

3Q 20

Financial Results *as of September 30th, 2020*

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GFNORTE



OTCQX

GBOOY



XNOR

INDEX

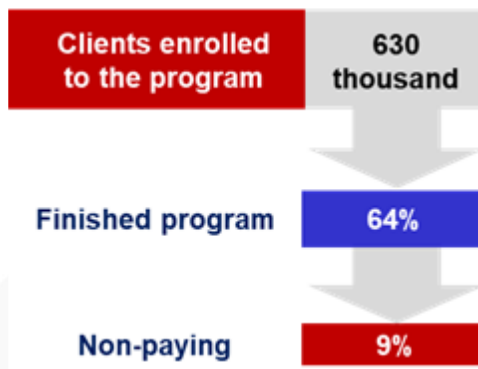
I.	Executive Summary.....	3
II.	Management's Discussion & Analysis.....	8
	Recent Events	18
	Bank.....	19
	Long Term Savings	24
	Brokerage	27
	SOFOM and other Finance Companies	28
III.	General Information	29
	GFNORTE's Analyst Coverage	29
	Capital Structure	29
IV.	Financial Statements.....	30
	Grupo Financiero Banorte.....	30
	Bank.....	36
	Seguros Banorte	42
	Information by Segments	45
V.	Appendix.....	50
	Accounting & Regulatory Changes	50
	Notes to Financial Statements	55
	Internal Control.....	64
	Financial Situation and Liquidity.....	65
	Related Parties Loans	65
	Loan or tax liabilities	66
	People in Charge	67
	Basis for submitting and presenting Financial Statements	67



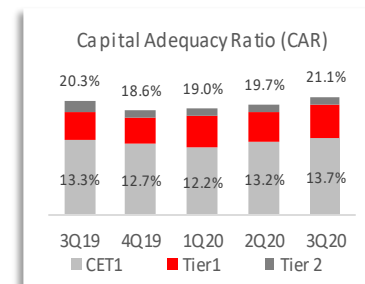
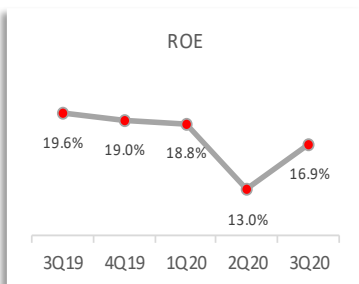
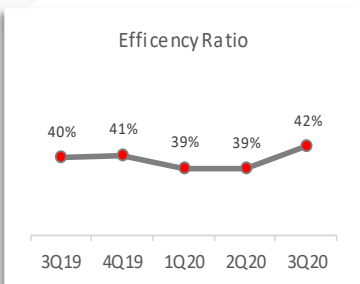
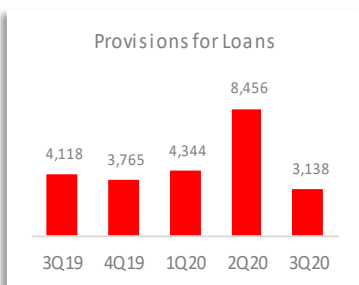
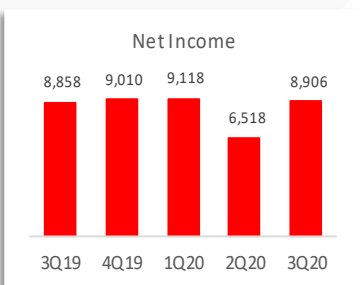
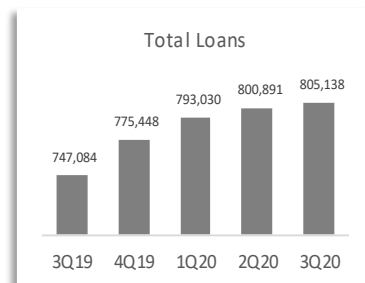
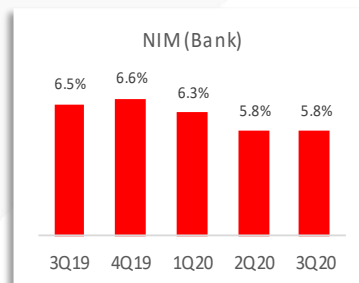
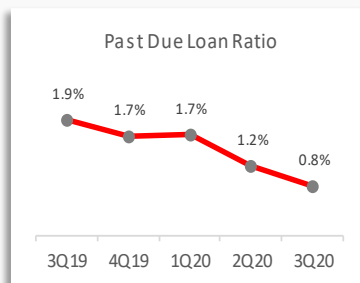
FTSE4Good



I. Executive Summary



- **40% of credit cards were placed digitally** through mobile banking
- **12% growth in mobile transactions**
- **More than 80% of administrative personnel working from home**



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

Banorte was internationally recognized by the European Financial Management Association (EFMA) as the first Mexican Bank to **offer the option of transacting through chat.**

Sustainability strategy



Updates

Global:

- Banorte will implement the *Sustainability Accounting Standards Board* (SASB) standards in its 2020 Annual Report.
- Banorte will participate in the next *Task Force on Climate-Related Financial Disclosures* (TCFD) pilot test.
- Current members of the *Informal Working Group* (IWG) and Co-Chairs of the *Task Force for Nature-Related Disclosures* (TNFD).
- First anniversary of the *Principles for Responsible Banking* (PRB).

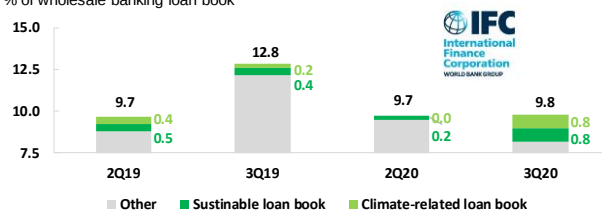
Local:

- Constituent of the new S&P/BMV Total Mexico ESG Index.
- Signatories of the *Green Finance Consulting Board* (CCFV) Declaratory on ESG disclosure.
- Chair of the Mexican Stock Exchange Sustainability Committee.
- In cooperation with BlackRock, Afore Banorte participated in the creation of the first sustainable mutual fund (ESGMEX).

Sustainable Finance

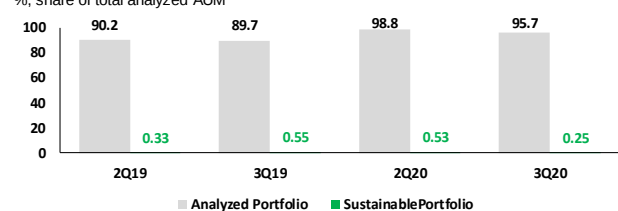
Sustainable finance loan book evaluation

% of wholesale banking loan book



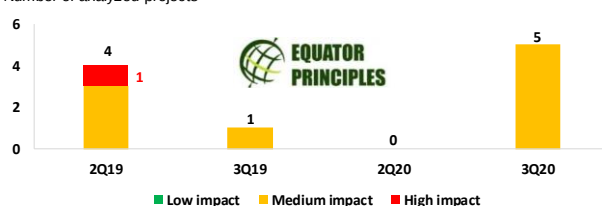
Responsible investments - Mutual funds

% share of total analyzed AUM



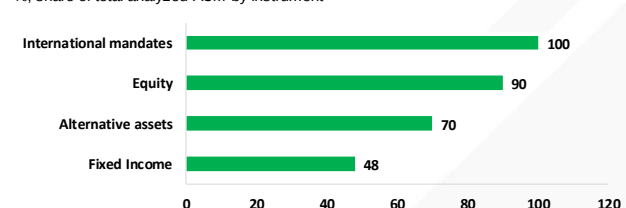
Loan book evaluation under Equator Principles

Number of analyzed projects



Responsible investments – Pension funds (Afore)

% share of total analyzed AUM by instrument



GFNorte reports Net Income of Ps 8.91 billion during 3Q20, 1% higher than 3Q19 and 37% above 2Q20.

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

The most relevant results for the period ended on September 30th, 2020 were:

- This quarter was still immersed in the quarantine caused by the COVID-19 pandemic; meanwhile, support programs came to an end for 64% of the enrolled clients. In Mexico, there has been a moderate recovery with improved levels of unemployment vs. 2Q20. **Net income** for the **third quarter** was **Ps 8.91 billion, up 37% sequentially** and 1% higher vs. 3Q19.
- **630 thousand clients benefited** from the consumer and SME support programs, out of which 64% have already concluded their program and 91% of them are paying regularly. Therefore, **provisions were down (63%)** versus the previous quarter, reflecting a **1.6% cost of risk**, down from 4.2% in 2Q20.
- Overall, the operating performance of the business was resilient despite the social distancing measures and the low interest rate environment. **Net interest income was stable sequentially and 2% higher when compared to 3Q19. Group's NIM declined (18bps) vs. 2Q20, reaching 5.1% due to a 3% increase in average productive assets. NIM of the Bank, stood at 5.8% for the quarter and at 6.0% for 9M20.**
- **Net fees increased 1%** compared to the previous quarter and **non-interest income declined (17%) on normalized trading income. Non-interest expense was practically unchanged** vs. 3Q19, in line with the annual expense guidance. **ROE** for the quarter improved substantially to **16.9%** from 13.0%, while **ROA** stood at **2.0%** up from 1.5% in the previous quarter.
- **Net income** for **9M20** totaled **Ps 24.54 billion, (11%) below** 3Q19. However, adjusting for the anticipated provisions in 2Q20 and for the extraordinary income from the liquidation of Banorte USA in 1Q19, recurring net income **grew 6%**.
- **Net interest income for 9M20 increased 5%** annually despite the decline to 4.25% from 8.25% of Banxico's benchmark rates during most of 9M19. **NIM declined only (17 bps)** reaching **5.45%**, driven by an 8% increase in average productive assets. **Total income** increased 1% and **expenses rose 4%, the latter in line with the commitment to grow between 4.0% and 4.8% for the year. Accumulated efficiency ratio** reached **39.8%**.
- **ROE** and **ROA** for 9M20 reached **16.2%** and **1.9%**, respectively. Both ratios were clearly impacted by the anticipated provisions in 2Q20. ROE was further impacted by the dividend sitting at the group's level, as we continue to follow the government's ongoing recommendation not to distribute dividends.
- Non-banking **subsidiaries** contributed positively to the group's performance. During 9M20, net profit of the Brokerage business grew 39%, Mutual Funds 7%, Insurance 6%, Annuities 38%, and Afore 12%.
- **Consumer loans** were up **6%** annually, showing growth across all segments except for credit cards, as expected. This was mainly driven by a moderate economic recovery in the country, and further supported by the positive effect of **support programs**, which have not yet concluded for a third of the enrolled clients. **Commercial loans** grew **1%** and **corporate** loans declined **(2%)** sequentially, while government loans were flat. Compared to 3Q19, **commercial and corporate portfolios increased 12% and 18% respectively**, and **government was up 3%**. Overall, **total loan portfolio** grew **1% quarterly, and 9% annually**; excluding government loans, the **loan portfolio was up 11% y/y**.
- The non-performing portfolio declined (28%) driven by the effect of the support programs for individuals and SMEs, as well as by the liquidity lines for commercial and corporate businesses. Consequently, the **NPL ratio fell to 0.8% from 1.2%**, and the **coverage ratio** reached **265%** from 201%. NPL and coverage ratios are temporarily restrained by the ongoing support programs; however, the preliminary results from customers coming out of their programs allow us to leave our **provisions and write-offs estimates unchanged vs. 2Q20, maintaining a solid balance sheet**.
- **Core Deposits increased 3%** during the quarter: **demand deposits grew 6%**; whereas, **time deposits were down (2%)**. Compared to 3Q19, demand deposits were up 27%, and time deposits declined (7%), totaling **14% annual growth** in Core Deposits.
- **Capital preservation, as well as adequate liquidity management** have been top priorities for the Financial Group during this challenging period. As a result, the **bank's total capital ratio** reached **21.1%** from **19.7%**; **Core Equity Tier 1 (CET1)** reached **13.7%**, **Liquidity Coverage Ratio** increased to **193.6%**, and **Leverage Ratio** stood at **12.1%**.

Income Statement Highlights - GFNorte (Million Pesos)	3Q19	2Q20	3Q20	Change		9M19	9M20	Change 9M19
				2Q20	3Q19			
Interest Income	37,161	32,684	33,249	2%	(11%)	112,847	102,941	(9%)
Interest Expense	16,796	13,289	10,338	(22%)	(38%)	53,520	38,284	(28%)
Technical Results (Insurance & Annuities)	(251)	1,288	(2,310)	(279%)	(821%)	1,062	(1,405)	(232%)
Net Interest Income	20,114	20,683	20,601	(0%)	2%	60,390	63,252	5%
Net Service Fees	3,183	3,069	3,096	1%	(3%)	9,781	9,620	(2%)
Trading	2,303	1,703	1,128	(34%)	(51%)	4,417	3,996	(10%)
Other Operating Income (Expenses)	722	1,140	656	(42%)	(9%)	3,518	2,124	(40%)
Non Interest Income	6,208	5,911	4,880	(17%)	(21%)	17,716	15,741	(11%)
Total Income	26,322	26,595	25,481	(4%)	(3%)	78,106	78,992	1%
Non Interest Expense	10,578	10,307	10,627	3%	0%	30,106	31,400	4%
Provisions	4,118	8,456	3,138	(63%)	(24%)	11,582	15,938	38%
Operating Income	11,626	7,832	11,717	50%	1%	36,418	31,654	(13%)
Taxes	3,094	1,886	3,178	69%	3%	9,844	8,293	(16%)
Subsidiaries' Net Income	451	648	492	(24%)	9%	1,328	1,493	12%
Minority Interest	(125)	(75)	(124)	(65%)	1%	(383)	(313)	18%
Subsidiaries & Minority Interest	326	573	368	(36%)	13%	944	1,180	25%
Net Income	8,858	6,518	8,906	37%	1%	27,518	24,542	(11%)
Balance Sheet Highlights - GFNorte (Million Pesos)	3Q19	2Q20	3Q20	Change				
				2Q20	3Q19			
Asset Under Management	2,815,927	2,878,778	2,981,568	4%	6%			
Performing Loans (a)	732,726	791,637	798,478	1%	9%			
Past Due Loans (b)	14,357	9,254	6,660	(28%)	(54%)			
Total Loans (a+b)	747,084	800,891	805,138	1%	8%			
Total Loans Net (d)	728,913	782,337	787,473	1%	8%			
Acquired Collection Rights (e)	1,905	1,438	1,341	(7%)	(30%)			
Total Credit Portfolio (d+e)	730,818	783,774	788,814	1%	8%			
Total Assets	1,583,651	1,783,581	1,795,306	1%	13%			
Total Deposits	722,039	801,148	813,104	1%	13%			
Total Liabilities	1,395,973	1,575,237	1,577,935	0%	13%			
Equity	187,678	208,344	217,371	4%	16%			

Financial Ratios GFNorte	3Q19	2Q20	3Q20	9M19	9M20
Profitability:					
NIM (1)	5.7%	5.3%	5.1%	5.62%	5.45%
ROE (2)	19.6%	13.0%	16.9%	20.5%	16.2%
ROA (3)	2.2%	1.5%	2.0%	2.3%	1.9%
Operation:					
Efficiency Ratio (4)	40.2%	38.8%	41.7%	38.5%	39.8%
Operating Efficiency Ratio (5)	2.7%	2.3%	2.4%	2.5%	2.4%
CCL Banorte and SOFOM - Basel III (6)	140.7%	150.8%	193.6%	140.7%	193.6%
Asset Quality:					
Past Due Loan Ratio	1.9%	1.2%	0.8%	1.9%	0.8%
Coverage Ratio	126.6%	200.5%	265.2%	126.6%	265.2%
Cost of Risk (7)	2.15%	4.24%	1.56%	2.00%	2.68%
Market References					
Banxico Reference Rate	7.75%	5.00%	4.25%	7.75%	4.25%
TIE 28 days (Average)	8.35%	6.07%	4.99%	8.47%	6.14%
Exchange Rate Peso/Dolar	19.73	23.09	22.14	19.44	22.91

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

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

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

4) Non-Interest Expense / Total Income

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

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

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

Subsidiaries Net Income (Million Pesos)	3Q19	2Q20	3Q20	Change		9M19	9M20	Change
				2Q20	3Q19			9M19
Banco Mercantil del Norte	6,613	3,606	6,518	81%	(1%)	20,265	16,197	(20%)
Banorte- Ixe-Broker Dealer	245	360	254	(29%)	4%	593	826	39%
Operadora de Fondos Banorte-Ixe	100	107	103	(4%)	3%	289	310	7%
Retirement Funds - Afore XXI Banorte	415	618	454	(27%)	9%	1,249	1,398	12%
Insurance	739	927	745	(20%)	1%	3,174	3,375	6%
Annuities	263	424	340	(20%)	30%	758	1,049	38%
BAP (Holding)	(1)	8	8	(3%)	N.A.	(2)	30	N.A.
Other Finance Companies	225	242	245	1%	9%	613	553	(10%)
G. F. Banorte (Holding)	259	226	238	5%	(8%)	579	804	39%
Total Net Income	8,858	6,518	8,906	37%	1%	27,518	24,542	(11%)

Share Data	3Q19	2Q20	3Q20	Change		9M19	9M20	Change
				2Q20	3Q19			9M19
Earnings per share (Pesos)	3.072	2.260	3.089	37%	1%	9.543	8.511	(11%)
Earnings per share Basic (Pesos)	3.092	2.287	3.132	37%	1%	9.609	8.601	(10%)
Dividend per Share for the period (Pesos)	0.00	0.00	0.00	N.A.	N.A.	5.54	0.00	N.A.
Payout for the period	0.0%	0.0%	0.0%	N.A.	N.A.	50.0%	0.0%	N.A.
Book Value per Share (Pesos)	64.29	71.41	74.44	4%	16%	64.29	74.44	16%
Issued, Subscribed and Paid Shares (Million)	2,883.5	2,883.5	2,883.5	0%	0%	2,883.5	2,883.5	0%
Stock Price (Pesos)	106.07	79.72	76.62	(4%)	(28%)	106.07	76.62	(28%)
P/BV (Times)	1.65	1.12	1.03	(8%)	(38%)	1.65	1.03	(38%)
Market Capitalization (Million Dollars)	15,498	9,956	9,977	0%	(36%)	15,498	9,977	(36%)
Market Capitalization (Million Pesos)	305,848	229,869	220,930	(4%)	(28%)	305,848	220,930	(28%)

Share performance



II. Management's Discussion & Analysis

On this report there are references to recurring figures related to usual business activities adjusted for the effect of the non-recurring income presented in 1Q19 resulting from the dissolution of Banorte USA, the additional provisions, and early write-offs related to COVID-19.

