  - Useful life
  - Affiliates
  - Customer experience
  - Comprehensive model
  - Comptrollership
  - Technology



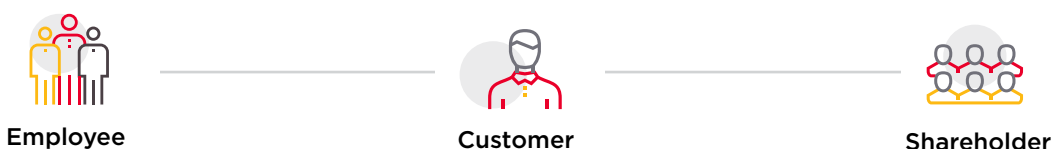
### Employee Net Promoter Score (eNPS)

We are convinced that technology and the human factor are the perfect combination for coming out ahead in this digital world, and to do this, we need to listen to our employees' voices. In 2021, the NPS of Banorte employees was 84%. The most valued attributes were Banorte's solidity, its commitment to the customer's experience, and its great sense of social commitment.



A truly customer-centric strategy generates results for customers, employees and shareholders. This was reflected in an **18% rise in our Customer Experience Value (CEV) index**, which is the expected change in customer profitability resulting from a service experience.

The customer experience is **the main priority** for all of our lines of action.



- Employee**
- ✓ We migrated operations to digital channels, ATMs and the call center, which was reflected in a 20% reduction in branch transactions
  - ✓ NPS of 90% in cells
  - ✓ NPS of 84% among employees
  - ✓ 87% of employees would recommend Banorte as a good place to work

- Customer**
- ✓ 51% increase in the use of digital channels
  - ✓ More positive references (the emotion of surprise grew by more than 20 points in branch experiences while the emotion of fear declined by 22 points in digital channels)
  - ✓ 105% increase in value deliveries to the market over 2020
  - ✓ NPS of 68, 8% higher than in 2020

- Shareholder**
- ✓ RoE of 15.3% in 2021
  - ✓ Increase of 18 points in CEV\*
  - ✓ Reduction of between 20% and 30% in technology expense
  - ✓ Reduction of 10% in marketing expense
- \*Average additional profits the bank expects to make (lose) due to customer experience

We remain on track to generate value for our customers through personalization and ongoing process transformation.

## Financial Education

FS16, FN-CB-240a.4

We are convinced that financial education is the cornerstone of a person’s development. As a financial institution, we are committed to providing tools to raise people’s awareness about the importance of financial culture. During the year, various business areas took part in this initiative, with an impact on thousands of Mexicans. The workshops focused on the following:

Initiative	No. of workshops	Beneficiaries
Strong Universities	80	8,043
Financial Education Seminar	10	417
Personal Finance Workshop	2	75
Alianza Fundación Banorte	4	174

### Strong Universities

Under this program, over the past year we strengthened institutional engagement with the country’s leading public and private universities. We participated in the Resource Generation Network of the National Association of Universities and Higher Educational Institutions, in which we are leaders in the technological transfer axis. Through an alliance with the Universidad de Guadalajara, we helped generate patents and studies on technological feasibility. We also organized three Banorte lectureships with UNAM, the Universidad Autónoma del Estado de Hidalgo and Universidad de Guanajuato. The main issues addressed in our workshops were:

- Successful job search
- Economic and public finance outlook
- Innovation
- Financial awareness
- Investments
- Pensions
- Afore

Next year the first Banorte Hackathon will be held, entitled Banorte Digital Challenge. Students from public and private universities throughout the country can help solve technological challenges that can improve GFNorte’s internal operating processes.

### Financial Education Seminar

This was created as part of an initiative to attract people affiliated with state universities. Today it is part of our value offering for attracting and retaining groups of workers from state and municipal governments.

Heartened by the success of the first seminar, we decided to launch a second one in the last quarter of the year for various government agencies, representing a total of 1.3 million customers.

Areas like Sustainability, Economic Analysis, Payroll, Deposits and Pensions all worked together to generate new and better learning tools.

We are proud to report that through the work of both the Strong Universities Program and the Financial Education Seminars, we have had an impact in several states of Mexico.

The main issues covered in our workshops were:

- Family/personal finance
- Financial awareness
- Better debt management
- Economic and financial framework in Mexico
- Pensions
- Investments

### Synergy with Condusef

In 2021, we signed an annual agreement with Condusef to distribute information on financial education to various stakeholders. With this initiative, we benefited employees, customers, children and the general public. Among the topics covered were:

- Advice for your pocketbook
- Educate your wallet
- Financial education in your institution
- Financial education stories
- Financial education trainers

We also have an exclusive website where this content is shared every month: <https://www.banorte.com/wps/portal/gfb/Home/condusef>

### National Financial Education Week

As it does every year, Grupo Financiero Banorte took part in National Financial Education Week 2021, during which various public and private organizations joined efforts to support financial awareness for Mexican citizens. This year the event was once again held online, and our activities included:

- A virtual stand with the institutional image and links to the different communication channels for customers and the general public.
- A virtual game in which users select an avatar and travel Paseo de la Reforma jumping financial obstacles (small unplanned expenses) and accumulate coins. During the game users hear about various financial tips.
- Six master lectures given by directors of various areas of the group.

Number of volunteers	Number of beneficiaries	Number of hours of volunteer time
6	600	6

### Support for SMEs

2-6, 201-1, FS14, FN-CB-240a.1, FN-CB-240a.2,

GFNorte understands that one of the driving forces of the Mexican economy are its small and mid-sized enterprises. With this in mind, to help them grow and create more jobs, we continue to offer them financing that meets their needs.

**78% of the portfolio consists of straight loans**

**50% of the portfolio was placed at a fixed rate**

**Non-performing loan rate of 1.8%, a record low as of December 2021**

**32% of IWBA\* borrowers are women business owners**

**22% of borrowers are individuals with business activity (IWBA)**

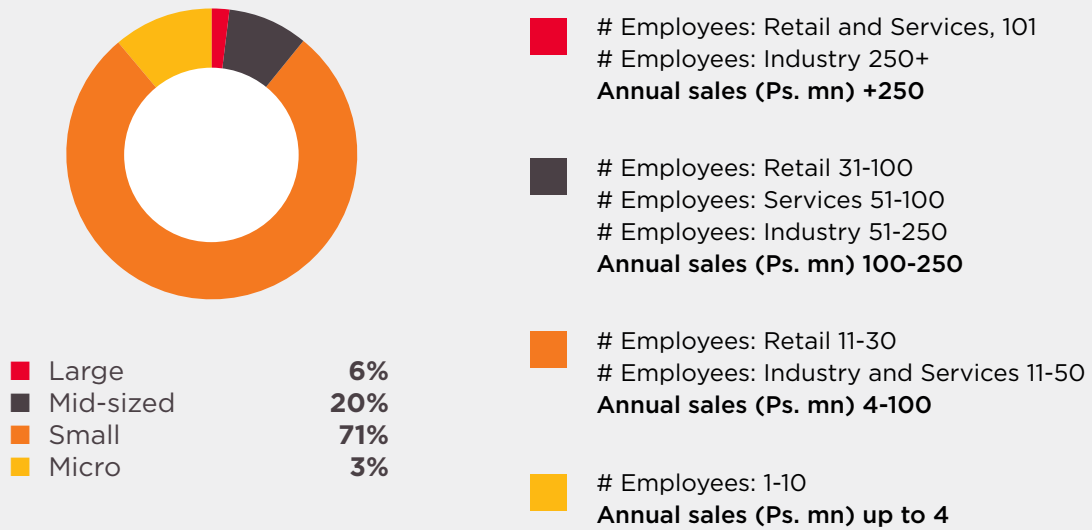
**Average line of credit per customer: Ps. 3.1 mn**

**1.36 loans per customer**

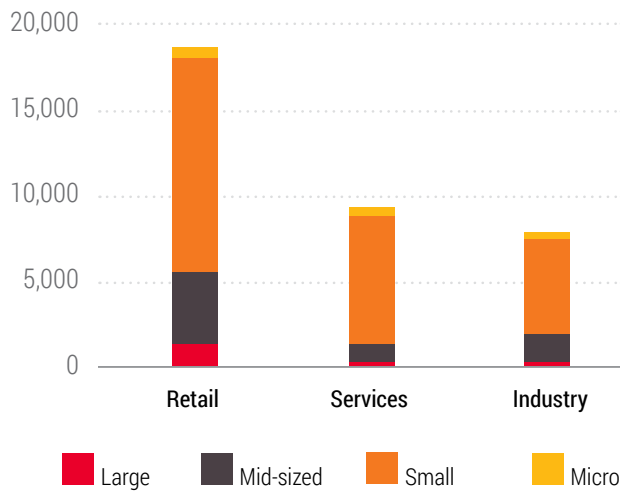
\* Individuals with Business Activities

**During the year, we supported more than 19,000 SMEs with a total portfolio of approximately Ps. 37 bn in loans.**

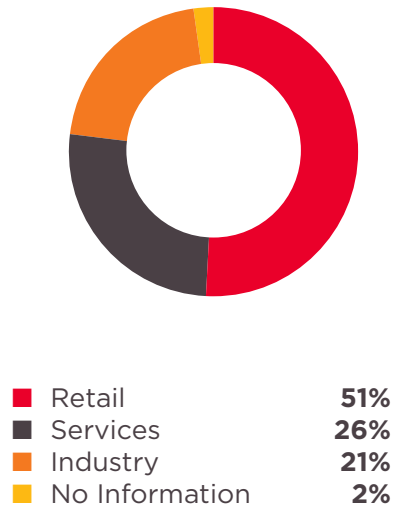
**Breakdown of total amount placed by company size**



**Total loans by sector and company size**



**Breakdown of total loans by sector**



### Development Banking

Development Banking plays an important role in the economy, facilitating access to credit for small and mid-sized enterprises. Our involvement in this business has given us an entry into other market niches and allowed us to promote specific segments of the economy by sharing risk with the government development bank.

