

# 4Q 20

**Financial Results**  
*as of December 31st, 2020*

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**GFNORTE**



**OTCQX**

**GBOOY**



**XNOR**

# INDEX

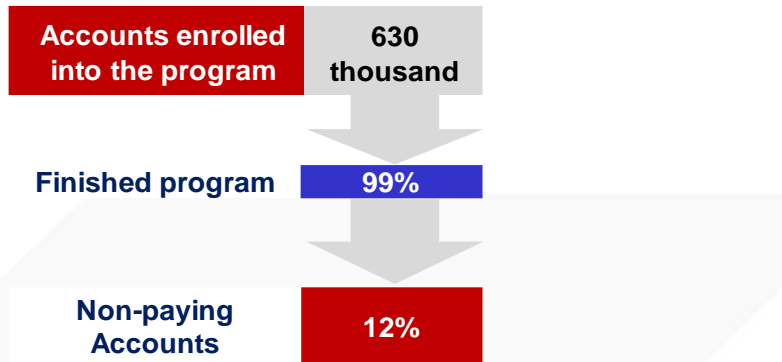
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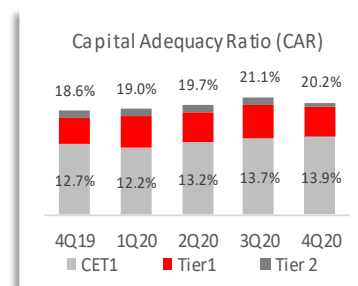
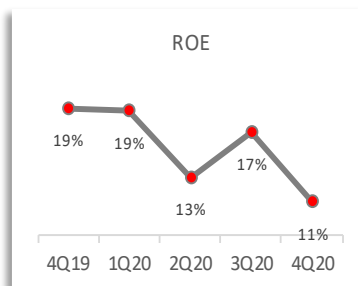
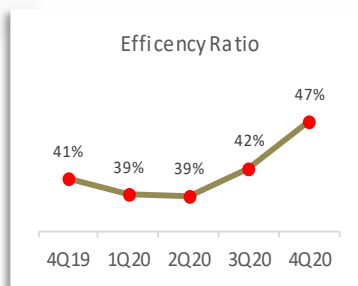
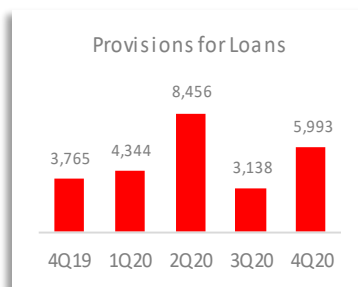
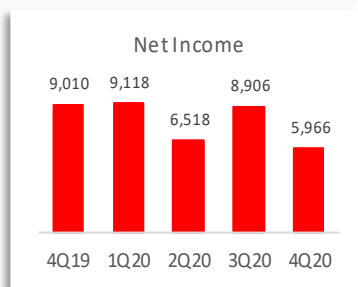
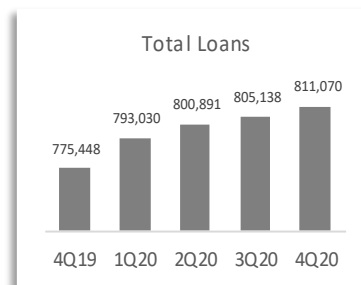
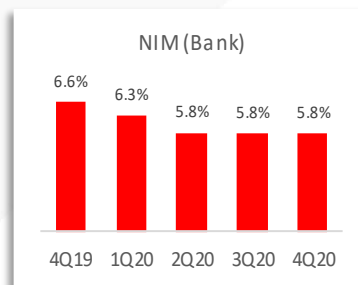
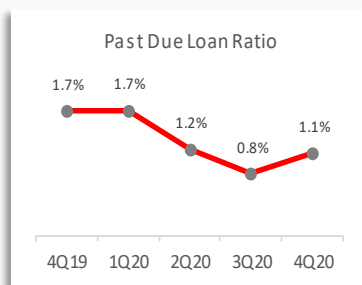
FTSE4Good



# I. Executive Summary



- The creation of 2.41 billion advanced provisions **strengthening the balance sheet**.
- The loan portfolio had a 114bps market share gain.
- **40% growth of physical and remote POS transactions.**
- **More than 80% of administrative personnel continue working from home.**



\* 2Q20 and 4Q20 results reflect the generation of anticipated provisions required to face the COVID-19 contingency.



Banorte was recognized by The Banker as the Bank of the year for 2020 based on its profitability and results driven by digital transformation and service customization.

## Sustainability strategy

### Updates



#### Environmental

- “Bóscares” Award (urban forests) by **Reforestamos México**
- Sustainable mobility initiative **Mexico City and Monterrey**
- Adherence to the **Alliance for Climate Action of Mexico City (ACA-CDMX)**



#### Social

- **Top-10 Great Place to Work** (diversity and inclusion)
- **New diversity strategy in talent- attraction and retention** (HR)
- Launch – **Sustainable Supply Chain Program** for 215 Mexican companies
- Continued involvement and active participation in the **National Financial Education Week**



#### Governance

- **CDP climate change questionnaire: 2020: A-** (2019: B)
- **Dow Jones Sustainability Index MILA Pacific Alliance** (member since 2017)
- Launch of “**Our Journey**” newsletter
- **Sustainability Committee: Results 2020**

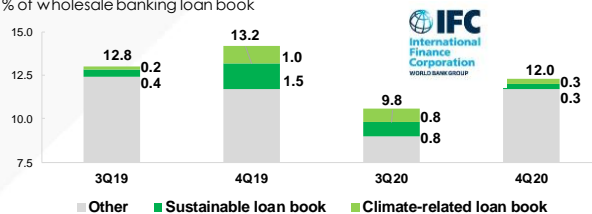
### Sustainable Finance

- Banorte Mutual Funds: PRI signatory
- UNDP SDGs impact report - Family Remittances
- Inclusion of nature-related risks in the risk-management system – WWF
- Involvement in the **TEEB Agrifood program** - Capital Coalition Global Initiative

## Sustainable Finance

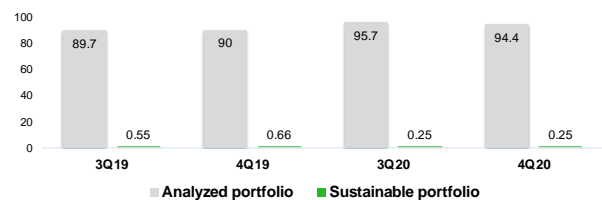
### Sustainable finance loan book evaluation\*

% of wholesale banking loan book



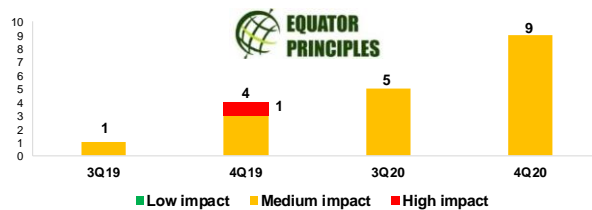
### Responsible investments - Mutual funds

% share of total analyzed AUM



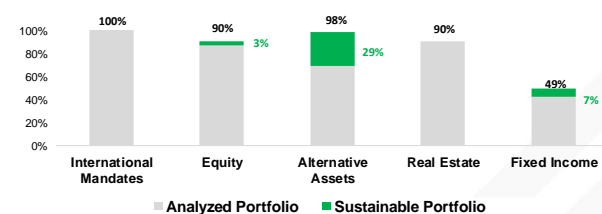
### Loan book evaluation under Equator Principles

Number of analyzed projects



### Responsible investments – Pension funds (Afore)

% share of total analyzed AUM by instrument



**GFNorte reports Net Income of Ps 5.97 billion during 4Q20, (33%) lower than 3Q20. Net income in 2020 reached Ps 30.51 billion, (16%) lower than 2019, but 1% up with recurring figures.**

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

The most relevant results for the period ended on December 31<sup>st</sup>, 2020 were:

- This quarter was immersed in the COVID-19 pandemic, now with a second wave of infections in México, while support programs came to an end. Mexico continues with a gradual sequential economic recovery. **Net income for the fourth quarter was Ps 5.97 billion, (33%) lower than that of 3Q20**, and (34%) below 4Q19.
- The main driver of this relevant decline in net income was the extraordinary provision of **Ps 2.41 billion** that covers both, the estimated impact in 2021 of an extended pandemic during 2020, and the impact of the second wave of COVID-19 infections. This extraordinary record is made up of **Ps 2.0 billion of anticipated provisions** and **Ps 406 million in early write-offs** that were proactively applied primarily to the consumer portfolio. Thus, provisions grew 91% sequentially, but **adjusting for extraordinary provisions, they grew 14%**. **Cost of risk was 3.0%**, up from 1.6% in 3Q20, and excluding advance provisions it was only 1.8%.
- **Regarding the more than 630 thousand loans that benefitted** from the consumer and SME support program launched in 2Q20, most of them have already concluded the program, and 88% of them are paying regularly.
- The weak economic activity together with the impact of interest rate cuts, drove Net Interest Income to drop (5%) over the quarter, and (3%) below the same period in 2019, resulting in a (28bp) decline in Group NIM totaling 4.8%. NIM was also impacted by a 1% increase in interest-earning assets. **NIM of the Bank, stood strong at 5.8%** for the quarter and at 5.9% for 2020.
- **Net fees rose 16%** compared to the previous quarter and total **non-interest income increased 9%**. **Non-interest expense was up 9%** vs. 4Q19. **ROE for the quarter dropped substantially to 10.9%** from 16.9%, while **ROA decreased to 1.3%** from 2.0% in the previous quarter. **Excluding anticipated provisions, ROE and ROA were 13.9% and 1.7%, respectively.**
- **Net income for 2020 totaled Ps 30.51 billion, (16%) below 2019**; however, adjusting for the anticipated provisions in 2Q20 and 4Q20, and for the extraordinary income from the liquidation of Banorte USA in 1Q19, recurring net income **grew 1%**.
- **Net interest income for 2020 had a 3% increase during the year**, despite the decline in Banxico's benchmark rates which ended the year at 4.25% from 7.25% at the end of 2019. **NIM declined only (32 bps)** reaching **5.30%**, also driven by a 9% increase in average productive assets. **Total income declined (0.2%)** and **expenses rose 5.7%**. **Accumulated efficiency ratio** reached 41.4%.
- **ROE and ROA for 2020 reached 14.8% and 1.8%**, respectively. Both ratios were clearly impacted by the **Ps 7.28 billion** in anticipated provisions in 2Q20 and 4Q20. Recurring ROE and ROA stood at **17.1%** and **2.1%**, respectively. In addition, ROE is further impacted by the accrued dividend payable sitting at the group's level, as we continue to follow the government's ongoing recommendation not to distribute dividends.
- Non-banking **subsidiaries** contributed positively to the group's performance. During 2020, net profit of the Brokerage business grew 24%, Mutual Funds 7%, Annuities 51%, and Afore 16%. The Insurance segment without consolidation had a (2%) decline, and without considering Arrendadora and Factor which merged with Sólida in 3Q20.
- **Consumer loans** were up **1%** quarterly and **6%** annually, with growth across all segments except for credit cards, as expected by the COVID-19 social distancing measures. In general, consumer loans benefited from the positive effect of **support programs** which have practically concluded and are now into a new phase of individual negotiations and loan restructurings.
- **Commercial loans** grew **2%** sequentially, while **corporates fell (2%)** and **government loans (1%)**. Compared to 2019, **commercial and corporate portfolios both increased 12%**, and **government decreased (7%)** due to a high comparative base at the end of 2019. Overall, **total loan portfolio grew 0.5% quarterly, and 5% annually**; excluding government loans, the **loan portfolio was up 9% y/y**.
- The non-performing portfolio grew Ps 2.27 billion, as a result of a hike in delinquency as support programs come to an end mainly in credit cards and payroll loans. Consequently, the **NPL ratio rose to 1.1%** from 0.8%, and **coverage ratio reached 224%**. NPL and coverage ratios have behaved in accordance with their expected levels since the beginning of the pandemic. However, the second wave of infections could mean further deterioration, which led us to create anticipated **provisions and write-offs in 4Q20**, thus maintaining a **solid balance sheet**.

- **Core Deposits increased 3%** during the quarter: **demand deposits grew 5%**; whereas **time deposits were down (1%)**. Compared to 4Q19, demand deposits were up 22%, and time deposits declined (5%), totaling **13%** annual growth in Core Deposits, aligned with strategies to improve the margin.
- **Capital preservation, as well as adequate liquidity management** have been top priorities for the Financial Group during this challenging period. As a result, the **bank's total capital ratio** reached **20.2%**; **Core Equity Tier 1 (CET1)** reached **13.9%**; **Liquidity Coverage Ratio** reached **192.5%**, and **Leverage Ratio** stood at **12.15%**.

Income Statement Highlights - GFNorte (Million Pesos)	4Q19	3Q20	4Q20	Change		2019	2020	Change 2019
				3Q20	4Q19			
Interest Income	37,667	33,341	<b>30,676</b>	(8%)	(19%)	150,514	<b>133,593</b>	(11%)
Interest Expense	15,174	10,430	<b>9,638</b>	(8%)	(36%)	68,693	<b>47,898</b>	(30%)
Technical Results (Insurance & Annuities)	(2,305)	(2,310)	<b>(1,458)</b>	37%	37%	(1,244)	<b>(2,863)</b>	(130%)
Net Interest Income	20,188	20,601	<b>19,580</b>	(5%)	(3%)	80,577	<b>82,832</b>	3%
Net Service Fees	4,230	3,096	<b>3,599</b>	16%	(15%)	14,011	<b>13,219</b>	(6%)
Trading	872	1,128	<b>858</b>	(24%)	(2%)	5,289	<b>4,854</b>	(8%)
Other Operating Income (Expenses)	746	656	<b>859</b>	31%	15%	4,264	<b>2,983</b>	(30%)
Non Interest Income	5,847	4,880	<b>5,315</b>	9%	(9%)	23,564	<b>21,056</b>	(11%)
Total Income	26,035	25,481	<b>24,896</b>	(2%)	(4%)	104,141	<b>103,888</b>	(0%)
Non Interest Expense	10,572	10,627	<b>11,612</b>	9%	10%	40,678	<b>43,013</b>	6%
Provisions	3,765	3,138	<b>5,993</b>	91%	59%	15,347	<b>21,931</b>	43%
Operating Income	11,698	11,717	<b>7,290</b>	(38%)	(38%)	48,116	<b>38,944</b>	(19%)
Taxes	2,951	3,178	<b>1,757</b>	(45%)	(40%)	12,795	<b>10,049</b>	(21%)
Subsidiaries' Net Income	389	492	<b>509</b>	4%	31%	1,716	<b>2,002</b>	17%
Minority Interest	(125)	(124)	<b>(77)</b>	38%	39%	(509)	<b>(389)</b>	23%
Subsidiaries & Minority Interest	263	368	<b>433</b>	18%	64%	1,208	<b>1,613</b>	34%
<b>Net Income</b>	<b>9,010</b>	<b>8,906</b>	<b>5,966</b>	(33%)	(34%)	<b>36,528</b>	<b>30,508</b>	(16%)
Balance Sheet Highlights - GFNorte (Million Pesos)	4Q19	3Q20	4Q20	Change				
				3Q20	4Q19			
Asset Under Management	2,771,604	2,981,568	2,975,753	(0%)	7%			
Performing Loans (a)	762,642	798,478	802,138	0%	5%			
Past Due Loans (b)	12,806	6,660	8,931	34%	(30%)			
Total Loans (a+b)	775,448	805,138	811,070	1%	5%			
Total Loans Net (d)	757,809	787,473	791,066	0%	4%			
Acquired Collection Rights (e)	1,601	1,341	1,617	21%	1%			
Total Credit Portfolio (d+e)	759,410	788,814	792,682	0%	4%			
Total Assets	1,580,010	1,795,306	1,787,904	(0%)	13%			
Total Deposits	724,490	813,104	821,712	1%	13%			
Total Liabilities	1,384,012	1,577,935	1,562,801	(1%)	13%			
Equity	195,998	217,371	225,103	4%	15%			
Financial Ratios GFNorte	4Q19	3Q20	4Q20			2019	2020	
<b>Profitability:</b>								
NIM (1)	5.7%	5.1%	<b>4.8%</b>			5.62%	<b>5.30%</b>	
ROE (2)	19.0%	16.9%	<b>10.9%</b>			20.1%	<b>14.8%</b>	
ROA (3)	2.3%	2.0%	<b>1.3%</b>			2.3%	<b>1.8%</b>	
<b>Operation:</b>								
Efficiency Ratio (4)	40.6%	41.7%	<b>46.6%</b>			39.1%	<b>41.4%</b>	
Operating Efficiency Ratio (5)	2.7%	2.4%	<b>2.6%</b>			2.6%	<b>2.5%</b>	
CCL Banorte and SOFOM - Basel III (6)	133.5%	193.6%	<b>192.5%</b>			133.5%	<b>192.5%</b>	
<b>Asset Quality:</b>								
Past Due Loan Ratio	1.7%	0.8%	<b>1.1%</b>			1.7%	<b>1.1%</b>	
Coverage Ratio	137.7%	265.2%	<b>224.0%</b>			137.7%	<b>224.0%</b>	
Cost of Risk (7)	1.98%	1.56%	<b>2.97%</b>			1.98%	<b>2.75%</b>	
<b>Market References</b>								
Banxico Reference Rate	7.25%	4.25%	<b>4.25%</b>			7.25%	<b>4.25%</b>	
TIE 28 days (Average)	7.86%	4.99%	<b>4.51%</b>			8.32%	<b>5.73%</b>	
Exchange Rate Peso/Dolar	18.86	22.14	<b>19.91</b>			19.30	<b>22.16</b>	

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

2) Annualized earnings as a percentage of average quarterly equity over the period, minus minority interest, for the same period.

3) Annualized earnings as a percentage of average quarterly assets over the period, minus minority interest, for the same period.

4) Non-Interest Expense / Total Income

5) Annualized Non-Interest Expense / Average Total Assets.

6) Preliminary CCL calculation. To be updated upon publication of Banco de Mexico's official calculations.

7) Cost of Risk = Annualized Provisions / Average Total Loans.

Subsidiaries Net Income (Million Pesos)	4Q19	3Q20	4Q20	Change		2019	2020	Change 2019
				3Q20	4Q19			
Banco Mercantil del Norte	6,729	6,518	<b>3,833</b>	(41%)	(43%)	26,994	<b>20,029</b>	(26%)
Banorte- Ixe-Broker Dealer	276	254	<b>250</b>	(1%)	(9%)	869	<b>1,076</b>	24%
Operadora de Fondos Banorte-Ixe	101	103	<b>106</b>	3%	5%	390	<b>416</b>	7%
Retirement Funds - Afore XXI Banorte	360	454	<b>475</b>	5%	32%	1,609	<b>1,873</b>	16%
Insurance	744	745	<b>471</b>	(37%)	(37%)	3,918	<b>3,846</b>	(2%)
Annuities	272	340	<b>503</b>	48%	85%	1,030	<b>1,551</b>	51%
BAP (Holding)	2	8	<b>9</b>	15%	452%	(0)	<b>39</b>	N.A.
Other Finance Companies	173	245	<b>88</b>	(64%)	(49%)	786	<b>641</b>	(18%)
G. F. Banorte (Holding)	353	238	<b>232</b>	(3%)	(34%)	932	<b>1,036</b>	11%
<b>Total Net Income</b>	<b>9,010</b>	<b>8,906</b>	<b>5,966</b>	<b>(33%)</b>	<b>(34%)</b>	<b>36,528</b>	<b>30,508</b>	<b>(16%)</b>

Share Data	4Q19	3Q20	4Q20	Change		2019	2020	Change 2019
				3Q20	4Q19			
Earnings per share (Pesos)	3.125	3.089	<b>2.069</b>	(33%)	(34%)	12.668	<b>10.580</b>	(16%)
Earnings per share Basic (Pesos)	3.138	3.132	<b>2.097</b>	(33%)	(33%)	12.747	<b>10.699</b>	(16%)
Dividend per Share for the period (Pesos)	0.00	0.00	<b>0.00</b>	-	-	5.54	<b>0.00</b>	-
Payout for the period	0.0%	0.0%	<b>0.0%</b>	-	-	50.0%	<b>0.0%</b>	-
Book Value per Share (Pesos)	67.18	74.44	<b>77.07</b>	4%	15%	67.18	<b>77.07</b>	15%
Issued, Subscribed and Paid Shares (Million)	2,883.5	2,883.5	<b>2,883.5</b>	0%	0%	2,883.5	<b>2,883.5</b>	0%
Stock Price (Pesos)	105.00	76.62	<b>109.93</b>	43%	5%	105.00	<b>109.93</b>	5%
P/BV (Times)	1.56	1.03	<b>1.43</b>	39%	(9%)	1.56	<b>1.43</b>	(9%)
Market Capitalization (Million Dollars)	16,050	9,977	<b>15,922</b>	60%	(1%)	16,050	<b>15,922</b>	(1%)
Market Capitalization (Million Pesos)	302,763	220,930	<b>316,978</b>	43%	5%	302,763	<b>316,978</b>	5%

### Share performance



## II. Management's Discussion & Analysis

This report contains references to recurring figures which are related to usual business activities excluding the effect of the non-recurring income presented in 1Q19 resulting from the dissolution of Banorte USA, as well as the additional provisions and anticipated write-offs related to COVID-19 in 2Q20 and 4Q20.

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

Net Interest Income (NII) (Million Pesos)	4Q19	3Q20	4Q20	Change		2019	2020	Change 2019
				3Q20	4Q19			
Interest Income	33,395	28,508	<b>27,068</b>	(5%)	(19%)	138,752	<b>119,479</b>	(14%)
Interest Expense	14,858	10,149	<b>9,324</b>	(8%)	(37%)	67,533	<b>46,741</b>	(31%)
Loan Origination Fees	382	354	<b>380</b>	7%	(1%)	1,406	<b>1,440</b>	2%
Fees Paid	316	281	<b>314</b>	12%	(1%)	1,160	<b>1,156</b>	(0%)
<b>NII excluding Insurance and Annuities Co.</b>	<b>18,604</b>	<b>18,432</b>	<b>17,810</b>	<b>(3%)</b>	<b>(4%)</b>	<b>71,465</b>	<b>73,022</b>	<b>2%</b>
Premium Income (Net)	7,747	7,385	<b>9,192</b>	24%	19%	32,537	<b>36,849</b>	13%
Technical Reserves	5,086	4,262	<b>4,368</b>	2%	(14%)	15,003	<b>17,793</b>	19%
Damages, Claims and Other Obligations	4,967	5,433	<b>6,281</b>	16%	26%	18,779	<b>21,920</b>	17%
<b>Technical Results</b>	<b>(2,305)</b>	<b>(2,310)</b>	<b>(1,458)</b>	37%	37%	<b>(1,244)</b>	<b>(2,863)</b>	(130%)
Interest Income (Expenses) net	3,889	4,479	3,228	(28%)	(17%)	10,356	12,673	22%
<b>Insurance and Annuities NII</b>	<b>1,584</b>	<b>2,169</b>	<b>1,770</b>	<b>(18%)</b>	<b>12%</b>	<b>9,112</b>	<b>9,810</b>	<b>8%</b>
<b>GFNORTE's NII</b>	<b>20,188</b>	<b>20,601</b>	<b>19,580</b>	<b>(5%)</b>	<b>(3%)</b>	<b>80,577</b>	<b>82,832</b>	<b>3%</b>
Credit Provisions	3,765	3,138	<b>5,993</b>	91%	59%	15,347	<b>21,931</b>	43%
<b>NII Adjusted for Credit Risk</b>	<b>16,423</b>	<b>17,463</b>	<b>13,587</b>	<b>(22%)</b>	<b>(17%)</b>	<b>65,230</b>	<b>60,901</b>	<b>(7%)</b>
Average Earning Assets	1,419,439	1,615,282	<b>1,625,011</b>	1%	14%	1,434,764	<b>1,564,112</b>	9%
<b>Net Interest Margin (1)</b>	5.7%	5.1%	<b>4.8%</b>			5.6%	<b>5.3%</b>	
<b>NIM after Provisions (2)</b>	4.6%	4.3%	<b>3.3%</b>			4.5%	<b>3.9%</b>	
<b>NIM adjusted w/o Insurance &amp; Annuities</b>	5.9%	5.2%	<b>5.0%</b>			5.6%	<b>5.3%</b>	
<b>NIM from loan portfolio (3)</b>	8.7%	7.9%	<b>7.6%</b>			8.2%	<b>8.0%</b>	

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

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

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

### Net Interest Income (NII)

**NII excluding Insurance and Annuities was down (3%)** during the quarter, in line with the decline in NII from the loan portfolio. As for interest expenses, they were down (8%) reflecting the improvement in cost of funds brought by a reduction in interbank loans, coupled with a 5% increase in demand deposits and a (1%) reduction in time deposits. Additionally, **NIM from the loan portfolio** declined (31bps) closing at **7.6%** from 7.9% in the previous quarter, whereas **adjusted NIM excluding Insurance and Annuities** dropped (18bps) to **5.0%** in 4Q20.

Compared to 2019, **NII excluding Insurance and Annuities** rose **2%** due to funding cost efficiencies caused by a (31%) decline in interest expense and by a **1% increase in interest income from the loan portfolio**; the total loan portfolio rose 5% in the year; however, floating rate loans repriced due to the sharp (259bps) reduction in the average reference rate, which went from 8.3% to 5.7%, causing a (14bps) impact in **NIM of the loan portfolio** which ended at **8.0%**. **NIM excluding insurance and annuities** declined (28bps) to **5.3%** in 2020.

NII from **insurance and annuities** had an **(18%) quarterly decline** explained by a (28%) contraction in interest income and a **37% increase in the technical result**. Going into more detail, the technical result was favored by a 24% increase in premiums underwritten which offset the 16% increase in claims in the life segment and its consequent increase in reserves.

Compared to 2019, NII from **insurance and annuities grew 8%** derived from 22% growth in net interest income despite the impact in technical results which was driven by higher technical reserves – mainly in annuities- and 17% higher claims, which was not offset by the 4.3 billion higher premium income.

Altogether, GFNorte's **net interest income declined (5%) during the quarter** and **increased 3% in the year**. Amidst a lower interest rate context, **NIM dropped (28bps) during the quarter** ending at 4.8%, and **decreased (32bps) annually**, ending at **5.3%**, at the same time that the reference rate of Banxico dropped (300bps) in the year ending at 4.25%.



## Loan Loss Provisions

Because of the extended duration of the COVID-19 pandemic, and the second wave of infections which concentrated mainly in Mexico City and its metropolitan area, a significant part of the economy has been closed again. Therefore, anticipating a likely deterioration in its loan portfolio, Banorte decided to book Ps 2.41 billion of additional loan loss provisions in December 2020. From the total amount booked, Ps 2.00 billion are additional provisions and Ps 406 million were advanced write-offs in different portfolios.

Consequently, **provisions increased 91%** compared to the previous quarter, explained in a greater extent by the recognition of additional provisions described above, coupled with a Ps 500 million increase in provisions and write-offs in the commercial portfolio. The main constituents of this were: i) a Ps 253 million increase in the government portfolio, due to the effect of reserves released in the previous quarter, ii) a Ps 275 million increase in the commercial portfolio due to an increase in the customers' risk profile; iii) Commercial and SME were down due to the collection of fund guarantees. In the consumer portfolio, the increase in provisions totaled Ps 540 million or 18%, practically in all the portfolio products as they return to their average trend, since during 3Q20 the requirement for provisions was lower in mortgage and credit card, associated to the COVID customer support programs. Auto loans returned to its trend given that in 3Q20 the provision requirement was lower due to an adjustment factor applied to its methodology.

Out of the Ps 5,993 million in provisions recorded in the quarter, 29% are the result of the net creation of extraordinary provisions for COVID-19, 32% are provisions from new loans, and the rest are due to risk and portfolio variations.

**Compared to 2019**, accumulated provisions **increased 43% or Ps 6.58 billion**, mainly due to the effect of anticipated provisions recorded during 2Q20 and 4Q20, which together amounted to Ps 7.27 billion, of which Ps 5.00 billion correspond to additional provisions and Ps 2.27 billion are anticipated write-offs in different loan portfolios. From the Ps 5.00 billion in additional reserves, 14% was consumed during 4Q20. Finally, had no anticipated provisions been recorded in the year, provision expenses would have been (4%) lower than in 2019.

Credit Provisions (Million Pesos)	4Q19	3Q20	4Q20	Change		2019	2020	Change 2019
				3Q20	4Q19			
Commercial, Corporate & Government	666	236	736	212%	10%	1,254	<b>4,428</b>	253%
Consumer	3,303	2,997	3,537	18%	7%	14,302	<b>12,890</b>	(10%)
Charge offs and discounts	(204)	(95)	(280)	(194%)	(37%)	(209)	<b>(387)</b>	(85%)
Provisiones Adicionales	-	-	2,000	N.A.	N.A.	-	<b>5,000</b>	N.A.
<b>Credit Provisions</b>	<b>3,765</b>	<b>3,138</b>	<b>5,993</b>	<b>91%</b>	<b>59%</b>	<b>15,347</b>	<b>21,931</b>	<b>43%</b>

It is important to highlight that the Bank has a well-diversified loan portfolio, with government loans accounting for 20% of the loan portfolio, commercial 24%, and corporates 18%. The corporate segment has less relative exposure to vulnerable sectors such as hotels and shopping malls, and no exposure to the airline industry. Additionally, regarding other corporate loans, Banorte has guarantees from development banks and federal participations in infrastructure projects. Furthermore, the bank's 23% share of the mortgage portfolio remains healthy and on average has a low loan-to-value ratio. The consumer segment holds a 15% market share, where payroll loans are primarily granted to employees in financially-sound companies and state governments. The rest of consumer loans have relatively sounder vintages thanks to the efforts carried out in the origination and credit risk assessment processes, in addition to the implementation of internal loan provisioning models authorized by the regulator (CNBV) for the commercial, credit card, and auto loans portfolios, allowing the Bank to be more efficient in provision requirements.

