



3Q21

Financial Results

as of September 30th, 2021



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 **GRUPO FINANCIERO
BANORTE**



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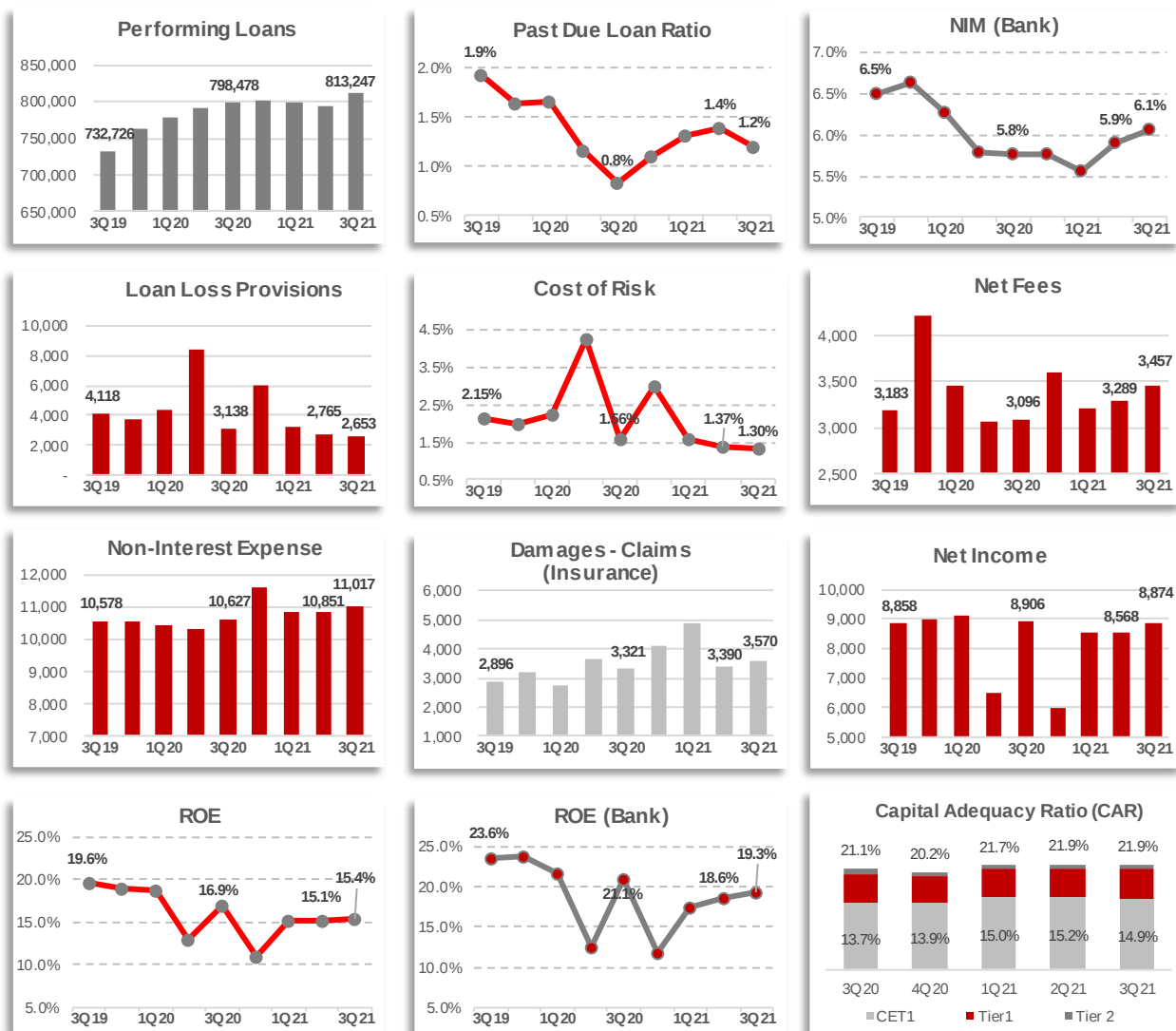
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I. Executive Summary

Quarter highlights 3Q21 vs. 2Q21

- **Sequential growth in loan portfolio reflects the macroeconomic recovery.**
- **Asset quality and cost of risk better than expected.**
- **NII ex-insurance and annuities increased 3%.**
- **MIN of the Bank increased 18bps, reaching 6.1%.**
- **Net fees were up 5% due to better consumer credit dynamics.**
- **Non-interest expenses under strict control, increased 2% QoQ and 4% YoY.**



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

Sustainability Strategy

Updates

Environmental

- CDP Climate Change Questionnaire – Response 2021
- Greenhouse Gas Emissions Inventory – Third Party Assurance
- SBTi Mexico's Practice Community – Participation
- GEI Mexico Program (GEI2) – Participation



Governance

- ESG training for Board Members
- Mobile banking app – Upgrade
- Apple Pay + Visa payment
- Customer satisfaction – NPS: 67.2pts (+2% vs 2Q21 and +10% vs 3Q20)
- Money Laundering Prevention – 99.9% of employees trained



Social

- COVID-19 Contribution Report – Launching
- "Banorte Adopts a Community" Reconstruction Program – Closure
- Financial Education Week - Participation
- SDG Young Innovators UN Global Compact- Closure
- External consultant for our diversity and inclusion program



Sustainable Finance

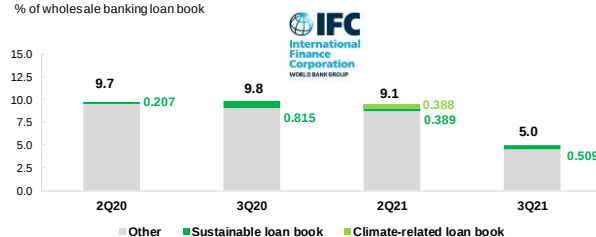
- Net-Zero Banking Alliance (NZBA) – Steering Group Members
- Climate Strategy 2021-2025
- Climate Initiative Investors LatAm (ICIL) – Participation, Operadora de Fondos & Afore XXI Banorte
- Responsible Investment Policy – Update, Operadora de Fondos



Sustainable Finance

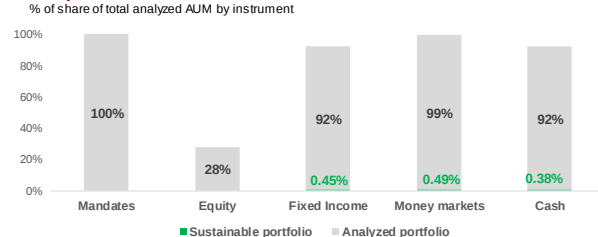
Loan book evaluation

% of wholesale banking loan book



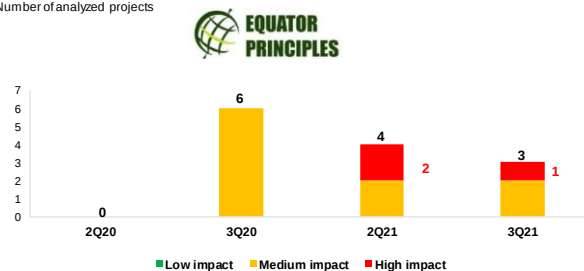
Responsible Investments – Mutual Funds

% of share of total analyzed AUM by instrument



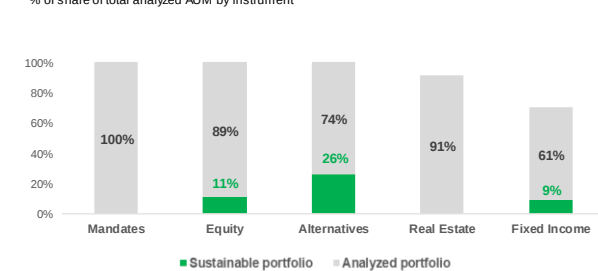
Loan book evaluation under Equator Principles

Number of analyzed projects



Responsible Investments – Pension Funds

% of share of total analyzed AUM by instrument



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

GFNorte reports Net Income of Ps 8.87 billion in 3Q21, 4% higher than 2Q21, and (0.4%) lower than 3Q20.

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

The most relevant results for the 3Q21 period ending on September 30th, 2021, were:

- **Net Income** for 3Q21 reached **Ps 8.87** billion, a **4% sequential** increase and a **(0.4%) decline vs. 3Q20**.
- **The quality of the loan portfolio stands out once again, and cost of risk below expectations**, with provisions down **(4%) vs. 2Q21, and (15%) lower than 3Q20**. Improvements in loan portfolio quality result from remaining close to our customers and prudent loan origination, resulting in an improved **cost of risk of 1.3%**, which is well below the estimated range of 1.9%-2.1% for the year. The **Coverage ratio** increased to **174%** from 162% in 2Q21.
- **Net Interest Income (NII)** grew 2% sequentially with **good performance in the bank and non-banking subsidiaries**, except for Seguros Banorte which, due to the adverse effects of the pandemic, continues to record higher **claims**.
- **NIM of the Group rose 11bps sequentially reaching 4.9%** despite the effects of Seguros Banorte. The **Bank's NIM stands out, increasing 18bps to reach 6.1%**, underpinned by the strength and diversification of the credit portfolio along with an improvement in cost of funds.
- **Net fees were up 5%** sequentially, driven by better consumer loan dynamics as a result of overall economic improvement; therefore, total **non-Interest income, increased 8%**. On the other hand, **non-interest expense increased 2% sequentially** and only 4% annually.
- **ROE** had a relevant 31bps increase to **15.4% in the quarter**, while **ROA rose 7bps to 2.0%**.
- **Net Income** for **9M21** totaled **Ps 25.99 billion, 6% higher** than 9M20, and (7%) lower compared to the **recurring result** of 9M20, when anticipated additional provisions were registered.
- **Net Interest Income** for **9M21** declined **(6%) YoY**; **NIM** reached **4.9%**, (59bps) below 9M20, a favorable result considering that the average TIE rate dropped (171bps) to 4.43% during the period. **Total Income** for 9M21 was down **(6%)** and **Non-Interest Expense** increased only **4%**, reaching an **efficiency ratio** of **44.0%**.
- **Consumer loans** rose **1%** sequentially, boosted by **2% growth in credit cards** and 1% in both mortgages and payroll loans. Compared to 3Q20, the consumer portfolio grew **5%** driven by: **mortgages up 8%, auto and payroll loans increasing 2% and 4% respectively, and credit cards declining (4%)**.
- **Commercial and corporate loans resumed growth with a relevant 3% increase in the quarter, and government loans rose 4%**. Compared to 3Q20, **commercial loans were up 5%, corporate loans declined (7%)**, and the **government portfolio dropped (1%)**. Altogether, **total performing loans increased 2%** both quarterly and annually.
- **NPLs** dropped (Ps 1.25) billion or (11%) in the quarter, reflecting delinquency levels below internal forecasts. Hence, the **NPL ratio** improved to **1.2%** from a previous 1.4%.
- **Core Deposits dropped (2%)** during the quarter: **demand deposits were down (3%)**, whereas **time deposits remained unchanged**. Compared to 3Q20, demand deposits were up 2%, and time deposits declined (3%), totaling a **1% annual growth in Core Deposits**.
- **Capital strength, as well as adequate liquidity management** are top priorities for the Financial Group during this challenging global crisis; the **bank's total Capital Adequacy Ratio (CAR)** reached **21.86%**, **Core Equity Tier 1 (CET1)** **14.86%**, and **Liquidity Coverage Ratio 183.7%**, while **Leverage Ratio** stood at **11.61%**.

Income Statement Highlights - GFNorte (Million Pesos)				Change		9M20	9M21	Change 9M20
	3Q20	2Q21	3Q21	2Q21	3Q20			
Interest Income	33,341	31,274	33,271	6%	(0%)	102,917	97,109	(6%)
Interest Expense	10,430	9,467	10,356	9%	(1%)	38,260	29,613	(23%)
Technical Results (Insurance & Annuities)	(2,310)	(2,158)	(2,908)	(35%)	(26%)	(1,405)	(7,838)	(458%)
Net Interest Income	20,601	19,649	20,007	2%	(3%)	63,252	59,658	(6%)
Net Service Fees	3,096	3,289	3,457	5%	12%	9,620	9,959	4%
Trading	1,128	840	1,116	33%	(1%)	3,996	2,920	(27%)
Other Operating Income (Expenses)	656	609	535	(12%)	(18%)	2,124	1,967	(7%)
Non Interest Income	4,880	4,739	5,108	8%	5%	15,741	14,847	(6%)
Total Income	25,481	24,388	25,115	3%	(1%)	78,992	74,505	(6%)
Non Interest Expense	10,627	10,851	11,017	2%	4%	31,400	32,751	4%
Provisions	3,138	2,765	2,653	(4%)	(15%)	15,938	8,632	(46%)
Operating Income	11,717	10,771	11,445	6%	(2%)	31,654	33,121	5%
Taxes	3,178	2,756	2,975	8%	(6%)	8,293	8,409	1%
Subsidiaries & Minority Interest	368	553	404	(27%)	10%	1,180	1,275	8%
Net Income	8,906	8,568	8,874	4%	(0.4%)	24,542	25,987	6%
Balance Sheet Highlights - GFNorte (Million Pesos)				Change				
	3Q20	2Q21	3Q21	2Q21	3Q20			
Asset Under Management	2,981,568	3,101,420	3,157,683	2%	6%			
Performing Loans (a)	798,478	794,544	813,247	2%	2%			
Past Due Loans (b)	6,660	11,202	9,956	(11%)	49%			
Total Loans (a+b)	805,138	805,746	823,204	2%	2%			
Total Loans Net (d)	787,473	787,571	805,906	2%	2%			
Acquired Collection Rights (e)	1,341	1,421	1,260	(11%)	(6%)			
Total Credit Portfolio (d+e)	788,814	788,992	807,166	2%	2%			
Total Assets	1,795,306	1,802,363	1,803,695	0%	0%			
Total Deposits	813,104	810,082	793,292	(2%)	(2%)			
Total Liabilities	1,577,935	1,573,041	1,566,755	(0%)	(1%)			
Equity	217,371	229,322	236,940	3%	9%			
Financial Ratios GFNorte						9M20	9M21	
Profitability:								
NIM (1)	5.1%	4.8%	4.9%			5.4%	4.9%	
ROE (2)	16.9%	15.1%	15.4%			16.2%	15.2%	
ROA (3)	2.0%	1.9%	2.0%			1.9%	1.9%	
Operation:								
Efficiency Ratio (4)	41.7%	44.5%	43.9%			39.8%	44.0%	
Operating Efficiency Ratio (5)	2.4%	2.4%	2.4%			2.4%	2.4%	
CCL Banorte and SOFOM - Basel III (6)	193.6%	210.2%	183.7%			193.6%	183.7%	
Asset Quality:								
Past Due Loan Ratio	0.8%	1.4%	1.2%			0.8%	1.2%	
Coverage Ratio	265.2%	162.2%	173.7%			265.2%	173.7%	
Cost of Risk (7)	1.6%	1.4%	1.3%			2.7%	1.4%	
Market References								
Banxico Reference Rate	4.25%	4.25%	4.50%			4.25%	4.50%	
TIE 28 days (Average)	4.99%	4.29%	4.64%			6.14%	4.43%	
Exchange Rate Peso/Dólar (8)	22.14	19.91	20.56			22.91	20.30	

- 1) NIM= Annualized Net Interest Income / Average Earnings Assets.
- 2) Annualized earnings as a percentage of average quarterly equity over the period, minus minority interest, for the same period.
- 3) Annualized earnings as a percentage of average quarterly assets over the period, minus minority interest, for the same period.
- 4) Non-Interest Expense / Total Income
- 5) Annualized Non-Interest Expense / Average Total Assets.
- 6) Preliminary CCL calculation. To be updated upon publication of Banco de Mexico's official calculations.
- 7) Cost of Risk = Annualized Provisions / Average Total Loans.
- 8) The Exchange Rate Peso/Dollar for the semester is the average.

For more detail on Liquidity Coverage Ratio (LCR)

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

Subsidiaries Net Income (Million Pesos)	3Q20	2Q21	3Q21	Change		9M20	9M21	Change 9M20
				2Q21	3Q20			
Banco Mercantil del Norte	6,518	6,408	6,706	5%	3%	16,197	18,984	17%
Banorte- Ixe-Broker Dealer	254	376	312	(17%)	23%	826	1,002	21%
Operadora de Fondos Banorte-Ixe	103	107	90	(16%)	(12%)	310	304	(2%)
Retirement Funds - Afore XXI Banorte	454	456	458	0%	1%	1,398	1,310	(6%)
Insurance	745	463	324	(30%)	(57%)	3,375	1,645	(51%)
Annuities	340	494	472	(4%)	39%	1,049	1,462	39%
BAP (Holding)	8	9	12	30%	47%	30	29	(4%)
Other Finance Companies	245	89	213	140%	(13%)	553	551	(0%)
G. F. Banorte (Holding)	238	166	287	73%	20%	804	700	(13%)
Total Net Income	8,906	8,568	8,874	4%	(0%)	24,542	25,987	6%

Share Data	3Q20	2Q21	3Q21	Change		9M20	9M21	Change 9M20
				2Q21	3Q20			
Earnings per share (Pesos)	3.089	2.971	3.078	4%	(0%)	8.511	9.012	6%
Earnings per share Basic (Pesos)	3.132	3.002	3.111	4%	(1%)	8.601	9.108	6%
Dividend per Share for the period (Pesos)	0.00	3.17	0.00	(100%)	N.A.	0.00	3.17	N.A.
Payout for the period	0.0%	25.0%	0.0%	(100%)	N.A.	0.0%	25.0%	N.A.
Book Value per Share (Pesos)	74.44	78.48	81.17	3%	9%	74.44	81.17	9%
Outstanding Shares - BMV (Million)	2,883.5	2,883.5	2,883.5	0%	0%	2,883.5	2,883.5	0%
Stock Price (Pesos)	76.62	128.76	132.57	3%	73%	76.62	132.57	73%
P/BV (Times)	1.03	1.64	1.63	(0%)	59%	1.03	1.63	59%
Market Capitalization (Million Dollars)	9,977	18,651	18,590	(0%)	86%	9,977	18,590	86%
Market Capitalization (Million Pesos)	220,930	371,274	382,260	3%	73%	220,930	382,260	73%

Share performance



II. Management's Discussion & Analysis

This report contains references to recurring figures which are related to usual business activities excluding the effect of additional provisions and anticipated write-offs related to COVID-19 in 2Q20 and 4Q20.

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

Net Interest Income (NII) (Million Pesos)	3Q20	2Q21	3Q21	Change		9M20	9M21	Change
				2Q21	3Q20			9M20
Interest Income	28,508	26,783	28,216	5%	(1%)	92,411	81,808	(11%)
Interest Expense	10,149	9,155	10,021	9%	(1%)	37,418	28,651	(23%)
Loan Origination Fees	354	362	377	4%	6%	1,061	1,092	3%
Fees Paid	281	313	335	7%	19%	842	962	14%
NII excluding Insurance and Annuities Co.	18,432	17,678	18,237	3%	(1%)	55,212	53,286	(3%)
Premium Income (Net)	7,385	8,602	10,319	20%	40%	27,658	34,261	24%
Technical Reserves	4,262	4,983	7,071	42%	66%	13,425	23,070	72%
Damages, Claims and Other Obligations	5,433	5,777	6,157	7%	13%	15,638	19,030	22%
Technical Results	(2,310)	(2,158)	(2,908)	(35%)	(26%)	(1,405)	(7,838)	(458%)
Interest Income (Expenses) net	4,479	4,128	4,678	13%	4%	9,445	14,210	50%
Insurance and Annuities NII	2,169	1,971	1,770	(10%)	(18%)	8,040	6,371	(21%)
GFNORTE's NII	20,601	19,649	20,007	2%	(3%)	63,252	59,658	(6%)
Credit Provisions	3,138	2,765	2,653	(4%)	(15%)	15,938	8,632	(46%)
NII Adjusted for Credit Risk	17,463	16,883	17,354	3%	(1%)	47,314	51,025	8%
Average Earning Assets	1,615,282	1,643,243	1,636,200	(0%)	1%	1,548,235	1,638,280	6%
Net Interest Margin (1)	5.1%	4.8%	4.9%			5.4%	4.9%	
NIM after Provisions (2)	4.3%	4.1%	4.2%			4.1%	4.2%	
NIM adjusted w/o Insurance & Annuities	5.2%	4.9%	5.1%			5.4%	5.0%	
NIM from loan portfolio (3)	7.9%	7.6%	7.8%			8.1%	7.6%	

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

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

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

Net Interest Income

NII excluding Insurance and Annuities increased 3% during the quarter, as a result of a 4% increase in NII from the loan portfolio given the expansion of the portfolio and the controlled cost of funds; reflecting in turn a 34bps increase in the 28-day TIIE average rate. On the other hand, higher income from repurchase agreements offset reductions in valuations due to a 3% higher peso-dollar exchange rate. **NIM from the loan portfolio** improved 20bps in the quarter reaching 7.8%, whereas **adjusted NIM excluding Insurance and Annuities** increased 21bps to **5.1%** in 3Q21.

Compared to 9M20, **NII excluding Insurance and Annuities** was down **(3%)** in the year, mainly driven by the (171bps) reduction in the average reference rate (TIIE28d), which went from 6.14% to 4.43% during the period, this was partially offset by lower cost of funds as **interest expense declined (23%)**. **NIM of the loan portfolio dropped (53bps)** in 9M21 to **7.6%** and **NIM excluding Insurance and Annuities**, declined (38bps) to **5.0%** in 9M21.

