

Annual Report 2020

Grupo Financiero Banorte, S.A.B. de C.V.

IN ACCORDANCE WITH REGULATIONS APPLICABLE TO THE FINANCIAL INFORMATION OF CONTROLLING COMPANIES OF FINANCIAL GROUPS SUBJECT TO SUPERVISION BY THE NATIONAL BANKING AND SECURITIES COMMISSION (CNBV),

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I. Management's Discussion & Analysis

When analyzing the information contained herein is important to take the following into consideration:

- ✓ The financial information contained in this report is based on GFNorte's Audited Financial Statements for the years ended December 31, 2020 and 2019, published by Galaz, Yamazaki, Ruiz Urquiza, S. C., a member of Deloitte Touche Tohmatsu Limited dated February 26, 2021. For the year ended December 31, 2019, financial figures are based on GFNorte's Audited Financial Statements published by Galaz, Yamazaki, Ruiz Urquiza, S. C., a member of Deloitte Touche Tohmatsu Limited, dated February 26, 2019.
- ✓ On July 1st, 2020, the merger of Sólida (merging and subsisting entity) and Arrendadora (merged and extinguished entity) took effect. Additionally, Sólida changed its name to Arrendadora y Factor Banorte, S.A. de C.V., SOFOM, E.R., Grupo Financiero Banorte. The Financial Group's share in the capital stock of the merging company is 99.9058%.
Throughout this document there are references to reported and recurring figures that are specified to the usual activity without the effect of the extraordinary movement of the first quarter of 2019 on income related to the recognition of the liquidation of Banorte USA, the comparative recurring figures of 2018 excludes the effect of the extraordinary movement related to the sale & lease back of real estate properties.
- ✓ On July 10th, 2018, GFNorte and Grupo Financiero Interacciones S.A.B. de C.V. ("GFInter") received the necessary authorizations from the Ministry of Finance and Public Credit (Secretaría de Hacienda y Crédito Público) - considering the opinion of the Central Bank (Banco de México), the National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores), and the National Insurance and Bonding Commission (Comisión Nacional de Seguros y Fianzas) respectively- to carry out the merger of: (i) GFInter, as the merged company, with GFNorte, as the merging company; (ii) Banco Interacciones, S.A., as the merged company, with Banco Mercantil del Norte, S.A., as the merging company; (iii) Interacciones Casa de Bolsa, S.A. de C.V., as the merged company, with Casa de Bolsa Banorte, S.A. de C.V., as the merging company; (iv) Aseguradora Interacciones, S.A. de C.V., as the merged company, with Seguros Banorte, S.A. de C.V., as the merging company; and (v) Interacciones Sociedad Operadora de Fondos de Inversión, S.A. de C.V., as the merged company, with Operadora de Fondos Banorte, S.A. de C.V., as the merging company.
- ✓ The financial information presented in this report has been calculated in pesos and the tables are in million pesos, thus, differences are the result of rounding effects.
- ✓ For comparison purposes, is relevant to consider that GFNorte owns 98.2619% of shares of the Bank, therefore in some cases certain figures may vary when referring to them, both for the Group and the Bank.

A) Operating Results

SELECTED FINANCIAL INFORMATION

	2020	2019	2018
Net Income Grupo Financiero Banorte (GFNorte)	\$30,508	\$36,528	\$31,957
Total Assets GFNorte	\$1,787,904	\$1,580,010	\$1,620,470
Total Liabilities GFNorte	\$1,562,801	\$1,384,012	\$1,446,006
Stockholders' Equity GFNorte	\$225,103	\$195,998	\$174,464
Stockholders' Equity GFNorte excluding minority interest			
INFORMATION PER SHARE	\$10.70	\$12.75	\$11.24
Net income per share Basic (pesos)	\$10.58	\$12.67	\$11.09
Net income per share Diluted (pesos)	\$0.00	\$5.54	\$3.45
Dividend approved per share (pesos) ¹⁾	\$77.07	\$67.18	\$59.75
Book value per share (pesos) (excluding minority interest) ²⁾	2,844.97	2,871.04	2,843.58
Shares outstanding Basic (millions)	2,883.46	2,878.96	2,880.83

Shares outstanding Diluted (millions)

PROFITABILITY RATIOS	5.30%	5.62%	5.63%
NIM ³⁾	3.89%	4.55%	4.42%
NIM adjusted for credit risk	5.28%	5.56%	5.48%
NIM adjusted w/o Insurance & Annuities	8.01%	8.15%	8.26%
NIM from loan portfolio	1.76%	2.30%	2.18%
Return on assets (ROA)	14.78%	20.06%	20.28%
Return on equity (ROE)			
OPERATIONS	41.40%	39.06%	39.05%
Efficiency ratio ³⁾	2.48%	2.55%	2.56%
Operating efficiency ratio ⁴⁾	192.52%	133.49%	106.95%
Average Liquidity Coverage Ratio for Banorte and SOFOM - Basel III			
ASSET QUALITY INDICATORS	1.10%	1.65%	1.68%
Past due loan ratio	223.98%	137.74%	142.08%
PDL reserve coverage			
CAPITALIZATION RATIO	20.20%	18.54%	17.17%
Banco Mercantil del Norte			
INFRASTRUCTURE AND EMPLOYEES	1,193	1,182	1,150
Bank Branches ⁵⁾	9,387	8,919	8,423
ATMs (automated teller machines)	159,780	166,505	158,735
Points of Sale	29,916	30,162	30,538
Full-time employees	29,920	30,167	30,548
Full-time employees and professional services	\$30,508	\$36,528	\$31,957

Million pesos.

- Dividends approved by the Shareholders' Assemblies in 2018, 2019 and 2020 were: Total dividend decreed in 2018 was Ps 3.447788386581080 per share to be paid in June 2018. Total dividend decreed in 2019 was Ps 5.54157023974990 per share to be paid in June 2019. During 2020, no dividend payment was made in accordance with the authority's recommendations given the conditions derived from the Covid-19 pandemic.
- The number of issued shares considered for the 2019 period is 2,878,956,594.
- Non Interest Expense / (Net Interest Income + Non- Interest Income).
- Non Interest Expense / Average Total Assets.
- Includes bank modules and excludes 1 branch in the Cayman Islands.

MANAGEMENT'S DISCUSSION AND ANALYSIS

In 2020 the contribution by business sector to accumulated profits was as follows:

GFNorte reported a recurring net income of PS. 30.51 billion at the end of 2020, a decrease of (16%) compared to the previous year. For **2019 recurring net income** from **GFNorte** totaled Ps 35.34 billion during 2019, up 17% vs. 2018.

Consolidated Bank totaled **Ps 20.03 billion during 2020**, down by Ps (6.97) billion, or (26%) vs. 2019, contributing with 66% of recurring net income of GFNorte. For 2019 with reported numbers, net income of **Ps 27.49 billion** grew +11%, explained by better funding, better mix of the loan portfolio due to consumer and mortgage growth, and greater income from trading and service fees.

Long Term Savings sector, constituted by **Afore XXI Banorte** (a 50% subsidiary), **Seguros Banorte** and **Pensiones Banorte** recorded profits towards Ps. 7.24 billion in 2020 +11% higher than 2019. For 2019 there was a net income of **Ps 6.55 billion** during 2019, up +19% vs. 2018. According to GFNorte's share in this sector, accumulated net income accounted for 24% of the Group's net income.

In 2020 the Brokerage Sector (**Casa de Bolsa Banorte** and **Operadora de Fondos Banorte**) reported net income of Ps 1.50 billion 18% higher than 2019. Net income for the year represented 4.9% of the Financial Group's net income. For 2019, the Brokerage Sector reported net income of **Ps 1.26 billion**, +5% higher than 2018 due to +8% higher income from mutual funds, higher net interest income and higher trading results.

The SOFOM and other Finance Companies' sector, constituted by **Almacenadora Banorte**, **Sólida Administradora de Portafolios and Ixe servicios**, had a net income of Ps. 641 million, a fall of 18% compared to 2019. It is important to consider that on July 1, 2020 the merger took effect de Sólida (merger that subsists) and Arrendadora (merged that is extinguished). Additionally, Sólida changed its name to become Arrendadora y Factor Banorte, S.A. de C.V., SOFOM, E.R., the percentage of participation of the Financial Group in the capital stock of the merging company is 99.9058%. For 2019 the result was Ps 786 million, compared to Ps 80 million during 2018.

1. Grupo Financiero Banorte

Consolidated Income Statement

	2020	2019	2018
Interest income	\$ 133,593	\$ 150,514	\$ 137,583
Premium income (Net)	36,849	32,537	29,067
Interest expense	(47,898)	(68,693)	(60,754)
Increase in technical reserves	(17,793)	(15,003)	(13,508)
Casualty rate, claims and other contractual obligations (net)	(21,920)	(18,778)	(17,563)
NET INTEREST INCOME (NII)	82,831	80,577	74,825
Loan Loss Provisions	(21,930)	(15,347)	(16,079)
NET INTEREST INCOME ADJUSTED FOR CREDIT RISK	60,901	65,230	58,746
Fees Charged	24,003	24,063	22,567
Fees Paid	(10,784)	(10,052)	(9,526)
Trading Income	4,854	5,289	4,228
Other Operating Income	2,982	4,264	4,259
Non-Interest Income	21,055	23,564	21,528
Administration and promotional expenses	(43,013)	(40,678)	(37,609)
OPERATING INCOME	38,943	48,116	42,665
Subsidiaries' Net Income	2,003	1,716	1,385
PRE-TAX INCOME	40,946	49,832	44,050
Income Tax	(9,247)	(10,524)	(10,768)
Deferred Income Tax (Net)	(802)	(2,271)	(868)
Taxes	(10,049)	(12,795)	(11,637)
INCOME BEFORE DISCONTINUED OPERATIONS	30,897	37,037	32,413
Discontinued operations	-	-	-
INCOME FROM CONTINUOUS OPERATIONS	30,897	37,037	32,413
Minority interest	(389)	(509)	(456)
NET INCOME	\$ 30,508	\$ 36,528	\$ 31,957

Million pesos.

The following is a breakdown of the most important items of the Income Statement:

- **Net Interest Income - NII**

	2020	2019	2018
Interest Income	\$ 119,479	\$ 138,752	\$ 125,631
Interest Expense	46,741	67,533	59,703
Fees Charged	1,440	1,406	1,283
Fees Paid	1,156	1,160	1,052
Net Interest Income without Insurance and Annuities	73,022	71,465	66,160
Premium Income (Net)	36,849	32,537	29,067
Technical reserves	17,793	15,003	13,508
Damages, Claims and Other Obligations	21,920	18,779	17,563
Technical Result	(2,863)	(1,244)	(2,003)
Net Interest Income (Expense)	12,673	10,356	10,669
Net Interest Income for Insurance and Annuities	9,810	9,112	8,665
Net Interest Income GFNorte	82,832	80,577	74,825
Credit Provisions	21,931	15,347	16,079
Net Interest Income Adjusted for Credit Risk	\$ 60,901	\$ 65,230	\$ 58,746
Average Earnings Assets	\$ 1,564,112	\$ 1,434,764	\$ 1,329,316
NIM ¹⁾	5.30%	5.62%	5.63%
NIM adjusted for Credit Risk ²⁾	3.89%	4.55%	4.42%
NIM adjusted w/o Insurance and Annuities	5.28%	5.56%	5.48%
NIM from loan portfolio ³⁾	8.01%	8.15%	8.26%

Million pesos.