**Cost of risk for the quarter was 2.97%**, 140bps higher vs. the previous quarter, and 99bps higher vs. 4Q19. Accumulated cost of risk for 2020 reached 2.75%, 77bps higher than in 2019 explained by the general anticipated provisions booked in 2Q20 and 4Q20. **The Cost of Risk excluding anticipated provisions would be 1.76% for the quarter and 1.83% for the year.**

## Non-Interest Income

Non-Interest Income (Million Pesos)	4Q19	3Q20	4Q20	Change		2019	2020	Change 2019
				3Q20	4Q19			
Net Service Fees	4,230	3,096	<b>3,599</b>	16%	(15%)	14,011	<b>13,219</b>	(6%)
Trading	872	1,128	<b>858</b>	(24%)	(2%)	5,289	<b>4,854</b>	(8%)
Other Operating Income (Expenses)	746	656	<b>859</b>	31%	15%	4,264	<b>2,983</b>	(30%)
<b>Non-Interest Income</b>	<b>5,847</b>	<b>4,880</b>	<b>5,315</b>	<b>9%</b>	<b>(9%)</b>	<b>23,564</b>	<b>21,056</b>	<b>(11%)</b>

**Non-interest income** grew 9% in the quarter, reflecting a significant recovery in fee income and greater Other Operating Income (Expenses) following a fairly moderate 3Q20 due to the health contingency.

Compared to 2019, in 2020 non-interest income declined (11%) driven by the recognition of the extraordinary Ps 1.66 billion income related to the conversion effect of Banorte USA in 1Q19. Excluding this effect, recurring non-interest income would have declined only (4%). In addition, net service fees declined as a result of the pandemic, while Trading was down due to lower securities and derivatives transactions.

## Service Fees

Service Fees (Million Pesos)	4Q19	3Q20	4Q20	Change		2019	2020	Change 2019
				3Q20	4Q19			
Fund Transfers	427	489	513	5%	20%	1,636	1,878	15%
Account Management Fees	587	548	529	(3%)	(10%)	2,366	2,163	(9%)
Electronic Banking Services	2,656	2,379	3,033	28%	14%	9,432	9,775	4%
Basic Banking Services Fees	3,669	3,415	4,075	19%	11%	13,434	13,816	3%
For Commercial and Mortgage Loans *	509	129	366	184%	(28%)	1,317	1,384	5%
For Consumer Loans	1,424	1,148	1,292	13%	(9%)	5,163	4,732	(8%)
Fiduciary *	146	113	153	36%	5%	486	487	0%
Income from Real Estate Portfolios	7	6	19	236%	180%	276	42	(85%)
Mutual Funds	472	501	504	1%	7%	1,811	1,953	8%
Trading & Financial Advisory Fees	102	128	142	11%	39%	513	542	6%
Other Fees Charged (1)	261	268	223	(17%)	(15%)	1,063	1,048	(1%)
<b>Fees Charged on Services</b>	<b>6,591</b>	<b>5,708</b>	<b>6,775</b>	<b>19%</b>	<b>3%</b>	<b>24,063</b>	<b>24,003</b>	<b>(0%)</b>
Interchange Fees	1,349	1,228	1,684	37%	25%	4,676	5,157	10%
Insurance Fees	(109)	317	227	(28%)	309%	1,350	1,371	2%
Other Fees Paid	1,120	1,066	1,264	19%	13%	4,026	4,257	6%
<b>Fees Paid on Services</b>	<b>2,361</b>	<b>2,611</b>	<b>3,176</b>	<b>22%</b>	<b>35%</b>	<b>10,052</b>	<b>10,784</b>	<b>7%</b>
<b>Net Service Fees</b>	<b>4,230</b>	<b>3,096</b>	<b>3,599</b>	<b>16%</b>	<b>(15%)</b>	<b>14,011</b>	<b>13,219</b>	<b>(6%)</b>

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

**Fees charged on services rose 19% sequentially**, reverting to its pre-pandemic trend. There was a strong recovery in the use of electronic banking, as well as in origination fees on mortgages, corporate and financial entities loans. During the year, fees remained unchanged as a consequence of the decline in economic activity brought by the pandemic. However, there was a relevant 3% increase in basic banking services fees and mutual funds fees, which overall were offset by the decline in origination fees from consumer loans and mortgages.

**Fees paid on services increased 22%** in the quarter, driven by increased interchange fees, by greater POS terminal use from the partial recovery of economic activity, and by the guarantee fees from clients enrolled in the COVID-19 support programs. Compared to 2019 accumulated figures, fees **increased 7%** on greater activity in the acquiring business in physical POS terminals, and due to fees coming from public sector trust fees.

Altogether, **net service fees increased 16%** vs. the previous quarter, but declined (6%) vs. 2019.

## Trading

Trading Income (Million Pesos)	4Q19	3Q20	4Q20	Change		2019	2020	Change 2019
				3Q20	4Q19			
Currency and Metals	36	(309)	(1,483)	(380%)	N.A.	(8)	(1,059)	N.A.
Derivatives	(79)	531	309	(42%)	489%	(855)	742	187%
Negotiable Instruments	70	80	92	15%	31%	440	(106)	(124%)
<b>Valuation</b>	<b>26</b>	<b>302</b>	<b>(1,083)</b>	<b>(459%)</b>	<b>N.A.</b>	<b>(423)</b>	<b>(423)</b>	<b>(0%)</b>
Currency and Metals	342	464	1,930	316%	464%	1,120	2,306	106%
Derivatives	(115)	2	(169)	N.A.	(48%)	2,358	1,252	(47%)
Negotiable Instruments	618	359	180	(50%)	(71%)	2,233	1,718	(23%)
<b>Trading</b>	<b>845</b>	<b>826</b>	<b>1,941</b>	<b>135%</b>	<b>130%</b>	<b>5,712</b>	<b>5,277</b>	<b>(8%)</b>
<b>Trading Income</b>	<b>872</b>	<b>1,128</b>	<b>858</b>	<b>(24%)</b>	<b>(2%)</b>	<b>5,289</b>	<b>4,854</b>	<b>(8%)</b>

**Trading income** was down (24%) sequentially, as result of the weakening of the dollar against the Mexican peso and its corresponding valuation effect.

Thus, compared to the previous year, trading income **was down (8%)** primarily by exchanges between derivative transactions, currencies and metals trading, and a lower securities' position.

### Other Operating Income (Expenses)

Other Operating Income (Expenses) (Million Pesos)	4Q19	3Q20	4Q20	Change		2019	2020	Change 2019
				3Q20	4Q19			
Loan Portfolios	57	90	69	(23%)	22%	286	301	5%
Income from Foreclosed Assets	206	165	129	(22%)	(38%)	545	514	(6%)
Impairment of Assets	-	-	-	N.A.	N.A.	(132)	(55)	58%
Lease Income	114	11	62	481%	(46%)	417	250	(40%)
From Insurance	246	198	317	60%	29%	1,004	1,048	4%
Securitization Operation Valuation Result	(7)	15	(36)	(336%)	(453%)	106	16	(85%)
Others	130	178	319	79%	145%	2,038	909	(55%)
<b>Other Operating Income (Expenses)</b>	<b>746</b>	<b>656</b>	<b>859</b>	<b>31%</b>	<b>15%</b>	<b>4,264</b>	<b>2,983</b>	<b>(30%)</b>

\*The concepts of Sólida and Arrendadora y Factor, now merged, previously registered in "Other operating income (expenses)" were reclassified in 3Q19 towards "Provisions for Loans": a) "Recovery of Loan Portfolio", and b) "Release of Provisions"; for comparison purposes they are reclassified retroactively.

**Other Operating Income (expenses) increased 31%** in the quarter reaching a normalized level of **Ps 859 million**, driven by higher Insurance income as a result of reserve releases, greater recoveries related to larger balances written off by provisions, and larger income from creditors' balances.

Compared to 2019, Other Operating Income (expenses) showed a (30%) decline as a result of the recognition of Ps 1.66 billion in additional income due to the conversion effect of Banorte USA during 1Q19, and Ps (167) million lower Leasing Income. Excluding these effects, the recurring figure for 2020 **increased 15%**.

### Non-Interest Expense

Non-Interest Expense (Million Pesos)	4Q19	3Q20	4Q20	Change		2019	2020	Change 2019
				3Q20	4Q19			
Personnel	4,105	4,037	4,660	15%	14%	15,862	16,517	4%
Professional Fees	625	861	962	12%	54%	3,100	3,373	9%
Administrative and Promotional	2,377	2,075	2,141	3%	(10%)	8,693	8,630	(1%)
Rents, Depreciation & Amortization	1,919	2,074	2,136	3%	11%	7,001	8,203	17%
Taxes other than income tax & non deductible expenses	602	496	648	31%	8%	2,221	2,126	(4%)
Contributions to IPAB	809	951	931	(2%)	15%	3,297	3,630	10%
Employee Profit Sharing (PTU)	136	133	136	2%	0%	504	535	6%
<b>Non-Interest Expense</b>	<b>10,572</b>	<b>10,627</b>	<b>11,612</b>	<b>9%</b>	<b>10%</b>	<b>40,678</b>	<b>43,013</b>	<b>6%</b>

**Non-interest expense** for the quarter **increased 9% and 6% annually** due to higher personnel expenses related to operating restructures implemented to face the new economic scenario brought by the pandemic, and to higher professional fees and rents.

Consequently, **efficiency ratio** reached **46.6% for the quarter, up 494bps**. Using accumulated figures for the year, efficiency reached **41.4%**, up 234bps vs. 2019. With recurring figures, the increase was 171bps vs. 2019.

### Net Income

Net Income (Million Pesos)	4Q19	3Q20	4Q20	Change		2019	2020	Change 2019
				3Q20	4Q19			
<b>Operating Income</b>	<b>11,698</b>	<b>11,717</b>	<b>7,290</b>	<b>(38%)</b>	<b>(38%)</b>	<b>48,116</b>	<b>38,944</b>	<b>(19%)</b>
Subsidiaries' Net Income	389	492	509	4%	31%	1,716	2,002	17%
<b>Pre-Tax Income</b>	<b>12,086</b>	<b>12,208</b>	<b>7,800</b>	<b>(36%)</b>	<b>(35%)</b>	<b>49,832</b>	<b>40,947</b>	<b>(18%)</b>
Taxes	2,951	3,178	1,757	(45%)	(40%)	12,795	10,049	(21%)
Discontinued Operations	-	-	-	N.A.	N.A.	-	-	N.A.
Minority Interest	(125)	(124)	(77)	38%	39%	(509)	(389)	23%
<b>Net Income</b>	<b>9,010</b>	<b>8,906</b>	<b>5,966</b>	<b>(33%)</b>	<b>(34%)</b>	<b>36,528</b>	<b>30,508</b>	<b>(16%)</b>

**Net Operating Income declined (38%)** during the quarter, affected by the advanced provisions previously described, and for the year the decline totaled (19%). Using recurring figures, net income was down (1%) despite a strong contraction of economic activity caused by the COVID-19 pandemic.

With **reported figures, taxes were down (45%) sequentially** and (21%) with accumulated figures for the year, on lower net income resulting from additional provisions registered in the year. With **recurring figures, taxes were down (24%) sequentially**, while **in the year they only declined (1%)**.

Reported **net income** for the quarter totaled Ps 5.97 billion, **(33%) below the previous quarter**, and (16%) below 2019 due to the anticipated provisions booked in the year. With **recurring figures for 2020, net income rose 1%**, this is after adjusting for extraordinary income of Banorte USA in 1Q19 and for additional provisions in 2Q20 and 4Q20.

**Earnings per share** for the quarter were **Ps 2.07**, and **Ps 10.58** for the year.

## Profitability

	4Q19	3Q20	4Q20	2019	2020
<b>ROE</b>	<b>19.0%</b>	<b>16.9%</b>	<b>10.9%</b>	<b>20.1%</b>	<b>14.8%</b>
Goodwill & Intangibles (billion pesos)	52	39	39	52	39
Average Tangible Equity (billion pesos)	133	157	162	133	162
<b>ROTE</b>	<b>26.1%</b>	<b>20.9%</b>	<b>13.3%</b>	<b>27.5%</b>	<b>18.8%</b>

ROE had a relevant reduction, standing at 10.9% for the quarter, and at 14.8% for the year, impacted both by the recognition of additional provisions, as well as by higher capital accumulation at the group level resulting from the postponement of dividend payments recommended by local authorities.

With **recurring figures, ROE for the quarter** totaled **13.9%**, and **17.1%** for **2020**.

**ROTE** had a relevant decline to 13.3% vs. 3Q20, and 18.8% for the year; with **recurring figures**, it reached **21.8%** in 2020.

	4Q19	3Q20	4Q20	2019	2020
<b>ROA</b>	<b>2.3%</b>	<b>2.0%</b>	<b>1.3%</b>	<b>2.3%</b>	<b>1.8%</b>
Average Risk Weighted Assets (billion pesos)	778	856	889	778	889
<b>RRWA</b>	<b>4.7%</b>	<b>3.9%</b>	<b>3.4%</b>	<b>4.7%</b>	<b>3.4%</b>

**ROA** was down (66bps) during the quarter totaling **1.3%**, and **1.8%** for the year, (53bps) below 2019. With **recurring figures**, it stood at **2.1%**.

## Deposits

Deposits (Million Pesos)	4Q19	3Q20	4Q20	Change	
				3Q20	4Q19
Non-Interest Bearing Demand Deposits	297,379	308,843	<b>341,309</b>	11%	15%
Interest Bearing Demand Deposits	140,158	200,234	<b>192,022</b>	(4%)	37%
<b>Total Demand Deposits</b>	<b>437,537</b>	<b>509,077</b>	<b>533,331</b>	5%	22%
<b>Time Deposits – Retail</b>	<b>229,036</b>	<b>219,636</b>	<b>217,272</b>	(1%)	(5%)
<b>Core Deposits</b>	<b>666,573</b>	<b>728,713</b>	<b>750,603</b>	3%	13%
<b>Money Market</b>	<b>77,698</b>	<b>105,423</b>	<b>92,650</b>	(12%)	19%
<b>Total Bank Deposits</b>	<b>744,271</b>	<b>834,137</b>	<b>843,253</b>	1%	13%
<b>GFNorte's Total Deposits</b>	<b>724,490</b>	<b>813,104</b>	<b>821,712</b>	1%	13%
<b>Third Party Deposits</b>	<b>152,648</b>	<b>181,291</b>	<b>151,228</b>	(17%)	(1%)
<b>Total Assets Under Management</b>	<b>896,919</b>	<b>1,015,428</b>	<b>994,481</b>	(2%)	11%

**Core deposits had a relevant 3% increase** during the quarter, **explained by a strong 5% increase in demand deposits**, whereas **time deposits declined (1%)**. Compared to 4Q19, time deposits were down (5%), while demand deposits grew 22% mainly in interest-bearing demand accounts, as result of strategies focused on increasing customer balances and consequently lowering interbank funds, which have a higher cost.

**Money market operations and securities issued**, declined (12%) during the quarter, and grew **19%** annually. Altogether, **total bank deposits** rose 1% in the quarter and **13%** in the year.

## Loans

Performing Loan Portfolio (Million Pesos)	4Q19	3Q20	4Q20	Change	
				3Q20	4Q19
Mortgages	170,086	182,685	<b>187,736</b>	3%	10%
Auto Loans	26,669	27,394	<b>28,165</b>	3%	6%
Credit Card	39,700	38,585	<b>36,651</b>	(5%)	(8%)
Payroll	51,311	52,342	<b>51,668</b>	(1%)	1%
<b>Consumer</b>	<b>287,766</b>	<b>301,005</b>	<b>304,220</b>	1%	6%
<b>Commercial</b>	<b>172,729</b>	<b>188,237</b>	<b>192,927</b>	2%	12%
<b>Corporate</b>	<b>128,159</b>	<b>146,626</b>	<b>143,429</b>	(2%)	12%
<b>Government</b>	<b>173,988</b>	<b>162,609</b>	<b>161,563</b>	(1%)	(7%)
<b>Total</b>	<b>762,642</b>	<b>798,478</b>	<b>802,138</b>	0%	5%

Amidst an uncertain environment caused by the COVID-19 pandemic, together with a slight recovery in economic activity and aided by ongoing support programs for consumer and SME clients, the performing loan portfolio **grew 0.5% quarterly** and **5% annually**. Adjusting for government loans, the portfolio grew 9%, and showed positive results in almost every segment, except for credit cards, as expected.

The **consumer portfolio increased 6%**, reflecting particular dynamics in each segment: 10% growth in mortgages supported by favorable dynamics in a low-rate environment, a moderate 6% increase auto loans on the back of the economic reactivation, payroll increased 1%, and credit cards contracted (8%) as expected given the challenges derived from the pandemic and coupled with the support program effect.

In 2020, the **Corporate and Commercial portfolios** stood out with **12% growth**, mainly because companies drew their lines of credit to overcome the pandemic.

Within the commercial portfolio, the **SMEs portfolio had a moderate 1% increase** in the quarter and 15% over the year, essentially reflecting the rigorous selection of customers that were offered a support program. NPL for this sector jumped 8bps in the quarter to 2.02%, as a result of clients that came out of the support program.

SME's Loans (Million Pesos)	4Q19	3Q20	4Q20	Change	
				3Q20	4Q19
<b>Performing Portfolio</b>	32,735	37,237	37,741	1%	15%
<b>% of Performing Commercial Portfolio</b>	19.0%	19.8%	19.6%	(22 bp)	61 bp
<b>% of Total Performing Portfolio</b>	4.3%	4.7%	4.7%	4 bp	41 bp
<b>NPL Ratio</b>	6.6%	1.94%	2.02%	8 bp	(453 bp)

**Corporate Loans:** The portfolio reached an ending balance of **Ps 143.43 billion**, (2%) down vs. the previous quarter considering that during 3Q20 there were higher liquidity needs from corporates; nevertheless, it had a **strong 12% annual growth**. GFNorte's corporate loan book is well diversified by industry and by regions, showing low concentration risk. The 20 main private sector corporate borrowers accounted for 11% of the group's total portfolio. The group's largest corporate exposure represented 0.8% of the total performing book, whereas number 20 represented 0.4% of it. Out of these 20 borrowers, all 20 companies have an A1 credit rating.

Regarding **infrastructure loans**, this segment reflected another quarter with stability, as a result of the prevailing conditions in Mexico and abroad. However, **during the year, the infrastructure book grew 12%**, up Ps 5.13 billion due to the growing demand from clients.

Infrastructure Loans (Million Pesos)	4Q19	3Q20	4Q20	Change	
				3Q20	4Q19
<b>Performing Portfolio</b>	42,869	48,746	47,999	(2%)	12%
<b>% of Total Performing Portfolio</b>	5.7%	6.1%	6.0%	(12 bp)	29 bp
<b>NPL Ratio</b>	0.0%	0.6%	1.1%	47 bp	102 bp

The **Government Book** totaled **Ps 161.56 billion**, (1%) below the previous quarter level explained by lower Federal Government loans. Additionally, compared to 4Q19, the portfolio decreased **(7%)**, considering that in 2019 the ending balances were higher reflecting more demand from clients. GFNorte's government portfolio is well diversified by regions, showing adequate concentration risk given that 29% of the portfolio is Federal Government exposure. Additionally, regarding municipal and states government loans, 83.7% of the loans are backed by fiduciary guarantees.

#### Market share position (using CNBV records as of November 2020):

The **performing loan portfolio** showed strong 7.2% annual growth, while the Mexican banking system declined (1%). Thus, Banorte **increased market share by 114bps to reach 14.9%**

- **Mortgages:** Banorte showed a **10.4%** annual growth, slightly above that of the banking system, holding 19.5% market share and **gaining 31bps in the year**, keeping the second place within the industry.
- **Credit Cards:** The portfolio had a (5.3%) annual contraction compared with the system's (10.1%) decline. Banorte holds **10.2% market share and gained 52bps** during the period.
- **Auto Loans:** Despite an industry-wide reduction in new car sales, Banorte holds 19.1% market share **after increasing 115bps in the year**, still ranks second in the market and **grew 5.3% annually**, above the banking system that declined **(1.1%)**.
- **Payroll Loans:** The portfolio increased 3.9% annually and the system drops by (2.8%). Banorte **ranks second** with a 20.6% market share, **increasing 134bps** above the peers.
- **Commercial:** The portfolio shows a 13.7% annual increase and the system fell (1.7%). Banorte's 11.5% market share in the commercial portfolio (including corporate and SMEs according to the CNBV classification) **increased 155bps in the last 12 months, ranking third in the system**.
- **Government:** this portfolio had a (5.4%) contraction in 2020, totaling a 28.2% market share, (328bps) below 2019, ranking second in the market.

## Past Due Loans

During the quarter, the past due loan portfolio grew Ps 2.27 billion, primarily driven by credit cards, SMEs and payroll segments, and as a result of the conclusion of the support programs, during which the past due portfolio was contained.

**In 2020**, the past due portfolio balance **was down by Ps 3.87 billion** due to early write-offs of Ps 3.35 billion during the year, and also because the full effect of the ending support programs has not fully materialized.

Past Due Loans (Million Pesos)	4Q19	3Q20	4Q20	Change	
				3Q20	4Q19
Credit Cards	2,287	1,246	<b>3,120</b>	1,874	833
Payroll	1,758	910	<b>1,425</b>	515	(333)
Auto Loans	269	194	<b>161</b>	(33)	(108)
Mortgages	1,973	1,811	<b>1,658</b>	(152)	(315)
Commercial	4,164	1,768	<b>2,364</b>	596	(1,800)
Corporate	2,351	444	<b>166</b>	(278)	(2,185)
Government	4	288	<b>38</b>	(251)	33
<b>Total</b>	<b>12,806</b>	<b>6,660</b>	<b>8,931</b>	<b>2,271</b>	<b>(3,875)</b>

**NPL ratio** increased 27bps to **1.1%** given the deterioration in the consumer portfolio, mainly in credit cards and payroll loans. NPL ratio improved (55bps) compared to 2019, aided by support programs and the write-off effects previously explained.

Past Due Loans Ratios	4Q19	1Q20	2Q20	3Q20	4Q20
Credit Cards	5.4%	5.8%	5.5%	3.1%	<b>7.8%</b>
Payroll	3.3%	2.7%	3.3%	1.7%	<b>2.7%</b>
Auto Loans	1.0%	0.9%	1.2%	0.7%	<b>0.6%</b>
Mortgages	1.1%	1.2%	1.3%	1.0%	<b>0.9%</b>
Commercial	2.4%	2.3%	1.1%	0.9%	<b>1.2%</b>
SMEs	6.6%	7.0%	3.7%	1.9%	<b>2.0%</b>
Commercial	1.3%	1.2%	0.6%	0.7%	<b>1.0%</b>
Corporate	1.8%	1.8%	0.3%	0.3%	<b>0.1%</b>
Government	0.0%	0.0%	0.1%	0.2%	<b>0.0%</b>
<b>Total</b>	<b>1.7%</b>	<b>1.7%</b>	<b>1.2%</b>	<b>0.8%</b>	<b>1.1%</b>

**Expected loss for Banco Mercantil del Norte**, the group's largest subsidiary, **was 1.9%**, and the unexpected loss **was 4.3%**, both with respect to the total portfolio as of 4Q20. These ratios were 1.7% and 4.1%, respectively during 3Q20, and 2.2% and 3.9% twelve months ago.

Banco Mercantil del Norte's **Net Credit Losses (NCL)** including write-offs was 2.5%, (10bps) lower than in 3Q20.

Quarterly changes in accounts that affect Non-performing Loan balances for the Financial Group were:

<b>Past Due Loan Variations</b>	
<i>(Million Pesos)</i>	
<b>Balance as of September' 2020</b>	<b>6,660</b>
Transfer from Performing Loans to Past Due Loans	8,736
Portfolio Purchase	-
Renewals	(201)
Cash Collections	(785)
Discounts	(774)
Charge Offs	(3,348)
Foreclosures	(65)
Transfer from Past Due Loans to Performing Loans	(1,271)
Loan Portfolio Sale	-
Foreign Exchange Adjustments	(21)
Fair Value Ixe	-
<b>Balance as of December' 2020</b>	<b>8,931</b>

88% of the **total loan portfolio** was rated as Risk A, 8% Risk B, and 4% as Risk C, D and E combined.

**Risk Rating of Performing Loans as of 4Q20 - GFNorte**  
(Million Pesos)

CATEGORY	LOANS	LOAN LOSS RESERVES						
		COMMERCIAL				CONSUMER	MORTGAGES	TOTAL
		MIDDLE COMPANIES	MARKET	GOVERNMENT ENTITIES	FINANCIAL INTERMEDIARIES			
A1	701,736		1,009	486	70	649	259	2,474
A2	46,696		181	163	7	339	33	723
B1	31,411		77	54	2	837	17	988
B2	10,866		52	23	3	282	19	379
B3	20,261		113	337	3	485	12	950
C1	11,982		124	101	0	675	53	953
C2	10,461		116	135	0	944	140	1,336
D	10,413		957	16	0	2,572	397	3,942
E	4,683		318	-	-	2,722	88	3,127
<b>Total</b>	<b>848,509</b>		<b>2,949</b>	<b>1,315</b>	<b>85</b>	<b>9,505</b>	<b>1,019</b>	<b>14,872</b>
Not Classified	(1,407)							
Exempt	-							
<b>Total</b>	<b>847,102</b>		<b>2,949</b>	<b>1,315</b>	<b>85</b>	<b>9,505</b>	<b>1,019</b>	<b>14,872</b>
<b>Reserves</b>								<b>20,004</b>
<b>Preventive Reserves</b>								<b>5,132</b>

Notes:

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



Based on B6 Credit Portfolio criterion from the CNBV, **Distressed Portfolio** is defined as the pool of commercial loans unlikely to be recovered fully, including both principal and interest pursuant to terms and conditions originally agreed upon. Such determination is made based on actual information and data, and on the loan review process. **Performing loans and past-due loans** are susceptible of being identified as Distressed Portfolios. The D and E risk degrees of the commercial loan rating were as follows:

(Million Pesos)	4Q20
Distressed Portfolio	3,172
Total Loans	847,102
<b>Distressed Portfolio / Total Loans</b>	<b>0.4%</b>

## Loan Loss Reserves and Loan Loss Provisions

Loan Loss Reserves (Million Pesos)	4Q20
<b>Previous Period Ending Balance</b>	<b>17,666</b>
Provisions charged to results	6,655
Provisions charged to retained earnings	0
Created with profitability margin	0
Reserve Portfolio Sold	0
Other items	0
<u>Charge offs and discounts:</u>	
Commercial Loans	(732)
Consumer Loans	(2,468)
Mortgage Loans	(1,083)
Foreclosed assets	0
	(4,282)
Cost of debtor support programs	(1)
Valorization and Others	(33)
Adjustments	0
<b>Loan Loss Reserves at Period End</b>	<b>20,004</b>

**Loan Loss Reserves** as of 4Q20 totaled **Ps 20.00 billion**, up 13.2% vs. the previous quarter. **Charge-offs and discounts** declined (5%) in the quarter.

As mentioned in the Provisions section, Banorte decided to book extraordinary loan loss provisions of **Ps 2.41 billion** in December 2020, in anticipation of a **potential deterioration in the portfolio**. Ps 2.00 billion were booked as additional provisions, and Ps 406 million were used to write-off loan portfolios across various products.

**Loan loss reserve coverage ratio** totaled **224%** in the quarter, given the combined effect of greater provisions and the rise in past due loans.

## Capital

**Shareholders' equity** totaled **Ps 225.10 billion**, up 4% quarterly.

The main changes during the quarter were: a Ps 5.97 billion increase in net income; a Ps 2.06 billion gain from valuation of available-for-sale securities; a (Ps 951 million) reduction due to interest payment of subordinated notes; a Ps 790 million gain in valuation of cash flow hedging instruments; a Ps 462 million increase due to the share buyback plan, and a Ps 299 million increase due to remeasurements of the defined benefit plan for employees related to its annual actuarial update within the Group's employee liabilities revision.

The annual change in mark-to-market valuation reverts the negative trend, thus at the end of 2020 there is a Ps 3.39 bn gain, of which Ps 2.03 bn correspond to available-for-sale assets, and Ps 1.35bn to cashflow hedging securities.

## Recent Events

### 1. BANORTE, "BANK OF THE YEAR 2020": THE BANKER

On December 2<sup>nd</sup>, 2020, Banorte was recognized by The Banker as the "Bank of the Year 2020 in Mexico" for its profitability and results, driven by the development of digital channels and the growth of its self-service processes, reflecting its commitment to transform banking services in the benefit of clients. One of the main attributes taken into account in the recognition of Banorte was the increase in many of its digital transactions from 2 to 3 digit growth rates so far this year, especially through its Banorte Móvil mobile application, which has helped to reduce the volume of transactions carried out at the branches to only 4%.

