



2020 Annual Report

regional[®]

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Key Figures



**\$2,952
million MXN**

Net Income



**\$99,822
million MXN**

Core deposits



47.8%

Efficiency
Rate



14.0%

ROE



2.0%

ROA



**\$110,416
million MXN**

Total loan
portfolio



1.4%

NPL Ratio



14.2%

Annual
Rotation



4,973

Employees



31 Hrs.

Average hours
of training

GRI / 102-14, 102-15

Dear shareholders,

2020 will be remembered for the COVID-19 pandemic that brought important consequences both for the health of the population and for the global economy due to the sharp slowdown in growth. In light of this scenario, we considered the health of our employees, customers and the community as our priority.

In Mexico, the national economic activity declined, resulting in an annual decrease of 8.5% in the Gross Domestic Product, while inflation at the end of the year stood at 3.54% and the reference rate decreased from 7.25 to 4.25 in 2020.

In light of this environment, I am pleased to inform you that Regional achieved a net income of **\$2,952 million MXN**, as well as a **return on equity of 14.0%** and a **return on assets of 2.0%**. It is important to mention that given the complex macroeconomic situation it was decided not to distribute dividends, giving priority to the strength of the group and thus reaching, in December, a capitalization ratio of 15.9%.

Thanks to the facilities granted by the *Comisión Nacional Bancaria* and the prompt response of the management team, efficient support schemes were established for those clients who were mostly affected by the pandemic. Total loan portfolio reached \$110,416 million MXN, an increase of 2.3% compared to December 2019.

In addition, in line with portfolio behavior and deferral programs, reserves were generated prudently to reach \$1,064 million MXN the processes to constitute punishments were sped up, in order to raise collection and advance capital recovery. In response to these measures, the Non performing loan ratio was **1.4%**, a **decrease of 37 basis points** compared to last year.

Among our financial results a growth in demand deposits stands out, with an increase of 20.6%, resulting in a margin of 5.7%. Despite the decrease of 300 basis points in the

**Message from the
Chairman of the
Board of Directors**

reference rate, by improving the anchoring mix we managed to decrease the sensitivity of the NIM, which is reflected in the decrease of only 2.5% in the financial margin.

These outstanding results, even in times of crisis, allowed Banregio (main subsidiary of Regional) to still be one of the most profitable banks in the Mexican financial system with an efficiency index of 47.8%, which is reflected in our constant culture of prudent expenses and investment that provides confidence to investors and shareholders of the group.

By serving and caring for the needs of our customers, employees, suppliers and communities, we seek to promote the sustainable development of our environment.

In the face of a crisis like the one we are currently living, our responsibility as an economic engine for small and medium businesses has been to support their operation and help them navigate these difficulties. In 2020, we transformed our Mentorship program into a new remote service model that allowed us to accompany more than 300 corporations in the country with their decision-making process.

It is essential to mention that today we know more than ever that the main strength of the Company lies in our employees. That is why the health and safety of the nearly 5,000 people who make up our Banregio Family will remain our priority.

I thank the directors for sharing their experience, investors and clients for putting their trust in Regional, and our team that makes the excellent results possible in such a complex year.

In 2021, we will continue to face the new global challenges and add international best practices that will allow us to contribute to the social, economic and environmental development of Mexico.



Lic. Manuel Rivero Santos
Chairman of the Board of Directors of Regional

GRI / 102-14, 102-15

Dear all:

2020 was a year of challenges and evolution not only for Regional but for the whole world. There is no doubt that it tested our adaptability to change and the flexibility of our operation, that is why I am very proud of the results obtained.

Despite the health crisis we are living in, Regional's income reached **\$2,952 million MXN** and the quality of our credit portfolio behaved as expected, with a **Non performing loan ratio of 1.4%, 37 basis points less than the previous year.**

We also achieved growth in **demand deposits** with an increase of 20.6%. This resulted in a healthy margin of **5.7%, despite** decreasing the reference rate 300 basis points.

Our non-financial income continued to increase at a very good pace, the plan is to maintain the strengthening of the strategy for non-financial businesses, improving our integrated offer of financial solutions and expanding our customer base to specialized channels.

Moreover, the total loan portfolio had a slow growth of 2.3%, closing with a total of **\$110,416 million MXN**. The result was due to the 5.6% increase in the medium-sized company segment, which represents 62.9% of the current portfolio and the increase in consumer credit, which closed 10.5% above the year 2019.

From all crises there are opportunities and learning. In the case of banking the arrival of COVID-19 caused digital media to become central to the business strategy. At Regional we are very pleased with our digitization efforts, which enabled the acquisition of 64% new customers through our digital channels.

**Message of the
CEO of Regional**

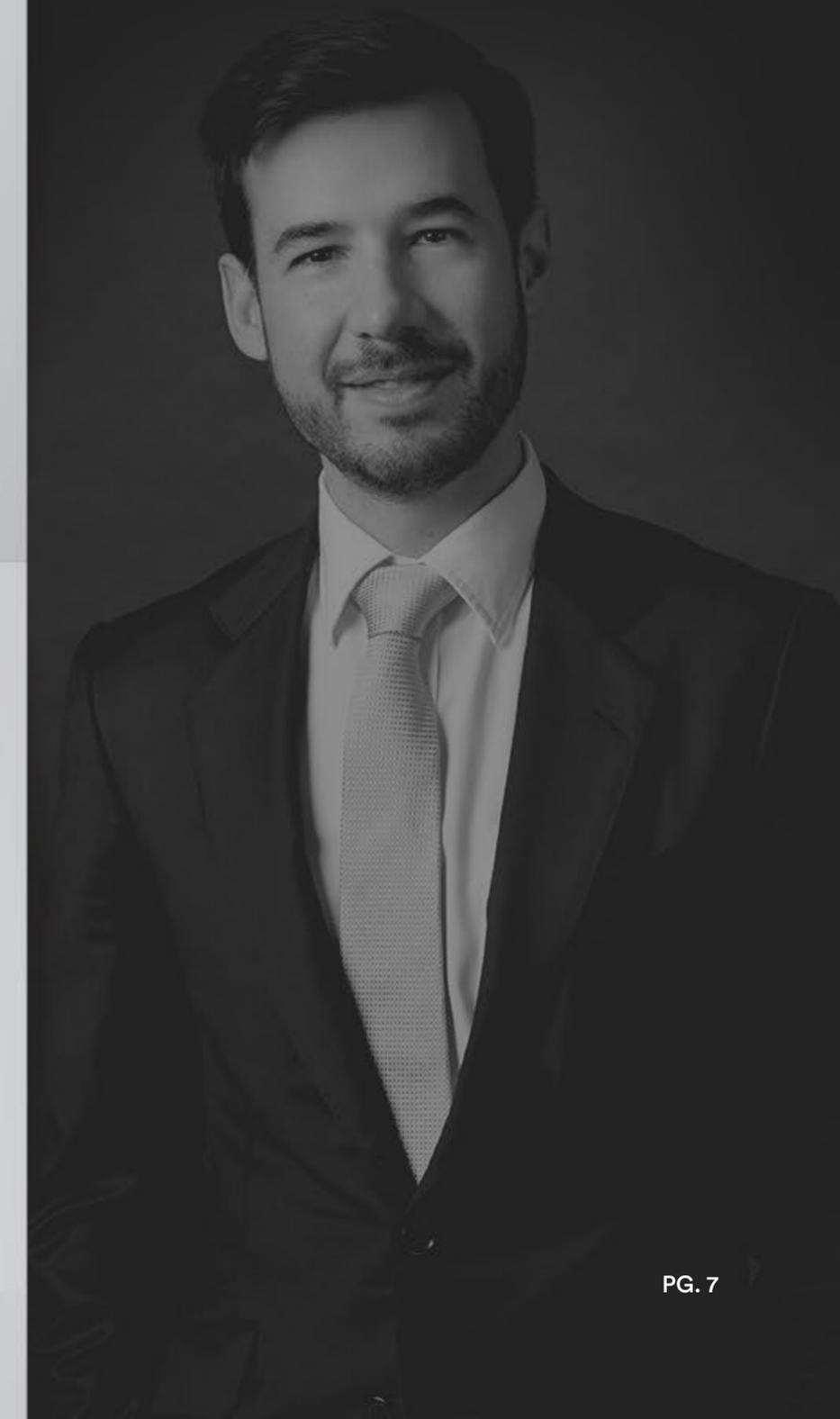
An important step taken this year was the transformation of “Hey Banco” into an independent business with the possibility of exponential growth. With this 100% digital platform we continue to develop a complete banking experience, including insurance and investments, which will continue to feed our customer base and allow us to cross-sell credit solutions and products efficiently.

Hey’s business model focuses on two segments: Hey, You and Hey, Biz. **Hey, You targets people and Hey, Biz targets companies.** For individuals we offer checking accounts, savings and credit products, such as credit cards and personal loans.

At the end of 2020, Hey had more than 100,000 active users and outstanding deposit and loan portfolio growth of 23 and 35 times, respectively. In addition, the business of commerce acquisition grew 12% in Point of Sale Terminals and 60% in the total volume of payments.

The rapid adoption of electronic banking, mobile application and Hey, services, shows us the **confidence that customers have in meeting their financial needs with Regional and the satisfaction achieved with the design of our remote offer.** Today we have a satisfaction index measured with the **NPS of 71.3**, by far one of the best ratings of the financial system in Mexico.

Despite the challenges of 2020, Regional showed its strength in achieving results above the system, especially in terms of risk and profitability. We closed the year with a **ROE, return on equity of 14.0%** and a **ROA, return on assets of 2.0%**. By following the recommendation of not paying dividends during the year, total equity grew 12.7% reaching a capitalization rate of 15.9% as of December. Thanks to this, we have enough room to grow according to demand.



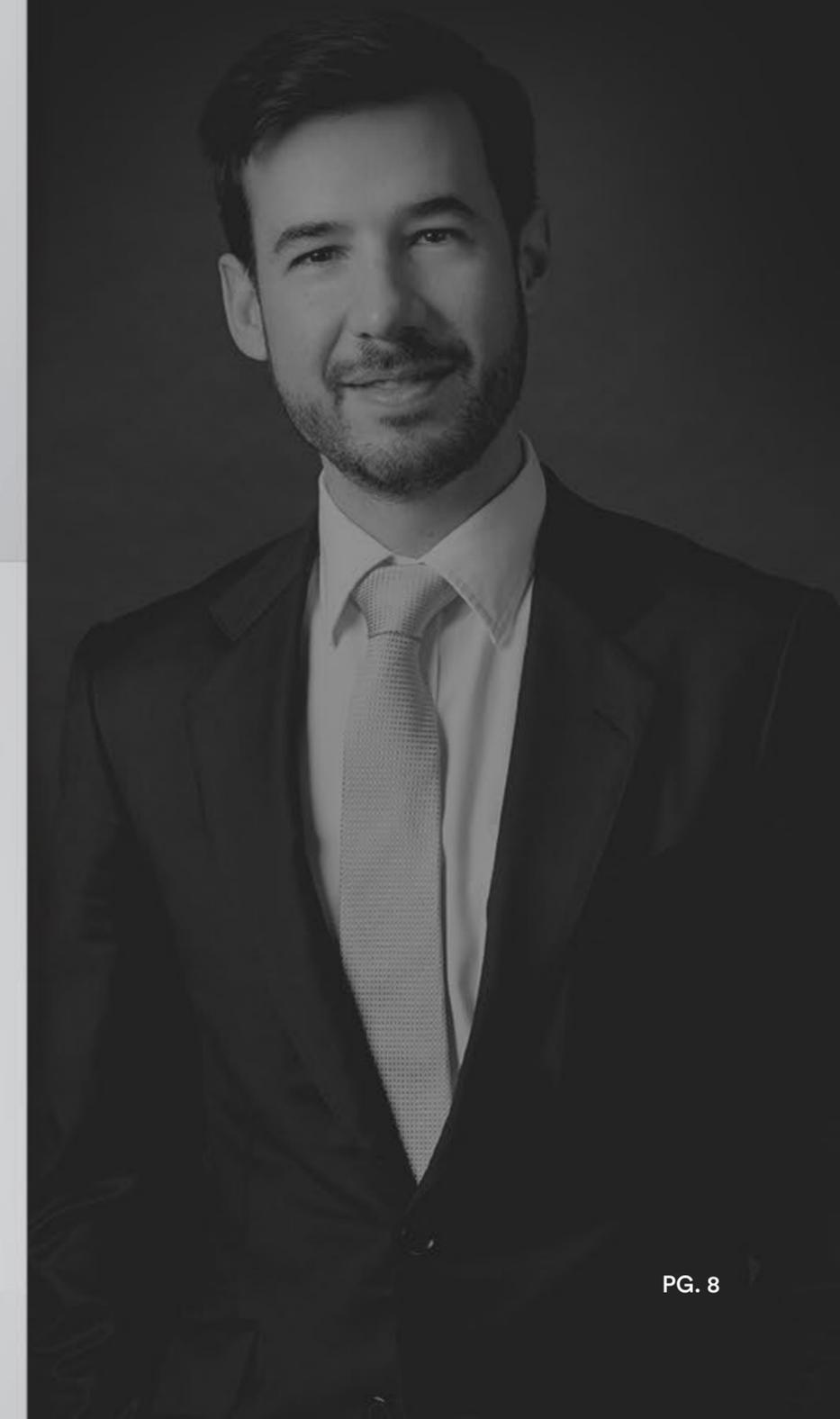
On the other hand, we constantly ask ourselves how we can maintain a sustainable relationship with all our stakeholders and this is a task that we keep in mind for all our decisions. Therefore, we are committed to the implementation of best practices that allows us: to better serve our customers, offer growth and stability to our shareholders, promote the development of our employees and the community where we have a presence. With this in mind, in 2020 we committed ourselves to two major initiatives: the Women's Empowerment Principles and the Principles for Responsible Banking. Both will be key to contributing to the Sustainable Development Goals, set out in the 2030 UN agenda.

We also maintained our presence in various sustainable indices, such as: FTS4Good Index of the London Stock Exchange, the Bloomberg Gender Equality Index and for the first year we were part of the Total Mexico ESG Index.

Today more than ever, ensuring a humane, equitable and inclusive work climate is a priority for the institution. This year, in addition to the regular survey on working climate, we implemented the standard 035 of the Ministry of Labor, which allows us to identify, analyze and prevent psychosocial risk factors in the work climate.

Likewise, we were certified in gender equality with the EDGE certificate. The methodology developed in Switzerland reviews policies and processes to ensure that equality is promoted throughout the institution. It is important to mention that in Mexico only 6 institutions have this certificate.

Each year our Code of Conduct is revised and strengthened with topics such as: anti-corruption, human rights and information security. Thanks to the fulfillment of this culture, we were recognized in two important rankings: Fortune en Español magazine and the AMITAI organization ranked us at number 15 as one of the 30 most ethical companies in Mexico. In addition, Expansión magazine in conjunction with the Mexican civil association Mexicanos contra la Corrupción y la Impunidad (Mexicans Against Corruption and Impunity) awarded us



the 77th place in the ranking of the 500 companies against corruption.

I would like to thank the entire Regional team and their families, for the effort and dedication with which they carry out their work every day in the midst of this difficult situation and with excellent results. We have certainly had many challenges, but we will not let our guard down in order to remain a pillar in the success of our customers and an engine in the sustainable financial development of Mexico.



Manuel Rivero Zambrano

Lic. Manuel Rivero Zambrano
CEO of Regional

GRI / 102-14, 102-15

Dear board members, shareholders, clients and employees,

2020 was an unprecedented year, the COVID-19 health crisis that inevitably led to a global economic crisis, affected and transformed the way we used to do business.

However, **resilience is a value that accompanies Banregio since its founding in 1994**. This year, despite the pandemic, the Company achieved a **net income of \$2,935 million MXN**, a result that reaffirms that we are prepared for challenging events, which even help us reinvent ourselves.

The crisis caused a global economic downturn that hit Mexico with a 4.5% fall in GDP in the fourth quarter of 2020. Faced with these challenges, Banregio reacted immediately by proposing 3 strategies: taking care of our employees and ensuring continuity in the operations of the Institution, ensuring liquidity and putting together a support plan for our clients.

For the first strategy, a Crisis Committee was created, which made key decisions such as the coordination of remote work and the protocol of sanitization of spaces. Half of our staff worked 100% remotely, while in physical spaces strict health and safety measures were established for customers and employees, such as mandatory use of masks, admission of a restricted number of customers, in addition to taking the temperature and distribution of antibacterial gel at the entrance of each facility.

Regarding liquidity, we set ourselves the objective of cultivating and increasing it, among the most important decisions were a **slow growth in credit placement and a very strong focus on deposits**. As a result, the **total loan portfolio** grew just **2.2%** closing the year with **\$110,327 million MXN** while the **demand deposits** increased **20.7%** closing with a total of **\$48,201 million MXN**.

**Message from the
CEO of Banco Regional**

Regarding the customer support program, we had two models to deal with the crisis:

a) in-house support designed in a personalized way for the customers profiles who required it and b) the model of government support implemented by our country's financial regulators.

With these action frameworks we managed to ensure that **27% of the institution's portfolio made agreements that granted deferral of capital or interest.** In addition, the **Non performing loan ratio diminished by 37 basis points** compared to the end of last year, ending at **1.4%.**

In addition, our flexibility to adapt to change and the dedication of the entire Banregio team in providing an extraordinary customer experience made it possible for us to maintain the highest NPS in the financial system with a rating of **71.3.**

It is important to mention that the immense commitment and great teamwork of various areas that make up the bank made it possible for 98% of our branches to remain operating and meeting the needs of our community in such a challenging year.

I am also pleased to report that our work to build close and responsible ties with all our stakeholders did not stop, on the contrary. We are making steady progress on the Sustainable Development Goals.

We reinvented our social responsibility programs to continue supporting the community remotely with our financial education offering.

Aware of the difficult situation of the micro, small and medium-sized companies, we launched an express version of our program **Mentoría Banregio** to serve as many companies as possible, and with the new online modality we were able to extend our support nationwide. During the year we helped more than **300 entrepreneurs** to create an action plan to survive the months of the pandemic.



Likewise, we transformed our **Clara Banregio** platform to continue offering education in personal finances despite social distancing. In 2020 we launched 3 online courses training more than **250 students** in topics such as saving in times of crisis, budgeting and retirement plans.

It is important to mention that all our actions are guided by our Code of Conduct and an ethical culture that ensures transparency within the organization. Compliance with these policies includes annual training for all employees on the values and attitudes that we promote in Banregio. In the reporting year, **97% of our workforce complied with this commitment.**

None of this would be possible without the dedication of the more than 4,970 employees that make up the Banregio Family. Our strength lies in their daily commitment to meet the needs of each of our clients and for this reason we work to take care of their physical and emotional health, as well as offering them better benefits that ensure a balance between their personal life and work.

This year, despite the distance, we found ways to stay together through 154 thousand hours of training that included webinars to face current changes in the environment. Likewise, we launched a **flexibility program** in our benefits that will allow each employee to select a compensation scheme according to their priorities and lifestyle.

I have full confidence that with the values that characterize this great institution, its focus on teamwork and our particular capacity to transform and innovate in the face of any scenario, we will emerge stronger from this global crisis and will continue to create a promising future for our country.



Lic. Héctor Cantú Reyes
CEO of Banco Regional

Highlights

Presence in 22 states of the republic with 156 branches

Hey, Banco new subsidiary of Regional

Purpose

The success of our Customers

Vision

To be a bank in tune with the community

Institutional Values

Relevant, Prudent, Humane, Leadership, Openness

Regional

Regional's operation started in 1994 as Banco Regional de Monterrey, with the purpose of serving the financial needs of entrepreneurs and business people in northern Mexico.

Throughout the years the Company has evolved increasing its offer of products and services, always maintaining the purpose of being a strategic ally in the business development of the communities where it is present.

As a result of this growth in 2020, **Hey, Banco**, a product that was born in Banregio as a **100% digital** bank, was integrated into Regional as an **independent business** with great **growth expectations**.

As a result of this change, currently the structure of Regional SAB de CV is as follows: Banregio Grupo Financiero, SA de CV (BanregioGF) and Hey Controladora S.A. de C.V.

It is important to mention that **Banregio Grupo Financiero represented 98% of the total accumulated net income for the Fourth Quarter of 2020.**

Banco Regional, S.A. generated 74%, while Start Banregio SA de CV, which is a subsidiary of this entity, contributed 24%.



Corporate Structure

Regional, S.A.B de C.V.

**Banregio Grupo
Financiero, S.A. de C.V.**

**Hey Controladora,
S.A. de C.V.**

**Banco Regional S.A.
Institución Banca Múltiple BGF**

**Hey Administradora
de Pagos S.A. de C.V.**

**Hey Sistemas y
Tecnología S.A. de C.V.**

**Start Banregio S.A. de C.V.
SOFOM E.R. BGF**

**Inmobiliaria Banregio
S.A. de C.V.**

Guidelines

Purpose (mission)
The success of our
Customers

Vision
To be a bank in tune with
the community

Institutional Values
Relevant, Prudent,
Humane, Leadership,
Openness



Regional's mission and vision, as well as its institutional values, are established by senior management and ratified by the Board of Directors.

These elements, together with prudent risk management and a commitment towards sustainability, shape the culture that guides all the actions and decisions of those who make up the company.

GRI / 102-2, 102-6, 102-10

Strategy and business model

The strategy of all of Regional's business units is based on the offer of an excellent commercial experience through attractive and simple products. This will enable us to obtain a broad, solid and stable deposit base.

Currently, financial services are mainly focused on:

- o **Medium-sized businesses**
- o **Small businesses**
- o **Personal banking**





Banregio

Hey, Banco

Corporate

Retail Banking

SMEs

Individuals

Segments Individuals / Hey, You

Companies / Hey, Biz

Products Hey, You: Mortgage, auto credit, credit card, capitals, mutual funds, insurance

Hey, Biz: Checkbooks, simple and revolving accounts, point of sale terminals, remote payment methods, e-commerce solutions, insurance

Clients with Banregio loan

Banregio Loan

More than 30 million MXN

Up to 30 million MXN

Consumer loans (Mortgage, Auto, Personal)

Sales

More than 250 million MXN

250 million MXN

Clients without Banregio loan

Checks

More than 8 million MXN

8 million MXN

Investment and Checks for individuals

Investments

More than 25 million MXN

25 million MXN



Main products and services

Banregio provides loan financial services to companies, mainly to SMEs, as well as financial products to individuals, such as savings, credit and insurance.

Segment

Small-sized Company

Main products and services

- » Loans for growth projects and working capital
- » Financial and operating leases, as well as factoring
- » Insurance and services (Point-of-sale terminals, online banking)
- » Business credit card
- » Business, young people and women loans

Large and Medium-sized Companies

- » Loans for growth projects and working capital
- » Financial and operating leases, as well as factoring
- » Tools for treasury and cash management
- » Insurance and services (Point-of-sale terminals, online banking)

Individuals

- » Savings and investment products
- » Mortgage loan
- » Automobile finance
- » Credit card
- » Insurance

Hey, Banco

Added to the range of financial solutions in Regional's offer is Hey, Banco a 100% digital bank designed to provide products and services that promote financial well-being in the personal banking segment.



The vision of this new business unit is to empower its clients by achieving financial well-being, offering them innovative solutions designed with the bank's own technology.

Through **Hey, Regional** seeks to position itself in the market with an integrated experience and a robust, secure and interactive platform that allows users to access financial products in a simple and personalized way.

Its strategy focuses on creating a scalable customer base where traditional banking has not been able to penetrate or serve in an adequate way.

*More about **Hey, Banco** in the Innovation chapter.*

Actions against COVID-19

Thanks to our great capacity to innovate and transform ourselves in the face of global challenges, we responded efficiently to the health crisis caused by the COVID-19 virus, managing to maintain profitability, without neglecting asset quality.

We are prepared to maintain business continuity in the contingency, watching over all our stakeholders.

Our actions are focused on three pillar:

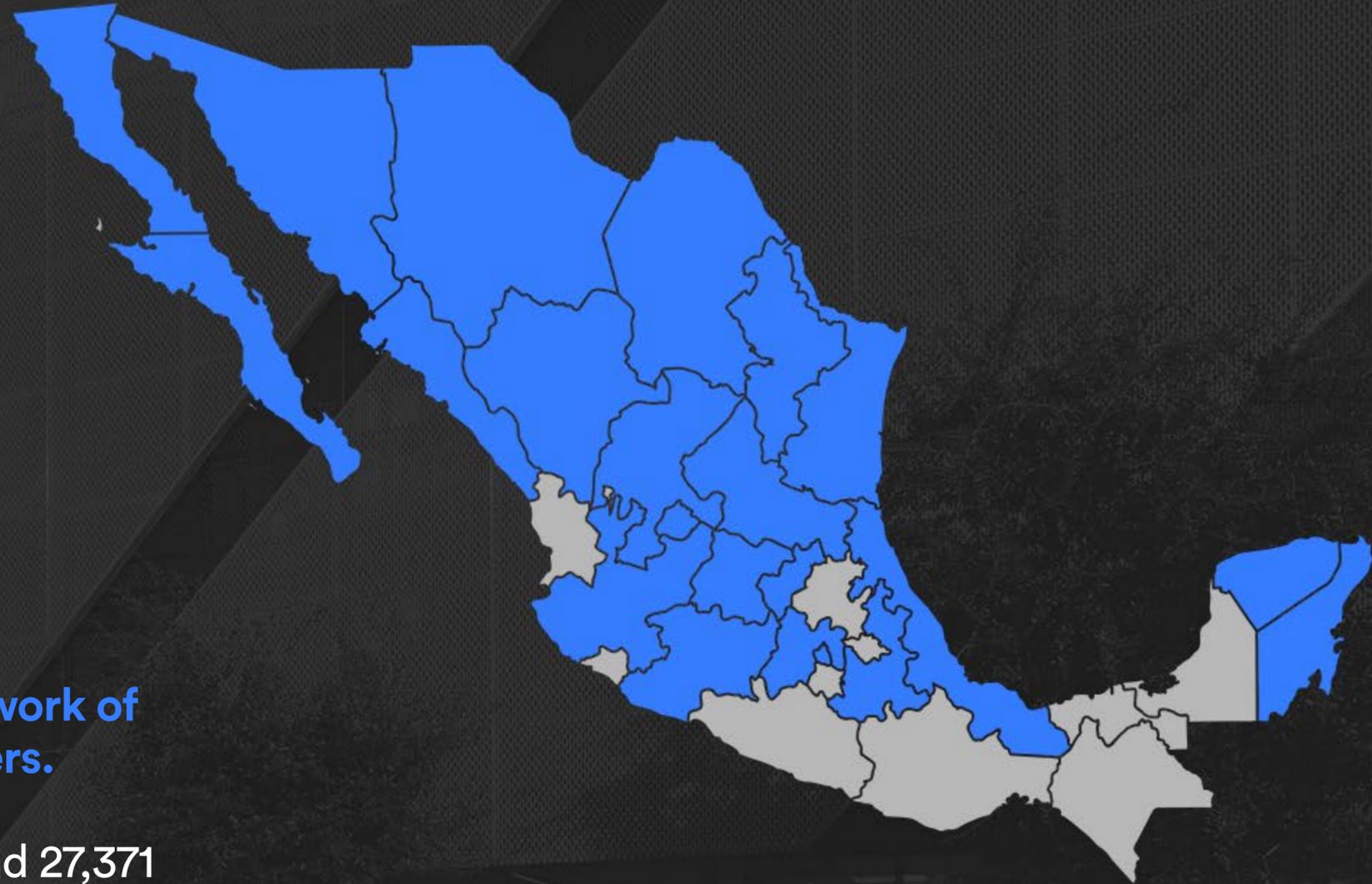
Prevention and protection of our employees: timely communication, medical advice and monitoring, adaptation and sanitation of spaces, supply of hygiene products and promotion of tools for remote work.

