



# 1Q21

## Financial Results

as of March 31<sup>st</sup>, 2021



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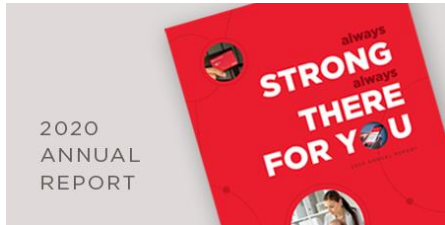


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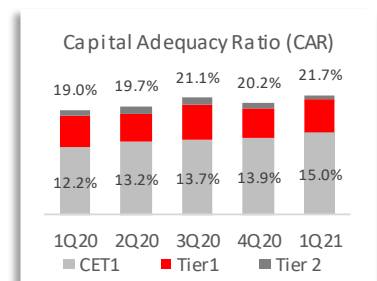
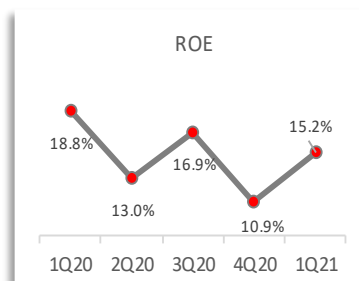
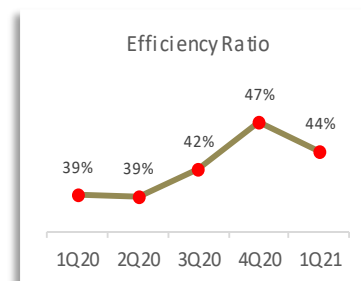
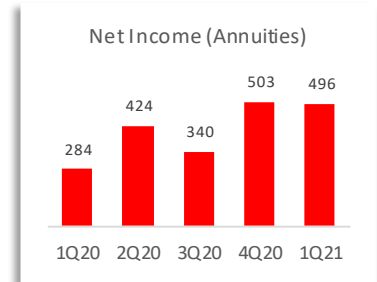
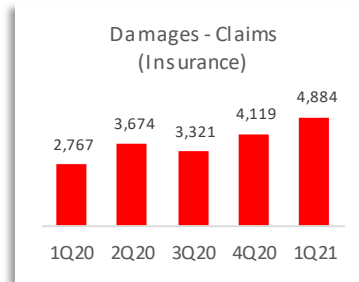
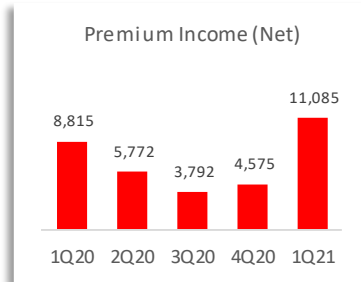
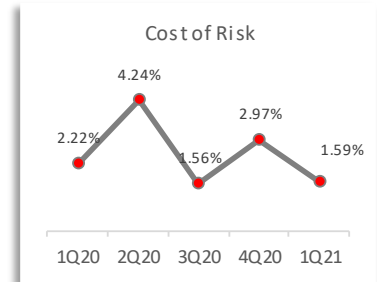
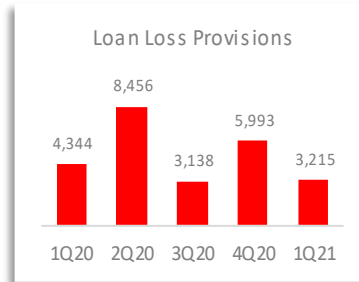
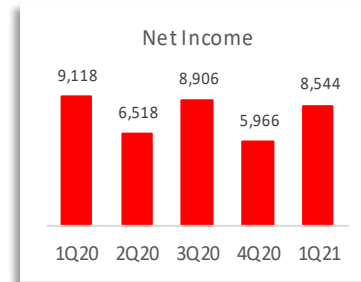
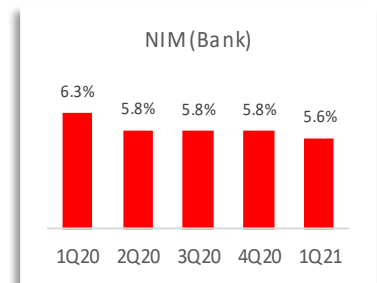
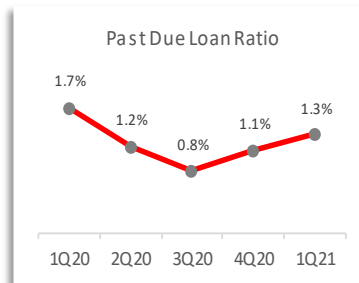


# I. Executive Summary

[Publication of the 2020 Integrated Annual Report with SASB framework](#)



- The performing portfolio increased 3% in the year, outpacing the system.
- Non-performing loan portfolio and risk metrics under control.
- Strong increase in net insurance premiums, although insurance claims are still on the rise due to COVID-19 effects.
- More than 80% of administrative personnel continue working remotely.



- Results of 2Q20 and 4Q20 reflect the generation of anticipated provisions required for the COVID-19 contingency.

## Sustainability Strategy

### Updates

#### Environmental



- Carpool Waze Mexico - Adherence of Afore XXI
- Smart mobility strategy (MOVIN) - Corporate offices in Mexico City
- Waste management program - Expansion to corporate headquarters (Mexico City & Monterrey)
- Earth Hour Initiative (WWF) – Promotion of energy efficiency

#### Governance



- Integrated Annual Report
- Updated Materiality Matrix
- Code of Conduct training - 82.3% of employees as of 1Q21
- NPS (65 pts): +13% vs 1Q20 and +2% vs 4Q20
- 30% Club Mexico – Pension fund (Afore XXI Banorte) and Mutual Funds and AM company signed a request for issuers to promote a goal of at least 30% of women participation in the Boards of Directors by year 2025
- Newsletter "Our Journey"

#### Social



- "Cross-border Payment Companies" (FXCIntelligence) - Uniteller
- 30% Club Mexico - Inter-organization women mentoring program
- Gender-Equality Index Bloomberg – 4<sup>th</sup> year
- Corporate Social Responsibility (Mexican Center for Philanthropy) – 11<sup>th</sup> year
- International Women's Day Commemoration

#### Sustainable Finance



- TCFD (UNEP FI) – Participation in the 3rd pilot
- Launch of the NTEESG Fund in partnership with Franklin Templeton and a training program for 153 customers and 160 private banking advisors
- Publication of the first report on the Principles for Responsible Banking
- Training program on sustainability and responsible investment for 210 investment executives
- Green building and Real-Estate certification training program

## Sustainable Finance

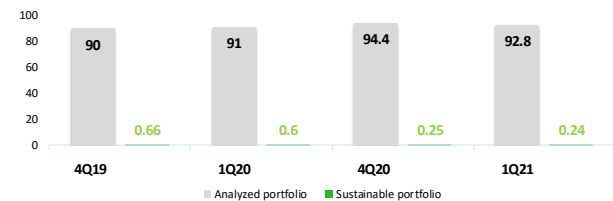
#### Sustainable finance loan book evaluation\*

% of wholesale banking loan book



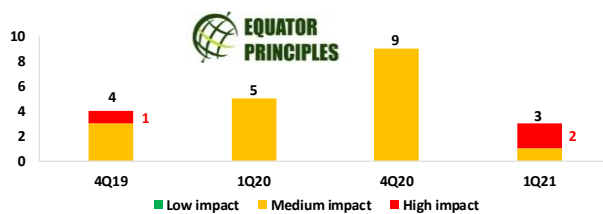
#### Responsible investments - Mutual funds

% share of total analyzed AUM



#### Loan book evaluation under Equator Principles

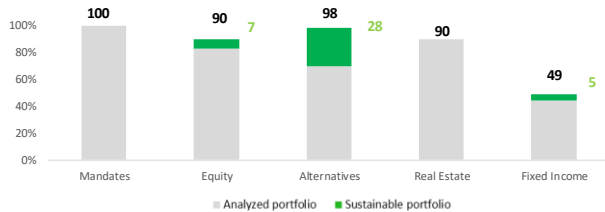
Number of analyzed projects



\*Revised data

#### Responsible investments – Pension funds (Afore)

% share of total analyzed AUM by instrument



## GFNorte reports Net Income of Ps 8.54 billion in 1Q21, (6%) lower than 1Q20.

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

The most relevant results for the period ended on March 31<sup>st</sup>, 2021 were:

- Mexico's economic recovery continues after the second wave of contagion peaked in January. In the **first quarter** of 2021, **net income** reached **Ps 8.54 billion**, reflecting a **43% sequential increase and a (6%) annual contraction**, considering that the first quarter of 2020 was the last quarter without COVID effects.
- The strong sequential growth in net income reflects the fact that there were no anticipated provisions recorded during the period, in contrast with the previous quarter, when additional provisions totaled **Ps 2.41 billion**. Thus, provisions decreased 46% sequentially. **Cost of risk** was **1.6%**, down from the reported 3.0% in 4Q20 or from the 1.8% recurring result, excluding anticipated provisions.
- Net Interest Income (NII) increased 2% sequentially; however, it is noteworthy to observe its main constituents. **NII from the loan portfolio decreased slightly** due to the reduction in Banxico's reference rates. **Net premium income from Insurance increased 142%** due to the seasonal effect of policy renewals, although partially offset by the increase in technical reserves. As a result of the adverse effects of the pandemic, **claims were Ps 4.88 billion or 19% higher** than the previous quarter, and 77% higher against the Ps 2.77 billion registered in 1Q20 (a level prior to the COVID-19 effect in the claim surge). NII of the **Annuities business grew 13%** sequentially.
- The **Group's NIM** increased 6bps sequentially to **4.9%**. Regarding the **Bank's NIM**, it **decreased (20bps) to 5.6%** at the end of the quarter due to seasonality.
- **Net fees were down (11%)** vs. the previous quarter due to the seasonal effect, which affected total **non-interest income, bringing it down (6%)**. **Non-interest expense dropped (6%) in the quarter and grew only 4%** compared to the same quarter of 2020.
- **ROE** recovered 428bps reaching **15.2%**, while **ROA** improved 57bps ending at **1.9%**, even excluding the extraordinary charges from the previous quarter, where ROE for 4Q20 would have been 13.9% and ROA 1.7%, there is a relevant improvement in these indicators. Additionally, ROE continues to be impacted by the regulator's recommendation not to distribute dividends.
- Non-bank **subsidiaries** presented mixed contributions to the overall net income. Comparing sequentially, the Bank grew 53% due to the aforementioned effect of provisions and returned to its recurring behavior; the Brokerage business increased 25%; Mutual Funds rose 1%; the Insurance business increased 82%; Annuities dropped (1%), and Afore was down (17%). Comparing against the same quarter of 2020 the annual variations were: The Bank was down (3%), Brokerage business increased 48%, Mutual Funds were up 7%, Insurance dropped (50%), Annuities rose 75%, and the Afore business was up 22%.
- **Consumer loans** rose **1%** quarterly and **6%** annually: Compared to 1Q20: mortgages were up 10% , **autos 4%** , **payroll loans 1%**, and **credit cards decreased (8%)** due to the COVID-19 effects.
- **Commercial loans** remained unchanged in the quarter, while **corporates fell (2%) and government loans (1%)**. Compared to 2020, **commercial loans increased 6%**, while **corporate loans declined (4%)**, and the **government portfolio dropped slightly (1%)**. Altogether, **the total credit portfolio** reflects a (0.2%) **quarterly decline, and a 3% increase for the year**.
- The non-performing portfolio grew Ps 1.68 billion in the quarter, reflecting sound delinquency control, below internal forecasts. Thus, the **NPL ratio** rose to **1.3%** from 1.1% and **coverage ratio** reached **185%**. The increase in both indicators are within the expected deterioration range estimated at the beginning of the pandemic.
- **Core Deposits** rose **2%** during the quarter: **demand deposits grew 3%**; whereas **time deposits were down (2%)**. Compared to 1Q20, demand deposits were up 21%, and time deposits down (6%), totaling **12%** annual growth in Core Deposits.
- **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 adequacy ratio** reached **21.75%**; **core Equity Tier 1 (CET1)** reached **15.02%**, **categorized as Level 1 by the CNBV for its full compliance with regulatory capital**; **Liquidity Coverage Ratio** reached **207.62%**, and **Leverage Ratio** stood at **12%**.

Income Statement Highlights - GFNorte (Million Pesos)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
Interest Income	36,879	30,676	<b>32,572</b>	6%	(12%)
Interest Expense	14,528	9,638	<b>9,797</b>	2%	(33%)
Technical Results (Insurance & Annuities)	(383)	(1,458)	<b>(2,773)</b>	(90%)	(623%)
Net Interest Income	21,968	19,580	<b>20,002</b>	2%	(9%)
Net Service Fees	3,455	3,599	<b>3,214</b>	(11%)	(7%)
Trading	1,166	858	<b>964</b>	12%	(17%)
Other Operating Income (Expenses)	327	859	<b>822</b>	(4%)	151%
Non Interest Income	4,949	5,315	<b>5,000</b>	(6%)	1%
Total Income	26,916	24,896	<b>25,003</b>	0%	(7%)
Non Interest Expense	10,466	11,612	<b>10,883</b>	(6%)	4%
Provisions	4,344	5,993	<b>3,215</b>	(46%)	(26%)
Operating Income	12,106	7,290	<b>10,905</b>	50%	(10%)
Taxes	3,228	1,757	<b>2,678</b>	52%	(17%)
Subsidiaries' Net Income	353	509	<b>429</b>	(16%)	21%
Minority Interest	(113)	(77)	<b>(112)</b>	(46%)	1%
Subsidiaries & Minority Interest	240	433	<b>317</b>	(27%)	32%
<b>Net Income</b>	<b>9,118</b>	<b>5,966</b>	<b>8,544</b>	<b>43%</b>	<b>(6%)</b>
Balance Sheet Highlights - GFNorte (Million Pesos)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
Asset Under Management	2,708,692	2,975,753	3,074,928	3%	14%
Performing Loans (a)	779,818	802,138	800,328	(0%)	3%
Past Due Loans (b)	13,212	8,931	10,607	19%	(20%)
Total Loans (a+b)	793,030	811,070	810,935	(0%)	2%
Total Loans Net (d)	774,525	791,066	791,265	0%	2%
Acquired Collection Rights (e)	1,500	1,617	1,529	(5%)	2%
Total Credit Portfolio (d+e)	776,025	792,682	792,794	0%	2%
Total Assets	1,729,280	1,787,904	1,810,207	1%	5%
Total Deposits	772,993	821,712	830,531	1%	7%
Total Liabilities	1,531,790	1,562,801	1,580,066	1%	3%
Equity	197,490	225,103	230,142	2%	17%
Financial Ratios GFNorte	1Q20	4Q20	1Q21		
<b>Profitability:</b>					
NIM (1)	5.9%	4.8%	<b>4.9%</b>		
ROE (2)	18.8%	10.9%	<b>15.2%</b>		
ROA (3)	2.2%	1.3%	<b>1.9%</b>		
<b>Operation:</b>					
Efficiency Ratio (4)	38.9%	46.6%	<b>43.5%</b>		
Operating Efficiency Ratio (5)	2.5%	2.6%	<b>2.4%</b>		
CCL Banorte and SOFOM - Basel III (6)	120.1%	192.5%	<b>207.6%</b>		
<b>Asset Quality:</b>					
Past Due Loan Ratio	1.7%	1.1%	<b>1.3%</b>		
Coverage Ratio	140.1%	224.0%	<b>185.4%</b>		
Cost of Risk (7)	2.2%	3.0%	<b>1.6%</b>		
<b>Market References</b>					
Banxico Reference Rate	6.50%	4.25%	<b>4.00%</b>		
TIE 28 days (Average)	7.36%	4.51%	<b>4.37%</b>		
Exchange Rate Peso/Dolar	23.48	19.91	<b>20.44</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)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
Banco Mercantil del Norte	6,072	3,833	<b>5,870</b>	53%	(3%)
Banorte- Ixe-Broker Dealer	213	250	<b>314</b>	25%	48%
Operadora de Fondos Banorte-Ixe	100	106	<b>107</b>	1%	7%
Retirement Funds - Afore XXI Banorte	325	475	<b>396</b>	(17%)	22%
Insurance	1,703	471	<b>858</b>	82%	(50%)
Annuities	284	503	<b>496</b>	(1%)	75%
BAP (Holding)	14	9	<b>8</b>	(10%)	(41%)
Other Finance Companies	66	88	<b>250</b>	185%	277%
G. F. Banorte (Holding)	340	232	<b>247</b>	6%	(27%)
<b>Total Net Income</b>	<b>9,118</b>	<b>5,966</b>	<b>8,544</b>	<b>43%</b>	<b>(6%)</b>

Share Data	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
Earnings per share (Pesos)	3.162	2.069	<b>2.963</b>	43%	(6%)
Earnings per share Basic (Pesos)	3.180	2.097	<b>2.995</b>	43%	(6%)
Dividend per Share for the period (Pesos)	0.00	0.00	<b>0.00</b>	-	-
Payout for the period	0.0%	0.0%	<b>0.0%</b>	-	-
Book Value per Share (Pesos)	67.70	77.07	<b>78.81</b>	2%	16%
Outstanding Shares - BMV (Million)	2,883.5	2,883.5	<b>2,883.5</b>	0%	0%
Stock Price (Pesos)	65.00	109.93	<b>115.13</b>	5%	77%
P/BV (Times)	0.96	1.43	<b>1.46</b>	2%	52%
Market Capitalization (Million Dollars)	7,981	15,922	<b>16,241</b>	2%	104%
Market Capitalization (Million Pesos)	187,425	316,978	<b>331,972</b>	5%	77%

### 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 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)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
Interest Income	32,533	27,068	<b>26,817</b>	(1%)	(18%)
Interest Expense	14,237	9,324	<b>9,483</b>	2%	(33%)
Loan Origination Fees	360	380	<b>352</b>	(7%)	(2%)
Fees Paid	291	314	<b>314</b>	0%	8%
<b>NII excluding Insurance and Annuities Co.</b>	<b>18,365</b>	<b>17,810</b>	<b>17,372</b>	<b>(2%)</b>	<b>(5%)</b>
Premium Income (Net)	12,155	9,192	<b>15,340</b>	67%	26%
Technical Reserves	7,946	4,368	<b>11,016</b>	152%	39%
Damages, Claims and Other Obligations	4,592	6,281	<b>7,097</b>	13%	55%
<b>Technical Results</b>	<b>(383)</b>	<b>(1,458)</b>	<b>(2,773)</b>	(90%)	(623%)
Interest Income (Expenses) net	3,986	3,228	5,403	67%	36%
<b>Insurance and Annuities NII</b>	<b>3,603</b>	<b>1,770</b>	<b>2,630</b>	<b>49%</b>	<b>(27%)</b>
<b>GFNORTE's NII</b>	<b>21,968</b>	<b>19,580</b>	<b>20,002</b>	<b>2%</b>	<b>(9%)</b>
Credit Provisions	4,344	5,993	<b>3,215</b>	(46%)	(26%)
<b>NII Adjusted for Credit Risk</b>	<b>17,623</b>	<b>13,587</b>	<b>16,788</b>	<b>24%</b>	<b>(5%)</b>
Average Earning Assets	1,481,187	1,625,011	<b>1,640,360</b>	1%	11%
<b>Net Interest Margin (1)</b>	<b>5.9%</b>	<b>4.8%</b>	<b>4.9%</b>		
<b>NIM after Provisions (2)</b>	<b>4.8%</b>	<b>3.3%</b>	<b>4.1%</b>		
<b>NIM adjusted w/o Insurance &amp; Annuities</b>	<b>5.6%</b>	<b>5.0%</b>	<b>4.8%</b>		
<b>NIM from loan portfolio (3)</b>	<b>8.4%</b>	<b>7.6%</b>	<b>7.4%</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

**NII excluding Insurance and Annuities was down (2%)** during the quarter, in line with the decline in NII from the loan portfolio and the negative foreign exchange valuation effect. As for interest expenses, they rose 2% in the quarter despite the **(4%) reduction in interest expense from deposits and funding** totaling Ps 167 million, which was driven by mark-to-market valuations on UDIS and FX. Additionally, **NIM from the loan portfolio** declined (17bps) closing at **7.4%** from 7.6% in the previous quarter, whereas **adjusted NIM excluding Insurance and Annuities** dropped (15bps) to **4.8%** in 1Q21.

Compared to 1Q20, **NII excluding Insurance and Annuities** declined **(5%)** in the year, mainly due to the (299bp) reduction in the average reference rate TIIE28d, which went from 7.4% to 4.4% during the period. Moreover, there were, funding cost efficiencies driven by **(33%) lower interest expenses**, while the total loan portfolio increased 3% annually. **NIM of the loan portfolio dropped (96 bps)** and stood at **7.4%**. **NIM adjusted excluding Insurance and Annuities** declined (73bps) ending at **4.8%** in 1Q21.

**NII from Insurance and Annuities** rose **49%** sequentially, explained by the strong seasonal effect of the Insurance business, which reflects the renewal of premiums of a relevant portion of the portfolio taking place in every first quarter, thus rising 67% vs. 4Q20: 142% increase in Insurance and (5%) decline in Annuities. However, claims had a 13% increase from the consequences from the COVID-19 pandemic in the life and health portfolios. Furthermore, technical reserves were up, both by the seasonal effect of Insurance and by the inflation valuation effect on the Annuities business.

Compared to 1Q20, NII from **Insurance and Annuities dropped (27%)** as a result of a strong impact on the technical result reflecting the combined effect of a relevant 26% increase in premiums, which resulted in a 39% increase in the constitution of technical reserves, and a Ps 2.50 billion rise in claims due to the effects of the pandemic in life and health insurance portfolios.



Altogether, GFNorte's **net interest income increased 2% during the quarter** and **decreased (9%) in the year**. The **NIM increased 6bps during the quarter and decreased (105bps) annually** ending at **4.9%**, at the same time that the reference rate of Banxico dropped (250bps) between 1Q21 and 1Q20 ending at 4.0% currently.