In addition, The Banker recognized the accelerated migration of Banorte towards self-service formats while increasing the level of customer satisfaction seen in NPS (Net Promoter Score), supported by the "Cells" working culture, comprised of multidisciplinary teams aiming to exceed customer service expectations.

### 2. BANORTE IS AWARDED WITH THE ALAS20 INSTITUTION AWARD, YEAR 2020, MEXICO.

On November 20<sup>th</sup>, Grupo Financiero Banorte was the winner of the ALAS 20 Institution award, The ALAS20 Institution category is the most important category to which an investor can aspire in the Sustainable Leaders Agenda-that is organized by GOVERNART-and it is awarded only to those investors who demonstrate leadership, consistency, and excellence in public disclosure of information regarding their practices towards responsible investment relations, corporate governance, and sustainability research. The decision is based on the results of each of the three winners in each of the three categories, and weighing their scores according to the following criteria:

1st place, in the category of Leading Institution in Responsible Investment, Mexico.

1st place, in the category of Leading Institution in Corporate Governance, Mexico.

1st place, in the Leading Institution in Sustainability Research category, Mexico.

Winner in the category Institution ALAS20 2020, Mexico

Winner in the category Grand Prix Institution ALAS20 Year 2020

### 3. INVESTOR BANORTE AND RAPPI PRESENT RAPPICARD, THE CREDIT CARD OF THEIR STRATEGIC ALLIANCE.

On November 23<sup>rd</sup>, as part of their joint venture, Grupo Financiero Banorte (GFNorte) and Rappi presented the new RappiCard credit card, which offers an innovative value proposition in the national market.

The Rappi-Banorte alliance invited all those interested in the RappiCard credit card, to register on the waiting list through the link: [rappicard.mx](http://rappicard.mx). Those users who have signed up to the waiting list and are approved will receive a limited-edition card in the first month of release. By inviting friends to join, customers can advance places thus reduce the waiting time to apply for the card, which will be officially launched in early 2021.

### 4. BANORTE SELECTED FOR THE THIRD TIME TO BE PART OF THE DOW JONES MILA PACIFIC ALLIANCE 2020 SUSTAINABILITY INDEX.

Grupo Financiero Banorte, chaired by Carlos Hank González was selected for the third time to be part of the MILA Pacific Alliance 2020 Sustainability Index of Dow Jones. Dow Jones recently updated the conformation of its different indexes especially those that screen for companies with high performance on ESG (Environmental, Social and Corporate Governance). Grupo Financiero Banorte was recognized after a year of advances in the integration of sustainability strategies in operations that reflect better client, employees and investor relations.

## Bank

Income Statement and Balance Sheet (Million Pesos)	4Q19	3Q20	4Q20	Change		2019	2020	Change 2019
				3Q20	4Q19			
Net Interest Income	17,654	17,501	<b>16,942</b>	(3%)	(4%)	68,587	<b>69,382</b>	1%
Non-Interest Income	4,906	4,603	<b>4,876</b>	6%	(1%)	21,574	<b>19,474</b>	(10%)
Total Income	22,559	22,105	<b>21,819</b>	(1%)	(3%)	90,161	<b>88,856</b>	(1%)
Non-Interest Expense	9,875	9,853	<b>10,832</b>	10%	10%	38,095	<b>39,982</b>	5%
Provisions *	3,713	3,122	<b>5,953</b>	91%	60%	15,104	<b>21,864</b>	45%
Operating Income	8,971	9,129	<b>5,034</b>	(45%)	(44%)	36,962	<b>27,010</b>	(27%)
Taxes	2,167	2,522	<b>1,161</b>	(54%)	(46%)	9,597	<b>6,729</b>	(30%)
Discontinued Operations	-	-	-	-	-	-	-	N.A.
Subsidiaries & Minority Interest	44	27	<b>28</b>	5%	(37%)	128	<b>103</b>	(19%)
<b>Net Income</b>	<b>6,848</b>	<b>6,634</b>	<b>3,901</b>	(41%)	(43%)	27,493	<b>20,384</b>	(26%)
<b>Balance Sheet</b>								
Performing Loans (a)	743,507	786,350	<b>782,532</b>	(0%)	5%	743,507	<b>782,532</b>	5%
Past Due Loans (b)	12,392	6,307	<b>8,580</b>	36%	(31%)	12,392	<b>8,580</b>	(31%)
Total Loans (a+b)	755,899	792,658	<b>791,112</b>	(0%)	5%	755,899	<b>791,112</b>	5%
Total Loans Net (d)	738,816	775,489	<b>771,648</b>	(0%)	4%	738,816	<b>771,648</b>	4%
Acquired Collection Rights (e)	1,359	1,341	<b>1,617</b>	21%	19%	1,359	<b>1,617</b>	19%
Total Loans (d+e)	740,175	776,830	<b>773,264</b>	(0%)	4%	740,175	<b>773,264</b>	4%
<b>Total Assets</b>	<b>1,149,536</b>	<b>1,277,593</b>	<b>1,262,185</b>	(1%)	10%	1,149,536	<b>1,262,185</b>	10%
Total Deposits	744,271	834,137	<b>843,253</b>	1%	13%	744,271	<b>843,253</b>	13%
Demand Deposits	435,453	506,588	<b>530,747</b>	5%	22%	435,453	<b>530,747</b>	22%
Time Deposits	308,819	327,548	<b>312,506</b>	(5%)	1%	308,819	<b>312,506</b>	1%
<b>Total Liabilities</b>	<b>1,035,276</b>	<b>1,148,153</b>	<b>1,127,138</b>	(2%)	9%	1,035,276	<b>1,127,138</b>	9%
<b>Equity</b>	<b>114,261</b>	<b>129,440</b>	<b>135,047</b>	4%	18%	114,261	<b>135,047</b>	18%
<b>Financial Ratios - Bank</b>								
	<b>4Q19</b>	<b>3Q20</b>	<b>4Q20</b>			<b>2019</b>	<b>2020</b>	
<b>Profitability:</b>								
NIM (1)	6.6%	5.8%	<b>5.8%</b>			6.4%	<b>5.9%</b>	
NIM after Provisions (2)	5.2%	4.7%	<b>3.7%</b>			5.0%	<b>4.1%</b>	
ROE (3)	23.9%	21.1%	<b>11.8%</b>			24.2%	<b>16.6%</b>	
ROA (4)	2.4%	2.0%	<b>1.2%</b>			2.4%	<b>1.6%</b>	
<b>Operation:</b>								
Efficiency Ratio (5)	43.8%	44.6%	<b>49.6%</b>			42.3%	<b>45.0%</b>	
Operating Efficiency Ratio (6)	3.4%	3.0%	<b>3.4%</b>			3.3%	<b>3.2%</b>	
Average Liquidity Coverage Ratio for Banorte and SOFOM - Basel III (7)	133.5%	193.6%	<b>192.5%</b>			133.5%	<b>192.5%</b>	
<b>Asset Quality:</b>								
Past Due Loan Ratio	1.6%	0.8%	<b>1.1%</b>			1.6%	<b>1.1%</b>	
Coverage Ratio	137.9%	272.2%	<b>226.9%</b>			137.9%	<b>226.9%</b>	
<b>Capitalization:</b>								
Net Capital/ Credit Risk Assets	23.7%	27.6%	<b>26.7%</b>			23.7%	<b>26.7%</b>	
Total Capitalization Ratio	18.5%	21.1%	<b>20.2%</b>			18.5%	<b>20.2%</b>	
<b>Leverage</b>								
Basic Capital/ Adjusted Assets	10.8%	12.1%	<b>12.1%</b>			10.8%	<b>12.1%</b>	

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

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

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

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

5) Non-Interest Expenses / Total Income.

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

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

## Changes vs. the previous quarter

**Net interest income (NII) decreased (3%) in the quarter**, during which the reduction in cost of funds was not enough to offset the pressure from lower interest income from the loan portfolio, as the latter decreased only (0.5%) in the quarter. With this, **NIM resiliently stood at 5.8%**, despite the current economic environment and monetary policy conditions of low interest rates.

**Non-interest income increased 6%** mainly driven by normalized net fees and greater other income results.

**Fees charged increased 19%** driven by the recovery of electronic banking services from affiliated businesses, and higher origination fees from mortgages, commercial and financial entities loans. Similarly, **fees paid** rose 29% on higher interchange fees in the acquiring business, and higher fees paid related to the guarantees granted by public sector trusts from clients who participated in the COVID-19 support program. In sum, **net fees had 12% growth**, as a reflection of economic recovery.

**Trading income was down (29%)** in the quarter, due to lower asset valuation of traded assets given current market sentiment.

**Other operating income (expense)** increased Ps 188 million due to higher income from liability management and recoveries.

**Non-interest expense** grew 10%, mainly due to increased personnel expenses resulting from restructuring operations undertaken in order to face the new environment derived from the pandemic, and to higher advisory fees. Consequently, **efficiency ratio** closed at **49.6%** from **44.6%** in the previous quarter.

During the quarter, provisions **increased 91%** primarily driven by the Ps 2.41 billion advanced loan loss provisions for credit risks, in anticipation of a possible deterioration in the loan portfolio as the second wave of the COVID-19 pandemic expands throughout the country. Furthermore, provision requirements for the wholesale portfolio increased Ps 473 million as follows: Ps 253 million from government portfolios given the effect of the release of reserves during 3Q20; Ps 275 million from the commercial portfolio due to changes in the risk profile of clients, and a Ps (138) million reduction from the SME portfolio, due to the collection of funds guarantees. Regarding the consumer portfolio, provision increases totaled Ps 540 million across all products due to changes in the provisioning requirement compared to 3Q20, especially in mortgages and credit card loans that entered into the COVID-19 support program. Provision requirements for auto loans returned to its average level, after the requirement decreased in 3Q20 due to the application of a methodology-adjustment-factor.

**NIM adjusted for credit risks** dropped to **3.7%**, compared to **4.7%** in the previous quarter as a result of additional anticipated provisions booked during the quarter.

Altogether, **net income** was **down (41%)** reaching Ps 3.90 billion. **ROE** stood at **11.8%**, and **ROA ended the quarter at 1.2%**. These results reflect the strong commitment to maintain profitability amidst a challenging environment. Recurring net income, adjusting for anticipated provisions would be Ps 5.66 billion, down (15%) sequentially, implying 16.7% ROE and ROA of 1.8%.

## Accumulated changes vs. the previous year (2019)

**Net interest income in 2020 grew 1%**, in a greater extent due to improvements in the cost of funds, coupled with the (300 bps) sharp drop in reference rates which ended at 4.25%, but reflecting also the 5% increase in the loan portfolio (ex-government 9% increase). Thus, **NIM dropped (42bps) and reached 5.9%**.

**Non-interest income was down (10%)**, mainly due to Ps (682) million lower net fee income and Ps (343) million lower trading income.

**Fees charged** reflect minimal downward change in the annual comparison. The yearly figure shows growth in both commissions for electronic banking services and in origination fees from commercial and mortgage loans, but offset by lower consumer loan fees. **Fees paid increased 8%** due to greater activity in the acquiring business, and higher fees paid related to the guarantees granted by public sector trusts. In sum, **net fees decreased (5%)**.

**Trading income dropped (8%)** due to a lower position in securities, derivative operations and foreign exchange, and reflected an increase in asset valuation due to market volatility.

**Other operating income (expense)** with reported figures reflected a (41%) contraction mainly explained by the recognition of extraordinary income from the liquidation of Banorte USA during 1Q19. With **recurring figures**, the effect

is positive, showing **61% growth** due to a significant reduction in losses and estimates, as well as lower losses due to impairment of assets.

**Non-interest expense increased 5.0%** in the year, mainly due to a Ps 1.20 billion increase in Rents, Depreciation and Amortization, followed by higher personnel expenses associated with restructuring operations in order to face the pandemic, anticipating severance payments, and also due to higher advisory fees. Altogether, **efficiency ratio** rose 274bps to **45.0%**.

**Provisions increased 45% or Ps 6.76 billion** in the year, mainly due to the recognition of additional anticipated provisions recorded during 2Q20 and 4Q20 to cope with the COVID-19 contingency, which together totaled Ps 7.27 billion, of which Ps 5.00 billion correspond to additional provisions, and Ps 2.27 billion were allocated to early write-offs coming from different products of the portfolio. Of the Ps 5.00 billion additional reserves booked in 4Q20, only 14% has been consumed. Had no advance provisions been recorded in 2020, provision expenses would have been (3%) lower than in 2019. **NIM adjusted for credit risks** stood at **4.1%**, down by (89bps), but adjusted recurring NIM ended at 4.4%.

**Net income** for the year was Ps 20.39 billion, down (26%) annually. Without considering extraordinary income in 1Q19 and the anticipated provisions during the second and fourth quarters of 2020, Recurring Net Income totaled Ps 25.55 billion, (3%) lower YoY. **ROE** for the year stood at **16.6%**, while **recurring ROE would have been 20.6%**. **ROA declined (75bps) to 1.6%**, but **recurring ROA would be at 2.0%**.

## Capital

**Shareholders' equity** totaled **Ps 135.05 billion**, increasing 4% in the quarter. The main sequential changes are: Ps 3.90 billion increase in net income; Ps 2.07 billion gain in valuation of available-for-sale securities; Ps (968) million interest paid on subordinated obligations; Ps 802 million gain on valuation of cash flow hedging instruments; Ps 302 million increase of the employee benefits liability corresponding to the annual actuarial update of the Bank's labor liabilities revision; Ps 217 million increase in the share buyback program, and Ps (108) million decrease in the accumulated effect of conversion.

It should be noted that, in the year, the negative trend in the valuation results was reversed, so that at the end of 2020 there was a net gain of Ps 1.99 billion related to valuation of available-for-sale securities, and Ps 1.38 billion on valuation of cash flow hedging instruments.

## Regulatory Capital (Banco Mercantil del Norte)

Banorte has fully adopted the capital requirements established to date by Mexican authorities and international standards, so-called Basel III, which came into effect in January 2013.

In June 2020, Banorte was confirmed as Level II - Systemically Important Financial Institution, which implies that Banorte must maintain a 0.90 pp capital buffer which will be gradually constituted in a maximum four-year term starting in December 2016. Therefore, **starting on December 2019, the minimum Capital Adequacy Ratio required for Banorte amounts to 11.40%** (corresponding to the regulatory minimum of 10.5% plus the 0.90 pp capital supplement).

Capitalization (Million Pesos)	4Q19	3Q20	4Q20	Change	
				3Q20	4Q19
Core Tier 1 Capital	101,927	124,312	129,929	4.5%	27.5%
Tier 1 Capital	139,655	179,672	179,701	0.0%	28.7%
Tier 2 Capital	8,783	11,365	8,894	(21.7%)	1.3%
Net Capital	148,438	191,036	188,595	(1.3%)	27.1%
Credit Risk Assets	627,281	690,977	706,194	2.2%	12.6%
Net Capital / Credit Risk Assets	23.66%	27.65%	26.71%	(0.9 pp)	3.0 pp
Total Risk Assets (1)	800,445	904,682	933,801	3.2%	16.7%
Core Tier 1	12.73%	13.74%	13.91%	0.2 pp	1.2 pp
Tier 1	17.45%	19.86%	19.24%	(0.6 pp)	1.8 pp
Tier 2	1.10%	1.26%	0.95%	(0.3 pp)	(0.1 pp)
<b>Capitalization Ratio</b>	<b>18.54%</b>	<b>21.12%</b>	<b>20.20%</b>	<b>(0.9 pp)</b>	<b>1.7 pp</b>

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

**At the end of 4Q20 the estimated Capital Adequacy Ratio (CAR)** for Banorte was **20.20%** considering credit, market, and operational risks. CAR considering only credit risks is 26.71%. Moreover, Total Tier 1 Capital reached 13.91% as of 4Q20. Had additional reserves not been constituted in June and December 2020, CAR in 4Q20 would have been 20.70%

and Total Tier 1 Capital 14.43%. After adjusting for additional provisions of December 2020 and their effect on risk assets, both CAR and Total Tier 1 Capital would reflect a 0.17 pp benefit.

CAR decreased (0.92) pp vs. 3Q20 due the following effects:

	With Additional Reserves	Without Additional Reserves
	<b>-0.92 pp</b>	<b>-0.75 pp</b>
1. Net Income in 4Q20	+ 0.61 pp	+ 0.61 pp
2. Securities' mark-to-market valuation and Hedging Derivatives*	+ 0.32 pp	+ 0.32 pp
3. Additional loan loss provisions	-0.19 pp	+0.00 pp
4. Permanent Investments, Intangibles, and Other Capital Effects**	-0.04 pp	-0.04 pp
5. Disincorporation of additional reserves from Jun-20 in additional capital	-0.19 pp	-0.19 pp
6. Growth in Risk Assets	-0.66 pp	-0.68 pp
7. Capital Notes	-0.77 pp	-0.77 pp

\* Includes derivatives for hedging fixed rate portfolios

\*\* Includes actuarial changes from employee liability, and variation of permanent and intangible investments.

Capital ratio calculations in December 2020 disincorporate the previously registered benefit from the provisions booked in July 2020, generating a non-material impact of (0.19) pp in additional capital, and CAR dropped from 20.39% to 20.20% at the end of the quarter. This derives from the CNBV's resolution which determined that the benefit is only applicable to institutions that had adopted the facilities of the CNBV, which is not the case for Banorte.

The impact on CAR is only in additional capital and is considered non-material. Further detail follows:

Month	Jan-20	Jul-20	Aug-20	Sept-20	Oct-20	Nov-20
<b>CAR (%)</b>	19.66	20.52	20.69	21.12	20.92	20.89
<b>CAR without reserve Benefit in additional capital (%)</b>	19.47	20.33	20.50	20.93	20.73	20.70

CAR increased 1.65 pp vs. 4Q19 due to:

	With Additional Reserves	Without Additional Reserves
	<b>+1.65 pp</b>	<b>+2.15 pp</b>
1. Net Income growth	+ 2.74 pp	+ 2.74 pp
2. Other capital effects***	+ 0.85 pp	+ 0.85 pp
3. Capital Notes**	+ 0.85 pp	+ 0.85 pp
4. Securities' mark-to-market valuation and Hedging Derivatives *	+ 0.41 pp	+ 0.41 pp
5. Additional loan loss provisions	- 0.56 pp	- 0.00 pp
6. Growth in Risk Assets	- 2.65 pp	- 2.71 pp

\* Includes fixed rate hedging derivatives

\*\* Including the mark-to-market valuation effect on Capital Notes, and the buyback effect (BINTER: Mar'20)

\*\*\* Includes actuarial changes from employee liability, and variation of permanent and intangible investments.

Excluding the Special Accounting Criteria authorized by the CNBV for the deferral of credits during the health contingency of COVID19, CAR would have been 20.12% and the Total Tier 1 Capital 13.85%.

## Evolution of Risk Assets

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

The Total Risk Assets as of December 2020 reached Ps 933.80 billion, up Ps 29.12 billion vs. September 2020, and Ps 133.36 billion above December 2019.

The evolution of Risk Assets is presented below:

Risk Assets (Million Pesos)	4Q19	3Q20	4Q20	Change	
				3Q20	4Q19
<b>Total Credit</b>	<b>627,281</b>	<b>690,977</b>	<b>706,194</b>	<b>2.20%</b>	<b>12.58%</b>
Credit (Loan Portfolio)	528,848	548,959	559,586	1.94%	5.81%
Credit (Others)	98,433	142,019	146,608	3.23%	48.94%
<b>Total Market</b>	<b>108,351</b>	<b>144,284</b>	<b>155,747</b>	<b>7.95%</b>	<b>43.74%</b>
<b>Total Operational</b>	<b>64,812</b>	<b>69,421</b>	<b>71,860</b>	<b>3.51%</b>	<b>10.87%</b>
<b>Total</b>	<b>800,445</b>	<b>904,682</b>	<b>933,801</b>	<b>3.22%</b>	<b>16.66%</b>

The main quarterly changes in RWA:

- A decrease in Credit Risk Weighted Assets (Loan Portfolio) driven by increases in the State and Municipal Government loan portfolios in the quarter.
- Increase in Credit Risk Weighted Assets (Others) driven by the Credit Valuation Adjustment requirement for derivative transactions, explained by the evolution in market rates in these positions as the derivative rate curve had (40pb) reductions in the medium and long terms, increasing exposure in operations with clients hedging upward interest rate risk, and consequently, capital requirements.
- Increase in Market Risk Weighted Assets mainly due to foreign currency exposure and Balance Sheet structure changes.

The main annual changes in RWA:

- Increase in Credit Risk Weighted Assets (Loan Portfolio) in line with Bank's total loan portfolio growth, worth highlighting mortgage, corporate and commercial, and State and Municipal loan portfolios which grew in the 4Q20 quarter.
- Increase in Credit Risk Weighted Assets (Others) driven by the Credit Valuation Adjustment requirement for derivative transactions, which due to the accumulated (184bp) average decline in derivative rate curves during the year has increased the exposure to clients hedging upward interest rate risk, and consequently increasing capital requirements.
- Increase in Market Risk Weighted Assets mainly due to foreign currency exposure and balance sheet structure changes.

## Leverage Ratio (Banco Mercantil del Norte)

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

Leverage (Million Pesos)	4Q19	3Q20	4Q20	Change	
				3Q20	4Q19
Tier 1 Capital	139,655	179,672	179,701	0.0%	28.7%
Adjusted Assets	1,288,446	1,480,394	1,479,495	(0.1%)	14.8%
<b>Leverage Ratio</b>	<b>10.84%</b>	<b>12.14%</b>	<b>12.15%</b>	<b>1 bp</b>	<b>131 bp</b>

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

## Long Term Savings

### Seguros Banorte

Income Statement and Balance Sheet Highlights - Insurance - Seguros Banorte (Million Pesos)	4Q19	3Q20	4Q20	Change		2019	2020	Change 2019
				3Q20	4Q19			
<b>Interest Income (Net)</b>	340	396	<b>340</b>	(14%)	(0%)	1,712	<b>1,895</b>	11%
Premium Income (Net)	4,928	3,792	<b>4,575</b>	21%	(7%)	21,991	<b>22,954</b>	4%
Net Increase in Technical Reserves	767	(875)	<b>(248)</b>	72%	(132%)	3,532	<b>2,946</b>	(17%)
Damages, Claims and Other Obligations	3,181	3,321	<b>4,119</b>	24%	30%	11,933	<b>13,880</b>	16%
<b>Technical Results</b>	980	1,346	<b>704</b>	(48%)	(28%)	6,526	<b>6,127</b>	(6%)
<b>Net Interest Income (NII)</b>	<b>1,321</b>	<b>1,742</b>	<b>1,044</b>	<b>(40%)</b>	<b>(21%)</b>	<b>8,237</b>	<b>8,023</b>	<b>(3%)</b>
Other Fees (acquisition costs)	(140)	(555)	<b>(480)</b>	13%	(242%)	(2,308)	<b>(2,261)</b>	2%
Securities-Realized Gains	55	33	<b>43</b>	31%	(22%)	103	<b>184</b>	79%
Other Operating Income (Expenses)	216	182	<b>299</b>	64%	39%	943	<b>841</b>	(11%)
<b>Total Operating Income</b>	<b>1,451</b>	<b>1,402</b>	<b>906</b>	<b>(35%)</b>	<b>(38%)</b>	<b>6,975</b>	<b>6,787</b>	<b>(3%)</b>
Non Interest Expense	367	339	<b>247</b>	(27%)	(33%)	1,399	1,306	(7%)
<b>Operating Income</b>	<b>1,084</b>	<b>1,062</b>	<b>659</b>	<b>(38%)</b>	<b>-39%</b>	<b>5,576</b>	<b>5,481</b>	<b>(2%)</b>
Taxes	323	316	<b>186</b>	(41%)	(42%)	1,636	1,629	(0%)
Subsidiaries' Net Income	353	463	<b>485</b>	5%	37%	1,626	1,909	17%
Minority Interest	(10)	(10)	<b>(11)</b>	(10%)	(7%)	(39)	<b>(42)</b>	(6%)
<b>Net Income</b>	<b>1,104</b>	<b>1,200</b>	<b>946</b>	<b>(21%)</b>	<b>(14%)</b>	<b>5,526</b>	<b>5,719</b>	<b>3%</b>
Shareholder's Equity	22,634	27,391	<b>28,325</b>	3%	25%	22,634	<b>28,325</b>	25%
Total Assets	53,610	65,143	<b>65,038</b>	(0%)	21%	53,610	<b>65,038</b>	21%
Technical Reserves	24,928	30,257	<b>29,897</b>	(1%)	20%	24,928	<b>29,897</b>	20%
Premiums sold	5,384	4,272	<b>5,104</b>	19%	(5%)	26,551	<b>26,911</b>	1%
Coverage ratio of technical reserves	1.2	1.3	<b>1.3</b>	0.00 pp	0.08 pp	1.2	<b>1.3</b>	0.1 pp
Solvency capital requirement coverage ratio	5.4	8.6	<b>9.0</b>	0.4 pp	3.6 pp	5.4	<b>9.0</b>	3.6 pp
Coverage ratio of minimum capital	209.3	247.0	<b>255.4</b>	8.4 pp	46.1 pp	209.3	<b>255.4</b>	46.1 pp
Claims ratio	77%	71%	<b>85%</b>	13.4 pp	8.1 pp	65%	69%	4.6 pp
Combined ratio	83%	89%	<b>94%</b>	5.0 pp	10.8 pp	76%	80%	4.2 pp
ROE	19.6%	18.2%	<b>13.8%</b>	(4.4 pp)	(5.9 pp)	24.0%	<b>22.4%</b>	(1.6 pp)
ROE ex-Afore	42.8%	30.3%	<b>17.8%</b>	(12.4 pp)	(25.0 pp)	50.7%	<b>42.4%</b>	(8.4 pp)

**Interest income (Net)** was down (14%) **sequentially**, and compared to accumulated 2019 figures, it **rose 11% annually**, explained by the valuation of investment assets.

During the quarter, Premium Income (Net) increased **21%** due to higher life premiums. Technical Reserves significantly increased by Ps 627 million in the quarter, due to the adjustment in reserves in the previous quarter.

Furthermore, there were 24% higher Damages and Claims, mainly coming from the life premiums during the pandemic.

At the end of 4Q20, **technical result** of Seguros Banorte was **Ps 704 billion, (48%)** lower vs. 3Q20 given the strong rise in technical reserves, and higher damages mainly in life premiums. The higher technical reserves and damages could not be compensated with 21% higher net premium income.

Compared to 2019, **technical result fell (6%)**, reflecting a 4% increase in premium income, lower reserve constitutions, and 16% lower claims in Life and Health premiums.

**Acquisition Costs** were **down (13%) quarterly**, totaling Ps 480 million. Acquisition costs **compared to 2019**, decreased **(2%)**. The quarterly change follows a seasonal effect in issued premiums.

**Net Operating Income** amounted to **Ps 659 billion for 4Q20**, down **(38%)** vs. the previous quarter, as result of **(14%)** lower interest income.

**Net Income** for the quarter was **Ps 946 million**, down **(21%)** vs. **3Q20**, and net income for 2020 was **3%** higher than the accumulated net income of 2019.



Quarterly **Net Income** for Seguros Banorte, excluding its subsidiary Afore XXI Banorte, totaled **Ps 471 million**, accounting for 7.9% of GFNorte's net income on 4Q20.

**ROE** for the Insurance business ex-Afore XXI declined quarterly and stood at **17.8% in 4Q20**, and ROE for 2020 stood at 42.4%.

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

- i. Risks assumed through the issuance of insurance premiums and bonds, with respect to operations and authorized branches of cancelled operations.
  - *No cancellations were registered during 4Q20 that involved any technical risk.*
- ii. Damages and claims, as well as compliance of reinsurers and bonding companies with their obligations.
  - *In 4Q20 damage ratios remained under control and reinsurers complied with their obligations.*
- iii. Costs generated from issuance of insurance policies and bonds.
  - *There were no relevant events to disclose in 4Q20*
- iv. Transfer of risks through reinsurance and bonding contracts
  - *In the Life and Damages book, risks were transferred to reinsurers, for the most part to foreign reinsurers under which there were 4 relevant businesses: 1 related to the government, 1 to the transformation industry, and 2 regarding tourism services.*
- v. Contingencies arising from non-compliance of reinsurers and bonding companies.
  - *There were no relevant issues related to non-compliance during 4Q20.*

### Afore XXI Banorte

Afore XXI Banorte (Million Pesos)	4Q19	3Q20	4Q20	Change		2019	2020	Change 2019
				3Q20	4Q19			
Net Income	733	925	<b>968</b>	5%	32%	3,275	<b>3,814</b>	16%
Shareholder's Equity	25,466	24,582	<b>25,551</b>	4%	0%	25,466	<b>25,551</b>	0%
Total Assets	27,820	26,983	<b>28,049</b>	4%	1%	27,820	<b>28,049</b>	1%
AUM (SIEFORE)	882,314	975,338	<b>1,016,188</b>	4%	15%	882,314	<b>1,016,188</b>	15%
ROE	11.7%	15.3%	<b>15.4%</b>	0.2 pp	3.8 pp	13.5%	<b>15.6%</b>	2.1 pp

During 4Q20, Afore XXI Banorte reported **net income of Ps 968 million, 5% greater** vs. 3Q20. Compared to 2019, net income had a 16% increase mainly explained by capital gains in the Afore special reserve in its (SIEFORES) due to market volatility.

**ROE** in 4Q20 reached **15.4%**, up **0.2pp** during the quarter, and up 2.1pp vs. 2019. Excluding goodwill, **Return on Tangible Equity (ROTE)** stood at **49.4%**.