Customer service: development and application of support plans for debtors, priority in remote service and, if necessary, service in a branch, complying with health protocols.

Business continuity: preparation of critical and essential processes to continue operating in remote work scenarios, as well as in alternate sites.

Presence

banregio



Banregio currently has a geographic presence in **22 states through a network of 156 branches and 9 exchange centers.**

Added to this there are 334 ATMs and 27,371 affiliated businesses through point of sale terminals (POS).

On the other hand, thanks to the digital nature of **Hey, Banco** its presence reaches the entire national territory.

It is important to mention that in 2020, a **commercial agreement was reached with the 7 Eleven chain where we offer 1,800 additional access points** for deposits to debit accounts and payments to credit cards for clients both of Hey and Banregio.

Sustainability

Highlights

Signature of **Principles for Responsible Banking**

2020 Women in Leadership Champion Award -
Financial Alliance for Women

2nd year as part of the FTS4Good Index Series

We are part of the S&P/BMV Total ESG México Index

3rd year with the **Cemefi ESR Award**

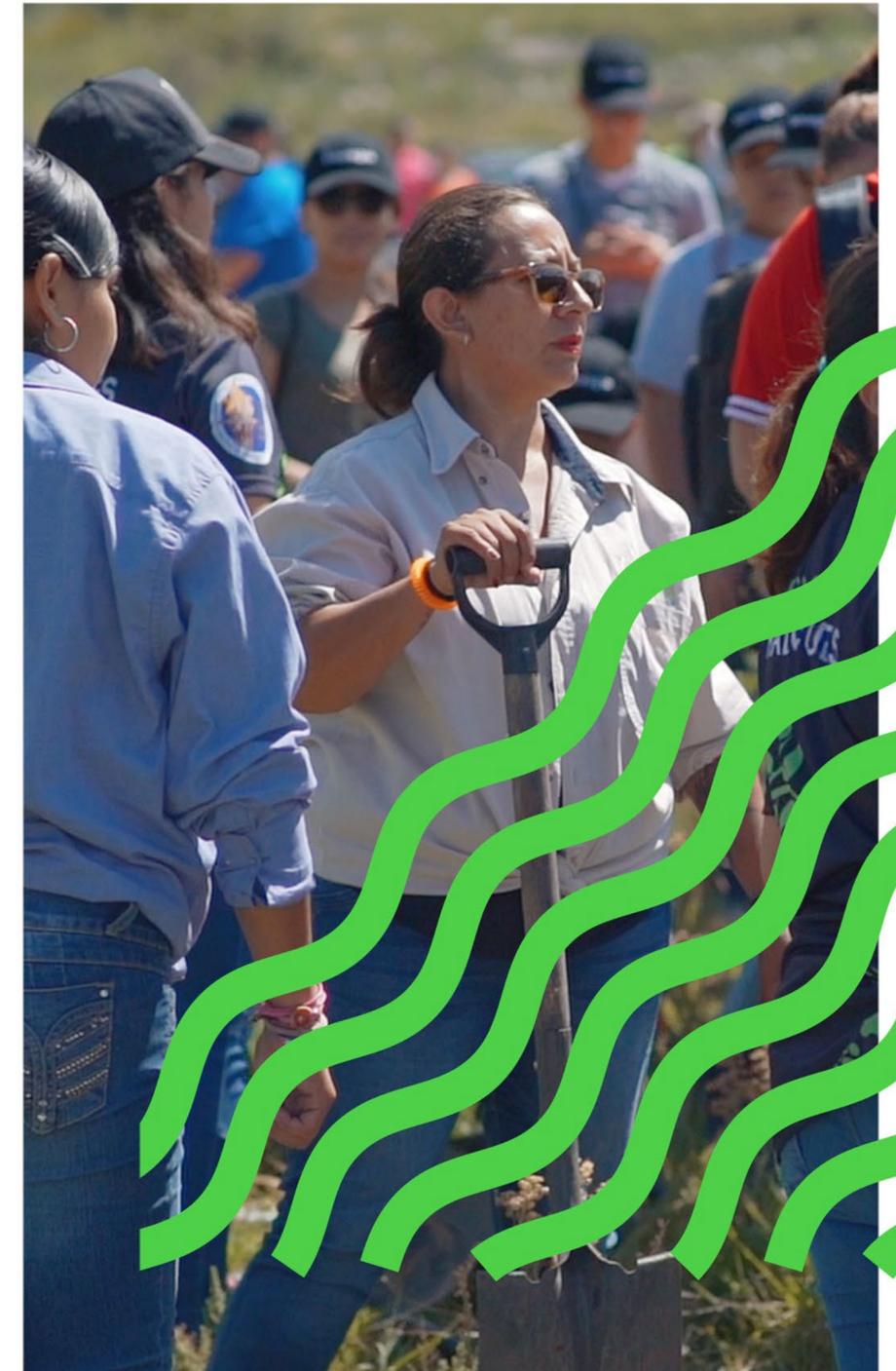
**Sustainable
Development
Goals**



Sustainability

In Regional, sustainability is defined as the creation of social, environmental and economic value for our stakeholders and the communities where we are present. It is a strategy linked to the core activity of the business and therefore is aligned with the mission, purpose and values of the company.

The Sustainability Directorate, which reports to the Planning and Finance Directorate, is the area responsible for identifying material issues, informing the Board of Directors and managing the strategy determined by the group's sustainable commitment.

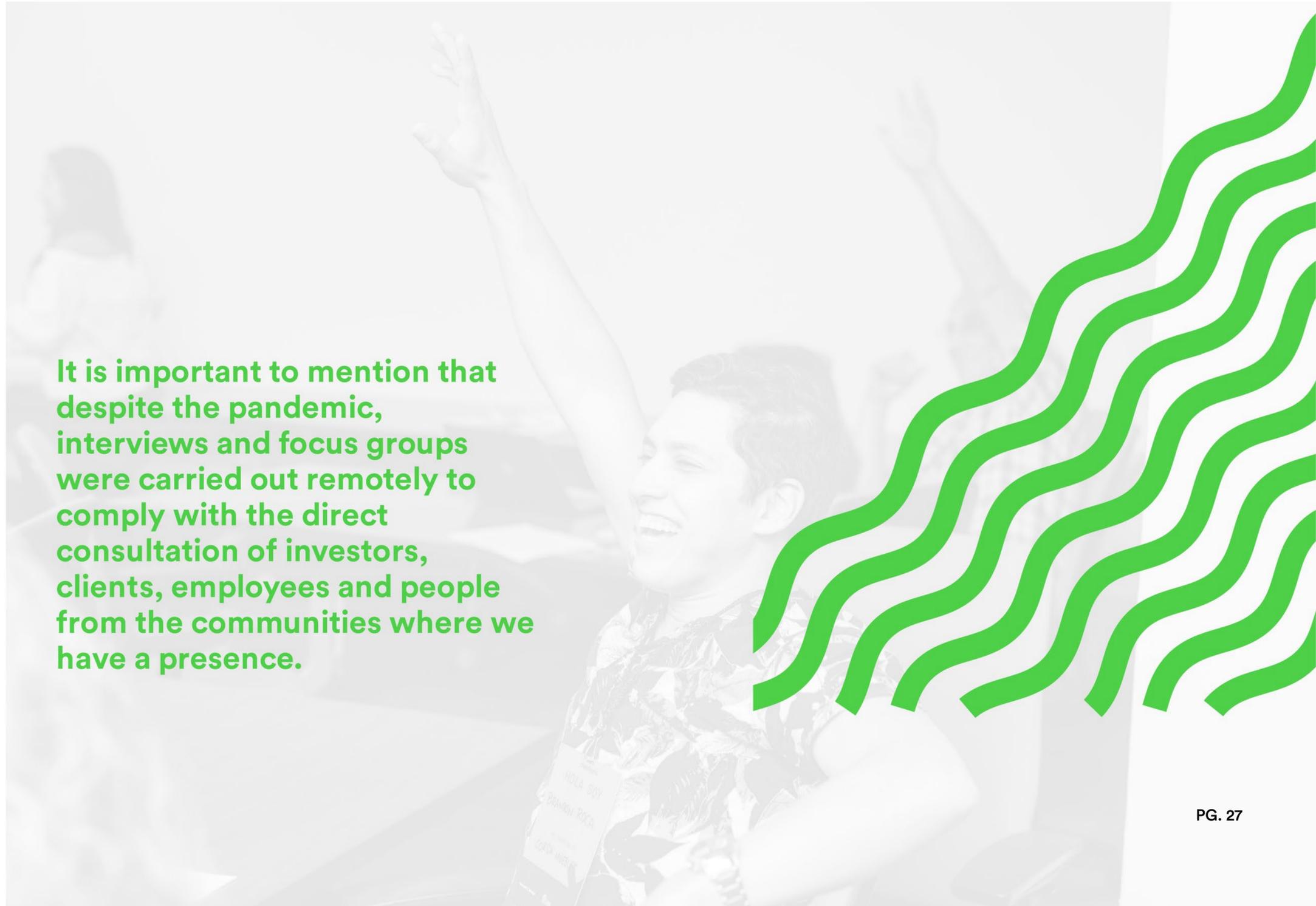


Materiality

In 2020, as a result of significant changes in the global environment and within the Company, we conducted a materiality analysis for the third time.

The determination of material issues is based on the identification of a list of potentially relevant issues, which is used to prioritize by considering the perspective of the identified stakeholders and the Regional strategy.

It is important to mention that despite the pandemic, interviews and focus groups were carried out remotely to comply with the direct consultation of investors, clients, employees and people from the communities where we have a presence.



Multi-stakeholder Materiality Matrix

II. Urgent

- Require urgent action and close control
- 12 Transparency
- 18 ESG Evaluation of credit and investment

I. Necessary

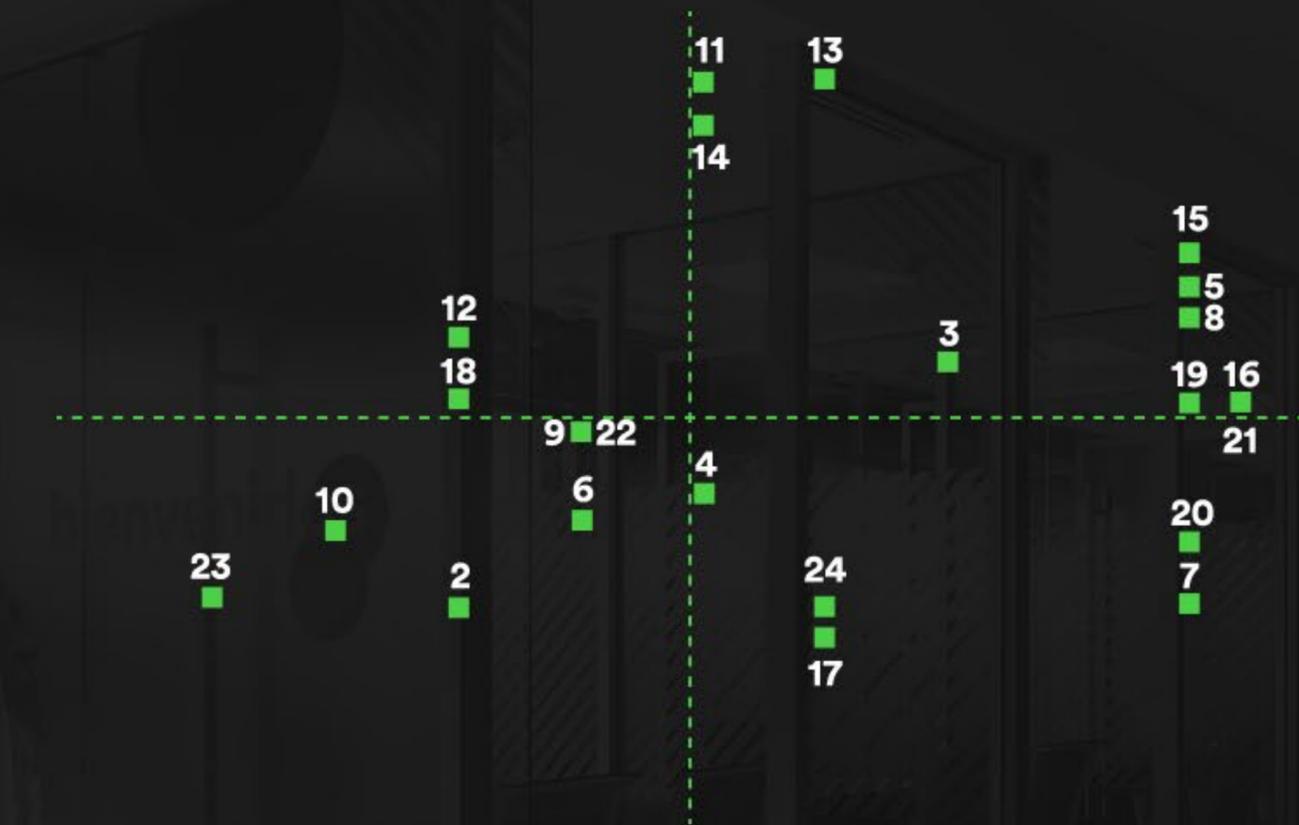
- Require special action, revision and constant adaptation
- 1 Client experience
- 3 Financial inclusion
- 5 Product, service and operation innovation
- 8 Risk management
- 11 Ethics, integrity and corruption
- 13 Cybersecurity
- 14 Information privacy and security
- 15 Digital transformation
- 16 Economic performance
- 19 Work climate, compensation and commitment of the employee
- 21 Health and security of employees Matter

IV. Emerging

- Source of competitive advantages to anticipate and foresee changes
- 2 Responsible communication
- 6 Corporate governance
- 9 Regulatory compliance
- 10 Climate risks and opportunities
- 22 Work diversity and equal opportunities
- 23 Environmental performance

III. General

- Keep the performance in the sector's average
- 4 Financial education
- 7 Operative resilience
- 17 Business competitiveness and development
- 20 Talent creation and development
- 24 Contribution to social development



In the analysis presented, the necessary matters (category I) correspond to the material matters; the urgent matters (category II) and general matters (category III) are considered emerging, which could evolve into material ones in the short term due to significant changes in the company's strategy and/or in our activity context. In this way, we address the trend of dynamic materiality.

These results now include the integration of new material matters to the list, such as: health and safety of employees, financial inclusion, as well as the Environmental, Social and Governance (ESG) assessment of credit and investment. The indicators corresponding to these topics are included in this report.

Investors Materiality Matrix

II. Urgent

Require urgent action and close control

- 2 Responsible communication
- 6 Corporate governance
- 9 Regulatory compliance
- 10 Climate risks and opportunities
- 12 Transparency
- 18 ESG Evaluation of credit and investment
- 22 Work diversity and equal opportunities
- 23 Environmental performance

IV. Emerging

Source of competitive advantages to anticipate and foresee changes

I. Necessary

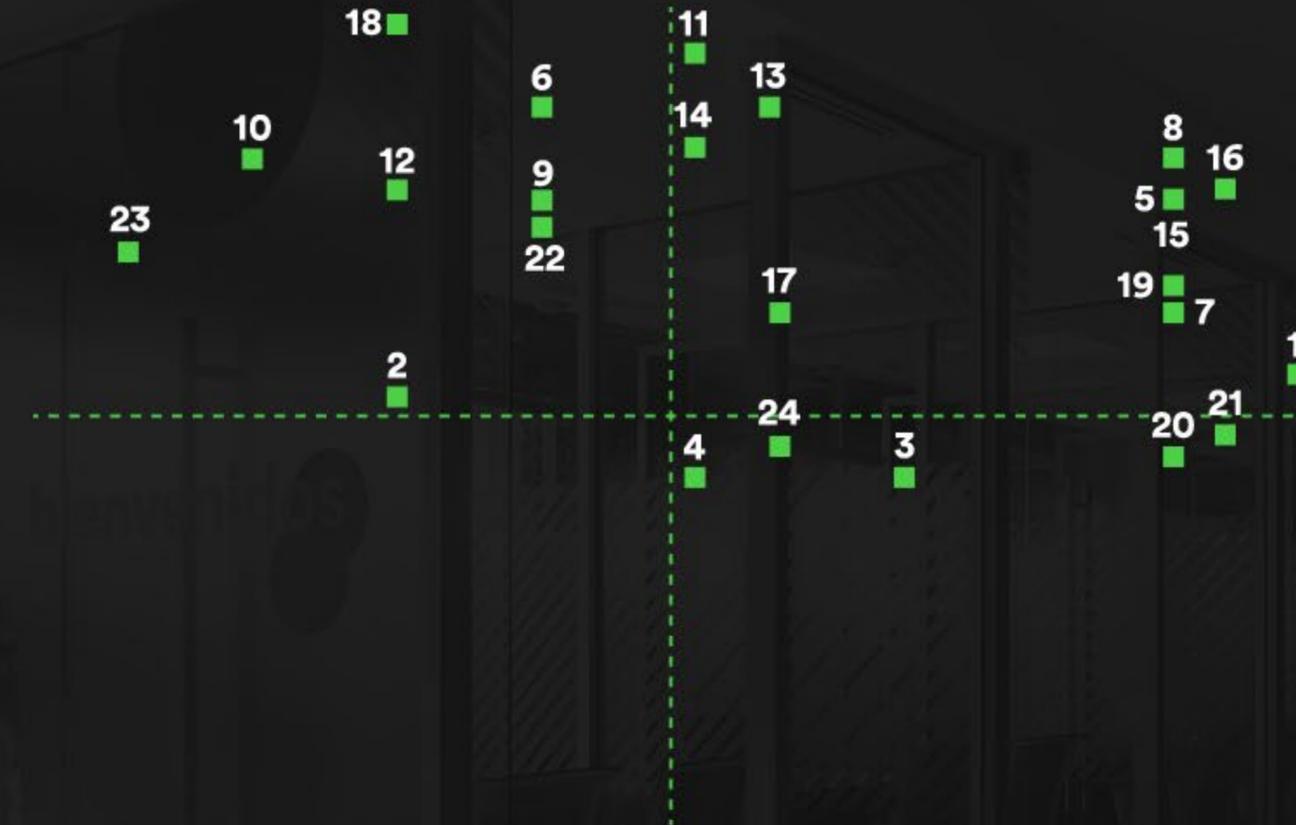
Require special action, revision and constant adaptation

- 1 Client experience
- 5 Product, service and operation innovation
- 7 Operative resilience
- 8 Risk management
- 11 Ethics, integrity and corruption
- 13 Cybersecurity
- 14 Information privacy and security
- 15 Digital transformation
- 16 Economic performance
- 17 Business competitiveness and development
- 19 Work climate, compensation and commitment of the employee

III. General

Keep the performance in the sector's average

- 3 Inclusión Financiera
- 4 Educación Financiera
- 20 Formación y desarrollo de talento
- 21 Salud y seguridad de los colaboradores
- 24 Contribution to social development



In addition to the traditional matrix that includes the results of the consultation of our different stakeholders, this year we carried out the analysis of specific material issues for our investors. They are correlated with the metrics of the SASB (Sustainability Accounting Standards Board) sector standards that correspond to our activity.

To learn more about the study, you can access our Materiality Analysis available [here](#).

Sustainability Model

Our Sustainability Model includes our work priorities on environmental, social and governance (ESG) issues. The model, established in 2018, has been updated in accordance with the changes in the operation, the expectations of our stakeholders and the maturity of sustainability in the Company. It also seeks to maximize our contribution to the Sustainable Development Goals (SDG).

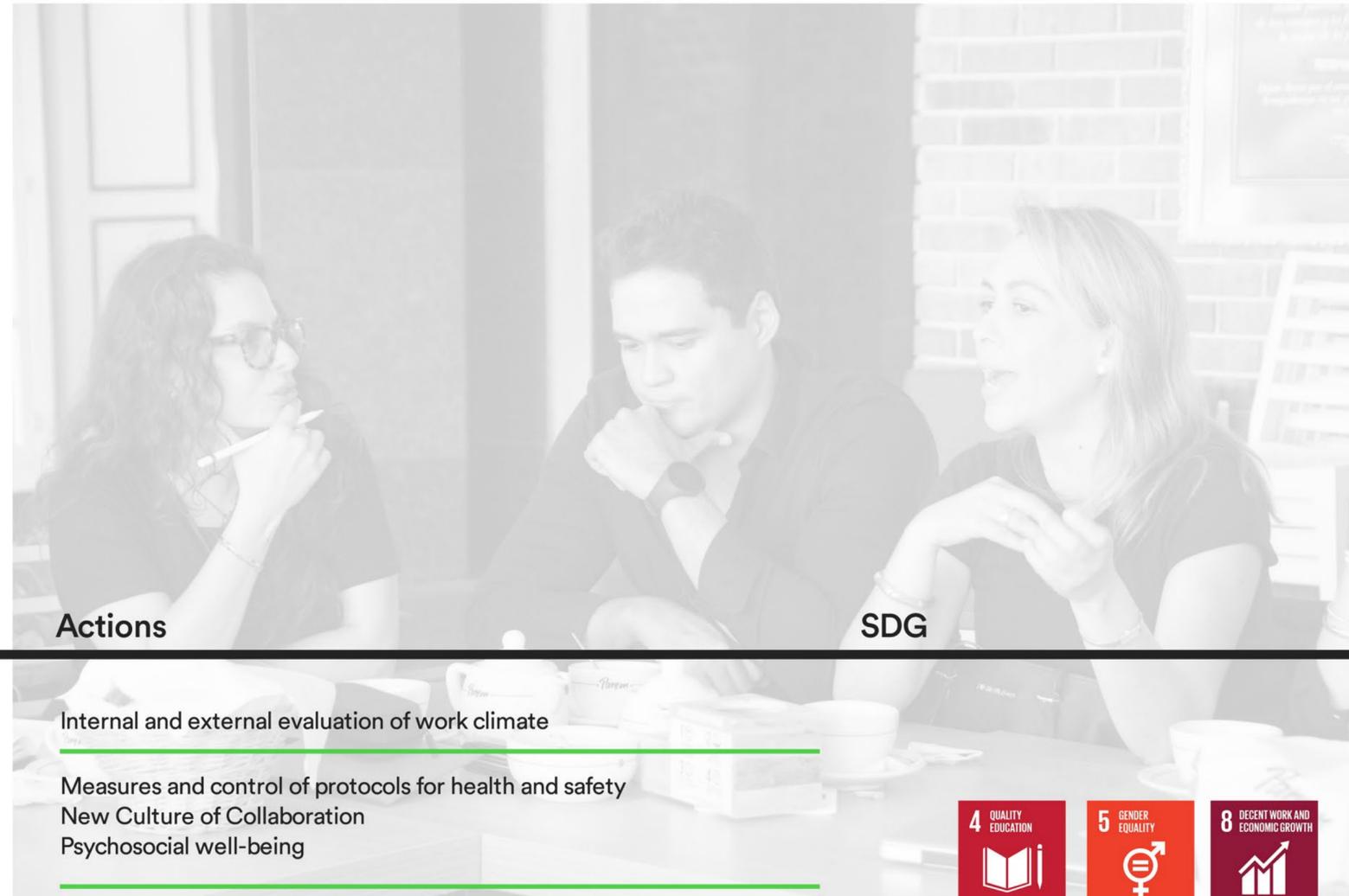
In 2020, our main subsidiary Banregio signed the **Principles for Responsible Banking** promoted by UNEP-FI together with financial entities around the world. In this way, we commit ourselves to sustainable development, taking actions in favor of the environment, from the financial activity itself.

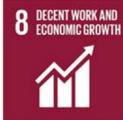
Our first action, as part of these principles, was to carry out an analysis of the positive and negative impacts of our personal and corporate credit portfolio. Based on this, we identified the key areas and established responsible banking commitments, materialized in actions that are related to our **Sustainability Model** (see table). We monitor the degree of progress through a selection of indicators, for which we have set annual targets. The details will be presented in the first semester of 2021.



The performance of the different areas of Regional, especially of the teams related to the development and implementation of processes for clients, products and services, is key to achieve our responsible banking objectives. Progress will be monitored by the Sustainability team as it becomes part of the institution's ESG strategy.

There is also leadership by Banregio's senior management, at Group level.



Dimension	Focal Point	Actions	SDG
Employees	Work climate	Internal and external evaluation of work climate	
	Health and Safety	Measures and control of protocols for health and safety New Culture of Collaboration Psychosocial well-being	  
	Career training and development	Personal finances workshops Training program for new branch model, remote banking and products Development of a scholarship scheme for external training* Training in Sustainability Strategy and Human Rights*	
	Diversity and equality	Awareness campaign on diversity, inclusion and equality Support network for recognition and empowerment of female employees Gender-focused financial education program	

*Initiatives planned for future launch



Dimension	Focal Point	Actions	SDG
Innovation	Innovation of products and services	Development of applications and payments system Mobile banking and new services	  
	Customer Experience	Customer satisfaction evaluation and monitoring system Design of simple products and transparent communication Customization solutions for entrepreneurs New contact points and digital media	
	Analysis and operation	Development of CRM and data intelligence application Streamlining of internal processes	
Community/ Environment	Financial Health	Personal finances workshops Mentoring program for micro, small and medium businesses	    
	Social programs	Social Investment Volunteering in financial and business education*	
	Continuity and operational efficiency	Measuring materials used in operation and calculation of carbon footprint Environmental Management System	
	Best practices	Evaluation of sustainability of the new businesses that the company develops or acquires* Evaluation of the board members' performance	
Corporate Governance	Risks, Cybersecurity and Client Privacy	Design and implementation of ESG risk assessment Training on emerging, environmental and social risks* Program for the reinforcement of computer security Information security training for employees	   
	Ethics and integrity	Code of conduct training, letter of commitment of the board members and system of consequences Anti- money laundering and anti-corruption training Operating of the anonymous reporting system Code of conduct for suppliers	

*Initiatives planned for future launch

Sustainable Indices

Thanks to the actions promoted through the Sustainability Model, Regional maintained in the reporting period its position in two global indices and was included in a new national list, which evaluates the maturity of companies in corporate social responsibility and impact in the environment.



FTSE4Good



FTSE4Good Index Series

Sustainability stock index created by the London Stock Exchange.

Bloomberg Gender-Equality Index (GEI)

Index that monitors the performance in gender equality in publicly traded companies.

Índice Total México ESG

Launched by the Mexican Stock Exchange in conjunction with the S&P Dow Jones.



Associations, principles and recognitions

We seek to create alliances to increase the action network of our initiatives and become agents of change.

In 2020, we joined the Principles for Responsible Banking promoted by the United Nations Finance Initiative for the Environment (UNEP FI).

The 6 Principles for Responsible Banking establish the role and responsibilities the banking industry has to adopt in order to shape a sustainable future and align the sector with the goals of the UN Sustainable Development Goals and the 2015 Paris Climate Agreement .

Under these Principles, Regional agrees to continue promoting positive actions that ensure the sustainability of its operation.



Associations, principles and recognitions

UN Global Compact (2019)

World's largest corporate sustainability initiative. Its purpose is to align companies with universal principles of human rights, labor standards, the environment and anti-corruption.

Women's Empowerment Principles (2019)

UN Women's Guiding Framework contains seven key points for promoting gender equality in the workplace, in the market and in the community.

Principles for Responsible Banking (2020)

The 6 Principles for Responsible Banking establish the role and responsibilities the banking industry has to adopt in order to shape a sustainable future and align the sector with the goals of the UN Sustainable Development Goals and the 2015 Paris Climate Agreement.

Asociación Bancos de México (ABM)

Institution dedicated to the development and strengthening the Mexican banking sector and represents the interests of the institutions that are part of it. Banregio actively participates in the Sustainability Committee and is a signatory to the **Sustainability Protocol**.

