

# ANNUAL REPORT

**regional**<sup>®</sup>

+ An annual memoir of last year's  
main activities



T R U S T W O R T H Y ,

W E L L - B E I N G

A N D B U I L D I N G A







B E T T E R F U T U R E





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<div>Structure<div></div><ul style="list-style-type: none"><li>Regional’s operation started in 1994 as Banco Regional de Monterrey, with the purpose of serving the financial needs of entrepreneurs and business persons in northern Mexico.</li><li>It is a holding company of two main business units: Banregio Grupo Financiero and Hey Controladora.</li><li>Regional SAB de CV (R series “A”), has the following shareholding structure: 60% is family owned and 40% is free float.</li></ul></div>	<div>Institutional Values</div> <div><div></div>Relevant</div> <div><div></div>Prudent</div> <div><div></div>Humane</div> <div><div></div>Lidership</div> <div><div></div>Openess</div>
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Dear board members, shareholders, clients and employees,

The global and national environment remains complex due to the still present health crisis, geopolitical conflicts in Europe, rise in interest rates, higher inflation and lower growth expected in the world economy, where our country is no exception.

In Mexico, this 2021, the GDP managed to recover 5% after a contraction of 8.5% during the previous year; however, the economy is not expected to continue growing at a good pace, due to higher costs of energy and bottlenecks in supply chains.

**Regional finished with a stable source of financing, a healthy credit portfolio and a high level of capitalization**, which will allow it to be attentive to all opportunities that arise and to the healthy credit demands that our customers require.

During 2021, **the demand deposits increased 28.3%, reaching a balance of \$61,785 million MXN**. This is a reflection of the loyalty and trust our customers place in us. Private and consumer banking represent 29.3% of income.

We continue to focus on providing financial and non-financial solutions to SMEs, a segment that represents 77.6% of our portfolio with a balance of \$89,075 million MXN. Our priority is to continue to grow this segment in a prudent manner in the regions where we have a presence.

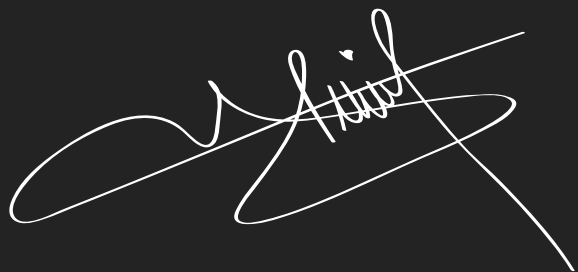


In recent years, we have managed to consolidate our operation through non-financial services, which together showed a growth of 16.7%. This positive impact on results **is reflected in a 20.5% increase in net income, which reached \$3,556 million MXN.**

Regional stands out for its prudent risk management which allowed the institution to respond efficiently and face the challenges caused by the health situation over the last two years without suffering serious losses in its assets. At the end of 2021, **the non performing loan ratio closed at 1.8% while the capitalization level was at 15.7%**, well above the regulatory requirements in the country.

**To ensure the sustainability of our business, we support small and medium-sized businesses to continue their operations and ensure their resilience.** In 2021, with our Mentoring program, we accompanied and advised more than 400 entrepreneurs nationwide in their decision-making process.

We will keep on working under an ethical and transparent culture, ensuring the well-being of our employees, taking care of our social and environmental impact to obtain results that add value to our shareholders.



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



Dear Stakeholders,

In 2021, we managed to face the changes and challenges of a complex global environment, obtaining great results in both our financial and non-financial indicators.

Regional has the strengths and tools to accelerate its growth: **a solid financial position, an experienced management team and a permanent culture of innovation.** These characteristics allow us to position ourselves as one of the main participants in the financial system.

With our business activity, we seek to promote the **financial well-being** of the community while reducing the complexity of banking services through our two main brands: Banregio and Hey.

In Banregio we serve SMEs and individuals, focusing on the regions with the highest economic activity. Our relational model provides a unique experience, which allows us to have a well-positioned brand in all the segments we serve and greater loyalty from our customers.

This strategy, focused on the loyalty of our customers, is clearly reflected in the increase in deposits. In the reporting year we achieved a **growth of 28.3% in demand deposits, with a total of \$61,785 million MXN.**

Another point to highlight is the **growth of 16.7% in non-financial income**, mainly explained by the 20.6% increase in insurance and FX fees. This indicates that our customers are increasingly relying on the offer we have to meet their financial needs in different areas.

I am pleased to share that 2021 was a year of strong economic performance. **Regional's net income increased 20.5% compared to the previous year, reach-**

**ing \$3,556 million MXN.** An excellent control of administrative expenses stands out, which allowed us to maintain the efficiency index at 46.4%. Likewise, the **return on capital of the last twelve months was 15.3%**, well above the country's financial system.

Hey! is the only fully digital multi-segment and multi-product platform in Mexico, offering its products to a massive market seeking to simplify financial services through an efficient and intuitive platform.

Our services include loans, investments, means of payment, among others and are available to individuals and businesses; such as microenterprises and self-employed. **By the end of 2021, Hey! had more than 390 thousand active users.**

The balance for the personal segment products reached **\$6,839 million MXN**, while the total credit products closed at **\$1,960 million MXN, an annual growth of 18x.**

The business segment achieved more than 35 thousand billing affiliations and 36.6 million transactions in the fourth quarter of 2021, with an annual growth of 139%. It is important to mention that the transactions amounted to \$25,836 million and that \$398 million MXN were generated in net commission income.

Thanks to the work of our great team in Hey!, two important recognitions were achieved: Honorable Mention at the Innovation by Design 2021 Awards, from Fast Company, for the 5 unique limited edition designs for dual cards and the Appointment as 6th National Bank Acquirer by PROSA.

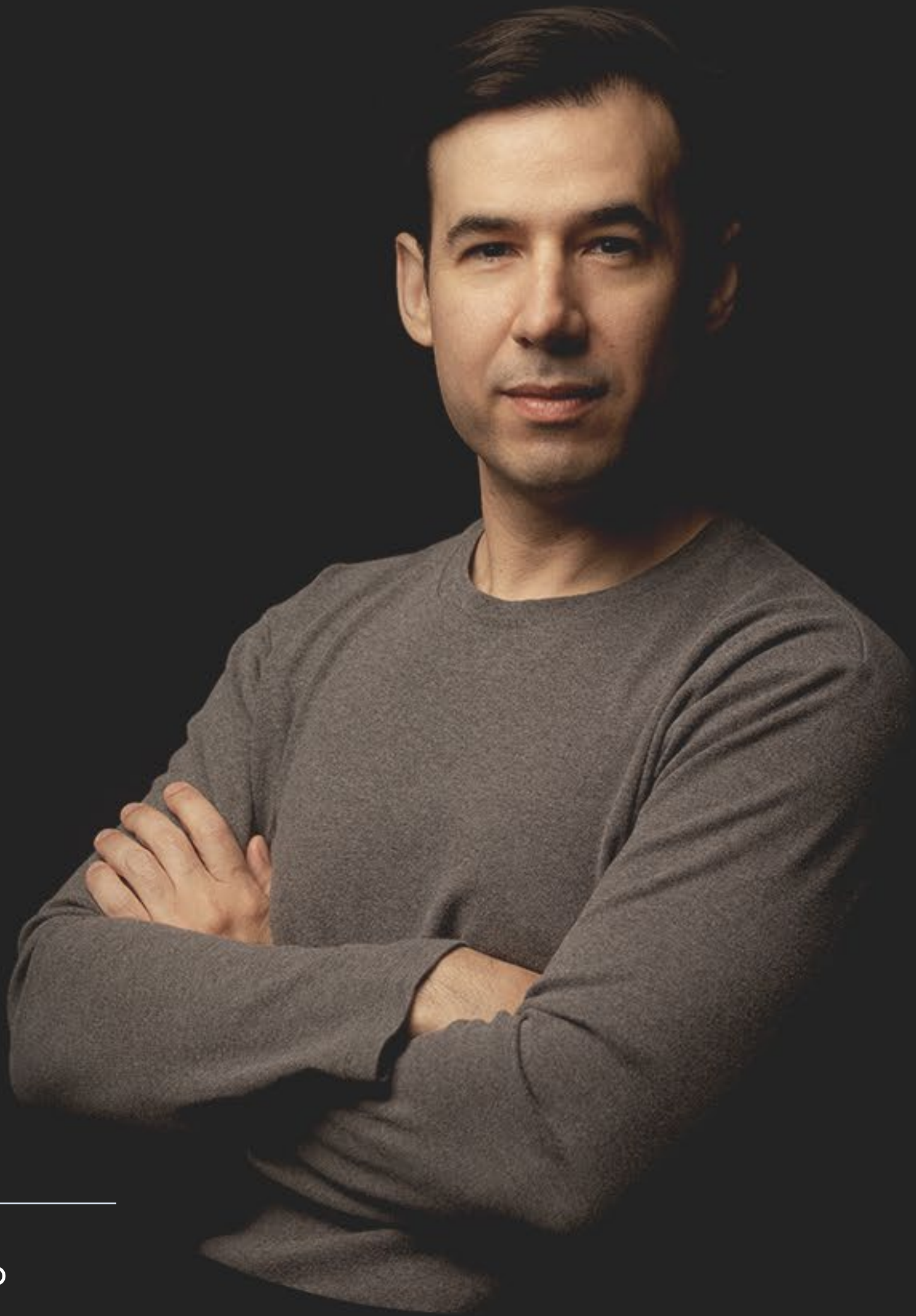
We are committed to creating sustainable relationships with all our stakeholders; therefore, we have implemented international best practices that allow us to: **better serve our customers, offer growth and stability to our shareholders, promote the development of our employees, as well as to care for the environment and communities.**



We continue to make progress with our contribution to the Sustainable Development Goals, established in the 2030 agenda of the United Nations under the sustainability strategy. **These actions have allowed us to remain present in the Bloomberg Gender Equality Index and in the Total Mexico ESG Index, of the Mexican Stock Exchange.**

Definitely our most valuable asset will always be the people who make up this great company. **I am deeply grateful to the Regional team and their families, for the dedication with which they carry out their activities every day.** Without you these results would not be possible.

Undoubtedly, the global challenge continues but if we have learned something during the last two years is that Regional is ready to grow and maintain its mission to be a relevant ally in the sustainable financial development of people and companies in Mexico.



A handwritten signature in white ink that reads "Manuel Rivero Zambrano".

Mr. Manuel Rivero Zambrano  
CEO of Regional

Dear board members, shareholders, clients and employees,

This 2021 has undoubtedly been a year full of challenges, but thanks to the support of our employees who make up this great institution, we have managed to overcome them.

In this past year we have not only grown as a company but also as a team, we have focused our efforts in recovering the operation at a consistent pace of growth and we are convinced that, if we continue to do our work with passion, we will be able to overcome any adversity.

The effects of the events of previous years continue to affect the country mainly through high inflation and shortages in the supply chain. GDP grew below estimation, up 5% after a fall of 8.5% in 2020. However, the strategy that was proposed in the Company has managed to obtain positive and solid results, despite the national panorama.

One of the results that we are most proud of has been the growth of **28.4%** in **demand deposits closing at \$61,871 million MXN**. It is important to mention that in this segment all products and all the territories of the country have developed equally, this gives us the peace of mind that we have an organic and pulverized growth.

Meanwhile, the **total loan portfolio grew 6.9% closing the year at \$117,895 million MXN**. Following our strategy of maintaining prudence in the placement of credits, we achieved a **non performing index of 1.8%, well below the system**.

We continue to decisively promote non-financial products and services **which resulted in the amount of \$2,881 million MXN representing an increase of 19.5%** compared to the previous year.

The positive result of our effort is also reflected in a **20.7% increase in net income, which closes at \$3,539 million MXN and a healthy capitalization rate of 15.9%**.

The dedication and commitment of our more than **5,300** employees has strengthened us and allowed us to evolve in these years of challenges. Our strength will always be in the daily commitment of each person to meet the needs of each of our customers. As a result we have the extraordinary customer experience that characterizes Banregio, that in 2021 allowed us to maintain one of the **highest NPS of the financial system with a rating of 70.6**.

To continue growing together, we supported our work team with almost **200** thousand hours of training, aligned with the different career plans. We also have several **programs for the care of their physical, mental and emotional health** that allow them to achieve a balance between their work and personal life, as well as develop to their fullest potential.

It is important to mention that all the actions of our team are guided by the ethical culture included in our Code of Conduct. Every year we take steps to improve these policies and practices.

In 2021, the annual training on the values and attitudes that we promote in Banregio reached a **94% compliance in our staff. Likewise, we received the recognition as one of the Most Ethical Companies in Mexico** granted by El Financiero and AMITAI.

I am also pleased to report that we have made great progress with our Sustainable Strategy, seeking to generate economic, social and environmental value for all our stakeholders.



In 2021, we redesigned this strategy to respond to new global challenges. Our actions are now organized in three main axes: Trustworthy, Wellbeing and Building a better future.

Through our SME Mentoring program we create resilience for our core business segment, Small and Medium Enterprises. In the reporting year, we helped **412** entrepreneurs with more than 2,200 mentoring sessions focused on the sustainability of their businesses.

Likewise, with Clara Banregio we promote the financial well-being of people through our platform dedicated to financial education. In 2021, we had more than **290** students in at least one of our 4 online courses, which include the following topics: savings, use of credit and investing.

It is important to mention that under this sustainable strategy we've made new commitments with the environment and our community. In 2021, we reported our first progress on the Principles of Responsible Banking and signed as supporters of the Task Force on Climate-related Financial Disclosures.

**Undoubtedly, 2022 will present us with new challenges, but we know that our strength is in our passion for serving and our focus on customer success. I am confident that in the Banregio family, we will continue to create a future that brings prosperity and well-being for our community.**



Mr. Héctor Cantú Reyes  
CEO Banco Regional





# REGIONAL

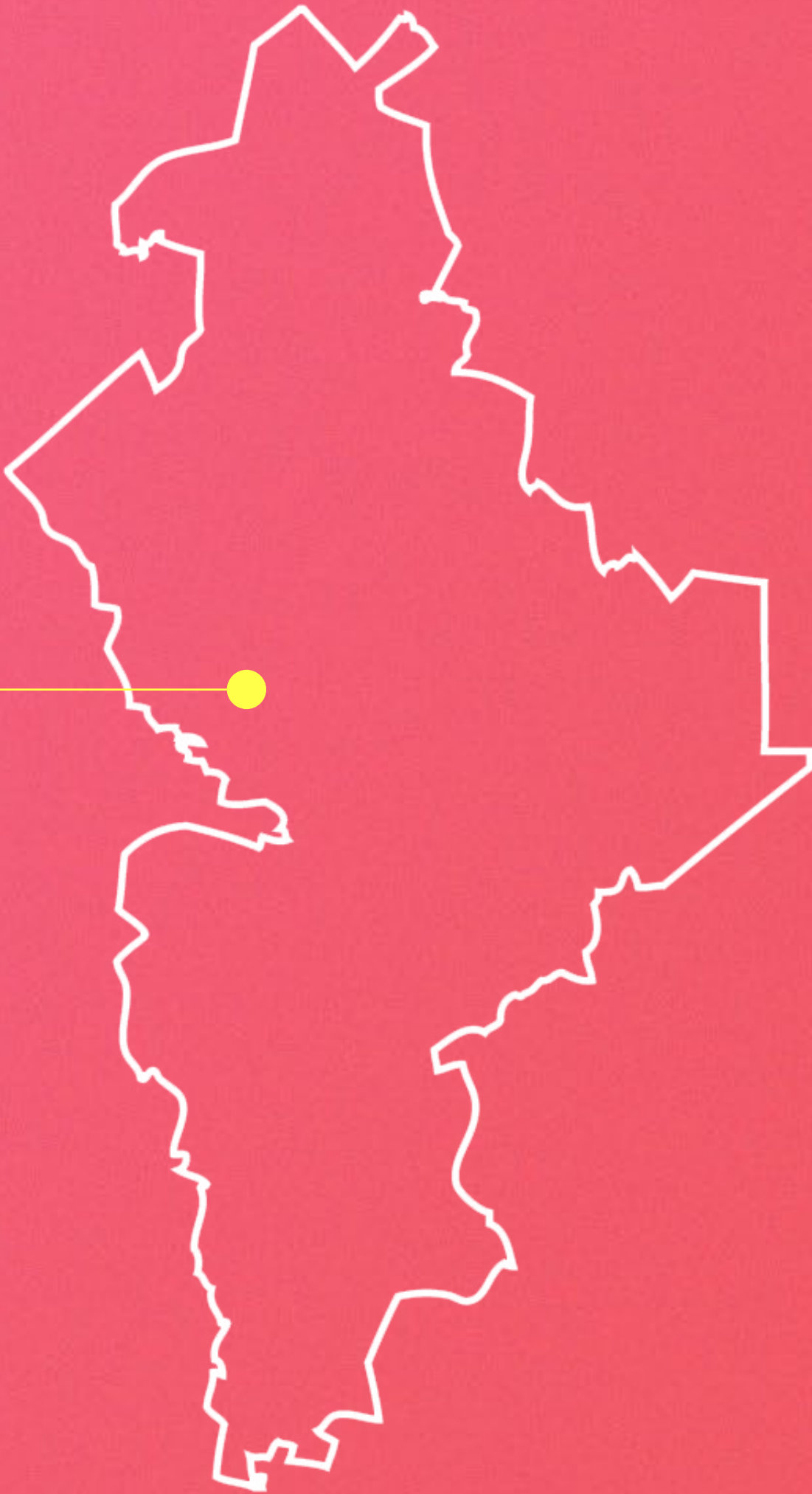


We create financial solutions  
focused on creating positive  
impact to our customers and  
communities >>>





Regional’s operation was born in 1994 as Banco Regional de Monterrey, with the purpose of serving the financial needs of entrepreneurs and business persons in northern Mexico.



A vertical stack of six circular navigation icons. From top to bottom, they are: a yellow circle with a white 'r', a white circle with a right-pointing triangle, a white circle with a plus sign, a white circle with two right-pointing chevrons, a white circle with a left-pointing chevron, and a white circle with a double left-pointing chevron.



BANREGIO

banregio

Regional Bank  
founded

2002

Geographical  
expansion

2005

Acquisition of  
Masterlease  
(Operating and  
financial leasing)

2018

New  
Naranja  
Model

2020

1994

Acquisition of  
Arrendadora  
Financiera del  
Norte

2003

Banregio Financial  
Group is established

2009

Regional is established  
("R" series A)

2019

Hey! Becomes  
a subsidiary

BANREGIO  
GRUPO FINANCIERO

regional®

hey,

Navigation icons: a red circle with 'r', a play button, a plus sign, a double arrow, and a right arrow.

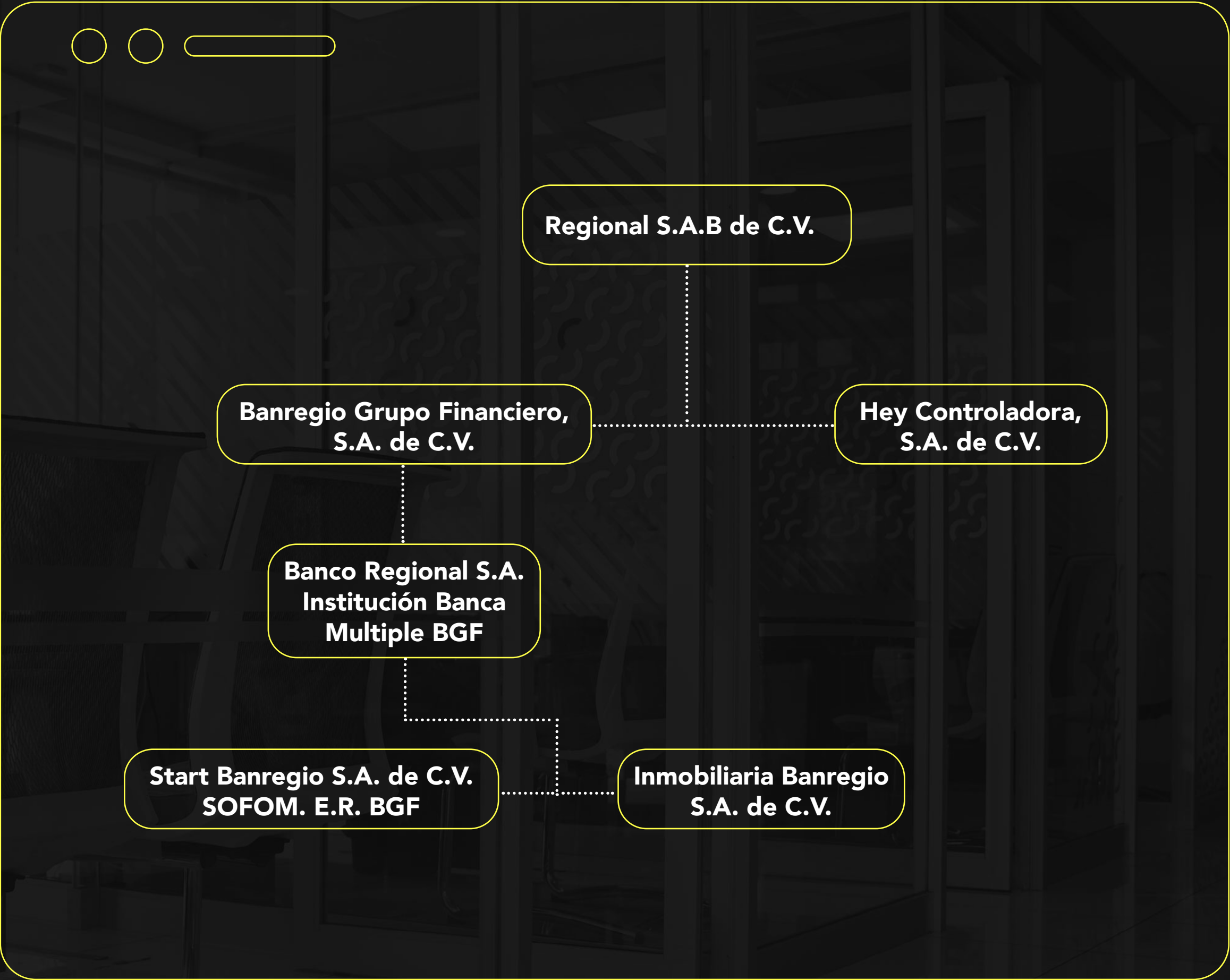


The differentiating factor in our operation is a strong trajectory of constant growth, accompanied by a prudent culture that allows us to maintain the quality of our assets.