Afore XXI Banorte represented 8.0% of the Financial Group's net income during 4Q20.

Afore XXI Banorte's **assets under management** of as of December 2020 totaled **Ps 1.02 trillion**, reflecting a **relevant 4% increase** in the quarter and 15% increment vs. 2019.

## Pensiones Banorte

Income Statement and Balance Sheet Highlights - Annuities - Pensiones Banorte (Million Pesos)	4Q19	3Q20	4Q20	Change		2019	2020	Change 2019
				3Q20	4Q19			
<b>Interest Income (Net)</b>	3,549	4,083	<b>2,888</b>	(29%)	(19%)	8,644	<b>10,778</b>	25%
Premium Income (Net)	3,014	3,736	<b>4,615</b>	24%	53%	11,485	<b>14,334</b>	25%
Net Increase in Technical Reserves	4,319	5,137	<b>4,617</b>	(10%)	7%	11,471	<b>14,847</b>	29%
Claims and Other Obligations	1,786	2,112	<b>2,162</b>	2%	21%	6,845	<b>8,039</b>	17%
<b>Technical Results</b>	(3,091)	(3,514)	<b>(2,164)</b>	38%	30%	(6,832)	<b>(8,552)</b>	(25%)
<b>Net Interest Income (NII)</b>	<b>458</b>	<b>569</b>	<b>725</b>	<b>27%</b>	<b>58%</b>	<b>1,812</b>	<b>2,226</b>	<b>23%</b>
Net Fees	-	-	-	N.A.	N.A.	-	<b>(1)</b>	N.A.
Securities-Realized Gains	21	24	<b>86</b>	254%	316%	46	<b>232</b>	402%
Other Operating Income (Expenses)	2	4	<b>14</b>	216%	451%	2	<b>165</b>	N.A.
<b>Total Operating Income</b>	<b>481</b>	<b>598</b>	<b>824</b>	<b>38%</b>	<b>71%</b>	<b>1,861</b>	<b>2,622</b>	<b>41%</b>
Non Interest Expense	102	113	<b>109</b>	(4%)	6%	420	412	(2%)
<b>Operating Income</b>	<b>379</b>	<b>485</b>	<b>716</b>	<b>48%</b>	<b>89%</b>	<b>1,441</b>	<b>2,210</b>	<b>53%</b>
Taxes	111	146	<b>215</b>	48%	94%	421	665	58%
Subsidiaries' Net Income	4	1	<b>2</b>	43%	(46%)	10	7	(33%)
Minority Interest	-	-	-	N.A.	N.A.	-	-	N.A.
<b>Net Income</b>	<b>272</b>	<b>340</b>	<b>503</b>	<b>48%</b>	<b>85%</b>	<b>1,030</b>	<b>1,551</b>	<b>51%</b>
Shareholder's Equity	4,870	5,946	<b>6,448</b>	8%	32%	4,870	<b>6,448</b>	32%
Total Assets	136,092	161,830	<b>167,078</b>	3%	23%	136,092	<b>167,078</b>	23%
Technical Reserves	129,319	153,532	<b>157,786</b>	3%	22%	129,319	<b>157,786</b>	22%
Premiums sold	3,014	3,736	<b>4,615</b>	24%	53%	11,485	<b>14,334</b>	25%
Coverage ratio of technical reserves	1.0	1.0	<b>1.0</b>	0.0 pp	0.0 pp	1.0	<b>1.0</b>	0.0 pp
Solvency capital requirement coverage ratio	29.4	27.7	<b>7.1</b>	(20.6 pp)	(22.3 pp)	29.4	<b>7.1</b>	(22.3 pp)
ROE	23.0%	23.6%	<b>32.4%</b>	8.9 pp	9.5 pp	23.6%	<b>27.7%</b>	4.1 pp

During 4Q20, **net interest income** reached Ps 2.89 billion, representing a **(29%) reduction** against the previous quarter due to the Ps (1.22) billion UDIs valuation effect during the quarter. With accumulated figures, compared to 2019 it increased 25% primarily explained by the valuation effect and the increase in interest income.

**Technical results were up Ps 1.35 billion or 38%** during the quarter due to the combined effect of higher premium income, lower technical reserves due to the inflation update effect, and a slight 2% increase in claims. Comparing accumulated figures to 2019 there is a (25%) decline in the technical result generated by Ps 3.38 billion higher reserves, in addition to 17% higher claims or Ps 1.19 billion, which was not offset by the Ps 2.85 billion growth in premium issuance.

**Net Income** from Pensiones Banorte **increased 48% in the quarter**, and net income **rose 51%** vs. 2019 driven by a greater issuance, an upward variation in the financial result, higher other operating income, and adequate cost control.

**Net income from Pensiones Banorte during 4Q20 represented 8.4% of the Financial Group's net income.**

**ROE** for the quarter stood at **32.4%, and 27.7% in 2020**, up 4pp annually.

## Brokerage

Brokerage Sector (Million Pesos)	4Q19	3Q20	4Q20	Change		2019	2020	Change 2019
				3Q20	4Q19			
Net Income	377	356	<b>356</b>	(0%)	(6%)	1,260	<b>1,492</b>	18%
Shareholder's Equity	4,634	5,799	<b>6,130</b>	6%	32%	4,634	<b>6,130</b>	32%
Assets Under Custody	919,985	907,018	<b>889,022</b>	(2%)	(3%)	919,985	<b>889,022</b>	(3%)
Total Assets	189,972	249,498	<b>245,804</b>	(1%)	29%	189,972	<b>245,804</b>	29%
ROE	33.1%	25.4%	<b>23.9%</b>	(1.5 pp)	(9.2 pp)	29.2%	<b>27.6%</b>	(1.6 pp)
Net Capital (1)	3,445	4,276	<b>4,525</b>	6%	31%	3,445	<b>4,525</b>	31%

1) Net capital structure: Core Equity =Ps 4.52 billion, Additional Capital= Ps 0 million.

The Brokerage business (Casa de Bolsa Banorte and Operadora de Fondos) reported **net income of Ps 356 million in 4Q20**, unchanged vs. the previous quarter but 18% higher for the accumulated figure for the year. In addition, it is worth highlighting the **(29%)** lower non-interest expense for the quarter and (10%) for the year. Regarding securities transactions, it reflects (30%) lower trading in the year, and (118%) lower valuation.

Net income from the brokerage business in 4Q20 accounted for 6.0% of the group's net income.

### Assets Under Management

At the end of 4Q20, AUMs totaled **Ps 889 billion, down (2%)** during the quarter, and down (3%) annually.

Assets under management by mutual funds **totaled Ps 220 billion, up 8% annually**. Assets held in **fixed income funds** totaled **Ps 198 billion, (7%) lower in the quarter**, but 5% higher in the year. Assets held in **equity funds** amounted to **Ps 22 billion**, up 4% in the quarter and 38% higher in the year.

As of 4Q20, Banorte held an 8.5% share of the mutual fund market: 10.7% of fixed income funds, and 3% of equity funds.

## SOFOM and other Finance Companies

SOFOM & Other Finance Companies (Million Pesos)	4Q19	3Q20	4Q20	Change		2019	2020	Change 2019
				3Q20	4Q19			
<b>Warehousing</b>								
Net Income	11	9	<b>10</b>	17%	(4%)	3	<b>37</b>	1336%
Shareholder's Equity	245	273	<b>283</b>	4%	15%	245	<b>283</b>	15%
Inventories	677	1,053	<b>945</b>	(10%)	40%	677	<b>945</b>	40%
Total Assets	852	1,255	<b>1,154</b>	(8%)	35%	852	<b>1,154</b>	35%
ROE	17.6%	12.9%	<b>14.6%</b>	1.7 pp	(3.0 pp)	1.1%	<b>14.2%</b>	13.0 pp
<b>Arrendadora y Factor (previous Sólida Administradora de Portafolios*)</b>								
Net Income	(74)	684	<b>78</b>	(89%)	206%	(173)	<b>605</b>	451%
Shareholder's Equity	3,009	9,220	<b>9,335</b>	1%	210%	3,009	<b>9,335</b>	210%
Loan Portfolio (1)	1,723	32,594	<b>38,725</b>	19%	2147%	1,723	<b>38,725</b>	2147%
Past Due Loans	71	353	<b>351</b>	(0%)	397%	71	<b>351</b>	397%
Loan Loss Reserves	132	497	<b>540</b>	9%	309%	132	<b>540</b>	309%
Total Assets	9,221	39,964	<b>45,725</b>	14%	396%	9,221	<b>45,725</b>	396%
ROE	(9.7%)	45.9%	<b>3.4%</b>	(42.5 pp)	13.1 pp	(5.6%)	<b>11.2%</b>	16.8 pp
<b>Fusión Sólida AyF (Ejercicio de fusión en la historia)</b>								
Net Income	163	237	<b>78</b>	(67%)	(52%)	784	<b>605</b>	(23%)
Shareholder's Equity	8,917	9,220	<b>9,335</b>	1%	5%	8,917	<b>9,335</b>	5%
Loan Portfolio (1)	37,677	32,594	<b>38,725</b>	19%	3%	37,677	<b>38,725</b>	3%
Past Due Loans	415	353	<b>351</b>	(0%)	(15%)	415	<b>351</b>	(15%)
Past Due Loan Ratio	1.2%	1.2%	<b>0.0%</b>	(1.0 pp)	(1.0 pp)	1.2%	<b>0.0%</b>	(1.0 pp)
Loan Loss Reserves	556	497	<b>540</b>	9%	(3%)	556	<b>540</b>	(3%)
Total Assets	46,198	39,964	<b>45,725</b>	14%	(1%)	46,198	<b>45,725</b>	(1%)
ROE	7.4%	10.4%	<b>3.4%</b>	(0.7 pp)	(0.5 pp)	9.2%	<b>6.7%</b>	(0.3 pp)
<b>Ixe Servicios</b>								
Net Income	(0.2)	(0.7)	<b>(0.4)</b>	50%	(110%)	(0.9)	<b>(1.8)</b>	(102%)
Shareholder's Equity	137	136	<b>135</b>	(0%)	(1%)	137	<b>135</b>	(1%)
Total Assets	137	136	<b>135</b>	(0%)	(1%)	137	<b>135</b>	(1%)
ROE	(0.5%)	(2.1%)	<b>(1.1%)</b>	1.0 pp	(0.6 pp)	(0.7%)	<b>(1.3%)</b>	(0.7 pp)

1) Includes operating lease portfolio of Ps 2.43 billion, and proprietary fixed assets of Ps 1.13 billion, both registered in property, plant, and equipment (net).

### Leasing and Factoring (Merger between Sólida and Arrendadora)

Results shown are those resulting from the merger, as well as those from a historic exercise for comparison purposes. **Net income** during 4Q20 totaled **Ps 78 million**, and **Ps 605 million** in the **year, down (23%) lower annually** mainly due to a reduction in the value of assets from Investment Projects and Foreclosed Assets.

**The Past due loans ratio reached 1.0%**, improving (0.2bps) vs. 3Q20. The Coverage ratio totaled 153.7%, 13bps higher than the previous quarter. The **capital ratio for 4Q20** totaled 19.12%, considering total risk weighted assets of Ps 39.37 billion.

The leverage ratio as of September 2020 and December 2020 were 17.49% and 15.83% respectively, both considering adjusted assets of Ps 42.34 billion and Ps 47.56 billion, respectively.

In 4Q20, Net Income from Leasing and Factoring represented 1.5% of the group's total results.

Arrendadora y Factor Banorte continues to rank second in terms of portfolio size among the 59 companies in this sector, according to the Asociación Mexicana de Sociedades Financieras de Arrendamiento, Crédito y Factoraje, A.C. (AMSOFAC).

### Warehouse

In 4Q20, the Warehousing business reported net income of Ps 10 million, (4%) lower against 4Q19, mainly due to tax provisions for reported net income for the period.. ROE reached 14.6%, and the capital ratio totaled 191% considering a net capital of Ps 237 million, and negotiable certificates of deposit issued in active warehouses totaled Ps 2.48 billion.

Almacenedora Banorte ranked in third place among the warehousing businesses in the sector in terms of certificates of deposit as of June 2020.

## III. General Information

### GFNORTE's Analyst Coverage

In compliance with requirements from BOLSA MEXICANA DE VALORES, S.A.B. DE C.V, the list of brokers who provide analysis coverage to Ticker GFNORTEO are:

BROKER	ANALYST	RECOMMENDATION	DATE
Actinver	Lilían Ochoa	Buy	30-Oct-20
Barclays	Gilberto García	Buy	20-Jan-21
Brasil Plural	Eduardo Nishio	Buy	24-Jul-20
BTG Pactual	Eduardo Rosman	Buy	30-Oct-20
GBM	Natalia Zamora	Buy	29-Oct-20
Goldman Sachs	Tito Labarta	Buy	30-Oct-20
Intercam	Alejandro González	Buy	20-Jan-21
Itaú BBA	Arturo Langa	Buy	29-Oct-20
JP Morgan	Domingos Falavina	Buy	14-Jan-21
Santander	Claudia Benavente	Buy	1-Dec-20
Scotia	Jason Mollin	Buy	30-Oct-20
UBS	Philip Finch	Buy	7-Dec-20
Vector	Marco Montañez	Buy	27-Aug-20
BBVA	Rodrigo Ortega	Buy	19-Nov-20
BOFA - Merrill Lynch	Mario Pierry	Buy	3-Dec-20
Credit Suisse	Marcelo Telles	Buy	11-Nov-20
Invex	Montserrat Antón	Buy	7-Dec-20
HSBC	Carlos Gómez	Hold	19-Jan-21
Citi	Jorg Friedman	Hold	22-Dec-20
Monex	Verónica Uribe	Hold	29-Oct-20
Morgan Stanley	Jorge Kuri	Sell	6-Dec-20

### Capital Structure

#### Holding Company Capital Structure

Number of Shares (Million)	SERIES O As of December 2020
Number of Issued , Subscribed and Paid Shares	2,883,456,594
Number of Shares Outstanding	2,883,456,594
Shares held in GFNorte's Treasury	0

## IV. Financial Statements

### Grupo Financiero Banorte

Income Statement -GFNorte (Million Pesos)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
Interest Income	37,751	37,276	36,796	37,285	36,519	32,350	32,987	30,296
Interest Expense	18,126	18,038	16,512	14,858	14,237	13,032	10,149	9,324
Charged Fees	323	335	365	382	360	346	354	380
Fees Paid	281	279	284	316	291	270	281	314
<b>Net Interest Income from interest &amp; fees (NII)</b>	<b>19,668</b>	<b>19,295</b>	<b>20,365</b>	<b>22,493</b>	<b>22,351</b>	<b>19,395</b>	<b>22,911</b>	<b>21,038</b>
Premium Income (Net)	12,214	6,271	6,305	7,747	12,155	8,118	7,385	9,192
Net Increase in Technical Reserves	6,766	1,228	1,922	5,086	7,946	1,216	4,262	4,368
Damages, Claims and Other Obligations	4,332	4,846	4,634	4,967	4,592	5,613	5,433	6,281
<b>Net Interest Income (NII)</b>	<b>20,784</b>	<b>19,492</b>	<b>20,114</b>	<b>20,188</b>	<b>21,968</b>	<b>20,683</b>	<b>20,601</b>	<b>19,580</b>
Preventive Provisions for Loan Losses	3,736	3,728	4,118	3,765	4,344	8,456	3,138	5,993
<b>Net Interest Income Adjusted for Credit Risk</b>	<b>17,048</b>	<b>15,764</b>	<b>15,996</b>	<b>16,423</b>	<b>17,623</b>	<b>12,227</b>	<b>17,463</b>	<b>13,587</b>
Fund Transfers	367	399	444	427	400	476	489	513
Account Management Fees	604	596	579	587	578	508	548	529
Electronic Banking Services	2,128	2,285	2,363	2,656	2,336	2,027	2,379	3,033
For Commercial and Mortgage Loans	238	291	280	509	495	394	129	366
For Consumer and Credit Card Loans	1,212	1,246	1,282	1,424	1,242	1,049	1,148	1,292
Fiduciary	104	108	127	146	119	102	113	153
Income from Real Estate Portfolios	48	220	1	7	5	11	6	19
Mutual Funds	428	449	462	472	461	486	501	504
Trading & Financial Advising Fees	108	171	131	102	147	126	128	142
Other Fees Charged	304	238	259	261	331	226	268	223
<b>Fees Charged on Services</b>	<b>5,540</b>	<b>6,002</b>	<b>5,929</b>	<b>6,591</b>	<b>6,115</b>	<b>5,406</b>	<b>5,708</b>	<b>6,775</b>
Interchange Fees	1,082	1,077	1,168	1,349	1,226	1,018	1,228	1,684
Insurance Fees	581	296	581	(109)	473	353	317	227
Other Fees Paid	910	999	997	1,120	961	966	1,066	1,264
<b>Fees Paid on Services</b>	<b>2,573</b>	<b>2,372</b>	<b>2,746</b>	<b>2,361</b>	<b>2,660</b>	<b>2,337</b>	<b>2,611</b>	<b>3,176</b>
<b>Net Service Fees</b>	<b>2,967</b>	<b>3,630</b>	<b>3,183</b>	<b>4,230</b>	<b>3,455</b>	<b>3,069</b>	<b>3,096</b>	<b>3,599</b>
Currency and Metals	(6)	(26)	(13)	36	1,235	(501)	(309)	(1,483)
Derivatives	521	176	(1,473)	(79)	(1,238)	1,139	531	309
Negotiable Instruments	186	29	155	70	(166)	(111)	80	92
<b>Valuation</b>	<b>702</b>	<b>179</b>	<b>(1,330)</b>	<b>26</b>	<b>(169)</b>	<b>527</b>	<b>302</b>	<b>(1,083)</b>
Currency and Metals	101	206	471	342	(862)	774	464	1,930
Derivatives	82	121	2,270	(115)	1,742	(323)	2	(169)
Negotiable Instruments	267	456	892	618	455	724	359	180
<b>Trading</b>	<b>450</b>	<b>783</b>	<b>3,633</b>	<b>845</b>	<b>1,335</b>	<b>1,175</b>	<b>826</b>	<b>1,941</b>
<b>Trading Income</b>	<b>1,152</b>	<b>963</b>	<b>2,303</b>	<b>872</b>	<b>1,166</b>	<b>1,703</b>	<b>1,128</b>	<b>858</b>
Loan Recovery	-	-	-	-	-	-	-	-
Loan Portfolios	59	85	86	57	80	63	90	69
Income from foreclosed assets	88	74	177	206	88	132	165	129
Provisions Release	-	-	-	-	-	-	-	-
Impairment of Assets	(132)	-	-	-	(55)	-	-	-
Lease Income	91	92	119	114	100	77	11	62
From Insurance	263	255	240	246	211	322	198	317
Securitization Operation Valuation Result	27	48	37	(7)	31	6	15	(36)
Other Operating Expense	1,747	100	61	130	(128)	541	178	319
<b>Total Other Operating Income (Expense)</b>	<b>2,143</b>	<b>653</b>	<b>722</b>	<b>746</b>	<b>327</b>	<b>1,140</b>	<b>656</b>	<b>859</b>
<b>Total Non Interest Income</b>	<b>6,262</b>	<b>5,246</b>	<b>6,208</b>	<b>5,847</b>	<b>4,949</b>	<b>5,911</b>	<b>4,880</b>	<b>5,315</b>
<b>Total Operating Income</b>	<b>23,310</b>	<b>21,010</b>	<b>22,204</b>	<b>22,270</b>	<b>22,572</b>	<b>18,139</b>	<b>22,343</b>	<b>18,903</b>
Personnel	3,932	3,567	4,258	4,105	3,930	3,891	4,037	4,660
Employee Profit Sharing (PTU)	123	123	122	136	133	133	133	136
Professional Fees	738	796	941	625	749	801	861	962
Administrative and Promotional Expenses	2,135	2,002	2,180	2,377	2,382	2,032	2,075	2,141
Rents, Depreciation & Amortization	1,676	1,635	1,772	1,919	1,946	2,047	2,074	2,136
Taxes other than income tax & non deductible expenses	561	573	484	602	498	483	496	648
Contributions to IPAB/Fobaproa	839	829	821	809	828	919	951	931
<b>Total Non Interest Expense</b>	<b>10,004</b>	<b>9,525</b>	<b>10,578</b>	<b>10,572</b>	<b>10,466</b>	<b>10,307</b>	<b>10,627</b>	<b>11,612</b>
<b>Operating Income</b>	<b>13,306</b>	<b>11,485</b>	<b>11,626</b>	<b>11,698</b>	<b>12,106</b>	<b>7,832</b>	<b>11,717</b>	<b>7,290</b>
Subsidiaries' Net Income	411	466	451	389	353	648	492	509
<b>Pre-Tax Income</b>	<b>13,717</b>	<b>11,951</b>	<b>12,077</b>	<b>12,086</b>	<b>12,459</b>	<b>8,480</b>	<b>12,208</b>	<b>7,800</b>
Income Tax	3,062	2,472	3,088	1,903	3,555	947	2,477	2,268
Tax on Assets	-	-	-	-	-	-	-	-
Deferred Income Tax	588	628	6	1,049	(328)	939	702	(511)
<b>Taxes</b>	<b>3,650</b>	<b>3,100</b>	<b>3,094</b>	<b>2,951</b>	<b>3,228</b>	<b>1,886</b>	<b>3,178</b>	<b>1,757</b>
<b>Net Income from Continuous Operations</b>	<b>10,067</b>	<b>8,851</b>	<b>8,983</b>	<b>9,135</b>	<b>9,231</b>	<b>6,593</b>	<b>9,030</b>	<b>6,043</b>
Discontinued Operations	-	-	-	-	-	-	-	-
Minority Interest	(135)	(123)	(125)	(125)	(113)	(75)	(124)	(77)
<b>Net Income</b>	<b>9,932</b>	<b>8,728</b>	<b>8,858</b>	<b>9,010</b>	<b>9,118</b>	<b>6,518</b>	<b>8,906</b>	<b>5,966</b>

<b>GFNorte - Balance Sheet</b>	<b>1Q19</b>	<b>2Q19</b>	<b>3Q19</b>	<b>4Q19</b>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>
<i>(Million Pesos)</i>								
<b>ASSETS</b>								
<b>Cash and Due from Banks</b>	<b>72,135</b>	<b>54,543</b>	<b>56,121</b>	<b>62,797</b>	<b>90,877</b>	<b>106,047</b>	<b>100,081</b>	<b>109,306</b>
<b>Margin Accounts</b>	<b>3,508</b>	<b>4,408</b>	<b>6,245</b>	<b>5,926</b>	<b>9,701</b>	<b>18,353</b>	<b>16,312</b>	<b>18,099</b>
Negotiable Instruments	250,541	223,499	225,565	233,832	238,956	243,834	223,752	223,390
Securities Available for Sale	196,009	212,927	213,131	202,685	204,963	231,114	251,225	244,823
Securities Held to Maturity	131,202	131,481	146,657	150,606	156,631	169,514	189,366	193,652
<b>Investment in Securities</b>	<b>577,752</b>	<b>567,907</b>	<b>585,353</b>	<b>587,123</b>	<b>600,550</b>	<b>644,463</b>	<b>664,342</b>	<b>661,865</b>
<b>Non-assigned Securities for Settlement</b>	-	-	-	-	-	-	-	-
<b>Debtor Balance in Repo Trans, net</b>	<b>253</b>	<b>556</b>	<b>162</b>	<b>3,070</b>	<b>2,810</b>	<b>1,928</b>	<b>3,797</b>	<b>4,036</b>
<b>Securities Lending</b>	-	-	-	-	-	-	-	-
For trading purposes	23,793	25,473	26,398	22,295	48,940	61,705	53,819	48,233
For hedging purposes	15	29	29	162	1,292	2,384	1,885	2,043
Operations w/Derivatives & Securities	-	-	-	-	-	-	-	-
<b>Transactions with Derivatives</b>	<b>23,807</b>	<b>25,502</b>	<b>26,427</b>	<b>22,457</b>	<b>50,232</b>	<b>64,089</b>	<b>55,704</b>	<b>50,277</b>
<b>Operations w/Derivatives &amp; Securities</b>	<b>24,061</b>	<b>26,059</b>	<b>26,590</b>	<b>25,527</b>	<b>53,042</b>	<b>66,017</b>	<b>59,500</b>	<b>54,313</b>
<b>Valuation adjustments for Asset Coverage</b>	<b>80</b>	<b>77</b>	<b>73</b>	<b>69</b>	<b>65</b>	<b>62</b>	<b>58</b>	<b>54</b>
Commercial Loans	298,561	294,591	285,822	293,499	318,439	326,535	324,981	325,183
Financial Intermediaries' Loans	9,384	7,942	5,784	7,389	9,067	9,502	9,882	11,172
Consumer Loans	114,086	115,577	117,013	117,680	117,537	115,601	118,321	116,484
Mortgage Loans	158,605	162,619	166,286	170,086	173,226	177,282	182,685	187,736
Medium and Residential	155,134	159,294	162,995	166,921	170,143	174,331	179,791	184,980
low income housing	13	12	10	9	8	5	5	4
Loans acquired from INFONAVIT or FOVISSSTE	3,457	3,314	3,280	3,156	3,075	2,946	2,889	2,752
Restructuring or improvement guaranteed by development banks or public trusts	-	-	-	-	-	-	-	-
Government Entities' Loans	181,470	187,454	157,821	173,988	161,549	162,717	162,609	161,563
<b>Performing Loans</b>	<b>762,105</b>	<b>768,183</b>	<b>732,726</b>	<b>762,642</b>	<b>779,818</b>	<b>791,637</b>	<b>798,478</b>	<b>802,138</b>
Commercial PDL's	7,740	8,146	7,965	6,511	7,047	2,604	2,212	2,530
Financial Intermediaries PDL's	4	4	4	4	4	-	-	-
Consumer PDL's	4,183	4,716	4,577	4,314	4,052	4,229	2,350	4,706
Mortgage PDL's	1,557	1,696	1,807	1,973	2,070	2,305	1,811	1,658
Medium and Residential	1,417	1,526	1,634	1,785	1,834	2,025	1,612	1,429
low income housing	0	0	0	0	0	1	1	1
Loans acquired from INFONAVIT or FOVISSSTE	139	170	172	187	235	279	198	228
Restructuring or improvement guaranteed by development banks or public trusts	-	-	-	-	-	-	-	-
Government Entities PDL's	4	4	4	4	40	115	288	38
<b>Past Due Loans</b>	<b>13,488</b>	<b>14,567</b>	<b>14,357</b>	<b>12,806</b>	<b>13,212</b>	<b>9,254</b>	<b>6,660</b>	<b>8,931</b>
<b>Gross Loan Portfolio</b>	<b>775,594</b>	<b>782,750</b>	<b>747,084</b>	<b>775,448</b>	<b>793,030</b>	<b>800,891</b>	<b>805,138</b>	<b>811,070</b>
Preventive Loan Loss Reserves	18,329	18,592	18,171	17,639	18,504	18,555	17,666	20,004
<b>Net Loan Portfolio</b>	<b>757,265</b>	<b>764,158</b>	<b>728,913</b>	<b>757,809</b>	<b>774,525</b>	<b>782,337</b>	<b>787,473</b>	<b>791,066</b>
Acquired Collection Rights	2,217	2,065	1,905	1,601	1,500	1,438	1,341	1,617
<b>Total Credit Portfolio</b>	<b>759,482</b>	<b>766,222</b>	<b>730,818</b>	<b>759,410</b>	<b>776,025</b>	<b>783,774</b>	<b>788,814</b>	<b>792,682</b>
Account Receivables from Insurance and Annuities	1,763	1,945	2,112	2,279	2,205	2,432	2,591	2,756
Premium Debtors (Net)	11,246	9,125	6,429	4,474	8,003	9,196	7,032	4,353
Account Receivables from Reinsurance	11,532	10,884	10,920	7,787	8,162	8,872	7,924	7,269
Benef. receivab. securization transactions	85	125	158	139	161	156	151	110
Sundry Debtors & Other Accs Rec, Net	49,472	62,040	67,824	31,203	85,131	50,981	55,704	42,481
Inventories	765	912	555	677	758	1,299	1,053	945
Foreclosed Assets, Net	988	830	919	1,154	1,096	1,075	976	1,553
Real Estate, Furniture & Equipment, Net	17,338	17,782	18,018	18,764	19,833	31,151	31,682	32,627
Investment in Subsidiaries	13,278	13,701	14,192	14,554	13,489	13,894	14,368	14,804
Long-term assets held for sale	-	-	-	-	-	-	-	-
Deferred Taxes, Net	2,632	2,481	1,964	626	3,742	201	0	0
Goodwill and Intangibles	48,117	50,598	50,546	52,115	51,139	40,257	39,203	39,439
Other Assets Short and Long Term	375	362	4,813	5,388	5,300	5,351	5,515	5,247
Other Assets	-	-	-	-	-	-	-	-
	157,589	170,783	178,452	139,157	199,020	164,866	166,199	151,585
<b>TOTAL ASSETS</b>	<b>1,594,607</b>	<b>1,589,998</b>	<b>1,583,651</b>	<b>1,580,010</b>	<b>1,729,280</b>	<b>1,783,581</b>	<b>1,795,306</b>	<b>1,787,904</b>