NII from Insurance and Annuities had a **(10%)** sequential decline due to a 42% increase in technical reserves, mainly in Annuities due to the inflation update, in addition to a 7% rise in claims, mostly from Insurance. Compared to 9M20, NII from **Insurance and Annuities dropped (21%)**. Despite a 24% higher premium income mostly due to the Annuities business, **higher** claims and technical reserves from the Covid-19 pandemic are still stressing the bottom line. Reserves increased 72% mainly driven by an update in reserves from the Annuities business, as well as by higher premiums.

Overall, GFNorte's **net interest income increased 2% during the quarter** and **decreased (6%)** annually vs. 9M20. **NIM increased 11bps during the quarter and dropped (59bps) annually** ending at **4.9%**, in line with the 25bps hike in the reference rate, which ended the quarter at 4.50% (4.75% as of October 1, 2021).

For more detail on Margin Sensitivity (Bank):

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

Loan Loss Provisions

Compared to the previous quarter, total **provisions were down (4%)**, mainly by a lower non-performing loan portfolio and high prepayments in the corporate portfolio.

From the Ps 2.65 billion provisions recorded in the quarter, 52% correspond to new loans, and the rest to risk and portfolio variations.

Compared to 9M20, accumulated provisions were (46%) lower than the previous year. However, even if no additional anticipated reserves of Ps 3,000 million and anticipated write-offs of Ps 1,868 million had been established during 2Q20, the decrease would have still been (22%).

Credit Provisions (Million Pesos)	3Q20	2Q21	3Q21	Change		9M20	9M21	Change 9M20
				2Q21	3Q20			
Commercial, Corporate & Government	236	305	580	90%	146%	3,692	1,024	(72%)
Consumer	2,997	2,778	2,927	5%	(2%)	9,353	8,893	(5%)
Charge offs and discounts	(95)	(317)	(855)	(170%)	(799%)	(107)	(1,284)	(1101%)
Additional Provisions	-	-	-	N.A.	N.A.	3,000	-	(100%)
Credit Provisions	3,138	2,765	2,653	(4%)	(15%)	15,938	8,632	(46%)

For more detail on Internal Credit Risk Models:

- 1) Page. 16 to 18, and from 35 to 37 of the [Risk Management Report](#)

Cost of risk for the quarter improved (7bps) sequentially ending at 1.3%, and a (126bps) improvement in 9M21 ending at 1.4%, below historical levels derived from lower reserve requirements, provisions, and anticipated write-offs in 2020.

Non-Interest Income

Non-Interest Income (Million Pesos)	3Q20	2Q21	3Q21	Change		9M20	9M21	Change 9M20
				2Q21	3Q20			
Net Service Fees	3,096	3,289	3,457	5%	12%	9,620	9,959	4%
Trading	1,128	840	1,116	33%	(1%)	3,996	2,920	(27%)
Other Operating Income (Expenses)	656	609	535	(12%)	(18%)	2,124	1,967	(7%)
Non-Interest Income	4,880	4,739	5,108	8%	5%	15,741	14,847	(6%)

Non-interest income improved 8% in the quarter, mainly driven by the recovery in Net Service Fees which grew 5% in the quarter, as well as higher trading income.

Service Fees

Service Fees (Million Pesos)	3Q20	2Q21	3Q21	Change		9M20	9M21	Change 9M20
				2Q21	3Q20			
Fund Transfers	489	530	517	(2%)	6%	1,365	1,521	11%
Account Management Fees	548	491	481	(2%)	(12%)	1,634	1,466	(10%)
Electronic Banking Services	2,379	3,212	3,246	1%	36%	6,742	9,374	39%
Basic Banking Services Fees	3,415	4,233	4,245	0%	24%	9,742	12,361	27%
For Commercial and Mortgage Loans *	129	278	329	18%	155%	1,018	902	(11%)
For Consumer Loans	1,148	1,263	1,307	3%	14%	3,439	3,734	9%
Fiduciary *	113	177	136	(23%)	21%	333	419	26%
Income from Real Estate Portfolios	6	23	24	7%	318%	22	56	151%
Mutual Funds	501	503	507	1%	1%	1,448	1,494	3%
Trading & Financial Advisory Fees	128	166	137	(18%)	7%	400	491	23%
Other Fees Charged (1)	268	42	51	20%	(81%)	825	343	(58%)
Fees Charged on Services	5,708	6,685	6,736	1%	18%	17,229	19,801	15%
Interchange Fees	1,228	1,911	1,923	1%	57%	3,473	5,459	57%
Insurance Fees	317	236	295	25%	(7%)	1,143	871	(24%)
Other Fees Paid	1,066	1,248	1,062	(15%)	(0%)	2,992	3,511	17%
Fees Paid on Services	2,611	3,396	3,279	(3%)	26%	7,608	9,842	29%
Net Service Fees	3,096	3,289	3,457	5%	12%	9,620	9,959	4%

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

Fees charged on services increased 1% sequentially, resulting from the recovery in fees from consumer loan origination. Compared to 9M20, commissions for services grew 15% due to the lower comparable base reflecting the effects of the pandemic, and with an evident recovery in commissions from consumer loans.

Fees paid on services were down (3%) sequentially on lower loan origination fees, while with accumulated figures for **9M21 they were up 29%** due to higher Interchange fees (as a result of better dynamics in the acquiring business), an increase in auto and mortgage loan origination, and an increase in fees paid from guarantees.

Altogether, **net service fees were up 5%** vs. the previous quarter, and **4%** above 9M20.

Trading

Trading Income (Million Pesos)	3Q20	2Q21	3Q21	Change		9M20	9M21	Change 9M20
				2Q21	3Q20			
Currency and Metals	(309)	(453)	357	179%	216%	425	479	13%
Derivatives	531	164	123	(25%)	(77%)	433	398	(8%)
Negotiable Instruments	80	122	636	421%	698%	(198)	179	190%
Valuation	302	(167)	1,116	767%	270%	660	1,056	60%
Currency and Metals	464	838	399	(52%)	(14%)	376	2,001	432%
Derivatives	2	(10)	(121)	(1160%)	N.A.	1,422	(126)	(109%)
Negotiable Instruments	359	180	(278)	(254%)	(177%)	1,538	(11)	(101%)
Trading	826	1,008	0	(100%)	(100%)	3,336	1,865	(44%)
Trading Income	1,128	840	1,116	33%	(1%)	3,996	2,920	(27%)

Trading income increased sequentially but reflected an annual (1%) contraction vs. 3Q20, and down (27%) vs. 9M20 due to the combined effect of positive valuation and lower transactions.

Other Operating Income (Expenses)

Other Operating Income (Expenses) (Million Pesos)	3Q20	2Q21	3Q21	Change		9M20	9M21	Change 9M20
				2Q21	3Q20			
Loan Portfolios	90	85	91	7%	2%	233	275	18%
Income from Foreclosed Assets	165	132	87	(34%)	(47%)	385	307	(20%)
Impairment of Assets	-	-	-	N.A.	N.A.	(55)	-	100%
Lease Income	11	57	45	(21%)	320%	188	165	(12%)
From Insurance	198	195	252	29%	27%	731	722	(1%)
Securitization Operation Valuation Result	15	0	-	(100%)	(100%)	52	0	(100%)
Others	178	141	60	(57%)	(66%)	590	499	(16%)
Other Operating Income (Expenses)	656	609	535	(12%)	(18%)	2,124	1,967	(7%)

Other Operating Income (expenses) declined (12%) in the quarter and (7%) against 9M21 in both cases explained by lower Income from Foreclosed Assets and Others.

Non-Interest Expense

Non-Interest Expense (Million Pesos)	3Q20	2Q21	3Q21	Change		9M20	9M21	Change 9M20
				2Q21	3Q20			
Personnel	4,037	4,273	4,368	2%	8%	11,857	12,647	7%
Professional Fees	861	808	820	1%	(5%)	2,411	2,433	1%
Administrative and Promotional	2,075	1,914	1,982	4%	(4%)	6,489	6,119	(6%)
Rents, Depreciation & Amortization	2,074	2,240	2,237	(0%)	8%	6,068	6,720	11%
Taxes other than income tax & non deductible expenses	496	589	581	(1%)	17%	1,478	1,723	17%
Contributions to IPAB	951	889	889	(0%)	(7%)	2,699	2,691	(0%)
Employee Profit Sharing (PTU)	133	139	141	1%	6%	398	419	5%
Non-Interest Expense	10,627	10,851	11,017	2%	4%	31,400	32,751	4%

Non-interest expenses increased 1.5% sequentially, primarily due to higher personnel and administrative expenses. Compared to **9M21, they were up 4%** in line with internal estimations. The main changes of the latter were higher personnel expenses and amortization of capitalized projects. Thus, **efficiency ratio for the quarter stood at 43.9%** improving (63bps) sequentially, reaching 44.0% for 9M21.

Net Income

Net Income (Million Pesos)	3Q20	2Q21	3Q21	Change		9M20	9M21	Change 9M20
				2Q21	3Q20			
Operating Income	11,717	10,771	11,445	6%	(2%)	31,654	33,121	5%
Subsidiaries' Net Income	492	675	532	(21%)	8%	1,493	1,636	10%
Pre-Tax Income	12,208	11,446	11,977	5%	(2%)	33,147	34,757	5%
Taxes	3,178	2,756	2,975	8%	(6%)	8,293	8,409	1%
Discontinued Operations	-	-	-	N.A.	N.A.	-	-	N.A.
Minority Interest	(124)	(122)	(128)	(4%)	(3%)	(313)	(361)	(16%)
Net Income	8,906	8,568	8,874	4%	(0%)	24,542	25,987	6%

Net Operating Income increased 6% in the quarter, reflecting sound results of the bank, but still reflecting the impact on the insurance technical result brought by the COVID-19 contingency. In the annual comparison, it decreased (2%) and with accumulated figures for **9M21 it grew 5%**, benefiting from a lower comparative base which reflects the creation of additional reserves in 2Q20.

Taxes increased 8% compared to 2Q21, and 1% compared to 9M20, generating an effective tax rate of 24.8% in 3Q21.

Earnings per share for the quarter totaled **Ps 3.078**.

Profitability

	3Q20	2Q21	3Q21	9M20	9M21
ROE	16.9%	15.1%	15.4%	16.2%	15.2%
Goodwill & Intangibles (billion pesos)	39.2	54.4	54.5	39.2	54.5
Average Tangible Equity (billion pesos)	156.7	180.7	180.4	156.7	180.4
ROTE	20.9%	19.1%	20.2%	20.9%	19.2%

In the quarter, the **ROE** improved 31bps reaching 15.4%. Compared to 9M20, the ROE was down (94bps), reaching **15.2%**. ROE continues to reflect capital accumulation, until dividend payments are fully resumed.

ROTE improved 113bps in the quarter and reached 20.2% due to a larger numerator effect, while ROTE for 9M21 declined (168bps) by higher tangible equity due to the reclassification of some accounts in 2Q21 corresponding to the reclassification of the core software from the Bank.

	3Q20	2Q21	3Q21	9M20	9M21
ROA	2.0%	1.9%	2.0%	1.9%	1.9%
Average Risk Weighted Assets (billion pesos)	856.1	894.0	879.8	856.1	879.8
RRWA	3.9%	3.6%	3.6%	3.9%	3.6%

The **ROA** increased 7bps and stood at **2.0%** in 3Q21. ROA as of 9M21 stood stable at 1.9%.

Deposits

Deposits (Million Pesos)	3Q20	2Q21	3Q21	Change	
				2Q21	3Q20
Non-Interest Bearing Demand Deposits	308,843	344,653	353,815	3%	15%
Interest Bearing Demand Deposits	200,234	192,348	165,569	(14%)	(17%)
Total Demand Deposits	509,077	537,001	519,385	(3%)	2%
Time Deposits – Retail	219,636	213,819	213,598	(0%)	(3%)
Core Deposits	728,713	750,820	732,983	(2%)	1%
Money Market	105,423	64,569	66,400	3%	(37%)
Total Bank Deposits	834,137	815,389	799,383	(2%)	(4%)
GFNorte's Total Deposits	813,104	810,082	793,292	(2%)	(2%)
Third Party Deposits	181,291	235,688	275,639	17%	52%
Total Assets Under Management	1,015,428	1,051,077	1,075,022	2%	6%

Core deposits dropped (2%) in the quarter, driven by a reduction in interest-bearing demand deposits. When compared to 3Q20, core deposits **increased 1%** due to higher non-interest bearing demand deposits; both cases explained by strategic efforts to improve the cost of deposits.

Money market operations and securities issued increased 3% in the quarter and decreased (37%) annually. Altogether, **GFNorte's Total Bank Deposits** dropped (2%) in the quarter and (4%) in the year.

Loans

Performing Loan Portfolio (Million Pesos)	3Q20	2Q21	3Q21	Change	
				2Q21	3Q20
Mortgages	182,685	196,125	197,737	1%	8%
Auto Loans	27,394	28,138	27,914	(1%)	2%
Credit Card	38,585	36,334	37,065	2%	(4%)
Payroll	52,342	53,850	54,532	1%	4%
Consumer	301,005	314,447	317,247	1%	5%
Commercial	188,237	193,287	198,258	3%	5%
Corporate	146,626	132,162	136,343	3%	(7%)
Government	162,609	154,649	161,400	4%	(1%)
Total	798,478	794,544	813,247	2%	2%

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

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

The performing loan portfolio is recovering after moderate growth in the previous quarters, showing an evident but gradual reactivation in the different sectors of the economy. The performing loan portfolio **grew 2%** in the quarter and annually, which reflects greater dynamism in consumer and commercial portfolios, as anticipated.

Consumer loans grew **1% in the quarter** and **5% in the year**, in which the mortgage portfolio stood out with an 8% annual growth, followed by a 4% increase in the payroll portfolio and a 2% increase in the auto loan portfolio. Regarding **credit cards**, they had a decent **2% increase in the quarter**, reflecting the economic reactivation, although the annual comparison still registers a (4%) reduction. The **commercial portfolio**, reflects better dynamics, growing **3% sequentially** and 5% annually, while the **corporate and government portfolios** had a sequential reactivation, but still lag compared to the annual comparison.

Within the commercial portfolio, **SMEs loans** marginally increased compared to the previous period, and declined (1%) vs. 3Q20. NPL ratio improved (90bps) in the quarter ending at 2.5%.

SME's Loans (Million Pesos)	3Q20	2Q21	3Q21	Change	
				2Q21	3Q20
Performing Portfolio	37,237	36,616	36,717	0%	(1%)
% of Performing Commercial Portfolio	19.8%	18.9%	18.5%	(42 bp)	(126 bp)
% of Total Performing Portfolio	4.7%	4.6%	4.5%	(9 bp)	(15 bp)
NPL Ratio	1.9%	3.4%	2.5%	(90 bp)	60 bp

The **corporate portfolio** grew 3% vs. the previous quarter due to the reactivation of certain economic sectors, and declined (7%) annually mainly because of relevant prepayments given current market conditions. GFNorte's corporate loan book is well diversified by industry and by region, showing low concentration risk. The 20 main private sector corporate borrowers accounted for 21.7% of the group's total portfolio. The group's largest corporate exposure represented 1.0% of the total performing book, whereas number 20 represented 0.4%. Out of these 20 borrowers, all 20 corporates have an A1 credit rating.

The **infrastructure book** was slightly down by Ps. (103) million and down **Ps. (2.41) billion** or **(5%)** compared to 3Q20.

Infrastructure Loans (Million Pesos)	3Q20	2Q21	3Q21	Change	
				2Q21	3Q20
Performing Portfolio	48,746	46,433	46,330	(0%)	(5%)
% of Total Performing Portfolio	5.7%	5.8%	5.7%	(15 bp)	1 bp
NPL Ratio	0.6%	1.3%	1.3%	(1 bp)	70 bp

The **government book** totaled **Ps 161.40 billion**, **4% above the previous quarter** and (1%) below annually. GFNorte's government portfolio is well diversified by region, showing adequate concentration risk, given that 36.5% of the portfolio is Federal Government exposure and 96.8% of municipal and state government loans are backed by fiduciary guarantees.

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

The system's tendency reflects overall improvement but still keeps a (3.3%) decline in annual growth. **Banorte's performing loan portfolio rose 0.05%**, and gained **51bps** in market share **in the year**, reaching 15.0%.

- **Mortgages:** Banorte holds a 19.4% market share, slightly **down (10bps) annually**, but holding on to second place in the system. **Credit Cards:** Banorte holds a **10.3% market share, reducing (19bps)** in the year.
- **Auto Loans:** The market reflects a general slowdown regarding new cars sales. However, Banorte **increased its market share by 118bps** to 19.5%, keeping its second position in the market.
- **Payroll Loans:** Banorte holds a 20.5% market share, up 23bps in the year, ranking second in the market.
- **Commercial:** Market share totaled 11.8%, including corporate and SMEs according to the CNBV classification. Market share went **up 100bps** in the last 12 months, ranking third in the system.
- **Government:** Banorte's market share **dropped** (404bps) to 25.8%, still ranking second in the banking system.

Past Due Loans

In the quarter, Past due loans decreased by (Ps 1.25) billion, mainly driven by corporates and credit cards.

Past Due Loans (Million Pesos)	3Q20	2Q21	3Q21	Change	
				2Q21	3Q20
Credit Cards	1,246	1,879	1,485	(394)	239
Payroll	910	1,364	1,452	89	542
Auto Loans	194	308	254	(54)	60
Mortgages	1,811	1,966	2,135	169	325
Commercial	1,768	3,779	3,914	135	2,146
Corporate	444	1,719	558	(1,162)	114
Government	288	186	159	(27)	(129)
Total	6,660	11,202	9,956	(1,246)	3,296

NPL ratio decreased (18bps) to **1.2%**, still below normal pre-pandemic levels of around 1.8%. Compared to the same period in 2020, it rose 38bps.

Past Due Loans Ratios	3Q20	4Q20	1Q21	2Q21	3Q21
Credit Cards	3.1%	7.8%	7.2%	4.9%	3.9%
Payroll	1.7%	2.7%	2.9%	2.5%	2.6%
Auto Loans	0.7%	0.6%	1.3%	1.1%	0.9%
Mortgages	1.0%	0.9%	1.1%	1.0%	1.1%
Commercial	0.9%	1.2%	1.7%	1.9%	1.9%
SMEs	1.9%	2.0%	3.4%	3.4%	2.5%
Commercial	0.7%	1.0%	1.3%	1.6%	1.8%
Corporate	0.3%	0.1%	0.2%	1.3%	0.4%
Government	0.2%	0.0%	0.1%	0.1%	0.1%
Total	0.8%	1.1%	1.3%	1.4%	1.2%

Expected loss for Banco Mercantil del Norte, the group's largest subsidiary, was 1.7%, and the unexpected loss was 3.9%, both with respect to the total portfolio as of 3Q21. In 2Q21 these same ratios were 1.9% and 3.9%, respectively, and they were 1.7% and 4.1% twelve months ago. In addition, Banco Mercantil del Norte's **Net Credit Losses (NCL)**, including write-offs, was 1.8%, down (7bps) compared to 2Q21.

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

Past Due Loan Variations (Million Pesos)	
Balance as of June' 2021	11,202
Transfer from Performing Loans to Past Due Loans	6,633
Portfolio Purchase	-
Renewals	(160)
Settlements	(2,242)
Discounts	(290)
Charge Offs	(3,726)
Foreclosures	(106)
Transfer from Past Due Loans to Performing Loans	(1,370)
Loan Portfolio Sale	-
Foreign Exchange Adjustments	12
Balance as of September' 2021	9,956

Regarding risk ratings, 89% of the **total loan portfolio** was rated as Risk A, 7% as Risk B, and 4% were Risk C, D and E altogether.

Risk Rating of Performing Loans as of 3Q21 - GFNorte
(Million Pesos)

CATEGORY	LOANS	LOAN LOSS RESERVES					
		COMMERCIAL			CONSUMER	MORTGAGES	TOTAL
		MIDDLE MARKET COMPANIES	GOVERNMENT ENTITIES	FINANCIAL INTERMEDIARIES			
A1	733,761	1,087	553	77	654	252	2,623
A2	30,519	172	51	0	250	24	497
B1	33,855	63	79	4	834	16	996
B2	14,564	57	3	0	538	21	618
B3	13,124	119	78	7	423	14	641
C1	10,980	86	101	0	567	79	834
C2	10,900	176	-	0	1,384	168	1,728
D	9,685	1,681	70	-	1,009	479	3,239
E	3,932	130	-	-	2,532	86	2,749
Total	861,319	3,571	934	88	8,192	1,138	13,925
Not Classified	(1,174)						
Exempt	-						
Total	860,145	3,571	934	88	8,192	1,138	13,925
Reserves							17,297
Preventive Reserves							3,373

Notes:

- Figures for reserve creation and rating are as of September 30th, 2021.
- The loan portfolio is rated pursuant to rules issued by the CNBV, in Chapter V, Second Title of General Provisions Applicable to Credit Institutions, and it can also be rated according to internal methodologies authorized by this same regulator.
The Institution uses regulatory methodologies to rate all credit portfolios. The Institution uses internal methodologies authorized by the CNBV according to the following: for the Revolving Consumption portfolio as of January 2018, for the Auto (Individuals) portfolio as of January 2020, and for the portfolio commercial of borrowers with sales or income greater than or equal to 14 million UDIs, from January 2019 in the Banco Mercantil del Norte subsidiary and from February 2019 in the subsidiaries Arrendadora and Factor Banorte and Sólida Administradora de Portafolios.
The Institution uses risk ratings: A1, A2, B1, B2, B3, C1, C2, D and E to classify provisions according to the portfolio segment and percentage of the provisions representing the outstanding balance of the loan, and which are set forth in Fifth Section of the "Reserve creation and their classification by degree of risk" contained in Chapter 5, Second Title of the aforementioned regulation.
- The constituted complementary reserves follow the general provisions applicable to credit institutions, and they contemplate the additional reserves created to anticipate portfolio impairment effects due to COVID-19 previously described in "Provisions for Credit".