In its evolution, the Company has naturally increased its offer of products and services, while maintaining its purpose: to be a strategic ally in the business development of the communities where it is present.

In response to the organic growth of its operation and market changes, in 2018 Regional was built as a holding company that comprises: Banregio Grupo Financiero, SA de CV (Banregio GF) and Hey Controladora SA de CV.

It is important to mention that at the end of the Fourth Quarter of 2021, Banregio Grupo Financiero represented 99.6% of the total accumulated net income of Regional. In the year to be reported there were no significant changes in the structure of the company.



Navigation icons: a yellow circle with 'r', a play button, a plus sign, a volume icon, and a right arrow.



Since its foundation, Banco Regional has sought to be a strategic ally for small and medium-sized enterprises. Banregio wisely invests in the dreams of Mexican entrepreneurs and builds long-term relationships of trust with them.

Purpose (mission)

The success of our Customers

Vision

To be a bank in tune with the community

Institutional Values

Relevant, Prudent, Humane, Leadership, Openness

This mission and vision, as well as the institutional values, are added to a risk management that is **prudent** and a clear commitment to sustainability, forming together the institutional culture that guides all the actions and decisions of those who collaborate in the Company.

These guidelines were established by senior management and approved by the Board of Directors, the company’s highest governing body. Likewise, all our policies and manuals are based on this same Banregio culture, which is mainly framed in the Institutional Code of Conduct.





Banregio’s strategy is to address the niche of small and medium-sized enterprises, to obtain growth through a higher margin and a competitive cost through core deposits, without the need for a massive network of expensive branches.

**The solid results achieved over the years are due to the fact that its model is focused on long-term relationships, which strengthens customer loyalty that results in stable credit quality and higher profitability.**

The financial services of the bank are mainly focused on: Medium-sized companies, small companies and personal banking. Applying the following segmentation criteria for companies:

	Corporate		Retail	
			Business	Personal
Clients with Banregio Credit	Credit with Banregio	More than 30 million pesos	Up to 30 million pesos	Consumer Credit (Mortgage, auto, personal)
	Sales	More than 250 million pesos	250 million pesos	
Clients without Banregio Credit	Checks	More than 8 million pesos	8 million pesos	Investment and checking, personal
	Investments	More than 25 million pesos	25 million pesos	

Key Products & Services:

- Loan for growth projects and working capital
- Financial and operating leasing, as well as factoring
- Tools for management of treasury and cash flow (Cash Management)
- Insurances and services (Point-of-sale terminals, online banking)
- Business Credit cards
- Savings and investment products
- Mortgage credits
- Automobile finance

Banregio’s business strategy, prudent risk culture and excellent spending management ensured the creation of value to its stakeholders during the world health crisis over the last two years.

In 2022, the main priority will be to grow the loan portfolio, seeking to consolidate those regions where we have a presence, particularly Mexico City and Jalisco. Likewise, we will be exploring new segments that may allow us to diversify the portfolio and hope to continue growing our non-financial revenues.



Banregio has a geographical presence in 22 states, through a network of 172 business units.

We have 156 branches, 16 exchange centers and 1 \*Punto Banregio, a new channel aimed at creating loyalty and attraction of the preferred entrepreneur segment and their businesses.

**It is important to mention that we have built commercial agreements with the most important self-service chains in the country where we offer additional access points for debit account deposits and credit card payments to our customers.**



*\*Read more in the **Customer Experience section.**  
\*Only Mexico is considered as a region since our operation is only in this country.*



Hey, a 100% digital solution, was incorporated 5 years ago into the range of financial products within Regional's offer.

Due to its exponential growth and the market's appetite for digital banking, Hey has become the only fully digital multi-segment and multi-product platform in Mexico, offering innovative solutions for individuals and businesses, with the **vision of empowering and building their financial well-being.**

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.

The culture of Hey, is distinguished by the following aspects:

- Great focus on the brand
- Products and services focused on the needs of our customers
- Pursuit of social well-being and strong commitment to the environment
- Promoting the financial well-being of our community
- Committed to increase financial education





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

Hey!’s offer consists on 5 pillars:

Hey Bank

Full range of financial banking and credit solutions for individuals and businesses, through a digital platform. Its added value consists of an agile process in customer enrollment, highly competitive rates and products designed for the well-being of our customers.

Hey Payments

Payment solutions for businesses, point of sale terminals, aggregators and collection lines. At the end of December 2021 we had 35.9 thousand affiliations, with an annual growth of 47%. Thanks to these results we were recognized as the 6th national acquirer by PROSA.

Hey Media

Content in diverse media, focused on the financial well-being, with which we strengthen our closeness to our customers.

Hey Shop

Marketplace and a sales portal for businesses.

Hey Tech

B2B Banking solutions Banking as a Service to other entities of the financial ecosystem.

Hey, Banco

Target Segment

Individuals / Hey, You  
Business / Hey, Biz

Products

Hey, You

Mortgage, auto credit, credit card, capitals, investment funds, insurance

Hey, Biz

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



Thanks to the digital nature of its operation, Hey! has a presence throughout the national territory.

At the end of 2021, the bank had more than 300,000 active customers distributed in the 32 states of the Mexican Republic. It is important to mention that its corporate offices are located in Monterrey, Nuevo León.

In 2021, some physical points of contact were created for timely attention of questions about the service and attraction of new customers. The Hey Points are strategically placed in 13 locations in Mexico City and 7 in Nuevo León.

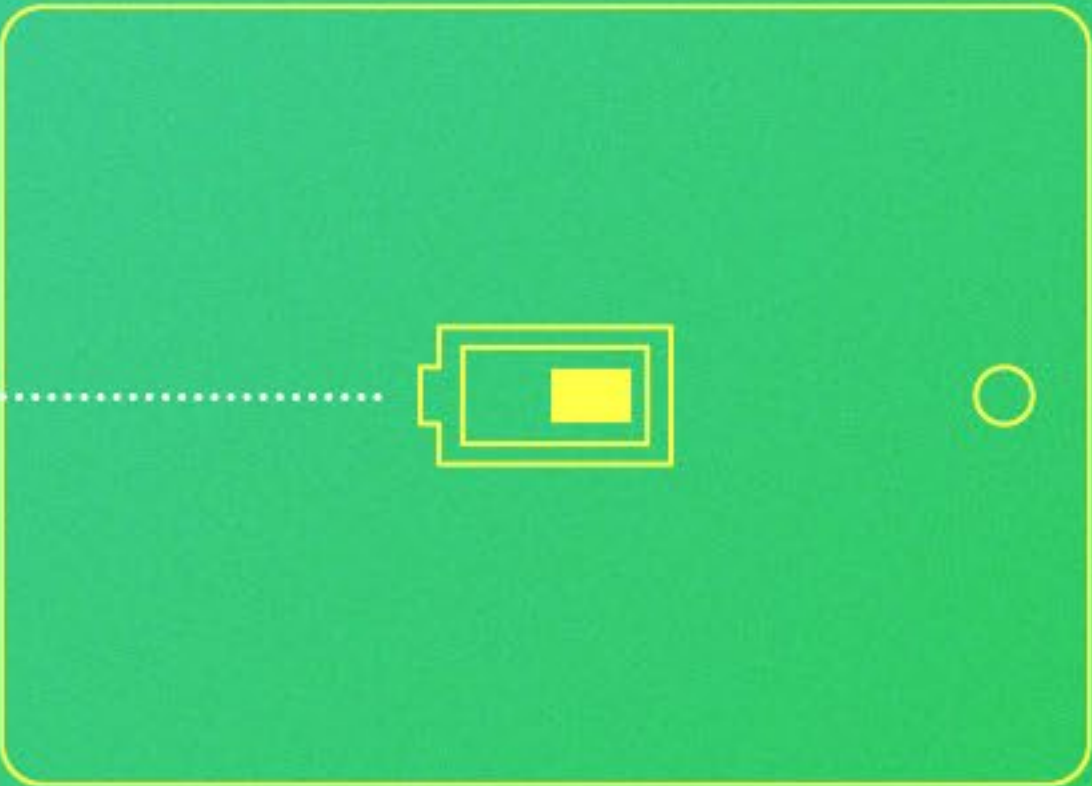




# SUSTAINABILITY



Responsible use of resources while managing economic, environmental and social impacts >>>





At Regional, sustainability is at the fundamental basis of the business operation. We are aware that our success depends on the success of our customers, employees, suppliers, our environment and community. The sustainability strategy is linked to the mission, purpose and values of the company.

Regional’s sustainable strategy is designed and managed by the Sustainability Department. The Corporate Practices Committee is responsible for monitoring ESG progress and communicating it to the Board of Directors.





A materiality study is conducted every two years to evaluate and update our sustainable strategy. Last year this exercise was carried out integrating new material issues that responded to significant changes in the global environment and within the Company.

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

Prioritization is carried out through interviews and focus groups with the various stakeholders: employees, investors, customers and the community. As well as international evaluations on best practices.





Multi-stakeholder Materiality Matrix

II. Urgent Issues	Axis	No.	Issue
	II	12	Transparency
	II	18	ESG Evaluation of credit and investment

I. Necessary Issues	Axis	No.	Issue
	I	1	Client experience
	I	3	Financial inclusion
	I	5	Product, service and operation innovation
	I	8	Risk management
	I	11	Ethics, integrity and corruption
	I	13	Cybersecurity
	I	14	Information privacy and security
	I	15	Digital transformation
	I	16	Economic performance
	I	19	Work climate, compensation and commitment of the collaborator
	I	21	Health and security of employees

IV. Emerging Issues	Axis	No.	Issue
	IV	2	Responsible communication
	IV	6	Corporate governance
	IV	9	Regulatory compliance
	IV	10	Climate risks and opportunities
	IV	22	Work diversity and equal opportunities
	IV	23	Environmental performance

III. General Issues	Axis	No.	Issue
	III	4	Financial education
	III	7	Operative resilience
	III	17	Business competitiveness and development
	III	20	Talent creation and development
	III	24	Contribution to social development



The necessary issues (category I) correspond to the material issues; the urgent (category II) and generalized (category III) issues are considered emerging, that is, those that could evolve to material in the short term due to significant changes in the company's strategy and/or in our context of activity.

In addition to the traditional matrix that includes the consultation of our different stakeholders, this last year we integrated 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 you can access our Materiality Analysis available [here](#).





Regional’s mission is to be an ally in the success of its customers. Therefore, being sustainable means being a future-proof bank: we prepare ourselves for any challenge or opportunities that may present as we actively build a better future hand in hand with our community.

In accordance with the results of the materiality study and in order to respond to a constantly evolving environment, in 2021 we decided to update our **Sustainability Strategy**.

This framework of action responds to the emerging priorities for our stakeholders, the international standards we have joined in recent years, as well as Regional’s contribution to the UN Sustainable Development Goals.

It is important to mention that we are currently part of the UN’s Global Pact and the Principles of Responsible Banking promoted by UNEP-FI. Additionally, in 2021 we became supporters of the Task Force on Climate-related Financial Disclosures (TCFD).

In order to strengthen our organizational culture, we launched in 2021 an online training on the programs and actions related to sustainable best practices within the organization. **96% of the employees took this course which will be updated annually.**

The strategy is set into three main missions:

Trustworthy

Acting under a transparent and ethical culture, obtaining solid results that add value to our shareholders, while creating long-term relationships with our customers.

Well-being

Creating an excellent place to work for our employees to develop their careers with equal opportunities and a diverse work environment. Improve the financial well being of our communities through quality education in business and personal finance. Promote the care of the environment through implementing best practices.

Building a better future

Build on the international agenda to combat climate change through our business operation and strategic alliances with other institutions, as well as promoting sustainable practices that allow us to identify risks and opportunities related to our social and environmental impact.





Trustworthy

- Corporate Governance
- Transparent and Ethical Culture
- Risk management and operational resilience
- Data privacy and Cybersecurity
- Strong Financial performance



Well-being

- Success of our Customers
- Workforce well-being
- Gender Diversity and Equal opportunities
- Financial Health
- Environmental care



Building a better future

- Climate action - risks and opportunities
- Responsible banking
- Innovation
- Digital transformation
- Active relationship with stakeholders





In 2019, we signed and aligned our targets with the Sustainable Development Goals to contribute to the 2030 agenda.

As signatories of the Principles of Responsible Banking, we strengthen this commitment with the SDGs through specific targets that allow us to monitor and manage the progress of our economic, social and environmental relevant impacts in the country.

Our contribution is concentrated in 12 of the SDGs. In the following table we explain our targets, contribution and key indicators.





SDG	Target	Material issue / Contribution	Indicator
1. No poverty	1.4 Ensure that all men and women have equal rights to economic resources, appropriate new technologies and financial services, including microfinance	<p><b>Financial Inclusion</b></p> <p>Due to the nature of our business activity, we work to strongly boost small and medium-sized companies, and we also have products such as Crédito Mujer Pyme, to provide financial services to historically under-served segments.</p> <p>Likewise, with our Mentoring program, we support the growth of Micro and SMEs, which are an important source of employment in the country, through mentorship, education and networking. The program is available online, to customers and non-customers.</p>	<ul style="list-style-type: none"><li>• Number of companies assessed</li><li>• Number of business training workshops</li><li>• Number of customers with female SME credit</li><li>• Number Customers with Impulso Credit</li></ul>
3. Health and Well-being	3.d Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks	<p><b>Collaborator's Health and Safety</b></p> <p>There is a comprehensive health and safety system for employees that includes medical offices, lactation rooms, subsidies for medical expenses, as well as health care activities and annual disease prevention campaigns.</p>	<ul style="list-style-type: none"><li>• Covid cases detected</li><li>• Health campaigns</li><li>• Health investment</li></ul>



SDG	Target	Material issue / Contribution	Indicator
4. Inclusive and equitable quality education	4.7 Ensure that all learners acquire the knowledge and skills to promote sustainable development through human rights education, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity.	<p><b>Financial Education</b></p> <p>We create quality and free of charge financial education for our workforce, clients and community.</p> <p><b>Training and Talent Development</b></p> <p>Our employees are trained annually in Sustainability and Human Rights.</p>	<ul style="list-style-type: none"><li>• Number of people trained in finance</li><li>• Number of business education workshops</li><li>• Number courses in financial education</li><li>• Employees trained in sustainability</li><li>• Employees trained in Human Rights</li><li>• Employees trained in our Code of Conduct</li></ul>
	4.b Substantially expand globally the number of scholarships available to developing countries	<p><b>Contribution to Social Development</b></p> <p>We work with civil associations to support the education of children in Mexico through fundraising campaigns using our ATMs.</p>	<ul style="list-style-type: none"><li>• Number of corporate responsibility campaigns with civil associations</li><li>• Amount of financial donations collected for education</li></ul>



SDG	Target	Material issue / Contribution	Indicator
5. Gender equality	5.a Undertake reforms that give women equal rights to economic resources, as well as access to ownership and control of land and other types of property, financial services, inheritance and natural resources, in accordance with national laws	<b>Financial Inclusion</b>  With our financial education platform Clara Banregio, we focus our efforts towards bringing women closer to the issues of financial education, thus promoting equal economic rights and impacting their development as more complex bank customers and causing a positive change in the consumption decisions of their families. The offer of the platform is completely digital so its access is free no matter where our users are. It is free and open to customers and non-customers of Banregio.	<ul style="list-style-type: none"><li>• Number of women educated</li><li>• Number Online courses</li></ul>
	5.5: Ensure the full and effective participation of women and equal leadership opportunities at all decision-making levels in political, economic, and public life.	<b>Labour Diversity and Equality</b>  We have a Diversity and Inclusion Plan, the first objective of which is to achieve gender equality. We are certified with EDGE Assess that among its evaluation criteria measures the empowerment of women within the organization and their growth towards leadership positions. We report indicators such as the salary ratio and the composition of the workforce to ensure equality.	<ul style="list-style-type: none"><li>• % of women in the workforce</li><li>• % of women in leadership roles</li></ul>



SDG	Target	Material issue / Contribution	Indicator
8. Decent work and economic growth	8.5 Achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value.	<b>Work climate</b>  We offer full working conditions, with a balance between personal and professional life, as well as opportunities for growth for all those who make up the Banregio Family. We measure our work climate and seek partnerships with associations that drive us to be an increasingly inclusive space.	<ul style="list-style-type: none"><li>• Number of employees with flexible schedule scheme</li><li>• Number of employees with disabilities</li><li>• Employee benefits above required by law</li><li>• ENPS - Work climate results</li></ul>
	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.	<b>Financial Inclusion</b>  We have a Diversity and Inclusion Plan, which seeks to achieve the effective financial inclusion of segments traditionally under-served by institutions. The first step is to focus on gender equality, ensuring that our clients and the women in our community have access to our products and services, as well as quality financial education.	<ul style="list-style-type: none"><li>• % female customers (PFs)</li><li>• Amount granted through Women's SME Credit</li></ul>



SDG	Target	Material issue / Contribution	Indicator
9. Innovation	9.3 Increase access to financial services for small industries and other enterprises, particularly in developing countries	<p><b>Product Innovation</b></p> <p>Our focus on innovation and transformation has allowed us to design solutions tailored to the needs of our main customers: small and medium-sized enterprises.</p> <p><b>Contribution to Social Development</b></p> <p>We focus on financial products and services for small and medium-sized Mexican companies, to which we also offer specialized mentoring.</p> <p>We have products that have a responsible approach: credit for women entrepreneurs, IMPULSO credit support and an eco-credit line focused on financing to replace equipment and/or adapt production processes to low-carbon environmental trends.</p>	<ul style="list-style-type: none"><li>• % SME Portfolio Growth</li><li>• Balance in SME portfolio</li><li>• Number ecological credits</li><li>• Number of IMPULSO Credit</li></ul>
10. Reduction of inequality	10.2 Until the year 2030, we will promote and increase the social, economic and political inclusion of all people, regardless of their age, sex, disability, race, ethnicity, origin, religion, economic situation or other condition.	<p><b>Digital transformation</b></p> <p>We direct our efforts to building digital tools where Banregio's services and products are available remotely. Electronic banking, our apps and digital onboarding allow users to make use of financial services whether they have access to a physical branch or not. As a 100% digital banking Hey! offers its service remotely/self-service to anyone who needs its financial services.</p>	<ul style="list-style-type: none"><li>• Number Hey! customers</li><li>• Number of digital Onboarding openings</li></ul>

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SDG	Target	Material issue / Contribution	Indicator
10. Reduction of inequality	10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality	<p><b>Work Climate and Diversity</b></p> <p>We have a Diversity and Inclusion Plan that includes diversity and equitable compensation policies, as well as flexible work and maternity schemes. Annually, we measure the salary ratio, which allows us to detect gender gaps in compensation. We set up inclusive vacancies that allow people living with disabilities to access a full job where they can develop their skills.</p>	<ul style="list-style-type: none"><li>• Number of complaints for discrimination in transparency mailbox</li></ul>
11. Sustainable cities	11.3 Increase inclusive and sustainable urbanization and the capacity for the planning and participatory negotiation of human settlements	<p><b>Environmental Performance</b></p> <p>We have an Environmental Management System that allows us to measure our impact, carbon footprint and ensure the correct disposal of waste generated in our facilities, we contribute to sustainable urbanization. We also have remote work models that help reduce emissions caused by the mobilization of our employees.</p>	<ul style="list-style-type: none"><li>• Annual tonCO2e</li><li>• Number eco-efficiency projects</li><li>• Volume of recycled waste</li></ul>



SDG	Target	Material issue / Contribution	Indicator
13. Climate action	13.2 Integrate climate change measures into national policies, strategies and planning	<b>Climate Risks and Opportunities</b>  We measure and report on an annual basis our environmental impact through the Carbon Footprint Report. This report is public and, as a result of its preparation, goals are established with strategies for the reduction of emissions in the Company.  <b>Environmental Performance</b>  We integrate an Environmental Policy into our Code of Ethics, so that the entire organization adopts the sustainable practices promoted by the institution.	<ul style="list-style-type: none"><li>• CO2 reduction target</li></ul>
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	<b>Climate Risks and Opportunities/ESG Assessment</b>  We are in the process of integrating environmental risk analysis for the granting of credits. We sign the Responsible Banking Principles and support TCFD's recommendations.  <b>Environmental Performance</b>  Annually we carry out an environmental volunteer project, in alliance with different Civil Associations that work to take care of ecosystems. Under this scheme, a reforestation was carried out with 900 pines and two days of solid waste cleaning nationwide.	<ul style="list-style-type: none"><li>• Number of companies assessed for socio-environmental risk</li></ul>
*15. Life of land ecosystems	15.2 Promote the sustainable management of all types of forests, end deforestation, restore degraded forests, and increase forestation and reforestation globally.		<ul style="list-style-type: none"><li>• Number of trees planted</li><li>• Number tons of waste collected</li></ul>





SDG	Target	Material issue / Contribution	Indicator
16. Peace, justice and solid institutions	<p>16.5 Substantially reduce corruption and bribery in all its forms</p> <p>16.6 Create effective and transparent institutions that are accountable, at all levels</p> <p>16.7 Guarantee the implementation of inclusive, participatory and representative decision-making at all levels</p>	<p><b>Ethics, Transparency, Regulatory Compliance and Corporate Governance</b></p> <p>Our Board of Directors comprises independent directors in a greater proportion than required by law. We have a strong Code of Conduct that reflects our values and addresses the issues of Anti-Corruption, Human Rights and Conflict of Interests. The Code is updated annually and employees receive training on said Code. We have ongoing training in the topics of: Prevention of Money Laundering and Human Rights. We have an anonymous reporting mailbox and a system of consequences for incidents related to ethics and transparency.</p>	<ul style="list-style-type: none"><li>• Number of complaints in the mailbox</li><li>• Number of penalties for corruption</li></ul>
*17. Partnerships to achieve SDGs	<p>17.16 Improve the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources</p> <p>17.19 Take advantage of existing initiatives to develop indicators to measure progress in sustainable development and complement gross domestic product, and support the creation of statistical capacity in developing countries</p>	<p><b>Responsible communication</b></p> <p>We adhere to various initiatives that guide us towards international best practices where we measure our progress with industry and value creation in the country. We are currently part of: UN Global Compact, UNEP FI, Sustainability Committee of the Asociación de Bancos de México, Women’s Empowerment Principles, Financial Alliance for Women, Movimiento Congruencia, Centro Mexicano para la Filantropía, Great Place to Work and TCFD.</p>	<ul style="list-style-type: none"><li>• Agreements with international organizations</li></ul>

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\*They are not material issues but are added because of the current actions, their progress and as result of the Sustainability Strategy





Regional has been included in global sustainability indexes which evaluate the maturity of companies in corporate social responsibility and their impact on the environment, thanks to its strategy and continuous improvement.