Financial Alliance for Women (2017)

It is made up of financial institutions with the objective of reducing the gender gap in the industry, promoting inclusion and the development of the female market. It is present in more than 135 countries.

In 2018 we received the Women's Market Champion New Program Award.

In 2020 we received the Women in Leadership Champion award.

HeforShe (2019)

Solidarity campaign that promotes gender equality, created by UN Women. It provides a systematic approach and a platform that allows institutions to set goals regarding diversity and inclusion with the community.

Movimiento Congruencia (2017)

Initiative of the business sector with the objective of providing equal opportunities for the social-labor inclusion of people with disabilities.

In 2019 we received the **Incluye Award** in the *Sensibilización* category.

Centro Mexicano para la Filantropía (2018)

Association dedicated to promoting and articulating philanthropic, committed and socially responsible participation of citizens, social organizations and businesses in order to achieve a more equitable, supportive and prosperous society.

In 2020 we received for the second consecutive year the recognition as a **Socially Responsible Company** (ESR for its initials in spanish).

ITESO (2017)

Instituto Tecnológico y de Estudios Superiores de Occidente. Educational associate in development of the Banregio Mentoring program.

Éntrale (2019)

Alliance for the labor inclusion of people with disabilities, it is an initiative of the Mexican Business Council that was born with the purpose of linking initiatives, connecting opportunities and changing paradigms in favor of labor inclusion of people with disabilities in Mexico.

In 2020, Banregio was awarded with the Éntrale Certificate.

Great Place to Work (2018)

International certification to promote better labor practices.

In 2018 we received the certification as one of the Best Places to Work in Mexico and in 2019 we were included in its **Diversity and Inclusion** ranking.

EDGE Certified Foundation (2020)

Body that certifies an international methodology for evaluating the current status and progress of an institution on gender equality issues, such as: equal pay, recruitment and promotion, leadership training and development, labor flexibility and organizational culture.

Regional obtained the “EDGE ASSES” certificate.

AMITAI (2020)

Organization that offers cutting-edge solutions and services, aligned with the best international practices for the effective implementation of Integrity, Ethics and Compliance programs.

Together with Fortune magazine, it creates the list of the 30 most ethical companies in Mexico, Regional obtained position number 15 on the list.

HR Ratings (2020)

International securities rating agency that includes analysis methodologies for corporate practices, financial institutions and government structures.

Banregio’s Integrity Policy received the HR PAC2 rating.

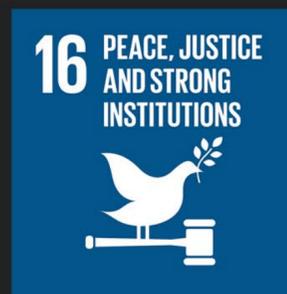
Innovation and customer experience

Highlights

- Hey, Banco joins Regional
- 104,000 customers of Hey, Banco
- 71.3 NPS Banregio
- \$680 million MXN invested in innovation
- 156 branches in operation
- 48.5 million digital transactions
- 64% new clients through 100% remote means



Sustainable Development Goals



Innovation

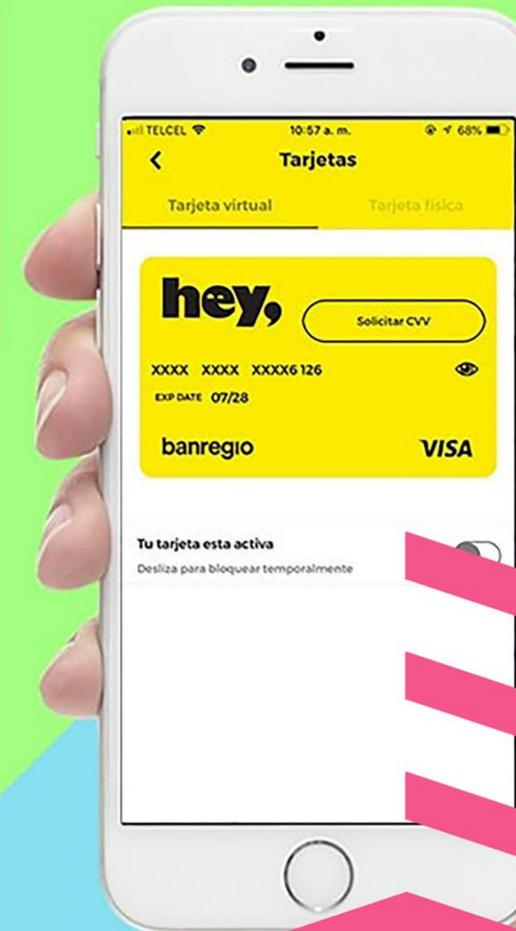
Innovation has always been linked to the entrepreneurial nature of the Company and, this year more than ever, the flexibility to respond to global challenges and find innovative solutions were the characteristics that allowed it to remain a relevant ally in the success of its clients.

With the arrival of the COVID-19 pandemic, in a few days the institutions had to transform the way they did business. For the financial system, digital banking became a priority and customer service had to adapt to rules of social distancing, as well as health protocols.

In **Regional** for some years we have been committed to having a **robust electronic banking and an agile mobile application** that allows us to offer services in a more efficient and accessible way. Likewise, we are dedicated to detecting new business opportunities that respond to the ever-changing needs of the segments we serve.

Thanks to this strategy, **Hey, Banco** was born, a 100% digital bank that began as a Banregio product and in 2020 became an independent business.

hey,

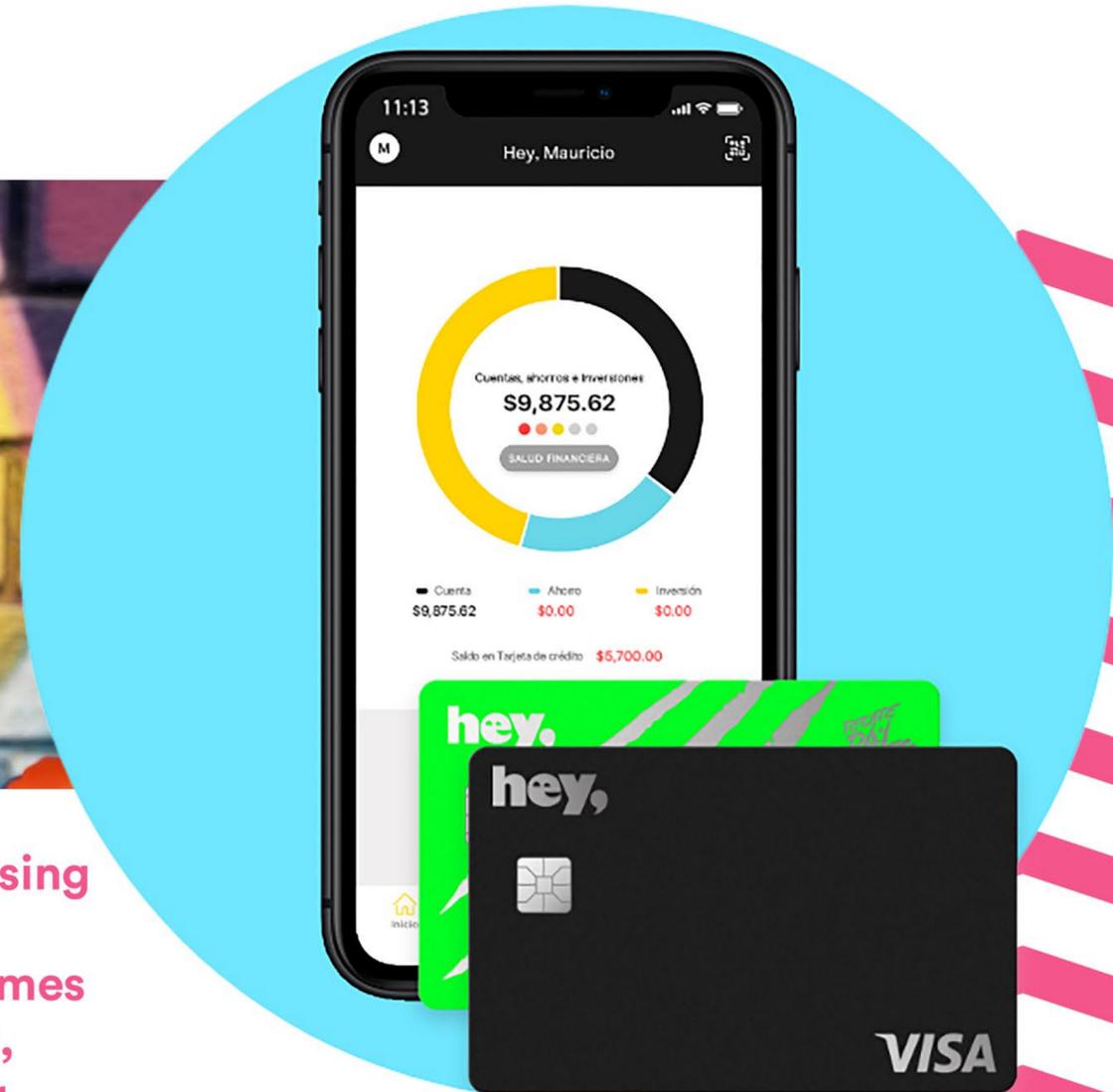


Hey, Banco

Hey, Banco was born as an app of Banregio, that allowed the opening and administration of a bank account without going to branch. In 2020, it was consolidated as a new Regional business unit, which responds to the needs of the market and the substantial opportunity of the dynamics that arise in the industry.

Hey's vision is to be **100% digital bank**, offering innovative, transparent and relevant financial products and services, serving a potential market of millions of Mexicans who are under-served or unbanked within two large segments: Individuals with Hey, You and Companies and Individuals with Business Activity with Hey, BIZ.

Due to its benefits and remote operation this product is the conception of mobile banking that has the possibility of promoting financial inclusion of people with difficult access to a physical branch or who prefer digital means to manage their finances.



Its strategy consists of: increasing customer acquisition efforts, investing to improve launch times for new products and services, offering innovative options for payment methods, as well as achieving a solid and sustainable base in the customer deposits that we will help grow through the cross-selling of our products and services.

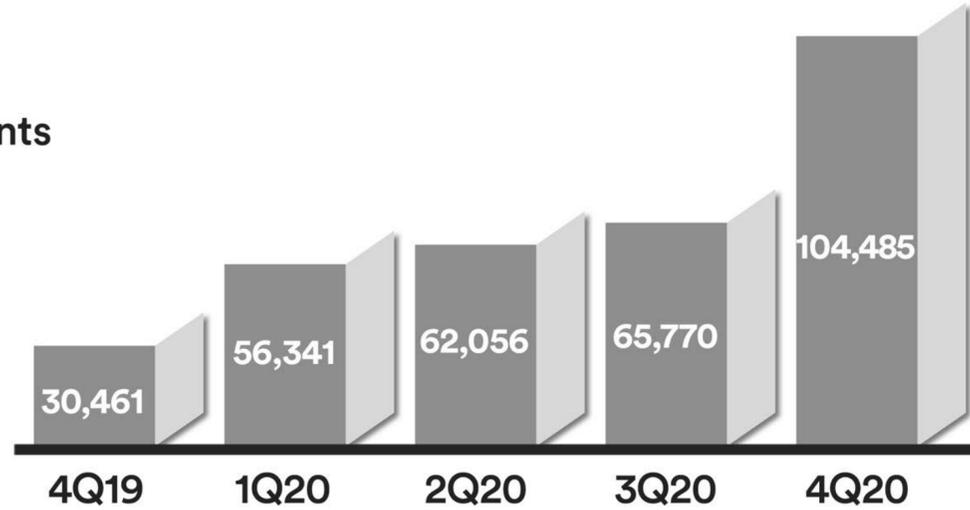


regional®

Hey, Banco in numbers

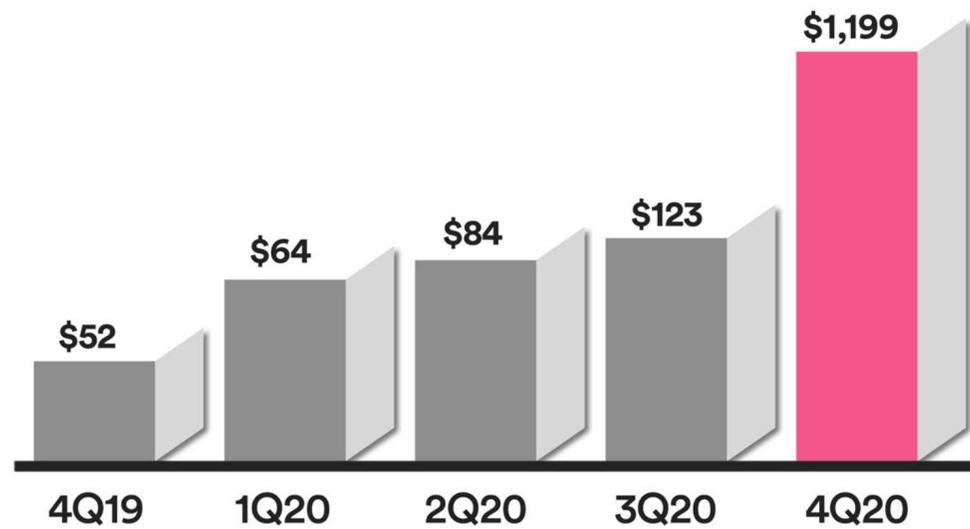
Clients

■ Active Clients



Checks

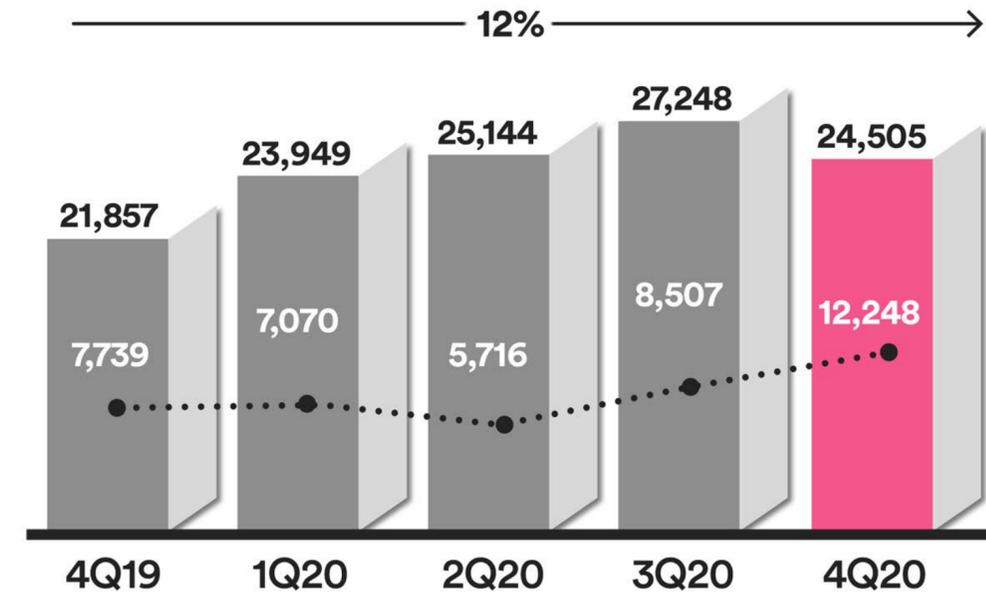
■ Deposits at closing (millions)



POS

■ Active POS

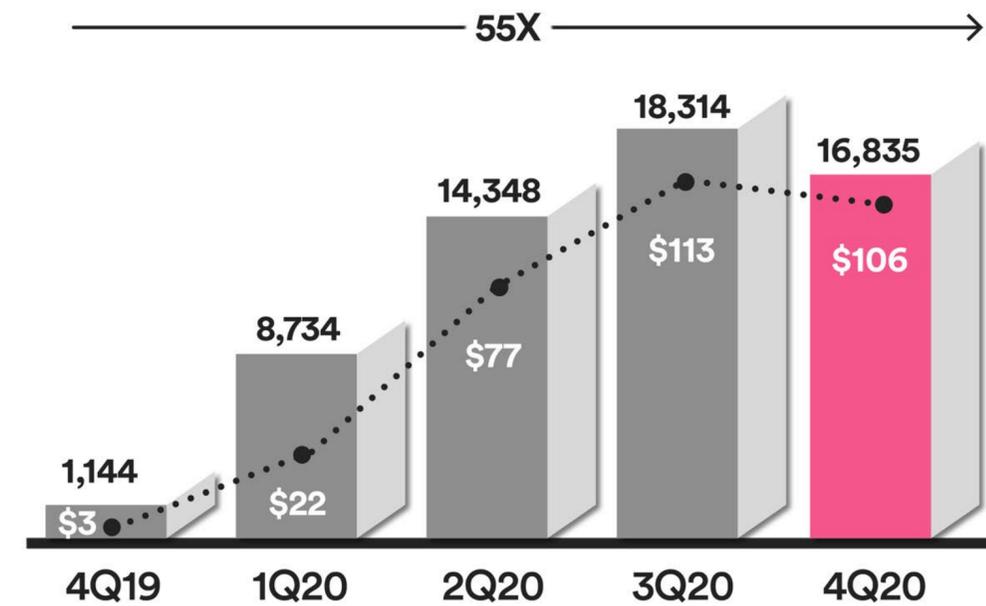
● Transactions (millions)



Credit Card

■ Active Accounts

● Placement at closing



Fintechs

Hey, Banco has also represented an opportunity to know and detect the needs of the Fintech ecosystem.

In 2020 we were dedicated to strengthening our contact with more than 100 Financial Technology companies to explore collaborations. Likewise, we implemented a pilot of consumer loans through Fintech, having expanded our knowledge in the following fields: Strategy, Marketing, Risks and Operations.



In addition, we participated in more than 15 innovation, entrepreneurship and technology events including: Finnovista Fintech Lounge, Startupbootcamp, Open Finance, Visa Demo Day, 500 Demo Day, Axtel Nave, INC Monterrey, Israel Trade, Startup México, IMEF, Smash Financial Forum, MIT Reap, among others.

The Company will continue to be actively connected to the entrepreneur community in Mexico and will also work to increase our specialized offer for this sector.



Hey, Labs

Within Regional there is a space dedicated to the transformation of processes, products and services. Our innovation laboratory's objective is to improve the experience of our current customers and the effective attraction of new ones through digital channels.

Born as Banregiolabs, in its 6 years of operation the laboratory has been transformed to meet the needs of a constantly moving environment. Thanks to their work we can say that innovation has managed to permeate the organization.

In 2020, Banregiolabs became Hey, Labs a shared services area for the various business units in the Company. Its projects include: the updating of the Hey, Banco application and Digital Onboarding (remote channel for customer acquisition).

Currently the lab works with the SCRUM methodology, forming small cells from different areas according to the type of project or product creation that provide short-term progress and ensure a dynamic design focused on the user.



Digital Strategy

Among the biggest challenges that 2020 presented was the need to transform the personal connection to a digital experience. Banregio was able to respond to this challenge thanks to the advancement of technological solutions that allow its clients to use its products and services remotely.

This vision of technological strategy has driven new processes and management models, among them is **Digital Onboarding**, a modality that was created to attract customers, register prospects and easily link our business force through a single channel.

In 2020, driven by a new reality where social distancing was necessary, Digital Onboarding became a priority sales line. Of the total new clients in Regional, ***64% were acquired through digital channels**, in the same way the number of products opened with this format increased.

** No. of digital Onboarding openings

Product	2019	2020
Debit Accounts	101,025	290,579
Credit Cards	3,141	57,040
Investments	6,641	47,119

*Includes Banregio and Hey, Banco. Only includes 100% of clients acquired remotely.

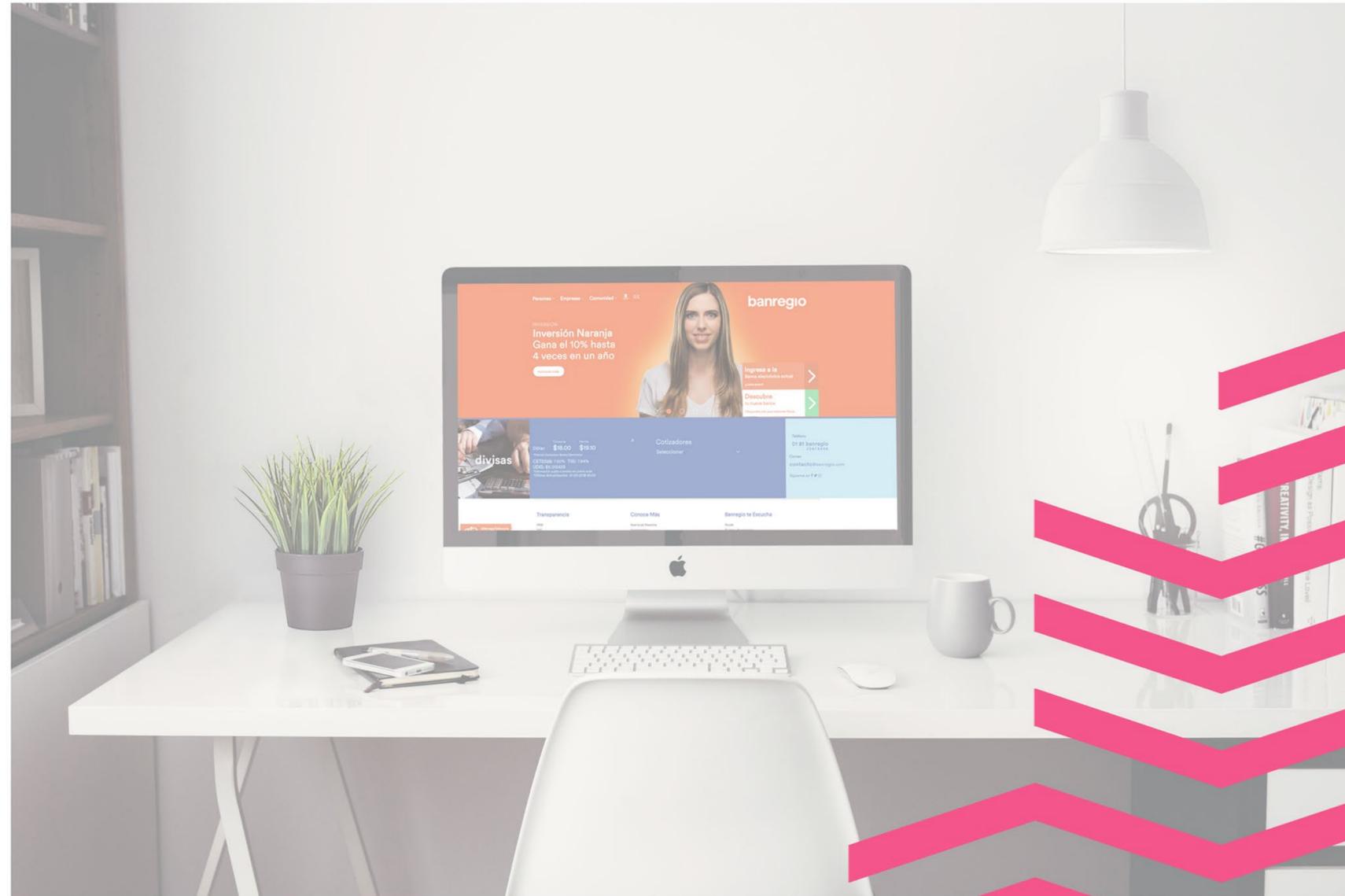
Includes any product **that started its sale process through digital onboarding, automated teller machine or electronic banking.

Consequently, there was an increase in digital transactions, reaching 48.5 million accumulated transactions through electronic banking.

The long-term vision is that the bank may be able to offer the full range of its products and services through this self-service scheme, or in an assisted manner with digital advisors in branches.

In this way, we take care of the health of our clients and employees, as well as promote the effective financial inclusion of our stakeholders in the use of technology.

In 2020, the implementation of these services, programs and initiatives represented an investment in innovation of **\$680 million MXN**, ****5.4%** more than in the previous year.



* Investment in innovation was calculated with new items, previously only Banregiolabs activities were considered, now it includes investment in technology from the Directorate of Transformation and Development, as well as the acquisition of technological equipment.

GRI / 203-2, 417-1, 417-2, 417-3

SASB / FN-AC-270a.2, FN-AC-270a.3

Customer Experience

An important differentiator of the Banregio Experience is the personalized, humane and high-quality service. In addition to legal compliance, active listening and the constant evolution of our offer to meet the ever-changing needs of the market, this value has allowed us to create deep connections with our clients.

As a financial institution we know how important it is that the client obtains clear, transparent and concise messages. For that reason, we present the financial information of our product catalogue and services in accordance with the data registered before the *Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros* (National Commission for the Protection and Defense of the Users of Financial Services) and Banco de México.

Likewise, we protect the legal certainty of the customers by providing them the necessary elements to best assist their decision-making process. We strictly adhere to the correct publication of the fee catalog, as well as the relevant information regarding the calculation of primary indicators, such as: the Total Annual Cost (CAT) of the credit products and the Total Annual Profit (GAT) of the investment products, such as Promissory Notes and CEDES (Certificates of Deposit).

Thanks to these good practices, in 2020 we did not receive any sanctions neither for non-compliance regarding the information and the labeling of the products and services, nor for issues related to marketing communications, such as advertising, promotion and sponsorship.



ESCUCHA

This platform allows us to measure our customer experience, design action plans and prioritize initiatives to maximize resource efficiency. This new tool allows us to detect the strengths and opportunities of Banregio through feedback in real time and from different points of contact.

In times like 2020, full of uncertainty, the orientation and closeness with our customers becomes more relevant than ever. During this period, we received **172,265** responses from our Banregio customers and **63,831** from Hey, Banco.

We selected the Net Promoter Score (NPS) as the main indicator to measure ESCUCHA, since it is the most used metric in the financial sector. This rating takes into account user satisfaction and loyalty in the same question. At the end of the year Banregio reported an **NPS of 71.3**, one of the highest results in the financial system.

It is important to mention that the system is constantly evolving to respond to situations in the environment. This year the topic "COVID" was created within the artificial intelligence tool to quickly and timely identify customer feedback regarding the pandemic. Based on this feedback, we were able to improve health measures in branches and channel customer cases requiring support.

How is NPS measured?

We ask our customers: On a scale of 0 to 10, how likely is it that you would recommend Banregio to a friend or family member?

NPS Results

Banregio Global: 71.3

Hey, Banco: 67

Likewise, the same measuring metric was implemented in the areas of the bank, to calculate the satisfaction of our internal service. ESCUCHA.ME's objective is to detect improvements in internal response processes, through the evaluation between support areas. In 2020, a first presentation of this platform was made with key areas that were given an internal NPS of **91**.



Promoters - Detractors = NPS

- 10 - 9** Promoters Loyal enthusiasts
- 8 - 7** Passive Satisfied
- 6 - 0** Detractors Unhappy, bad relationship

Intelligence, Analytics and CRM

The Intelligence, Analytics and CRM department has been key in our growth and opening of new channels. It is the right arm of the sales force in the process of identifying trends and translating analysis and findings into concrete strategic actions.

This department was responsible for implementing a new **CRM** (Customer Relationship Management) with the name **ELEVA**. This tool has improved the success rate and volume of campaigns sent to customers, it has also allowed the commercial network to have a 360 view of our customers.

In 2020, the department of 35 employees (including ESCUCHA) worked to detect and generate actionable data derived from the priority needs of customers facing new challenges.

\$41 million MXN were invested this year in the development of analytical models, information analysis and customer relationship tools, as well as the launch of 78 commercial campaigns.