**79% of SME loans have a development bank guarantee (19,688 out of 24,773 loans)**

**Banorte has the highest approval rating in the programs:**

**Impulso Nafin + states: 50%**  
**Credisuministros: 66%**

**We are the 2<sup>nd</sup> largest bank in the country in terms of participation in the programs:**

**Business: Ps. 19.06 bn**  
**Impulso + States: Ps. 4.25 bn**  
**Credisuministros: Ps. 85.6 mn**

**Banorte used 42% of the resources allocated for development banking**



### Programs:

#### Special projects by region

We extended 3,195 loans totaling Ps. 6.70 billion in financing for specific destinations, to promote activities that included:

- Industry and state promotion
- Women's inclusion
- Molds, die cutting and machining
- Foreign trade
- Tourism and hospitality
- Automotive
- Supply chain financing
- Electrical and electronics
- Youth inclusion
- Leather and footwear
- Industry-based programs
- Construction
- Foreign banks

#### Eco-loans (Nafin and Faterged)

An eco-loan is a loan to finance energy efficiency or renewable energy projects, to acquire or replace equipment, and to cover installation expenses. Three loans of this type have been placed, totaling a little over Ps. 3 million.

One loan was granted to purchase and install interconnected solar cell systems under the distributed clean energy scheme, for a total of Ps. 530,000.

Program	Loans	
Eco-loans	3	87%
Solar cell systems	1	13%
Total	4	100%

#### Microsupport

This program is a financing scheme for clients registered under the Tax Incorporation Regime (TIR), as part of the SME Development program. The activities of this program last year are summed up as follows:

TIR Programs <sup>a)</sup> Repecos <sup>b)</sup>	Number of loans	Total amount
	10	\$2,218,000

- a) Tax Incorporation Regime
- b) Small Taxpayers Regime

## Products

2-6, 201-1

We have products that adapt to the needs of every small or mid-sized business and help them cover the needs of their operating cycle, from traditional financing, credit cards or sales advances to helping them improve cash flow or buy fixed assets. That way, the company can focus on growing its business.

	Crediactivo				Sales advance	Business Credit Card
	Straight loan	Current-account	Businesses and companies (revolving line)	Microsupport		
	Between Ps. 200,000 and 5 mn for micro and small businesses		Up to \$3mn in a revolving loan	Between Ps. 30,000 and 300,000 in a straight loan	Between Ps. 25,000 and 1.5 mn in straight loans	Up to Ps. 300,000 credit card limit
Amounts	Between Ps. 5 mn and 24mn for small and mid-sized businesses		For SMEs that need to use a card	For persons registered in the tax incorporation regime (TIR)	For SMEs that bill with Banorte POS	For SMEs that need to separate their expenses and tax benefits
Purpose	Permanent working capital and capital expenditures	Temporary working capital for treasury needs	Temporary working capital for treasury needs	Permanent working capital	Temporary working capital for treasury needs	For payment of utilities, travel expenses, furniture and equipment, petty cash

	Banorte	Banking system
Performing loans	98.2%	95.3%
Nonperforming loans	1.8%	4.7%
Total balance	100%	100%

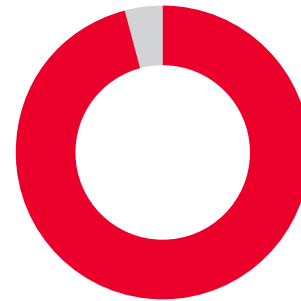
At the close of 2021, the **Crediactivo Commercial portfolio for SMEs totaled approximately Ps. 37 bn**, with a nonperforming loan ratio of 1.8%, considerably lower than for the banking system as a whole, which closed the year at 4.7%.



## Supplier relations

2-6, 201-1, 204-1, 308-1, 414-1

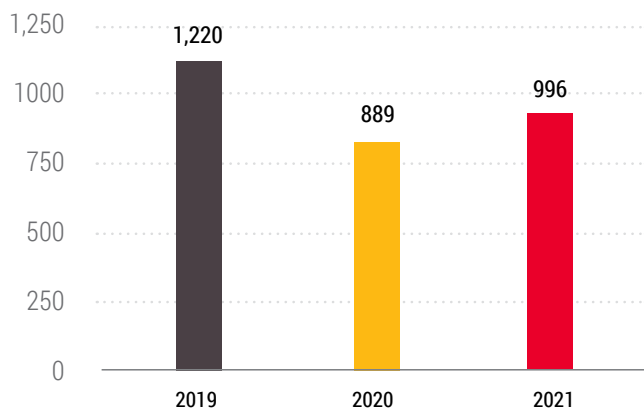
For Banorte, building mutually valuable relations with our suppliers, encouraging responsible practices and contributing to sustainable development in this country is fundamental to our business. For this reason, we try to ensure that the majority of our suppliers are domestic, to contribute to local economies and generate jobs in this country.



996 suppliers

■ Mexican 96%

### Number of suppliers



Since 2012, all of our supplier contracts include a clause stating that they recognize and apply the ten principles of the United Nations Global Compact. They must also complete a questionnaire that covers the criteria established in the “Guide to responsible supply chain management: toward sustainable business inside and beyond company walls.” This enables us to detect the risk associated with failing to abide by the law.

Through an online training program in which 46 suppliers and 13 SME client participated, the following topics were covered:

Subject	Classes per subject	Class duration	Total hours	Attendees
Ethics and Governance	3	2 hours	6 hours	77
Human Capital	3	2 hours	6 hours	86
Environment	3	2 hours	6 hours	77
Community Engagement	3	2 hours	6 hours	83

With the first graduating class from **“Banorte Sustainability Academy”** we proved our commitment to our suppliers’ development.

At the start of 2022, we will announce the two suppliers that won the Banorte SRE Distinction, and we will continue training our value chain in matters of sustainability and social responsibility.

## Community engagement

201-1, 203-1, 203-2, 413-1

### Corporate volunteer corps

“Yo Soy Voluntario Banorte” is our corporate volunteer program, through which employees can take part in activities that generate value for our stakeholders. The program follows three lines of action:



## 1. Community

All initiatives that directly benefit communities, through activities like diversity and inclusion, through an industry-wide volunteer effort with the Mexican Bankers’ Association (ABM) and Fundación Banorte.



Our first volunteer effort with people with intellectual disabilities, from Fundación APAC IAP.

**Number of volunteers: 22**

**Number of beneficiaries: 13**

**Hours of volunteer time: 44**

As part of our commitment to the ABM, we joined the volunteer effort with the Fundación Niños y Adolescentes en Armonía.

**Number of volunteers: 13**

**Number of beneficiaries: 20**

**Hours of volunteer time: 26**

The Office of the Chief Business Development Officer and the Deputy Chief Technology officer called upon their 1,307 employees to donate plastic caps (from beverages, soft drinks, water jugs, oils, fabric softeners, cosmetics, medications and others) for 3 months, collecting more than 475 kilos of caps, which were donated to Banco de Tapitas. This support is equivalent to 12 doses of methotrexate for children with cancer.

**1,307 employees donated 475 kilos of caps, equivalent to 12 doses of methotrexate for children with cancer.**





## 2. Environment

Employees volunteer for activities aimed at reducing our environmental impact.



In collaboration with Grupo Promesa, we organized our first environmental volunteer corps, which collected waste at home and in the corporate offices at Tlalpan and Santa Fe.

Number of volunteers: **46**

Hours of volunteer time: **92**



## 3. Specialized volunteer work

Our employees volunteer their time for workshops and lectures, mainly on financial education topics, to various groups of the general public.



A total of 102 talks and workshops were given to various stakeholder groups: customers, communities, allies, universities, etc.

Number of volunteers: **26**

Number of beneficiaries: **9,309**

Hours of volunteer time: **160**



Through Fundación Banorte, we try to help our country's most vulnerable sectors and regions. We want to participate in their advancement, and this year, we invested more than Ps. 109 million in various projects focused on housing, education and development for Mexican families.



**48,348** direct beneficiaries

■ Construction: +Ps. 60 mn	<b>55%</b>
■ A thousand dreams: +Ps. 20 mn	<b>19%</b>
■ Other charitable support: +MXN16mn	<b>15%</b>
■ Natural disasters: +Ps. 12 mn	<b>11%</b>

### Housing construction

For the second year in a row, under an alliance with other nonprofits like Habitat for Humanity México, Échale, Corazón Urbano A.C., Amigos de la Sierra A.C., Entrelazando México A.C. and Fundación Hogares I.A.P. we helped build 1,216 homes, benefiting 4,864 underprivileged people. Our work covered the following states:

- Mexico State
- Yucatán
- Chiapas
- Sonora
- Nayarit
- Guerrero
- Chihuahua
- Tlaxcala
- Guanajuato
- Michoacán
- Baja California
- Mexico City
- Veracruz

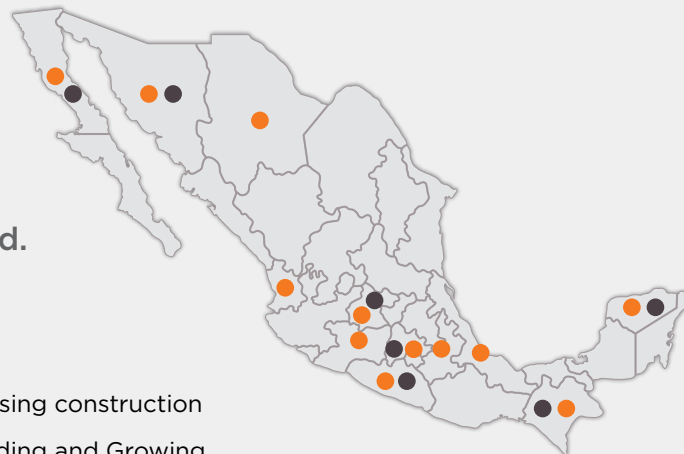
### Building and Growing

In partnership with the organization Construyendo y Creciendo, we equipped classrooms to provide training for jobs, to complete schooling or literacy, for beneficiaries of the Housing Construction program and construction workers who were involved in the project, benefiting 140 people in the following states:

- Yucatán
- Sonora
- Guerrero
- Baja California
- Mexico State
- Chiapas
- Guanajuato

**Impacting 140 people**

**1,216 homes, benefiting 4,864 people** in economic need.



- Housing construction
- Building and Growing

### Professionalize your Talents

In an alliance with Fundación Origen, we help people develop skills that can help them earn money and obtain training and certification in areas like apparel design and manufacture, beauticians, manicurists, pastry chefs, bakers, data technicians, plumbers, electricians, and farming and landscape specialists.