In 2021 we maintained our position in:

**Bloomberg Gender-Equality Index (GEI)**

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

**Total Mexico ESG Index**

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

In addition, we continue to work to adopt sustainable best practices evaluated by indexes of the highest international level. Each year we respond to the Corporate Sustainability Assessment (CSA) questionnaire by S&P Global to select those issuers that may be part of the Dow Jones Sustainability Index.





Our vision in sustainability is of continuous improvement, adding best practices, alliances, and new challenges, which will allow us to grow the scope of our initiatives and become agents of change for a better future.

In 2021, we became supporters of the Task Force on Climate-related Financial Disclosures (TCFD). In this way, Regional joins more than 2,800 organizations that demonstrate their commitment in building a more resilient financial system prepared against climate risk through better disclosures.

The widespread implementation of the recommendations of the **TCFD** will provide investors, lenders and insurers with coherent and relevant information to understand the economic risks and opportunities resulting from climate change.

This commitment is part of the progress and milestones we have achieved since the establishment of the sustainable strategy, such as: Signing of the UN Global Compact - Mexico and the Women’s Empowerment Principles, as well as the recognitions from the Financial Alliance for Women, among others.





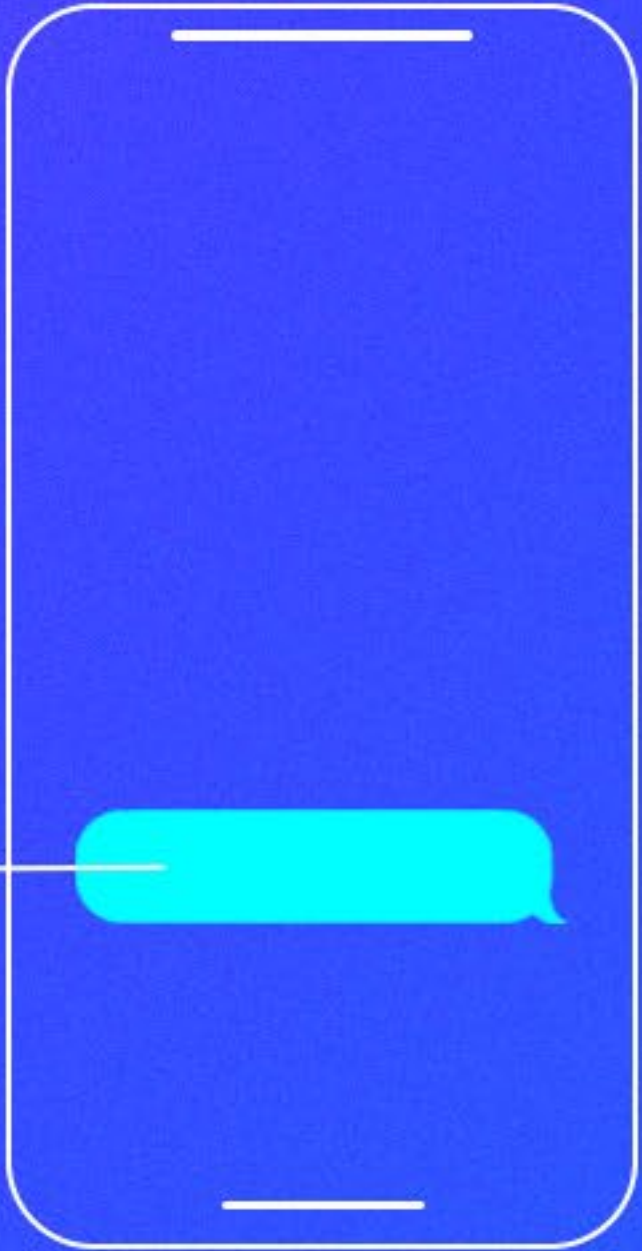




# TRUSTWORTHY



Building  
long term  
relationships >>>





Since its foundation, Regional has been committed to the creation of trustfull long-term relationships with its customers, employees and shareholders. Therefore, the Company has a responsible Corporate Governance and acts under an ethical and transparent culture, which allows us to deliver solid results that add value to the community.

With these elements well grounded in its structure, Regional has managed to position itself throughout its history as a model of a humane, reliable and prudent financial institution.

The strength of its financial results reflects this strategy based on reliable relationships and a prudent approach to risk management.





Regional has a Corporate Governance responsible for business continuity, composed of the set of inherent relationships between management, the Boards of Directors of the different entities, Support Committees, Shareholders, Regulators, Investors and others.

We have a **Governance Code** which establishes the operative guidelines for the Shareholders Meeting, Board of Directors and its supporting committees. Each year this manual is revised to integrate best practices.

The **Shareholders' Meeting** is the highest decision-making authority, it is convened annually and its responsibilities include: appointing, dismissal or substitution of the members of the **Board of Directors**, approving the accounts of the Financial Group, as well as the payment of dividend when applicable.

The Board of Directors must be composed of a minimum of 5 and a maximum of 15 directors, as determined by the Ordinary Assembly that appoints them, and at least 25% must be independent in the terms of the applicable legislation. The members of the Board of Directors may or may not be shareholders of the Company and must comply with the provisions of the **Securities Market Law**.

In 2021, **Regional's Board of Directors** was composed of **15** Directors, **60%** of which were independent.

As established by the applicable legislation, the CEO is appointed by this board and it is an independent position from the Presidency of the Board of Directors.

In the reporting period, Mr. Manuel Rivero Santos continued in his position as Chairman of the Board, and Mr. Manuel Rivero Zambrano remained as General Director of Regional.

The process of appointing the board members is led by the Corporate Practices Committee, the selection of all members should favor the interests and the strategic vision of Regional. This process must be transparent, objective and inclusive.

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, administrative, sustainability, strategy and human resources matters.

It is important to mention that the minimum percentage of attendance at Board meetings required for each Board Member is 75%. **In 2021, the average attendance of board members was 90%.**

The fees of the Board of Directors are determined at the Shareholders' Meeting. On the other hand, those of the Senior Management are determined in the Compensation Committee and are approved by the Corporate Practices Committee.

The independent board members will be the only members of the Board of Directors who will be entitled to an economic remuneration, which will be determined by the General Shareholder Meeting and reviewed annually.

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

- Consistent with the scope of the 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





The Corporate Practices Committee proposes to the Board of Directors for approval of the integral remuneration, as well as the policies for the appointment of the General Director. The guidelines of the [Remuneration System](#) that include compensation for the relevant Managers and other positions in the organization, according to their relationship with risk management, are publicly available on the Banregio website.

In accordance with the obligations taken from the bylaws, as the main supervisory and management body of the Company, the Board of Directors is responsible for:

- Establishing the strategy for all business units
- Generating the Annual Report for the Shareholders’ Meeting
- Supervising the actions of the General Management and the operations between the subsidiaries of the financial group

Following these Bylaws, these topics must be presented to the highest governing body: corporate practices, audits, risks, security, financial information, loans to related persons, organizational matters, accounting policies, contracting of external audit services, as well as the main risks to which the company is exposed, approval of policies and emerging issues that are considered of interest and further research.

Regarding environmental and social issues, the Board is responsible for authorizing the Annual Report where non-financial indicators are presented. The Corporate Practices Committee has, among other responsibilities, the review of sustainable strategy and main indicators. Additionally, the Regional Director of Sustainability was formally included in the Risk Committee.

In the year to be reported, there were no critical issues that were brought to the Board of Directors, outside of the decisions relevant to the regular operation of the business.

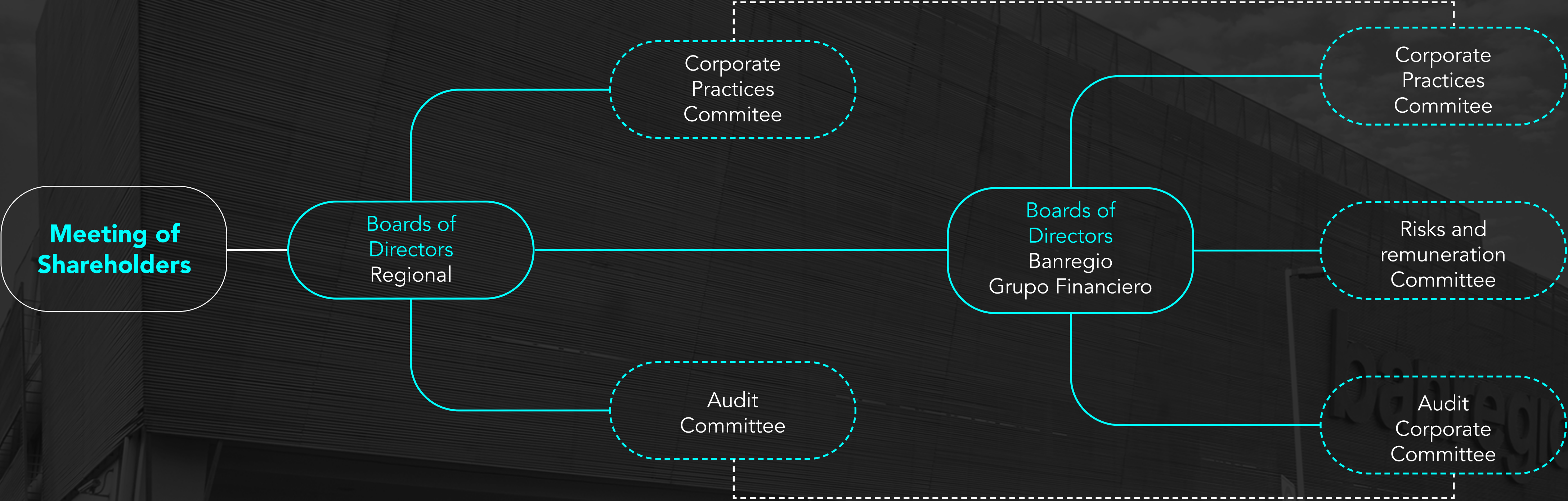
Similarly, Regional has a **management team** committed to implementing the Group’s strategy that ensures a high-quality operation, incorporating their professional and technical experience in the corresponding areas.

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.

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.





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The Corporate practices and Audit committees of Banco Regional fulfill the same functions described for Regional's committees



Name	Type	Member Since	Work Experience	Specialty Area
Mr. Jaime Alberto Rivero Santos	Patrimonial	1994	1. 1. Chairman of the Board of Banregio Grupo Financiero, S.A. de C.V. 2. Member of the Board of Banco Regional, S.A. 3. General Director of Mosaicos Rivero S.A. de C.V.	Financial, Regulatory, Administrative, Strategy
Mr. Manuel G. Rivero Santos	Patrimonial	1994	1. Board Member of Banregio Grupo Financiero, S.A. de C.V. 2. General Director of Banregio Grupo Financiero, S.A. de C.V. 3. Board Member and General Director of Banregio Grupo Financiero, S.A.B. de C.V. 4. Chairman of the Board of Banco Regional, S.A. 5. General Director of Banco Regional de Monterrey, S.A. 6. President of the Board of Euromotriz S.A. de C.V.	Financial, Regulatory, Administrative, Strategy
Mr. Manuel Gerardo Rivero Zambrano	Patrimonial	2006	1. General Director of Regional, S.A.B. de C.V. 2. Board Member and General Director of Banregio Grupo Financiero, S.A.B. de C.V. 3. Board Member of Banregio Grupo Financiero, S.A.B. de C.V. 4. Board Member and General Director of Banco Regional, S.A.	Financial, Regulatory, Administrative, Strategy
Mr. Sergio Eugenio González Barragán	Patrimonial	2015	1. Director and partner of Eddy Corporativo 2. Partner of Inversora y Operadora del Noreste.	Financial, Regulatory, Administrative, Strategy
Mr. Héctor Cantú Reyes	Related	2015	1. Board Member of Banregio Grupo Financiero, S.A. de C.V. 2. Board Member and General Director of Banco Regional, S.A. 3. GAD of Banking at Banco Regional de Monterrey 4. Executive Director of Business Banking at Banca Serfin 5. Polibanca Inova	Financial, Regulatory, Administrative, Strategy and Human Resources
Mrs. Alejandra Rivero Roel	Patrimonial	2020	1. Director of Sustainability an Banregio Social Responsibility (Current) 2. Manager of Investor Relations and Strategic Planning in Banregio. 3. Evaluation of real estate investment projects Terraregia	Financial, Administrative, Sustainability, Strategy and Human Resources
Mr. Francisco Rogelio Garza Egloff	Independent	2006	1. General Director ARCA 2. General Director Sigma / Alfa. 3. General Director div. Alpha fibers. 4. Senior General Management Petrocel / Telmex	Financial, Administrative, Sustainability, Strategy and Human Resources





2021	Name	Type	Member Since	Work Experience	Specialty Area
	Mr. Alfonso González Migoya	Independent	2005	<div>1. Chairman of the Board of Directors of Coca-Cola FEMSA.</div> <div>2. Member of the Board of Directors of JAVER.</div> <div>3. President of the Audit Committee of Regional, S.A.B. de C.V. and Banregio Grupo Financiero, S.A. de C.V..</div> <div>4. Member of the Board of Directors of Banregio Grupo Financiero, S.A. de C.V., Banco Regional, S.A. and START Banregio, S.A. de C.V.</div>	Financial, Regulatory, Legal, Administrative, Strategy
	Mr. Jorge Humberto Santos Reyna	Independent	2002	<div>1. Chairman of the Board of Start Banregio, S.A. de C.V.</div> <div>2. Chairman of the Board of Directors of ARCA Continental.</div> <div>3. General Director of Grupo San Barr.</div> <div>4. Managing Director of Grupo Index.</div> <div>5. Chairman of the Board of Directors of Human Capital of Arca Continental</div>	Financial, Administrative, Strategy and Human Resources
	Mr. Isauro Alfaro Álvarez	Independent	2009	<div>1. Founding Partner Alfaro Asesores Financieros S.C.</div> <div>2. Chairman of the Board of Credit Suisse First Boston.</div> <div>3. Director Solomon Smith Barney Inc.</div> <div>4. Director of Operadora de bolsa Serfin</div>	Financial, Regulatory, Administrative, Strategy
	Mr. Oswaldo José Ponce Hernández	Independent	2017	<div>1. WCP Capital Partner-Director (Current)</div> <div>2. GD Business Banking at HSBC Mexico</div> <div>3. GDA Consumer and Equity Banking at HSBC México</div>	Financial, Regulatory, Administrative, Strategy
	Mr. Juan Carlos Calderón Guzmán	Independent	2018	<div>1. Deputy Director of Treasury Sales -Banamex Compensation Strategy – Citigroup</div> <div>2. Financial Assets and Financial Risk Admon. Cemex</div> <div>3. Professor of university and postgraduate courses EGADE, ITESM and UDEM</div>	Financial, Regulatory, Legal, Administrative, Strategy and Human Resources
	Mr. Daniel Adrián Abut	Independent	2018	<div>1. DATABANC LLC – Founder and Director Executive</div> <div>2. CITI GLOBAL MARKETS INC – General Director Senior analyst</div> <div>3. GOLDMAN, SACHS &amp; CO – General Director</div> <div>4. J.P. MORGAN SECURITIES, INC – Vice President –Senior analyst</div>	Financial, Regulatory, Administrative, Strategy
	Mr. Carlos Arreola Enríquez	Independent	2018	<div>1. PWC Dean Partner</div> <div>2. Member of the Board of Directors of PWC</div> <div>3. Director of PWC Northeast Region</div>	Financial, Regulatory, Legal, Administrative, Strategy
2020	Mr. Luis Miguel Torre Amione	Independent	2020	<div>1. Partner at Kratos Capital and university professor at ITESM,</div> <div>2. Director of Commercial Banking at Banamex</div> <div>3. Global Director of Commercial and Business at Banamex</div> <div>4. Executive Director of Family Credit</div> <div>5. Director of Soriban Joint Venture</div> <div>6. Director of Business Banking at Banamex</div>	Financial, Administrative, Strategy

\*For reasons of confidentiality the age of the directors is not public information.

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**Patrimonial Board members**

They own the property or 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.





Committee

Audit

Characteristics

Holds a quarterly session and consists of 3 independent Board Members.

Board Members

- Mr. Alfonso González Migoya
- Mr. Jorge Humberto Santos Reyna
- Mr. Carlos Arreola Enríquez

Responsibilities

- Internal and External Audit
- Internal Control
- Risk Management
- Financial information
- Conflict of Interest
- Regulatory compliance
- Ethical and Compliance Culture

Number of sessions in 2021: 5



Corporate Practices

Holds a quarterly session and it consists of at least 3 independent Board Members.

Board Members

- Mr. Alfonso González Migoya
- Mr. Oswaldo José Ponce Hernández
- Mr. Daniel Adrián Abut
- Mr. Jorge Humberto Santos Reyna

Responsibilities

- 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

Number of sessions in 2021: 4





Committee

Risks and  
Remunerations

Responsibilities

Holds a monthly session and it consists of 2 members of the Board, as well as the General Director of the Financial Group, General Director of the Bank, the Head of the Integral Risk Management Unit, the Internal Auditor as well as guests from Control and Business Areas.

Board Members

Mr. Juan Carlos Calderón Guzmán  
Mr. Oswaldo José Ponce Hernández

Responsibilities

- Report to the Board of Directors on risk exposures and mitigation actions
- Propose and revise the objectives, guidelines and policies for comprehensive risk management
- Approve methodologies, procedures as well as global and specific limits for exposure to different types of risk.
- Monitor the remuneration system of the Financial Group (risk perspective)
- Approve the technical evaluation of aspects of integral risk management
- Review and issue an opinion regarding the implementation program of the ESG evaluation scheme in clients and prospects

Number of sessions in 2021: 12



To ensure the best corporate governance practices, we adhere to international and national standards that include: Board independence, diversity, conflict of interest and performance evaluation.

In 2021, **64% of the members** of the **Board of Directors of Regional** were independent, a percentage recommended by international best practices. The independence criteria is public and set out in our [Governance Code](#) on page 11-12. Additionally, with the commitment to promote gender diversity and equity, **7% of the Board are women.**

Each of the Board members must present a document stating to know all of Regional's Internal Policies and provide a statement which confirms or eliminates any possible conflict of interest.

In 2021, one of the best practices instituted in our Corporate Governance Manual was carried out, a performance evaluation of the Board of Directors.

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

The evaluation of the highest governing body was carried out by an independent third party and as part of the process, a self-evaluation exercise for the 14 members of the Council was included, at the end of 2021 we had a response rate of 60%. The results will be taken into account to establish an agenda of topics and training for next year.

In the year to be reported 3.5 hours of training were registered for 100% of the Board directors in relation to the following topics: modification to the IFRS9-2022 Accounting Regulations, Labor Reform in Outsourcing Matters and the Tax Reform 2022.

In 2022, progress will be made in this process, increasing training topics for directors and adopting best international corporate governance practices.





Among the pillars of Regional’s organizational culture, particularly in its main subsidiary Banregio, is the strong attachment to its institutional values and policies that promote ethics and transparency throughout the operation.