## Loan Loss Provisions

Compared to the previous quarter, total **provisions were down (46%)**, mainly due to the constitution of additional reserves in the previous quarter. Provision breakdown by segment: the commercial portfolio requirements were down Ps (597) million, and the consumer portfolio requirements decreased Ps (350) million or (10%) across all the consumer products. Even without the effect of anticipated provisions registered in the previous quarter, the level of provisions is (10%) lower on a quarterly basis.

From the Ps 3.21 billion provisions recorded in the quarter, 38% are the result new loans, and the rest are due to risk and portfolio variations.

**Compared to 2020, accumulated provisions were down (26%) or Ps (1.13) billion**, primarily in the commercial portfolio, down Ps (770) million, while consumer decreased Ps (408) million, across all products.

Credit Provisions (Million Pesos)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
Commercial, Corporate & Government	908	736	139	(81%)	(85%)
Consumer	3,595	3,537	3,187	(10%)	(11%)
Charge offs and discounts	(159)	(280)	(112)	60%	30%
Additional Provisions	-	2,000	-	(100%)	N.A.
<b>Credit Provisions</b>	<b>4,344</b>	<b>5,993</b>	<b>3,215</b>	<b>(46%)</b>	<b>(26%)</b>

**Cost of risk for the quarter was 1.6%, lower by (138bps) vs. the previous quarter, (63bps) vs. 1Q20**, and below historical levels due to lower reserve requirements and moderate portfolio growth.

## Non-Interest Income

Non-Interest Income (Million Pesos)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
Net Service Fees	3,455	3,599	<b>3,214</b>	(11%)	(7%)
Trading	1,166	858	<b>964</b>	12%	(17%)
Other Operating Income (Expenses)	327	859	<b>822</b>	(4%)	151%
<b>Non-Interest Income</b>	<b>4,949</b>	<b>5,315</b>	<b>5,000</b>	<b>(6%)</b>	<b>1%</b>

**Non-interest income** decreased (6%) in the quarter, mainly due to lower Net Service Fees. Non-interest income **grew 1% vs. 1Q20** on higher income from Insurance operations, and lower claims and asset impairments compared to 1Q20.

## Service Fees

Service Fees (Million Pesos)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
Fund Transfers	400	513	473	(8%)	18%
Account Management Fees	578	529	494	(7%)	(15%)
Electronic Banking Services	2,336	3,033	2,916	(4%)	25%
Basic Banking Services Fees	3,315	4,075	3,883	(5%)	17%
For Commercial and Mortgage Loans *	495	366	296	(19%)	(40%)
For Consumer Loans	1,242	1,292	1,164	(10%)	(6%)
Fiduciary *	119	153	106	(31%)	(11%)
Income from Real Estate Portfolios	5	19	10	(51%)	77%
Mutual Funds	461	504	484	(4%)	5%
Trading & Financial Advisory Fees	147	142	188	32%	28%
Other Fees Charged (1)	331	223	250	12%	(24%)
<b>Fees Charged on Services</b>	<b>6,115</b>	<b>6,775</b>	<b>6,380</b>	<b>(6%)</b>	<b>4%</b>
Interchange Fees	1,226	1,684	1,625	(4%)	33%
Insurance Fees	473	227	339	49%	(28%)
Other Fees Paid	961	1,264	1,202	(5%)	25%
<b>Fees Paid on Services</b>	<b>2,660</b>	<b>3,176</b>	<b>3,166</b>	<b>(0%)</b>	<b>19%</b>
<b>Net Service Fees</b>	<b>3,455</b>	<b>3,599</b>	<b>3,214</b>	<b>(11%)</b>	<b>(7%)</b>

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

**Fees charged on services were down (6%) sequentially**, due to the period's seasonality, reflecting lower revenue from customer transactions in services such as electronic banking, use of debit and credit cards. Compared to 1Q20, fees charged on services rose 4% as a result of a 17% increase in basic banking services fees, a 28% increase on advisory and financial intermediation fees, and 5% increase in mutual funds fees.

**Fees paid on services** remained relatively unchanged during the quarter; however, compared to 1Q20 figures, they show a **19% increase** as once again there were higher interchange fees, as well as an increase in loan origination and debt fees.

Altogether, **net service fees were down** (11%) vs. the previous quarter, and (7%) below 1Q20.

## Trading

Trading Income (Million Pesos)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
Currency and Metals	1,235	(1,483)	575	139%	(53%)
Derivatives	(1,238)	309	111	(64%)	109%
Negotiable Instruments	(166)	92	(579)	(730%)	(248%)
<b>Valuation</b>	<b>(169)</b>	<b>(1,083)</b>	<b>107</b>	<b>110%</b>	<b>163%</b>
Currency and Metals	(862)	1,930	764	(60%)	189%
Derivatives	1,742	(169)	5	103%	(100%)
Negotiable Instruments	455	180	87	(51%)	(81%)
<b>Trading</b>	<b>1,335</b>	<b>1,941</b>	<b>857</b>	<b>(56%)</b>	<b>(36%)</b>
<b>Trading Income</b>	<b>1,166</b>	<b>858</b>	<b>964</b>	<b>12%</b>	<b>(17%)</b>

**Trading income** increased 12% sequentially, as result of the volatility seen in the USD Dollar/Mexican Peso exchange rate, and in capital and money markets, along their effect on asset valuation.

Compared to 1Q20, trading income **declined (17%)** on lower FX and securities' transactions; in addition to a positive effect on currency valuation and impairments in both derivatives and securities values, from volatility in the markets.

## Other Operating Income (Expenses)

Other Operating Income (Expenses) (Million Pesos)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
Loan Portfolios	80	69	99	44%	24%
Income from Foreclosed Assets	88	129	87	(32%)	(1%)
Impairment of Assets	(55)	-	-	N.A.	100%
Lease Income	100	62	64	3%	(37%)
From Insurance	211	317	275	(13%)	30%
Securitization Operation Valuation Result	31	(36)	0	100%	(100%)
Others	(128)	319	298	(7%)	333%
<b>Other Operating Income (Expenses)</b>	<b>327</b>	<b>859</b>	<b>822</b>	<b>(4%)</b>	<b>151%</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) declined (4%)** in the quarter due to higher foreclosures and loan loss estimates, as well as lower income from Insurance, and lower income from the sale of foreclosed assets.

Compared to 1Q20, other operating income grew Ps 495 million or 151%, mainly due to higher income from Insurance operations, other recoveries and sale of real estate portfolios, as well as lower other losses and estimates.

## Non-Interest Expense

Non-Interest Expense (Million Pesos)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
Personnel	3,930	4,660	4,006	(14%)	2%
Professional Fees	749	962	806	(16%)	8%
Administrative and Promotional	2,382	2,141	2,223	4%	(7%)
Rents, Depreciation & Amortization	1,946	2,136	2,243	5%	15%
Taxes other than income tax & non deductible expenses	498	648	553	(15%)	11%
Contributions to IPAB	828	931	912	(2%)	10%
Employee Profit Sharing (PTU)	133	136	139	2%	5%
<b>Non-Interest Expense</b>	<b>10,466</b>	<b>11,612</b>	<b>10,883</b>	<b>(6%)</b>	<b>4%</b>

**Non-interest expense** for the quarter **was down (6%)** mainly on personnel expenses, which were higher in the previous quarter due to expenses associated with operational restructurings, as well as lower professional fees. Compared to 1Q20, non-interest expense rose 4%, primarily driven by amortization of capitalizable projects.

Consequently, **efficiency ratio had a (312bps) sequential improvement**, and a 464bps increase in the year reaching **43.5%**

## Net Income

Net Income (Million Pesos)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
<b>Operating Income</b>	<b>12,106</b>	<b>7,290</b>	<b>10,905</b>	<b>50%</b>	<b>(10%)</b>
Subsidiaries' Net Income	353	509	429	(16%)	21%
<b>Pre-Tax Income</b>	<b>12,459</b>	<b>7,800</b>	<b>11,334</b>	<b>45%</b>	<b>(9%)</b>
Taxes	3,228	1,757	2,678	52%	(17%)
Discontinued Operations	-	-	-	N.A.	N.A.
Minority Interest	(113)	(77)	(112)	(46%)	1%
<b>Net Income</b>	<b>9,118</b>	<b>5,966</b>	<b>8,544</b>	<b>43%</b>	<b>(6%)</b>

**Net Operating Income was up 50%** in 1Q21, this time unaffected by anticipated provisions recorded in the previous quarter; while compared to 1Q20 figures, it was down (10%) due to an impact on the Insurance technical result, previously explained.

**Taxes had a 52% sequential increase** due to higher net operating profit, and in the annual comparison the opposite effect is observed, dropping (17%) due to lower net operating result.

**Earnings per share** for the quarter is **Ps 2.96**.

## Profitability

	1Q20	4Q20	1Q21
<b>ROE</b>	<b>18.8%</b>	<b>10.9%</b>	<b>15.2%</b>
Goodwill & Intangibles (billion pesos)	51	39	40
Average Tangible Equity (billion pesos)	143	162	185
<b>ROTE</b>	<b>25.5%</b>	<b>13.3%</b>	<b>18.5%</b>

**ROE** had a significant **428bps** recovery during the quarter; however, compared to 1Q20, it had a (355bps) decline, standing at **15.2%**. ROE still shows the effect of capital accumulation due to the temporary suspension of dividend payments, following the recommendation of authorities.

In the period, the **ROTE** was up significantly to 18.5% from 13.3%, associated with the accumulation of average tangible capital, while compared to 1Q20, it dropped (707bps).

	1Q20	4Q20	1Q21
<b>ROA</b>	<b>2.2%</b>	<b>1.3%</b>	<b>1.9%</b>
Average Risk Weighted Assets (billion pesos)	795	889	683
<b>RRWA</b>	<b>4.5%</b>	<b>3.4%</b>	<b>4.4%</b>

The **ROA** stood at **1.9%**, a 57bps increase compared to the previous quarter and down (30bp) vs. to that of the previous year.

## Deposits

Deposits (Million Pesos)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
Non-Interest Bearing Demand Deposits	290,229	341,309	<b>341,450</b>	0%	18%
Interest Bearing Demand Deposits	163,825	192,022	<b>207,141</b>	8%	26%
<b>Total Demand Deposits</b>	<b>454,055</b>	<b>533,331</b>	<b>548,591</b>	3%	21%
<b>Time Deposits – Retail</b>	<b>226,592</b>	<b>217,272</b>	<b>213,923</b>	(2%)	(6%)
<b>Core Deposits</b>	<b>680,647</b>	<b>750,603</b>	<b>762,514</b>	2%	12%
<b>Money Market</b>	<b>111,223</b>	<b>92,650</b>	<b>73,028</b>	(21%)	(34%)
<b>Total Bank Deposits</b>	<b>791,870</b>	<b>843,253</b>	<b>835,542</b>	(1%)	6%
<b>GFNorte's Total Deposits</b>	<b>772,993</b>	<b>821,712</b>	<b>830,531</b>	1%	7%
<b>Third Party Deposits</b>	<b>159,012</b>	<b>151,228</b>	<b>238,656</b>	58%	50%
<b>Total Assets Under Management</b>	<b>950,882</b>	<b>994,481</b>	<b>1,074,198</b>	8%	13%

**Core deposits were up 2%** during the quarter, **explained by a strong 3% increase in demand deposits**, whereas **time deposits declined (2%)**. Compared to 1Q20, time deposits were down (6%), while demand deposits grew 21% mainly in interest-bearing demand accounts, as a result of implementing strategies to increase customer balances and consequently, reducing interbank (high cost) funding needs, aligned with the overall strategy to improve margins.

**Money market operations and securities issued** had a (21%) decline during the quarter and dropped **(34%)** annually. Altogether, **total bank deposits** dropped (1%) in the quarter and rose **6%** in the year.

## Loans

Performing Loan Portfolio (Million Pesos)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
Mortgages	173,226	187,736	<b>191,220</b>	2%	10%
Auto Loans	27,188	28,165	<b>28,247</b>	0%	4%
Credit Card	38,707	36,651	<b>35,589</b>	(3%)	(8%)
Payroll	51,643	51,668	<b>52,256</b>	1%	1%
<b>Consumer</b>	<b>290,763</b>	<b>304,220</b>	<b>307,312</b>	1%	6%
<b>Commercial</b>	<b>182,277</b>	<b>192,927</b>	<b>192,834</b>	(0%)	6%
<b>Corporate</b>	<b>145,229</b>	<b>143,429</b>	<b>140,140</b>	(2%)	(4%)
<b>Government</b>	<b>161,549</b>	<b>161,563</b>	<b>160,042</b>	(1%)	(1%)
<b>Total</b>	<b>779,818</b>	<b>802,138</b>	<b>800,328</b>	(0%)	3%

In a quarter marked by the gradual economic reactivation across different economic sectors, the performing loan portfolio **had a (0.2%) quarterly decline; however, it had a 3.0% increase in the year**. Excluding the government portfolio, the loan portfolio remained stable in the quarter, and up 4% vs. 1Q20 as a result of good dynamics in the consumer portfolio, followed by the commercial book.

The **consumer portfolio rose 1% in the quarter**, reflecting good dynamics in mortgages which grew 2%; the auto portfolio remained unchanged, and payroll loans grew 1%. As expected, credit cards were down (3%) given the challenges brought by the pandemic.

Compared to 1Q20, the **Consumer and Commercial portfolios** stood out with **6% growth rates**.

Within the commercial portfolio, **SMEs balances** show an anticipated **slight (2%) reduction** compared to the previous period, while growing 12% vs. 1Q20. NPL ratio rose 138bps in the quarter to 3.40%, as a result of the behavior of clients who ended their support program, and declined in the year due to a change in the write-off policy from 19 to 10 months.

SME's Loans (Million Pesos)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
<b>Performing Portfolio</b>	32,963	37,741	36,972	(2%)	12%
<b>% of Performing Commercial Portfolio</b>	18.1%	19.6%	19.2%	(39 bp)	109 bp
<b>% of Total Performing Portfolio</b>	4.2%	4.7%	4.6%	(9 bp)	39 bp
<b>NPL Ratio</b>	7.0%	2.02%	3.40%	138 bp	(357 bp)

The **corporate portfolio** totaled **Ps 140.14 billion**, down (2%) vs. the previous quarter and **(4%)** annually. 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 10.7% 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.

The **infrastructure book** grew **2%** in the quarter and **1%** annually, explained by a moderate reactivation in this sector.

Infrastructure Loans (Million Pesos)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
<b>Performing Portfolio</b>	48,306	47,999	48,927	2%	1%
<b>% of Total Performing Portfolio</b>	5.7%	6.0%	6.1%	13 bp	42 bp
<b>NPL Ratio</b>	0.1%	1.1%	1.2%	10 bp	104 bp

The **Government Book** totaled **Ps 160.04 billion**, (1%) below the previous quarter and year, considering that in 1Q20 this book had a strong growth. GFNorte's government portfolio is well diversified by regions, showing adequate concentration risk given that 33% of the portfolio is Federal Government exposure. Additionally, regarding municipal and states government loans, 90.2% of the loans are backed by fiduciary guarantees.

**Market share position (using CNBV records as of February 2021):**

**Banorte's performing loan portfolio outperformed the market, which had a (2.1%) decline. Banorte increased its market share by 112bps reaching 15.1%**

- **Mortgages:** Banorte holds 19.6% market share, **up 34bps annually**, keeping the second place in the system.
- **Credit Cards:** Banorte holds **10.3% market share, gaining 35bps** in the year.
- **Auto Loans:** The market reflects a general slowdown due to reductions in sales of new cars. In the year, Banorte **increased its market share by 147bps** to 19.6%, consolidating its second position.
- **Payroll Loans:** Banorte holds a 20.6% market share, **ranking second in the market, up 131bps in the year**, the highest increase across all peers.
- **Commercial:** Market share totaled 11.6%, including corporate and SMEs according to the CNBV classification, **up 132bps in the last 12 months, moving up to third position** in the system.
- **Government:** Banorte's market share dropped (287bp) to 27%, ranking second in the banking system.

**Past Due Loans**

**Past due loans were up Ps 1.68 million**, impacting most products, except for credit cards which were down due to write-offs along the quarter. Compared to 1Q20, there is a relevant decline, mainly in the corporate and commercial portfolios due to the application of early write-offs derived from write-offs policy change.

<b>Past Due Loans</b> <i>(Million Pesos)</i>	<b>1Q20</b>	<b>4Q20</b>	<b>1Q21</b>	<b>Change</b>	
				<b>4Q20</b>	<b>1Q20</b>
Credit Cards	2,383	3,120	<b>2,761</b>	(358)	378
Payroll	1,423	1,425	<b>1,558</b>	133	136
Auto Loans	246	161	<b>375</b>	214	129
Mortgages	2,070	1,658	<b>2,071</b>	413	2
Commercial	4,349	2,364	<b>3,381</b>	1,017	(968)
Corporate	2,702	166	<b>268</b>	102	(2,434)
Government	40	38	<b>192</b>	155	153
<b>Total</b>	<b>13,212</b>	<b>8,931</b>	<b>10,607</b>	<b>1,676</b>	<b>(2,605)</b>

**NPL ratio** increased 21bps to **1.3%** returning to its trend without the effect of the support programs, although still below normal levels. Compared to the same period in 2020, this ratio shows a (36bps) improvement due to the aforementioned effect of the support programs and anticipated write-offs.

Past Due Loans Ratios	1Q20	2Q20	3Q20	4Q20	1Q21
Credit Cards	5.8%	5.5%	3.1%	7.8%	<b>7.2%</b>
Payroll	2.7%	3.3%	1.7%	2.7%	<b>2.9%</b>
Auto Loans	0.9%	1.2%	0.7%	0.6%	<b>1.3%</b>
Mortgages	1.2%	1.3%	1.0%	0.9%	<b>1.1%</b>
Commercial	2.3%	1.1%	0.9%	1.2%	<b>1.7%</b>
SMEs	7.0%	3.7%	1.9%	2.0%	<b>3.4%</b>
Commercial	1.2%	0.6%	0.7%	1.0%	<b>1.3%</b>
Corporate	1.8%	0.3%	0.3%	0.1%	<b>0.2%</b>
Government	0.0%	0.1%	0.2%	0.0%	<b>0.1%</b>
<b>Total</b>	<b>1.7%</b>	<b>1.2%</b>	<b>0.8%</b>	<b>1.1%</b>	<b>1.3%</b>

**Expected loss for Banco Mercantil del Norte**, the group's largest subsidiary, **was 1.9%**, and the unexpected loss **was 4.0%**, both with respect to the total portfolio as of 1Q21. In 4Q20 these ratios were 1.9% and 4.3%, respectively, and 2.2% and 4.3% twelve months ago.

Banco Mercantil del Norte's **Net Credit Losses (NCL)**, including write-offs, was 2.5% and remained unchanged vs. 4Q20.

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

Past Due Loan Variations (Million Pesos)	
<b>Balance as of December' 2020</b>	<b>8,931</b>
Transfer from Performing Loans to Past Due Loans	7,602
Portfolio Purchase	-
Renewals	(201)
Cash Collections	(521)
Discounts	(785)
Charge Offs	(3,120)
Foreclosures	(4)
Transfer from Past Due Loans to Performing Loans	(1,300)
Loan Portfolio Sale	-
Foreign Exchange Adjustments	6
Fair Value Ixe	-
<b>Balance as of March' 2021</b>	<b>10,607</b>

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

**Risk Rating of Performing Loans as of 1Q21 - GFNorte**  
(Million Pesos)

CATEGORY	LOANS	LOAN LOSS RESERVES					
		COMMERCIAL			CONSUMER	MORTGAGES	TOTAL
		MIDDLE MARKET COMPANIES	GOVERNMENT ENTITIES	FINANCIAL INTERMEDIARIES			
A1	709,031	1,082	562	76	554	260	2,534
A2	31,669	139	52	3	267	34	495
B1	36,760	88	115	0	838	17	1,058
B2	12,780	63	8	3	439	17	530
B3	18,977	147	191	4	518	12	872
C1	9,634	137	-	0	568	55	761
C2	12,579	152	90	0	1,569	136	1,947
D	8,494	1,292	85	-	1,197	446	3,019
E	5,847	322	-	-	3,773	93	4,188
<b>Total</b>	<b>845,773</b>	<b>3,423</b>	<b>1,103</b>	<b>87</b>	<b>9,722</b>	<b>1,070</b>	<b>15,404</b>
Not Classified	(1,310)						
Exempt	-						
<b>Total</b>	<b>844,463</b>	<b>3,423</b>	<b>1,103</b>	<b>87</b>	<b>9,722</b>	<b>1,070</b>	<b>15,404</b>
<b>Reserves</b>							<b>19,670</b>
<b>Preventive Reserves</b>							<b>4,266</b>

Notes:

- Figures for reserve creation and rating are as of March 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 constituted complementary reserves follow the general provisions applicable to credit institutions, and they contemplate the additional reserves created to anticipate portfolio impairment effects due to COVID-19 previously described in "Provisions for Credit".

Based on B6 Credit Portfolio criterion from the CNBV, **Distressed Portfolio** is defined as the pool of commercial loans that based on current information and facts, as well as the credit review process, have a considerable probability that they will not be fully recoverable, 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)	1Q21
Distressed Portfolio	4,084
Total Loans	844,463
<b>Distressed Portfolio / Total Loans</b>	<b>0.5%</b>



## Loan Loss Reserves and Loan Loss Provisions

Loan Loss Reserves (Million Pesos)	1Q21
<b>Previous Period Ending Balance</b>	<b>20,004</b>
Provisions charged to results	3,835
Provisions charged to retained earnings	0
Created with profitability margin	0
Reserve Portfolio Sold	0
Other items	0
<b>Charge offs and discounts:</b>	
Commercial Loans	(143)
Consumer Loans	(3,299)
Mortgage Loans	(734)
Foreclosed assets	0
	(4,176)
Cost of debtor support programs	(2)
Valorization and Others	8
Adjustments	0
<b>Loan Loss Reserves at Period End</b>	<b>19,670</b>

**Loan Loss Reserves** as of 1Q21 totaled **Ps 19.67 billion**, (1.7%) down vs. the previous quarter. **Charge-offs and discounts** increased 3% in the quarter.