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

Net Interest Income (NII) (Million Pesos)	3Q19	2Q20	3Q20	Change 2Q20 3Q19		9M19	9M20	Change 9M19
Interest Income	34,354	31,358	28,416	(9%)	(17%)	105,357	92,435	(12%)
Interest Expense	16,512	13,019	10,057	(23%)	(39%)	52,676	37,442	(29%)
Loan Origination Fees	365	346	354	2%	(3%)	1,024	1,061	4%
Fees Paid	284	270	281	4%	(1%)	844	842	(0%)
NII excluding Insurance and Annuities Co.	17,923	18,415	18,432	0%	3%	52,862	55,212	4%
Premium Income (Net)	6,305	8,118	7,385	(9%)	17%	24,790	27,658	12%
Technical Reserves	1,922	1,216	4,262	251%	122%	9,917	13,425	35%
Damages, Claims and Other Obligations	4,634	5,613	5,433	(3%)	17%	13,812	15,638	13%
Technical Results	(251)	1,288	(2,310)	(279%)	(821%)	1,062	(1,405)	(232%)
Interest Income (Expenses) net	2,442	980	4,479	357%	83%	6,466	9,445	46%
Insurance and Annuities NII	2,191	2,268	2,169	(4%)	(1%)	7,528	8,040	7%
GFNORTE's NII	20,114	20,683	20,601	(0%)	2%	60,390	63,252	5%
Credit Provisions	4,118	8,456	3,138	(63%)	(24%)	11,582	15,938	38%
NII Adjusted for Credit Risk	15,996	12,227	17,463	43%	9%	48,808	47,314	(3%)
Average Earning Assets	1,408,741	1,566,225	1,615,282	3%	15%	1,433,932	1,548,235	8%
Net Interest Margin (1)	5.7%	5.3%	5.1%			5.6%	5.4%	
NIM after Provisions (2)	4.5%	3.1%	4.3%			4.5%	4.1%	
NIM adjusted w/o Insurance & Annuities	5.7%	5.3%	5.2%			5.5%	5.4%	
NIM from loan portfolio (3)	8.3%	8.1%	7.9%			8.0%	8.1%	

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

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

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

Net Interest Income (NII)

NII excluding Insurance and Annuities was marginally up 0.1% in the quarter driven by a slight (0.7%) decline in net interest income from the loan portfolio. Nevertheless, NII was also impacted by a relevant (23%) decline in interest expense due to the combined effect of lower interbank loans, 6% higher demand deposits, a (2%) reduction in time deposits, coupled with the (75bps) decline in Banxico's reference rate during the quarter, which altogether yielded lower funding costs for the bank. Additionally, the **NIM from the loan portfolio** declined (17bps) closing at **7.9%** from 8.1% in the previous quarter; whereas, the **adjusted NIM excluding Insurance and Annuities** dropped (13bps) to **5.2%**, despite the reference rate dropping (75bps) in the period.

Compared to 9M19, **NII excluding Insurance and Annuities** rose **4%** driven by a **4% increase in interest from the loan portfolio** despite the strong (233bps) reduction in the average reference rate TIE 28d, which went from 8.5% to 6.1%. The rate cut was also reflected in funding cost efficiencies, which together with higher interest income, translated into a 12bps improvement in the **NIM from the loan portfolio** reaching **8.1%** in 9M20. **NIM excluding insurance and annuities** declined (11bps) to **5.4%** in the same period.

NII from **insurance and annuities**, had a (4%) quarterly decline. The **technical result of the Insurance business rose 1%** due to reserve accruals and **lower claims**, compensated the lower Premiums income. Consequently, and given the drop in Interest Income, **Insurance Net Interest Income (NII) declined (12%)**. The **Annuities** company had **29% higher NII** vs. 2Q20, while its technical result was mainly affected by Ps 4.69 billion higher technical reserves as a result of the inflation update, as well as by 9% higher claims, but offset by a 50% growth in premium income. Moreover, interest income of the Annuity company rose Ps 3.75 billion on asset revaluation.

Compared to 9M19, **NII from insurance and annuities increased 7%**, explained by the combined effect of 12% growth in premium income, 46% increase in net interest income, 35% expansion in technical reserves, and 13% higher claims.

Altogether, GFNorte's **net interest income remained stable during the quarter** and **showed a relevant 2% increase in the year**. Amidst a lower interest rate context, **NIM dropped (18bps) during the quarter**, and (61bps) vs. 3Q19, ending at **5.1%**; in 9M20, NIM was down (17bps) reaching 5.4%.

Loan Loss Provisions

The quarter presented multiple effects on provisions such as the positive performance of the loan portfolio, the effect of the support programs granted to individuals and SMEs, and the slight economic recovery with improved unemployment rates; thus, reflecting a lower provisioning level as anticipated.

Consequently, **provisions were down (63%) compared to the previous quarter**, when advanced provisions were generated. Out of the Ps 3.14 billion provisions registered in the quarter, 35% were related to new loan origination, and the rest to risk variations and portfolio changes. In the commercial portfolio, there was a Ps (2.31) billion decline, out of which: Ps (979) million correspond to medium-sized companies, and Ps (691) million to commercial and SMEs; both portfolios had early write-offs in the previous quarter. The corporate portfolio had a Ps (463) million decline due to lower loan origination, while the government book had a Ps (178) million decline on reserves releases. In the consumer portfolio, only in payroll did we see an increase of Ps. 624 million; thus, returning to its normal growth trend, considering that in 2Q20 this portfolio was positively impacted by an adjustment in the risk calculation methodology, along with lower requirements derived from the adjustment in the reserves code during 2Q20. Mortgages had a Ps (144) million decline, auto Ps (167) million, and credit card Ps (70) million. Altogether, loan loss provisions for the consumer portfolio rose Ps 237 million during the quarter.

Compared to 9M19, accumulated provisions in 9M20 increased by 38% mainly due to the anticipated provision effect from 2Q20.

Credit Provisions (Million Pesos)	3Q19	2Q20	3Q20	Change		9M19	9M20	Change 9M19
				2Q20	3Q19			
Commercial, Corporate & Government	172	2,548	236	(91%)	37%	588	3,692	528%
Consumer	4,057	2,760	2,997	9%	(26%)	10,999	9,353	(15%)
Charge offs and discounts	(111)	148	(95)	(164%)	14%	(5)	(107)	(2189%)
Provisiones Adicionales	-	3,000		(100%)	N.A.	-	3,000	N.A.
Credit Provisions	4,118	8,456	3,138	(63%)	(24%)	11,582	15,938	38%

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

Cost of risk for the quarter was 1.56%, down (268bps) vs. the previous quarter, and (59bps) lower annually. Accumulated cost of risk for 9M20 reached 2.68%, 68bps higher vs. 9M19 explained by the general anticipated provisions booked in 2Q20.

Non-Interest Income

Non-Interest Income (Million Pesos)	3Q19	2Q20	3Q20	Change		9M19	9M20	Change 9M19
				2Q20	3Q19			
Net Service Fees	3,183	3,069	3,096	1%	(3%)	9,781	9,620	(2%)
Trading	2,303	1,703	1,128	(34%)	(51%)	4,417	3,996	(10%)
Other Operating Income (Expenses)	722	1,140	656	(42%)	(9%)	3,518	2,124	(40%)
Non-Interest Income	6,208	5,911	4,880	(17%)	(21%)	17,716	15,741	(11%)

Non-interest income declined (17%) in the quarter, reflecting normalized Trading income and Other Operating Income (Expenses) compared to the levels registered in 2Q20; thus, both items have returned to their recurring levels. Net service fees grew 1% sequentially driven by the economic activity recovery.

Compared to accumulated figures, in **9M20** there was an (11%) decline driven by lower trading income and the extraordinary income related to the conversion effect of Banorte USA in 1Q19. Excluding this effect, recurring non-interest income **declined only (2%)**.

Service Fees

Service Fees (Million Pesos)	3Q19	2Q20	3Q20	Change		9M19	9M20	Change 9M19
				2Q20	3Q19			
Fund Transfers	444	476	489	3%	10%	1,209	1,365	13%
Account Management Fees	579	508	548	8%	(5%)	1,780	1,634	(8%)
Electronic Banking Services	2,363	2,027	2,379	17%	1%	6,776	6,742	(1%)
Basic Banking Services Fees	3,387	3,012	3,415	13%	1%	9,766	9,742	(0%)
For Commercial and Mortgage Loans	280	394	129	(67%)	(54%)	808	1,018	26%
For Consumer Loans	1,282	1,049	1,148	10%	(10%)	3,739	3,439	(8%)
Fiduciary	127	102	113	10%	(11%)	339	333	(2%)
Income from Real Estate Portfolios	1	11	6	(49%)	425%	269	22	(92%)
Mutual Funds	462	486	501	3%	8%	1,339	1,448	8%
Trading & Financial Advisory Fees	131	126	128	1%	(3%)	411	400	(3%)
Other Fees Charged (1)	259	226	268	18%	3%	801	825	3%
Fees Charged on Services	5,929	5,406	5,708	6%	(4%)	17,472	17,229	(1%)
Interchange Fees	1,168	1,018	1,228	21%	5%	3,326	3,473	4%
Insurance Fees	581	353	317	(10%)	(45%)	1,458	1,143	(22%)
Other Fees Paid	997	966	1,066	10%	7%	2,906	2,992	3%
Fees Paid on Services	2,746	2,337	2,611	12%	(5%)	7,691	7,608	(1%)
Net Service Fees	3,183	3,069	3,096	1%	(3%)	9,781	9,620	(2%)

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

Fees charged on services rose 6%, reverting the low transaction volume of previous months derived from the pandemic. Recovery is more evident in services such as electronic banking, debit cards, affiliated businesses, and mutual funds. Compared to 3Q19, fees charged on services were down only **(4%) in the year**, still reflecting deterioration in the economic activity resulting from the pandemic. The items driving the decline were mainly lower income from commercial credit line usage fees and credit cards, as expected. With accumulated figures for 9M20, the result was down (1%).

Fees paid on services were up 12% compared to the previous quarter, driven by higher interchange fees on the back of the recovery in economic activity, and higher fees for new loan origination and debt issuances. Compared with 3Q19 figures, there was a **(5%) contraction** linked to significantly lower insurance fees. Aggregated results for 9M20 showed a (1%) decline driven by lower insurance fees.

Altogether, **net service fees were up 1%** vs. the previous quarter, and down (3%) vs. 3Q19. With aggregate figures for 9M20, net service fees declined (2%).

Trading

Trading Income (Million Pesos)	3Q19	2Q20	3Q20	Change		9M19	9M20	Change 9M19
				2Q20	3Q19			
Currency and Metals	(13)	(501)	(309)	38%	(2369%)	(44)	425	N.A.
Derivatives	(1,473)	1,139	531	(53%)	N.A.	(775)	433	N.A.
Negotiable Instruments	155	(111)	80	N.A.	(49%)	370	(198)	(153%)
Valuation	(1,330)	527	302	(43%)	N.A.	(449)	660	N.A.
Currency and Metals	471	774	464	(40%)	(1%)	778	376	(52%)
Derivatives	2,270	(323)	2	N.A.	(100%)	2,473	1,422	(43%)
Negotiable Instruments	892	724	359	(50%)	(60%)	1,616	1,538	(5%)
Trading	3,633	1,175	826	(30%)	(77%)	4,866	3,336	(31%)
Trading Income	2,303	1,703	1,128	(34%)	(51%)	4,417	3,996	(10%)

Trading income was down (34%) sequentially, as result of normalized operations in F/X and derivatives, associated with current market conditions.

Thus, compared to the previous quarter, trading income was down Ps (575) million driven by a Ps (225) million decline in valuation and a Ps (350) million decline in trading.

Compared to 9M19, accumulated results in **9M20** were **down (10%)** due to lower security exposure but benefited from valuation upside resulting from lower market volatility during the period.

Other Operating Income (Expenses)

Other Operating Income (Expenses) (Million Pesos)	3Q19	2Q20	3Q20	Change		9M19	9M20	Change
				2Q20	3Q19			9M19
Loan Portfolios	86	63	90	43%	4%	230	233	1%
Income from Foreclosed Assets	177	132	165	25%	(7%)	339	385	13%
Impairment of Assets	-	-	-	N.A.	NA	(132)	(55)	58%
Lease Income	119	77	11	(86%)	(91%)	303	188	(38%)
From Insurance	240	322	198	(38%)	(18%)	758	731	(4%)
Securitization Operation Valuation Result	37	6	15	172%	(59%)	113	52	(54%)
Others	61	541	178	(67%)	191%	1,908	590	(69%)
Other Operating Income (Expenses)	722	1,140	656	(42%)	(9%)	3,518	2,124	(40%)

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

Other Operating Income (expenses) declined (42%) in the quarter reaching a normalized level of **Ps 656 million**, driven by lower insurance income and excluding the positive effect of recoveries and tax credit benefits during 2Q20. Compared to 3Q19, results were down (9%), in line with the trend observed in the previous year. The sharpest decline is related to leasing revenues and income from other recoveries.

Compared to 9M19, Other Operating Income (expenses) showed a (40%) 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 (115) million lower Leasing Income. Excluding the latter effect, the recurring figure for 9M20 **increased 14%**, driven by income from other recoveries and tax credits during 2Q20.

Non-Interest Expense

Non-Interest Expense (Million Pesos)	3Q19	2Q20	3Q20	Change		9M19	9M20	Change
				2Q20	3Q19			9M19
Personnel	4,258	3,891	4,037	4%	(5%)	11,757	11,857	1%
Professional Fees	941	801	861	7%	(8%)	2,475	2,411	(3%)
Administrative and Promotional	2,180	2,032	2,075	2%	(5%)	6,316	6,489	3%
Rents, Depreciation & Amortization	1,772	2,047	2,074	1%	17%	5,083	6,068	19%
Taxes other than income tax & non deductible expenses	484	483	496	3%	3%	1,618	1,478	(9%)
Contributions to IPAB	821	919	951	3%	16%	2,489	2,699	8%
Employee Profit Sharing (PTU)	122	133	133	0%	9%	368	398	8%
Non-Interest Expense	10,578	10,307	10,627	3%	0%	30,106	31,400	4%

Non-interest expense was flat **compared to 3Q19**; whereas in an accumulated basis, in 9M20 grew 4%, mainly driven by rents, in line with the commitment to control expenses within the 4% - 4.8% range for the year.

Consequently, **efficiency ratio** reached **41.7%**, having **295bps** deterioration vs. the 38.8% in the 2Q20. Using accumulated figures for 9M20, efficiency reached **39.8%**, up by **121bps** vs. 9M19.

Net Income

Net Income (Million Pesos)	3Q19	2Q20	3Q20	Change		9M19	9M20	Change
				2Q20	3Q19			9M19
Operating Income	11,626	7,832	11,717	50%	1%	36,418	31,654	(13%)
Subsidiaries' Net Income	451	648	492	(24%)	9%	1,328	1,493	12%
Pre-Tax Income	12,077	8,480	12,208	44%	1%	37,746	33,147	(12%)
Taxes	3,094	1,886	3,178	69%	3%	9,844	8,293	(16%)
Discontinued Operations	-	-	-	N.A.	N.A.	-	-	N.A.
Minority Interest	(125)	(75)	(124)	(65%)	1%	(383)	(313)	18%
Net Income	8,858	6,518	8,906	37%	1%	27,518	24,542	(11%)

As a result of the increase in loan loss reserves registered in 2Q20, **Net Operating Income grew 50%** during the quarter, reaching levels 1% above those reported in 3Q19. Whereas, in 9M20, the annual increase amounts to 5% with recurring figures, and (13%) with reported figures.

Taxes were up 69% during the quarter and down (16%) using recurring accumulated figures for 9M20, returning to the normal behavior observed in previous quarters without the effect of additional provisions.

Reported **net income** for the period went from Ps 6.52 billion to **Ps 8.91 billion in 3Q20**, 37% higher compared to the previous quarter, mainly explained by the anticipated provisions in 2Q20 that aggravated the result already affected by lower economic activity caused by the pandemic. Net income **compared to 3Q19 increased 1%**. Using aggregate **recurring figures for 9M20, net income rose 6%** (adjusting for the extraordinary income of Banorte USA in 1Q19 and the additional provisions in 2Q20), and using reported figures, it declined (11%).

Earnings per share for the quarter were **Ps 3.09**, while in **9M20** totaled **Ps 8.51**.

Profitability

	3Q19	2Q20	3Q20	9M19	9M20
ROE	19.6%	13.0%	16.9%	20.5%	16.2%
Goodwill & Intangibles (billion pesos)	51	40	39	51	39
Average Tangible Equity (billion pesos)	131	150	157	131	157
ROTE	27.2%	16.8%	20.9%	28.1%	20.9%

After an atypical second quarter, marked by the effect of one-time anticipated provisions, profitability indicators for 3Q20 showed improvements. However, ROE is still affected as the group has followed the regulator's recommendation of not distributing the 2019 dividend.

ROE closed the **quarter at 16.9%, up 394bps** compared to the previous quarter, and down by (266bps) compared to 3Q19. With accumulated figures as of 9M20, ROE reached 16.2%, a (431bps) contraction.

For the quarter, **ROTE increased** 405bps, ending at 20.9%; compared to 9M19, the accumulated figures for 9M20 showed a (719bps) decline reaching 20.9%.

	3Q19	2Q20	3Q20	9M19	9M20
ROA	2.2%	1.5%	2.0%	2.3%	1.9%
Average Risk Weighted Assets (billion pesos)	764	824	630	764	630
RRWA	4.9%	4.1%	5.3%	4.9%	5.3%

ROA reached **2.0%**, reflecting a sequential 51bps improvement. ROA for 9M20 declined (40bps) vs. 9M19.