Among the main internal policies that sustain this culture are:

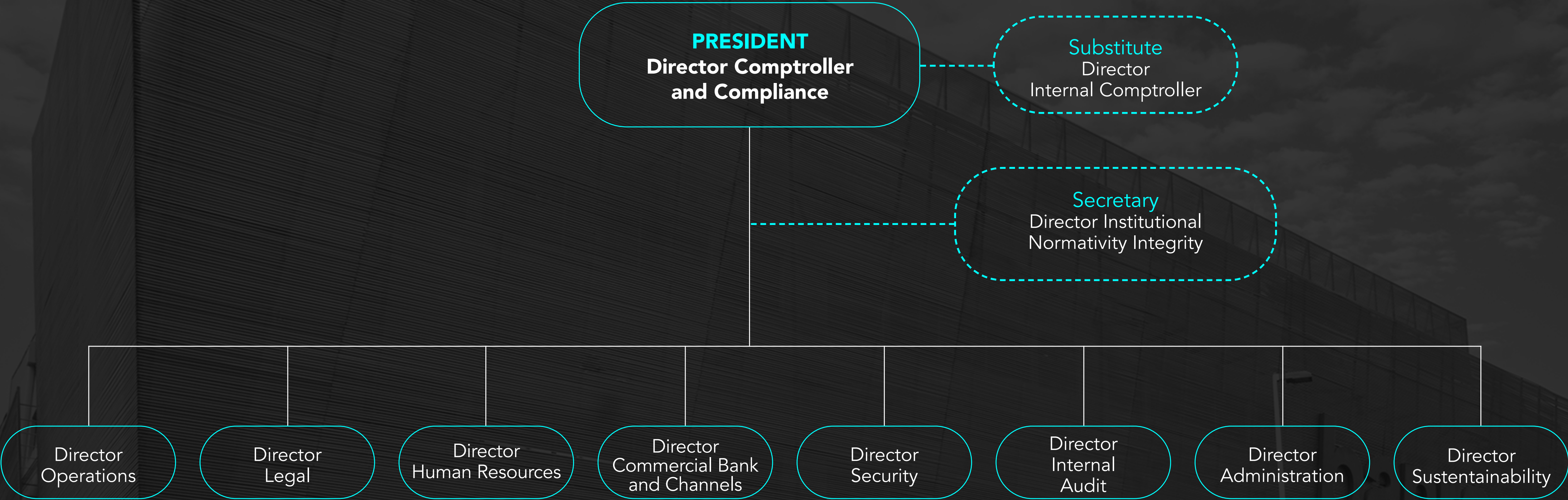
- 1.Code of Institutional Conduct
- 2.Supplier Conduct Code
- 3.Conflict of Interest Prevention Manual
- 4.Global Code of Conduct for the Foreign Exchange Market
- 5.Information Security Manual
- 6.Manual for the Prevention of Money Laundering

In 2020, the **Institutional Conduct Committee was formed**, an organization dedicated to analyze conflicts of integrity and conduct, strengthen the organizational culture based on the values of the Institution and resolve cases that deviate from our internal policies.

The Committee, which meets every two months and extraordinarily when required, is formed by the following areas: Comptroller and Compliance, Regulations and Institutional Integrity, Security, Audit, Human Resources, Operations, Commercial, Legal, Administration and Sustainability. It is structured as follows:







With the approval of the Committee, we were able to establish the Comprehensive Ethics System which, in addition to the Committee, includes the Code of Conduct, Transparency Mailbox and the System of Consequences.

It is important to mention that all our third party relationships and interactions with various stakeholders, such as suppliers, customers and employees, must adhere to our integrity policy regarding the respect of human rights.

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Our **Code of Conduct** is the guiding document to preserve the ethical and transparent culture that differentiates the Company. It acts as a self-regulatory framework for the conduct of all managers and employees, including directors, according to their activities and functions.

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

This policy includes Anti Corruption and Conflict of Interest, with the aim of reinforcing the guidelines of conduct aimed at preventing and detecting acts of corruption within the Institution; thus complying with the national legal framework: the General Law of Administrative Responsibilities, as well as with the Foreign Corrupt Practices Act (FCPA), the recommendations of the International Chamber of Commerce (ICC) and the Business Coordinating Council (CCE), among others.

The Code of Conduct is revised and updated year after year to include and strengthen emerging issues within the organization. During 2021, the Diversity and Inclusion policy was reinforced by including guidelines of **zero tolerance to any type of harassment and violence**. An environmental policy was integrated into the Social Responsibility section and a compensation policy that clearly defines the commitment for equal pay for equal work, as well as, strengthening the guidelines for information security and physical security.

Additionally to the periodic reviews carried out by senior management and the Conduct Committee, an annual internal audit plan was added to monitor the compliance of this Code within our operations.

The Code of Conduct is disclosed to the entire organization via email, through Banregio’s corporate social network and in our yearly KickOff event. As part of our responsible communication and culture reinforcement all new employees are given a printed copy during their induction course.

To inform our clients, investors and other external groups, the Code is available on the bank’s website and is broadcasted in our branches and offices screens.

This document is part of a robust Comprehensive System of Conduct that also includes a strategy of continuous training on these issues. Through these actions, our commitment to a culture of legality at all levels of the organization is promoted and communicated.

In 2021 the online course of the Code of Conduct reached **5,056** hours of training for our employees on topics such as: **practice competence, labor equality, conflict of interest, social responsibility, among others**. Achieving a total of **94%** of the workforce and a **14%** of the Board of Directors trained during the year.

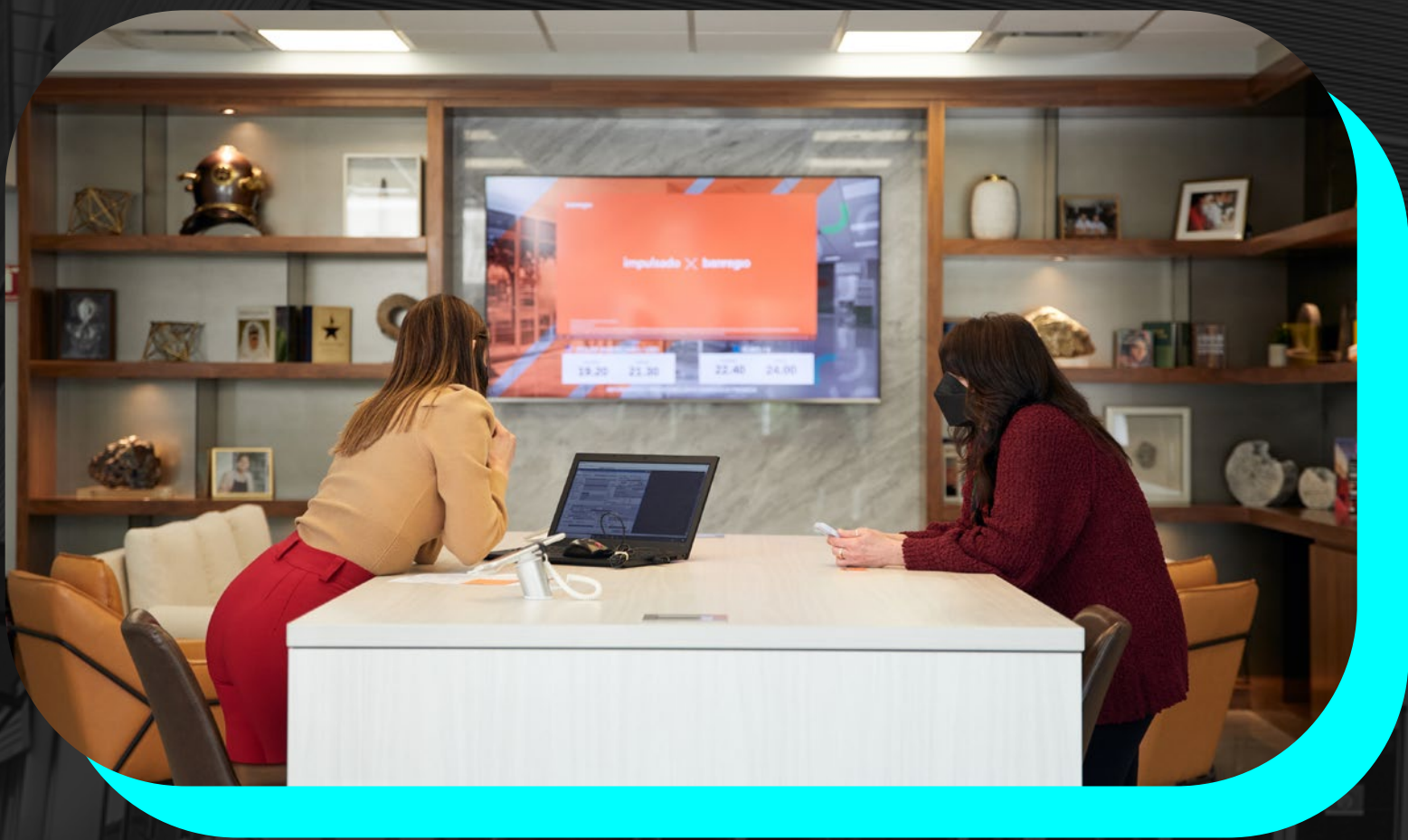
In addition to this, complying with the established regulations for financial institutions, our employees also receive an annual training focused on the Prevention of Money Laundering (*PLD*). In the reporting period, **5,061** employees completed this training.





	2019*	2020	2021
DIRECTION	66	90	110
DEPUTY DIRECTION	165	200	221
STAFF	1,337	1,669	2,368
BUSINESS	1,194	1,114	976
BRANCH	1,341	1,297	906
EXECUTIVES	252	434	475
TOTAL	4,355	4,804	5,056

\*In 2019, the course was updated, by reducing it to the duration of 1 hour to make it more agile so the total hours correspond to the same number of employees who took the training.



We want our value chain to follow Banregio’s values, so we created a [Code of Conduct for our suppliers](#). In the year to be reported, **2,033** of our suppliers were informed regarding this policy and **92%** of them **signed digitally** their knowledge and commitment.

It is important to mention that in 2021, a training of this Code of Conduct for Suppliers was launched. We reached a total of **204 trained suppliers** through a webinar which included Banregio’s leaders as main speakers.

Also in 2021, we launched a new training for the entire staff in pursuit of promoting the respect for **Human Rights**. The course is named **Respect for Human Dignity**, it has a duration of 1 hour and consists of 4 modules: Get to Know Human Rights, Live Human Rights, Participate in your community, Be part of the change, and includes the topics of **diversity and inclusion, non-discrimination, respect for your community, inclusion and gender equality**. **98.7% of the employees in Banregio** took this online training.

The training was accompanied by an internal communication campaign with a duration of three months to reinforce concepts seen in the course and ended with our first Human Library event. **More information under the sub-item Human Rights.**





To detect any possible breaches of our policies, including the Code of Conduct, we have a way to report it on our website or through the Telephone Line 81 81 24 24 09.

The transparency mailbox is an independent, anonymous and secure communication channel, open not only to our employees, but also to customers and suppliers.

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

The complaints received are reported to the Institutional Conduct Committee where each one is presented in detail, as well as the annual comparison.

Each report is classified according to its priority and referred issue to be supervised and followed-up by the legal team with the corresponding departments.

In 2021, we received a total of 948 reports through the Transparency Mailbox, 194 of them were relevant ethical cases. The increase in reports represents the growing confidence that our stakeholders show in the mailbox.

\*The “Other” column, included in the slip, is not taken into account, as they are cases with issues 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.

Transparency Mailbox and Hotline

2019*	Number of reports	Relevant cases	Solved	
INSTITUTIONAL	31	10	10	
HUMAN CAPITAL	264	4	4	
Total	295	14	14	

2020*	Number of reports	Relevant cases	Ongoing Investigation	Solved
INSTITUTIONAL	560	52	4	48
HUMAN CAPITAL	256	40	7	33
Total	816	92	11	81

2021*	Number of reports	Relevant cases	Ongoing Investigation	Solved
INSTITUTIONAL	746	119	2	117
HUMAN CAPITAL	202	75	2	73
Total	948	194	4	190

As a result of investigating these complaints, no cases were resulted in a judicial process or relevant incidents that will further affect the institution.

However, as in any financial group, risk situations were identified that differed from our values and institutional behavior, said actions were addressed in accordance with our Comprehensive System of Consequences.

In a highly exposed and regulated sector, in the year to be reported we received 33 monetary sanctions for a combined amount of \$ 6.1 MDP. It should be worth noting the absence of anti-competitive, unfair competition or cases of corruption.





The System of Consequences documents the corresponding sanctions for those actions detected that are not aligned with our culture, good practices and internal policies or processes.

Complaints received through the Transparency Mailbox channel were resolved through 8 administrative acts, 3 written warnings and 10 employee contracts terminated.

There are other means of complaint and sanctions that correspond to minor offenses related to non-compliance with our institutional policies.

In 2021, the system of consequences registered a total of 2,829 sanctions, 86% were administrative acts and written warnings for minor offenses and only 2% were reprimands that resulted in the termination of the contract. It is important to mention that our commitment to transparency and compliance with our regulatory obligations and best practices has led us to increase the documentation and monitoring of these sanctions.

In 2021, we identified 133 employees that have a historical record for investment-related investigations, consumer-initiated complaints, private civil litigation, or other regulatory matters. Situation that will be rigorously monitored by the company.

By 2022, we will strengthen the prevention of sexual harassment process by increasing awareness and the proper follow up with human resources and special affairs. Likewise, an evaluation of sanctions in the consequences system will be carried out to update them in accordance with the internal policies and regulation in force.





Regional also seeks to position itself as a leading institution and agent of change towards a legal and ethical culture, through active participation both in independent third-party evaluations and in working groups of global associations for the strengthening of these issues in Mexico.

**An important event in 2021, was the participation of our Normativity, Ethics and Transparency team as leader of the 2030 Anti-Corruption Working Group of the Global Compact, promoted by the United Nations.**

The main objective of this working group was to promote concrete actions on Anti-Corruption, Integrity and Compliance in Mexico, especially in the private sector, thus increasing awareness of the competitive advantages and long-term sustainability provided by integrity. Another important objective is the promotion of these best practices and accompanying small and medium-sized companies in strengthening their culture of legality as part of the value chain.

Under the leadership of the Banregio team, the group achieved in 2021:

- Invitations and participations of relevant organizations and expert members in the field.
- Definition 4 thematic axes to address during the sessions: culture of integrity, conflict of interest, transparency and reporting systems.
- Holding of 5 work meetings, as well as the compilation and prioritization of solution proposals for each of the axes, based on the Flashcards CLIMB Methodology (used by the Global Compact).
- Coordination of 4 free webinars with more than 400 attendees, in which expert members shared best business practices to small and medium-sized companies, related to: business ethics, codes of conduct, prevention of conflict of interest and the implementation of a reporting system.

In relation to third-party recognitions, in 2021 Banregio, as the main subsidiary of Regional, was recognized by El Financiero and the AMITAI organization and it obtained the 18th place in the ranking as one of the 30 most ethical companies in Mexico.

This methodology was created by the AMITAI organization to evaluate the integrity programs of companies. Its model is called “3E’s” and consists of the evaluation of three points: Elements, Efficacy and Evidence. This is carried out through a survey of 35 questions, which evaluates 4 dimensions: ethical philosophy of the business, ethical leadership, promoting and living by company values and interaction with the community.

Likewise, Banregio was evaluated by HR Ratings for the second consecutive year, where it increased its rating to **HR PAC2+**, which indicates that our Integrity Policy complies with international standards, is disseminated regularly, has clear manuals and that the compliance culture is known by the entire workforce.

Finally, in December, Banregio was recognized within the ranking of Corporate Integrity 500 (500 Companies vs Corruption 2020) in the 90th place with an **increase of 3.9 points over the previous year**. 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*.

**These recognitions represent for Regional a solid commitment to continue promoting a culture of ethics and integrity, thus strengthening its values towards its employees, customers, suppliers and community.**





Regional promotes the sustainable generation of value and the development of the business in accordance with the levels of appetite and risk tolerance 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 by principles of profitability, capital allocation, asset quality, liquidity provision, adequate operating capacity and attraction of talent. **Historically, the bank has defined prudence, discipline and diversification as differentiators for healthy growing a balance sheet.**

The Company operates with a **Comprehensive Risk Management System (SIAR)**, that includes a set of objectives, policies, procedures and bodies responsible for identifying, monitoring and reporting risks to which the institution is exposed.





The Comprehensive Risk Management Unit (UAIR) is responsible for operating this Comprehensive Risk Management System, to ensure that the regulatory framework incorporates qualitative and quantitative criteria that implements preventive and prospective approaches, thus encouraging the identification and management of risks under normal conditions and economic crises.

In 2021, the main activities of the UAIR were:

- Regulatory Alignment. Preparing information, methodologies and procedures that are frequently examined by supervisors, independent experts and Internal Audit to assess the robust management and risk control. The most relevant revisions in the reporting period were made in order to evaluate and measure the risks of financial instruments, regulatory estimates of liquidity and estimation of regulatory capital.
- Process Efficiency. To ensure the pairing of the talent and tools necessary for the analysis and calculation of state-of-the-art risks, thus facilitating diagnosis in multiple dimensions and timely decision making. Banregio provides information at the beginning, during and closing of operations for the monitoring of market risk and liquidity.
- Contribution to the Business. In accordance with regulatory requirements, Banregio deploys internal models to determine the stability and use of deposits that in turn allow a more efficient use of capital and liquidity.
- Environmental, Social and Government Risks (ESG). Banregio adopted Environmental, Social and Governance standards with which it seeks to evaluate the risks and business opportunities that accompany these factors.

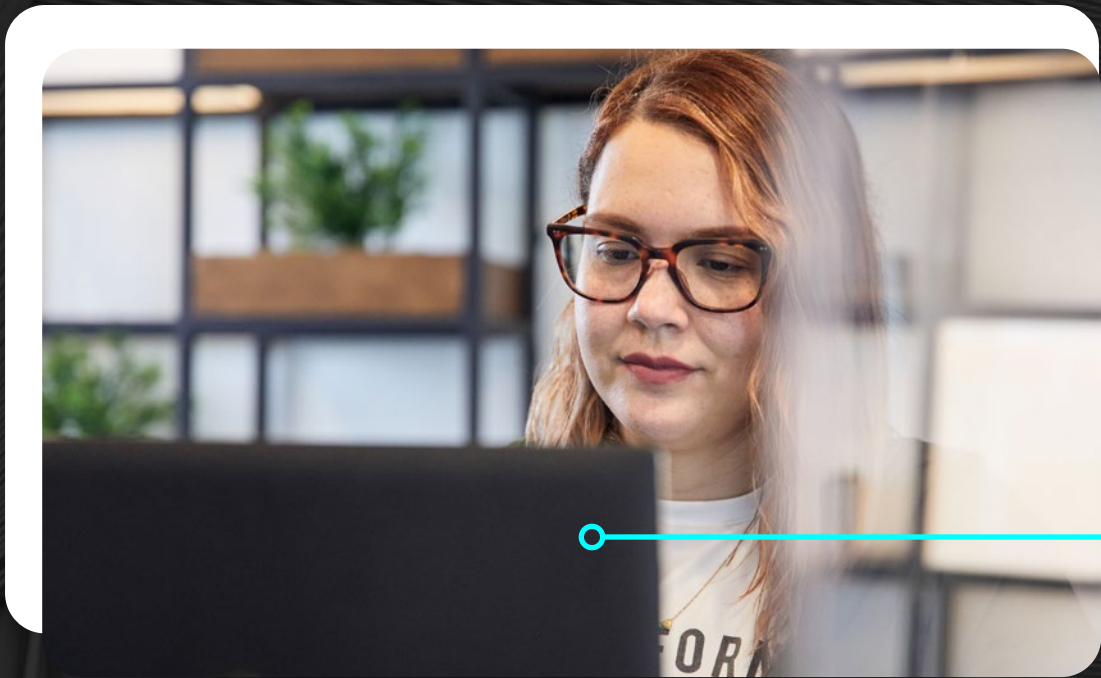
The correct application of this System and the due diligence carried out by the Risk Management Unit team, allows the institution to respond efficiently, facing the challenges of the present and the future, without suffering serious losses in its assets.





The Risk Intelligence Directorate is dedicated to the analysis of asset quality in our loan 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 focusing on better-quality clients, based on individual qualitative and quantitative rating
- Alignment of pricing policy based on risk
- Monitoring and providing feedback to the management processes between control areas and business areas
- Prevention and contention processes in early default
- Actions that deal with research, security positions and follow-up and review measures for the clients of our portfolios
- Creating Risk and Operation Manuals that clearly define policies, procedures and roles
- Support Business Intelligence for better targeting of customer research efforts
- Development of training programs in the field
- Building solid and expert Monitoring and Collection areas
- Creation of advanced models to automate the credit decision and infer income by increasing approval rates with better vintage performance
- Creation of advanced models in monitoring patterns in transactional use to optimize allocation and use of lines, as well as the eligibility of binding credit offers
- Segmentation to generate specific strategies during the credit life cycle



The bank’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 2021, a pilot program was launched to evaluate social and environmental indicators in addition to the current analysis. The scope of this evaluation will be, in a first stage, for new business clients with potential risk equal to or greater than 60 million pesos.

In 2022, we will seek to effectively integrate the process into credit analysis, creating an ESG evaluation model that enriches our data and allows those responsible to make better informed decisions. *More information in the sub-chapter of Responsible Banking.*

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 the communities where we have a presence.





Information security and cybersecurity are currently indispensable issues for risk management within the international financial system.

As a result of these issues, the Company has established a set of preventive and reactive measures of the structure and technological systems, including the figure of the Chief Security Officer, who reports to the Comptroller’s Office and Compliance.

The Director of Security is responsible for:

- Proposing and managing the strategies and policies necessary for the protection of people, property and information
- Increasing the maturity levels of the main security processes and activities
- Ensuring security compliance established by the different regulatory entities
- Managing the specialized team to detect and respond to incidents or operational contingencies
- Proposing and coordinating training and awareness programs
- Establishing the framework of roles and authority according to the adequate segregation of functions of employees

In addition, the institution has a Security Committee that reports to the Board of Directors and meets monthly. This committee is made up of the Directors of the following areas: Comptrollership and Compliance, Security (Chief Security Officer), Finance (Chief Financial Officer), Transformation, Operations, among others.

In this Committee, decisions are made regarding projects, initiatives and budgets. Additionally, different issues related to Information Security, Cyber-

security and Business Continuity are addressed. The most relevant topics are presented in the Audit and Risk Committees.

Among the activities of the Security 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 to ensure their correct publication and dissemination
- Evaluate and coordinate the implementation of specific information security controls





Regional’s approach to identifying and addressing potential data security risks is supported by the provisions of Article 164 of the Single Official Letter of Banks in Section Six of the Directorate-General and Articles 166 and 167 of Section Seven of the functions of the Internal Comptroller’s Office.