**Loan loss reserve coverage ratio** totaled **185%** in the quarter, returning towards normal levels without the effect of additional provisions.

## Capital

**Shareholders' equity** totaled **Ps 230.14 billion**, up 2% quarterly.

The main changes during the quarter were: a Ps 8.54 billion increase in net income; a Ps (1.60) billion decline from valuation of available-for-sale securities; a Ps (918) million reduction due to interest payment of subordinated notes; a Ps (1.33) billion decline in valuation of cash flow hedging instruments; a Ps 504 million increase due to the share buyback plan; a Ps (406) million decline from the premium on share sales, and a Ps 121 million gain from the valuation of the risks in progress reserve due to variations in interest rates.

## Recent Events

### 1. BANORTE LAUNCHES NTEESG, ITS FIRST SUSTAINABLE INVESTMENT FUND.

On February 8<sup>th</sup>, Grupo Financiero Banorte launched its first sustainable investment fund NTEESG, in alliance with the prestigious international investment management company Franklin Templeton. The fund screens for companies with the best ESG practices worldwide and seeks to generate superior performance to its market benchmark. Banorte created this fund as part of its commitment to sustainability, and in line with the growing market appetite for this type of investments. To integrate the fund's portfolio, issuers are selected globally through a rigorous process considering ESG factors, as well as the guidelines of the Responsible Investment Policy of Banorte's Mutual Funds.

NTEESG is a global equity fund that will give investors access to the best companies from around the world. The fund will have a diversified portfolio, holding between 100 and 150 companies that comply with the best practices in ESG matters.

### 2. THE RAPPY-BANORTE ALLIANCE DEBUTS IN THE MARKET WITH THE RAPPICARD VISA CREDIT CARD, OFFERING UNIQUE BENEFITS WITHOUT CHARGING ANNUITY.

On January 25<sup>th</sup>, the Joint Venture Rappi-Banorte announced the launch of its RappiCard Visa credit card, which can now be requested from Rappi's app. It has many benefits such as cashback of up to 3%, zero annual fee, up to 18 months interest-free installments, 24/7 customer service and discounts of up to 50%. In November of 2020, RappiCard released a waiting list to which more than 125,000 people registered to request the RappiCard Visa card in advance. As of today, the wait is over, since any interested party -and user of the Rappi app- can request it from the application.

"RappiCard breaks paradigms in Mexico, as it does not charge an annual fee and offers incredible benefits. It stands out in terms of user experience and transparency, so our clients get more out of their money. We are very proud to start this journey hand in hand with our allies Banorte and Visa", said Juan Guerra, CEO of RappiPay Mexico.

### 3. BANORTE WEARS THE SHIRT, BECOMING THE NEW SPONSOR OF THE NATIONAL SOCCER TEAM.

On March 23<sup>rd</sup>, together with the Mexican Football Federation (FMF), Banorte announced that, the "Banco Fuerte de México" will be the official sponsor of the Mexican National Soccer Team, becoming the only bank that will accompany the national team. With this milestone, Banorte joins the National Soccer Team and more than 120 million Mexicans who wear the shirt to achieve the same dream: to represent and inspire an entire country, making Mexico stronger.

### 4. BANORTE OFFERS APPLE PAY TO ITS CLIENTS.

On February 23<sup>rd</sup>, Banorte brought ApplePay to its customers; a more secure, comfortable and private way to pay, which helps customers avoid handing over their credit or debit card to someone else, without touching buttons or exchanging cash — and leveraging on the power of the iPhone to protect every transaction.

Customers simply place their iPhone or Apple Watch near a payment terminal to make a contactless payment. Any purchase with Apple Pay is secure because it is authenticated with "Face ID", "Touch ID", or with the device's password, as well as with a dynamic authentication with a single use code. With their linked Mastercard card, Apple Pay is accepted at supermarkets, pharmacies, and convenience stores, as well as in many other places.

### 5. GFNORTE BECOMES A CONSTITUENT OF BLOOMBERG'S 2021 GENDER EQUITY INDEX.

On January 27<sup>th</sup>, GFNorte was included in the Bloomberg Gender Equity Index (GEI), which is composed of 380 companies in the communications, consumer products, energy, finance, utilities and technology sectors in 44 different countries. This index measures gender equality based on the internal statistics of the evaluated companies, employee policies, the support and participation of the external community, and the product offerings with a gender perspective. It also considers the aspect of an inclusive culture, as 69% of companies have a strategy to recruit women and 59% conduct a global gender-based compensation review.

### 6. BANORTE OBTAINS THE ESR® 2021 DISTINCTIVE AWARDED BY CEMEFI FOR THE 11TH CONSECUTIVE YEAR.

On February 26<sup>th</sup>, 2021, Banco Mercantil del Norte, S.A. obtained the ESR® 2021 Distinction as a result of its public and voluntary commitment to implement a socially responsible management, based on a vision of continuous improvement towards its stakeholders, increasing its standards in the different areas such as: Quality of Life in the Company, Ethics and Corporate Governance, Community Engagement, and Environmental Care and Preservation.

## Bank

Income Statement and Balance Sheet (Million Pesos)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
Net Interest Income	17,517	16,942	<b>16,171</b>	(5%)	(8%)
Non-Interest Income	4,726	4,876	<b>4,919</b>	1%	4%
<b>Total Income</b>	<b>22,243</b>	<b>21,819</b>	<b>21,090</b>	(3%)	(5%)
Non-Interest Expense	9,718	10,832	<b>10,036</b>	(7%)	3%
Provisions *	4,262	5,953	<b>3,231</b>	(46%)	(24%)
<b>Operating Income</b>	<b>8,263</b>	<b>5,034</b>	<b>7,824</b>	55%	(5%)
Taxes	2,112	1,161	<b>1,879</b>	62%	(11%)
Discontinued Operations	-	-	-	-	-
Subsidiaries & Minority Interest	29	28	<b>28</b>	0%	(3%)
<b>Net Income</b>	<b>6,180</b>	<b>3,901</b>	<b>5,974</b>	53%	(3%)
<b>Balance Sheet</b>					
Performing Loans (a)	763,091	782,532	<b>782,226</b>	(0%)	3%
Past Due Loans (b)	12,827	8,580	<b>10,257</b>	20%	(20%)
Total Loans (a+b)	775,918	791,112	<b>792,483</b>	0%	2%
Total Loans Net (d)	757,986	771,648	<b>773,339</b>	0%	2%
Acquired Collection Rights (e)	1,261	1,617	<b>1,529</b>	(5%)	21%
Total Loans (d+e)	759,247	773,264	<b>774,867</b>	0%	2%
<b>Total Assets</b>	<b>1,293,647</b>	<b>1,262,185</b>	<b>1,234,021</b>	(2%)	(5%)
Total Deposits	791,870	843,253	<b>835,542</b>	(1%)	6%
Demand Deposits	451,842	530,747	<b>545,953</b>	3%	21%
Time Deposits	340,028	312,506	<b>289,590</b>	(7%)	(15%)
<b>Total Liabilities</b>	<b>1,179,984</b>	<b>1,127,138</b>	<b>1,096,778</b>	(3%)	(7%)
<b>Equity</b>	<b>113,663</b>	<b>135,047</b>	<b>137,242</b>	2%	21%
<b>Financial Ratios - Bank</b>					
	<b>1Q20</b>	<b>4Q20</b>	<b>1Q21</b>		
<b>Profitability:</b>					
NIM (1)	6.3%	5.8%	<b>5.6%</b>		
NIM after Provisions (2)	4.7%	3.7%	<b>4.5%</b>		
ROE (3)	21.7%	11.8%	<b>17.6%</b>		
ROA (4)	2.0%	1.2%	<b>1.9%</b>		
<b>Operation:</b>					
Efficiency Ratio (5)	43.7%	49.6%	<b>47.6%</b>		
Operating Efficiency Ratio (6)	3.2%	3.4%	<b>3.2%</b>		
Average Liquidity Coverage Ratio for Banorte and SOFOM - Basel III (7)	120.1%	192.5%	<b>207.6%</b>		
<b>Asset Quality:</b>					
Past Due Loan Ratio	1.7%	1.1%	<b>1.3%</b>		
Coverage Ratio	139.8%	226.9%	<b>186.7%</b>		
<b>Capitalization:</b>					
Net Capital/ Credit Risk Assets	24.1%	26.7%	<b>29.9%</b>		
Total Capitalization Ratio	19.0%	20.2%	<b>21.7%</b>		
<b>Leverage</b>					
Basic Capital/ Adjusted Assets	10.9%	12.1%	<b>12.0%</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 (5%) sequentially**, with NII of the loan portfolio (1%) down vs. the previous quarter, coupled with the recognition of a Ps (484) million impairment in foreign currency and UDIs accounts, despite improvements in the funding cost. With this, **NIM stood at 5.6%** down (20bps) compared to the previous quarter.

**Non-interest income increased 1%** sequentially, mainly due higher trading income.

**Fees charged were down (6%)** sequentially due to seasonality reflected in lower electronic banking service fees and lower origination fees from consumer loans. **Fees paid declined (5%)** due to lower commissions from loans granted and debt issuance. Altogether, **net fees declined (7%)**.

**Trading income rose 63%** quarterly, due to a favorable result on the valuation of currency transactions and derivatives, amidst high volatility in the markets.

**Other operating income (expense)** show a (32%) decline, equivalent to Ps (162) million, on lower income from foreclosed assets, liability prepayments and other recoveries.

**Non-interest expense** dropped (7%) mainly due to lower personnel expenses, already without the effect of the severance expenses recorded during the previous quarter, and lower professional fees. Altogether, **efficiency ratio improved (206bps) sequentially** ending at **47.6%**.

Provisions had a (46%) decline during the quarter, primarily explained by the base effect of the higher additional reserves booked in the previous quarter. On the breakdown by portfolio, the commercial portfolio was down Ps (537) million, while the consumer portfolio registered a Ps (350) million decline across all its constituents, contrary to the effect of the previous quarter. Even, after adjusting for the additional provisions recognized in the previous quarter, provisions had a sequential (10%) decline.

**NIM adjusted for credit risks** reached **4.5%**, a 71bps sequential increase, already without the effect of additional anticipated provisions during the previous quarter.

Altogether, **net income rose 53%** reaching Ps 5.97 billion; **ROE** increased 575bps ending at **17.6%**, and **ROA** ended the quarter at **1.9%** with a **69bps quarterly improvement**.

## Accumulated changes vs. the previous year (2020)

**Net interest income (NII) declined (8%) annually**, due to lower NII of the loan portfolio, derived from the sharp drop in the average reference rate of Banxico TIE28d, which totaled (299bp) during the period, dropping from 7.4% to 4.4%. This decline could not be offset by improvements in the funding cost strategy. Overall, **NIM dropped (70bps) to stand at 5.6%**.

**Non-interest income increased 4%** annually, mainly driven by Ps 145 million higher trading income, and Ps 317 million higher other operating income.

**Fees charged increased 6% annually** due to higher electronic banking service fees and other fees charged. **Fees paid were up 28%** due to higher activity on the acquiring business, as well as an increase in loan origination and debt issuance fees. In sum, **Net Fees had a (7%) decline**.

**Trading income increased 14%** due to positive results in the valuation of currency transactions and derivatives given the high volatility that prevailed in the markets, coupled with a higher position in foreign currency and minimal exposure to derivatives and securities compared to 1Q20.

**Other operating income (expense)** reflects a Ps 317 million increase, mainly on higher income from Insurance and other recoveries, as well as a decline in other losses and estimates.

**Non-interest income rose only 3.0%** in the year, mainly due to the Ps 290 million increase related to the amortization of capitalizable projects, followed by a Ps 143 million increase in personnel expenses and fees; advertising expenses were down Ps (232) million. With this, **efficiency ratio** increased 389bps ending at **47.6%**.

**Provisions were down (24%)** mainly following a Ps (703) million decline in the commercial portfolio, of which Ps (283) million correspond to the government portfolio from a reserves release, while the corporate portfolio shows a Ps (548) million decline driven by improvements in the client risk profile. Together, the corporate and commercial portfolios totaled a Ps 117 million increase. As for the consumer portfolio, it had a Ps 372 million increase, mainly associated with higher

requirements in the mortgage, auto and payroll portfolios. **NIM adjusted for credit risks** stood at **4.5%**, reflecting a (28bps) decline.

**Net income reached Ps 5.97 billion dropping (3%) annually**, reflecting the strong downward adjustments in the reference interest rate and lower credit provisions, after the additional provisions required for the pandemic booked in the previous quarters. **ROE** for the year stood at **17.6%**, reflecting a (414bps) contraction. **ROA declined (11bps)** ending at **1.9%**.

## Capital

**Shareholders' equity** totaled **Ps 137.24 billion** and increased 2% in the quarter. The main sequential changes are: a Ps 5.97 billion increase in net income; a Ps (1.66) billion decline in valuation of available-for-sale securities; a Ps (934) million decline in interest paid on subordinated obligations; a Ps (1.35) billion decline in valuation of cash flow hedging instruments, and a Ps 112 million increase on the executive stock compensation plan.

## 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)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
Core Tier 1	100,589	129,929	132,136	1.7%	31.4%
Tier 1 Capital	147,558	179,701	183,236	2.0%	24.2%
Tier 2 Capital	9,194	8,894	8,123	(8.7%)	(11.6%)
Net Capital	156,752	188,595	191,359	1.5%	22.1%
Credit Risk Assets	650,260	706,194	639,199	(9.5%)	(1.7%)
Net Capital / Credit Risk Assets	24.1%	26.7%	29.9%	3.2 pp	5.8 pp
Total Risk Assets	827,030	933,801	879,814	(5.8%)	6.4%
Core Tier 1	12.16%	13.91%	15.02%	1.1 pp	2.9 pp
Tier 1	17.84%	19.24%	20.83%	1.6 pp	3.0 pp
Tier 2	1.11%	0.95%	0.92%	(0.0 pp)	(0.2 pp)
<b>Capitalization Ratio</b>	<b>18.95%</b>	<b>20.20%</b>	<b>21.75%</b>	1.55 pp	2.80 pp

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

**At the end of 1Q21 the estimated Capital Adequacy Ratio (CAR)** for Banorte was **21.75%** considering credit, market, and operational risks. CAR when considering only credit risks totaled 29.94%. Moreover, the Core Tier 1 Capital reached 15.02% as of 1Q21, a level corresponding to a Systemically Important Institution Level I under CNBV classification. Had additional reserves not been constituted in June and December 2020, CAR in 1Q21 would have been 22.28% and Core Tier 1 Capital 15.57%.

The CAR increased +1.57pp vs. 4Q20 due to the following effects:

	1Q21 vs 4Q20
	<b>+1.57 pp</b>
1. Growth in Risk Assets – Credit***	+0.89 pp
2. Net Income in 1Q21	+ 0.68 pp
3. Growth in Risk Assets – Credit (Others)	+0.64 pp
4. Growth in Risk Assets – Operation	-0.03 pp
5. Capital Notes	-0.03 pp
6. Permanent Investments, Intangibles, and Other Capital Effects*	-0.08 pp
7. Growth in Risk Assets – Market	-0.25 pp
8. Securities' mark-to-market valuation and Hedging Derivatives**	- 0.25 pp

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

\*\* Includes derivatives for hedging positions not valued with market prices.

\*\*\* Includes benefits for internal model calibration.

The CAR increased +2.80 pp vs. 1Q20 due to:

	With Additional Reserves	Without Additional Reserves
	<b>+2.80 pp</b>	<b>+3.33 pp</b>
1. Net Income growth	+2.88 pp	+2.88 pp
2. Securities' mark-to-market valuation and Hedging Derivatives **	+ 0.91 pp	+0.91 pp
3. Other capital effects*	+0.86 pp	+0.86 pp
4. Growth in Risk Assets – Credit***	+0.40 pp	+0.34 pp
5. Capital Notes	-0.13 pp	-0.13 pp
6. Growth in Risk Assets – Operation	-0.15 pp	-0.15 pp
7. Growth in Risk Assets – Credit (Others)	-0.17 pp	-0.17 pp
8. Additional loan loss provisions	-0.59 pp	-0.00 pp
9. Growth in Risk Assets – Market	-1.22 pp	-1.22 pp

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

\*\* Includes derivatives for hedging positions not valued with market prices

\*\*\* Includes benefits for internal model calibration.

In the case of not considering the Special Accounting Criteria authorized by the CNBV for the deferral of credits, in the face of the health contingency of COVID-19, the Capitalization Ratio would have been 21.71% with a Core Tier 1 ratio of 14.98%.

## Evolution of Risk Assets

In compliance with capitalization requirements established to date by Mexican authorities and the 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.

Total Risk Assets as of March 2021 reached Ps 879.81 billion, lower by Ps 54.62 billion vs. December 2020, and Ps 52.78 billion above those of March 2020.

The evolution of Risk Assets is presented below:

Risk Assets (Million Pesos)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
<b>Total Credit</b>	<b>650,260</b>	<b>706,611</b>	<b>639,199</b>	<b>(9.54%)</b>	<b>(1.70%)</b>
Credit (Loan Portfolio)	539,000	559,914	519,548	(7.21%)	(3.61%)
Credit (Others)	111,260	146,697	119,651	(18.44%)	7.54%
<b>Total Market</b>	<b>110,888</b>	<b>155,963</b>	<b>167,543</b>	<b>7.42%</b>	<b>51.09%</b>
<b>Total Operational</b>	<b>65,882</b>	<b>71,860</b>	<b>73,072</b>	<b>1.69%</b>	<b>10.91%</b>
<b>Total</b>	<b>827,030</b>	<b>934,435</b>	<b>879,814</b>	<b>(5.85%)</b>	<b>6.38%</b>

The main quarterly changes in RWA:

- A decrease in Credit Risk Weighted Assets (Loan Portfolio) driven by both the annual internal model adjustment and decreases in the State and Municipal Government, Corporate and Credit Card loan portfolios during the quarter.
- A decline in Credit Risk Weighted Assets (Others) driven by the effect of the interest rate increase on the Credit Valuation Adjustment requirement for derivative operations (on a quarterly basis, the interest rate curve had significant increases in medium and long terms of around 132 bps).
- An increase in Market Risk Weighted Assets mainly due to the effect of balance sheet evolution, exchange rate volatility, and the impact of the decrease in credit APRs on internal balance models.

The main annual changes in RWA:

- Decline in Credit Risk Weighted Assets (Loan Portfolio) driven by both the annual internal model adjustment and reductions in the State and Municipal Government, Corporate and Credit Card loan portfolios during the quarter.
- Increase in Market Risk Weighted Assets mainly due to the effect of balance sheet evolution, foreign exchange rate market volatility, and the impact of the decline in credit RWAs on internal balance models.

## Leverage Ratio (Banco Mercantil del Norte)

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

Leverage (Million Pesos)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
Tier 1 Capital	147,558	179,701	183,236	2.0%	24.2%
Adjusted Assets	1,358,673	1,479,495	1,527,496	3.2%	12.4%
<b>Leverage Ratio</b>	<b>10.86%</b>	<b>12.15%</b>	<b>12.00%</b>	<b>(15 bp)</b>	<b>114 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)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
<b>Interest Income (Net)</b>	517	340	<b>257</b>	(24%)	(50%)
Premium Income (Net)	8,815	4,575	<b>11,085</b>	142%	26%
Net Increase in Technical Reserves	3,304	(248)	<b>4,537</b>	1926%	37%
Damages, Claims and Other Obligations	2,767	4,119	<b>4,884</b>	19%	77%
<b>Technical Results</b>	2,744	704	<b>1,664</b>	136%	(39%)
<b>Net Interest Income (NII)</b>	<b>3,261</b>	<b>1,044</b>	<b>1,921</b>	<b>84%</b>	<b>(41%)</b>
Other Fees (acquisition costs)	(706)	(480)	<b>(627)</b>	(31%)	11%
Securities-Realized Gains	50	43	<b>37</b>	(14%)	(26%)
Other Operating Income (Expenses)	200	299	<b>269</b>	(10%)	34%
<b>Total Operating Income</b>	<b>2,805</b>	<b>906</b>	<b>1,600</b>	<b>77%</b>	<b>(43%)</b>
Non Interest Expense	368	247	<b>380</b>	54%	3%
<b>Operating Income</b>	<b>2,436</b>	<b>659</b>	<b>1,220</b>	<b>85%</b>	<b>(50%)</b>
Taxes	732	186	<b>361</b>	94%	(51%)
Subsidiaries' Net Income	332	485	<b>404</b>	(17%)	22%
Minority Interest	(7)	(11)	<b>(9)</b>	19%	(23%)
<b>Net Income</b>	<b>2,029</b>	<b>946</b>	<b>1,254</b>	<b>33%</b>	<b>(38%)</b>
Shareholder's Equity	24,746	28,325	<b>29,677</b>	5%	20%
Total Assets	59,723	65,038	<b>72,304</b>	11%	21%
Technical Reserves	28,696	29,897	<b>36,094</b>	21%	26%
Premiums sold	10,364	5,104	<b>13,597</b>	166%	31%
Coverage ratio of technical reserves	1.2	1.3	<b>1.3</b>	(0.02 pp)	0.02 pp
Solvency capital requirement coverage ratio	8.7	9.0	<b>11.9</b>	2.9 pp	3.2 pp
Coverage ratio of minimum capital	229.1	255.4	<b>267.7</b>	12.3 pp	38.6 pp
Claims ratio	51%	85%	<b>75%</b>	(10.1 pp)	24.1 pp
Combined ratio	59%	94%	<b>80%</b>	(13.4 pp)	20.9 pp
ROE	34.8%	13.8%	<b>17.5%</b>	3.8 pp	(17.2 pp)
ROE ex-Afore	90.0%	17.8%	<b>30.9%</b>	13.1 pp	(59.1 pp)

**Interest income (Net)** was down (24%) **sequentially**, and down **(50%) annually**, explained by the interest rate effect.

During the quarter, premiums written increased **166%** due to seasonal renewals and new business underwriting. Consequently, technical reserves grew Ps 4.78 billion in the quarter, associated with premium growth during the period. Compared to 1Q20, premiums were up 26%, due to the anticipated renewal of a life premium compared to last year's renewal date, and growth of different Insurance business products during the period.