1. NIM (Net Interest Margin) = Annualized Net Interest Income / Average Earnings Assets.
2. NIM adjusted for Credit Risk = Annualized Net Interest Income adjusted for Credit Risk / Average Earnings Assets.
3. NIM from loan portfolio = Annualized Net Interest Margin from loan portfolio / Average Performing Loans.

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

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

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

Non-Interest Income

	2020	2019	2018
Service Fees	\$ 13,219	\$ 14,011	\$ 13,041
Trading	4,854	5,289	4,228
Other Operating Income (Expenses)	2,983	4,264	4,259
Non-Interest Income	\$ 21,056	\$ 23,564	\$ 21,528

Million pesos.

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

- **Service Fees**

	2020	2019	2018
Fund Transfers	\$ 1,878	\$ 1,636	\$ 1,634
Account Management Fees	2,163	2,366	2,517
Electronic Banking Services	9,775	9,432	8,268
Basic Banking Services Fees	\$ 13,816	\$ 13,434	\$ 12,419
For Commercial and Mortgage Loans	1,384	1,317	1,272
For Consumer Loans	4,732	5,163	4,711
Fiduciary	487	486	498
Income from Real Estate Portfolios	42	276	189
Mutual Funds	1,953	1,811	1,673
Trading & Financial Advisory Fees	542	513	702
Other Fees Charged (1)	1,048	1,063	1,103
Fees Charged on Services	\$ 24,003	\$ 24,063	\$ 22,567
Interchange Fees	5,157	4,676	4,000
Insurance Fees	1,371	1,350	1,479
Other Fees Paid	4,257	4,026	4,047
Fees Paid on Services	\$ 10,784	\$ 10,052	\$ 9,526
Service Fees	\$ 13,219	\$ 14,011	\$ 13,041

Million Pesos

1. Includes fees from funds, warehousing services, and others.

During the year, **service fees** remained unchanged as a consequence of the decline in economic activity brought by the pandemic. However, there was a relevant 3% increase in basic banking services fees and mutual funds fees, which overall were offset by the decline in origination fees from consumer loans and mortgages.

Fees paid on services increased accumulated figures, **increased 7%** on greater activity in the acquiring business in physical POS terminals, and due to fees coming from public sector trust fees.

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

Trading

	2020	2019	2018
Currency and Metals	\$ (1,059)	\$ (8)	\$ (119)
Derivatives	742	(855)	1,979
Negotiable Instruments	(106)	440	(135)
Valuation	\$ (423)	\$ (423)	\$ 1,725
Currency and Metals	2,306	1,120	2,113
Derivatives	1,252	2,358	(71)
Negotiable Instruments	1,718	2,233	461
Trading	\$ 5,277	\$ 5,712	\$ 2,503
Trading Income	\$ 4,854	\$ 5,289	\$ 4,228

Million pesos

Trading Income increased was down (8%) primarily by exchanges between derivative transactions, currencies and metals trading, and a lower securities' position.

- **Other Operating Income (Expenses)**

	2020	2019	2018
Loan Recovery	\$ -	\$ -	\$ 9
Loan Portfolios	301	286	227
Income from foreclosed assets	514	545	275
Provisions Release	-	-	16
Losses and Estimates	-	-	(2,310)
Impairment of Assets	(55)	(132)	(180)
Lease Income	250	417	465
From Insurance	1,048	1,004	870
Result from Valuation in Securitization Transaction	16	106	
Others	909	2,038	4,887
Other Operating Income (Expenses)	\$ 2,983	\$ 4,264	\$ 4,259

Million pesos

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

- **Non-Interest Expense**

	2020	2019	2018
Personnel	\$ 16,517	\$ 15,862	\$ 15,022
Professional Fees	3,373	3,100	3,330
Administrative and Promotional	8,630	8,693	7,954
Rents, Depreciation & Amortization	8,203	7,001	5,625
Taxes other than income tax & non-deductible expenses	2,126	2,221	2,075
Contributions to IPAB	3,630	3,297	3,149
Employee Profit Sharing (PTU)	535	504	455
Non-Interest Expense	\$ 43,013	\$ 40,678	\$ 37,610

Million pesos

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

Consequently, **efficiency ratio** reached **41.4%**, up 234bps vs. 2019. With recurring figures, the increase was 171bps vs. 2019.

- **Net Income**

	2020	2019	2018
Operating Income	\$ 38,943	\$ 48,116	\$ 42,665
Subsidiaries' Net Income	2,003	1,716	1,385
Pre-tax income	\$ 40,946	\$ 49,832	\$ 44,050
Taxes	10,049	12,795	11,637
Discontinued Operations	-	-	-
Minority Interest	(389)	(509)	(456)
Net Income	\$ 30,508	\$ 36,528	\$ 31,957

Million Pesos

Net Operating Income declined (19%) due to a low profit, as a result of the additional provisions registered in the year **with recurring figures**, net income was down (1%)

With **reported figures**, **taxes were (21%)** with accumulated figures for the year, on lower net income resulting from additional provisions registered in the year. With **recurring figures**, **taxes were down (1%)**.

- **Performing loan portfolio**

	2020	2019	2018
<i>Mortgage*</i>	\$ 187,736	\$ 170,086	\$ 155,748
<i>Car Loans*</i>	28,158	26,669	24,131
<i>Credit Cards*</i>	36,651	39,700	36,657
<i>Payroll</i>	51,668	51,311	52,653
Consumer	\$ 304,213	\$ 287,766	\$ 269,189
Commercial	192,927	172,729	173,941
Corporate	143,429	128,159	136,639
Government	161,563	173,988	197,373
Total Performing Loans	\$ 802,138	\$ 762,642	\$ 777,192
Past due loans	8,931	12,806	13,263
% NPL Ratio	1.16%	1.65%	1.68%

*Includes loans classified in 2017 y 2018 as Recovery Bank.
Million pesos.

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

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

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

- **Consumer loans.** In 2019 consumer loans were up 7%; growth in auto loans was 11%, followed by 9% in mortgages and 8% in credit cards, thus holding a steady 14.8% market share in consumer and mortgages.

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

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

- **Mortgages:** Banorte showed a **10.4%** annual growth, slightly above that of the banking system, holding 19.5% market share and **gaining 28bps in the year**, keeping the second place within the industry.
- **Credit Cards:** The portfolio had a (7.7%) annual contraction compared with the system's (10.5%) decline. Banorte holds **10.2% market share and gained 42bps** during the period.
- **Auto Loans:** Despite an industry-wide reduction in new car sales, Banorte holds 19.3% market share **after increasing 140bps in the year**, still ranks second in the market and **grew 5.4% annually**, above the banking system that declined (**2.3%**).
- **Payroll Loans:** The portfolio increased 4.2% annually and the system drops by (2.5%). Banorte **ranks second** with a 20.5% market share, **increasing 133bps** above the peers.

- **Commercial:** The portfolio shows a 11.5% annual increase and the system fell (2.4%). Banorte's 11.8% market share in the commercial portfolio (including corporate and SMEs according to the CNBV classification) **increased 146bps in the last 12 months, ranking third in the system.**
- **Government:** this portfolio had a (8.3%) contraction in 2020, totaling a 28.3% market share, (212bps) below 2019, ranking second in the market.

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

	2020	2019	2018
Performing loans	37,741	32,735	33,635
% Comercial performing loans	19.6%	19.0%	19.3%
% Total Performing laons	4.7%	4.3%	4.3%
NPL	2.0%	6.6%	5.5%

Million pesos.

Corporate Loans: The portfolio reached an ending balance of **Ps 143.43 billion, 12% annual growth.** GFNorte's corporate loan book is well diversified by industry and by regions, showing low concentration risk. The 20 main private sector corporate borrowers accounted for 11% of the group's total portfolio. The group's largest corporate exposure represented 0.8% of the total performing book, whereas number 20 represented 0.4% of it. Out of these 20 borrowers, all 20 companies have an A1 credit rating.

Regarding **infrastructure loans**, during the year, the **infrastructure book grew 12%**, up Ps 5.13 billion due to the growing demand from clients.

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

Past Due Loans

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

	2020	2019	Change
Credit Card	\$ 3,120	\$ 2,287	\$ 833
Payroll	1,425	1,758	(333)
Car Loans	161	269	(108)
Mortgage	1,658	1,973	(315)
Commercial	2,364	4,164	(1,800)
Corporate	166	2,351	(2,185)
Government	38	4	34
Total	\$ 8,931	\$ 12,806	\$ (3,875)

NPL ratio improved (55bps) compared to 2019, aided by support programs and the write-off effects previously explained.

	2020	2019	2018
Credit Card	7.8%	5.4%	5.5%
Payroll	2.7%	3.3%	3.7%
Car Loans	0.6%	1.0%	1.1%
Mortgage	0.9%	1.1%	0.9%
Commercial	1.2%	2.4%	1.9%
<i>SME</i>	2.0%	6.4%	5.5%
<i>Commercial</i>	1.0%	1.4%	0.9%
Corporate	0.1%	1.8%	2.9%
Government	0.0%	0.0%	0.0%
Total	1.1%	1.7%	1.7%

- **Deposits**

	2020	2019	2018
Non-Interest Bearing Demand Deposits	\$ 341,309	\$ 297,379	\$ 303,340
Interest Bearing Demand Deposits	192,022	140,158	110,670
Total Demand Deposits	533,331	437,537	414,010
Time Deposits – Retail	217,272	229,036	222,748
Money Market	92,650	77,698	122,477
Total Bank Deposits	843,253	744,271	759,235
GFNorte's Total Deposits	821,712	724,490	756,301
Third Party Deposits	151,228	152,648	150,850
Total Assets Under Management	\$ 994,481	\$ 896,919	\$ 910,085

Million pesos.

Core deposits had were down (5%), while demand deposits grew 22% mainly in interest-bearing demand accounts, as result of strategies focused on increasing customer balances and consequently lowering interbank funds, which have a higher cost.

Money market operations and securities issued, 19% annually. Altogether, **total bank deposits** grew 13% in the year.

Capital

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

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

2. Consolidated Bank

Net income registered an increase of 11%, although in recurring figures it is 14% compared to 2018. Profitability had a significant improvement: ROE in 2019 reached 24.2%, (148 bps) lower vs. the previous year; on the other hand, ROA increases 10 bps to stand at 2.4%.

According to GFNorte's ownership percentage on the bank, the **Consolidated Bank's Net Income in 2019** amounted to Ps 26,994 million, an annual increase of 11%, representing 75% of the Group's results.