Based on B6 Credit Portfolio criterion from the CNBV, **Distressed Portfolio** is defined as the pool of commercial loans that, based on current information and facts, as well as the credit review process; have a considerable probability that they will not be fully recoverable, both in principal and interest, based on the terms and conditions that were originally agreed upon. Such determination is made based on actual information and data as well as 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)	3Q21
Distressed Portfolio	3,971
Total Loans	826,703
Distressed Portfolio / Total Loans	0.5%

Loan Loss Reserves and Loan Loss Provisions

Loan Loss Reserves (Million Pesos)	3Q21
Previous Period Ending Balance	18,175
Provisions charged to results	3,294
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	(561)
Consumer Loans	(2,875)
Mortgage Loans	(748)
Foreclosed assets	0
	(4,184)
Cost of debtor support programs	(2)
Valorization and Others	15
Adjustments	0
Loan Loss Reserves at Period End	17,297

Loan Loss Reserves as of 3Q21 totaled **Ps 17.30 billion**, down (4.8%) vs. the previous quarter. **Charge-offs and discounts** decreased (15%) in the quarter.

Loan loss reserve coverage ratio totaled **174%** in the quarter; an increase compared to a 162% from the previous quarter.

Capital

Shareholders' equity totaled **Ps 236.94 billion, up Ps 7.62 billion vs. the previous quarter**. The main changes during the quarter were: an Ps 8.87 billion increase in net income; a Ps 174 million increase from stock compensation plan; a Ps (930) million reduction due to interest payments of subordinated notes; a Ps (359) million decline from valuation of cash flow hedging instruments, a Ps (187) million decrease from valuation of available-for-sale securities, and a reduction of Ps (128) million owed to minority interests.

Current Events

1. GFNORTE WAS INCLUDED FOR THE FOURTH CONSECUTIVE YEAR IN THE FTSE4GOOD EMERGING MARKET SUSTAINABILITY INDEX

In June 2021, GFNorte was once again within the FTSE4Good Index Series, considering itself as a company that meets the highest sustainability standards dictated by the FTSE London Stock Exchange. This index is made up of 557 companies where 15 of them are Mexican companies. The companies were evaluated in areas of climate change, biodiversity, labor standards, health and safety, and risk management and corporate governance. GFNorte is ranked number 5 in market capitalization in the "Emerging Latin America" division, ranking two places above from last year's rankings.

2. GFNORTE SUCCESSFULLY CONCLUDES THE "BANORTE ADOPTS A COMMUNITY" RECONSTRUCTION PROGRAM AND EXCEEDS THE SET GOALS

On September 20, 2021, Grupo Financiero Banorte (GFNorte) delivered 650 houses to families affected by the earthquakes in 2017, surpassing its original goal of 600 houses. In addition, it developed 9 social infrastructure projects in communities to improve their quality of life: commercial markets, community centers, school equipment, and a water treatment plant. More than 28,000 actions related to health, food, education, and culture were carried out. During the pandemic, 6,500 pantries were delivered. Carlos Hank González stated "We have stood next to the communities affected by the earthquakes over the course of 4 years in order to empower them, providing them with tools to achieve a state of well-being in a sustained way. Our commitment is with Mexico and the Mexican families".

3. GFNORTE IS RECOGNIZED BY THE INSTITUTIONAL INVESTOR MAGAZINE

In July 2021, Grupo Financiero Banorte (GFNorte) was ranked as the best Mexican financial institution and was positioned among the top 3 in the "Executive Team of Latin America 2021" rankings from the prestigious international publication "Institutional Investor". To prepare the rankings, Institutional Investor conducted a study with 534 portfolio managers and 231 stock market analysts. The evaluation considered factors such as consistency, granularity, market timing, authority and credibility, market knowledge, performance conferences, responsiveness, virtual meetings, and presentations. For the eleventh consecutive year, the GFNorte Executive Team remained on the top positions among a total of 341 nominated companies from the Latin American region, acquiring the following recognitions:

- Best CEO - First place (Sell-side).
- Best CFO - First place.
- Best IRO - Third Place (Sell Side)
- Best IR team - Third place.

Additionally, awards were given to the Group for:

- Best management of the COVID-19 crisis - Second Place.
- Best disclosure of ESG financial information - Second Place.
- Best virtual event - Third Place.

Bank

Income Statement and Balance Sheet (Million Pesos)	3Q20	2Q21	3Q21	Change		9M20	9M21	Change
				2Q21	3Q20			9M20
Net Interest Income	17,501	16,884	17,068	1%	(2%)	52,439	50,123	(4%)
Non-Interest Income	4,603	4,083	4,825	18%	5%	14,598	13,827	(5%)
Total Income	22,105	20,967	21,893	4%	(1%)	67,037	63,950	(5%)
Non-Interest Expense	9,853	9,972	10,104	1%	3%	29,150	30,111	3%
Provisions *	3,122	2,584	2,598	1%	(17%)	15,911	8,413	(47%)
Operating Income	9,129	8,411	9,191	9%	1%	21,976	25,426	16%
Taxes	2,522	2,103	2,430	16%	(4%)	5,568	6,411	15%
Discontinued Operations	-	-	-	-	-	-	-	N.A.
Subsidiaries & Minority Interest	27	213	64	(70%)	141%	75	306	306%
Net Income	6,634	6,522	6,825	5%	3%	16,483	19,320	17%
Balance Sheet								
Performing Loans (a)	786,350	775,873	795,967	3%	1%	786,350	795,967	1%
Past Due Loans (b)	6,307	10,862	9,311	(14%)	48%	6,307	9,311	48%
Total Loans (a+b)	792,658	786,735	805,278	2%	2%	792,658	805,278	2%
Total Loans Net (d)	775,489	768,993	788,461	3%	2%	775,489	788,461	2%
Acquired Collection Rights (e)	1,341	1,421	1,260	(11%)	(6%)	1,341	1,260	(6%)
Total Loans (d+e)	776,830	770,414	789,721	3%	2%	776,830	789,721	2%
Total Assets	1,277,593	1,234,286	1,199,275	(3%)	(6%)	1,277,593	1,199,275	(6%)
Total Deposits	834,137	815,389	799,383	(2%)	(4%)	834,137	799,383	(4%)
Demand Deposits	506,588	534,257	516,559	(3%)	2%	506,588	516,559	2%
Time Deposits	327,548	281,132	282,823	1%	(14%)	327,548	282,823	(14%)
Total Liabilities	1,148,153	1,090,870	1,060,251	(3%)	(8%)	1,148,153	1,060,251	(8%)
Equity	129,440	143,416	139,024	(3%)	7%	129,440	139,024	7%
Financial Ratios - Bank	3Q20	2Q21	3Q21			9M20	9M21	
Profitability:								
NIM (1)	5.8%	5.9%	6.1%			6.0%	5.8%	
NIM after Provisions (2)	4.7%	5.0%	5.1%			4.2%	4.9%	
ROE (3)	21.1%	18.6%	19.3%			18.3%	18.6%	
ROA (4)	2.0%	2.1%	2.2%			1.7%	2.1%	
Operation:								
Efficiency Ratio (5)	44.6%	47.6%	46.2%			43.5%	47.1%	
Operating Efficiency Ratio (6)	3.0%	3.2%	3.3%			3.1%	3.3%	
Average Liquidity Coverage Ratio for Banorte and SOFOM - Basel III (7)	193.6%	210.2%	183.7%			193.6%	183.7%	
Asset Quality:								
Past Due Loan Ratio	0.8%	1.4%	1.2%			0.8%	1.2%	
Coverage Ratio	272.2%	163.3%	180.6%			272.2%	180.6%	
Capitalization:								
Net Capital/ Credit Risk Assets	27.6%	31.0%	30.7%			27.6%	30.7%	
Total Capitalization Ratio	21.1%	21.9%	21.9%			21.1%	21.9%	
Leverage								
Basic Capital/ Adjusted Assets	12.1%	11.7%	11.6%			12.1%	11.6%	

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

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

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

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

5) Non-Interest Expenses / Total Income.

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

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

Changes vs. the previous quarter

Net interest income (NII) increased 1% sequentially, presenting a 4% NII portfolio increase compared to that in the previous quarter. There's a higher impact on valuation and the cost of funding is under control, the latter already reflected the recent reference rate hike effect. Therefore, **NIM increased 18bps sequentially reaching 6.1%**.

Non-interest income presented strong sequential growth of 18%, a better level of income was presented mainly due to a reactivation in net fees.

Fees charged were up 1% sequentially driven by better dynamics in consumer loans, reflecting the economic reactivation after the pandemic. Similarly, **fees paid** decreased (5%) due to lower loan origination fees paid to third parties for auto and mortgage loans, as these were reclassified from fees paid to expenses. In sum, **Net Fees** reflected a significant growth of **7%**.

Trading income increased 62% quarterly, reflecting favorable effects on the valuation result and a lower result in foreign exchange, derivatives, and securities operations.

Other operating income (expenses) increased Ps 59 million or 83%, due to higher income from liabilities cleanup.

Non-Interest Expense increased slightly by 1% sequentially, highlighting that administrative services charged to subsidiaries was lower in this quarter, in addition to the increase in fees paid for different services related to the operation of the business. Consequently, **efficiency ratio for the quarter improved sequentially** from 47.6% in the previous quarter to **46.2% at the end of 3Q21**.

In the quarter, **provisions increased by Ps 14 million**, similar to the provisions of the previous quarter due to lower provision requirements, as the portfolio improved in quality.

NIM adjusted for credit risks reached **5.1%** from 5.0%, reflecting a 16bps sequential increase.

Altogether, **net income rose 5%** sequentially, reaching Ps 6.82 billion. Thus, **ROE increased 74bps** in the quarter ending at **19.3%**, and **ROA** ended the quarter at **2.2%**, **up 13pbs** in 3Q21.

Accumulated changes vs. the previous year (2020)

Net interest income (NII) fell (4%) with accumulated figures in 9M21, mainly driven by lower income across its constituents, while the cost of funding remained under control, but already reflecting the recent increase in the reference rate. Thus, **NIM with accumulated figures of 9M21 was down (15bps)**, reaching 5.8%. During the year, average TIE28d reference rate was adjusted downward (171bps), from 6.14% to 4.43%.

Non-interest income increased 5% compared to 3Q20, due to higher trading and fee income recovery on greater activity in some economic sectors. With accumulated figures as of 9M21, it decreased (5%), primarily by lower trading income.

Fees charged increased 18% compared to 3Q20 because of improved commissions for consumer loans. Additionally, **9M21 figures increased 16% annually** due to better dynamics in electronic banking services and reactivation of consumer loans. **Fees paid** compared to 3Q20, grew 31% mainly from higher transaction volumes, compared to the 9M21 period, in addition to the dynamics of the acquiring business. This increase is also related to mortgages and auto loans origination fees. Overall, **net fees improved 9%** compared to 3Q20, and 2% vs. of 9M20.

Trading income grew 10% compared to 3Q20 but decreased significantly by (13%) with accumulated figures of 9M21. Both cases present favorable valuation results, but lower currency derivatives, and securities operations due to volatility in the markets.

Other operating income (expense) declined Ps (190) million vs. 3T20, largely driven by lower income from recoveries, and lower liabilities cleanup. Accumulated other operating income for 9M21, was down Ps (488) million, mostly because of lower income from tax recoveries.

Non-interest expense remained under control and in line with expectations. Compared to 3Q20, it grew 2.5% and increased 3.3% vs. 9M20. In both cases, the main drivers were personnel expenses and professional fees, as well as the amortization of capitalizable projects. In sum, **efficiency ratio** rose 360bps and stood at **47.1%** as of 9M21.

Provisions were down by Ps (524) million vs. 3Q20, reflecting growth in the loan portfolio, coupled with improvements in its credit quality that generated lower provision requirements. With 9M21 figures, the provisions decreased is Ps (7.50) billion, which is explained by the creation of additional anticipated reserves of Ps 3.00 billion and charge-offs of Ps 1.87

billion in 2Q20, as well as by higher prepayments in the commercial portfolio and moderate portfolio growth, which implies lower creation of provisions. **NIM adjusted for credit risks** stood at **4.9%**, reflecting an improvement of 69bps in 9M21.

Net income grew 3% compared to 3Q20 showing **strong growth of 17%** or **+Ps 2.85 billion** in accumulated figures for 9M21. **ROE** for 9M21 was **18.6%**, increasing 26bps. Additionally, **ROA increased 36bps** ending at **2.1%**.

Capital

Shareholders' equity totaled **Ps 139.02 billion**, down (3%) in the quarter. The main sequential changes were a Ps 6.82 billion increase in net income; a Ps 204 million increase on the executive share compensation plan; a reduction of Ps (10.0) billion related to the dividend payment approved in the July 23, 2021 shareholder meeting; a Ps (930) million decline by interest paid on subordinated obligations; a Ps (187) million loss in valuation of available-for-sale securities, and a Ps (365) million loss in the 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 2021, Banorte was confirmed as Level II - Systemically Important Financial Institution, which implies that Banorte must maintain a 0.90 pp capital buffer. Therefore, **starting on December 2019, the minimum Capital Adequacy Ratio required for Banorte is 11.40%** (corresponding to the regulatory minimum of 10.5% plus the 0.90 pp capital supplement), which includes a minimum requirement of Core Equity Tier 1 (CET1) of 7.90%.

Capitalization (Million Pesos)	3Q20	2Q21	3Q21	Change	
				2Q21	3Q20
Core Tier 1	124,312	130,003	125,976	(3.1%)	1.3%
Tier 1 Capital	179,672	179,769	177,381	(1.3%)	(1.3%)
Tier 2 Capital	11,365	7,955	7,909	(0.6%)	(30.4%)
Net Capital	191,036	187,724	185,291	(1.3%)	(3.0%)
Credit Risk Assets	690,977	606,089	604,525	(0.3%)	(12.5%)
Net Capital / Credit Risk Assets	27.6%	31.0%	30.7%	(0.3 pp)	3.0 pp
Total Risk Assets	904,682	856,393	847,792	(1.0%)	(6.3%)
Core Tier 1	13.74%	15.18%	14.86%	(0.3 pp)	1.1 pp
Tier 1	19.86%	20.99%	20.92%	(0.1 pp)	1.1 pp
Tier 2	1.26%	0.93%	0.93%	0.0 pp	(0.3 pp)
Capitalization Ratio	21.12%	21.92%	21.86%	(0.07 pp)	0.74 pp

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

At the end of 3Q21 the estimated Capital Adequacy Ratio (CAR) for Banorte was **21.86%** considering credit market and operational risks, and 30.65% considering only CAR risk. Moreover, the Core Equity Tier 1 reached 14.86% as of 3Q21, a level corresponding to a Systemically Important Institution Level I under CNBV classification. Had additional reserves not been constituted in December 2020, CAR in 3Q21 would have been 22.03% and Core Tier 1 Capital 15.03%.

CAR decreased -0.06pp vs. 2Q21 due to the following effects:

	3Q21 vs 2Q21
	-0.06 pp
1. Net Income in 3Q21	+0.81 pp
2. Growth in Risk Assets – Credit (Others)	+0.27 pp
3. Growth in Risk Assets – Market	+0.20 pp
4. Capital Notes	+0.11 pp
5. Permanent Investments and Intangibles*	-0.01 pp
6. Securities' mark-to-market valuation and Hedging Derivatives**	-0.01 pp
7. Growth in Risk Assets – Operation	-0.02 pp
8. Growth in Risk Assets – Credit	-0.23 pp
9. Dividend payment to the Financial Group	-1.18 pp

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

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

The CAR increased +0.74 pp vs. 3Q20 mostly driven by:

	With Additional Reserves	Without Additional Reserves
	+0.74pp	+0.91 pp
1. Net Income growth	+2.93 pp	+2.93 pp
2. Growth in Risk Assets – Credit***	+0.90 pp	+0.92 pp
3. Growth in Risk Assets – Credit (Others)	+0.89 pp	+0.89 pp
4. Securities' mark-to-market valuation and Hedging Derivatives**	+0.08 pp	+0.08 pp
5. Growth in Risk Assets – Operation	-0.15 pp	-0.15 pp
6. Additional loan loss provisions	-0.19 pp	-0.00 pp
7. Permanent and Intangible Investments****	-0.26 pp	-0.26 pp
8. Growth in Risk Assets – Market	-0.53 pp	-0.55 pp
9. Intangible effect on Equity*	-0.67 pp	-0.67 pp
10. Capital Notes	-1.04 pp	-1.04 pp
11. Dividend paid to the Financial Group	-1.18 pp	-1.18pp

* In 3Q20 an investment in software was registered in fixed assets, therefore the adjustment to equity did not applied as of that date.

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

*** Includes benefits for internal model calibration.

**** Includes actuarial changes from employee liability, and the additional reserves effect.

Evolution of Risk Assets

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

Total Risk Assets as of September 2021 reached Ps 847.79 billion, down Ps 8.60 billion vs. June 2021, and Ps 56.89 billion below those of September 2020.

The evolution of Risk Assets is presented below:

Risk Assets (Million Pesos)	3Q20	2Q21	3Q21	Change	
				2Q21	3Q20
Total Credit	690,977	606,089	604,525	(0.3%)	(12.5%)
Credit (Loan Portfolio)	548,959	501,006	510,021	1.8%	(7.1%)
Credit (Others)	142,019	105,083	94,504	(10.1%)	(33.5%)
Total Market	144,284	175,500	167,798	(4.4%)	16.3%
Total Operational	69,421	74,804	75,469	0.9%	8.7%
Total	904,682	856,393	847,792	(1.0%)	(6.3%)

The main quarterly changes in RWA vs. 2Q21 were:

- An increase in Credit Risk Weighted Assets (Loan Portfolio) explained by the quarterly growth dynamics in wholesale and retail credit portfolio.
- A decline in Credit Risk Weighted Assets (Others) driven by the effect of the interest rate increase on the Credit Valuation Adjustment requirement for derivative operations.

The main annual changes in RWA vs. 3Q20 were:

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

Leverage Ratio (Banco Mercantil del Norte)

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

Leverage (Million Pesos)	3Q20	2Q21	3Q21	Change	
				2Q21	3Q20
Tier 1 Capital	179,672	179,769	177,381	(1.3%)	(1.3%)
Adjusted Assets	1,480,394	1,536,418	1,528,104	(0.5%)	3.2%
Leverage Ratio	12.14%	11.70%	11.61%	(9 bp)	(53 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)	3Q20	2Q21	3Q21	Change		9M20	9M21	Change
				2Q21	3Q20			
Interest Income (Net)	396	329	381	16%	(4%)	1,556	968	(38%)
Premium Income (Net)	3,792	2,817	4,239	51%	12%	18,379	18,141	(1%)
Net Increase in Technical Reserves	(875)	(1,525)	(78)	95%	91%	3,195	2,934	(8%)
Damages, Claims and Other Obligations	3,321	3,390	3,570	5%	8%	9,761	11,844	21%
Technical Results	1,346	951	748	(21%)	(44%)	5,423	3,363	(38%)
Net Interest Income (NII)	1,742	1,280	1,129	(12%)	(35%)	6,979	4,331	(38%)
Other Fees (acquisition costs)	(555)	(485)	(550)	(13%)	1%	(1,780)	(1,663)	7%
Securities-Realized Gains	33	42	8	(81%)	(76%)	141	87	(38%)
Other Operating Income (Expenses)	182	192	213	11%	17%	542	674	24%
Total Operating Income	1,402	1,029	800	(22%)	(43%)	5,882	3,429	(42%)
Non Interest Expense	339	381	339	(11%)	(0%)	1,059	1,099	4%
Operating Income	1,062	649	461	(29%)	(57%)	4,822	2,330	(52%)
Taxes	316	184	136	(26%)	(57%)	1,443	681	(53%)
Subsidiaries' Net Income	463	465	467	0%	1%	1,424	1,335	(6%)
Minority Interest	(10)	(10)	(10)	8%	6%	(31)	(29)	6%
Net Income	1,200	919	782	(15%)	(35%)	4,773	2,955	(38%)
Shareholder's Equity	27,391	30,608	21,488	(30%)	(22%)	27,391	21,488	(22%)
Total Assets	65,143	70,125	59,797	(15%)	(8%)	65,143	59,797	(8%)
Technical Reserves	30,257	33,217	32,309	(3%)	7%	30,257	32,309	7%
Premiums sold	4,272	3,465	4,825	39%	13%	21,807	21,887	0%
Coverage ratio of technical reserves	1.29	1.29	1.09	(0.20 pp)	(0.20 pp)	1.29	1.09	(0.2 pp)
Solvency capital requirement coverage ratio	8.63	10.73	3.86	(6.9 pp)	(4.8 pp)	8.63	3.86	(4.8 pp)
Coverage ratio of minimum capital	247.0	267.5	186.9	(80.6 pp)	(60.0 pp)	247.0	186.9	(60.0 pp)
Claims ratio	71%	78%	83%	4.6 pp	11.4 pp	65%	78%	13.4 pp
Combined ratio	89%	98%	97%	(1.1 pp)	8.7 pp	76%	88%	12.4 pp
ROE	18.2%	12.4%	12.2%	(0.2 pp)	(6.0 pp)	25.6%	14.5%	(11.1 pp)
ROE ex-Afore	30.3%	14.8%	14.4%	(0.4 pp)	(15.8 pp)	51.8%	21.6%	(30.2 pp)

Interest income (Net) increased 16% **sequentially** explained by the recovery in premium income, and on the accumulated 9M21, they were down **(38%)** on lower Interest income from invested assets caused by their valuation effect, given interest rate volatility.