At the end of 1Q21, Seguros Banorte's technical result was **Ps 1.66 billion**, up **136%** sequentially, driven by the seasonal effect of the period, reflecting a relevant increase in written premiums and higher technical reserves. On the other hand, higher claims in the life and health lines were related to the pandemic.

Damages, Claims and Other obligations increased 19% in the quarter, from **Ps 4.12 billion** in 4Q20 to **Ps 4.88 billion** in 1Q21, of which Ps 1.29 billion corresponded to COVID-19 claims during 4Q20 and Ps 1.83 billion corresponded to **COVID-19** claims in 1Q21.

Annual growth reached **Ps 2.12 billion**, of which **Ps 1.83 billion** correspond to COVID-19 claims. Excluding this effect, annual growth was 10%.

**Acquisition Costs rose 31%** in the **quarter**, reaching Ps 627 million, in line with the seasonality of the business, while compared to the same period in 2020 they **had an (11%)** decline due to lower selling agents expense.



The **Net Operating Income** was up **85%** in the quarter reaching **Ps 1.22 billion** reflecting the seasonal effect of the business, while the annual comparison shows a strong (50%) contraction due to higher reserves and claims as previously described.

**Net Income** for the quarter totaled **Ps 1.25 billion**, up **33%** vs. **4Q20**, and (38%) lower than 1Q20.

Quarterly **Net Income** for Seguros Banorte, excluding its subsidiary Afore XXI Banorte, totaled **Ps 858 million**, accounting for 10% of GFNorte's net income on 1Q21.

The **ROE** for the Insurance business ex-Afore XXI increased quarterly and stood at **30.9% in 1Q21**.

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 1Q21 that involved any technical risk.*
- ii. Damages and claims, as well as compliance of reinsurers and bonding companies with their obligations.
  - *In 1Q21 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 1Q21.*
- 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 6 relevant businesses: 3 related to the government, 1 to the transformation industry, 1 to the communication services industry, and 1 regarding construction industry.*
- v. Contingencies arising from non-compliance of reinsurers and bonding companies.
  - *There were no relevant issues related to non-compliance during 1Q21.*

### Afore XXI Banorte

Afore XXI Banorte (Million Pesos)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
Net Income	663	968	<b>807</b>	(17%)	22%
Shareholder's Equity	23,040	25,551	<b>22,911</b>	(10%)	(1%)
Total Assets	25,301	28,049	<b>25,300</b>	(10%)	(0%)
AUM (SIEFORE)	865,906	1,016,188	<b>1,021,105</b>	0%	18%
ROE	10.9%	15.4%	<b>13.3%</b>	(2.1 pp)	2.4 pp

In 1Q21, Afore XXI Banorte reported **net income of Ps 807 million, (17%)** lower vs. 4Q20 due to (7%) lower income in the period, as well as lower financial products compared to the previous quarter. Compared to 1Q20, net income rose 22%.

**ROE** reached **13.3%**, down **(2.1pp)** during the quarter, and up 2.4pp vs. 1Q20. Excluding goodwill, **Return on Tangible Equity (ROTE)** stood at **43.2%**.

Afore XXI Banorte represented 4.6% of the Financial Group's net income during 1Q21.

Afore XXI Banorte's **assets under management** as of March 2021 totaled **Ps 1.02 trillion**, practically unchanged in the quarter, but 18% higher vs. 1Q20.

## Pensiones Banorte

Income Statement and Balance Sheet Highlights - Annuities - Pensiones Banorte (Million Pesos)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
<b>Interest Income (Net)</b>	3,469	2,888	<b>5,146</b>	78%	48%
Premium Income (Net)	3,489	4,615	<b>4,367</b>	(5%)	25%
Net Increase in Technical Reserves	4,642	4,617	<b>6,480</b>	40%	40%
Claims and Other Obligations	1,826	2,162	<b>2,213</b>	2%	21%
<b>Technical Results</b>	(2,978)	(2,164)	<b>(4,325)</b>	(100%)	(45%)
<b>Net Interest Income (NII)</b>	<b>491</b>	<b>725</b>	<b>821</b>	<b>13%</b>	<b>67%</b>
Securities-Realized Gains	11	86	<b>5</b>	(94%)	(53%)
Other Operating Income (Expenses)	(1)	14	<b>6</b>	(57%)	755%
<b>Total Operating Income</b>	<b>501</b>	<b>824</b>	<b>832</b>	<b>1%</b>	<b>66%</b>
Non Interest Expense	97	109	<b>125</b>	15%	29%
<b>Operating Income</b>	<b>405</b>	<b>716</b>	<b>707</b>	<b>(1%)</b>	<b>75%</b>
Taxes	122	215	<b>213</b>	(1%)	75%
Subsidiaries' Net Income	1	2	<b>1</b>	(33%)	12%
<b>Net Income</b>	<b>284</b>	<b>503</b>	<b>496</b>	<b>(1%)</b>	<b>75%</b>
Shareholder's Equity	5,150	6,448	<b>6,933</b>	8%	35%
Total Assets	141,415	167,078	<b>174,042</b>	4%	23%
Technical Reserves	134,008	157,786	<b>164,297</b>	4%	23%
Premiums sold	3,489	4,615	<b>4,367</b>	(5%)	25%
Coverage ratio of technical reserves	1.0	1.0	<b>1.0</b>	0.0 pp	0.0 pp
Solvency capital requirement coverage ratio	26.3	7.1	<b>7.4</b>	0.3 pp	(19.0 pp)
ROE	22.7%	32.4%	<b>29.6%</b>	(2.8 pp)	7.0 pp

In 1Q21, **Net interest income (Net)** was Ps 5.15 Billion, **representing a relevant 78%** increase compared to the previous quarter, driven by the inflation update effect. In the annual comparison, Net interest income (Net) increased 48% mainly due to the same inflation effect.

**Technical Results were down Ps (2.16) billion**, due to lower Premiums and a strong increase in technical reserves. Most of this quarterly increase was driven by a Ps 1.98 billion inflation update effect in the period. Compared with annual figures, technical results declined (45%), similarly, due to the update in reserves due to the effect of inflation, in addition to growth in new Annuities.

**Net income** of Pensiones Banorte had a **slight (1%) decline during the quarter**, driven by higher costs associated to the launch of certain investment projects, while compared to 1Q20, net income **rose Ps 212 million or 75%**. Out of those 212, Ps 118 million were explained by the release of reserves due to the COVID effect.

At the end of 1Q21, net income of **Pensiones Banorte represented 5.8% of the Financial Group's net income**.

**ROE was 29.6% in the quarter**, down by 2.8pp with respect to the previous quarter.

## Brokerage

Brokerage Sector (Million Pesos)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
Net Income	313	356	<b>420</b>	18%	34%
Shareholder's Equity	4,998	6,130	<b>6,633</b>	8%	33%
Assets Under Custody	813,377	889,022	<b>946,103</b>	6%	16%
Total Assets	186,199	245,804	<b>285,833</b>	16%	54%
ROE	26.0%	23.9%	<b>26.4%</b>	2.5 pp	0.4 pp
Net Capital (1)	3,640	4,525	<b>4,909</b>	8%	35%

1) Net capital structure: Core Equity =Ps 4.91 billion, Additional Capital= Ps 0 million.

The Brokerage business (Casa de Bolsa Banorte and Operadora de Fondos) reported **net income of Ps 420 million in 1Q21**, up 18% sequentially, explained by 9% higher interest income on securities, and a 210% increase equivalent to Ps 91 million, on interest from repurchase agreements, in addition to a 13% increase in non-interest expense. In the year, net income grew 34% due to the combined effect of a significant decline in Interest expense, Ps 16 million higher Net fees, Ps 13 million higher other operating income and Ps 36 million lower Non-interest expense.

Net income from the brokerage business in 1Q21 accounted for 4.9% of the group's net income.

### Assets Under Management

At the end of 1Q21, AUMs totaled **Ps 946 billion, up 6%** during the quarter, and 16% higher annually.

Assets under management of mutual funds **totaled Ps 225 billion, up 8.4% annually**. Assets held in **fixed income funds** totaled **Ps 202 billion, 2% higher in the quarter**, and 6% higher in the year. Assets held in **equity funds** amounted to **Ps 23 billion**, up 5% in the quarter and 38% higher in the year.

As of 1Q21, Banorte held an 8.5% share of the mutual fund market: 10.8% of fixed income funds, and 3% of equity funds.

## SOFOM and other Finance Companies

SOFOM & Other Finance Companies (Million Pesos)	1Q20	4Q20	1Q21	Change	
				4Q20	1Q20
<b>Warehousing</b>					
Net Income	10	10	9	(9%)	(6%)
Shareholder's Equity	255	283	292	3%	14%
Inventories	758	945	832	(12%)	10%
Total Assets	937	1,154	1,033	(10%)	10%
ROE	15.6%	14.6%	12.8%	(1.8 pp)	(2.8 pp)
<b>Arrendadora y Factor (previous Sólida Administradora de Portafolios*)</b>					
Net Income	(146)	78	259	233%	278%
Shareholder's Equity	2,867	9,335	9,593	3%	235%
Loan Portfolio (1)	1,652	38,725	37,522	(3%)	2171%
Past Due Loans	33	351	350	(0%)	948%
Loan Loss Reserves	100	540	525	(3%)	428%
Total Assets	8,803	45,725	44,410	(3%)	404%
ROE	(19.9%)	3.4%	11.2%	7.8 pp	31.0 pp
<b>Sólida AyF Merger (Historic Consolidation Exercise)</b>					
Net Income	57	78	259	233%	357%
Shareholder's Equity	8,978	9,335	9,593	3%	7%
Loan Portfolio (1)	37,802	38,725	37,522	(3%)	(1%)
Past Due Loans	385	351	350	(0%)	(9%)
Past Due Loan Ratio	1.0%	0.9%	0.9%	0.0 pp	(0.1 pp)
Loan Loss Reserves	572	540	525	(3%)	(8%)
Total Assets	45,176	45,725	44,410	(3%)	(2%)
ROE	2.5%	3.4%	11.2%	2.3 pp	3.4 pp
<b>Ixe Servicios</b>					
Net Income	(0.2)	(0.4)	(18.7)	N.A.	N.A.
Shareholder's Equity	137	135	117	(14%)	(15%)
Total Assets	137	135	128	(5%)	(6%)
ROE	(0.7%)	(1.1%)	(59.5%)	(58.4 pp)	(58.8 pp)

1) Includes operating lease portfolio of Ps 2.15 billion, and proprietary fixed assets of Ps 1.26 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** in 1Q21 totaled **Ps 259 million**, a 233% increase compared to the previous quarter and 357% in the annual comparison. This improvement is mainly explained by no declines in valuation of investment projects during the quarter, which is recorded in other income, and by lower administrative expenses.

**Past due loan ratio reached 0.9%** and remained flat compared to the previous quarter. Coverage ratio totaled 149.9%, (3.8p.p.) lower than the previous quarter. **Capital ratio for 1Q21** totaled 21.38%, considering total risk weighted assets of Ps 36.55 billion. Leverage ratio as of December 2020 and March 2021, respectively, was 15.83% and 16.95% considering adjusted assets of Ps 47.56 billion and Ps 46.11 billion pesos.

In 1Q21, Net Income from Leasing and Factoring represented 3% of the group's total results.

As of December 2020, Arrendadora y Factor Banorte continues to rank second in terms of portfolio size among the 61 companies in this sector, according to the Asociación Mexicana de Sociedades Financieras de Arrendamiento, Crédito y Factoraje, A.C. (AMSOFAC).

### Warehouse

In 1Q21, the Warehousing business reported net income of Ps 9 million, (9%) lower than 4Q20, on lower income from clients during the season. ROE reached 12.8%, and capital ratio totaled 230%, considering a Ps 245 million net capital, and negotiable certificates of deposit issued in active warehouses totaled Ps 2.13 billion.

Almacenadora Banorte ranked in third place among the warehousing businesses in the sector in terms of certificates of deposit as of September 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	Lilian Ochoa	Buy	22-Jan-21
Barclays	Gilberto García	Buy	25-Jan-21
BBVA	Rodrigo Ortega	Buy	11-Apr-21
BOFA - Merrill Lynch	Mario Piery	Buy	3-Dec-20
Brasil Plural	Eduardo Nishio	Buy	24-Jul-20
BTG Pactual	Eduardo Rosman	Buy	21-Jan-21
Citi	Jorg Friedman	Buy	15-Apr-21
Credit Suisse	Marcelo Telles	Buy	21-Apr-21
GBM	Carlos de Legarreta	Buy	29-Oct-20
Goldman Sachs	Tito Labarta	Buy	22-Jan-21
Intercam	Alejandro González	Buy	20-Jan-21
Invex	Montserrat Antón	Buy	27-Jan-21
JP Morgan	Domingos Falavina	Buy	25-Jan-21
Santander	Claudia Benavente	Buy	21-Jan-21
Scotia	Jason Mollin	Buy	22-Apr-21
UBS	Philip Finch	Buy	20-Apr-21
Vector	Marco Montañez	Buy	21-Jan-21
HSBC	Carlos Gómez	Hold	7-Feb-21
Itaú BBA	Arturo Langa	Hold	22-Jan-21
Monex	Verónica Uribe	Hold	29-Oct-20
Nau	Iñigo Vega	Hold	29-Mar-21
Morgan Stanley	Jorge Kuri	Sell	22-Jan-21

### Capital Structure

#### Holding Company Capital Structure

Number of Shares (Million)	SERIES O As of March 2021
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)	1Q20	2Q20	3Q20	4Q20	1Q21
Interest Income	36,519	32,350	32,987	30,296	32,220
Interest Expense	14,237	13,032	10,149	9,324	9,483
Charged Fees	360	346	354	380	352
Fees Paid	291	270	281	314	314
<b>Net Interest Income from interest &amp; fees (NII)</b>	<b>22,351</b>	<b>19,395</b>	<b>22,911</b>	<b>21,038</b>	<b>22,775</b>
Premium Income (Net)	12,155	8,118	7,385	9,192	15,340
Net Increase in Technical Reserves	7,946	1,216	4,262	4,368	11,016
Damages, Claims and Other Obligations	4,592	5,613	5,433	6,281	7,097
<b>Net Interest Income (NII)</b>	<b>21,968</b>	<b>20,683</b>	<b>20,601</b>	<b>19,580</b>	<b>20,002</b>
Preventive Provisions for Loan Losses	4,344	8,456	3,138	5,993	3,215
<b>Net Interest Income Adjusted for Credit Risk</b>	<b>17,623</b>	<b>12,227</b>	<b>17,463</b>	<b>13,587</b>	<b>16,788</b>
Fund Transfers	400	476	489	513	473
Account Management Fees	578	508	548	529	494
Electronic Banking Services	2,336	2,027	2,379	3,033	2,916
For Commercial and Mortgage Loans	495	394	129	366	296
For Consumer and Credit Card Loans	1,242	1,049	1,148	1,292	1,164
Fiduciary	119	102	113	153	106
Income from Real Estate Portfolios	5	11	6	19	10
Mutual Funds	461	486	501	504	484
Trading & Financial Advising Fees	147	126	128	142	188
Other Fees Charged	331	226	268	223	250
<b>Fees Charged on Services</b>	<b>6,115</b>	<b>5,406</b>	<b>5,708</b>	<b>6,775</b>	<b>6,380</b>
Interchange Fees	1,226	1,018	1,228	1,684	1,625
Insurance Fees	473	353	317	227	339
Other Fees Paid	961	966	1,066	1,264	1,202
<b>Fees Paid on Services</b>	<b>2,660</b>	<b>2,337</b>	<b>2,611</b>	<b>3,176</b>	<b>3,166</b>
<b>Net Service Fees</b>	<b>3,455</b>	<b>3,069</b>	<b>3,096</b>	<b>3,599</b>	<b>3,214</b>
Currency and Metals	1,235	(501)	(309)	(1,483)	575
Derivatives	(1,238)	1,139	531	309	111
Negotiable Instruments	(166)	(111)	80	92	(579)
<b>Valuation</b>	<b>(169)</b>	<b>527</b>	<b>302</b>	<b>(1,083)</b>	<b>107</b>
Currency and Metals	(862)	774	464	1,930	764
Derivatives	1,742	(323)	2	(169)	5
Negotiable Instruments	455	724	359	180	87
<b>Trading</b>	<b>1,335</b>	<b>1,175</b>	<b>826</b>	<b>1,941</b>	<b>857</b>
<b>Trading Income</b>	<b>1,166</b>	<b>1,703</b>	<b>1,128</b>	<b>858</b>	<b>964</b>
Loan Recovery	-	-	-	-	-
Loan Portfolios	80	63	90	69	99
Income from foreclosed assets	88	132	165	129	87
Provisions Release	-	-	-	-	-
Impairment of Assets	(55)	-	-	-	-
Lease Income	100	77	11	62	64
From Insurance	211	322	198	317	275
Securitization Operation Valuation Result	31	6	15	(36)	0
Other Operating Expense	(128)	541	178	319	298
<b>Total Other Operating Income (Expense)</b>	<b>327</b>	<b>1,140</b>	<b>656</b>	<b>859</b>	<b>822</b>
<b>Total Non Interest Income</b>	<b>4,949</b>	<b>5,911</b>	<b>4,880</b>	<b>5,315</b>	<b>5,000</b>
<b>Total Operating Income</b>	<b>22,572</b>	<b>18,139</b>	<b>22,343</b>	<b>18,903</b>	<b>21,788</b>
Personnel	3,930	3,891	4,037	4,660	4,006
Employee Profit Sharing (PTU)	133	133	133	136	139
Professional Fees	749	801	861	962	806
Administrative and Promotional Expenses	2,382	2,032	2,075	2,141	2,223
Rents, Depreciation & Amortization	1,946	2,047	2,074	2,136	2,243
Taxes other than income tax & non deductible expenses	498	483	496	648	553
Contributions to IPAB/Fobaproa	828	919	951	931	912
<b>Total Non Interest Expense</b>	<b>10,466</b>	<b>10,307</b>	<b>10,627</b>	<b>11,612</b>	<b>10,883</b>
<b>Operating Income</b>	<b>12,106</b>	<b>7,832</b>	<b>11,717</b>	<b>7,290</b>	<b>10,905</b>
Subsidiaries' Net Income	353	648	492	509	429
<b>Pre-Tax Income</b>	<b>12,459</b>	<b>8,480</b>	<b>12,208</b>	<b>7,800</b>	<b>11,334</b>
Income Tax	3,555	947	2,477	2,268	1,909
Tax on Assets	-	-	-	-	-
Deferred Income Tax	(328)	939	702	(511)	769
<b>Taxes</b>	<b>3,228</b>	<b>1,886</b>	<b>3,178</b>	<b>1,757</b>	<b>2,678</b>
<b>Net Income from Continuous Operations</b>	<b>9,231</b>	<b>6,593</b>	<b>9,030</b>	<b>6,043</b>	<b>8,656</b>
Discontinued Operations	-	-	-	-	-
Minority Interest	(113)	(75)	(124)	(77)	(112)
<b>Net Income</b>	<b>9,118</b>	<b>6,518</b>	<b>8,906</b>	<b>5,966</b>	<b>8,544</b>

<b>GFNorte - Balance Sheet</b> <i>(Million Pesos)</i>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>	<b>1Q21</b>
<b>ASSETS</b>					
<b>Cash and Due from Banks</b>	<b>90,877</b>	<b>106,047</b>	<b>100,081</b>	<b>109,306</b>	<b>116,394</b>
<b>Margin Accounts</b>	<b>9,701</b>	<b>18,353</b>	<b>16,312</b>	<b>18,099</b>	<b>11,012</b>
Negotiable Instruments	238,956	243,834	223,752	223,390	260,030
Securities Available for Sale	204,963	231,114	251,225	244,823	236,274
Securities Held to Maturity	156,631	169,514	189,366	193,652	207,858
<b>Investment in Securities</b>	<b>600,550</b>	<b>644,463</b>	<b>664,342</b>	<b>661,865</b>	<b>704,162</b>
<b>Non-assigned Securities for Settlement</b>	-	-	-	-	-
<b>Debtor Balance in Repo Trans, net</b>	<b>2,810</b>	<b>1,928</b>	<b>3,797</b>	<b>4,036</b>	<b>3,148</b>
<b>Securities Lending</b>	-	-	-	-	-
For trading purposes	48,940	61,705	53,819	48,233	28,458
For hedging purposes	1,292	2,384	1,885	2,043	609
Operations w/Derivatives & Securities					
<b>Transactions with Derivatives</b>	<b>50,232</b>	<b>64,089</b>	<b>55,704</b>	<b>50,277</b>	<b>29,068</b>
<b>Operations w/Derivatives &amp; Securities</b>	<b>53,042</b>	<b>66,017</b>	<b>59,500</b>	<b>54,313</b>	<b>32,215</b>
<b>Valuation adjustments for Asset Coverage</b>	<b>65</b>	<b>62</b>	<b>58</b>	<b>54</b>	<b>51</b>
Commercial Loans	318,439	326,535	324,981	325,183	324,529
Financial Intermediaries' Loans	9,067	9,502	9,882	11,172	8,445
Consumer Loans	117,537	115,601	118,321	116,484	116,092
Mortgage Loans	173,226	177,282	182,685	187,736	191,220
Medium and Residential	170,143	174,331	179,791	184,980	188,529
low income housing	8	5	5	4	4
Loans acquired from INFONAVIT or FOVISSSTE	3,075	2,946	2,889	2,752	2,687
Restructuring or improvement guaranteed by development banks or public trusts	-	-	-	-	-
Government Entities' Loans	161,549	162,717	162,609	161,563	160,042
<b>Performing Loans</b>	<b>779,818</b>	<b>791,637</b>	<b>798,478</b>	<b>802,138</b>	<b>800,328</b>
Commercial PDL's	7,047	2,604	2,212	2,530	3,649
Financial Intermediaries PDL's	4	-	-	-	-
Consumer PDL's	4,052	4,229	2,350	4,706	4,694
Mortgage PDL's	2,070	2,305	1,811	1,658	2,071
Medium and Residential	1,834	2,025	1,612	1,429	1,819
low income housing	0	1	1	1	0
Loans acquired from INFONAVIT or FOVISSSTE	235	279	198	228	252
Restructuring or improvement guaranteed by development banks or public trusts	-	-	-	-	-
Government Entities PDL's	40	115	288	38	192
<b>Past Due Loans</b>	<b>13,212</b>	<b>9,254</b>	<b>6,660</b>	<b>8,931</b>	<b>10,607</b>
<b>Gross Loan Portfolio</b>	<b>793,030</b>	<b>800,891</b>	<b>805,138</b>	<b>811,070</b>	<b>810,935</b>
Preventive Loan Loss Reserves	18,504	18,555	17,666	20,004	19,670
<b>Net Loan Portfolio</b>	<b>774,525</b>	<b>782,337</b>	<b>787,473</b>	<b>791,066</b>	<b>791,265</b>
Acquired Collection Rights	1,500	1,438	1,341	1,617	1,529
<b>Total Credit Portfolio</b>	<b>776,025</b>	<b>783,774</b>	<b>788,814</b>	<b>792,682</b>	<b>792,794</b>
Account Receivables from Insurance and Annuities	2,205	2,432	2,591	2,756	3,157
Premium Debtors (Net)	8,003	9,196	7,032	4,353	11,144
Account Receivables from Reinsurance	8,162	8,872	7,924	7,269	7,521
Benef. receivab. securization transactions	161	156	151	110	2
Sundry Debtors & Other Accs Rec, Net	85,131	50,981	55,704	42,481	37,992
Inventories	758	1,299	1,053	945	832
Foreclosed Assets, Net	1,096	1,075	976	1,553	1,552
Real Estate, Furniture & Equipment, Net	19,833	31,151	31,682	32,627	32,806
Investment in Subsidiaries	13,489	13,894	14,368	14,804	13,511
Long-term assets held for sale	-	-	-	-	-
Deferred Taxes, Net	3,742	201	0	0	(0)
Goodwill and Intangibles	51,139	40,257	39,203	39,439	39,790
Other Assets Short and Long Term	5,300	5,351	5,515	5,247	5,272
Other Assets					
	199,020	164,866	166,199	151,585	153,579
<b>TOTAL ASSETS</b>	<b>1,729,280</b>	<b>1,783,581</b>	<b>1,795,306</b>	<b>1,787,904</b>	<b>1,810,207</b>