New Branch Model

Having the customer at the center of our operations we are committed to offering the best experience inside and outside our facilities, that is why we want to continuously improve Banregio's branches moving from a transactional model to a relation-based model.

In 2020 we took advantage of the experience and knowledge obtained from our previous models and a new model was designed to respond to challenges due to the growing demand for digitization and personalized attention.



Evolution 360

Named Evolución 360, the purpose of this new model is to improve the role of the branch in the value offering of all segments of the bank, by migrating to an efficient, digital and remote attention that maintains an excellent personalized experience.

Among the main elements are:

- Improving productivity by implementing self-service
- Branch Scanning Experience
- Redesign of counter processes by adding smart ATMs
- An Assigned Concierge

This model is designed to digitize our current customers, preserving the entire portfolio of services. The goal for next year will be to have 12 branches transformed.

*Although 100% of our branches operate with the orange model, 12 facilities are still pending remodeling.

At the end of 2020, we have the following facilities:

- *150 Orange Branches
- 9 Exchange Centers
- 4 spaces with the *Evolución 360* model
- 2 Preferred branches

Additionally, we have increased our presence through a commercial agreement with the **7 Eleven** chain where we offer **1,800 additional** access points for deposits to debit accounts and payments to credit cards for both Hey, and Banregio clients.

It is important to mention that as it happened with most businesses, in the year 2020 our physical spaces had to adapt to the health protocols established for COVID-19.

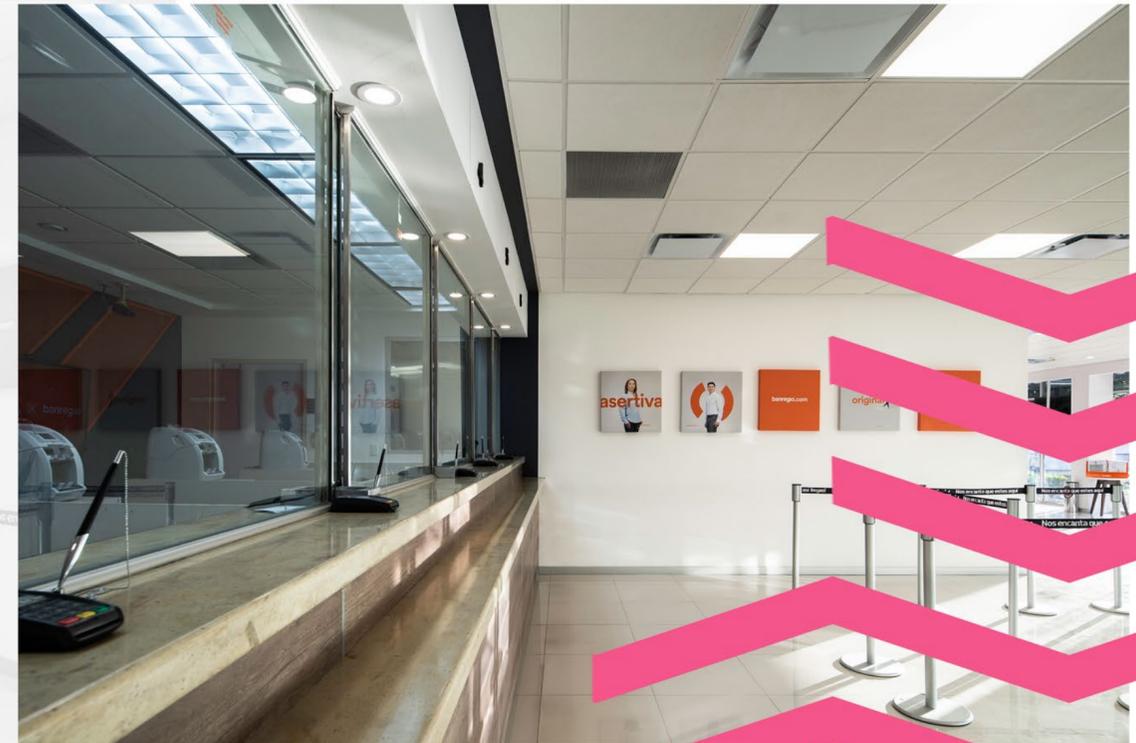
A **Crisis Committee** was appointed for agile decision-making in the face of the changing environment of infections. This team reviews a daily report of each branch, prepared by the medical department including indicators such as temperature measurement, confirmed cases of COVID-19 and possible symptoms detected.

Based on this report, appropriate measures are taken to maintain the proper operation of the service as well as to comply with the safety of customers and employees. Precautions include: the possible closure of facilities, the restriction of the number of people served within the branch and a reduced workforce, sending certain people to work remotely.

Unfortunately, as a result of the restrictions and considering the closure of shopping malls and the indications in the health sector, we decided to cancel our contact points *Puntos Naranja*.

Thanks to the extensive work of the team including: medical, customer experience, commercial and physical security, as well as the agile response of senior management, despite the pandemic, only 55 branches experienced some partial closure and **we managed to keep 98% of our facilities on average open.**

In 2021 we will continue to promote an innovative vision, with products at the forefront of current trends, a unique customer experience that allows us to be their main bank and we will continue to take care of the most precious thing we have, which is the health and safety of all those who are part of Regional.



Financial Performance

GRI / 102-7

Highlights

\$2,952 million MXN Net Income

\$110,416 million MXN Total loan portfolio

\$99,822 million MXN of Core deposits

1.4% NPL Ratio

47.8% Efficiency Rate

14.0% ROE

2.0% ROA

Relevant Financial Data

In 2020, thanks to its strategic planning, rapid response to change and a prudent culture of risk, Regional achieved solid economic performance in the midst of a global crisis.

Below are the main indicators at the end of the year.

Income

At the end of 2020 net income was \$2,952 million MXN, representing a decrease of 19.7% compared to 2019. This contraction was due to the complicated global economic environment in the face of the health crisis caused by COVID-19.

\$2,952 million MXN ▼ 19.7%

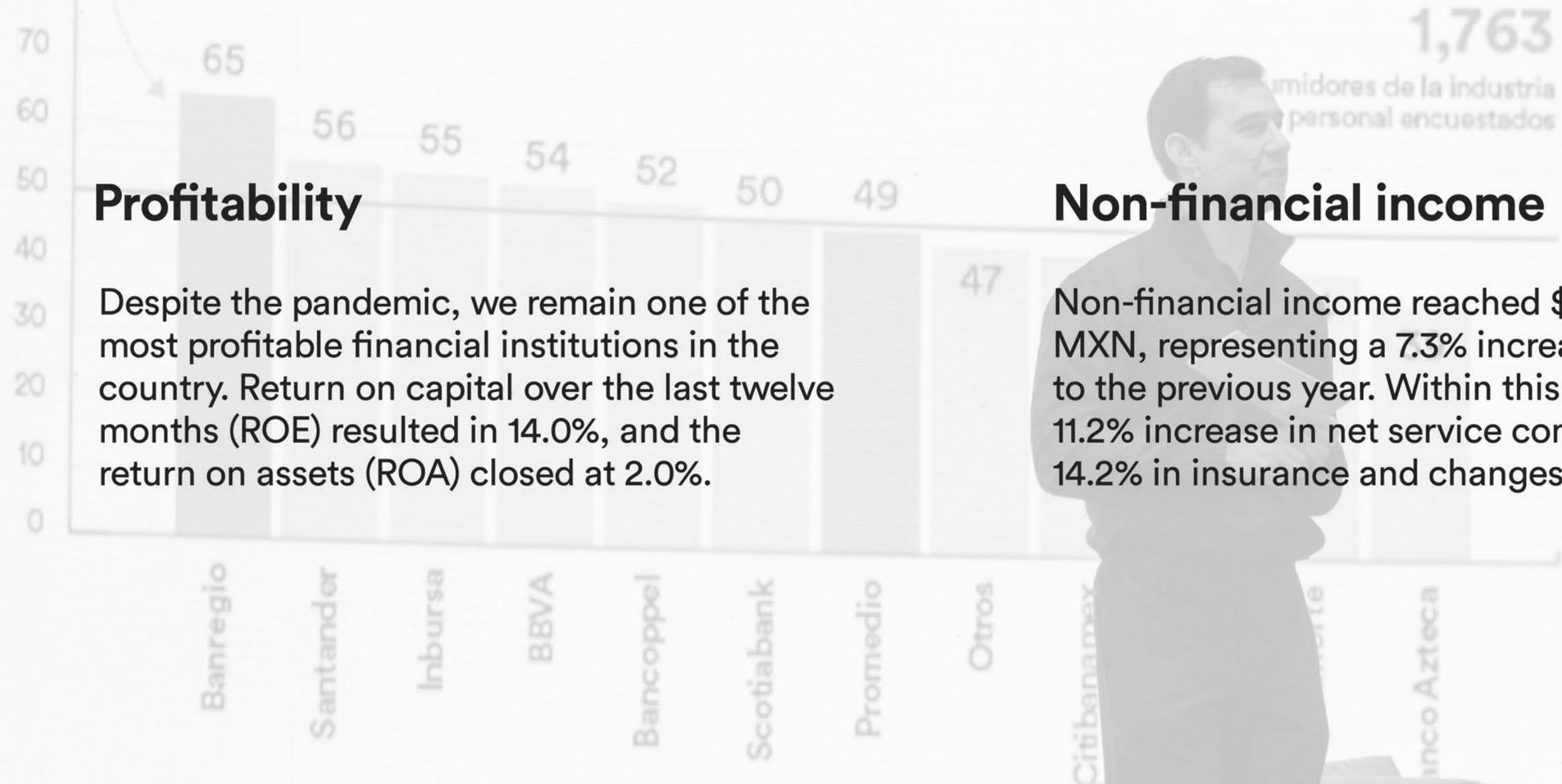
Margin

Financial margin closed at \$7,512 million MXN, a decrease of just 2.5% compared to last year.

By improving our funding mix we managed to decrease the sensitivity of the NIM, which is reflected in the decrease of only 2.5% of the financial margin, while the reference rate decreased from 7.25 to 4.25 in 2020.

\$7,512 million MXN ▼ 2.5%





Profitability

Despite the pandemic, we remain one of the most profitable financial institutions in the country. Return on capital over the last twelve months (ROE) resulted in 14.0%, and the return on assets (ROA) closed at 2.0%.

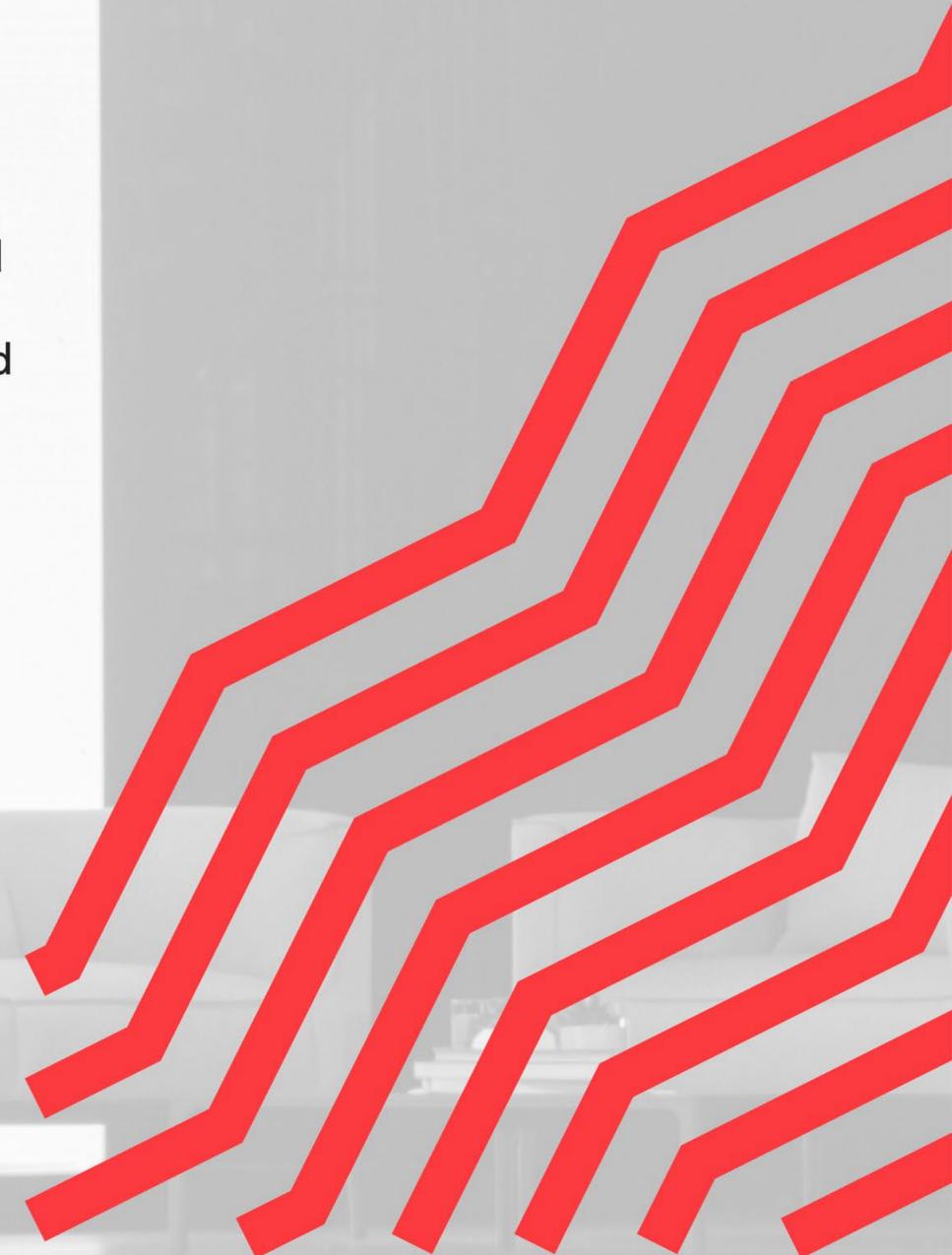
ROE 14.0 %

ROA 2.0 %

Non-financial income

Non-financial income reached \$2,648 million MXN, representing a 7.3% increase compared to the previous year. Within this category, an 11.2% increase in net service commissions and 14.2% in insurance and changes stood out.

\$2,648 million MXN ▲ 7.3%



Efficiency Rate

Thanks to a prudent spending policy and strategic planning for the effects of the pandemic, despite the challenges of the macroeconomic environment we maintained a healthy efficiency rate of 47.8%.

47.8%

Deposits

Core deposits closed at \$99,822 million MXN showing a slight increase of 0.1% compared to the previous year. The 20.6% increase in demand deposits stood out, which reached \$48,159 million MXN, while time deposits closed at \$51,663 million MXN.

\$99,822 million MXN ▲ 0.1%

It is important to mention that the cost of core deposits at the end of 2020 was 2.7% and the ratio of net portfolio to deposits **110.6%**.

Sources of Funding 2020 (%)



Financial statements

(figures in millions of MXN)

Balance Sheet	2019	2020	Var.
Assets			
Securities investments	12,104	13,650	12.8%
Loan portfolio			
Performing loans	106,015	108,864	2.7%
Non-performing loans	1,918	1,552	(19.1%)
Total Loan Portfolio	107,933	110,416	2.3%
Reserves	2,342	2,626	12.1%
Net Loan Portfolio	105,777	107,985	2.1%
Total Assets	141,901	149,948	5.7%
Liabilities			
Demand deposits	39,947	48,159	20.6%
Time deposits	59,771	51,663	(13.6%)
Core deposits	99,718	99,822	0.1%
Commercial paper (CB)	2,839	2,428	(14.5%)
Development bank loans	8,510	7,262	(14.7%)
Total funding	111,067	109,512	(1.4%)
Repurchase agreement	5,553	11,494	107.0%
Total Liabilities	122,214	127,758	4.5%
Total shareholder's equity	19,687	22,190	12.7%

Income Statement	2019	2020	Var.
Interest income	17,027	15,251	(10.4%)
Interest expense	(9,326)	(7,739)	(17.0%)
Financial margin	7,701	7,512	(2.5%)
Net provisions	(731)	(1,064)	45.6%
Financial margin adjusted by provisions	6,970	6,448	(7.5%)
Commissions and fees	853	949	11.4%
Insurance and FX fees	740	845	14.2%
Net Leasing	875	854	(2.4%)
Non-financial income	2,469	2,648	7.3%
Other income (expenses)	(60)	(236)	293.3%
Total income	9,379	8,860	(5.5%)
Compensation and benefits	(2,126)	(2,468)	16.1%
Operating expenses	(2,160)	(2,279)	5.5%
Management and promotion	(4,286)	(4,747)	10.8%
Operating Income	5,093	4,113	(19.2%)
Income Tax	(1,430)	(1,180)	(17.5%)
Net Income	3,675	2,952	(19.7%)

Performance by business segment

Total Income by Business Segment (%)



Current loan portfolio by business segment (%)



SME

The SME segment remains our core business by representing 73.7% of the current portfolio. At the end of the year the portfolio closed with a balance of \$84,592 million MXN, a growth of 1.9%.

In the face of the COVID-19 crisis, we designed payment deferral plans and other measures to support small and medium-sized enterprises impacted by the pandemic.

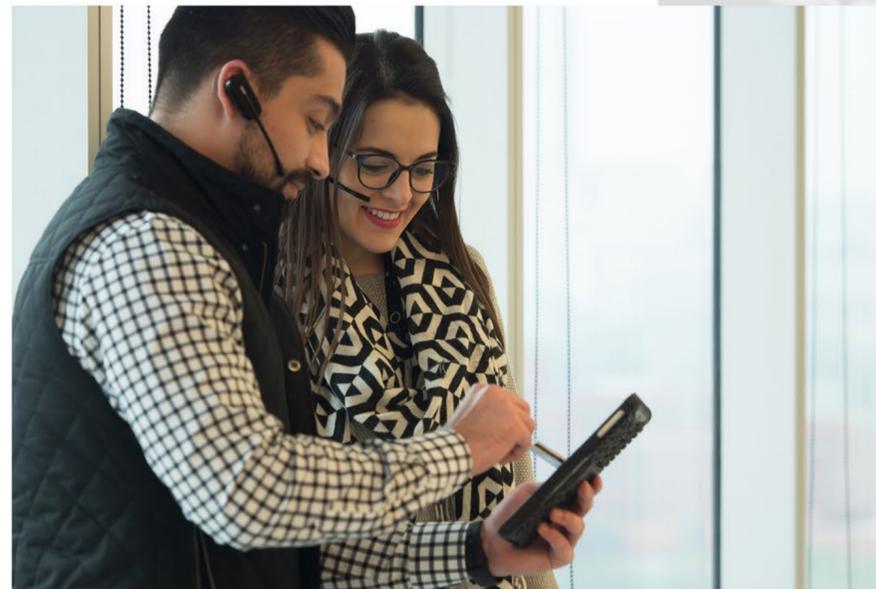
We mainly have two models of action:

1. Banregio model: customized design of measurements based on the profiles of the most affected customers
2. Government support model: general measures promoted and implemented by financial regulators

27% of the portfolio reached agreements that grant deferral of capital or interest.

Approximately 80% were medium and small businesses.

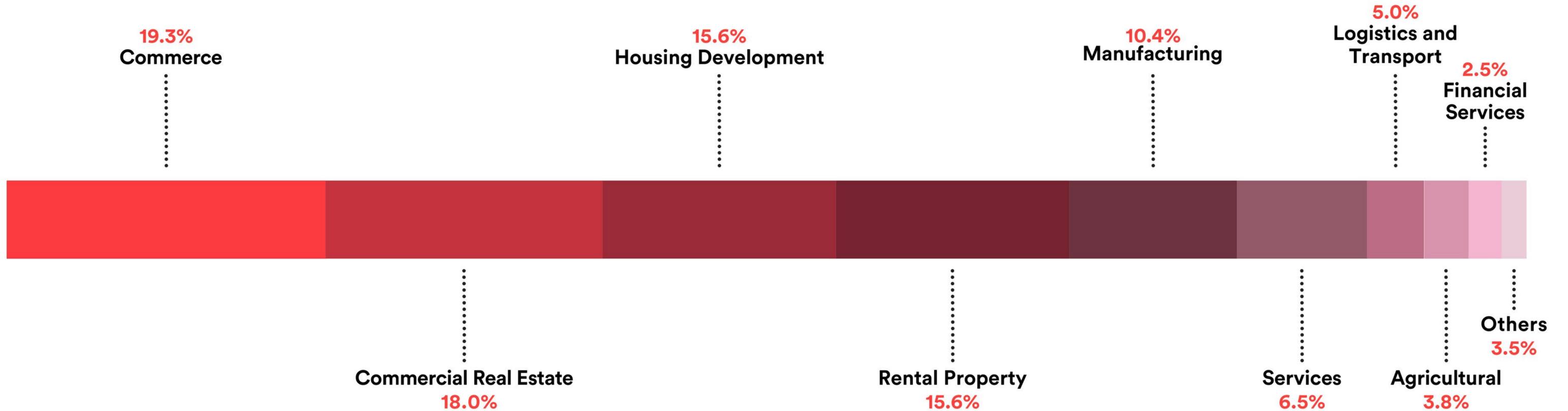
\$84,592 million MXN ▲ 1.9%





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SME Commercial Portfolio by Sectors and Activities (%)



It is important to note that Regional is not exposed to the economic sectors that have been affected the most, such as: tourism, entertainment, airlines, government or PEMEX and its supply chain.

Personal Banking

Consumer loans

In 2020, the consumer portfolio reached a balance of **\$2,396 million MXN** which represents **2.1%** of the current loan portfolio, with an increase of **5.8%** compared to the previous year.

Mortgage

The mortgage credit sector for home and land acquisition, as well as the refinancing of existing loans, represented **9.8%** of the current loan portfolio, closing at **\$11,218 million MXN** at the end of the year.



Leasing

In 2020, the leasing segment whose operation is part of the START Banregio subsidiary had moderate growth, ending with a total portfolio of **\$16,524 million MXN**, 4.5% above the previous year.

It is important to mention that the automotive industry in Mexico placed 593,000 cars on credit in 2020. This represents a contraction of 25% compared to 2019, and the sale of new cars experienced a decrease of 28%.

Despite this industry outlook, the current car portfolio closed at **\$5,621 million MXN** with an outstanding growth of **10.7%** compared to the previous year, while the overdue portfolio remained at **1.3%** well below the automotive financial industry.

An important point to mention is that the quality of the portfolios allowed us to deal with this pandemic in a very agile and timely manner. Thanks to this we launched programs that supported 5,308 customers from various segments. These schemes gave them the oxygen needed to defer their payments and have the cash and working capital flow that would allow them to meet their basic operating needs.

Faced with the challenges and opportunities for the leasing sector, START will continue to develop innovative strategies to meet the needs of our customers and suppliers by forming a relevant value chain in the process of renewing their assets.

\$16,524 million MXN ▲ 4.5%

Financial Markets

Among its services portfolio, Banregio offers currency exchange, investment funds, derivatives and money market services.

The investment funds area has an asset portfolio of two funds distributed by Banregio. Additionally, there is an investment portfolio of more than 50 funds, between Debt and Variable Income, local and international.

Private and Wealth Banking

This business unit is responsible for taking care of our clients' assets through a highly personalized service and an executive experience. The objective of the investment process is the preservation of capital, the consistency and protection of portfolios during volatile events.

Defining an investment profile is the fundamental basis of the methodology of this business unit. Through understanding the needs of the client and a complete analysis of their patrimonial situation this profile is determined according to their risk expectations.

Specialized Banking

The main business areas of this segment, which is dedicated in providing specialized banking services, are: Real estate and adjudicated real estate, Agricultural, Fiduciary, Factoring, International Banking and Development Banking.

It is important to note that the real estate portfolio, which consists of rents and housing, accounted for **31.2%** of the total commercial portfolio at the end of 2020. For this reason, clients are offered a range of additional products such as: evaluation and feasibility analysis of the projects, credit administration and support to the business/commercial network in prospecting and attracting clients.

GRI / FS1, FS7, FS8, FS15, 201-2
SASB / FN-CB-240a.1

Responsible Banking

We are aware that banking is one of the most efficient growth engines; therefore, at Banregio we look forward to generating a positive impact that transcends our commitment to customers and contributes to a greater well-being for the community.

For some years now, we have been working in partnership with NAFIN, FIRA and SHF on funding programs with Development Banking that support environmental and social impact issues. Within this offer there are products that support the entrepreneurship of women and young people, as well as credits that promote the use and development of ecological solutions.

In addition to this portfolio, to respond to the challenges that our clients face because of the health contingency of the COVID-19, the Impulso credit was created. This funding is designed to contribute to the economic revival and conservation of jobs for Micro, Small and Medium-sized Enterprises.



*Figures 2020

SME Women's Credit

Goals To support **business women** in the purchase of fixed assets or working capital, with loans of up to **\$5 million MXN**, with a grace period of 3 months.

Amount \$633.9 million MXN

Costumers 847

Businesses in operation

Goals Fund entrepreneurship in **young people** of up to 35 years of age, through funding, training and technical assistance. Credits from \$50,000 pesos to **\$2.5 million MXN**.

Amount \$368.2 million MXN

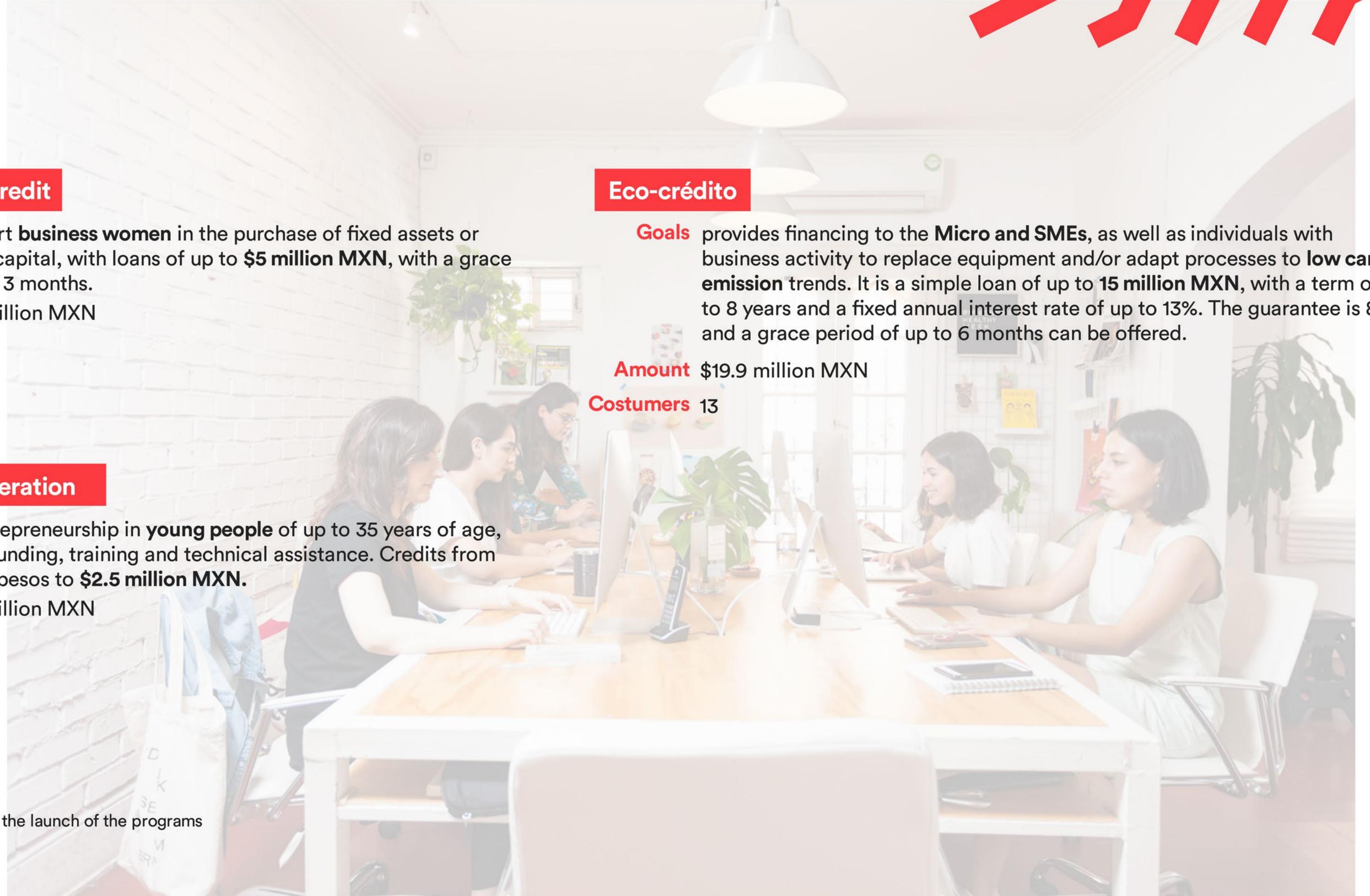
Costumers 922

Eco-crédito

Goals provides financing to the **Micro and SMEs**, as well as individuals with business activity to replace equipment and/or adapt processes to **low carbon emission** trends. It is a simple loan of up to **15 million MXN**, with a term of up to 8 years and a fixed annual interest rate of up to 13%. The guarantee is 80% and a grace period of up to 6 months can be offered.