Premium Income (Net) grew Ps 1.42 billion or **51% sequentially**, while technical reserves reflected a lower release by Ps (1.45) billion in the quarter; claims were up 5% vs. 2Q21. Therefore, **technical result for the quarter decreased by Ps (204) million or (21%) sequentially**.

With accumulated figures for **9M21**, **premium income was down (1%)** following the cancellation of a business line in the life segment during the previous quarter. Consequently, **reserves decreased (8%)**, offset by **claims** which **increased** significantly, **21%** still owed to the pandemic effects. Therefore, with accumulated figures from 9M21 **technical result dropped (38%)**.

Acquisition costs were down (13%) sequentially and reached Ps (550) million, in line with the seasonality of the business, and practically unchanged compared to **3Q20**. **With accumulated figures for 9M21, they were down (7%)**.

The **Net Operating Income** totaled **Ps 461 million in 3Q21**, down **(29%)** sequentially and (52%) vs. 9M20 mainly due to the COVID-19 pandemic effect.

Net Income for the quarter totaled **Ps 782 million**, down **(15%)** vs. **2Q21**, and **(38%)** lower than 9M20. The **Net Income** for Seguros Banorte, **excluding its subsidiary Afore XXI Banorte**, totaled **Ps 324 million** for the quarter, and represented Ps 1.65 billion on the 9M21 period, reflecting a (51%) contraction.

Net Income for the quarter from Seguros Banorte, excluding its subsidiary Afore XXI Banorte, contributed with 3.7% of GFNorte's net income on 3Q21, and represented 6.3% of the Group's net income on the 9M21 period.

ROE for the Insurance business ex-Afore XXI had a sharp sequential decline reaching **14.4% in 3Q21**.

Regarding the disclosure requested by the General Provisions applicable to the Financial Groups' holding companies, the following was presented 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 3Q21 that involved any technical risk.*
- ii. Damages and claims, as well as compliance of reinsurers and bonding companies with their obligations:
 - *In 3Q21 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 3Q21.*
- iv. Transfer of risks through reinsurance and bonding contracts:
 - *In the Life and Damages book, risks were transferred to reinsurers, for the most part to foreign reinsurers, under which there were 5 relevant exposures: 2 related to the government, 1 related to financial services, 1 related to retail industry, and 1 related to the construction sector.*
- v. Contingencies arising from non-compliance of reinsurers and bonding companies:
 - *There were no relevant issues related to non-compliance during 3Q21.*

Afore XXI Banorte

Afore XXI Banorte (Million Pesos)	3Q20	2Q21	3Q21	Change		9M20	9M21	Change
				2Q21	3Q20			9M20
Net Income	925	929	933	0%	1%	2,846	2,668	(6%)
Shareholder's Equity	24,582	23,840	24,773	4%	1%	24,582	24,773	1%
Total Assets	26,983	26,144	27,019	3%	0%	26,983	27,019	0%
AUM (SIEFORE)	975,338	1,044,901	1,065,791	2%	9%	975,338	1,065,791	9%
ROE	15.3%	15.9%	15.3%	(0.5 pp)	0.1 pp	15.7%	14.7%	(1.0 pp)

In 3Q21, Afore XXI Banorte reported **net income** of **Ps 933 million**, unchanged vs. 2Q21, explained by a 3% higher income and slightly lower expenses in the period. Compared to 9M20, it decreased (6%) primarily driven by an increase of 6% in operating costs that were partially offset by higher income.

ROE reached **15.3%** in 3Q21, down **(0.5pp)** during the quarter, and down (1.0pp) vs. 3Q20. Excluding goodwill, **Return on Tangible Equity (ROTE)** reached **47.4% in 9M21**.

Afore XXI Banorte represented 5.2% of the Financial Group's net income in 3Q21.

Afore XXI Banorte's **assets under management**, as of September 2021, totaled **Ps 1.07 trillion**; representing an increase of **2%** in the quarter and a **9%** increase compared to the 3Q20 period.

Pensiones Banorte

Income Statement and Balance Sheet Highlights - Annuities - Pensiones Banorte (Million Pesos)								
	3Q20	2Q21	3Q21	Change		9M20	9M21	Change
				2Q21	3Q20			9M20
Interest Income (Net)	4,083	3,799	4,297	13%	5%	7,889	13,242	68%
Premium Income (Net)	3,736	5,912	6,201	5%	66%	9,719	16,480	70%
Net Increase in Technical Reserves	5,137	6,508	7,149	10%	39%	10,230	20,136	97%
Claims and Other Obligations	2,112	2,409	2,587	7%	22%	5,877	7,209	23%
Technical Results	(3,514)	(3,005)	(3,534)	(18%)	(1%)	(6,388)	(10,865)	(70%)
Net Interest Income (NII)	569	794	763	(4%)	34%	1,501	2,378	58%
Net Fees	-	-	-	N.A.	N.A.	(1)	-	100%
Securities-Realized Gains	24	27	2	(91%)	(90%)	146	35	(76%)
Other Operating Income (Expenses)	4	(2)	36	N.A.	744%	152	40	(73%)
Total Operating Income	598	820	801	(2%)	34%	1,798	2,453	36%
Non Interest Expense	113	116	128	10%	13%	304	369	21%
Operating Income	485	704	674	(4%)	39%	1,494	2,084	40%
Taxes	146	212	202	(4%)	39%	449	626	39%
Subsidiaries' Net Income	1	1	1	(32%)	(35%)	4	4	(12%)
Minority Interest	-	-	-	N.A.	N.A.	-	-	N.A.
Net Income	340	494	472	(4%)	39%	1,049	1,462	39%
Shareholder's Equity	5,946	7,425	7,898	6%	33%	5,946	7,898	33%
Total Assets	161,830	181,419	198,386	9%	23%	161,830	198,386	23%
Technical Reserves	153,532	170,960	186,969	9%	22%	153,532	186,969	22%
Premiums sold	3,736	5,912	6,201	5%	66%	9,719	16,480	70%
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	27.7	7.6	7.1	(0.4 pp)	(20.6 pp)	27.7	7.1	(20.6 pp)
Coverage ratio of minimum capital	33.2	40.15	42.7	2.6 pp	9.5 pp	33.2	42.7	9.5 pp
ROE	23.6%	27.5%	24.7%	(2.9 pp)	1.1 pp	25.9%	27.2%	1.2 pp

In the 3Q21 period, **net interest income (Net)** stood at **Ps 4.30 billion**, reflecting a **13% increase** vs. the previous quarter, driven primarily by the positive effect in UDIS updates. Compared to 9M20, net interest income **increased 68%** or Ps 5.35 billion, Ps 4.43 billion related to the valuation effect, and Ps 836 million due to earned interests.

Technical Results decreased Ps (529) million sequentially, given a Ps 641 million increase in technical reserves and a Ps 178 million increase in claims, which could not be offset by the Ps 289 million increase in premium income. Therefore, **net interest income decreased (4%) at the close of 3T21**.

Compared to **9M20**, total premium issuance increased; technical reserves rose 97% where Ps 6.53 billion correspond to the issuance itself, and Ps 2.98 billion to the inflation update; claims grew 23%. In sum, **net interest income for 9M21 improved by 58%**.

Other Operating Income (Expenses) includes the gain from the acquisition of HSBC's annuity portfolio, while in 2020 SURA's portfolio acquisition was registered.

Net income for Pensiones Banorte **contracted (4%) sequentially** and compared to 9M20 it improved **Ps 413 million or 39%**, of which Ps 400 million are explained by the reserves release associated to the incremental mortality of Covid-19.

At the end of 3Q21, net income of **Pensiones Banorte represented 5.3% of the Financial Group's net income**.

ROE was **24.7% in the quarter, down by (286bps)** with respect to the previous quarter, and up 123bps compared to 9M20, reaching 27.2% in 9M21 compared to last year's 25.9%.

Brokerage

Brokerage Sector (Million Pesos)	3Q20	2Q21	3Q21	Change 2Q21	3Q20	9M20	9M21	Change 9M20
Net Income	356	484	402	(17%)	13%	1,136	1,306	15%
Shareholder's Equity	5,799	7,100	7,326	3%	26%	5,799	7,326	26%
Assets Under Custody	907,018	972,226	983,675	1%	8%	907,018	983,675	8%
Total Assets	249,498	284,782	310,373	9%	24%	249,498	310,373	24%
ROE	25.4%	28.2%	22.3%	(5.9 pp)	(3.1 pp)	29.0%	25.6%	(3.4 pp)
Net Capital (1)	4,276	5,263	5,586	6%	31%	4,276	5,586	31%

1) Net capital structure: Core Equity =Ps 5.59 billion, Additional Capital= Ps 0 million.

The **Brokerage business** (Casa de Bolsa Banorte and Operadora de Fondos) reported **net income of Ps 402 million in 3Q21**, representing a (17%) sequential decline, mainly due to lower security transactions and (3%) lower fee income. In 9M21, net income increased 15% vs. the previous year due to higher fee income and strong growth in other non-interest expenses.

Net income from the brokerage business in 3Q21 accounted for 4.5% of the group's net income.

Assets Under Management

At the end of 3Q21, AUMs totaled **Ps 984 billion**, representing a **1% increase** during the quarter and 8% annual increase.

Assets under management by mutual funds **totaled Ps 233 billion, presenting a (0.2%) annual decrease**. Assets held in **fixed income funds** totaled **Ps 208 billion, 0.35% higher in the quarter**, and (2.5%) lower in the year. Assets held in **equity funds** amounted to **Ps 25 billion**, up 2.8% in the quarter and 23.4% higher in the year.

As of 3Q21, Banorte held an 8.5% share of the mutual fund market: 11.2% share of fixed income funds and 2.8% of equity funds.

SOFOM and other Finance Companies

SOFOM & Other Finance Companies	3Q20	2Q21	3Q21	Change		9M20	9M21	Change
(Million Pesos)				2Q21	3Q20			9M20
Warehousing								
Net Income	9	4	5	45%	(38%)	27	18	(33%)
Shareholder's Equity	273	296	301	2%	10%	273	301	10%
Inventories	1,053	611	960	57%	(9%)	1,053	960	(9%)
Total Assets	1,255	764	1,167	53%	(7%)	1,255	1,167	(7%)
ROE	12.9%	5.1%	7.2%	2.2 pp	(5.7 pp)	14.0%	8.3%	(5.7 pp)
Arrendadora y Factor (previous Sólida Administradora de Portafolios*)								
Net Income	684	88	208	136%	(70%)	527	555	5%
Shareholder's Equity	9,220	9,682	9,889	2%	7%	9,220	9,889	7%
Loan Portfolio (1)	32,594	35,322	36,603	4%	12%	32,594	36,603	12%
Past Due Loans	353	340	646	90%	83%	353	646	83%
Loan Loss Reserves	497	433	481	11%	(3%)	497	481	(3%)
Total Assets	39,964	42,174	43,204	2%	8%	39,964	43,204	8%
ROE	45.9%	3.7%	8.6%	4.9 pp	(37.2 pp)	15.8%	7.8%	(8.0 pp)
Sólida AyF Merger (Historic Consolidation Exercise)								
Net Income	237	88	208	136%	(12%)	527	555	5%
Shareholder's Equity	9,220	9,682	9,889	2%	7%	9,220	9,889	7%
Loan Portfolio (1)	32,594	35,322	36,603	4%	12%	32,594	36,603	12%
Past Due Loans	353	340	646	90%	83%	353	646	83%
Past Due Loan Ratio	1.1%	1.0%	1.8%	0.8 pp	0.6 pp	1.1%	1.8%	0.6 pp
Loan Loss Reserves	497	433	481	11%	(3%)	497	481	(3%)
Total Assets	39,964	42,174	43,204	2%	8%	39,964	43,204	8%
ROE	10.4%	3.7%	8.6%	1.3 pp	(0.2 pp)	7.8%	7.8%	0.0 pp
Ixe Servicios								
Net Income	(0.7)	(3.1)	0.0	101%	104%	(1.4)	(21.8)	(1410%)
Shareholder's Equity	136	113	113	0%	(16%)	136	113	(16%)
Total Assets	136	332	889	168%	554%	136	889	554%
ROE	(2.1%)	(10.7%)	0.1%	10.8 pp	2.2 pp	(1.4%)	(24.3%)	(22.8 pp)

1) Includes operating lease portfolio of Ps 1.96 billion, and proprietary fixed assets of Ps 1.29 billion, both registered in property, plant, and equipment (net).

*For informational purposes.

Leasing and Factoring (Merger between Sólida and Arrendadora)

Results shown result from the merger that took place on July 1st, 2020 and from a historic exercise for comparison purposes.

Net income in 3Q21 totaled **Ps 208 million**, reflecting a 136% sequential increase derived from an 8% increase in net interest income (NII), (70%) lower credit provisions and (3%) lower non-interest expenses. In addition, it improved 5% in the accumulated annual comparison, attributed to 20% higher NII and a 16% increment in other operating income.

The Past due loan ratio reached 1.8%, reporting an improvement vs. the previous quarter. The Coverage ratio totaled 74.5% and dropped (52.9p.p.) in the quarter. The **Capital ratio for 3Q21** totaled 23.74%, considering total risk weighted assets of Ps 33.99 billion. Leverage ratio as of June and September 2021, reached 17.74% and 17.71%, considering adjusted assets of Ps 44.68 billion and Ps 45.57 billion pesos, respectively.

In 3Q21, Net Income from Leasing and Factoring represented 2.3% of the group's total results. As of June 2021, Arrendadora y Factor Banorte continues to rank second in terms of portfolio size among the 63 companies in this sector, according to the Asociación Mexicana de Sociedades Financieras de Arrendamiento, Crédito y Factoraje, A.C. (AMSOFAC).

Warehouse

In 3Q21, the Warehousing business reported net income of Ps 5 million, 45% higher than 2Q21, explained by a 20% higher income in services and a 16% increase in non-interest income. The net income from 9M21 decreased (33%) in the year. ROE reached 7.2% and capital ratio totaled 234%, considering a Ps 253 million net capital base, and a Ps 2.17 billion in negotiable certificates of deposit issued in active warehouses.

As of March 2021, Almacenadora Banorte has ranked third among the warehousing businesses in the sector in terms of net income.

III. General Information

GFNORTE's Analyst Coverage

In compliance with the requirements of BOLSA MEXICANA DE VALORES, S.A.B. DE C.V., we present the list of brokers who provide an analysis coverage for GFNORTEO.

BROKER	ANALYST	RECOMMENDATION	DATE
Actinver	Lilian Ochoa	Buy	23-Jul-21
Autonomous	Geoffrey Elliott	Buy	22-Jul-21
Barclays	Gilberto García	Buy	10-Aug-21
BBVA	Rodrigo Ortega	Buy	16-Aug-21
BOFA - Merrill Lynch	M. Pierry / E. Gabilondo	Buy	2-Aug-21
BTG Pactual	Eduardo Rosman	Buy	22-Apr-21
Citi	Jorg Friedman	Buy	22-Jul-21
Credit Suisse	M. Telles / A. García	Buy	23-Jul-21
GBM	Carlos de Legarreta	Buy	29-Oct-20
Goldman Sachs	Tito Labarta	Buy	25-Jul-21
Intercam	Alejandro González	Buy	22-Jul-21
JP Morgan	Domingos Falavina	Buy	22-Jul-21
Scotia	Jason Mollin	Buy	23-Jul-21
UBS	Thiago Batista	Buy	25-Aug-21
Vector	Marco Montañez	Buy	22-Jul-21
HSBC	Carlos Gómez	Hold	28-Sep-21
Invex	Montserrat Antón	Hold	4-Aug-21
Itaú BBA	Arturo Langa	Hold	22-Jul-21
Monex	Verónica Uribe	Hold	22-Jul-21
Morgan Stanley	Jorge Kuri	Hold	22-Jul-21
Nau	Iñigo Vega	Hold	29-Mar-21
Santander	Claudia Benavente	Hold	18-Aug-21

Capital Structure

Holding Company Capital Structure

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

IV. Financial Statements

Grupo Financiero Banorte

Income Statement -GFNorte (Million Pesos)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
Interest Income	36,519	32,350	32,987	30,296	32,212	30,911	32,894
Interest Expense	14,237	13,032	10,149	9,324	9,475	9,155	10,021
Charged Fees	360	346	354	380	352	362	377
Fees Paid	291	270	281	314	314	313	335
Net Interest Income from interest & fees (NII)	22,351	19,395	22,911	21,038	22,775	21,806	22,915
Premium Income (Net)	12,155	8,118	7,385	9,192	15,340	8,602	10,319
Net Increase in Technical Reserves	7,946	1,216	4,262	4,368	11,016	4,983	7,071
Damages, Claims and Other Obligations	4,592	5,613	5,433	6,281	7,097	5,777	6,157
Net Interest Income (NII)	21,968	20,683	20,601	19,580	20,002	19,649	20,007
Preventive Provisions for Loan Losses	4,344	8,456	3,138	5,993	3,215	2,765	2,653
Net Interest Income Adjusted for Credit Risk	17,623	12,227	17,463	13,587	16,788	16,883	17,354
Fund Transfers	400	476	489	513	473	530	517
Account Management Fees	578	508	548	529	494	491	481
Electronic Banking Services	2,336	2,027	2,379	3,033	2,916	3,212	3,246
For Commercial and Mortgage Loans	495	394	129	366	296	278	329
For Consumer and Credit Card Loans	1,242	1,049	1,148	1,292	1,164	1,263	1,307
Fiduciary	119	102	113	153	106	177	136
Income from Real Estate Portfolios	5	11	6	19	10	23	24
Mutual Funds	461	486	501	504	484	503	507
Trading & Financial Advising Fees	147	126	128	142	188	166	137
Other Fees Charged	331	226	268	223	250	42	51
Fees Charged on Services	6,115	5,406	5,708	6,775	6,380	6,685	6,736
Interchange Fees	1,226	1,018	1,228	1,684	1,625	1,911	1,923
Insurance Fees	473	353	317	227	339	236	295
Other Fees Paid	961	966	1,066	1,264	1,202	1,248	1,062
Fees Paid on Services	2,660	2,337	2,611	3,176	3,166	3,396	3,279
Net Service Fees	3,455	3,069	3,096	3,599	3,214	3,289	3,457
Currency and Metals	1,235	(501)	(309)	(1,483)	575	(453)	357
Derivatives	(1,238)	1,139	531	309	111	164	123
Negotiable Instruments	(166)	(111)	80	92	(579)	122	636
Valuation	(169)	527	302	(1,083)	107	(167)	1,116
Currency and Metals	(862)	774	464	1,930	764	838	399
Derivatives	1,742	(323)	2	(169)	5	(10)	(121)
Negotiable Instruments	455	724	359	180	87	180	(278)
Trading	1,335	1,175	826	1,941	857	1,008	0
Trading Income	1,166	1,703	1,128	858	964	840	1,116
Loan Recovery	-	-	-	-	-	-	-
Loan Portfolios	80	63	90	69	99	85	91
Income from foreclosed assets	88	132	165	129	87	132	87
Provisions Release	-	-	-	-	-	-	-
Impairment of Assets	(55)	-	-	-	-	-	-
Lease Income	100	77	11	62	64	57	45
From Insurance	211	322	198	317	275	195	252
Securitization Operation Valuation Result	31	6	15	(36)	0	0	-
Other Operating Expense	(128)	541	178	319	298	141	60
Total Other Operating Income (Expense)	327	1,140	656	859	822	609	535
Total Non Interest Income	4,949	5,911	4,880	5,315	5,000	4,739	5,108
Total Operating Income	22,572	18,139	22,343	18,903	21,788	21,622	22,462
Personnel	3,930	3,891	4,037	4,660	4,006	4,273	4,368
Employee Profit Sharing (PTU)	133	133	133	136	139	139	141
Professional Fees	749	801	861	962	806	808	820
Administrative and Promotional Expenses	2,382	2,032	2,075	2,141	2,223	1,914	1,982
Rents, Depreciation & Amortization	1,946	2,047	2,074	2,136	2,243	2,240	2,237
Taxes other than income tax & non deductible expenses	498	483	496	648	553	589	581
Contributions to IPAB/Fobaproa	828	919	951	931	912	889	889
Total Non Interest Expense	10,466	10,307	10,627	11,612	10,883	10,851	11,017
Operating Income	12,106	7,832	11,717	7,290	10,905	10,771	11,445
Subsidiaries' Net Income	353	648	492	509	429	675	532
Pre-Tax Income	12,459	8,480	12,208	7,800	11,334	11,446	11,977
Income Tax	3,555	947	2,477	2,268	1,909	1,738	2,295
Tax on Assets	-	-	-	-	-	-	-
Deferred Income Tax	(328)	939	702	(511)	769	1,017	680
Taxes	3,228	1,886	3,178	1,757	2,678	2,756	2,975
Net Income from Continuous Operations	9,231	6,593	9,030	6,043	8,656	8,690	9,002
Discontinued Operations	-	-	-	-	-	-	-
Minority Interest	(113)	(75)	(124)	(77)	(112)	(122)	(128)
Net Income	9,118	6,518	8,906	5,966	8,544	8,568	8,874

