



2Q21

Financial Results

as of June 30th, 2021



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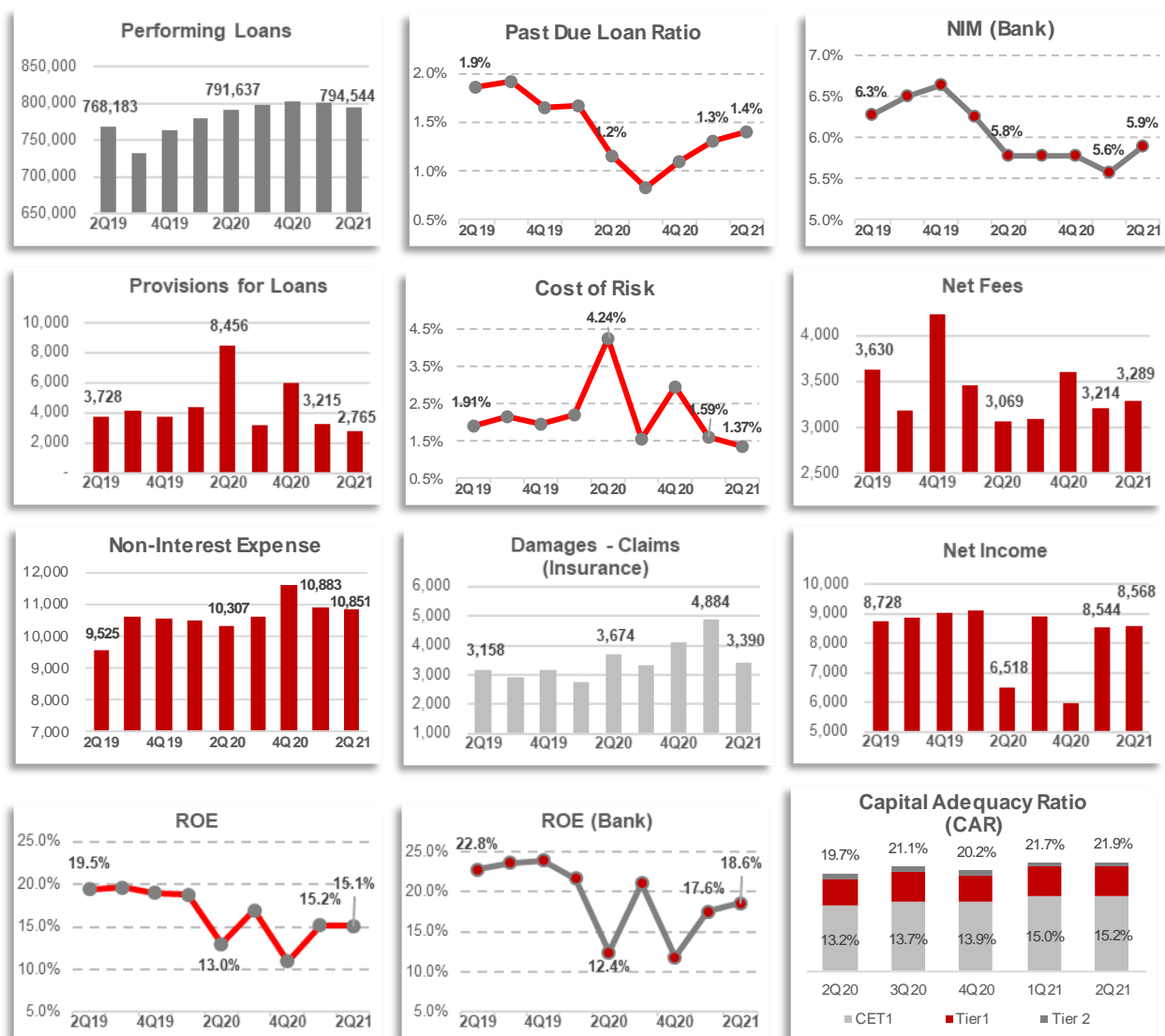
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I. Executive Summary

Quarterly highlights 2Q21 vs 1Q21

- **Loan portfolio performed better than expected, trending back to normal**
- **NII excluding Insurance and Annuities increased 2%**
- **MIN of the Bank increased 33pbs to 5.9%**
- **Net fees increased 2% on higher transaction volume**
- **Non-interest expense under strict control, flat in the quarter**



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

Sustainability Strategy

Updates

Environmental



- Net-Zero Banking Alliance (NZBA) – Founding signatories
- Climate Ambition Program (Global Compact) – Participation

Governance



- Sustainability Committee (GFNorte) – Approval of ESG goals
- Google Cloud – Strategic alliance to accelerate digital transformation
- ALAS20 Awards - Nomination to Grupo Financiero Banorte and Afore XXI
- Mobile banking app – Launch of improvement program
- Customer satisfaction – NPS: 65.8 pts (+17% vs 1Q21 and +9% vs 2Q20)
- Data privacy – Training to employees: 78% progress

Social



- Institutional Financial Education program (*Sinergia CONDUSEF*) – Participation
- SDG Ambition and SDG Innovators (Global Compact) – Participation
- Creation of an Equity and Gender Committee (Afore XXI)
- Talent attraction and retention strategy with gender perspective – Phase 2
- Corporate volunteering program (1H21) – 50 initiatives, 4,363 beneficiaries, 81 volunteers

Sustainable Finance

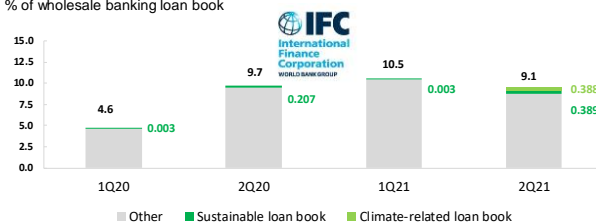


- Taskforce on Nature-related Financial Disclosure (TNFD) – Global launch
- Equator Principles – Report 2020
- Principles of Responsible Investment – 2021 Report Afore XXI and Operadora de Fondos
- Responsible Investment Subcommittee (AMAFORE) – Chair (Afore XXI)
- Climate-related parametric insurance – Annual policy renewal (Quintana Roo) and new product (Yucatán)

Sustainable Finance

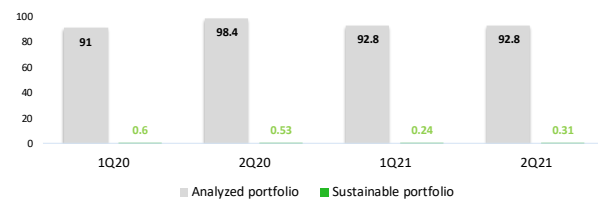
Loan book evaluation

% of wholesale banking loan book



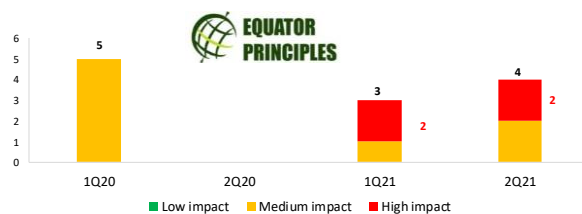
Responsible investments – Mutual funds

% share of total analyzed AUM



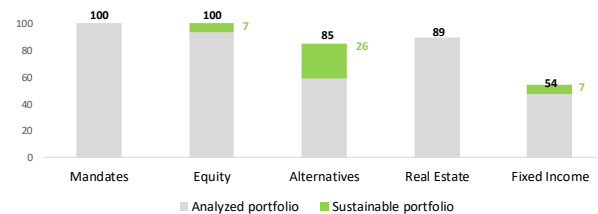
Loan book evaluation under Equator Principles

Number of analyzed projects



Responsible investments – Pension funds

% share of total analyzed AUM by instrument



* During 2Q20 the Loan book was not evaluated under Equator Principles

GFNorte reports Net Income of Ps 8.57 billion in 2Q21, 0.3% higher than 1Q21, and 31% higher than 2Q20.

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

The most relevant results for the period ended on June 30th, 2021 were:

- **Net Income** for 2Q21 reached **Ps 8.57** billion, up **0.3% sequentially** and **improved 31% vs. 2Q20**-2Q20 had the impact of additional provisions from the COVID-19 crisis-. Bank's Net Income growth is noteworthy, up 9% sequentially, and 27% during 1H21.
- **The quality of the loan portfolio stands out**, with provisions down **(14%) vs. 1Q21**, and **(67%) lower than 2Q20** - a quarter that was fully immersed in the COVID-19 crisis uncertainty, hence registering the impact of \$4.87bn anticipated write-offs-. Improvements in loan portfolio quality are the results of remaining close to our customers and prudent loan origination, with moderate prepayment activity, resulting in an improved **cost of risk of 1.4%**, from 1.6% in 1Q21, and from 4.2% in 2Q20.
- **Net Interest Income (NII)** declined (2%) sequentially, still affected by the adverse pandemic effects of higher **claims registered in Seguros Banorte**, although **(31%) down sequentially, still above their normal levels. NII excluding Insurance and Annuities grew 2%**, despite Banxico's reference rate increase which took place in the last days of the quarter. **Premium income was down (44%) sequentially** due to the seasonal effect of the policy renewal period in the first quarter, although **offset by (55%) lower technical reserves**.
- Although **NIM of the Group** declined (9bps) sequentially to **4.8%** mainly by the effect of Seguros Banorte, the **Bank's NIM stands out, increasing 33bps to 5.9%** underpinned by the strength of the credit portfolio, and cost of funds improvement.
- **Net fees were up 2%** sequentially, on higher transactional volume, driven by higher economic activity, with a 10% increase in electronic banking fees and 9% in consumer loan fees, offset by lower Trading and Other Operating Income (Expenses). As a result, total **Non-Interest income, was down (5%), while Non-interest expense was flat** vs. the previous quarter.
- **ROE** declined sequentially to **15.1%** in the quarter, while **ROA** remained stable at **1.9%**. In the annual comparison, **ROE grew 211bps** and **ROA by 41bps**.
- Non-bank **subsidiaries** presented mixed net income results. Sequentially, the Bank grew 9% on margin improvement and lower credit provisions; the Brokerage business increased 20%; Mutual Funds and Annuities remained flat; the Insurance business dropped (46%) by seasonality and higher claims from the pandemic, and Afore grew 15%. Compared to the same period in 2020: the Bank rose 78%, Brokerage business 5%, Fund Operator flat, Insurance dropped (50%), Annuities 16%, and Afore (26%).
- **Net Income** for **1H21** totaled **Ps 17.11 billion, 9% higher** than 1H20 and (10%) lower compared to the **recurring result** of 1H20.
- **Net Interest Income** for the **first half** declined **(7%) YoY; NIM** reached **4.8%**, (76bps) below 1H20, a favorable result considering that the average TIIE rate dropped (178bps) to 4.33% during the year. **Premium income** from Insurance and Annuities for the semester grew **18%** annually. Thus, **Total Income** for 1H21 was down **(8%)** and **Non-Interest Expense** increased **5%**, reaching an **efficiency ratio** of **44.0%**.
- **Consumer loans** rose **2%** sequentially, with 2% growth in credit cards and 3% in payroll loans. Compared to 2Q20, the consumer portfolio grew **7%** driven by: **mortgages, up 11%, auto 6%, payroll 5%**, and **credit cards down (3%)** from COVID-19 effects.
- **Commercial loans** remained practically unchanged in the quarter, while **corporates fell (6%)** and **government loans (3%)**. Compared to 2Q20, **commercial loans were up 4%**, **corporate loans declined (12%)**, and the **government portfolio dropped (5%)**. Altogether, **total loans were down (1%) quarterly**, and remained **flat for the year**.
- NPLs grew Ps 595 million in the quarter, still reflecting sound delinquency control, below internal forecasts; hence, **NPL ratio** increased slightly to **1.4%** from 1.3% and **coverage ratio** reached **162%**.
- **Core Deposits dropped (2%)** during the quarter: **demand deposits were down (2%)**, whereas **time deposits remained unchanged**. Compared to 2Q20, demand deposits were up 12%, and time deposits declined (5%), totaling **6%** annual growth in Core Deposits.
- **Capital strength, as well as adequate liquidity management** are top priorities for the Financial Group during this challenging global crisis; the **bank's total Capital Adequacy Ratio (CAR)** reached **21.92%**, **Core Equity Tier 1 (CET1)** **15.18%**, and **Liquidity Coverage Ratio 210.15%**, while **Leverage Ratio** stood at **11.7%**.

Income Statement Highlights - GFNorte (Million Pesos)	2Q20	1Q21	2Q21	Change		1H20	1H21	Change 1H20
				1Q21	2Q20			
Interest Income	32,697	32,494	31,379	(3%)	(4%)	69,576	63,873	(8%)
Interest Expense	13,302	9,719	9,572	(2%)	(28%)	27,830	19,292	(31%)
Technical Results (Insurance & Annuities)	1,288	(2,773)	(2,158)	22%	(267%)	905	(4,930)	(645%)
Net Interest Income	20,683	20,002	19,649	(2%)	(5%)	42,651	39,651	(7%)
Net Service Fees	3,069	3,214	3,289	2%	7%	6,524	6,503	(0%)
Trading	1,703	964	840	(13%)	(51%)	2,869	1,804	(37%)
Other Operating Income (Expenses)	1,140	822	609	(26%)	(47%)	1,467	1,432	(2%)
Non Interest Income	5,911	5,000	4,739	(5%)	(20%)	10,860	9,739	(10%)
Total Income	26,595	25,003	24,388	(2%)	(8%)	53,511	49,390	(8%)
Non Interest Expense	10,307	10,883	10,851	(0%)	5%	20,774	21,734	5%
Provisions	8,456	3,215	2,765	(14%)	(67%)	12,800	5,980	(53%)
Operating Income	7,832	10,905	10,771	(1%)	38%	19,938	21,676	9%
Taxes	1,886	2,678	2,756	3%	46%	5,114	5,434	6%
Subsidiaries' Net Income	648	429	675	57%	4%	1,001	1,104	10%
Minority Interest	(75)	(112)	(122)	(10%)	(62%)	(189)	(234)	(24%)
Subsidiaries & Minority Interest	573	317	553	74%	(3%)	813	870	7%
Net Income	6,518	8,544	8,568	0%	31%	15,636	17,112	9%
Balance Sheet Highlights - GFNorte (Million Pesos)	2Q20	1Q21	2Q21	Change				
				1Q21	2Q20			
Asset Under Management	2,878,778	3,074,928	3,101,420	1%	8%			
Performing Loans (a)	791,637	800,328	794,544	(1%)	0%			
Past Due Loans (b)	9,254	10,607	11,202	6%	21%			
Total Loans (a+b)	800,891	810,935	805,746	(1%)	1%			
Total Loans Net (d)	782,337	791,265	787,571	(0%)	1%			
Acquired Collection Rights (e)	1,438	1,529	1,421	(7%)	(1%)			
Total Credit Portfolio (d+e)	783,774	792,794	788,992	(0%)	1%			
Total Assets	1,783,581	1,810,207	1,802,363	(0%)	1%			
Total Deposits	801,148	830,531	810,082	(2%)	1%			
Total Liabilities	1,575,237	1,580,066	1,573,041	(0%)	(0%)			
Equity	208,344	230,142	229,322	(0%)	10%			
Financial Ratios GFNorte	2Q20	1Q21	2Q21			1H20	1H21	
Profitability:								
NIM (1)	5.3%	4.9%	4.8%			5.6%	4.8%	
ROE (2)	13.0%	15.2%	15.1%			15.8%	15.2%	
ROA (3)	1.5%	1.9%	1.9%			1.8%	1.9%	
Operation:								
Efficiency Ratio (4)	38.8%	43.5%	44.5%			38.8%	44.0%	
Operating Efficiency Ratio (5)	2.3%	2.4%	2.4%			2.4%	2.4%	
CCL Banorte and SOFOM - Basel III (6)	150.8%	207.6%	210.2%			150.8%	210.2%	
Asset Quality:								
Past Due Loan Ratio	1.2%	1.3%	1.4%			1.2%	1.4%	
Coverage Ratio	200.5%	185.4%	162.2%			200.5%	162.2%	
Cost of Risk (7)	4.2%	1.6%	1.4%			3.2%	1.5%	
Market References								
Banxico Reference Rate	5.00%	4.00%	4.25%			5.00%	4.25%	
TIE 28 days (Average)	6.07%	4.37%	4.29%			6.72%	4.33%	
Exchange Rate Peso/Dólar (8)	23.09	20.44	19.91			23.29	20.17	

- 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.
- 8) The Exchange Rate Peso/Dollar for the semester is the average.

For more detail on Liquidity Coverage Ratio (LCR)

See Page. 25, 26 y 27 of the [Risk Management Report](#)

Subsidiaries Net Income (Million Pesos)	2Q20	1Q21	2Q21	Change		1H20	1H21	Change 1H20
				1Q21	2Q20			
Banco Mercantil del Norte	3,606	5,870	6,408	9%	78%	9,678	12,278	27%
Banorte- Ixe-Broker Dealer	360	314	376	20%	5%	572	690	21%
Operadora de Fondos Banorte-Ixe	107	107	107	0%	0%	207	214	3%
Retirement Funds - Afore XXI Banorte	618	396	456	15%	(26%)	944	852	(10%)
Insurance	927	858	463	(46%)	(50%)	2,630	1,321	(50%)
Annuities	424	496	494	(0%)	16%	708	990	40%
BAP (Holding)	8	8	9	9%	10%	22	17	(22%)
Other Finance Companies	242	250	89	(64%)	(63%)	309	338	10%
G. F. Banorte (Holding)	226	247	166	(33%)	(27%)	566	413	(27%)
Total Net Income	6,518	8,544	8,568	0%	31%	15,636	17,112	9%

Share Data	2Q20	1Q21	2Q21	Change		1H20	1H21	Change 1H20
				1Q21	2Q20			
Earnings per share (Pesos)	2.260	2.963	2.971	0%	31%	5.423	5.935	9%
Earnings per share Basic (Pesos)	2.287	2.995	3.002	0%	31%	5.470	5.997	10%
Dividend per Share for the period (Pesos)	0.00	0.00	3.17	N.A.	N.A.	0.00	3.17	N.A.
Payout for the period	0.0%	0.0%	25.0%	N.A.	N.A.	0.0%	25.0%	N.A.
Book Value per Share (Pesos)	71.41	78.81	78.48	(0%)	10%	71.41	78.48	10%
Outstanding Shares - BMV (Million)	2,883.5	2,883.5	2,883.5	0%	0%	2,883.5	2,883.5	0%
Stock Price (Pesos)	79.72	115.13	128.76	12%	62%	79.72	128.76	62%
P/BV (Times)	1.12	1.46	1.64	12%	47%	1.12	1.64	47%
Market Capitalization (Million Dollars)	9,956	16,241	18,651	15%	87%	9,956	18,651	87%
Market Capitalization (Million Pesos)	229,869	331,972	371,274	12%	62%	229,869	371,274	62%

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)	2Q20	1Q21	2Q21	Change		1H20	1H21	Change 1H20
				1Q21	2Q20			
Interest Income	31,370	26,739	26,888	1%	(14%)	63,903	53,627	(16%)
Interest Expense	13,032	9,405	9,260	(2%)	(29%)	27,269	18,665	(32%)
Loan Origination Fees	346	352	362	3%	5%	706	714	1%
Fees Paid	270	314	313	(1%)	16%	561	627	12%
NII excluding Insurance and Annuities Co.	18,415	17,372	17,678	2%	(4%)	36,780	35,050	(5%)
Premium Income (Net)	8,118	15,340	8,602	(44%)	6%	20,273	23,942	18%
Technical Reserves	1,216	11,016	4,983	(55%)	310%	9,162	15,999	75%
Damages, Claims and Other Obligations	5,613	7,097	5,777	(19%)	3%	10,205	12,873	26%
Technical Results	1,288	(2,773)	(2,158)	22%	(267%)	905	(4,930)	(645%)
Interest Income (Expenses) net	980	5,403	4,128	(24%)	321%	4,966	9,531	92%
Insurance and Annuities NII	2,268	2,630	1,971	(25%)	(13%)	5,871	4,601	(22%)
GFNORTE's NII	20,683	20,002	19,649	(2%)	(5%)	42,651	39,651	(7%)
Credit Provisions	8,456	3,215	2,765	(14%)	(67%)	12,800	5,980	(53%)
NII Adjusted for Credit Risk	12,227	16,788	16,883	1%	38%	29,851	33,671	13%
Average Earning Assets	1,566,225	1,640,360	1,643,243	0%	5%	1,523,513	1,638,036	8%
Net Interest Margin (1)	5.3%	4.9%	4.8%			5.6%	4.8%	
NIM after Provisions (2)	3.1%	4.1%	4.1%			3.9%	4.1%	
NIM adjusted w/o Insurance & Annuities	5.3%	4.8%	4.9%			5.4%	4.9%	
NIM from loan portfolio (3)	8.1%	7.4%	7.6%			8.2%	7.5%	

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

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

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

Net Interest Income

NII excluding Insurance and Annuities increased 2% during the quarter, as a result of higher NII from the loan portfolio and the positive effect of foreign currency valuation. Interest expense dropped (2%) in the quarter following a strategic focus to improve cost of funds, resulting in lower **interest expense from deposits**. **NIM from the loan portfolio** improved 18bps in the quarter reaching 7.6%, whereas **adjusted NIM excluding Insurance and Annuities** increased 10bps to **4.9%** in 2Q21.