<b>GFNorte - Balance Sheet</b> <i>(Million Pesos)</i>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>	<b>1Q21</b>
<b>LIABILITIES</b>					
Demand Deposits	433,849	469,861	496,641	520,283	541,002
Time Deposits-Retail	274,681	265,100	251,418	252,271	246,883
Time Deposits-Money Market	26,894	28,433	26,741	14,248	8,069
Global Account of deposits without movements	2,213	2,368	2,489	2,585	2,639
Senior Unsecured Debt	35,355	35,386	35,815	32,325	31,937
<b>Deposits</b>	<b>772,993</b>	<b>801,148</b>	<b>813,104</b>	<b>821,712</b>	<b>830,531</b>
Demand Loans	5,000	0	0	0	0
Short Term Loans	20,824	47,365	22,185	22,499	20,054
Long Term Loans	11,675	14,452	13,223	13,522	13,962
<b>Due to Banks &amp; Correspondents</b>	<b>37,499</b>	<b>61,817</b>	<b>35,408</b>	<b>36,021</b>	<b>34,016</b>
Technical Reserves	162,887	179,930	183,866	187,846	200,479
Non-assigned Securities for Settlement	-	-	-	-	-
Creditor Balance in Repo Trans, Net	354,238	353,211	352,628	353,094	371,414
Secs to be received in Repo Trans, Net	-	-	0	0	0
Repos (Credit Balance)	16	8	2	13	19
Securities' Loans	-	-	0	8	13
Transactions with Derivatives	-	-	-	-	-
Other sold collateral	-	-	-	-	-
<b>Total Collateral sold</b>	<b>16</b>	<b>8</b>	<b>2</b>	<b>21</b>	<b>31</b>
For trading purposes	50,574	58,754	50,121	44,097	24,508
For hedging purposes	10,487	7,682	7,189	4,990	5,566
Operations w/ Derivatives & Securities					
<b>Transactions with Derivatives</b>	<b>61,062</b>	<b>66,436</b>	<b>57,310</b>	<b>49,087</b>	<b>30,073</b>
<b>Total Operations w/ Derivatives &amp; Securities</b>	<b>415,316</b>	<b>419,655</b>	<b>409,939</b>	<b>402,202</b>	<b>401,518</b>
Valuation adjustments for financial liability coverage	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-
Payable Accounts for Reinsurance	2,311	3,159	2,918	2,269	3,145
Income Tax Payable	3,538	2,718	3,521	4,365	1,895
Profit Sharing Payable	639	280	407	538	187
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-
Creditors for settlement of transactions	31,188	4,621	11,182	4,892	4,020
Margin Accounts Payable	-	-	-	-	-
Other Creditors & Accounts Payable	46,614	44,126	50,021	42,775	43,030
<b>Other Payable Accounts</b>	<b>81,979</b>	<b>51,745</b>	<b>65,131</b>	<b>52,570</b>	<b>49,132</b>
Subordinated Non Convertible Debt	58,423	57,321	66,241	57,152	58,759
Deferred Taxes, Net	(0)	0	897	1,618	1,139
Deferred Credits	382	462	430	1,411	1,346
<b>TOTAL LIABILITIES</b>	<b>1,531,790</b>	<b>1,575,237</b>	<b>1,577,935</b>	<b>1,562,801</b>	<b>1,580,066</b>
<b>EQUITY</b>					
Paid-in Capital	14,944	14,901	14,901	14,919	14,936
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-
Share Subscription Premiums	48,091	48,316	48,509	48,269	47,863
Subordinated Convertible Debentures	-	-	-	-	-
<b>Subscribed Capital</b>	<b>63,034</b>	<b>63,217</b>	<b>63,410</b>	<b>63,188</b>	<b>62,799</b>
Capital Reserves	5,418	8,746	8,753	9,215	9,719
Retained Earnings	125,934	120,910	119,734	118,773	148,359
Surplus (Deficit) of Secs Available for Sale	(2,851)	574	1,771	3,801	2,199
Results from Valuation of Hedging Secs	(3,895)	(1,398)	(1,677)	(887)	(2,214)
Result in the valuation reserve for unexpired risks variations in rates	1	(184)	(190)	(231)	(110)
Results from Conversions	348	326	269	134	166
Remeasurements defined benefits for employees	(1,894)	(1,927)	(1,960)	(2,259)	(2,229)
Surplus (Deficit) in Capital Restatement	-	-	-	-	-
Adjustments in the Employee's Pensions	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-
Net Income	9,118	15,636	24,542	30,508	8,544
<b>Earned Capital</b>	<b>132,179</b>	<b>142,684</b>	<b>151,242</b>	<b>159,053</b>	<b>164,434</b>
Minority Interest	2,277	2,443	2,719	2,862	2,908
<b>Total Equity</b>	<b>197,490</b>	<b>208,344</b>	<b>217,371</b>	<b>225,103</b>	<b>230,142</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,729,280</b>	<b>1,783,581</b>	<b>1,795,306</b>	<b>1,787,904</b>	<b>1,810,207</b>



<b>GFNorte - Memorandum Accounts</b> <i>(Million Pesos)</i>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>	<b>1Q21</b>
<b>On behalf of Third Parties</b>					
Customer's Banks	85	24	21	62	49
Dividends Receivable from Customers	-	-	-	-	-
Interest Receivable from Customers	-	-	-	-	-
Settlement of Customer Transactions	208	(270)	123	(30)	47
Customer Premiums	-	-	-	-	-
Settlement with Clients' Foreign Currency	-	-	-	-	-
Margin Accounts in Futures' Operations	-	-	-	-	-
Other Current Accounts	-	-	-	-	-
<b>Customers' Current Account</b>	<b>293</b>	<b>(245)</b>	<b>145</b>	<b>32</b>	<b>97</b>
Client Securities Received in Custody	605,481	641,824	670,163	669,495	720,880
Securities and Documents Received in Guarantee	-	-	-	-	-
Client Securities Abroad	-	-	-	-	-
<b>Clients' Securities</b>	<b>605,481</b>	<b>641,824</b>	<b>670,163</b>	<b>669,495</b>	<b>720,880</b>
Clients' Repurchase Operations	179,276	163,653	240,237	238,032	277,305
Clients' Repo Transactions w/ Securities	-	-	-	-	-
Collateral received in guarantee for customer accounts	179,276	163,653	240,237	238,040	277,318
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	1,036	1,054	1,066	204	187
<b>Transactions On Behalf of Clients</b>	<b>359,588</b>	<b>328,360</b>	<b>481,539</b>	<b>476,276</b>	<b>554,810</b>
<b>Investment Bank Trans. on behalf of Third</b>	<b>87,728</b>	<b>88,149</b>	<b>100,948</b>	<b>97,374</b>	<b>127,770</b>
<b>TOTAL ON BEHALF OF THIRD PARTIES</b>	<b>1,053,090</b>	<b>1,058,087</b>	<b>1,252,794</b>	<b>1,243,176</b>	<b>1,403,556</b>
<b>Endorsement Guarantees Granted</b>	-	-	-	-	-
Loan Obligations	294,733	293,470	292,420	292,701	276,976
Trusts	422,525	319,659	308,883	308,516	309,954
Mandates	7,326	7,645	7,786	7,472	7,024
<b>Properties in Trusts and Warrant</b>	<b>429,851</b>	<b>327,304</b>	<b>316,669</b>	<b>315,988</b>	<b>316,978</b>
Properties in Custody or Management	660,642	669,104	677,620	633,424	632,974
Collateral Received	163,758	240,920	289,443	282,054	384,942
Collateral Received or sold or delivered	247,107	307,649	432,443	421,090	543,789
Drafts in Transit	-	-	-	-	-
Assets' Deposit	2,766	2,867	2,101	3,325	2,482
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	79	79	109	167	122
Uncollected Accrued Interest from Past Due Loans	295	289	180	178	286
Investments of Retirement Savings Funds	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-
Miscellaneous accounts	292,976	289,983	304,055	295,069	324,592
<b>Proprietary Transactions</b>	<b>2,092,207</b>	<b>2,131,665</b>	<b>2,315,039</b>	<b>2,243,996</b>	<b>2,483,140</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>2,092,207</b>	<b>2,131,665</b>	<b>2,315,039</b>	<b>2,243,996</b>	<b>2,483,140</b>

**GNORTE - CONSOLIDATED STATEMENT OF CASH FLOW****JANUARY 1, 2021 – MARCH 31, 2021***(Million Pesos)*

<b>Net Income</b>	<b>8,544</b>
<b>Items charged to results that do not generate or require use of resources</b>	
Depreciation	1,311
Technical Reserves	11,016
Provisions	(836)
Income taxes and deferred	2,678
Minority Interest	(317)
	<b>13,852</b>
	<b>22,396</b>
<b>Change in items related to operations</b>	
Change in Margin Accounts	7,087
Change in Investment in Securities	(42,297)
Change in repo debtors	888
Change in derivatives (assets)	19,779
Change in Loan Portfolio (net)	(199)
Change in purchased receivables (net)	88
Change in accounts receivable insurance and bonding institutions (net)	(401)
Change in debtor premiums (net)	(6,791)
Change in Reinsurance (net)	(251)
Change in benefits to receive from securitizations	108
Change in foreclosed assets (net)	1
Change in other operating assets (net)	1,420
Change in core deposits	8,819
Change in interbank loans and other entities	(2,005)
Change in repo creditors	18,319
Change in collateral pledged sold	10
Change in derivatives (liability)	(19,590)
Change in Technical Reserves (net)	1,617
Change in Reinsurance (net) (liability)	876
Change in subordinated debt with characteristics of liabilities	1,607
Change in other operating liabilities	(108)
Change in hedging instruments (the related hedged transaction activities)	2,010
Income Tax Payments	(5,635)
<b>Net cash generated or used from operations</b>	<b>7,748</b>
<b>Investment Activities</b>	
Charges for disposal of property, furniture and equipment	72
Payments for acquisition of property, furniture and equipment	(1,558)
Subsidiaries and associated acquisitions payment	(9)
Charges for cash dividends	1,723
<b>Net cash generated or used from investment activities</b>	<b>228</b>
<b>Financing Activities</b>	
Payments of interests of subordinated debentures	(918)
<b>Net cash flows from financing activities</b>	<b>(918)</b>
<b>Net Cash Increase (decrease) and equivalents value</b>	<b>7,058</b>
<b>Effects for changes in cash and equivalents value</b>	<b>30</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>109,306</b>
<b>Cash and cash equivalents at end of period</b>	<b>116,394</b>

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

JANUARY 1, 2021 – MARCH 31, 2021  
(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 in the val. reserve for unexpired risks variations in rates	Results from Conversions	Remeasurements defined benefits for employees	Net Income	Minority Interest	
<b>Balance as of December 31, 2020</b>	<b>14,919</b>	<b>48,269</b>	<b>9,215</b>	<b>118,773</b>	<b>3,801</b>	<b>(887)</b>	<b>(231)</b>	<b>134</b>	<b>(2,259)</b>	<b>30,508</b>	<b>2,862</b>	<b>225,104</b>
<b>Changes stemming from stockholders' decisions</b>												
Repurchase of payment plan based on shares payable	17	(403)	504		(5)							113
Capitalization of profits				30,508						(30,508)		0
<b>Total</b>	<b>17</b>	<b>(403)</b>	<b>504</b>	<b>30,508</b>	<b>(5)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(30,508)</b>	<b>0</b>	<b>113</b>
<b>Changes stemming from profits</b>												
<b>Total profits:</b>												
Net Income										8,544		8,544
Result from valuation of securities available for sale					(1,597)							(1,597)
Effect of subsidiaries, associates and mutual funds		(3)		(4)				32				25
Result from valuation of instruments of cash flow hedges						(1,327)						(1,327)
Result in valuation of current risk reserve due to changes in rates								121				121
Remeasurements defined benefits for employees									30			30
Interest of subordinated debentures				(918)								(918)
<b>Total</b>	<b>0</b>	<b>(3)</b>	<b>0</b>	<b>(922)</b>	<b>(1,597)</b>	<b>(1,327)</b>	<b>121</b>	<b>32</b>	<b>30</b>	<b>8,544</b>	<b>0</b>	<b>4,878</b>
<b>Recognition of minority interest</b>											<b>47</b>	<b>47</b>
<b>Balance as of March 31, 2021</b>	<b>14,936</b>	<b>47,863</b>	<b>9,719</b>	<b>148,359</b>	<b>2,199</b>	<b>(2,214)</b>	<b>(110)</b>	<b>166</b>	<b>(2,229)</b>	<b>8,544</b>	<b>2,909</b>	<b>230,142</b>

## Bank

Income Statement - Bank (Million Pesos)	1Q20	2Q20	3Q20	4Q20	1Q21
Interest Income	29,491	28,517	26,257	24,971	24,491
Interest Expense	12,042	11,172	8,829	8,094	8,357
Charged Fees	358	346	354	380	352
Fees Paid	291	270	281	314	314
<b>Net Interest Income (NII)</b>	<b>17,517</b>	<b>17,421</b>	<b>17,501</b>	<b>16,942</b>	<b>16,171</b>
Preventive Provisions for Loan Losses	4,262	8,527	3,122	5,953	3,231
<b>Net Interest Income Adjusted for Credit Risk</b>	<b>13,254</b>	<b>8,895</b>	<b>14,379</b>	<b>10,989</b>	<b>12,940</b>
Fund Transfers	400	476	489	513	473
Account Management Fees	598	526	564	543	509
Electronic Banking Services	2,336	2,027	2,379	3,033	2,916
For Commercial and Mortgage Loans	495	394	129	366	277
For Consumer Loans	1,241	1,048	1,148	1,292	1,164
Fiduciary	118	102	112	153	106
Income from Real Estate Portfolios	2	3	2	12	6
Trading & Financial Advising Fees	-	-	-	-	-
Trading & Financial Advising Fees	0	0	0	0	0
Other Fees Charged	592	540	651	598	670
<b>Fees Charged on Services</b>	<b>5,782</b>	<b>5,116</b>	<b>5,475</b>	<b>6,511</b>	<b>6,122</b>
Interchange Fees	1,226	1,018	1,228	1,684	1,625
Insurance Fees	-	-	-	-	-
Other Fees Paid	909	918	998	1,194	1,118
<b>Fees Paid on Services</b>	<b>2,135</b>	<b>1,936</b>	<b>2,226</b>	<b>2,879</b>	<b>2,743</b>
<b>Net Fees</b>	<b>3,647</b>	<b>3,180</b>	<b>3,248</b>	<b>3,633</b>	<b>3,379</b>
Foreign Exchange	1,219	(500)	(306)	(1,476)	574
Derivatives	(1,238)	1,139	531	309	111
Negotiable Instruments	(119)	(75)	65	56	(264)
Valuation	(137)	565	291	(1,111)	420
Currency and Metals	(862)	774	464	1,930	764
Derivatives	1,742	(323)	2	(169)	5
Negotiable Instruments	305	385	277	84	3
Trading	1,185	836	743	1,845	772
<b>Trading Income</b>	<b>1,048</b>	<b>1,402</b>	<b>1,034</b>	<b>734</b>	<b>1,193</b>
Loan Recovery	-	-	-	-	-
Loan Portfolios	67	52	76	54	85
Income from foreclosed assets	92	121	178	189	86
Provisions Release	-	-	-	-	-
Losses and Estimates	(319)	(162)	(167)	(136)	(168)
Impairment of Assets	-	-	-	-	-
Lease Income	18	19	(26)	4	2
From Insurance	-	-	-	-	-
Other Operating Expense	173	658	260	399	342
<b>Total Other Operating Income (Expenses)</b>	<b>31</b>	<b>687</b>	<b>321</b>	<b>510</b>	<b>348</b>
<b>Total Non-Interest Income</b>	<b>4,726</b>	<b>5,268</b>	<b>4,603</b>	<b>4,876</b>	<b>4,919</b>
<b>Total Operating Income</b>	<b>17,980</b>	<b>14,163</b>	<b>18,983</b>	<b>15,865</b>	<b>17,860</b>
Personnel	3,755	3,704	3,846	4,477	3,823
Employee Profit Sharing (PTU)	131	131	131	131	138
Professional Fees	624	650	731	888	699
Administrative and Promotional Expenses	2,091	1,789	1,773	1,796	1,859
Rents, Depreciation & Amortization	1,862	1,967	1,993	2,053	2,152
Taxes other than income tax & non-deductible expenses	428	419	428	556	453
Contributions to IPAB/Fobaproa	828	919	951	931	912
<b>Total Non-Interest Expense</b>	<b>9,718</b>	<b>9,579</b>	<b>9,853</b>	<b>10,832</b>	<b>10,036</b>
<b>Operating Income</b>	<b>8,263</b>	<b>4,584</b>	<b>9,129</b>	<b>5,034</b>	<b>7,824</b>
Subsidiaries' Net Income	29	19	27	28	28
<b>Pre-Tax Income</b>	<b>8,292</b>	<b>4,603</b>	<b>9,156</b>	<b>5,062</b>	<b>7,852</b>
Income Tax	2,576	317	2,004	1,912	1,285
Tax on Assets	-	-	-	-	-
Deferred Income Tax	(465)	617	518	(750)	593
<b>Taxes</b>	<b>2,112</b>	<b>934</b>	<b>2,522</b>	<b>1,161</b>	<b>1,879</b>
<b>Net Income from Continuous Operations</b>	<b>6,180</b>	<b>3,669</b>	<b>6,634</b>	<b>3,904</b>	<b>5,974</b>
Discontinued Operations	-	-	-	-	-
Minority Interest	(0)	(0)	(0)	0	0
<b>Net Income</b>	<b>6,180</b>	<b>3,669</b>	<b>6,634</b>	<b>3,901</b>	<b>5,974</b>