Deposits

Deposits (Million Pesos)	3Q19	2Q20	3Q20	Change	
				2Q20	3Q19
Non-Interest Bearing Demand Deposits	266,731	307,945	308,843	0%	16%
Interest Bearing Demand Deposits	134,652	173,566	200,234	15%	49%
Total Demand Deposits	401,383	481,510	509,077	6%	27%
Time Deposits – Retail	235,703	224,368	219,636	(2%)	(7%)
Core Deposits	637,086	705,879	728,713	3%	14%
Money Market	89,334	115,842	105,423	(9%)	18%
Total Bank Deposits	726,420	821,721	834,137	2%	15%
GFNorte's Total Deposits	722,039	801,148	813,104	1%	13%
Third Party Deposits	184,906	171,834	181,291	6%	(2%)
Total Assets Under Management	911,325	993,555	1,015,428	2%	11%

Core deposits had a relevant 3% increase during the quarter, explained by a strong **6% increase in demand deposits**; whereas, **time deposits declined (2%)**. Compared to 3Q19, time deposits were down (7%), while demand deposits grew 27% 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 issued securities**, declined (9%) during the quarter, and grew **18%** annually. In sum, **Total Bank Deposits** rose 2% in the quarter and **15%** in the year.

Loans

Performing Loan Portfolio (Million Pesos)	3Q19	2Q20	3Q20	Change	
				2Q20	3Q19
Mortgages	166,286	177,282	182,685	3%	10%
Auto Loans	25,889	26,667	27,394	3%	6%
Credit Card	39,028	37,443	38,585	3%	(1%)
Payroll	52,096	51,491	52,342	2%	0%
Consumer	283,298	292,883	301,005	3%	6%
Commercial	167,839	186,092	188,237	1%	12%
Corporate	123,767	149,945	146,626	(2%)	18%
Government	157,821	162,717	162,609	(0%)	3%
Total	732,726	791,637	798,478	1%	9%

Amidst an uncertain environment caused by the COVID-19 pandemic, coupled with a slight recovery of economic activity, and aided by ongoing support programs for consumer and SME clients, the performing loan portfolio **grew 1% quarterly** and **9% annually** with positive results in almost every segment, except for credit card as anticipated.

Year-to-date, there has been a 9% growth in the performing portfolio, mainly driven by Corporate and Commercial loans, which grew 18% and 12%, respectively, as companies drew their lines of credit to overcome the pandemic. Compared to 3Q19, the consumer portfolio shows a 6% increase, primarily driven by a resilient 10% growth in mortgages, 6% in auto loans, a slight (1%) contraction in credit cards, and flat growth in payroll; thus, maintaining a 15.2% market share in consumer and mortgages.

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

- **Mortgages:** Banorte showed a **9.5%** annual growth, slightly above that of the banking system, holding a 19.5% market share, keeping the **second place within the industry**.

- **Auto Loans:** Despite an industry-wide reduction in new car sales, Banorte holds 18% market share, **ranking second** in the segment and **growing 4.1%**, above the banking system at **1.4%**.
- **Credit Cards:** The portfolio had a (1.2%) contraction compared with the system's (7.7%) decline. Banorte is the **growth leader**, and holds a 10.5% market share, up 70bps during the period.
- **Payroll Loans:** After a deceleration period which reached negative growth rates, the portfolio reverted its trend growing 3.0% annually and a moderate 0.5% in loan origination. Banorte **ranks second** with a 20.2% market share.
- **Commercial:** The portfolio shows a 13.5% annual increase, favored by a timely approach to support customer's liquidity needs, and benefited by lower prepayments in the portfolio. Banorte's 10.8% market share in the commercial portfolio (including corporate and SMEs according to the CNBV classification), rose 15bps in the last 5 months, ranking fourth in the system.

The **SMEs performing loan portfolio** had a 9% quarterly increase, up **Ps 3.14 billion** vs.2Q20. Compared to 3Q19, it increased 15% partially explained by the support programs for clients granted after a rigorous risk selection process amidst an uncertain market. The NPL ratio declined (178bps) in the quarter reaching 1.94%, as result of the performance of clients coming out of their support programs between July and September.

SME's Loans (Million Pesos)	3Q19	2Q20	3Q20	Change	
				2Q20	3Q19
Performing Portfolio	32,492	34,094	37,237	9%	15%
% of Performing Commercial Portfolio	19.4%	18.3%	19.8%	146 bp	42 bp
% of Total Performing Portfolio	4.4%	4.3%	4.7%	36 bp	23 bp
NPL Ratio	6.6%	3.72%	1.94%	(178 bp)	(467 bp)

- **Corporate Loans:** The portfolio reached an ending balance of **Ps 146.63 billion**, (2%) down vs. the previous quarter, driven by a quarterly increase in prepayments; nevertheless, it had a **strong 18% 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 1.1% of the total performing book, whereas number 20 represented 0.4% of it. Out of these 20 borrowers, all 20 companies have an A1 rating.
- **Government Book:** Loan portfolio had a marginal decline during the quarter, totaling **Ps 162.61 billion**, derived from sound credit origination but offset by prepayments in States and Municipalities. Compared to 3Q19, the portfolio **recovered with a 3% growth**, reverting the intense competition observed in 2019 that caused a reduction in bid allocations of these loans, given the very low margins implied in the winning bids.

GFNorte's government portfolio is well diversified by regions, showing adequate concentration risk given that 34% of the portfolio is Federal Government exposure. Additionally, regarding municipal and states government loans, 89.7% of the loans are backed by fiduciary guarantees. GFNorte's market share as of August 2020 for this segment was 29.8%, **ranking first in the market**.

- **Infrastructure:** Due to the prevailing conditions in Mexico and abroad, this segment reflected quarterly stability. However, **during the year, the infrastructure book grew 17%**, up by Ps 7.10 billion on growing demand in this segment.

Infrastructure Loans (Million Pesos)	3Q19	2Q20	3Q20	Change	
				2Q20	3Q19
Performing Portfolio	41,649	48,844	48,746	(0%)	17%
% of Total Performing Portfolio	5.7%	6.2%	6.1%	(7 bp)	41 bp
NPL Ratio	0.1%	0.2%	0.6%	35 bp	51 bp

Past Due Loans

There is a significant improvement in asset quality, **past-due portfolio declined (28%)** compared to the previous quarter, mostly explained by the deferred payment support program. Likewise, compared to 3Q19, there is a sharp decline in the corporate and commercial portfolios in addition to the anticipated Ps 4.62 billion write-offs in the commercial portfolio registered in 2Q20, bringing the past due loan portfolio down **(54%)**.

Past Due Loans (Million Pesos)	3Q19	2Q20	3Q20	Change	
				2Q20	3Q19
Credit Cards	2,473	2,161	1,246	(915)	(1,227)
Payroll	1,834	1,740	910	(829)	(924)
Auto Loans	270	329	194	(135)	(76)
Mortgages	1,807	2,305	1,811	(494)	4
Commercial	4,392	2,160	1,768	(392)	(2,624)
Corporate	3,578	444	444	(0)	(3,134)
Government	4	115	288	173	284
Total	14,357	9,254	6,660	(2,593)	(7,697)

The **past due loan ratio** decreased sharply to **0.8%** given the decline in the past due loan balance and the increase in performing loans. We acknowledge this situation does not yet incorporate the expected deterioration of the portfolio, for which we registered additional loan loss reserves and write-offs during 2Q20.

Past Due Loans Ratios	3Q19	4Q19	1Q20	2Q20	3Q20
Credit Cards	6.0%	5.4%	5.8%	5.5%	3.1%
Payroll	3.4%	3.3%	2.7%	3.3%	1.7%
Auto Loans	1.0%	1.0%	0.9%	1.2%	0.7%
Mortgages	1.1%	1.1%	1.2%	1.3%	1.0%
Commercial	2.5%	2.4%	2.3%	1.1%	0.9%
SMEs	6.6%	6.6%	7.0%	3.7%	1.9%
Commercial	1.5%	1.3%	1.2%	0.6%	0.7%
Corporate	2.8%	1.8%	1.8%	0.3%	0.3%
Government	0.0%	0.0%	0.0%	0.1%	0.2%
Total	1.9%	1.7%	1.7%	1.2%	0.8%

Expected loss for Banco Mercantil del Norte, the group's largest subsidiary, **was 1.7%**, and the unexpected loss **was 4.1%**, both with respect to the total portfolio as of 3Q20. These ratios were 1.8% and 4.1%, respectively during 2Q20, and 2.1% and 3.8% twelve months ago.

Banco Mercantil del Norte's **Net Credit Losses (NCL)** including write-offs was 2.6%, (10bps) lower than in 2Q20.

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

Past Due Loan Variations (Million Pesos)	
Balance as of June' 2020	9,254
Transfer from Performing Loans to Past Due Loans	4,132
Portfolio Purchase	-
Renewals	(85)
Cash Collections	(388)
Discounts	(375)
Charge Offs	(4,056)
Foreclosures	(5)
Transfer from Past Due Loans to Performing Loans	(1,687)
Loan Portfolio Sale	(132)
Foreign Exchange Adjustments	2
Fair Value Ixe	-
Balance as of September' 2020	6,660

Out of the **total loan book**, 87% was rated A Risk, 8% B Risk, and 5% as Risk C, D and E combined.

Risk Rating of Performing Loans as of 3Q20 - GFNorte
(Million Pesos)

CATEGORY	LOANS	LOAN LOSS RESERVES						
		COMMERCIAL				CONSUMER	MORTGAGES	TOTAL
		MIDDLE COMPANIES	MARKET	GOVERNMENT ENTITIES	FINANCIAL INTERMEDIARIES			
A1	697,885		1,018	572	68	522	260	2,439
A2	36,787		167	60	12	310	39	588
B1	29,403		57	69	1	789	17	933
B2	13,841		50	11	0	454	20	535
B3	22,603		174	183	6	741	11	1,115
C1	12,550		144	79	0	737	54	1,015
C2	14,360		170	101	-	1,343	141	1,756
D	9,376		885	128	-	1,915	429	3,356
E	3,104		313	-	-	1,837	80	2,230
Total	839,908		2,978	1,204	87	8,648	1,050	13,966
Not Classified	(1,468)							
Exempt	-							
Total	838,440		2,978	1,204	87	8,648	1,050	13,966
Reserves								17,666
Preventive Reserves								3,699

Notes:

- Figures for reserve creation and rating are as of September 30th, 2020.
- The loan portfolio is rated pursuant to rules issued by the CNBV, in Chapter V, Second Title of General Provisions Applicable to Credit Institutions, and it can also be rated according to internal methodologies authorized by this same regulator.
The Institution uses regulatory methodologies to rate all credit portfolios. The Institution uses internal methodologies authorized by the CNBV according to the following: for the Revolving Consumption portfolio as of January 2018, for the Auto (Individuals) portfolio as of January 2020, and for the portfolio commercial of borrowers with sales or income greater than or equal to 14 million UDIs, from January 2019 in the Banco Mercantil del Norte subsidiary and from February 2019 in the subsidiaries Arrendadora and Factor Banorte and Sólida Administradora de Portafolios.
The Institution uses risk ratings: A1, A2, B1, B2, B3, C1, C2, D and E to classify provisions according to the portfolio segment and percentage of the provisions representing the outstanding balance of the loan, and which are set forth in Fifth Section of the "Reserve creation and their classification by degree of risk" contained in Chapter 5, Second Title of the aforementioned regulation.
- The complementary reserves established follow the general provisions applicable to credit institutions and consider the additional reserves, anticipating portfolio impairment effects due to COVID-19 previously described in "Loan Loss Provisions".

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

(Million Pesos)	3Q20
Distressed Portfolio	3,317
Total Loans	838,440
Distressed Portfolio / Total Loans	0.4%

Loan Loss Reserves and Loan Loss Provisions

Loan Loss Reserves (Million Pesos)	3Q20
Previous Period Ending Balance	18,555
Provisions charged to results	3,654
Provisions charged to retained earnings	0
Created with profitability margin	0
Reserve Portfolio Sold	0
Other items	0
<u>Charge offs and discounts:</u>	
Commercial Loans	(424)
Consumer Loans	(3,439)
Mortgage Loans	(665)
Foreclosed assets	0
	(4,528)
Cost of debtor support programs	(2)
Valorization and Others	(13)
Adjustments	0
Loan Loss Reserves at Period End	17,666

Loan Loss Reserves as of 3Q20 totaled **Ps 17.67 billion**, down by (4.8%) vs. the previous quarter. **Charge-offs and discounts** have returned to their normal levels.

Loan loss reserve coverage ratio totaled **265.2%** in the quarter, well above the 200.5% level in the previous quarter on lower non-performing loans and higher than the 126.6% ratio in 3Q19.

Capital

Shareholders' equity totaled **Ps 217.37 billion**, up 4% quarterly and 16% higher than in 3Q19, reflecting the internal capital generation.

Changes during the **quarter** were: Ps 8.91 billion increase in net income; Ps 193 million increase in share sale premium; (Ps 384 million) decline in the effect from associates, subsidiaries, and mutual funds and; (Ps 792 million) reduction due to interest payment of subordinated notes. Additionally, there was a Ps 1.19 billion gain from valuation of available-for-sale securities, and a (Ps 280 million) decline in valuation of cash flow hedging instruments, as result of market volatility.

Recent Events

1. SOLIDA ADMINISTRADORA DE PORTAFOLIOS MERGES WITH ARRENDADORA AND FACTOR BANORTE

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%.

2. CARLOS HANK GONZÁLEZ, CHAIRMAN OF GRUPO FINANCIERO BANORTE, PARTICIPATED IN THE INTERNATIONAL PANEL "PRINCIPLES FOR RESPONSIBLE BANKING: ONE YEAR ON" TO CELEBRATE THE FIRST ANNIVERSARY OF THE PRINCIPLES OF RESPONSIBLE BANKING OF THE UN.

On September 22nd, 2020, a year after the worldwide launch of the UN Principles for Responsible Banking and under the European Forum for Sustainable Investments, Carlos Hank González, Chairman of the Board of Directors of Grupo Financiero Banorte, stated that post-pandemic global economic recovery shall be based on sustainable development.

During his participation in the panel "Principles for Responsible Banking: One year on", Hank González analyzed the impact of the COVID-19 pandemic on the economy and considered that the financial sector will be key in the recovery as long as it incorporates the environmental, social and corporate governance (ESG) dimensions.

3. THE GOVERNMENT OF QUINTANA ROO AND BANORTE INSURED SOME OF THE STATE'S BEACHES AND REEFS

Seguros Banorte signed a contract with the government of Quintana Roo for a policy that protects the beaches and reefs of 5 municipalities in the state against possible hurricanes. This insurance has a coverage of up to 42.5 million pesos per event, which would allow rapid restoration of the affected area to offset the hurricane damages and mitigate the impact on the local economy.

The policy was reinsured by Hannover Re, the third largest reinsurer in the world, and was structured by Global Parametrics, an international firm specialized in designing financial solutions to mitigate the impact of natural disasters.

Bank

Income Statement and Balance Sheet (Million Pesos)	3Q19	2Q20	3Q20	Change		9M19	9M20	Change
				2Q20	3Q19			9M19
Net Interest Income	17,150	17,421	17,501	0%	2%	50,934	52,439	3%
Non-Interest Income	5,932	5,268	4,603	(13%)	(22%)	16,668	14,598	(12%)
Total Income	23,082	22,690	22,105	(3%)	(4%)	67,602	67,037	(1%)
Non-Interest Expense	9,947	9,579	9,853	3%	(1%)	28,220	29,150	3%
Provisions *	4,034	8,527	3,122	(63%)	(23%)	11,391	15,911	40%
Operating Income	9,101	4,584	9,129	99%	0%	27,991	21,976	(21%)
Taxes	2,401	934	2,522	170%	5%	7,430	5,568	(25%)
Discontinued Operations	-	-	-	-	-	-	-	-
Subsidiaries & Minority Interest	31	19	27	37%	N.A.	84	75	N.A.
Net Income	6,730	3,669	6,634	81%	(1%)	20,645	16,483	(20%)
Balance Sheet								
Performing Loans (a)	715,617	778,548	786,350	1%	10%	715,617	786,350	10%
Past Due Loans (b)	13,925	8,885	6,307	(29%)	(55%)	13,925	6,307	(55%)
Total Loans (a+b)	729,542	787,433	792,658	1%	9%	729,542	792,658	9%
Total Loans Net (d)	711,925	769,358	775,489	1%	9%	711,925	775,489	9%
Acquired Collection Rights (e)	1,560	1,438	1,341	(7%)	(14%)	1,560	1,341	(14%)
Total Loans (d+e)	713,485	770,796	776,830	1%	9%	713,485	776,830	9%
Total Assets	1,157,433	1,348,628	1,277,593	(5%)	10%	1,157,433	1,277,593	10%
Total Deposits	726,420	821,721	834,137	2%	15%	726,420	834,137	15%
Demand Deposits	399,464	479,142	506,588	6%	27%	399,464	506,588	27%
Time Deposits	326,956	342,579	327,548	(4%)	0%	326,956	327,548	0%
Total Liabilities	1,042,747	1,226,044	1,148,153	(6%)	10%	1,042,747	1,148,153	10%
Equity	114,686	122,583	129,440	6%	13%	114,686	129,440	13%
Financial Ratios - Bank	3Q19	2Q20	3Q20			9M19	9M20	
Profitability:								
NIM (1)	6.5%	5.8%	5.8%			6.3%	6.0%	
NIM after Provisions (2)	5.0%	3.0%	4.7%			4.9%	4.2%	
ROE (3)	23.6%	12.4%	21.1%			24.3%	18.3%	
ROA (4)	2.3%	1.1%	2.0%			2.4%	1.7%	
Operation:								
Efficiency Ratio (5)	43.1%	42.2%	44.6%			41.7%	43.5%	
Operating Efficiency Ratio (6)	3.4%	2.9%	3.0%			3.2%	3.1%	
Average Liquidity Coverage Ratio for Banorte and SOFOM - Basel III (7)	140.7%	150.8%	193.6%			140.7%	193.6%	
Asset Quality:								
Past Due Loan Ratio	1.9%	1.1%	0.8%			1.9%	0.8%	
Coverage Ratio	126.5%	203.4%	272.2%			126.5%	272.2%	
Capitalization:								
Net Capital/ Credit Risk Assets	25.4%	25.1%	27.6%			25.4%	27.6%	
Total Capitalization Ratio	20.3%	19.7%	21.1%			20.3%	21.1%	
Leverage								
Basic Capital/ Adjusted Assets	10.9%	11.0%	12.1%			10.9%	12.1%	

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

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

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

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

5) Non-Interest Expenses / Total Income.

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

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

Changes vs. the previous quarter

Net interest income (NII) was stable during the quarter, with NII from the loan portfolio slightly below 2Q20, but with a relevant decrease in the cost of funds. With this, **NIM resiliently stood at 5.8%**, despite the current monetary policy conditions of low interest rates.

Non-interest income declined (13%) mainly driven by normalized trading income and other income.