Compared to 2Q20, **NII excluding Insurance and Annuities** was down **(4%)** in the year, mainly driven by the (178bps) reduction in the average reference rate (TIE28d), which went from 6.07% to 4.29% during the period, but offset by lower cost of funds, as **interest expense declined (28%)**. **NIM of the loan portfolio dropped (71bps)** in 1H21 to **7.5%**. **NIM excluding Insurance and Annuities** declined (53bps) to **4.9%** in 1H21.

NII from Insurance and Annuities had a **(26%)** sequentially decline, mainly from lower premium income associated with the strong seasonality of the insurance business during the first quarter of the year, while technical reserves from Insurance were down by the same seasonal effect. Technical reserves from annuities were unchanged reflecting the combined effect of higher premiums and lowered valuation. Net Technical reserves were down explained mainly by the insurance business, while claims had a (19%) decline during the quarter; although, still above their normal levels.

Compared to 1H21, NII from **Insurance and Annuities dropped (22%)** on 18% higher premium income, and 26% higher claims derived from the Covid-19 pandemic. Reserves increased 75% mainly driven by an update in reserves from the Annuities business as well as by premium growth.

Altogether, GFNorte's **net interest income declined (2%) during the quarter** and **(5%) in the year**. **NIM dropped (9bps) during the quarter** and **(76bps) annually** ending at **4.8%**, in line with the (75bps) drop in the reference rate, which ended the quarter at 4.25%.

For more detail on Margin Sensitivity (Bank):

- 1) Refer to page. 28 of the [Risk Management Report](#)

Loan Loss Provisions

Compared to the previous quarter, total **provisions were down (14%)**, mainly by lower provision requirements associated with the moderate loan growth during the quarter, in addition to higher prepayments in the corporate portfolio, and solid asset quality. Compared to 2Q20, provisions **declined (67%)** explained by the Ps 4.87bn additional reserves created in 2Q20.

From the Ps 2.76 billion provisions recorded in the quarter, 51% correspond to new loans, and the rest to risk and portfolio variations.

Compared to 1H20, accumulated provisions were down (53%), Ps (6.82) billion, in a greater extent due to the recognition of Ps 3.00 billion of additional provisions and Ps 1.87 billion anticipated write-offs during 2Q20, together with the dynamics previously explained.

Credit Provisions (Million Pesos)	2Q20	1Q21	2Q21	Change		1H20	1H21	Change 1H20
				1Q21	2Q20			
Commercial, Corporate & Government	2,548	139	305	119%	(88%)	3,456	444	(87%)
Consumer	2,760	3,187	2,778	(13%)	1%	6,355	5,965	(6%)
Charge offs and discounts	148	(112)	(317)	(183%)	(315%)	(12)	(429)	N.A.
Additional Provisions	3,000	-	-	N.A.	(100%)	3,000	-	(100%)
Credit Provisions	8,456	3,215	2,765	(14%)	(67%)	12,800	5,980	(53%)

For more detail on Internal Credit Risk Models:

- 1) Page. 16, 17, 18 and 19 of the [Risk Management Report](#)

Cost of risk for the quarter improved (22bps) sequentially and (288bps) in the year, ending the quarter at 1.4%. With accumulated results for the year, it improved (176bps) and stood below historical levels as a result of lower reserve requirements and moderate portfolio growth.

Non-Interest Income

Non-Interest Income (Million Pesos)	2Q20	1Q21	2Q21	Change		1H20	1H21	Change 1H20
				1Q21	2Q20			
Net Service Fees	3,069	3,214	3,289	2%	7%	6,524	6,503	(0%)
Trading	1,703	964	840	(13%)	(51%)	2,869	1,804	(37%)
Other Operating Income (Expenses)	1,140	822	609	(26%)	(47%)	1,467	1,432	(2%)
Non-Interest Income	5,911	5,000	4,739	(5%)	(20%)	10,860	9,739	(10%)

Non-interest income decreased (5%) in the quarter, mainly driven by lower trading income and lower Other Operating Income (Expenses), compensated by higher Net Service Fees which grew 2% in the quarter and 7% in the year.

Service Fees

Service Fees (Million Pesos)	2Q20	1Q21	2Q21	Change		1H20	1H21	Change 1H20
				1Q21	2Q20			
Fund Transfers	476	473	530	12%	11%	876	1,003	14%
Account Management Fees	508	494	491	(1%)	(3%)	1,086	985	(9%)
Electronic Banking Services	2,027	2,916	3,212	10%	58%	4,364	6,128	40%
Basic Banking Services Fees	3,012	3,883	4,233	9%	41%	6,326	8,116	28%
For Commercial and Mortgage Loans *	394	296	278	(6%)	(29%)	889	574	(35%)
For Consumer Loans	1,049	1,164	1,263	9%	20%	2,291	2,427	6%
Fiduciary *	102	106	177	66%	73%	221	283	28%
Income from Real Estate Portfolios	11	10	23	137%	101%	17	32	93%
Mutual Funds	486	484	503	4%	3%	948	986	4%
Trading & Financial Advisory Fees	126	188	166	(11%)	32%	273	354	30%
Other Fees Charged (1)	226	250	42	(83%)	(81%)	557	293	(47%)
Fees Charged on Services	5,406	6,380	6,685	5%	24%	11,521	13,065	13%
Interchange Fees	1,018	1,625	1,911	18%	88%	2,245	3,537	58%
Insurance Fees	353	339	236	(30%)	(33%)	826	576	(30%)
Other Fees Paid	966	1,202	1,248	4%	29%	1,926	2,450	27%
Fees Paid on Services	2,337	3,166	3,396	7%	45%	4,997	6,562	31%
Net Service Fees	3,069	3,214	3,289	2%	7%	6,524	6,503	(0%)

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

Fees charged on services increased 5% sequentially, resulting from improved dynamics in electronic banking services and recovery from higher consumer loan origination fees. Compared to 2Q20, fees charged on services had a relevant 24% growth, and compared to 1H20 they increased 13%, also driven by the aforementioned factors.

Fees paid on services were up 7% sequentially and 45% in the year. Compared to 1H20 they grew 31%, reflecting better dynamics in the acquirer business, and consequently higher exchange fees, as well as higher auto loans and mortgage fees.

Altogether, **net service fees were up 2%** vs. the previous quarter, and 7% above 2Q20 on higher transactional volume, but practically unchanged compared to 1H20.

Trading

Trading Income (Million Pesos)	2Q20	1Q21	2Q21	Change		1H20	1H21	Change 1H20
				1Q21	2Q20			
Currency and Metals	(501)	575	(453)	(179%)	10%	734	122	(83%)
Derivatives	1,139	111	164	48%	(86%)	(98)	275	380%
Negotiable Instruments	(111)	(579)	122	121%	210%	(277)	(457)	(65%)
Valuation	527	107	(167)	(256%)	(132%)	358	(60)	(117%)
Currency and Metals	774	764	838	10%	8%	(88)	1,602	1922%
Derivatives	(323)	5	(10)	(279%)	97%	1,420	(4)	(100%)
Negotiable Instruments	724	87	180	106%	(75%)	1,179	267	(77%)
Trading	1,175	857	1,008	18%	(14%)	2,511	1,865	(26%)
Trading Income	1,703	964	840	(13%)	(51%)	2,869	1,804	(37%)

Trading income decreased (13%) sequentially, where high foreign currency operations with clients are affected by their valuation. Conversely trading income with accumulated figures as of 1H21 decreased (37%), explained by lower operation of securities and derivative instruments and their valuation effect.

Other Operating Income (Expenses)

Other Operating Income (Expenses) (Million Pesos)	2Q20	1Q21	2Q21	Change		1H20	1H21	Change 1H20
				1Q21	2Q20			
Loan Portfolios	63	99	85	(14%)	35%	143	184	29%
Income from Foreclosed Assets	132	87	132	52%	0%	220	219	(0%)
Impairment of Assets	-	-	-	N.A.	N.A.	(55)	-	100%
Lease Income	77	64	57	(11%)	(26%)	177	120	(32%)
From Insurance	322	275	195	(29%)	(39%)	533	470	(12%)
Securitization Operation Valuation Result	6	0	0	(63%)	(99%)	37	0	(100%)
Others	541	298	141	(53%)	(74%)	413	438	6%
Other Operating Income (Expenses)	1,140	822	609	(26%)	(47%)	1,467	1,432	(2%)

*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 (26%) in the quarter explained by lower income after liability cleanup.

Compared to 2Q20, other operating income declined (47%) and compared to 1H20 it decreased only (2%), in both cases explained by lower income from tax recoveries and liability cleanup.

Non-Interest Expense

Non-Interest Expense (Million Pesos)	2Q20	1Q21	2Q21	Change		1H20	1H21	Change 1H20
				1Q21	2Q20			
Personnel	3,891	4,006	4,273	7%	10%	7,820	8,279	6%
Professional Fees	801	806	808	0%	1%	1,550	1,614	4%
Administrative and Promotional	2,032	2,223	1,914	(14%)	(6%)	4,415	4,137	(6%)
Rents, Depreciation & Amortization	2,047	2,243	2,240	(0%)	9%	3,994	4,483	12%
Taxes other than income tax & non deductible expenses	483	553	589	6%	22%	982	1,142	16%
Contributions to IPAB	919	912	889	(3%)	(3%)	1,748	1,801	3%
Employee Profit Sharing (PTU)	133	139	139	(1%)	4%	265	278	5%
Non-Interest Expense	10,307	10,883	10,851	(0%)	5%	20,774	21,734	5%

Non-interest expense remained unchanged sequentially and **increased 5%** compared to 1H20, primarily driven by higher personnel expenses such as salaries, variable compensation, and amortization of capitalizable projects. Thus, **efficiency ratio** for 1H21 stood at **44.0%**.

Net Income

Net Income (Million Pesos)	2Q20	1Q21	2Q21	Change		1H20	1H21	Change 1H20
				1Q21	2Q20			
Operating Income	7,832	10,905	10,771	(1%)	38%	19,938	21,676	9%
Subsidiaries' Net Income	648	429	675	57%	4%	1,001	1,104	10%
Pre-Tax Income	8,480	11,334	11,446	1%	35%	20,939	22,780	9%
Taxes	1,886	2,678	2,756	3%	46%	5,114	5,434	6%
Discontinued Operations	-	-	-	N.A.	N.A.	-	-	N.A.
Minority Interest	(75)	(112)	(122)	(10%)	(62%)	(189)	(234)	(24%)
Net Income	6,518	8,544	8,568	0%	31%	15,636	17,112	9%

Net Operating Income had a (1%) decline in the quarter, still showing the impact of technical results from insurance related to the Covid-19 contingency, while on the annual comparison, it increased 38%, and compared to 1H20 it rose 9%, following a recovery from the effects of the pandemic.

Taxes increased 3% compared to 1Q21, and 6% compared to 1H20, reflecting an effective tax rate of 23.9% at the end of 1H21.

Earnings per share for the quarter totaled **Ps 2.97**.

Profitability

	2Q20	1Q21	2Q21	1H20	1H21
ROE	13.0%	15.2%	15.1%	15.8%	15.2%
Goodwill & Intangibles (billion pesos)	40	40	54	40	54
Average Tangible Equity (billion pesos)	150	185	181	150	181
ROTE	16.8%	18.5%	19.1%	20.8%	18.9%

In the quarter, **ROE** dropped (9bps) to 15.1% mainly driven by a higher capital base, and rose 211bps vs 2Q20. Compared to 1H20, ROE was down (58bps), reaching **15.2%**. In May, a cash dividend was distributed, corresponding to 25% of 2019's net income; however, ROE continues to reflect capital accumulation, until the regulator authorizes full reactivation of dividend payments.

ROTE improved 61bps and reached 19.1%, driven by lower average tangible capital, while compared to 2Q20, it rose 224bps.

	2Q20	1Q21	2Q21	1H20	1H21
ROA	1.5%	1.9%	1.9%	1.8%	1.9%
Average Risk Weighted Assets (billion pesos)	824	903	894	824	894
RRWA	4.1%	3.3%	3.6%	4.1%	3.6%

The **ROA** remained stable at **1.9%**, reflecting a 41bps increment vs. 2Q20.

Deposits

Deposits (Million Pesos)	2Q20	1Q21	2Q21	Change	
				1Q21	2Q20
Non-Interest Bearing Demand Deposits	307,945	341,450	344,653	1%	12%
Interest Bearing Demand Deposits	173,566	207,141	192,348	(7%)	11%
Total Demand Deposits	481,510	548,591	537,001	(2%)	12%
Time Deposits – Retail	224,368	213,923	213,819	(0%)	(5%)
Core Deposits	705,879	762,514	750,820	(2%)	6%
Money Market	115,842	73,028	64,569	(12%)	(44%)
Total Bank Deposits	821,721	835,542	815,389	(2%)	(1%)
GFNorte's Total Deposits	801,148	830,531	810,082	(2%)	1%
Third Party Deposits	171,834	238,656	235,688	(1%)	37%
Total Assets Under Management	993,555	1,074,198	1,051,077	(2%)	6%

Core deposits dropped (2%) in the quarter, driven by a 1% increase in non-interest-bearing demand deposits, and lower interest-bearing demand deposits, while time deposits remained unchanged. Compared to 2Q20, time deposits were down (5%) and total demand deposits rose 12%, explained by strategic efforts to increase balances with clients, and their impact on lower high-cost funding.

Money market operations and securities issued declined (12%) in the quarter and (44%) annually. Altogether, **GFNorte's total bank deposits** dropped (2%) in the quarter and (1%) in the year.

Loans

Performing Loan Portfolio (Million Pesos)	2Q20	1Q21	2Q21	Change	
				1Q21	2Q20
Mortgages	177,282	191,220	196,125	3%	11%
Auto Loans	26,667	28,247	28,138	(0%)	6%
Credit Card	37,443	35,589	36,334	2%	(3%)
Payroll	51,491	52,256	53,850	3%	5%
Consumer	292,883	307,312	314,447	2%	7%
Commercial	186,092	192,834	193,287	0%	4%
Corporate	149,945	140,140	132,162	(6%)	(12%)
Government	162,717	160,042	154,649	(3%)	(5%)
Total	791,637	800,328	794,544	(1%)	0%

Further detail on Performing, Past due and Distressed loan portfolios in the [Risk Management Report](#):

- 1) displayed by Sector and Subsidiary, page 9
- 2) displayed by Federal Entities and Subsidiary, page 10
- 3) displayed by Remaining Term, page 10

In a quarter marked by gradual economic reactivation across different economic sectors, the performing loan portfolio **dropped (1%) in the quarter**, and **it had a marginal 0.4% increase in the year**. Excluding the government portfolio, the loan portfolio remained stable in the quarter, and had a 2% increase vs. 2Q20, as a result of good dynamics in the consumer portfolio, followed by the commercial portfolio.

The **consumer portfolio increased 2% in the quarter**, reflecting good dynamics in mortgages, which grew 3%, a flat auto portfolio, **payroll loans grew 3%**, and a relevant **2% increase in credit cards**, recovering its positive trend due to better economic activity in the country.

Compared to 2Q20, there is a relevant 7% increase in the **consumer** portfolio, driven by good dynamics in the mortgage, auto and payroll portfolios, while the **commercial portfolio grew 4%**.

Within the commercial portfolio, **SMEs loans declined (1%)** compared to the previous period, and increased 7% vs. 2Q20. NPL ratio had a slight 5bps increase in the quarter, thus ending at 3.45%, still below pre-pandemic levels.

SMEs Loans (Million Pesos)	2Q20	1Q21	2Q21	Change	
				1Q21	2Q20
Performing Portfolio	34,094	36,972	36,616	(1%)	7%
% of Performing Commercial Portfolio	18.3%	19.2%	18.9%	(23 bp)	62 bp
% of Total Performing Portfolio	4.3%	4.6%	4.6%	(1 bp)	30 bp
NPL Ratio	3.72%	3.40%	3.45%	5 bp	(27 bp)

The **corporate portfolio** totaled **Ps 132.16 billion**, down (6%) vs. the previous quarter and **(12%)** annually mainly explained by prepayments and weaker dynamism in certain economic sectors still affected by the pandemic. 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 10.4% 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 corporates have an A1 credit rating.

The **infrastructure book was down (5%) or Ps 2.49 billion** in the quarter, and also **(5%)** compared to 2Q20.

Infrastructure Loans (Million Pesos)	2Q20	1Q21	2Q21	Change	
				1Q21	2Q20
Performing Portfolio	48,844	48,927	46,433	(5%)	(5%)
% of Total Performing Portfolio	5.7%	6.1%	5.8%	(27 bp)	15 bp
NPL Ratio	0.2%	1.2%	1.3%	14 bp	106 bp

The **government book** totaled **Ps 154.65 billion**, (3%) below the previous quarter and (5%) annually. GFNorte's government portfolio is well diversified by regions, showing adequate concentration risk given that 34% of the portfolio is Federal Government exposure, and 95.1% of municipal and state government loans are backed by fiduciary guarantees.

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

Banorte's performing loan portfolio had a slight 0.6% increase, while the market dropped (7.3%). Thus, Banorte increased its market share by 116bps in the year, reaching 14.9%.

- **Mortgages:** Banorte holds 19.7% market share, **up 42bps annually**, keeping the second place in the system.
- **Credit Cards:** Banorte holds **10.4% market share, gaining 12bps** in the year.
- **Auto Loans:** The market reflects a general slowdown regarding new cars sales. However, Banorte increased the loan portfolio by 5.4% in the year and **increased its market share by 138bps** to 19.6%, consolidating its second position in the market.
- **Payroll Loans:** Banorte holds 20.7% market share, **ranking second in the market, up 116bps in the year**, the highest increase among peers.
- **Commercial:** Market share totaled 11.7%, including corporate and SMEs according to the CNBV classification, **up 146bps in the last 12 months, ranking third** in the system.
- **Government:** Banorte's market share dropped (385bps) to 25.5%, ranking second in the banking system.

Past Due Loans

In the quarter, Past due loans rose Ps 595 million, the impact mainly coming from corporates and commercial; however, the consumer portfolio improved, and similar behavior is observed in the annual comparison.

Past Due Loans (Million Pesos)	2Q20	1Q21	2Q21	Change	
				1Q21	2Q20
Credit Cards	2,161	2,761	1,879	(882)	(282)
Payroll	1,740	1,558	1,364	(194)	(376)
Auto Loans	329	375	308	(67)	(20)
Mortgages	2,305	2,071	1,966	(105)	(339)
Commercial	2,160	3,381	3,779	398	1,619
Corporate	444	268	1,719	1,451	1,275
Government	115	192	186	(6)	71
Total	9,254	10,607	11,202	595	1,948

NPL ratio increased 8bps to **1.4%**, as expected, and already without the effect of the support programs, although still below normal pre-pandemic levels of around 1.8%. Compared to the same period in 2020, it increased 23bps.

Past Due Loans Ratios	2Q20	3Q20	4Q20	1Q21	2Q21
Credit Cards	5.5%	3.1%	7.8%	7.2%	4.9%
Payroll	3.3%	1.7%	2.7%	2.9%	2.5%
Auto Loans	1.2%	0.7%	0.6%	1.3%	1.1%
Mortgages	1.3%	1.0%	0.9%	1.1%	1.0%
Commercial	1.1%	0.9%	1.2%	1.7%	1.9%
SMEs	3.7%	1.9%	2.0%	3.4%	3.4%
Commercial	0.6%	0.7%	1.0%	1.3%	1.6%
Corporate	0.3%	0.3%	0.1%	0.2%	1.3%
Government	0.1%	0.2%	0.0%	0.1%	0.1%
Total	1.2%	0.8%	1.1%	1.3%	1.4%

Expected loss for Banco Mercantil del Norte, the group's largest subsidiary, **was 1.9%**, and the unexpected loss **was 3.9%**, both with respect to the total portfolio as of 2Q21. In 1Q21 these ratios were 1.9% and 4.0%, respectively, and they were 1.8% and 4.1% twelve months ago. In addition, Banco Mercantil del Norte's **Net Credit Losses (NCL)**, including write-offs, was 1.9%, down (55bps) compared to 1Q21.

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

Past Due Loan Variations	
<i>(Million Pesos)</i>	
Balance as of March' 2021	10,607
Transfer from Performing Loans to Past Due Loans	7,793
Portfolio Purchase	-
Renewals	(181)
Cash Collections	(661)
Discounts	(361)
Charge Offs	(4,373)
Foreclosures	(67)
Transfer from Past Due Loans to Performing Loans	(1,530)
Loan Portfolio Sale	-
Foreign Exchange Adjustments	(25)
Fair Value Ixé	-
Balance as of June' 2021	11,202

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 together.