<b>Bank - Balance Sheet</b> <i>(Million Pesos)</i>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>	<b>1Q21</b>
<b>ASSETS</b>					
<b>Cash and Due from Banks</b>	<b>88,668</b>	<b>105,537</b>	<b>99,615</b>	<b>108,743</b>	<b>115,954</b>
<b>Margin Accounts</b>	<b>9,701</b>	<b>18,353</b>	<b>16,312</b>	<b>18,099</b>	<b>11,012</b>
Negotiable Instruments	79,968	95,379	36,918	41,432	39,609
Securities Available for Sale	157,021	184,050	163,887	153,063	142,487
Securities Held to Maturity	19,711	19,497	33,379	33,277	40,044
<b>Investment in Securities</b>	<b>256,700</b>	<b>298,926</b>	<b>234,184</b>	<b>227,772</b>	<b>222,139</b>
<b>Non-assigned Securities for Settlement</b>	-	-	-	-	-
<b>Debtor Balance in Repo Trans,net</b>	<b>1,930</b>	<b>1,928</b>	<b>2,297</b>	<b>3,036</b>	<b>2,848</b>
<b>Securities Lending</b>	-	-	-	-	-
For trading purposes	48,940	61,705	53,819	48,233	28,458
For hedging purposes	1,292	2,384	1,885	2,043	609
Operations w/Derivatives & Securities	-	-	-	-	-
<b>Transactions with Derivatives</b>	<b>50,232</b>	<b>64,089</b>	<b>55,704</b>	<b>50,277</b>	<b>29,068</b>
<b>Operations w/Derivatives &amp; Securities</b>	<b>52,162</b>	<b>66,017</b>	<b>58,000</b>	<b>53,313</b>	<b>31,915</b>
<b>Valuation adjustments for Asset Coverage</b>	<b>65</b>	<b>62</b>	<b>58</b>	<b>54</b>	<b>51</b>
Commercial Loans	288,409	300,483	299,343	297,305	295,257
Financial Intermediaries' Loans	24,011	23,733	24,763	24,898	22,723
Consumer Loans	116,200	115,593	118,314	116,477	116,085
Mortgage Loans	173,226	177,282	182,685	187,736	191,220
Medium and Residential	170,143	174,331	179,791	184,980	188,529
low income housing	8	5	5	4	4
Loans acquired from INFONAVIT or FOVISSSTE	3,075	2,946	2,889	2,752	2,687
Restructuring or improvement guaranteed by development banks or public trusts	-	-	-	-	-
Government Entities' Loans	161,246	161,457	161,247	156,115	156,941
Loans granted as Federal Agent	-	-	-	-	-
<b>Performing Loans</b>	<b>763,091</b>	<b>778,548</b>	<b>786,350</b>	<b>782,532</b>	<b>782,226</b>
Commercial PDL's	6,700	2,240	1,864	2,183	3,303
Financial Intermediaries PDL's	4	-	-	-	-
Consumer PDL's	4,018	4,229	2,349	4,705	4,694
Mortgage PDL's	2,070	2,305	1,811	1,658	2,071
Medium and Residential	1,834	2,025	1,612	1,429	1,819
low income housing	0	1	1	1	0
Loans acquired from INFONAVIT or FOVISSSTE	235	279	198	228	252
Restructuring or improvement guaranteed by development banks or public trusts	-	-	-	-	-
Government Entities PDL's	35	111	284	33	188
<b>Past Due Loans</b>	<b>12,827</b>	<b>8,885</b>	<b>6,307</b>	<b>8,580</b>	<b>10,257</b>
<b>Gross Loan Portfolio</b>	<b>775,918</b>	<b>787,433</b>	<b>792,658</b>	<b>791,112</b>	<b>792,483</b>
Preventive Loan Loss Reserves	17,932	18,075	17,169	19,464	19,145
<b>Net Loan Portfolio</b>	<b>757,986</b>	<b>769,358</b>	<b>775,489</b>	<b>771,648</b>	<b>773,339</b>
Acquired Collection Rights	1,261	1,438	1,341	1,617	1,529
<b>Total Credit Portfolio</b>	<b>759,247</b>	<b>770,796</b>	<b>776,830</b>	<b>773,264</b>	<b>774,867</b>
Benef. receivab. securization transactions	161	156	151	110	2
Sundry Debtors & Other Accs Rec, Net	83,264	48,306	53,442	40,495	35,643
Inventories	-	-	-	-	-
Foreclosed Assets, Net	818	800	722	1,384	1,406
Real Estate, Furniture & Equipment, Net	15,167	26,482	27,277	28,289	28,638
Investment in Subsidiaries	468	491	564	519	552
Long-term assets held for sale	-	-	-	-	-
Deferred Taxes, Net	4,351	1,126	214	-	422
Goodwill and Intangibles	22,727	11,470	10,111	9,929	11,211
Other Assets Short and Long Term	146	106	112	213	208
	127,103	88,937	92,593	80,939	78,082
<b>TOTAL ASSETS</b>	<b>1,293,647</b>	<b>1,348,628</b>	<b>1,277,593</b>	<b>1,262,185</b>	<b>1,234,021</b>

<b>Bank - Balance Sheet</b> <i>(Million Pesos)</i>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>	<b>1Q21</b>
<b>LIABILITIES</b>					
Demand Deposits	451,842	479,142	506,588	530,747	545,953
Time Deposits-Retail	275,566	265,347	251,496	252,331	246,944
Time Deposits-Money Market	26,894	28,433	26,741	14,248	8,069
Global Account of deposits w without movements	2,213	2,368	2,489	2,585	2,639
Senior Unsecured Debt	35,355	46,430	46,823	43,342	31,937
<b>Deposits</b>	<b>791,870</b>	<b>821,721</b>	<b>834,137</b>	<b>843,253</b>	<b>835,542</b>
Demand Loans	5,000	0	0	0	0
Short Term Loans	8,332	40,754	16,672	8,261	8,224
Long Term Loans	4,197	4,156	4,073	6,404	6,632
<b>Due to Banks &amp; Correspondents</b>	<b>17,529</b>	<b>44,910</b>	<b>20,745</b>	<b>14,665</b>	<b>14,856</b>
Non-assigned Securities for Settlement	-	-	-	-	-
Creditor Balance in Repo Trans, Net	175,685	190,404	113,037	115,962	113,047
Secs to be received in Repo Trans, Net	-	-	-	-	-
Repos (Credit Balance)	16	8	2	13	19
Securities' Loans	-	-	-	-	-
Transactions w with Derivatives	-	-	-	-	-
Other sold collateral	-	-	-	-	-
<b>Total Collateral sold</b>	<b>16</b>	<b>8</b>	<b>2</b>	<b>13</b>	<b>19</b>
For trading purposes	50,574	58,754	50,121	44,097	24,508
For hedging purposes	10,487	7,682	7,189	4,990	5,566
Operations w / Derivatives & Securities	-	-	-	-	-
<b>Transactions with Derivatives</b>	<b>61,062</b>	<b>66,436</b>	<b>57,310</b>	<b>49,087</b>	<b>30,073</b>
<b>Total Operations w/ Derivatives &amp; Securities</b>	<b>236,763</b>	<b>256,847</b>	<b>170,348</b>	<b>165,062</b>	<b>143,139</b>
Valuation adjustments for financial liability coverage	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-
Income Tax Payable	2,402	1,204	1,714	2,388	1,220
Profit Sharing Payable	639	280	407	538	187
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-
Creditors for settlement of transactions	29,983	3,524	8,670	4,251	3,140
Margin Accounts Payable	-	-	-	-	-
Other Creditors & Accounts Payable	42,155	39,933	45,620	38,353	38,753
<b>Other Payable Accounts</b>	<b>75,179</b>	<b>44,941</b>	<b>56,412</b>	<b>45,530</b>	<b>43,300</b>
Subordinated Non Convertible Debt	58,423	57,321	66,241	57,152	58,759
Deferred Taxes, Net	-	-	-	265	-
Deferred Credits	221	304	271	1,211	1,183
<b>TOTAL LIABILITIES</b>	<b>1,179,984</b>	<b>1,226,044</b>	<b>1,148,153</b>	<b>1,127,138</b>	<b>1,096,778</b>
<b>EQUITY</b>					
Paid-in Capital	18,794	18,794	18,795	18,795	18,795
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-
Share Subscription Premiums	2,336	2,546	2,747	2,964	3,076
Subordinated Convertible Debentures	-	-	-	-	-
<b>Subscribed Capital</b>	<b>21,131</b>	<b>21,340</b>	<b>21,541</b>	<b>21,759</b>	<b>21,871</b>
Capital Reserves	17,330	18,959	18,959	18,959	18,959
Retained Earnings	77,595	75,094	74,280	73,302	92,748
Surplus (Deficit) of Secs Available for Sale	(2,824)	597	1,796	3,871	2,213
Results from Valuation of Hedging Secs	(3,965)	(1,423)	(1,707)	(905)	(2,255)
Result in the valuation reserve for unexpired risks variations in rates	-	-	-	-	-
Results from Conversions	177	160	115	7	32
Remeasurements defined benefits for employees	(1,963)	(1,997)	(2,031)	(2,333)	(2,303)
Surplus (Deficit) in Capital Restatement	-	-	-	-	-
Adjustments in the Employee's Pensions	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-
Net Income	6,180	9,849	16,483	20,384	5,974
<b>Earned Capital</b>	<b>92,529</b>	<b>101,240</b>	<b>107,895</b>	<b>113,285</b>	<b>115,368</b>
Minority Interest	3	3	3	3	3
<b>Total Equity</b>	<b>113,663</b>	<b>122,583</b>	<b>129,440</b>	<b>135,047</b>	<b>137,242</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,293,647</b>	<b>1,348,628</b>	<b>1,277,593</b>	<b>1,262,185</b>	<b>1,234,021</b>

<b>Bank - Memorandum Accounts</b> <i>(Million Pesos)</i>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>	<b>1Q21</b>
Investment Banking transactions for third parties, net	87,728	88,149	100,948	97,374	127,770
<b>TOTAL ON BEHALF OF THIRD PARTIES</b>	<b>87,728</b>	<b>88,149</b>	<b>100,948</b>	<b>97,374</b>	<b>127,770</b>
<b>Proprietary Transactions</b>					
Endorsement Guarantees Granted	-	-	-	-	-
Loan Obligations	254,795	251,928	250,998	256,306	242,137
Trusts	422,525	319,659	308,883	308,516	309,954
Mandates	7,326	7,645	7,786	7,472	7,024
Properties in Trusts and Warrant	429,851	327,304	316,669	315,988	316,978
Properties in Custody or Management	401,255	398,204	390,787	370,011	363,861
Collateral Received	160,559	217,035	283,231	280,054	365,480
Collateral Received or sold	66,285	120,962	188,150	183,050	266,471
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	79	79	109	167	122
Uncollected Accrued Interest from Past Due Loans	294	289	180	178	286
Investments of Retirement Savings Funds	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-
Miscellaneous accounts	265,946	265,147	276,898	267,726	303,489
<b>Proprietary Transactions</b>	<b>1,579,063</b>	<b>1,580,948</b>	<b>1,707,021</b>	<b>1,673,480</b>	<b>1,858,824</b>
Repo Securities to be Received	-	-	-	-	-
(Minus) Repo Creditors	-	-	-	-	-
<b>Net Repo Transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Repo Debtors	-	-	-	-	-
(Minus) Repo Securities to be Delivered	-	-	-	-	-
<b>Net Repo Transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL PROPRIETARY</b>	<b>1,579,063</b>	<b>1,580,948</b>	<b>1,707,021</b>	<b>1,673,480</b>	<b>1,858,824</b>

**BANORTE - CONSOLIDATED STATEMENT OF CASH FLOW**

JANUARY 1, 2021 – MARCH 31, 2021

*(Million Pesos)*

<b>Net Income</b>	<b>5,974</b>
<b>Items charged to results that do not generate or require use of resources</b>	
Depreciation	587
Provisions	(798)
Income taxes and deferred	1,878
Minority Interest	(28)
	<b>1,639</b>
	<b>7,613</b>
<b>Change in items related to operations</b>	
Change in Margin Accounts	7,087
Change in Investment in Securities	3,975
Change in repo debtors	188
Change in derivatives (assets)	19,779
Change in Loan Portfolio (net)	(1,691)
Change in purchased receivables (net)	88
Change in benefits to receive from securitizations	108
Change in foreclosed assets (net)	(22)
Change in other operating assets (net)	3,603
Change in core deposits	(7,711)
Change in interbank loans and other entities	191
Change in repo creditors	(2,915)
Change in collateral pledged sold	5
Change in derivatives (liability)	(19,590)
Change in subordinated debt with characteristics of liabilities	1,608
Change in other operating liabilities	(177)
Change in hedging instruments (the related hedged transaction activities)	660
Income Tax Payments	(3,743)
<b>Net cash generated or used from operations</b>	<b>9,056</b>
<b>Investment Activities</b>	
Charges for disposal of property, furniture and equipment	403
Payments for acquisition of property, furniture and equipment	(1,335)
Payments for Subsidiaries and associated Dispositions	(9)
<b>Net cash generated or used from investment activities</b>	<b>(941)</b>
<b>Financing Activities</b>	
Payments of interests of subordinated debentures	(934)
<b>Net cash flows from financing activities</b>	<b>(934)</b>
<b>Net Cash Increase (decrease) and equivalents value</b>	<b>7,181</b>
<b>Effects for changes in cash and equivalents value</b>	<b>30</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>108,743</b>
<b>Cash and cash equivalents at end of period</b>	<b>115,954</b>



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

JANUARY 1, 2021– MARCH 31, 2021

(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, 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>
<b><u>Changes stemming from stockholders' decisions</u></b>											
Capitalization of profits				20,384					(20,384)		0
Payment plan based on equity-settle shares in equity instruments		112									112
<b>Total</b>	<b>0</b>	<b>112</b>	<b>0</b>	<b>20,384</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(20,384)</b>	<b>0</b>	<b>112</b>
<b><u>Changes stemming from profits</u></b>											
<b><u>Total profits:</u></b>											
Net Income									5,974		5,974
Result from valuation of securities available for sale					(1,658)						(1,658)
Effect of subsidiaries, associates and mutual funds				(4)							(4)
Conversion accumulated effect							25				25
Result from valuation of instruments of cash flow hedges						(1,350)					(1,350)
Remeasurements defined benefits for employees								30			30
Interest of subordinated debentures				(934)							(934)
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(938)</b>	<b>(1,658)</b>	<b>(1,350)</b>	<b>25</b>	<b>30</b>	<b>5,974</b>	<b>0</b>	<b>2,083</b>
Recognition of minority interest											0
<b>Balance as of Marzo 31, 2021</b>	<b>18,795</b>	<b>3,076</b>	<b>18,959</b>	<b>92,748</b>	<b>2,213</b>	<b>(2,255)</b>	<b>32</b>	<b>(2,303)</b>	<b>5,974</b>	<b>3</b>	<b>137,242</b>

## Seguros Banorte

<b>Income Statement - Insurance - Seguros Banorte</b> <i>(Million Pesos)</i>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>	<b>1Q21</b>
Interest Income	517	643	396	340	257
Interest Expense	-	-	-	-	-
Premium Income (Net)	8,815	5,772	3,792	4,575	11,085
Net Increase in Technical Reserves	3,304	765	(875)	(248)	4,537
Damages, Claims and Other Obligations	2,767	3,674	3,321	4,119	4,884
<b>Net Interest Income</b>	<b>3,261</b>	<b>1,976</b>	<b>1,742</b>	<b>1,044</b>	<b>1,921</b>
<b>Fees Charged on Services</b>	-	-	-	-	-
<b>Fees Paid on Services</b>	<b>706</b>	<b>519</b>	<b>555</b>	<b>480</b>	<b>627</b>
Securities-Valuation Gains	-	-	-	-	-
Securities Trading	50	58	33	43	37
<b>Trading Income</b>	<b>50</b>	<b>58</b>	<b>33</b>	<b>43</b>	<b>37</b>
From Insurance	203	167	191	302	270
Losses and Estimates	(6)	(10)	(11)	(3)	(1)
Other Operating Income (Expense)	3	3	2	(0)	0
<b>Total Other Operating Income (Expenses)</b>	<b>200</b>	<b>160</b>	<b>182</b>	<b>299</b>	<b>269</b>
<b>Total Non-Interest Income</b>	<b>(456)</b>	<b>(301)</b>	<b>(340)</b>	<b>(138)</b>	<b>(321)</b>
<b>Total Operating Income</b>	<b>2,805</b>	<b>1,675</b>	<b>1,402</b>	<b>906</b>	<b>1,600</b>
Personnel	105	112	107	110	107
Employee Profit Sharing (PTU)	1	1	1	5	1
Professional Fees	78	70	71	9	63
Administrative and Promotional Expenses	117	96	87	47	130
Rents, Depreciation & Amortization	45	44	46	48	45
Taxes other than income tax & non-deductible expenses	22	27	28	29	34
Contributions to IPAB/Fobaproa	-	-	-	-	-
<b>Total Non-Interest Expense</b>	<b>368</b>	<b>351</b>	<b>339</b>	<b>247</b>	<b>380</b>
<b>Operating Income</b>	<b>2,436</b>	<b>1,324</b>	<b>1,062</b>	<b>659</b>	<b>1,220</b>
Subsidiaries' Net Income	332	630	463	485	404
<b>Pre-Tax Income</b>	<b>2,768</b>	<b>1,953</b>	<b>1,525</b>	<b>1,143</b>	<b>1,624</b>
Income Tax	736	399	319	227	364
Deferred Income Tax	(4)	(4)	(4)	(41)	(4)
<b>Taxes</b>	<b>732</b>	<b>395</b>	<b>316</b>	<b>186</b>	<b>361</b>
<b>Net Income from Continuous Operations</b>	<b>2,036</b>	<b>1,558</b>	<b>1,210</b>	<b>957</b>	<b>1,263</b>
Discontinued Operations	-	-	-	-	-
Minority Interest	(7)	(13)	(10)	(11)	(9)
<b>Net Income</b>	<b>2,029</b>	<b>1,545</b>	<b>1,200</b>	<b>946</b>	<b>1,254</b>

<b>Insurance - Seguros Banorte - Balance Sheet</b> <i>(Million Pesos)</i>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>	<b>1Q21</b>
<b>ASSETS</b>					
<b>Cash and Due from Banks</b>	<b>1,765</b>	<b>2,861</b>	<b>3,014</b>	<b>2,973</b>	<b>86</b>
<b>Margin Accounts</b>	-	-	-	-	-
Negotiable Instruments	24,424	26,497	27,705	29,869	32,163
Securities Available for Sale	554	596	600	602	551
Securities Held to Maturity	(0)	(0)	(0)	(0)	(0)
<b>Investment in Securities</b>	<b>24,978</b>	<b>27,094</b>	<b>28,306</b>	<b>30,471</b>	<b>32,714</b>
Debtor Balance in Repo Trans,net	1,654	851	2,157	2,000	5,337
Securities Lending	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-
<b>Operations w/Derivatives &amp; Securities</b>	<b>1,654</b>	<b>851</b>	<b>2,157</b>	<b>2,000</b>	<b>5,337</b>
<b>Valuation adjustments for Asset Coverage</b>	-	-	-	-	-
Acquired Collection Rights	-	-	-	-	-
Account Receivables	289	346	405	448	284
Premium Debtors (Net)	7,581	8,937	6,392	3,986	10,876
Account Receivables from Reinsurance	8,162	8,872	7,924	7,269	7,521
Benef.receiveab.securization transactions	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	-	-	-	-	-
Inventories	-	-	-	-	-
Real Estate, Furniture & Equipment, Net	346	342	416	413	414
Investment in Subsidiaries	12,849	13,241	13,620	14,104	12,785
Long-term assets held for sale	-	-	-	-	-
Deferred Taxes, Net	298	298	298	335	335
Goodwill and Intangibles	1,710	2,322	2,517	2,943	1,857
Other Assets Short and Long Term	91	93	94	95	95
<b>TOTAL ASSETS</b>	<b>59,723</b>	<b>65,256</b>	<b>65,143</b>	<b>65,038</b>	<b>72,304</b>

<b>Insurance - Seguros Banorte - Balance Sheet</b> <i>(Million Pesos)</i>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>	<b>1Q21</b>
<b>LIABILITIES</b>					
Technical Reserves	28,696	31,526	30,257	29,897	36,094
<b>Total Operations w/ Derivatives &amp; Securities</b>	-	-	-	-	-
Valuation adjustments for financial liability coverage	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-
Payable Accounts for Reinsurance	2,311	3,159	2,918	2,269	3,145
Income Tax Payable	754	1,146	1,460	1,675	368
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	2,800	2,834	2,713	2,475	2,624
<b>Other Payable Accounts</b>	<b>3,554</b>	<b>3,980</b>	<b>4,173</b>	<b>4,150</b>	<b>2,992</b>
Subordinated Non Convertible Debt	-	-	-	-	-
Deferred Taxes, Net	354	351	347	343	340
Deferred Credits	61	56	57	53	56
<b>TOTAL LIABILITIES</b>	<b>34,977</b>	<b>39,072</b>	<b>37,752</b>	<b>36,712</b>	<b>42,627</b>
<b>EQUITY</b>					
Paid-in Capital	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>
Capital Reserves	2,716	3,268	3,268	3,268	3,268
Retained Earnings	5,600	5,047	5,047	5,046	10,765
Surplus (Deficit) of Secs Available for Sale	107	172	175	196	164
Results from Valuation of Hedging Secs	-	-	-	-	-
Result in the valuation reserve for unexpired risks variations in rates	2	(182)	(188)	(229)	(108)
Results from Conversions	0	0	0	0	0
Remeasurements defined benefits for employees	12	12	12	10	10
Surplus (Deficit) in Capital Restatement	-	-	-	-	-
Adjustments in the Employee's Pensions	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-
Net Income	2,029	3,573	4,773	5,719	1,254
<b>Earned Capital</b>	<b>10,466</b>	<b>11,890</b>	<b>13,087</b>	<b>14,011</b>	<b>15,354</b>
Minority Interest	352	366	376	386	395
<b>Total Equity</b>	<b>24,746</b>	<b>26,184</b>	<b>27,391</b>	<b>28,325</b>	<b>29,677</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>59,723</b>	<b>65,256</b>	<b>65,143</b>	<b>65,038</b>	<b>72,304</b>

## Information by Segments

### GFNorte - Income Statement as of March 31 '21

(Million Pesos)

	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Interest Income	143	24,843	5,413	614	17	3,401
Premium Income (Net)	-	-	15,440	-	-	-
Interest Expense	-	8,672	-	373	0	2,782
Net Increase in Technical Reserves	-	-	11,016	-	-	-
Damages, Claims and Other Obligations	-	-	7,097	-	-	-
<b>Net Interest Income (NII)</b>	<b>143</b>	<b>16,171</b>	<b>2,741</b>	<b>241</b>	<b>16</b>	<b>619</b>
Preventive Provisions for Loan Losses	-	3,231	-	(16)	-	-
<b>Net Interest Income Adjusted for Credit Risk</b>	<b>143</b>	<b>12,940</b>	<b>2,741</b>	<b>257</b>	<b>16</b>	<b>619</b>
Loan Origination Fees	-	6,122	-	26	-	361
Fees Paid	-	2,743	630	20	0	54
Trading Income	-	1,193	42	2	-	(272)
Other Operating Income (Expenses)	-	348	275	170	10	19
<b>Non Interest Income</b>	<b>-</b>	<b>11,598</b>	<b>989</b>	<b>219</b>	<b>10</b>	<b>(110)</b>
<b>Total Operating Income</b>	<b>143</b>	<b>24,538</b>	<b>3,729</b>	<b>476</b>	<b>26</b>	<b>509</b>
Administrative and Promotional Expenses	41	10,036	493	149	13	240
<b>Operating Income</b>	<b>102</b>	<b>7,824</b>	<b>1,934</b>	<b>286</b>	<b>13</b>	<b>434</b>
Subsidiaries' Net Income	8,415	28	404	(5)	-	0
<b>Pre-Tax Income</b>	<b>8,517</b>	<b>7,852</b>	<b>2,338</b>	<b>281</b>	<b>13</b>	<b>434</b>
Income Tax	-	1,285	364	0	4	215
Deferred Income Tax	(10)	593	208	22	0	(95)
<b>Net Income from Continuous Operations</b>	<b>8,527</b>	<b>5,974</b>	<b>1,766</b>	<b>259</b>	<b>9</b>	<b>314</b>
Discontinued Operations	-	-	-	-	-	-
Minority Interest	-	0	(8)	(0)	(0)	-
<b>Net Income</b>	<b>8,527</b>	<b>5,974</b>	<b>1,758</b>	<b>259</b>	<b>9</b>	<b>314</b>