Amount \$19.9 million MXN

Costumers 13



*Historical figures since the launch of the programs

IMPULSO

Goals Financing for **Micro and SMEs** for the reactivation of regional economies and the conservation of **jobs**, in coordination with the governments of federal entities for **working capital** and acquisition of **fixed assets**.

Amount \$935.6 million MXN

Customers 569

Regarding the Impulso program for micro, small and medium-sized businesses, it is important to note that: the largest placement was in the state of Nuevo León with 60% of the total program, Jalisco was in second place, with almost 10%. 36% of the companies that received support are women owned businesses (having at least one woman as a main shareholder) and the average amount of placement per credit was **\$1.7 million MXN**.



Since its founding Banregio has promoted the growth of SMEs, contributing to the generation of employment and local development. In 2020, in addition to this commitment, we signed the **Principles for Responsible Banking** with which we seek to go one step forward in the development of products and services according to the needs of our customers, aligned to the Sustainability Strategy.

The commitment to the Principles and the implementation of the initiatives necessary for their compliance will allow us to take advantage of the commercial opportunities associated with sustainable environmental and economic development. Additionally, we offer solutions through our products and services maximizing their impact and profitability.

In 2021, we will be sharing our first public report on Banregio's impact map through business operation, as well as the short- and long-term indicators and goals we set out to further promote a Responsible Banking model.



Distribution of economic value

Through our operation and distribution of the economic value generated in this year, we were able to impact our value chain and the community in general.

Economic value generated and distributed (figures in million MXN)

	2018	2019	2020
Economic Value Generated (EVG)	8,294	9,391	8,880
.....			
Economic Value Distributed (EVD)	5,096	5,716	5,928
Suppliers	1,907	2,201	2,380
Remunerations and benefits (to employees)	1,995	2,075	2,359
Financing	0	0	0
Taxes	1,225	1,430	1,180
Donations	9	9	9
Retained (EVG - EVD)	3,197	3,675	2,952

As a result of the great challenges brought by the pandemic, Regional's Economic Value Generated (EVG) decreased by 5.4% compared to the previous year, closing with a total of **\$8,880 million MXN** of revenue



Economic Value Distributed (EVD) reached **\$5,928 million MXN**, a figure that represents a **3.7% increase compared to 2019**. It is important to mention that despite having a decrease in revenue, within our EVD the expenditure to suppliers increased by 8.1% and the amount destined for **remuneration and benefits** increased by **13.7%** compared to the previous period.

Regional's fiscal policy establishes the due compliance with the obligations stated by law. Our intention is that the interpretation and internal application of the policy do not generate future tax risks or contingencies for the Company. Regional and its subsidiaries file their tax returns individually and currently there are no outstanding tax credits or debts. During 2020, the effective rate of taxes generated was **30.6%**.

It is important to note that the donations section includes the investment in our financial and business education programs. In 2020, investment in these initiatives was lower as we transformed our offering to mostly online content, with which we managed to impact more people while reducing costs for previously face-to-face events and workshops.

To learn more about the programs, see the Community chapter.



Stock performance

Regional SA de CV (R series "A") replaced Banregio Grupo Financiero SAB de CV (GFREGIO series "O") in April 2018. The shareholding structure is made up of 61% of the shares being family owned and **39%** are **free float**. By the end of 2020 the market capitalization was **\$30,202 million MXN**.

The Company defines its dividend according to the results of the operation, financial situation, need for capital, fiscal considerations, growth expectations and other factors that the members of the Board of Directors or shareholders deem appropriate. In the year to be reported, following the recommendations of regulatory bodies regarding the complex international economic framework, no dividend payment was made.

On the other hand, Regional once again is part of the **FTSE4Good Index Series**, a sustainability stock index created by the London Stock Exchange which measures the performance shown by best practices in the dimensions: Social, Environmental and Corporate Governance (SEG).

Likewise, Regional remained in the **Bloomberg Gender-Equality Index (GEI) 2021**, an index that monitors the performance in gender equality of listed companies through five pillars: female leadership and talent flow, equal pay and gender equality, inclusive culture, sexual harassment policies, and a pro-woman brand.

With the intention of further expanding our communication channels with investors, analysts, rating agencies, clients and community, the areas of Investor Relations, Sustainability, as well as Senior Management continued their active participation in different forums on strategy issues and changes in the international financial environment. Thus ensuring that Regional applies economic, social and environmental best practices, as well as corporate governance.



Employees

Highlight

4,973 Employees

48.1% women

154,444 hours of training

95% employees evaluated

14.2% Annual rotation

Éntrale Certificate

EDGE ASSES Certification

86 Employee Net Promoter Score



Sustainable
Development
Goals



GRI / 102-8, 102-41, 401-1, 405-1
SASB / FN-AC-330a.1

Description of the workforce

For Regional the most important asset is our employees, so we always seek to improve their experience within the operation and maintain ourselves as a stable source of employment that attracts the best talent.

At the end of 2020, our workforce consisted of **4,973 employees**, 98% of whom have an indefinite and full-time contract. Only 2% of employees are employed on a part-time workday and 326 are external employees (fees, interns and outsourcing people) mostly analyst profiles.

It is also important to mention that the institution guarantees freedom of association. In the year to be reported **10%** of the employees were affiliated to the same union organization.

It should be noted that Banregio's Contracting Policy stipulates that the minimum age for hiring is 18 years, thus rejecting any risk of exposure to child labor.

Thanks to our commitment to gender equality, women accounted for **48.1%** of our global workforce and 42% of our middle and higher responsibility commands. In this year, **691** new employees were incorporated, of which 50% are women.

The new generations remained a majority with **45%** of young people between **26 and 35 years**, while employees over 45 represented 14%. With this mixture of generational profiles, we ensure a rich coexistence and an efficient transfer of knowledge.

Moreover, although the Company ensures working conditions and growth opportunities that consolidate the commitment of the employees, due to the challenges of the environment and the high competitiveness that arises in the sector, there were voluntary and involuntary terminations, resulting in an annual turnover of ****14.1%**.

**% Rotation = Total leaves / Average Headcount * 100.

Employees by age group and sex

	2018			2019			2020		
By age group and sex	Men	Women	Total	Men	Women	Total	Men	Women	Total
18 - 25 years	448	471	919	435	489	924	416	496	912
26 - 35 years	948	999	1,947	1,108	1,111	2,219	1,108	1,111	2,219
36 - 45 years	515	455	970	558	551	1,109	555	519	1,074
More than 45 years	450	193	643	507	248	755	486	249	735
Total	2,361	2,118	4,479	2,608	2,399	5,007	2,577	2,396	4,973

Employees by professional category and sex

	2018			2019			2020		
Category	Men	Women	Total	Men	Women	Total	Men	Women	Total
Direction	54	4	58	76	10	86	82	12	94
Deputy Direction	134	32	166	146	45	191	164	50	214
Staff	242	183	425	566	596	1,162	973	765	1,738
Business	-	-	-	661	832	1,493	544	625	1,169
Branch	401	348	749	922	715	1,637	565	747	1,312
Executives	433	349	782	237	201	438	249	197	446
Operational	1,097	1,202	2,299	-	-	-	-	-	-
Total	2,361	2,118	4,479	2,608	2,399	5,007	2,577	2,396	4,973

*In 2019, we redesigned our report in order to have a better knowledge of our workforce. The new categorization (2019 and 2020) allows us to observe the section of Employees who work in the business area but are not physically linked to a branch.

Employees by professional category and age group

Job Categories	2018				2019				2020			
	18 - 25	26 - 35	36 - 45	More than 45 years	18 - 25	26 - 35	36 - 45	More than 45 years	18 - 25	26 - 35	36 - 45	More than 45 years
Direction	0	2	21	35	0	2	26	58	0	4	31	59
Deputy Direction	0	26	66	74	0	39	70	82	0	44	79	91
Staff	20	202	141	62	187	507	297	171	383	937	287	131
Business	-	-	-	163	339	660	288	206	220	514	278	157
Branch	59	307	220	163	385	389	286	127	292	599	244	177
Executives	29	313	254	186	13	172	142	111	17	154	155	120
Operational	811	1,097	268	123	-	-	-	-	-	-	-	-
Total	919	1,947	970	643	924	2,219	1,109	755	912	2,252	1,074	735

*In 2019, we redesigned our report in order to have a better knowledge of our workforce. The new categorization (2019 and 2020) allows us to observe the section of Employees who work in the business area but are not physically linked to a branch.

GRI / 402-1, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

Health and Safety

Each person part of Regional is key to the experience we want to offer our clients, so their success and well-being is directly reflected in the business results.

2020 brought us the great challenge of maintaining an excellent work climate in the midst of a challenging environment. Faced with the pandemic due to the COVID-19 virus, **health and safety** in the work area, an issue that due to the operation of the business had not been material, emerged as a priority.

The Human Resources Directorate, with the support of different areas of the bank, undertook the task of implementing an **occupational health and safety management system** that covers 100% of our staff and includes the pertinent measures to contain possible infections.



The first step in the decision-making process was the creation of a Crisis Committee with members of senior management, to whom the Health department reports daily regarding: the assessment of risks and incidents in each facility, record of temperature taking and possible symptoms, confirmed cases of infection, relevant changes in the health alert in each region where we are present, among others.

The Health department responds to the sub directorate of Employee Experiences and has a General Manager, five doctors present in the different corporate buildings and a support nurse in the facility that concentrates more Back Office employees.

The team is distributed among the medical offices in the main administrative buildings Torre XII, BackOffice and Morones Prieto, in Nuevo León, as well as in two corporate offices in Jalisco.

This area monitors the possible chronic diseases of our employees, launches vaccination campaigns, attends emergencies at the facilities, serves as a support link with medical expenses insurance, among other services. This year they were in charge of designing and implementing throughout the institution a protocol with 12 health and safety principles approved by the Crisis Committee. Additionally, they wrote reports, monitored the application of the principles and their compliance.

The 12 health principles established in response to COVID-19 were **audited** 2 times between August and November, in person and/or remotely at 100% of our facilities with the support of the physical security area (CIIMA) . Likewise, the external organization TecSalud reviewed the protocol and rated the actions taken as excellent.

Among the measures, the following stand out: creation of manuals for the implementation and communication of the protocol, the delivery and use of protective equipment, ensuring remote work for employees who were considered to belong to a vulnerable group, the application of PCR tests to suspicious cases and a personalized follow-up of the confirmed ones.

In addition, branches and buildings were supplied with materials necessary for the registration and prevention of infections such as: antibacterial gel, sanitizing mats, thermometers, among others.

From March to December 2020, **594** positive cases of COVID-19 were identified among our employees who were promptly treated by the medical and security team. These teams, with the support of members of the volunteer brigade are also responsible for assisting workplace accidents. Fortunately, there were none in the year to report.

It is important to mention that as part of the prevention culture there is a **daily information campaign** on essential sanitary measures inside and outside the work areas, on the advance of the virus in the country, changes in internal operations, among others relevant information.

Training programs were also launched to implement in a timely manner the sanitary recommendations in the company, the observation of additional measures at home, as well as the New Culture of Collaboration.

We know that the epidemiological alert has not ended; therefore, ensuring the good health and safety of all those who make up the Banregio Family will continue to be a priority for the institution.



GRI / 201-3, 401-2, 402-1

Benefits

In 2020, we reinvented ourselves to ensure that the experience of our employees remains humane, inclusive and close, despite the distance.

In order to maintain a harmonious and good work environment, under the Employee Experience Model we launched 32 programs and activities, in relation to the topics of Health, Well-being, Sports and Family.

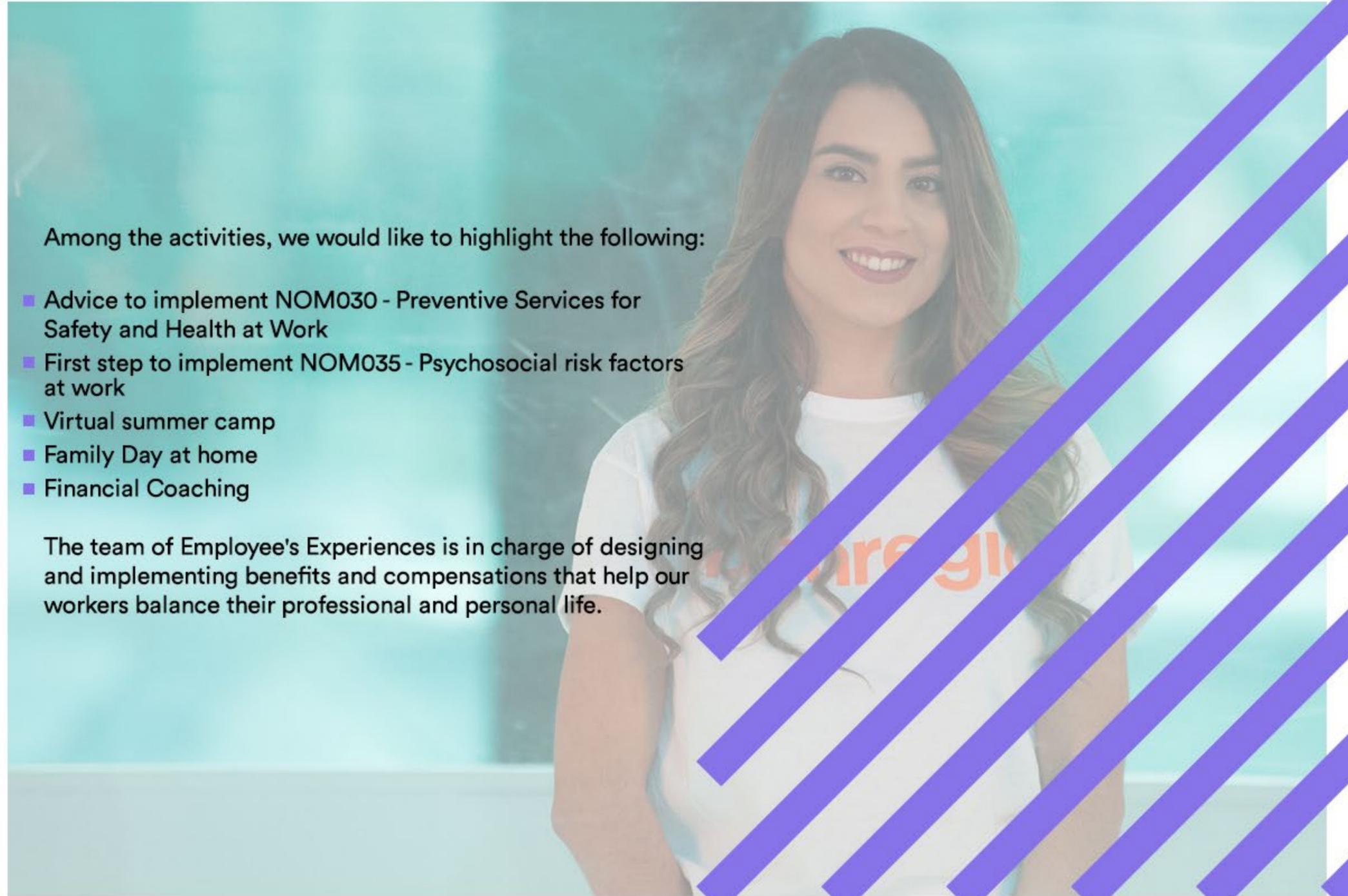
It is important to mention that \$5.2 million pesos were invested in campaigns related to Health, such as the application of PCR tests and preventive consultation.



Among the activities, we would like to highlight the following:

- Advice to implement NOM030 - Preventive Services for Safety and Health at Work
- First step to implement NOM035 - Psychosocial risk factors at work
- Virtual summer camp
- Family Day at home
- Financial Coaching

The team of Employee's Experiences is in charge of designing and implementing benefits and compensations that help our workers balance their professional and personal life.



Benefits for employees

24 months' life insurance due to natural death and 48 months due to accidental death

50% subsidy on insurance for major and minor medical expenses

5 more days of paternity leave than the legal minimum, for a total of 10 days

Mortgage, personal and auto loans, with preferential rates

30-day Christmas bonus

12 holiday days as of the first year

Flexible Hours' Scheme

Food vouchers 6%, savings fund 5%

All the benefits and agreements that are offered, as well as the relevant changes that may happen in their offer or in the operation of the business, are communicated in a timely manner via email, internal network (workplace), during the event of annual communication Kickoff Banregio, in addition to their publication on the intranet *wikinormativa* where all institutional policies are included.

In 2021, a flexible benefits system will be granted that will allow our employees to select and modify benefits according to their lifestyle needs.

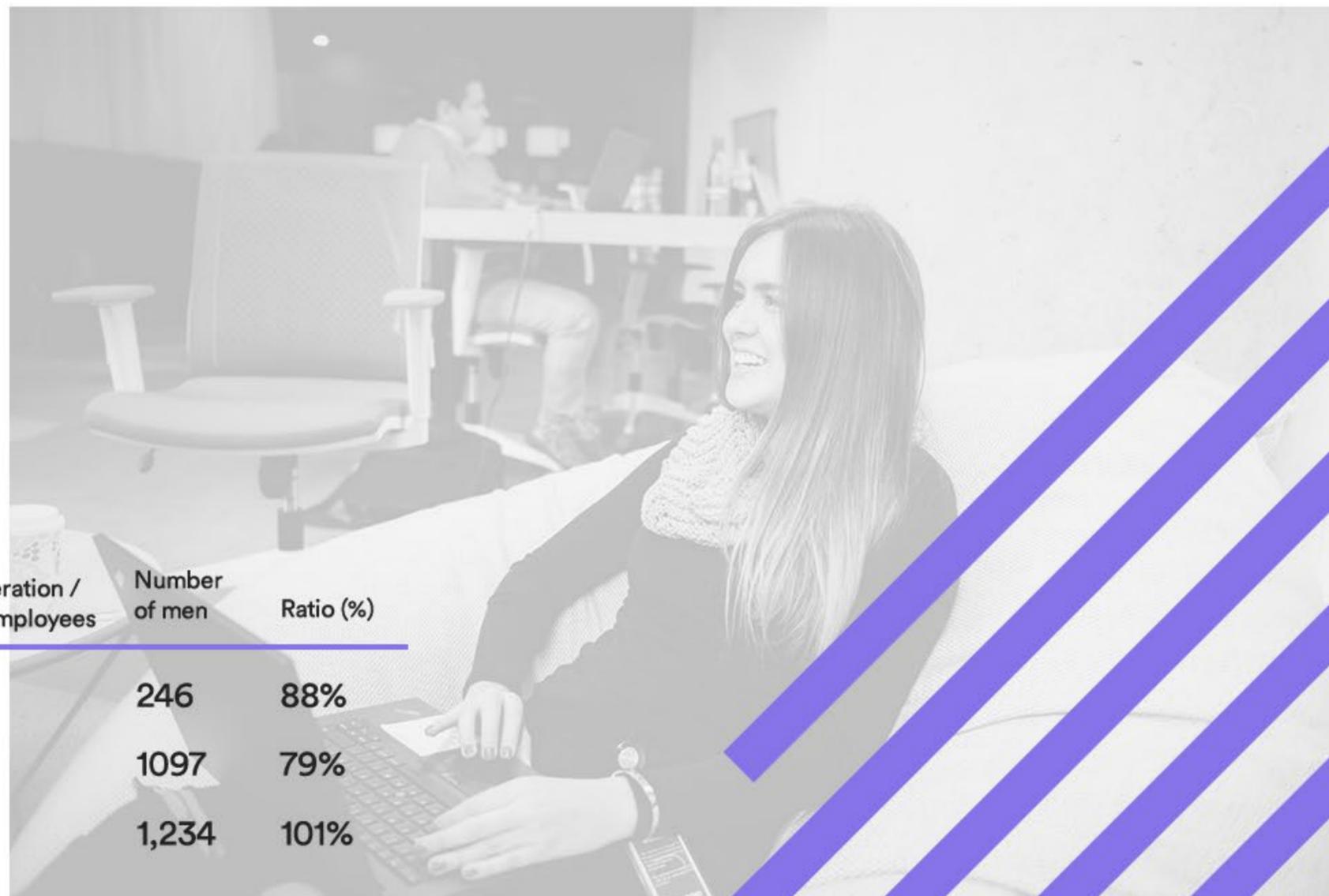
GRI / 201-3, 405-2
SASB / FN-CF-270a.1

Compensations

Among our commitments to ensure a better work climate, as well as one of the main strategies for attracting the best talent is the high competitiveness and salary equity that we offer to our employees.

Average Salary Ratio by job category

Professional category	Ratio (%) Total Remuneration / Number of Employees	Number of women	Ratio (%) Total Remuneration / Number of Employees	Number of men	Ratio (%)
Senior Managers	46.8%	62	53.3%	246	88%
Middle Management	38.7%	1,017	49.0%	1,097	79%
Operational	52.9%	1,317	52.6%	1,234	101%



With the intention of promoting the recognition of commercial achievements, the branch network and the business area that represent 49% of the workforce, have a scheme of variable compensation depending on the fulfillment of goals for deposits and placement products, as well as compliance with risk variables. These bonuses represent 36% of its remuneration scheme and have a quarterly payment frequency.

Our compensation schemes respond to internal policy and the current labor market, taking into account the complexity of the responsibility in each job, their degree of responsibility and risk, as well as the performance of each employee.

It is important to mention that, despite the fact that the bank does not have a retirement plan for its employees, during their stay they work on its economic stability through training programs in personal finance, especially in the area of savings and retirement.



Flexible Hours

For 4 years now, Banregio has established an offer of flexible hours for its employees that includes a 100% remote work option of 8 hours a week.

In 2020, as part of social distancing measures, much of our workforce had to work from home full time. Thanks to the already planned scheme, the transition was less abrupt and for some teams a natural step towards a new collaborative culture.

The success in the implementation of remote work allowed us to design flexible schemes for the new work reality that expanded the possibility of working from home to more employees on a permanent basis.



The formats from which the leaders of each team may choose according to the nature of their positions and functions are:

Home Office 100% from home

Alternative Week 33 1 week is worked at the office and 2 from home

Alternative Week 55 1 week is worked at the office and 1 from home

Hour Bank Allocation of a set of working hours per year for personal emergencies and commitments

My flexible schedule Possibility to choose the time of entry and exit, with certain time band

With these formats we want to promote a work-family balance, productivity and the safety of our employees.

Likewise, according to the surveys of internal work climate, it has been found that among the best evaluated benefits, support schemes in the maternity and paternity period stand out, since they offer benefits far superior to those of the law.



For the employees that become mothers, in addition to the 84 days that are granted according to the Social Security Law, we have a flexible scheme that allows them to gradually reincorporate themselves to their work activity.

Transition Stages for Moms

0 - 6 months old baby Remote work, with actual onsite work of at least 4 hours

7 - 9 months old baby Remote work, with actual onsite work of at least 20 hours

10 - 12 months old baby Onsite work choosing from the options of flexible hours

It is worth mentioning that during the year, pregnant women, because they were considered a population at risk, continued with the 100% remote work scheme.

For their part, employees who are soon becoming fathers, are offered 10 days of paternity leave: 5 days established by law plus another 5 days provided by Banregio.

At the end of 2020, **90.3%** of the employees who requested parental leave returned to their activities after the corresponding period and **85.3%** stayed with the company for 12 months or more.

Parental Leave 2020

	Both Sexes	Women	Men
Total Took the leave	227	130	97
Total Returned	205	111	94
Return Rate	90.3	85.4	96.9

Work climate

Annually, the Human Resources Department monitors the work climate through an internal evaluation known as the Labor Check Up. The survey is aligned with the Great Place to Work methodology and allows us to measure topics such as: pride in belonging to the organization, camaraderie and respect, among others.

The **E-NPS (Employee Net Promoter Score)** is one of the most important metrics in the evaluation and is quantified with the question: How likely is it that you would recommend your friends and family to work in Banregio? In 2020 we achieved **86** points out of 100, with a growth of **22.8%** compared to the previous year.

Likewise, the evaluation added the category **New Collaboration Culture** that measures the perception of the institution's actions to harmonize the working conditions aimed at safeguarding their well-being, health, and physical and emotional integrity in the current environment. This dimension was rated at **93%** which shows the satisfaction of our employees with the company's actions in such a challenging situation as the pandemic.

With these actions we want to ensure a favorable organizational environment and develop a culture that works to offer a dignified and decent work, as well as to improve the working conditions for the prevention of psychosocial risk factors, in line with NOM 035 STPS 2018.

A photograph of two young women standing in front of a white Banregio van. The woman on the left is wearing a white top and a dark blazer, and the woman on the right is wearing a white t-shirt with a large graphic and jeans, making a peace sign. The van has the Banregio logo on its side. The background is slightly blurred.

It is important to mention that Banregio has been officially certified as one of the Best Places to Work by Great Place To Work and was included in the Diversity ranking of the same organization.