Risk Rating of Performing Loans as of 2Q21 - GFNorte
(Million Pesos)

CATEGORY	LOANS	LOAN LOSS RESERVES					
		COMMERCIAL			CONSUMER	MORTGAGES	TOTAL
		MIDDLE MARKET COMPANIES	GOVERNMENT ENTITIES	FINANCIAL INTERMEDIARIES			
A1	711,893	1,069	539	67	569	255	2,499
A2	30,397	140	53	0	272	28	493
B1	34,215	83	80	5	820	14	1,002
B2	13,186	56	-	3	476	21	556
B3	16,114	130	46	3	623	14	816
C1	10,192	92	58	0	563	75	789
C2	12,450	221	-	-	1,483	153	1,857
D	8,466	1,579	82	-	889	445	2,996
E	4,470	58	-	-	2,925	88	3,072
Total	841,382	3,430	858	78	8,622	1,093	14,080
Not Classified	(1,209)						
Exempt	-						
Total	840,174	3,430	858	78	8,622	1,093	14,080
Reserves							18,175
Preventive Reserves							4,094

Notes:

- Figures for reserve creation and rating are as of June 30th, 2021.
- 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)	2Q21
Distressed Portfolio	4,359
Total Loans	840,174
Distressed Portfolio / Total Loans	0.5%

Loan Loss Reserves and Loan Loss Provisions

Loan Loss Reserves (Million Pesos)	2Q21
Previous Period Ending Balance	19,670
Provisions charged to results	3,444
Provisions charged to retained earnings	0
Created with profitability margin	0
Reserve Portfolio Sold	0
Other items	0
<u>Charge offs and discounts:</u>	
Commercial Loans	(600)
Consumer Loans	(3,797)
Mortgage Loans	(532)
Foreclosed assets	0
	(4,929)
Cost of debtor support programs	(2)
Valorization and Others	(8)
Adjustments	0
Loan Loss Reserves at Period End	18,175

Loan Loss Reserves as of 2Q21 totaled **Ps 18.17 billion**, (7.6%) down vs. the previous quarter. **Charge-offs and discounts** increased 18% in the quarter.

Loan loss reserve coverage ratio totaled **162%** in the quarter, down from 185% from the previous quarter.

Capital

Shareholders' equity totaled **Ps 229.32 billion**, down **Ps 819 million vs. the previous quarter**. The main changes during the quarter were: an Ps 8.57 billion increase in net income; a Ps (9.13) billion decline from dividend payments; a Ps (913) million reduction due to interest payment of subordinated notes; a Ps 504 million increase from share buyback for the stock compensation plan; a Ps (237) million decline from valuation of cash flow hedging instruments, and a Ps 429 million increase from valuation of available-for-sale securities.

Recent Events

1. BANORTE COMMITS WITH THE UNITED NATIONS TO ACHIEVE ZERO CARBON EMISSIONS BY 2050

On April 21st, 2021, as part of its sustainability strategy, Banorte became a Founding Signatory of the Net Zero Banking Alliance (NZBA) promoted by the Financial Initiative of the United Nations Environment Program (UNEP FI).

Banorte signs this alliance jointly with 43 banks in the world, with the aim of accelerating the transition to a low-carbon economy and combating climate change.

By becoming a signatory, Banorte commits to decarbonize its credit and investment portfolios, promoting the transition to net zero carbon emissions by 2050.

Carlos Hank González, Chairman of Grupo Financiero Banorte, mentioned: "Banorte holds sustainability at the core of its business operations. By signing this alliance, we hope to ensure a green and sustainable economy for future generations".

2. SHAREHOLDER MEETING

On April 23rd, GFNorte held its Annual Ordinary General Shareholders' Meeting, in which the following resolutions were approved:

FIRST.- Approval, with prior opinion of the Board of Directors, of the Annual Report of the General Director prepared in accordance with the provisions of section XI of article 44 of the *Securities Market Law* and section X of article 59 of the *Law to Regulate Financial Groups*, which contains, among other points: (i) the balance sheet; (ii) the income statement; (iii) the statement of changes in stockholders' equity; and (iv) the statement of cash flows of the company as of December 31st, 2020.

SECOND.- Approval of the Annual Report of the Board of Directors, in which the main accounting policies and principles are declared and explained, followed by the preparation of the financial information as of December 31, 2020, in accordance with the aforementioned subsection b) of article 172 of the *General Law of Commercial Companies*.

THIRD.- Approval of the Annual Report of the Board of Directors on the operations and activities in which it intervened.

FOURTH.- Approval of the Annual Report on the Activities of the Audit and Corporate Practices Committee.

FIFTH.- Approval of each and all of the operations carried out by the Company during the fiscal year ended December 31, 2020, as well as the acts carried out by the Board of Directors, the General Director and the Audit and Practices Committee are ratified during the same period.

SIX.- Of the financial statements of Grupo Financiero Banorte, S.A.B. de CV, it appears that the company obtained profits in the fiscal year of 2020 for the amount of \$ 30,508'092,129.95 (thirty thousand five hundred eight million ninety two thousand one hundred twenty-nine pesos 95/100 national currency), it is approved to apply the whole amount to the "Earnings from Previous Years" account, by virtue of the Company's legal reserve fund being fully established.

Likewise, it is approved to distribute among the shareholders a dividend equivalent to 25% of the net profit for the year 2019, that is, the amount of \$ 9,131,993,339.15 (nine thousand one hundred thirty-one million nine hundred ninety three thousand three hundred thirty nine pesos 15/100 currency national), representing \$ 3.1670299314214300 pesos per issued share, which will be paid on May 4, 2021, against the delivery of coupon number 1 and charged to the profits of previous years and that for the purposes of the *Income Tax Law* against the net tax profit account corresponding to December 31, 2013.

The dividend corresponding to fiscal year 2019 will be paid on May 4, 2021 through S.D. Indeval, Institución para el Depósito de Valores, S.A. de C.V., prior notice published by the Secretary of the Board of Directors in one of the newspapers with the largest media coverage in the city of Monterrey, Nuevo León, and through the Electronic System for Sending and Dissemination of Information (SEDI) of the Mexican Stock Exchange.

Regarding the third point of the Agenda, no resolution is taken in this regard. It is only stated that, in compliance with the provisions of section XIX of article 76 of the *Income Tax Law*, it was distributed among those attending the Shareholders' Meeting and the Report of the External Auditor on the fiscal situation of the Company as of December 31, 2019, and adding a copy of the same to the record of the meeting minutes.

SEVENTH.- It is approved that the Board of Directors of the Company, be constituted by 14 Proprietary members and their respective Alternates, qualifying the independent nature of the directors who have said character, since

they are not within the restrictions indicated in the *Law of the Stock Market* and in the *Law to Regulate Financial Groups*.

Grupo Financiero Banorte			
Proprietary Members		Alternate Members	
Carlos Hank González	Chairman	Graciela González Moreno	
Juan Antonio González Moreno		Juan Antonio González Marcos	
David Juan Villarreal Montemayor		Alberto Halabe Hamui	Independent
José Marcos Ramírez Miguel		Gerardo Salazar Viezca	
Carlos de la Isla Corry		Alberto Pérez-Jácome Friscione	
Everardo Elizondo Almaguer	Independent	Diego Martínez Rueda-Chapital	Independent
Carmen Patricia Amendáriz Guerra	Independent	Roberto Kelleher Vales	Independent
Clemente Ismael Reyes Retana Valdés	Independent	Cecilia Goya de Riviello Meade	Independent
Alfredo Elías Ayub	Independent	Isaac Becker Kabacnik	Independent
Adrián Sada Cueva	Independent	José María Garza Treviño	Independent
David Peñaloza Alanís	Independent	Carlos Césarman Kolteniuk	Independent
José Antonio de Chedraui Eguía	Independent	Humberto Tafolla Núñez	Independent
Alfonso de Angoitia Noriega	Independent	Guadalupe Phillips Margain	Independent
Thomas Stanley Heather Rodríguez	Independent	Ricardo Maldonado Yáñez	Independent

THIRTY-SIX.- Lic. Héctor Ávila Flores is appointed as Secretary of the Board of Directors, who will not be part of the Board of Directors.

THIRTY-SEVENTH.- Based on Article Forty-Ninth of the Company's bylaws, the Directors of the Board are exempted from the obligation to guarantee the performance of their duties.

THIRTY-EIGHTH.- Two coins of fifty gold pesos, commonly referred to as "centenarios", are determined as emoluments to be paid to the Proprietary and Alternate Directors, if applicable, for each session they attend payable at market value of the date of each session.

THIRTY-NINTH.- Mr. Thomas Stanley Heather Rodríguez is appointed as Chairman of the Audit and Corporate Practices Committee.

FORTY.- The Report of the Board of Directors on the purchase and sale of treasury shares during the fiscal year 2020 is approved.

FORTY FIRST.- It is approved to allocate the amount of up to \$ 7,500,000,000.00 (seven thousand five hundred million pesos 00/100 national currency), equivalent to 2.37% of the market capitalization value of the Financial Group at the end of 2020, charged to Stockholders' Equity, for the purchase of the Company's own shares, during the fiscal year 2021, and will include those operations carried out during the year 2021 and until April 2022 subject to the Policy for the Acquisition and Issuance of Proprietary Shares.

FORTY SECOND.- Delegates are appointed to carry out all the necessary functions to comply with and formalize the resolutions taken by the Assembly.

3. FITCH RATING AGENCY UPGRADES THE RATING FROM SIEFORES BANORTE

On May 10th, Fitch Ratings revised upwards Afore XXI Banorte's note. The agency explained that, regarding its capacity as investment manager, the qualifications of the Retirement Fund Manager went from strong to excellent. Fitch Ratings acknowledged in a statement, that Afore XXI Banorte has excellence and strength in its ten basic Siefiores and also in its 11 additional Siefiores, which reflect a robust, disciplined and repeatable investment process. The upgrade of the rating for the Siefiores, corresponds to the results of international equities to take advantage of 20 percent of the limit established in the investment regime, achieving more portfolio diversification and a greater stability of the company in its financial indicators.

4. FITCH RATINGS RATES FUND OPERATOR BANORTE AS EXCELLENT WITH A STABLE PERSPECTIVE

On May 13, 2021, Fitch Ratings confirmed the 'Excellent (mex)' rating with Stable Outlook for Operadora de Fondos Banorte, S.A. de C.V., Sociedad Operadora de Fondos de Inversión, Grupo Financiero Banorte (OB), in accordance with the Investment Management Quality Ratings methodology. The rating is based on the fact that Operadora Banorte maintains an outstanding investment process, based on in-depth analysis, investment policies and clear and well-documented criteria, models and appropriate risk management. In addition to the above, the rating analysis includes that Operadora Banorte shows good corporate governance, strong organizational structure with segregation of duties, extensive experience of first and second level officials, complementary work teams and adequate supervision (risks, middle and back office, comptroller and audit), robust investment platform

and operational framework, superior to the standards applied by institutional managers in Mexico for the class and mix of managed strategies, as well as good security and recovery processes. Finally, a consistent performance revealed by flagship funds, as well as the support provided by Grupo Financiero Banorte (GFNorte) and the vast trajectory that Operadora Banorte has achieved in the fund industry, in the debt and equity segments.

5. BANORTE RANKED 4TH AMONG THE FINANCIAL GROUPS WITH GREATER SOCIAL RESPONSIBILITY

Grupo Financiero Banorte ranks in fourth place in the category "Top 5 of Financial Groups with the highest Social Responsibility" of the Ranking of "The 200 Best Socially Responsible Companies" of 2021 prepared by Tops México.

6. FITCH RATIFIES RATINGS FOR GFNORTE AND SOME OF ITS SUBSIDIARIES

On July 1st, Fitch ratified the long and short-term debt issuer rating of Grupo Financiero Banorte SAB (GFNorte) and its banking subsidiary Banco Mercantil del Norte SA (Banorte) at 'BBB-' and 'F3', respectively, and its Viability Rating (VR) at 'bbb-'. The outlook is negative.

Likewise, Fitch affirms the National Ratings of Banorte, Arrendadora and Factor Banorte, S.A, Casa de Bolsa Banorte, S.A. and Almacenadora Banorte S.A. in 'AAA (mex)' and 'F1 + (mex)'. The rating outlook is stable.

The review reflects the resilient performance that GFNorte and its subsidiaries have shown during this period. Fitch continues with the negative outlook given its analysis of the operating environment in Mexico.

Entity	Ratings			Previous
Grupo Financiero Banorte, S.A.B. de C.V.	LT IDR	BBB-	Affirmed	BBB-
	ST IDR	F3	Affirmed	F3
Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte	LT IDR	BBB-	Affirmed	BBB-
	senior unsecured	LT	BBB-	BBB-
	subordinated	LT	BB-	BB-
	senior unsecured	Natl LT	AAA(mex)	AAA(mex)
Arrendadora y Factor Banorte, S.A. de C.V., SOFOM, E.R., Grupo Financiero Banorte	Natl LT	AAA(mex)	Affirmed	AAA(mex)
	Natl ST	F1+(mex)	Affirmed	F1+(mex)
Casa de Bolsa Banorte, S. A. de C. V., Grupo Financiero Banorte	Natl LT	AAA(mex)	Affirmed	AAA(mex)
	Natl ST	F1+(mex)	Affirmed	F1+(mex)
Almacenadora Banorte, S.A. de C.V., Organización Auxiliar del Crédito, Grupo Financiero Banorte	Natl LT	AAA(mex)	Affirmed	AAA(mex)
	Natl ST	F1+(mex)	Affirmed	F1+(mex)

7. TRANSFER TRANSACTION OF ANNUITY PORTFOLIO FROM PENSIONES HSBC TO PENSIONES BANORTE.

Pensiones Banorte S.A. de C.V. Grupo Financiero Banorte has reached an agreement with Pensiones HSBC for the full portfolio transfer from the first in favor of the second entity. Such transaction was not objected by the anti-trust regulator (COFECE), and was authorized by the insurance regulator (Comisión Nacional de Seguros y Fianzas).

Pensiones HSBC assigns to Pensiones Banorte all of the annuities policies valid as of the date of the transaction. As of June 2020, Pensiones HSBC had 12,481 active policies. With this portfolio transfer, Pensiones Banorte continues to consolidate itself as the largest life annuity company in the country with more than Ps 170 billion in reserves, representing a 45% market share, and the largest in reserves in the Mexican insurer market.

Bank

Income Statement and Balance Sheet (Million Pesos)	2Q20	1Q21	2Q21	Change		1H20	1H21	Change 1H20
				1Q21	2Q20			
Net Interest Income	17,421	16,171	16,884	4%	(3%)	34,938	33,055	(5%)
Non-Interest Income	5,268	4,919	4,083	(17%)	(23%)	9,994	9,002	(10%)
Total Income	22,690	21,090	20,967	(1%)	(8%)	44,933	42,058	(6%)
Non-Interest Expense	9,579	10,036	9,972	(1%)	4%	19,297	20,008	4%
Provisions *	8,527	3,231	2,584	(20%)	(70%)	12,789	5,815	(55%)
Operating Income	4,584	7,824	8,411	8%	83%	12,847	16,235	26%
Taxes	934	1,879	2,103	12%	125%	3,046	3,981	31%
Discontinued Operations	-	-	-	-	-	-	-	N.A.
Subsidiaries & Minority Interest	19	28	213	658%	994%	49	241	397%
Net Income	3,669	5,974	6,522	9%	78%	9,849	12,495	27%
Balance Sheet								
Performing Loans (a)	778,548	782,226	775,873	(1%)	(0%)	778,548	775,873	(0%)
Past Due Loans (b)	8,885	10,257	10,862	6%	22%	8,885	10,862	22%
Total Loans (a+b)	787,433	792,483	786,735	(1%)	(0%)	787,433	786,735	(0%)
Total Loans Net (d)	769,358	773,339	768,993	(1%)	(0%)	769,358	768,993	(0%)
Acquired Collection Rights (e)	1,438	1,529	1,421	(7%)	(1%)	1,438	1,421	(1%)
Total Loans (d+e)	770,796	774,867	770,414	(1%)	(0%)	770,796	770,414	(0%)
Total Assets	1,348,628	1,234,021	1,234,286	0%	(8%)	1,348,628	1,234,286	(8%)
Total Deposits	821,721	835,542	815,389	(2%)	(1%)	821,721	815,389	(1%)
Demand Deposits	479,142	545,953	534,257	(2%)	12%	479,142	534,257	12%
Time Deposits	342,579	289,590	281,132	(3%)	(18%)	342,579	281,132	(18%)
Total Liabilities	1,226,044	1,096,778	1,090,870	(1%)	(11%)	1,226,044	1,090,870	(11%)
Equity	122,583	137,242	143,416	4%	17%	122,583	143,416	17%
Financial Ratios - Bank	2Q20	1Q21	2Q21			1H20	1H21	
Profitability:								
NIM (1)	5.8%	5.6%	5.9%			6.0%	5.7%	
NIM after Provisions (2)	3.0%	4.5%	5.0%			3.8%	4.7%	
ROE (3)	12.4%	17.6%	18.6%			16.9%	18.0%	
ROA (4)	1.1%	1.9%	2.1%			1.6%	2.0%	
Operation:								
Efficiency Ratio (5)	42.2%	47.6%	47.6%			42.9%	47.6%	
Operating Efficiency Ratio (6)	2.9%	3.2%	3.2%			3.1%	3.2%	
Average Liquidity Coverage Ratio for Banorte and SOFOM - Basel III (7)	150.8%	207.6%	210.2%			150.8%	210.2%	
Asset Quality:								
Past Due Loan Ratio	1.1%	1.3%	1.4%			1.1%	1.4%	
Coverage Ratio	203.4%	186.7%	163.3%			203.4%	163.3%	
Capitalization:								
Net Capital/ Credit Risk Assets	25.1%	29.9%	31.0%			25.1%	31.0%	
Total Capitalization Ratio	19.7%	21.7%	21.9%			19.7%	21.9%	
Leverage								
Basic Capital/ Adjusted Assets	11.0%	12.0%	11.7%			11.0%	11.7%	

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) increased 4% sequentially, reflecting NII of the loan portfolio similar to the previous quarter, but with a significant improvement in the cost of funding. Therefore, **NIM increased 33bps sequentially reaching 5.9%** from 5.6% of the previous quarter.

Non-interest income dropped (17%) sequentially, mainly by lower trading income.

Fees charged were up 4% sequentially primarily driven by greater income from electronic banking services and consumer loan fees. Similarly, the **Fees paid** grew 13% mainly due to the increase of interchange fees from the acquirer business, reflecting a reactivation in consumption patterns. Altogether, **net fees declined (2%)**.

Trading income was down (41%) quarterly, as a result of markets volatility which translate into negative valuation results.

Other operating income (expense) declined Ps (276) million, mainly due to lower income from liabilities cleanup.

Non-Interest Expense is (1%) lower than the previous quarter, mainly due to lower administrative expenses. Consequently, the **efficiency ratio** stood at **47.6% sequentially**.

In the quarter, **provisions were down Ps 647 million or (20%)**, of which Ps 410 million correspond to lower requirements in the consumer portfolio, mainly in credit cards and payroll, and Ps 205 million provisions are related to write-offs.

NIM adjusted for credit risks reached **5.0%** back from 4.5%, reflecting a 54bps sequential increase.

Altogether, **net income rose 9%** sequentially, reaching Ps 6.52 billion. Thus, **ROE increased 104bps in the quarter ending at 18.6%**, and **ROA** ended the quarter at **2.1%, up 20pbs**.

Accumulated changes vs. the previous year (2020)

Net interest income (NII) declined (3%) annually vs. 2Q20 and fell **(5%) with accumulated figures in 1H21**, mainly driven by lower income from the loan portfolio and lower income from repurchase agreements, but partially offset by significant improvements in the cost of funding. Thus, NIM stood at 5.9% up 11bps in the year, and with accumulated figures as of 1H21, down (29bps) reaching 5.7%. During the year, the average TIE28d reference rate dropped (238bps), from 6.4% to 4.3%.

Non-interest income declined (23%) compared to 2Q20, mainly due to lower trading income and lower other income. With accumulated figures as of 1H21, it decreased (10%), similarly due to lower trading income and other income.

Fees charged increased 25% compared to 2Q20 and 15% with accumulated 1H21 figures driven by higher electronic banking service fees and commissions for consumer credit. On the other hand, **fees paid** continue to show higher growth rates than fees charged, due to greater activity of the acquiring business, followed by the increase in loan and debt origination fees. Thus, **net fees improved 4%** compared to 2Q20 on higher transaction volume, but dropped (2%) vs. 1H20.

Trading income had a significant (50%) drop compared to 2Q20, driven by lower securities' trading, and fell **(23%)** with 1H21 figures, driven by higher securities and derivatives trading, and their valuation effect from markets volatility.

Other operating income (expense) decreased by Ps (531) million, largely driven by lower income from recoveries, and a decline driven by liabilities cleanup.

Non-interest income rose 4.0% in the year, driven by a Ps 178 million increase of due to amortization of capitalizable projects, followed by a Ps 59 million increase in expenses for professional fees, among others. In the semester, Non-interest income grew 4% primarily explained by higher personnel expenses and professional fees, as well as by the amortization of capitalizable projects. **Efficiency ratio** reached **47.6%** up 463bps vs. 1H20.