Last year 233 graduated with new skills in various trades in Villa Victoria and Ocuilan, Mexico State, and Xochimilco, Mexico City.



### Strong Youth

In partnership with Save the Children Mexico, we organized workshops, games and training activities to improve the socio-emotional skills of children, teenagers and youth, to help strengthen the social fabric and promote community development.

In October we began a pilot program in Oaxaca and Tijuana—communities where Fundación Banorte has helped build homes—to identify violent behavior and raise awareness about building a culture of peace among young people, their families and communities, to strengthen reading and writing skills and promote healthy habits.

To develop and launch the “Strong Youth” pilot, the Fundación Banorte team made three visits, one to Tijuana and two to the city of Oaxaca, dedicating a total of 15.5 hours.

We strengthened sustainability culture through the following programs:

- ✔ In an alliance with Entrelazando México, A.C., we helped put roofs on 14 buildings using 36,000 recycled food cartons in the state of Morelos.
- ✔ With Habitat for Humanity Mexico, we installed 311 water-saving toilets in the homes we built.
- ✔ In the community of Álamos, Sonora, we installed solar cells to supply electrical energy for bio-digesters to treat wastewater in homes that we helped build.
- ✔ With Fundación Hogares, I.A.P., we are installing 14 ecological kitchens in Álamos, Sonora, which will help reduce deforestation from illegal woodcutting and the prevalence of respiratory illness due to smoke inhalation, primarily among women, who often work on improvised fireplaces and clay stoves to cook food for their families.

We created a comprehensive program to contribute to social bonding and strengthening skills in communities.

- ✔ We equipped the library in Chuburná, Yucatán, so that it can serve as a meeting place for cultural, recreational and neighborhood organization activities. The space will be managed by a community committee made up of local residents.
- ✔ In coordination with the Sustainability area, in September a virtual volunteer effort was organized for the community of San Juan Cancuc Chiapas, consisting of four workshops on family finances, given to beneficiaries of the housing program. Twelve volunteers from the bank contributed eight hours of volunteer time, benefiting 174 people.

- ✓ Together with Corazón Urbano, we helped paint 80 homes in Iztapalapa, Mexico City, to reverse deterioration and restore public spaces. Along with this activity, we held skills workshops for neighbors of the zone, encouraging them to pursue self-employment in the construction industry, which is much in demand in that part of the city. We also taught skills useful for maintaining their homes and public spaces.



### Banorte Adopts a Community

Created in 2017 after the September 7 and 19 earthquakes to help people whose homes had been destroyed or damaged, this program has continued for four years. During this time it has helped build and restore homes, community spaces and social infrastructure.

A total of 2,513 families benefited last year from the following actions:

- ✓ Reconstruction of two community markets, one in Atenango del Río, Guerrero and one in Santa Cruz Cuautumatitla, Puebla.
- ✓ Restoration of the municipal water system in Tonalá, Chiapas; a community production space in Jojutla, Morelos, and, in progress, a community center in San Francisco del Mar, Oaxaca.
- ✓ Construction of three community centers: Ocuilan and Joquicingo, Mexico State, and Tlayacapan, Morelos.
- ✓ Risk management training for future disasters in seven of these communities.
- ✓ Food support to 500 families in San Francisco del Mar following flooding in September.
- ✓ In alliance with Únete, we equipped computer and internet rooms in nine public schools, to help reduce school dropout rates. Teachers received training under a mentoring program

that helped them generate new learning strategies, benefiting 2,915 students per school year, and indirectly, 4,530 parents.

- ✓ We updated and expanded the Grupo Financiero Banorte Disaster Management Protocol, which establishes institutional responsibilities and duties for participating areas to develop support campaigns for populations affected by a natural disaster or emergency, and to put in place reconstruction or restoration projects after the disaster.



### Helping Wrap up Christmas

Fundación Banorte and GFNorte employees joined efforts during the year to support 11 charitable associations who gave toys to kids for Children’s Day, and blankets and Christmas meals to 11 children’s homes. With the “Helping Wrap up Christmas” we invited employees to make an online donation that was used to buy pajamas and jackets to keep 1,788 kids warm.



### A Thousand Dreams to Fulfill

We have programs to benefit our employees' families, and this year we offered ten months of financial aid to 1,640 children whose parents work at GFNorte and who were studying from primary school through college, to help them stay in school and complete their education.

Interested parties who met the qualifications for the annual call for entries are offered one of three types of scholarship:

- ✓ Academic, recognizing students who have excelled in school.
- ✓ Special education, aimed at students with a medical diagnosis of disability or giftedness.
- ✓ Stipends, for employees earning less than Ps. 15,000 a month, to help them with the cost of school supplies and other educational expenses.

In an alliance with the Tec de Monterrey and its social support programs, we provided the following full scholarships:

- ✓ University studies for two students who have shown outstanding academic performance and work in the community, selected through a call for entries to "Leaders of Tomorrow."
- ✓ Online training for Banorte employees who have not completed their high school degree, through the Prepanet program: the first class contained 13 students, six of which completed their second four-month academic session.
- ✓ In an alliance with Celamex, I.A.P., full scholarships were awarded to 50 high school and preparatory school students to participate in a program to attract students to STEAM (Science, Technology, Engineering, Arts and Mathematics) degree programs, and 14 students to take part in a pilot program on development of socio-emotional skills and employability.

## Communication

### The voice of social media

Our strategy for publishing content aims at strengthening our interaction with the Grupo Financiero Banorte digital community. We communicate the group's actions through brand media like Norte Económico, a Grupo Financiero Banorte podcast and Our Journey/Nuestro Camino, Banorte's ESG report, which in turn are used for content posted on our networks.

### Interaction is the key

According to Comscore, a company dedicated to measuring the impact of digital media, Banorte is the financial group with the best connection to its audience on Facebook. Comscore found that 77% of our audience interacts with our content.

**"Having a captive audience can be a good shortcut to transform interactions into new clients".**

(Comscore Study).

### The window for an employer brand

Grupo Financiero Banorte was selected by the renowned social network LinkedIn, as the Mexico's Best Employer Brand 2021.

This recognition identifies companies who are known for their outstanding interaction with employees and new talent through this social network. It reflects our commitment to Mexican talent, to providing a unique value proposition for choosing us as a place to work.



GFBanorte\_mx:  
**53,600/ interaction: 23.7%**



GFBanorte\_mx:  
**21,200/ interaction: 1.4%**



GFBanorte\_mx:  
**169,396/ interaction: 4.9%**

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# Environmental Capital

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Aware of the role we play in various measures to combat climate change, we have a number of mechanisms for measuring our performance—including the environmental impact matrix—to guarantee efficient, sustainable management of our resources. We belong to various international initiatives with whom we share this great challenge.

**16.25 GJ**

of energy consumed  
per employee

Emissions intensity of

**2.15 tCO<sub>2</sub>e**

per employee

**Reduction of  
2,100 MWh**

through remote work



## Environmental management

2-23

As part of our commitment to the environment and our organizational development, we have an Environmental Policy aligned with current national and international regulations and initiatives and with international standard ISO 14001. The policy is available for viewing at: [https://investors.banorte.com/-/media/Files/B/Banorte-IR/sustainability/policies-and-procedures/en/PoliticaAmbiental\\_en.pdf](https://investors.banorte.com/-/media/Files/B/Banorte-IR/sustainability/policies-and-procedures/en/PoliticaAmbiental_en.pdf)

We also have an environmental impact matrix that enables us to identify existing environmental legislation applicable to the industry, for managing 128 operational aspects that in turn involve six current or emerging risks. We received no environmental fines in 2021.

## Operating eco-efficiency

### Energy

302-1, 302-3, 302-4, 302-5

#### Total Energy Consumption

Concept	2019	2020	2021	Chge. 21/20
Metric	(GJ)	(GJ)	(GJ)	
Natural gas	154.29	11.93	2.3	-80.7%
Diesel	2,221.49	3,422.64	1,994.3	-41.7%
LP Gas	1,193.93	910.19	770	-15.4%
Gasoline	54,912.79	43,637.62	36,389.89	-16.6%
Electricity	484,045.70	461,727.42	459,228.53	-0.54%
Total GJ	542,373.91	509,697.87	498,385.35	-2.2%
GJ by employee	17.98	17.04	16.25	-4.6%
GJ per Ps. mn of net income	14.85	16.71	14.22	-14.9%
Employee scope	100%	100%	100%	
Factors Used (CONUEE)	2020	2021	2021	

The diesel included in the total considered as fixed-source is the fuel used for backup generators and as fixed sources, the diesel used in utility vehicles. LP gas is used for forklifts and cooking, which was replaced by electricity starting in July. Finally, the gasoline reported is used for utility vehicles.

The consumption of gasoline in utility vehicles in our Leasing and Factoring subsidiary, and in Bonded Warehousing, as well as diesel fuel from fixed sources at Banorte, were estimated based on expenses and the monthly average price given by the Energy Regulatory Commission (CRE) for each fuel.