<b>GFNorte - Balance Sheet</b> <i>(Million Pesos)</i>	<b>1Q19</b>	<b>2Q19</b>	<b>3Q19</b>	<b>4Q19</b>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>
<b>LIABILITIES</b>								
Demand Deposits	389,657	391,720	395,959	416,548	433,849	469,861	496,641	520,283
Time Deposits-Retail	280,204	267,318	262,679	260,828	274,681	265,100	251,418	252,271
Time Deposits-Money Market	51,019	49,515	33,999	18,122	26,894	28,433	26,741	14,248
Global Account of deposits without movements	1,803	1,856	1,919	2,085	2,213	2,368	2,489	2,585
Senior Unsecured Debt	12,272	24,159	27,483	26,907	35,355	35,386	35,815	32,325
<b>Deposits</b>	<b>734,956</b>	<b>734,568</b>	<b>722,039</b>	<b>724,490</b>	<b>772,993</b>	<b>801,148</b>	<b>813,104</b>	<b>821,712</b>
Demand Loans	0	900	7,851	500	5,000	0	0	0
Short Term Loans	18,743	20,434	19,236	22,287	20,824	47,365	22,185	22,499
Long Term Loans	33,310	33,477	14,675	14,275	11,675	14,452	13,223	13,522
<b>Due to Banks &amp; Correspondents</b>	<b>52,052</b>	<b>54,811</b>	<b>41,762</b>	<b>37,061</b>	<b>37,499</b>	<b>61,817</b>	<b>35,408</b>	<b>36,021</b>
Technical Reserves	150,637	150,742	152,486	154,487	162,887	179,930	183,866	187,846
Non-assigned Securities for Settlement	-	-	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	350,667	339,751	341,709	345,959	354,238	353,211	352,628	353,094
Secs to be received in Repo Trans, Net	-	0	0	0	-	-	0	0
Repos (Credit Balance)	9	4	4	105	16	8	2	13
Securities' Loans	-	2	19	0	-	-	0	8
Transactions with Derivatives	-	-	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-	-	-
<b>Total Collateral sold</b>	<b>9</b>	<b>6</b>	<b>23</b>	<b>106</b>	<b>16</b>	<b>8</b>	<b>2</b>	<b>21</b>
For trading purposes	18,872	20,367	24,226	20,752	50,574	58,754	50,121	44,097
For hedging purposes	9,313	8,763	5,079	4,221	10,487	7,682	7,189	4,990
Operations w / Derivatives & Securities								
<b>Transactions with Derivatives</b>	<b>28,184</b>	<b>29,130</b>	<b>29,305</b>	<b>24,973</b>	<b>61,062</b>	<b>66,436</b>	<b>57,310</b>	<b>49,087</b>
<b>Total Operations w / Derivatives &amp; Securities</b>	<b>378,860</b>	<b>368,887</b>	<b>371,037</b>	<b>371,038</b>	<b>415,316</b>	<b>419,655</b>	<b>409,939</b>	<b>402,202</b>
Valuation adjustments for financial liability coverage	-	-	-	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-	-	-	-
Payable Accountsfor Reinsurance	2,615	2,347	2,071	1,505	2,311	3,159	2,918	2,269
Income Tax Payable	2,248	2,629	3,501	3,588	3,538	2,718	3,521	4,365
Profit Sharing Payable	606	256	374	508	639	280	407	538
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-
Creditors for settlement of transactions	11,939	7,730	9,925	9,972	31,188	4,621	11,182	4,892
Margin Accounts Payable	-	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	41,667	35,100	36,665	32,696	46,614	44,126	50,021	42,775
<b>Other Payable Accounts</b>	<b>56,460</b>	<b>45,715</b>	<b>50,464</b>	<b>46,764</b>	<b>81,979</b>	<b>51,745</b>	<b>65,131</b>	<b>52,570</b>
Subordinated Non Convertible Debt	33,327	53,953	55,515	48,050	58,423	57,321	66,241	57,152
Deferred Taxes, Net	(0)	0	0	(0)	(0)	0	897	1,618
Deferred Credits	592	606	598	617	382	462	430	1,411
<b>TOTAL LIABILITIES</b>	<b>1,409,497</b>	<b>1,411,630</b>	<b>1,395,973</b>	<b>1,384,012</b>	<b>1,531,790</b>	<b>1,575,237</b>	<b>1,577,935</b>	<b>1,562,801</b>
<b>EQUITY</b>								
Paid-in Capital	14,967	14,968	14,982	14,992	14,944	14,901	14,901	14,919
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-
Share Subscription Premiums	48,081	48,244	47,973	47,979	48,091	48,316	48,509	48,269
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
<b>Subscribed Capital</b>	<b>63,048</b>	<b>63,212</b>	<b>62,955</b>	<b>62,971</b>	<b>63,034</b>	<b>63,217</b>	<b>63,410</b>	<b>63,188</b>
Capital Reserves	5,333	5,779	6,206	6,486	5,418	8,746	8,753	9,215
Retained Earnings	108,191	91,470	90,775	90,084	125,934	120,910	119,734	118,773
Surplus (Deficit) of Secs Available for Sale	(80)	638	1,471	1,763	(2,851)	574	1,771	3,801
Results from Valuation of Hedging Secs	(3,027)	(2,861)	(2,629)	(2,246)	(3,895)	(1,398)	(1,677)	(887)
Result in the valuation reserve for unexpired risks variations in rates	(7)	(57)	(81)	(85)	1	(184)	(190)	(231)
Results from Conversions	105	97	126	77	348	326	269	134
Remeasurements defined benefits for employees	(708)	(830)	(952)	(1,861)	(1,894)	(1,927)	(1,960)	(2,259)
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-	-
Adjustments in the Employee's Pensions	-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-	-
Net Income	9,932	18,660	27,518	36,528	9,118	15,636	24,542	30,508
<b>Earned Capital</b>	<b>119,738</b>	<b>112,896</b>	<b>122,434</b>	<b>130,747</b>	<b>132,179</b>	<b>142,684</b>	<b>151,242</b>	<b>159,053</b>
Minority Interest	2,323	2,260	2,289	2,281	2,277	2,443	2,719	2,862
<b>Total Equity</b>	<b>185,110</b>	<b>178,368</b>	<b>187,678</b>	<b>195,998</b>	<b>197,490</b>	<b>208,344</b>	<b>217,371</b>	<b>225,103</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,594,607</b>	<b>1,589,998</b>	<b>1,583,651</b>	<b>1,580,010</b>	<b>1,729,280</b>	<b>1,783,581</b>	<b>1,795,306</b>	<b>1,787,904</b>



<b>GFNorte - Memorandum Accounts</b> (Million Pesos)	<b>1Q19</b>	<b>2Q19</b>	<b>3Q19</b>	<b>4Q19</b>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>
<b>On behalf of Third Parties</b>								
Customer's Banks	34	35	35	56	85	24	21	62
Dividends Receivable from Customers	-	-	-	-	-	-	-	-
Interest Receivable from Customers	-	-	-	-	-	-	-	-
Settlement of Customer Transactions	32	(136)	136	143	208	(270)	123	(30)
Customer Premiums	-	-	-	-	-	-	-	-
Settlement with Clients' Foreign Currency	-	-	-	-	-	-	-	-
Margin Accounts in Futures' Operations	-	-	-	-	-	-	-	-
Other Current Accounts	-	-	-	-	-	-	-	-
<b>Customers' Current Account</b>	<b>66</b>	<b>(101)</b>	<b>170</b>	<b>199</b>	<b>293</b>	<b>(245)</b>	<b>145</b>	<b>32</b>
Client Securities Received in Custody	709,242	726,007	744,672	716,128	605,481	641,824	670,163	669,495
Securities and Documents Received in Guarantee	-	-	-	-	-	-	-	-
Client Securities Abroad	-	-	-	-	-	-	-	-
<b>Clients' Securities</b>	<b>709,242</b>	<b>726,007</b>	<b>744,672</b>	<b>716,128</b>	<b>605,481</b>	<b>641,824</b>	<b>670,163</b>	<b>669,495</b>
Clients' Repurchase Operations	184,937	187,339	184,220	184,063	179,276	163,653	240,237	238,032
Clients' Repo Transactions w/ Securities	-	-	-	-	-	-	-	-
Collateral received in guarantee for customer accounts	184,939	187,340	184,239	184,063	179,276	163,653	240,237	238,040
Purchase of Futures & Forward Contracts, national	-	-	-	-	-	-	-	-
Sale of Futures and Forward Contracts, national	-	-	-	-	-	-	-	-
Clients' Option Purchase Operations	-	-	-	-	-	-	-	-
Clients' Option Sales Operations	-	-	-	-	-	-	-	-
Purchase Operations of derivatives	-	-	-	-	-	-	-	-
Clients' Sales Operations of derivatives	-	-	-	-	-	-	-	-
Trusts under Management	89,878	86,428	88,900	83,298	1,036	1,054	1,066	204
<b>Transactions On Behalf of Clients</b>	<b>459,754</b>	<b>461,107</b>	<b>457,359</b>	<b>451,424</b>	<b>359,588</b>	<b>328,360</b>	<b>481,539</b>	<b>476,276</b>
<b>Investment Bank Trans. on behalf of Third</b>	<b>82,947</b>	<b>101,587</b>	<b>104,928</b>	<b>96,100</b>	<b>87,728</b>	<b>88,149</b>	<b>100,948</b>	<b>97,374</b>
<b>TOTAL ON BEHALF OF THIRD PARTIES</b>	<b>1,252,008</b>	<b>1,288,600</b>	<b>1,307,129</b>	<b>1,263,851</b>	<b>1,053,090</b>	<b>1,058,087</b>	<b>1,252,794</b>	<b>1,243,176</b>
<b>Endorsement Guarantees Granted</b>	-	-	-	-	-	-	-	-
Loan Obligations	316,687	284,174	275,096	286,019	294,733	293,470	292,420	292,701
Trusts	445,853	456,152	457,200	452,406	422,525	319,659	308,883	308,516
Mandates	1,344	8,039	7,964	7,615	7,326	7,645	7,786	7,472
<b>Properties in Trusts and Warrant</b>	<b>447,197</b>	<b>464,191</b>	<b>465,164</b>	<b>460,021</b>	<b>429,851</b>	<b>327,304</b>	<b>316,669</b>	<b>315,988</b>
Properties in Custody or Management	687,330	693,335	694,066	631,539	660,642	669,104	677,620	633,424
Collateral Received	230,687	184,929	233,652	213,885	163,758	240,920	289,443	282,054
Collateral Received or sold or delivered	327,444	287,246	322,840	304,448	247,107	307,649	432,443	421,090
Drafts in Transit	-	-	-	-	-	-	-	-
Assets' Deposit	2,658	2,318	1,764	3,107	2,766	2,867	2,101	3,325
Letters of Credit to the Corporation as Guarantee	-	-	-	-	-	-	-	-
Securities to the Corporation for Custody	-	-	-	-	-	-	-	-
Government Secs of the Corp under Custody	-	-	-	-	-	-	-	-
Securities of the Corp given as Guarantee	-	-	-	-	-	-	-	-
Securities of the Corp Abroad	-	-	-	-	-	-	-	-
Settlement with FX of the Corp Abroad	-	-	-	-	-	-	-	-
Debts with the Contingency Fund	-	-	-	-	-	-	-	-
Contingent assets & Liabilities	54	64	39	50	79	79	109	167
Uncollected Accrued Interest from Past Due Loans	633	318	323	299	295	289	180	178
Investments of Retirement Savings Funds	-	-	-	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-	-	-
Miscellaneous accounts	266,235	272,258	278,650	280,016	292,976	289,983	304,055	295,069
<b>Proprietary Transactions</b>	<b>2,278,926</b>	<b>2,188,832</b>	<b>2,271,594</b>	<b>2,179,383</b>	<b>2,092,207</b>	<b>2,131,665</b>	<b>2,315,039</b>	<b>2,243,996</b>
Repo Securities to be Received	-	-	-	-	-	-	-	-
(Minus) Repo Creditors	-	-	-	-	-	-	-	-
<b>Net Repo Transactions</b>	-	-	-	-	-	-	-	-
Repo Debtors	-	-	-	-	-	-	-	-
(Minus) Repo Securities to be Delivered	-	-	-	-	-	-	-	-
<b>Net Repo Transactions</b>	-	-	-	-	-	-	-	-
<b>TOTAL PROPRIETARY</b>	<b>2,278,926</b>	<b>2,188,832</b>	<b>2,271,594</b>	<b>2,179,383</b>	<b>2,092,207</b>	<b>2,131,665</b>	<b>2,315,039</b>	<b>2,243,996</b>

**GFNORTE - CONSOLIDATED STATEMENT OF CASH FLOW**

JANUARY 1, 2020 – DECEMBER 31, 2020

*(Million Pesos)*

<b>Net Income</b>	<b>30,508</b>
<b>Items charged to results that do not generate or require use of resources</b>	
Depreciation	2,287
Technical Reserves	17,793
Provisions	124
Income taxes and deferred	10,049
Minority Interest	(1,614)
	<b>28,639</b>
	<b>59,147</b>
<b>Change in items related to operations</b>	
Change in Margin Accounts	(12,172)
Change in Investment in Securities	(74,742)
Change in repo debtors	(966)
Change in derivatives (assets)	(25,924)
Change in Loan Portfolio (net)	(33,257)
Change in purchased receivables (net)	(15)
Change in accounts receivable insurance and bonding institutions (net)	(476)
Change in debtor premiums (net)	121
Change in Reinsurance (net)	517
Change in benefits to receive from securitizations	28
Change in foreclosed assets (net)	(399)
Change in other operating assets (net)	(7,669)
Change in core deposits	97,222
Change in interbank loans and other entities	(1,040)
Change in repo creditors	7,136
Change in collateral pledged sold	(84)
Change in derivatives (liability)	23,345
Change in Technical Reserves (net)	15,567
Change in Reinsurance (net) (liability)	764
Change in subordinated debt with characteristics of liabilities	9,102
Change in other operating liabilities	6,648
Change in hedging instruments (the related hedged transaction activities)	(1,112)
Income Tax Payments	(7,034)
<b>Net cash generated or used from operations</b>	<b>54,707</b>
<b>Investment Activities</b>	
Charges for disposal of property, furniture and equipment	2,884
Payments for acquisition of property, furniture and equipment	(7,435)
Subsidiaries and associated acquisitions payment	(139)
Charges for cash dividends	1,969
<b>Net cash generated or used from investment activities</b>	<b>(2,721)</b>
<b>Financing Activities</b>	
Payments associated with the repurchase of proprietary shares	(2,146)
Payments of interests of subordinated debentures	(3,342)
<b>Net cash flows from financing activities</b>	<b>(5,488)</b>
<b>Net Cash Increase (decrease) and equivalents value</b>	<b>46,498</b>
<b>Effects for changes in cash and equivalents value</b>	<b>11</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>62,797</b>
<b>Cash and cash equivalents at end of period</b>	<b>109,306</b>

## GFNORTE - CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

JANUARY 1, 2020 – DECEMBER 31, 2020

(Million Pesos)

	CONTRIBUTED CAPITAL		EARNED CAPITAL									
	Fixed Paid-in Capital	Premium from sale of securities	Capital Reserves	Retained Earnings	Valuation Effects of Securities Available for Sale	Results from val of Instrum Cash flow hedges	Results in the val. reserve for unexpired risks variations in rates	Results from Conversions	Remeasurements defined benefits for employees	Net Income	Minority Interest	Total Stockholders' Equity
Balance as of December 31, 2019	14,992	47,979	6,486	90,084	1,763	(2,246)	(85)	77	(1,861)	36,528	2,281	195,998
<b>Changes stemming from stockholders' decisions</b>												
Repurchase of payment plan based on shares payable	(73)	295	(1,441)		(4)							(1,223)
Capitalization of profits				36,528						(36,528)		0
Creation of Reserves according to Ordinary Annual General Shareholder's Meeting of April 24, 2020			6	(6)								0
Reserve creation for share repurchase			4,164	(4,164)								0
<b>Total</b>	<b>(73)</b>	<b>295</b>	<b>2,729</b>	<b>32,358</b>	<b>(4)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(36,528)</b>	<b>0</b>	<b>(1,223)</b>
<b>Changes stemming from profits</b>												
<b>Total profits:</b>												
Net Income										30,508		30,508
Result from valuation of securities available for sale					2,042							2,042
Effect of subsidiaries, associates and mutual funds		(5)		(327)				57				(275)
Result from valuation of instruments of cash flow hedges						1,359						1,359
Result in valuation of current risk reserve due to Remeasurements defined benefits for employees							(146)					(146)
Interest of subordinated debentures				(3,342)								(3,342)
<b>Total</b>	<b>0</b>	<b>(5)</b>	<b>0</b>	<b>(3,669)</b>	<b>2,042</b>	<b>1,359</b>	<b>(146)</b>	<b>57</b>	<b>(398)</b>	<b>30,508</b>	<b>0</b>	<b>29,748</b>
Recognition of minority interest											581	581
Balance as of December 31, 2020	14,919	48,269	9,215	118,773	3,801	(887)	(231)	134	(2,259)	30,508	2,862	225,104

## Bank

Income Statement - Bank (Million Pesos)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
Interest Income	32,320	32,094	30,964	30,425	29,491	28,517	26,257	24,971
Interest Expense	15,432	15,299	13,896	12,837	12,042	11,172	8,829	8,094
Charged Fees	323	335	365	382	358	346	354	380
Fees Paid	280	278	283	315	291	270	281	314
<b>Net Interest Income (NII)</b>	<b>16,931</b>	<b>16,853</b>	<b>17,150</b>	<b>17,654</b>	<b>17,517</b>	<b>17,421</b>	<b>17,501</b>	<b>16,942</b>
Preventive Provisions for Loan Losses	3,700	3,657	4,034	3,713	4,262	8,527	3,122	5,953
<b>Net Interest Income Adjusted for Credit Risk</b>	<b>13,231</b>	<b>13,196</b>	<b>13,116</b>	<b>13,941</b>	<b>13,254</b>	<b>8,895</b>	<b>14,379</b>	<b>10,989</b>
Fund Transfers	367	399	444	427	400	476	489	513
Account Management Fees	623	614	598	604	598	526	564	543
Electronic Banking Services	2,128	2,285	2,363	2,656	2,336	2,027	2,379	3,033
For Commercial and Mortgage Loans	238	289	269	506	495	394	129	366
For Consumer Loans	1,210	1,244	1,280	1,423	1,241	1,048	1,148	1,292
Fiduciary	104	108	126	146	118	102	112	153
Income from Real Estate Portfolios	1	0	5	2	2	3	2	12
Trading & Financial Advising Fees	-	-	-	-	-	-	-	-
Trading & Financial Advising Fees	1	1	1	0	0	0	0	0
Other Fees Charged	632	599	609	606	592	540	651	598
<b>Fees Charged on Services</b>	<b>5,303</b>	<b>5,539</b>	<b>5,695</b>	<b>6,370</b>	<b>5,782</b>	<b>5,116</b>	<b>5,475</b>	<b>6,511</b>
Interchange Fees	1,082	1,077	1,168	1,349	1,226	1,018	1,228	1,684
Insurance Fees	-	-	-	-	-	-	-	-
Other Fees Paid	869	940	951	1,080	909	918	998	1,194
<b>Fees Paid on Services</b>	<b>1,951</b>	<b>2,016</b>	<b>2,119</b>	<b>2,430</b>	<b>2,135</b>	<b>1,936</b>	<b>2,226</b>	<b>2,879</b>
<b>Net Fees</b>	<b>3,351</b>	<b>3,523</b>	<b>3,576</b>	<b>3,940</b>	<b>3,647</b>	<b>3,180</b>	<b>3,248</b>	<b>3,633</b>
Foreign Exchange	(5)	(25)	(14)	39	1,219	(500)	(306)	(1,476)
Derivatives	521	176	(1,473)	(79)	(1,238)	1,139	531	309
Negotiable Instruments	68	13	97	43	(119)	(75)	65	56
Valuation	585	164	(1,390)	2	(137)	565	291	(1,111)
Currency and Metals	101	206	471	342	(862)	774	464	1,930
Derivatives	82	121	2,270	(115)	1,742	(323)	2	(169)
Negotiable Instruments	166	344	778	432	305	385	277	84
Trading	349	671	3,519	659	1,185	836	743	1,845
<b>Trading Income</b>	<b>934</b>	<b>835</b>	<b>2,129</b>	<b>662</b>	<b>1,048</b>	<b>1,402</b>	<b>1,034</b>	<b>734</b>
Loan Recovery	-	-	-	-	-	-	-	-
Loan Portfolios	45	60	52	45	67	52	76	54
Income from foreclosed assets	88	57	163	203	92	121	178	189
Provisions Release	-	-	-	-	-	-	-	-
Losses and Estimates	(447)	(877)	(263)	(237)	(319)	(162)	(167)	(136)
Impairment of Assets	(132)	-	-	-	-	-	-	-
Lease Income	19	19	25	23	18	19	(26)	4
From Insurance	-	-	-	-	-	-	-	-
Other Operating Expense	2,248	1,014	251	269	173	658	260	399
<b>Total Other Operating Income (Expenses)</b>	<b>1,820</b>	<b>273</b>	<b>228</b>	<b>304</b>	<b>31</b>	<b>687</b>	<b>321</b>	<b>510</b>
<b>Total Non-Interest Income</b>	<b>6,105</b>	<b>4,631</b>	<b>5,932</b>	<b>4,906</b>	<b>4,726</b>	<b>5,268</b>	<b>4,603</b>	<b>4,876</b>
<b>Total Operating Income</b>	<b>19,336</b>	<b>17,826</b>	<b>19,048</b>	<b>18,846</b>	<b>17,980</b>	<b>14,163</b>	<b>18,983</b>	<b>15,865</b>
Personnel	3,765	3,390	4,074	3,933	3,755	3,704	3,846	4,477
Employee Profit Sharing (PTU)	121	121	120	134	131	131	131	131
Professional Fees	610	655	778	485	624	650	731	888
Administrative and Promotional Expenses	1,926	1,882	2,045	2,158	2,091	1,789	1,773	1,796
Rents, Depreciation & Amortization	1,595	1,552	1,691	1,837	1,862	1,967	1,993	2,053
Taxes other than income tax & non-deductible expenses	485	503	418	520	428	419	428	556
Contributions to IPAB/Fobaproa	839	829	821	809	828	919	951	931
<b>Total Non-Interest Expense</b>	<b>9,341</b>	<b>8,931</b>	<b>9,947</b>	<b>9,875</b>	<b>9,718</b>	<b>9,579</b>	<b>9,853</b>	<b>10,832</b>
<b>Operating Income</b>	<b>9,996</b>	<b>8,895</b>	<b>9,101</b>	<b>8,971</b>	<b>8,263</b>	<b>4,584</b>	<b>9,129</b>	<b>5,034</b>
Subsidiaries' Net Income	14	39	31	44	29	19	27	28
<b>Pre-Tax Income</b>	<b>10,009</b>	<b>8,934</b>	<b>9,132</b>	<b>9,015</b>	<b>8,292</b>	<b>4,603</b>	<b>9,156</b>	<b>5,062</b>
Income Tax	2,176	1,941	2,550	1,355	2,576	317	2,004	1,912
Tax on Assets	-	-	-	-	-	-	-	-
Deferred Income Tax	472	441	(149)	812	(465)	617	518	(750)
<b>Taxes</b>	<b>2,647</b>	<b>2,382</b>	<b>2,401</b>	<b>2,167</b>	<b>2,112</b>	<b>934</b>	<b>2,522</b>	<b>1,161</b>
<b>Net Income from Continuous Operations</b>	<b>7,362</b>	<b>6,553</b>	<b>6,730</b>	<b>6,848</b>	<b>6,180</b>	<b>3,669</b>	<b>6,634</b>	<b>3,900</b>
Discontinued Operations	-	-	-	-	-	-	-	-
Minority Interest	(0)	(0)	(0)	(0)	(0)	(0)	(0)	0
<b>Net Income</b>	<b>7,362</b>	<b>6,553</b>	<b>6,730</b>	<b>6,848</b>	<b>6,180</b>	<b>3,669</b>	<b>6,634</b>	<b>3,901</b>

<b>Bank - Balance Sheet</b> <i>(Million Pesos)</i>	<b>1Q19</b>	<b>2Q19</b>	<b>3Q19</b>	<b>4Q19</b>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>
<b>ASSETS</b>								
<b>Cash and Due from Banks</b>	<b>71,563</b>	<b>53,955</b>	<b>55,470</b>	<b>62,282</b>	<b>88,668</b>	<b>105,537</b>	<b>99,615</b>	<b>108,743</b>
<b>Margin Accounts</b>	<b>3,508</b>	<b>4,408</b>	<b>6,245</b>	<b>5,926</b>	<b>9,701</b>	<b>18,353</b>	<b>16,312</b>	<b>18,099</b>
Negotiable Instruments	100,271	71,098	75,687	75,169	79,968	95,379	36,918	41,432
Securities Available for Sale	138,523	154,921	155,394	152,630	157,021	184,050	163,887	153,063
Securities Held to Maturity	8,456	7,886	19,755	19,593	19,711	19,497	33,379	33,277
<b>Investment in Securities</b>	<b>247,250</b>	<b>233,906</b>	<b>250,836</b>	<b>247,392</b>	<b>256,700</b>	<b>298,926</b>	<b>234,184</b>	<b>227,772</b>
<b>Non-assigned Securities for Settlement</b>	-	-	-	-	-	-	-	-
<b>Debtor Balance in Repo Trans.net</b>	<b>3</b>	<b>11</b>	<b>162</b>	<b>2,016</b>	<b>1,930</b>	<b>1,928</b>	<b>2,297</b>	<b>3,036</b>
<b>Securities Lending</b>	-	-	-	-	-	-	-	-
For trading purposes	23,793	25,473	26,398	22,295	48,940	61,705	53,819	48,233
For hedging purposes	15	29	29	162	1,292	2,384	1,885	2,043
Operations w/Derivatives & Securities	-	-	-	-	-	-	-	-
<b>Transactions with Derivatives</b>	<b>23,807</b>	<b>25,502</b>	<b>26,427</b>	<b>22,457</b>	<b>50,232</b>	<b>64,089</b>	<b>55,704</b>	<b>50,277</b>
<b>Operations w/Derivatives &amp; Securities</b>	<b>23,810</b>	<b>25,513</b>	<b>26,590</b>	<b>24,473</b>	<b>52,162</b>	<b>66,017</b>	<b>58,000</b>	<b>53,313</b>
<b>Valuation adjustments for Asset Coverage</b>	<b>80</b>	<b>77</b>	<b>73</b>	<b>69</b>	<b>65</b>	<b>62</b>	<b>58</b>	<b>54</b>
Commercial Loans	272,884	268,146	258,389	266,442	288,409	300,483	299,343	297,305
Financial Intermediaries' Loans	22,708	20,351	18,287	20,595	24,011	23,733	24,763	24,898
Consumer Loans	112,105	113,803	115,413	116,228	116,200	115,593	118,314	116,477
Mortgage Loans	158,605	162,619	166,286	170,086	173,226	177,282	182,685	187,736
Medium and Residential	155,134	159,294	162,995	166,921	170,143	174,331	179,791	184,980
low income housing	13	12	10	9	8	5	5	4
Loans acquired from INFONAVIT or FOVISSSTE	3,457	3,314	3,280	3,156	3,075	2,946	2,889	2,752
Restructuring or improvement guaranteed by development banks or public trusts	-	-	-	-	-	-	-	-
Government Entities' Loans	179,434	185,133	157,242	170,155	161,246	161,457	161,247	156,115
Loans granted as Federal Agent	-	-	-	-	-	-	-	-
<b>Performing Loans</b>	<b>745,735</b>	<b>750,052</b>	<b>715,617</b>	<b>743,507</b>	<b>763,091</b>	<b>778,548</b>	<b>786,350</b>	<b>782,532</b>
Commercial PDL's	7,418	7,810	7,600	6,147	6,700	2,240	1,864	2,183
Financial Intermediaries PDL's	4	4	4	4	4	-	-	-
Consumer PDL's	4,115	4,659	4,514	4,268	4,018	4,229	2,349	4,705
Mortgage PDL's	1,557	1,696	1,807	1,973	2,070	2,305	1,811	1,658
Medium and Residential	1,417	1,526	1,634	1,785	1,834	2,025	1,612	1,429
low income housing	0	0	0	0	0	1	1	1
Loans acquired from INFONAVIT or FOVISSSTE	139	170	172	187	235	279	198	228
Restructuring or improvement guaranteed by development banks or public trusts	-	-	-	-	-	-	-	-
Government Entities PDL's	0	0	0	0	35	111	284	33
<b>Past Due Loans</b>	<b>13,095</b>	<b>14,170</b>	<b>13,925</b>	<b>12,392</b>	<b>12,827</b>	<b>8,885</b>	<b>6,307</b>	<b>8,580</b>
<b>Gross Loan Portfolio</b>	<b>758,830</b>	<b>764,222</b>	<b>729,542</b>	<b>755,899</b>	<b>775,918</b>	<b>787,433</b>	<b>792,658</b>	<b>791,112</b>
Preventive Loan Loss Reserves	17,822	18,070	17,617	17,083	17,932	18,075	17,169	19,464
<b>Net Loan Portfolio</b>	<b>741,008</b>	<b>746,152</b>	<b>711,925</b>	<b>738,816</b>	<b>757,986</b>	<b>769,358</b>	<b>775,489</b>	<b>771,648</b>
Acquired Collection Rights	1,864	1,720	1,560	1,359	1,261	1,438	1,341	1,617
<b>Total Credit Portfolio</b>	<b>742,872</b>	<b>747,872</b>	<b>713,485</b>	<b>740,175</b>	<b>759,247</b>	<b>770,796</b>	<b>776,830</b>	<b>773,264</b>
Benef. receivab. securization transactions	85	125	158	139	161	156	151	110
Sundry Debtors & Other Accs Rec, Net	43,371	55,248	65,982	29,410	83,264	48,306	53,442	40,495
Inventories	-	-	-	-	-	-	-	-
Foreclosed Assets, Net	770	606	701	860	818	800	722	1,384
Real Estate, Furniture & Equipment, Net	13,667	14,010	14,360	15,088	15,167	26,482	27,277	28,289
Investment in Subsidiaries	362	422	413	418	468	491	564	519
Long-term assets held for sale	-	-	-	-	-	-	-	-
Deferred Taxes, Net	3,328	2,572	2,215	1,104	4,351	1,126	214	-
Goodwill and Intangibles	21,490	21,409	20,677	21,979	22,727	11,470	10,111	9,929
Other Assets Short and Long Term	226	209	228	223	146	106	112	213
	83,299	94,599	104,734	69,220	127,103	88,937	92,593	80,939
<b>TOTAL ASSETS</b>	<b>1,172,383</b>	<b>1,160,329</b>	<b>1,157,433</b>	<b>1,149,536</b>	<b>1,293,647</b>	<b>1,348,628</b>	<b>1,277,593</b>	<b>1,262,185</b>