### GFNorte - Income Statement as of March 31 '21

(Million Pesos)

	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Interest Income	13	0	34,444	2,080	208	32,572
Premium Income (Net)	-	-	15,440	100	-	15,340
Interest Expense	-	-	11,827	-	2,030	9,797
Net Increase in Technical Reserves	-	-	11,016	-	-	11,016
Damages, Claims and Other Obligations	-	-	7,097	-	-	7,097
<b>Net Interest Income (NII)</b>	<b>13</b>	<b>0</b>	<b>19,945</b>	<b>-</b>	<b>-</b>	<b>20,002</b>
Preventive Provisions for Loan Losses	-	-	3,215	-	-	3,215
<b>Net Interest Income Adjusted for Credit Risk</b>	<b>13</b>	<b>0</b>	<b>16,730</b>	<b>-</b>	<b>-</b>	<b>16,788</b>
Loan Origination Fees	484	-	6,993	612	-	6,380
Fees Paid	350	-	3,796	-	630	3,166
Trading Income	-	(1)	964	-	-	964
Other Operating Income (Expenses)	9	(18)	813	13	23	822
<b>Non Interest Income</b>	<b>843</b>	<b>(19)</b>	<b>13,529</b>	<b>625</b>	<b>652</b>	<b>12,297</b>
<b>Total Operating Income</b>	<b>856</b>	<b>(19)</b>	<b>30,259</b>	<b>625</b>	<b>652</b>	<b>29,085</b>
Administrative and Promotional Expenses	11	1	10,983	207	307	10,883
<b>Operating Income</b>	<b>145</b>	<b>(19)</b>	<b>10,720</b>	<b>-</b>	<b>-</b>	<b>10,905</b>
Subsidiaries' Net Income	2	-	8,844	8,415	-	429
<b>Pre-Tax Income</b>	<b>147</b>	<b>(19)</b>	<b>19,564</b>	<b>-</b>	<b>-</b>	<b>11,334</b>
Income Tax	41	0	1,909	-	-	1,909
Deferred Income Tax	0	-	719	50	-	769
<b>Net Income from Continuous Operations</b>	<b>107</b>	<b>(19)</b>	<b>16,936</b>	<b>-</b>	<b>-</b>	<b>8,656</b>
Discontinued Operations	-	-	-	-	-	-
Minority Interest	-	-	(8)	104	-	(112)
<b>Net Income</b>	<b>107</b>	<b>(19)</b>	<b>16,929</b>	<b>11,531</b>	<b>2,990</b>	<b>8,544</b>

## GFNorte - Balance Sheet as of March 31 '21

(Million Pesos)

ASSETS	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Cash and Due from Banks	8	115,954	116	106	1	3,752
Margin Accounts	-	11,012	-	-	-	-
Investment in Securities	-	222,139	203,500	-	-	278,982
Negotiable Instruments	-	39,609	35,503	-	-	184,918
Securities Available for Sale	-	142,487	655	-	-	93,244
Securities Held to Maturity	-	40,044	167,342	-	-	820
Debtor Balance in Repo Trans, net	13,107	2,848	6,356	-	-	-
Transactions with Derivatives For trading purposes	-	28,458	-	-	-	-
Transactions with Derivatives For hedging purposes	-	609	-	-	-	-
Valuation adjustments for Asset Coverage	-	51	-	-	-	-
Gross Loan Portfolio	-	774,867	-	33,583	-	-
Net Loan Portfolio	-	773,339	-	33,583	-	-
Performing Loans	-	782,226	-	33,757	-	-
Commercial Loans	-	295,257	-	29,111	-	-
Financial Intermediaries' Loans	-	22,723	-	708	-	-
Government Entities' Loans	-	156,941	-	3,932	-	-
Consumer Loans	-	116,085	-	6	-	-
Mortgage Loans	-	191,220	-	-	-	-
Medium and Residential	-	188,529	-	-	-	-
Low income housing	-	4	-	-	-	-
Loans acquired from INFONAVIT or FOVISSSTE	-	2,687	-	-	-	-
Past Due Loans	-	10,257	-	350	-	-
Commercial PDL's	-	3,303	-	346	-	-
Financial Intermediaries PDL's	-	-	-	-	-	-
Government Entities PDL's	-	188	-	4	-	-
Consumer PDL's	-	4,694	-	0	-	-
Mortgage PDL's	-	2,071	-	-	-	-
Medium and Residential	-	1,819	-	-	-	-
Low income housing	-	0	-	-	-	-
Loans acquired from INFONAVIT or FOVISSSTE	-	252	-	-	-	-
Preventive Loan Loss Reserves	-	19,145	-	525	-	-
Acquired Collection Rights	-	1,529	-	-	-	-
Account Receivables from Insurance and Annuities	-	-	3,157	-	-	-
Premium Debtors (Net)	-	-	11,144	-	-	-
Account Receivables from Reinsurance	-	-	7,521	-	-	-
Benef. receivab. securization transactions	-	2	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	17	35,643	3	931	121	1,248
Inventories	-	-	-	-	832	-
Foreclosed Assets, Net	-	1,406	-	146	-	-
Real Estate, Furniture & Equipment, Net	-	28,638	426	3,414	55	64
Investment in Subsidiaries	187,911	552	12,785	63	-	2
Long-term assets held for sale	-	-	-	-	-	-
Deferred Taxes, Net	122	422	-	1,038	5	-
Total other Assets	26,116	11,419	2,235	5,130	18	225
Goodwill	25,329	1,402	-	-	-	-
Intangible	787	9,809	2,139	320	2	37
Other Assets	-	208	96	4,810	16	188
<b>TOTAL ASSETS</b>	<b>227,280</b>	<b>1,234,021</b>	<b>247,243</b>	<b>44,410</b>	<b>1,033</b>	<b>284,273</b>

## GFNorte - Balance Sheet as of March 31 '21

(Million Pesos)

ASSETS	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Cash and Due from Banks	1,299	40	121,276	129	5,011	116,394
Margin Accounts	-	-	11,012	-	-	11,012
Investment in Securities	-	-	704,621	-	459	704,162
Negotiable Instruments	-	-	260,030	-	-	260,030
Securities Available for Sale	-	-	236,386	-	112	236,274
Securities Held to Maturity	-	-	208,205	-	347	207,858
Debtor Balance in Repo Trans, net	-	-	22,311	-	19,163	3,148
Transactions with Derivatives For trading purposes	-	-	28,458	-	-	28,458
Transactions with Derivatives For hedging purposes	-	-	609	-	-	609
Valuation adjustments for Asset Coverage	-	-	51	-	-	51
Gross Loan Portfolio	-	-	808,450	2,889	18,545	792,794
Net Loan Portfolio	-	-	806,921	2,889	18,545	791,265
Performing Loans	-	-	815,984	2,889	18,545	800,328
Commercial Loans	-	-	324,368	604	443	324,529
Financial Intermediaries' Loans	-	-	23,431	-	14,987	8,445
Government Entities' Loans	-	-	160,873	2,284	3,115	160,042
Consumer Loans	-	-	116,092	-	-	116,092
Mortgage Loans	-	-	191,220	-	-	191,220
Medium and Residential	-	-	188,529	-	-	188,529
Low income housing	-	-	4	-	-	4
Loans acquired from INFONAVIT or FOVISSSTE	-	-	2,687	-	-	2,687
Past Due Loans	-	-	10,607	-	-	10,607
Commercial PDL's	-	-	3,649	-	-	3,649
Financial Intermediaries PDL's	-	-	-	-	-	-
Government Entities PDL's	-	-	192	-	-	192
Consumer PDL's	-	-	4,694	-	-	4,694
Mortgage PDL's	-	-	2,071	-	-	2,071
Medium and Residential	-	-	1,819	-	-	1,819
Low income housing	-	-	0	-	-	0
Loans acquired from INFONAVIT or FOVISSSTE	-	-	252	-	-	252
Preventive Loan Loss Reserves	-	-	19,670	-	-	19,670
Acquired Collection Rights	-	-	1,529	-	-	1,529
Account Receivables from Insurance and Annuities	-	-	3,157	-	-	3,157
Premium Debtors (Net)	-	-	11,144	-	-	11,144
Account Receivables from Reinsurance	-	-	7,521	-	-	7,521
Benef. receivab. securization transactions	-	-	2	-	-	2
Sundry Debtors & Other Accs Rec, Net	197	86	38,246	-	254	37,992
Inventories	-	-	832	-	-	832
Foreclosed Assets, Net	-	-	1,552	-	-	1,552
Real Estate, Furniture & Equipment, Net	0	-	32,598	252	44	32,806
Investment in Subsidiaries	110	-	201,422	2,901	190,811	13,511
Long-term assets held for sale	-	-	-	-	-	-
Deferred Taxes, Net	0	-	1,587	-	1,587	-
Total other Assets	12	2	45,157	-	95	45,062
Goodwill	-	-	26,731	-	-	26,731
Intangible	12	2	13,109	-	50	13,059
Other Assets	-	-	5,317	-	45	5,272
<b>TOTAL ASSETS</b>	<b>1,618</b>	<b>128</b>	<b>2,040,005</b>	<b>6,171</b>	<b>235,968</b>	<b>1,810,207</b>

## GFNorte - Balance Sheet as of March 31 '21

(Million Pesos)

LIABILITIES & EQUITY	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
<b>Deposits</b>	-	835,542	-	-	-	-
<b>Demand Deposits</b>	-	545,953	-	-	-	-
<b>Time Deposits</b>	-	255,013	-	-	-	-
Time Deposits-Retail	-	246,944	-	-	-	-
Time Deposits-Money Market	-	8,069	-	-	-	-
<b>Senior Unsecured Debt</b>	-	31,937	-	-	-	-
<b>Cuenta global de captación sin movimientos</b>	-	2,639	-	-	-	-
<b>Due to Banks &amp; Correspondents</b>	-	14,856	-	33,438	709	-
Immediate Redemption Loans	-	0	-	-	-	-
Short Term Loans	-	8,224	-	26,108	709	-
Long Term Loans	-	6,632	-	7,330	-	-
<b>Technical Reserves</b>	-	-	200,391	-	-	-
<b>Non-assigned Securities for Settlement</b>	-	-	-	-	-	-
<b>Creditor Balance in Repo Trans, Net</b>	-	113,047	-	-	-	277,530
<b>Collateral sold or pledged as collateral</b>	-	19	-	-	-	13
<b>Transactions with Derivatives for trading purposes</b>	-	24,508	-	-	-	-
<b>Transactions with Derivatives for hedging purposes</b>	-	5,566	-	-	-	-
<b>Valuation adjustments for financial liability coverage</b>	-	-	-	-	-	-
<b>Payable Accounts for Reinsurance</b>	-	-	3,145	-	-	-
<b>Other Payable Accounts</b>	0	43,300	3,270	1,272	32	1,448
Income Tax Payable	-	1,220	368	74	16	218
Profit Sharing Payable	-	187	-	-	-	-
Creditors for settlement of transactions	0	3,140	-	-	-	888
Creditors for collateral received in cash	-	2,848	-	-	-	-
Other Creditors & Accounts Payable	0	35,904	2,902	1,197	16	342
<b>Subordinated Non Convertible Debt</b>	-	58,759	-	-	-	-
<b>Deferred Taxes, Net</b>	-	-	2,623	-	-	103
<b>Deferred Credits</b>	-	1,183	56	107	-	1
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>1,096,778</b>	<b>209,484</b>	<b>34,816</b>	<b>741</b>	<b>279,094</b>
<b>EQUITY</b>						
<b>Subscribed Capital</b>	<b>62,779</b>	<b>21,871</b>	<b>21,370</b>	<b>12,310</b>	<b>87</b>	<b>2,061</b>
Paid-in Capital	14,941	18,795	15,776	12,294	87	1,985
Share Subscription Premiums	47,838	3,076	5,594	16	-	77
Contributions for future capital increases agreed by the governing body	-	-	-	-	-	-
<b>Earned Capital</b>	<b>164,501</b>	<b>115,368</b>	<b>16,062</b>	<b>(2,900)</b>	<b>205</b>	<b>3,117</b>
Capital Reserves	9,719	18,959	916	643	56	296
Retained Earnings	148,415	92,748	13,411	(3,802)	140	2,291
Surplus (Deficit) of Secs Available for Sale	2,227	2,213	77	-	-	81
Results from Valuation of Hedging Secs	(2,214)	(2,255)	-	-	-	-
Result in the valuation reserve for unexpired risks variations in rates	(110)	-	(109)	-	-	-
Results from Conversions	166	32	-	-	-	135
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-
Remeasurements defined benefits for employees	(2,229)	(2,303)	10	-	-	-
Net Income	8,527	5,974	1,758	259	9	314
Capital Mayoritario	227,280	137,239	37,432	9,409	292	5,178
Minority Interest	-	3	326	184	0	-
<b>Total Equity</b>	<b>227,280</b>	<b>137,242</b>	<b>37,759</b>	<b>9,593</b>	<b>292</b>	<b>5,178</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>227,280</b>	<b>1,234,021</b>	<b>247,243</b>	<b>44,410</b>	<b>1,033</b>	<b>284,273</b>



## GFNorte - Balance Sheet as of March 31 '21

(Million Pesos)

LIABILITIES & EQUITY	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
<b>Deposits</b>	-	-	<b>835,542</b>	<b>5,011</b>	-	<b>830,531</b>
<b>Demand Deposits</b>	-	-	<b>545,953</b>	<b>4,950</b>	-	<b>541,002</b>
<b>Time Deposits</b>	-	-	<b>255,013</b>	<b>61</b>	-	<b>254,953</b>
Time Deposits-Retail	-	-	246,944	61	-	246,883
Time Deposits-Money Market	-	-	8,069	-	-	8,069
<b>Senior Unsecured Debt</b>	-	-	<b>31,937</b>	-	-	<b>31,937</b>
<b>Cuenta global de captación sin movimientos</b>	-	-	<b>2,639</b>	-	-	<b>2,639</b>
<b>Due to Banks &amp; Correspondents</b>	-	-	<b>49,002</b>	<b>14,987</b>	-	<b>34,016</b>
Immediate Redemption Loans	-	-	0	-	-	0
Short Term Loans	-	-	35,040	14,987	-	20,054
Long Term Loans	-	-	13,962	-	-	13,962
<b>Technical Reserves</b>	-	-	<b>200,391</b>	-	<b>88</b>	<b>200,479</b>
<b>Non-assigned Securities for Settlement</b>	-	-	-	-	-	-
<b>Creditor Balance in Repo Trans, Net</b>	-	-	<b>390,577</b>	<b>19,163</b>	-	<b>371,414</b>
<b>Collateral sold or pledged as collateral</b>	-	-	<b>31</b>	-	-	<b>31</b>
<b>Transactions with Derivatives for trading purposes</b>	-	-	<b>24,508</b>	-	-	<b>24,508</b>
<b>Transactions with Derivatives for hedging purposes</b>	-	-	<b>5,566</b>	-	-	<b>5,566</b>
<b>Valuation adjustments for financial liability coverage</b>	-	-	-	-	-	-
<b>Payable Accounts for Reinsurance</b>	-	-	<b>3,145</b>	-	-	<b>3,145</b>
<b>Other Payable Accounts</b>	<b>163</b>	<b>11</b>	<b>49,496</b>	<b>405</b>	<b>41</b>	<b>49,132</b>
Income Tax Payable	-	0	1,895	-	-	1,895
Profit Sharing Payable	-	-	187	-	-	187
Creditors for settlement of transactions	-	-	4,028	8	-	4,020
Creditors for collateral received in cash	-	-	2,848	-	-	2,848
Other Creditors & Accounts Payable	163	11	40,537	397	41	40,182
<b>Subordinated Non Convertible Debt</b>	-	-	<b>58,759</b>	-	-	<b>58,759</b>
<b>Deferred Taxes, Net</b>	-	-	<b>2,726</b>	<b>1,587</b>	-	<b>1,139</b>
<b>Deferred Credits</b>	-	-	<b>1,346</b>	-	-	<b>1,346</b>
<b>TOTAL LIABILITIES</b>	<b>163</b>	<b>11</b>	<b>1,621,089</b>	<b>41,153</b>	<b>129</b>	<b>1,580,066</b>
<b>EQUITY</b>						
<b>Subscribed Capital</b>	<b>170</b>	<b>144</b>	<b>120,792</b>	<b>58,315</b>	<b>322</b>	<b>62,799</b>
Paid-in Capital	170	144	64,192	49,256	-	14,936
Share Subscription Premiums	-	-	56,600	9,060	322	47,863
Contributions for future capital increases agreed by the governing body	-	-	-	-	-	-
<b>Earned Capital</b>	<b>1,285</b>	<b>(28)</b>	<b>297,609</b>	<b>133,518</b>	<b>343</b>	<b>164,434</b>
Capital Reserves	34	2	30,625	20,905	-	9,719
Retained Earnings	1,144	(11)	254,336	106,301	325	148,359
Surplus (Deficit) of Secs Available for Sale	-	-	4,598	2,399	-	2,199
Results from Valuation of Hedging Secs	-	-	(4,469)	(2,255)	-	(2,214)
Result in the valuation reserve for unexpired risks variations in rates	-	-	(219)	(109)	-	(110)
Results from Conversions	-	-	333	167	-	166
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-
Remeasurements defined benefits for employees	-	-	(4,522)	(2,293)	-	(2,229)
Net Income	107	(19)	16,929	8,402	18	8,544
Capital Mayoritario	1,455	117	418,402	191,833	665	227,233
Minority Interest	-	-	514	-	2,394	2,908
<b>Total Equity</b>	<b>1,455</b>	<b>117</b>	<b>418,916</b>	<b>191,833</b>	<b>3,059</b>	<b>230,142</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,618</b>	<b>128</b>	<b>2,040,005</b>	<b>232,986</b>	<b>3,188</b>	<b>1,810,207</b>

## V. Appendix

### Accounting & Regulatory Changes

*Numbers in this section are stated in million pesos.*

#### Early termination of support programs for mortgage loan debtors

On June 30<sup>th</sup>, 2010, the Federal Government, through the SHCP (Tax and Credit Institutions Authority), 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 March 31<sup>st</sup>, 2021, the remaining balance of CETES ESPECIALES which have not been repurchased by the Federal Government amounts to Ps 598 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 March 31<sup>st</sup>, 2021, are:

Concept	Balances with COVID support	Estimated effects in portfolio	Balances without COVID support
<b>PERFORMING LOAN PORTFOLIO</b>			
Commercial Loans	\$493,016	\$ (1,046)	\$491,970
Consumer Loans	116,092	(165)	115,927
Mortgage Loans	191,220	(383)	190,837
<b>TOTAL PERFORMING LOAN PORTFOLIO</b>	<b>800,328</b>	<b>(1,594)</b>	<b>798,734</b>
<b>PAST DUE LOAN PORTFOLIO</b>			
Commercial Loans	3,841	1,046	4,887
Consumer Loans	4,694	165	4,859
Mortgage Loans	2,072	383	2,455
<b>TOTAL PAST DUE LOAN PORTFOLIO</b>	<b>10,607</b>	<b>1,594</b>	<b>12,201</b>
<b>TOTAL LOAN PORTFOLIO</b>	<b>810,935</b>	<b>-</b>	<b>810,935</b>
(Less) LOAN RESERVES	(19,670)	(357)	(20,027)
<b>LOAN PORTFOLIO, (NET)</b>	<b>791,265</b>	<b>(357)</b>	<b>790,908</b>
<b>TOTAL ASSETS</b>	<b>1,810,207</b>	<b>(357)</b>	<b>1,809,850</b>
Provision for loan losses (Results)	3,215	357	3,572
<b>NET RESULT</b>	<b>8,544</b>	<b>(357)</b>	<b>8,187</b>
<b>TOTAL EQUITY</b>	<b>230,142</b>	<b>(357)</b>	<b>229,785</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$1,810,207</b>	<b>(\$357)</b>	<b>1,809,850</b>

As of March 31<sup>st</sup>, 2021, the amount of loans subject to program support is PS 114,103.