Likewise, the Basic Principles of Basilea and the COSO Model are also taken into account, with documented policies and procedures of the risk analysis methodology in the Institutional Internal Control Manual.

The types of risk that are evaluated are the following:

- Internal fraud
- External Fraud
- Employment Practices and Workplace Safety
- Clients, products & business practices
- Natural disasters and other events
- Business Incidents and System Failures
- Execution, Delivery and Management of Processes (the fines for non-compliance with the regulations are included here)

With regards to the analysis of risk scenarios associated with data and information security, the following issues are considered: Confidentiality, Integrity, Availability and Non-Repudiation. These principles are applied to technological, operational and business processes for data at rest or in motion. The risk scenarios determined can be placed within the different risk typologies mentioned above.

This Internal Control System supports its management in policies and process manuals to ensure the implementation of best practices, some of them are:

- Information Security Manual
- Business continuity plan
- Response to information security incidents manual

Under the Business Continuity Plan, tests are carried out every year according to the Boards’ approval. These include DRP (comprehensive and partial per service) and BCP (alternate on-site testing intended for the operation of areas managing critical processes). Tests are performed once a year per area or system that serves a critical process, some areas are even tested 3 times a year.

Likewise, the incident management plan found in the internal regulations in the IT Incident Management Manual and the Information Security Incident Response Plan manual, performs effectiveness tests 2 times a year.

External reviews and audits are also 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.

To strengthen information security knowledge, an annual training is available for all employees. **In 2021, 92% of our employees successfully completed this course that includes: classification and management of information, security policy, processes and risk identification, among others.**

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





Thanks to this robust Security System that includes training and review processes, in 2021 no incidents, affected customers, penalties, or breaches regarding our information security and cybersecurity processes were reported. Likewise, there were no incidents of infrastructure 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 claims that were detected involving fraud against our clients related to cards. These frauds correspond to these two categories:

- 1. Card Not Present (CNP) Fraud: Characterized by the unauthorized use of a credit card number, printed security code, and/or holder address details for a transaction in a non-face-to-face environment with a merchant
- 2. Card Present (CP) fraud is characterized by the unauthorized use of a physical credit card for a transaction in a face-to-face meeting with a merchant

Incidents in 2021

Incident Type	*Number	Total loss (\$)
CNP	32,195	62.75 million pesos
CP	442	10.36 million pesos

\*The number of claims in the period is indicated. Each claim represents an event of bank card fraud.





Regional continues to deliver solid financial results and maintain a constantly stable operation. In 2021, most segments showed growth, especially consumer, business and leasing.

The Company has achieved these results thanks to its strategy that revolves around:

- Creating long-term relationships with our customers
- Being an ally for the financial well-being of companies and individuals
- Promoting a prudent culture of risk
- Strengthening a digital identity that allows the generation of greater profitability through new channels

Financial margin

The Financial margin adjusted by provision reached **\$6,715 Million MXN** at the end of 2021, showing an increase of 4.1% compared to the previous year. The financial margin showed a slight growth of 0.7% and the MIN was down 43 basis points.

Non-financial income

Non-financial income **grew 16.7%**, mainly explained by the 20.6% increase in insurance and exchanges, a 14.6% increase in operating lease and the 17.6% growth in means of payments.

These results are a reflection of our strategy, having a comprehensive offer that includes all the necessary solutions for our clients such as leasing, exchange, fiduciary, among others.

Efficiency Rate

Thanks to the investment of past years in digital transformation and our prudent spending policy, we not only kept our operational efficiency below the target level but also managed to decrease 140 basis points on the **efficiency index reaching 46.4%**.

Income

The **accumulated net income had an increase of 20.5%** with respect to the previous year, reaching \$3,556 Million MXN. Despite a continuing complex environment due to the impacts caused by COVID-19 in our country, we achieved an excellent recovery.

This result is an indicator of the Company's resilience and its ability to continue to pursue strategic growth of the operation in the coming months.

Profitability

The return on equity (ROE) for the last twelve months was 15.3% showing an increase of 131 basis points while the return on assets (ROA) increased to 2.2%.

It is important to mention that our excellent financial results have allowed us in recent years to maintain a profitability that exceeds that of the country's financial system.





Deposits

Another key objective in Regional’s strategy, in recent years, has been to steadily increase deposits and during 2021, we saw the impact of the actions carried out by increasing core deposits by 6.9%.

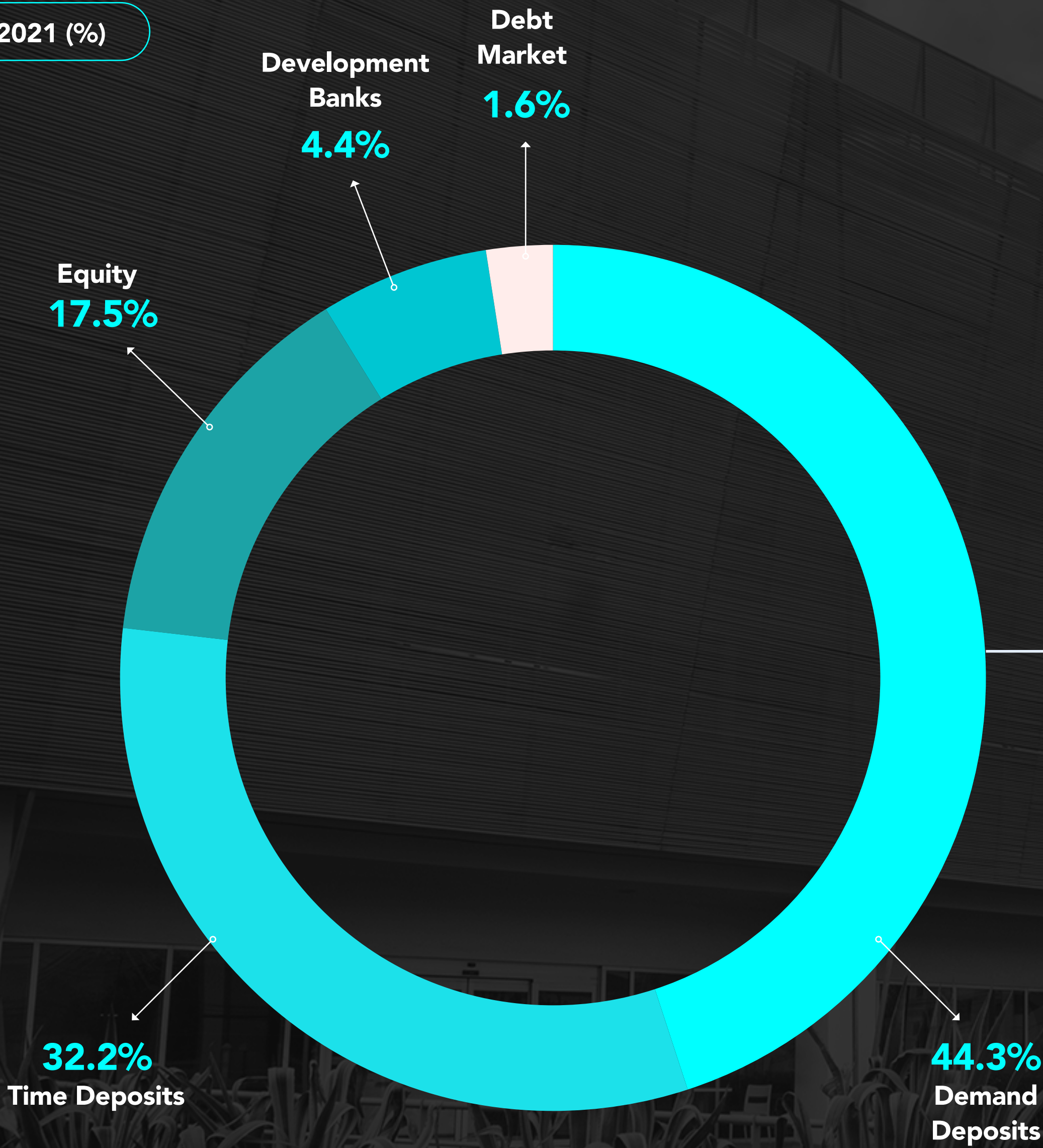
The increase responds mainly to a **growth of 28.3% in demand deposits**, which reached a balance of \$61,785 Million MXN.

For its part, the ratio of loans to deposits remains similar to the previous year, closing at 110.5%, while the average cost of funding was 2.9% at the end of 2021.





Sources of Funding 2021 (%)



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Balance Sheet  
Figures in millions of MXN

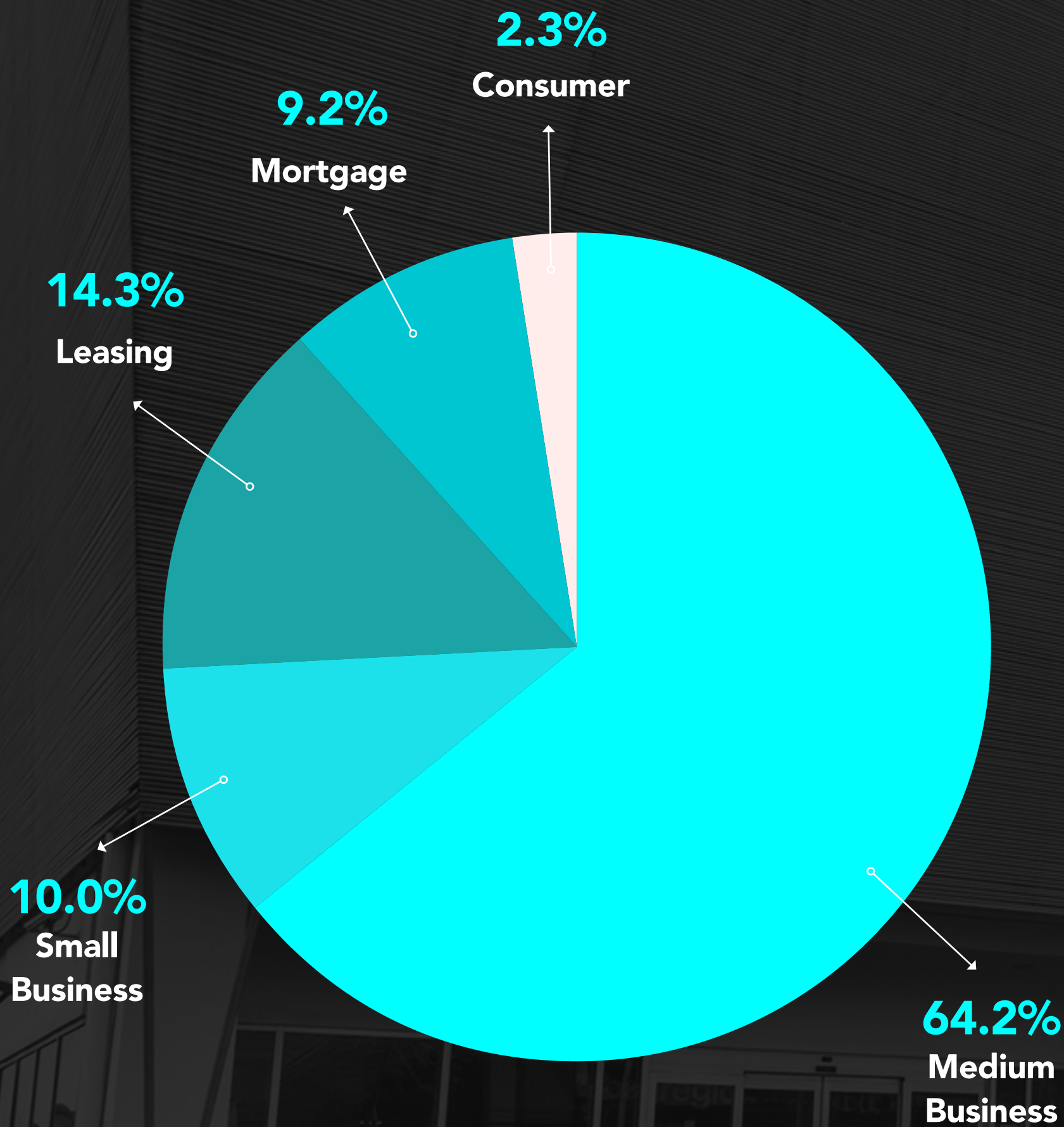
Assets	2020	2021	Var.
Securities Investment	13,650	23,883	75.0%
Loan portfolio			
Performing loans	108,864	115,817	6.4%
Non performing Loans	1,552	2,135	37.6%
Total Loan Portfolio	110,416	117,952	6.8%
Reserves	2,626	2,827	7.7%
Net Loan Portfolio	107,985	115,218	6.7%
Total Assets	149,948	167,536	11.7%
Liabilities	2020	2021	Var.
Demand Deposits	48,159	61,785	28.3%
Time Deposits	51,663	44,972	(13.0%)
Core Deposits	99,822	106,757	6.9%
Comercial paper (CB)	2,428	2,164	(10.9%)
Development bank loans	7,262	6,215	(14.4%)
Total Funding	109,512	115,136	5.1%
Repurchase agreement	11,494	22,191	93.1%
Total Liabilities	127,758	143,128	12.0%
Total Shareholder's Equity	22,190	24,408	10.0%

Income Statement	2020	2021	Var.
Interest Income	15,251	13,562	(11.1%)
Interest Expense	(7,739)	(5,994)	(22.5%)
Financial Margin	7,512	7,568	0.7%
Net provisions	(1,064)	(853)	(19.8%)
Financial Margin Adjusted by Provisions	6,448	6,715	4.1%
Commisions and Fees	949	1,094	15.3%
Insurance and FX Fees	845	1,019	20.6%
Net leasing	854	978	14.5%
Non-Financial Income	2,648	3,091	16.7%
Other income (expenses) of the operation	(236)	(207)	(12.3%)
Total Income	8,860	9,599	8.3%
Compensation and Benefits	(2,468)	(2,499)	1.3%
Operating Expenses	(2,279)	(2,356)	3.4%
Management and promotion	(4,747)	(4,855)	2.3%
Operating Income	4,113	4,744	15.3%
Income Tax	(1,180)	(1,206)	2.2%
Net Income	2,952	3,556	20.5%

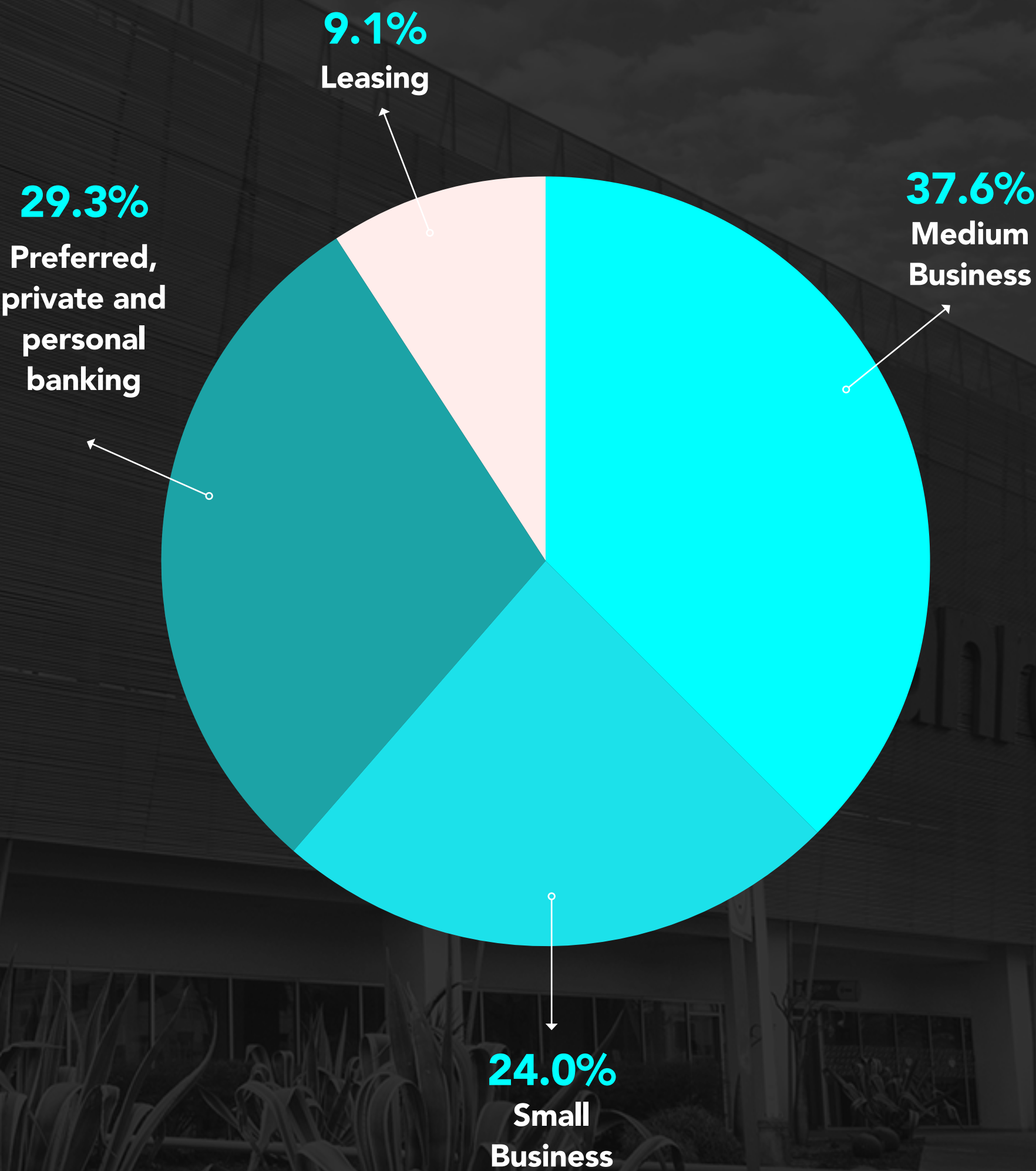




Current loan portfolio by business segment (%)



Total Income by Business Segment (%)





Loan Portfolio

The portfolio of **performing loan portfolio at the end of 2021 reached \$115,817 MDP with a growth of 6.4%**. This movement was primarily due to the 7.3% increase in the medium-sized business segment, which represents 64.2% of the portfolio, as well as the 3.6% increase in the leasing business.

Even with the aforementioned growth, we maintain a healthy business activity with an **NPL index of 1.8%**, a figure well below the average of the national financial system.





SME

The small and medium-sized business segment is our core business, currently accounting for 74.2% of our current portfolio and contributing 61.6% to total revenue. The objective during the year to report was to develop current customers while attracting new and maintaining the objective of further diversifying the sectors in which we participate.

Business Banking is our main segment and its key characteristic is the personalized attention and guidance provided to its customers. Additionally, our non-financial services are becoming more relevant for our clients, especially services such as leasing, fiduciary, derivatives and currency exchange.

In 2021, the growth of our payment and management platforms to meet the needs of our customers must be noted.

Our commitment as a team is the success of our customers. With that in mind and for a few years now, we have worked to continuously improve our processes and products to provide better care and experience.

SME Commercial Portfolio by Sectors and Activities (%)

Sectors and Activities	2021
Housing Development	27.5%
Commerce	18.7%
Rental property	16.1%
Manufacturing	10.8%
Commercial Real Estate	7.4%
Services	5.6%
Logistics and Transportation	4.0%
Agricultural	3.8%
Financial Services	2.8%
Others	3.3%
Total	100%

\*During the year to be reported the portfolio was reclassified.



Personal banking offers a range of consumer credit products and solutions to preserve and increase wealth through savings, investment and insurance. In this business unit we constantly seek to increase market share through physical and digital service channels.

In addition, during the past year we expanded our offer with an account for minors with the intention of bringing the financial system closer to young people. The product will be accompanied by a guide within an application that supports financial education and training.

Consumer loans

During 2021, the consumer portfolio presented a notable increase of **16.2%** compared to the previous year. This segment closes the year with a total balance of \$2,784 Million MXN, which represents 2.3% of the current portfolio.

Even with the excellent growth of this segment, the NPL index for consumer credit decreased 195 basis points and closed the year at 1.9%

Thanks to the support of Business Intelligence, we created more than 100 campaigns with the aim of increasing balances, expanding market share, controlling the overdue portfolio, among others. Next year our purpose will be to strengthen our loyalty program through attractive credit card benefits and promotions through online purchases.

Mortgage

The mortgage loan can be used for the acquisition of a house, land or to refinance existing loans. During the year to be reported, 1,880 credits were placed for a total amount of \$3,220 Million MXN, a figure that represented a higher placement than previous years.

At the end of 2021, the balance of the mortgage portfolio was \$11,044 Million MXN and represents 9.2% of the current portfolio. Our goal is to continue improving our time of reply and response to loan applicants, through a parametric model and continuous improvement in processes.



Navigation icons: a circle with 'r', a play button, a plus sign, a speaker icon, and a right arrow.



Leasing

The leasing segment, whose operation is concentrated in the START subsidiary, increased 3.6% during 2021. This growth was due to an increased positioning of transport equipment and specialized machinery.

Through our three business centers, we respond to the specific needs of our clients in each region, from their origin and follow-up. During the reporting year, an agreement was set to commercially and geographically strengthen START Rent a Car, with this, we reached 40 sales and rent service points for our clients.

2021 was a year of challenges and opportunities for the leasing sector, START participated in a significant way in projects of investment of productive assets. We have a great work team and leaders committed with the clients and suppliers, which has allowed us to become a strategic ally in the renovation of assets.

**Leasing represents 14.3% of the portfolio reaching a total of \$17,116 Million MXN.** Being such a relevant segment for Regional, representing 9.1% of total revenue, we will continue to develop innovative strategies aimed at improving our processes, response times and launch of new products.