<b>Bank - Balance Sheet</b> <i>(Million Pesos)</i>	<b>1Q19</b>	<b>2Q19</b>	<b>3Q19</b>	<b>4Q19</b>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>
<b>LIABILITIES</b>								
Demand Deposits	391,855	394,308	399,464	435,453	451,842	479,142	506,588	530,747
Time Deposits-Retail	280,277	268,190	263,555	261,705	275,566	265,347	251,496	252,331
Time Deposits-Money Market	51,019	49,515	33,999	18,122	26,894	28,433	26,741	14,248
Global Account of deposits w/without movements	1,803	1,856	1,919	2,085	2,213	2,368	2,489	2,585
Senior Unsecured Debt	12,272	24,159	27,483	26,907	35,355	46,430	46,823	43,342
<b>Deposits</b>	<b>737,227</b>	<b>738,028</b>	<b>726,420</b>	<b>744,271</b>	<b>791,870</b>	<b>821,721</b>	<b>834,137</b>	<b>843,253</b>
Demand Loans	0	900	7,851	500	5,000	0	0	0
Short Term Loans	11,864	9,737	9,996	9,276	8,332	40,754	16,672	8,261
Long Term Loans	21,767	22,169	3,940	4,854	4,197	4,156	4,073	6,404
<b>Due to Banks &amp; Correspondents</b>	<b>33,631</b>	<b>32,806</b>	<b>21,787</b>	<b>14,630</b>	<b>17,529</b>	<b>44,910</b>	<b>20,745</b>	<b>14,665</b>
Non-assigned Securities for Settlement	-	-	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	172,118	152,642	165,120	162,684	175,685	190,404	113,037	115,962
Secs to be received in Repo Trans, Net	-	-	-	-	-	-	-	-
Repos (Credit Balance)	9	4	4	105	16	8	2	13
Securities' Loans	-	-	-	-	-	-	-	-
Transactions w/with Derivatives	-	-	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-	-	-
<b>Total Collateral sold</b>	<b>9</b>	<b>4</b>	<b>4</b>	<b>105</b>	<b>16</b>	<b>8</b>	<b>2</b>	<b>13</b>
For trading purposes	18,872	20,367	24,226	20,752	50,574	58,754	50,121	44,097
For hedging purposes	9,313	8,763	5,079	4,221	10,487	7,682	7,189	4,990
Operations w/ Derivatives & Securities	-	-	-	-	-	-	-	-
<b>Transactions with Derivatives</b>	<b>28,184</b>	<b>29,130</b>	<b>29,305</b>	<b>24,973</b>	<b>61,062</b>	<b>66,436</b>	<b>57,310</b>	<b>49,087</b>
<b>Total Operations w/ Derivatives &amp; Securities</b>	<b>200,311</b>	<b>181,775</b>	<b>194,428</b>	<b>187,763</b>	<b>236,763</b>	<b>256,847</b>	<b>170,348</b>	<b>165,062</b>
Valuation adjustments for financial liability coverage	-	-	-	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-	-	-	-
Income Tax Payable	1,341	1,331	1,792	1,513	2,402	1,204	1,714	2,388
Profit Sharing Payable	606	256	374	508	639	280	407	538
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-
Creditors for settlement of transactions	11,561	7,014	9,281	9,397	29,983	3,524	8,670	4,251
Margin Accounts Payable	-	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	37,575	31,206	32,689	28,758	42,155	39,933	45,620	38,353
<b>Other Payable Accounts</b>	<b>51,082</b>	<b>39,808</b>	<b>44,137</b>	<b>40,176</b>	<b>75,179</b>	<b>44,941</b>	<b>56,412</b>	<b>45,530</b>
Subordinated Non Convertible Debt	33,327	53,953	55,515	48,050	58,423	57,321	66,241	57,152
Deferred Taxes, Net	-	-	-	-	-	-	-	265
Deferred Credits	505	475	460	385	221	304	271	1,211
<b>TOTAL LIABILITIES</b>	<b>1,056,082</b>	<b>1,046,845</b>	<b>1,042,747</b>	<b>1,035,276</b>	<b>1,179,984</b>	<b>1,226,044</b>	<b>1,148,153</b>	<b>1,127,138</b>
<b>EQUITY</b>								
Paid-in Capital	18,794	18,794	18,794	18,794	18,794	18,794	18,795	18,795
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-
Share Subscription Premiums	1,455	1,612	1,931	2,123	2,336	2,546	2,747	2,964
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
<b>Subscribed Capital</b>	<b>20,250</b>	<b>20,406</b>	<b>20,726</b>	<b>20,917</b>	<b>21,131</b>	<b>21,340</b>	<b>21,541</b>	<b>21,759</b>
Capital Reserves	14,847	17,330	17,330	17,330	17,330	18,959	18,959	18,959
Retained Earnings	77,622	64,882	58,082	50,883	77,595	75,094	74,280	73,302
Surplus (Deficit) of Secs Available for Sale	65	755	1,572	1,885	(2,824)	597	1,796	3,871
Results from Valuation of Hedging Secs	(3,082)	(2,912)	(2,676)	(2,287)	(3,965)	(1,423)	(1,707)	(905)
Result in the valuation reserve for unexpired risks variations in rates	-	-	-	-	-	-	-	-
Results from Conversions	(13)	(18)	4	(34)	177	160	115	7
Remeasurements defined benefits for employees	(752)	(875)	(999)	(1,930)	(1,963)	(1,997)	(2,031)	(2,333)
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-	-
Adjustments in the Employee's Pensions	-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-	-
Net Income	7,362	13,914	20,645	27,493	6,180	9,849	16,483	20,384
<b>Earned Capital</b>	<b>96,049</b>	<b>93,075</b>	<b>93,958</b>	<b>93,341</b>	<b>92,529</b>	<b>101,240</b>	<b>107,895</b>	<b>113,285</b>
Minority Interest	3	3	3	3	3	3	3	3
<b>Total Equity</b>	<b>116,301</b>	<b>113,484</b>	<b>114,686</b>	<b>114,261</b>	<b>113,663</b>	<b>122,583</b>	<b>129,440</b>	<b>135,047</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,172,383</b>	<b>1,160,329</b>	<b>1,157,433</b>	<b>1,149,536</b>	<b>1,293,647</b>	<b>1,348,628</b>	<b>1,277,593</b>	<b>1,262,185</b>

<b>Bank - Memorandum Accounts</b> <i>(Million Pesos)</i>	<b>1Q19</b>	<b>2Q19</b>	<b>3Q19</b>	<b>4Q19</b>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>
Investment Banking transactions for third parties, net	82,947	101,587	104,928	96,100	87,728	88,149	100,948	97,374
<b>TOTAL ON BEHALF OF THIRD PARTIES</b>	<b>82,947</b>	<b>101,587</b>	<b>104,928</b>	<b>96,100</b>	<b>87,728</b>	<b>88,149</b>	<b>100,948</b>	<b>97,374</b>
<b>Proprietary Transactions</b>								
Endorsement Guarantees Granted	-	-	-	-	-	-	-	-
Loan Obligations	275,296	244,506	231,715	243,391	254,795	251,928	250,998	256,306
Trusts	445,853	456,152	457,200	452,406	422,525	319,659	308,883	308,516
Mandates	1,344	8,039	7,964	7,615	7,326	7,645	7,786	7,472
Properties in Trusts and Warrant	447,197	464,191	465,164	460,021	429,851	327,304	316,669	315,988
Properties in Custody or Management	451,005	443,311	433,982	376,241	401,255	398,204	390,787	370,011
Collateral Received	212,316	184,124	222,048	207,870	160,559	217,035	283,231	280,054
Collateral Received or sold	130,919	99,906	134,590	116,266	66,285	120,962	188,150	183,050
Drafts in Transit	-	-	-	-	-	-	-	-
Deposits of assets	-	-	-	-	-	-	-	-
Letters of Credit to the Corporation as Guarantee	-	-	-	-	-	-	-	-
Securities to the Corporation for Custody	-	-	-	-	-	-	-	-
Government Secs of the Corp under Custody	-	-	-	-	-	-	-	-
Securities of the Corp given as Guarantee	-	-	-	-	-	-	-	-
Securities of the Corp Abroad	-	-	-	-	-	-	-	-
Settlement with FX of the Corp Abroad	-	-	-	-	-	-	-	-
Debts with the Contingency Fund	-	-	-	-	-	-	-	-
Contingent assets & liabilities	54	64	39	50	79	79	109	167
Uncollected Accrued Interest from Past Due Loans	632	317	322	298	294	289	180	178
Investments of Retirement Savings Funds	-	-	-	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-	-	-
Miscellaneous accounts	240,660	244,880	250,215	249,298	265,946	265,147	276,898	267,726
<b>Proprietary Transactions</b>	<b>1,758,077</b>	<b>1,681,299</b>	<b>1,738,075</b>	<b>1,653,435</b>	<b>1,579,063</b>	<b>1,580,948</b>	<b>1,707,021</b>	<b>1,673,480</b>
Repo Securities to be Received	-	-	-	-	-	-	-	-
(Minus) Repo Creditors	-	-	-	-	-	-	-	-
<b>Net Repo Transactions</b>	-	-	-	-	-	-	-	-
Repo Debtors	-	-	-	-	-	-	-	-
(Minus) Repo Securities to be Delivered	-	-	-	-	-	-	-	-
<b>Net Repo Transactions</b>	-	-	-	-	-	-	-	-
<b>TOTAL PROPRIETARY</b>	<b>1,758,077</b>	<b>1,681,299</b>	<b>1,738,075</b>	<b>1,653,435</b>	<b>1,579,063</b>	<b>1,580,948</b>	<b>1,707,021</b>	<b>1,673,480</b>

**BANORTE - CONSOLIDATED STATEMENT OF CASH FLOW**

JANUARY 1, 2020 – DECEMBER 31, 2020

*(Million Pesos)*

<b>Net Income</b>	<b>20,384</b>
<b>Items charged to results that do not generate or require use of resources</b>	
Depreciation	2,110
Provisions	133
Income taxes and deferred	6,728
Minority Interest	(104)
	<b>8,867</b>
	<b>29,251</b>
<b>Change in items related to operations</b>	
Change in Margin Accounts	(12,173)
Change in Investment in Securities	21,605
Change in repo debtors	(1,020)
Change in derivatives (assets)	(25,924)
Change in Loan Portfolio (net)	(31,867)
Change in purchased receivables (net)	(258)
Change in benefits to receive from securitizations	29
Change in foreclosed assets (net)	(523)
Change in other operating assets (net)	(10,617)
Change in core deposits	98,982
Change in interbank loans and other entities	35
Change in repo creditors	(46,723)
Change in collateral pledged sold	(92)
Change in derivatives (liability)	23,345
Change in subordinated debt with characteristics of liabilities	9,102
Change in other operating liabilities	4,632
Change in hedging instruments (the related hedged transaction activities)	270
Income Tax Payments	(4,490)
<b>Net cash generated or used from operations</b>	<b>53,564</b>
<b>Investment Activities</b>	
Charges for disposal of property, furniture and equipment	991
Payments for acquisition of property, furniture and equipment	(4,702)
Payments for Subsidiaries and associated Dispositions	(107)
Charges for cash dividends	105
<b>Net cash generated or used from investment activities</b>	<b>(3,713)</b>
<b>Financing Activities</b>	
Payments of interests of subordinated debentures	(3,401)
<b>Net cash flows from financing activities</b>	<b>(3,401)</b>
<b>Net Cash Increase (decrease) and equivalents value</b>	<b>46,450</b>
<b>Effects for changes in cash and equivalents value</b>	<b>11</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>62,282</b>
<b>Cash and cash equivalents at end of period</b>	<b>108,743</b>



## BANORTE - CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

JANUARY 1, 2020– DECEMBER 31, 2020

(Million Pesos)

	CONTRIBUTED CAPITAL		EARNED CAPITAL								Total Stockholders' Equity
	Fixed Paid-in Capital	Premium from sale of securities	Capital Reserves	Retained Earnings	Valuation Effects of Securities Available for Sale	Results from val of instrum Cash flow hedges	Results from Conversions	Remeasurements defined benefits for employees	Net Income	Minority Interest	
<b>Balance as of December 31, 2019</b>	<b>18,795</b>	<b>2,123</b>	<b>17,330</b>	<b>50,883</b>	<b>1,885</b>	<b>(2,287)</b>	<b>(34)</b>	<b>(1,930)</b>	<b>27,493</b>	<b>3</b>	<b>114,261</b>
<b>Changes stemming from stockholders' decisions</b>											
Capitalization of profits				27,493					(27,493)		0
Creation of Reserves according to Annual General Ordinary Shareholders Meeting held on April 24, 2020.			1,629	(1,629)							0
Payment plan based on equity-settle shares in equity instruments		843									843
Acquisition of 'Interin' Real Estate Company shares for its subsequent merger		(2)									(2)
<b>Total</b>	<b>0</b>	<b>841</b>	<b>1,629</b>	<b>25,864</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(27,493)</b>	<b>0</b>	<b>841</b>
<b>Changes stemming from profits</b>											
<b>Total profits:</b>											
Net Income									20,384		20,384
Result from valuation of securities available for sale					1,986						1,986
Effect of subsidiaries, associates and mutual funds				(7)				(1)			(8)
Conversion accumulated effect							41				41
Result from valuation of instruments of cash flow hedges						1,382					1,382
Remeasurements defined benefits for employees				(37)				(402)			(439)
Interest of subordinated debentures				(3,401)							(3,401)
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,445)</b>	<b>1,986</b>	<b>1,382</b>	<b>41</b>	<b>(403)</b>	<b>20,384</b>	<b>0</b>	<b>19,945</b>
Recognition of minority interest											0
<b>Balance as of December 31, 2020</b>	<b>18,795</b>	<b>2,964</b>	<b>18,959</b>	<b>73,302</b>	<b>3,871</b>	<b>(905)</b>	<b>7</b>	<b>(2,333)</b>	<b>20,384</b>	<b>3</b>	<b>135,047</b>

## Seguros Banorte

<b>Income Statement - Insurance - Seguros Banorte</b> <i>(Million Pesos)</i>	<b>1Q19</b>	<b>2Q19</b>	<b>3Q19</b>	<b>4Q19</b>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>
Interest Income	444	464	464	340	517	643	396	340
Interest Expense	-	-	-	-	-	-	-	-
Premium Income (Net)	9,712	3,765	3,586	4,928	8,815	5,772	3,792	4,575
Net Increase in Technical Reserves	4,219	(664)	(790)	767	3,304	765	(875)	(248)
Damages, Claims and Other Obligations	2,699	3,158	2,896	3,181	2,767	3,674	3,321	4,119
<b>Net Interest Income</b>	<b>3,238</b>	<b>1,735</b>	<b>1,944</b>	<b>1,321</b>	<b>3,261</b>	<b>1,976</b>	<b>1,742</b>	<b>1,044</b>
<b>Fees Charged on Services</b>	-	-	-	-	-	-	-	-
<b>Fees Paid on Services</b>	<b>817</b>	<b>534</b>	<b>817</b>	<b>140</b>	<b>706</b>	<b>519</b>	<b>555</b>	<b>480</b>
Securities-Valuation Gains	-	-	-	-	-	-	-	-
Securities Trading	15	18	14	55	50	58	33	43
<b>Trading Income</b>	<b>15</b>	<b>18</b>	<b>14</b>	<b>55</b>	<b>50</b>	<b>58</b>	<b>33</b>	<b>43</b>
From Insurance	232	262	232	237	203	167	191	302
Losses and Estimates	(34)	31	(8)	(25)	(6)	(10)	(11)	(3)
Other Operating Income (Expense)	4	4	4	4	3	3	2	(0)
<b>Total Other Operating Income (Expenses)</b>	<b>202</b>	<b>297</b>	<b>228</b>	<b>216</b>	<b>200</b>	<b>160</b>	<b>182</b>	<b>299</b>
<b>Total Non-Interest Income</b>	<b>(600)</b>	<b>(218)</b>	<b>(575)</b>	<b>131</b>	<b>(456)</b>	<b>(301)</b>	<b>(340)</b>	<b>(138)</b>
<b>Total Operating Income</b>	<b>2,637</b>	<b>1,517</b>	<b>1,369</b>	<b>1,451</b>	<b>2,805</b>	<b>1,675</b>	<b>1,402</b>	<b>906</b>
Personnel	100	108	111	103	105	112	107	110
Employee Profit Sharing (PTU)	1	1	1	1	1	1	1	5
Professional Fees	58	76	98	64	78	70	71	9
Administrative and Promotional Expenses	103	78	86	124	117	96	87	47
Rents, Depreciation & Amortization	44	43	45	45	45	44	46	48
Taxes other than income tax & non-deductible expenses	28	26	25	29	22	27	28	29
Contributions to IPAB/Fobaproa	-	-	-	-	-	-	-	-
<b>Total Non-Interest Expense</b>	<b>334</b>	<b>333</b>	<b>365</b>	<b>367</b>	<b>368</b>	<b>351</b>	<b>339</b>	<b>247</b>
<b>Operating Income</b>	<b>2,303</b>	<b>1,184</b>	<b>1,004</b>	<b>1,084</b>	<b>2,436</b>	<b>1,324</b>	<b>1,062</b>	<b>659</b>
Subsidiaries' Net Income	416	434	423	353	332	630	463	485
<b>Pre-Tax Income</b>	<b>2,719</b>	<b>1,618</b>	<b>1,427</b>	<b>1,438</b>	<b>2,768</b>	<b>1,953</b>	<b>1,525</b>	<b>1,143</b>
Income Tax	695	362	314	327	736	399	319	227
Deferred Income Tax	(4)	(4)	(51)	(4)	(4)	(4)	(4)	(41)
<b>Taxes</b>	<b>691</b>	<b>358</b>	<b>263</b>	<b>323</b>	<b>732</b>	<b>395</b>	<b>316</b>	<b>186</b>
<b>Net Income from Continuous Operations</b>	<b>2,028</b>	<b>1,260</b>	<b>1,164</b>	<b>1,114</b>	<b>2,036</b>	<b>1,558</b>	<b>1,210</b>	<b>957</b>
Discontinued Operations	-	-	-	-	-	-	-	-
Minority Interest	(10)	(10)	(10)	(10)	(7)	(13)	(10)	(11)
<b>Net Income</b>	<b>2,018</b>	<b>1,250</b>	<b>1,154</b>	<b>1,104</b>	<b>2,029</b>	<b>1,545</b>	<b>1,200</b>	<b>946</b>

<b>Insurance - Seguros Banorte - Balance Sheet</b> <i>(Million Pesos)</i>	<b>1Q19</b>	<b>2Q19</b>	<b>3Q19</b>	<b>4Q19</b>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>
<b>ASSETS</b>								
<b>Cash and Due from Banks</b>	<b>63</b>	<b>423</b>	<b>965</b>	<b>303</b>	<b>1,765</b>	<b>2,861</b>	<b>3,014</b>	<b>2,973</b>
<b>Margin Accounts</b>	-	-	-	-	-	-	-	-
Negotiable Instruments	19,031	19,624	20,118	21,105	24,424	26,497	27,705	29,869
Securities Available for Sale	861	552	562	560	554	596	600	602
Securities Held to Maturity	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
<b>Investment in Securities</b>	<b>19,893</b>	<b>20,176</b>	<b>20,680</b>	<b>21,664</b>	<b>24,978</b>	<b>27,094</b>	<b>28,306</b>	<b>30,471</b>
Debtor Balance in Repo Trans, net	3,200	545	491	1,892	1,654	851	2,157	2,000
Securities Lending	-	-	-	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-	-	-	-
<b>Operations w/Derivatives &amp; Securities</b>	<b>3,200</b>	<b>545</b>	<b>491</b>	<b>1,892</b>	<b>1,654</b>	<b>851</b>	<b>2,157</b>	<b>2,000</b>
<b>Valuation adjustments for Asset Coverage</b>	-	-	-	-	-	-	-	-
Acquired Collection Rights	-	-	-	-	-	-	-	-
Account Receivables	164	281	355	443	289	346	405	448
Premium Debtors (Net)	10,970	8,611	5,972	4,059	7,581	8,937	6,392	3,986
Account Receivables from Reinsurance	11,532	10,884	10,920	7,787	8,162	8,872	7,924	7,269
Benef. receivab.securization transactions	-	-	-	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Real Estate, Furniture & Equipment, Net	371	365	357	356	346	342	416	413
Investment in Subsidiaries	12,840	13,273	13,696	14,062	12,849	13,241	13,620	14,104
Long-term assets held for sale	-	-	-	-	-	-	-	-
Deferred Taxes, Net	250	250	297	298	298	298	298	335
Goodwill and Intangibles	1,858	2,253	2,472	2,655	1,710	2,322	2,517	2,943
Other Assets Short and Long Term	91	87	90	91	91	93	94	95
<b>TOTAL ASSETS</b>	<b>61,233</b>	<b>57,148</b>	<b>56,296</b>	<b>53,610</b>	<b>59,723</b>	<b>65,256</b>	<b>65,143</b>	<b>65,038</b>

<b>Insurance - Seguros Banorte - Balance Sheet</b> <i>(Million Pesos)</i>	<b>1Q19</b>	<b>2Q19</b>	<b>3Q19</b>	<b>4Q19</b>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>
<b>LIABILITIES</b>								
Technical Reserves	29,792	27,986	27,003	24,928	28,696	31,526	30,257	29,897
<b>Total Operations w/ Derivatives &amp; Securities</b>	-	-	-	-	-	-	-	-
Valuation adjustments for financial liability coverage	-	-	-	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-	-	-	-
Payable Accounts for Reinsurance	2,615	2,347	2,071	1,505	2,311	3,159	2,918	2,269
Income Tax Payable	699	1,044	1,358	1,685	754	1,146	1,460	1,675
Profit Sharing Payable	-	-	-	-	-	-	-	-
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-
Creditors for settlement of transactions	-	-	-	-	-	-	-	-
Margin Accounts Payable	-	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	2,582	2,397	2,422	2,440	2,800	2,834	2,713	2,475
<b>Other Payable Accounts</b>	<b>3,282</b>	<b>3,441</b>	<b>3,779</b>	<b>4,125</b>	<b>3,554</b>	<b>3,980</b>	<b>4,173</b>	<b>4,150</b>
Subordinated Non Convertible Debt	-	-	-	-	-	-	-	-
Deferred Taxes, Net	368	365	361	358	354	351	347	343
Deferred Credits	65	67	63	60	61	56	57	53
<b>TOTAL LIABILITIES</b>	<b>36,121</b>	<b>34,205</b>	<b>33,278</b>	<b>30,975</b>	<b>34,977</b>	<b>39,072</b>	<b>37,752</b>	<b>36,712</b>
<b>EQUITY</b>								
Paid-in Capital	13,928	13,928	13,928	13,928	13,928	13,928	13,928	13,928
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-
Share Subscription Premiums	-	-	-	-	-	-	-	-
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
<b>Subscribed Capital</b>	<b>13,928</b>	<b>13,928</b>	<b>13,928</b>	<b>13,928</b>	<b>13,928</b>	<b>13,928</b>	<b>13,928</b>	<b>13,928</b>
Capital Reserves	2,247	2,716	2,716	2,716	2,716	3,268	3,268	3,268
Retained Earnings	6,500	2,651	1,574	74	5,600	5,047	5,047	5,046
Surplus (Deficit) of Secs Available for Sale	74	99	111	116	107	172	175	196
Results from Valuation of Hedging Secs	-	-	-	-	-	-	-	-
Result in the valuation reserve for unexpired risks variations in rates	(5)	(55)	(79)	(83)	2	(182)	(188)	(229)
Results from Conversions	-	-	-	0	0	0	0	0
Remeasurements defined benefits for employees	8	8	7	12	12	12	12	10
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-	-
Adjustments in the Employee's Pensions	-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-	-
Net Income	2,018	3,268	4,422	5,526	2,029	3,573	4,773	5,719
<b>Earned Capital</b>	<b>10,842</b>	<b>8,686</b>	<b>8,751</b>	<b>8,361</b>	<b>10,466</b>	<b>11,890</b>	<b>13,087</b>	<b>14,011</b>
Minority Interest	343	329	338	345	352	366	376	386
<b>Total Equity</b>	<b>25,112</b>	<b>22,943</b>	<b>23,017</b>	<b>22,634</b>	<b>24,746</b>	<b>26,184</b>	<b>27,391</b>	<b>28,325</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>61,233</b>	<b>57,148</b>	<b>56,296</b>	<b>53,610</b>	<b>59,723</b>	<b>65,256</b>	<b>65,143</b>	<b>65,038</b>

## Information by Segments

### GFNorte - Income Statement as of December 31 '20

(Million Pesos)

	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Interest Income	780	110,674	12,728	2,660	76	12,638
Premium Income (Net)	-	-	37,251	-	-	-
Interest Expense	-	41,293	-	1,801	1	11,438
Net Increase in Technical Reserves	-	-	17,793	-	-	-
Damages, Claims and Other Obligations	-	-	21,920	-	-	-
<b>Net Interest Income (NII)</b>	<b>780</b>	<b>69,382</b>	<b>10,267</b>	<b>859</b>	<b>75</b>	<b>1,201</b>
Preventive Provisions for Loan Losses	-	21,864	-	152	-	-
<b>Net Interest Income Adjusted for Credit Risk</b>	<b>780</b>	<b>47,517</b>	<b>10,267</b>	<b>707</b>	<b>75</b>	<b>1,201</b>
Loan Origination Fees	-	22,884	-	177	-	1,241
Fees Paid	-	9,176	2,272	86	0	133
Trading Income	-	4,217	416	3	-	218
Other Operating Income (Expenses)	0	1,549	1,007	514	19	17
<b>Non Interest Income</b>	<b>0</b>	<b>42,043</b>	<b>4,110</b>	<b>783</b>	<b>19</b>	<b>1,828</b>
<b>Total Operating Income</b>	<b>780</b>	<b>89,561</b>	<b>14,377</b>	<b>1,489</b>	<b>94</b>	<b>3,028</b>
Administrative and Promotional Expenses	106	39,982	1,683	559	43	1,056
<b>Operating Income</b>	<b>674</b>	<b>27,010</b>	<b>7,734</b>	<b>756</b>	<b>51</b>	<b>1,488</b>
Subsidiaries' Net Income	29,898	103	1,909	(17)	-	11
<b>Pre-Tax Income</b>	<b>30,571</b>	<b>27,113</b>	<b>9,643</b>	<b>739</b>	<b>51</b>	<b>1,499</b>
Income Tax	11	6,808	1,688	141	13	422
Deferred Income Tax	76	(79)	610	(7)	0	0
<b>Net Income from Continuous Operations</b>	<b>30,484</b>	<b>20,384</b>	<b>7,345</b>	<b>605</b>	<b>37</b>	<b>1,076</b>
Discontinued Operations	-	-	-	-	-	-
Minority Interest	-	(0)	(106)	(0)	(0)	-
<b>Net Income</b>	<b>30,484</b>	<b>20,384</b>	<b>7,239</b>	<b>605</b>	<b>37</b>	<b>1,076</b>

### GFNorte - Income Statement as of December 31 '20

(Million Pesos)