GFNorte - Balance Sheet <i>(Million Pesos)</i>	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
ASSETS							
Cash and Due from Banks	90,877	106,047	100,081	109,306	116,394	110,852	67,769
Margin Accounts	9,701	18,353	16,312	18,099	11,012	8,703	8,268
Negotiable Instruments	238,956	243,834	223,752	223,390	260,030	252,901	260,759
Securities Available for Sale	204,963	231,114	251,225	244,823	236,274	231,710	234,479
Securities Held to Maturity	156,631	169,514	189,366	193,652	207,858	215,382	233,050
Investment in Securities	600,550	644,463	664,342	661,865	704,162	699,992	728,289
Non-assigned Securities for Settlement	-	-	-	-	-	-	-
Debtor Balance in Repo Trans, net	2,810	1,928	3,797	4,036	3,148	2,928	2,957
Securities Lending	-	-	-	-	-	-	-
For trading purposes	48,940	61,705	53,819	48,233	28,458	24,423	25,999
For hedging purposes	1,292	2,384	1,885	2,043	609	648	753
Operations w/Derivatives & Securities							
Transactions with Derivatives	50,232	64,089	55,704	50,277	29,068	25,072	26,751
Operations w/Derivatives & Securities	53,042	66,017	59,500	54,313	32,215	28,000	29,709
Valuation adjustments for Asset Coverage	65	62	58	54	51	47	43
Commercial Loans	318,439	326,535	324,981	325,183	324,529	316,575	326,413
Financial Intermediaries' Loans	9,067	9,502	9,882	11,172	8,445	8,873	8,188
Consumer Loans	117,537	115,601	118,321	116,484	116,092	118,322	119,510
Mortgage Loans	173,226	177,282	182,685	187,736	191,220	196,125	197,737
Medium and Residential	170,143	174,331	179,791	184,980	188,529	193,554	195,245
low income housing	8	5	5	4	4	3	3
Loans acquired from INFONAVIT or FOVISSSTE	3,075	2,946	2,889	2,752	2,687	2,567	2,489
Restructuring or improvement guaranteed by development banks or public trusts	-	-	-	-	-	-	-
Government Entities' Loans	161,549	162,717	162,609	161,563	160,042	154,649	161,400
Performing Loans	779,818	791,637	798,478	802,138	800,328	794,544	813,247
Commercial PDL's	7,047	2,604	2,212	2,530	3,649	5,498	4,471
Financial Intermediaries PDL's	4	-	-	-	-	-	-
Consumer PDL's	4,052	4,229	2,350	4,706	4,694	3,551	3,191
Mortgage PDL's	2,070	2,305	1,811	1,658	2,071	1,966	2,135
Medium and Residential	1,834	2,025	1,612	1,429	1,819	1,709	1,859
low income housing	0	1	1	1	0	0	0
Loans acquired from INFONAVIT or FOVISSSTE	235	279	198	228	252	258	277
Restructuring or improvement guaranteed by development banks or public trusts	-	-	-	-	-	-	-
Government Entities PDL's	40	115	288	38	192	186	159
Past Due Loans	13,212	9,254	6,660	8,931	10,607	11,202	9,956
Gross Loan Portfolio	793,030	800,891	805,138	811,070	810,935	805,746	823,204
Preventive Loan Loss Reserves	18,504	18,555	17,666	20,004	19,670	18,175	17,297
Net Loan Portfolio	774,525	782,337	787,473	791,066	791,265	787,571	805,906
Acquired Collection Rights	1,500	1,438	1,341	1,617	1,529	1,421	1,260
Total Credit Portfolio	776,025	783,774	788,814	792,682	792,794	788,992	807,166
Account Receivables from Insurance and Annuities	2,205	2,432	2,591	2,756	3,157	2,806	3,039
Premium Debtors (Net)	8,003	9,196	7,032	4,353	11,144	8,638	7,016
Account Receivables from Reinsurance	8,162	8,872	7,924	7,269	7,521	7,707	7,981
Benef. receivab. securization transactions	161	156	151	110	2	-	-
Sundry Debtors & Other Accs Rec, Net	85,131	50,981	55,704	42,481	37,992	49,790	46,593
Inventories	758	1,299	1,053	945	832	611	960
Foreclosed Assets, Net	1,096	1,075	976	1,553	1,552	1,953	1,949
Real Estate, Furniture & Equipment, Net	19,833	31,151	31,682	32,627	32,806	20,502	20,803
Investment in Subsidiaries	13,489	13,894	14,368	14,804	13,511	14,155	14,476
Long-term assets held for sale	-	-	-	-	-	-	-
Deferred Taxes, Net	3,742	201	0	0	(0)	0	0
Goodwill and Intangibles	51,139	40,257	39,203	39,439	39,790	54,416	54,533
Other Assets Short and Long Term	5,300	5,351	5,515	5,247	5,272	5,198	5,101
Other Assets							
	199,020	164,866	166,199	151,585	153,579	165,777	162,451
TOTAL ASSETS	1,729,280	1,783,581	1,795,306	1,787,904	1,810,207	1,802,363	1,803,695

GFNorte - Balance Sheet <i>(Million Pesos)</i>	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
LIABILITIES							
Demand Deposits	433,849	469,861	496,641	520,283	541,002	529,030	511,091
Time Deposits-Retail	274,681	265,100	251,418	252,271	246,883	243,038	246,329
Time Deposits-Money Market	26,894	28,433	26,741	14,248	8,069	3,364	3,261
Global Account of deposits without movements	2,213	2,368	2,489	2,585	2,639	2,744	2,825
Senior Unsecured Debt	35,355	35,386	35,815	32,325	31,937	31,907	29,786
Deposits	772,993	801,148	813,104	821,712	830,531	810,082	793,292
Demand Loans	5,000	0	0	0	0	0	0
Short Term Loans	20,824	47,365	22,185	22,499	20,054	19,531	16,829
Long Term Loans	11,675	14,452	13,223	13,522	13,962	14,223	13,952
Due to Banks & Correspondents	37,499	61,817	35,408	36,021	34,016	33,754	30,780
Technical Reserves	162,887	179,930	183,866	187,846	200,479	204,291	219,403
Non-assigned Securities for Settlement	-	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	354,238	353,211	352,628	353,094	371,414	382,616	374,310
Secs to be received in Repo Trans, Net	-	-	0	0	0	0	0
Repos (Credit Balance)	16	8	2	13	19	55	36
Securities' Loans	-	-	0	8	13	22	6
Transactions with Derivatives	-	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-	-
Total Collateral sold	16	8	2	21	31	77	43
For trading purposes	50,574	58,754	50,121	44,097	24,508	20,011	21,637
For hedging purposes	10,487	7,682	7,189	4,990	5,566	5,623	6,565
Operations w/ Derivatives & Securities							
Transactions with Derivatives	61,062	66,436	57,310	49,087	30,073	25,634	28,202
Total Operations w/ Derivatives & Securities	415,316	419,655	409,939	402,202	401,518	408,328	402,555
Valuation adjustments for financial liability coverage	-	-	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-	-	-
Payable Accountsfor Reinsurance	2,311	3,159	2,918	2,269	3,145	2,790	2,501
Income Tax Payable	3,538	2,718	3,521	4,365	1,895	1,660	2,407
Profit Sharing Payable	639	280	407	538	187	297	433
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-
Creditors for settlement of transactions	31,188	4,621	11,182	4,892	4,020	8,282	6,837
Margin Accounts Payable	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	46,614	44,126	50,021	42,775	43,030	42,812	45,420
Other Payable Accounts	81,979	51,745	65,131	52,570	49,132	53,051	55,097
Subordinated Non Convertible Debt	58,423	57,321	66,241	57,152	58,759	57,243	59,186
Deferred Taxes, Net	(0)	0	897	1,618	1,139	2,242	2,694
Deferred Credits	382	462	430	1,411	1,346	1,260	1,248
TOTAL LIABILITIES	1,531,790	1,575,237	1,577,935	1,562,801	1,580,066	1,573,041	1,566,755
EQUITY							
Paid-in Capital	14,944	14,901	14,901	14,919	14,936	14,936	14,939
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-
Share Subscription Premiums	48,091	48,316	48,509	48,269	47,863	48,283	48,491
Subordinated Convertible Debentures	-	-	-	-	-	-	-
Subscribed Capital	63,034	63,217	63,410	63,188	62,799	63,219	63,430
Capital Reserves	5,418	8,746	8,753	9,215	9,719	8,415	8,451
Retained Earnings	125,934	120,910	119,734	118,773	148,359	139,558	138,647
Surplus (Deficit) of Secs Available for Sale	(2,851)	574	1,771	3,801	2,199	2,615	2,424
Results from Valuation of Hedging Secs	(3,895)	(1,398)	(1,677)	(887)	(2,214)	(2,451)	(2,810)
Result in the valuation reserve for unexpired risks variations in rates	1	(184)	(190)	(231)	(110)	(103)	(85)
Results from Conversions	348	326	269	134	166	132	173
Remeasurements defined benefits for employees	(1,894)	(1,927)	(1,960)	(2,259)	(2,229)	(2,199)	(2,174)
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-
Adjustments in the Employee's Pensions	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-
Net Income	9,118	15,636	24,542	30,508	8,544	17,112	25,987
Earned Capital	132,179	142,684	151,242	159,053	164,434	163,079	170,613
Minority Interest	2,277	2,443	2,719	2,862	2,908	3,025	2,897
Total Equity	197,490	208,344	217,371	225,103	230,142	229,322	236,940
TOTAL LIABILITIES & EQUITY	1,729,280	1,783,581	1,795,306	1,787,904	1,810,207	1,802,363	1,803,695

GFNorte - Memorandum Accounts (Million Pesos)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
On behalf of Third Parties							
Customer's Banks	85	24	21	62	49	18	13
Dividends Receivable from Customers	-	-	-	-	-	-	-
Interest Receivable from Customers	-	-	-	-	-	-	-
Settlement of Customer Transactions	208	(270)	123	(30)	47	12,022	9,823
Customer Premiums	-	-	-	-	-	-	-
Settlement with Clients' Foreign Currency	-	-	-	-	-	-	-
Margin Accounts in Futures' Operations	-	-	-	-	-	-	-
Other Current Accounts	-	-	-	-	-	-	-
Customers' Current Account	293	(245)	145	32	97	12,039	9,836
Client Securities Received in Custody	605,481	641,824	670,163	669,495	720,880	740,294	750,150
Securities and Documents Received in Guarantee	-	-	-	-	-	-	-
Client Securities Abroad	-	-	-	-	-	-	-
Clients' Securities	605,481	641,824	670,163	669,495	720,880	740,294	750,150
Clients' Repurchase Operations	179,276	163,653	240,237	238,032	277,305	261,799	290,366
Clients' Repo Transactions w/ Securities	-	-	-	-	-	-	-
Collateral received in guarantee for customer accounts	179,276	163,653	240,237	238,040	277,318	261,821	290,372
Purchase of Futures & Forward Contracts, national	-	-	-	-	-	9,345	9,268
Sale of Futures and Forward Contracts, national	-	-	-	-	-	-	-
Clients' Option Purchase Operations	-	-	-	-	-	-	-
Clients' Option Sales Operations	-	-	-	-	-	-	-
Purchase Operations of derivatives	-	-	-	-	-	9,345	9,268
Clients' Sales Operations of derivatives	-	-	-	-	-	-	-
Trusts under Management	1,036	1,054	1,066	204	187	129	177
Transactions On Behalf of Clients	359,588	328,360	481,539	476,276	554,810	533,094	590,183
Investment Bank Trans. on behalf of Third	87,728	88,149	100,948	97,374	127,770	127,426	151,464
TOTAL ON BEHALF OF THIRD PARTIES	1,053,090	1,058,087	1,252,794	1,243,176	1,403,556	1,412,853	1,501,633
Endorsement Guarantees Granted	-	-	-	-	-	-	182
Loan Obligations	294,733	293,470	292,420	292,701	276,976	282,098	298,397
Trusts	422,525	319,659	308,883	308,516	309,954	319,065	292,739
Mandates	7,326	7,645	7,786	7,472	7,024	6,860	7,129
Properties in Trusts and Warrant	429,851	327,304	316,669	315,988	316,978	325,925	299,868
Properties in Custody or Management	660,642	669,104	677,620	633,424	632,974	635,708	654,080
Collateral Received	163,758	240,920	289,443	282,054	384,942	398,517	445,082
Collateral Received or sold or delivered	247,107	307,649	432,443	421,090	543,789	548,764	606,470
Drafts in Transit	-	-	-	-	-	-	-
Assets' Deposit	2,766	2,867	2,101	3,325	2,482	2,150	2,512
Letters of Credit to the Corporation as Guarantee	-	-	-	-	-	-	-
Securities to the Corporation for Custody	-	-	-	-	-	-	-
Government Secs of the Corp under Custody	-	-	-	-	-	-	-
Securities of the Corp given as Guarantee	-	-	-	-	-	-	-
Securities of the Corp Abroad	-	-	-	-	-	-	-
Settlement with FX of the Corp Abroad	-	-	-	-	-	-	-
Debts with the Contingency Fund	-	-	-	-	-	-	-
Contingent assets & Liabilities	79	79	109	167	122	155	207
Uncollected Accrued Interest from Past Due Loans	295	289	180	178	286	242	221
Investments of Retirement Savings Funds	-	-	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-	-
Miscellaneous accounts	292,976	289,983	304,055	295,069	324,592	323,288	355,335
Proprietary Transactions	2,092,207	2,131,665	2,315,039	2,243,996	2,483,140	2,516,847	2,662,353
Repo Securities to be Received	-	-	-	-	-	-	-
(Minus) Repo Creditors	-	-	-	-	-	-	-
Net Repo Transactions	-	-	-	-	-	-	-
Repo Debtors	-	-	-	-	-	-	-
(Minus) Repo Securities to be Delivered	-	-	-	-	-	-	-
Net Repo Transactions	-	-	-	-	-	-	-
TOTAL PROPRIETARY	2,092,207	2,131,665	2,315,039	2,243,996	2,483,140	2,516,847	2,662,353

GFNORTE - CONSOLIDATED STATEMENT OF CASH FLOW**JANUARY 1, 2021 – SEPTEMBER 30, 2021***(Million Pesos)*

Net Income	25,987
Items charged to results that do not generate or require use of resources	
Depreciation	1,914
Technical Reserves	23,070
Provisions	521
Income taxes and deferred	8,409
Minority Interest	(1,276)
	32,638
	58,625
Change in items related to operations	
Change in Margin Accounts	9,831
Change in Investment in Securities	(66,216)
Change in repo debtors	1,079
Change in derivatives (assets)	22,246
Change in Loan Portfolio (net)	(14,841)
Change in purchased receivables (net)	357
Change in accounts receivable insurance and bonding institutions (net)	(283)
Change in debtor premiums (net)	(2,664)
Change in Reinsurance (net)	(712)
Change in benefits to receive from securitizations	110
Change in foreclosed assets (net)	(396)
Change in other operating assets (net)	(10,815)
Change in core deposits	(28,420)
Change in interbank loans and other entities	(5,241)
Change in repo creditors	21,216
Change in collateral pledged sold	21
Change in derivatives (liability)	(22,460)
Change in Technical Reserves (net)	8,487
Change in Reinsurance (net) (liability)	232
Change in subordinated debt with characteristics of liabilities	2,034
Change in other operating liabilities	4,479
Change in hedging instruments (the related hedged transaction activities)	2,866
Income Tax Payments	(9,299)
Net cash generated or used from operations	(29,764)
Investment Activities	
Charges for disposal of property, furniture and equipment	1,179
Payments for acquisition of property, furniture and equipment	(2,859)
Charges for cash dividends	1,754
Net cash generated or used from investment activities	74
Financing Activities	
Payments of cash dividends	(9,132)
Payments of interests of subordinated debentures	(2,744)
Net cash flows from financing activities	(11,876)
Net Cash Increase (decrease) and equivalents value	(41,566)
Effects for changes in cash and equivalents value	29
Cash and cash equivalents at beginning of period	109,306
Cash and cash equivalents at end of period	67,769

GRNORTE - CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

JANUARY 1, 2021 – SEPTEMBER 30, 2021
(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, 2020	14,919	48,269	9,215	118,773	3,801	(887)	(231)	134	(2,259)	30,508	2,862	225,104
Changes stemming from stockholders' decisions												
Repurchase of payment plan based on shares payable	20	174	540		(22)							712
Capitalization of profits				30,508						(30,508)		0
Dividends Declared by the Ordinary General Shareholders' Meeting on April 23, 2021)				(9,132)								(9,132)
Reserve release for share repurchase			(1,304)	1,304								0
Total	20	174	(764)	22,680	(22)	0	0	0	0	(30,508)	0	(8,420)
Changes stemming from profits												
Total profits:												
Net Income										25,987		25,987
Result from valuation of securities available for sale					(1,355)							(1,355)
Effect of subsidiaries, associates and mutual funds		48		(62)				39				25
Result from valuation of instruments of cash flow hedges						(1,923)						(1,923)
Result in valuation of current risk reserve due to changes in rates							146					146
Remeasurements defined benefits for employees									85			85
Interest of subordinated debentures				(2,744)								(2,744)
Total	0	48	0	(2,806)	(1,355)	(1,923)	146	39	85	25,987	0	20,221
Recognition of minority interest											35	35
Balance as of September 30, 2021	14,939	48,491	8,451	138,647	2,424	(2,810)	(85)	173	(2,174)	25,987	2,897	236,940

Bank

Income Statement - Bank (Million Pesos)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
Interest Income	29,491	28,517	26,257	24,971	24,491	24,957	26,270
Interest Expense	12,042	11,172	8,829	8,094	8,357	8,122	9,243
Charged Fees	358	346	354	380	352	362	377
Fees Paid	291	270	281	314	314	313	335
Net Interest Income (NII)	17,517	17,421	17,501	16,942	16,171	16,884	17,068
Preventive Provisions for Loan Losses	4,262	8,527	3,122	5,953	3,231	2,584	2,598
Net Interest Income Adjusted for Credit Risk	13,254	8,895	14,379	10,989	12,940	14,300	14,469
Fund Transfers	400	476	489	513	473	530	517
Account Management Fees	598	526	564	543	509	508	498
Electronic Banking Services	2,336	2,027	2,379	3,033	2,916	3,212	3,246
For Commercial and Mortgage Loans	495	394	129	366	277	261	323
For Consumer Loans	1,241	1,048	1,148	1,292	1,164	1,263	1,307
Fiduciary	118	102	112	153	106	176	136
Income from Real Estate Portfolios	2	3	2	12	6	7	4
Trading & Financial Advising Fees	-	-	-	-	-	-	-
Trading & Financial Advising Fees	0	0	0	0	0	0	0
Other Fees Charged	592	540	651	598	670	438	441
Fees Charged on Services	5,782	5,116	5,475	6,511	6,122	6,394	6,473
Interchange Fees	1,226	1,018	1,228	1,684	1,625	1,911	1,923
Insurance Fees	-	-	-	-	-	-	-
Other Fees Paid	909	918	998	1,194	1,118	1,176	996
Fees Paid on Services	2,135	1,936	2,226	2,879	2,743	3,087	2,919
Net Fees	3,647	3,180	3,248	3,633	3,379	3,307	3,554
Foreign Exchange	1,219	(500)	(306)	(1,476)	574	(449)	353
Derivatives	(1,238)	1,139	531	309	111	95	123
Negotiable Instruments	(119)	(75)	65	56	(264)	102	498
Valuation	(137)	565	291	(1,111)	420	(253)	974
Currency and Metals	(862)	774	464	1,930	764	838	399
Derivatives	1,742	(323)	2	(169)	5	(10)	(121)
Negotiable Instruments	305	385	277	84	3	128	(112)
Trading	1,185	836	743	1,845	772	956	165
Trading Income	1,048	1,402	1,034	734	1,193	703	1,139
Loan Recovery	-	-	-	-	-	-	-
Loan Portfolios	67	52	76	54	85	68	71
Income from foreclosed assets	92	121	178	189	86	132	101
Provisions Release	-	-	-	-	-	-	-
Losses and Estimates	(319)	(162)	(167)	(136)	(168)	(168)	(134)
Impairment of Assets	-	-	-	-	-	-	-
Lease Income	18	19	(26)	4	2	2	3
From Insurance	-	-	-	-	-	-	-
Other Operating Expense	173	658	260	399	342	38	90
Total Other Operating Income (Expenses)	31	687	321	510	348	72	132
Total Non-Interest Income	4,726	5,268	4,603	4,876	4,919	4,083	4,825
Total Operating Income	17,980	14,163	18,983	15,865	17,860	18,383	19,294
Personnel	3,755	3,704	3,846	4,477	3,823	4,089	3,964
Employee Profit Sharing (PTU)	131	131	131	131	138	137	139
Professional Fees	624	650	731	888	699	701	727
Administrative and Promotional Expenses	2,091	1,789	1,773	1,796	1,859	1,538	1,790
Rents, Depreciation & Amortization	1,862	1,967	1,993	2,053	2,152	2,141	2,134
Taxes other than income tax & non-deductible expenses	428	419	428	556	453	477	461
Contributions to IPAB/Fobaproa	828	919	951	931	912	889	889
Total Non-Interest Expense	9,718	9,579	9,853	10,832	10,036	9,972	10,104
Operating Income	8,263	4,584	9,129	5,034	7,824	8,411	9,191
Subsidiaries' Net Income	29	19	27	28	28	213	65
Pre-Tax Income	8,292	4,603	9,156	5,062	7,852	8,624	9,255
Income Tax	2,576	317	2,004	1,912	1,285	1,376	1,923
Tax on Assets	-	-	-	-	-	-	-
Deferred Income Tax	(465)	617	518	(750)	593	727	507
Taxes	2,112	934	2,522	1,161	1,879	2,103	2,430
Net Income from Continuous Operations	6,180	3,669	6,634	3,900	5,974	6,522	6,825
Discontinued Operations	-	-	-	-	-	-	-
Minority Interest	(0)	(0)	(0)	0	0	(0)	(0)
Net Income	6,180	3,669	6,634	3,901	5,974	6,522	6,825