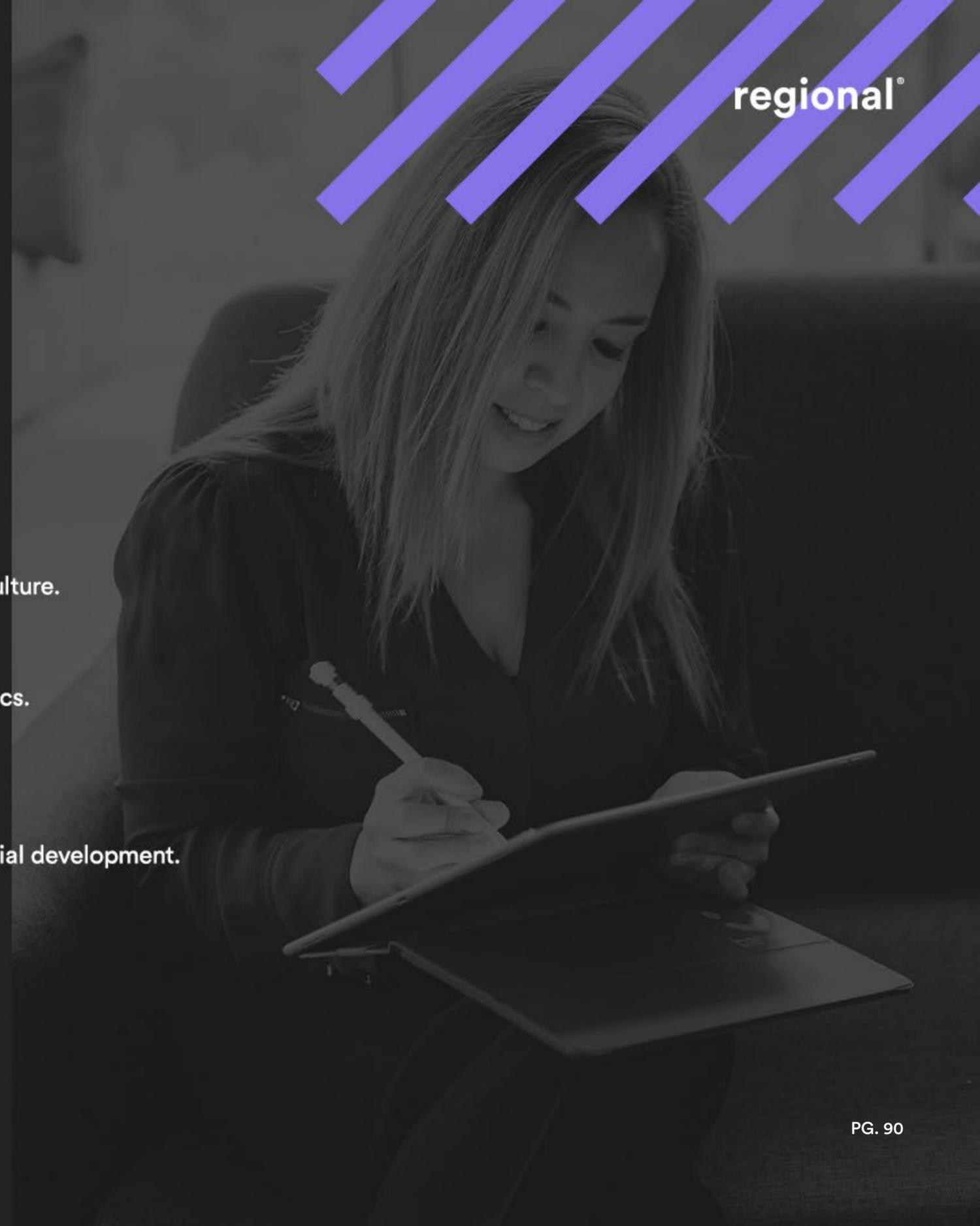
Development, training and inclusion

We are convinced that the quality of the operation is linked to training, effective inclusion and the integral development of our talent. For this reason, we launch continuous training programs to guarantee personal and professional growth.

4 areas of training

- Institutional** Workshops for the immersion in the Banregio's business model and work culture.
Example: Espacios Banregio, Nom-035 STPS, Financial Coaching
- Regulatory** Courses required by the authorities.
Example: Money Laundering Prevention, Information Security, Code of Ethics.
- Technical Training** Training in processes and products.
E.g. Fast Learnings investment funds, mortgage, business.
- Skills** Training in topics related to personal development.
E.g. leadership, effective communication, financial education and managerial development.

As a result of COVID-19, most of our training had to evolve to a digital format. In addition, courses were designed and launched on topics related to the new culture of collaboration, as well as new health and safety measures.



In 2020, we invested more than 6.2 million MXN in 154,442 hours of training. This figure represents an average of 31 hours per person, by 2021 the goal will be to reach 36 average hours of training per employee.

Hours of training

Profesional Category	2018	2019	2020
Direction	2,666	3,087	2,816
Deputy Direction	11,592	7,927.5	7,926
Staff	83,311	36,430	30,742
Business	-	67,724	40,889
Branches	35,367	44,241	61,701
Executives	11,045	12,260	10,370
Operational	19,930	-	-
Total	163,911	171,670	154,444

It is important to mention that our continuing education program is designed with a balance between the development of professional skills, knowledge of financial tools and bank certifications, thus ensuring that employees have the necessary tools for the current competitive job market.

With this intention and according to the framework of our Clara Banregio program, we have the certification of Personal Finances Coach, thus promoting a network of expert employees who can assist their colleagues. At the end of the year, 161 employees have graduated from this program.

In addition, the Banregio online training platform offers a basic personal finance course called "Hablemos de Dinero" (Let's Talk About Money) which trained 2,938 people in skills such as making a budget and increasing their savings.

On the other hand, we continue to work with our leaders through the training experience "Grow the Talent". In 2020, 257 deputy directors and managers took this diploma course focused on 4 axes of training: confidence, promotion of potential, teamwork spirit and achievement of goals.

It is worth mentioning that both training programs were transformed to a digital version in order to comply with social distancing. On the positive side, this measure allowed us to reach more employees in different areas of the republic.

Among other changes in the year, the previous training platform was changed to **Degreed**, an LXP platform that allows users to learn, develop and measure their skills.

In Banregio, this training tool will allow us to promote: professional training based on an inventory of skills, self-assessment to trigger training, evaluation of the leader to measure progress and personalization of learning through data science.



Performance evaluation

With the purpose of promoting the success of our employees, their performance is evaluated annually under strategic principles, goals and skills.

The performance evaluation includes 4 types of objectives:

- Team development** Applies only to employees who are in charge of staff
- Personal development** Education, training
- Transformation and improvement** Approach to process innovation
- Performance** Objectives linked to the position

In 2020, **95%*** of the workforce was evaluated on their performance. The results will allow us to promote key talent within the organization, through a career plan that develops their maximum professional potential.



Number of Employees evaluated

Professional category	Men	Women
Direction	64	9
Deputy Direction	148	47
Business	271	297
Branch	567	745
Staff	1,177	975
Executives	232	190
Subtotal	2,459	2,263
.....		
Total	4,722	

Thanks to this task of identifying the potential of each person and measuring its performance, our employees can continue to build their careers and grow within the institution. In 2020, an **internal promotion of 11%** was reported and for next year the goal is to reach 21%



* This percentage does not include personnel with less than a month in the institution and outsourcing personnel.

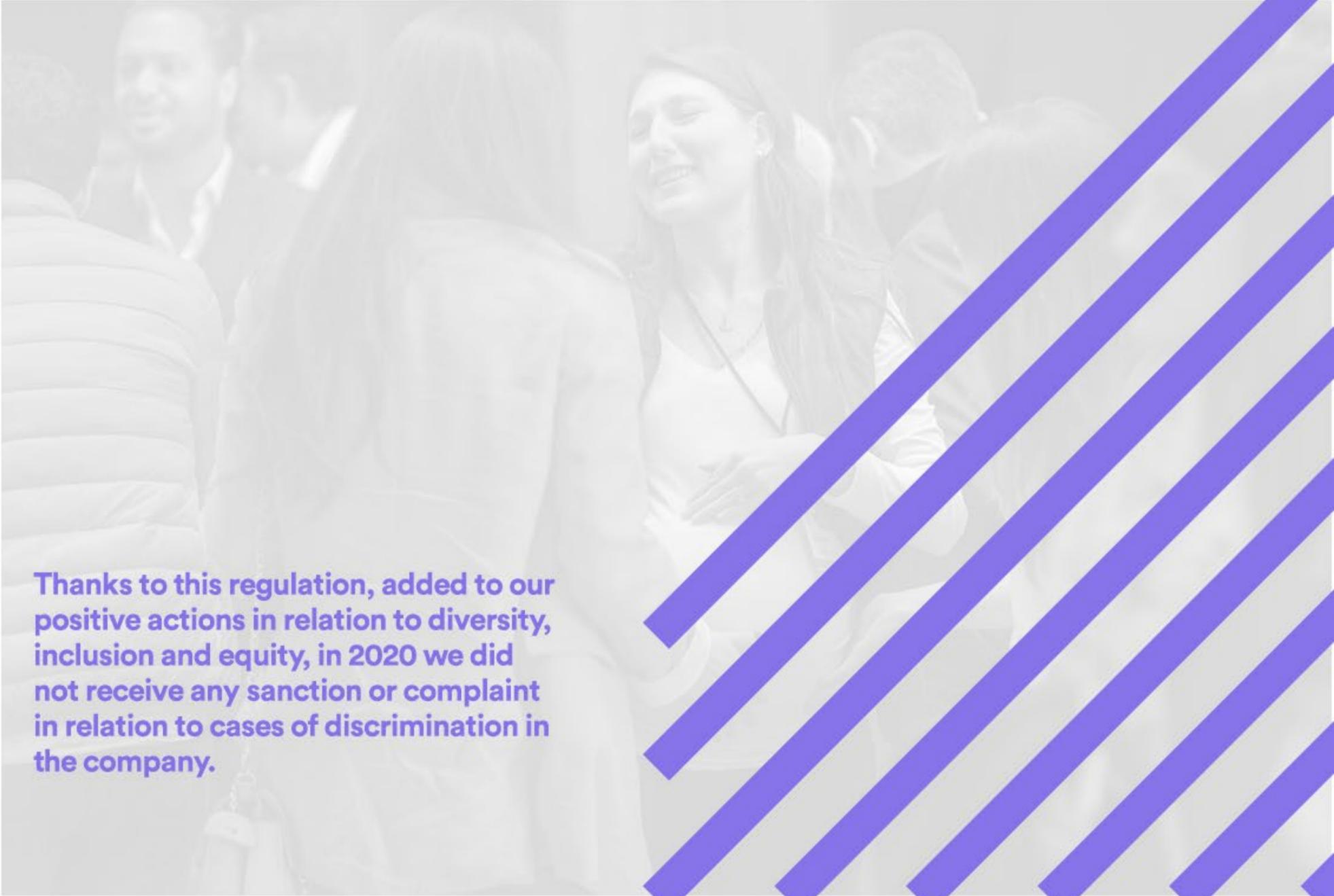
GRI / 405-1, 406-1, 412-1, 412-2

Diversity and Inclusion

In Banregio we build a work space where differences are celebrated and experiences are invited to be shared. Ensuring the diversity and inclusion of our workforce is part of the strategy to enrich our culture.

We constantly work to eradicate any form of discrimination, according to the Federal Law for the Prevention and Elimination of Discrimination the Company prohibits mistreatment, violence and segregation in any form. Likewise, it promotes labor equality, prevention and **elimination** of all types of violence in the workplace.

Our Code of Conduct establishes a **cero tolerance policy** in cases of discrimination, whether on grounds of ethnic or national origin, culture, skin color, physical appearance, sex, gender, sexual orientation, age, disability, religion, language, social, economic, health or legal condition, pregnancy, marital status and immigration status. **Any discriminatory act will be sanctioned according to the Consequences System.**



Thanks to this regulation, added to our positive actions in relation to diversity, inclusion and equity, in 2020 we did not receive any sanction or complaint in relation to cases of discrimination in the company.

We actively seek to add best practices endorsed by organizations that promote these values of equity and inclusion. In 2020 we managed to obtain two certifications:

EDGE ASSES Certificate

Certification in gender equality granted by the EDGE Certified Foundation, an organization based in Switzerland. This evaluation covers all Regional facilities and its review includes statistical data, policies, practices and even the perception of employees, in order to obtain a clear image of the current status and progress of an institution regarding gender equality.

The thematic axes that are evaluated are: equal pay, non-discrimination, recruitment and promotion, training and development in leadership, labor flexibility and organizational culture.

The Certificate is valid for two years, and in this period the action plan with qualitative and quantitative commitments must be implemented, to see the progress of the company in the next evaluation.

Éntrale Certificate

Business recognition of the commitment to labor inclusion of people with disabilities and constant work in the implementation and strengthening of projects that benefit the hiring and retention of people with disabilities. In 2020, Banregio had 12 talents living with a disability.

GEI

In addition, Regional was included, for the second year in a row, in the Bloomberg 2021 Gender Equality Index (GEI). This index measures gender equality in five pillars: female leadership and talent flow, pay equality and gender equality, inclusive culture, sexual harassment policies and the pro-woman brand.

The list includes 380 companies from 44 countries and 11 different sectors, with a combined market capitalization of \$ 14 trillion dollars.

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regional®

It is important to mention that for the first quarter of 2021 the training and development area has planned the launch of the first diploma on Human Dignity, which includes issues like respecting human rights, awareness of gender equality and labor inclusion. The goal is for this training to reach 80% of the workforce.

Each of the actions, programs and benefits presented are a representation of our commitment to continue caring for and helping the growth of our most important asset, the people who make up this great company.



Community

Highlights

Social Impact

Mentorship Program

304 companies assessed

Clara Banregio

614 women trained in personal finances

Environmental Impact

7,492.7 tCO2e emissions

10% reduction in GHG emissions



Sustainable Development Goals



Through our sustainable commitment we work to create a better community. This means promoting actions that generate connection, growth and well-being for all our stakeholders, as well as managing our environmental impact.

Taking our materiality analysis as a guide, we determined that the promotion of education in personal and business finance are our priority topics.

Regarding the environment, despite not being a material topic due to the nature of the Company's operation, we decided to work on reporting and managing our main impacts such as electricity consumption, waste and carbon emissions.

With these actions and non-financial services, Regional invests from its Sustainability Department in the creation of social and environmental value for the communities where we are present. In 2020 our economic contribution was composed by: 52% in community investments, 47% in donations and 1% in commercial initiatives.



GRI / 416-1, 416-2, FS14, FS16
SASB / FN-CF270a.5, FN-CB-240a.4

Social Impact

Banking is a development engine for the country, and by concentrating its operation on serving small and medium-sized enterprises Banregio promotes the creation of employment and the distribution of wealth to ensure the growth of the communities. Likewise, due to its institutional values, humane and openness, the bank pursues the financial inclusion of traditionally neglected segments.

In addition to the operation of the business, we have an offer of non-financial services that provides personal support to entrepreneurs so that they achieve sustainable growth with **Mentoría Banregio** and an education in personal finance focused on gender through our platform **Clara**.



Mentoría Banregio

The SME business segment constitutes one of the main business units for Banregio, that's why 5 years ago we launched Mentoría, a social responsibility program that supports entrepreneurs through: mentorship, practical education and connections.

As a result of the COVID-19 pandemic, we redesigned the program to efficiently serve as many companies as possible. We launched an express version of the Mentoring program, which consists of 3 sessions focused on creating an action plan to survive the current health crisis. In addition, we transformed the process into a 100% digital experience, which allowed us to extend our reach to 18 states of Mexico.

In March, 9 months after its launch, we assisted 201 companies with more than 470 mentoring sessions by experts from Banregio. Our goal is to create an ecosystem of healthy companies that can sustain themselves over time despite the challenges of the current global environment.



Mentoría

respaldado × banregio

It is important to note that at the same time we maintained the traditional version of the program which consists in a greater number of sessions for companies that met certain maturity requirements in their operation. With this modality we supported 103 companies, also remotely, through our alliance with the Instituto Tecnológico y de Estudios Superiores de Occidente (ITESO).

After 4 years of operation, Mentoría has managed to impact more than **1,500** companies with: almost 30 thousand hours of free advice, 120 training and multiple events (now in digital platforms) to create connections with clients, suppliers or key people in their businesses.

In 2021, we aim to accompany 600 companies and achieve 6,150 hours of mentoring.

Mentoring program 2020

304 advised businesses of which:

- 44% are women entrepreneurs
- 45% are Banregio clients
- 2,294 mentoring hours
- 38 training workshops
- 679 workshop attendees
- 18 states of the country
- 93 NPS

Clara Banregio

In 2017 we launched a financial educational platform to answer our commitment with the 4th Sustainable Development Goal, offering quality financial content. This program allows people to access our experts at the bank's knowledge, thus helping them find their way to financial independence.

When this Social Responsibility project began, we noticed the great response, specifically in women. Through Clara Banregio, we promote equal economic rights in women.

This is how Clara became a platform for education and financial inclusion with a gender perspective that offers: workshops, digital material for consultation, opinion articles based on real experiences and a community where we share money stories with respect and without judgment. It is a space to express doubts and personal experiences with a clear, direct voice and without intimidating words.

The COVID-19 pandemic helped us finalize an important step for Clara by prioritizing the need to have our courses online. In 2020, we launched cursosclara.com

With the first three courses that address topics such as savings, finances in times of crisis and planning for retirement, we have served more than 250 students who seek to improve their personal finances.

It is important to mention that our strategy to achieve equality in the company and Clara's work with the community were recognized by the Financial Alliance for Women with the 2020 Women in Leadership Champion Award.

By 2021, the goal is to train 1,200 women in personal finance through our platform.



Clara banregio

Results 2020

- **Launch of Clara Courses**
 - 3 online courses**
 - 258 enrolled students (56% women)**
 - 1,515 registered users of which 72% are women and 27% are Banregio clients**
- **614 women took financial education with Clara**
- **2 awards from the Financial Alliance**

Thanks to these financial education and inclusion efforts, we had no reports, claims or sanctions regarding the responsibility of Banregio in the financial health of its clients.

Philanthropy

On the other hand, in 2020 our main philanthropic contributions include: donation campaigns in the ATM network, investment in artistic creation and support for access to bank services for migrants.

We had 6 donation campaigns through our ATMs that managed to raise a total of *\$873,224.00 MXN to our allied civil associations. Among the organizations we support are: La Gran Familia, TEDI, TECHO and Bécalos.

With Bécalos, a donation was also made to award 25 scholarships to young people who are in the last two semesters of technology-related careers.

In addition, we launched new support for regional artists through CONARTE's **EFCA** program. In this first edition, we invested \$850,000.00 MXN in two artistic projects related to photography and cinema.

On the other hand, a program to support the access to bank services for people with refugee status was launched. In alliance with the UN Refugee Agency (UNHCR), we launched a pilot to open accounts for migrants through the agency.

Our objective, in addition to the creation of social value, is to support projects that promote the Sustainable Development Goals aligned with our strategy.

*Donations at the end of January 2, 2020

Environmental Impact

At Banregio we are committed to the continuous improvement of our environmental performance as an essential pillar for the operation of the business. That is why we work on measuring, reporting and reducing our negative impact in the environment.

In 2020, the health contingency brought relevant changes to our operation regarding environmental issues. As 100% of our workforce were not physically in the facilities, energy consumption and waste generation were reduced compared to the previous year.

During this period, we also began to work on an **Environmental Management System** aligned with national objectives of adaptation to climate change, reduction of GHG and its mitigation to contribute to the sustainable development of the organization. As part of the actions that make up this system, our first Environmental Policy was launched, signed by the CEO of Banregio.



Through the application of this management system we are committed to caring for and preserving the environment; we reinforced our commitment to measure the impact of our actions and implement initiatives to reduce our ecological footprint and raise awareness among our employees.

Energy

Electric power remains the main source of carbon emissions in the Company's operation.

In 2020 electricity consumption was **13,757,019 kWh**, which represents a reduction of 8% compared to the previous year. This decrease is due to the fact that the operation at the facilities was not at full capacity.

Electricity supply constitutes close to 89% of **Regional** energy consumption. The remaining 11% corresponds to the purchase of fuel for the utility vehicles and the use of diesel in emergency power plants.

As part of the energy efficiency strategy, we continue with the implementation of savings initiatives, replacing traditional air conditioning systems with inverter equipment. Likewise, as part of the strategies for energy efficiency, certain suppliers of solar panels are being evaluated for the implementation of their services in our branches.

By 2021, the implementation of the Environmental Management System will allow us to have automation controls and temperature regulation in buildings and branches, which will help to minimize consumption and provide adequate management of A/C equipment. **The objective will be to reduce energy consumption by 3% compared to the previous year.**



Energy (GJ)

			2018		2019		2020		% Variation 19 vs. 20
Direct Consumption	Fuel	Diésel	47.5		57.63		89.07		+55%
		8,966.54		6,379.53		5,965.07		
		Gasoline	8,919.04		6,321.90		5,876.00		-7%
Indirect Consumption	Electricity	CFE	52,132.11	52,132.11	53,795	53,795	49,525.27	49,525.27	-8%
								
Total (GJ)			61,098.65		60,174.53		55,490.00		-8%

Table 1. Total Energy of Banregio per consumption type.

Energy consumption by region

	kWh 2018	kWh 2019	kWh 2020	% Variation 19 vs. 20
Baja California	644,066	617,585	626,421	+1.4%
Noroeste	697,904	745,731	652,887	-12.5%
Norte	907,375	949,537	907,493	-4.4%
Golfo Norte	8,750,284	8,788,022	7,905,885	-10.0%
Centro Occidente	81,226	88,143	89,058	+1.0%
Oriente	140,640	150,880	134,320	-11.0%
Valle México Norte	119,955	118,864	110,343	-7.2%
Valle México Centro	341,508	360,068	306,661	-14.8%
Valle México Sur	321,522	298,020	281,999	-5.4%
Bajío	721,084	814,423	730,022	-10.4%
Golfo Centro	479,296	539,411	489,348	-9.3%
Centro Oriente	88,543	101,774	100,555	-1.2%
Peninsular	291,777	396,290	404,863	+2.2%
Jalisco	895,961	974,307	1,017,164	+4.4%
Total	14,481,141	14,943,055	13,757,019	-7.9%

As can be seen in the previous table, 73% of the regions managed to lower their energy consumption. The following regions stand out: Northwest, Gulf North, East, Valley of Mexico Center and Bajío.

Table 2. Consumption by region and year

Fuel Energy

Thermal energy is another important resource of the operation. As it happened in previous years, Banregio had emergency plants in operation and utility vehicles, which make use of diesel and gasoline, respectively.

	2018	2019	2020	% Variation 19 vs. 20
Diésel (L)	1,251.00	1,512.00	2,364.00	+56.3%
Gasoline (L)	264,512.26	179,845.77	177,294.72	-1.4%

There was a 56% increase in diesel as we experienced power outages; therefore, the emergency plants were frequently activated.

GRI / 305-1, 305-2, 305-3

Emissions

In 2020 we implemented the process of measuring for the fourth consecutive year the Carbon Footprint*. The result allows us to measure our impact and design new strategies against climate change.

In accordance with the Regulation of the General Law on Climate Change regarding the National Emissions Registry, the NMX-SAA-14064 standard and the GHG Protocol, an organizational approach was considered to establish the limits of the analysis and calculate the carbon footprint of scopes 1, 2 and 3.

The measurement considers:

- Scope 1** Use of fuels, diesel, gasoline and use of refrigerants for air conditioners
- Scope 2** Electricity consumption through the utility company
- Scope 3** Air travel



*Due to a delay in the publication of the annual emission factor, the figures presented were calculated with the previous emission factor. This information can be updated in our Carbon Footprint Report 2020, on the website of regional.mx

Scope	Type of Emissions	Source	2018 Emissions tCO2e	2019 Emissions tCO2e	2020 Emissions tCO2e	% Variation 19 vs. 20
Scope 1 Direct Emissions	Fixed Sources	Diesel	3.53	4.28	6.64	+55%
	Mobile Sources	Gasoline	643.24	456.31	423.78	-7%
	Fugitive Sources	A/C Refrigerant Recharge	-	-	59.65	-
Scope 2 Indirect Emissions	Power Consumption	Federal Comission of Power	7,631.56	7,546.24	6,947.29	-8%
Scope 3 Indirect Emissions	Value Chain	Business Travel	216.46	281.66	55.36	-80%
			8,494.79	8,288.49	7,492.70	-10%

In the reporting period, we achieved a reduction in emissions generated from the use of fuel and the purchase of electrical energy; the first one by 7%, the second one by 8% and 80% in travel, compared to 2019.

In total, our decrease in emissions was 10%, for the year 2020. The goal will be to reduce our emissions by 3%.

Residues

Committed to the reduction of our waste and its adequate final disposal, in 2020 the **waste separation and collection program** was reinforced in our corporate buildings Torre XII, Back Office and Morones Prieto.

Among the actions to be highlighted is the hiring of a new supplier for the recycling of paper, PET and aluminum, in total we managed to collect more than 1 ton of waste from our offices.

Additionally, there were **46,706 kg of paper and 3,489 kg of cardboard** that were recycled through our supplier in charge of shredding and final disposal of our dead files.

One of our main objectives during this year was the implementation of awareness campaigns about the minimization of waste and responsible consumption, both in the office and at home. Among the activations and informative messages that we shared with employees, the following stood out: How to lead a more ecofriendly lifestyle during quarantine, "Meatless Monday" Recipe Book, Create your home garden, Zero waste masks, among others.



Ecological Culture

We promote the education of preservation and care of the environment among our employees and the community, through our Green Team. Headed by the Sustainability area, the team includes Maintenance, Human Resources and volunteers from different departments.

Using our internal means, such as Internal Communication, Workplace and tv screens in branches and buildings, we work on awareness campaigns about the recycling of urban waste and electronics, climate change, and tips for a more sustainable life, in order to reinforce the ecological culture that exists in Banregio.

In 2020, we launched **72** relevant campaigns and carried out environmental challenges by encouraging the active participation of our employees in the improvement of their environment. We recognized those employees who stood out for their participation and ecological commitment with the **Certificate Green Team Wink**.

The Green Team Wink aims to recognize the participation of employees in projects launched by the Sustainability area and to identify agents of change. This year we recognized the participation of 20 employees in our activations.



Volunteering

As a result of the contingency for COVID-19, plans for a second reforestation volunteer work had to be postponed. However, following up on our actions from the previous year, we carried out the maintenance and replanting of 25% of the stone pines that did not survive in the last reforestation with our partner Pronatura. For us, it is of utmost importance to properly monitor the reforestation to ensure the initial estimated carbon capture (3,357 kgC to 3,924 kgC), the capture of water and the conservation of forests.

Adapting to the new reality, we took on the task of organizing with Sociedad Sostenible AC (SOSAC) a virtual volunteer work in the state of Nuevo León, with the intention of inviting employees to learn about the biodiversity of their environment and transform the city from home.

The activity involved choosing a park, a river, a space near their community, where they could observe the flora and fauna and create a healthy ecosystem without rubble and without garbage.

Thanks to the participation of more than 100 volunteers among employees and clients, we were able to remove from streets, rivers and streams, more than 730 kg of waste.

It is important to highlight that the removal and adequate confinement of urban solid waste help us to restore the quality of the soil and contribute to the sanitation of the urban ecosystem.

Global results of virtual volunteering:

- 82 hours of volunteering
- 13 municipalities of Nuevo León participating
- 46 kg of invasive plants removed

In 2021 we will launch the first Sustainability course with the intention of publicizing the initiatives and projects in the area, such as the Carbon Footprint Report, eco-efficiency projects, as well as inviting employees to join and train on issues related to Social and Environmental Responsibility.

Corporate Governance

Highlights

15 members in the Board of Directors

60% independent board members

Appointment of **1st woman** on the Board

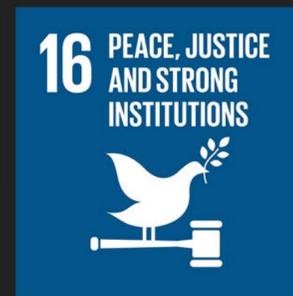
96% of the workforce trained in the Code of Conduct

0 Information Security breaches

HR PAC2 rating in its Integrity Policy

Listed in the **30 most ethical companies in Mexico** by
AMITAI and Fortune

**Sustainable
Development
Goals**



GRI / 102-18, 102-19, 102-20, 102-21, 102-22, 102-23, 102-24, 102-25, 102-27,
102-28, 102-31, 102-32, 102-33, 102-34, 102-35, 102-36, 102-37, 405-1
SASB / FN-AC-330a.1

Corporate Structure

Regional has a Corporate Governance responsible for the continuity of the business which establishes principles and standards for all its financial entities. This government comprises a set of inherent relationships among the administration, the Boards of Directors of the different entities, the Support Committees, Shareholders, Regulators, Investing Public and others.

Each year, aiming to add true value to the group of entities, Regional seeks to implement best practices in its policies and processes, thus strengthening the **Governance Code**, a document that establishes the operational guidelines for the Meeting of Shareholders, the Board of Directors and its support committees.