Fees charged increased 7% driven by the recovery of electronic banking services from affiliated businesses and credit card fees. Similarly, **fees paid** increased 15% due to higher exchange fees in the acquiring business. In sum, **net fees** reflect a **2% growth**, derived from a gradual economic recovery.

The **trading income decreased (26%)** in the quarter, due to lower market volatility; thus, returning to its normal levels following a high-income quarter, particularly on F/X trades and derivatives. **Other operating income (expense)** declined Ps (366) million or (53%) on the quarter due to lower recoveries and tax credits, which generated a favorable, but atypical effect in 2Q20.

Non-interest expense rose 3%, due to higher administrative and promotional expenses, as well as consulting services. Consequently, **efficiency ratio** closed at **44.6%** from **42.2%** in the previous quarter.

Provisions were down (63%) in the quarter, returning to the last year's levels. This change is explained by a (91%) decline in the requirements in the commercial portfolio, out of which Ps (972) million were due to declines in the mid-size company portfolio, Ps (701) million in the commercial portfolio, Ps (463) million in corporate, and Ps (213) million in state and municipal government; whereas, federal government grew Ps 36 million. In the consumer portfolio, provisions rose 6%, mainly due to a Ps 548 million increase in the payroll portfolio due to updated inputs for greater precision in risk measurement, in addition to lower requirements due to an adjustment in the reserves code made in 2Q20; thus, returning to a normalized trend in 3Q20; moreover, requirements for auto loans declined Ps (167) million, mortgages Ps (144) million and credit cards Ps (70) million.

NIM adjusted for credit risks recovered to **4.7%**, 179bps higher vs. **3.0%** in 2Q20.

Altogether, **net income** was **up 81%** or Ps 2.96 billion; thus increasing **ROE** which returns to committed levels at **21.1%, up 863bps**. Similarly, **ROA rose 91bps ending the quarter at 2.0%**. These results reflect the strong commitment to maintain profitability amidst a challenging environment.

Accumulated changes vs. the previous year (9M19)

Net interest income for 9M20 grew 3% in the year, despite the sharp drop in reference rates, but offset by the strategy to improve the funding cost and a 9% growth in the loan portfolio. **NIM remains resilient at 6.0% with a contraction of only (31bps)** compared to 9M19 regardless the sharp drop in rates.

Recurring non-interest income was down by (3%) compared to 9M19 driven by a Ps (415) million decline in trading income and a Ps (374) million reduction in net fees, while recurring other operating income (expense) rose Ps 380 million due to lower losses and impairment of assets. **Reported non-interest income** declined (12%) due to the effect of extraordinary income from the liquidation of Banorte USA in 1Q19 in other operating income.

Fees charged for 9M20 declined (1%), due to lower fees from consumer loans, while **fees paid increased 3%** due to higher activity in the acquiring business. In sum, **net fees were down (4%)**.

Trading income decreased (11%) due to lower trading activity in securities, derivatives and F/X. Reported **other operating income (expense)**, was down (55%) because of the recognition of extraordinary income in 1Q19. With **recurring figures**, the effect is positive, showing a **58% growth** due to a significant decline in losses and estimates, coupled with lower asset impairments.

Non-interest expense was up by only 3.0% vs. 9M19, mainly reflecting a Ps 984 million increase in rents, depreciation and amortization. Altogether, **efficiency ratio** rose 174bps to **43.5%**.

Provisions increased 40% or Ps 4.52 billion compared to 9M19 explained by a Ps 3.11 billion increase in the provision requirement from the commercial portfolio, comprised of a Ps 2.26 billion provisions increase in the commercial, corporate and mid-size portfolios associated with loan origination in those portfolios, in addition to the requirement for advance provisions made during 2Q20, while provisions for the government portfolio declined Ps (810) million. Provisions for the consumer portfolio, were down Ps (1.46) billion, due to lower provisioning requirements in most of its constituents, except

for the mortgage portfolio, which had Ps 220 million higher provisions driven by higher loan origination. **NIM adjusted for credit risks** stood at **4.2%**, down by (72bps) vs. 4.9% in 9M19.

Reported Net income reached Ps 16.48 billion, down (20%) vs. 9M19, and up 2% when comparing recurring figures, that is, excluding the extraordinary income from 1Q19 and anticipated provisions in 2Q20. In terms of profitability, **ROE** reached **18.3%** down (600bps) vs. 9M19, while **ROA declined (62bps)** to **1.7%**, both ratios impacted by the anticipated provisions in 2Q20, as well as by the challenging economic conditions derived from the pandemic.

Capital

Shareholders' equity totaled **Ps 129.44 billion**, up 6% vs. the previous quarter driven by: a Ps 6.63 billion net income increase; Ps 203 million expansion in share sale premiums; an Ps (805) million decline in retained earnings from interest paid on subordinated obligations; Ps 1.20 billion capital gain on valuation of available-for-sale securities, and Ps (284) million decline in valuation of cash flow hedging instruments.

Regulatory Capital (Banco Mercantil del Norte)

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

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

Capitalization (Million Pesos)	3Q19	2Q20	3Q20	Change 2Q20 3Q19	
Core Tier 1	102,861	117,627	124,312	5.7%	20.9%
Tier 1 Capital	143,514	163,806	179,672	9.7%	25.2%
Tier 2 Capital	14,141	11,650	11,365	(2.4%)	(19.6%)
Net Capital	157,655	175,455	191,036	8.9%	21.2%
Credit Risk Assets	620,837	697,870	690,967	(1.0%)	11.3%
Net Capital / Credit Risk Assets	25.4%	25.1%	27.6%	2.5 pp	2.3 pp
Total Risk Assets	775,642	892,361	904,544	1.4%	16.6%
Core Tier 1	13.26%	13.18%	13.74%	0.6 pp	0.5 pp
Tier 1	18.50%	18.36%	19.86%	1.5 pp	1.4 pp
Tier 2	1.82%	1.31%	1.26%	(0.0 pp)	(0.6 pp)
Capitalization Ratio	20.33%	19.66%	21.12%	1.46 pp	0.79 pp

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

At the end of 3Q20 the estimated Capital Adequacy Ratio (CAR) for Banorte was **21.12%** considering credit, market, and operational risks; and 27.65% considering only credit risks. Moreover, Total Tier 1 Capital reached 13.74% as of 3Q20. Excluding the effect of additional reserves generated in June 2020, 3Q20 CAR would have been 21.27% with Total Tier 1 Capital of 14.10%.

CAR rose 1.46 pp vs. 2Q20 when incorporating the effect of additional reserves, when excluding it, CAR would reflect a 0.15 pp benefit reaching 21.27% due to the following effects:

	With Additional Reserves	Without Additional Reserves
	+ 1.46 pp	+ 1.61 pp
1. Net Income in 3Q20	+ 1.11 pp	+ 1.11 pp
2. Capital Notes	+ 0.90 pp	+ 0.90 pp
3. Securities' mark-to-market valuation and Hedging Derivatives*	+ 0.10 pp	+ 0.10 pp
4. Temporary effect in additional capital due to additional reserves	+0.19 pp	0.00 pp
5. Additional loan loss provisions	- 0.38 pp	0.00 pp
6. Permanent Investments, Intangibles, and Other Capital Effects	- 0.21 pp	- 0.21 pp
7. Growth in Risk Assets	- 0.26 pp	- 0.30 pp

* Includes derivatives for hedging fixed rate portfolios

CAR increased 0.79 pp vs. 3Q19 when considering the additional reserves effect, but excluding this effect, CAR would reflect a 0.15 pp benefit due to the following effects:

	With Additional Reserves	Without Additional Reserves
	+ 0.79 pp	+ 0.94 pp
1. Net Income growth	+ 2.96 pp	+ 2.96 pp
2. Other capital effects	+ 0.91 pp	+ 0.91 pp
3. Capital Notes*	+ 0.69 pp	+ 0.69 pp
4. Securities' mark-to-market valuation and Hedging Derivatives **	+0.17 pp	+0.17 pp
5. Temporary effect in additional capital due to additional reserves	+0.19 pp	0.00 pp
6. Additional loan loss provisions	- 0.38 pp	0.00 pp
7. Permanent Investments and Intangibles	- 0.13 pp	- 0.13 pp
8. Dividend payments between 3Q19 and 4Q19	- 0.72 pp	- 0.72 pp
9. Growth in Risk Assets	- 2.90 pp	- 2.94 pp

* Including the mark-to-market valuation effect on Capital Notes, and the buyback effect (BINTER: Mar'20 / Tender Offer Oct'19 y Dec'19)

** Includes fixed rate hedging derivatives

Excluding the Special Accounting Criteria authorized by the CNBV for the COVID-19 contingency, total Capital Adequacy Ratio would have totaled 21.03%, with Core Equity Tier 1 at 13.66.

Evolution of Risk Assets

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

The Total Risk Assets as of September 2020 reached Ps 904.54 billion, up Ps 13.08 billion vs. the end of June 2020, and Ps 128.90 billion above September 2019.

The evolution of Risk Assets is presented below:

Risk Assets (Million Pesos)	3Q19	2Q20	3Q20	Change	
				2Q20	3Q19
Total Credit	620,837	697,870	690,967	(1.0%)	11.30%
Credit (Loan Portfolio)	516,598	553,096	548,959	(1%)	6.26%
Credit (Others)	104,238	144,774	142,008	(2%)	36.23%
Total Market	92,508	126,671	144,157	13.80%	55.83%
Total Operational	62,297	67,820	69,421	2.36%	11.43%
Total	775,642	892,361	904,544	1.37%	16.62%

Main quarterly changes in RWA:

- Decline in Credit Risk Weighted Assets (Loan Portfolio) driven by decreases in the Corporate and Government loan portfolios (States and Municipalities), as well as by lower liquid assets due to Balance Sheet management.
- Decline in Credit Risk Weighted Assets (Others) driven by the Credit Valuation Adjustment requirement for derivative transactions, explained by the evolution in market rates in these positions as the derivative rate curve had 10pb quarterly increases in the terms of up to 7 years decreasing exposure in operations with clients hedging upward interest rate risk, and consequently, capital requirements.
- Increase in Market Risk Weighted Assets mainly due to variations in foreign currency exchange and changes in the Balance Sheet structure.

Main annual changes in RWA:

- Increase in Credit Risk Weighted Assets (Loan Portfolio) in line with Bank's total loan portfolio growth, worth highlighting mortgage, corporate and commercial portfolios growth.
- Increase in Credit Risk Weighted Assets (Others) driven by the Credit Valuation Adjustment requirement for derivative transactions, which due to the accumulated decline in derivative rate curves during the year (213) bps on average across the curve has increased the exposure to clients hedging upward interest rate risk, and consequently increasing capital requirements.
- Increase in Market Risk Weighted Assets mainly due to variations in foreign currency exchange and changes in the balance sheet structure.

Leverage Ratio (Banco Mercantil del Norte)

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

Leverage (Million Pesos)	3Q19	2Q20	3Q20	Change	
				2Q20	3Q19
Tier 1 Capital	143,514	163,806	179,672	9.7%	25.2%
Adjusted Assets	1,317,225	1,482,849	1,480,394	(0.2%)	12.4%
Leverage Ratio	10.90%	11.05%	12.14%	109 bp	124 bp

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

Long Term Savings

Seguros Banorte

Income Statement and Balance Sheet Highlights - Insurance - Seguros Banorte (Million Pesos)	3Q19	2Q20	3Q20	Change		9M19	9M20	Change 9M19
				2Q20	3Q19			
Interest Income (Net)	464	643	396	(38%)	(15%)	1,372	1,556	13%
Premium Income (Net)	3,586	5,772	3,792	(34%)	6%	17,063	18,379	8%
Net Increase in Technical Reserves	(790)	765	(875)	(214%)	11%	2,765	3,195	16%
Damages, Claims and Other Obligations	2,896	3,674	3,321	(10%)	15%	8,753	9,761	12%
Technical Results	1,480	1,332	1,346	1%	(9%)	5,545	5,423	(2%)
Net Interest Income (NII)	1,944	1,976	1,742	(12%)	(10%)	6,917	6,979	1%
Other Fees (acquisition costs)	(817)	(519)	(555)	7%	(32%)	(2,168)	(1,780)	(18%)
Securities-Realized Gains	14	58	33	(43%)	130%	47	141	197%
Other Operating Income (Expenses)	228	160	182	13%	(20%)	727	542	(25%)
Total Operating Income	1,369	1,675	1,402	(16%)	2%	5,523	5,882	6%
Non Interest Expense	365	351	339	(3%)	(7%)	1,032	1,059	3%
Operating Income	1,004	1,324	1,062	(20%)	6%	4,491	4,822	7%
Taxes	263	395	316	(20%)	20%	1,312	1,443	10%
Subsidiaries' Net Income	423	630	463	(26%)	9%	1,273	1,424	12%
Minority Interest	(10)	(13)	(10)	23%	(6%)	(29)	(31)	(6%)
Net Income	1,154	1,545	1,200	(22%)	4%	4,422	4,773	8%
Shareholder's Equity	23,017	26,184	27,391	5%	19%	23,017	27,391	19%
Total Assets	56,296	65,256	65,143	(0%)	16%	56,296	65,143	16%
Technical Reserves	27,003	31,526	30,257	(4%)	12%	27,003	30,257	12%
Premiums sold	3,978	7,171	4,272	(40%)	7%	21,166	21,807	3%
Coverage ratio of technical reserves	1.17	1.25	1.29	0.03 pp	0.10 pp	1.2	1.3	0.1 pp
Solvency capital requirement coverage ratio	3.5	9.7	8.6	(1.1 pp)	5.2 pp	3.5	8.6	5.2 pp
Coverage ratio of minimum capital	212.9	236.0	247.0	11.0 pp	34.0 pp	212.9	247.0	34.0 pp
Claims ratio	67%	74%	71%	(2.2 pp)	4.8 pp	61%	65%	3.4 pp
Combined ratio	91%	84%	89%	4.7 pp	(2.6 pp)	73%	76%	2.2 pp
ROE	20.4%	24.6%	18.2%	(6.4 pp)	(2.2 pp)	25.4%	25.6%	0.2 pp
ROE ex-Afore	38.6%	41.0%	30.3%	(10.7 pp)	(8.3 pp)	52.8%	51.8%	(1.0 pp)

Interest income (Net) was down (38%) **sequentially**, and compared to accumulated 9M19 figures, it **rose 13% annually**, explained by the valuation of investment assets.

During the quarter, Premium Income (Net) declined **(34%)** due to policy renewals in 2Q20. The Technical Reserves had a sharp decline on the back of lower premiums issued during the quarter and reserve accruals.

Furthermore, there is a slight (10%) decline in claims during the quarter, mainly driven by lower claims in life policies with savings components compared to the previous quarter, and a reduction in claims in the auto segment.

At the end of 3Q20, **technical result** of Seguros Banorte was **Ps 1.35 billion**, **1%** higher in the quarter as a result of lower premium income due to the typical seasonality of the quarter, but offset by the release of reserves by the ongoing accrual rate of the business, and lower claims vs. the previous quarter.

Compared to 9M19, **technical result fell (2%)** despite an 8% increase in premium income, there was also an increase in technical reserves and greater claims in life and health insurance segments.

Acquisition Costs were **up 7% quarterly**, totaling Ps 555 million; while compared to 9M19, they were **down (18%)** as there was a Ps 331 million reinsurance cost in 3Q19 from variations from the estimated claims in the life portfolio. The quarterly change resulted from seasonal variations in premiums sold.

Net Operating Income amounted to **Ps 1.06 billion during 3Q20**, down **(20%)** vs. the previous quarter, as result of **(12%)** lower interest income.

Net Income for the quarter was **Ps 1.20 billion**, down **(22%)** vs. **2Q20**, and **8%** higher than the accumulated net income of 9M19.

Quarterly **Net Income** for Seguros Banorte, excluding its subsidiary Afore XXI Banorte, totaled **Ps 745 million**, accounting for 8.4% of GFNorte's net income on 3Q20.

ROE for the **Insurance business** declined annually and stood at **30.3% in 3Q20**.

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 3Q20 that involved any technical risk.*
- ii. Damages and claims, as well as compliance of reinsurers and bonding companies with their obligations.
 - *In 3Q20 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 3Q20*
- iv. Transfer of risks through reinsurance and bonding contracts
 - *In the Damages book, risks were transferred to reinsurers, for the most part to foreign reinsurers under which there were 4 relevant businesses: 1 related to services, 2 to the transformation industry, and 1 related to retailers.*
- v. Contingencies arising from non-compliance of reinsurers and bonding companies.
 - *There were no relevant issues related to non-compliance during 3Q20.*

Afore XXI Banorte

Afore XXI Banorte (Million Pesos)	3Q19	2Q20	3Q20	Change		9M19	9M20	Change
				2Q20	3Q19			9M19
Net Income	845	1,259	925	(27%)	9%	2,543	2,846	12%
Shareholder's Equity	24,734	23,824	24,582	3%	(1%)	24,734	24,582	(1%)
Total Assets	26,835	26,061	26,983	4%	1%	26,835	26,983	1%
AUM (SIEFORE)	860,835	945,717	975,338	3%	13%	860,835	975,338	13%
ROE	13.9%	21.5%	15.3%	(6.2 pp)	1.4 pp	14.1%	15.7%	1.6 pp

During 3Q20, Afore XXI Banorte reported **net income** of **Ps 925 million**, down **(27%)** vs. 2Q20. Compared to 9M19, net income had a 12% increase mainly explained by capital gains in the Afore special reserve in its (SIEFORES) due to market volatility.

ROE in 3Q20 reached **15.3%**, down **(6.2pp)** during the quarter, and up 1.6pp vs. 9M19. Excluding goodwill, **Return on Tangible Equity (ROTE)** stood at **50.8%**.

Afore XXI Banorte represented 5.1% of the Financial Group's net income during 3Q20.

Afore XXI Banorte's **assets under management** of as of September 2020 totaled **Ps 975.34 billion**, a relevant 13% increase vs. 3Q19.