To calculate emissions intensity we used a base of 30,667 employees, including full-time employees, those working on a fee basis and other professional service providers, and Ps. 35.05 bn in net income.

Security protocols applied during the COVID-19 pandemic required us to develop new forms of remote work and staggered office hours, which allowed us to vacate two administrative buildings and 29 bank branches. This contributed directly to the reduction of our energy use by 2,100 MWh, associated with the emission of 1,037.4 metric tons of tCO<sub>2</sub>e.

We also have a program for automatic shutoff of computers outside of working hours, which allows us to monitor equipment in the networks of our administrative buildings. By our estimates, this program has saved us Ps. 1.2 million, corresponding to 727.39 MWh and emissions of 359.33 tCO<sub>2</sub>e which we avoided.



Our strategic alliance with Google Cloud allowed us not only to innovate in the banking industry but to achieve new environmental goals. Google Cloud has been carbon-neutral since 2007 and has the goal of powering all of its data centers with renewable energy by 2030. A fundamental pillar of the alliance is the migration of certain strategic loads suitable for the cloud, so that we can take advantage of the carbon-free energy supply offered by Google Cloud. We currently use this platform and are working on migrating processes like finance, accounting and budgeting. The alliance gives us an opportunity to develop new digital services that will directly benefit our clients.

In 2022 we began migrating our main data center from Tlalpan in Mexico City to the city of Querétaro.

This is being done in a series of phases, and it will ultimately enhance data security and optimize electrical energy consumption, while taking advantage of natural environmental factors for cooling the data center. We consider data security to be strategically vital, so we perform regular secure backups to keep the center functioning properly during this change. The migration will reduce our energy consumption as well as the greenhouse gas emissions it entails.

In 2021, legal efforts continued to obtain modification of the self-supply permit to include Banorte as a consuming partner. If we succeed in this effort, we will have a renewable energy supply covering 70% of the electricity consumed by this subsidiary.

## Greenhouse gas (GHG) emissions

305-1, 305-2, 305-3, 305-4, 305-5, 305-6

### Scopes 1 and 2

#### GFNorte scope 1 and 2 emissions (tCO<sub>2</sub>e)

Concepto	2019	2020	2021	Chge.
Metric	(tCO <sub>2</sub> e)	(tCO <sub>2</sub> e)	(tCO <sub>2</sub> e)	
Natural Gas (A1)	1.40	0.67	0.13	-80.6%
Diesel (A1)	166.21	256.20	149.95	-41.5%
LP Gas (A1)	76.73	59.06	49.98	-15.4%
Gasoline (A1)	3,960.31	3,147.14	2,624.44	-16.6%
Electricity (A2)	67,855.07	63,339.46	63,008.51	-0.5%
Total tCO <sub>2</sub> e (A1 + A2)	72,058.08	66,851.91	65,833.00	-2.0%
tCO <sub>2</sub> e per employee	2.39	2.23	2.15	-6.0%
tCO <sub>2</sub> e per Ps. mn of net profit	1.97	2.19	1.88	-14.9%
Employee scope	100%	100%	100%	

Scope 1 emissions were calculated on the basis of factors published by SEMARNAT in the Official Gazette of the Federation, in the agreement establishing the technical details and formulas to be applied in methodologies for calculating greenhouse gas or compounds.

Scope 2 emissions were calculated using the national electrical emissions factor for 2020.

Calculations on emissions intensity assume Ps. 35.05 billion in net income and a staff of 30,667 employees (full-time employees, those working on a fee basis and other professional service providers).

### Scope 3

#### Corporate air travel

GFNorte employees traveled approximately 2,813,834 kilometers by air in 2021, equivalent to 302.24 tCO<sub>2</sub>e emitted into the atmosphere. This is 40% less than in 2020, primarily because of the shift to remote work and the gradual return of certain areas of the group to the office.

#### Employee commuting

Because we operate in an industry considered essential, we were able to continue operating and offering services to our clients. Employees in our branches, call center and some administrative buildings continued working on site.

Together with the Institute for Transport and Policy Development and MOVIN (Movilidad Inteligente), a group of companies located along Mexico City's Avenida Reforma, we developed an institutional mobility plan to explore the accessibility of various means of transport for our employees to and from the office.

In the first phase, we conducted a diagnosis to learn about our employees' mobility patterns, quantify the impact they have inside and outside of the institution and identify possible solutions for mitigating it. In 2022 we will be applying the institutional mobility plan for the return of employees to offices located in this zone through a staggered scheme involving more sustainable means of transport, like bicycles, company vans, carpooling and walk-to-work incentives.

#### Cooling gases

We emitted 3,674.14 tCO<sub>2</sub>e resulting from recharges of R-22 and R-410a cooling gases (which do not affect the ozone layer), 37% less than the year before. In 2015 we stopped purchasing air conditioning equipment that uses R22 cooling gas. The scope includes the facilities of Banorte and Afore XXI, where 93% of our employees work.

### Investment

According to the GHG Protocol methodology for calculating scope 3 emissions, category 15 for investment, we quantified a total of 125,240 tCO<sub>2</sub>e corresponding to 121 issuers whose securities are included in the portfolio of our Fund Manager. This covers 76% of the total equity assets of this subsidiary.

### Waste management

301-1, 306-1, 306-2, 306-3, 306-4

In 2021, we extended the Waste Separation Program to a total of six buildings: Torre Santa Fe, Reforma 383 and Tlalpan, located in Mexico City, and the Call Center, Torre Sur and Torre KOI in Monterrey. With the measurement taken for the 2020 program, we estimated the amount of waste generated in our administrative buildings based on the indicator of kilograms per employee, dividing this into non-organic, non-recyclable and organic. Assuming a similar pattern in the remainder of our administrative buildings, this indicator was extrapolated to 110 other buildings with a scope of 48.3% of our workforce; adding up the metric tons of recyclable non-organic waste we arrived at a total of 1,196 metric tons of waste generated.

Having done this, we were able to channel a total of 489.5 metric tons of waste for recycling; the proceeds raised from 2.6 metric tons of this waste went to social causes like maintenance and repair of school furniture. Furthermore, in keeping with standards on the appropriate disposal of dead files, this year we recycled a total of 463.7 metric tons of paper, equivalent to 50,754 boxes of documents destroyed. And under an alliance with BioBox we collected around 18.4 metric tons of PET and aluminum cans in exchange for rewards through machines located in Mexico City.

To increase the accessibility of waste collection and disposal from our employees, through our corporate volunteer corps, two of our administrative buildings in Mexico City were converted into collection centers, where a total of 1.433 metric tons of recycle waste was collected: paper, cardboard, aluminum, scrap metal, NDPE, tetra pak, glass, PET, caps and electronics.

We also encouraged the efficient consumption of paper in our operations, being the largest source of waste by volume that we generate. We adopted a number of initiatives and campaigns in order to consume less paper and encourage the use of digital media and cross selling.



**Originals**

by optimizing contract formats and reducing the number of pages we saved 35.01 metric tons of paper, equivalent to 7,745,416 sheets.



**ATMs**

The elimination of printed receipts at our ATMs saved close to 187 metric tons of paper and Ps. 380,000.



**Papercut:**

by monitoring multifunctional printers in banking industry corporate buildings and controlling the number of printouts per user, we saved 2.3 metric tons of paper or 513,122 sheets.



**Mobile Adjuster**

A total of 176,500 clients in the Insurance business entered their claim statement on a tablet and processing orders were issued electronically via e-mail to the insured party. This avoided the consumption of 1.4 million sheets, or 6.38 metric tons of paper.



**Paperless**

Reduced the amount of printed account statements sent to clients' addresses by sending digitized statements to clients with Mujer Banorte, Cuenta Preferente, Enlace Personal and Suma Menores accounts. This year 250,177 accounts went paperless, equivalent to 33.36 metric tons of paper, saving approximately Ps. 10.3 million.

**Water**

303-5

Our water efficiency measures include water-saving sinks in our administrative buildings, dry urinals and low-consumption toilets. We also have a water capture system on rooftops and conventional drains in two of our administrative buildings, which permits us to channel rainwater to a special cistern for use in building operations and maintenance.

**Water consumption**

Consumption	2019	2020	2021	Chge. 20/21
Water m <sup>3</sup>	714,835	509,599	673,596	32.2%
m <sup>3</sup> /employee	23.70	17.03	21.96	28.9%
Employee scope	100%	100%	100%	

Calculations based on water expense and average government price. The water comes from the public water supply networks where we operate, and wastewater is channeled into public sewage networks.

Water intensity calculations assume a workforce of 30,667 employees (full-time employees, those working on a fee basis and other professional service providers).

## Climate Change

201-2

### Climate strategy

GFNorte recognizes global climate change as one of the greatest environmental threats humanity is facing. We know that efforts are urgently needed to reduce dependency on fossil fuels and lower the amount of greenhouse gases emitted into the atmosphere to avoid irreversible consequences for society, the environment, and productive activity.

We have developed a comprehensive climate strategy that covers our national and international commitments, aware of the way climate change pervades all ESG issues. Our climate strategy focuses on six goals that will be achieved between 2021 and 2050, aligned with the issues of governance, strategy, risk management, metrics and targets, stakeholders and transparency.