Provisions were down Ps 5.94 billion vs. 2Q20, considering the creation of additional anticipated reserves of Ps 4.87 billion in 2Q20. Provisions were down sequentially, explained by lower reserves requirements given moderate growth dynamics in the portfolio, higher activity in prepayments in the commercial portfolio, and overall improvement in the quality of the portfolio. With figures as of 1H21, provisions were down Ps (6.97) billion. Therefore, at the end of 1H21, **NIM adjusted for credit risks** stood at **4.7%**, up 91bps.

Net income rose Ps 2.85 billion vs 1Q21, and had a relevant 27% increase vs. 1H20, totaling Ps 12.49 billion. **ROE** for the year stood at **18.0%**, up 117bps; **ROA increased 45bps** ending at **2.0%**.

Capital

Shareholders' equity totaled **Ps 143.42 billion**, up 17% in the quarter. The main sequential changes are: a Ps 6.52 billion increase in net income; a Ps 453 million gain in valuation of available-for-sale securities; a Ps (929) million decline by interest paid on subordinated obligations; a Ps (241) million decline in valuation of cash flow hedging instruments, and a Ps 366 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 2021, Banorte was confirmed as Level II - Systemically Important Financial Institution, which implies that Banorte must maintain a 0.90 pp capital buffer. 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), which includes a minimum requirement of Core Equity Tier 1 (CET1) of 7.90%.

Capitalization (Million Pesos)	2Q20	1Q21	2Q21	Change	
				1Q21	2Q20
Core Tier 1	117,627	132,136	130,003	(1.6%)	10.5%
Tier 1 Capital	163,806	183,236	179,769	(1.9%)	9.7%
Tier 2 Capital	11,650	7,898	7,955	0.7%	(31.7%)
Net Capital	175,455	191,134	187,724	(1.8%)	7.0%
Credit Risk Assets	697,870	639,919	606,083	(5.3%)	(13.2%)
Net Capital / Credit Risk Assets	25.1%	29.9%	31.0%	1.1 pp	5.8 pp
Total Risk Assets	892,361	880,710	856,373	(2.8%)	(4.0%)
Core Tier 1	13.18%	15.00%	15.18%	0.2 pp	2.0 pp
Tier 1	18.36%	20.81%	20.99%	0.2 pp	2.6 pp
Tier 2	1.31%	0.90%	0.93%	0.0 pp	(0.4 pp)
Capitalization Ratio	19.66%	21.70%	21.92%	0.22 pp	2.26 pp

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

At the end of 2Q21 the estimated Capital Adequacy Ratio (CAR) for Banorte was **21.92%** considering credit, market, and operational risks, and CAR considering only credit risks totaled 30.97%. Moreover, the Core Equity Tier 1 reached 15.18% as of 2Q21, a level corresponding to a Systemically Important Institution Level I under CNBV classification. Had additional reserves not been constituted in December 2020, CAR in 2Q21 would have been 22.09% and Core Tier 1 Capital 15.35%.

CAR increased +0.22pp vs. 1Q21 due to the following effects:

	2Q21 vs 1Q21
	+0.22 pp
1. Net Income in 2Q21	+0.76 pp
2. Growth in Risk Assets – Credit	+0.48 pp
3. Growth in Risk Assets – Credit (Others)	+0.37 pp
4. Securities' mark-to-market valuation and Hedging Derivatives*	+0.05 pp
5. Growth in Risk Assets – Operation	-0.04 pp
6. Growth in Risk Assets – Market	-0.19 pp
7. Capital Notes	-0.28 pp
8. Permanent Investments, Intangibles, and Other Capital Effects**	-0.93 pp

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

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

The CAR increased +2.26 pp vs. 2Q20 mostly driven by:

	With Additional Reserves	Without Additional Reserves
	+2.26 pp	+2.44 pp
1. Net Income growth	+2.88 pp	+2.88 pp
2. Growth in Risk Assets – Credit*	+1.09 pp	+1.07 pp
3. Growth in Risk Assets – Credit (Others)	+0.92 pp	+0.92 pp
4. Securities' mark-to-market valuation and Hedging Derivatives **	+0.18 pp	+0.18 pp
5. Growth in Risk Assets – Operation	-0.15 pp	-0.15 pp
6. Additional loan loss provisions	-0.19 pp	-0.00 pp
7. Capital Notes	-0.20 pp	-0.20 pp
8. Growth in Risk Assets – Market	-1.02 pp	-1.02 pp
9. Other capital effects***	-1.24 pp	-1.24 pp

* Includes benefits for internal model calibration.

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

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

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 June 2021 reached Ps 856.37 billion, down Ps 24.34 billion vs. March 2021, and Ps 35.99 billion below those of June 2020.

The evolution of Risk Assets is presented below:

Risk Assets (Million Pesos)	2Q20	1Q21	2Q21	Change	
				1Q21	2Q20
Total Credit	697,870	639,919	606,083	(5.29%)	(13.15%)
Credit (Loan Portfolio)	553,096	520,274	501,006	(3.70%)	(9.42%)
Credit (Others)	144,774	119,646	105,078	(12.18%)	(27.42%)
Total Market	126,671	167,719	175,486	4.63%	38.54%
Total Operational	67,820	73,072	74,804	2.37%	10.30%
Total	892,361	880,710	856,373	(2.76%)	(4.03%)

The main quarterly changes in RWA vs. 1Q21 are:

- A decline in Credit Risk Weighted Assets (Loan Portfolio) explained by the quarterly growth dynamics in wholesale credit portfolio.
- 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.
- An increase in Market Risk Weighted Assets mainly due to the impact of the decrease in APRs on internal balance models, because these have a maximum proportion of APRs, as established in the regulation.

The main annual changes in RWA vs. 2Q20 are:

- Decline in Credit Risk Weighted Assets (Loan Portfolio) explained by the annual calibration of internal models, as well as by the growth dynamics in the wholesale credit portfolio.
- Decline in Credit Risk Weighted Assets (Others) guided by the effect of the rate hike in the Credit Valuation Adjustment requirement for derivative operations.
- Increase in Market Risk Weighted Assets mainly due to the effect of balance sheet evolution, mismatches between active and passive positions in the balance sheet for regulatory purposes, exchange rate volatility, the decrease in APRs in internal balance models, since these latter have a maximum benefit as a percentage of the APRs, as established in the regulation.

Leverage Ratio (Banco Mercantil del Norte)

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

Leverage (Million Pesos)	2Q20	1Q21	2Q21	Change	
				1Q21	2Q20
Tier 1 Capital	163,806	183,236	179,769	(1.9%)	9.7%
Adjusted Assets	1,482,849	1,527,496	1,536,418	0.6%	3.6%
Leverage Ratio	11.05%	12.00%	11.70%	(30 bp)	65 bp

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)	2Q20	1Q21	2Q21	Change		1H20	1H21	Change 1H20
				1Q21	2Q20			
Interest Income (Net)	643	257	329	28%	(49%)	1,160	586	(49%)
Premium Income (Net)	5,772	11,085	2,817	(75%)	(51%)	14,587	13,902	(5%)
Net Increase in Technical Reserves	765	4,537	(1,525)	(134%)	(299%)	4,070	3,012	(26%)
Damages, Claims and Other Obligations	3,674	4,884	3,390	(31%)	(8%)	6,441	8,275	28%
Technical Results	1,332	1,664	951	(43%)	(29%)	4,077	2,615	(36%)
Net Interest Income (NI)	1,976	1,921	1,280	(33%)	(35%)	5,237	3,202	(39%)
Other Fees (acquisition costs)	(519)	(627)	(485)	23%	7%	(1,225)	(1,112)	9%
Securities-Realized Gains	58	37	42	14%	(28%)	108	79	(27%)
Other Operating Income (Expenses)	160	269	192	(28%)	20%	360	461	28%
Total Operating Income	1,675	1,600	1,029	(36%)	(39%)	4,480	2,629	(41%)
Non Interest Expense	351	380	381	0%	8%	720	761	6%
Operating Income	1,324	1,220	649	(47%)	(51%)	3,760	1,869	(50%)
Taxes	395	361	184	(49%)	(53%)	1,127	545	(52%)
Subsidiaries' Net Income	630	404	465	15%	(26%)	961	868	(10%)
Minority Interest	(13)	(9)	(10)	(15%)	22%	(21)	(19)	6%
Net Income	1,545	1,254	919	(27%)	(41%)	3,573	2,173	(39%)
Shareholder's Equity	26,184	29,677	30,608	3%	17%	26,184	30,608	17%
Total Assets	65,256	72,304	70,125	(3%)	7%	65,256	70,125	7%
Technical Reserves	31,526	36,094	33,217	(8%)	5%	31,526	33,217	5%
Premiums sold	7,171	13,597	3,465	(75%)	(52%)	17,535	17,063	(3%)
Coverage ratio of technical reserves	1.3	1.3	1.3	0.02 pp	0.03 pp	1.3	1.3	0.0 pp
Solvency capital requirement coverage ratio	9.7	11.9	10.7	(1.2 pp)	1.0 pp	9.7	10.7	1.0 pp
Coverage ratio of minimum capital	236.0	259.3	267.5	8.2 pp	31.5 pp	236.0	267.5	31.5 pp
Claims ratio	74%	75%	78%	3.5 pp	4.6 pp	62%	76%	14.6 pp
Combined ratio	84%	80%	98%	18.1 pp	14.5 pp	71%	85%	13.7 pp
ROE	24.6%	17.5%	12.4%	(5.2 pp)	(12.3 pp)	29.6%	14.9%	(14.7 pp)
ROE ex-Afore	41.0%	30.9%	14.8%	(16.2 pp)	(26.2 pp)	64.2%	22.7%	(41.5 pp)

Interest income (Net) had a relevant 28% increase in the **quarter**, and fell **(49%) compared to 1H20**, mostly explained by lower interest from investments due to their valuation effect.

Compared to 1Q21, premium income dropped **(75%)**, and technical reserves were down Ps 6.06 billion, due to seasonal renewals during 1Q21. Looking at 1H21 results, premiums fell (5%), due to an early amortization of a relevant premium in the life portfolio, and adjusting for this effect, premium origination continued its upward trend, mainly in bancassurance.

Technical results for Seguros Banorte reached **Ps 951 million**, down **(43%)** sequentially from lower premium income reflecting the seasonality of the business, and also favored by lower claims compared to the previous quarter.

Damages, claims and other obligations were down (31%) or Ps 1.49 billion in the quarter, which reflected a clear quarterly decline in COVID-19 effects; with aggregate 1H21 figures, claims increased 28% compared to 1H20, and it is estimated that around Ps 2.70 billion correspond to COVID-19 claims during 1H21. As of 2Q21, 88% of the impact is from the life segment and 12% related to the health portfolio.

Acquisition costs were down (23%) sequentially, and reaching Ps (485) million, in line with the seasonality of the business, while compared to 2Q20 they **dropped (7%)** due to lower external salesforces fees.

The **Net Operating Income** totaled **Ps 649 million in 2Q21**, down **(47%)** compared to the previous quarter due to the effect of seasonality, while the annual comparison shows a strong (50%) drop, as previously described.

Net Income for the quarter totaled **Ps 919 million**, down **(27%)** vs. **1Q21**, and (39%) lower than 1H20, given that in 1H20 the pandemic effect was lower. Quarterly **Net Income** for Seguros Banorte, excluding its subsidiary Afore XXI Banorte, totaled **Ps 463 million**, accounting for 5.4% of GFNorte's net income on 2Q21.

ROE for the Insurance business ex-Afore XXI had a sharp sequential decline reaching **14.8% in 2Q21**.

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 2Q21 that involved any technical risk.*
- ii. Damages and claims, as well as compliance of reinsurers and bonding companies with their obligations.
 - *In 2Q21 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 2Q21.*
- 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 8 relevant businesses: 3 related to the government, and 5 to the services industry.*
- v. Contingencies arising from non-compliance of reinsurers and bonding companies.
 - *There were no relevant issues related to non-compliance during 2Q21.*

Afore XXI Banorte

Afore XXI Banorte (Million Pesos)	2Q20	1Q21	2Q21	Change		1H20	1H21	Change 1H20
				1Q21	2Q20			
Net Income	1,259	807	928	15%	(26%)	1,921	1,735	(10%)
Shareholder's Equity	23,824	22,911	23,840	4%	0%	23,824	23,840	0%
Total Assets	26,061	25,300	26,144	3%	0%	26,061	26,144	0%
AUM (SIEFORE)	945,717	1,021,105	1,044,901	2%	10%	945,717	1,044,901	10%
ROE	21.5%	13.3%	15.9%	2.6 pp	(5.6 pp)	15.9%	14.4%	(1.5 pp)

In 2Q21, Afore XXI Banorte reported **net income** of **Ps 928 million, 15%** higher vs. 1Q21, explained by 2% higher income and lower expenses in the period. Compared to 1H20, it decreased (10%) driven primarily by a reduction in investment results, and by higher operating costs, given the low comparison base in 1H20.

ROE reached **15.9%** in 2Q21, up **2.6pp** during the quarter, and down (1.5pp) vs. 2Q20. Excluding goodwill, **Return on Tangible Equity (ROTE)** reached **47.3%**.

Afore XXI Banorte represented 5.3% of the Financial Group's net income in 2Q21.

Afore XXI Banorte's **assets under management** of as of June 2021 totaled **Ps 1.04 trillion**, up 2% in the quarter, and **10%** higher vs. 2Q20.

Pensiones Banorte

Income Statement and Balance Sheet Highlights - Annuities - Pensiones Banorte (Million Pesos)	2Q20	1Q21	2Q21	Change		1H20	1H21	Change 1H20
				1Q21	2Q20			
Interest Income (Net)	337	5,146	3,799	(26%)	1029%	3,806	8,945	135%
Premium Income (Net)	2,494	4,367	5,912	35%	137%	5,983	10,279	72%
Net Increase in Technical Reserves	451	6,480	6,508	0%	1344%	5,092	12,987	155%
Claims and Other Obligations	1,939	2,213	2,409	9%	24%	3,764	4,622	23%
Technical Results	105	(4,325)	(3,005)	31%	(2975%)	(2,874)	(7,330)	(155%)
Net Interest Income (NII)	441	821	794	(3%)	80%	932	1,615	73%
Net Fees	(1)	-	-	N.A.	100%	(1)	-	100%
Securities-Realized Gains	110	5	27	436%	(75%)	121	33	(73%)
Other Operating Income (Expenses)	148	6	(2)	(131%)	(101%)	147	4	(97%)
Total Operating Income	699	832	820	(1%)	17%	1,200	1,652	38%
Non Interest Expense	94	125	116	(7%)	23%	191	241	26%
Operating Income	604	707	704	(0%)	16%	1,009	1,411	40%
Taxes	182	213	212	(0%)	16%	304	424	40%
Subsidiaries' Net Income	2	1	1	(0%)	(10%)	3	3	(1%)
Minority Interest	-	-	-	N.A.	N.A.	-	-	N.A.
Net Income	424	496	494	(0%)	16%	708	990	40%
Shareholder's Equity	5,602	6,933	7,425	7%	33%	5,602	7,425	33%
Total Assets	156,112	174,042	181,419	4%	16%	156,112	181,419	16%
Technical Reserves	148,321	164,297	170,960	4%	15%	148,321	170,960	15%
Premiums sold	2,494	4,367	5,912	35%	137%	5,983	10,279	72%
Coverage ratio of technical reserves	1.0	1.0	1.0	0.0 pp	0.0 pp	1.0	1.0	0.0 pp
Solvency capital requirement coverage ratio	26.3	7.4	7.6	0.2 pp	(18.8 pp)	26.3	7.6	(18.8 pp)
Coverage ratio of minimum capital	31.3	37.5	40.2	2.7 pp	8.9 pp	31.3	40.2	8.9 pp
ROE	31.6%	29.6%	27.5%	(2.1 pp)	(4.1 pp)	27.2%	28.5%	1.3 pp

In 2Q21, **Net interest income (Net)** stood at Ps 3.80 billion, a **(26%) decline** or Ps (2.05) billion vs. the previous quarter, driven by a decline in UDIS valuation. Compared to 2Q20, Net interest income increased 135% or Ps 5.14 billion, explained by the same positive UDIS valuation effect.

Technical Results increased Ps 1.32 billion, due to a sharp increase in premium income despite higher claims. Technical reserves remained unchanged with respect to the previous quarter, as higher premiums offset the impact of valuation effects during the period. Compared 1H20, technical results dropped (155%) similarly, from the valuation update in reserves due to inflation, but in this case with premium growth.

Net income of Pensiones Banorte **remained stable at Ps 494 sequentially**. In addition, Net income for 1H21, improved **Ps 282 million or 40%**, of which Ps 169 million are caused by the release of COVID19 reserves.

At the end of 2Q21, net income of **Pensiones Banorte represented 5.8% of the Financial Group's net income**.

ROE was **27.5% in the quarter**, down by (2.1pp) with respect to the previous quarter, and up 1.3pp compared 1H20, reaching 28.5%.

Brokerage

Brokerage Sector (Million Pesos)	2Q20	1Q21	2Q21	Change		1H20	1H21	Change 1H20
				1Q21	2Q20			
Net Income	467	420	484	15%	4%	779	904	16%
Shareholder's Equity	5,446	6,633	7,100	7%	30%	5,446	7,100	30%
Assets Under Custody	861,219	946,103	972,226	3%	13%	861,219	972,226	13%
Total Assets	170,942	285,833	284,782	(0%)	67%	170,942	284,782	67%
ROE	35.7%	26.4%	28.2%	1.8 pp	(7.6 pp)	31.0%	27.3%	(3.7 pp)
Net Capital (1)	3,996	4,909	5,263	7%	32%	3,996	5,263	32%

1) Net capital structure: Core Equity =Ps 5.26 billion, Additional Capital= Ps 0 million.

The Brokerage business (Casa de Bolsa Banorte and Operadora de Fondos) reported **net income of Ps 484 million in 2Q21**, up 15% sequentially, mainly driven by a 126% increase in trading income, an improvement in mutual fund results, a Ps 27 million or 100% increase in dividend income from equity securities, while there was a 9% increase in non-interest expenses. During 1H21, net income grew 16% vs. the previous year due to a better financial margin, a 9% increase in fees charged, on top of a (6%) decline in non-interest expenses.

Net income from the brokerage business in 2Q21 accounted for 5.1% of the group's net income.

Assets Under Management

At the end of 2Q21, AUMs totaled **Ps 972 billion, up 3%** during the quarter, and 13% higher annually.

Assets under management by mutual funds **totaled Ps 232 billion, up 5.8% annually**. Assets held in **fixed income funds** totaled **Ps 207 billion, 2.4% higher in the quarter**, and 3.2% higher in the year. Assets held in **equity funds** amounted to **Ps 25 billion**, up 9.5% in the quarter and 34% higher in the year.

As of 2Q21, Banorte held an 8.6% share of the mutual fund market: 11% share of fixed income funds, and 3% of equity funds.

SOFOM and other Finance Companies

SOFOM & Other Finance Companies (Million Pesos)	2Q20	1Q21	2Q21	Change		1H20	1H21	Change 1H20
				1Q21	2Q20			
Warehousing								
Net Income	9	9	4	(60%)	(58%)	19	13	(31%)
Shareholder's Equity	264	292	296	1%	12%	264	296	12%
Inventories	1,299	832	611	(27%)	(53%)	1,299	611	(53%)
Total Assets	1,526	1,033	764	(26%)	(50%)	1,526	764	(50%)
ROE	13.6%	12.8%	5.1%	(7.7 pp)	(8.6 pp)	14.6%	8.9%	(5.7 pp)
Arrendadora y Factor (previous Sólida Administradora de Portafolios*)								
Net Income	(11)	259	88	(66%)	910%	(157)	347	322%
Shareholder's Equity	2,855	9,593	9,682	1%	239%	2,855	9,682	239%
Loan Portfolio (1)	195	37,522	35,322	(6%)	N.A.	195	35,322	N.A.
Past Due Loans	0	350	340	(3%)	N.A.	0	340	N.A.
Loan Loss Reserves	-	525	433	(18%)	N.A.	-	433	N.A.
Total Assets	7,165	44,410	42,174	(5%)	489%	7,165	42,174	489%
ROE	(1.5%)	11.2%	3.7%	(7.4 pp)	5.2 pp	(10.8%)	7.4%	18.2 pp
Sólida AyF Merger (Historic Consolidation Exercise)								
Net Income	234	259	88	(66%)	(62%)	291	347	19%
Shareholder's Equity	9,211	9,593	9,682	1%	5%	9,211	9,682	5%
Loan Portfolio (1)	33,248	37,522	35,322	(6%)	6%	33,248	35,322	6%
Past Due Loans	369	350	340	(3%)	(8%)	369	340	(8%)
Past Due Loan Ratio	1.1%	0.9%	1.0%	0.0 pp	(0.1 pp)	1.1%	1.0%	(0.1 pp)
Loan Loss Reserves	479	525	433	(18%)	(10%)	479	433	(10%)
Total Assets	40,980	44,410	42,174	(5%)	3%	40,980	42,174	3%
ROE	10.3%	11.2%	3.7%	(0.7 pp)	(0.6 pp)	6.4%	7.4%	0.2 pp
Ixe Servicios								
Net Income	(0.5)	(18.7)	(3.1)	84%	(519%)	(0.7)	(21.8)	(2912%)
Shareholder's Equity	136	117	113	(3%)	(17%)	136	113	(17%)
Total Assets	136	128	332	160%	143%	136	332	143%
ROE	(1.5%)	(59.5%)	(10.7%)	48.8 pp	(9.2 pp)	(1.1%)	(35.8%)	(34.7 pp)

1) Includes operating lease portfolio of Ps 2.04 billion, and proprietary fixed assets of Ps 1.25 billion, both registered in property, plant, and equipment (net).