Pensiones Banorte

Income Statement and Balance Sheet Highlights - Annuities - Pensiones Banorte (Million Pesos)	3Q19	2Q20	3Q20	Change		9M19	9M20	Change 9M19
				2Q20	3Q19			
Interest Income (Net)	1,977	337	4,083	1113%	106%	5,095	7,889	55%
Premium Income (Net)	2,957	2,494	3,736	50%	26%	8,471	9,719	15%
Net Increase in Technical Reserves	2,713	451	5,137	1040%	89%	7,152	10,230	43%
Claims and Other Obligations	1,738	1,939	2,112	9%	22%	5,059	5,877	16%
Technical Results	(1,493)	105	(3,514)	(3462%)	(135%)	(3,740)	(6,388)	(71%)
Net Interest Income (NII)	485	441	569	29%	17%	1,354	1,501	11%
Net Fees	-	(1)	-	N.A.	N.A.	-	(1)	N.A.
Securities-Realized Gains	3	110	24	(78%)	749%	25	146	472%
Other Operating Income (Expenses)	(2)	148	4	(97%)	N.A.	(0)	152	N.A.
Total Operating Income	485	699	598	(14%)	23%	1,379	1,798	30%
Non Interest Expense	117	94	113	20%	(4%)	318	304	(4%)
Operating Income	368	604	485	(20%)	32%	1,061	1,494	41%
Taxes	107	182	146	(20%)	36%	309	449	45%
Subsidiaries' Net Income	2	2	1	(6%)	(21%)	6	4	(24%)
Minority Interest	-	-	-	N.A.	N.A.	-	-	N.A.
Net Income	263	424	340	(20%)	30%	758	1,049	38%
Shareholder's Equity	4,608	5,602	5,946	6%	29%	4,608	5,946	29%
Total Assets	131,568	156,112	161,830	4%	23%	131,568	161,830	23%
Technical Reserves	125,261	148,321	153,532	4%	23%	125,261	153,532	23%
Premiums sold	2,957	2,494	3,736	50%	26%	8,471	9,719	15%
Coverage ratio of technical reserves	1.0	1.0	1.0	0.0 pp	0.0 pp	1.0	1.0	0.0 pp
Solvency capital requirement coverage ratio	31.9	26.3	27.7	1.4 pp	(4.2 pp)	31.9	27.7	(4.2 pp)
ROE	23.5%	31.6%	23.6%	(8.0 pp)	0.1 pp	23.9%	25.9%	2.0 pp

During 3Q20, **net interest income** reached Ps 4.08 billion, a **relevant increase** against the previous quarter due to the Ps 3.50 billion UDIs valuation effect during the quarter. Compared to 9M19 it was up 55% primarily driven by the valuation effect, and to a lower extent by the increase in interest income.

Technical results were down during the quarter due to the combined effect of higher Premium income, higher technical reserves due to the inflation update effect, and a 9% increase in claims. Compared to 9M19 there is a (71%) decline in the technical result generated by Ps 3.08 billion higher reserves, in addition to 16% higher claims or Ps 818 million, which could not be offset by the Ps 1.25 billion growth in premiums issuance.

Net Income from Pensiones Banorte **declined (20%) over the quarter**, driven by Ps (144) million lower Other Operating Income on the acquisition of SURA's annuities portfolio in 2Q20. Compared to **9M19**, net income **rose 38%** driven by a greater variation in the financial result related to the decline of the technical result, both due to higher inflation and the increase in other operating income.

Net income from Pensiones Banorte during 3Q20 represented 3.8% of the Financial Group's net income.

ROE for the quarter stood at **23.6%**, and **25.9% in 9M20**, up 2pp annually.

Brokerage

Brokerage Sector (Million Pesos)	3Q19	2Q20	3Q20	Change		9M19	9M20	Change 9M19
				2Q20	3Q19			
Net Income	345	467	356	(24%)	3%	883	1,136	29%
Shareholder's Equity	4,482	5,446	5,799	6%	29%	4,482	5,799	29%
Assets Under Custody	953,309	861,219	907,018	5%	(5%)	953,309	907,018	(5%)
Total Assets	190,323	170,942	249,498	46%	31%	190,323	249,498	31%
ROE	31.2%	35.7%	25.4%	(10.4 pp)	(5.9 pp)	27.8%	29.0%	1.2 pp
Net Capital (1)	3,373	3,996	4,276	7%	27%	3,373	4,276	27%

1) Net capital structure: Core Equity =Ps 4.28 billion, Additional Capital= Ps 0 million.

The Brokerage business (Casa de Bolsa Banorte and Operadora de Fondos) reported **net income of Ps 356 million**, down **(24%)** during the quarter resulting from (2%) lower net interest income, (70%) lower trading income and (13%) lower securities trading; however, fees from mutual funds rose 3%.

Compared to 9M19, net income was up 29% driven by a 143% increase in net interest income, and an 8% increase in mutual funds fees.

Net income from the brokerage business in 3Q20 accounted for 4% of the group's net income.

Assets Under Management

At the end of 3Q20, AUMs totaled **Ps 907 billion**, up **5%** during the quarter, and down (5%) annually.

Assets under management by mutual funds **totaled Ps 234 billion**, up **12%** in the year. Assets held in **fixed income funds** totaled **Ps 213 billion**, **6% higher in the quarter**, and 10% higher in the year; assets held in **equity funds** amounted to **Ps 20.8 billion**, up 12% in the quarter and 35% higher in the year. As of 3Q20, Banorte held an 8.9% share of the mutual fund market: 10.88% of fixed income funds, and 3.2% of equity funds.

SOFOM and other Finance Companies

SOFOM & Other Finance Companies (Million Pesos)	3Q19	2Q20	3Q20	Change		9M19	9M20	Change
				2Q20	3Q19			9M19
Warehousing								
Net Income	8	9	9	(2%)	5%	(8)	27	443%
Shareholder's Equity	235	264	273	3%	16%	235	273	16%
Inventories	555	1,299	1,053	(19%)	90%	555	1,053	90%
Total Assets	719	1,526	1,255	(18%)	74%	719	1,255	74%
ROE	14.3%	13.6%	12.9%	(0.7 pp)	(1.4 pp)	(4.6%)	14.0%	18.6 pp
Arrendadora y Factor (previous Sólida Administradora de Portafolios*)								
Net Income	(68)	(11)	684	N.A.	N.A.	(99)	527	633%
Shareholder's Equity	3,083	2,855	9,220	223%	199%	3,083	9,220	199%
Loan Portfolio (1)	1,985	195	32,594	N.A.	N.A.	1,985	32,594	N.A.
Past Due Loans	88	0	353	N.A.	302%	88	353	302%
Loan Loss Reserves	151	-	497	N.A.	229%	151	497	229%
Total Assets	8,891	7,165	39,964	458%	349%	8,891	39,964	349%
ROE	(8.7%)	(1.5%)	45.9%	47.4 pp	54.6 pp	(4.2%)	15.8%	20.0 pp
Sólida AyF Merger (Historic consolidation exercise)								
Net Income	217	234	237	1%	9%	622	527	(15%)
Shareholder's Equity	8,761	9,211	9,220	0%	5%	8,761	9,220	5%
Loan Portfolio (1)	35,320	33,248	32,594	(2%)	(8%)	35,320	32,594	(8%)
Past Due Loans	432	369	353	(4%)	(18%)	432	353	(18%)
Past Due Loan Ratio	1.3%	1.3%	1.2%	(0.0 pp)	(0.1 pp)	1.3%	1.2%	(0.1 pp)
Loan Loss Reserves	553	479	497	4%	(10%)	553	497	(10%)
Total Assets	43,045	40,980	39,964	(2%)	(7%)	43,045	39,964	(7%)
ROE	10.0%	10.3%	10.4%	0.0 pp	0.0 pp	9.8%	7.8%	(0.2 pp)
Ixe Servicios								
Net Income	(0.2)	(0.5)	(0.7)	(44%)	(289%)	(0.7)	(1.4)	(100%)
Shareholder's Equity	137	136	136	(1%)	(1%)	137	136	(1%)
Total Assets	137	136	136	(0%)	(1%)	137	136	(1%)
ROE	(0.5%)	(1.5%)	(2.1%)	(0.7 pp)	(1.6 pp)	(0.7%)	(1.4%)	(0.7 pp)

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

Leasing and Factoring (Merger between Sólida and Arrendadora)

Results shown are product of the merger, as well as a historic exercise for comparison purposes. **Net income** during 3Q20 totaled **Ps 237 million, up 1% during the quarter** mainly due to lower non-interest expenses.

Past due loans ratio reached 1.22%, down (3bps) vs. 2Q20. Coverage ratio totaled 140.7%, 10.8bps higher than the previous quarter. The **capital ratio for 3Q20** totaled 20.83%, considering total risk weighted assets of Ps 35.54 billion.

In 3Q20, Net Income from Leasing and Factoring represented 2.7% 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 3Q20, the Warehouse reported net income of Ps 9 million, 5% higher vs. 3Q19, mainly due to cost control. ROE reached 12.9%, and the capital ratio totaled 269% considering a net capital of Ps 228 million, and negotiable certificates of deposit issued in active warehouses totaling Ps 1.69 billion.

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

III. General Information

GFNORTE's Analyst Coverage

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

BROKER	ANALYST	RECOMMENDATION	DATE
Actinver	Enrique Mendoza	Buy	16-Apr-20
Barclays	Gilberto García	Buy	12-Aug-20
Brasil Plural	Eduardo Nishio	Buy	24-Jul-20
BTG Pactual	Eduardo Rosman	Buy	25-Aug-20
GBM	Natalia Zamora	Buy	23-Jul-20
Goldman Sachs	Tito Labarta	Buy	20-Oct-20
HSBC	Carlos Gómez	Buy	28-Jun-20
InterCam	Sofía Robles	Buy	23-Jan-20
Itaú BBA	Arturo Langa	Buy	17-Sep-20
JP Morgan	Domingos Falavina	Buy	20-Oct-20
Santander	Claudia Benavente	Buy	17-Sep-20
Scotia	Jason Mollin	Buy	24-Jul-20
UBS	Philip Finch	Buy	7-Oct-20
Vector	Marco Montañez	Buy	27-Aug-20
BBVA	Rodrigo Ortega	Buy	10-Aug-20
BOFA - Merrill Lynch	Mario Pierry	Buy	27-Jul-20
Credit Suisse	Marcelo Telles	Buy	13-Oct-20
Citi	Jorg Friedman	Hold	27-Oct-20
Invex	Montserrat Antón	Hold	17-Aug-20
Monex	Verónica Uribe	Hold	23-Jul-20
Morgan Stanley	Jorge Kuri	Sell	12-Oct-20

Capital Structure

Holding Company Capital Structure

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

IV. Financial Statements

Grupo Financiero Banorte

Income Statement -GFNorte (Million Pesos)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Interest Income	37,751	37,276	36,796	37,285	36,648	32,338	32,895
Interest Expense	18,126	18,038	16,512	14,858	14,366	13,019	10,057
Charged Fees	323	335	365	382	360	346	354
Fees Paid	281	279	284	316	291	270	281
Net Interest Income from interest & fees (NII)	19,668	19,295	20,365	22,493	22,351	19,395	22,911
Premium Income (Net)	12,214	6,271	6,305	7,747	12,155	8,118	7,385
Net Increase in Technical Reserves	6,766	1,228	1,922	5,086	7,946	1,216	4,262
Damages, Claims and Other Obligations	4,332	4,846	4,634	4,967	4,592	5,613	5,433
Net Interest Income (NII)	20,784	19,492	20,114	20,188	21,968	20,683	20,601
Preventive Provisions for Loan Losses	3,736	3,728	4,118	3,765	4,344	8,456	3,138
Net Interest Income Adjusted for Credit Risk	17,048	15,764	15,996	16,423	17,623	12,227	17,463
Fund Transfers	367	399	444	427	400	476	489
Account Management Fees	604	596	579	587	578	508	548
Electronic Banking Services	2,128	2,285	2,363	2,656	2,336	2,027	2,379
For Commercial and Mortgage Loans	238	291	280	509	495	394	129
For Consumer and Credit Card Loans	1,212	1,246	1,282	1,424	1,242	1,049	1,148
Fiduciary	104	108	127	146	119	102	113
Income from Real Estate Portfolios	48	220	1	7	5	11	6
Mutual Funds	428	449	462	472	461	486	501
Trading & Financial Advising Fees	108	171	131	102	147	126	128
Other Fees Charged	304	238	259	261	331	226	268
Fees Charged on Services	5,540	6,002	5,929	6,591	6,115	5,406	5,708
Interchange Fees	1,082	1,077	1,168	1,349	1,226	1,018	1,228
Insurance Fees	581	296	581	(109)	473	353	317
Other Fees Paid	910	999	997	1,120	961	966	1,066
Fees Paid on Services	2,573	2,372	2,746	2,361	2,660	2,337	2,611
Net Service Fees	2,967	3,630	3,183	4,230	3,455	3,069	3,096
Currency and Metals	(6)	(26)	(13)	36	1,235	(501)	(309)
Derivatives	521	176	(1,473)	(79)	(1,238)	1,139	531
Neotiable Instruments	186	29	155	70	(166)	(111)	80
Valuation	702	179	(1,330)	26	(169)	527	302
Currency and Metals	101	206	471	342	(862)	774	464
Derivatives	82	121	2,270	(115)	1,742	(323)	2
Neotiable Instruments	267	456	892	618	455	724	359
Trading	450	783	3,633	845	1,335	1,175	826
Trading Income	1,152	963	2,303	872	1,166	1,703	1,128
Loan Recovery	-	-	-	-	-	-	-
Loan Portfolios	59	85	86	57	80	63	90
Income from foreclosed assets	88	74	177	206	88	132	165
Provisions Release	-	-	-	-	-	-	-
Impairment of Assets	(132)	-	-	-	(55)	-	-
Lease Income	91	92	119	114	100	77	11
From Insurance	263	255	240	246	211	322	198
Securitization Operation Valuation Result	27	48	37	(7)	31	6	15
Other Operating Expense	1,747	100	61	130	(128)	541	178
Total Other Operating Income (Expense)	2,143	653	722	746	327	1,140	656
Total Non Interest Income	6,262	5,246	6,208	5,847	4,949	5,911	4,880
Total Operating Income	23,310	21,010	22,204	22,270	22,572	18,139	22,343
Personnel	3,932	3,567	4,258	4,105	3,930	3,891	4,037
Employee Profit Sharing (PTU)	123	123	122	136	133	133	133
Professional Fees	738	796	941	625	749	801	861
Administrative and Promotional Expenses	2,135	2,002	2,180	2,377	2,382	2,032	2,075
Rents, Depreciation & Amortization	1,676	1,635	1,772	1,919	1,946	2,047	2,074
Taxes other than income tax & non deductible expenses	561	573	484	602	498	483	496
Contributions to IPAB/Fobaproa	839	829	821	809	828	919	951
Total Non Interest Expense	10,004	9,525	10,578	10,572	10,466	10,307	10,627
Operating Income	13,306	11,485	11,626	11,698	12,106	7,832	11,717
Subsidiaries' Net Income	411	466	451	389	353	648	492
Pre-Tax Income	13,717	11,951	12,077	12,086	12,459	8,480	12,208
Income Tax	3,062	2,472	3,088	1,903	3,555	947	2,477
Tax on Assets	-	-	-	-	-	-	-
Deferred Income Tax	588	628	6	1,049	(328)	939	702
Taxes	3,650	3,100	3,094	2,951	3,228	1,886	3,178
Net Income from Continuous Operations	10,067	8,851	8,983	9,135	9,231	6,593	9,030
Discontinued Operations	-	-	-	-	-	-	-
Minority Interest	(135)	(123)	(125)	(125)	(113)	(75)	(124)
Net Income	9,932	8,728	8,858	9,010	9,118	6,518	8,906

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

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

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

GFNORTE - CONSOLIDATED STATEMENT OF CASH FLOW**JANUARY 1, 2020 – SEPTEMBER 30, 2020***(Million Pesos)*

Net Income	24,542
Items charged to results that do not generate or require use of resources	
Depreciation	1,676
Technical Reserves	13,425
Provisions	(415)
Income taxes and deferred	8,292
Minority Interest	(1,180)
	21,798
	46,340
Change in items related to operations	
Change in Margin Accounts	(10,386)
Change in Investment in Securities	(77,219)
Change in repo debtors	(727)
Change in derivatives (assets)	(31,513)
Change in Loan Portfolio (net)	(29,663)
Change in purchased receivables (net)	260
Change in accounts receivable insurance and bonding institutions (net)	(311)
Change in debtor premiums (net)	(2,559)
Change in Reinsurance (net)	(137)
Change in benefits to receive from securitizations	(12)
Change in foreclosed assets (net)	178
Change in other operating assets (net)	(23,189)
Change in core deposits	88,614
Change in interbank loans and other entities	(1,654)
Change in repo creditors	6,669
Change in collateral pledged sold	(104)
Change in derivatives (liability)	29,369
Change in Technical Reserves (net)	15,955
Change in Reinsurance (net) (liability)	1,413
Change in subordinated debt with characteristics of liabilities	18,191
Change in other operating liabilities	19,277
Change in hedging instruments (the related hedged transaction activities)	1,244
Income Tax Payments	(6,845)
Net cash generated or used from operations	43,191
Investment Activities	
Charges for disposal of property, furniture and equipment	1,611
Payments for acquisition of property, furniture and equipment	(4,893)
Subsidiaries and associated acquisitions payment	(107)
Charges for cash dividends	1,897
Net cash generated or used from investment activities	(1,492)
Financing Activities	
Payments associated with the repurchase of proprietary shares	(2,146)
Payments of interests of subordinated debentures	(2,391)
Net cash flows from financing activities	(4,537)
Net Cash Increase (decrease) and equivalents value	37,162
Effects for changes in cash and equivalents value	122
Cash and cash equivalents at beginning of period	62,797
Cash and cash equivalents at end of period	100,081

GFNORTE - CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

JANUARY 1, 2020 – SEPTEMBER 30, 2020

(Million Pesos)

	CONTRIBUTED CAPITAL		EARNED CAPITAL									
	Fixed Paid-in Capital	Premium from sale of securities	Capital Reserves	Retained Earnings	Valuation Effects of Securities Available for Sale	Results from val of instrum Cash flow hedges	Results in the val. reserve for unexpired risks variations in rates	Results from Conversions	Remeasurements defined benefits for employees	Net Income	Minority Interest	Total Stockholders' Equity
Balance as of December 31, 2019	14,992	47,979	6,486	90,084	1,763	(2,246)	(85)	77	(1,861)	36,528	2,281	195,998
Changes stemming from stockholders' decisions												
Repurchase of payment plan based on shares payable	(91)	530	(1,903)		28							(1,436)
Capitalization of profits				36,528						(36,528)		0
Creation of Reserves according to Ordinary Annual General Shareholder's Meeting of April 24, 2020			6	(6)								0
Reserve creation for share repurchase			4,164	(4,164)								0
Total	(91)	530	2,267	32,358	28	0	0	0	0	(36,528)	0	(1,436)
Changes stemming from profits												
Total profits:												
Net Income										24,542		24,542
Result from valuation of securities available for sale					(20)							(20)
Effect of subsidiaries, associates and mutual funds				(317)				192				(125)
Result from valuation of instruments of cash flow hedges						569						569
Result in valuation of current risk reserve due to							(105)					(105)
Remeasurements defined benefits for employees									(99)			(99)
Interest of subordinated debentures				(2,391)								(2,391)
Total	0	0	0	(2,708)	(20)	569	(105)	192	(99)	24,542	0	22,371
Recognition of minority interest											438	438
Balance as of September 30, 2020	14,901	48,509	8,753	119,734	1,771	(1,677)	(190)	269	(1,960)	24,542	2,719	217,371