Private and Preferred Banking

**Preferred, Private and Personal Banking segment represents 29.3% of the income of the year to be reported.** These results are a reflection of the trust that our clients place in the management of their assets.

We are constantly working to offer better service through our points of contact. During 2021, we launched a new service model for the preferred segment with a personalized and remote contact through concierge services and alternative channels. *More on the subject in the chapter Success of our customers.*





In 2021, Hey! was positioned as the only 100% digital self-service multi-product platform in Mexico. Hey allows users to access a wide variety of products that promote their financial well-being in a simple and personalized way.

At the end of the year, Hey! had more than 369,860 active customers, 2.65 times more than the previous year. Its main products are focused on deposits, a **segment that reached a balance of \$6,839 Million MXN** and showed an annual growth of 5.7 times.

The annual growth for loans was 18 times, closing at \$1,960 million MXN. Within this growth, the placement of 15,000 credit cards during the last quarter of the year stands out.



A vertical navigation bar containing five circular icons: a lowercase 'r', a play button, a plus sign, a double arrow, and a right-pointing arrow.



Through Regional’s operation we have an impact on our value chain and community in general. In 2021, the economic value generated by the Company and its subsidiaries increased 8.3%, closing with a balance of \$9,617 Million MXN while the economic value distributed increased by 2.2% compared to the previous year, closing at \$6,060 Million MXN.

The economic value distributed includes the operating expense of \$2,492, the remuneration and benefits to employees with a total of \$2,356 Million MXN, \$1,205 Million MXN of taxes paid and the investment in communities of \$7 Million MXN.

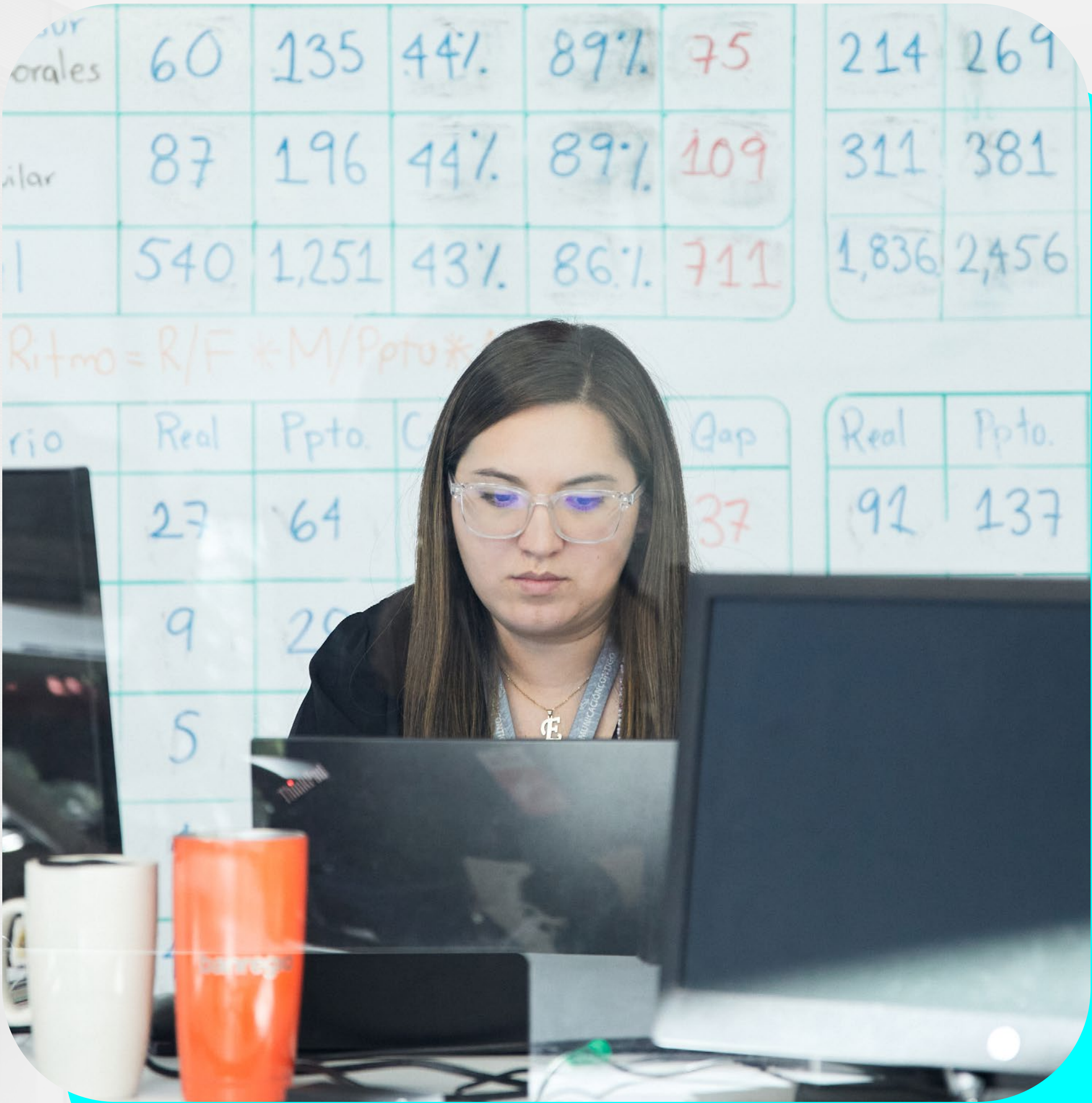




The fiscal policy in Regional establishes:

- To duly comply with the obligations of the Applicable Law
- Ensure that the interpretation and internal application of the policy does not generate future tax risks or contingencies for the Company and/or subsidiaries
- Regional and its subsidiaries file their tax returns individually and currently there are no outstanding tax credits or debt

In the year reported, the effective rate of taxes generated was 25%.





Regional, SAB de CV (R series "A") replaced (GFREGIO series "O") in 2018. Its shareholding structure is: 60% owned by founding shareholders and 40% free-float. With a price of \$106.18 at the end of the year, the market capitalization is \$34,819 Million MXN.

**At the Ordinary Shareholders' Meeting, held on April 22 of the year to be reported, the dividends agreed were \$1,798 Million MXN.**

Regional defines its dividend according to the results of the operation, the current financial situation, need for capital, fiscal considerations, growth expectations and those factors that the members of the Board of Directors or the shareholders deem appropriate.

We continue to expand our communication channels with investors, analysts, rating agencies, clients and the community, which is why the Investor Relations area is growing. This department, together with Senior Management, actively participates in different forums where the Company's strategy and its expected results in the medium and long term are presented.





# WELL-BEING

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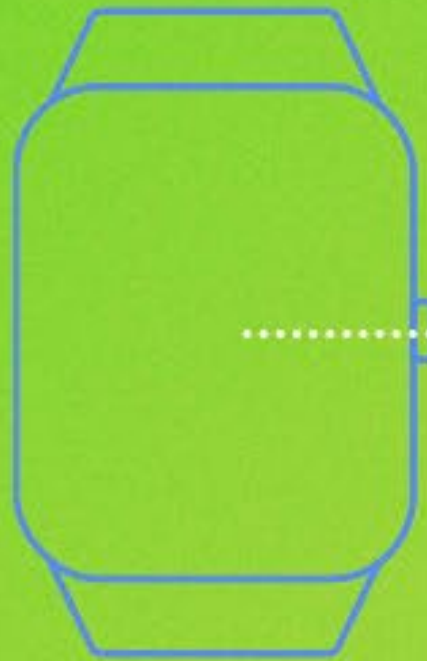
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Generating well-being through balanced and healthy relationship with our customers, employees and the environment >>>



From our sustainable commitment we generate well-being through balanced and prosperous relationships with customers, employees and the environment.

The Company's purpose is our clients' success and this is the guide for our actions to promote a humane service and the financial health of the community.

We know that in order to achieve this mission we must start with the well-being of our employees, so we seek diversity, gender equality and inclusion in the workforce, as well as training and professional development for all our employees.

Likewise, we take care of and respect the environment so that we can continue operating in a sustainable way for future generations.





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 long-term connections with our clients.





As a financial institution we know how important it is for the client to obtain clear, transparent and concise messages. For that reason, we present the information of our products and services in a clear way and in accordance with the data registered before the *Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros* [CONDUSEF in its Spanish acronym] and Banco de México.

Likewise, we protect the legal certainty of the customers by providing them the necessary elements for the best decision-making. 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 (TAC) of the credit products and the Total Annual Return (TAR) of the investment products, such as Promissory Notes and CEDES (Certificates of Deposit).

**Thanks to this strict design of our communication, in 2021 no sanctions were presented for non-compliance with the information and labeling of products and services, nor with issues related to advertising, promotion and/or sponsorship.**

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) regarding 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.

Due to the nature of the financial operation, we seek to approach 100% of our clients with relevant solutions according to their profile. This involves making use of their data to analyze their needs and design an appropriate offer.

However, we understand that some customers do not want their data to be used to make an additional offer of our products and services, and for these cases, three main mechanisms are established:

Public Registry of Users

Website where the client registers their data and CONDUSEF ensures that banks download that database and no additional advertising is offered. This base is monitored in Banregio by the Normativity area.

Arco Rights

As mentioned above, it is a regulation established by the *Instituto Nacional de Transparencia, Acceso a la Información y Protección de Datos Personales* [INAI in its Spanish acronym] that involves the sharing of a privacy notice when opening an account, and the client has the right to request that no publicity be sent under the right of opposition. The customer's data is entered into a system and when there is an advertising campaign, the Communication area filters those customers to whom advertising will not be sent.

By Contract

In the signing of any contract the client must be asked if he/she wants to receive advertising, that information remains in the internal system and the extraction team is the one who investigates how many of the Banregio clients indicated that they did not want to receive advertising.

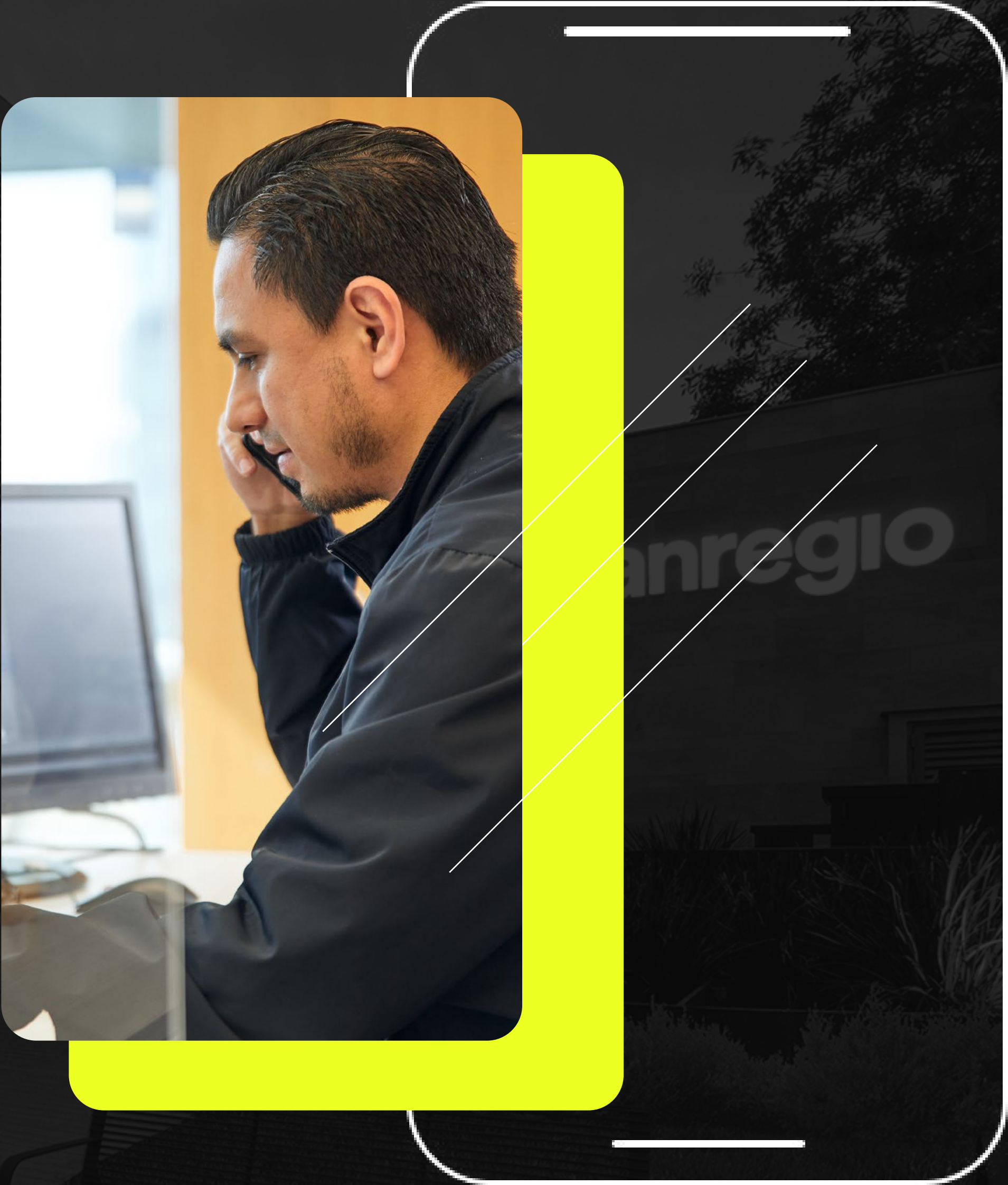




In the year to be reported, no relevant sanction or claim was incurred for leakage or misuse of our clients' information, nor losses due to legal proceedings derived from the same issues.

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

The care of our customers' information and transparency in the advertising of our products are key to ensuring the trust of our customers and allows us to build a long-term relationship with them.





Active listening is another fundamental pillar in our service, we know that achieving the success of customers depends largely on serving them in the best way so we constantly measure and monitor the satisfaction and loyalty index.

Regional has a platform to evaluate customer satisfaction called ESCUCHA. This tool allows us to detect the strengths and opportunities through real-time feedback and from various channels.

In 2021, we received a total of **255,398 responses**, 66% of which were from Banregio customers and 34% from Hey! The evaluations are categorized according to the means by which the service is granted, for example: branch visit, call center, digital transactions, among others.

The measurement of ESCUCHA allows us to know the **Net Promoter Score (NPS)**, which we use as the main indicator of the satisfaction of our customers because it is the most used metric in the financial sector.

The NPS takes into account user satisfaction and loyalty in the same question, which extends its reach. At the end of the year, Banregio reported an NPS of **70.6**, one of the highest results in the financial system, Hey! obtained **68.8**.

Company	NPS 2021
Banregio	70.6
Hey digital	68.6

### How is NPS measured?

The client is asked:

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

### Scale of answers

**10 - 9** Promoters. Loyal enthusiasts

**8 - 7** Passives. Satisfied

**6 - 0** Detractors. Unhappy, bad relationship

**\*NPS = Promoters - Detractors**





With the customer at the center of our operation, we are committed to offering the best experience inside and outside our branches, that is why we want to continuously improve these points of contact based on a relation-based model.

Last year, a new model was designed to respond to the challenges of the growing demand for digitalization.

The 360 Model improves the role of the branch regarding the value proposition in order to retain current customers and attract new ones. We ensure efficient attention with new roles for our employees and the usage of remote tools while maintaining an excellent personalized experience. At the end of the year, 100% of our branches work under this service model.

The main characteristics are:

- Improve productivity by implementing self-service
- Digitalized Branch Experience
- Redesign of cashier processes by adding smart ATMs
- Timely Support and Advice by Assigned Concierge

Also, in the year to be reported we launched the first Punto Banregio, a channel aimed at attracting the preferred business segment. This space has the peculiarity of working with a small staff, without cashiers and windows, concentrating its operation on personalized attention and exclusive advice for the use of our products and services.

At the end of 2021, Regional has the following physical locations:

- 156 Banregio Branches
- 16 Exchange Centers
- 1 Banregio Point
- 20 Hey! Points

It is important to mention that, in 2021, our physical locations remained adapted to comply with all the health protocols established by the COVID-19 pandemic. Thanks to the exhaustive work of the teams: medical, employee experience, commercial and physical security, only 55 branches have experienced any partial closure.

Our physical presence is complemented by commercial agreements with the main self-service chains in the country, which have allowed us to offer additional access points for deposits to debit accounts and credit card payments to both Hey! and Banregio. **This expansion gives us a greater presence and helps us to include those communities where we do not yet have a branch, so that they can access the bank's financial services.**

**In 2021 we resumed our expansion by investing in the opening of branches, by 2022 we seek to open four branches under the 360 model, four Banregio points and eight exchange centers.**



Likewise, we have different support channels available for our customers. During the period to be reported the following service channels were improved: telephone, email, chat and whatsapp. Through these means we offer the distinguished service of the bank while ensuring the health and safety of our clients.

These are three main customer service channels:

CASA

Call Center, Solution and Support, is responsible for customer service through phone, social networks, email and chat.

Concierge

Area responsible for offering personalized service to customers in the preferred segment of commercial banking.

Experience Leader

Remote advisor who provides multi-segment attention (personal and businesses) in a personalized way, focused on preferred clients.

In 2021, CASA worked on the development of technology for self-service in some points of contact such as: Balance Consultation, Unlocking of Electronic Banking Users (Individuals) and Request for Point of Sale Terminal Rolls. We managed to meet more than 150 thousand requests with this system.

We will continue to promote a unique customer experience that allows us to be their main bank, as well as taking care of all the employees that allow us to offer this differentiator in the attention.





For Regional, employees are the most valuable assets, so we always seek to improve their experience within the organization and maintain ourselves as a stable source of employment that attracts the best talent.

That is why we work on designing attractive benefit schemes to attract and retain our employees, as well as training programs that allow them to develop their maximum potential.

At the end of 2021, our workforce consisted of **5,352 employees**, 92.3% of whom have an indefinite and full-time contract, while only 7.7% of employees are employed with a temporary contract and only 4 employees have a part-time work day.

During the reporting period, the workforce that was previously hired outside of payroll was included in the regular payroll in response to legislative changes in the Federal Labor Law, currently only 137 people are paid outside of payroll, this includes interns.

Also complying with the responsibilities of the labor law, the institution guarantees the freedom of association of its employees, in the year to report **9%** of the employees were affiliated to the same union organization.

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

We maintain our commitment towards gender equality and during 2021, women represented 46.1% of our global workforce and 40.2% are in leadership positions. 1,376 new employees were incorporated, 37.2% of them are women.

**45.1%** of our workforce are young people between **26 and 35 years**, while employees over 45 years represent 14.2%. These generational gaps provide a diverse culture and transfer of knowledge.

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 in the labor market, there were voluntary and involuntary terminations of employment, resulting in an annual turnover of **\*19.6%**.

Hirings and resignations by age group and sex

Men			Women		
Age Range	Hires	Resignation	Age Range	Hires	Resignation
18-25 years	304	100	18-25 years	183	80
26-35 years	390	289	26-35 years	225	227
36-45 years	117	84	36-45 years	76	91
More than 45	53	79	More than 45	28	47

Total	Hires 1376	Resignations 997
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\*% Rotation = Total losses / Average Headcount \* 100





Employees by age group and sex

Age Range	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
18-25 years	435	489	924	416	496	912	503	472	975
26-35 years	1108	1111	2219	1120	1132	2252	1260	1154	2414
36-45 years	558	551	1109	555	519	1074	624	576	1200
More than 45 years	507	248	755	486	249	735	497	266	763
Grand Total	2608	2399	5007	2577	2396	4973	2884	2468	5352

Employees by job category and sex

Professional Categories	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Direction	76	10	86	82	12	94	93	15	108
Deputy Direction	146	45	191	164	50	214	158	55	213
Staff (administration)	566	596	1162	973	765	1738	1238	809	2047
Branch (Business)	661	832	1493	544	625	1169	602	637	1239
Executives	922	715	1637	565	747	1312	498	712	1210
Operational	237	201	438	249	197	446	240	295	535
Grand Total	2608	2399	5007	2577	2396	4973	2829	2523	5352

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Employees by job category and age group

Professional Categories	2018				2020				2021			
	18-25 years	26-35 years	35-45 years	More than 45 years	18-25 years	26-35 years	35-45 years	More than 45 years	18-25 years	26-35 years	35-45 years	More than 45 years
Direction	0	2	26	58	0	4	31	59	0	3	38	67
Deputy Direction	0	39	70	82	0	44	79	91	1	38	82	92
Staff (administration)	187	507	297	171	383	937	287	131	466	1085	353	143
Branches (business)	339	660	288	206	220	514	278	157	238	545	298	158
Executives	385	839	286	127	292	599	244	177	242	561	246	161
Operational	13	172	142	111	17	154	155	120	28	182	183	142
Grand Total	924	2219	1109	755	912	2252	1074	735	975	2414	1200	763

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In 2021, we kept improving the experience of our employees in order to create a humane and inclusive culture, close despite the distance.

Under the Employee Experience Model we launched 79 programs and activities, related to Health, Well-being, Sports and Family.

It was a great challenge to deliver these experiences on remote mode but it allowed us to include employees at a national level, thus increasing the sense of belonging.


The main activities in 2021 include the following:

- Mental Health awareness talks
- Online Summer Camp
- Family Day at home
- Cycling Club
- Exercise challenges though Apps


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

Benefits for employees


Life insurance



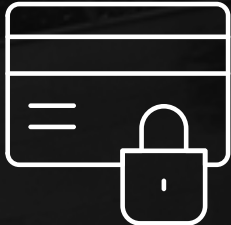
50% subsidy for major medical expenses and minor medical expenses




10 days paternity leave




Mortgage, personal and auto loans, with preferential rates




30-day Christmas bonus




12 holiday days as of the first year



Food vouchers 6%  
Savings fund 5%



Flexible Hours' Scheme







All benefits or 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 our main event called Kickoff Banregio. All documents are available on the intranet *wikinormativa* where all our institutional policies are included.