Consolidated Income Statement

	2020	2019	2018
Interest income	\$ 110,674	\$ 127,208	\$ 117,979
Interest expense	(41,292)	(58,621)	(53,466)
NET INTEREST INCOME (NII)	69,382	68,587	64,513
Loan Loss Provisions	(21,864)	(15,104)	(15,635)
NET INTEREST INCOME ADJUSTED FOR CREDIT RISK	47,518	53,483	48,878
Fees Charged	2,284	22,906	21,379
Fees Paid	(9,176)	(8,516)	(7,850)
Trading Income	4,217	4,560	3,799
Other Operating Income	1,549	2,624	2,869
Non-Interest Income	19,474	21,574	20,197
Administration and promotional expenses	(39,982)	(38,095)	(35,079)
OPERATING INCOME	27,010	36,962	33,997
Subsidiaries' Net Income	104	128	162
PRE-TAX INCOME	27,114	37,090	34,158
Income Tax	6,809	(8,021)	(8,565)
Deferred Income Tax (Net)	79	(1,576)	(759)
Taxes	(6,730)	(9,597)	(9,324)
INCOME BEFORE DISCONTINUED OPERATIONS	20,384	27,493	24,834
Discontinued operations	-	-	-
INCOME FROM CONTINUOUS OPERATIONS	\$ 20,384	\$ 27,493	\$ 24,834

Million pesos.

The following is a breakdown of the most important items of the income statement:

- **Net Interest Income**

	2020	2019	2018
Interest Income	\$ 109,236	\$ 125,803	\$ 116,698
Interest Expense	40,137	57,464	52,422
Fees Charged	1,439	1,405	1,282
Fees Paid	1,155	1,156	1,044
Net Interest Income	\$ 69,382	\$ 68,587	\$ 64,514
Credit Provisions	21,864	15,104	15,635
Net Interest Income Adjusted for Credit Risk	\$ 47,518	\$ 53,483	\$ 48,879
Average Earnings Assets	\$ 1,167,562	\$ 1,077,412	\$ 1,025,487
NIM ¹⁾	5.94%	6.37%	6.29%
NIM adjusted for Credit Risk ²⁾	4.96%	4.77%	4.30%

Million pesos.

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

2. Annualized Net Interest Income adjusted for Credit Risk / Average Earnings Assets.

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

Provisions

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

Non-Interest Income

	2020	2019	2018
Services	\$ 13,708	\$ 14,390	\$ 13,529
Trading	4,217	4,560	3,799
Other Operating Income (Expense)	1,549	2,624	2,869
Non-Interest Income	\$ 19,474	\$ 21,574	\$ 20,197

Million pesos.

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

- **Non-Interest Expense**

	2020	2019	2018
Personnel	\$ 15,782	\$ 15,162	\$ 14,312
Professional Fees	2,892	2,529	2,718
Administrative and promotional expenses	7,449	8,011	7,342
Rents, depreciations and amortizations	7,875	6,674	5,319
Other Taxes and Non-deductible Expenses	1,830	1,926	1,795
Contributions to IPAB	3,630	3,297	3,149
Employee Profit Sharing (PTU)	524	496	445
Non-Interest Expense	\$ 39,982	\$ 38,095	\$ 35,079

Million pesos.

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

- **Performing Loan Portfolio**

	2020	2019	2018
Commercial *	176,871	156,961	158,938
Consumer*	304,213	286,314	266,983
Corporate	145,332	130,077	138,128
Government	156,115	170,155	192,234
Subtotal	782,532	743,507	756,284
Recovery Bank	-	-	52
Total performing loans	\$ 782,532	\$ 743,506	\$ 756,336
Past due loans	8,580	12,392	12,840
Total Loans	\$ 791,112	\$ 755,899	\$ 769,174
% NPL Ratio	1.1%	1.6%	1.7%

Million Pesos.

	2020	2019	2018
Mortgage	\$ 187,736	\$ 170,086	\$ 155,748
Car Loans	28,158	26,661	24,125
Credit Cards *	36,651	39,700	36,657
Payroll	51,668	49,868	50,454
Consumer loans	\$ 304,213	\$ 286,314	\$ 266,983

Million Pesos.

The performing portfolio at the end of the year **increased +3,14%** increase in Consumption in the Mortgage part.

In the year, the past due portfolio balance decreased by Ps 4,260 million due to the combined effect of prepaid write-offs of Ps 3,348 million applied during the year and because the effect of the extension of the support programs has not fully materialized.

- **Deposits**

	2020	2019	2018
Non-Interest Bearing Demand Deposits	\$ 341,309	\$ 297,379	\$ 303,340
Interest Bearing Demand Deposits	192,022	140,158	110,670
Total Demand Deposits	\$ 533,331	\$ 437,537	\$ 414,010
Time Deposits – Retail	217,272	229,036	222,748
Money Market	92,650	77,698	122,477
Total Bank Deposits	\$ 843,253	\$ 744,271	\$ 759,235

Million pesos.

In the annual comparison, time deposits decreased (5%), while demand deposits grew 22%, to a greater extent in view of interest, as a result of efforts focused on increasing balances with clients and the consequent reduction of higher cost interbank funding, in line with the strategy to improve the margin.

Trading desk and credit instruments issued in the year grew 19%. In sum, the Bank's comprehensive deposits increased 13% in the year.

Capital

Shareholders' equity totaled **Ps 135.05 billion**, in the year, the negative trend in the valuation results was reversed, so that at the end of 2020 there was a net gain of Ps 1.99 billion related to valuation of available-for-sale securities, and Ps 1.38 billion on valuation of cash flow hedging instruments.

3. Brokerage

	2020	2019	2018
Net Income	\$ 1,492	\$ 1,259	\$ 1,198
Stockholders' Equity	6,130	4,634	3,884
Total Assets	245,860	190,026	214,073
Assets Under Management	889,022	919,985	878,033

Million pesos.

The Brokerage business (Casa de Bolsa Banorte and Operadora de Fondos) reported **net income of Ps 1,492 million in 2020**, 18% higher for the year. In addition, it is worth highlighting the **(29%)** lower non-interest expense for the quarter and (10%) for the year. Regarding securities transactions, it reflects (30%) lower trading in the year, and (118%) lower valuation.

Net income from the brokerage business in 2020 accounted for 6.0% of the group's net income.

- **Assets Under Management**

At the end of 2020, AUMs totaled **Ps 889 billion, down (2%)** during the quarter, and down (3%) annually.

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

As of 2020, Banorte held an 8.5% share of the mutual fund market: 10.7% of fixed income funds, and 3% of equity funds.

4. Long-Term Savings

The following figures correspond to what was reported in the Financial Statements of each company. The total sector figures are not consolidated figures. See note 28 of the Audited Financial Statements.

	2020	2019	2018
Long-Term Savings Sector			
Net Income	\$ 7,239	\$ 6,427	\$ 5,697
Stockholders' Equity	35,915	28,613	27,246
Total Assets	233,007	190,602	174,804
Seguros Banorte*			
Net Income	\$5,719	\$5,526	\$4,690
Stockholders' Equity	28,325	22,634	23,096
Total Assets	65,038	53,610	51,478
Afore XXI Banorte			
Net Income	\$ 3,814	\$ 3,275	\$ 2,558
Stockholders' Equity	25,551	25,466	24,541
Total Assets	28,049	27,820	26,437
AUM ¹⁾	1,016,188	882,314	747,082
Pensiones Banorte			
Net Income	\$ 1,551	\$ 1,030	\$ 818
Stockholders' Equity	6,448	4,870	3,845
Total Assets	167,078	136,092	123,177

Million pesos.

1. Source: CONSAR

* Consolidated Seguros: Includes Seguros and Afore XXI (50%)

- **Seguros Banorte**

Interest income (Net) accumulated 2019 figures, **rose 11% annually**, explained by the valuation of investment assets.

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

Acquisition costs compared to 2019, decreased **(2%)**. The change follows a seasonal effect in issued premiums.

Net Operating Income amounted to **Ps 659 billion for 2020**, down **(38%)** vs. the previous quarter, as result of **(14%)** lower interest income.

Net Income for 2020 was **3%** higher than the accumulated net income of 2019.

Net Income for Seguros Banorte, excluding its subsidiary Afore XXI Banorte, totaled **Ps 471 million**, accounting for 7.9% of GFNorte's net income on 2020.

ROE for the Insurance business ex-Afore XXI stood at 42.4%.

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

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

- **Afore XXI Banorte**

For 2020, Afore XXI Banorte reported **net income of Ps 3.8 billion, 16% greater** vs. 2019 mainly explained by capital gains in the Afore special reserve in its (SIEFORES) due to market volatility.

ROE reached 15.4%, up **2.1pp** vs. 2019. Excluding goodwill, **Return on Tangible Equity (ROTE) stood at 49.4%**.

Afore XXI Banorte represented 8.0% of the Financial Group's net income during 2020.

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

- **Pensiones Banorte**

During 2020, **net interest income** reached Ps. 10.78 billion increased 25% primarily explained by the valuation effect and the increase in interest income.

Technical results were down by (25%) generated by Ps 3.38 billion higher reserves, in addition to 17% higher claims or Ps 1.19 billion, which was not offset by the Ps 2.85 billion growth in premium issuance.

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

Net income from Pensiones Banorte during 2020 represented 8.4% of the Financial Group's net income.

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

5. SOFOM and Other Finance Companies

The following figures correspond to what was reported in the Financial Statements of each company. The total sector figures are not consolidated figures. See note 28 of the Audited Financial Statements.

	2020	2019	2018
SOFOM and Other Finance Companies			
Net Income (loss)	\$ 641	\$ 786	\$ 80
Stockholders' Equity	9,753	9,299	8,516
Total Portfolio	35,215	34,870	35,218
Past Due Loans	351	415	422
Loan Loss Provisions	(540)	(556)	(580)
Total Assets	47,014	47,187	47,023
Leasing and Factoring (previous Sólida Administradora de Portafolios*)¹⁾			
Net Income	\$ 605	\$ (173)	\$ (797)
Stockholders' Equity	9,335	3,009	3,178
Total Portfolio*	38,725	1,723	2,709
Past Due Loans	351	71	101
Loan Loss Provisions	(540)	(132)	(187)
Total Assets	45,725	9,221	9,515
Warehousing			
Net Income	\$ 37	\$ 3	\$ 17
Stockholders' Equity	283	245	243
Inventories	945	677	961
Total Assets	1,154	852	1,154
Fusión Sólida AyF (Exercise of merger in hissotry*)			
Net Income (loss)	\$ 605	\$ 784	\$ 64
Stockholders' Equity	9,335	8,917	8,135
Total Portfolio	38,725	37,677	38,626
Past Due Loans	351	415	422
Loan Loss Provisions	(540)	(556)	(580)
Total Assets	45,725	46,198	45,731
Ixe Servicios			
Net Income (loss)	\$ (2)	\$ (1)	\$ (1)
Stockholders' Equity	135	137	138
Total Assets	135	137	138

Million pesos.