Bank - Balance Sheet <i>(Million Pesos)</i>	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
ASSETS							
Cash and Due from Banks	88,668	105,537	99,615	108,743	115,954	110,407	67,251
Margin Accounts	9,701	18,353	16,312	18,099	11,012	8,703	8,268
Negotiable Instruments	79,968	95,379	36,918	41,432	39,609	43,914	30,280
Securities Available for Sale	157,021	184,050	163,887	153,063	142,487	140,484	142,115
Securities Held to Maturity	19,711	19,497	33,379	33,277	40,044	42,292	44,099
Investment in Securities	256,700	298,926	234,184	227,772	222,139	226,690	216,494
Non-assigned Securities for Settlement	-	-	-	-	-	-	-
Debtor Balance in Repo Trans,net	1,930	1,928	2,297	3,036	2,848	2,928	2,957
Securities Lending	-	-	-	-	-	-	-
For trading purposes	48,940	61,705	53,819	48,233	28,458	24,346	25,999
For hedging purposes	1,292	2,384	1,885	2,043	609	648	753
Operations w /Derivatives & Securities	-	-	-	-	-	-	-
Transactions with Derivatives	50,232	64,089	55,704	50,277	29,068	24,995	26,751
Operations w /Derivatives & Securities	52,162	66,017	58,000	53,313	31,915	27,923	29,709
Valuation adjustments for Asset Coverage	65	62	58	54	51	47	43
Commercial Loans	288,409	300,483	299,343	297,305	295,257	290,040	298,331
Financial Intermediaries' Loans	24,011	23,733	24,763	24,898	22,723	20,689	22,647
Consumer Loans	116,200	115,593	118,314	116,477	116,085	118,317	119,506
Mortgage Loans	173,226	177,282	182,685	187,736	191,220	196,125	197,737
Medium and Residential	170,143	174,331	179,791	184,980	188,529	193,554	195,245
low income housing	8	5	5	4	4	3	3
Loans acquired from INFONAVIT or FOVISSSTE	3,075	2,946	2,889	2,752	2,687	2,567	2,489
Restructuring or improvement guaranteed by development banks or public trusts	-	-	-	-	-	-	-
Government Entities' Loans	161,246	161,457	161,247	156,115	156,941	150,703	157,746
Loans granted as Federal Agent	-	-	-	-	-	-	-
Performing Loans	763,091	778,548	786,350	782,532	782,226	775,873	795,967
Commercial PDL's	6,700	2,240	1,864	2,183	3,303	5,163	3,830
Financial Intermediaries PDL's	4	-	-	-	-	-	-
Consumer PDL's	4,018	4,229	2,349	4,705	4,694	3,551	3,191
Mortgage PDL's	2,070	2,305	1,811	1,658	2,071	1,966	2,135
Medium and Residential	1,834	2,025	1,612	1,429	1,819	1,709	1,859
low income housing	0	1	1	1	0	0	0
Loans acquired from INFONAVIT or FOVISSSTE	235	279	198	228	252	258	277
Restructuring or improvement guaranteed by development banks or public trusts	-	-	-	-	-	-	-
Government Entities PDL's	35	111	284	33	188	182	154
Past Due Loans	12,827	8,885	6,307	8,580	10,257	10,862	9,311
Gross Loan Portfolio	775,918	787,433	792,658	791,112	792,483	786,735	805,278
Preventive Loan Loss Reserves	17,932	18,075	17,169	19,464	19,145	17,741	16,816
Net Loan Portfolio	757,986	769,358	775,489	771,648	773,339	768,993	788,461
Acquired Collection Rights	1,261	1,438	1,341	1,617	1,529	1,421	1,260
Total Credit Portfolio	759,247	770,796	776,830	773,264	774,867	770,414	789,721
Benef. receivab. securization transactions	161	156	151	110	2	-	-
Sundry Debtors & Other Accs Rec, Net	83,264	48,306	53,442	40,495	35,643	45,600	43,590
Inventories	-	-	-	-	-	-	-
Foreclosed Assets, Net	818	800	722	1,384	1,406	1,812	1,835
Real Estate, Furniture & Equipment, Net	15,167	26,482	27,277	28,289	28,638	16,588	16,941
Investment in Subsidiaries	468	491	564	519	552	734	588
Long-term assets held for sale	-	-	-	-	-	-	-
Deferred Taxes, Net	4,351	1,126	214	-	422	-	0
Goodwill and Intangibles	22,727	11,470	10,111	9,929	11,211	25,177	24,669
Other Assets Short and Long Term	146	106	112	213	208	191	165
	127,103	88,937	92,593	80,939	78,082	90,101	87,788
TOTAL ASSETS	1,293,647	1,348,628	1,277,593	1,262,185	1,234,021	1,234,286	1,199,275

Bank - Balance Sheet (Million Pesos)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
LIABILITIES							
Demand Deposits	451,842	479,142	506,588	530,747	545,953	534,257	516,559
Time Deposits-Retail	275,566	265,347	251,496	252,331	246,944	243,118	246,951
Time Deposits-Money Market	26,894	28,433	26,741	14,248	8,069	3,364	3,261
Global Account of deposits without movements	2,213	2,368	2,489	2,585	2,639	2,744	2,825
Senior Unsecured Debt	35,355	46,430	46,823	43,342	31,937	31,907	29,786
Deposits	791,870	821,721	834,137	843,253	835,542	815,389	799,383
Demand Loans	5,000	0	0	0	0	0	0
Short Term Loans	8,332	40,754	16,672	8,261	8,224	8,155	6,721
Long Term Loans	4,197	4,156	4,073	6,404	6,632	6,599	6,325
Due to Banks & Correspondents	17,529	44,910	20,745	14,665	14,856	14,754	13,047
Non-assigned Securities for Settlement	-	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	175,685	190,404	113,037	115,962	113,047	119,110	100,565
Secs to be received in Repo Trans, Net	-	-	-	-	-	-	-
Repos (Credit Balance)	16	8	2	13	19	55	36
Securities' Loans	-	-	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-	-
Total Collateral sold	16	8	2	13	19	55	36
For trading purposes	50,574	58,754	50,121	44,097	24,508	20,003	21,703
For hedging purposes	10,487	7,682	7,189	4,990	5,566	5,623	6,565
Operations w/ Derivatives & Securities	-	-	-	-	-	-	-
Transactions with Derivatives	61,062	66,436	57,310	49,087	30,073	25,626	28,269
Total Operations w/ Derivatives & Securities	236,763	256,847	170,348	165,062	143,139	144,792	128,870
Valuation adjustments for financial liability coverage	-	-	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-	-	-
Income Tax Payable	2,402	1,204	1,714	2,388	1,220	930	1,449
Profit Sharing Payable	639	280	407	538	187	297	433
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-
Creditors for settlement of transactions	29,983	3,524	8,670	4,251	3,140	17,474	15,254
Margin Accounts Payable	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	42,155	39,933	45,620	38,353	38,753	38,489	40,838
Other Payable Accounts	75,179	44,941	56,412	45,530	43,300	57,190	57,974
Subordinated Non Convertible Debt	58,423	57,321	66,241	57,152	58,759	57,243	59,186
Deferred Taxes, Net	-	-	-	265	-	395	668
Deferred Credits	221	304	271	1,211	1,183	1,107	1,124
TOTAL LIABILITIES	1,179,984	1,226,044	1,148,153	1,127,138	1,096,778	1,090,870	1,060,251
EQUITY							
Paid-in Capital	18,794	18,794	18,795	18,795	18,795	18,795	18,795
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-
Share Subscription Premiums	2,336	2,546	2,747	2,964	3,076	3,442	3,646
Subordinated Convertible Debentures	-	-	-	-	-	-	-
Subscribed Capital	21,131	21,340	21,541	21,759	21,871	22,237	22,440
Capital Reserves	17,330	18,959	18,959	18,959	18,959	18,959	18,959
Retained Earnings	77,595	75,094	74,280	73,302	92,748	91,819	80,892
Surplus (Deficit) of Secs Available for Sale	(2,824)	597	1,796	3,871	2,213	2,666	2,479
Results from Valuation of Hedging Secs	(3,965)	(1,423)	(1,707)	(905)	(2,255)	(2,496)	(2,861)
Result in the valuation reserve for unexpired risks variations in rates	-	-	-	-	-	-	-
Results from Conversions	177	160	115	7	32	5	38
Remeasurements defined benefits for employees	(1,963)	(1,997)	(2,031)	(2,333)	(2,303)	(2,272)	(2,247)
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-
Adjustments in the Employee's Pensions	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-
Net Income	6,180	9,849	16,483	20,384	5,974	12,495	19,320
Earned Capital	92,529	101,240	107,895	113,285	115,368	121,176	116,580
Minority Interest	3	3	3	3	3	4	4
Total Equity	113,663	122,583	129,440	135,047	137,242	143,416	139,024
TOTAL LIABILITIES & EQUITY	1,293,647	1,348,628	1,277,593	1,262,185	1,234,021	1,234,286	1,199,275

Bank - Memorandum Accounts (Million Pesos)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
Investment Banking transactions for third parties, net	87,728	88,149	100,948	97,374	127,770	127,426	151,464
TOTAL ON BEHALF OF THIRD PARTIES	87,728	88,149	100,948	97,374	127,770	127,426	151,464
Proprietary Transactions							
Endorsement Guarantees Granted	-	-	-	-	-	-	182
Loan Obligations	254,795	251,928	250,998	256,306	242,137	239,502	256,608
Trusts	422,525	319,659	308,883	308,516	309,954	319,065	292,739
Mandates	7,326	7,645	7,786	7,472	7,024	6,860	7,129
Properties in Trusts and Warrant	429,851	327,304	316,669	315,988	316,978	325,925	299,868
Properties in Custody or Management	401,255	398,204	390,787	370,011	363,861	359,884	376,668
Collateral Received	160,559	217,035	283,231	280,054	365,480	386,121	415,353
Collateral Received or sold	66,285	120,962	188,150	183,050	266,471	284,928	313,091
Drafts in Transit	-	-	-	-	-	-	-
Deposits of assets	-	-	-	-	-	-	-
Letters of Credit to the Corporation as Guarantee	-	-	-	-	-	-	-
Securities to the Corporation for Custody	-	-	-	-	-	-	-
Government Secs of the Corp under Custody	-	-	-	-	-	-	-
Securities of the Corp given as Guarantee	-	-	-	-	-	-	-
Securities of the Corp Abroad	-	-	-	-	-	-	-
Settlement with FX of the Corp Abroad	-	-	-	-	-	-	-
Debts with the Contingency Fund	-	-	-	-	-	-	-
Contingent assets & liabilities	79	79	109	167	122	155	207
Uncollected Accrued Interest from Past Due Loans	294	289	180	178	286	242	221
Investments of Retirement Savings Funds	-	-	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-	-
Miscellaneous accounts	265,946	265,147	276,898	267,726	303,489	300,947	332,623
Proprietary Transactions	1,579,063	1,580,948	1,707,021	1,673,480	1,858,824	1,897,705	1,994,821
Repo Securities to be Received	-	-	-	-	-	-	-
(Minus) Repo Creditors	-	-	-	-	-	-	-
Net Repo Transactions	-	-	-	-	-	-	-
Repo Debtors	-	-	-	-	-	-	-
(Minus) Repo Securities to be Delivered	-	-	-	-	-	-	-
Net Repo Transactions	-	-	-	-	-	-	-
TOTAL PROPRIETARY	1,579,063	1,580,948	1,707,021	1,673,480	1,858,824	1,897,705	1,994,821

BANORTE - CONSOLIDATED STATEMENT OF CASH FLOW**JANUARY 1, 2021 – SEPTEMBER 30, 2021***(Million Pesos)*

Net Income	19,320
Items charged to results that do not generate or require use of resources	
Depreciation	1,755
Provisions	543
Income taxes and deferred	6,412
Minority Interest	(306)
	8,404
	27,724
Change in items related to operations	
Change in Margin Accounts	9,831
Change in Investment in Securities	10,095
Change in repo debtors	79
Change in derivatives (assets)	22,246
Change in Loan Portfolio (net)	(16,814)
Change in purchased receivables (net)	357
Change in benefits to receive from securitizations	110
Change in foreclosed assets (net)	(452)
Change in other operating assets (net)	(6,164)
Change in core deposits	(43,871)
Change in interbank loans and other entities	(1,618)
Change in repo creditors	(15,396)
Change in collateral pledged sold	23
Change in derivatives (liability)	(22,394)
Change in subordinated debt with characteristics of liabilities	2,034
Change in other operating liabilities	13,495
Change in hedging instruments (the related hedged transaction activities)	910
Income Tax Payments	(6,957)
Net cash generated or used from operations	(26,762)
Investment Activities	
Charges for disposal of property, furniture and equipment	440
Payments for acquisition of property, furniture and equipment	(2,436)
Charges for cash dividends	31
Net cash generated or used from investment activities	(1,965)
Financing Activities	
Payments of cash dividends	(10,000)
Payments of interests of subordinated debentures	(2,793)
Net cash flows from financing activities	(12,793)
Net Cash Increase (decrease) and equivalents value	(41,520)
Effects for changes in cash and equivalents value	28
Cash and cash equivalents at beginning of period	108,743
Cash and cash equivalents at end of period	67,251

BANORTE - CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
JANUARY 1, 2021– SEPTEMBER 30, 2021
(Million Pesos)

	CONTRIBUTED CAPITAL		EARNED CAPITAL								Total Stockholders' Equity
	Fixed Paid-in Capital	Premium from sale of securities	Capital Reserves	Retained Earnings	Valuation Effects of Securities Available for Sale	Results from val of instrum Cash flow hedges	Results from Conversions	Remeasurements defined benefits for employees	Net Income	Minority Interest	
Balance as of December 31, 2020	18,795	2,964	18,959	73,302	3,871	(905)	7	(2,333)	20,384	3	135,047
<u>Changes stemming from stockholders' decisions</u>											
Capitalization of profits				20,384					(20,384)		0
Dividends declared by the General Assembly of Shareholders on July 23, 2021				(10,000)							(10,000)
Payment plan based on equity-settle shares in equity instruments		682									682
Total	0	682	0	10,384	0	0	0	0	(20,384)	0	(9,318)
<u>Changes stemming from profits</u>											
<u>Total profits:</u>											
Net Income									19,320		19,320
Result from valuation of securities available for sale					(1,392)						(1,392)
Effect of subsidiaries, associates and mutual funds				(1)				(5)			(6)
Conversion accumulated effect							30				30
Result from valuation of instruments of cash flow hedges						(1,956)					(1,956)
Remeasurements defined benefits for employees								91			91
Interest of subordinated debentures				(2,793)							(2,793)
Total	0	0	0	(2,794)	(1,392)	(1,956)	30	86	19,320	0	13,294
Recognition of minority interest										1	1
Balance as of September 30, 2021	18,795	3,646	18,959	80,892	2,479	(2,861)	37	(2,247)	19,320	4	139,024

Seguros Banorte

Income Statement - Insurance - Seguros Banorte <i>(Million Pesos)</i>	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
Interest Income	517	643	396	340	257	329	381
Interest Expense	-	-	-	-	-	-	-
Premium Income (Net)	8,815	5,772	3,792	4,575	11,085	2,817	4,239
Net Increase in Technical Reserves	3,304	765	(875)	(248)	4,537	(1,525)	(78)
Damages, Claims and Other Obligations	2,767	3,674	3,321	4,119	4,884	3,390	3,570
Net Interest Income	3,261	1,976	1,742	1,044	1,921	1,280	1,129
Fees Charged on Services	-	-	-	-	-	-	-
Fees Paid on Services	706	519	555	480	627	485	550
Securities-Valuation Gains	-	-	-	-	-	-	-
Securities Trading	50	58	33	43	37	42	8
Trading Income	50	58	33	43	37	42	8
From Insurance	203	167	191	302	270	195	211
Losses and Estimates	(6)	(10)	(11)	(3)	(1)	(3)	1
Other Operating Income (Expense)	3	3	2	(0)	0	0	1
Total Other Operating Income (Expenses)	200	160	182	299	269	192	213
Total Non-Interest Income	(456)	(301)	(340)	(138)	(321)	(251)	(329)
Total Operating Income	2,805	1,675	1,402	906	1,600	1,029	800
Personnel	105	112	107	110	107	109	115
Employee Profit Sharing (PTU)	1	1	1	5	1	1	1
Professional Fees	78	70	71	9	63	51	37
Administrative and Promotional Expenses	117	96	87	47	130	123	81
Rents, Depreciation & Amortization	45	44	46	48	45	46	48
Taxes other than income tax & non-deductible expenses	22	27	28	29	34	50	57
Contributions to IPAB/Fobaproa	-	-	-	-	-	-	-
Total Non-Interest Expense	368	351	339	247	380	381	339
Operating Income	2,436	1,324	1,062	659	1,220	649	461
Subsidiaries' Net Income	332	630	463	485	404	465	467
Pre-Tax Income	2,768	1,953	1,525	1,143	1,624	1,113	928
Income Tax	736	399	319	227	364	188	140
Deferred Income Tax	(4)	(4)	(4)	(41)	(4)	(4)	(4)
Taxes	732	395	316	186	361	184	136
Net Income from Continuous Operations	2,036	1,558	1,210	957	1,263	929	792
Discontinued Operations	-	-	-	-	-	-	-
Minority Interest	(7)	(13)	(10)	(11)	(9)	(10)	(10)
Net Income	2,029	1,545	1,200	946	1,254	919	782

Insurance - Seguros Banorte - Balance Sheet <i>(Million Pesos)</i>	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
ASSETS							
Cash and Due from Banks	1,765	2,861	3,014	2,973	86	143	82
Margin Accounts	-	-	-	-	-	-	-
Negotiable Instruments	24,424	26,497	27,705	29,869	32,163	30,642	23,366
Securities Available for Sale	554	596	600	602	551	1,720	2,969
Securities Held to Maturity	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Investment in Securities	24,978	27,094	28,306	30,471	32,714	32,362	26,336
Debtor Balance in Repo Trans,net	1,654	851	2,157	2,000	5,337	5,315	2,098
Securities Lending	-	-	-	-	-	-	-
Transactions w/ Derivatives	-	-	-	-	-	-	-
Operations w/ Derivatives & Securities	1,654	851	2,157	2,000	5,337	5,315	2,098
Valuation adjustments for Asset Coverage	-	-	-	-	-	-	-
Acquired Collection Rights	-	-	-	-	-	-	-
Account Receivables	289	346	405	448	284	311	434
Premium Debtors (Net)	7,581	8,937	6,392	3,986	10,876	8,028	5,765
Account Receivables from Reinsurance	8,162	8,872	7,924	7,269	7,521	7,707	7,981
Benef. receivab. securization transactions	-	-	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Real Estate, Furniture & Equipment, Net	346	342	416	413	414	334	330
Investment in Subsidiaries	12,849	13,241	13,620	14,104	12,785	13,249	13,715
Long-term assets held for sale	-	-	-	-	-	-	-
Deferred Taxes, Net	298	298	298	335	335	335	335
Goodwill and Intangibles	1,710	2,322	2,517	2,943	1,857	2,246	2,624
Other Assets Short and Long Term	91	93	94	95	95	95	96
TOTAL ASSETS	59,723	65,256	65,143	65,038	72,304	70,125	59,797

Insurance - Seguros Banorte - Balance Sheet <i>(Million Pesos)</i>	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
LIABILITIES							
Technical Reserves	28,696	31,526	30,257	29,897	36,094	33,217	32,309
Total Operations w/ Derivatives & Securities	-	-	-	-	-	-	-
Valuation adjustments for financial liability coverage	-	-	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-	-	-
Payable Accounts for Reinsurance	2,311	3,159	2,918	2,269	3,145	2,790	2,501
Income Tax Payable	754	1,146	1,460	1,675	368	550	686
Profit Sharing Payable	-	-	-	-	-	-	-
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-
Creditors for settlement of transactions	-	-	-	-	-	-	-
Margin Accounts Payable	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	2,800	2,834	2,713	2,475	2,624	2,570	2,426
Other Payable Accounts	3,554	3,980	4,173	4,150	2,992	3,121	3,113
Subordinated Non Convertible Debt	-	-	-	-	-	-	-
Deferred Taxes, Net	354	351	347	343	340	336	333
Deferred Credits	61	56	57	53	56	53	53
TOTAL LIABILITIES	34,977	39,072	37,752	36,712	42,627	39,517	38,309
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	2,716	3,268	3,268	3,268	3,268	3,840	3,840
Retained Earnings	5,600	5,047	5,047	5,046	10,765	10,193	343
Surplus (Deficit) of Secs Available for Sale	107	172	175	196	164	160	141
Results from Valuation of Hedging Secs	-	-	-	-	-	-	-
Result in the valuation reserve for unexpired risks variations in rates	2	(182)	(188)	(229)	(108)	(101)	(83)
Results from Conversions	0	0	0	0	0	0	0
Remeasurements defined benefits for employees	12	12	12	10	10	10	10
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-
Adjustments in the Employee's Pensions	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-
Net Income	2,029	3,573	4,773	5,719	1,254	2,173	2,955
Earned Capital	10,466	11,890	13,087	14,011	15,354	16,274	7,206
Minority Interest	352	366	376	386	395	406	355
Total Equity	24,746	26,184	27,391	28,325	29,677	30,608	21,488
TOTAL LIABILITIES & EQUITY	59,723	65,256	65,143	65,038	72,304	70,125	59,797