	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Interest Income	56	2	139,614	6,853	831	133,593
Premium Income (Net)	-	-	37,251	402	-	36,849
Interest Expense	-	-	54,532	1	6,635	47,898
Net Increase in Technical Reserves	-	-	17,793	-	-	17,793
Damages, Claims and Other Obligations	-	-	21,920	-	-	21,920
<b>Net Interest Income (NII)</b>	<b>56</b>	<b>2</b>	<b>82,621</b>	<b>-</b>	<b>-</b>	<b>82,832</b>
Preventive Provisions for Loan Losses	-	-	22,016	-	86	21,931
<b>Net Interest Income Adjusted for Credit Risk</b>	<b>56</b>	<b>2</b>	<b>60,604</b>	<b>-</b>	<b>(86)</b>	<b>60,901</b>
Loan Origination Fees	1,953	-	26,254	2,251	-	24,003
Fees Paid	1,402	-	13,069	-	2,284	10,784
Trading Income	-	-	4,854	-	-	4,854
Other Operating Income (Expenses)	2	-	3,109	196	70	2,983
<b>Non Interest Income</b>	<b>3,357</b>	<b>-</b>	<b>52,140</b>	<b>2,446</b>	<b>2,354</b>	<b>47,479</b>
<b>Total Operating Income</b>	<b>3,413</b>	<b>2</b>	<b>112,744</b>	<b>2,446</b>	<b>2,268</b>	<b>108,380</b>
Administrative and Promotional Expenses	39	4	43,472	804	1,263	43,013
<b>Operating Income</b>	<b>570</b>	<b>(2)</b>	<b>38,280</b>	<b>-</b>	<b>-</b>	<b>38,944</b>
Subsidiaries' Net Income	7	-	31,911	29,952	43	2,002
<b>Pre-Tax Income</b>	<b>577</b>	<b>(2)</b>	<b>70,191</b>	<b>-</b>	<b>-</b>	<b>40,947</b>
Income Tax	161	0	9,245	2	-	9,247
Deferred Income Tax	(0)	-	600	202	-	802
<b>Net Income from Continuous Operations</b>	<b>416</b>	<b>(2)</b>	<b>60,346</b>	<b>-</b>	<b>-</b>	<b>30,897</b>
Discontinued Operations	-	-	-	-	-	-
Minority Interest	-	-	(106)	354	71	(389)
<b>Net Income</b>	<b>416</b>	<b>(2)</b>	<b>60,240</b>	<b>40,810</b>	<b>10,324</b>	<b>30,508</b>

## GFNorte - Balance Sheet as of December 31 '20

(Million Pesos)

ASSETS	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Cash and Due from Banks	2,134	108,743	4,005	187	11	3,317
Margin Accounts	-	18,099	-	-	-	-
Investment in Securities	11,018	227,772	194,771	-	-	239,776
Negotiable Instruments	-	41,432	34,148	-	-	147,809
Securities Available for Sale	-	153,063	712	-	-	91,155
Securities Held to Maturity	11,018	33,277	159,912	-	-	811
Debtor Balance in Repo Trans, net	-	3,036	2,000	-	-	-
Transactions with Derivatives For trading purposes	-	48,233	-	-	-	-
Transactions with Derivatives For hedging purposes	-	2,043	-	-	-	-
Valuation adjustments for Asset Coverage	-	54	-	-	-	-
Gross Loan Portfolio	-	773,264	-	34,675	-	-
Net Loan Portfolio	-	771,648	-	34,675	-	-
Performing Loans	-	782,532	-	34,864	-	-
Commercial Loans	-	297,305	-	27,677	-	-
Financial Intermediaries' Loans	-	24,898	-	694	-	-
Government Entities' Loans	-	156,115	-	6,486	-	-
Consumer Loans	-	116,477	-	7	-	-
Mortgage Loans	-	187,736	-	-	-	-
Medium and Residential	-	184,980	-	-	-	-
Low income housing	-	4	-	-	-	-
Loans acquired from INFONAVIT or FOVISSSTE	-	2,752	-	-	-	-
Past Due Loans	-	8,580	-	351	-	-
Commercial PDL's	-	2,183	-	347	-	-
Financial Intermediaries PDL's	-	-	-	-	-	-
Government Entities PDL's	-	33	-	4	-	-
Consumer PDL's	-	4,705	-	0	-	-
Mortgage PDL's	-	1,658	-	-	-	-
Medium and Residential	-	1,429	-	-	-	-
Low income housing	-	1	-	-	-	-
Loans acquired from INFONAVIT or FOVISSSTE	-	228	-	-	-	-
Preventive Loan Loss Reserves	-	19,464	-	540	-	-
Acquired Collection Rights	-	1,617	-	-	-	-
Account Receivables from Insurance and Annuities	-	-	2,756	-	-	-
Premium Debtors (Net)	-	-	4,353	-	-	-
Account Receivables from Reinsurance	-	-	7,269	-	-	-
Benef.receiveab.securization transactions	-	110	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	27	40,495	1	956	121	972
Inventories	-	-	-	-	945	-
Foreclosed Assets, Net	-	1,384	-	169	-	-
Real Estate, Furniture & Equipment, Net	-	28,289	424	3,510	56	65
Investment in Subsidiaries	182,955	519	14,104	68	-	2
Long-term assets held for sale	-	-	-	-	-	-
Deferred Taxes, Net	162	(0)	-	1,060	5	-
Total other Assets	25,970	10,142	3,323	5,100	15	222
Goodwill	25,329	1,392	-	-	-	-
Intangible	642	8,538	3,227	309	-	40
Other Assets	-	213	96	4,791	15	182
<b>TOTAL ASSETS</b>	<b>222,267</b>	<b>1,262,185</b>	<b>233,007</b>	<b>45,725</b>	<b>1,154</b>	<b>244,353</b>

## GFNorte - Balance Sheet as of December 31 '20

(Million Pesos)

ASSETS	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Cash and Due from Banks	1,191	40	119,627	202	10,523	109,306
Margin Accounts	-	-	18,099	-	-	18,099
Investment in Securities	-	-	673,337	-	11,472	661,865
Negotiable Instruments	-	-	223,390	-	-	223,390
Securities Available for Sale	-	-	244,930	-	107	244,823
Securities Held to Maturity	-	-	205,017	-	11,365	193,652
Debtor Balance in Repo Trans, net	-	-	5,036	-	1,000	4,036
Transactions with Derivatives For trading purposes	-	-	48,233	-	-	48,233
Transactions with Derivatives For hedging purposes	-	-	2,043	-	-	2,043
Valuation adjustments for Asset Coverage	-	-	54	-	-	54
Gross Loan Portfolio	-	-	807,939	2,681	17,938	792,682
Net Loan Portfolio	-	-	806,323	2,681	17,938	791,066
Performing Loans	-	-	817,395	2,681	17,938	802,138
Commercial Loans	-	-	324,982	604	403	325,183
Financial Intermediaries' Loans	-	-	25,592	-	14,420	11,172
Government Entities' Loans	-	-	162,601	2,077	3,115	161,563
Consumer Loans	-	-	116,484	-	-	116,484
Mortgage Loans	-	-	187,736	-	-	187,736
Medium and Residential	-	-	184,980	-	-	184,980
Low income housing	-	-	4	-	-	4
Loans acquired from INFONAVIT or FOVISSSTE	-	-	2,752	-	-	2,752
Past Due Loans	-	-	8,931	-	-	8,931
Commercial PDL's	-	-	2,530	-	-	2,530
Financial Intermediaries PDL's	-	-	-	-	-	-
Government Entities PDL's	-	-	38	-	-	38
Consumer PDL's	-	-	4,706	-	-	4,706
Mortgage PDL's	-	-	1,658	-	-	1,658
Medium and Residential	-	-	1,429	-	-	1,429
Low income housing	-	-	1	-	-	1
Loans acquired from INFONAVIT or FOVISSSTE	-	-	228	-	-	228
Preventive Loan Loss Reserves	-	-	20,004	-	-	20,004
Acquired Collection Rights	-	-	1,617	-	-	1,617
Account Receivables from Insurance and Annuities	-	-	2,756	-	-	2,756
Premium Debtors (Net)	-	-	4,353	-	-	4,353
Account Receivables from Reinsurance	-	-	7,269	-	-	7,269
Benef. receivab. securization transactions	-	-	110	-	-	110
Sundry Debtors & Other Accs Rec, Net	192	4	42,769	-	288	42,481
Inventories	-	-	945	-	-	945
Foreclosed Assets, Net	-	-	1,553	-	-	1,553
Real Estate, Furniture & Equipment, Net	0	90	32,434	236	44	32,627
Investment in Subsidiaries	111	-	197,760	2,901	185,856	14,804
Long-term assets held for sale	-	-	-	-	-	-
Deferred Taxes, Net	0	-	1,227	-	1,227	-
Total other Assets	12	2	44,787	-	101	44,686
Goodwill	-	-	26,720	-	-	26,720
Intangible	12	2	12,770	-	51	12,719
Other Assets	-	-	5,297	-	50	5,247
<b>TOTAL ASSETS</b>	<b>1,507</b>	<b>135</b>	<b>2,010,333</b>	<b>6,020</b>	<b>228,449</b>	<b>1,787,904</b>

## GFNorte - Balance Sheet as of December 31 '20

(Million Pesos)

LIABILITIES & EQUITY	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
<b>Deposits</b>	-	<b>843,253</b>	-	-	-	-
<b>Demand Deposits</b>	-	<b>530,747</b>	-	-	-	-
<b>Time Deposits</b>	-	<b>266,579</b>	-	-	-	-
Time Deposits-Retail	-	252,331	-	-	-	-
Time Deposits-Money Market	-	14,248	-	-	-	-
<b>Senior Unsecured Debt</b>	-	<b>43,342</b>	-	-	-	-
Cuenta global de captación sin movimientos	-	2,585	-	-	-	-
<b>Due to Banks &amp; Correspondents</b>	-	<b>14,665</b>	-	<b>34,934</b>	<b>843</b>	-
Immediate Redemption Loans	-	0	-	-	-	-
Short Term Loans	-	8,261	-	27,816	843	-
Long Term Loans	-	6,404	-	7,118	-	-
<b>Technical Reserves</b>	-	-	<b>187,683</b>	-	-	-
<b>Non-assigned Securities for Settlement</b>	-	-	-	-	-	-
<b>Creditor Balance in Repo Trans, Net</b>	-	<b>115,962</b>	-	-	-	<b>238,133</b>
<b>Collateral sold or pledged as collateral</b>	-	<b>13</b>	-	-	-	<b>8</b>
<b>Transactions with Derivatives for trading purposes</b>	-	<b>44,097</b>	-	-	-	-
<b>Transactions with Derivatives for hedging purposes</b>	-	<b>4,990</b>	-	-	-	-
<b>Valuation adjustments for financial liability coverage</b>	-	-	-	-	-	-
<b>Payable Accounts for Reinsurance</b>	-	-	<b>2,269</b>	-	-	-
<b>Other Payable Accounts</b>	<b>5</b>	<b>45,530</b>	<b>4,673</b>	<b>1,311</b>	<b>28</b>	<b>1,264</b>
Income Tax Payable	5	2,388	1,675	75	12	209
Profit Sharing Payable	-	538	-	-	-	-
Creditors for settlement of transactions	0	4,251	-	-	-	703
Creditors for collateral received in cash	-	6,860	-	-	-	-
Other Creditors & Accounts Payable	0	31,493	2,998	1,235	16	351
<b>Subordinated Non Convertible Debt</b>	-	<b>57,152</b>	-	-	-	-
<b>Deferred Taxes, Net</b>	-	<b>265</b>	<b>2,415</b>	-	-	<b>165</b>
<b>Deferred Credits</b>	-	<b>1,211</b>	<b>53</b>	<b>146</b>	-	<b>0</b>
<b>TOTAL LIABILITIES</b>	<b>5</b>	<b>1,127,138</b>	<b>197,093</b>	<b>36,390</b>	<b>871</b>	<b>239,570</b>
<b>EQUITY</b>						
<b>Subscribed Capital</b>	<b>63,173</b>	<b>21,759</b>	<b>21,370</b>	<b>12,310</b>	<b>87</b>	<b>2,061</b>
Paid-in Capital	14,923	18,795	15,776	12,294	87	1,985
Share Subscription Premiums	48,250	2,964	5,594	16	-	77
Contributions for future capital increases agreed by the governing body	-	-	-	-	-	-
<b>Earned Capital</b>	<b>159,089</b>	<b>113,285</b>	<b>14,226</b>	<b>(3,160)</b>	<b>196</b>	<b>2,721</b>
Capital Reserves	9,215	18,959	916	643	56	296
Retained Earnings	118,809	73,302	6,173	(4,408)	102	1,215
Surplus (Deficit) of Secs Available for Sale	3,824	3,871	119	-	-	6
Results from Valuation of Hedging Secs	(887)	(905)	-	-	-	-
Result in the valuation reserve for unexpired risks variations in rates	(231)	-	(231)	-	-	-
Results from Conversions	134	7	-	-	-	128
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-
Remeasurements defined benefits for employees	(2,259)	(2,333)	10	-	-	-
Net Income	30,484	20,384	7,239	605	37	1,076
Capital Mayoritario	222,262	135,044	35,596	9,150	283	4,783
Minority Interest	-	3	319	184	0	-
<b>Total Equity</b>	<b>222,262</b>	<b>135,047</b>	<b>35,915</b>	<b>9,335</b>	<b>283</b>	<b>4,783</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>222,267</b>	<b>1,262,185</b>	<b>233,007</b>	<b>45,725</b>	<b>1,154</b>	<b>244,353</b>



## GFNorte - Balance Sheet as of December 31 '20

(Million Pesos)

LIABILITIES & EQUITY	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
<b>Deposits</b>	-	-	<b>843,253</b>	<b>21,541</b>	-	<b>821,712</b>
<b>Demand Deposits</b>	-	-	<b>530,747</b>	<b>10,464</b>	-	<b>520,283</b>
<b>Time Deposits</b>	-	-	<b>266,579</b>	<b>60</b>	-	<b>266,520</b>
Time Deposits-Retail	-	-	252,331	60	-	252,271
Time Deposits-Money Market	-	-	14,248	-	-	14,248
<b>Senior Unsecured Debt</b>	-	-	<b>43,342</b>	<b>11,018</b>	-	<b>32,325</b>
<b>Cuenta global de captación sin movimientos</b>	-	-	<b>2,585</b>	-	-	<b>2,585</b>
<b>Due to Banks &amp; Correspondents</b>	-	-	<b>50,441</b>	<b>14,420</b>	-	<b>36,021</b>
Immediate Redemption Loans	-	-	0	-	-	0
Short Term Loans	-	-	36,919	14,420	-	22,499
Long Term Loans	-	-	13,522	-	-	13,522
<b>Technical Reserves</b>	-	-	<b>187,683</b>	-	<b>163</b>	<b>187,846</b>
<b>Non-assigned Securities for Settlement</b>	-	-	-	-	-	-
<b>Creditor Balance in Repo Trans, Net</b>	-	-	<b>354,094</b>	<b>1,000</b>	-	<b>353,094</b>
<b>Collateral sold or pledged as collateral</b>	-	-	<b>21</b>	-	-	<b>21</b>
<b>Transactions with Derivatives for trading purposes</b>	-	-	<b>44,097</b>	-	-	<b>44,097</b>
<b>Transactions with Derivatives for hedging purposes</b>	-	-	<b>4,990</b>	-	-	<b>4,990</b>
<b>Valuation adjustments for financial liability coverage</b>	-	-	-	-	-	-
<b>Payable Accounts for Reinsurance</b>	-	-	<b>2,269</b>	-	-	<b>2,269</b>
<b>Other Payable Accounts</b>	<b>160</b>	<b>0</b>	<b>52,970</b>	<b>439</b>	<b>39</b>	<b>52,570</b>
Income Tax Payable	(0)	0	4,365	-	-	4,365
Profit Sharing Payable	-	-	538	-	-	538
Creditors for settlement of transactions	-	-	4,955	62	-	4,892
Creditors for collateral received in cash	-	-	6,860	-	-	6,860
Other Creditors & Accounts Payable	160	0	36,253	377	39	35,915
<b>Subordinated Non Convertible Debt</b>	-	-	<b>57,152</b>	-	-	<b>57,152</b>
<b>Deferred Taxes, Net</b>	-	-	<b>2,845</b>	<b>1,227</b>	-	<b>1,618</b>
<b>Deferred Credits</b>	-	-	<b>1,411</b>	-	-	<b>1,411</b>
<b>TOTAL LIABILITIES</b>	<b>160</b>	<b>0</b>	<b>1,601,226</b>	<b>38,628</b>	<b>202</b>	<b>1,562,801</b>
<b>EQUITY</b>						
<b>Subscribed Capital</b>	<b>170</b>	<b>144</b>	<b>121,075</b>	<b>58,209</b>	<b>322</b>	<b>63,188</b>
Paid-in Capital	170	144	64,174	49,255	-	14,919
Share Subscription Premiums	-	-	56,901	8,954	322	48,269
Contributions for future capital increases agreed by the governing body	-	-	-	-	-	-
<b>Earned Capital</b>	<b>1,177</b>	<b>(9)</b>	<b>287,525</b>	<b>128,840</b>	<b>368</b>	<b>159,053</b>
Capital Reserves	34	2	30,121	20,905	-	9,215
Retained Earnings	728	(10)	195,912	77,440	300	118,773
Surplus (Deficit) of Secs Available for Sale	-	-	7,820	4,020	-	3,801
Results from Valuation of Hedging Secs	-	-	(1,792)	(905)	-	(887)
Result in the valuation reserve for unexpired risks variations in rates	-	-	(462)	(231)	-	(231)
Results from Conversions	-	-	269	135	-	134
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-
Remeasurements defined benefits for employees	-	-	(4,583)	(2,323)	-	(2,259)
Net Income	416	(2)	60,240	29,799	67	30,508
Capital Mayoritario	1,347	135	408,600	187,049	689	222,241
Minority Interest	-	-	506	-	2,356	2,862
<b>Total Equity</b>	<b>1,347</b>	<b>135</b>	<b>409,107</b>	<b>187,049</b>	<b>3,045</b>	<b>225,103</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,507</b>	<b>135</b>	<b>2,010,333</b>	<b>225,676</b>	<b>3,247</b>	<b>1,787,904</b>

## V. Appendix

### Accounting & Regulatory Changes

Numbers in this section are stated in million pesos.

#### Main changes in the accounting criterion NIF D-3 "Employee Benefits".

On December 31<sup>st</sup>, 2015, the CNBV issued a resolution amending provisions corresponding to the application of the "NIF D-3 Employee Benefits". This provision is intended to publicize transitory articles that identify the options that institutions must recognize accounting effects as a result of the new NIF-D-3.

Under the above, the Group took the option set forth in the third transitional article; consisting of progressively registering in equity the formula changes referred to in paragraphs a) and b) of paragraph 81.2 of the NIF D-3 "Employees' Benefits", issued by the "Consejo Mexicano de Normas de Información Financiera, A.C.", which became effective on January 1<sup>st</sup>, 2016 and promptly reported to the CNBV in accordance with the deadlines set in the provisions.

The registration of balances in paragraphs a) and b) of paragraph 81.2 of the NIF D-3, started in 2016 recognizing 20% of the balances in that year and an additional 20% in each of the subsequent years, up to 100% in a maximum period of 5 years.

The total amounts to register regarding paragraphs a) and b) of paragraph 81.2 of the NIF D-3 were determined using the corporate bond discount rate for market valuation, of the Defined Benefits Obligation in accordance with the new NIF D-3, in the following terms:

- I. The amendments balance of the unrecognized plan, is recognized progressively, registering 20% annually the "results from prior years" line, using as a counterpart the "Provision for employee benefits" account, corresponding to the liability line "Other creditors & accounts payable", as follows:

Discount rate	Total balance to be applied	20% annual application	Progressive recognition as of 4Q20
Corporate bonds	\$183.0	\$36.6	\$183.0

- II. In the case of an accumulated balance of gains or losses of the unrecognized plan (broker approach), its perceived progressively, registering 20% in 2016, and increasing the "Provision for employee benefits" account, corresponding to the liability line "Other creditors & accounts payable", using as a counterpart the "Measurements of defined benefits for employees" of the "Earned Capital" line as follows:

Discount rate	Total balance to be applied	20% annual application	Progressive recognition as of 4Q20
Corporate bonds	\$2,427.8	\$485.5	\$2,427.8

The 20% annual application is registered proportionally each month in 2020.

The amounts that would have been registered and presented in the balance sheet as of December 31<sup>st</sup>, 2020, had the option in the affected lines not been implemented are:

Other creditors & accounts payable <sup>(1)</sup>	35,915
<b>Total liabilities</b>	<b>1,562,801</b>
Results from prior years	118,773
Measurements of defined benefits for employees	(2,259)
<b>Total equity</b>	<b>225,104</b>
<b>Total liabilities plus equity</b>	<b>1,787,904</b>

1. Under this line, the "Provision for employee benefits" account is netted to show "Net assets for defined benefits" driven by the institutions' prepayments. (if the balance were negative, this would be presented under Different creditors and other accounts payable).

## Early termination of support programs for mortgage loan debtors

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

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

As of December 31<sup>st</sup>, 2020, the remaining balance of CETES ESPECIALES which have not been repurchased by the Federal Government amounts to Ps 594 million, with maturities between 2022 and 2027.

## Special accounting treatment of the support programs granted by the Institution derived from the COVID-19 Contingency

Given the negative impact generated in various activities of the economy derived from the SARS-CoV2 (COVID-19) virus epidemic in Mexico, the Institution has decided to support its clients by implementing various support programs that will be applicable to all customers who enroll into the program from March 25<sup>th</sup> through July 31<sup>st</sup>, 2020, according to the following:

### Credit card:

- The support consists of voiding the monthly minimum payment of the card for 4 months, without affecting the individual's credit bureau record, nor charging collection expenses or late payment fees; this will be valid upon receipt of an e-mail confirmation of successful enrollment in the program.
- The normal payment requirement will be the month immediately after the end of the support period, that is, August 2020.
- The balance held in the account during the support period will accrue ordinary interest that will be calculated monthly, which will be informed to the client, but not capitalized.
- Payments will be allowed at any time.
- Credit cards enrolled in the support program remain available for purchases and cash withdrawals pursuant to the applicable credit policies and the current terms and conditions.

### Payroll loans:

- Program consists of postponing payment of principal, interest, insurance, and fees equivalent to 4 months, depending on payment frequency.
- The deferral applies upon e-mail confirmation of successful enrollment in the program.
- At the end of the support period, payment requirements will be resumed in the same amount as before the program.
- The client will not pay additional interest during the program or the extension of the term.
- Advance payments are allowed at any time without penalties if customers wish to conclude their loan payments on the original date.

### Personal loans:

- Program consists of postponing payment of principal, interest, insurance, and fees equivalent to 4 months, depending on the frequency of payment.
- The deferral applies upon e-mail confirmation of successful enrollment in the program.
- At the end of the support period, payment requirements will be resumed in the same amount as before the program.
- The client will not pay additional interest during the program or the extension of the term.
- Advance payments are allowed at any time without penalties if customers wish to conclude their loan payments on the original date.

Auto loans:

- Program consists of deferring principal and interest payment on the loan for the following 4 months after receiving email confirmation of successful enrollment in the program.
- The 4 monthly payments will be appended to the end of the original term.
- The normal payment will be resumed immediately after the end of the deferral period.
- Accrued interest during the 4-months period will not generate any additional interest or fees.
- Advance payments are allowed at any time without penalties if customers wish to conclude their loan payments on the original date.

Mortgage loans:

- Program consists of deferring principal and interest payment on the loan for the following 4 months after receiving email confirmation of successful enrollment in the program.
- The 4 monthly payments will be appended to the end of the original term.
- The normal payment will be resumed immediately after the end of the deferral period.
- Accrued interest during the 4-months period will not generate any additional interest or fees.
- Advance payments are allowed at any time without penalties if customers wish to conclude their loan payments on the original date.

SME loans:

For term-loans:

- Support consists of not requiring monthly payment (principal and interest) for up to 4 months
- Deferred installment will be appended to the end of the original term.
- Loans close to the end of their term, will be extended for up to 4 months.

For revolving loans:

- Support consists of not requiring the monthly interest payment for up to 4 months and at the same time the credit term will be extended for up to 4 months.
- Interest is appended to end of the term.
- Making full or partial payment of the principal at the end of the original term or during the life of the loan, does not exempt the client from paying the deferred interest.
- The credits that are about to end will have an extension of the term according to the remaining months and the payment of the principal will be sent forward to the new end date.
- During the extension of the term, the corresponding interest payment must be covered according to the requirements set forth in the loan agreement.

By virtue of the foregoing, on March 27, 2020 (through official letter P285 / 2020), and on April 15, 2020 (through official letter P293 / 2020) and through the communication of June 26, 2020, the National Banking and Securities Commission (the "Commission"), issued Special Accounting Criteria, applicable to the Institution for the period of February 28, 2020 and until July 31, 2020, by which it authorized that those credits in force as of February 28, 2020, and the credits granted in March 2020, according to paragraph 12 of criterion B-6 "loan portfolio" (criterion B-6) to which the payment of principal and interest was deferred according to the program, are not considered as restructured loans in terms of paragraphs 79 and 80, likewise, if the requirements established in paragraphs 82 and 84 of Criterion B-6 are not applicable to them, as appropriate, and for them to remain as a current portfolio during the term agreed upon in said Program. Therefore, these credits are considered as a current portfolio for the determination of the preventive estimate.

Additionally, the loans for which payments will be deferred shall not be considered as restructured in accordance with the provisions set forth on paragraph 40 of Criterion B-6, nor shall they be reported as past due loans to the credit information entities.

The amounts that would have been recorded and presented both in the balance sheet and in the income statement by type of portfolio, had this special accounting criteria not been applied, as well as the details of the items and amounts by type of portfolio affected by accounting due to the application of the special accounting criteria as of December 31<sup>st</sup>, 2020, are:

Concept	Balances with COVID support	Estimated effects in portfolio	Balances without COVID support
<b>PERFORMING LOAN PORTFOLIO</b>			
Commercial Loans	\$497,918	\$ (564)	\$497,354
Consumer Loans	116,484	(773)	115,711
Mortgage Loans	187,736	(1,118)	186,618
<b>TOTAL PERFORMING LOAN PORTFOLIO</b>	<b>802,138</b>	<b>(2,455)</b>	<b>799,683</b>
<b>PAST DUE LOAN PORTFOLIO</b>			
Commercial Loans	2,567	564	3,131
Consumer Loans	4,705	773	5,478
Mortgage Loans	1,659	1,118	2,777
<b>TOTAL PAST DUE LOAN PORTFOLIO</b>	<b>8,931</b>	<b>2,455</b>	<b>11,386</b>
<b>TOTAL LOAN PORTFOLIO</b>	<b>811,069</b>	<b>-</b>	<b>811,069</b>
(Less) LOAN RESERVES	(20,004)	(731)	(20,735)
<b>LOAN PORTFOLIO, (NET)</b>	<b>791,065</b>	<b>(731)</b>	<b>790,334</b>
<b>TOTAL ASSETS</b>	<b>1,787,904</b>	<b>(731)</b>	<b>1,787,173</b>
Provision for loan losses (Results)	21,930	731	22,661
<b>NET RESULT</b>	<b>30,508</b>	<b>(731)</b>	<b>29,777</b>
<b>TOTAL EQUITY</b>	<b>225,104</b>	<b>(731)</b>	<b>224,373</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$1,787,904</b>	<b>(\$731)</b>	<b>1,787,173</b>

As of December 31<sup>st</sup>, 2020, the amount of loans subject to program support is PS 125.6 billion.

## New Financial Reporting Standards

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

To date, we are in the process of analyzing the impact that such NIF may have on the financial statements.