* Includes portfolio of assets under pure lease and assets in own fixed assets recorded in real estate, furniture and equipment (net).

1) Breakdown for informational purposes

- **Leasing and Factoring (Merger between Sólida ans Arrendadora)**

Results shown are those resulting from the merger, as well as those from a historic exercise for comparison purposes. **Net income** during 2020 totaled **Ps 605 million down (23%) lower annually** mainly due to a reduction in the value of assets from Investment Projects and Foreclosed Assets.

The Past due loans ratio reached 1.0%, Coverage ratio totaled 153.7%, **capital ratio for 2020** totaled 19.12%, considering total risk weighted assets of Ps 39.37 billion.

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

In 2020, Net Income from Leasing and Factoring represented 2% of the group's total results.

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

- **Warehouse**

In 2020, the Warehousing business reported net income of Ps 37 million, 1336% higher against 2019, mainly due to tax provisions for reported net income for the period. ROE reached 14.2%, and the capital ratio totaled 191% considering a net capital of Ps 237 million, and negotiable certificates of deposit issued in active warehouses totaled Ps 2.48 billion.

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

B) Financial situation, Liquidity and Capital resources
NET INCOME AND PROFITABILITY INDICES
GFNorte's Equity

	2020	2019	2018
Paid-in Capital	14,919	14,992	14,962
Premium of Subscribed & Issued Shares	48,269	47,979	47,904
Subscribed Capital	\$63,188	\$62,971	\$62,866
Capital Reserves	9,215	6,486	5,207
Retained Earnings	118,773	90,084	76,550
Surplus (Deficit) from Valuation of Securities Available for Sale	3,801	1,763	(2,136)
Results from Valuation of Hedging Instruments	(887)	(2,246)	(3,369)
Results from Valuation of the reserve for unexpired risks on changes in rates	(231)	(85)	28
Results from Conversions	134	77	1,751
Remeasurements on defined benefits for employees	(2,259)	(1,861)	(576)
Net Income	30,508	36,528	31,958
Earned Capital	\$159,054	\$130,746	\$109,413
Minority Interest	2,862	2,281	2,185
Total Shareholders' Equity	\$225,104	\$195,998	\$174,464

Million pesos.

Consolidated Bank's Equity (*)

	2020	2019	2018
Paid-in Capital	18,795	18,794	18,794
Premium of Subscribed & Issued Shares	2,964	2,123	1,184
Subscribed Capital	\$21,759	\$20,917	\$19,978
Capital Reserves	18,959	17,330	14,847
Retained Earnings	73,302	50,883	53,133
Surplus (Deficit) from Valuation of Securities Available for Sale	3,871	1,885	(1,994)
Results from Valuation of Hedging Instruments	(905)	(2,287)	(3,430)
Results from Conversions	7	(34)	1,659
Remeasurements on defined benefits for employees	(2,333)	(1,930)	(628)
Net Income	20,384	27,493	24,834
Earned Capital	\$113,285	\$93,340	\$88,421
Minority Interest	3	3	3
Total Shareholders' Equity	\$135,047	\$114,260	\$108,402

Million pesos.

(*) Does not include the Afore.

Banco Mercantil del Norte's Capitalization Ratio*

See Note 30 of GFNorte's 2020 Audited Financial Statements

	dic-20	dic-19	dic-18
Tier 1 Capital	179,701	139,655	113,835
Tier 2 Capital	8,894	8,783	14,472
Net Capital	\$188,595	\$148,438	\$128,307
Credit Risk Assets	706,611	627,281	627,479
Market & Operational Risk Assets	227,823	173,163	119,985
Total Risk Assets ¹⁾	\$934,435	\$800,445	\$747,464
Net Capital / Credit Risk Assets	26.69%	23.66%	20.45%
Capitalization Ratio			
Tier 1	19.23%	17.45%	15.23%
Tier 2	0.95%	1.10%	1.94%
Total Capitalization Ratio	20.18%	18.54%	17.17%

Million pesos.

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

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

At the end of 2020 the estimated Capital Adequacy Ratio (CAR) for Banorte was 20.18% considering credit, market, and operational risks. CAR considering only credit risks is 26.69%. Total Tier 1 Capital reached 13.90% as of 4Q20

CAR increased 1.63pp vs. 2019 due the following effects:

	With Additional Reserves	Without Additional Reserves
	+1.63 pp	+ 2.13pp
1. Net Income growth	+ 2.74 pp	+ 2.74 pp
2. Other capital effects***	+0.85 pp	+0.85 pp
3. Capital Notes**	+0.85 pp	+0.85 pp
4. Securities' mark-to-market valuation and Hedging Derivatives *	+ 0.41 pp	+ 0.41 pp
5. Additional loan loss provisions	-0.56 pp	- 0.00 pp
6. Growth in Risk Assets	- 2.67 pp	- 2.73 pp

* Includes fixed rate hedging derivatives

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

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

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

At the end of 2020, Banorte's Capital Adequacy Ratio (CAR) was 20.18% considering credit, market and operational risks, and 26.69% considering only credit risks. The level of CET Ratio is 13.90%, Total Tier 1 Capital is 19.23% and Tier 2 Capital was 0.95%.

CASH FLOW STATEMENT

The cash flow statement reveals cash available to the institution at a certain point in time in order to meet its obligations with creditors. The structure of the cash flow statement provides details of the cash generated by the operation, and uses of resources for net financing and the investment program. As of December 2020, available cash amounted to Ps 109.31 billion, 74.06% higher than the Ps 62.80 billion registered in December 2019.

GFNorte's Cash Flow Statement

	2020	2019
Net income	\$30,508	\$36,528
Items not requiring (generating) resources:		
Depreciation and amortization	2,287	2,087
Technical reserves	17,793	15,003
Provisions	124	1,484
Current and deferred income tax	10,049	12,795
Subsidiaries' Net Income	(1,614)	(1,207)
	59,147	66,690
OPERATING ACTIVITIES:		
Changes in margin accounts	(12,172)	(4,469)
Changes in investments in securities	(74,742)	12,984
Changes in repo debtors	(966)	(2,048)
Changes in derivatives (assets)	(25,924)	5,803
Change in loan portfolio	(33,257)	13,802
Changes in acquired collection rights	(15)	816
Changes in accounts receivable from insurance and annuities, net	(476)	(38)
Changes in debtor premiums, net	121	(639)
Changes in reinsurance (net) (asset)	517	1,169
Changes in receivables generated by securitizations	28	(78)
Change in foreclosed assets	(399)	(259)
Change in other operating assets	(7,669)	(15)
Change in deposits	97,222	(31,811)
Change in interbank and other loans	(1,040)	(21,697)
Change in creditor balances under repurchase and sale agreements	7,136	(23,499)
Collateral sold or pledged	(84)	103
Change in liability position of derivative financial instruments	23,345	(2,853)
Change in technical reserves (net)	15,567	(1,395)
Changes in reinsurance (net) (liability)	764	180
Change in subordinated debentures	9,102	14,489
Change in other operating liabilities	6,648	(4,712)
Change in hedging instruments related to operations	(1,112)	(6,748)
Income tax	(7,034)	(8,818)
Net cash generated or used from operations	54,707	6,957
INVESTING ACTIVITIES:		
Proceeds on disposal of property, furniture and equipment	2,884	1,406
Payments for acquisition of property, furniture and equipment	(7,435)	(4,578)
Charges on acquisitions of Subsidiaries and associated companies	-	68
Payment on acquisitions of Subsidiaries and associated companies	(139)	(101)
Charges for cash Dividends	1,969	1,265
Net cash flows from investment activity	(2,721)	(1,940)
FINANCING ACTIVITIES:		
Charges on share issuance	-	108
Dividends paid	-	(15,954)
Repurchase of shares	(2,146)	-
Interest payments on subordinated obligations	(3,342)	(1,983)
Net financing activity cash flows	(5,488)	(17,829)
Net (decrease) increase in cash and cash equivalents	46,498	(12,812)
Effects from changes in the value of cash and cash equivalents	11	(28)
Cash and cash equivalents at the beginning of the year	62,797	75,637
Cash and cash equivalents at the end of the year	\$109,306	\$62,797

Million pesos.

DIVIDENDS

By resolution of the Ordinary General Shareholder Meeting of Shareholders held on April 30, 2019, it was approved to amend GFNORTE's Dividend Policy, so that the dividend payment can be a percentage in accordance with the following:

1. A percentage between 16% and up to 50% of the profit of the previous year.

For reference, the former Policy established the following:

- a) By resolution of the Ordinary General Shareholder Meeting of Shareholders held on November 19, 2015, it was approved to amend GFNORTE's Dividend Policy, so that the dividend payment can be a percentage in accordance with the following:
 1. Payment between 16% and 40% of the recurring net income depending on its annual growth.
 2. By resolution of the Ordinary General Meeting of Shareholders dated 17 October 2011, it provided for the payment of dividends as follows:
 1. 16% of recurring net income in case profit grows between 0% and 10% during the year.
 2. 18% of recurring net income in case profit grows between 11% and 20% during the year.
 3. 20% of the recurring net income in case the profit grows more than 21% during the year.

POLICIES GOVERNING TREASURY ACTIVITIES OF THE BANK

Regulatory Framework

All operations carried out by the Treasury will be executed in strict accordance with regulations established by Banking Institution regulatory authorities, such as the Central Bank (BANXICO), the National Banking and Securities Commission (CNBV), the Ministry of Finance and Public Credit (SHCP), as well as those set forth in the Law of Credit Institutions.

Moreover, the Treasury is subject to the policies regarding the management of liquidity, market and counterparty credit risks established by the Risk Policy Committee and which are set according to limits established annually to the following operation parameters:

Market Risk:

- VaR (Value at Risk).
- DV01 (sensitivity by security, term and currency).

Liquidity Risk:

- LCR (Liquidity Coverage Ratio)
- ACLME (Regime of liabilities admission and investment in foreign currency and regime of FX risk position).
- NSFR (Net Stable Funding Ratio)
- Survival horizon.

Credit Risk:

- Lines with Counterparties.

Capital Management:

- Tier 1, Core Tier 1 and Net Capital (these are monitoring thresholds, the Treasury will set mechanisms to the extent that the Bank or any of its subsidiaries approaches the limits established by the CPR).

Treasury Management

In order to maintain a prudent strategy for the management of assets and liabilities through stable funding sources, constitute and maintain liquid assets at optimum levels, the Treasury applies the following limits:

1. Diversification of funding sources in national and international markets.
2. Structure liabilities in such a way as to avoid the accumulation of maturities that significantly influence the administration and control of the Treasury's resources.
3. Ensure liquidity by tapping mid and long-term liabilities.
4. Manage and maintain liquid assets to total assets considering its effects on profitability and liquidity needs.
5. Determine and propose to the General Management the Transfer Costs Policy according to the current business plan.