*For informational purposes.

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 2Q21 totaled **Ps 88 million**, reflecting a (66%) decline vs. the previous quarter, driven by higher loan loss reserves and lower Interest Income from a decline in the portfolio.

Past due loan ratio reached 1.1%, a slight increase vs. the previous quarter. Coverage ratio totaled 127.4%, (22.5p.p.) lower than the previous quarter. **Capital ratio for 2Q21** totaled 23.3%, considering total risk weighted assets of Ps 34.08 billion. Leverage ratio as of March and June 2021, reached 16.95% and 17.74%, respectively, considering adjusted assets of Ps 46.11 billion and Ps 44.68 billion pesos, respectively.

In 2Q21, Net Income from Leasing and Factoring represented 1% 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 2Q21, the Warehousing business reported net income of Ps 4 million, (60%) lower than 1Q21, explained by lower income from authorized customers and direct warehouses, as well as from inventory trading operations. ROE reached 5.1% and capital ratio totaled 281%, considering a Ps 249 million net capital base, and Ps 1.77 billion in negotiable certificates of deposit issued in active warehouses. Almacenadora Banorte ranked third 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	23-Apr-21
Autonomous	Geoffrey Elliott	Buy	19-May-21
Barclays	Gilberto García	Buy	27-May-21
BBVA	Rodrigo Ortega	Buy	22-Apr-21
BOFA - Merrill Lynch	M. Piery / E. Gabilondo	Buy	28-Jun-21
BTG Pactual	Eduardo Rosman	Buy	22-Apr-21
Citi	Jorg Friedman	Buy	30-Jun-21
Credit Suisse	M. Telles / A. García	Buy	22-Apr-21
GBM	Carlos de Legarreta	Buy	29-Oct-20
Goldman Sachs	Tito Labarta	Buy	15-Jul-21
Intercam	Alejandro González	Buy	22-Apr-21
JP Morgan	Domingos Falavina	Buy	22-Apr-21
Santander	Claudia Benavente	Buy	21-Jan-21
Scotia	Jason Mollin	Buy	7-Jul-21
UBS	Philip Finch	Buy	22-Apr-21
Vector	Marco Montañez	Buy	13-May-21
HSBC	Carlos Gómez	Hold	22-Apr-21
Itaú BBA	Arturo Langa	Hold	22-Apr-21
Monex	Verónica Uribe	Hold	22-Apr-21
Nau	Iñigo Vega	Hold	29-Mar-21
Morgan Stanley	Jorge Kuri	Hold	22-Jun-21
Invex	Montserrat Antón	Sell	31-May-21

Capital Structure

Holding Company Capital Structure

Number of Shares (Million)	SERIES O As of June 2021
Number of Issued , Subscribed and Paid Shares	2,883,456,594
Number of Shares Outstanding	2,883,456,594

IV. Financial Statements

Grupo Financiero Banorte

Income Statement -GFNorte (Million Pesos)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Interest Income	36,519	32,350	32,987	30,296	32,142	31,016
Interest Expense	14,237	13,032	10,149	9,324	9,405	9,260
Charged Fees	360	346	354	380	352	362
Fees Paid	291	270	281	314	314	313
Net Interest Income from interest & fees (NII)	22,351	19,395	22,911	21,038	22,775	21,806
Premium Income (Net)	12,155	8,118	7,385	9,192	15,340	8,602
Net Increase in Technical Reserves	7,946	1,216	4,262	4,368	11,016	4,983
Damages, Claims and Other Obligations	4,592	5,613	5,433	6,281	7,097	5,777
Net Interest Income (NII)	21,968	20,683	20,601	19,580	20,002	19,649
Preventive Provisions for Loan Losses	4,344	8,456	3,138	5,993	3,215	2,765
Net Interest Income Adjusted for Credit Risk	17,623	12,227	17,463	13,587	16,788	16,883
Fund Transfers	400	476	489	513	473	530
Account Management Fees	578	508	548	529	494	491
Electronic Banking Services	2,336	2,027	2,379	3,033	2,916	3,212
For Commercial and Mortgage Loans	495	394	129	366	296	278
For Consumer and Credit Card Loans	1,242	1,049	1,148	1,292	1,164	1,263
Fiduciary	119	102	113	153	106	177
Income from Real Estate Portfolios	5	11	6	19	10	23
Mutual Funds	461	486	501	504	484	503
Trading & Financial Advising Fees	147	126	128	142	188	166
Other Fees Charged	331	226	268	223	250	42
Fees Charged on Services	6,115	5,406	5,708	6,775	6,380	6,685
Interchange Fees	1,226	1,018	1,228	1,684	1,625	1,911
Insurance Fees	473	353	317	227	339	236
Other Fees Paid	961	966	1,066	1,264	1,202	1,248
Fees Paid on Services	2,660	2,337	2,611	3,176	3,166	3,396
Net Service Fees	3,455	3,069	3,096	3,599	3,214	3,289
Currency and Metals	1,235	(501)	(309)	(1,483)	575	(453)
Derivatives	(1,238)	1,139	531	309	111	164
Neotiable Instruments	(166)	(111)	80	92	(579)	122
Valuation	(169)	527	302	(1,083)	107	(167)
Currency and Metals	(862)	774	464	1,930	764	838
Derivatives	1,742	(323)	2	(169)	5	(10)
Neotiable Instruments	455	724	359	180	87	180
Trading	1,335	1,175	826	1,941	857	1,008
Trading Income	1,166	1,703	1,128	858	964	840
Loan Recovery	-	-	-	-	-	-
Loan Portfolios	80	63	90	69	99	85
Income from foreclosed assets	88	132	165	129	87	132
Provisions Release	-	-	-	-	-	-
Impairment of Assets	(55)	-	-	-	-	-
Lease Income	100	77	11	62	64	57
From Insurance	211	322	198	317	275	195
Securitization Operation Valuation Result	31	6	15	(36)	0	0
Other Operating Expense	(128)	541	178	319	298	141
Total Other Operating Income (Expense)	327	1,140	656	859	822	609
Total Non Interest Income	4,949	5,911	4,880	5,315	5,000	4,739
Total Operating Income	22,572	18,139	22,343	18,903	21,788	21,622
Personnel	3,930	3,891	4,037	4,660	4,006	4,273
Employee Profit Sharing (PTU)	133	133	133	136	139	139
Professional Fees	749	801	861	962	806	808
Administrative and Promotional Expenses	2,382	2,032	2,075	2,141	2,223	1,914
Rents, Depreciation & Amortization	1,946	2,047	2,074	2,136	2,243	2,240
Taxes other than income tax & non deductible expenses	498	483	496	648	553	589
Contributions to IPAB/Fobaproa	828	919	951	931	912	889
Total Non Interest Expense	10,466	10,307	10,627	11,612	10,883	10,851
Operating Income	12,106	7,832	11,717	7,290	10,905	10,771
Subsidiaries' Net Income	353	648	492	509	429	675
Pre-Tax Income	12,459	8,480	12,208	7,800	11,334	11,446
Income Tax	3,555	947	2,477	2,268	1,909	1,738
Tax on Assets	-	-	-	-	-	-
Deferred Income Tax	(328)	939	702	(511)	769	1,017
Taxes	3,228	1,886	3,178	1,757	2,678	2,756
Net Income from Continuous Operations	9,231	6,593	9,030	6,043	8,656	8,690
Discontinued Operations	-	-	-	-	-	-
Minority Interest	(113)	(75)	(124)	(77)	(112)	(122)
Net Income	9,118	6,518	8,906	5,966	8,544	8,568

GFNorte - Balance Sheet	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
<i>(Million Pesos)</i>						
ASSETS						
Cash and Due from Banks	90,877	106,047	100,081	109,306	116,394	110,852
Margin Accounts	9,701	18,353	16,312	18,099	11,012	8,703
Negotiable Instruments	238,956	243,834	223,752	223,390	260,030	252,901
Securities Available for Sale	204,963	231,114	251,225	244,823	236,274	231,710
Securities Held to Maturity	156,631	169,514	189,366	193,652	207,858	215,382
Investment in Securities	600,550	644,463	664,342	661,865	704,162	699,992
Non-assigned Securities for Settlement	-	-	-	-	-	-
Debtor Balance in Repo Trans, net	2,810	1,928	3,797	4,036	3,148	2,928
Securities Lending	-	-	-	-	-	-
For trading purposes	48,940	61,705	53,819	48,233	28,458	24,423
For hedging purposes	1,292	2,384	1,885	2,043	609	648
Operations w/Derivatives & Securities						
Transactions with Derivatives	50,232	64,089	55,704	50,277	29,068	25,072
Operations w/Derivatives & Securities	53,042	66,017	59,500	54,313	32,215	28,000
Valuation adjustments for Asset Coverage	65	62	58	54	51	47
Commercial Loans	318,439	326,535	324,981	325,183	324,529	316,575
Financial Intermediaries' Loans	9,067	9,502	9,882	11,172	8,445	8,873
Consumer Loans	117,537	115,601	118,321	116,484	116,092	118,322
Mortgage Loans	173,226	177,282	182,685	187,736	191,220	196,125
Medium and Residential	170,143	174,331	179,791	184,980	188,529	193,554
low income housing	8	5	5	4	4	3
Loans acquired from INFONAVIT or FOVISSSTE	3,075	2,946	2,889	2,752	2,687	2,567
Restructuring or improvement guaranteed by development banks or public trusts	-	-	-	-	-	-
Government Entities' Loans	161,549	162,717	162,609	161,563	160,042	154,649
Performing Loans	779,818	791,637	798,478	802,138	800,328	794,544
Commercial PDL's	7,047	2,604	2,212	2,530	3,649	5,498
Financial Intermediaries PDL's	4	-	-	-	-	-
Consumer PDL's	4,052	4,229	2,350	4,706	4,694	3,551
Mortgage PDL's	2,070	2,305	1,811	1,658	2,071	1,966
Medium and Residential	1,834	2,025	1,612	1,429	1,819	1,709
low income housing	0	1	1	1	0	0
Loans acquired from INFONAVIT or FOVISSSTE	235	279	198	228	252	258
Restructuring or improvement guaranteed by development banks or public trusts	-	-	-	-	-	-
Government Entities PDL's	40	115	288	38	192	186
Past Due Loans	13,212	9,254	6,660	8,931	10,607	11,202
Gross Loan Portfolio	793,030	800,891	805,138	811,070	810,935	805,746
Preventive Loan Loss Reserves	18,504	18,555	17,666	20,004	19,670	18,175
Net Loan Portfolio	774,525	782,337	787,473	791,066	791,265	787,571
Acquired Collection Rights	1,500	1,438	1,341	1,617	1,529	1,421
Total Credit Portfolio	776,025	783,774	788,814	792,682	792,794	788,992
Account Receivables from Insurance and Annuities	2,205	2,432	2,591	2,756	3,157	2,806
Premium Debtors (Net)	8,003	9,196	7,032	4,353	11,144	8,638
Account Receivables from Reinsurance	8,162	8,872	7,924	7,269	7,521	7,707
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	49,790
Inventories	758	1,299	1,053	945	832	611
Foreclosed Assets, Net	1,096	1,075	976	1,553	1,552	1,953
Real Estate, Furniture & Equipment, Net	19,833	31,151	31,682	32,627	32,806	20,502
Investment in Subsidiaries	13,489	13,894	14,368	14,804	13,511	14,155
Long-term assets held for sale	-	-	-	-	-	-
Deferred Taxes, Net	3,742	201	0	0	(0)	0
Goodwill and Intangibles	51,139	40,257	39,203	39,439	39,790	54,416
Other Assets Short and Long Term	5,300	5,351	5,515	5,247	5,272	5,198
Other Assets						
	199,020	164,866	166,199	151,585	153,579	165,777
TOTAL ASSETS	1,729,280	1,783,581	1,795,306	1,787,904	1,810,207	1,802,363

GFNorte - Balance Sheet <i>(Million Pesos)</i>	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
LIABILITIES						
Demand Deposits	433,849	469,861	496,641	520,283	541,002	529,030
Time Deposits-Retail	274,681	265,100	251,418	252,271	246,883	243,038
Time Deposits-Money Market	26,894	28,433	26,741	14,248	8,069	3,364
Global Account of deposits w/without movements	2,213	2,368	2,489	2,585	2,639	2,744
Senior Unsecured Debt	35,355	35,386	35,815	32,325	31,937	31,907
Deposits	772,993	801,148	813,104	821,712	830,531	810,082
Demand Loans	5,000	0	0	0	0	0
Short Term Loans	20,824	47,365	22,185	22,499	20,054	19,531
Long Term Loans	11,675	14,452	13,223	13,522	13,962	14,223
Due to Banks & Correspondents	37,499	61,817	35,408	36,021	34,016	33,754
Technical Reserves	162,887	179,930	183,866	187,846	200,479	204,291
Non-assigned Securities for Settlement	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	354,238	353,211	352,628	353,094	371,414	382,616
Secs to be received in Repo Trans, Net	-	-	0	0	0	0
Repos (Credit Balance)	16	8	2	13	19	55
Securities' Loans	-	-	0	8	13	22
Transactions with Derivatives	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-
Total Collateral sold	16	8	2	21	31	77
For trading purposes	50,574	58,754	50,121	44,097	24,508	20,011
For hedging purposes	10,487	7,682	7,189	4,990	5,566	5,623
Operations w/ Derivatives & Securities						
Transactions with Derivatives	61,062	66,436	57,310	49,087	30,073	25,634
Total Operations w/ Derivatives & Securities	415,316	419,655	409,939	402,202	401,518	408,328
Valuation adjustments for financial liability coverage	-	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-	-
Payable Accountsfor Reinsurance	2,311	3,159	2,918	2,269	3,145	2,790
Income Tax Payable	3,538	2,718	3,521	4,365	1,895	1,660
Profit Sharing Payable	639	280	407	538	187	297
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	8,282
Margin Accounts Payable	-	-	-	-	-	-
Other Creditors & Accounts Payable	46,614	44,126	50,021	42,775	43,030	42,812
Other Payable Accounts	81,979	51,745	65,131	52,570	49,132	53,051
Subordinated Non Convertible Debt	58,423	57,321	66,241	57,152	58,759	57,243
Deferred Taxes, Net	(0)	0	897	1,618	1,139	2,242
Deferred Credits	382	462	430	1,411	1,346	1,260
TOTAL LIABILITIES	1,531,790	1,575,237	1,577,935	1,562,801	1,580,066	1,573,041
EQUITY						
Paid-in Capital	14,944	14,901	14,901	14,919	14,936	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	48,283
Subordinated Convertible Debentures	-	-	-	-	-	-
Subscribed Capital	63,034	63,217	63,410	63,188	62,799	63,219
Capital Reserves	5,418	8,746	8,753	9,215	9,719	8,415
Retained Earnings	125,934	120,910	119,734	118,773	148,359	139,558
Surplus (Deficit) of Secs Available for Sale	(2,851)	574	1,771	3,801	2,199	2,615
Results from Valuation of Hedging Secs	(3,895)	(1,398)	(1,677)	(887)	(2,214)	(2,451)
Result in the valuation reserve for unexpired risks variations in rates	1	(184)	(190)	(231)	(110)	(103)
Results from Conversions	348	326	269	134	166	132
Remeasurements defined benefits for employees	(1,894)	(1,927)	(1,960)	(2,259)	(2,229)	(2,199)
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	17,112
Earned Capital	132,179	142,684	151,242	159,053	164,434	163,079
Minority Interest	2,277	2,443	2,719	2,862	2,908	3,025
Total Equity	197,490	208,344	217,371	225,103	230,142	229,322
TOTAL LIABILITIES & EQUITY	1,729,280	1,783,581	1,795,306	1,787,904	1,810,207	1,802,363

GFNorte - Memorandum Accounts <i>(Million Pesos)</i>	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
On behalf of Third Parties						
Customer's Banks	85	24	21	62	49	18
Dividends Receivable from Customers	-	-	-	-	-	-
Interest Receivable from Customers	-	-	-	-	-	-
Settlement of Customer Transactions	208	(270)	123	(30)	47	12,022
Customer Premiums	-	-	-	-	-	-
Settlement with Clients' Foreign Currency	-	-	-	-	-	-
Margin Accounts in Futures' Operations	-	-	-	-	-	-
Other Current Accounts	-	-	-	-	-	-
Customers' Current Account	293	(245)	145	32	97	12,039
Client Securities Received in Custody	605,481	641,824	670,163	669,495	720,880	740,294
Securities and Documents Received in Guarantee	-	-	-	-	-	-
Client Securities Abroad	-	-	-	-	-	-
Clients' Securities	605,481	641,824	670,163	669,495	720,880	740,294
Clients' Repurchase Operations	179,276	163,653	240,237	238,032	277,305	261,799
Clients' Repo Transactions w/ Securities	-	-	-	-	-	-
Collateral received in guarantee for customer accounts	179,276	163,653	240,237	238,040	277,318	261,821
Purchase of Futures & Forward Contracts, national	-	-	-	-	-	9,345
Sale of Futures and Forward Contracts, national	-	-	-	-	-	-
Clients' Option Purchase Operations	-	-	-	-	-	-
Clients' Option Sales Operations	-	-	-	-	-	-
Purchase Operations of derivatives	-	-	-	-	-	9,345
Clients' Sales Operations of derivatives	-	-	-	-	-	-
Trusts under Management	1,036	1,054	1,066	204	187	129
Transactions On Behalf of Clients	359,588	328,360	481,539	476,276	554,810	533,094
Investment Bank Trans. on behalf of Third (Net)	87,728	88,149	100,948	97,374	127,770	127,426
TOTAL ON BEHALF OF THIRD PARTIES	1,053,090	1,058,087	1,252,794	1,243,176	1,403,556	1,412,853
Endorsement Guarantees Granted	-	-	-	-	-	-
Loan Obligations	294,733	293,470	292,420	292,701	276,976	282,098
Trusts	422,525	319,659	308,883	308,516	309,954	319,065
Mandates	7,326	7,645	7,786	7,472	7,024	6,860
Properties in Trusts and Warrant	429,851	327,304	316,669	315,988	316,978	325,925
Properties in Custody or Management	660,642	669,104	677,620	633,424	632,974	635,708
Collateral Received	163,758	240,920	289,443	282,054	384,942	398,517
Collateral Received or sold or delivered	247,107	307,649	432,443	421,090	543,789	548,764
Drafts in Transit	-	-	-	-	-	-
Assets' Deposit	2,766	2,867	2,101	3,325	2,482	2,150
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	155
Uncollected Accrued Interest from Past Due Loans	295	289	180	178	286	242
Investments of Retirement Savings Funds	-	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-
Miscellaneous accounts	292,976	289,983	304,055	295,069	324,592	323,288
Proprietary Transactions	2,092,207	2,131,665	2,315,039	2,243,996	2,483,140	2,516,847
Repo Securities to be Received	-	-	-	-	-	-
(Minus) Repo Creditors	-	-	-	-	-	-
Net Repo Transactions	-	-	-	-	-	-
Repo Debtors	-	-	-	-	-	-
(Minus) Repo Securities to be Delivered	-	-	-	-	-	-
Net Repo Transactions	-	-	-	-	-	-
TOTAL PROPRIETARY	2,092,207	2,131,665	2,315,039	2,243,996	2,483,140	2,516,847

GFNORTE - CONSOLIDATED STATEMENT OF CASH FLOW

JANUARY 1, 2021 – JUNE 30, 2021

(Million Pesos)

Net Income	17,112
Items charged to results that do not generate or require use of resources	
Depreciation	1,261
Technical Reserves	15,999
Provisions	258
Income taxes and deferred	5,434
Minority Interest	(870)
	22,082
	39,194
Change in items related to operations	
Change in Margin Accounts	9,396
Change in Investment in Securities	(38,127)
Change in repo debtors	1,108
Change in derivatives (assets)	23,817
Change in Loan Portfolio (net)	3,495
Change in purchased receivables (net)	196
Change in accounts receivable insurance and bonding institutions (net)	(49)
Change in debtor premiums (net)	(4,286)
Change in Reinsurance (net)	(438)
Change in benefits to receive from securitizations	110
Change in foreclosed assets (net)	(400)
Change in other operating assets (net)	(12,929)
Change in core deposits	(11,630)
Change in interbank loans and other entities	(2,268)
Change in repo creditors	29,522
Change in collateral pledged sold	56
Change in derivatives (liability)	(24,086)
Change in Technical Reserves (net)	446
Change in Reinsurance (net) (liability)	521
Change in subordinated debt with characteristics of liabilities	92
Change in other operating liabilities	3,246
Change in hedging instruments (the related hedged transaction activities)	2,029
Income Tax Payments	(7,522)
Net cash generated or used from operations	11,493
Investment Activities	
Charges for disposal of property, furniture and equipment	1,125
Payments for acquisition of property, furniture and equipment	(1,857)
Payments for Subsidiaries, Associates and Joint Ventures payment	(9)
Charges for cash dividends	1,754
Net cash generated or used from investment activities	1,013
Financing Activities	
Payments of cash dividends	(9,132)
Payments of interests of subordinated debentures	(1,831)
Net cash flows from financing activities	(10,963)
Net Cash Increase (decrease) and equivalents value	1,543
Effects for changes in cash and equivalents value	3
Cash and cash equivalents at beginning of period	109,306
Cash and cash equivalents at end of period	110,852