### Comprehensive Climate Strategy

	2021 - 2025	2026 - 2030	2031 - 2035	2036 - 2040	2041 - 2045	2046 - 2050
<b>Governance</b>	Develop policies, processes and work groups on climate change to support decision-making by governance bodies and ensure that these permeate the entire organization. CDP / TCFD / PRB / PRI					
<b>Strategy</b>	Guarantee the group's resilience to the effects of climate change and accelerate the transition to a low-carbon economy. CDP / TCFD / PRB / PRI					
<b>Risk management</b>	Analyze risks and impacts relating to climate, nature and society, and identify opportunities under possible future scenarios. CDP / TCFD / EP / PRB / PRI / TNFD					
<b>Metrics and targets</b>	Measure the direct and indirect impact on the Group from climate change and define decarbonization targets based on science and sustainable finance. CDP / TCFD / SBTi / NZBA / PRB / PRI					
<b>Stakeholders</b>	Participate actively with clients, regulatory bodies and other stakeholders to encourage climate action. CDP / EP / PRB / PRI					
<b>Transparency</b>	Publicize the group's commitments and actions regarding climate change. CDP / TCFD / SBTi / NZBA / EP / PRB / PRI / TNFD					



**CDP:** Carbon Disclosure Project



**PBR:** Principles for Responsible Banking



**SBTi:** Science Based Targets initiative



**PE:** Equator Principles



**TCFD:** Taskforce on Climate-related Financial Disclosures



**PRI:** Principles for Responsible Investment



**NZBA:** Net-Zero Banking Alliance



**TNFD:** Taskforce on Nature-related Financial Disclosures

### Emissions reduction target

Aligned with the commitments Mexico assumed in the Paris Agreement, we defined short- and medium-term goals to reduce scope 1 and 2 GHG emissions, which were approved by the Sustainability Committee in its first meeting of the year. We are still in the process of setting scope 3 emissions reduction targets, which correspond to our financing and investment portfolios.

Target	KPI	Target	Base year	Target year
Reduce absolute CO <sub>2</sub> emissions by the group	tCO <sub>2</sub> e	50%	2020	2030
Reduce absolute CO <sub>2</sub> emissions by the group	tCO <sub>2</sub> e	100%	2020	2050
Reduce CO <sub>2</sub> emissions per employee (intensive) by the group	tCO <sub>2</sub> e/employee	30%	2020	2025
Reduce CO <sub>2</sub> emissions per employee (intensive) by the group	tCO <sub>2</sub> e/employee	60%	2020	2030

We also continued our work on aligning these commitments with the methodologies of the Science Based Targets Initiative (SBTi) and the Net Zero Banking Alliance (NZBA), taking part in various workshops to develop skills and tools needed to do so during the year.

### Natural Disasters

In 2021 we recorded 40 climate-related events, three of which had an economic impact on 42 of our branches. The physical impact totaled approximately Ps. 843,000 in infrastructure damage, and we estimate the loss of close to Ps. 11.2 million in net income from the interruption in services totaling approximately 480 hours.

To mitigate climate risk, we have a command center that conducts live monitoring of high-impact climate events, as well as 15 sub-committees in different regions of the country, involving 462 employees during the year. We also provide theoretic and practical training which was completed by 1,046 of our active brigade members. We also have a resilience plan to ensure business processes and the efficient return to operations following meteorological crises at eight branches, at a total cost of Ps. 18.5 million.

## Environmental culture

### Biodiversity

304-3, 304-4

Our green rooftop project, located in the Roberto González Barrera Contact Center in Monterrey, Nuevo León, represents our commitment to the sustainable use of urban spaces. The rooftop holds 70 species of Mexican plants, 13 of them classified under environmental protection standard NOM-059-SEMARNAT-2010. It has 1,784 m<sup>2</sup> of landscaped area with succulents and cactuses from the biome where it is located.

Together with the Reino Animal theme park and nature preserve, we continued our conservation efforts through the Center for Conservation of the Mexican Grey Wolf. The existence of this species has been interwoven with human activity from the times of Teotihuacán, so its conservation is deeply important in Latin America, for educational and social purposes as well as for its local and national environmental impact.

Additionally, and as part of our commitment to building greater environmental awareness, we promote the use of renewable energy through solar power installed within the park. We set up infographics on the benefits of renewable energy, so that visitors can learn about the various options they have to apply it at home and in their companies.

# GRI

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2-11		33	Chair of the highest governance body	Board of Directors Composition
2-12		27, 44, 45, 68, 69, 80, 81	Role of the highest governance body in overseeing the management of impacts	Impact measurement, Sustainability Committee, Risk management, Management of social and environmental risks in financing
2-13		44, 45, 68, 69	Delegation of responsibility for managing impacts	Sustainability Committee, Risk management
2-14			Role of the highest governance body in sustainability reporting	The 2021 Annual Report of Grupo Financiero Banorte has been approved by the Managing Director of Corporate Development, Investor Relations and Sustainability.  Furthermore, the Audit and Corporate Practices Committee (ACPS) selects the external auditor to verify the Annual Report. After that verification, the external auditor presents a letter of findings and results to the CAPS.

GRI Standard Content	Verification	Page	Standard description	Disclosure
2-15	✓	32	Conflicts of interest	<p>See mechanisms for prevention and management of conflicts of interest in the Code of Conduct: <a href="https://investors.banorte.com/en/governance/policies-and-documents">https://investors.banorte.com/en/governance/policies-and-documents</a></p> <p>Additionally, in accordance with Articles 64, 64 Bis and 64 Bis 1 and the General Rules for Financial Groups and their financial entities, financial institutions must avoid conflicts of interest between them and their respective business units. The Audit and Corporate Practices Committees of the financial institutions, where appropriate, shall implement a system to prevent conflicts of interest and shall ensure at all times that functions are consistent with the strategies and goals of these financial institutions, taking preventive and corrective measures to remedy any deficiency detected within a reasonable time, addressing the characteristics of such measures. GFNorte limits itself to reporting on conflicts of interest; these are addressed internally.</p>
2-16		51, 52	Communication of critical concerns	<p>EthicsPoint</p> <p>Critical concerns are communicated in Shareholders' meetings. For more details, Visit: <a href="https://investors.banorte.com/en/governance/shareholders-meetings">https://investors.banorte.com/en/governance/shareholders-meetings</a></p>
2-17		34, 35, 37	Collective knowledge of the highest governance body	Matrix of Board Members' skills and abilities, Board member compensation
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2-19		42, 43, 44, 140, 141	Remuneration policies	Compensation System, Compensation Committee, Compensation
2-20		42, 43, 44, 140, 141	Process to determine remuneration	<p>Compensation System, Compensation Committee</p> <p>See the resolutions of the General Ordinary Shareholders' Meeting of April 23, 2021: <a href="https://investors.banorte.com/en/governance/shareholders-meetings">https://investors.banorte.com/en/governance/shareholders-meetings</a></p> <p>See relevant information on the Human Resources Committee: <a href="https://investors.banorte.com/en/governance/support-committees-to-the-board-of-directors">https://investors.banorte.com/en/governance/support-committees-to-the-board-of-directors</a></p>
2-21			Annual total compensation ratio	<p>The ratio of the senior management salaries to salaries earned by the rest of our work force is 7.85 times the base salary. This is calculated by grouping the various management levels and obtaining an average compensation, then grouping the various levels of the rest of our employees and obtaining an average for their compensation. The average for the management group is then divided by the average for the rest of the employees, to arrive at the indicator.</p>

GRI Standard Content	Verification	Page	Standard description	Disclosure
<b>4. Strategy, policies and practices</b>				
2-22		2, 3, 4, 5, 18, 19	Statement on sustainable development strategy	Message from the Chairman of the Board of Directors, Message from the CEO, Accelerating Digital transformation, Sustainability model, Materiality
2-23		49, 143, 166	Policy commitments	Code of Conduct, Human rights, Environmental management View the policies: <a href="https://investors.banorte.com/en/sustainability/resources/policies-and-procedures">https://investors.banorte.com/en/sustainability/resources/policies-and-procedures</a>
2-24		49	Embedding policy commitments	Code of Conduct View Internal Control Goals and Guidelines at: <a href="https://investors.banorte.com/-/media/Files/B/Banorte-IR/documents/policies-and-documents/en/Internal%20Control%20System_VF.pdf">https://investors.banorte.com/-/media/Files/B/Banorte-IR/documents/policies-and-documents/en/Internal%20Control%20System_VF.pdf</a>
2-25		48, 49, 50	Processes to remediate negative impacts	Code of Conduct, EthicsPoint
2-26	✓	51	Mechanisms for seeking advice and raising concerns	EthicsPoint
2-27	✓		Compliance with laws and regulations	As of the close of 2021 no significant cases of non-compliance with the applicable laws and regulations had been reported. A significant case is defined as one in which the corresponding sanction is equal to or greater than 100 million pesos.
2-28		23, 26	Membership associations	Sustainability initiatives, Principles for Responsible Banking
<b>5. Stakeholder engagement</b>				
2-29	✓	21, 29	Approach to stakeholder engagement	Stakeholders, ESG Transparency
2-30		141	Collective bargaining agreements	Union
<b>GRI 3: Material Topics 2021</b>				
<b>Material topics 2021</b>				
3-1		20	Process to determine material topics	Materiality See the most recent materiality exercise at: <a href="https://investors.banorte.com/en/sustainability/sustainability-strategy/materiality">https://investors.banorte.com/en/sustainability/sustainability-strategy/materiality</a>
3-2	✓	20	List of material topics	Materiality See the most recent materiality exercise at: <a href="https://investors.banorte.com/en/sustainability/sustainability-strategy/materiality">https://investors.banorte.com/en/sustainability/sustainability-strategy/materiality</a>
3-3		20, 24, 25	Management of Material topics	Materiality, Alignment with SDG See the most recent materiality exercise at: <a href="https://investors.banorte.com/en/sustainability/sustainability-strategy/materiality">https://investors.banorte.com/en/sustainability/sustainability-strategy/materiality</a>
<b>GRI 200: Economic standards</b>				
<b>GRI 201 Economic Performance 2016</b>				
201-1		153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163	Direct economic value generated and distributed, including revenues, exploitation costs, employee compensation, donations and other investments in the community, undistributed benefits and benefits paid to capital suppliers and governments.	Support for SMEs, Products, Supplier relations, Community relations
201-2	✓	80, 81, 82, 83, 84, 170, 171	Financial implications and other risks and opportunities relating to climate change.	Management of social and environmental risks in financing, Climate change <a href="https://investors.banorte.com/en/financial-information/annual-reports/2021">https://investors.banorte.com/en/financial-information/annual-reports/2021</a>