Treasury's Funding sources

Sources of financing for the International Treasury are classified as follows:

1. Public:
 - Demand Deposits
 - Retail Deposits
2. Market:
 - Commercial paper.
 - Cross Currency Swaps
 - Syndicated Loans.
 - Securitizations
 - Deposit Certificate.
 - Issuance Schedule
 - Bank Loans
3. National Banks and Development Funds:
 - National Banks.
4. Correspondent Banks:
 - Foreign Banks
5. Available credit lines: (not available)
 - Commercial paper.
 - Call Money
 - Correspondent banks.

Through diverse Long Term Financing Programs, proposals will be studied, analyzed and implemented, in order to consolidate an adequate debt profile.

The Treasury, in coordination with the Head of Risk Management, will monitor the results of its daily calculations of liquidity coefficients established by the CPR and authorities.

PAID AND DEFERRED TAX

Concept	As of December 31, 2020
Income Tax (ISR)	9,247
Profit Sharing (PTU)	524
Updated caused taxes	0
Deferred ISR & PTU	802
Updated deferred taxes	0
Total	\$10,573

Million pesos.

Temporary Asset Differences	ISR	PTU	Net
Allowance for loan losses	345	0	345
Fiscal losses	808	0	808
Reserves for loan losses	5,839	0	5,839
Excess of tax over book value of foreclosed and fixed assets	639	0	639
PTU	159	0	159
Fees collected in advance	1,063	0	1,063
Accounting provisions	1,669	0	1,669
Other items	327	0	327
Total Assets	\$10,849	\$0	\$10,849

Temporary Liability Differences	ISR	PTU	Net
Excess of tax over book value of foreclosed and fixed Assets	(158)	0	(158)
Portfolios acquired	(570)	0	(570)
Capitalized projects' expenses	(6,073)	0	(6,073)
Valuation of Financial Instruments	(5,050)	0	(5,050)
Anticipated contributions to the pension fund	(173)	0	(173)
Intangible Assets	(348)	0	(348)
Deferred derived from purchase method on IXE acquisition	(55)	0	(55)
Other liabilities	(41)	0	(41)
Total liabilities	(\$12,467)	\$0	(\$12,467)

Assets (Liabilities) Accumulated Net	(\$1,618)	\$0	(\$1,618)
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Million pesos.

GFNorte recognizes the effect of deferred taxes determined under the assets and liabilities method, in accordance with NIF D-4 "Income Tax", through a comparison of their accounting and fiscal values. Temporary differences arise from this comparison to which the corresponding tax rate was applied.

On the other hand, employee profit sharing (PTU) is determined using the guidelines established by the *Constitución Política de los Estados Unidos Mexicanos*, so deferred taxes are not generated.

The net effect of all the aforementioned operations are shown in the Balance Sheet under assets entitled "Deferred Taxes".

The deferred taxes for each subsidiary as of December 31, 2020 are as follows:

Deferred Taxes	As of December 31, 2020
Banco Mercantil del Norte S.A.	(265)
Grupo Financiero Banorte S.A.B. de C.V.	162
Arrendadora y Factor Banorte S.A. de C.V.	1,060
Banorte Ahorro y Previsión S.A. de C.V.	(2,415)
Casa de Bolsa Banorte, S. A. de C. V.	(165)
Almacenadora Banorte S.A. de C.V.	5
Total	(\$1,618)

Million pesos.

TAX CREDITS OR DEBTS

The tax credits listed below are currently in litigation:

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

Million pesos

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

- A. The various Corporate Governance Committees have had the required financial, economic, accounting and/or legal information for proper decision-making.
- B. Corporate Governance documents related to Internal Controls were revised and updated, where were presented to the board through CAPS for their approval.
- C. The policies and procedures manuals have been updated as per changes in external regulations, client support programs, new products, and changes in the Institution's processes or improvements to internal controls.
- D. 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.
- E. 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.
- F. Various activities regarding internal accounting control were concluded, in accordance with the work plan established at the beginning of the year.
- G. Effectiveness tests related to the Business Continuity Plan were carried out. In this matter, regarding the global contingency represented by COVID 19, the Continuity Plan remains activated under its Pandemic section. The implemented actions continue responding to the considerations of each moment and are consistent with the assessment of an incremental risk.
- 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. There has been continuous follow-up of the improvement actions regarding the observations made by the different members of the SCI.
 - J. The requirements of the Supervisory Authorities were answered, the obligation to inform required by the external regulation were fulfilled, ordinary inspection visits are being attended, and their recommendations were appropriately followed.

D) COVID NOTE

GFNorte Note

In response to the environment caused by the health crisis and its foreseeable effect in the deterioration of bank assets and the uncertain economic recovery outlook that took place in the middle of last year, Grupo Financiero Banorte decided to implement two strategies. First, supporting borrowers who have the need to reduce the charges generated by the loans acquired, by strengthening their balance sheet in the face of potential effects on credit assets. To achieve the first objective, several internal support and restructuring programs were generated through the different subsidiaries, which allowed deferring the payment of principal and interest to more than 630 thousand loans, most of which have recently concluded and only 12% with have a remaining balance, that is to say, 88% of the credits attached to the internal support programs, are paying on a regular basis.

The effect of the special programs on the Capital Adequacy Ratio (CAR) is minimal. If the Special Accounting Criteria were not considered in the deferral of credits, the CAR would have been positioned at 20.10% and the Core Equity Ratio (CET1) at 13.85%, with respect to the real levels of 20.18% for CAR and 13.90% for CET1.

On the other hand, Arrendadora and Factor Banorte granted facilities with options on payment dates and rates, for an amount of \$ 1,087 million pesos, representing 3.12% of the portfolio. These programs do not pressure the institution's solvency structure, since it maintains solid capital levels with an indicator of 19.12% at the end of December 2020, well above the applicable regulatory minimum of 10.50%. Without considering the effect of the Special Accounting Criteria, the CAR would have had an impact of +88 bps, positioning itself at 20.00%.

Regarding the second objective, and in order to strengthen the internal balance sheet structure, Grupo Financiero Banorte recognized additional provisions during 2Q20 and 4Q20, which together totaled Ps 7,274 million. Of these, Ps 5,000 million correspond to additional reserves and Ps 2,274 million to prepayments in the portfolio of the different products. Of the Ps 5,000 million of additional reserves, only 14% were consumed during 4Q20. It is important to note that, had no advance provisions been recorded in the year, the provisioning requirement would have been 3% lower than in 2019, and consequently the risk adjusted NIM which stood at 4.1% with a decrease of (89bp), would have reflected 4.4% with recurring figures. In the same context, income with recurring figures would have been Ps 35,583 million in contrast to Ps 30,508 million registered at the end of 2020.

Without considering the effect of additional reserves on the capital ratios and considering the Special Accounting Criteria, they would have been 50bps higher for CAR and 52bps for CET1, positioning at 20.68% and 14.42% respectively. Without the special criteria the CAR and CET1 are 20.60% and 14.37% respectively, compared with the actual reported figures of 20.18% for CAR and 13.90% for CET1.

Regarding Insurance and Annuities NII, it is worth to mention that it grows 8% derived from 22% higher net interest income despite the impact on the technical result, which reflects an increase of Ps 4,312 million in premium income that cannot be offset by the increase in technical reserves, mainly in Annuities and 17% higher claims associated with the pandemic.

Casa de Bolsa Banorte is not subject to the exemptions in matters of capital and liquidity published by the CNBV and Banco de México. However, even if they had been subject to the aforementioned dispensations, it is not considered that they would have been applied. The foregoing given the solvency and liquidity levels

reflected by the institution, with a CAR of 14.08% and a regulatory liquidity indicator of 98.49%, both above the applicable regulatory minimums of 10.50% and 20.00% respectively.

Regarding Grupo Financiero Banorte's liquidity strategy, implemented by the Bank, it has been oriented towards maintaining adequate liquidity levels based on the prevailing circumstances. In this sense, given the current contingency, it was decided to strengthen liquidity levels through the funding structure with clients, as well as through the issuance of AT1 Perp Notes NC10 for USD 500 million in July 2020.

Considering the foregoing, Grupo Financiero Banorte, has not used or has planned to use the Ordinary or Extraordinary Facilities of Banco de México, beyond the decrease in the Deposit of Monetary Regulation, and the waivers in the calculation of outflows for derivatives (LBA) and the impairment of liquid assets, which contributed marginally 1%, 0.5% and 0.6%, respectively, to the liquidity indicator called CCL. In the same sense, the use of the liquidity facility consisting of the possibility of keeping the CCL below 100% is not contemplated and at a prudential and management level there is an objective of keeping the indicator above 100% at all times. The foregoing has been reported to the Board of Directors in its sessions of April 2020, July 2020, September 2020 and January 2021.

Finally, regarding the capital dispensation related to 50% of the actual excess buffer to leave the minimums at 6.20% for the Core Equity, 7.70% for the Tier1 and 9.70% for the CAR, the fact that the Bank CET levels are 600bps above the regulatory minimum without waivers, reflects that it has not been contemplated for disposal and in the same sense it has been reported to the Board of Directors.

Additionally, during 2020 we continued with the development of activities related to strengthening the control environment, risk assessment and management, the establishment and monitoring of controls, and the assurance of information quality and security, including effectiveness tests related to the Business Continuity Plan. Regarding this matter, regarding the global contingency represented by COVID 19, the Continuity Plan was activated under its Pandemic section.

The actions implemented throughout the year in different operational aspects are the result of the considerations taken at each moment and are in accordance with the assessment of incremental risk derived from the pandemic. Derived from the above, and despite the fact that the contingency had impacted the growth of the business and on the estimated results set at the beginning of 2020, at the end of the year and taking into consideration the balance sheet strength, the capitalization indicators, the results of the support programs, the quality of the assets, the deposit stability, and the national and international recovery outlook under positive vaccination processes, the management has no doubts on the going concern assumption of the group.

Insurance Note

In response to the environment that generated the health crisis and its foreseeable consequence in the expected deterioration of assets and the uncertain economic recovery outlook that took place in the middle of last year, Seguros Banorte had its main impact on the item of written premiums and in the cost of claims.

In the case of written premiums, an impact was observed in the auto insurance branch due to a decrease in premiums in individual policies since, derived from the economic situation, many policyholders decided not to renew their insurance coverage and in other cases they chose to cancel their policy generating a decrease in earned premiums and its proportional decrease in the acquisition cost of the auto policies.

On the other hand, regarding the cost of claims, the insurer required the application of an actuarial judgment in the calculation of the CRR and the SONR in order to guarantee compliance with the obligations with the insured, as well as to recognize in a timely manner the impacts due to the accident rate in the Life and Major Medical Expenses lines. These criteria were duly reported to the CNSF regulator by the actuarial auditors. At the end of the fiscal year, a total number of 4,452 deaths by COVID during 2020 was estimated for the insured population of Seguros Banorte's life line, and the total estimated amount of claims amounted to Ps 2,185 million, which weighted by their recovery level by reinsurance, generates an estimate of total retained claims of Ps 1,632 million for the Life line. This is reflected in the income statement in the cost of claims item and in the technical reserves item of the balance sheet.