GFNORTE - CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

JANUARY 1, 2021 – JUNE 30, 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	
Balance as of December 31, 2020	14,919	48,269	9,215	118,773	3,801	(887)	(231)	134	(2,259)	30,508	2,862	225,104
Changes stemming from stockholders' decisions												
Repurchase of payment plan based on shares payable	17	(38)	504			(19)						464
Capitalization of profits				30,508						(30,508)		0
Dividends Declared by the Ordinary General Shareholders' Meeting on April 23, 2021				(9,132)								(9,132)
Reserve release for share repurchase			(1,304)	1,304								0
Total	17	(38)	(800)	22,680	(19)	0	0	0	0	(30,508)	0	(8,668)
Changes stemming from profits												
Total profits:												
Net Income										17,112		17,112
Result from valuation of securities available for sale					(1,168)							(1,168)
Effect of subsidiaries, associates and mutual funds		52		(64)				(2)				(14)
Result from valuation of instruments of cash flow hedges						(1,564)						(1,564)
Result in valuation of current risk reserve due to Remeasurements defined benefits for employees							128		60			128
Interest of subordinated debentures				(1,831)								(1,831)
Total	0	52	0	(1,895)	(1,168)	(1,564)	128	(2)	60	17,112	0	12,723
Recognition of minority interest											163	163
Balance as of June 30, 2021	14,936	48,283	8,415	139,558	2,614	(2,451)	(103)	132	(2,199)	17,112	3,025	229,322

Bank

Income Statement - Bank (Million Pesos)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Interest Income	29,491	28,517	26,257	24,971	24,413	25,060
Interest Expense	12,042	11,172	8,829	8,094	8,280	8,226
Charged Fees	358	346	354	380	352	362
Fees Paid	291	270	281	314	314	313
Net Interest Income (NII)	17,517	17,421	17,501	16,942	16,171	16,884
Preventive Provisions for Loan Losses	4,262	8,527	3,122	5,953	3,231	2,584
Net Interest Income Adjusted for Credit Risk	13,254	8,895	14,379	10,989	12,940	14,300
Fund Transfers	400	476	489	513	473	530
Account Management Fees	598	526	564	543	509	508
Electronic Banking Services	2,336	2,027	2,379	3,033	2,916	3,212
For Commercial and Mortgage Loans	495	394	129	366	277	261
For Consumer Loans	1,241	1,048	1,148	1,292	1,164	1,263
Fiduciary	118	102	112	153	106	176
Income from Real Estate Portfolios	2	3	2	12	6	7
Trading & Financial Advising Fees	-	-	-	-	-	-
Trading & Financial Advising Fees	0	0	0	0	0	0
Other Fees Charged	592	540	651	598	670	438
Fees Charged on Services	5,782	5,116	5,475	6,511	6,122	6,394
Interchange Fees	1,226	1,018	1,228	1,684	1,625	1,911
Insurance Fees	-	-	-	-	-	-
Other Fees Paid	909	918	998	1,194	1,118	1,176
Fees Paid on Services	2,135	1,936	2,226	2,879	2,743	3,087
Net Fees	3,647	3,180	3,248	3,633	3,379	3,307
Foreign Exchange	1,219	(500)	(306)	(1,476)	574	(449)
Derivatives	(1,238)	1,139	531	309	111	95
Negotiable Instruments	(119)	(75)	65	56	(264)	102
Valuation	(137)	565	291	(1,111)	420	(253)
Currency and Metals	(862)	774	464	1,930	764	838
Derivatives	1,742	(323)	2	(169)	5	(10)
Negotiable Instruments	305	385	277	84	3	128
Trading	1,185	836	743	1,845	772	956
Trading Income	1,048	1,402	1,034	734	1,193	703
Loan Recovery	-	-	-	-	-	-
Loan Portfolios	67	52	76	54	85	68
Income from foreclosed assets	92	121	178	189	86	132
Provisions Release	-	-	-	-	-	-
Losses and Estimates	(319)	(162)	(167)	(136)	(168)	(168)
Impairment of Assets	-	-	-	-	-	-
Lease Income	18	19	(26)	4	2	2
From Insurance	-	-	-	-	-	-
Other Operating Expense	173	658	260	399	342	38
Total Other Operating Income (Expenses)	31	687	321	510	348	72
Total Non-Interest Income	4,726	5,268	4,603	4,876	4,919	4,083
Total Operating Income	17,980	14,163	18,983	15,865	17,860	18,383
Personnel	3,755	3,704	3,846	4,477	3,823	4,089
Employee Profit Sharing (PTU)	131	131	131	131	138	137
Professional Fees	624	650	731	888	699	701
Administrative and Promotional Expenses	2,091	1,789	1,773	1,796	1,859	1,538
Rents, Depreciation & Amortization	1,862	1,967	1,993	2,053	2,152	2,141
Taxes other than income tax & non-deductible expenses	428	419	428	556	453	477
Contributions to IPAB/Fobaproa	828	919	951	931	912	889
Total Non-Interest Expense	9,718	9,579	9,853	10,832	10,036	9,972
Operating Income	8,263	4,584	9,129	5,034	7,824	8,411
Subsidiaries' Net Income	29	19	27	28	28	213
Pre-Tax Income	8,292	4,603	9,156	5,062	7,852	8,624
Income Tax	2,576	317	2,004	1,912	1,285	1,376
Tax on Assets	-	-	-	-	-	-
Deferred Income Tax	(465)	617	518	(750)	593	727
Taxes	2,112	934	2,522	1,161	1,879	2,103
Net Income from Continuous Operations	6,180	3,669	6,634	3,900	5,974	6,522
Discontinued Operations	-	-	-	-	-	-
Minority Interest	(0)	(0)	(0)	0	0	(0)
Net Income	6,180	3,669	6,634	3,901	5,974	6,522

Bank - Balance Sheet <i>(Million Pesos)</i>	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
ASSETS						
Cash and Due from Banks	88,668	105,537	99,615	108,743	115,954	110,407
Margin Accounts	9,701	18,353	16,312	18,099	11,012	8,703
Negotiable Instruments	79,968	95,379	36,918	41,432	39,609	43,914
Securities Available for Sale	157,021	184,050	163,887	153,063	142,487	140,484
Securities Held to Maturity	19,711	19,497	33,379	33,277	40,044	42,292
Investment in Securities	256,700	298,926	234,184	227,772	222,139	226,690
Non-assigned Securities for Settlement	-	-	-	-	-	-
Debtor Balance in Repo Trans,net	1,930	1,928	2,297	3,036	2,848	2,928
Securities Lending	-	-	-	-	-	-
For trading purposes	48,940	61,705	53,819	48,233	28,458	24,346
For hedging purposes	1,292	2,384	1,885	2,043	609	648
Operations w /Derivatives & Securities	-	-	-	-	-	-
Transactions with Derivatives	50,232	64,089	55,704	50,277	29,068	24,995
Operations w /Derivatives & Securities	52,162	66,017	58,000	53,313	31,915	27,923
Valuation adjustments for Asset Coverage	65	62	58	54	51	47
Commercial Loans	288,409	300,483	299,343	297,305	295,257	290,040
Financial Intermediaries´ Loans	24,011	23,733	24,763	24,898	22,723	20,689
Consumer Loans	116,200	115,593	118,314	116,477	116,085	118,317
Mortgage Loans	173,226	177,282	182,685	187,736	191,220	196,125
Medium and Residential	170,143	174,331	179,791	184,980	188,529	193,554
low income housing	8	5	5	4	4	3
Loans acquired from INFONAVIT or FOVISSSTE	3,075	2,946	2,889	2,752	2,687	2,567
Restructuring or improvement guaranteed by development banks or public trusts	-	-	-	-	-	-
Government Entities´ Loans	161,246	161,457	161,247	156,115	156,941	150,703
Loans granted as Federal Agent	-	-	-	-	-	-
Performing Loans	763,091	778,548	786,350	782,532	782,226	775,873
Commercial PDL´ s	6,700	2,240	1,864	2,183	3,303	5,163
Financial Intermediaries PDL´ s	4	-	-	-	-	-
Consumer PDL´ s	4,018	4,229	2,349	4,705	4,694	3,551
Mortgage PDL´ s	2,070	2,305	1,811	1,658	2,071	1,966
Medium and Residential	1,834	2,025	1,612	1,429	1,819	1,709
low income housing	0	1	1	1	0	0
Loans acquired from INFONAVIT or FOVISSSTE	235	279	198	228	252	258
Restructuring or improvement guaranteed by development banks or public trusts	-	-	-	-	-	-
Government Entities PDL´ s	35	111	284	33	188	182
Past Due Loans	12,827	8,885	6,307	8,580	10,257	10,862
Gross Loan Portfolio	775,918	787,433	792,658	791,112	792,483	786,735
Preventive Loan Loss Reserves	17,932	18,075	17,169	19,464	19,145	17,741
Net Loan Portfolio	757,986	769,358	775,489	771,648	773,339	768,993
Acquired Collection Rights	1,261	1,438	1,341	1,617	1,529	1,421
Total Credit Portfolio	759,247	770,796	776,830	773,264	774,867	770,414
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	45,600
Inventories	-	-	-	-	-	-
Foreclosed Assets, Net	818	800	722	1,384	1,406	1,812
Real Estate, Furniture & Equipment, Net	15,167	26,482	27,277	28,289	28,638	16,588
Investment in Subsidiaries	468	491	564	519	552	734
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	25,177
Other Assets Short and Long Term	146	106	112	213	208	191
	127,103	88,937	92,593	80,939	78,082	90,101
TOTAL ASSETS	1,293,647	1,348,628	1,277,593	1,262,185	1,234,021	1,234,286

Bank - Balance Sheet <i>(Million Pesos)</i>	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
LIABILITIES						
Demand Deposits	451,842	479,142	506,588	530,747	545,953	534,257
Time Deposits-Retail	275,566	265,347	251,496	252,331	246,944	243,118
Time Deposits-Money Market	26,894	28,433	26,741	14,248	8,069	3,364
Global Account of deposits w without movements	2,213	2,368	2,489	2,585	2,639	2,744
Senior Unsecured Debt	35,355	46,430	46,823	43,342	31,937	31,907
Deposits	791,870	821,721	834,137	843,253	835,542	815,389
Demand Loans	5,000	0	0	0	0	0
Short Term Loans	8,332	40,754	16,672	8,261	8,224	8,155
Long Term Loans	4,197	4,156	4,073	6,404	6,632	6,599
Due to Banks & Correspondents	17,529	44,910	20,745	14,665	14,856	14,754
Non-assigned Securities for Settlement	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	175,685	190,404	113,037	115,962	113,047	119,110
Secs to be received in Repo Trans, Net	-	-	-	-	-	-
Repos (Credit Balance)	16	8	2	13	19	55
Securities' Loans	-	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-
Total Collateral sold	16	8	2	13	19	55
For trading purposes	50,574	58,754	50,121	44,097	24,508	20,003
For hedging purposes	10,487	7,682	7,189	4,990	5,566	5,623
Operations w/ Derivatives & Securities	-	-	-	-	-	-
Transactions with Derivatives	61,062	66,436	57,310	49,087	30,073	25,626
Total Operations w/ Derivatives & Securities	236,763	256,847	170,348	165,062	143,139	144,792
Valuation adjustments for financial liability coverage	-	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-	-
Income Tax Payable	2,402	1,204	1,714	2,388	1,220	930
Profit Sharing Payable	639	280	407	538	187	297
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	17,474
Margin Accounts Payable	-	-	-	-	-	-
Other Creditors & Accounts Payable	42,155	39,933	45,620	38,353	38,753	38,489
Other Payable Accounts	75,179	44,941	56,412	45,530	43,300	57,190
Subordinated Non Convertible Debt	58,423	57,321	66,241	57,152	58,759	57,243
Deferred Taxes, Net	-	-	-	265	-	395
Deferred Credits	221	304	271	1,211	1,183	1,107
TOTAL LIABILITIES	1,179,984	1,226,044	1,148,153	1,127,138	1,096,778	1,090,870
EQUITY						
Paid-in Capital	18,794	18,794	18,795	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	3,442
Subordinated Convertible Debentures	-	-	-	-	-	-
Subscribed Capital	21,131	21,340	21,541	21,759	21,871	22,237
Capital Reserves	17,330	18,959	18,959	18,959	18,959	18,959
Retained Earnings	77,595	75,094	74,280	73,302	92,748	91,819
Surplus (Deficit) of Secs Available for Sale	(2,824)	597	1,796	3,871	2,213	2,666
Results from Valuation of Hedging Secs	(3,965)	(1,423)	(1,707)	(905)	(2,255)	(2,496)
Result in the valuation reserve for unexpired risks variations in rates	-	-	-	-	-	-
Results from Conversions	177	160	115	7	32	5
Remeasurements defined benefits for employees	(1,963)	(1,997)	(2,031)	(2,333)	(2,303)	(2,272)
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	12,495
Earned Capital	92,529	101,240	107,895	113,285	115,368	121,176
Minority Interest	3	3	3	3	3	4
Total Equity	113,663	122,583	129,440	135,047	137,242	143,416
TOTAL LIABILITIES & EQUITY	1,293,647	1,348,628	1,277,593	1,262,185	1,234,021	1,234,286

Bank - Memorandum Accounts <i>(Million Pesos)</i>	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Investment Banking transactions for third parties, net	87,728	88,149	100,948	97,374	127,770	127,426
TOTAL ON BEHALF OF THIRD PARTIES	87,728	88,149	100,948	97,374	127,770	127,426
Proprietary Transactions						
Endorsement Guarantees Granted	-	-	-	-	-	-
Loan Obligations	254,795	251,928	250,998	256,306	242,137	239,502
Trusts	422,525	319,659	308,883	308,516	309,954	319,065
Mandates	7,326	7,645	7,786	7,472	7,024	6,860
Properties in Trusts and Warrant	429,851	327,304	316,669	315,988	316,978	325,925
Properties in Custody or Management	401,255	398,204	390,787	370,011	363,861	359,884
Collateral Received	160,559	217,035	283,231	280,054	365,480	386,121
Collateral Received or sold	66,285	120,962	188,150	183,050	266,471	284,928
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	155
Uncollected Accrued Interest from Past Due Loans	294	289	180	178	286	242
Investments of Retirement Savings Funds	-	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-
Miscellaneous accounts	265,946	265,147	276,898	267,726	303,489	300,947
Proprietary Transactions	1,579,063	1,580,948	1,707,021	1,673,480	1,858,824	1,897,705
Repo Securities to be Received	-	-	-	-	-	-
(Minus) Repo Creditors	-	-	-	-	-	-
Net Repo Transactions	-	-	-	-	-	-
Repo Debtors	-	-	-	-	-	-
(Minus) Repo Securities to be Delivered	-	-	-	-	-	-
Net Repo Transactions	-	-	-	-	-	-
TOTAL PROPRIETARY	1,579,063	1,580,948	1,707,021	1,673,480	1,858,824	1,897,705

BANORTE - CONSOLIDATED STATEMENT OF CASH FLOW

JANUARY 1, 2021 – JUNE 30, 2021

(Million Pesos)

Net Income	12,495
Items charged to results that do not generate or require use of resources	
Depreciation	1,172
Provisions	273
Income taxes and deferred	3,981
Minority Interest	(241)
	5,185
	17,680
Change in items related to operations	
Change in Margin Accounts	9,396
Change in Investment in Securities	(122)
Change in repo debtors	108
Change in derivatives (assets)	23,894
Change in Loan Portfolio (net)	2,654
Change in purchased receivables (net)	196
Change in benefits to receive from securitizations	110
Change in foreclosed assets (net)	(428)
Change in other operating assets (net)	(8,734)
Change in core deposits	(27,864)
Change in interbank loans and other entities	89
Change in repo creditors	3,148
Change in collateral pledged sold	42
Change in derivatives (liability)	(24,094)
Change in subordinated debt with characteristics of liabilities	92
Change in other operating liabilities	13,280
Change in hedging instruments (the related hedged transaction activities)	438
Income Tax Payments	(5,317)
Net cash generated or used from operations	4,568
Investment Activities	
Charges for disposal of property, furniture and equipment	419
Payments for acquisition of property, furniture and equipment	(1,485)
Payments for acquisition of Subsidiaries, Associates and Joint Ventures	(9)
Charges for cash dividends	31
Net cash generated or used from investment activities	(1,044)
Financing Activities	
Payments of interests of subordinated debentures	(1,863)
Net cash flows from financing activities	(1,863)
Net Cash Increase (decrease) and equivalents value	1,661
Effects for changes in cash and equivalents value	3
Cash and cash equivalents at beginning of period	108,743
Cash and cash equivalents at end of period	110,407

BANORTE - CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

JANUARY 1, 2021– JUNE 30, 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	
Balance as of December 31, 2020	18,795	2,964	18,959	73,302	3,871	(905)	7	(2,333)	20,384	3	135,047
<u>Changes stemming from stockholders' decisions</u>											
Capitalization of profits				20,384					(20,384)		0
Payment plan based on equity-settle shares in equity instruments		478									478
Total	0	478	0	20,384	0	0	0	0	(20,384)	0	478
<u>Changes stemming from profits</u>											
<u>Total profits:</u>											
Net Income									12,495		12,495
Result from valuation of securities available for sale					(1,205)						(1,205)
Effect of subsidiaries, associates and mutual funds				(4)							(4)
Conversion accumulated effect							(2)				(2)
Result from valuation of instruments of cash flow hedges						(1,591)					(1,591)
Remeasurements defined benefits for employees								60			60
Interest of subordinated debentures				(1,863)							(1,863)
Total	0	0	0	(1,867)	(1,205)	(1,591)	(2)	60	12,495	0	7,890
Recognition of minority interest										1	1
Balance as of June 30, 2021	18,795	3,442	18,959	91,819	2,666	(2,496)	5	(2,273)	12,495	4	143,416

Seguros Banorte

Income Statement - Insurance - Seguros Banorte <i>(Million Pesos)</i>	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Interest Income	517	643	396	340	257	329
Interest Expense	-	-	-	-	-	-
Premium Income (Net)	8,815	5,772	3,792	4,575	11,085	2,817
Net Increase in Technical Reserves	3,304	765	(875)	(248)	4,537	(1,525)
Damages, Claims and Other Obligations	2,767	3,674	3,321	4,119	4,884	3,390
Net Interest Income	3,261	1,976	1,742	1,044	1,921	1,280
Fees Charged on Services	-	-	-	-	-	-
Fees Paid on Services	706	519	555	480	627	485
Securities-Valuation Gains	-	-	-	-	-	-
Securities Trading	50	58	33	43	37	42
Trading Income	50	58	33	43	37	42
From Insurance	203	167	191	302	270	195
Losses and Estimates	(6)	(10)	(11)	(3)	(1)	(3)
Other Operating Income (Expense)	3	3	2	(0)	0	0
Total Other Operating Income (Expenses)	200	160	182	299	269	192
Total Non-Interest Income	(456)	(301)	(340)	(138)	(321)	(251)
Total Operating Income	2,805	1,675	1,402	906	1,600	1,029
Personnel	105	112	107	110	107	109
Employee Profit Sharing (PTU)	1	1	1	5	1	1
Professional Fees	78	70	71	9	63	51
Administrative and Promotional Expenses	117	96	87	47	130	123
Rents, Depreciation & Amortization	45	44	46	48	45	46
Taxes other than income tax & non-deductible expenses	22	27	28	29	34	50
Contributions to IPAB/Fobaproa	-	-	-	-	-	-
Total Non-Interest Expense	368	351	339	247	380	381
Operating Income	2,436	1,324	1,062	659	1,220	649
Subsidiaries' Net Income	332	630	463	485	404	465
Pre-Tax Income	2,768	1,953	1,525	1,143	1,624	1,113
Income Tax	736	399	319	227	364	188
Deferred Income Tax	(4)	(4)	(4)	(41)	(4)	(4)
Taxes	732	395	316	186	361	184
Net Income from Continuous Operations	2,036	1,558	1,210	957	1,263	929
Discontinued Operations	-	-	-	-	-	-
Minority Interest	(7)	(13)	(10)	(11)	(9)	(10)
Net Income	2,029	1,545	1,200	946	1,254	919