GRI Standard Content	Verification	Page	Standard description	Disclosure
201-3		140, 141	Coverage of the organization's defined benefit and other retirement plan obligations	Compensation
201-4			Financial assistance received from the government	Banorte has received no assistance of any kind from the Government in in the form of tax rebates or credits, grants, royalties, or any other form of tax exemption or incentive.
<b>GRI 202 Market presence 2016</b>				
202-1	✓		Ratios of standard entry level wage by gender compared to local minimum wage	The starting salary at Banorte is 1.6 times the banking industry minimum, for both men and women employees.
<b>GRI 203 Indirect Economic Impacts 2016</b>				
203-1		158, 159, 160, 161, 162, 163	Infrastructure investments and services supported	Community relations
203-2		158, 159, 160, 161, 162, 163	Significant indirect economic impacts, including the extent of impacts	Community relations
<b>GRI 204 Procurement Practices 2016</b>				
204-1		157	Proportion spent on local suppliers	Supplier relations
<b>GRI 205 Anti-Corruption 2016</b>				
205-1		58	Operations assessed for risks related to corruption	Anti-corruption
205-2	✓	58	Communication and training about anti-corruption policies and procedures (money laundering)	Anti-corruption
205-3			Confirmed incidents of corruption and actions taken	There were no reported cases of corruption in 2021, and therefore there were no investigations, corrective measures or fines in connection with these issues.
<b>GRI 207 Taxes 2019</b>				
207-1		65, 66	Tax approach	Tax disclosure
207-2		65, 66	Fiscal governance, control and risk management	Tax disclosure  See the quarterly reports: <a href="https://investors.banorte.com/en/financial-information/quarterly-reports">https://investors.banorte.com/en/financial-information/quarterly-reports</a>
207-3		65, 66	Shareholder engagement and management of tax-related concerns	Tax disclosure
<b>GRI 300: Environmental Standards</b>				
<b>GRI 301 Materials 2016</b>				
301-1	✓	168, 169	Materials used by weight or volume	Waste management
<b>GRI 302 Energy 2016</b>				
302-1	✓	166, 167	Energy consumption within the organization	Energy
302-3	✓	166, 167	Energy intensity	Energy
302-4	✓	166, 167	Reduction of energy consumption	Energy
302-5		166, 167	Reductions in energy requirements of products and services	Energy
<b>GRI 3030 Water and Effluents 2018</b>				
303-5		169	Water consumption	Water
<b>GRI 304 Biodiversity 2016</b>				
304-3		171	Habitats protected or restored	Environmental culture
304-4		171	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Environmental culture

GRI Standard Content	Verification	Page	Standard description	Disclosure
<b>GRI 305 Emissions 2016</b>				
305-1	✓	167	Direct greenhouse gas (GHG) emissions (Scope 1)	Greenhouse gas (GHG) emissions
305-2	✓	167	Indirect greenhouse gas (GHG) emissions from energy (Scope 2)	Greenhouse gas (GHG) emissions
305-3	✓	167, 168	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Greenhouse gas (GHG) emissions
305-4	✓	167	GHG emissions intensity	Greenhouse gas (GHG) emissions
305-5	✓	167	Reduction of GHG emissions	Greenhouse gas (GHG) emissions
305-6	✓	167	Emissions of ozone-depleting substances (ODS)	Greenhouse gas (GHG) emissions
<b>GRI 306 Waste 2020</b>				
306-1		168, 169	Waste generation and significant waste-related impacts	Waste management
306-2		168, 169	Waste by type and disposal method	Waste management
306-3	✓	168, 169	Waste generated	Waste management
306-4	✓	168, 169	Waste not sent for disposal	Waste management
<b>GRI 308 Supplier Environmental Assessment 2016</b>				
308-1	✓	157	New suppliers that were screened using environmental criteria	Supplier relations
<b>GRI 400: Social Standards</b>				
<b>GRI 401 Employment 2018</b>				
401-1	✓	130, 137	New employee hires and employee turnover	Workplace environment and culture, Productivity with flexibility, Professional development
401-2		140	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Compensation
401-3		134, 135	Parental Leave	AFORE initiatives
<b>GRI 403 Occupational health and safety 2017</b>				
403-1		141, 142, 143	Occupational health and safety management system	Employee health and safety
403-2		141, 142, 143	Identification of hazards, risk assessment and accident investigation	Employee health and safety
403-3		141, 142, 143	Health services at work	Employee health and safety
403-6		141, 142, 143	Promotion of worker health	Employee health and safety
403-9		143	Work-related injuries	Employee health and safety
<b>GRI 404 Training and teaching 2016</b>				
404-1	✓	135, 137	Average hours of training per year per employee	Sustainability culture, Professional development
404-2	✓	135, 137	Programs for upgrading employee skills and transition assistance programs	Sustainability culture, Professional development
404-3	✓	137, 138, 139	Percentage of employees receiving regular performance and career development reviews	Professional development
<b>GRI 405 Diversity and Equal Opportunity 2016</b>				
405-1	✓	36, 124	Diversity of governance bodies and employees	Board diversity and inclusion, The value of the individual
405-2	✓	140	Ratio of basic salary and remuneration of women to men	Compensation

GRI Standard Content	Verification	Page	Standard description	Disclosure
<b>GRI 406 Non-discrimination 2016</b>				
406-1		51, 52	Incidents of discrimination and corrective actions taken	EthicsPoint
<b>GRI 411 Rights of indigenous peoples 2016</b>				
411-1			Incidents of violations involving rights of indigenous peoples	No incidents of this type were reported in 2021.
<b>GRI 413 Local communities 2016</b>				
413-1	✓	158, 159, 160, 161, 162, 163	Operations with local community engagement, impact assessments, and development programs	Community relations
413-2			Operations with significant actual and potential negative impacts on local communities	No incidents of this type were reported in 2021.
<b>GRI 414 Supplier social assessment 2016</b>				
414-1	✓	157	New suppliers that were screened using social criteria	Supplier relations
<b>GRI 416 Customer health and safety 2016</b>				
416-1		112	"Assessment of the health and safety impacts of product and service categories"	Customer experience and innovation
<b>GRI 417 Marketing and labeling 2016</b>				
417-1		60, 61	Requirements for product and service information and labeling	Responsible marketing
417-2	✓	60	Incidents of non-compliance concerning product and service information and labeling	Responsible marketing
417-3	✓	61	Incidents of non-compliance concerning marketing communications	Responsible marketing
<b>GRI 418 Customer privacy 2016</b>				
418-1	✓	108	Substantiated complaints regarding breaches of customer privacy and losses of customer data	Data privacy
<b>GRI Industry Supplement</b>				
<b>GRI Industry supplement. Financial services</b>				
FS1	✓		Policies with specific environmental and social components applied to business lines	See our policies: <a href="https://investors.banorte.com/en/sustainability/resources/policies-and-procedures">https://investors.banorte.com/en/sustainability/resources/policies-and-procedures</a>
FS10	✓	80, 81, 82, 83, 84	Percentage and number of companies in the institution's portfolio with which interactions on environmental or social issues have been carried out	Management of social and environmental risks in financing
FS11	✓	80, 81, 82, 83, 84, 90	Percentage of assets subject to social or environmental review, positive as well as negative	Management of social and environmental risks in financing, Sustainable financial products
FS13	✓	10, 11	Points of access in scarcely populated or economically disadvantaged areas described by type	GFNorte structure
FS14	✓	10, 11, 146, 147, 153, 154, 155, 156	Initiatives to improve access to financial services for the disadvantaged	GFNorte structure, Financial inclusion, Support for SMEs

GRI Standard Content	Verification	Page	Standard description	Disclosure
FS15	✓	60	Policies for the design and sale of financial products and services in a fair and reasonable manner	Responsible marketing
FS16	✓	152, 153	Initiatives to improve financial literacy and education by type of beneficiary	Financial education
FS2	✓	80, 81, 82, 83, 84	Procedures for the evaluation and selection of environmental and social risks in lines of business	Management of social and environmental risks in financing
FS3		80	Processes to monitor implementation and compliance with environmental and social requirements included in agreements or transactions with customers	Management of social and environmental risks in financing
FS4	✓	135	Processes to improve personnel competence in implementing environmental and social policies and procedures applicable to lines of business	Sustainability culture
FS5	✓	80, 85, 86, 87, 88, 89	Interactions with customers in terms of environmental and social opportunities and risks	Management of social and environmental risks in financing, responsible investment
FS8	✓	90, 91, 92, y 93	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Sustainable financial products

# SASB

## Content Index

SASB Indicator	Verification	Page	Description of the indicator	Statement
<b>Data Security</b>				
FN-CB-230a.1	✓	104, 105, 106, 107, 108	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	Data Security
FN-CB-230a.2	✓	104,108, 109	Description of approach to identifying and addressing data security risks	Data Privacy
<b>Financial inclusion &amp; capacity building</b>				
FN-CB-240a.1	✓	153, 154, 155, 156	(1) Number and (2) amount of loans outstanding - small business and community development	Support for SMEs At the close of 2021, and historically, the figures are as follows: a) number of loans: 26,655 b) amount of loans: Ps. 60.97 billion
FN-CB-240a.2	✓	153, 154, 155, 156	(1) Number and (2) amount of past due and nonaccrual loans - small business and community development	Support for SMEs At the close of 2021, and historically, the figures are as follows: a) Number of past-due loans: 610 b) Number of nonaccrual loans: 1,222 c) Amount of past-due loans: Ps. 1.31 bn d) Amount of nonaccrual loans: Ps. 2.45 bn
FN-CB-240a.3	✓	146, 153, 154, 155, 156	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Support for PMEs Financial inclusion
FN-CB-240a.4	✓	152	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Financial education
<b>Incorporation of environmental, social and governance (ESG) factors in credit analysis</b>				
FN-CB-410a.1	✓	65	Commercial and industrial credit exposure by industry	Commercial and industrial credit exposure
FN-CB-410a.2	✓	80	Description of approach to incorporation of environmental, social and governance (ESG) factors in investment management processes and strategies	Management of social and environmental risks in financing
<b>Business ethics</b>				
FN-CB-510a.1	✓	59	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Economic competition
FN-CB-510a.2	✓	51	Description of whistleblower policies and procedures	EthicsPoint