Information by Segments

GFNorte - Income Statement as of September 30 '21

(Million Pesos)

	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Interest Income	407	76,809	14,244	1,770	45	10,040
Premium Income (Net)	-	-	34,584	-	-	-
Interest Expense	-	26,685	-	1,045	1	8,614
Net Increase in Technical Reserves	-	-	23,070	-	-	-
Damages, Claims and Other Obligations	-	-	19,053	-	-	-
Net Interest Income (NII)	407	50,123	6,706	726	44	1,426
Preventive Provisions for Loan Losses	-	8,413	-	219	-	-
Net Interest Income Adjusted for Credit Risk	407	41,710	6,706	507	44	1,426
Loan Origination Fees	-	18,989	-	86	-	1,028
Fees Paid	-	8,749	1,671	56	0	126
Trading Income	-	3,035	122	2	-	(239)
Other Operating Income (Expenses)	11	551	715	549	22	140
Non Interest Income	11	34,360	2,630	696	22	815
Total Operating Income	418	76,070	9,336	1,202	66	2,241
Administrative and Promotional Expenses	107	30,111	1,432	462	40	845
Operating Income	310	25,426	4,440	625	26	1,384
Subsidiaries' Net Income	25,638	306	1,335	(11)	-	0
Pre-Tax Income	25,948	25,732	5,775	614	26	1,384
Income Tax	-	4,584	825	0	8	410
Deferred Income Tax	(23)	1,827	480	59	(0)	(27)
Net Income from Continuous Operations	25,971	19,320	4,470	555	18	1,002
Discontinued Operations	-	-	-	-	-	-
Minority Interest	-	(0)	(25)	(0)	(0)	-
Net Income	25,971	19,320	4,445	555	18	1,002

GFNorte - Income Statement as of September 30 '21

(Million Pesos)

	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Interest Income	43	2	103,360	6,874	623	97,109
Premium Income (Net)	-	-	34,584	323	-	34,261
Interest Expense	-	-	36,345	-	6,731	29,613
Net Increase in Technical Reserves	-	-	23,070	-	-	23,070
Damages, Claims and Other Obligations	-	-	19,053	-	23	19,030
Net Interest Income (NII)	43	2	59,477	-	-	59,658
Preventive Provisions for Loan Losses	-	-	8,632	-	-	8,632
Net Interest Income Adjusted for Credit Risk	43	2	50,845	-	-	51,025
Loan Origination Fees	1,494	-	21,597	1,796	-	19,801
Fees Paid	1,083	-	11,685	-	1,843	9,842
Trading Income	-	0	2,920	-	-	2,920
Other Operating Income (Expenses)	9	(18)	1,979	41	29	1,967
Non Interest Income	2,586	(18)	41,101	1,837	1,872	37,450
Total Operating Income	2,628	(15)	91,946	1,837	1,872	88,476
Administrative and Promotional Expenses	47	6	33,053	623	924	32,751
Operating Income	415	(22)	32,604	-	-	33,121
Subsidiaries' Net Income	6	-	27,275	25,638	-	1,636
Pre-Tax Income	420	(22)	59,878	-	-	34,757
Income Tax	116	0	5,943	-	-	5,943
Deferred Income Tax	0	-	2,316	151	-	2,466
Net Income from Continuous Operations	304	(22)	51,620	-	-	26,348
Discontinued Operations	-	-	-	-	-	-
Minority Interest	-	-	(25)	336	-	(361)
Net Income	304	(22)	51,594	35,631	9,528	25,987

GFNorte - Balance Sheet as of September 30 '21

(Million Pesos)

ASSETS	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Cash and Due from Banks	5	67,251	123	168	11	4,244
Margin Accounts	-	8,268	-	-	-	-
Investment in Securities	-	216,494	220,259	-	-	292,012
Negotiable Instruments	-	30,280	28,720	-	-	201,759
Securities Available for Sale	-	142,115	3,079	-	-	89,415
Securities Held to Maturity	-	44,099	188,460	-	-	839
Debtor Balance in Repo Trans, net	24,583	2,957	2,141	-	-	-
Transactions with Derivatives For trading purposes	-	25,999	-	-	-	106
Transactions with Derivatives For hedging purposes	-	753	-	-	-	-
Valuation adjustments for Asset Coverage	-	43	-	-	-	-
Gross Loan Portfolio	-	789,721	-	32,876	-	-
Net Loan Portfolio	-	788,461	-	32,876	-	-
Performing Loans	-	795,967	-	32,711	-	-
Commercial Loans	-	298,331	-	28,001	-	-
Financial Intermediaries' Loans	-	22,647	-	637	-	-
Government Entities' Loans	-	157,746	-	4,069	-	-
Consumer Loans	-	119,506	-	4	-	-
Mortgage Loans	-	197,737	-	-	-	-
Medium and Residential	-	195,245	-	-	-	-
Low income housing	-	3	-	-	-	-
Loans acquired from INFONAVIT or FOVISSSTE	-	2,489	-	-	-	-
Past Due Loans	-	9,311	-	646	-	-
Commercial PDL's	-	3,830	-	641	-	-
Financial Intermediaries PDL's	-	-	-	-	-	-
Government Entities PDL's	-	154	-	4	-	-
Consumer PDL's	-	3,191	-	0	-	-
Mortgage PDL's	-	2,135	-	-	-	-
Medium and Residential	-	1,859	-	-	-	-
Low income housing	-	0	-	-	-	-
Loans acquired from INFONAVIT or FOVISSSTE	-	277	-	-	-	-
Preventive Loan Loss Reserves	-	16,816	-	481	-	-
Acquired Collection Rights	-	1,260	-	-	-	-
Account Receivables from Insurance and Annuities	-	-	3,039	-	-	-
Premium Debtors (Net)	-	-	7,016	-	-	-
Account Receivables from Reinsurance	-	-	7,981	-	-	-
Benef.receivab.securization transactions	-	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	740	43,590	4	789	119	12,127
Inventories	-	-	-	-	960	-
Foreclosed Assets, Net	-	1,835	-	114	-	-
Real Estate, Furniture & Equipment, Net	-	16,941	342	3,247	53	61
Investment in Subsidiaries	182,827	588	13,715	57	-	2
Long-term assets held for sale	-	-	-	-	-	-
Deferred Taxes, Net	34	(0)	-	1,001	5	-
Total other Assets	25,872	24,834	3,476	4,953	18	243
Goodwill	25,329	1,404	-	-	-	-
Intangible	543	23,265	3,379	328	2	46
Other Assets	-	165	97	4,625	16	198
TOTAL ASSETS	234,061	1,199,275	258,097	43,204	1,167	308,796

GFNorte - Balance Sheet as of September 30 '21

(Million Pesos)

ASSETS	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Cash and Due from Banks	1,283	603	73,688	172	6,091	67,769
Margin Accounts	-	-	8,268	-	-	8,268
Investment in Securities	-	-	728,765	-	476	728,289
Negotiable Instruments	-	-	260,759	-	-	260,759
Securities Available for Sale	-	-	234,608	-	129	234,479
Securities Held to Maturity	-	-	233,398	-	347	233,050
Debtor Balance in Repo Trans, net	-	-	29,681	-	26,724	2,957
Transactions with Derivatives For trading purposes	-	-	26,104	-	106	25,999
Transactions with Derivatives For hedging purposes	-	-	753	-	-	753
Valuation adjustments for Asset Coverage	-	-	43	-	-	43
Gross Loan Portfolio	-	-	822,597	3,304	18,735	807,166
Net Loan Portfolio	-	-	821,337	3,304	18,735	805,906
Performing Loans	-	-	828,678	3,304	18,735	813,247
Commercial Loans	-	-	326,332	604	524	326,413
Financial Intermediaries' Loans	-	-	23,284	-	15,096	8,188
Government Entities' Loans	-	-	161,815	2,700	3,115	161,400
Consumer Loans	-	-	119,510	-	-	119,510
Mortgage Loans	-	-	197,737	-	-	197,737
Medium and Residential	-	-	195,245	-	-	195,245
Low income housing	-	-	3	-	-	3
Loans acquired from INFONAVIT or FOVISSSTE	-	-	2,489	-	-	2,489
Past Due Loans	-	-	9,956	-	-	9,956
Commercial PDL's	-	-	4,471	-	-	4,471
Financial Intermediaries PDL's	-	-	-	-	-	-
Government Entities PDL's	-	-	159	-	-	159
Consumer PDL's	-	-	3,191	-	-	3,191
Mortgage PDL's	-	-	2,135	-	-	2,135
Medium and Residential	-	-	1,859	-	-	1,859
Low income housing	-	-	0	-	-	0
Loans acquired from INFONAVIT or FOVISSSTE	-	-	277	-	-	277
Preventive Loan Loss Reserves	-	-	17,297	-	-	17,297
Acquired Collection Rights	-	-	1,260	-	-	1,260
Account Receivables from Insurance and Annuities	-	-	3,039	-	-	3,039
Premium Debtors (Net)	-	-	7,016	-	-	7,016
Account Receivables from Reinsurance	-	-	7,981	-	-	7,981
Benef.receiveab.securization transactions	-	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	201	85	57,657	-	11,064	46,593
Inventories	-	-	960	-	-	960
Foreclosed Assets, Net	-	-	1,949	-	-	1,949
Real Estate, Furniture & Equipment, Net	0	-	20,644	203	44	20,803
Investment in Subsidiaries	114	-	197,304	2,901	185,728	14,476
Long-term assets held for sale	-	-	-	-	-	-
Deferred Taxes, Net	0	-	1,041	-	1,041	-
Total other Assets	36	202	59,634	-	-	59,634
Goodwill	-	-	26,733	-	-	26,733
Intangible	36	202	27,800	-	-	27,800
Other Assets	0	-	5,101	-	-	5,101
TOTAL ASSETS	1,634	889	2,047,124	6,579	250,008	1,803,695

GFNorte - Balance Sheet as of September 30 '21

(Million Pesos)

LIABILITIES & EQUITY	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Deposits	-	799,383	-	-	-	-
Demand Deposits	-	516,559	-	-	-	-
Time Deposits	-	250,212	-	-	-	-
Time Deposits-Retail	-	246,951	-	-	-	-
Time Deposits-Money Market	-	3,261	-	-	-	-
Senior Unsecured Debt	-	29,786	-	-	-	-
Cuenta global de captación sin movimientos	-	2,825	-	-	-	-
Due to Banks & Correspondents	-	13,047	-	31,987	842	-
Immediate Redemption Loans	-	0	-	-	-	-
Short Term Loans	-	6,721	-	24,361	842	-
Long Term Loans	-	6,325	-	7,626	-	-
Technical Reserves	-	-	219,279	-	-	-
Non-assigned Securities for Settlement	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	-	100,565	-	-	-	300,469
Collateral sold or pledged as collateral	-	36	-	-	-	6
Transactions with Derivatives for trading purposes	-	21,703	-	-	-	39
Transactions with Derivatives for hedging purposes	-	6,565	-	-	-	-
Valuation adjustments for financial liability coverage	-	-	-	-	-	-
Payable Accounts for Reinsurance	-	-	2,501	-	-	-
Other Payable Accounts	0	57,974	3,817	1,258	23	2,236
Income Tax Payable	-	1,449	819	0	2	137
Profit Sharing Payable	-	433	-	-	-	-
Creditors for settlement of transactions	0	15,254	-	-	-	1,641
Creditors for collateral received in cash	-	6,723	-	-	-	-
Other Creditors & Accounts Payable	0	34,115	2,997	1,258	21	458
Subordinated Non Convertible Debt	-	59,186	-	-	-	-
Deferred Taxes, Net	-	668	2,895	-	-	172
Deferred Credits	-	1,124	53	70	-	0
TOTAL LIABILITIES	0	1,060,251	228,544	33,315	866	302,923
EQUITY						
Subscribed Capital	63,362	22,440	21,370	12,310	87	2,061
Paid-in Capital	14,943	18,795	15,776	12,294	87	1,985
Share Subscription Premiums	48,420	3,646	5,594	16	-	77
Contributions for future capital increases agreed by the governing body	-	-	-	-	-	-
Earned Capital	170,699	116,580	7,899	(2,605)	214	3,812
Capital Reserves	8,451	18,959	1,278	703	59	350
Retained Earnings	138,703	80,892	2,198	(3,863)	136	2,238
Surplus (Deficit) of Secs Available for Sale	2,469	2,479	52	-	-	85
Results from Valuation of Hedging Secs	(2,810)	(2,861)	-	-	-	-
Result in the valuation reserve for unexpired risks variations in rates	(85)	-	(84)	-	-	-
Results from Conversions	173	38	-	-	-	137
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-
Remeasurements defined benefits for employees	(2,174)	(2,247)	10	-	-	-
Net Income	25,971	19,320	4,445	555	18	1,002
Capital Mayoritario	234,061	139,020	29,269	9,705	301	5,873
Minority Interest	-	4	283	184	0	-
Total Equity	234,061	139,024	29,553	9,889	301	5,873
TOTAL LIABILITIES & EQUITY	234,061	1,199,275	258,097	43,204	1,167	308,796

GFNorte - Balance Sheet as of September 30 '21

(Million Pesos)

LIABILITIES & EQUITY	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Deposits	-	-	799,383	6,091	-	793,292
Demand Deposits	-	-	516,559	5,468	-	511,091
Time Deposits	-	-	250,212	623	-	249,589
Time Deposits-Retail	-	-	246,951	623	-	246,329
Time Deposits-Money Market	-	-	3,261	-	-	3,261
Senior Unsecured Debt	-	-	29,786	-	-	29,786
Cuenta global de captación sin movimientos	-	-	2,825	-	-	2,825
Due to Banks & Correspondents	-	-	45,876	15,096	-	30,780
Immediate Redemption Loans	-	-	0	-	-	0
Short Term Loans	-	-	31,925	15,096	-	16,829
Long Term Loans	-	-	13,952	-	-	13,952
Technical Reserves	-	-	219,279	-	124	219,403
Non-assigned Securities for Settlement	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	-	-	401,034	26,724	-	374,310
Collateral sold or pledged as collateral	-	-	43	-	-	43
Transactions with Derivatives for trading purposes	-	-	21,743	106	-	21,637
Transactions with Derivatives for hedging purposes	-	-	6,565	-	-	6,565
Valuation adjustments for financial liability coverage	-	-	-	-	-	-
Payable Accounts for Reinsurance	-	-	2,501	-	-	2,501
Other Payable Accounts	181	776	66,265	11,216	48	55,097
Income Tax Payable	-	0	2,407	-	-	2,407
Profit Sharing Payable	-	-	433	-	-	433
Creditors for settlement of transactions	-	-	16,895	10,058	-	6,837
Creditors for collateral received in cash	-	-	6,723	-	-	6,723
Other Creditors & Accounts Payable	181	776	39,807	1,158	48	38,697
Subordinated Non Convertible Debt	-	-	59,186	-	-	59,186
Deferred Taxes, Net	-	-	3,735	1,041	-	2,694
Deferred Credits	-	-	1,248	-	-	1,248
TOTAL LIABILITIES	181	776	1,626,856	60,273	172	1,566,755
EQUITY						
Subscribed Capital	170	144	121,945	58,840	324	63,430
Paid-in Capital	170	144	64,193	49,254	-	14,939
Share Subscription Premiums	-	-	57,752	9,585	324	48,491
Contributions for future capital increases agreed by the governing body	-	-	-	-	-	-
Earned Capital	1,283	(31)	297,851	127,580	343	170,613
Capital Reserves	34	2	29,837	21,386	-	8,451
Retained Earnings	945	(11)	221,237	82,914	325	138,647
Surplus (Deficit) of Secs Available for Sale	-	-	5,086	2,663	-	2,424
Results from Valuation of Hedging Secs	-	-	(5,671)	(2,861)	-	(2,810)
Result in the valuation reserve for unexpired risks variations in rates	-	-	(169)	(84)	-	(85)
Results from Conversions	-	-	347	174	-	173
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-
Remeasurements defined benefits for employees	-	-	(4,411)	(2,237)	-	(2,174)
Net Income	304	(22)	51,594	25,626	18	25,987
Capital Mayoritario	1,453	113	419,796	186,420	667	234,043
Minority Interest	-	-	472	-	2,426	2,897
Total Equity	1,453	113	420,268	186,420	3,092	236,940
TOTAL LIABILITIES & EQUITY	1,634	889	2,047,124	246,693	3,264	1,803,695

V. Appendix

Accounting & Regulatory Changes

Numbers in this section are stated in million pesos.

Early termination of support programs for mortgage loan debtors

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

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

As of September 30th, 2021, the remaining balance of CETES ESPECIALES which have not been repurchased by the Federal Government, totaled Ps 610 million, with maturities between 2022 and 2027.

New Financial Reporting Standards

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

Up until now, we are in the process of analyzing the impact that such NIF regulations might have on the financial statements.

The NIFs issued and applicable as of 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 3Q21

(Million Pesos)

Negotiable Instruments	Book Value	Interest	Unrealized gain (loss)	Market Value
Government Securities	230,506	1,401	21	231,928
Unrestricted	16,632	368	64	17,063
BONDES D	-	-	-	-
BONDES M	(1,174)	1	(2)	(1,175)
BPA	-	-	-	-
BREMS	-	-	-	-
Government Securities	12	0	2	14
Municipalities Securities	0	0	0	0
UDI Securities	-	-	-	-
CETES	12,917	336	(34)	13,219
CETES (Special)	-	-	-	-
Government Eurobonds	137	1	(3)	136
Udibonds	4,740	30	100	4,870
Treasury Notes	-	-	-	-
Restricted	213,874	1,033	(42)	214,865
BONDES D	49,501	78	6	49,585
BONDES M	2,148	20	(15)	2,153
BPA	159,193	927	(29)	160,091
BREMS	-	-	-	-
Government Securities	2,147	4	1	2,152
Municipalities Securities	-	-	-	-
UDI Securities	0	0	(0)	0
CETES	399	-	(2)	397
CETES (Special)	-	-	-	-
Government Eurobonds	26	-	(0)	26
Udibonds	459	5	(3)	461
Banking Securities	15,961	31	9	16,001
Unrestricted	1,699	0	0	1,699
Bank Acceptances	4	-	-	4
Bank Bonds	-	-	-	-
Development Bank Securities	3	0	0	3
Bank Securities	7	0	0	7
Deposit Certificates	106	-	-	106
Structured Notes	-	-	-	-
Other Banking Securities	176	0	0	176
Promissory Notes	1,402	(0)	(0)	1,402
Restricted	14,262	31	9	14,302
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	2,394	7	1	2,402
Bank Securities	3,216	6	3	3,226
Deposit Certificates	7,812	16	0	7,828
Structured Notes	-	-	-	-
Other Banking Securities	839	2	4	845
Promissory Notes	-	-	-	-
Private Securities	11,607	16	1,208	12,830
Unrestricted	10,661	16	1,209	11,886
Shares	(230)	-	881	652
Investment Company Shares	8,669	-	186	8,855
ADRs	-	-	-	-
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	1,140	3	14	1,157
Trust Stock Certificates	-	-	-	-
Private Eurobonds	1,082	12	127	1,222
Infrastructure and Real Estate Trusts	-	-	-	-
Subordinated Debt	-	-	-	-
Other Banking Securities	-	-	-	-
CP	-	-	-	-
Restricted	945	-	(2)	944
Shares	945	-	(2)	944
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	-	-	-	-
Trust Stock Certificates	-	-	-	-
Private Eurobonds	-	-	-	-
Other Banking Securities	-	-	-	-
Reasonable value adjustment lxe Bank Acq	-	-	-	-
Total	258,073	1,448	1,238	260,759

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 3Q21

(Million Pesos)

Securities Held for Sale	Book Value	Interest	Unrealized gain (loss)	Market Value
Government Securities	181,129	1,376	3,513	186,018
Unrestricted	32,213	330	736	33,279
BONDES D	-	-	-	-
BONDES M	714	16	(5)	725
BPA	-	-	-	-
BREMS	7,778	-	-	7,778
Government Securities	1,706	9	(6)	1,709
Municipalities Securities	176	2	33	211
UDI Securities	-	-	-	-
CETES	6,581	-	(3)	6,578
CETES (Special)	-	-	-	-
Government Eurobonds	13,770	289	703	14,761
Udibonds	1,488	15	14	1,518
Treasury Notes	-	-	-	-
Restricted	148,916	1,046	2,776	152,739
BONDES D	3,029	8	2	3,039
BONDES M	2,065	17	(141)	1,941
BPA	102,161	837	128	103,126
BREMS	-	-	-	-
Government Securities	2,747	6	(18)	2,735
Municipalities Securities	2,534	2	21	2,558
UDI Securities	-	-	-	-
CETES	2,345	-	(19)	2,326
CETES (Special)	-	-	-	-
Government Eurobonds	30,223	137	2,812	33,172
Udibonds	3,813	39	(10)	3,842
Banking Securities	23,947	83	(18)	24,012
Unrestricted	17,166	73	(31)	17,209
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	2,345	27	(65)	2,306
Bank Securities	1,200	23	23	1,246
Deposit Certificates	11,801	21	(4)	11,818
Structured Notes	561	-	9	570
Other Banking Securities	1,260	3	7	1,270
Promissory Notes	-	-	-	-
Restricted	6,781	9	13	6,804
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	-	-	-	-
Bank Securities	6,781	9	13	6,804
Deposit Certificates	-	-	-	-
Structured Notes	-	-	-	-
Other Banking Securities	-	-	-	-
Promissory Notes	-	-	-	-
Private Securities	24,330	267	(148)	24,449
Unrestricted	21,958	237	(141)	22,054
Shares	32	-	54	86
Investment Company Shares	5,960	-	56	6,017
ADRs	-	-	-	-
Stock Certificates BORHIS	77	-	(77)	0
Corporate Stock Certificates	6,300	23	(342)	5,981
Trust Stock Certificates	-	-	-	-
Private Eurobonds	9,589	214	168	9,971
Infrastructure and Real Estate Trusts	-	-	-	-
Subordinated Debt	-	-	-	-
Other Banking Securities	-	-	-	-
CP	-	-	-	-
Restricted	2,373	29	(7)	2,395
Shares	-	-	-	-
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	671	1	6	678
Trust Stock Certificates	-	-	-	-
Private Eurobonds	1,702	29	(13)	1,718
Other Banking Securities	-	-	-	-
Reasonable value adjustment lxe Bank Acq	-	-	-	-
Total	229,407	1,725	3,347	234,479