Insurance - Seguros Banorte - Balance Sheet <i>(Million Pesos)</i>	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
ASSETS						
Cash and Due from Banks	1,765	2,861	3,014	2,973	86	143
Margin Accounts	-	-	-	-	-	-
Negotiable Instruments	24,424	26,497	27,705	29,869	32,163	30,642
Securities Available for Sale	554	596	600	602	551	1,720
Securities Held to Maturity	(0)	(0)	(0)	(0)	(0)	(0)
Investment in Securities	24,978	27,094	28,306	30,471	32,714	32,362
Debtor Balance in Repo Trans,net	1,654	851	2,157	2,000	5,337	5,315
Securities Lending	-	-	-	-	-	-
Transactions w/ Derivatives	-	-	-	-	-	-
Operations w/Derivatives & Securities	1,654	851	2,157	2,000	5,337	5,315
Valuation adjustments for Asset Coverage	-	-	-	-	-	-
Acquired Collection Rights	-	-	-	-	-	-
Account Receivables	289	346	405	448	284	311
Premium Debtors (Net)	7,581	8,937	6,392	3,986	10,876	8,028
Account Receivables from Reinsurance	8,162	8,872	7,924	7,269	7,521	7,707
Benef. receivab.securization transactions	-	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Real Estate, Furniture & Equipment, Net	346	342	416	413	414	334
Investment in Subsidiaries	12,849	13,241	13,620	14,104	12,785	13,249
Long-term assets held for sale	-	-	-	-	-	-
Deferred Taxes, Net	298	298	298	335	335	335
Goodwill and Intangibles	1,710	2,322	2,517	2,943	1,857	2,246
Other Assets Short and Long Term	91	93	94	95	95	95
TOTAL ASSETS	59,723	65,256	65,143	65,038	72,304	70,125

Insurance - Seguros Banorte - Balance Sheet <i>(Million Pesos)</i>	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
LIABILITIES						
Technical Reserves	28,696	31,526	30,257	29,897	36,094	33,217
Total Operations w/ Derivatives & Securities	-	-	-	-	-	-
Valuation adjustments for financial liability coverage	-	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-	-
Payable Accounts for Reinsurance	2,311	3,159	2,918	2,269	3,145	2,790
Income Tax Payable	754	1,146	1,460	1,675	368	550
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	2,570
Other Payable Accounts	3,554	3,980	4,173	4,150	2,992	3,121
Subordinated Non Convertible Debt	-	-	-	-	-	-
Deferred Taxes, Net	354	351	347	343	340	336
Deferred Credits	61	56	57	53	56	53
TOTAL LIABILITIES	34,977	39,072	37,752	36,712	42,627	39,517
EQUITY						
Paid-in Capital	13,928	13,928	13,928	13,928	13,928	13,928
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-
Share Subscription Premiums	-	-	-	-	-	-
Subordinated Convertible Debentures	-	-	-	-	-	-
Subscribed Capital	13,928	13,928	13,928	13,928	13,928	13,928
Capital Reserves	2,716	3,268	3,268	3,268	3,268	3,840
Retained Earnings	5,600	5,047	5,047	5,046	10,765	10,193
Surplus (Deficit) of Secs Available for Sale	107	172	175	196	164	160
Results from Valuation of Hedging Secs	-	-	-	-	-	-
Result in the valuation reserve for unexpired risks variations in rates	2	(182)	(188)	(229)	(108)	(101)
Results from Conversions	0	0	0	0	0	0
Remeasurements defined benefits for employees	12	12	12	10	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	2,173
Earned Capital	10,466	11,890	13,087	14,011	15,354	16,274
Minority Interest	352	366	376	386	395	406
Total Equity	24,746	26,184	27,391	28,325	29,677	30,608
TOTAL LIABILITIES & EQUITY	59,723	65,256	65,143	65,038	72,304	70,125

Information by Segments

GFNorte - Income Statement as of June 30 '21

(Million Pesos)

	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Interest Income	216	50,188	9,552	1,190	30	6,483
Premium Income (Net)	-	-	24,157	-	-	-
Interest Expense	-	17,133	-	715	0	5,578
Net Increase in Technical Reserves	-	-	15,999	-	-	-
Damages, Claims and Other Obligations	-	-	12,896	-	-	-
Net Interest Income (NII)	216	33,055	4,814	474	29	905
Preventive Provisions for Loan Losses	-	5,815	-	165	-	-
Net Interest Income Adjusted for Credit Risk	216	27,241	4,814	310	29	905
Loan Origination Fees	-	12,516	-	59	-	706
Fees Paid	-	5,830	1,118	42	0	98
Trading Income	-	1,896	112	0	-	(201)
Other Operating Income (Expenses)	11	420	466	390	15	142
Non Interest Income	11	22,558	1,807	492	15	545
Total Operating Income	227	49,799	6,620	801	44	1,449
Administrative and Promotional Expenses	80	20,008	979	308	26	502
Operating Income	146	16,235	3,295	409	19	952
Subsidiaries' Net Income	16,934	241	868	(10)	-	0
Pre-Tax Income	17,080	16,476	4,163	399	19	952
Income Tax	-	2,661	552	0	6	346
Deferred Income Tax	(16)	1,320	415	51	0	(84)
Net Income from Continuous Operations	17,097	12,495	3,196	347	13	690
Discontinued Operations	-	-	-	-	-	-
Minority Interest	-	(0)	(17)	(0)	(0)	-
Net Income	17,097	12,495	3,179	347	13	690

GFNorte - Income Statement as of June 30 '21

(Million Pesos)

	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Interest Income	27	1	67,686	4,229	415	63,873
Premium Income (Net)	-	-	24,157	215	-	23,942
Interest Expense	-	-	23,426	-	4,135	19,292
Net Increase in Technical Reserves	-	-	15,999	-	-	15,999
Damages, Claims and Other Obligations	-	-	12,896	-	23	12,873
Net Interest Income (NII)	27	1	39,521	-	-	39,651
Preventive Provisions for Loan Losses	-	-	5,980	-	-	5,980
Net Interest Income Adjusted for Credit Risk	27	1	33,542	-	-	33,671
Loan Origination Fees	986	-	14,268	1,202	-	13,065
Fees Paid	709	-	7,797	-	1,235	6,562
Trading Income	-	(3)	1,804	-	-	1,804
Other Operating Income (Expenses)	9	(18)	1,435	27	24	1,432
Non Interest Income	1,704	(23)	27,108	1,230	1,259	24,668
Total Operating Income	1,731	(23)	60,650	1,230	1,259	58,339
Administrative and Promotional Expenses	22	2	21,926	473	665	21,734
Operating Income	292	(22)	21,325	-	-	21,676
Subsidiaries' Net Income	5	-	18,038	16,934	-	1,104
Pre-Tax Income	296	(22)	39,364	-	-	22,780
Income Tax	82	0	3,647	-	-	3,647
Deferred Income Tax	0	-	1,686	100	-	1,787
Net Income from Continuous Operations	214	(22)	34,030	-	-	17,346
Discontinued Operations	-	-	-	-	-	-
Minority Interest	-	-	(17)	217	-	(234)
Net Income	214	(22)	34,014	23,298	6,059	17,112

GFNorte - Balance Sheet as of June 30 '21

(Million Pesos)

ASSETS	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Cash and Due from Banks	3	110,407	165	157	11	3,799
Margin Accounts	-	8,703	-	-	-	-
Investment in Securities	-	226,690	210,314	-	-	263,460
Negotiable Instruments	-	43,914	35,882	-	-	173,104
Securities Available for Sale	-	140,484	1,826	-	-	89,526
Securities Held to Maturity	-	42,292	172,607	-	-	830
Debtor Balance in Repo Trans, net	4,036	2,928	6,344	-	-	-
Transactions with Derivatives For trading purposes	-	24,346	-	-	-	77
Transactions with Derivatives For hedging purposes	-	648	-	-	-	-
Valuation adjustments for Asset Coverage	-	47	-	-	-	-
Gross Loan Portfolio	-	770,414	-	31,596	-	-
Net Loan Portfolio	-	768,993	-	31,596	-	-
Performing Loans	-	775,873	-	31,689	-	-
Commercial Loans	-	290,040	-	26,415	-	-
Financial Intermediaries' Loans	-	20,689	-	701	-	-
Government Entities' Loans	-	150,703	-	4,569	-	-
Consumer Loans	-	118,317	-	5	-	-
Mortgage Loans	-	196,125	-	-	-	-
Medium and Residential	-	193,554	-	-	-	-
Low income housing	-	3	-	-	-	-
Loans acquired from INFONAVIT or FOVISSSTE	-	2,567	-	-	-	-
Past Due Loans	-	10,862	-	340	-	-
Commercial PDL's	-	5,163	-	335	-	-
Financial Intermediaries PDL's	-	-	-	-	-	-
Government Entities PDL's	-	182	-	4	-	-
Consumer PDL's	-	3,551	-	0	-	-
Mortgage PDL's	-	1,966	-	-	-	-
Medium and Residential	-	1,709	-	-	-	-
Low income housing	-	0	-	-	-	-
Loans acquired from INFONAVIT or FOVISSSTE	-	258	-	-	-	-
Preventive Loan Loss Reserves	-	17,741	-	433	-	-
Acquired Collection Rights	-	1,421	-	-	-	-
Account Receivables from Insurance and Annuities	-	-	2,806	-	-	-
Premium Debtors (Net)	-	-	8,638	-	-	-
Account Receivables from Reinsurance	-	-	7,707	-	-	-
Benef. receivab. securization transactions	-	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	26	45,600	4	837	63	15,500
Inventories	-	-	-	-	611	-
Foreclosed Assets, Net	-	1,812	-	141	-	-
Real Estate, Furniture & Equipment, Net	-	16,588	345	3,293	54	63
Investment in Subsidiaries	196,121	734	13,249	58	-	2
Long-term assets held for sale	-	-	-	-	-	-
Deferred Taxes, Net	78	0	-	1,008	5	-
Total other Assets	26,094	25,368	2,875	5,084	19	210
Goodwill	25,329	1,392	-	-	-	-
Intangible	765	23,785	2,779	334	3	19
Other Assets	-	191	96	4,750	16	191
TOTAL ASSETS	226,358	1,234,286	252,448	42,174	764	283,112

GFNorte - Balance Sheet as of June 30 '21

(Million Pesos)

ASSETS	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Cash and Due from Banks	1,409	40	115,992	167	5,307	110,852
Margin Accounts	-	-	8,703	-	-	8,703
Investment in Securities	-	-	700,465	-	473	699,992
Negotiable Instruments	-	-	252,901	-	-	252,901
Securities Available for Sale	-	-	231,835	-	125	231,710
Securities Held to Maturity	-	-	215,729	-	347	215,382
Debtor Balance in Repo Trans, net	-	-	13,308	-	10,380	2,928
Transactions with Derivatives For trading purposes	-	-	24,423	-	-	24,423
Transactions with Derivatives For hedging purposes	-	-	648	-	-	648
Valuation adjustments for Asset Coverage	-	-	47	-	-	47
Gross Loan Portfolio	-	-	802,010	3,096	16,115	788,992
Net Loan Portfolio	-	-	800,589	3,096	16,115	787,571
Performing Loans	-	-	807,562	3,096	16,115	794,544
Commercial Loans	-	-	316,454	604	483	316,575
Financial Intermediaries' Loans	-	-	21,389	-	12,516	8,873
Government Entities' Loans	-	-	155,272	2,492	3,115	154,649
Consumer Loans	-	-	118,322	-	-	118,322
Mortgage Loans	-	-	196,125	-	-	196,125
Medium and Residential	-	-	193,554	-	-	193,554
Low income housing	-	-	3	-	-	3
Loans acquired from INFONAVIT or FOVISSSTE	-	-	2,567	-	-	2,567
Past Due Loans	-	-	11,202	-	-	11,202
Commercial PDL's	-	-	5,498	-	-	5,498
Financial Intermediaries PDL's	-	-	-	-	-	-
Government Entities PDL's	-	-	186	-	-	186
Consumer PDL's	-	-	3,551	-	-	3,551
Mortgage PDL's	-	-	1,966	-	-	1,966
Medium and Residential	-	-	1,709	-	-	1,709
Low income housing	-	-	0	-	-	0
Loans acquired from INFONAVIT or FOVISSSTE	-	-	258	-	-	258
Preventive Loan Loss Reserves	-	-	18,175	-	-	18,175
Acquired Collection Rights	-	-	1,421	-	-	1,421
Account Receivables from Insurance and Annuities	-	-	2,806	-	-	2,806
Premium Debtors (Net)	-	-	8,638	-	-	8,638
Account Receivables from Reinsurance	-	-	7,707	-	-	7,707
Benef. receivab. securization transactions	-	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	194	156	62,379	-	12,589	49,790
Inventories	-	-	611	-	-	611
Foreclosed Assets, Net	-	-	1,953	-	-	1,953
Real Estate, Furniture & Equipment, Net	0	-	20,343	203	44	20,502
Investment in Subsidiaries	112	-	210,277	2,901	199,022	14,155
Long-term assets held for sale	-	-	-	-	-	-
Deferred Taxes, Net	0	-	1,091	-	1,091	-
Total other Assets	12	136	59,798	-	185	59,613
Goodwill	-	-	26,720	-	-	26,720
Intangible	12	136	27,834	-	138	27,695
Other Assets	-	-	5,244	-	47	5,198
TOTAL ASSETS	1,727	332	2,041,201	6,367	245,205	1,802,363

GFNorte - Balance Sheet as of June 30 '21

(Million Pesos)

LIABILITIES & EQUITY	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Deposits	-	815,389	-	-	-	-
Demand Deposits	-	534,257	-	-	-	-
Time Deposits	-	246,482	-	-	-	-
Time Deposits-Retail	-	243,118	-	-	-	-
Time Deposits-Money Market	-	3,364	-	-	-	-
Senior Unsecured Debt	-	31,907	-	-	-	-
Cuenta global de captación sin movimientos	-	2,744	-	-	-	-
Due to Banks & Correspondents	-	14,754	-	31,066	450	-
Immediate Redemption Loans	-	0	-	-	-	-
Short Term Loans	-	8,155	-	23,443	450	-
Long Term Loans	-	6,599	-	7,623	-	-
Technical Reserves	-	-	204,177	-	-	-
Non-assigned Securities for Settlement	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	-	119,110	-	-	-	273,887
Collateral sold or pledged as collateral	-	55	-	-	-	22
Transactions with Derivatives for trading purposes	-	20,003	-	-	-	8
Transactions with Derivatives for hedging purposes	-	5,623	-	-	-	-
Valuation adjustments for financial liability coverage	-	-	-	-	-	-
Payable Accounts for Reinsurance	-	-	2,790	-	-	-
Other Payable Accounts	0	57,190	3,409	1,327	19	3,548
Income Tax Payable	-	930	550	0	2	178
Profit Sharing Payable	-	297	-	-	-	-
Creditors for settlement of transactions	0	17,474	-	-	-	3,059
Creditors for collateral received in cash	-	3,192	-	-	-	-
Other Creditors & Accounts Payable	0	35,297	2,858	1,327	17	311
Subordinated Non Convertible Debt	-	57,243	-	-	-	-
Deferred Taxes, Net	-	395	2,830	-	-	109
Deferred Credits	-	1,107	53	99	-	0
TOTAL LIABILITIES	0	1,090,870	213,259	32,493	468	277,574
EQUITY						
Subscribed Capital	63,198	22,237	21,370	12,310	87	2,061
Paid-in Capital	14,941	18,795	15,776	12,294	87	1,985
Share Subscription Premiums	48,257	3,442	5,594	16	-	77
Contributions for future capital increases agreed by the governing body	-	-	-	-	-	-
Earned Capital	163,160	121,176	17,484	(2,812)	208	3,476
Capital Reserves	8,415	18,959	1,278	703	59	350
Retained Earnings	139,614	91,819	13,049	(3,863)	136	2,238
Surplus (Deficit) of Secs Available for Sale	2,657	2,666	71	-	-	71
Results from Valuation of Hedging Secs	(2,451)	(2,496)	-	-	-	-
Result in the valuation reserve for unexpired risks variations in rates	(103)	-	(103)	-	-	-
Results from Conversions	132	5	-	-	-	128
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-
Remeasurements defined benefits for employees	(2,199)	(2,272)	10	-	-	-
Net Income	17,097	12,495	3,179	347	13	690
Capital Mayoritario	226,358	143,412	38,854	9,497	296	5,538
Minority Interest	-	4	335	184	0	-
Total Equity	226,358	143,416	39,189	9,682	296	5,538
TOTAL LIABILITIES & EQUITY	226,358	1,234,286	252,448	42,174	764	283,112

GFNorte - Balance Sheet as of June 30 '21

(Million Pesos)

LIABILITIES & EQUITY	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Deposits	-	-	815,389	5,307	-	810,082
Demand Deposits	-	-	534,257	5,228	-	529,030
Time Deposits	-	-	246,482	80	-	246,402
Time Deposits-Retail	-	-	243,118	80	-	243,038
Time Deposits-Money Market	-	-	3,364	-	-	3,364
Senior Unsecured Debt	-	-	31,907	-	-	31,907
Cuenta global de captación sin movimientos	-	-	2,744	-	-	2,744
Due to Banks & Correspondents	-	-	46,270	12,516	-	33,754
Immediate Redemption Loans	-	-	0	-	-	0
Short Term Loans	-	-	32,047	12,516	-	19,531
Long Term Loans	-	-	14,223	-	-	14,223
Technical Reserves	-	-	204,177	-	114	204,291
Non-assigned Securities for Settlement	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	-	-	392,997	10,380	-	382,616
Collateral sold or pledged as collateral	-	-	77	-	-	77
Transactions with Derivatives for trading purposes	-	-	20,011	-	-	20,011
Transactions with Derivatives for hedging purposes	-	-	5,623	-	-	5,623
Valuation adjustments for financial liability coverage	-	-	-	-	-	-
Payable Accounts for Reinsurance	-	-	2,790	-	-	2,790
Other Payable Accounts	165	219	65,876	12,878	53	53,051
Income Tax Payable	-	0	1,660	-	-	1,660
Profit Sharing Payable	-	-	297	-	-	297
Creditors for settlement of transactions	-	-	20,533	12,251	-	8,282
Creditors for collateral received in cash	-	-	3,192	-	-	3,192
Other Creditors & Accounts Payable	165	219	40,194	627	53	39,620
Subordinated Non Convertible Debt	-	-	57,243	-	-	57,243
Deferred Taxes, Net	-	-	3,333	1,091	-	2,242
Deferred Credits	-	-	1,260	-	-	1,260
TOTAL LIABILITIES	165	219	1,615,047	42,173	167	1,573,041
EQUITY						
Subscribed Capital	170	144	121,578	58,683	324	63,219
Paid-in Capital	170	144	64,192	49,256	-	14,936
Share Subscription Premiums	-	-	57,386	9,427	324	48,283
Contributions for future capital increases agreed by the governing body	-	-	-	-	-	-
Earned Capital	1,392	(31)	304,053	141,317	343	163,079
Capital Reserves	34	2	29,801	21,386	-	8,415
Retained Earnings	1,144	(11)	244,125	104,891	325	139,558
Surplus (Deficit) of Secs Available for Sale	-	-	5,465	2,850	-	2,615
Results from Valuation of Hedging Secs	-	-	(4,947)	(2,496)	-	(2,451)
Result in the valuation reserve for unexpired risks variations in rates	-	-	(206)	(103)	-	(103)
Results from Conversions	-	-	264	132	-	132
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-
Remeasurements defined benefits for employees	-	-	(4,462)	(2,263)	-	(2,199)
Net Income	214	(22)	34,014	16,919	18	17,112
Capital Mayoritario	1,562	113	425,631	200,000	666	226,297
Minority Interest	-	-	523	-	2,502	3,025
Total Equity	1,562	113	426,154	200,000	3,168	229,322
TOTAL LIABILITIES & EQUITY	1,727	332	2,041,201	242,173	3,335	1,802,363

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 30th, 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 June 30th, 2021, the remaining balance of CETES ESPECIALES which have not been repurchased by the Federal Government amounts to Ps 604 million, with maturities between 2022 and 2027.

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 13th, 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 1st, 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 1st, 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"

New Buffer Requirement: Total Loss Absorbing Capacity (TLAC) for Banks

On June 18, an amendment to the general normative applicable to credit institutions was published in the Official Gazette of the Federation, which establishes that Multiple Banking Institutions of Local Systemic Importance must maintain a Supplement to the Net Capital that must be additional capital to that necessary to comply with the minimum Capitalization Ratio and with the Capital Conservation Supplement.

The referred new Capital Supplement will correspond to the maximum between 6.5% of the weighted assets subject to total risk and 3.75% of the adjusted assets calculated according to the leverage ratio. The supplement will have a deferred implementation over a period of 4 years considering 25% of the supplement each year, starting from December 2022 and ending fully implemented by the close of December 2025.