SASB Indicator	Verification	Page	Description of the indicator	Statement
<b>Systemic risk management</b>				
FN-CB-550a.1			Global Systemically Important Bank (G-SIB) score, by category	GFNorte is not considered a systemically important bank
FN-CB-550a.2		68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Risk management
<b>Customer privacy</b>				
FN-CF-220a.1	✓	108, 109	Number of account holders whose information is used for secondary purposes	Data privacy
FN-CF-220a.2	✓	108, 109	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Data privacy
<b>Data security</b>				
FN-CF-230a.1	✓	104, 105, 106, 107, 108, 109	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	Data security, data privacy
FN-CF-230a.2		104, 105, 106, 107, 108, 109	Card-related fraud losses from (1) card-not-present fraud and (2) card-present and other fraud	Data security, data privacy
FN-CF-230a.3		104, 105, 106, 107, 108, 109	Description of approach to identifying and addressing data security risks	Data security, data privacy
<b>Selling practices</b>				
FN-CF-270a.1		140	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	Compensation
FN-CF-270a.2		N/A	Approval rate for (1) credit and (2) pre-paid products for applicants with FICO scores above and below 660	
FN-CF-270a.3		N/A	(1) Average fees from add-on products, (2) average APR, (3) average age of accounts, (4) average number of trade lines, and (5) average annual fees for pre-paid products, for customers with FICO scores above and below 660	
FN-CF-270a.4	✓		(1) Number of complaints filed with the Consumer Financial Protection Bureau (CFPB), (2) percentage with monetary or nonmonetary relief, (3) percentage disputed by consumer, (4) percentage that resulted in investigation by the CFPB	A total of 13,351 complaints were filed with the Mexican financial consumer protection agency (CONDUSEF)
<b>Employee diversity and inclusion</b>				
FN-IB-330a.1		36, 124, 125	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Inclusion and diversity in the Board of Directors, Senior management, The value of the individual
<b>Incorporation of environmental, social, and governance (ESG) factors in investment banking &amp; brokerage activities</b>				
FN-IB-410a.1		92, 93	Revenue from (1) underwriting, (2) advisory, and (3) securitization transactions incorporating integration of environmental, social, and governance (ESG) factors, by industry	Thematic issues

SASB Indicator	Verification	Page	Description of the indicator	Statement
FN-IB-410a.2	✓	80, 90	(1) Number and (2) total value of investments and loans incorporating integration of environmental, social, and governance (ESG) factors, by industry	Sustainable finance
FN-IB-410a.3		80, 81, 82, 83, 84, 90	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment banking and brokerage activities	Management of social and environmental risks in finance, Sustainable finance
<b>Business ethics</b>				
FN-IB-510a.1		59	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Economic competition
FN-IB-510a.2		51	Description of whistleblower policies and procedures	EthicsPoint
<b>Professional integrity</b>				
FN-IB-510b.3		59	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	Economic competition
FN-IB-510b.4		49	Description of approach to ensuring professional integrity, including duty of care	Code of Conduct
<b>Systemic risk management</b>				
FN-IB-550a.1		N/A	Global Systemically Important Bank (G-SIB) score, by category	
FN-IB-550a.2		68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Risk Management
<b>Employee incentives and risk taking</b>				
FN-IB-550b.1		42	Percentage of total remuneration that is variable for Material Risk Takers (MRTs)	Compensation system
FN-IB-550b.2		42	Percentage of variable remuneration of Material Risk Takers (MRTs) to which malus or clawback provisions were applied	Compensation system
FN-IB-550b.3		42	Discussion of policies around supervision, control, and validation of traders' pricing of Level 3 assets and liabilities	Compensation system
<b>Transparent Information &amp; Fair Advice for Customers</b>				
FN-AC-270a.1		N/A	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	
FN-AC-270a.2		N/A	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	
FN-AC-270a.3		60, 61	Description of approach to informing customers about products and services	Responsible marketing
<b>Employee Diversity &amp; Inclusion</b>				
FN-AC-330a.1		36, 124, 125	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Inclusion and diversity in the Board of Directors, Senior management, The value of the individual

SASB Indicator	Verification	Page	Description of the indicator	Statement
<b>Incorporation of Environmental, Social, and Governance Factors in Investment Management &amp; Advisory</b>				
FN-AC-410a.1	✓	85, 86, 87, 88, 89, 90, 91	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	Responsible investment
FN-AC-410a.2	✓	85, 86, 87, 88, 89, 90, 91	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	Responsible investment
FN-AC-410a.3	✓	85, 86, 87, 88, 89, 90, 91	Description of proxy voting and investee engagement policies and procedures	Responsible investment
<b>Business ethics</b>				
FN-AC-510a.1	✓	59	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Economic competition
FN-AC-510a.2		51	Description of whistleblower policies and procedures	EthicsPoint



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# Assurance Letter



Deloitte Asesoría en Riesgos, S.C.  
Av. Paseo de la Reforma No. 505, Piso 28  
Colonia Cuauhtémoc  
06500. Ciudad de México,  
México  
Tel: + 52 (55) 5080 6000  
Fax: + 52 (55) 5080 6001  
www.deloitte.com/mx

## LIMITED INDEPENDENT ASSURANCE REPORT ON SUSTAINABILITY REPORT

To the management of Grupo Financiero Banorte, S.A.B. de C.V.

### Identification of the subject matter information

We have been hired by Grupo Financiero Banorte, S.A.B. de C.V. ("Banorte" or "the Company") to perform a limited assurance engagement on certain information contained in Banorte's 2021 Annual Report for the year ended December 31<sup>st</sup>, 2021.

Our work was carried out by an independent and multidisciplinary team that includes assurance professionals and sustainability specialists. We used the work of sustainability specialists, in particular, to help determine the logic and traceability of Banorte's sustainability aspects within the indicators assured.

Our assurance commitment does not extend to information regarding prior periods or any other information included in the 2021 Annual Report or linked from sustainability information or the 2021 Annual Report, including images, audio files or embedded videos.

### Criteria

The criteria used by Banorte to prepare the information contained in the 2021 Annual Report, object of the limited assurance engagement, were established considering the terms and conditions defined by GRI (Global Reporting Initiative) Standards and the SASB (Sustainability Accounting Standards Board) indicators for the industry, which are detailed in the attached Appendix A.

### Banorte's responsibility regarding subject matter information

Banorte is responsible of:

- The content of the 2021 Annual Report, which includes determining the coverage and the performance indicators to be included that are relevant to the stakeholders to which it is directed;
- The selection and definition of the applicable criteria for the preparation of said Report. The criteria adopted by the Company are those defined in the GRI Standards and the SASB Standards for the industry;
- The availability of appropriate records to support the information management process and the execution of the performance measurement based on the established criteria.
- The design, implementation and execution of internal controls to prepare the sustainability information free from material misstatement, due to fraud or error;
- The preparation and presentation of the 2021 Annual Report.

Banorte's 2021 Annual Report is subject to inherent uncertainty due to the use of non-financial information, which is subject to greater inherent limitations than financial information, given the nature of the methods used to determine, calculate, sample or estimate such information. In preparing the 2021 Annual Report, Banorte's Management makes qualitative interpretations about the relevance, materiality and accuracy of the information which are subject to assumptions and judgements.

### Independence and quality control

We have complied with the ethical and independence requirements defined by the Code of Professional Ethics for Public Accountants issued by the International Ethics Standard Board for Accountants (IESBA), which is based on the principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our Firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore maintains a comprehensive quality control system that includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable laws and regulations requirements.



**Responsibility of the independent professionals regarding the engagement**

Our responsibility is to express a limited assurance conclusion on certain information contained in Banorte's 2021 Annual Report based on the procedures we have performed and the evidence we have obtained. We perform our limited assurance engagement in accordance with the "International Standard for Assurance Engagements, Other than Audits or Reviews of Historical Financial Information" ISAE 3000 - Revised issued by the International Auditing and Assurance Standards Board (IAASB). This standard requires planning and performing work to obtain limited assurance about whether the information in the 2021 Annual Report is free from material error.

The procedures we performed were based on our professional judgment and included consultation, observation of processes performed, inspection of documents, analytical procedures, evaluation of the adequacy of quantification methods and reporting policies and agreement with the underlying records.

Due to the assignment circumstances, we have performed the following activities:

- Interview the Company's management and personnel responsible for collecting the information and preparing the selected performance indicators in order to obtain an understanding of the Company's policies on sustainability.
- Inquire to obtain a general understanding of Banorte's control environment and information systems, without evaluating the design of particular control activities nor obtaining evidence of their implementation and effectiveness.
- Understand the tools used to generate and report non-financial information through inquiries with the personnel in charge.
- Carry out substantive tests on a random selective basis of sustainability information identified by Banorte, to determine the standards and indicators subject to limited assurance and corroborate that the data has been adequately measured, recorded, compiled, and reported through:
  - Inspection
  - Observation
  - Confirmation
  - Recalculation
  - Re-enforcement
  - Analytical processes
- Comparison of the contents presented by the Administration with what is established in the criteria section of this report.