Regarding Health Insurance Policies, the total estimated value of claims for COVID-19 within Seguros Banorte is Ps 537 million and weighted by the level of recovery observed by reinsurance, it generates an estimate of total retained claims of Ps 414 million. This is reflected in the income statement in the cost of claims item and in the technical reserves item of the balance sheet.

Moreover, the decrease in the cost of claims is the consequence of lower traffic in generally due to the mobility restrictions of the pandemic, coupled with the reduction in the issuance of insurance policies, particularly individual policies. The aforementioned effects had a direct impact on the loss ratio of the auto branch of the income statement and in the technical reserves item of the balance sheet.

Derived from the analysis carried out by Banorte Seguros in relation to the impact on Technical Reserves due to the health crisis of COVID-19, the Company considered various actuarial judgments for the calculation of the Short-term Ongoing Risks Reserve and Life policies SONR, as well as the Reserve for Risks in Progress and for Medical Expenses SONR.

The detail of the methodology used in the actuarial judgment is part of the 2020 actuarial opinion presented to the CNSF.

The additional reserve derived from the application of the actuarial criterion with respect to applying the methodology registered for the Life line was Ps 811 million and Ps 457 million for Health Insurance policies, reflected in the net increase of the risk in progress reserve and on the loss expense in the income statement and under the technical reserves item in the balance sheet.

On the other hand, with regard to regulators requests for information, Pensiones Banorte promptly complied with each of the information requirement without setbacks and sent the requested information correctly.

Additionally, during 2020, activities related to strengthening the control environment, risk assessment and management, the establishment and monitoring of controls, and the assurance of information quality and security continued. On the other hand, in accordance with the Business Continuity Plan, the management implemented a series of actions such as the adoption of operational processes to keep the business running, giving continuity to the operation with the least possible impact on customers and related third parties.

Annuities Note

In response to the environment that was generated by the health crisis and its foreseeable consequence in the expected deterioration of assets and the uncertain outlook of economic recovery that took place in the middle of last year, Pensiones Banorte had its main impact reflected in an increase in the mortality rates of pensioners which resulted in a release of reserves for Ps 138 million equivalent to 9.17% of the reserves released for deaths in 2020. This represented 8.22% of the total deaths registered in the year. This situation was reflected in the income statement under the heading of net increase in the risk reserve in progress and under the heading of technical reserves of the balance sheet.

On the other hand, with regard to regulators requests for information, Pensiones Banorte promptly complied with each of the information requirements without setbacks and with the requested information sent correctly.

Additionally, during 2020, activities related to strengthening the control environment, risk assessment and management, the establishment and monitoring of controls, and the assurance of information quality and security continued. On the other hand, in accordance with the Business Continuity Plan, the administration implemented a series of actions such as the adoption of operational processes to keep the business running, giving continuity to the operation with the least possible impact on customers and related third parties.

Leasing and Factoring Note

In response to the health crisis and its effect in the deterioration of the bank assets during the uncertain economic scenario and the recovery outlook that took place in the middle of 2020, Arrendadora y Factor managed to serve its clients in a timely manner through open communication channels to respond quickly to any financing need of clients. In addition, no significant effects from the pandemic were detected in the Credit origination process.

It should be noted that derived from the characteristics of the banking business in which the institution operates, the generation of additional reserves was not implemented. However, from April to June 2020, term and interest rate facilities were granted to customers, to face the economic problems caused by the Pandemic. The total support amounted to \$ 1,087 million pesos, representing 3.12% of the portfolio.

Arrendadora y Factor maintains solid capital levels, with a CAR indicator of 19.12% at the end of December 2020, well above the applicable regulatory minimum of 10.50%. Without considering the effect of the Special Accounting Criteria, the CAR would have an impact of +88 bps, reaching 20.00%.

It should be noted that the main liquidity indicator of Arrendadora y Factor corresponds to the liquidity indicator called Consolidated CCL, which it is managed by the Banorte Treasury Department. Regarding Banorte's liquidity strategy, it has been oriented towards maintaining appropriate liquidity levels depending on the prevailing circumstances. In this sense, given the current contingency, it was decided to strengthen liquidity levels through the funding structure with clients, as well as through the issuance of Notes AT1 Perp NC10 for USD 500 million in July 2020. Regarding liability management, it can be noted that the sources of funding for the bank have remained at normal levels, so there has not been a lack of liquidity event from the part of the bank to meet its financial commitments.

In addition, the Ordinary and Extraordinary Facilities of Banco de México have not been used and are not expected to be used, despite the decrease in the Monetary Regulation Deposit, the decrease in waivers for the calculation of derivatives outflows (LBA) and the impairment of liquid assets, which contributed marginally 1%, 0.5% and 0.6%, respectively, to the liquidity indicator called CCL, and highlighting that none of the Banxico facilities apply directly to Leasing and Factor positions.

Additionally, during 2020 we continued with the development of activities related to strengthening the monitoring of controls, risk assessment and mitigation, the management of information quality and security, and effectiveness tests related to the Business Continuity Plan. Regarding this matter, and in relation to the COVID 19, the Continuity Plan was activated under its Pandemic section.

The institution activated the Business Continuity Plan in February 2020 in anticipation of the declaration made on March 11, 2020, by the World Health Organization declaring that the COVID-19 virus disease represented a pandemic and an emergency of public health and international interest, issuing a series of recommendations for its control, due to its contagion risk to the general population. The operational continuity plan has worked, and there have been no incidents that have implied the suspension of services, nor cyber incidents or setbacks with relevant suppliers. The staff has followed the institutional policies and 85% of workers are doing work from home.

The actions implemented throughout the year in different operational aspects are the result of the considerations taken at each moment and are in accordance with the assessment of incremental risk derived from the pandemic. Derived from the above, and despite the fact that the contingency had impacted the growth of the business and on the estimated results set at the beginning of 2020, at the end of the year and taking into consideration the balance sheet strength, the capitalization indicators, the results of the support programs, the quality of the assets, the deposit stability, and the national and international recovery outlook under positive vaccination processes, the management has no doubts on the going concern assumption of the group.

Brokerage Note

In response to the environment that generated the health crisis and its foreseeable consequence in the expected deterioration of bank assets and the uncertain outlook of economic recovery that took place in the middle of last year, Casa de Bolsa Banorte decided to modify its focus of only generating stronger sales, towards adding tactics to defend the interests of customers in this difficult environment, while establishing additional controls that offer greater security to customers. Derived from the nature of the Brokerage operations, it did not participate in support or restructuring programs, nor did it generate additional reserves.

Casa de Bolsa Banorte is not subject to the exemptions in matters of capital and liquidity published by the CNBV and Banco de México. However, even if they had been subject to the aforementioned dispensations, it is not considered that they would have been applied. The foregoing given the solvency and liquidity levels

reflected by the institution, with a CAR of 14.08% and a regulatory liquidity indicator of 98.49%, both above the applicable regulatory minimums of 10.50% and 20.00% respectively.

Additionally, during 2020 we continued with the development of activities related to strengthening the control environment, risk assessment and management, the establishment and monitoring of controls, and the assurance of information quality and security, including effectiveness tests related to the Business Continuity Plan. Regarding this matter, regarding the global contingency represented by COVID 19, the Continuity Plan was activated under its Pandemic section.

The actions implemented throughout the year in different operational aspects are the result of the considerations taken at each moment and are in accordance with the assessment of incremental risk derived from the pandemic. Derived from the above, and despite the fact that the contingency had impacted the growth of the business and on the estimated results set at the beginning of 2020, at the end of the year and taking into consideration the balance sheet strength, the capitalization indicators, the results of the support programs, the quality of the assets, the deposit stability, and the national and international recovery outlook under positive vaccination processes, the management has no doubts on the going concern assumption of the group.

II. Main Transactions and Intragroup Exposure

OPERATIONS WITH RELATED PARTIES AND CONFLICTS OF INTEREST

In Banco Mercantil del Norte, the main subsidiary of GFNORTE, the portion of the loan portfolio that is related party, does not exceed the established limit of 35% of the Tier 1 Capital for December 2020, 2019 and 2018.

	Banorte		
	Dic-20	Dic-19	Dic-18
Portfolio Art. 73 Banorte*	\$14,844	\$11,306	\$17,133
Portfolio Art. 73 / Tier 1 Capital	8.3%	7.9%	15.7%
Portfolio Art. 73 / Limit established of Tier 1 Capital	23.6%	22.5%	44.9%

Million Pesos
*Credit Institution

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

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

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

As of **December 31, 2019**, total loans granted to related parties, under Article 73 of the Law of Credit Institutions, was Ps 11.30 billion (including Ps 680 million in — Letters of Credit “CC”, which are registered in memorandum accounts), representing 1.5% of Banorte's total loan portfolio (excluding the balance of CC). Of the total related loans balance, Ps 9.51 billion were loans granted to clients linked to members of the Board of Directors; Ps 768 million were granted to clients linked to shareholders and Ps 1.02 billion were linked to companies related to GFNorte.

In accordance with Article 73 of the Law for Credit Institutions, the balance of GFNorte's loan portfolio for individuals and corporations at the end of December 2019 was 7.9% of the basic part of the equity.

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

III. Board of Directors

The Board of Directors of Grupo Financiero Banorte, S.A.B. de C.V. is made up of 14 Proprietary Members, and when appropriate their respective Alternates, of which 9 are independent. Alternate Members can only replace their respective proprietary members in the event of a temporary vacancy, with the understanding that Alternates of Independent Board Members have the same capacity.

Frequency of sessions: The Board meets every quarter and under extraordinary circumstances at the request of the Board's Chairman, the 25% of Proprietary Members, or the respective chairmans of the Corporate Practices and Audit Committee, respectively.

Quorum: 51% of the Board Members which should always include at least one independent member.

- All proprietary members of the Board have voice and vote in the meetings.
- In the absence of a proprietary member, the alternate is entitled to vote and his/her presence is considered part of the required quorum.
- When a proprietary member is present, the alternate is not entitled to vote and his/her presence is not considered part of the required quorum.
- Decisions are made by the majority of votes of those present.