The **Shareholders' Meeting** is the highest decision-making authority, it is convened annually and its responsibilities include: appointing the members of the Board of Directors, approving the accounts of the Financial Group, as well as, where appropriate, the payment of dividends.

The **Board of Directors of Regional** is made up of 15 members, 60% which are independent, a percentage recommended by international best practices. As established by the applicable legislation, the CEO is appointed by this board and it is an independent position from the Presidency.

In 2020, Mr. Manuel Rivero Santos was appointed Chairman of the Board and Mr. Manuel Rivero Zambrano took office as CEO of Regional. Mr. Jaime Rivero Santos, received the title of Honorary President.



The process of appointing the members of the government body should favor the interests and the strategic vision of Regional. This process must be transparent, objective, inclusive and will be led by the Corporate Practices Committee.

Another relevant change in the year was the appointment of Alejandra Rivero Roel, Chief Sustainability Officer of the Group, as Board Member. Being the first woman to join this highest Corporate Governance body.

The members of the Board of Directors must be committed, reliable, technically qualified, have a good reputation, a satisfactory credit history and extensive knowledge and experience in financial, regulatory, legal or administrative matters.



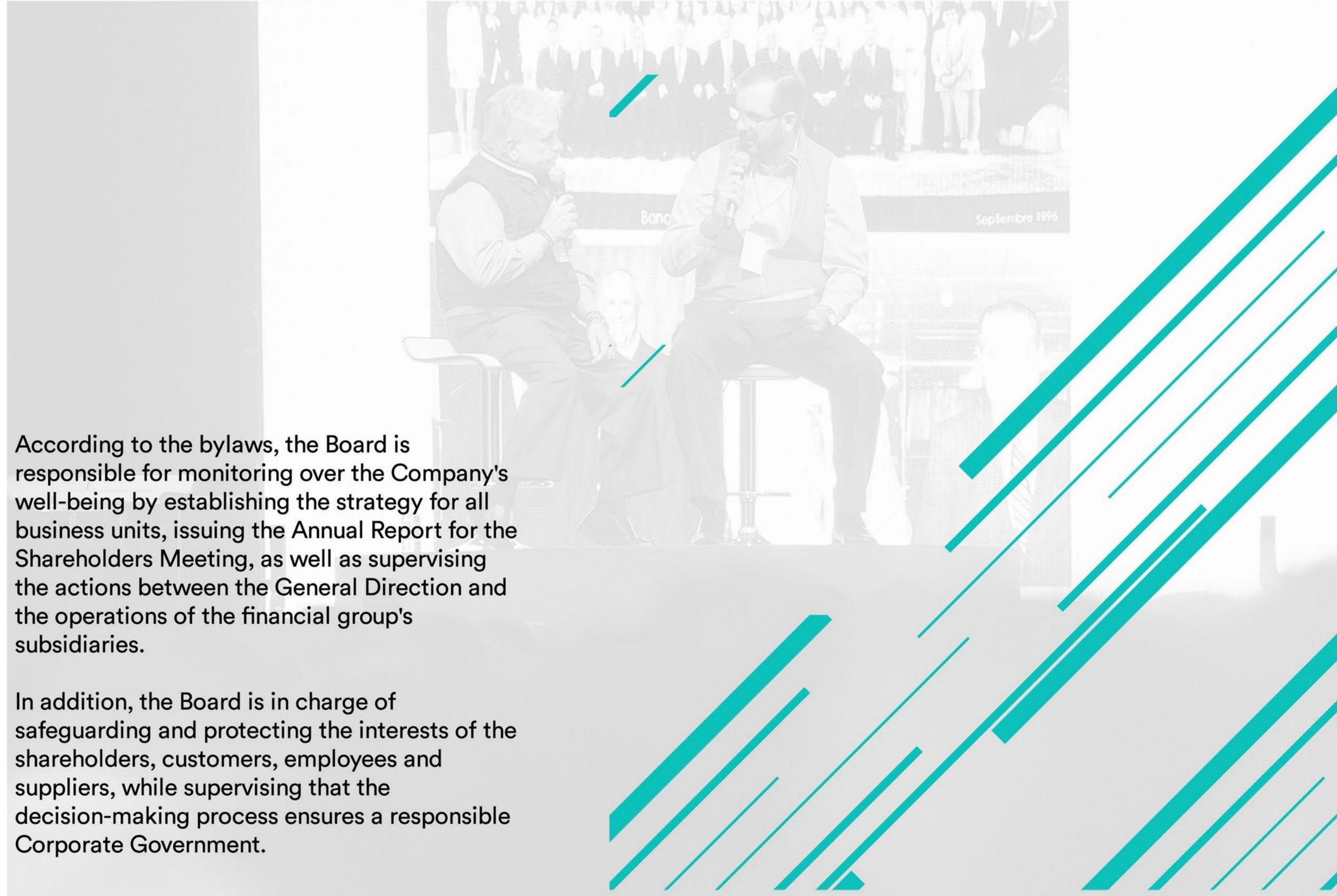
The independent directors will be the only members of the Board of Directors who are entitled to economic remuneration, which will be determined by the General Meeting of Shareholders and reviewed annually. The independence criteria can be found in our **Governance Code**.

The annual compensation of the board members must be consistent with the following principles:

- Consistent with the scope of positions and responsibilities
- Consistent with professional experience and knowledge
- Consistent with the average compensation of the market of companies in the regulated sector
- Equity and proportionality

According to the bylaws, the Board is responsible for monitoring over the Company's well-being by establishing the strategy for all business units, issuing the Annual Report for the Shareholders Meeting, as well as supervising the actions between the General Direction and the operations of the financial group's subsidiaries.

In addition, the Board is in charge of safeguarding and protecting the interests of the shareholders, customers, employees and suppliers, while supervising that the decision-making process ensures a responsible Corporate Government.



Board of Directors

	Member since
Jaime Alberto Rivero Santos Honorary President	1994
Lic. Manuel G. Rivero Santos President	1994
Manuel Gerardo Rivero Zambrano	2006
Sergio Eugenio González Barragán	2015
Héctor Cantú Reyes	2015
Alejandra Rivero Roel	2020
Francisco Rogelio Garza Egloff*	2006
Alfonso González Migoya*	1998
Jorge Humberto Santos Reyna*	2002
Isauro Alfaro Álvarez*	2009
Oswaldo José Ponce Hernández*	2017
Juan Carlos Calderón*	2018
Carlos Arreola Enríquez*	2018
Daniel A. Abut*	2018
Luis Miguel Torre Amione*	2020

(*) Independent Members

Patrimonial Board Members

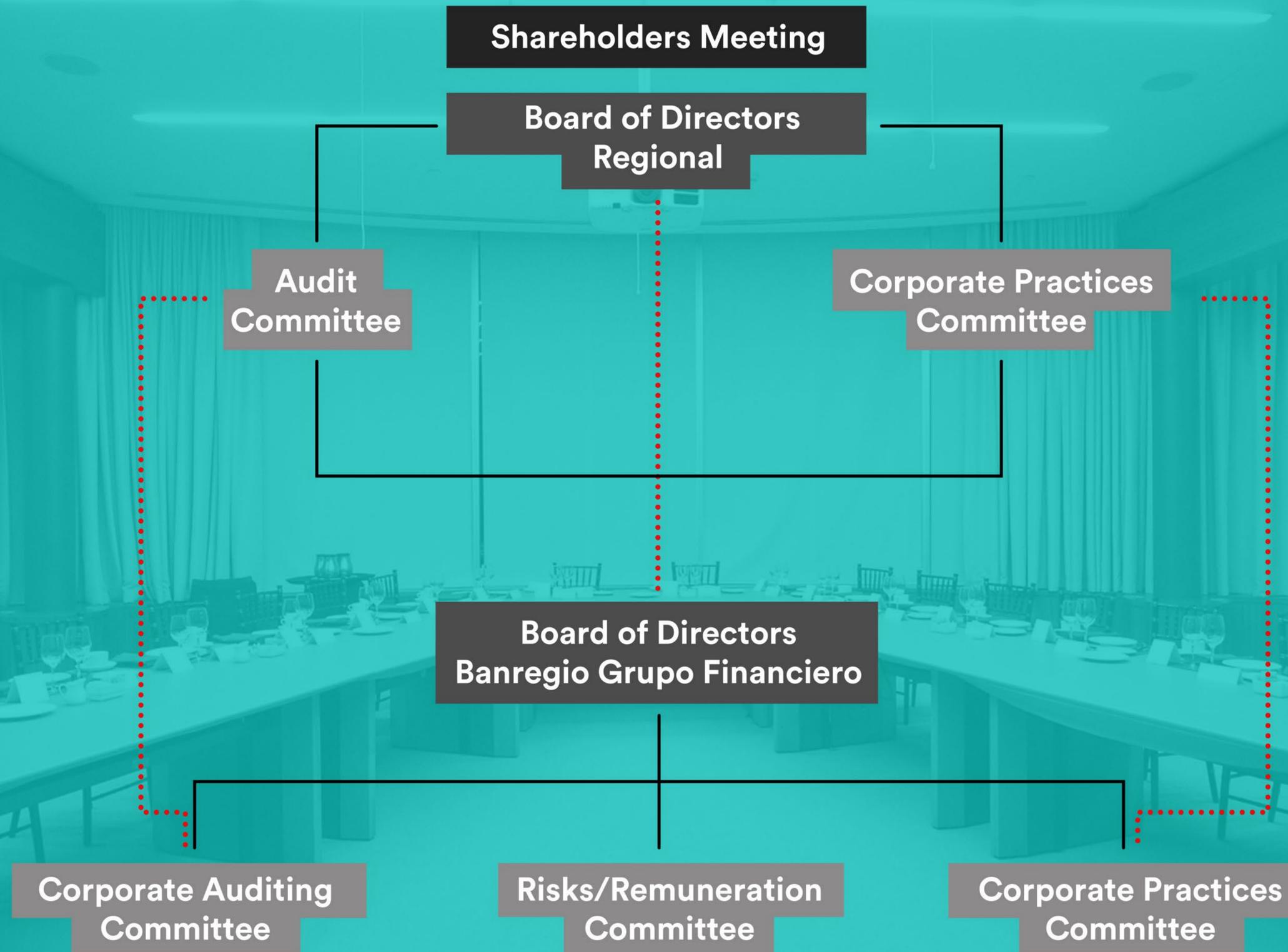
They own or have the trust rights over a percentage of the share capital of Regional and/or its companies, for which they act as active members of the governing bodies.

Related board members

They are directly or indirectly connected with Regional, either by working in the administration, providing a service, business, or any other relationship that affects their independence.

Independent board members

They must not be connected to the shareholders or important directors of Regional; they have an objective and impartial vision, they are free from conflicts of interest, they are not subject to personal, patrimonial or economic interests.



Regional Committees

Committee	Duties
Audit	<p>Holds a quarterly session and comprises 3 independent Board Members.</p> <ul style="list-style-type: none"> ■ Internal and External Audit ■ Internal Control ■ Risk Management ■ Financial information ■ Conflict of Interest ■ Compliance ■ Monitoring of operations with related parties

Committee	Duties
Corporate Practices	<p>Holds a quarterly session and comprises 3 independent Board Members.</p> <ul style="list-style-type: none"> ■ Strategic planning ■ Selection, evaluation and compensation of the CEO and relevant directors ■ Unusual transactions ■ Corporate Ethics ■ Sustainability and Social Responsibility ■ Budget Management ■ Corporate Policies ■ Delegation of Authority ■ Operations with related parties

Banco Regional

Committee	Duties
Risks and Remunerations	<p>Holds monthly sessions and comprises 2 members of the Board of Directors, the CEO and the Head of the Integral Risk Management Unit.</p> <ul style="list-style-type: none"> ■ Identify, measure, monitor, limit, control, inform and reveal the different types of risks ■ The objectives, guidelines and policies for comprehensive risk management ■ The global and specific limits for exposure to different types of risk ■ Remuneration system of the Financial Group (risk perspective) ■ The technical evaluation of aspects of integral risk management

*The corporate practices and audit committees of Banco Regional fulfill the same functions described for Regional's committees.

It is important to mention that all Board members must present a document stating to know all of Regional's Internal Policies and that, in compliance with said policies, provide a statement which confirms or eliminates a possible conflict of interest.

Similarly, Regional has a **management team** committed to implementing the Group's strategy that ensures a high-quality operation, incorporating their professional and technical experience in the corresponding areas.

The CEO of Regional participates in follow-up meetings with the managers of the business units to analyze their results. The meetings review the Group's main credit and operating risks, as well as the economic environment in which it operates.

This way we ensure that the company's results are monitored and that the material issues are brought to the Board in a timely manner. Additionally, the strategy defined by this governing body is transmitted to the rest of the organization.

Among the best practices, a structure was implemented for the evaluation and self-evaluation of the performance of the Board and their members. This practice will allow the generation of objective feedback on the work carried out by them, as well as the identification of strengths and opportunity areas that must be addressed as a matter of priority.

Elements to evaluate:

- Skills, knowledge, quality of the participations and self-development of each of the board members
- Operational and leadership elements of each of the governing bodies
- Fulfillment of the duties of the President of each of the governing bodies
- Performance of each of the Corporate Secretariats



As a result of the pandemic, in 2020 the selection for an independent third party to support the implementation of this assessment was put on hold. However, the commitment was reactivated and the goal is set for the first quarter of 2021.

On the other hand, the Corporate Practices Committee has among its functions the monitoring of environmental and social issues, thus bringing non-financial indicators to more spaces for discussion in the support committees of the Board.

In 2020, 4 hours of training were carried out for 93% of the Board of Directors, in relation to the new digital banking business unit and the outlook for COVID-19. Next year, progress will be made in this process, increasing training topics for directors and adopting best international corporate governance practices.



GRI / 102-16, 205-1, 205-2, 412-1, 412-2, 412-3

Ethics and transparency

The [Code of Conduct](#) is the guiding document to maintain actions within the values and institutional policies of Regional. It is a self-regulatory framework for the conduct of all managers and employees within the institution, including its directors according to their activities and functions.

In compliance with our Corporate Governance Manual, the Code of Conduct is prepared by Top Management and proposed for approval by the Board of Directors through the Corporate Auditing Committee.

This policy is communicated to the organization through email, in our corporate network and also at the annual Kickoff, event, as part of the company's ethical commitment. To inform our clients, investors and other external groups, it is available on the bank's website and it is broadcasted through videos in our branches and offices, as part of a Comprehensive Institutional Conduct System.



In 2020, our online Code of Conduct course was maintained and all our employees are trained annually on this subject. The Code and its course are updated with new topics and strengthened year after year.

At the end of 2020 we reached **4,804** hours of training for our employees in the following subjects: **non discrimination, human rights, conflict of interest, information security and social responsibility, among others. 96%** of the workforce and **26%** of the Board of Directors received training on this Code.

In addition to this, complying with the regulations for financial institutions, our employees also receive an annual training regarding Prevention of Money Laundering. In this year, all employees attended this training which includes topics regarding information security and anti-corruption.

	2018		2019	2020
Professional Categories	Number of trained employees	Number of training hours	Number of employees and training hours	Number of employees and training hours
Direction	39	78	66	90
Deputy Direction	126	252	165	200
Staff	543	1,086	1,337	1,669
Business	-	-	1,194	1,114
Branch	305	610	1,341	1,297
Executives	559	1,118	252	434
Operational	2,284	4,568	-	-
Total	3,856	7,712	4,355	4,804

* In 2019, an update was made to the course, cutting it to 1 hour in duration to make it more agile.

We also have a **Code of Conduct for our suppliers**. In 2020, we informed about this policy to **3,866 suppliers and 551** signed to state their knowledge and commitment.

On the other hand, among the most important advances implemented in the year was the creation of the **Institutional Conduct Committee**. The purpose of this group is providing security to employees in the treatment and monitoring of conflicts of integrity and conduct.

The Conduct Committee meets every two months with the participation of the Audit, Human Resources, Comptroller and Compliance, Operations, Special Affairs, Legal and Commercial divisions. During the year, 4 ordinary and 2 extraordinary sessions were held.

With the approval of the Committee, the implementation of the Comprehensive Ethics System is finalized, which, in addition to the Committee, includes the Code of Conduct, Transparency Mailbox, Telephone Line and the System of Consequences.

Furthermore, in 2020 we decided to submit our Integrity Policy, largely made up of the Code of Conduct, to an evaluation under the HR Ratings methodology.

The rating agency defines an Integrity Policy as the set of mechanisms that seek to define, identify and offer a response to possible risk schemes to the integrity of the organization.

The pillars of the evaluation are: Culture of Integrity and Compliance of the Organization, Code of Conduct and Other Manuals, Resources, Autonomy and Surveillance, Strategy for Risk Assessment, among others.

In the audit, Banregio received the HR PAC2 rating, which indicates that our Integrity Policy complies with international standards, is disseminated regularly, has clear manuals, and that the culture of compliance is known by all who are part of the business.

These actions are in addition to the reviews carried out under the annual internal audit plan where compliance with the Code of Conduct is validated throughout our operation, reviewing issues in the regulations such as: human rights, conflict of interest and anti-corruption.

Thanks to the sum of these actions in the year, Banregio was also recognized by Fortune magazine and the AMITAI organization, obtaining the 15th place in the ranking of the 30 most ethical companies in Mexico.



GRI / 102-17, 205-3, 206-1, 416-2, 419-1
SASB / FN-AC-270a.1, FN-CF-270a.5

Transparency Mailbox

To detect possible breaches of our policies, including the **Code of Conduct**, we have a way to report it on our website or with the phone line 81 81 24 24 09.

The **transparency mailbox**, which is part of the Integral Conduct System, is an independent, anonymous and secure communication channel, open not only to our employees, but also to customers and suppliers.

The administration of this channel is carried out by the Ethics and Transparency department that reports directly to the Deputy Director of Regulations. We also have a system of direct interaction with the complainant, maintaining their anonymity.

The complaints received are reported quarterly to the Audit Committee, the report is also presented to the **Institutional Conduct Committee** every two months.



banregio

At the end of 2020, we received a total of **816** complaints via the Transparency Mailbox, **92** of them resulted in relevant ethical cases. The increase in reports represents the growing confidence that our stakeholders show in this channel.

Each report is classified according to its priority and referred issue and is supervised by the legal area with the corresponding departments.

Derived from the investigations of the complaints, no cases were detected by this channel that will result in a judicial process or relevant incidents that will affect the assets of the institution.

2018

2019

Categories	2018			2019		
	Number of reports	Relevant cases	Solved	Number of reports	Relevant cases	Solved
Patrimonial	54	2	2	31	10	10
Humane Capital	209	13	13	264	4	4

2020

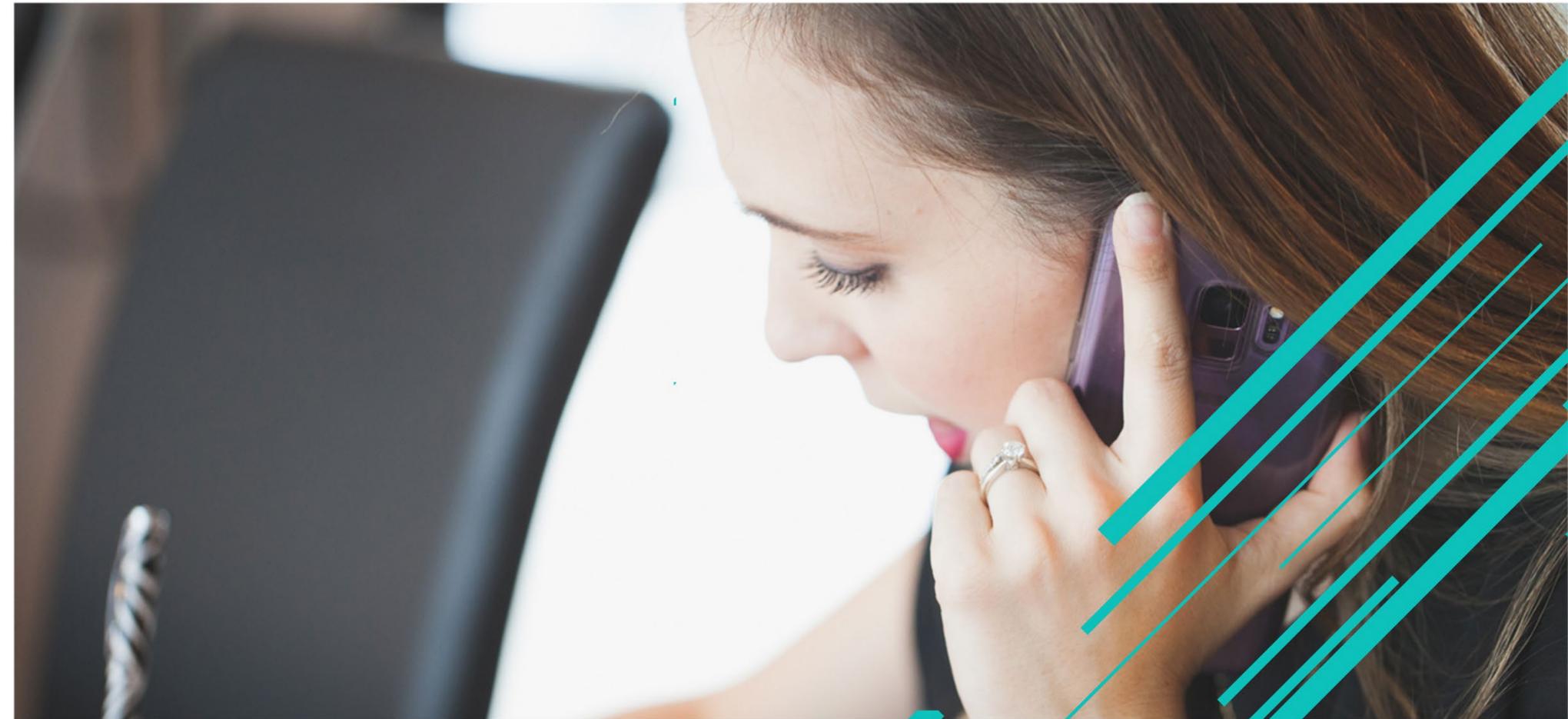
Categories	2020		In Investigation	Solved
	Number of reports	Relevant cases		
Patrimonial	560	52	4	48
Humane Capital	256	40	7	33

The Other column is not taken into account as they are cases with topics not corresponding to the transparency mailbox. Customer complaints regarding services or products are not considered in the analysis because they are issues related to quality of service, they are sent to the corresponding areas.

It is important to mention that in spite of these efforts, as in any financial group, risk situations were identified that deviated from our values and institutional behavior, said actions were addressed in accordance with our Integral System of Consequences.

In a highly exposed and regulated sector, in the year to be reported we received 13 monetary sanctions for a combined amount of \$ 1,316,429.37 Mexican pesos. The absence of sanctions for anti-competitive practices, unfair competition or cases of corruption should be noted.

In the month of December **Banregio was listed in the Corporate Integrity 500 ranking, making it in the top 100.** This is a recognition of the implementation of our Integrity Policy, as well as the transparency and ethics in the operations of the Company.



The IC500 ranking was published in the magazine *Expansión*, in conjunction with the civil association *Mexicanos contra la Corrupción y la Impunidad* and the organization *Transparencia Mexicana*, which recognizes the largest companies in the country that publicize their Integrity and Anti-corruption policies.

Risk management

The Company promotes the sustainable generation of value and the development of the business in accordance with the levels of appetite and tolerance to risk determined by the Board of Directors.

The general position of Banregio (main subsidiary of Regional) regarding the risk profile is to form a solid and diversified balance sheet, through strategic business objectives and through principles of profitability, capital allocation, asset quality, liquidity provision, adequate operating capacity and attraction of talent.

Prudence, discipline and diversification have been Banregio's main differentiators for balanced and healthy growth.

The bank operates under a **Comprehensive Risk Management System** that includes objectives, policies, procedures and government bodies responsible for identifying, analyzing, monitoring and reporting the following risks: credit, liquidity, market, operational and non-quantifiable risks, to which the institution is exposed.

Under this system, qualitative and quantitative criteria have been incorporated into the national and international regulatory framework in which preventative and prospective approaches predominate, encouraging the identification and management of risks under normal conditions and crisis environments.



GRI / 418-1

SASB / FN-AC-510a.1, FN-CB-510a.1, FN-CB-230a.1, FN-CB-230a.2,
FN-CF-220a.2, FN-CF-230a.1, FN-CF-230a.2, FN-CF-230a.3

Information Security and Customer Privacy

Information security and cybersecurity has become an indispensable issue for risk management within the international financial system.

For its management, a set of preventive and reactive measures has been established for organizations and technological systems, including the figure of the **Chief Security Officer**, who reports to the Directorate of Comptrollership and Compliance.

Among the main functions of the Security Director are:

- Propose and manage the strategies and policies necessary for the protection of people, property and information
- Increase the maturity levels of the main security processes and activities
- Ensure security compliance established by the different regulatory entities
- Manage the specialized team for the detection and response of incidents or operational contingencies
- Propose and coordinate training and awareness programs
- Establish the framework for the management of roles and privileges according to the adequate segregation of functions of the employees



Likewise, we have a **Security Committee** that reports to the Board of Directors and it holds quarterly meetings. This commission comprises 9 members of the management team from the legal, internal audit, strategic planning, transformation, operation and logistics areas, as well as 2 external consultants and their corresponding substitutes.

Among the activities of the Safety Committee are:

- Approve initiatives to increase the level of security
- Monitor and control the security plan
- Monitor significant changes in security risks that affect the Company's resources against potential threats, internal or external
- Approve, revise, modify or reject security policies proposed by the Direction, as well as ensure their correct publication and dissemination
- Evaluate and coordinate the implementation of specific information security controls

The Management and the Safety Committee support its management of policies and processes to ensure the implementation of best practices. The following stand out:

- Information Security Manual
- Business continuity plan
- Manual of the response to information security incidents

Also, our employees receive annual training on Security Information to reinforce this issue within the bank. In 2020, 98% of the workforce attended this training which covers: Classification and treatment for info, policy of security in place, process and risk id, etc.

External reviews and audits are included, whose scope is to review processes such as access control and monitoring, cybersecurity, as well as annual vulnerability tests and penetration tests (Pentest) to the technological infrastructure in general.

It is important to mention that Regional has an insurance policy that covers losses due to information security and cybersecurity incidents.



Fortunately, in 2020, no incidents, affected customers, penalties, or non-compliance with our security processes were reported. There were no infrastructure incidents in Information Technology which would involve the paying of fines or loss of income.

However, due to the very nature of the operation, there were some incidents that were detected involving fraud against our clients related to cards. These frauds can be of two types:

1. Card Not Present: 40,626 incidents / 16 million pesos of losses
2. Card Present: 2,522 cases / 7.5 million pesos of losses

On the other hand, in relation to the privacy of our clients as an institution, Banregio fully complies with the Rights of Access, Rectification, Cancellation and Opposition (ARCO) to the information handled by individuals.

ARCO Rights are the human rights contained in article 16, second paragraph of the Constitution, which states that everyone has the right to safeguard their personal information as well as; access, rectify, cancel and oppose its use.

In the year to be reported, there were no relevant sanctions or claims due to leakage or misuse of our clients' information and there were no losses due to legal proceedings derived from the same issues.

All the content of our actions in the management and care of our clients' information can be found in the **Privacy Policy** available on our website.

GRI / 102-29, 201-2
SASB / FN-CB-410a.2

Risk Intelligence

The Risk Intelligence Division continues the analysis of asset quality of the credit portfolios. This department is responsible for the timely and comprehensive disclosure of current and potential risks, along with the assessment of regulatory compliance in terms of credit risk.