## 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 1Q21

(Million Pesos)

Negotiable Instruments	Book Value	Interest	Unrealized gain (loss)	Market Value
<b>Government Securities</b>	<b>229,783</b>	<b>1,278</b>	<b>(412)</b>	<b>230,649</b>
<b>Unrestricted</b>	<b>24,125</b>	<b>269</b>	<b>15</b>	<b>24,409</b>
BONDES D	-	-	-	-
BONDES M	(217)	2	(10)	(225)
BPA	-	-	-	-
BREMS	-	-	-	-
Government Securities	11	0	2	13
Municipalities Securities	0	0	0	0
UDI Securities	-	-	-	-
CETES	20,765	234	(26)	20,972
CETES (Special)	-	-	-	-
Government Eurobonds	-	-	-	-
Udibonds	3,565	33	49	3,648
Treasury Notes	-	-	-	-
<b>Restricted</b>	<b>205,658</b>	<b>1,009</b>	<b>(427)</b>	<b>206,241</b>
BONDES D	42,897	51	(5)	42,943
BONDES M	12,517	284	(300)	12,501
BPA	142,531	659	(37)	143,153
BREMS	-	-	-	-
Government Securities	-	-	-	-
Municipalities Securities	-	-	-	-
UDI Securities	0	0	(0)	0
CETES	4,415	-	(19)	4,396
CETES (Special)	-	-	-	-
Government Eurobonds	-	-	-	-
Udibonds	3,299	16	(66)	3,248
<b>Banking Securities</b>	<b>18,329</b>	<b>14</b>	<b>11</b>	<b>18,353</b>
<b>Unrestricted</b>	<b>2,865</b>	<b>0</b>	<b>0</b>	<b>2,866</b>
Bank Acceptances	4	-	-	4
Bank Bonds	-	-	-	-
Development Bank Securities	3	0	0	3
Bank Securities	40	0	0	41
Deposit Certificates	579	0	(0)	579
Structured Notes	-	-	-	-
Other Banking Securities	237	0	0	237
Promissory Notes	2,002	0	(0)	2,002
<b>Restricted</b>	<b>15,463</b>	<b>14</b>	<b>11</b>	<b>15,488</b>
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	1,212	1	1	1,213
Bank Securities	4,737	5	3	4,745
Deposit Certificates	8,675	8	0	8,683
Structured Notes	-	-	-	-
Other Banking Securities	839	0	6	846
Promissory Notes	-	-	-	-
<b>Private Securities</b>	<b>9,996</b>	<b>15</b>	<b>1,017</b>	<b>11,027</b>
<b>Unrestricted</b>	<b>9,852</b>	<b>15</b>	<b>1,017</b>	<b>10,884</b>
Shares	449	-	479	927
Investment Company Shares	7,117	-	383	7,500
ADRs	-	-	-	-
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	1,224	3	38	1,265
Trust Stock Certificates	-	-	-	-
Private Eurobonds	1,062	12	117	1,192
Infrastructure and Real Estate Trusts	-	-	-	-
Subordinated Debt	-	-	-	-
Other Banking Securities	-	-	-	-
CP	-	-	-	-
<b>Restricted</b>	<b>144</b>	<b>-</b>	<b>(0)</b>	<b>143</b>
Shares	144	-	(0)	143
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	-	-	-	-
Trust Stock Certificates	-	-	-	-
Private Eurobonds	-	-	-	-
Other Banking Securities	-	-	-	-
Reasonable value adjustment lxe Bank Acq	-	-	-	-
<b>Total</b>	<b>258,108</b>	<b>1,307</b>	<b>616</b>	<b>260,030</b>

## FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 1Q21

(Million Pesos)

Securities Held for Sale	Book Value	Interest	Unrealized gain (loss)	Market Value
<b>Government Securities</b>	<b>181,639</b>	<b>1,428</b>	<b>3,277</b>	<b>186,345</b>
<b>Unrestricted</b>	<b>29,295</b>	<b>357</b>	<b>841</b>	<b>30,493</b>
BONDES D	-	-	-	-
BONDES M	-	-	-	-
BPA	-	-	-	-
BREMS	7,778	11	-	7,790
Government Securities	452	1	(0)	453
Municipalities Securities	181	2	42	224
UDI Securities	-	-	-	-
CETES	207	-	(1)	206
CETES (Special)	-	-	-	-
Government Eurobonds	20,677	342	801	21,820
Udibonds	-	-	-	-
Treasury Notes	-	-	-	-
<b>Restricted</b>	<b>152,344</b>	<b>1,072</b>	<b>2,436</b>	<b>155,852</b>
BONDES D	3,026	2	2	3,030
BONDES M	1,765	10	(75)	1,699
BPA	109,205	868	163	110,237
BREMS	-	-	-	-
Government Securities	3,032	6	(43)	2,995
Municipalities Securities	2,540	3	25	2,568
UDI Securities	-	-	-	-
CETES	2,646	-	(10)	2,635
CETES (Special)	-	-	-	-
Government Eurobonds	30,130	183	2,375	32,687
Udibonds	-	-	-	-
<b>Banking Securities</b>	<b>31,001</b>	<b>87</b>	<b>61</b>	<b>31,148</b>
<b>Unrestricted</b>	<b>20,992</b>	<b>65</b>	<b>56</b>	<b>21,114</b>
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	2,336	26	(23)	2,338
Bank Securities	2,358	18	46	2,421
Deposit Certificates	14,498	21	1	14,520
Structured Notes	541	-	23	564
Other Banking Securities	1,260	0	10	1,271
Promissory Notes	-	-	-	-
<b>Restricted</b>	<b>10,008</b>	<b>21</b>	<b>5</b>	<b>10,035</b>
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	-	-	-	-
Bank Securities	10,008	21	5	10,035
Deposit Certificates	-	-	-	-
Structured Notes	-	-	-	-
Other Banking Securities	-	-	-	-
Promissory Notes	-	-	-	-
<b>Private Securities</b>	<b>18,937</b>	<b>209</b>	<b>(365)</b>	<b>18,780</b>
<b>Unrestricted</b>	<b>16,549</b>	<b>146</b>	<b>(308)</b>	<b>16,387</b>
Shares	32	-	49	81
Investment Company Shares	902	-	38	940
ADRs	-	-	-	-
Stock Certificates BORHIS	77	-	(77)	0
Corporate Stock Certificates	6,549	23	(331)	6,241
Trust Stock Certificates	-	-	-	-
Private Eurobonds	8,989	124	13	9,126
Infrastructure and Real Estate Trusts	-	-	-	-
Subordinated Debt	-	-	-	-
Other Banking Securities	-	-	-	-
CP	-	-	-	-
<b>Restricted</b>	<b>2,388</b>	<b>62</b>	<b>(57)</b>	<b>2,393</b>
Shares	-	-	-	-
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	669	2	(0)	671
Trust Stock Certificates	-	-	-	-
Private Eurobonds	1,719	60	(57)	1,722
Other Banking Securities	-	-	-	-
Reasonable value adjustment lxe Bank Acq	-	-	-	-
<b>Total</b>	<b>231,577</b>	<b>1,723</b>	<b>2,973</b>	<b>236,274</b>

## FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 1 Q21

(Million Pesos)

Securities Held to Maturity	Book Value	Interest	Unrealized gain (loss)	Market Value
<b>Government Securities</b>	<b>200,840</b>	<b>2,333</b>	-	<b>203,173</b>
<b>Unrestricted</b>	<b>185,380</b>	<b>2,088</b>	-	<b>187,468</b>
BONDES D	-	-	-	-
BONDES M	243	4	-	248
BPA	-	-	-	-
BREMS	-	-	-	-
Government Securities	1,548	2	-	1,550
Municipalities Securities	2,156	17	-	2,173
UDI Securities	228	4	-	232
CETES	-	-	-	-
CETES (Special)	597	-	-	597
Government Eurobonds	21,311	234	-	21,544
Udibonds	159,298	1,827	-	161,125
Treasury Notes	-	-	-	-
<b>Restricted</b>	<b>15,460</b>	<b>245</b>	-	<b>15,705</b>
BONDES D	-	-	-	-
BONDES M	12,551	240	-	12,791
BPA	-	-	-	-
BREMS	-	-	-	-
Government Securities	-	-	-	-
Municipalities Securities	2,908	5	-	2,914
UDI Securities	-	-	-	-
CETES	-	-	-	-
CETES (Special)	-	-	-	-
Government Eurobonds	-	-	-	-
Udibonds	-	-	-	-
<b>Banking Securities</b>	<b>1,001</b>	<b>202</b>	-	<b>1,203</b>
<b>Unrestricted</b>	<b>1,001</b>	<b>202</b>	-	<b>1,203</b>
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	-	-	-	-
Bank Securities	821	8	-	829
Deposit Certificates	-	-	-	-
Structured Notes	180	195	-	375
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>2,972</b>	<b>857</b>	-	<b>3,829</b>
<b>Unrestricted</b>	<b>2,972</b>	<b>857</b>	-	<b>3,829</b>
Shares	-	-	-	-
Investment Company Shares	-	-	-	-
ADRs	-	-	-	-
Stock Certificates BORHIS	2	0	-	2
Corporate Stock Certificates	997	852	-	1,848
Trust Stock Certificates	-	-	-	-
Private Eurobonds	700	5	-	705
Infrastructure and Real Estate Trusts	-	-	-	-
Subordinated Debt	-	-	-	-
Other Banking Securities	1,274	-	-	1,274
CP	-	-	-	-
<b>Restricted</b>	-	-	-	-
Shares	-	-	-	-
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	-	-	-	-
Trust Stock Certificates	-	-	-	-
Private Eurobonds	-	-	-	-
Other Banking Securities	-	-	-	-
Reasonable value adjustment lxe Bank Acq	(347)	-	-	(347)
<b>Total</b>	<b>204,466</b>	<b>3,392</b>	-	<b>207,858</b>



**REPURCHASE AGREEMENT OPERATIONS 1Q21**
*(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	252,278	249,146	3,148	16	340,959
Banking securities	12,999	12,999	-	0	24,322
Private Securities	3,536	3,539	(0)	3	6,132
<b>Total</b>	<b>268,813</b>	<b>265,684</b>	<b>3,148</b>	<b>19</b>	<b>371,414</b>

**DERIVATES FINANCIAL INSTRUMENTS  
OPERATIONS 1Q21**
*(Million Pesos)*

Creditor Balance	
Instrument	Fair Value
<b>Futures</b>	
TIE 28 Futures	-
<b>Forward</b>	
Fx Forward	369
<b>Options</b>	
Rate options	188
Fx options	575
Warrants	-
<b>Swaps</b>	
Rate swap	21,394
Fx swap	5,765
Credit swap	168
<b>Negotiable Total</b>	<b>28,458</b>
<b>Options</b>	
Rate Options	-
Fx options	-
<b>Swaps</b>	
Rate swap	86
Fx swap	523
Credit swap	-
<b>Hedging total</b>	<b>609</b>
<b>Position total</b>	<b>29,068</b>

**DERIVATES FINANCIAL INSTRUMENTS  
OPERATIONS 1Q21  
(Million Pesos)**

Debtor Balance	
Instrument	Fair Value
<b>Futures</b>	
TIIE 28 Futures	-
<b>Forward</b>	
Fx Forward	61
<b>Options</b>	
Rate options	213
Fx options	317
<b>Swaps</b>	
Rate swap	15,948
Fx swap	7,968
Credit swap	-
<b>Negotiable Total</b>	<b>24,508</b>
<b>Options</b>	
Rate Options	-
Fx options	-
<b>Swaps</b>	
Rate swap	199
Fx swap	5,367
Credit swap	-
<b>Hedging total</b>	<b>5,566</b>
<b>Position total</b>	<b>30,073</b>

**NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 1Q21 - Banorte  
(Million Pesos)**

PRODUCT	TYPE	UNDERLYING	NOTIONAL	OPERATIONS
FX Forwards	Purchases	Exchange Rate (USD/MXN)	1,777	195
FX Forwards	Sales	Exchange Rate (USD/MXN)	3,695	206
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)	17,582	13
FX Options	Sales	Exchange Rate (Dollar)	14,762	9
Interest Rate Options	Purchases	TIIE	20,439	59
Interest Rate Options	Sales	TIIE	30,916	290
Interest Rate Options	Purchases	LIBOR	5,707	19
Interest Rate Options	Sales	LIBOR	5,947	21
Interest Rate Swaps	USD LIBOR	LIBOR	286,080	2,829
Interest Rate Swaps	MXN TIIE	TIIE	1,180,301	3,775
Interest Rate and FX Swaps	CS USDMXN	FIX/VARIABLE	148	2
Interest Rate and FX Swaps	CS USDMXN	VARIABLE/VARIABLE	109,124	118
Interest Rate and FX Swaps	CS USDMXN	FIX/FIX	22,407	40
Interest Rate and FX Swaps	CS CHFMXN	FIX/FIX	9,185	3
Interest Rate and FX Swaps	CS CHFMXN	FIX/VARIABLE	5,152	2
Interest Rate and FX Swaps	CS EURMXN	FIX/FIX	17,515	75
Interest Rate and FX Swaps	CS UDIMXN	FIX/FIX	12,285	3
Interest Rate and FX Swaps	CS GBPMXN	FIX/FIX	2,900	12
Credit Derivatives	CDS USD	D2_PEMEX_150927	1,075	5

LOAN PORTFOLIO								
<i>(Million Pesos)</i>								
	Local Currency		UDIS		Foreign Currency		Total	
	1Q20	1Q21	1Q20	1Q21	1Q20	1Q21	1Q20	1Q21
<b>Performing Loans</b>								
Commercial Loans	238,974	261,311	0	-	79,465	63,218	318,439	324,529
Financial Intermediaries' Loans	9,067	8,445	0	-	0	-	9,067	8,445
Consumer Loans	117,537	116,092	0	-	0	-	117,537	116,092
Mortgage Loans	173,125	191,142	100	78	0	-	173,226	191,220
Government Entities' Loans	150,716	149,126	2,599	-	8,234	10,916	161,549	160,042
<b>Total</b>	<b>689,420</b>	<b>726,115</b>	<b>2,699</b>	<b>78</b>	<b>87,698</b>	<b>74,134</b>	<b>779,818</b>	<b>800,328</b>
<b>Past Due Loans</b>								
Commercial Loans	5,050	3,432	0	0	1,998	217	7,047	3,649
Financial Intermediaries' Loans	4	0	0	-	0	-	4	-
Consumer Loans	4,052	4,694	0	-	0	-	4,052	4,694
Mortgage Loans	2,059	2,061	11	10	0	0	2,070	2,071
Government Entities' Loans	40	192	-	-	-	-	40	192
<b>Total</b>	<b>11,203</b>	<b>10,380</b>	<b>11</b>	<b>10</b>	<b>1,998</b>	<b>217</b>	<b>13,212</b>	<b>10,607</b>
<b>Total Proprietary Loans</b>	<b>700,623</b>	<b>736,496</b>	<b>2,710</b>	<b>88</b>	<b>89,696</b>	<b>74,351</b>	<b>793,030</b>	<b>810,935</b>

**COST OF BALANCES OF FINAPE, FOPYME, MORTGAGE UDIS AND  
MORTGAGE FOVI LOAN PORTFOLIOS AS OF 1Q21- GFNorte**

	<i>(Million Pesos)</i>	
	PERIOD COST	TOTAL BALANCE OF LOAN PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	(5.2)	0.0
Mortgage FOVI	-	-
	<b>(5.2)</b>	<b>0.0</b>

## DEFERRED TAXES 1Q21

(Million Pesos)

ASSETS	INCOME TAX	NET
Global Loss Reserves Loan Portfolio	5,743	5,743
Non deductible provisions and cumulative income	1,584	1,584
Excess of accounting value over fiscal value on Repossessed Assets	332	332
Diminishable profit sharing	200	200
Fees received in advance	1,051	1,051
Effects from valuation of instruments	-	-
Tax losses pending amortization	660	660
Provisions for possible loss in loans	338	338
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	204	204
<b>Total Assets</b>	<b>10,112</b>	<b>10,112</b>
LIABILITIES		
Pension Funds Contribution	(106)	(106)
Loan Portfolio Acquisitions	(463)	(463)
Projects to be capitalized	(6,383)	(6,383)
Intangibles' amortizations	-	-
Effects from valuation of instruments	(3,904)	(3,904)
Intangibles' amortizations	(347)	(347)
Unrealized Loss on Securities held for Sale	(47)	(47)
<b>Total Liabilities</b>	<b>(11,251)</b>	<b>(11,251)</b>
Assets (Liabilities) Accumulated Net	(1,139)	(1,139)

## LONG TERM DEBT AS OF MARCH 31 2021 - 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	1,869	20 years	4.950%	15-feb-28	182 days
Non Convertible Subordinated Bonds 2016 (BANOC36 311004)	USD	04-oct-16	500	9,607	6,014	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	7,154	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	11,242	Perpetual	7.625%	10-ene-28	Quarterly
Eurbond (Swiss francs) 2018 (BANO589)	CHF	14-jun-18	100	1,983	2,172	3.5 years	0.875%	14-dic-21	Annual
Certificates 94 BINTER 16U	UDIS	13-oct-16	365	2,000	2,465	10 years	4.970%	01-oct-26	182 days
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
Eurbond (Swiss francs) 2019 (BANO397)	CHF	11-abr-19	250	4,694	5,430	3.5 years	1.550%	11-oct-22	Annual
Non Convertible Subordinated Bonds 2019 (BANO64_999999)	USD	27-jun-19	600	11,501	12,264	Perpetual	6.750%	27-sep-24	Quarterly
Non Convertible Subordinated Bonds 2019 (BANOB48_999999)	USD	27-jun-19	500	9,584	10,220	Perpetual	7.500%	27-jun-29	Quarterly
Eurbond (Swiss francs) 2019 (BANO43)	CHF	18-sep-19	160	3,112	3,475	4.3 years	0.450%	18-dic-23	Annual
Eurbond (Swiss francs) 2020 (BANO664)	CHF	06-mar-20	225	4,826	4,887	4.8 years	0.500%	06-dic-24	Annual
Non Convertible Subordinated Bonds 2020 (BANOC21_999999)	USD	14-jul-20	500	11,309	10,220	Perpetual	8.375%	14-oct-30	Quarterly
Stock certificates 94 BANORTE 20U	UDIS	30-sep-20	107	700	721	10 years	2.760%	18-sep-30	182 days

**BANK AND OTHER ENTITIES LOANS' AS OF 1Q21**

(Million Pesos)

	LOCAL CURRENCY	FOREIGN CURRENCY	TOTAL
Loans from Foreign Banks generated from foreign country	-	0	0
Loans from Development Banks	12,268	4,413	16,681
Loans from Public Funds	9,926	1,398	11,324
Call Money & Loans from Banks	20,853	-	20,853
Loans from Fiduciary Funds	54	-	54
Provisions for Interest	90	-	90
	<b>43,191</b>	<b>5,811</b>	<b>49,002</b>
Eliminations			(14,987)
<b>Total</b>			<b>34,016</b>

**CORE DEPOSITS AND DUE TO BANKS & CORRESPONDENTS -  
INTEREST RATES 1Q21**
**CORE DEPOSITS (BANORTE)**
**Demand Deposits**

Local Currency and UDIs	1.16%
Foreign Currency	0.03%

**Time Deposits - Retail**

Local Currency and UDIs	3.13%
Foreign Currency	0.25%

**Time Deposits - Money Market**

Local Currency and UDIs	4.21%
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**DUE TO BANKS & CORRESPONDENTS (BANORTE)**
**Immediate Redemption Loans**

Local Currency and UDIs	0.00%
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**Public Funds and Development Banks**

Local Currency and UDIs	6.14%
Foreign Currency	1.50%

**MAIN CREDIT LINES RECEIVED 1Q21 (BANORTE)**

Million pesos

	1Q20			4Q20			1Q21		
	Line	Used	% used	Line	Used	% used	Line	Used	% used
Bank Counterparty Lines (Call Money)	177,366	7,950	4.5%	174,237	-	0.0%	219,907	2,700	1.2%
Banxico (Repos for liquidity with the System of Payments) RSP*	65,003	7,789	12.0%	75,832	7,784	10.3%	77,350	7,789	10.1%
Banxico MXN & USD Credit Auction*	42,645	8,951	21.0%	52,266	-	0.0%	54,458	-	0.0%
Banxico Credit line with Government and Banking securities as collateral (Ordinary Facility)*	42,645	-	0.0%	52,266	-	0.0%	54,458	-	0.0%
Banxico Credit line with State and Municipal Government securities as collateral (Extraordinary Facility)	89,355	-	0.0%	85,766	-	0.0%	87,127	-	0.0%
<b>TOTAL</b>	<b>417,013</b>	<b>24,690</b>	<b>5.9%</b>	<b>440,366</b>	<b>7,784</b>	<b>1.8%</b>	<b>493,300</b>	<b>10,489</b>	<b>2.1%</b>

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

**TRADING INCOME 1Q21**
*Million Pesos*

<b>Trading income</b>	<b>Consolidated</b>
<b>Securities - Unrealized gains</b>	<b>(468)</b>
Negotiable instruments	<b>(579)</b>
Derivative instruments - Negotiation	<b>115</b>
Derivative instruments - Hedging	<b>(4)</b>
<b>Impairment loss or revaluation increase</b>	<b>0</b>
<b>Result from foreign exchange valuation</b>	<b>579</b>
<b>Result from valuation of precious metals</b>	<b>(4)</b>
<b>Result from purchase/sale of securities and derivatives</b>	<b>93</b>
Negotiable instruments	<b>71</b>
Securities held for sale	<b>16</b>
Derivative instruments - Hedging	<b>5</b>
<b>Result from purchase/sale of foreign exchange</b>	<b>762</b>
<b>Result from purchase/sale of precious metals</b>	<b>2</b>
<b>Total</b>	<b>964</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 first quarter of 2021, 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 taken, 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 accordance with the calendar dates and scope for this purpose, approved by the corresponding Corporate Governance Committee, 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. The effectiveness tests were carried out in accordance with the calendar and scope of the Business Continuity Plan. The Continuity strategy is maintained under its Pandemic section in the face of the situation generated by COVID-19. The implemented actions continue responding to the considerations of each moment and are in accordance with the risk assessment that is periodically monitored.
- 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, and the information requirements required by the external regulation were fulfilled.

## 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 1Q21.

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 1Q21.

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 March 31, 2021, and December 31, 2020, the amount of loans granted to third parties is as follows (billion pesos):

<b>Lender</b>	<b>Mar-2021</b>	<b>% Basic Equity</b>	<b>Dec-2020</b>	<b>% Basic Equity</b>
Banorte	Ps 14.80	8.2%	Ps 14.84	8.3%
	<b>Ps 14.80</b>		<b>Ps 14.84</b>	

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

### Banorte

As of **March 31<sup>st</sup>, 2021**, total loans granted to related parties, under Article 73 of the Law of Credit Institutions, was \$14.80 billion pesos (including \$1.78 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, \$11.38 billion pesos were loans granted to clients linked to members of the Board of Directors; \$2.89 billion pesos were granted to clients linked to shareholders and \$530 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 8.2% 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.



## 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.

## Loan or tax liabilities

The tax credits listed below are currently in litigation:

	<b>As of March 31, 2021</b>
<b>AFORE XXI BANORTE</b>	<b>\$2</b>
Loan # 4429309391 Payroll Tax of the state of Coahuila	2
<b>PENSIONES BANORTE</b>	<b>\$352</b>
Financial year 2014	352
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, October 12, November 19, and December 4, 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.