In 2021, the flexible benefits system **B-Flex** was launched, which allows our employees to select and exchange their benefits for more attractive ones according to their personal and family needs, as well as their interests and lifestyle.

During this period, 629 employees have been registered and some of the options available are: new insurance policies for Minor Medical Expenses, 1st diagnosis of cancer, rent for hospitalization, personal accidents, education and training insurance.

**Along with our services and among the main strategies for attracting and retaining the best talent is our compensation policy that ensures fairness and pay equality in job offers for employees.**

Average Salary Ratio by job category

Professional category	Ratio (%) Total Remuneration / Number employees		Ratio (%) Total Remuneration / Number employees		Ratio (%)
		Number of women		Number of men	
Senior Managers	46%	70	54%	251	84%
Middle Management	47%	967	53%	1013	88%
Operational	49%	1431	52%	1620	93%



In order to recognize commercial achievements, the branch network and the business area that represent 44% of the workforce, have a variable compensation scheme, depending on the fulfillment of goals of the deposit and placement of products, as well as compliance with risk variables. These bonuses represent 30% 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 collaborator.

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.

In addition, last year the Talent Development team began a process to propose Succession Plans that ensure the retention and growth of key talent, as well as a smooth transition in the company's leadership positions. At the end of 2021, we had 102 evaluated positions with which the proposal of a candidate is being worked on to ensure business continuity.





We know that our talent is the key to the experience we want to offer customers, therefore the workplace culture is directly reflected in the business results.

Due to the operation of the business, **health and safety** in the work area had not been a material issue, but in light of the pandemic due to the COVID-19 virus, it 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 workforce.

Under this Health Management System, the following tasks are carried out:

- The prioritization and action plans with quantifiable goals for each business unit/facility
- Periodic meetings (at least every quarter) to discuss issues related to the health of employees between the human resources area and the directorates of each business unit, as well as between the Health area and Senior management
- Assessment of progress in reducing and preventing health and safety risks and incidents, against established targets
- Internal inspections or consulting carried out by specialists in Health and Safety issues

We also created a **Crisis Committee** that is made up of members of senior management, to whom the Health Department reports daily on the evaluation of risks and incidents in each facility.

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 mainly attends Back Office employees.

To comply with COVID-19 prevention practices, this department designed and implemented **12 health and safety principles which are auditable and verified within each facility**.

These principles include risk assessment through a daily questionnaire filled out by each facility at the bank, which is taken to the Crisis Committee as a comprehensive report to take the necessary actions to prevent the spread of the virus.

**In 2021 we did not lower our guard, we know that the epidemiological alert has not ended; therefore, ensuring the health and safety of all those who make up the Banregio Family will continue to be a priority for the institution.**

At the end of the year, **272** cases were identified as positive to COVID-19 among our employees who were promptly treated by the medical and security team. These units, 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.

Among the significant actions this year, in the face of the pandemic, are: the institutional use of antigen tests, through which we were able to diagnose COVID-19 cases more quickly and at a lower cost, and our participation in the cross-border vaccination campaign adding more than 155 doses applied.





It is important to mention that \$1.5 Million MXN were invested in campaigns related to Health, such as the application of PCR and Antigen tests, as well as preventive consultation.

In addition to the actions taken in response to the COVID-19 pandemic, the Health Committee (compromised by the health department and part of our Human Resources team) also works to create a culture of prevention and care in other relevant health issues.

During the year, various efforts were made, including:

- Awareness campaigns for chronic disease prevention
- Flu vaccination campaigns reaching more than 1,000 employees
- Campaign against breast cancer
- Doctor's office care in the six major corporate buildings with the highest influx

Also as part of a comprehensive plan in the company to ensure gender equality, the Department of Health is responsible for preparing lactation rooms in compliance with all the measures required by the Ministry of Health. We currently have 4 rooms in corporate buildings and in 2022 we will intend to take these spaces to more Banregio facilities.

To strengthen these health and safety policies we also have an annual online training on Physical Safety, which has a total duration of 1 hour. In the year to report 4,644 employees took this course; 2,508 of the participants were men and 2,136 women.

Thanks to these measures and the responsible teams, together with the volunteer brigades, in 2021 there were no injuries, illnesses or deaths in the company.





Another new material issue that surged was the implementation of remote work and staggered schedules for employees. Luckily, Banregio had a solid foundation from which to start from that helped make the transition less abrupt.

Since 2016, a flexible schedule was offered to employees, which included an option 100% remote work.

In 2021, we continued redesigning our flexible schemes in order to have a better response to the changing environment, the needs of the business and above all, the quality of life of our employees.

We have the following hybrid schemes eligible to employees depending on their function and role:

- H80: 80% of work in the office and 20% from home
- H50: 50% of work in the office and 50% from home
- H25: 25% of work in the office and 75% from home

Banregio employees in remote work schemes					
Age Range	H80		*H25-50		Total
	W	M	W	M	
20 to 30 years	133	111	81	95	420
31 to 40 years	118	116	102	126	462
41 to 50 years	52	44	40	61	197
51 to 60 years	16	23	19	25	83
61 or more	2	4	0	2	8
Total	321	298	242	309	1170

\*This scheme requires approval from the Director of the area and Human Resources, as it is the most restricted model for purposes of the report, the H25 and H50 are taken as a single scheme.



In total, 22% of our employees work under one of our remote work schemes, while the rest have gradually returned to the office.

Additionally, employees have access to 25 hours per year for emergencies or personal commitments. This was used by 272 employees, 74% of them being women.

Likewise, according to our internal work climate surveys, we found out that this benefit is among the best evaluated along with maternity and paternity schemes since they are superior to those of the law.

For employees that recently entered motherhood, 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 Stage for Moms

Baby Ages	Benefit
0-6 months	Remote work, with actual onsite work of at least 4 hours per week
7 to 9 months	Remote work, with actual onsite work of at least 20 hours per week
10 to 12 months	Face-to-face work choosing from the options of remote work schemes as allowed by the position profile

It is worth mentioning that due to the pandemic, pregnant women, because they were considered a population at risk, continued with the 100% remote work scheme, independently of their job.

Employees who are soon to become fathers are offered 10 days of paternity leave: 5 additional days to what the law states.

At the end of 2021, **96.7%** of the employees who requested parental leave returned to their activities after the corresponding period and **84.5%** stayed with the company for 12 months or more.

Parental Leave 2021

	Both Sexes	Women	Men
TOTAL took the leave	213	143	70
TOTAL returned	206	136	70
RETURN RATE	96.7	95.1	100



As part of the activities to permeate the Banregio culture and evaluate our work climate, the Human Resources Management does an annual evaluation known as 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 2021 we achieved 87 points out of 100, with a scope of the response of 96% of the workforce. With the results of this survey we can design and implement measures to improve the relationship between our employees.

In addition, we launched an upward feedback program during 2021. This feedback aims to promote dialogue and a culture of open and trusting communication in order to strengthen leadership. In the session, which is coordinated by the Culture and Training team, employees can provide feedback to their leader in an assertive and efficient way. Around 100 of these sessions were held for Banregio leaders in the year and we hope to continue growing with this model in the coming months.

Another major culture change in the year was the implementation of digital Winks. These recognitions, which were initially granted physically, became a digital tool to recognize employees for their performance. The great advantage with this new modality is the ease and efficiency with which anyone in the organization can recognize a colleague.

In the year, more than 4 thousand Winks were delivered, recognizing topics such as: customer service, agility in attention, companionship, living Banregio values and innovation.

Thanks to these actions, in 2021 we received the **Factor Well-being Distinction**, awarded by the Institute of Wellness and Happiness Sciences, of the Tecmilenio University, and the magazine Business Insider. This distinction recognizes companies that invest in the well-being of their employees through the implementation of positive practices in organizational processes.

We obtained an outstanding score in all dimensions and the highest Well-being index perceived by Banregio employees was that of Significant Work. The Company excelled especially in the following practices in relation to the other companies: sports activities, maternity support and flextime benefits.

It is important to mention that Banregio has also been officially certified as one of the Best Places to Work by Great Place To Work.

With these actions, we seek to ensure a favorable organizational environment and develop a culture in which dignified and decent work is promoted, as well as the continuous improvement of working conditions for the prevention of psychosocial risk factors, in line with NOM 035 STPS 2018.

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In a constantly evolving environment, with new technologies and changes in the market, the training of our employees has become a key factor for our operation.

Regardless of the position level, we ensure that all of our workforce has training options for their personal and professional development, thus promoting equal opportunities for growth in the organization.

Our offer focuses on 4 training axes:

Institutional

Workshops for the immersion in the Banregio’s business model and work culture: Respect for Human Dignity, Human Library, Sustainability, Conscious and Safe Return, Circles of Culture

Regulatory

Courses required by the authorities: Prevention of Money Laundering (PLD), Information Security, Physical Security, Operational Risk Manager Certification, Cybersecurity

Technical Training

Training in processes and products: Reinforcement of Investment Funds, Meet Cyber D2D, Launch Payroll Hey!

Skills

Training in topics related to career development: Grow the Talent, My Emotions and Customer Service, Master’s Degree Program in Management with an emphasis on Finance

Digital tools have allowed us to expand our educational scope; therefore, for several years our team has focused on offering online training to bring relevant courses and diplomas to all employees nationwide.

This mode of distant training consolidated during the COVID-19 pandemic since it was key to continue our educational offer.

Last year we migrated the entire offer to **Degreed**, an LXP platform that will allow us to promote: professional training based on an inventory of skills, self-evaluation to trigger the training, evaluation of the leader for measuring progress and the personalization of learning through data science.

In the year 2021, 1,710 employees have completed 25,529 of our own courses on our platform, which is equivalent to 7% of the total training hours during the year. These employees independently selected courses that they found relevant for their professional development, in addition to those assigned to their profile.

**In 2021, we invested more than \$8.1 Million MXN in almost 200 thousand hours of training. This figure represents a 29% increase in total hours versus last year, as well as an average of 37 hours per person, meeting the proposed goal. By 2022 the goal is to maintain at least 36 average hours of training per employee.**





Training Hours	2019		2020		2021	
	Men	Women	Men	Women	Men	Women
Direction	483	2,604	2,167	649	4,143.5	376
Subdirection	2,174	5,990	5,420	2,506	5,651	2,072
Business	18,945	17,495	14,133	16,609	16,955.5	22,706
Branch	38,629	28,733	18,094	22,795	13,376.5	27,351.5
Staff	20,375	23,981	33,158	28,543	52,749	37,301
Executives	5,780	6,484	5,721	4,649	9,607.1	7,347.25
Total	86,386	85,286	78,693	75,751	102,482.6	97,153.75





It is important to mention that our continuing education program is designed in order to balance 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.

Under the framework of our Clara Banregio program, we offer a certification to train as a Coach in Personal Finance, thus promoting a network of expert employees who can assist their colleagues. At the end of the year, **222** employees have graduated from this program.

In addition, the Banregio online training platform offers a basic personal finance course called “Let’s Talk About Money” with which we trained **2,489** people in skills such as making a budget and increasing their savings.

Furthermore, we continue to work on the subject of leadership in the organization and in 2021 the Grow The Talent program was extended to **681 leaders** who worked on the development of skills related to 4 axes: trust, boosting potential, teamwork spirit and goal achievement.

In the year 2021 we launched a new emotion management workshop for our executives called “My emotions and the customer experience”.

**As a result of the health crisis, we found that employees, mainly in our branch, felt stressed and discouraged. Therefore, we designed training to help them identify what emotions may be affecting their performance and the people around them such as: their family, team, and customers.**

The workshop lasts 5 weeks in hybrid mode and was taken by 535 employees of 94 branches. In the coming months we will measure the NPS of these facilities against the rest of Banregio to observe their change in performance.

**In 2022, we will be working on the construction of our Corporate University, which aims to create a self-managed learning community that drives the talent, potential and well-being of its members.**

Among the expected benefits of this project are: having an institutional strategy of management, deployment and measurement of the impact of learning, fostering the culture and sense of belonging in Banregio, the timely sharing of knowledge, elevating performance and productivity, as well as generating comprehensive development plans that improve our employee’s wellbeing.

Currently, the subjects that will be part of the structure of the University have been defined, the management bodies, as well as the main activities and the agenda that will be carried out. The project is expected to be launched in the first quarter of next year.



To ensure progress on the path to the success of our employees, in addition to continuous training, 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 in charge of staff
- Personal development: education, training
- Transformation and improvement: approach to innovation process
- Performance: objectives linked to role

In 2021, 84% \* of the workforce was evaluated on their performance. The results will allow to promote key talent within the organization, through a career plan and continuous feedback from direct leaders.

It is important to mention that we also measure the NPS in the internal service as part of the performance of the areas in the bank. This metric is known as ESCUCHA.ME. and is used to detect improvements in internal response processes, through evaluation among support areas. In 2021, the key areas were rated with an NPS **91.2**.

The work of identifying the potential of each employee and measuring their performance also allows us to increase internal promotion, in 2021 a **total index of 8.9%** was reported.

Gender	Internal Promotion
Women	7.60%
Men	10.30%
Total	8.90%

Number Employees Evaluated	Professional Category	M	W
	Direction	53	9
	Subdirection	131	42
	Business	519	570
	Branch	440	634
	Staff	941	675
	Executives	272	216
	Subtotal	2356	2146
	Total	4502	



\* This evaluation does not include personnel with less than a month in the institution and external personnel.



We constantly work to eradicate any form of discrimination and in accordance with 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 workplace violence.

Our Code of Conduct establishes a **policy of zero tolerance** 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.**

**In addition to our policies, respect for human rights is integrated into our culture and training. In 2021, 98.7% of the workforce took the first internal course on the topic called: Respect for Human Dignity.**

The course explains in detail what human rights are, what are the most vulnerable groups, how these rights are lived inside and outside the organization and invites employees to be promoters of respect for Human Rights through their actions.

With the purpose of strengthening the course and introducing these concepts as part of the Banregio culture, a communication campaign was also implemented, addressing the same topics and the Human Library event was held for the first time.

The Human Library followed a model that was born in Denmark with the aim of sharing experiences through human contact. The dynamic is to invite “human books”, in this case employees of the bank, to share their life story related to a human rights issue in a controlled forum. “Readers” are also employees in small groups who come together to listen to library stories and have the opportunity to ask brief questions or make comments to the author.

This event, in addition to promoting Human Rights in the organization, allowed us to get to know your coworkers and their life stories, thus promoting a culture of respect and companionship.

In its first edition, the Banregio Human Library had a participation of 20 books and 163 readers of different ages, roles and geographic location. In 2022, we will hold a second edition to continue growing this activity and reach more employees.

Thanks to these policies, training and affirmative actions towards diversity, inclusion and equality, in 2021 we did not receive any sanction or complaint relating cases of discrimination within the company.



Code of ethics

It is important to promote a work environment that causes your work and that of the members of your team to be more productive. This environment must rely on cooperation, trust, integrity, respect, and honesty.

Likewise, we seek to maintain a favorable organizational environment and develop a culture in which dignified and decent work is sought, as well as the continuous improvement of working conditions for the prevention of psychosocial risk factors, in line with NOM 035 STPS 2018.

Human Rights for human dignity

Our commitment is to carry out relations and negotiations with Clients, Users, Collaborators and Suppliers in compliance with the fundamental rights established in the Declaration of the International Labour Organization and respecting internationally recognized human rights, which consider:

- Eliminate all forms of forced labor and slavery.
- Eradicate the use of child labor.
- Ensure that the conditions and the work environment comply with current labor regulations.
- Maintain an environment free of discrimination and harassment, ensuring dignified treatment and respect.

We recognize that diversity enriches our teams, strengthens innovation, and fuels our growth. For this reason, we have the objective of ensuring that in our diverse work environment the differences of each Collaborator are respected and valued. We embrace diversity with inclusion and equity, understanding these concepts as:

Diversity

Refers to born differences or identities of all kinds, such as sex, gender, gender identity and gender expression, age, religious beliefs, sexual orientation, ethnic origin, physical or mental disability, socioeconomic context and cultural customs, among other.

Equity

Equal opportunities and responsibilities regardless of differences in sex, gender, gender identity and expression, age, religious beliefs, sexual orientation, ethnic origin, physical or mental disability, socioeconomic context and cultural customs, among others.

Inclusion

It is any action to create an environment that integrates people within the community and respects their differences and similarities, seeking that they contribute their talents and at the same time be reciprocated with the benefits that the community can offer. It refers to respecting, listening and effectively integrating all Collaborators of the Institution, under the framework of the same rights and obligations established in this Code of Conduct.

Compensation Policy

The compensation philosophy is mainly focused on 4 pillars:

Fair

According to the responsibilities of each Collaborator, aligned with the market, and based on the best practices of the industry.

Equitable

Based on the merits of each Collaborator, to promote their professional and economic development.

Inclusive

Available to all Collaborators equally, without any distinction of sex, gender, religion, disabilities, preferences, etc.

Flexible

Provides flexibility of decision to each Collaborator through benefit options considering the diversity of needs and their moment of life.





In Regional we work on building safe spaces where differences are recognized, celebrated and shared. We ensure diversity and inclusion in our workforce as part of our strategy.

Since 2017, we set a Diversity and Inclusion plan to promote a culture of respect, justice and safe spaces for minorities within the organization. This strategy includes policy changes, a new culture of collaboration, awareness-raising campaigns, as well as the monitoring and communicating of key indicators on this issue.

As a result of this plan we started an inclusion work plan for people with disabilities where the first step was to make a diagnosis to identify inclusive vacancies and make adjustments in our recruitment process. Currently we have the talent of 52 persons who have some type of disability in the Banregio Family.

**Within the framework of this plan, in 2021 we added to our Integrity Policy, set within our Code of Conduct, two key sections: the concepts of diversity, inclusion and equality, as well as a compensation policy that explicitly refers to the institution's commitment to pay equity.**

In the past year we carried out a survey to ensure that every employee is respected and valued. This survey was emitted by our Employee Experiences team in order to know how employees feel about their diversity in general and how we can improve their experience within the institution.

55 employees participated in the survey and the main groups identified were: LGBT+ and Religious Diversity. As a result of this information, a committee for LGBTQ+ pride and diversity was created, as well as the imple-

mentation of activities and events not linked to a particular religion, but with a cultural and historical purpose.

Our commitment to diversity and inclusion earned us two awards this year:

**Best Companies Distinction for Young Professionals**

It is awarded by Employers for Youth, its methodology is based on a quantitative study created by the company FirstJob, leader in the Latin American market in issues of business branding, attraction and retention of young talent.

**The Certification Best Places to Work for LGBTQ+ Equity**

The HRC Equity MX 2022 certificate is issued by the Human Rights Campaign Foundation of the Global Labor Equity Program in Mexico. Three pillars are evaluated in the institution: the adoption of non-discrimination policies, the team responsible for inclusion works, public visibility actions and commitment.





Our Diversity and Inclusion Plan’s first objective is to achieve gender equality in relation to clients, employees and the community in general.

Throughout five years of work we have achieved important advances such as: our adherence to international bodies that promote best practices with a gender perspective, the growth of women in leadership positions and certifications that recognize our actions and their progress.

History

- **2017** Member of the Financial Alliance for Women/ Clara Banregio Launch Implementation of flexible schedules with extension during maternity periods
- **2018** Women’s Market Champion New Program Award by Financial Alliance Opening of lactation rooms in corporate offices
- **2020** Signature Principles for the Empowerment of Women (WEPs) Inclusion in the Gender Equality Index (Bloomberg) EDGE ASSESS Certification Women in Leadership Champion Award (FA)
- **2021** Participation in the Diversity and Inclusion Committee of the ABM
- **2022** Launch of internal mentoring program for women

In 2021, we joined the ABM Diversity and Inclusion Committee, in which we participated in the diagnosis of gaps and opportunities for gender equality in the banking sector. In addition, we promoted training cycles to raise awareness among our employees in this subject.

In addition, as members of the Financial Alliance for Women we explore their training and mentoring programs, whether as guest experts, case study or students. This opportunity to share Banregio’s experience with other financial institutions, as well as to learn from them, allows us to move forward.

**It is important to mention that each action and program developed within our strategy to achieve gender equality is aligned with the UN Principles for the Empowerment of Women.**

Our commitment to these principles has been a relevant driver for these positive actions within the company. Due to the nature of our operation, one of the most important principles is the 4th: Promote education, training and professional development for women.

Based on this principle, we have designed training courses that specifically promote the growth and education of women to offer them in our continuous training.

In the reporting period, an investment of \$215,865 Million MXN was made in training and development of programs related to gender equality awareness. The Company participated in Women at Work, a graduate program that seeks to empower self-confident women leaders, with a full awareness as promoters of diversity in the bank.



In addition, we work on the design of a specific mentoring program for our employees that allows them to learn from key leaders in the organization, as well as to have visibility in their professional career.

This program, known as **WoMentoring**, will be carried out in collaboration with the All Women Coo association and includes: training spaces, personalized mentoring and skills development with co-creative processes.

Thanks to a constant evaluation and timely monitoring of objectives, we have made significant progress since the implementation of this D&I strategy. Highlights include the growth of women in leadership positions, the increase in female clients and the percentage of women in the Board.

% Women Leaders

Categories	2017	2021
Direction	4%	14%
Deputy Direction	20%	26%
Managers	39%	48%

We know that there is still much to be done, so we undergo international assessments that promote these values of equality and inclusion, to know and measure ourselves against the level of global best practices.