The Appendix A details the sustainability standards and performance indicators included in the assignment's scope.

Our limited assurance engagement was performed only regarding the sustainability standards and performance indicators included in the Appendix A, for the year ended December 31<sup>st</sup>, 2021; and we have not performed any assurance procedure regarding prior years, future projections and goals, or any other items included in the 2021 Annual Report and, therefore, we do not express a conclusion in this regard.

A limited assurance engagement implies evaluating the Company's use of the criteria as a guideline for the preparation of the sustainability information included in Banorte's 2021 Annual Report; evaluating the risks of material misstatement in reporting due to fraud or error; responding to assessed risks if necessary; and evaluating the general presentation of the information in the 2021 Annual Report. The scope of a limited assurance engagement is substantially less than that of a reasonable assurance engagement regarding both risk assessment procedures, including an understanding of internal control, and procedures performed in response to assessed risks. Therefore, we do not express a reasonable assurance conclusion about whether the sustainability information in the Company's report has been prepared in all material respects, in accordance with what is established in the criteria section of this report.

We believe that the evidence obtained and reviewed is enough and appropriate to provide a basis for our limited assurance conclusion.

# Assurance Letter



## Conclusion

Based on the work performed, the procedures carried out, and the evidence obtained, no matter has come to our attention that would lead us to believe that the sustainability standards and performance indicators contained in Banorte's 2021 Annual Report for the year ended December 31<sup>st</sup> 2021, have not complied in all material aspects, as established in the criteria section of this report.

## Restrictions of the use of the assurance report

Our report is issued solely for the purpose defined in the first paragraph and is not to be used for any other purpose or distributed to other parties on its own. This report refers only to the matters mentioned in the preceding sections and to the sustainability information reviewed and does not extend to any other financial and non-financial information included in the 2021 Annual Report of Grupo Financiero Banorte, S.A.B. of C.V. for the year ended December 31<sup>st</sup>, 2021, nor to its financial statements, taken as a whole.

**Deloitte Asesoría en Riesgos, S.C.**  
Member Firm of Deloitte Touche Tohmatsu Limited  
Rocío Canal Garrido  
Partner of Deloitte Asesoría en Riesgos  
March 25<sup>th</sup>, 2022



**APPENDIX A**

Performance indicators assured:

Indicator	Description	GRI	
		Indicator	Description
2-9	Governance structure and composition	401-1	New employee hires and employee turnover
2-15	Conflicts of interest	404-1	Average hours of training per year per employee
2-26	Mechanisms for seeking advice and raising concerns	404-2	Programs for upgrading employee skills and transition assistance programs
2-27	Compliance with laws and regulations	404-3	Percentage of employees receiving regular performance and career development reviews
2-29	Approach to stakeholder engagement	405-1	Diversity of governance bodies and employees
3-2	List of material topics	405-2	Ratio of basic salary and remuneration of women to men
201-2*	Financial implications and other risks and opportunities due to climate change	413-1	Operations with local community engagement, impact assessments, and development programs
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	414-1	New suppliers that were screened using social criteria
205-2	Communication and training about anti-corruption policies and procedures	417-2	Incidents of non-compliance concerning product and service information and labeling
301-1	Materials used by weight or volume	417-3	Incidents of non-compliance concerning marketing communications
302-1	Energy consumption within the organization	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data
302-3	Energy intensity	FS-1	Policies with specific environmental and social components applied to business lines
302-4	Reduction of energy consumption	FS-2	Procedures for assessing and screening environmental and social risks in business lines
305-1	Direct (Scope 1) GHG emissions	FS-4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines
305-2	Energy indirect (Scope 2) GHG emissions	FS-5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities
305-3	Other indirect (Scope 3) GHG emissions	FS-8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose
305-4	GHG emissions intensity	FS-10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues
305-5	Reduction of GHG emissions	FS-11	Percentage of assets subject to positive and negative environmental or social screening
305-6	Emissions of ozone-depleting substances (ODS)	FS-13	Access points in low-populated or economically disadvantaged areas by type
306-3	Waste generated	FS-14	Initiatives to improve access to financial services for disadvantaged people
306-4	Waste diverted from disposal	FS-15	Policies for the fair design and sale of financial products and services
308-1	New suppliers that were screened using environmental criteria	FS-16	Initiatives to enhance financial literacy by type of beneficiary

\*For the GRI indicator 202-1 the only information assured was the 1.2 million pesos loss of net operating profit, excluding the \$843,000 of costs due to physical climate change effects due to lack of evidence for the traceability of the reported data.

# Assurance Letter



		SASB	
Indicator	Description	Indicator	Description
FN-CB-230a.1 FN-CF-230a.1	1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected.	FN-CB-510a.1 FN-AC-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations.
FN-CB-230a.2	Description of approach to identifying and addressing data security risks	FN-CB-510a.2	Description of whistleblower policies and procedures
FN-CB-240a.1	(1) Number of loans outstanding qualified to programs designed to promote small business and community development.	FN-AC-410a.1	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening
FN-CB-240a.2	(1) Number of past due and nonaccrual loans qualified to programs designed to promote small business and community development.	FN-AC-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies
FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-AC-410a.3	Description of proxy voting and investee engagement policies and procedures
FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers.	FN-CF-220a.1	Number of account holders whose information is used for secondary purposes.
FN-CB-410a.1	Commercial and industrial credit exposure, by industry.	FN-CF-220a.2	Total amount of monetary losses as a result of legal proceedings associated with customer privacy.
FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CF-270a.4	(1) Number of complaints filed with the Consumer Financial Protection Bureau (CFPB), (2) percentage with monetary or nonmonetary relief, (3) percentage disputed by consumer, (4) percentage that resulted in investigation by the CFPB

This appendix is part of our Independent Assurance Report with date of March 25th, 2022.

  
**Deloitte Asesoría en Riesgos, S.C.**  
 Member Firm of Deloitte Touche Tohmatsu Limited  
 Rocío Canal Garrido  
 Partner of Deloitte Asesoría en Riesgos  
 March 25<sup>th</sup>, 2022

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# About this report

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In this document, we share with our investors, shareholders and other stakeholders the financial, technological, labor, social, environmental and corporate governance results that we obtained between January 1 and December 31, 2021.

The information presented is limited to the operations of Grupo Financiero Banorte (GFNorte; BMV: GFNORTEO; OTCQX: GBOOY; LATIBEX: XNOR), and thus does not include information on other entities.

For the thirteenth year in a row, we have prepared this annual report in accordance with the following reporting standards:



**Global Reporting Initiative (GRI)**  
We used the Global Reporting Initiative (GRI) standards as a guide for reporting our performance. We report the contents of the Universal Standards 1: Foundations; 2: General Disclosures; and 3: Material Topics, as well as the Topic-Specific Standards (the 200, 300 and 400 series) content relating to our material issues.

**Deloitte**  
This report has been prepared in accordance with the GRI Comprehensive Standards option and has been verified by Deloitte.



**Integrated Reporting Council (IIRC)**

We incorporated the IIRC framework into our 2021 Annual Report in order to present integrated data on Grupo Financiero Banorte's operation and performance. This gives us a more complete approach to the factors that affect our ability to create value over time.



**Sustainable Development Goals (SDG)**

This report discusses the various initiatives that directly or indirectly contribute to meeting the 17 goals established by the United Nations.



**United Nations Global Compact**

Since 2011 we have been signatory members of the United Nations Global Compact, an initiative that promotes 10 principles of action in the areas of human rights, labor, environment and anti-corruption. This report represents our communication on progress (CoP).



**Sustainability Accounting Standards Board (SASB)**

We used this reference framework into our Annual Report in order to disclose specific information on the environmental, social and corporate governance (ESG) factors in our industry, focused on financial materiality. These indicators were also verified by Deloitte.



The 2021 Annual Report and Financial Statements of Grupo Financiero Banorte are available in the following formats:



### PDF Spanish

<https://investors.banorte.com/es/financial-information/annual-reports/2021>



### PDF English

<https://investors.banorte.com/en/financial-information/annual-reports/2021>



### Financial Statements Spanish

<https://investors.banorte.com/es/financial-information/financial-statements/grupo-financiero-banorte/2021>



### Financial Statements English

<https://investors.banorte.com/en/financial-information/financial-statements/grupo-financiero-banorte/2021>

# Contact <sup>2-3</sup>

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## **Managing Director of Corporate Development, Investor Relations and Sustainability**

Tomás Lozano Derbez  
Tel. +52 (55) 1103 4000 ext. 2256  
investor@banorte.com

## **Investor Relations, Sustainability and Responsible Investment**

José Luis Muñoz Domínguez  
Tel. +52 (55) 1670 2276  
sustentabilidad@banorte.com

## **Sustainability and Responsible Investment**

Beatriz Sánchez Covarrubias  
Tel. +52 (55) 1670 1722  
sustentabilidad@banorte.com

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## **Ticker Symbol**

Bolsa Mexicana de Valores: **GFNORTEO**  
OTCQX: **GBOOY**  
LATIBEX: **XNOR**

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## **Corporate Offices**

### **Monterrey, N.L.**

Torre Koi  
Av. David Alfaro Siqueiros #106  
Col. Valle Oriente  
San Pedro Garza García, C.P. 66260  
Tel. +52 (81) 8319 6500

### **Mexico City**

Santa Fe Building  
Prolongación Paseo de la Reforma #1230  
Col. Cruz Manca Santa Fe, C.P. 05349  
Tel. +52 (55) 1103 4000

### **Call Center**

Mexico City: +52 (55) 5140 5600  
Monterrey: +52 (81) 8156 9600  
Guadalajara: +52 (33) 3669 9000  
Rest of Mexico: 01 800 BANORTE (01 800 226 6783)