The Risk Committee monitors the management of these departments each month and sends the evaluation to the Board of Directors.



Banregio's key measures for risk management:

- Guidelines regarding focusing on better quality clients, based on individual qualitative and quantitative rating
- Alignment of pricing policy based on risk and term
- Reducing exposure in the following segments: infrastructure, corporate, government, public entities and non-regulated financial entities
- Monitoring and providing feedback to the management processes between control areas and business areas
- Prevention and contention processes in early default
- Increase in Guarantees with development banks (NAFIN, SHF and FIRA)
- Actions that deal with prospecting, security positions and follow-up and review measures for Corporate and Business clients



Banregio's philosophy is to grant credit in a way that will support the development of companies and strengthen the demand of consumer durables through financing.

In order to grant a loan, the Risk Committee takes into account not only the risk but the payment capacity of the borrower, as well as the social, economic and environmental viability of the project being financed. In 2020, all the cases of clients who received some support due to the pandemic were monitored in a timely manner.

In the previous year a program was proposed for the social and environmental evaluation of credits, which would add to the current analysis. The process began with the development of a corporate, environmental, and social risk policy that will serve as a regulatory framework to integrate these issues into the evaluation.

Unfortunately, the contingency for COVID-19 put the pilot project for customer evaluation on hold. However, in 2020 the important step was taken of adhering Regional to the Principles of Responsible Banking and among the commitments assumed is that this process of identification, management and monitoring of environmental and social risks is integrated into the operation of risks for the lines of credit of greater scope.

It should be noted that within our origination and credit management policy, we have established that our participation in the following sectors will be avoided: Casinos or Betting Centers, Exchange Centers, Political and Religious Organizations, Communication Means, Local Savings Associations, Pawnshops, Firearms, Hunting and Fishing, Bars and Canteens.

At Regional we will continue to work with an ethical commitment and meticulous risk management, maintaining a solid Corporate Governance with the goal of achieving the sustainable development of the company and the generation of value for clients, shareholders, employees and communities where we have a presence.

GRI / 102-42,102-43, 102-44, 102-46, 102-47, 102-48, 102-49,
102-50, 102-51, 102-52, 102-53, 102-54, 102-56

For the fifth consecutive year Regional presents a comprehensive report which reflects the financial and non-financial performance of the Company and its subsidiaries. This document covers the actions and results from January 1 to December 31, 2020.

This report has been prepared in accordance with the GRI Standards: Comprehensive option, a revision of the reference reporting methodology at an international level, developed by the Global Reporting Initiative (GRI).

Additionally, this report considered the contents of the supplement **GRI** for the financial services sector that are linked to the topics that were determined as material¹, as well as some contents of the **Sustainability Accounting Standards Board (SASB)**. Similarly, in the chapters of this report we indicate the **Sustainable Development Goals** to which our initiatives and sustainability strategy respond.

The contents presented in this report were validated by the external consultant Valora Sostenibilidad e Innovación S.A. de C.V., a company with experience in the verification, audit, systems and evaluation in the sustainability area.

In accordance with the Model described in the Sustainability chapter, for the preparation of this document we used the communication channels and the identification of our stakeholders, reflected in the 2020 materiality study. To have an in-depth knowledge of the methodology of the study, as well as the identified material topics, including their internal and external limits, check our **2020 Materiality Analysis** available on our website **www.regional.mx**.

¹The reformulations for the information presented are directly referenced in the sections of the report

About this report

For more information about the report, please contact:

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investor.relations@banregio.com

Sustainability
sustentabilidad@banregio.com



Audit Committee Report

**To: Board of Directors of Regional, S.A.B. de C.V.
Meeting of the Shareholders of Regional, S.A.B. de C.V.**

Activity Report of the Audit Committee for the year 2020

In accordance with section II of article 43 of the Securities Market Law, the following report is issued regarding the activities carried out by the Audit and Corporate Practices Committees of Regional, SAB de CV and its subsidiaries, hereinafter Regional, for the year 2020.

The content of this report includes the activities in Regional, S.A.B. de C.V. (hereinafter referred to as Regional) and the relevant entities that are listed below: Banregio Grupo Financiero, S.A. de C.V., Banco Regional, S.A. and Start Banregio, S.A. de C.V., SOFOM E.R.

During the 2020 financial year, an evaluation of the state of the internal control system of Regional and Subsidiaries was carried out, with the support of the internal comptroller, internal audit and external audit areas, verifying its adequate functioning in a general way, putting special attention to the measures taken in response to the contingency created by the COVID-19 pandemic. As a result of this evaluation, no deficiencies were detected that significantly affect the internal control system.

To support the evaluation of the internal control system that was carried out, the following documents were received and reviewed:

- Quarterly reports on Internal Audit Management and on the compliance with its Annual Work Program 2020.
- Quarterly reports on Internal Comptroller Management and Internal Audit.
- Quarterly reports from the External Auditor.
- Annual reports on Internal Control prepared by the General Directors.
- Annual reports on Internal Control prepared by the Internal Auditor
- Annual report of recommendations on Internal Control prepared by the External Auditor as a result of their audit

The annual plan for internal audit revisions was reviewed and approved. The observations derived from their revisions were received and the corresponding supervision of the measures to correct said observations was carried out, resulting in greater effectiveness and efficiency in the control of the operations.

Regarding the follow-up of preventive and corrective measures, it is reported that action plans were generated to appropriately attend all the observations and recommendations of the internal audit, as well as those issued by the National Banking and Securities Commission in its external review and by Banco de México, in its ordinary inspection visit. The Directorate of Internal Audit monitors the full implementation of the recommendations of the aforementioned authorities.

The work of the firm of external auditors was evaluated as well as its proposal for services and fees for the year 2020 and as a result a proposal was sent to the Board of Directors regarding the ratification the firm of independent Public Accountants, Mancera, SC, EY México, as the external auditor of Regional and subsidiaries. The scope of their work, the quality and timeliness of their reports and opinions, as well as the support they provide the administration and this Audit Committee in compliance with the applicable regulations, has been fundamental in proposing its ratification.

Before auditing the 2020 financial statements, the compliance of the external audit personnel with the independence standard, as well as with the personal and professional requirements for the agreed works, was supervised. We reviewed and approved its 2020 work plan and during its execution this Committee was informed of its progress, the changes to the initial work plan and the observations that were found (if any). We also verified that the administration will take appropriate corrective measures in a timely manner. The external auditor attended, as a guest, with voice but without vote, all the sessions of this Committee.

During the year, we maintained communication with the external auditor and verified that management provided them, in a timely manner, with all the information they requested in order to carry out the audit of the financial statements without limitation.

The financial statements of Regional and Subsidiaries as of December 31, 2020 were reviewed, as well as the opinion issued by the firm of independent external auditors on said financial statements, which consists of an opinion without exceptions stating

that the financial information prepared by the management of Regional and Subsidiaries complies in all material respects with the accounting regulatory framework applicable to holding companies of financial groups issued by the National Banking and Securities Commission.

We also reviewed the letter of statements issued by management to the firm of external auditors.

In the fiscal year of 2020, there were no relevant changes in the accounting regulations applicable to Regional and subsidiaries.

During fiscal year 2020, additional services to the audit of financial statements were hired with the firm of external auditors and it was previously verified that they would not represent a threat to their independence. Said additional services included the audit of transfer prices, of Regional and other less important tasks.

In fiscal year 2020, there were no relevant changes in the accounting regulations applicable to Regional and subsidiaries.

Based on the work described in the previous paragraphs, this Committee recommends the Board of Directors and the Meeting of Shareholders the approval of the financial statements of Regional and its Subsidiaries prepared by the Management Department and the Internal Comptroller. These statements were revised by the Directorate of Internal Audit, through its specialized area of financial statements auditing and they were audited by the External Auditors who verified that the financial, administrative and accounting information was prepared based on the applicable regulations.

No complaints were received during the year from shareholders, Board Members, directors, executives, employees, customers or other third parties regarding irregular events that were relevant and related to accounting, internal controls, administration, or internal and external auditing. In accordance with the best corporate governance practices, there is an anonymous reporting system called "Transparency Mailbox", which is supervised by this Audit Committee.

Likewise, we report that this Committee supervised the resolutions of the Meetings of the Shareholders and of the Board of Directors, verifying that they were fulfilled by the General Management.

Sincerely,



Alfonso González Migoya
Chairman of the Audit Committee
Regional, SAB de CV

Corporate Practices Committee Report

To: Board of Directors General Ordinary Meeting of the Shareholders

In accordance with article 58, section I of the Law to Regulate Financial Groups, the report corresponding to the activities carried out by the Corporate Practices Committee of Banregio Grupo Financiero, S.A. de C.V. and its subsidiaries during fiscal year 2020 is presented.

Observations regarding the performance and compliance of the relevant directors. It is reported that, in the Corporate Practices Committee of Banregio Grupo Financiero, S.A. de C.V., corresponding to the Fourth Quarter of the year 2020 held in January 2021, observations were made regarding the performance and compliance of the relevant directors of Banco Regional, S.A. Institución de Banca Múltiple, Banregio Grupo Financiero, a subsidiary of Banregio Grupo Financiero, S.A. de C.V. The foregoing, in compliance with the applicable legal provisions and established policies and procedures.

Loans and operations with related parties granted by Banco Regional, S.A. and Start Banregio, S.A. de C.V., both subsidiaries of Banregio Grupo Financiero S.A. de C.V. as of December 2020 amounted to \$ 2,761 million pesos and \$ 313.1 million pesos, respectively. These amounts are within the limits indicated by the regulation (less than 35% of the basic capital). The inter-company transactions were carried out at market prices, which was verified by the external auditor, who did not report relevant findings as of the date of issuance of this report.

Likewise, during the same session, the Corporate Practices Committee was informed about the remuneration of the Chief Executive Officer and relevant executives of Banco Regional, S.A., Institución de Banca Múltiple, Banregio Grupo Financiero. This remuneration is carried out in accordance with a compensation package approved by the Board of Directors, which is composed of a fixed and a variable compensation. The latter is granted based on the achievement of institutional goals and objectives that include an assessment of the risks of the different businesses.

In 2020, the Board of Directors did not grant exemptions to Board Members or Directors so they could exploit business opportunities.

The observations made by the supervising commissions of the financial entities that are members of the Financial Group or the Supervising Commission of the Holding Company, as a result of the supervision carried out on them. During the month of June, the National Banking Securities Commission made an external inspection visit to Banco Regional, S.A., Institución de Banca Múltiple, Banregio Grupo Financiero, resulting in 14 non-definitive observations that are considered not relevant, which are derived from Internal Control deficiencies. Likewise, Banco de México carried out an Inspection Visit to the Institution, the result of which determined 3 minor breaches on the issue of payroll portability and 6 recommendations.

During fiscal year 2020, the Board of Directors appointed Manuel G. Rivero Santos as the Executive President of the Board of Directors and Jaime Alberto Rivero Santos, outgoing president to Honorary President of the same board. Additionally, Manuel Gerardo Rivero Zambrano was appointed as General Director of Regional S.A.B. de C.V., in place of Manuel G. Rivero Santos.

Corporate Practices Committee Report

Additionally, Jorge Humberto Santos Reyna was welcomed as director of the Corporate Practices Committee.



Alfonso González Migoya
President



Enrique Navarro Ramírez
Secretary

Independent Auditor's Report



MADRID - A CORUÑA - AMSTERDAM
BARCELONA - LONDRES - PARIS
ISTANBUL - TURQUÍA - MÉXICO

Independent Review Report to the Management of Regional, S.A.B. de C.V. and subsidiaries.

(Translation from Spanish Language Original). This letter has been translated from the Spanish language original and for the convenience of foreign/English-speaking readers – in case of discrepancy, Spanish prevails.

To the Management of Regional, S.A.B. de C.V. and subsidiaries,

As per your request, we were required to provide a limited level of assurance about the information content on the 2020 Annual Report (hereinafter "Report"), for the period January 1 to December 31, 2020.

The report has been prepared in accordance with the contents proposed in the Global Reporting Initiative (GRI) Standards, the Financial Services Sector Supplement of the GRI Guide version G4 and the parameters of the Sustainability Accounting Standards Board (SASB) for the Industries of: Asset management and custody activities, Commercial Banks, Consumer Financing and Mortgage Financing.

Regional responsibilities

The Management of Regional was responsible for the preparation, content and presentation of the "Report", including compliance with the requirements of the "Exhaustive" option of the GRI Standards.

This responsibility includes designing, implementing and maintaining such internal control that is considered necessary to enable the information contained in the "Report" is free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility was to carry out a limited review on the content of the "Report" regarding the verified contents enlisted in the Table 1., both the GRI Standards, the contents of the Financial Services Sector Supplement, and the SASB parameters.

To ensure that the assurance process accomplishes with the ethical requirements necessary to ensure the independence of our work as auditors of non-financial information, our work was carried out in accordance with the Standard ISAE 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the *International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC)*.

Scope

The scope of our independent review, as well as the evidence gathering procedures performed was of limited assurance level, which is less than the one performed in an engagement with a reasonable assurance level and therefore also the security level provided. This report must not be understood as an audit report.

The procedures that were carried out, in general, are described below:

- Selection of information to review based on the materiality and prior knowledge of the company.
- Interviews with employees responsible for providing the information contained in the Report to learn the principles, systems and applied management approaches.
- Review of data collection, internal control and consolidation processes.
- Review of the scope, relevance and integrity of the information included in the "Report" based on the operations and the material aspects identified.
- Review of evidence based on a sampling of information according to a risk analysis.
- Review of the application of what is required in accordance with the GRI Standards and the SASB accounting parameters.

The GRI contents and SASB parameters reviewed were as follows:

GRI Standards	
General Disclosures	
Disclosure	Description
102-8	Information on employees and other workers
102-9	Supply chain
102-17	Mechanisms for advice and concerns about ethics





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102-18	Governance structure
102-22	Composition of the highest governance body and its committees
102-25	Conflicts of interest
102-41	Collective bargaining agreements
Economic	
201-1	Direct economic value generated and distributed
203-1	Infrastructure investments and services supported
205-2	Communication and training about anti-corruption policies and procedures
205-3	Confirmed incidents of corruption and actions taken
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.
Environmental	
302-1	Energy consumption within the organization
305-1	Direct (Scope 1) GHG emissions
305-2	Energy indirect (Scope 2) GHG emissions
305-3	Other indirect (Scope 3) GHG emissions
Social	
401-1	New employee hires and employee turnover
403-5	Worker training on occupational health and safety
403-9	Lesiones por accidente laboral
403-10	Work-related ill health
404-1	Average hours of training per year per employee
404-3	Percentage of employees receiving regular performance and career development reviews
405-1	Diversity of governance bodies and employees
406-1	Incidents of discrimination and corrective actions taken
412-2	Operations that have been subject to human rights reviews or impact assessments
417-2	Incidents of non-compliance concerning product and service information and labeling
417-3	Incidents of non-compliance concerning marketing communications
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data
FS16	Initiatives to enhance financial literacy by type of beneficiary

SASB Standards	
FN-CB-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of
FN-CF-230a.1	account holders affected
FN-CF-230a.2	Card-related fraud losses from (1) card-not present fraud and (2) card-present and other fraud
FN-CB-230a.2	Description of approach to identifying and addressing data security risks
FN-CF-230a.3	

Conclusion

Based on our review and the evidence obtained by Regional nothing caught our attention that causes us to believe that their information contained in the 2020 Annual Report has not been obtained with reliability, was not presented properly, or that there were significant discrepancies or omissions, or that has not been prepared in accordance with the requirements established in the GRI Standards and the SASB Standards.

Luis Miguel Vilatela Riba
Valora México Director
Valora Sostenibilidad e Innovación S.A. de C.V.
México City, 14th April 2021



GRI Standard 102: General Content

Topic	Content	Description	Omission	Page / Link
Company Profile	102-1	Name of the organization		Portada, 15
	102-2	Activities, brands, products, and services		18, 61
	102-3	Location of headquarters		23
	102-4	Location of operations		23
	102-5	Ownership and legal form		15, 72
	102-6	Markets served		18, 61
	102-7	Scale of the organization		3, 55
	102-8	Information on employees and other workers		75
	102-9	Supply chain		70
	102-10	Significant changes to the organization and its supply chain		15, 18, 41, 51, 72
	102-11	Precautionary Principle or approach		15, 133
	102-12	External initiatives		34
	102-13	Membership of associations		34

Topic	Content	Description	Omission	Page / Link
Strategy	102-14	Statement from senior decision-maker		4, 6, 10
	102-15	Key impacts, risks, and opportunities		4, 6, 10, 133
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior		15, 17, 126
	102-17	Mechanisms for advice and concerns about ethics		130
Governance	102-18	Governance structure		118
	102-19	Delegating authority		118
	102-20	Executive-level responsibility for economic, environmental, and social topics		26, 118
	102-21	Consulting stakeholders on economic, environmental, and social topics		27, 118
	102-22	Composition of the highest governance body and its committees		118
	102-23	Chair of the highest governance body		118
	102-24	Nominating and selecting the highest governance body		118
	102-25	Conflicts of interest		118

Topic	Content	Description	Omission	Page / Link
Governance	102-26	Role of highest governance body in setting purpose, values, and strategy		15
	102-27	Collective knowledge of highest governance body		118
	102-28	Evaluating the highest governance body's performance		118
	102-29	Identifying and managing economic, environmental, and social impacts		133, 137
	102-30	Effectiveness of risk management processes		133
	102-31	Review of economic, environmental, and social topics		118
	102-32	Highest governance body's role in sustainability reporting		118
	102-33	Communicating critical concerns		118
	102-34	Nature and total number of critical concerns		118
	102-35	Remuneration policies		118
	102-36	Process for determining remuneration		118
102-37	Stakeholders' involvement in remuneration		118	

Topic	Content	Description	Omission	Page / Link
Governance	102-38	Annual total compensation ratio	Confidential, due to the Group's internal guidelines	NA
	102-39	Percentage increase in annual total compensation ratio	Confidential, due to the Group's internal guidelines	NA
Participation of interest groups	102-40	List of stakeholder groups		27
	102-41	Collective bargaining agreements		75
	102-42	Identifying and selecting stakeholders		27, 139
	102-43	Approach to stakeholder engagement		27, 139
	102-44	Key topics and concerns raised		27, 139
Report profile	102-45	Entities included in the consolidated financial statements		Financial Statements
	102-46	Defining report content and topic Boundaries		27, 139
	102-47	List of material topics		27, 139
	102-48	Restatements of information		27, 139

Topic	Content	Description	Omission	Page / Link
Report profile	102-49	Changes in reporting		27, 139
	102-50	Reporting period		139
	102-51	Date of most recent report		139
	102-52	Reporting cycle		139
	102-53	Contact point for questions regarding the report		139
	102-54	Opción «de conformidad» con la Guía elegida por la organización		139
	102-55	GRI content index		GRI Index
	102-56	External assurance		139

GRI Standard: Content by Topic

Topic	GRI Standard	Content	Description	Omission	Page / Link
Cibersecurity	GRI 103: Management Approach 2016	103-1			Materiality Analysis 2020
		103-2			134
		103-3			134
Work environment, compensation and employee commitment	GRI 103: Management Approach 2016	103-1			Materiality Analysis 2020
		103-2			75
		103-3			89
	GRI 401: Employment 2016	401-1	New employee hires and employee turnover		76
		402-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		82, 90
		401-3	Parental leave		86
	GRI 402: Labor Relations 2016	402-1	Minimum notice periods regarding operational changes		79, 82
	GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee		90

Topic	GRI Standard	Content	Description	Omission	Page / Link
	GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs		90
		404-3	Percentage of employees receiving regular performance and career development reviews		93
	GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees		75, 94
		405-2	Ratio of basic salary and remuneration of women to men		84
	GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken		94
	Financial Performance	GRI 103: Management Approach 2016	103-1		
103-2					55
103-3					55

Topic	GRI Standard	Content	Description	Omission	Page / Link
Financial Performance	GRI 201: Financial Performance 2016	201-1	Direct economic value generated and distributed		70
		201-2	Financial implications and other risks and opportunities due to climate change		67, 137
		201-3	Defined benefit plan obligations and other retirement plans		82, 84
	GRI Supplement Financial Sector	FS6	Breakdown of the portfolio for each line of business, by specific region, size (large, SME, microenterprise) and sector		61
Ethics and integrity	GRI 103: Management Approach 2016	103-1			Materiality Analysis 2020
		103-2			126
		103-3			126
	GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption		126
		205-2	Communication and training about anti-corruption policies and procedures		126
		205-3	Confirmed incidents of corruption and actions taken		130

Topic	GRI Standard	Content	Description	Omission	Page / Link
Ethics and integrity	GRI 206: Anti-Competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		130
Customer experience	GRI 103: Management Approach 2016	103-1			Materiality Analysis 2020
		103-2			48
		103-3			48
	GRI 416: Customer health and safety 2016	416-1	Assessment of the health and safety impacts of product and service categories		100
		416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		100, 130
	GRI 417: Marketing and labeling 2016	417-1	Requirements for product and service information and labeling		47
		417-2	Incidents of non-compliance concerning product and service information and labeling		47
		417-3	Incidents of non-compliance concerning marketing communications		47

Topic	GRI Standard	Content	Description	Omission	Page / Link
	GRI Supplement Financial Sector	FS15	Policies for the fair design and sale of financial products and services		67
Risk management	GRI 103: Management Approach 2016	103-1			Materiality Analysis 2020
		103-2			133
		103-3			133
	GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or im- pact assessments		94, 126
		412-2	Employee training on human rights policies or procedures		94, 126
		GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and eco- nomic area	
Financial Inclusion	GRI 103: Management Approach 2016	103-1			Materiality Analysis 2020
		103-2			100
		103-3			100

Topic	GRI Standard	Content	Description	Omission	Page / Link
Financial Inclusion	GRI Supplement Financial Sector	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line, broken down by purpose.		67
		FS13	Access points in low-populated or economically disadvantaged areas by type.		41
		FS14	Initiatives to improve access to financial services for disadvantaged people		100
		FS16	Initiatives to enhance financial literacy by type of beneficiary		100
Innovation	GRI 103: Management Approach 2016	103-1			Materiality Analysis 2020
		103-2			40
		103-3			40
	GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported		40
		203-2	Significant indirect economic impacts		47, 99
	GRI Supplement Financial Sector	FS1	Policies with specific social and environmental components applied to business lines		67
		FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.		67

Topic	GRI Standard	Content	Description	Omission	Page / Link
Employee health and safety	GRI 103: Management Approach 2018	103-1			Materiality Analysis 2020
		103-2			79
		103-3			79
	GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system		79
		403-2	Hazard identification, risk assessment, and incident investigation		79
		403-3	Occupational health services		79
		403-4	Worker participation, consultation, and communication on occupational health and safety		79
		403-5	Worker training on occupational health and safety		79
		403-6	Promotion of worker health		79
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		79
403-8	Workers covered by an occupational health and safety management system		79		
403-9	Work-related injuries		79		
403-10	Work-related ill health		79		

Topic	GRI Standard	Content	Description	Omission	Page / Link
Customer Privacy	GRI 103: Management Approach 2016	103-1			Materiality Analysis 2020
		103-2			134
		103-3			134
	GRI 418: Customer Privacy 2016	418-1	Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data		134
Digital transformation	GRI 103: Management Approach 2016	103-1			Materiality Analysis 2020
		103-2			45
		103-3			45
*Environmental performance	GRI 302: Energy 2016	302-1	Energy consumption within the organization		107
	GRI 305: Emissions 2016	305-1	Direct GHG Emissions (Scope 1)		111
		305-2	Energy Indirect GHG Emissions (Scope 2)		111
		305-3	Other indirect GHG Emissions (Scope 3)		111

* In addition to the GRI contents that are related to material issues, information on the environmental performance contents is included in response to the request of investors.

Topics for Investors

Topic	SASB	Accounting Metric	Category	Unit of Measure	Code	Standard	Page
		Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Quantitative	Reporting Currency	FN-CF-220a.2	Consumer finance	134
	Data Security	(1) Number of data breaches (2) percentage involving personally identifiable information (3) number of account holders affected	Quantitative	Number, Percentage (%)	FN-CB-230a.1 FN-CF-230a.1	Commercial banks; Consumer finance	134
		Card-related fraud losses from (1) card-notpresent fraud and (2) card-present and other fraud	Quantitative	Reporting Currency	FN-CF-230a.2	Consumer finance	134
		Description of approach to identifying and addressing data security risks	Discussion and Analysis	NA	FN-CB-230a.2 FN-CF-230a.3	Commercial banks; Consumer finance	134
Work environment, compensation and employee commitment	Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Quantitative	Percentage (%)	FN-AC-330a.1	Asset Management & Custody Activities	75, 118
	Selling Practices	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	Quantitative	Percentage (%)	FN-CF-270a.1	Consumer finance	84

Topic	SASB	Accounting Metric	Category	Unit of Measure	Code	Standard	Page
Business Development	Activity Metrics	Total assets under custody and supervision	Quantitative	Reporting Currency	FN-AC-000.B	Asset Management & Custody Activities	Financial Statements
		(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Quantitative	Number, Reporting currency	FN-CB-000.A	Commercial banks	Financial Statements
		(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	Quantitative	Number, Reporting currency	FN-CB-000.B	Commercial banks	Financial Statements
		Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account	Quantitative	Number	FN-CF-000.A	Consumer finance	Financial Statements
		Number of (1) credit card accounts and (2) pre-paid debit card accounts	Quantitative	Number	FN-CF-000.B	Consumer finance	Financial Statements
		(1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial	Quantitative	Number, Reporting currency	FN-MF-000.A	Mortgage Finance	Financial Statements
		(1) Number and (2) value of mortgages purchased by category: (a) residential and (b) commercial	Quantitative	Number, Reporting currency	FN-MF-000.B	Mortgage Finance	Financial Statements
Ethics, integrity and anti-corruption	Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Quantitative	Reporting currency	FN-AC-510a.1 FN-CB-510a.1	Asset Management & Custody Activities	134
		Description of whistleblower policies and procedures	Discussion and Analysis	NA	FN-AC-510a.2 FN-CB-510a.2	Asset Management & Custody Activities	134

Topic	SASB	Accounting Metric	Category	Unit of Measure	Code	Standard	Page
	Transparent Information & Fair Advice for Customers	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	Quantitative	Number, Percentage (%)	FN-AC-270a.1	Asset Management & Custody Activities	130
		Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial productrelated information to new and returning customers	Quantitative	Reporting currency	FN-AC-270a.2	Asset Management & Custody Activities	48
		Description of approach to informing customers about products and services	Discussion and Analysis	NA	FN-AC-270a.3	Asset Management & Custody Activities	48
		Description of approach of environmental, social, and governance (ESG) factors in credit analysis	Discussion and Analysis	NA	FN-CB-410a.2	Commercial banks	137
		Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	Quantitative	Reporting currency	FN-CF-270a.5	Consumer finance	47, 130
		Global Systemically Important Bank (G-SIB) score, by category	Quantitative	Basis points (bps)	FN-CB-550a.1	Commercial banks	We are not consider a Global Systemically Important Bank (G-SIB).
Product innovation, services and operations	Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	Quantitative	Number, Reporting Currency	FN-CB-240a.1	Commercial banks	67
		Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Quantitative	Number	FN-CB-240a.4	Commercial banks	100

Topic	SASB	Accounting Metric	Category	Unit of Measure	Code	Standard	Page
Security and information privacy	Data Security	(1) Number of data breaches (2) percentage involving personally identifiable information (3) number of account holders affected	Quantitative	Number, Percentage (%)	FN-CB-230a.1	Commercial banks	134
	 Description of approach to identifying and addressing data security risks	Discussion and Analysis	NA	FN-CB-230a.2	Commercial banks	134

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