The Board of Directors was approved during the Annual General Shareholders' Meeting held on April 24, 2020. It is comprised by the following members:

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
Carlos Hank Gonzalez	Chairman of the Board of Directors Proprietary Member	October 2014	Man	<ul style="list-style-type: none"> • He is Vice President of Gruma's Board of Directors. • He is member of the Bolsa Mexicana de Valores Board of Directors. • He is independent member of Televisa's Board of Directors. • He is Chairman of Cerrey's board of Directors. He is CEO of Grupo Hermes. • He was CEO of Grupo Financiero Interacciones, and Interacciones Casa de Bolsa. • He was Deputy Managing Director of Grupo Financiero Banorte. • He holds a Bachelor's Degree in Business Management from Universidad Iberoamericana.
Juan Antonio Gonzalez Moreno	Proprietary Member	April 2004	Man	<ul style="list-style-type: none"> • He is Chairman of the Board and CEO of Gruma and Gimsa. • He has been Managing Director of Gruma Asia and Oceania, Senior Vice Chairman of Special Projects of Gruma Corporation, Chairman of the Board and CEO of CarAmigo, Vice President of Central and East Regions of MissionFoods, Chairman and Vice President of sales of Azteca Milling. • He graduated in Business Management from Universidad Regiomontana and holds an MBA from San Diego University.
David Juan Villarreal Montemayor	Proprietary Member	October 1993	Man	<ul style="list-style-type: none"> • CEO and major shareholder of Artefactos Laminados, S. A. de C.V. • He is Chairman of the Board of Directors and Deputy CEO of Inmobiliaria Montevi, S.A. de C.V. and Inmobiliaria Monyor S.A. de C.V. • He is a regional Advisor of Banco Nacional

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
				<p>de Mexico, S.A. (Banamex) and Financial Advisor and Business Developer for SISMEMX, Sistemas Mexicanos S.A. de C.V.</p> <ul style="list-style-type: none"> • He is a Mechanical and Electrical Engineer from Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM), holds a Master's Degree in Science in Automatic Control from the same institution and participated in the Advanced Management program from Instituto Panamericano de Alta Direccion (IPADE).
Jose Marcos Ramirez Miguel	Proprietary Member	July 2011	Man	<ul style="list-style-type: none"> • CEO of Grupo Financiero Banorte, Banco Mercantil del Norte and Casa de Bolsa Banorte. • He held positions as Managing Director of Wholesale Banking and Chief Corporate Officer at Grupo Financiero Banorte. • He was appointed Chairman of Asociacion Mexicana de Intermediarios Bursatiles. He also worked at Nacional Financiera, S.N.C., Banque Nationale de Paris and Banque Indosuez Mexico. Founded Finventia and served as interdisciplinary consultant at Peat Marwick Mexico. • He was CFO, Managing Director of Wholesale Banking, Managing Director of Santander Brokerage and Executive Vice President of Grupo Financiero Santander. • He holds a Bachelor's Degree in Actuarial Science from Universidad Anahuac, a Post-graduate Degree in Finance from Instituto Tecnológico Autonomo de Mexico (ITAM) and an MBA from E.S.A.D.E. in Barcelona, Spain.
Carlos de la Isla Corry	Proprietary Member	April 2016	Man	<ul style="list-style-type: none"> • He is General Director of Risks and Credit at GFNorte. • He was Director of Administration and Finance of Hermes Group from 2003 to 2014, responsible for the industrial corporate, including tourism, transportation, construction and concessions' operations. He was member of the Board of Directors of the Industrial Group. • He was member of the Board of Directors of Grupo Financiero Interacciones. • He also served as Chairman of the Credit Committee of Banco Interacciones, and Chairman of the Risk Committee and member of the Compensation, Audit, and Corporate Practices Committees at the Financial Group level. <p>He is an Engineer in Electronics and Digital Systems from the Universidad Nacional Autonoma de Mexico (UNAM) and holds an MBA from Texas University in Austin.</p>
Everardo Elizondo Almaguer	Proprietary Independent Member	April 2010	Man	<ul style="list-style-type: none"> • He is an independent member of the Board of Directors of Compañía Minera Autlán. • He is an independent member of Cemex's Board of Directors. • He is an independent member of Gruma's Board of Directors. • Founder and Director of the Graduate School of the Faculty of Economics, University of Nuevo Leon. He is Professor of International

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
				Finance at EGADE, Business School, ITESM. <ul style="list-style-type: none"> • He was Director of Economic Studies of Grupo Industrial Alfa (Alfa Group). • He founded Consulting Agency Index, Economia Aplicada S.A. • He was Deputy Governor of the Bank of Mexico. • He graduated in Economics from the University of Nuevo Leon and holds a Master's Degree and Ph.D. in Economics, both from the University of Wisconsin-Madison..
Carmen Patricia Armendariz Guerra	Proprietary Independent Member	April 2009	Woman	<ul style="list-style-type: none"> • She is Managing Director at Financiera Sustentable, Associated Director of the Bank for International Settlements and Partner - Director and Founder of Valores Financieros. • She was advisor to GFNorte's Chairman Emeritus, Roberto Gonzalez Barrera, and Director of Special Projects at the same Institution. • She was advisor to the Minister of Finance and Public Credit and Vice President of Supervision at the National Banking and Securities Commission. • She has been international advisor in banking crises, Economics professor at Instituto Tecnológico Autónomo de México (ITAM) and author of several academic and specialized publications in Banking and Macroeconomics. • She is an Actuary from Universidad Nacional Autónoma de México (UNAM), holds a Master's Degree in Economics from the same institution and a Ph.D. in Economics from Columbia University.
Hector Federico Reyes-Retana y Dahl	Proprietary Independent Member	July 2011	Man	<ul style="list-style-type: none"> • Independent Member of the Board of Banco del Ahorro Nacional (Bansefi). • He founded the organism "ProMexico, Inversion y Comercio". • He was the CEO of Banco Nacional de Comercio Exterior, S.N.C (Bancomext), CEO of Banca Confia and Director of International Operations of Banco de Mexico (Banxico). • He was CEO of Grupo Financiero Mifel and Banca Mifel, and was Vice President of the Mexican Banking Association. • He is an Industrial Engineer from Universidad Iberoamericana and holds an MBA from Cornell University.

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
Alfredo Elías Ayub	Proprietary Independent Member	April 2012	Man	<ul style="list-style-type: none"> • He is Chairman of the Board of Promociones Metropolis S.A de C.V. and is member of the Board of Iberdrola USA and Rotoplas. • He was CEO of the Comision Federal de Electricidad (Mexican Federal Electricity Commission, CFE), of Aeropuertos y Servicios Auxiliares (Airports and Auxiliary Services, ASA) and held several positions within the Ministry of Energy and Mining. • He was a member of the Alumni Council at Harvard Business School, Nacional Financiera, Multibanco Mercantil de Mexico and Banco Internacional. • He was Chairman of the Board of the Mexican Institute of Electric Research and of the Mexico Foundation at Harvard. • He is a Civil Engineer from Universidad Anahuac and holds an MBA from Harvard Business School.
Adrian Sada Cueva	Proprietary Independent Member	April 2013	Man	<ul style="list-style-type: none"> • He is Executive Manager Director and member of the Board of Directors of Vitro, S.A.B. de C.V. and has held several Maganer positions within the Industrial Group. • He is a Member of the Board of Directors of Comegua, Club Industrial de Monterrey, Universidad de Monterrey and Camara de la Industria de Transformacion (CAINTRA) and GFNorte's Northern Regional Board. • He graduated in Business from Instituto Tecnologico y de Estudios Superiores de Monterrey (ITESM) and holds an MBA from Stanford Business School.
David Peñaloza Alanís	Proprietary Independent Member	April 2019	Man	<ul style="list-style-type: none"> • He is CEO and Chairman of the Board of Directors of Promotora y Operadora de Infraestructura, S.A.B. from C.V. (PINFRA) • He worked at Soci�t� G�n�rale, GBM and Serfin. • He has a degree in Public Accounting from Universidad An�huac and has a Postgraduate Degree in Business Administration from Harvard University.
Jose Antonio Chedraui Eguia	Proprietary Independent Member	April 2015	Man	<ul style="list-style-type: none"> • He is CEO of Grupo Comercial Chedraui. • He has held positions as Commercial Director and then as CEO of Comercial Las Galas. • He participates in the organizations Fundacion Chedraui, Young Presidents' Organization and Mexico Nuevo. • He holds a Bachelor's Degree in Accounting and Finance from Universidad Anahuac.
Alfonso de Angoit�a Noriega	Proprietary Independent Member	April 2015	Man	<ul style="list-style-type: none"> • He is Vicepresident and Chairman of the Finance Committee at Grupo Televisa, S.A.B. He has served on the Board and Executive Committee and has held the position of Executive Vice President of Administration and Finance at Grupo Televisa. • He is member of the Board of Directors of Cablevision, S.A. de C.V., Innova, S. de R.L. de C.V. (Sky), Cablemas Telecomunicaciones, S.A. de C.V., Operbes, S.A. de C.V. (Bestel), Television

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
				<p>Internacional, S.A. de C.V., Grupo Axo, S.A.P.I. de C.V. and The Americas Society.</p> <ul style="list-style-type: none"> • He is Chairman of the Board of Kardias Foundation and member of the UNAM Foundation and the Mexican Health Foundation. • Co-founder of the Law firm Mijares, Angoitia, Cortes y Fuentes, S.C. • He was a member of the Board of Grupo Modelo, S.A.B. de C.V. and The American School Foundation. • He holds a Bachelor's Degree in Law from the Universidad Autonoma de Mexico (UNAM).
Thomas Stanley Heather Rodriguez	Proprietary Independent Member	April 2016	Man	<ul style="list-style-type: none"> • Partner at Ritch Mueller, Heather and Nicolau, S.C. and specializes in external funding, restructurings and securities offerings. • He is Legal Advisor of the Consejo Coordinador Empresarial (CCE) and is permanent member of the Committee for drafting the CCE's Code of Best Corporate Practices. • He is member of the Board of Directors and of the Audit and Corporate Practices Committee (CAPS) of Grupo Bimbo, S.A.B. de C.V.; Independent member and Chairman of the CAPS at Gruma, S.A.B. de C.V. and Grupo Industrial Maseca, S.A.B. de C.V. • He holds a Bachelor's Degree in Law from Escuela Libre de Derecho with a Masters Degree from Texas (Austin) University - "Master o Comarative Jurisprudence-Financial Law". Moreover, he holds several specialties from Universidad Panamericana, Universidad Nacional Autónoma de México and New York University.
Graciela Gonzalez Moreno	Alternate Member	April 2013	Woman	<ul style="list-style-type: none"> • She is private accountant, graduated from the Universidad Labastida in Monterrey, N.L. • She was accountant at the air conditioning factory Trane-Realven in Monterrey from 1967 to 1970. • From 1988 to 2010, she participated as founding partner and member of the Board of Directors of Asociacion Gilberto, A.C., being Vice President of it from 2007 to 2010.
Juan Antonio Gonzalez Marcos	Alternate Member	April 2014	Man	<ul style="list-style-type: none"> • He was Director of Marketing Projects at Mission Foods. • He holds a Bachelor's Degrees in Audio Production from SAE Institute of Melbourne and in Fine Arts from the University of North Texas. Furthermore, holds a Master in Fine Arts from University of Texas at Dallas.
Alberto Halabe Hamui	Alternate Independent Member	April 2014	Man	<ul style="list-style-type: none"> • He is Deputy Director General of Inmobiliaria IHM S.A. from C.V. and Director of Comercializadora de Viviendas Albatros S.A. from C.V. and of Nueva Imagen Construcciones S.A. from C.V. • He is part of the Administration and Operations Committee of St Regis Mexico, and also participated in the Board of Directors of the Micro Financial Finsol. • He has a degree in Economics from the