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 3Q21

(Million Pesos)

Securities Held to Maturity	Book Value	Interest	Unrealized gain (loss)	Market Value
Government Securities	225,717	2,573	-	228,290
Unrestricted	210,273	2,326	-	212,599
BONDES D	-	-	-	-
BONDES M	243	4	-	248
BPA	-	-	-	-
BREMS	-	-	-	-
Government Securities	1,571	2	-	1,573
Municipalities Securities	2,128	17	-	2,145
UDI Securities	228	4	-	232
CETES	-	-	-	-
CETES (Special)	608	-	-	608
Government Eurobonds	25,393	219	-	25,612
Udibonds	180,102	2,079	-	182,181
Treasury Notes	-	-	-	-
Restricted	15,444	247	-	15,691
BONDES D	-	-	-	-
BONDES M	12,546	242	-	12,788
BPA	-	-	-	-
BREMS	-	-	-	-
Government Securities	-	-	-	-
Municipalities Securities	2,898	5	-	2,903
UDI Securities	-	-	-	-
CETES	-	-	-	-
CETES (Special)	-	-	-	-
Government Eurobonds	-	-	-	-
Udibonds	-	-	-	-
Banking Securities	1,022	215	-	1,238
Unrestricted	1,022	215	-	1,238
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	-	-	-	-
Bank Securities	842	8	-	850
Deposit Certificates	-	-	-	-
Structured Notes	180	208	-	388
Other Banking Securities	-	-	-	-
Promissory Notes	-	-	-	-
Restricted	-	-	-	-
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	-	-	-	-
Bank Securities	-	-	-	-
Deposit Certificates	-	-	-	-
Structured Notes	-	-	-	-
Other Banking Securities	-	-	-	-
Promissory Notes	-	-	-	-
Private Securities	2,956	913	-	3,870
Unrestricted	2,956	913	-	3,870
Shares	-	-	-	-
Investment Company Shares	-	-	-	-
ADRs	-	-	-	-
Stock Certificates BORHIS	2	0	-	2
Corporate Stock Certificates	993	908	-	1,901
Trust Stock Certificates	-	-	-	-
Private Eurobonds	700	5	-	705
Infrastructure and Real Estate Trusts	-	-	-	-
Subordinated Debt	-	-	-	-
Other Banking Securities	1,261	-	-	1,261
CP	-	-	-	-
Restricted	-	-	-	-
Shares	-	-	-	-
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	-	-	-	-
Trust Stock Certificates	-	-	-	-
Private Eurobonds	-	-	-	-
Other Banking Securities	-	-	-	-
Reasonable value adjustment lxe Bank Acq	(347)	-	-	(347)
Total	229,349	3,702	-	233,050

REPURCHASE AGREEMENT OPERATIONS 3Q21*(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	307,356	304,434	2,957	35	349,480
Banking securities	7,265	7,265	-	-	18,708
Private Securities	3,366	3,367	-	1	6,122
Total	317,987	315,066	2,957	36	374,310

**DERIVATES FINANCIAL INSTRUMENTS
OPERATIONS 3Q21***(Million Pesos)*

Creditor Balance	
Instrument	Fair Value
Futures	
TIIE 28 Futures	-
Forward	
Fx Forward	325
Options	
Rate options	253
Fx options	428
Warrants	17
Swaps	
Rate swap	18,798
Fx swap	6,054
Credit swap	124
Negotiable Total	25,999
Options	
Rate Options	-
Fx options	-
Swaps	
Rate swap	-
Fx swap	753
Credit swap	-
Hedging total	753
Position total	26,751

**DERIVATES FINANCIAL INSTRUMENTS
OPERATIONS 3Q21
(Million Pesos)**

Debtor Balance	
Instrument	Fair Value
Futures	
TIIE 28 Futures	-
Forward	
Fx Forward	14
Options	
Rate options	312
Fx options	248
Warrants	9
Swaps	
Rate swap	13,135
Fx swap	7,919
Credit swap	-
Negotiable Total	21,637
Options	
Rate Options	-
Fx options	-
Swaps	
Rate swap	958
Fx swap	5,607
Credit swap	-
Hedging total	6,565
Position total	28,202

NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 3Q21 - Banorte
(Million Pesos)

PRODUCT	TYPE	UNDERLYING	NOTIONAL	OPERATIONS
FX Forwards	Purchases	Exchange Rate (USD/MXN)	755	143
FX Forwards	Sales	Exchange Rate (USD/MXN)	2,244	156
FX Forwards	Purchases	Exchange Rate (CAD/MXN)	0	0
FX Forwards	Sales	Exchange Rate (SEK/MXN)	0	0
FX Forwards	Purchases	Exchange Rate (EUR/MXN)	0	0
FX Forwards	Sales	Exchange Rate (EUR/MXN)	0	0
FX Options	Purchases	Exchange Rate (Dollar)	22,466	13
FX Options	Sales	Exchange Rate (Dollar)	24,649	10
Interest Rate Options	Purchases	TIIE	20,998	64
Interest Rate Options	Sales	TIIE	24,658	283
Interest Rate Options	Purchases	LIBOR	7,220	20
Interest Rate Options	Sales	LIBOR	9,363	26
Interest Rate Swaps	USD LIBOR	LIBOR	298,823	3,383
Interest Rate Swaps	MXN TIIE	TIIE	1,025,862	3,359
Interest Rate Swaps	MXN TIIE M M	TIIE	9,371	4
Interest Rate and FX Swaps	CS USDMXN	FIX/VARIABLE	138	2
Interest Rate and FX Swaps	CS USDMXN	VARIABLE/VARIABLE	99,333	112
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	17,515	75
Interest Rate and FX Swaps	CS USD MXN	FIX/FIX	11,842	3
Interest Rate and FX Swaps	CS GBP MXN	FIX/FIX	2,900	12
Credit Derivatives	CDS USD	D2_PEMEX_150927	1,110	5
Equity Options	Compras	*I_MEXBOL_IND	457	4

LOAN PORTFOLIO								
(Million Pesos)								
	Local Currency		UDIS		Foreign Currency		Total	
	3Q20	3Q21	3Q20	3Q21	3Q20	3Q21	3Q20	3Q21
Performing Loans								
Commercial Loans	254,661	259,289	0	-	70,320	67,124	324,981	326,413
Financial Intermediaries' Loans	9,882	7,785	0	-	0	403	9,882	8,188
Consumer Loans	118,321	119,510	0	-	0	-	118,321	119,510
Mortgage Loans	182,598	197,666	86	71	0	-	182,685	197,737
Government Entities' Loans	147,112	143,141	2,470	-	13,027	18,259	162,609	161,400
Total	712,575	727,391	2,556	71	83,346	85,786	798,478	813,247
Past Due Loans								
Commercial Loans	2,006	3,028	0	0	206	1,443	2,212	4,471
Financial Intermediaries' Loans	0	0	0	-	0	-	0	-
Consumer Loans	2,350	3,191	0	-	0	-	2,350	3,191
Mortgage Loans	1,799	2,128	12	7	0	0	1,811	2,135
Government Entities' Loans	288	159	-	-	-	-	288	159
Total	6,443	8,506	12	7	206	1,443	6,660	9,956
Total Proprietary Loans	719,018	735,897	2,569	78	83,552	87,229	805,138	823,204

**COST OF BALANCES OF FINAPE, FOPYME, MORTGAGE UDIS AND
MORTGAGE FOVI LOAN PORTFOLIOS AS OF 3Q31- GFNorte**

(Million Pesos)		
	PERIOD COST	TOTAL BALANCE OF LOAN PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	(1.1)	0.0
Mortgage FOVI	-	-
	(1.1)	0.0

DEFERRED TAXES 3Q21

(Million Pesos)

ASSETS	INCOME TAX	NET
Global Loss Reserves Loan Portfolio	5,045	5,045
Non deductible provisions and cumulative income	1,524	1,524
Excess of accounting value over fiscal value on Repossessed Assets	249	249
Diminishable profit sharing	184	184
Fees received in advance	1,018	1,018
Effects from valuation of instruments	-	-
Tax losses pending amortization	559	559
Provisions for possible loss in loans	331	331
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	117	117
Total Assets	9,028	9,028
LIABILITIES		
Pension Funds Contribution	(25)	(25)
Loan Portfolio Acquisitions	(390)	(390)
Projects to be capitalized	(6,679)	(6,679)
Intangibles' amortizations	-	-
Effects from valuation of instruments	(4,240)	(4,240)
Intangibles' amortizations	(339)	(339)
Unrealized Loss on Securities held for Sale	(49)	(49)
Total Liabilities	(11,722)	(11,722)
Assets (Liabilities) Accumulated Net	(2,694)	(2,694)

LONG TERM DEBT AS OF SEPTEMBER 30 2021 - BANCO MERCANTIL DEL NORTE

(Million Pesos)

TYPE OF DEBT	CURRENCY	DATE OF ISSUE	ORIGINAL AMOUNT	ORIGINAL AMOUNT (VALUED)	CURRENT AMOUNT	TERM	RATE	MATURITY	INTEREST PAYMENT
Non Convertible Subordinated Bonds Q Banorte 08U	UDIS	11-mar-08	495	1,749	1,917	20 years	4.950%	15-feb-28	182 days
Non Convertible Subordinated Bonds 2016 (BANOC36 311004)	USD	04-oct-16	500	9,607	6,050	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	7,197	Perpetual	6.875%	06-jul-22	Quarterly
Perpetual 10-Year Callable Subordinated Non-Preferred Non-Cumulative Tier 1 Capital Notes (BANORT 7 5/8 PERP)	USD	06-jul-17	550	10,077	11,309	Perpetual	7.625%	10-ene-28	Quarterly
Eurobond (Swiss francs) 2018 (BANO589)	CHF	14-jun-18	100	1,983	2,204	3.5 years	0.875%	14-dic-21	Annual
Stock certificates 94 BINTER 16U	UDIS	13-oct-16	365	2,000	2,528	10 years	4.970%	01-oct-26	182 days
Stock certificates 94 BANORTE 19	MXN	17-may-19	5,400	5,400	5,400	3 years	TIIE +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	TIIE +0.17%	10-may-24	28 days
Eurobond (Swiss francs) 2019 (BANO397)	CHF	11-abr-19	250	4,694	5,510	3.5 years	1.550%	11-oct-22	Annual
Non Convertible Subordinated Bonds 2019 (BANOA64_999999)	USD	27-jun-19	600	11,501	12,337	Perpetual	6.750%	27-sep-24	Quarterly
Non Convertible Subordinated Bonds 2019 (BANOB48_999999)	USD	27-jun-19	500	9,584	10,281	Perpetual	7.500%	27-jun-29	Quarterly
Eurobond (Swiss francs) 2019 (BANO43)	CHF	18-sep-19	160	3,112	3,527	4.3 years	0.450%	18-dic-23	Annual
Eurobond (Swiss francs) 2020 (BANO664)	CHF	06-mar-20	225	4,826	4,959	4.8 years	0.500%	06-dic-24	Annual
Non Convertible Subordinated Bonds 2020 (BANOC21_999999)	USD	14-jul-20	500	11,309	10,281	Perpetual	8.375%	14-oct-30	Quarterly
Stock certificates 94 BANORTE 20U	UDIS	30-sep-20	107	700	740	10 years	2.760%	18-sep-30	182 days

BANK AND OTHER ENTITIES LOANS' AS OF 3Q21*(Million Pesos)*

	LOCAL CURRENCY	FOREIGN CURRENCY	TOTAL
Loans from Development Banks	13,594	3,142	16,736
Loans from Public Funds	8,333	1,393	9,726
Call Money & Loans from Banks	19,219	-	19,219
Loans from Fiduciary Funds	50	-	50
Provisions for Interest	145	-	145
	41,341	4,535	45,876
Eliminations			(15,096)
Total			30,780

**CORE DEPOSITS AND DUE TO BANKS & CORRESPONDENTS -
INTEREST RATES 3Q21**
CORE DEPOSITS (BANORTE)**Demand Deposits**

Local Currency and UDIs	1.02%
Foreign Currency	0.02%

Time Deposits - Retail

Local Currency and UDIs	3.26%
Foreign Currency	0.23%

Time Deposits - Money Market

Local Currency and UDIs	4.34%
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DUE TO BANKS & CORRESPONDENTS (BANORTE)**Immediate Redemption Loans**

Local Currency and UDIs	3.72%
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Public Funds and Development Banks

Local Currency and UDIs	6.74%
Foreign Currency	1.43%

MAIN CREDIT LINES RECEIVED 3Q21 (BANORTE)*Million pesos*

	3Q20			2Q21			3Q21		
	Line	Used	% used	Line	Used	% used	Line	Used	% used
Bank Counterparty Lines (Call Money)	176,193	1,886	1.1%	219,412	2,447	1.1%	220,021	2,348	1.1%
Banxico (Repos for liquidity with the System of Payments) RSP*	84,545	7,803	9.2%	77,302	8,114	10.5%	79,135	7,806	9.9%
Banxico MXN & USD Credit Auction*	52,971	8,951	16.9%	52,027	-	0.0%	58,469	-	0.0%
Banxico Credit line with Government and Banking securities as collateral (Ordinary Facility)*	52,971	-	0.0%	52,027	-	0.0%	58,469	-	0.0%
Banxico Credit line with State and Municipal Government securities as collateral (Extraordinary Facility)	96,708	-	0.0%	86,641	-	0.0%	86,106	-	0.0%
TOTAL	463,388	18,640	4.0%	487,409	10,561	2.2%	502,199	10,154	2.0%

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

TRADING INCOME 3Q21

Million Pesos

Trading income	Consolidated
Securities - Unrealized gains	577
Negotiable instruments	179
Derivative instruments - Negotiation	409
Derivative instruments - Hedging	(11)
Impairment loss or revaluation increase	0
Result from foreign exchange valuation	482
Result from valuation of precious metals	(3)
Result from purchase/sale of securities and derivatives	(136)
Negotiable instruments	(354)
Securities held for sale	314
Derivative instruments - Hedging	(126)
Result from purchase/sale of foreign exchange	1,997
Result from purchase/sale of precious metals	4
Total	2,920

Internal Control

For Grupo Financiero Banorte, S.A.B. de C.V. (GFNORTE), internal control is a shared responsibility among all of its constituents; therefore, the Board of Directors, other Corporate Governance entities, the senior management team, and 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 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 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 Controller departments, which provide permanent control and monitoring support, and
- C. **Third.** Internal Audit, with which 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 perform their daily activities with discipline as well as with strict adherence to the norm; 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 2021, there was a 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 were reviewed and updated, which were presented through the CAPS to the Board of Directors for authorization.
- C. The manuals containing policies and procedures have been updated for changes in external regulations, new products, and changes in the Institution's processes or improvements to internal controls.
- D. The requests from different internal areas regarding the internal control matters were addressed, both in support of the development of new institutional projects, as well as with those that derive from regulatory changes.
- E. GFNORTE's business and operating support processes are constantly monitored through the Business Process and Management Controllers. 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 taken 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 accordance with the calendar dates and scope, approved by the corresponding Corporate Governance Committee; in this matter, regarding the global contingency represented by COVID 19. The Continuity Plan remains activated under its Pandemic section. The implemented actions continue responding to the considerations of each moment and are consistent with the assessment of an incremental risk.
- H. We continued to monitor the improvement initiatives derived from the observations made by the different members of the SCI.
- I. The Information Security Officer (CISO) presented the Master Plan for approval to the Management Team of GFNorte, and it carried out its functions according to it. It also kept reporting the findings and the details of the activities carried out, to the General Director of GFNorte and to the Corresponding Corporate Governance Committees, while maintaining a matrix coordination with the Comptroller, as part of the SCI.
- J. The requirements of the Supervisory Authorities were answered, and the information requirements required by the external regulation were fulfilled. In addition, ordinary inspector visits are being attended.

Financial Situation and Liquidity

Main sources of liquidity

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

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

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

Important initiatives of Banorte's liquidity during 3Q21.

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

In addition, it should be noted that Banorte has not used the Central Bank of México's Ordinary Facilities or Extraordinary Facilities during 3Q21.

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

Lender	Sep-2021	% Basic Equity	Jun-2021	% Basic Equity
Banorte	Ps 11.80	6.6%	Ps 11.24	6.1%
	Ps 11.80		Ps 11.24	

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

Banorte

As of **September 30th, 2021**, total loans granted to related parties, under Article 73 of the Law of Credit Institutions, was \$11.80 billion pesos (including \$1.51 billion pesos in — Letters of Credit "CC", which are registered in memorandum accounts), representing 1.5% of Banorte's total loan portfolio (excluding the balance of CC). Of the total related loans balance, \$11.23 billion pesos were loans granted to clients linked to members of the Board of Directors, and \$573 million pesos were linked to companies related to GFNORTE. At the end of September 2021, there are no loans granted to clients related to shareholders.

In accordance with Article 73 of the Law for Credit Institutions, the balance of GFNORTE's related party loan portfolio for individuals and corporations at the end of September 2021 was 6.6% of Core Equity.

Related party loans have been granted under market conditions and rated in accordance with the policies, procedures and rating systems applicable to the rest of GFNORTE's loan portfolio based on the general dispositions applicable to credit institutions regarding rating of loan portfolios issued by CNBV. Additionally, 99% of the related party loans are rated in Category "A", and most of these loans were classified as commercial loans.

Banorte

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

In accordance with Article 73 of the Law for Credit Institutions, the balance of GFNORTE’s related party loan portfolio for individuals and corporations at the end of June 2021 was 6.1% of Core Equity.

Related party loans have been granted under market conditions and rated in accordance with the policies, procedures and rating systems applicable to the rest of GFNORTE’s loan portfolio based on the general dispositions applicable to credit institutions regarding rating of loan portfolios issued by CNBV. Additionally, 99% of the related party loans are rated in Category “A”, and most of these loans were classified as commercial loans.

Loan or tax liabilities

The tax credits listed below are currently in litigation:

	As of September 30, 2021
AFORE XXI BANORTE	\$2
Loan # 4429309391 Payroll Tax of the state of Coahuila	2
PENSIONES BANORTE	\$360
Financial year 2014	360
SEGUROS BANORTE	\$1,054
Financial year 2014	1,054
Million pesos	

People in Charge

The undersign represent under oath that, taking into account our respective functions, we have drawn up the information relative to Grupo Financiero Banorte, which, to the best of our knowledge, reasonably reflects its financial 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 for investors.

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

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

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

Lic. Jorge Eduardo Vega Camargo
Deputy Managing Director of Comptrollership

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

Basis for submitting and presenting Financial Statements

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

Banorte. Issues the financial statements in consolidated form with its Subsidiaries in accordance with the General Provisions Applicable to the financial information of the Credit Institutions (the Provisions) published in the Official Gazette of the Federation on December 2, 2005, modified by means of published Resolutions in the aforementioned Official Gazette on March 3 and 28, September 15, December 6 and 8, 2006, January 12, March 23, April 26, November 5, 2007, March 10, August 22, September 19, October 14, December 4, 2008, April 27, May 28, June 11, August 12, October 16, November 9, December 1 and 24, 2009, January 27, February 10, April 9 and 15, May 17, June 28, July 29, August 19, September 9 and 28, October 25, November 26 and December 20, 2010, January 24 and 27, March 4, April 21, July 5, August 3 and 12, September 30, October 5 and 27, and December 28, 2011, June 19, July 5, October 23, November 28 and December 13, 2012, January 31, April 16, May 3, June 3 and 24, July 12, October 2 and December 24, 2013, January 7 and 31, March 26, May 12 and 19, July 3 and 31, September 24, October 30, December 8 and 31, 2014, January 9, 5 February, April 30, May 27 and June 23, 2015, August 27, September 21, October 29, November 9 and 13, December 16 and 31, 2015, April 7 and 28 and June 22, 2016, July 7 and 29, August 1, September 19 and 28, 2016, and December 27, 2016, January 6, April 4 and 27, May 31, June 26, 4 and 24 July, August 29, October 6 and 25, December 18, 26 and 27, 2017, January 22, March 14, April 26, May 11, June 26, July 23, August 29, September 4, October 5, November 15 and 27, 2018, and April 15, July 5, October 1, and November 4 and 25, 2019, March 13, April 9, June 9, August 21, October 12, November 19, December 4, May 21 and June 18, July 20 and 23, and August 6, 2021, respectively.

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

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