Notes to Financial Statements

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 2Q21

(Million Pesos)

Negotiable Instruments	Book Value	Interest	Unrealized gain (loss)	Market Value
Government Securities	221,897	1,323	(383)	222,838
Unrestricted	20,357	362	(12)	20,707
BONDES D	(107)	-	(0)	(107)
BONDES M	(3,284)	0	(2)	(3,286)
BPA	-	-	-	-
BREMS	-	-	-	-
Government Securities	11	0	2	14
Municipalities Securities	0	0	0	0
UDI Securities	-	-	-	-
CETES	19,391	356	(65)	19,682
CETES (Special)	-	-	-	-
Government Eurobonds	-	-	-	-
Udibonds	4,346	5	52	4,403
Treasury Notes	-	-	-	-
Restricted	201,540	962	(371)	202,131
BONDES D	34,600	70	0	34,670
BONDES M	9,790	58	(290)	9,558
BPA	150,711	832	(51)	151,492
BREMS	-	-	-	-
Government Securities	1,247	1	(0)	1,248
Municipalities Securities	-	-	-	-
UDI Securities	0	0	(0)	0
CETES	4,759	-	(28)	4,731
CETES (Special)	-	-	-	-
Government Eurobonds	-	-	-	-
Udibonds	433	0	(1)	431
Banking Securities	18,466	26	6	18,498
Unrestricted	2,199	0	0	2,199
Bank Acceptances	4	-	-	4
Bank Bonds	-	-	-	-
Development Bank Securities	2	0	0	2
Bank Securities	3	0	0	3
Deposit Certificates	557	0	(0)	557
Structured Notes	-	-	-	-
Other Banking Securities	223	0	0	223
Promissory Notes	1,409	0	(0)	1,409
Restricted	16,267	26	6	16,299
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	1,943	3	(0)	1,946
Bank Securities	4,144	7	2	4,153
Deposit Certificates	9,250	14	(1)	9,264
Structured Notes	-	-	-	-
Other Banking Securities	839	1	5	845
Promissory Notes	91	-	-	91
Private Securities	10,752	23	790	11,565
Unrestricted	10,449	23	790	11,262
Shares	342	-	537	879
Investment Company Shares	7,757	-	80	7,837
ADRs	-	-	-	-
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	1,314	3	48	1,365
Trust Stock Certificates	-	-	-	-
Private Eurobonds	1,036	19	125	1,181
Infrastructure and Real Estate Trusts	(0)	-	(0)	(0)
Subordinated Debt	-	-	-	-
Other Banking Securities	-	-	-	-
CP	-	-	-	-
Restricted	303	-	(0)	303
Shares	303	-	(0)	303
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	-	-	-	-
Trust Stock Certificates	-	-	-	-
Private Eurobonds	-	-	-	-
Other Banking Securities	-	-	-	-
Reasonable value adjustment Ixe Bank Acq	-	-	-	-
Total	251,115	1,372	414	252,901

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 2Q21

(Million Pesos)

Securities Held for Sale	Book Value	Interest	Unrealized gain (loss)	Market Value
Government Securities	176,324	1,511	3,710	181,545
Unrestricted	23,672	174	840	24,686
BONDES D	-	-	-	-
BONDES M	63	0	1	63
BPA	-	-	-	-
BREMS	7,778	18	-	7,796
Government Securities	1,153	3	2	1,158
Municipalities Securities	182	4	39	225
UDI Securities	-	-	-	-
CETES	148	-	(1)	147
CETES (Special)	-	-	-	-
Government Eurobonds	13,243	147	792	14,182
Udibonds	1,105	2	7	1,115
Treasury Notes	-	-	-	-
Restricted	152,652	1,337	2,870	156,859
BONDES D	3,028	4	2	3,034
BONDES M	2,132	29	(105)	2,057
BPA	110,432	916	135	111,483
BREMS	-	-	-	-
Government Securities	2,749	8	(32)	2,725
Municipalities Securities	2,539	4	23	2,566
UDI Securities	-	-	-	-
CETES	2,444	-	(20)	2,424
CETES (Special)	-	-	-	-
Government Eurobonds	29,328	376	2,867	32,570
Udibonds	-	-	-	-
Banking Securities	25,795	46	31	25,872
Unrestricted	19,006	36	24	19,066
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	2,340	23	(36)	2,327
Bank Securities	1,496	4	42	1,541
Deposit Certificates	13,359	8	(3)	13,365
Structured Notes	551	-	12	563
Other Banking Securities	1,260	1	8	1,270
Promissory Notes	-	-	-	-
Restricted	6,789	10	7	6,806
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	-	-	-	-
Bank Securities	6,789	10	7	6,806
Deposit Certificates	-	-	-	-
Structured Notes	-	-	-	-
Other Banking Securities	-	-	-	-
Promissory Notes	-	-	-	-
Private Securities	24,234	201	(142)	24,292
Unrestricted	21,876	186	(138)	21,925
Shares	31	-	56	87
Investment Company Shares	5,923	-	27	5,950
ADRs	-	-	-	-
Stock Certificates BORHIS	77	-	(77)	0
Corporate Stock Certificates	6,391	27	(348)	6,069
Trust Stock Certificates	-	-	-	-
Private Eurobonds	9,454	159	205	9,819
Infrastructure and Real Estate Trusts	-	-	-	-
Subordinated Debt	-	-	-	-
Other Banking Securities	-	-	-	-
CP	-	-	-	-
Restricted	2,357	15	(5)	2,368
Shares	-	-	-	-
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	670	2	5	678
Trust Stock Certificates	-	-	-	-
Private Eurobonds	1,687	13	(10)	1,690
Other Banking Securities	-	-	-	-
Reasonable value adjustment lxe Bank Acq	-	-	-	-
Total	226,353	1,758	3,599	231,710

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 2Q21

(Million Pesos)

Securities Held to Maturity	Book Value	Interest	Unrealized gain (loss)	Market Value
Government Securities	209,949	698	-	210,648
Unrestricted	194,490	598	-	195,088
BONDES D	-	-	-	-
BONDES M	243	2	-	245
BPA	-	-	-	-
BREMS	-	-	-	-
Government Securities	1,557	22	-	1,579
Municipalities Securities	2,182	43	-	2,225
UDI Securities	225	2	-	227
CETES	-	-	-	-
CETES (Special)	602	-	-	602
Government Eurobonds	23,743	186	-	23,929
Udibonds	165,938	343	-	166,281
Treasury Notes	-	-	-	-
Restricted	15,459	101	-	15,559
BONDES D	-	-	-	-
BONDES M	12,549	90	-	12,639
BPA	-	-	-	-
BREMS	-	-	-	-
Government Securities	-	-	-	-
Municipalities Securities	2,910	11	-	2,920
UDI Securities	-	-	-	-
CETES	-	-	-	-
CETES (Special)	-	-	-	-
Government Eurobonds	-	-	-	-
Udibonds	-	-	-	-
Banking Securities	1,011	218	-	1,229
Unrestricted	1,011	218	-	1,229
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	-	-	-	-
Bank Securities	831	17	-	848
Deposit Certificates	-	-	-	-
Structured Notes	180	201	-	381
Other Banking Securities	-	-	-	-
Promissory Notes	-	-	-	-
Restricted	-	-	-	-
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	-	-	-	-
Bank Securities	-	-	-	-
Deposit Certificates	-	-	-	-
Structured Notes	-	-	-	-
Other Banking Securities	-	-	-	-
Promissory Notes	-	-	-	-
Private Securities	2,959	894	-	3,852
Unrestricted	2,959	894	-	3,852
Shares	-	-	-	-
Investment Company Shares	-	-	-	-
ADRs	-	-	-	-
Stock Certificates BORHIS	2	0	-	2
Corporate Stock Certificates	989	877	-	1,866
Trust Stock Certificates	-	-	-	-
Private Eurobonds	700	17	-	717
Infrastructure and Real Estate Trusts	-	-	-	-
Subordinated Debt	-	-	-	-
Other Banking Securities	1,268	-	-	1,268
CP	-	-	-	-
Restricted	-	-	-	-
Shares	-	-	-	-
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	-	-	-	-
Trust Stock Certificates	-	-	-	-
Private Eurobonds	-	-	-	-
Other Banking Securities	-	-	-	-
Reasonable value adjustment lxe Bank Acq	(347)	-	-	(347)
Total	213,572	1,810	-	215,382

REPURCHASE AGREEMENT OPERATIONS 2Q21
(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	275,692	272,801	2,947	55	355,384
Banking securities	9,821	9,841	(20)	-	21,085
Private Securities	3,313	3,312	1	-	6,147
Total	288,826	285,953	2,928	55	382,616

**DERIVATES FINANCIAL INSTRUMENTS
OPERATIONS 2Q21**
(Million Pesos)

Creditor Balance	
Instrument	Fair Value
Futures	
TIE 28 Futures	-
Forward	
Fx Forward	374
Options	
Rate options	192
Fx options	413
Warrants	18
Swaps	
Rate swap	18,107
Fx swap	5,179
Credit swap	141
Negotiable Total	24,423
Options	
Rate Options	-
Fx options	-
Swaps	
Rate swap	32
Fx swap	616
Credit swap	-
Hedging total	648
Position total	25,072

**DERIVATES FINANCIAL INSTRUMENTS
OPERATIONS 2Q21
(Million Pesos)**

Debtor Balance	
Instrument	Fair Value
Futures	
TIE 28 Futures	-
Forward	
Fx Forward	18
Options	
Rate options	245
Fx options	221
Warrants	12
Swaps	
Rate swap	12,583
Fx swap	6,930
Credit swap	-
Negotiable Total	20,011
Options	
Rate Options	-
Fx options	-
Swaps	
Rate swap	534
Fx swap	5,089
Credit swap	-
Hedging total	5,623
Position total	25,634

**NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 2Q21 - Banorte
(Million Pesos)**

PRODUCT	TYPE	UNDERLYING	NOTIONAL	OPERATIONS
FX Forwards	Purchases	Exchange Rate (USD/MXN)	1,651	202
FX Forwards	Sales	Exchange Rate (USD/MXN)	3,575	215
FX Forwards	Purchases	Exchange Rate (CAD/MXN)	0	0
FX Forwards	Sales	Exchange Rate (SEK/MXN)	0	0
FX Forwards	Purchases	Exchange Rate (EUR/MXN)	66	9
FX Forwards	Sales	Exchange Rate (EUR/MXN)	65	9
FX Options	Purchases	Exchange Rate (Dollar)	16,948	12
FX Options	Sales	Exchange Rate (Dollar)	14,201	8
Interest Rate Options	Purchases	TIE	20,439	59
Interest Rate Options	Sales	TIE	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	281,537	3,142
Interest Rate Swaps	MXN TIE	TIE	1,120,815	3,512
Interest Rate Swaps of the Brokerage	MXN TIE M M	TIE	9,371	4
Interest Rate and FX Swaps	CS USDMXN	FIX/VARIABLE	143	2
Interest Rate and FX Swaps	CS USDMXN	VARIABLE/VARIABLE	99,929	113
Interest Rate and FX Swaps	CS USDMXN	FIX/FIX	22,736	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
Equity Options	Compras	*I_MEXBOL_IND	457	4

LOAN PORTFOLIO								
<i>(Million Pesos)</i>								
	Local Currency		UDIS		Foreign Currency		Total	
	2Q20	2Q21	2Q20	2Q21	2Q20	2Q21	2Q20	2Q21
Performing Loans								
Commercial Loans	250,379	257,418	0	-	76,156	59,157	326,535	316,575
Financial Intermediaries' Loans	9,364	8,873	0	-	138	0	9,502	8,873
Consumer Loans	115,601	118,322	0	-	0	-	115,601	118,322
Mortgage Loans	177,191	196,053	91	71	0	-	177,282	196,125
Government Entities' Loans	149,063	142,446	2,506	-	11,148	12,202	162,717	154,649
Total	701,598	723,113	2,597	71	87,442	71,360	791,637	794,544
Past Due Loans								
Commercial Loans	2,600	3,662	0	0	4	1,836	2,604	5,498
Financial Intermediaries' Loans	0	0	0	-	0	-	0	-
Consumer Loans	4,229	3,551	0	-	0	-	4,229	3,551
Mortgage Loans	2,291	1,954	14	12	0	0	2,305	1,966
Government Entities' Loans	115	186	-	-	-	-	115	186
Total	9,236	9,354	14	12	4	1,836	9,254	11,202
Total Proprietary Loans	710,834	732,466	2,611	84	87,447	73,196	800,891	805,746

**COST OF BALANCES OF FINAPE, FOPYME, MORTGAGE UDIS AND
MORTGAGE FOVI LOAN PORTFOLIOS AS OF 2Q21- GFNorte**

	<i>(Million Pesos)</i>	
	PERIOD COST	TOTAL BALANCE OF LOAN PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	(3.2)	0.0
Mortgage FOVI	-	-
	(3.2)	0.0

DEFERRED TAXES 2Q21

(Million Pesos)

ASSETS	INCOME TAX	NET
Global Loss Reserves Loan Portfolio	5,322	5,322
Non deductible provisions and cumulative income	1,503	1,503
Excess of accounting value over fiscal value on Repossessed Assets	252	252
Diminishable profit sharing	202	202
Fees received in advance	1,022	1,022
Effects from valuation of instruments	-	-
Tax losses pending amortization	579	579
Provisions for possible loss in loans	364	364
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	110	110
Total Assets	9,354	9,354
LIABILITIES		
Pension Funds Contribution	(65)	(65)
Loan Portfolio Acquisitions	(430)	(430)
Projects to be capitalized	(6,550)	(6,550)
Intangibles' amortizations	-	-
Effects from valuation of instruments	(4,155)	(4,155)
Intangibles' amortizations	(343)	(343)
Unrealized Loss on Securities held for Sale	(52)	(52)
Total Liabilities	(11,596)	(11,596)
Assets (Liabilities) Accumulated Net	(2,242)	(2,242)

LONG TERM DEBT AS OF JUNE 30 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	1,892	20 years	4.950%	15-feb-28	182 days
Non Convertible Subordinated Bonds 2016 (BANOC36 311004)	USD	04-oct-16	500	9,607	5,857	15 years	5.750%	04-oct-26	180 days
Perpetual 5-Year Callable Subordinated Non-Preferred Non-Cumulative Tier 1 Capital Notes (BANORT 6 7/8 PERP)	USD	06-jul-17	350	6,413	6,967	Perpetual	6.875%	06-jul-22	Quarterly
Perpetual 10-Year Callable Subordinated Non-Preferred Non-Cumulative Tier 1 Capital Notes (BANORT 7 5/8 PERP)	USD	06-jul-17	550	10,077	10,948	Perpetual	7.625%	10-ene-28	Quarterly
Eurbond (Swiss francs) 2018 (BANO589)	CHF	14-jun-18	100	1,983	2,153	3.5 years	0.875%	14-dic-21	Annual
Stock certificates 94 BINTER 16U	UDIS	13-oct-16	365	2,000	2,495	10 years	4.970%	01-oct-26	182 days
Stock certificates 94 BANORTE 18-2	MXN	29-nov-18	2,663	2,663	2,663	4 years	TIE+0.28%	24-nov-22	28 days
Stock certificates 94 BANORTE 19	MXN	17-may-19	5,400	5,400	5,400	3 years	TIE +0.13%	13-may-22	28 days
Stock certificates 94 BANORTE 19-2	MXN	17-may-19	1,500	1,500	1,500	5 years	TIE +0.17%	10-may-24	28 days
Eurbond (Swiss francs) 2019 (BANO397)	CHF	11-abr-19	250	4,694	5,383	3.5 years	1.550%	11-oct-22	Annual
Non Convertible Subordinated Bonds 2019 (BANOA64_999999)	USD	27-jun-19	600	11,501	11,944	Perpetual	6.750%	27-sep-24	Quarterly
Non Convertible Subordinated Bonds 2019 (BANOB48_999999)	USD	27-jun-19	500	9,584	9,953	Perpetual	7.500%	27-jun-29	Quarterly
Eurbond (Swiss francs) 2019 (BANO43)	CHF	18-sep-19	160	3,112	3,445	4.3 years	0.450%	18-dic-23	Annual
Eurbond (Swiss francs) 2020 (BANO664)	CHF	06-mar-20	225	4,826	4,845	4.8 years	0.500%	06-dic-24	Annual
Non Convertible Subordinated Bonds 2020 (BANOC21_999999)	USD	14-jul-20	500	11,309	9,953	Perpetual	8.375%	14-oct-30	Quarterly
Stock certificates 94 BANORTE 20U	UDIS	30-sep-20	107	700	730	10 years	2.760%	18-sep-30	182 days

BANK AND OTHER ENTITIES LOANS' AS OF 2Q21

(Million Pesos)

	LOCAL CURRENCY	FOREIGN CURRENCY	TOTAL
Loans from Foreign Banks generated from foreign country	-	0	0
Loans from Development Banks	11,842	3,928	15,770
Loans from Public Funds	9,558	1,455	11,013
Call Money & Loans from Banks	19,339	-	19,339
Loans from Fiduciary Funds	52	-	52
Provisions for Interest	94	-	94
	40,886	5,384	46,270
Eliminations			(12,516)
Total			33,754

CORE DEPOSITS AND DUE TO BANKS & CORRESPONDENTS - INTEREST RATES 2Q21

CORE DEPOSITS (BANORTE)

Demand Deposits

Local Currency and UDIs	1.06%
Foreign Currency	0.02%

Time Deposits - Retail

Local Currency and UDIs	3.09%
Foreign Currency	0.23%

Time Deposits - Money Market

Local Currency and UDIs	4.36%
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DUE TO BANKS & CORRESPONDENTS (BANORTE)

Immediate Redemption Loans

Local Currency and UDIs	4.10%
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Public Funds and Development Banks

Local Currency and UDIs	6.00%
Foreign Currency	1.46%

MAIN CREDIT LINES RECEIVED 2Q21 (BANORTE)

Million pesos

	2Q20			1Q21			2Q21		
	Line	Used	% used	Line	Used	% used	Line	Used	% used
Bank Counterparty Lines (Call Money)	177,020	2,500	1.4%	219,907	2,700	1.2%	219,412	2,447	1.1%
Banxico (Repos for liquidity with the System of Payments) RSP*	79,886	-	0.0%	77,350	7,789	10.1%	77,302	8,114	10.5%
Banxico MXN & USD Credit Auction*	42,170	33,563	79.6%	54,458	-	0.0%	52,027	-	0.0%
Banxico Credit line with Government and Banking securities as collateral (Ordinary Facility)*	42,170	-	0.0%	54,458	-	0.0%	52,027	-	0.0%
Banxico Credit line with State and Municipal Government securities as collateral (Extraordinary Facility)	95,835	-	0.0%	87,127	-	0.0%	86,641	-	0.0%
TOTAL	437,080	36,063	8.3%	493,300	10,489	2.1%	487,409	10,561	2.2%

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

TRADING INCOME 2Q21

Million Pesos

Trading income	Consolidated
Securities - Unrealized gains	(182)
Negotiable instruments	(388)
Derivative instruments - Negotiation	213
Derivative instruments - Hedging	(7)
Impairment loss or revaluation increase	0
Result from foreign exchange valuation	125
Result from valuation of precious metals	(4)
Result from purchase/sale of securities and derivatives	263
Negotiable instruments	(46)
Securities held for sale	284
Derivative instruments - Hedging	(4)
Result from purchase/sale of foreign exchange	1,599
Result from purchase/sale of precious metals	3
Total	1,804

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 second 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, 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. We continued to monitor the improvement initiatives derived from observations made by the different members of the SCI.
- H. The Information Security Officer (CISO) carried out its functions according to the Master Plan, reporting the findings and the details of the activities carried out to the General Director of GFNorte and to the Corresponding Corporate Governance Committees, maintaining a matrix coordination with the Comptroller as part of the SCI.
- I. The requirements of the Supervisory Authorities were answered, 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 2Q21.

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 2Q21.

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 June 30, 2021, and March 31, 2021, the amount of loans granted to third parties is as follows (billion pesos):

Lender	Jun-2021	% Basic Equity	Mar-2021	% Basic Equity
Banorte	Ps 11.24	6.1%	Ps 14.80	8.2%
	Ps 11.24		Ps 14.80	

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

Banorte

As of **June 30th, 2021**, total loans granted to related parties, under Article 73 of the Law of Credit Institutions, was \$11.24 billion pesos (including \$1.43 billion pesos in — Letters of Credit "CC", which are registered in memorandum accounts), representing 1.4% of Banorte's total loan portfolio (excluding the balance of CC). Of the total related loans balance, \$10.72 billion pesos were loans granted to clients linked to members of the Board of Directors, and \$520 million pesos were linked to companies related to GFNORTE. At the end of June 2021, there are no loans granted to clients related to shareholders.

In accordance with Article 73 of the Law for Credit Institutions, the balance of GFNORTE's related party loan portfolio for individuals and corporations at the end of June 2021 was 6.1% of Core 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, 99% of the related party loans are rated in Category "A", and most of these loans were classified as commercial loans.

Banorte

As of **March 31st, 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 related party loan portfolio for individuals and corporations at the end of December 2020 was 8.2% of Core 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:

	As of June 31, 2021
AFORE XXI BANORTE	\$2
Loan # 4429309391 Payroll Tax of the state of Coahuila	2
PENSIONES BANORTE	\$356
Financial year 2014	356
SEGUROS BANORTE	\$1,043
Financial year 2014	1,043
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
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, December 4, May 21 and June 18, 2021, 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.