Bank

Income Statement - Bank <i>(Million Pesos)</i>	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Interest Income	32,320	32,094	30,964	30,425	29,620	28,504	26,164
Interest Expense	15,432	15,299	13,896	12,837	12,171	11,160	8,736
Charged Fees	323	335	365	382	358	346	354
Fees Paid	280	278	283	315	291	270	281
Net Interest Income (NII)	16,931	16,853	17,150	17,654	17,517	17,421	17,501
Preventive Provisions for Loan Losses	3,700	3,657	4,034	3,713	4,262	8,527	3,122
Net Interest Income Adjusted for Credit Risk	13,231	13,196	13,116	13,941	13,254	8,895	14,379
Fund Transfers	367	399	444	427	400	476	489
Account Management Fees	623	614	598	604	598	526	564
Electronic Banking Services	2,128	2,285	2,363	2,656	2,336	2,027	2,379
For Commercial and Mortgage Loans	238	289	269	506	495	394	129
For Consumer Loans	1,210	1,244	1,280	1,423	1,241	1,048	1,148
Fiduciary	104	108	126	146	118	102	112
Income from Real Estate Portfolios	1	0	5	2	2	3	2
Trading & Financial Advising Fees	-	-	-	-	-	-	-
Trading & Financial Advising Fees	1	1	1	0	0	0	0
Other Fees Charged	632	599	609	606	592	540	651
Fees Charged on Services	5,303	5,539	5,695	6,370	5,782	5,116	5,475
Interchange Fees	1,082	1,077	1,168	1,349	1,226	1,018	1,228
Insurance Fees	-	-	-	-	-	-	-
Other Fees Paid	869	940	951	1,080	909	918	998
Fees Paid on Services	1,951	2,016	2,119	2,430	2,135	1,936	2,226
Net Fees	3,351	3,523	3,576	3,940	3,647	3,180	3,248
Foreign Exchange	(5)	(25)	(14)	39	1,219	(500)	(306)
Derivatives	521	176	(1,473)	(79)	(1,238)	1,139	531
Negotiable Instruments	68	13	97	43	(119)	(75)	65
Valuation	585	164	(1,390)	2	(137)	565	291
Currency and Metals	101	206	471	342	(862)	774	464
Derivatives	82	121	2,270	(115)	1,742	(323)	2
Negotiable Instruments	166	344	778	432	305	385	277
Trading	349	671	3,519	659	1,185	836	743
Trading Income	934	835	2,129	662	1,048	1,402	1,034
Loan Recovery	-	-	-	-	-	-	-
Loan Portfolios	45	60	52	45	67	52	76
Income from foreclosed assets	88	57	163	203	92	121	178
Provisions Release	-	-	-	-	-	-	-
Losses and Estimates	(447)	(877)	(263)	(237)	(319)	(162)	(167)
Impairment of Assets	(132)	-	-	-	-	-	-
Lease Income	19	19	25	23	18	19	(26)
From Insurance	-	-	-	-	-	-	-
Other Operating Expense	2,248	1,014	251	269	173	658	260
Total Other Operating Income (Expenses)	1,820	273	228	304	31	687	321
Total Non-Interest Income	6,105	4,631	5,932	4,906	4,726	5,268	4,603
Total Operating Income	19,336	17,826	19,048	18,846	17,980	14,163	18,983
Personnel	3,765	3,390	4,074	3,933	3,755	3,704	3,846
Employee Profit Sharing (PTU)	121	121	120	134	131	131	131
Professional Fees	610	655	778	485	624	650	731
Administrative and Promotional Expenses	1,926	1,882	2,045	2,158	2,091	1,789	1,773
Rents, Depreciation & Amortization	1,595	1,552	1,691	1,837	1,862	1,967	1,993
Taxes other than income tax & non-deductible expenses	485	503	418	520	428	419	428
Contributions to IPAB/Fobaproa	839	829	821	809	828	919	951
Total Non-Interest Expense	9,341	8,931	9,947	9,875	9,718	9,579	9,853
Operating Income	9,996	8,895	9,101	8,971	8,263	4,584	9,129
Subsidiaries' Net Income	14	39	31	44	29	19	27
Pre-Tax Income	10,009	8,934	9,132	9,015	8,292	4,603	9,156
Income Tax	2,176	1,941	2,550	1,355	2,576	317	2,004
Tax on Assets	-	-	-	-	-	-	-
Deferred Income Tax	472	441	(149)	812	(465)	617	518
Taxes	2,647	2,382	2,401	2,167	2,112	934	2,522
Net Income from Continuous Operations	7,362	6,553	6,730	6,848	6,180	3,669	6,634
Discontinued Operations	-	-	-	-	-	-	-
Minority Interest	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Net Income	7,362	6,553	6,730	6,848	6,180	3,669	6,634

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

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

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

BANORTE - CONSOLIDATED STATEMENT OF CASH FLOW**JANUARY 1, 2020 – SEPTEMBER 30, 2020***(Million Pesos)*

Net Income	16,483
Items charged to results that do not generate or require use of resources	
Depreciation	1,545
Provisions	(402)
Income taxes and deferred	5,568
Minority Interest	(75)
	6,636
	23,119
Change in items related to operations	
Change in Margin Accounts	(10,385)
Change in Investment in Securities	13,119
Change in repo debtors	(281)
Change in derivatives (assets)	(31,513)
Change in Loan Portfolio (net)	(36,673)
Change in purchased receivables (net)	17
Change in benefits to receive from securitizations	(12)
Change in foreclosed assets (net)	138
Change in other operating assets (net)	(23,235)
Change in core deposits	89,865
Change in interbank loans and other entities	6,115
Change in repo creditors	(49,647)
Change in collateral pledged sold	(104)
Change in derivatives (liability)	29,369
Change in subordinated debt with characteristics of liabilities	18,191
Change in other operating liabilities	16,720
Change in hedging instruments (the related hedged transaction activities)	1,824
Income Tax Payments	(4,486)
Net cash generated or used from operations	42,141
Investment Activities	
Charges for disposal of property, furniture and equipment	591
Payments for acquisition of property, furniture and equipment	(3,013)
Payments for Subsidiaries and associated Dispositions	(107)
Charges for cash dividends	32
Net cash generated or used from investment activities	(2,497)
Financing Activities	
Payments of interests of subordinated debentures	(2,433)
Net cash flows from financing activities	(2,433)
Net Cash Increase (decrease) and equivalents value	37,211
Effects for changes in cash and equivalents value	122
Cash and cash equivalents at beginning of period	62,282
Cash and cash equivalents at end of period	99,615

BANORTE - CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

JANUARY 1, 2020– SEPTEMBER 30, 2020

(Million Pesos)

	CONTRIBUTED CAPITAL		EARNED CAPITAL								
	Fixed Paid-in Capital	Premium from sale of securities	Capital Reserves	Retained Earnings	Valuation Effects of Securities Available for Sale	Results from val of instrum Cash flow hedges	Results from Conversions	Remeasurements defined benefits for employees	Net Income	Minority Interest	Total Stockholders' Equity
Balance as of December 31, 2019	18,795	2,123	17,330	50,883	1,885	(2,287)	(34)	(1,930)	27,493	3	114,261
Changes stemming from stockholders' decisions											
Capitalization of profits				27,493					(27,493)		0
Creation of Reserves according to Annual General Ordinary Shareholders Meeting held on April 24, 2020.			1,629	(1,629)							0
Payment plan based on equity-settle shares in equity instruments		626									626
Acquisition of 'Interin' Real Estate Company shares for its subsequent merger		(2)									(2)
Total	0	624	1,629	25,864	0	0	0	0	(27,493)	0	624
Changes stemming from profits											
Total profits:											
Net Income									16,483		16,483
Result from valuation of securities available for sale					(89)						(89)
Effect of subsidiaries, associates and mutual funds				(7)							(7)
Conversion accumulated effect							149				149
Result from valuation of instruments of cash flow hedges						580					580
Remeasurements defined benefits for employees				(27)				(101)			(128)
Interest of subordinated debentures				(2,433)							(2,433)
Total	0	0	0	(2,467)	(89)	580	149	(101)	16,483	0	14,555
Recognition of minority interest											0
Balance as of September 30, 2020	18,795	2,747	18,959	74,280	1,796	(1,707)	115	(2,031)	16,483	3	129,440

Seguros Banorte

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

Insurance - Seguros Banorte - Balance Sheet <i>(Million Pesos)</i>	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
ASSETS							
Cash and Due from Banks	63	423	965	303	1,765	2,861	3,014
Margin Accounts	-	-	-	-	-	-	-
Negotiable Instruments	19,031	19,624	20,118	21,105	24,424	26,497	27,705
Securities Available for Sale	861	552	562	560	554	596	600
Securities Held to Maturity	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Investment in Securities	19,893	20,176	20,680	21,664	24,978	27,094	28,306
Debtor Balance in Repo Trans,net	3,200	545	491	1,892	1,654	851	2,157
Securities Lending	-	-	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-	-	-
Operations w/Derivatives & Securities	3,200	545	491	1,892	1,654	851	2,157
Valuation adjustments for Asset Coverage	-	-	-	-	-	-	-
Acquired Collection Rights	-	-	-	-	-	-	-
Account Receivables	164	281	355	443	289	346	405
Premium Debtors (Net)	10,970	8,611	5,972	4,059	7,581	8,937	6,392
Account Receivables from Reinsurance	11,532	10,884	10,920	7,787	8,162	8,872	7,924
Benef.receivab.securization transactions	-	-	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Real Estate, Furniture & Equipment, Net	371	365	357	356	346	342	416
Investment in Subsidiaries	12,840	13,273	13,696	14,062	12,849	13,241	13,620
Long-term assets held for sale	-	-	-	-	-	-	-
Deferred Taxes, Net	250	250	297	298	298	298	298
Goodwill and Intangibles	1,858	2,253	2,472	2,655	1,710	2,322	2,517
Other Assets Short and Long Term	91	87	90	91	91	93	94
	38,078	36,004	34,159	29,751	31,326	34,450	31,666
TOTAL ASSETS	61,233	57,148	56,296	53,610	59,723	65,256	65,143

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

Information by Segments

GFNorte - Income Statement as of September 30 '20

(Million Pesos)

	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Interest Income	629	85,347	9,489	2,028	57	9,607
Premium Income (Net)	-	-	28,071	-	-	-
Interest Expense	-	32,908	-	1,424	1	8,671
Net Increase in Technical Reserves	-	-	13,425	-	-	-
Damages, Claims and Other Obligations	-	-	15,638	-	-	-
Net Interest Income (NII)	629	52,439	8,497	604	56	936
Preventive Provisions for Loan Losses	-	15,911	-	112	-	-
Net Interest Income Adjusted for Credit Risk	629	36,528	8,497	491	56	936
Loan Origination Fees	-	16,373	-	136	-	921
Fees Paid	-	6,297	1,789	64	0	96
Trading Income	-	3,483	286	11	-	216
Other Operating Income (Expenses)	0	1,040	694	474	15	(0)
Non Interest Income	0	30,676	3,056	695	15	1,450
Total Operating Income	629	67,204	11,553	1,186	72	2,386
Administrative and Promotional Expenses	80	29,150	1,337	383	34	836
Operating Income	549	21,976	6,351	664	38	1,142
Subsidiaries' Net Income	24,046	75	1,424	(12)	-	11
Pre-Tax Income	24,595	22,051	7,776	651	38	1,153
Income Tax	9	4,897	1,462	141	9	339
Deferred Income Tax	83	671	436	(17)	1	(13)
Net Income from Continuous Operations	24,503	16,483	5,878	527	27	826
Discontinued Operations	-	-	-	-	-	-
Minority Interest	-	(0)	(97)	(0)	-	-
Net Income	24,503	16,483	5,781	527	27	826

GFNorte - Income Statement as of September 30 '20

(Million Pesos)

	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Interest Income	43	2	107,202	4,885	624	102,941
Premium Income (Net)	-	-	28,071	413	-	27,658
Interest Expense	-	-	43,004	1	4,721	38,284
Net Increase in Technical Reserves	-	-	13,425	-	-	13,425
Damages, Claims and Other Obligations	-	-	15,638	-	-	15,638
Net Interest Income (NII)	43	2	63,206	-	-	63,252
Preventive Provisions for Loan Losses	-	-	16,024	-	86	15,938
Net Interest Income Adjusted for Credit Risk	43	2	47,183	-	(86)	47,314
Loan Origination Fees	1,448	-	18,878	1,650	-	17,229
Fees Paid	1,033	-	9,280	-	1,672	7,608
Trading Income	-	-	3,996	-	-	3,996
Other Operating Income (Expenses)	2	-	2,224	179	79	2,124
Non Interest Income	2,483	-	38,375	1,829	1,750	34,953
Total Operating Income	2,527	2	85,558	1,829	1,665	82,267
Administrative and Promotional Expenses	37	3	31,860	605	1,065	31,400
Operating Income	424	(1)	31,142	-	-	31,654
Subsidiaries' Net Income	6	-	25,550	24,100	43	1,493
Pre-Tax Income	429	(1)	56,692	-	-	33,147
Income Tax	119	0	6,977	2	-	6,979
Deferred Income Tax	(0)	-	1,161	152	-	1,313
Net Income from Continuous Operations	310	(1)	48,554	-	-	24,855
Discontinued Operations	-	-	-	-	-	-
Minority Interest	-	-	(97)	286	71	(313)
Net Income	310	(1)	48,456	32,119	7,607	24,542

GFNorte - Balance Sheet as of September 30 '20

(Million Pesos)

ASSETS	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Cash and Due from Banks	2,036	99,615	4,072	143	10	2,978
Margin Accounts	-	16,312	-	-	-	-
Investment in Securities	11,007	234,184	187,170	-	-	243,410
Negotiable Instruments	-	36,918	30,928	-	-	155,906
Securities Available for Sale	-	163,887	709	-	-	86,703
Securities Held to Maturity	11,007	33,379	155,533	-	-	801
Debtor Balance in Repo Trans, net	-	2,297	2,157	-	-	-
Transactions with Derivatives For trading purposes	-	53,819	-	-	-	-
Transactions with Derivatives For hedging purposes	-	1,885	-	-	-	-
Valuation adjustments for Asset Coverage	-	58	-	-	-	-
Gross Loan Portfolio	-	776,830	-	28,529	-	-
Net Loan Portfolio	-	775,489	-	28,529	-	-
Performing Loans	-	786,350	-	28,673	-	-
Commercial Loans	-	299,343	-	25,397	-	-
Financial Intermediaries' Loans	-	24,763	-	661	-	-
Government Entities' Loans	-	161,247	-	2,608	-	-
Consumer Loans	-	118,314	-	7	-	-
Mortgage Loans	-	182,685	-	-	-	-
Medium and Residential	-	179,791	-	-	-	-
Low income housing	-	5	-	-	-	-
Loans acquired from INFONAVIT or FOVISSSTE	-	2,889	-	-	-	-
Past Due Loans	-	6,307	-	353	-	-
Commercial PDL's	-	1,864	-	348	-	-
Financial Intermediaries PDL's	-	-	-	-	-	-
Government Entities PDL's	-	284	-	4	-	-
Consumer PDL's	-	2,349	-	0	-	-
Mortgage PDL's	-	1,811	-	-	-	-
Medium and Residential	-	1,612	-	-	-	-
Low income housing	-	1	-	-	-	-
Loans acquired from INFONAVIT or FOVISSSTE	-	198	-	-	-	-
Preventive Loan Loss Reserves	-	17,169	-	497	-	-
Acquired Collection Rights	-	1,341	-	-	-	-
Account Receivables from Insurance and Annuities	-	-	2,591	-	-	-
Premium Debtors (Net)	-	-	7,032	-	-	-
Account Receivables from Reinsurance	-	-	7,924	-	-	-
Benef.receiveab.securization transactions	-	151	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	28	53,442	0	816	113	1,484
Inventories	-	-	-	-	1,053	-
Foreclosed Assets, Net	-	722	-	254	-	-
Real Estate, Furniture & Equipment, Net	-	27,277	428	3,568	57	66
Investment in Subsidiaries	175,425	564	13,620	73	-	2
Long-term assets held for sale	-	-	-	-	-	-
Deferred Taxes, Net	206	214	-	1,070	4	-
Total other Assets	25,960	10,223	2,901	5,511	18	204
Goodwill	25,329	1,435	-	-	-	-
Intangible	631	8,676	2,806	344	2	20
Other Assets	-	112	95	5,167	15	184
TOTAL ASSETS	214,662	1,277,593	227,895	39,964	1,255	248,144

GFNorte - Balance Sheet as of September 30 '20

(Million Pesos)