NIFs issued and coming into force in January 1<sup>st</sup>, 2022 are:

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

## Notes to Financial Statements

### FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 4Q20

(Million Pesos)

Negotiable Instruments	Book Value	Interest	Unrealized gain (loss)	Market Value
<b>Government Securities</b>	<b>187,912</b>	<b>743</b>	<b>122</b>	<b>188,777</b>
<b>Unrestricted</b>	<b>23,305</b>	<b>130</b>	<b>115</b>	<b>23,550</b>
BONDES D	-	-	-	-
BONDES M	(303)	0	2	(300)
BPA	-	-	-	-
BREMS	-	-	-	-
Government Securities	12	0	2	14
Municipalities Securities	0	0	0	0
UDI Securities	-	-	-	-
CETES	19,181	123	11	19,316
CETES (Special)	-	-	-	-
Government Eurobonds	-	-	-	-
Udibonds	4,414	6	99	4,520
Treasury Notes	-	-	-	-
<b>Restricted</b>	<b>164,607</b>	<b>613</b>	<b>7</b>	<b>165,227</b>
BONDES D	27,275	32	(13)	27,293
BONDES M	6,443	34	79	6,555
BPA	126,766	545	(60)	127,251
BREMS	-	-	-	-
Government Securities	-	-	-	-
Municipalities Securities	-	-	-	-
UDI Securities	0	0	(0)	0
CETES	1,343	-	1	1,344
CETES (Special)	-	-	-	-
Government Eurobonds	-	-	-	-
Udibonds	2,781	3	(1)	2,783
<b>Banking Securities</b>	<b>23,927</b>	<b>37</b>	<b>5</b>	<b>23,969</b>
<b>Unrestricted</b>	<b>3,124</b>	<b>0</b>	<b>0</b>	<b>3,124</b>
Bank Acceptances	4	-	-	4
Bank Bonds	-	-	-	-
Development Bank Securities	3	0	0	3
Bank Securities	40	0	0	41
Deposit Certificates	369	-	-	369
Structured Notes	-	-	-	-
Other Banking Securities	156	0	0	156
Promissory Notes	2,551	0	(0)	2,551
<b>Restricted</b>	<b>20,803</b>	<b>37</b>	<b>5</b>	<b>20,845</b>
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	1,634	4	(0)	1,638
Bank Securities	4,631	12	(2)	4,641
Deposit Certificates	13,699	19	1	13,718
Structured Notes	-	-	-	-
Other Banking Securities	840	2	6	848
Promissory Notes	-	-	-	-
<b>Private Securities</b>	<b>9,492</b>	<b>23</b>	<b>1,129</b>	<b>10,643</b>
<b>Unrestricted</b>	<b>9,367</b>	<b>23</b>	<b>1,129</b>	<b>10,518</b>
Shares	743	-	583	1,327
Investment Company Shares	6,234	-	355	6,589
ADRs	-	-	-	-
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	1,357	3	69	1,429
Trust Stock Certificates	-	-	-	-
Private Eurobonds	1,033	19	121	1,174
Infrastructure and Real Estate Trusts	-	-	-	-
Subordinated Debt	-	-	-	-
Other Banking Securities	-	-	-	-
CP	-	-	-	-
<b>Restricted</b>	<b>125</b>	<b>-</b>	<b>0</b>	<b>125</b>
Shares	125	-	0	125
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	-	-	-	-
Trust Stock Certificates	-	-	-	-
Private Eurobonds	-	-	-	-
Other Banking Securities	-	-	-	-
Reasonable value adjustment lxe Bank Acq	-	-	-	-
<b>Total</b>	<b>221,330</b>	<b>803</b>	<b>1,256</b>	<b>223,390</b>

## FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 4Q20

(Million Pesos)

Securities Held for Sale	Book Value	Interest	Unrealized gain (loss)	Market Value
<b>Government Securities</b>	<b>180,336</b>	<b>1,726</b>	<b>5,215</b>	<b>187,277</b>
<b>Unrestricted</b>	<b>30,872</b>	<b>320</b>	<b>1,737</b>	<b>32,929</b>
BONDES D	-	-	-	-
BONDES M	-	-	-	-
BPA	-	-	-	-
BREMS	7,778	6	-	7,785
Government Securities	2,061	6	10	2,077
Municipalities Securities	178	4	50	232
UDI Securities	-	-	-	-
CETES	635	-	0	635
CETES (Special)	-	-	-	-
Government Eurobonds	20,219	303	1,677	22,199
Udibonds	-	-	-	-
Treasury Notes	-	-	-	-
<b>Restricted</b>	<b>149,464</b>	<b>1,406</b>	<b>3,478</b>	<b>154,348</b>
BONDES D	3,025	0	1	3,026
BONDES M	3,461	60	18	3,539
BPA	105,466	909	39	106,415
BREMS	-	-	-	-
Government Securities	3,031	9	(52)	2,987
Municipalities Securities	2,540	4	24	2,568
UDI Securities	-	-	-	-
CETES	2,442	-	2	2,444
CETES (Special)	-	-	-	-
Government Eurobonds	29,492	424	3,445	33,361
Udibonds	7	0	1	8
<b>Banking Securities</b>	<b>37,712</b>	<b>90</b>	<b>263</b>	<b>38,064</b>
<b>Unrestricted</b>	<b>26,998</b>	<b>70</b>	<b>255</b>	<b>27,323</b>
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	1,836	19	90	1,946
Bank Securities	2,272	5	113	2,390
Deposit Certificates	20,799	42	6	20,847
Structured Notes	531	-	36	566
Other Banking Securities	1,260	4	10	1,274
Promissory Notes	300	-	0	300
<b>Restricted</b>	<b>10,713</b>	<b>20</b>	<b>8</b>	<b>10,741</b>
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	-	-	-	-
Bank Securities	10,713	20	8	10,741
Deposit Certificates	-	-	-	-
Structured Notes	-	-	-	-
Other Banking Securities	-	-	-	-
Promissory Notes	-	-	-	-
<b>Private Securities</b>	<b>19,312</b>	<b>370</b>	<b>(200)</b>	<b>19,482</b>
<b>Unrestricted</b>	<b>16,899</b>	<b>323</b>	<b>(176)</b>	<b>17,047</b>
Shares	31	-	50	81
Investment Company Shares	902	-	30	932
ADRs	-	-	-	-
Stock Certificates BORHIS	77	-	(77)	0
Corporate Stock Certificates	6,711	29	(286)	6,455
Trust Stock Certificates	-	-	-	-
Private Eurobonds	9,178	294	107	9,578
Infrastructure and Real Estate Trusts	-	-	-	-
Subordinated Debt	-	-	-	-
Other Banking Securities	-	-	-	-
CP	-	-	-	-
<b>Restricted</b>	<b>2,412</b>	<b>47</b>	<b>(24)</b>	<b>2,435</b>
Shares	-	-	-	-
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	669	1	(0)	670
Trust Stock Certificates	-	-	-	-
Private Eurobonds	1,744	46	(24)	1,765
Other Banking Securities	-	-	-	-
Reasonable value adjustment Ixe Bank Acq	-	-	-	-
<b>Total</b>	<b>237,359</b>	<b>2,186</b>	<b>5,278</b>	<b>244,823</b>



## FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 4Q20

(Million Pesos)

Securities Held to Maturity	Book Value	Interest	Unrealized gain (loss)	Market Value
<b>Government Securities</b>	<b>186,551</b>	<b>607</b>	-	<b>187,158</b>
<b>Unrestricted</b>	<b>170,790</b>	<b>504</b>	-	<b>171,294</b>
BONDES D	-	-	-	-
BONDES M	243	2	-	245
BPA	-	-	-	-
BREMS	-	-	-	-
Government Securities	1,615	23	-	1,638
Municipalities Securities	2,111	43	-	2,154
UDI Securities	223	2	-	225
CETES	-	-	-	-
CETES (Special)	591	-	-	591
Government Eurobonds	13,989	104	-	14,093
Udibonds	152,017	331	-	152,347
Treasury Notes	-	-	-	-
<b>Restricted</b>	<b>15,761</b>	<b>103</b>	-	<b>15,864</b>
BONDES D	-	-	-	-
BONDES M	12,554	92	-	12,647
BPA	-	-	-	-
BREMS	-	-	-	-
Government Securities	-	-	-	-
Municipalities Securities	2,904	10	-	2,915
UDI Securities	0	0	-	0
CETES	-	-	-	-
CETES (Special)	-	-	-	-
Government Eurobonds	-	-	-	-
Udibonds	303	-	-	303
<b>Banking Securities</b>	<b>1,284</b>	<b>939</b>	-	<b>2,223</b>
<b>Unrestricted</b>	<b>1,284</b>	<b>939</b>	-	<b>2,223</b>
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	-	-	-	-
Bank Securities	804	16	-	820
Deposit Certificates	300	734	-	1,034
Structured Notes	180	189	-	369
Other Banking Securities	-	-	-	-
Promissory Notes	-	-	-	-
<b>Restricted</b>	-	-	-	-
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	-	-	-	-
Bank Securities	-	-	-	-
Deposit Certificates	-	-	-	-
Structured Notes	-	-	-	-
Other Banking Securities	-	-	-	-
Promissory Notes	-	-	-	-
<b>Private Securities</b>	<b>3,803</b>	<b>815</b>	-	<b>4,618</b>
<b>Unrestricted</b>	<b>2,260</b>	<b>812</b>	-	<b>3,072</b>
Shares	-	-	-	-
Investment Company Shares	-	-	-	-
ADRs	-	-	-	-
Stock Certificates BORHIS	2	0	-	2
Corporate Stock Certificates	990	812	-	1,802
Trust Stock Certificates	-	-	-	-
Private Eurobonds	-	-	-	-
Infrastructure and Real Estate Trusts	-	-	-	-
Subordinated Debt	-	-	-	-
Other Banking Securities	1,269	-	-	1,269
CP	-	-	-	-
<b>Restricted</b>	<b>1,543</b>	<b>3</b>	-	<b>1,546</b>
Shares	-	-	-	-
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	1,543	3	-	1,546
Trust Stock Certificates	-	-	-	-
Private Eurobonds	-	-	-	-
Other Banking Securities	-	-	-	-
Reasonable value adjustment lxe Bank Acq	(347)	-	-	(347)
<b>Total</b>	<b>191,291</b>	<b>2,361</b>	-	<b>193,652</b>

**REPURCHASE AGREEMENT OPERATIONS 4Q20**
*(Million Pesos)*

	Repo Debtors			Repo Creditors	
	MV Repo Debtors	VM Collateral received sold in Repo Trans	Debtor Balance	Creditor Balance	MV Repo Creditors
Government securities	164,014	159,991	4,036	13	315,814
Banking securities	16,725	16,725	0	0	29,966
Private Securities	5,274	5,274	0	-	7,315
<b>Total</b>	<b>186,013</b>	<b>181,990</b>	<b>4,036</b>	<b>13</b>	<b>353,094</b>

**DERIVATES FINANCIAL INSTRUMENTS  
OPERATIONS 4Q20**
*(Million Pesos)*

Creditor Balance	
Instrument	Fair Value
<b>Futures</b>	
TIE 28 Futures	-
<b>Forward</b>	
Fx Forward	746
<b>Options</b>	
Rate options	219
Fx options	499
Warrants	-
<b>Swaps</b>	
Rate swap	41,601
Fx swap	5,015
Credit swap	153
<b>Negotiable Total</b>	<b>48,233</b>
<b>Options</b>	
Rate Options	-
Fx options	-
<b>Swaps</b>	
Rate swap	1,497
Fx swap	546
Credit swap	-
<b>Hedging total</b>	<b>2,043</b>
<b>Position total</b>	<b>50,277</b>

**DERIVATES FINANCIAL INSTRUMENTS  
OPERATIONS 4Q20  
(Million Pesos)**

Debtor Balance	
Instrument	Fair Value
<b>Futures</b>	
TIE 28 Futures	-
<b>Forward</b>	
Fx Forward	106
<b>Options</b>	
Rate options	161
Fx options	430
<b>Swaps</b>	
Rate swap	36,410
Fx swap	6,990
Credit swap	-
<b>Negotiable Total</b>	<b>44,097</b>
<b>Options</b>	
Rate Options	-
Fx options	-
<b>Swaps</b>	
Rate swap	-
Fx swap	4,990
Credit swap	-
<b>Hedging total</b>	<b>4,990</b>
<b>Position total</b>	<b>49,087</b>

**NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 4Q20 - Banorte  
(Million Pesos)**

PRODUCT	TYPE	UNDERLYING	NOTIONAL	OPERATIONS
FX Forwards	Purchases	Exchange Rate (USD/MXN)	2,257	209
FX Forwards	Sales	Exchange Rate (USD/MXN)	5,976	231
FX Forwards	Purchases	Exchange Rate (CAD/MXN)	0	0
FX Forwards	Sales	Exchange Rate (SEK/MXN)	0	0
FX Forwards	Purchases	Exchange Rate (EUR/USD)	0	0
FX Forwards	Sales	Exchange Rate (EUR/USD)	0	0
FX Options	Purchases	Exchange Rate (Dollar)	16,691	12
FX Options	Sales	Exchange Rate (Dollar)	14,652	8
Interest Rate Options	Purchases	TIE	22,681	60
Interest Rate Options	Sales	TIE	29,336	304
Interest Rate Options	Purchases	LIBOR	5,207	18
Interest Rate Options	Sales	LIBOR	5,262	19
Interest Rate Swaps	USD LIBOR	LIBOR	345,778	3,904
Interest Rate Swaps	MXN TIE	TIE	897,273	3,159
Interest Rate and FX Swaps	CS USDMXN	FIX/VARIABLE	153	2
Interest Rate and FX Swaps	CS USDMXN	VARIABLE/VARIABLE	107,975	116
Interest Rate and FX Swaps	CS USDMXN	FIX/FIX	22,736	40
Interest Rate and FX Swaps	CS CHF MXN	FIX/FIX	9,185	3
Interest Rate and FX Swaps	CS CHF MXN	FIX/VARIABLE	5,152	2
Interest Rate and FX Swaps	CS EUR MXN	FIX/FIX	12,761	62
Interest Rate and FX Swaps	CS UDIMXN	FIX/FIX	700	1
Interest Rate and FX Swaps	CS GBPMXN	FIX/FIX	2,900	12
Credit derivatives	CDS USD	D2_PEMEX_150927	1,075	5

<b>LOAN PORTFOLIO</b>								
<i>(Million Pesos)</i>								
	Local Currency		UDIS		Foreign Currency		Total	
	4Q19	4Q20	4Q19	4Q20	4Q19	4Q20	4Q19	4Q20
<b>Performing Loans</b>								
Commercial Loans	232,859	265,061	0	-	60,639	60,123	293,499	325,183
Financial Intermediaries' Loans	7,389	11,172	0	-	0	-	7,389	11,172
Consumer Loans	117,680	116,484	0	-	0	-	117,680	116,484
Mortgage Loans	169,983	187,655	103	81	0	-	170,086	187,736
Government Entities' Loans	160,762	149,739	6,333	-	6,892	11,824	173,988	161,563
<b>Total</b>	<b>688,673</b>	<b>730,111</b>	<b>6,437</b>	<b>81</b>	<b>67,532</b>	<b>71,947</b>	<b>762,642</b>	<b>802,138</b>
<b>Past Due Loans</b>								
Commercial Loans	4,927	2,340	0	0	1,584	190	6,511	2,530
Financial Intermediaries' Loans	4	0	0	-	0	-	4	-
Consumer Loans	4,314	4,706	0	-	0	-	4,314	4,706
Mortgage Loans	1,960	1,647	13	11	0	0	1,973	1,658
Government Entities' Loans	4	38	-	-	-	-	4	38
<b>Total</b>	<b>11,210</b>	<b>8,730</b>	<b>13</b>	<b>11</b>	<b>1,584</b>	<b>190</b>	<b>12,806</b>	<b>8,931</b>
<b>Total Proprietary Loans</b>	<b>699,883</b>	<b>738,841</b>	<b>6,449</b>	<b>92</b>	<b>69,116</b>	<b>72,136</b>	<b>775,448</b>	<b>811,070</b>

**COST OF BALANCES OF FINAPE, FOPYME, MORTGAGE UDIS AND  
MORTGAGE FOVI LOAN PORTFOLIOS AS OF 4Q20- GFNorte**

	<i>(Million Pesos)</i>	
	PERIOD COST	TOTAL BALANCE OF LOAN PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	(0.1)	0.0
Mortgage FOVI	-	-
	<b>(0.1)</b>	<b>0.0</b>

## DEFERRED TAXES 4Q20

(Million Pesos)

ASSETS	INCOME TAX	NET
Global Loss Reserves Loan Portfolio	5,839	5,839
Non deductible provisions and cumulative income	1,669	1,669
Excess of accounting value over fiscal value on Repossessed Assets	405	405
Diminishable profit sharing	159	159
Fees received in advance	1,063	1,063
Effects from valuation of instruments	-	-
Tax losses pending amortization	808	808
Provisions for possible loss in loans	345	345
Loss on sale of foreclosed assets and credits	-	-
State Tax on Assets Deferred	-	-
Loss on sale of foreclosed assets and credits	-	-
Loss on sale of foreclosed assets and credits	244	244
<b>Total Assets</b>	<b>10,532</b>	<b>10,532</b>
LIABILITIES		
Pension Funds Contribution	(146)	(146)
Loan Portfolio Acquisitions	(494)	(494)
Projects to be capitalized	(6,095)	(6,095)
Intangibles' amortizations	-	-
Effects from valuation of instruments	(5,050)	(5,050)
Intangibles' amortizations	(352)	(352)
Unrealized Loss on Securities held for Sale	(14)	(14)
<b>Total Liabilities</b>	<b>(12,151)</b>	<b>(12,151)</b>
Assets (Liabilities) Accumulated Net	(1,618)	(1,618)

## LONG TERM DEBT AS OF DECEMBER 31, 2020 - BANCO MERCANTIL DEL NORTE

(Million Pesos)

TYPE OF DEBT	CURRENCY	DATE OF ISSUE	ORIGINAL AMOUNT	ORIGINAL AMOUNT (VALUED)	CURRENT AMOUNT	TERM	RATE	MATURITY	INTEREST PAYMENT
Non Convertible Subordinated Bonds Q Banorte 08U	UDIS	11-mar-08	495	1,749	1,829	20 years	4.950%	15-feb-28	182 days
Non Convertible Subordinated Bonds 2016 (BANOC36 311004)	USD	04-oct-16	500	9,607	5,858	15 years	5.750%	04-oct-26	180 days
Perpetual 5-Year Callable Subordinated Non-Preferred Non-Cumulative Tier 1 Capital Notes (BANORT 6 7/8 PERP)	USD	06-jul-17	350	6,413	6,968	Perpetual	6.875%	06-jul-22	Quarterly
Perpetual 10-Year Callable Subordinated Non-Preferred Non-Cumulative Tier 1 Capital Notes (BANORT 7 5/8 PERP)	USD	06-jul-17	550	10,077	10,950	Perpetual	7.625%	10-ene-28	Quarterly
Eurobond (Swiss francs) 2018 (BANO589)	CHF	14-jun-18	100	1,983	2,253	3.5 years	0.875%	14-dic-21	Annual
Stock certificates 94 BINTER 16U	UDIS	13-oct-16	365	2,000	2,412	10 years	4.970%	01-oct-26	Biannual
Stock certificates 94 BANORTE 18-2	MXN	29-nov-18	2,663	2,663	2,663	4 years	TIE+0.28%	24-nov-22	28 days
Stock certificates 94 BANORTE 19	MXN	17-may-19	5,400	5,400	5,400	3 years	TIE +0.13%	13-may-22	28 days
Stock certificates 94 BANORTE 19-2	MXN	17-may-19	1,500	1,500	1,500	5 years	TIE +0.17%	10-may-24	28 days
Eurobond (Swiss francs) 2019 (BANO397)	CHF	11-abr-19	250	4,694	5,632	3.5 years	1.550%	11-oct-22	Annual
Non Convertible Subordinated Bonds 2019 (BANO64_999999)	USD	27-jun-19	600	11,501	11,945	Perpetual	6.750%	27-sep-24	Quarterly
Non Convertible Subordinated Bonds 2019 (BANOB48_999999)	USD	27-jun-19	500	9,584	9,954	Perpetual	7.500%	27-jun-29	Quarterly
Eurobond (Swiss francs) 2019 (BANO43)	CHF	18-sep-19	160	3,112	3,604	4.3 years	0.450%	18-dic-23	Annual
Eurobond (Swiss francs) 2020 (BANO664)	CHF	06-mar-20	225	4,826	5,069	4.8 years	0.500%	06-dic-24	Annual
Stock certificates 94 BANORTE 20	MXN	08-may-20	11,000	11,000	11,000	1 year	TIE+0.00%	10-may-21	28 days
Non Convertible Subordinated Bonds 2020 (BANOC21_999999)	USD	14-jul-20	500	11,309	9,954	Perpetual	8.375%	14-oct-30	Quarterly
Stock certificates 94 BANORTE 20U	UDIS	30-sep-20	107	700	706	10 years	2.760%	18-sep-30	182 days

**BANK AND OTHER ENTITIES LOANS' AS OF 4Q20**

(Million Pesos)

	LOCAL CURRENCY	FOREIGN CURRENCY	TOTAL
Loans from Foreign Banks generated from foreign country	-	0	0
Loans from Development Banks	12,922	5,706	18,628
Loans from Public Funds	9,775	1,261	11,037
Call Money & Loans from Banks	19,787	-	19,787
Loans from Fiduciary Funds	56	-	56
Provisions for Interest	934	-	934
	<b>43,474</b>	<b>6,967</b>	<b>50,441</b>
Eliminations			(14,420)
<b>Total</b>			<b>36,021</b>

**CORE DEPOSITS AND DUE TO BANKS & CORRESPONDENTS -  
INTEREST RATES 4Q20**
**CORE DEPOSITS (BANORTE)**
**Demand Deposits**

Local Currency and UDIs	1.16%
Foreign Currency	0.03%

**Time Deposits - Retail**

Local Currency and UDIs	3.25%
Foreign Currency	0.25%

**Time Deposits - Money Market**

Local Currency and UDIs	4.22%
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**DUE TO BANKS & CORRESPONDENTS (BANORTE)**
**Immediate Redemption Loans**

Local Currency and UDIs	4.53%
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**Public Funds and Development Banks**

Local Currency and UDIs	6.58%
Foreign Currency	0.25%

**MAIN CREDIT LINES RECEIVED 4Q20 (BANORTE)**

Million pesos

	4Q19			3Q20			4Q20		
	Line	Used	% used	Line	Used	% used	Line	Used	% used
Bank Counterparty Lines (Call Money)	173,323	500	0.3%	176,193	1,886	1.1%	174,237	-	0.0%
Banxico (Repos for liquidity with the System of Payments) RSP*	64,217	7,785	12.1%	84,545	7,803	9.2%	75,832	7,784	10.3%
Banxico MXN & USD Credit Auction*	42,715	103	0.2%	52,971	8,951	16.9%	52,266	-	0.0%
Banxico Credit line with Government and Banking securities as collateral (Ordinary Facility)*	42,715	-	0.0%	52,971	-	0.0%	52,266	-	0.0%
Banxico Credit line with State and Municipal Government securities as collateral (Extraordinary Facility)	92,637	-	0.0%	96,708	-	0.0%	85,766	-	0.0%
<b>TOTAL</b>	<b>415,606</b>	<b>8,388</b>	<b>2.0%</b>	<b>463,388</b>	<b>18,640</b>	<b>4.0%</b>	<b>440,366</b>	<b>7,784</b>	<b>1.8%</b>

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

**TRADING INCOME 4Q20**
*Million Pesos*

<b>Trading income</b>	<b>Consolidated</b>
<b>Securities - Unrealized gains</b>	<b>636</b>
Negotiable instruments	<b>(106)</b>
Derivative instruments - Negotiation	<b>757</b>
Derivative instruments - Hedging	<b>(15)</b>
<b>Impairment loss or revaluation increase</b>	<b>0</b>
<b>Result from foreign exchange valuation</b>	<b>(1,073)</b>
<b>Result from valuation of precious metals</b>	<b>14</b>
<b>Result from purchase/sale of securities and derivatives</b>	<b>2,971</b>
Negotiable instruments	<b>617</b>
Securities held for sale	<b>1,102</b>
Derivative instruments - Hedging	<b>1,252</b>
<b>Result from purchase/sale of foreign exchange</b>	<b>2,295</b>
<b>Result from purchase/sale of precious metals</b>	<b>11</b>
<b>Total</b>	<b>4,854</b>

## Internal Control

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

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

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

ICS is structured around three defense lines:

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

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

During the fourth quarter of 2020, there was continuous development of activities related to strengthening control, risk evaluation and management, establishment and monitoring of controls, and quality of information assurance, highlighting the following:

- A. The various Corporate Governance Committees have had the required financial, economic, accounting and/or legal information for proper decision-making.
- B. The policies and procedures manuals have been updated as per changes in external regulations, client support programs, new products, and changes in the Institution's processes or improvements to internal controls.
- C. The requests from different internal areas regarding internal control matters were addressed, both in support of the development of new institutional projects, as well as those that derive from regulatory changes.
- D. GFNORTE's business and operating support processes are constantly monitored through the Business Process and Management Comptrollers. They issue periodic compliance reports and identify areas of opportunity so that they can be remediated appropriately.
- E. Various activities regarding internal accounting control were concluded, in accordance with the work plan established at the beginning of the year.
- F. Effectiveness tests related to the Business Continuity Plan were carried out. In this matter, regarding the global contingency represented by COVID 19, the Continuity Plan remains activated under its Pandemic section. The implemented actions continue responding to the considerations of each moment and are consistent with the assessment of an incremental risk.
- G. There has been continuous follow-up of the improvement actions regarding the observations made by the different members of the SCI.
- H. The Information Security Officer (CISO) carried out its functions according to the Master Plan, reporting the findings and the details of the activities carried out to the General Director of GFNorte and to the Corresponding Corporate Governance Committees, maintaining a matrix coordination with the Comptroller as part of the SCI.
- I. The requirements of the Supervisory Authorities were answered, the obligation to inform required by the external regulation were fulfilled, ordinary inspection visits are being attended, and their recommendations were appropriately followed.



## Financial Situation and Liquidity

### Main sources of liquidity

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

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

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

Important initiatives of Banorte's liquidity during 4Q20.

Banorte's liquidity strategy is aimed at maintaining adequate liquidity levels based on prevailing circumstances. In this sense and given the current contingency, management decided to maintain current liquidity levels prioritizing funding from client's deposits.

In addition, it should be noted that Banorte has not used the Central Bank of México's Ordinary Facilities or Extraordinary Facilities during 4Q20.

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

## Related Parties Loans

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

In the case of GFNorte as of December 31, 2020, and September 30, 2020, the amount of loans granted to third parties is as follows (billion pesos):

<b>Lender</b>	<b>Dec-2020</b>	<b>% Basic Equity</b>	<b>Sep-2020</b>	<b>% Basic Equity</b>
Banorte	Ps 14.84	8.7%	Ps 14.19	9.1%
	<b>Ps 14.84</b>		<b>Ps 14.19</b>	

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

### Banorte

As of **December 31<sup>st</sup>, 2020**, total loans granted to related parties, under Article 73 of the Law of Credit Institutions, was \$14.84 billion pesos (including \$2.66 billion pesos in — Letters of Credit "CC", which are registered in memorandum accounts), representing 1.9% of Banorte's total loan portfolio (excluding the balance of CC). Of the total related loans balance, \$11.02 billion pesos were loans granted to clients linked to members of the Board of Directors; \$3.27 billion pesos were granted to clients linked to shareholders and \$552 million pesos were linked to companies related to GFNORTE.

In accordance with Article 73 of the Law for Credit Institutions, the balance of GFNORTE's loan portfolio for individuals and corporations at the end of December 2020 was 8.3% of the basic part of the equity.

Related party loans have been granted under market conditions and rated in accordance with the policies, procedures and rating systems applicable to the rest of GFNORTE's loan portfolio based on the general dispositions applicable to credit institutions regarding rating of loan portfolios issued by CNBV. Additionally, 92% of the related party loans are rated in Category "A", and most of these loans were classified as commercial loans.

As of **September 30<sup>th</sup>, 2020**, total loans granted to related parties, under Article 73 of the Law of Credit Institutions, was \$14.19 billion pesos (including \$1.69 billion pesos in — Letters of Credit "CC", which are registered in memorandum accounts), representing 1.8% of Banorte's total loan portfolio (excluding the balance of CC). Of the total related loans balance, \$11.24 billion pesos were loans granted to clients linked to members of the Board of Directors; \$2.24 billion pesos were granted to clients linked to shareholders and \$713 million pesos were linked to companies related to GFNORTE.

In accordance with Article 73 of the Law for Credit Institutions, the balance of GFNORTE' s loan portfolio for individuals and corporations at the end of September 2020 was 8.7% of the basic part of the equity.

Related party loans have been granted under market conditions and rated in accordance with the policies, procedures and rating systems applicable to the rest of GFNORTE' s loan portfolio based on the general dispositions applicable to credit institutions regarding rating of loan portfolios issued by CNBV. Additionally, 95% of the related party loans are rated in Category "A", and most of these loans were classified as commercial loans.

## Loan or tax liabilities

The tax credits listed below are currently in litigation:

	<b>As of December 31, 2020</b>
<b>AFORE XXI BANORTE</b>	<b>\$2</b>
Loan # 4429309391 Payroll Tax of the state of Coahuila	2
<b>PENSIONES BANORTE</b>	<b>\$340</b>
Financial year 2014	340
Million pesos	

## People in Charge

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

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

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

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

Lic. Jorge Eduardo Vega Camargo  
Deputy Managing Director of Comptrollership

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

## Basis for submitting and presenting Financial Statements

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

**Banorte.** Issues the financial statements in consolidated form with its Subsidiaries in accordance with the General Provisions Applicable to the financial information of the Credit Institutions (the Provisions) published in the Official Gazette of the Federation on December 2, 2005, modified by means of published Resolutions in the aforementioned Official Gazette on March 3 and 28, September 15, December 6 and 8, 2006, January 12, March 23, April 26, November 5, 2007, March 10, August 22, September 19, October 14, December 4, 2008, April 27, May 28, June 11, August 12, October 16, November 9, December 1 and 24, 2009, January 27, February 10, April 9 and 15, May 17, June 28, July 29, August 19, September 9 and 28, October 25, November 26 and December 20, 2010, January 24 and 27, March 4, April 21, July 5, August 3 and 12, September 30, October 5 and 27, and December 28, 2011, June 19, July 5, October 23, November 28 and December 13, 2012, January 31, April 16, May 3, June 3 and 24, July 12, October 2 and December 24, 2013, January 7 and 31, March 26, May 12 and 19, July 3 and 31, September 24, October 30, December 8 and 31, 2014, January 9, 5 February, April 30, May 27 and June 23, 2015, August 27, September 21, October 29, November 9 and 13, December 16 and 31, 2015, April 7 and 28 and June 22, 2016, July 7 and 29, August 1, September 19 and 28, 2016, and December 27, 2016, January 6, April 4 and 27, May 31, June 26, 4 and 24 July, August 29, October 6 and 25, December 18, 26 and 27, 2017, January 22, March 14, April 26, May 11, June 26, July 23, August 29, September 4, October 5, November 15 and 27, 2018, and April 15, July 5, October 1, and November 4 and 25, 2019, March 13, April 9, June 9, August 21, and October 12, 2020, respectively.

**GFNorte and Banorte.** The financial information contained in this document has been prepared in accordance with the regulation issued by the National Banking and Securities Commission (CNBV) for the holding company and the financial entities that make up the Financial Group and the NIF issued by the Mexican Board of Standards of Financial Information, AC (CINF). The regulation of the CNBV and the NIFs differ from each other due to the specialized operations of the Credit Institutions. They also differ from the accounting principles generally accepted in the United States of America (US GAAP) and the regulations and principles established by the North American authorities for this type of financial entities. In order to present the information contained in an international format, the format for the classification and presentation of certain financial information differs from the format used for the financial information published in Mexico.

The information contained in this document is based on unaudited financial information of each of the entities to which it refers.