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
				<p>Instituto Autónomo de México (ITAM), and postgraduate studies in the Program in Management of Construction and Real Estate Companies at the same Institute.</p>
Gerardo Salazar Viezca	Alternate Independent Member	April 2019	Man	<ul style="list-style-type: none"> • He was General Director of Banco Interacciones from 2004 to 2018 and Corporate Director of Risk Management of Grupo Financiero Interacciones from 2002 to 2004. • He managed the Corporate Banking business in both Bancomer and BBVA-Bancomer. • He has a degree in Economics from Universidad Iberoamericana. • He has excelled at the academic level as a professor and for postgraduate studies that include a doctorate, masters and specializations in Economics, Business Administration, Finance and Social Sciences; in institutions such as Tec de Monterrey, the UIA (of which he was Director of the Department of Economics), ITAM, Harvard University and the New York Institute of Finance. • He has been awarded scholarships from different Councils and Foundations such as Conacyt and Fulbright. Regarding Corporate Governance, it is certified by the National Association of Corporate Directors (NACD) and by the Consortium of Directors (Counselors) of the Universities of Stanford, Chicago and Dartmouth.
Don Alberto Pérez-Jácome Friscione	Alternate Member	April 2020	Male	<ul style="list-style-type: none"> • Currently, CEO of Hermes Infraestructura, S.A. de C.V., which was formed in 2012 as a result of the merger between Hermes Construcción, S.A. de C.V., Hermes Concesiones, S.A. de C.V. and Hermes Operación, S.A. de C.V. Formerly, CEO of Hermes Construcción, S.A. de C.V. • Executive Director of Hermes Corporativo, S.A. de C.V. from 2006 to 2010. • Minister of Mexico's Permanent Representation in the Organization for Economic Co-operation and Development (OECD). • Industrial Engineer with honors from Universidad Iberoamericana and holds a Master's Degree in Business Administration from the Massachusetts Institute of Technology • Master's Degree in Public Administration from Harvard University (Fulbright).
Diego Martínez Rueda-Chapital	Alternate Independent Member	April 2019	Man	<ul style="list-style-type: none"> • He is a Partner of the Law Firm DLA Piper México, S.C., where he practices in Corporate Law with an emphasis on Banking and Capital Markets. • He has extensive experience in mergers and acquisitions, in real estate, especially in Tourism, Industrial and Housing. • He was a Partner in the law firm Cervantes Sainz. • He was Director of Stock Market Projects in the Comisión Nacional Bancaria y de Valores. • He has a Law Degree from the Universidad

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
				Panamericana and has a Master's Degree in Law from Georgetown University with a specialization in banking, securities and regulation of financial institutions.
Roberto Kelleher Vales	Alternate Independent Member	April 2014	Man	<ul style="list-style-type: none"> • He is Chairman and partner in Volkswagen, Seat, and Audi dealerships and a tire company in Merida. • He is shareholder and Vice President of Inmobilia Desarrollos. • He was Chairman and member of the Volkswagen National Dealers Association and member of the Mexican Association of Car Dealers. • He is Industrial and Systems Engineer from Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM) and has several financial and management specializations from the same institution, also participated in the Advanced Management program from Instituto Panamericano de Alta Dirección (IPADE).
Clemente Ismael Reyes Retana Valdés	Alternate Independent Member	April 2017	Man	<ul style="list-style-type: none"> • He is a Managing Partner of Reyes Retana Consultores, S.C. as of February 2008. • He was Director of Administration and Finance (1992 to 1994) and Deputy General Director (1994 to 2008) in InveX Grupo Financiero, S.A.B. de C.V. • He holds a Bachelor's Degree in Actuary from the Universidad Nacional Autónoma de México.
Isaac Becker Kabacnik	Alternate Independent Member	April 2002	Man	<ul style="list-style-type: none"> • Chairman of the textile company Bechtel S.A. de C.V. and the jewelry company Becker e Hijos, S.A. de C.V. • He served as member of the Board of Directors of Multibanco Mercantil de Mexico. Participated as an active partner in Seguros Atlantida Multiba S.A. and as a member of its Executive Committee. • He was member of the Board of Directors of Multifac, S.A. de C.V., advisor of Value Casa de Bolsa S.A., and member of the board of the Asociación de Joyeros de Mexico A.C. • He is Civil Engineer graduated from Universidad Nacional Autónoma de Mexico.
Jose Maria Garza Treviño	Alternate Independent Member	April 2014	Man	<ul style="list-style-type: none"> • Chairman of Grupo Garza Ponce. • He was member of the Board of Directors in Grupo Financiero BITAL, Finanzas Monterrey, Banca Afirme and Banca Confia-Abaco Grupo Financiero. • He served as Vice President of the Mexican Camera of the Construction Industry and of the Mexican Association of Industrial Parks (A.M.P.I.P), as an adviser in COPARMEX and in the Owners of Real Estate Camera, and as Chairman of Civil Engineers Ex a Tec. • He is Civil Engineer from Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM) and holds an MBA from the same institution.
Carlos Césarman Kolteniuk	Alternate Independent Member	April 2019	Man	<ul style="list-style-type: none"> • He is Director, Director of Finance and Director of Investor Relations at Promotora y Operadora de Infraestructura, S.A.B. from C.V. (PINFRA)

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
				<ul style="list-style-type: none"> • He worked in Campos Hermanos Industries. • He founded Inovamed, an administration company dedicated to the health sector. • He has a degree in Economics from Universidad Anáhuac and is a professor in the Department of Business Administration and Economics at the Universidad Iberoamericana.
Humberto Tafolla Nuñez	Alternate Independent Member	April 2018	Man	<ul style="list-style-type: none"> • He is the Director of Administration and Finance of Grupo Comercial Chedraui, S.A.B. of C.V. • Has more than 20 years of experience in financial areas. • Holds a degree in Business Administration from the Autonomous Technological Institute of Mexico (ITAM), a Diploma in Corporate Finance from the Monterrey Institute of Technology and Higher Education (ITESM) and a Postgraduate in Business Administration and Management by the Institute of Companies (IE) of Madrid. • He held the Mabe Industries Finance Directorate for 8 years.
Guadalupe Phillips Margain	Alternate Independent Member	April 2015	Woman	<ul style="list-style-type: none"> • She is General Director in ICA, and was Restructuring Director at the same company. • She is member of the Board of Directors of Mas Fondos, S.A. de C.V., Grupo Televisa, S.A.B., Evercore Casa de Bolsa, S.A. and Innova, S. de R.L. de C.V. • She was Vice President and Director of Finance and Risk at Grupo Televisa, furthermore, she has held several positions such as Deputy Director of Foreigners Financial Intermediaries in the Minister of Finance (Secretaría de Hacienda y Crédito Público), Finance Director in Empresas Cablevision. • She holds a Bachelor's degree in Law from Instituto Tecnológico Autónomo de México and a Master's degree and Ph.D. from Tufts University.
Ricardo Maldonado Yañez	Alternate Independent Member	April 2016	Man	<ul style="list-style-type: none"> • He is a partner of the Law firm Mijares, Angoitia, Cortes y Fuentes, S.C. since 1999. • Member of the Board of Directors of several companies, such as: Biossman Group, Endeavor Mexico and Seadrill Courageous and Secretary of the Board of Directors of companies such as: Grupo Televisa, Consorcio Ara, Controladora Vuela Compañía de Aviación (Volaris) and Cablevision. • He was an Associate of the Law firm, White & Case, New York Office from 1993 to 1995. • He holds a Bachelor's degree in Law from Universidad Nacional Autónoma de México (UNAM) and a Master's degree in Law from the Law School of Chicago University

IV. Remuneration and Benefits

The total amount of compensations and benefits paid to Banorte's main officers in 2020 was approximately Ps 293 million.

Compensations and Benefits are as follows:

- **Fixed Compensation:** Salary.

- **Annual Bonus Plan for 2020:**

The Bonus Plan for each business area evaluates estimated profit for that particular business, as well as an evaluation of individual performance, which takes into account the achievement of each participant's goals and objectives. The bonus for certain departments is also adjusted based on operational risk evaluations carried out by the Control Department. Likewise, eligibility to receive the deferred variable compensation for a group of managers is determined by a risk and compliance mechanics' review.

Eligible personnel of staff areas are evaluated based on the attainment of estimated profit for the Group, as well as individual performance in accordance with the achievement of each candidate's goals and objectives.

For the senior management, year bonus is covered by 60% and the remaining 40% is covered in three annual installments of 13%, 13% and 14% respectively.

- **Banorte's Long Term Incentive Plans:**

Stock Options:

The long term scheme for incentives consists in assign to designated Officers by the Compensation Committee, a stock options package through a trust with a vesting period up to 4 years having right in 100%. Participants will be entitled to exercise a percentage of the package each year; receiving the shares in their capital account.

- **Vacations:** From 10 to 30 working days depending on the number of service years of each employee.
- **Vacation Premium:** From 8 to 23 days of salary payable in each employee's anniversary, depending on the number of years of service.
- **Legally Mandated Christmas Bonus:** Equivalent to 42 days of salary.
- **Savings Fund:** The Corporation matches the amount of the employee's contribution up to a maximum of 13% of their monthly salary in accordance with the legal limits established in the Income Tax Law.
- **Medical Service: Traditional Scheme:** Banorte provides medical services through recognized medical institutions, obtaining efficiency in cost and service. **Full Medical Insurance Scheme:** Major medical expenses insurance policy.
- **Life Insurance:** In the event of death or total incapacity, a life insurance policy provides a sum of up to 36 months' salary. In the event of accidental death, the compensation is double, prior verification by the insurance company.
- **Pension and Retirement:** The institution has two types of plans: one with defined benefits (Traditional and Special), and a second with a defined contribution (Ensure Your Future).
- **Ensure Your Future:** was established on January 1, 2001. This is a defined contribution plan, whereby a percentage of individual contributions by the employee and GFNorte are deposited in a fund for

withdrawal by that employee upon termination of their labor relationship. This plan has an "initial individual contribution" (only for employees hired prior to January 1, 2001) corresponding to the pension's benefits for past services accumulated to date of the plan's creation. The maximum monthly contribution is 10% of the gross nominal wage (5% employee and 5% company). The total amount accumulated by Banorte in Ensure your Future, for the company's main officers amounts to Ps 124.4 billion.

V. Responsible Officers

The undersigned hereby declare that within the scope of our respective functions, we have truthfully prepared the information contained in this annual report related to Grupo Financiero Banorte, which to the best of our knowledge and understanding reasonably reflects the situation.

Act. José Marcos Ramírez Miguel
Chief Executive Officer of Grupo Financiero Banorte

Eng. Rafael Arana de la Garza
Chief Operating Officer

C.P. Isaías Velázquez González
Managing Director of Internal Audit

Lic. Jorge Eduardo Vega Camargo
Deputy Managing Director of Comptrollership

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

VI. Audited Financial Statements

The Audited Financial Statements are available online (investors.banorte.com) in

<https://investors.banorte.com/es/financial-information/financial-statements/grupo-financiero-banorte/2020>

This report is also available in:

<https://investors.banorte.com/es/financial-information/annual-reports/2020>