ASSETS	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Cash and Due from Banks	1,093	40	109,987	118	10,025	100,081
Margin Accounts	-	-	16,312	-	-	16,312
Investment in Securities	-	-	675,771	-	11,429	664,342
Negotiable Instruments	-	-	223,752	-	-	223,752
Securities Available for Sale	-	-	251,299	-	75	251,225
Securities Held to Maturity	-	-	200,720	-	11,354	189,366
Debtor Balance in Repo Trans, net	-	-	4,453	-	657	3,797
Transactions with Derivatives For trading purposes	-	-	53,819	-	-	53,819
Transactions with Derivatives For hedging purposes	-	-	1,885	-	-	1,885
Valuation adjustments for Asset Coverage	-	-	58	-	-	58
Gross Loan Portfolio	-	-	805,360	2,473	19,019	788,814
Net Loan Portfolio	-	-	804,018	2,473	19,019	787,473
Performing Loans	-	-	815,023	2,473	19,019	798,478
Commercial Loans	-	-	324,739	604	363	324,981
Financial Intermediaries' Loans	-	-	25,423	-	15,541	9,882
Government Entities' Loans	-	-	163,855	1,869	3,115	162,609
Consumer Loans	-	-	118,321	-	-	118,321
Mortgage Loans	-	-	182,685	-	-	182,685
Medium and Residential	-	-	179,791	-	-	179,791
Low income housing	-	-	5	-	-	5
Loans acquired from INFONAVIT or FOVISSSTE	-	-	2,889	-	-	2,889
Past Due Loans	-	-	6,660	-	-	6,660
Commercial PDL's	-	-	2,212	-	-	2,212
Financial Intermediaries PDL's	-	-	-	-	-	-
Government Entities PDL's	-	-	288	-	-	288
Consumer PDL's	-	-	2,350	-	-	2,350
Mortgage PDL's	-	-	1,811	-	-	1,811
Medium and Residential	-	-	1,612	-	-	1,612
Low income housing	-	-	1	-	-	1
Loans acquired from INFONAVIT or FOVISSSTE	-	-	198	-	-	198
Preventive Loan Loss Reserves	-	-	17,666	-	-	17,666
Acquired Collection Rights	-	-	1,341	-	-	1,341
Account Receivables from Insurance and Annuities	-	-	2,591	-	-	2,591
Premium Debtors (Net)	-	-	7,032	-	-	7,032
Account Receivables from Reinsurance	-	-	7,924	-	-	7,924
Benef.receiveab.securization transactions	-	-	151	-	-	151
Sundry Debtors & Other Accs Rec, Net	191	4	56,079	-	374	55,704
Inventories	-	-	1,053	-	-	1,053
Foreclosed Assets, Net	-	-	976	-	-	976
Real Estate, Furniture & Equipment, Net	0	90	31,488	238	44	31,682
Investment in Subsidiaries	110	-	189,793	2,901	178,326	14,368
Long-term assets held for sale	-	-	-	-	-	-
Deferred Taxes, Net	0	-	1,494	-	1,494	-
Total other Assets	16	1	44,833	-	115	44,718
Goodwill	-	-	26,764	-	-	26,764
Intangible	12	1	12,492	-	53	12,439
Other Assets	4	-	5,577	-	62	5,515
TOTAL ASSETS	1,410	136	2,011,058	5,730	221,483	1,795,306

GFNorte - Balance Sheet as of September 30 '20

(Million Pesos)

LIABILITIES & EQUITY	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Deposits	-	834,137	-	-	-	-
Demand Deposits	-	506,588	-	-	-	-
Time Deposits	-	278,237	-	-	-	-
Time Deposits-Retail	-	251,496	-	-	-	-
Time Deposits-Money Market	-	26,741	-	-	-	-
Senior Unsecured Debt	-	46,823	-	-	-	-
Cuenta global de captación sin movimientos	-	2,489	-	-	-	-
Due to Banks & Correspondents	-	20,745	-	29,247	957	-
Immediate Redemption Loans	-	0	-	-	-	-
Short Term Loans	-	16,672	-	20,097	957	-
Long Term Loans	-	4,073	-	9,149	-	-
Technical Reserves	-	-	183,789	-	-	-
Non-assigned Securities for Settlement	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	-	113,037	-	-	-	240,248
Collateral sold or pledged as collateral	-	2	-	-	-	0
Transactions with Derivatives for trading purposes	-	50,121	-	-	-	-
Transactions with Derivatives for hedging purposes	-	7,189	-	-	-	-
Valuation adjustments for financial liability coverage	-	-	-	-	-	-
Payable Accounts for Reinsurance	-	-	2,918	-	-	-
Other Payable Accounts	9	56,412	4,418	1,395	25	3,187
Income Tax Payable	9	1,714	1,461	132	9	195
Profit Sharing Payable	-	407	-	-	-	-
Creditors for settlement of transactions	0	8,670	-	-	-	2,677
Creditors for collateral received in cash	-	9,255	-	-	-	-
Other Creditors & Accounts Payable	0	36,365	2,958	1,263	16	314
Subordinated Non Convertible Debt	-	66,241	-	-	-	-
Deferred Taxes, Net	-	-	2,241	-	-	151
Deferred Credits	-	271	57	102	-	0
TOTAL LIABILITIES	9	1,148,153	193,424	30,744	982	243,586
EQUITY						
Subscribed Capital	63,422	21,541	21,370	12,310	87	2,061
Paid-in Capital	14,908	18,795	15,776	12,294	87	1,985
Share Subscription Premiums	48,515	2,747	5,594	16	-	77
Contributions for future capital increases agreed by the governing body	-	-	-	-	-	-
Earned Capital	151,230	107,895	12,791	(3,237)	185	2,496
Capital Reserves	8,753	18,959	916	643	56	296
Retained Earnings	119,770	74,280	6,173	(4,408)	102	1,215
Surplus (Deficit) of Secs Available for Sale	1,762	1,796	99	-	-	3
Results from Valuation of Hedging Secs	(1,677)	(1,707)	-	-	-	-
Result in the valuation reserve for unexpired risks variations in rates	(190)	-	(189)	-	-	-
Results from Conversions	269	115	-	-	-	156
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-
Remeasurements defined benefits for employees	(1,960)	(2,031)	12	-	-	-
Net Income	24,503	16,483	5,781	527	27	826
Capital Mayoritario	214,652	129,437	34,162	9,073	273	4,558
Minority Interest	-	3	310	148	0	-
Total Equity	214,652	129,440	34,472	9,220	273	4,558
TOTAL LIABILITIES & EQUITY	214,662	1,277,593	227,895	39,964	1,255	248,144

GFNorte - Balance Sheet as of September 30 '20

(Million Pesos)

LIABILITIES & EQUITY	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Deposits	-	-	834,137	21,032	-	813,104
Demand Deposits	-	-	506,588	9,947	-	496,641
Time Deposits	-	-	278,237	78	-	278,159
Time Deposits-Retail	-	-	251,496	78	-	251,418
Time Deposits-Money Market	-	-	26,741	-	-	26,741
Senior Unsecured Debt	-	-	46,823	11,007	-	35,815
Cuenta global de captación sin movimientos	-	-	2,489	-	-	2,489
Due to Banks & Correspondents	-	-	50,949	15,541	-	35,408
Immediate Redemption Loans	-	-	0	-	-	0
Short Term Loans	-	-	37,726	15,541	-	22,185
Long Term Loans	-	-	13,223	-	-	13,223
Technical Reserves	-	-	183,789	-	77	183,866
Non-assigned Securities for Settlement	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	-	-	353,285	657	-	352,628
Collateral sold or pledged as collateral	-	-	2	-	-	2
Transactions with Derivatives for trading purposes	-	-	50,121	-	-	50,121
Transactions with Derivatives for hedging purposes	-	-	7,189	-	-	7,189
Valuation adjustments for financial liability coverage	-	-	-	-	-	-
Payable Accounts for Reinsurance	-	-	2,918	-	-	2,918
Other Payable Accounts	168	0	65,616	526	41	65,131
Income Tax Payable	-	0	3,521	-	-	3,521
Profit Sharing Payable	-	-	407	-	-	407
Creditors for settlement of transactions	-	-	11,348	166	-	11,182
Creditors for collateral received in cash	-	-	9,255	-	-	9,255
Other Creditors & Accounts Payable	168	0	41,084	360	41	40,765
Subordinated Non Convertible Debt	-	-	66,241	-	-	66,241
Deferred Taxes, Net	-	-	2,391	1,494	-	897
Deferred Credits	-	-	430	-	-	430
TOTAL LIABILITIES	168	0	1,617,067	39,251	118	1,577,935
EQUITY						
Subscribed Capital	170	144	121,107	58,018	322	63,410
Paid-in Capital	170	144	64,158	49,257	-	14,901
Share Subscription Premiums	-	-	56,948	8,761	322	48,509
Contributions for future capital increases agreed by the governing body	-	-	-	-	-	-
Earned Capital	1,071	(9)	272,424	121,565	383	151,242
Capital Reserves	34	2	29,658	20,905	-	8,753
Retained Earnings	727	(10)	197,851	78,418	300	119,734
Surplus (Deficit) of Secs Available for Sale	-	-	3,660	1,889	-	1,771
Results from Valuation of Hedging Secs	-	-	(3,384)	(1,707)	-	(1,677)
Result in the valuation reserve for unexpired risks variations in rates	-	-	(379)	(189)	-	(190)
Results from Conversions	-	-	541	272	-	269
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-
Remeasurements defined benefits for employees	-	-	(3,979)	(2,019)	-	(1,960)
Net Income	310	(1)	48,456	23,997	82	24,542
Capital Mayoritario	1,241	136	393,531	179,583	704	214,652
Minority Interest	-	-	461	-	2,258	2,719
Total Equity	1,241	136	393,991	179,583	2,963	217,371
TOTAL LIABILITIES & EQUITY	1,410	136	2,011,058	218,834	3,081	1,795,306

V. Appendix

Accounting & Regulatory Changes

Numbers in this section are stated in million pesos.

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

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

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

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

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

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

Discount rate	Total balance to be applied	20% annual application	Progressive recognition as of 3Q20
Corporate bonds	\$183.0	\$36.6	\$173.8

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

Discount rate	Total balance to be applied	20% annual application	Progressive recognition as of 3Q20
Corporate bonds	\$2,427.8	\$485.5	\$2,366.6

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

The amounts that would have been registered and presented in the balance sheet as of September 30th, 2020, had the option in the affected lines not been implemented are:

Other creditors & accounts payable ⁽¹⁾	40,836
Total liabilities	1,578,005
Results from prior years	119,725
Measurements of defined benefits for employees	(2,021)
Total equity	217,300
Total liabilities plus equity	1,795,235

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

Early termination of support programs for mortgage loan debtors

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

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

As of September 30th, 2020, the remaining balance of CETES ESPECIALES which have not been repurchased by the Federal Government amounts to Ps 586 million, with maturities between 2022 and 2027.

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

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

Credit card:

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

Payroll loans:

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

Personal loans:

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

Auto loans:

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

Mortgage loans:

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

SME loans:

For term-loans:

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

For revolving loans:

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

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

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

The amounts that would have been recorded and presented both in the balance sheet and in the income statement by type of portfolio, had this special accounting criteria not been applied, as well as the details of the items and amounts by type of portfolio affected by accounting due to the application of the special accounting criteria as of September 30th, 2020, are:

Concept	Balances with COVID support	Estimated effects in portfolio	Balances without COVID support
PERFORMING LOAN PORTFOLIO			
Commercial Loans	\$497,472	\$ (314)	\$497,158
Consumer Loans	118,321	(767)	117,554
Mortgage Loans	182,685	(1,092)	181,593
TOTAL PERFORMING LOAN PORTFOLIO	798,478	(2,173)	796,305
PAST DUE LOAN PORTFOLIO			
Commercial Loans	2,500	314	2,814
Consumer Loans	2,350	767	3,117
Mortgage Loans	1,811	1,092	2,903
TOTAL PAST DUE LOAN PORTFOLIO	6,661	2,173	8,834
TOTAL LOAN PORTFOLIO	805,139	-	805,139
(Less) LOAN RESERVES	(17,666)	(1,019)	(18,685)
LOAN PORTFOLIO, (NET)	787,473	(1,019)	786,454
TOTAL ASSETS	1,795,306	(1,019)	1,794,287
Provision for loan losses (Results)	15,938	1,019	16,957
NET RESULT	24,542	(1,019)	23,523
TOTAL EQUITY	217,371	(1,019)	216,352
TOTAL LIABILITIES AND EQUITY	\$1,795,306	(\$1,019)	1,794,287

As of September 30th, 2020, the amount of loans subject to program support is PS 138.0 billion.

New Financial Reporting Standards

Pursuant to the press release issued by the CNBV (Comisión Nacional Bancaria y de Valores) on April 8th, 2020, the initial enforcement of the Resolution published in the Official Gazette of the Federation (DOF) on March 13th, 2020, regarding the Financial Reporting Standards (NIF) issued by the Mexican Council of Financial Information Standards (CINIF), referred to in paragraph 3 of Criterion A-2 "Application of particular standards" of Annex 33, will enter into force on January 1st, 2022.

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

NIFs issued and coming into force in January 1st, 2022 are:

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

Notes to Financial Statements

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 3Q20

(Million Pesos)

Negotiable Instruments	Book Value	Interest	Unrealized gain (loss)	Market Value
Government Securities	186,072	1,614	197	187,883
Unrestricted	18,885	596	265	19,746
BONDES D	(4)	-	0	(4)
BONDES M	(67)	2	(2)	(67)
BPA	1	-	-	1
BREMS	-	-	-	-
Government Securities	12	0	2	14
Municipalities Securities	0	0	0	0
UDI Securities	-	-	-	-
CETES	15,096	558	93	15,747
CETES (Special)	-	-	-	-
Government Eurobonds	10	0	(0)	10
Udibonds	3,836	36	171	4,043
Treasury Notes	-	-	-	-
Restricted	167,187	1,019	(69)	168,137
BONDES D	31,762	68	(13)	31,817
BONDES M	7,663	187	(11)	7,839
BPA	125,493	758	(27)	126,224
BREMS	-	-	-	-
Government Securities	1	-	0	1
Municipalities Securities	-	-	-	-
UDI Securities	0	0	(0)	0
CETES	706	-	0	706
CETES (Special)	-	-	-	-
Government Eurobonds	-	-	-	-
Udibonds	1,562	6	(18)	1,550
Banking Securities	25,432	52	(4)	25,479
Unrestricted	3,364	0	0	3,364
Bank Acceptances	4	-	-	4
Bank Bonds	-	-	-	-
Development Bank Securities	3	0	0	3
Bank Securities	39	0	0	39
Deposit Certificates	411	-	-	411
Structured Notes	-	-	-	-
Other Banking Securities	119	0	0	119
Promissory Notes	2,788	-	0	2,788
Restricted	22,068	52	(4)	22,115
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	1,668	3	(0)	1,670
Bank Securities	4,986	11	(8)	4,988
Deposit Certificates	14,362	37	2	14,400
Structured Notes	-	-	-	-
Other Banking Securities	840	2	3	844
Promissory Notes	212	-	(0)	212
Private Securities	9,278	7	1,105	10,390
Unrestricted	9,097	7	1,106	10,210
Shares	493	-	635	1,128
Investment Company Shares	6,148	-	351	6,500
ADRs	-	-	-	-
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	1,345	3	109	1,457
Trust Stock Certificates	-	-	-	-
Private Eurobonds	1,111	4	10	1,125
Infrastructure and Real Estate Trusts	-	-	-	-
Subordinated Debt	-	-	-	-
Other Banking Securities	-	-	-	-
CP	-	-	-	-
Restricted	181	-	(1)	180
Shares	179	-	(1)	178
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	2	-	0	2
Trust Stock Certificates	-	-	-	-
Private Eurobonds	-	-	-	-
Other Banking Securities	-	-	-	-
Reasonable value adjustment lxe Bank Acq	-	-	-	-
Total	220,781	1,673	1,298	223,752

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 3Q20

(Million Pesos)

Securities Held for Sale	Book Value	Interest	Unrealized gain (loss)	Market Value
Government Securities	184,240	1,441	3,366	189,047
Unrestricted	36,338	511	925	37,775
BONDES D	-	-	-	-
BONDES M	-	-	-	-
BPA	-	-	-	-
BREMS	7,778	26	-	7,804
Government Securities	2,812	7	10	2,829
Municipalities Securities	177	2	46	225
UDI Securities	-	-	-	-
CETES	734	-	0	734
CETES (Special)	-	-	-	-
Government Eurobonds	24,837	477	868	26,182
Udibonds	-	-	-	-
Treasury Notes	-	-	-	-
Restricted	147,902	929	2,441	151,272
BONDES D	5,804	13	(3)	5,814
BONDES M	-	-	-	-
BPA	100,762	757	61	101,581
BREMS	-	-	-	-
Government Securities	6,067	8	(61)	6,014
Municipalities Securities	2,541	3	24	2,568
UDI Securities	-	-	-	-
CETES	-	-	-	-
CETES (Special)	-	-	-	-
Government Eurobonds	32,721	148	2,419	35,287
Udibonds	7	0	1	8
Banking Securities	42,181	103	171	42,455
Unrestricted	31,245	86	171	31,503
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	1,838	26	33	1,897
Bank Securities	2,464	18	90	2,573
Deposit Certificates	25,162	39	6	25,208
Structured Notes	521	-	36	556
Other Banking Securities	1,260	3	6	1,269
Promissory Notes	-	-	-	-
Restricted	10,936	17	(1)	10,952
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	-	-	-	-
Bank Securities	10,936	17	(1)	10,952
Deposit Certificates	-	-	-	-
Structured Notes	-	-	-	-
Other Banking Securities	-	-	-	-
Promissory Notes	-	-	-	-
Private Securities	20,648	278	(1,203)	19,723
Unrestricted	18,129	246	(954)	17,421
Shares	33	-	50	83
Investment Company Shares	902	-	20	922
ADRs	-	-	-	-
Stock Certificates BORHIS	87	0	(80)	7
Corporate Stock Certificates	6,874	24	(302)	6,596
Trust Stock Certificates	-	-	-	-
Private Eurobonds	10,233	221	(641)	9,813
Infrastructure and Real Estate Trusts	-	-	-	-
Subordinated Debt	-	-	-	-
Other Banking Securities	-	-	-	-
CP	-	-	-	-
Restricted	2,519	32	(249)	2,302
Shares	-	-	-	-
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	658	1	0	659
Trust Stock Certificates	-	-	-	-
Private Eurobonds	1,861	31	(249)	1,643
Other Banking Securities	-	-	-	-
Reasonable value adjustment lxe Bank Acq	-	-	-	-
Total	247,069	1,821	2,334	251,225

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 3Q20
(Million Pesos)

Securities Held to Maturity	Book Value	Interest	Unrealized gain (loss)	Market Value
Government Securities	180,724	2,166	-	182,891
Unrestricted	165,265	1,921	-	167,186
BONDES D	-	-	-	-
BONDES M	243	4	-	248
BPA	-	-	-	-
BREMS	-	-	-	-
Government Securities	1,611	3	-	1,613
Municipalities Securities	2,094	17	-	2,110
UDI Securities	227	4	-	231
CETES	-	-	-	-
CETES (Special)	584	-	-	584
Government Eurobonds	13,821	203	-	14,024
Udibonds	146,685	1,690	-	148,375
Treasury Notes	-	-	-	-
Restricted	15,460	245	-	15,705
BONDES D	-	-	-	-
BONDES M	12,556	240	-	12,796
BPA	-	-	-	-
BREMS	-	-	-	-
Government Securities	-	-	-	-
Municipalities Securities	2,904	5	-	2,909
UDI Securities	0	0	-	0
CETES	-	-	-	-
CETES (Special)	-	-	-	-
Government Eurobonds	-	-	-	-
Udibonds	-	-	-	-
Banking Securities	1,277	907	-	2,183
Unrestricted	1,277	907	-	2,183
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	-	-	-	-
Bank Securities	797	7	-	804
Deposit Certificates	300	717	-	1,017
Structured Notes	180	183	-	363
Other Banking Securities	-	-	-	-
Promissory Notes	-	-	-	-
Restricted	-	-	-	-
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	-	-	-	-
Bank Securities	-	-	-	-
Deposit Certificates	-	-	-	-
Structured Notes	-	-	-	-
Other Banking Securities	-	-	-	-
Promissory Notes	-	-	-	-
Private Securities	3,843	795	-	4,639
Unrestricted	2,279	792	-	3,071
Shares	-	-	-	-
Investment Company Shares	-	-	-	-
ADRs	-	-	-	-
Stock Certificates BORHIS	2	0	-	2
Corporate Stock Certificates	998	792	-	1,790
Trust Stock Certificates	-	-	-	-
Private Eurobonds	-	-	-	-
Infrastructure and Real Estate Trusts	-	-	-	-
Subordinated Debt	-	-	-	-
Other Banking Securities	1,279	-	-	1,279
CP	-	-	-	-
Restricted	1,564	3	-	1,568
Shares	-	-	-	-
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	1,564	3	-	1,568
Trust Stock Certificates	-	-	-	-
Private Eurobonds	-	-	-	-
Other Banking Securities	-	-	-	-
Reasonable value adjustment lxe Bank Acq	(347)	-	-	(347)
Total	185,497	3,868	-	189,366

REPURCHASE AGREEMENT OPERATIONS 3Q20
(Million Pesos)

	Repo Debtors			Repo Creditors	
	MV Repo Debtors	VM Collateral received sold in Repo Trans	Debtor Balance	Creditor Balance	MV Repo Creditors
Government securities	170,651	166,856	3,797	2	314,096
Banking securities	19,685	19,685	0	-	31,187
Private Securities	5,208	5,208	0	-	7,344
Total	195,544	191,749	3,797	2	352,628

**DERIVATES FINANCIAL INSTRUMENTS
OPERATIONS 3Q20**
(Million Pesos)

Creditor Balance	
Instrument	Fair Value
Futures	
TIE 28 Futures	-
Forward	
Fx Forward	416
Options	
Rate options	271
Fx options	1,284
Warrants	-
Swaps	
Rate swap	41,742
Fx swap	9,817
Credit swap	288
Negotiable Total	53,819
Options	
Rate Options	-
Fx options	-
Swaps	
Rate swap	896
Fx swap	989
Credit swap	-
Hedging total	1,885
Position total	55,704

**DERIVATES FINANCIAL INSTRUMENTS
OPERATIONS 3Q20
(Million Pesos)**

Debtor Balance	
Instrument	Fair Value
Futures	
TIIE 28 Futures	-
Forward	
Fx Forward	75
Options	
Rate options	189
Fx options	879
Swaps	
Rate swap	36,533
Fx swap	12,445
Credit swap	-
Negotiable Total	50,121
Options	
Rate Options	-
Fx options	-
Swaps	
Rate swap	-
Fx swap	7,189
Credit swap	-
Hedging total	7,189
Position total	57,310

**NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 3Q20 - Banorte
(Million Pesos)**

PRODUCT	TYPE	UNDERLYING	NOTIONAL	OPERATIONS
FX Forwards	Purchases	Exchange Rate (USD/MXN)	2,571	143
FX Forwards	Sales	Exchange Rate (USD/MXN)	8,584	171
FX Forwards	Purchases	Exchange Rate (CAD/MXN)	0	0
FX Forwards	Sales	Exchange Rate (SEK/MXN)	0	0
FX Forwards	Purchases	Exchange Rate (EUR/USD)	0	0
FX Forwards	Sales	Exchange Rate (EUR/USD)	0	0
FX Options	Purchases	Exchange Rate (Dollar)	24,060	17
FX Options	Sales	Exchange Rate (Dollar)	27,169	16
Interest Rate Options	Purchases	TIIE	25,117	64
Interest Rate Options	Sales	TIIE	29,434	321
Interest Rate Options	Purchases	LIBOR	5,969	20
Interest Rate Options	Sales	LIBOR	6,031	21
Interest Rate Swaps	USD LIBOR	LIBOR	387,449	3,583
Interest Rate Swaps	MXN TIIE	TIIE	1,015,086	3,305
Interest Rate and FX Swaps	CS USDMXN	FIX/VARIABLE	158	2
Interest Rate and FX Swaps	CS USDMXN	VARIABLE/VARIABLE	106,015	115
Interest Rate and FX Swaps	CS USDMXN	FIX/FIX	22,736	40
Interest Rate and FX Swaps	CS CHF MXN	FIX/FIX	9,185	3
Interest Rate and FX Swaps	CS CHF MXN	FIX/VARIABLE	5,152	2
Interest Rate and FX Swaps	CS EUR MXN	FIX/FIX	13,788	66
Interest Rate and FX Swaps	CS USD MXN	FIX/FIX	700	1
Interest Rate and FX Swaps	CS GBP MXN	FIX/FIX	2,900	12
Credit Derivative	CDS USD	D2_PEMEX_150927	1,196	5

LOAN PORTFOLIO								
<i>(Million Pesos)</i>								
	Local Currency		UDIS		Foreign Currency		Total	
	3Q19	3Q20	3Q19	3Q20	3Q19	3Q20	3Q19	3Q20
Performing Loans								
Commercial Loans	225,367	254,661	0	-	60,455	70,320	285,822	324,981
Financial Intermediaries' Loans	5,784	9,882	0	-	0	0	5,784	9,882
Consumer Loans	117,013	118,321	0	-	0	-	117,013	118,321
Mortgage Loans	166,178	182,598	108	86	0	-	166,286	182,685
Government Entities' Loans	146,009	147,112	6,378	2,470	5,434	13,027	157,821	162,609
Total	660,351	712,575	6,486	2,556	65,889	83,346	732,726	798,478
Past Due Loans								
Commercial Loans	6,308	2,006	0	0	1,657	206	7,965	2,212
Financial Intermediaries' Loans	4	0	0	-	0	-	4	-
Consumer Loans	4,577	2,350	0	-	0	-	4,577	2,350
Mortgage Loans	1,793	1,799	14	12	0	0	1,807	1,811
Government Entities' Loans	4	288	-	-	-	-	4	288
Total	12,686	6,443	14	12	1,657	206	14,357	6,660
Total Proprietary Loans	673,037	719,018	6,500	2,569	67,546	83,552	747,084	805,138

**COST OF BALANCES OF FINAPE, FOPYME, MORTGAGE UDIS AND
MORTGAGE FOVI LOAN PORTFOLIOS AS OF 3Q20- GFNorte**

<i>(Million Pesos)</i>		
	PERIOD COST	TOTAL BALANCE OF LOAN PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	(1.2)	0.0
Mortgage FOVI	-	-
	(1.2)	0.0

DEFERRED TAXES 3Q20

(Million Pesos)

ASSETS	INCOME TAX	NET
Global Loss Reserves Loan Portfolio	5,151	5,151
Non deductible provisions and cumulative income	1,563	1,563
Excess of accounting value over fiscal value on Repossessed Assets	377	377
Diminishable profit sharing	175	175
Fees received in advance	761	761
Effects from valuation of instruments	-	-
Tax losses pending amortization	894	894
Provisions for possible loss in loans	381	381
Loss on sale of foreclosed assets and credits	-	-
State Tax on Assets Deferred	-	-
Loss on sale of foreclosed assets and credits	-	-
Loss on sale of foreclosed assets and credits	287	287
Total Assets	9,590	9,590
LIABILITIES		
Pension Funds Contribution	(99)	(99)
Loan Portfolio Acquisitions	(389)	(389)
Projects to be capitalized	(5,986)	(5,986)
Intangibles' amortizations	-	-
Effects from valuation of instruments	(3,645)	(3,645)
Intangibles' amortizations	(356)	(356)
Unrealized Loss on Securities held for Sale	(12)	(12)
Total Liabilities	(10,487)	(10,487)
Assets (Liabilities) Accumulated Net	(897)	(897)

LONG TERM DEBT AS OF SEPTEMBER 30, 2020 - BANCO MERCANTIL DEL NORTE

(Million Pesos)

TYPE OF DEBT	CURRENCY	DATE OF ISSUE	ORIGINAL AMOUNT	ORIGINAL AMOUNT (VALUED)	CURRENT AMOUNT	TERM	RATE	MATURITY	INTEREST PAYMENT
Non Convertible Subordinated Bonds Q Banorte 08U	UDIS	11-mar-08	495	1,749	1,814	20 years	4.950%	15-feb-28	182 days
Non-Preferred Non-Cumulative Subordinated Fixed Rate Notes due 2020 (IXEGB40 141020)	USD	14-oct-10	120	1,489	2,657	10 years	9.25%	14-oct-20	180 days
Non Convertible Subordinated Bonds 2016 (BANOC36 311004)	USD	04-oct-16	500	9,607	6,515	15 years	5.750%	04-oct-26	180 days
Perpetual 5-Year Callable Subordinated Non-Preferred Non-Cumulative Tier 1 Capital Notes (BANORT 6 7/8 PERP)	USD	06-jul-17	350	6,413	7,750	Perpetual	6.875%	06-jul-22	Quarterly
Perpetual 10-Year Callable Subordinated Non-Preferred Non-Cumulative Tier 1 Capital Notes (BANORT 7 5/8 PERP)	USD	06-jul-17	550	10,077	12,179	Perpetual	7.625%	10-ene-28	Quarterly
Eurobond (Swiss francs) 2018 (BANO589)	CHF	14-jun-18	100	1,983	2,410	3.5 years	0.875%	14-dic-21	Annual
Stock certificates 94 BINTER 16U	UDIS	13-oct-16	365	2,000	2,392	10 years	4.970%	01-oct-26	Biannual
Stock certificates 94 BANORTE 18	MXN	29-nov-18	1,870	1,870	1,870	2 years	TIE+0.23%	26-nov-20	28 days
Stock certificates 94 BANORTE 18-2	MXN	29-nov-18	2,663	2,663	2,663	4 years	TIE+0.28%	24-nov-22	28 days
Stock certificates 94 BANORTE 19	MXN	17-may-19	5,400	5,400	5,400	3 years	TIE +0.13%	13-may-22	28 days
Stock certificates 94 BANORTE 19-2	MXN	17-may-19	1,500	1,500	1,500	5 years	TIE +0.17%	10-may-24	28 days
Eurobond (Swiss francs) 2019 (BANO397)	CHF	11-abr-19	250	4,694	6,025	3.5 years	1.550%	11-oct-22	Annual
Non Convertible Subordinated Bonds 2019 (BANO64_999999)	USD	27-jun-19	600	11,501	13,286	Perpetual	6.750%	27-sep-24	Quarterly
Non Convertible Subordinated Bonds 2019 (BANO48_999999)	USD	27-jun-19	500	9,584	11,072	Perpetual	7.500%	27-jun-29	Quarterly
Eurobond (Swiss francs) 2019 (BANO43)	CHF	18-sep-19	160	3,112	3,856	4.3 years	0.450%	18-dic-23	Annual
Eurobond (Swiss francs) 2020 (BANO664)	CHF	06-mar-20	225	4,826	5,423	4.8 years	0.500%	06-dic-24	Annual
Stock certificates 94 BANORTE 20	MXN	08-may-20	11,000	11,000	11,000	1 year	TIE+0.00%	10-may-21	28 days
Non Convertible Subordinated Bonds 2020 (BANOC21_999999)	USD	14-jul-20	500	11,309	11,072	Perpetual	8.375%	14-oct-30	Quarterly
Stock certificates 94 BANORTE 20U	UDIS	30-sep-20	107	700	700	10 years	2.760%	18-sep-30	182 days

BANK AND OTHER ENTITIES LOANS' AS OF 3Q20*(Million Pesos)*

	LOCAL CURRENCY	FOREIGN CURRENCY	TOTAL
Loans from Foreign Banks generated from foreign country	-	8,858	8,858
Loans from Development Banks	10,839	4,379	15,218
Loans from Public Funds	6,973	1,155	8,128
Call Money & Loans from Banks	17,681	-	17,681
Loans from Fiduciary Funds	58	-	58
Provisions for Interest	1,006	-	1,006
	36,557	14,392	50,949
Eliminations			(15,541)
Total			35,407

**CORE DEPOSITS AND DUE TO BANKS & CORRESPONDENTS -
INTEREST RATES 3Q20**
CORE DEPOSITS (BANORTE)**Demand Deposits**

Local Currency and UDIs	1.22%
Foreign Currency	0.03%

Time Deposits - Retail

Local Currency and UDIs	3.63%
Foreign Currency	0.26%

Time Deposits - Money Market

Local Currency and UDIs	4.74%
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DUE TO BANKS & CORRESPONDENTS (BANORTE)**Immediate Redemption Loans**

Local Currency and UDIs	5.63%
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Public Funds and Development Banks

Local Currency and UDIs	7.94%
Foreign Currency	0.11%

MAIN CREDIT LINES RECEIVED 3Q20 (BANORTE)*Million pesos*

	3Q19			2Q20			3Q20		
	Line	Used	% used	Line	Used	% used	Line	Used	% used
Bank Counterparty Lines (Call Money)	174,085	8,464	4.9%	177,020	2,500	1.4%	176,193	1,886	1.1%
Banxico (Repos for liquidity with the System of Payments) RSP*	63,426	7,816	12.3%	79,886	-	0.0%	84,545	7,803	9.2%
Banxico USD Credit Auction*	42,851	-	0.0%	42,170	33,563	79.6%	52,971	8,951	16.9%
Banxico Credit line with Government and Banking securities as collateral (Ordinary Facility)*	42,851	-	0.0%	42,170	-	0.0%	52,971	-	0.0%
Banxico Credit line with State and Municipal Government securities as collateral (Extraordinary Facility)	87,361	-	0.0%	95,835	-	0.0%	96,708	-	0.0%
TOTAL	410,573	16,280	4.0%	437,080	36,063	8.3%	463,388	18,640	4.0%

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

TRADING INCOME 3Q20
Million Pesos

Trading income	Consolidated
Securities - Unrealized gains	235
Negotiable instruments	(198)
Derivative instruments - Negotiation	444
Derivative instruments - Hedging	(11)
Impairment loss or revaluation increase	0
Result from foreign exchange valuation	403
Result from valuation of precious metals	21
Result from purchase/sale of securities and derivatives	2,960
Negotiable instruments	506
Securities held for sale	1,032
Derivative instruments - Hedging	1,422
Result from purchase/sale of foreign exchange	369
Result from purchase/sale of precious metals	7
Total	3,996

Internal Control

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

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

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

ICS is structured around three defense lines:

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

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

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

- A. The various Corporate Governance Committees have had the required financial, economic, accounting and/or legal information for proper decision-making.
- B. The Corporate Governance documents related to Internal Control have been revised and updated and presented to the board through the 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 established, 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 was activated under its Pandemic section. The actions implemented have responded to the considerations of each moment and are consistent with the assessment of an incremental risk.
- H. There has been continuous follow-up of the improvement actions regarding the observations made by the different members of the SCI.
- I. The Information Security Officer (CISO) presented the Master Plan to the Management Team for its approval, and carried out its functions based on the mentioned 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.
- J. The requirements of the Supervisory Authorities were answered, the obligation to inform required by the external regulation were fulfilled, and ordinary inspection visits are being attended.

Financial Situation and Liquidity

Internal and External Liquidity Sources

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

Regarding external sources of liquidity, Banorte has diverse mechanisms to access the debt and capital markets. The Institution obtains resources through the issuance of debt securities, including subordinated debt, loans from other institutions including the Central Bank and international organisms. In addition, another liquidity source is repurchase agreements.

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

Important initiatives of Banorte's liquidity during 3Q20.

Banorte's liquidity strategy is aimed at maintaining adequate liquidity levels based on prevailing circumstances. In this sense, and given the current contingency, management decided to increase liquidity levels to face any contingency, specifically by:

- a) Reinforcing the quality of client deposits, with preference for stability and cost.
- b) In July 2020 Banorte issued 500MUSD of AT1 Perp NC10 Notes (Non-Fundamental Basic Capital) that not only underpin the Bank's Regulatory Capital, but also the liquidity levels of the financial institution.

In addition, it should be noted that Banorte has not used the Bank of México Central Bank Ordinary Facilities or Extraordinary Facilities during 3Q20.

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

Related Parties Loans

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

In the case of GFNorte as of September 30, 2020, and June 30, 2019, the amount of loans granted to third parties is as follows (billion pesos):

Lender	Sep-2020	% Basic Equity	Jun-2020	% Basic Equity
Banorte	Ps 14.19	8.7%	Ps 13.39	9.1%
	Ps 14.19		Ps 13.39	

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

Banorte

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

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

Related party loans have been granted under market conditions and rated in accordance with the policies, procedures and rating systems applicable to the rest of GFNORTE's loan portfolio based on the general dispositions applicable to credit

institutions regarding rating of loan portfolios issued by CNBV. Additionally, 95% of the related party loans are rated in Category "A", and most of these loans were classified as commercial loans.

As of **June 30th, 2020**, total loans granted to related parties, under Article 73 of the Law of Credit Institutions, was Ps 13.39 billion (including Ps 1.61 billion in — Letters of Credit "CC", which are registered in memorandum accounts), representing 1.7% of Banorte's total loan portfolio (excluding the balance of CC). Of the total related loans balance, Ps 10.30 billion were loans granted to clients linked to members of the Board of Directors; Ps 2.2 billion were granted to clients linked to shareholders and Ps 867 million 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 June 2020 was 9.1% 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, 98% of the related party loans are rated in Category "A", and most of these loans were classified as commercial loans.

Loan or tax liabilities

The tax credits listed below are currently in litigation:

As of September 30, 2020	
AFORE XXI BANORTE	\$2
Loan # 4429309391 Payroll Tax of the state of Coahuila	2
PENSIONES BANORTE	\$324
Financial year 2014	324
Million pesos	

People in Charge

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

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

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

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

Lic. Jorge Eduardo Vega Camargo
Deputy Managing Director of Comptrollership

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

Basis for submitting and presenting Financial Statements

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

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

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

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