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

In the previous year, we received for the first time the gender equality certification “EDGE ASSESS” which is granted by the EDGE Certified Foundation based in Switzerland. The evaluation to obtain this recognition covers all Regional facilities and reviews statistical data, from policies and practices to the perception of employees, with the aim of obtaining a clear image of the current status and progress of an institution in gender equality.

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

The distinction is valid for two years, and in this period the action plan with qualitative and quantitative commitments must be implemented to verify the progress of the company in the next evaluation. Therefore, in 2022 we will seek recertification to assess our progress.

Each of the actions, programs and benefits are a representation of our commitment to improving our employee’s wellbeing.



Taking our materiality analysis as a guide, we determined education and skill improvement in business and personal finance as a relevant topic.

In addition to our financial products and services, we have a non-financial offer to help both customers and the community where we have a presence, improve their financial health and business skills.

**It is important to mention that thanks to these education and inclusion programs, no claims or sanctions were reported in relation to Regional's responsibility in the financial health of its clients.**





The SME business segment is one of the main business units for Banregio, so we designed a non-financial service to accompany these entrepreneurs on their path to success.

In 2015 we launched Mentoría Banregio, a social responsibility program that supports SMEs through: mentorship, education and generation of contacts.

This mentoring service is available to customers and non-customers of the bank who seek to solve a particular problem, propose a new strategy, grow their sales or receive particular advice on a specialty issue.

**With this initiative we strengthen our commitment to Sustainable Development Goals 1, 4 and 9: ensuring that all people have equal rights to economic resources, new technologies and financial services, providing quality education and increasing access to these same services for small industries.**

By being part of the Mentoría community, companies have free access to the following offer:

- Express Mentoring: 3 agile sessions to solve specific problems.
- Traditional Mentoring: 8 sessions with deep accompaniment.
- Workshops and masterclasses to strengthen knowledge in sales, finance, marketing, user experience and cybersecurity , among other topics.

As a result of COVID-19, mentoring sessions became a 100% digital offer, which is why we have managed to extend our scope from 2 to 27 states of the republic.

The mentors of the program are expert employees of Banregio who enroll to share their knowledge, as well as some professionals provided by alliances with educational institutions, such as the Instituto Tecnológico y de Estudios Superiores de Occidente to help with the specialized profiles that are required.

Our goal is to create an ecosystem of healthy companies that can sustain themselves over time despite the challenges of the current global environment.

**With Mentoría Banregio we have supported more than 1,900 companies with: 33,630 thousand hours of free mentorship, 177 training workshops and multiple spaces to connect with customers, suppliers or key people in their businesses.** In 2022, the goal will be to accompany at least 400 entrepreneurs in their decision-making process.



Results 2021

Mentoría Banregio



412 companies served  
+108



34% are women entrepreneurs

banregio

35% are Banregio clients



4,336 mentoring hours  
+2,298



49 training workshops  
+9



603 workshop attendees  
+7



27 States in the country  
+9



95 NPS  
+2





From its beginnings, Banregio’s purpose has been to be in tune with the community and its necessities. Clara was born in 2018 as a result of this commitment and with the objective of increasing financial well-being through practical education, the creation of safe spaces to share questions and experiences related to money decisions.

The platform was created with a gender perspective to add to the 5th SDG: promoting the financial inclusion and equality of rights to the economic resources for women. The content is designed to close the breach formed by the cultural bias, which places women in a traditional role of economic dependency and therefore, of vulnerability.

In addition, it fulfills the 4th Sustainable Development Goal by offering knowledge from experts inside and outside the bank to the people of the community.

History

- 2017 In-Person workshops begin in Nuevo León
- 2018 Recognition as Women’s Market Champion New Program Award by Financial Alliance
- 2019 Official launch of Clara Banregio and platform [www.clarabanregio.com](http://www.clarabanregio.com)  
First money date: course by email
- 2020 Launch of Clara Courses  
Women in Leadership Champion Award (FA)
- 2021 Launch of Clara Consulting



Currently, our offer consists of the following services:

Clara Courses

Online learning channel that delivers modular knowledge focused on key stages in financial decision making

Money date

Short courses composed of a daily email with simple, fast and practical exercises that help solve specific financial issues

Clara Blog

Communication space where articles of interest, stories about money and financial advice are published

Hablemos de Dinero

Safe space designed in the form of virtual sessions to share experiences about how we relate to money

Clara Consulting

1-on-1 consulting sessions with a person certified as a personal finance coach

In 2021, we launched the first personalized consulting experience under the name of Clara Consulting, with which we served 29 people. In just four months we held 56 sessions, carried out by 13 volunteer consultants from Banregio.

Also, in the reporting period we made an alliance with **Crea Comunidades de Emprendedores Sociales, A.C.**, to bring our online courses to entrepreneurs from socially and economically marginalized areas.

**CREA** is a Civil Society Organization that develops and executes programs to empower and promote women entrepreneurs and businesswomen. With their support, we managed to offer our online course “Yo Manejo mi dinero (managing my money)”, which focuses on the importance of independence and knowledge of basic financial tools, to women in vulnerable communities. Hand in hand with Crea we trained 35 women entrepreneurs from Oaxaca and some areas of Mexico City.

Since Clara’s launch, more than 2,400 people have benefited from some of our financial education services.

It is important to mention that our strategy to achieve equality in the company and Clara’s work with the community have been recognized by the Financial Alliance for Women on two occasions (2018-2020). Women’s Market Champion New Program Award (FA) and Women in Leadership Champion Award.

By 2022, the goal will be to train at least 400 women in personal finance through our platform.





Results 2021

Consulta Clara

Launch of Clara Consulting with 56 sessions



298 new students in cursosclara.com



82% women



35 women entrepreneurs from marginalized areas



120 students enrolled in Money Date



85% women



1,087 registered users on the platform



414 women trained in personal finance



Hey! has a digital content strategy focused on the financial well-being of people called Hey Media.

The content generated under this strategy aims to strengthen closeness with customers, humanize the brand and offer solutions focused on the real wants and needs of the community.

The goal of all the communication channels of this business unit is to make the audience a part of their own content, we answer questions and share tips to help in their decision-making process. This way, Hey! is positioned as a means and guide for people to achieve their financial goals.

In 2021 we launched three podcasts where we address various topics.

Podcast

**Despertar Financiero [Financial Awakening]:** Focused on telling the story of women and their relationship with money, through their testimonies of life.

**Finanzas #SinFiltro [Finances #WithoutFilter]:** space where personal finance is shared, debated and discussed.

**Hey! Profe [Hey! Prof]:** dedicated to the management of personal finances, from basic topics such as putting together a budget, to the best way to start an investment portfolio.

Likewise, we also have videos under the brand Masters by Hey!, where bank employees share financial tools and experiences. In the past year, we made 5 episodes where we addressed basic topics in relation to: credit card, investment, credit history, among others.

2021 Results



+189,314  
followers on  
social networks



+384% since  
its launch



356 pieces of  
content per  
month



+9,000  
reproduction on  
all 3 podcasts





In 2021, philanthropic contributions also remained active with: donation campaigns through the ATM network, investment in artistic creation and sponsorships to initiatives aligned with the SDGs we support.

**Our priorities in the corporate social responsibility strategy are: education, environment and gender equality. As well as responding to the needs that arise as relevant issues for the community, such as natural disasters.**

We had 5 donation campaigns through our ATM's and we managed to raise a total of \$744,185 Million MXN for our allied civil association, such as: Nuevo amanecer, Un TECHO para mi país, Amigos de la Sierra, local firefighters and the Bécalos program.

In addition to the active collection campaigns in ATMs, in 2021 we worked with these same associations to transform the support provided into concrete actions that promote the well-being of the community.

With Bécalos, 22 scholarships were awarded to young people in vulnerable situations through the support for one school year, so that they do not abandon their studies for economic reasons.

With the resources raised by Banregio in the campaign with the TECHO association, emergency housing was built for around 10 families in the community of Los Valles, in Nuevo León. The construction was achieved thanks to the joint effort of volunteers and companies, who in two days of work improved the conditions of this vulnerable community.





Likewise, our strategy and structure of social responsibility allows us to respond to emergency situations such as natural disasters.

In 2021, we responded to the fires in the Arteaga Sierra that occurred in March. During this crisis, we carried out an extensive campaign to collect both in-kind and economic donations to support the Nuevo León firefighters and other associations dedicated to the care of this area. Among the activities, the collection of food in corporate buildings and branches must be noted, as well as donations through the mobile applications of Banregio and Hey!.

With these actions and services, Regional invests from its Sustainability Department in the creation of sustainable value for the communities where we are present. In 2021, our economic contribution to corporate social responsibility reached a total of 6.98 Million MXN, divided into the following percentages: 67% in community investments, 33% in donations and 1% in commercial initiatives.





At Regional we are committed to caring for and preserving the environment, minimizing the impacts generated by the operation of the business. That is why we work on measuring, reporting and reducing our impact through actions and projects for the benefit of the environment.

For the organization, environmental well-being represents an important pillar of our sustainable strategy, so we work for the conservation of species, reduction of energy consumption and recycling of the waste generated.





We know the importance of measuring the impact of our operations, so we create regulatory frameworks and management systems aligned with the vision, purpose and values of the Company.

Since the previous year, and based on our Environmental Policy, we started the implementation of an **Environmental Management System based on ISO 14001:2015**, which builds the broadest structure that an organization can adopt to deal with its environmental aspects and continuously improve its performance and reduce its impacts.

Some of the benefits we hope to achieve with the Management System are the following:

- Control and monitor the environmental resources: water, energy, emissions and waste
- Detect the areas of opportunity
- Environmental risk reduction
- Cost minimization by savings and eco-efficiency projects
- In-depth legal knowledge in environmental matters
- Management of the environmental normative fulfillment

In 2021, we are dedicated to forming our first Environmental Committee to ensure compliance with the standard under which the Management System operates. This working group is headed by our General Director and is made up of the areas of Real Estate and Services, Internal Audit, Branch Operation, Human Resources, Institutional Regulations and Sustainability.

Starting in 2022, the Environmental Committee will be meeting on a semi-annual basis and at the same time the necessary meetings will be held with each eco-efficiency project leader for the detailed review of the activities and next steps in each case.

**We are also working with a Management System Manual which complements the Environmental Policy by describing the commitment, processes, measurement indicators and actions necessary to manage the environmental impacts within the operation in Banregio and its subsidiaries. For the following year it is expected to be included in the Wikinormative Institutional, available to all employees.**

In this first year of operation under this Environmental Management System, we concentrated our efforts on the development and establishment of energy eco-efficiency projects, as this is the main source of consumption in the Company.

We currently have three active projects:

- 1.Implementation of solar panels in a branch
- 2.Automation of electrical equipment
- 3.The implementation of a manual of good practices in branch that is available to all employees.

In 2022, we will be working on the implementation of quantitative environmental objectives for each of the aforementioned projects, taking as a baseline the results of 2020 and the performance of the indicators that are monitored in each project within this regulatory framework.

In addition, the progress of the objectives will be audited by a team specialized in Internal Audit, as well as by the Environmental Committee.

It is important to mention that the Management System includes the strategic planning of internal and external communication of our progress, impacts and environmental responsibilities, and this activity will be constantly updated and improved.





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

In 2021, electricity consumption was **13,720,115 kWh**, which represents an increase of 3.4% compared to the previous year. This increase responds to the expansion of our workforce, facility openings and the return of our employees to corporate buildings and branches.

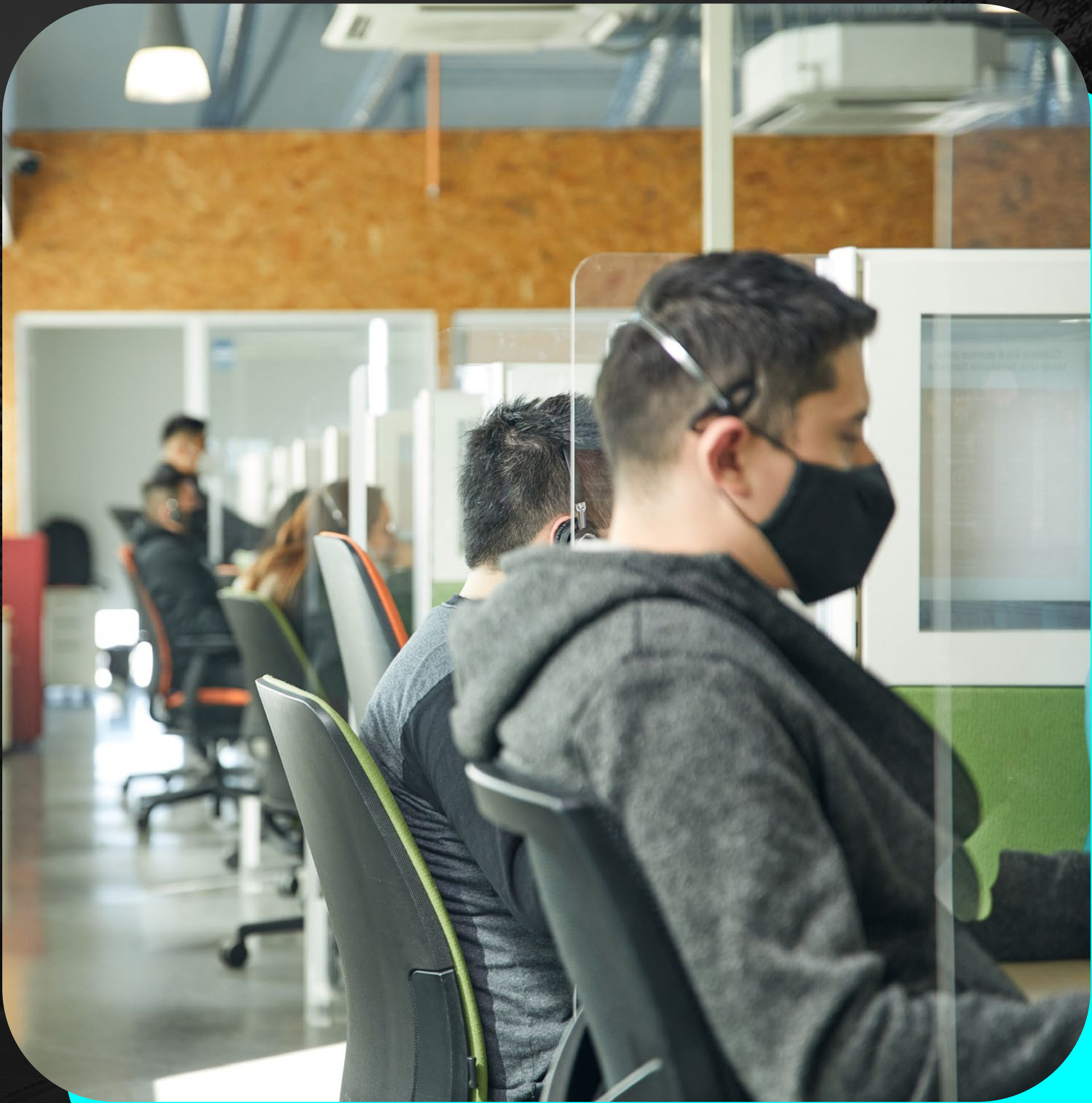
Electricity supply constitutes close to **89% of Regional energy consumption**. The remaining 11% corresponds to the purchase of gasoline for vehicles and the use of diesel in power emergency plants.

As part of the energy efficiency strategy, we continue with the implementation of savings initiatives, replacing traditional air conditioning systems with inverter equipment.

In addition, after an evaluation under the environmental management system, it was decided to test the use of solar panels in a branch of Nuevo León for next year.

In 2021, we began the installation of current transformers in three Banregio corporate buildings: Tower XII, Nuevo Sur and Tamesis, which will allow us to know the exact energy consumption and thus be able to implement better savings strategies.

**The reduction target for next year will be 3% in relation to the previous year.**





			2019	2020	2021	% variation 20 vs 21
Direct Use	Fuel	Diésel	58	89	83	-7%
		Gasoline	6,327	5,876	6,205	6%
Indirect Consumption	Electricity	Power Company	51,675	47,758	49,392	3.42%
Total (GJ)			58,060	53,723	55,680	3.64%

Table 1. Regional's total energy by type of consumption



Energy consumption by region

GJ/by region per year	2019	2020	2021	% change vs previous year
BAJA CALIFORNIA	2,223.31	2,255.12	2,640.57	17.09%
NOROESTE	2,684.63	2,350.39	2,474.65	5.29%
NORTE	3,418.33	3,266.97	3,063.33	-6.23%
GOLFO NORTE	29,516.86	26,693.66	27,831.78	4.26%
CENTRO OCCIDENTE	317.31	320.61	310.30	-3.21%
ORIENTE	543.17	483.55	556.42	15.07%
VALLE MÉXICO NORTE	427.91	397.23	419.13	5.51%
VALLE MÉXICO CENTRO	1,296.24	1,103.98	1,140.27	3.29%
VALLE MÉXICO SUR	1,072.87	1,015.20	919.32	-9.44%
BAJÍO	2,931.92	2,628.08	2,460.37	-6.38%
GOLFO CENTRO	1,941.88	1,761.65	1,749.37	-0.70%
CENTRO ORIENTE	366.39	362.00	327.21	-9.61%
PENINSULAR	1,426.64	1,457.51	1,723.05	18.22%
JALISCO	3,507.51	3,661.79	3,776.64	3.14%
Total	51,674.98	47,757.74	49,392.41	3.4%

As can be seen in the previous table, 50% of the regions managed to lower their energy consumption. The following regions stand out: North, Central West, Valley of Mexico - South, Bajío, Central Gulf and Central East.

Table 2. Consumption by region and by year





Fuel Energy

Heat energy is another indispensable resource for the operations. As it happened in previous years, Regional had emergency plants in operation and utility vehicles, which use diesel and gasoline, respectively.

	2019	2020	2021	% change vs previous year
Diésel (L)	1,512	2,364	2,203	-6.8%
Gasoline (L)	179,846	177,295	187,219	5.6%

Table 3. Fuel consumption per year





In 2021 we implemented the process of measuring for the fourth consecutive year the **Carbon Footprint (1)**. The result of this report allows us to measure the intensity of the use of our resources, the financial efficiency of our organization and the analysis of the risk associated with climate change.

In accordance with the Regulations 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 scope 1, 2 and 3.

The measurement considers:

Scope 1

Use of fuel, diesel, gasoline and use of refrigerants for air conditioners

Scope 2

Electricity consumption through the utility company

Scope 3

Air travel



2  
0  
2  
1

1) The emission factors, used for the calculation of Carbon Footprint, correspond to the latest publications of the Energy Regulatory Commission, National Commission for the Efficient Use of Energy. For more information see our 2021 Carbon Footprint Report on page <https://www.regional.mx>



Type of emissions	Sources		2017 tCO2e	2018 tCO2e	2019 tCO2e	2020 tCO2e	2021 tCO2e	% change vs previous year	% variation 2021 vs 2017
Scope 1 Direct Emissions	Refrigerants	AC Refills	-	-	-	60	43	-28%	-
	Fixed Sources	Fixed Sources	5	4	4	7	6.17	-7%	23%
	Mobile Sources	Gasoline	346	643	456	424	447.49	6%	29%
Scope 2 Indirect Emissions	Power Consumption	Power Company	7,991	7,317	7,249	6,553	5,803.60	-11%	-27%
Scope 3 Indirect Emissions	Value Chain	Business Travel	-	216	479	93	72.01	-23%	-
Total emissions tCO2e			8,343	8,181	8,188	7,137	6,373	-10.71%	-24%

\*Table 5. Regional Carbon Footprint per year  
(1) The emission factors, used for the calculation of Carbon Footprint, correspond to the latest publications of the Energy Regulatory Commission, National Commission for the Efficient Use of Energy.  
For more information see our 2021 Carbon Footprint Report on page <https://www.regional.mx/>

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It is important to mention that, thanks to the new Environmental Management System, a more accurate calculation was carried out to obtain the total emissions of 2021.

In the *Torre XII* facility, one of our largest corporations, only 71% of the electricity consumption corresponding to the Banregio operation was contemplated, which was recorded in the evidence used as a reference for the estimation of emissions. The consumption of those floors rented to other companies within the building was left out of this calculation.

Likewise, a recalculation of scope 3 emissions was made. The methodology used for the estimation of emissions now includes round trips, previously only one-way trips were contemplated.

With the previously mentioned adjustments, the Carbon Footprint of this period and the past years was calculated again and is presented in Table 5.

**In the reporting period, we had a reduction in emissions generated with respect to the previous year, in the following percentages: -7% use of diesel, -11% in the case of energy, -23% in travel and -28% in refrigerant refills.**

**In total, we achieved a 10.71%,** reduction of emissions, which demonstrates our commitment to the constant reduction of environmental impacts and the efficiency of our operations.

Since the start of our carbon footprint report in 2017, we have decreased our total emissions by 24%, as shown in Table 5. In 2022, the target will be a 3% reduction in our emissions compared to the total reported this year.





We keep working on our program of separation and collection of solid residues in our corporate buildings: Torre XII, Back Office and Morones Prieto. We are committed to reducing our residues and disposing of them in a proper destination.

One of the actions to be highlighted during this year, is the hiring of a new supplier for the recycling of paper, pet and aluminum. In 2021 we managed to **collect more than 325 kg** of waste from our offices.

Added to this amount were 25,399 kg of paper and 1,918 kg of cardboard that were recycled through our supplier in charge of shredding and final disposal of the dead file.

During this year, we implemented awareness campaigns on recycling, waste minimization, zero waste in organic residues and responsible consumption applicable both to the home and office. Among the activities, we launched some information capsules on the culture of recycling: zero waste gifts, pens with plastic bottles, bulk purchases, among others.





Through our means of Internal Communication (e-mail), Workplace and screens in branches and buildings, we work in awareness campaigns aimed at the employees with different topics such as: how to lead a more sustainable life, recycling, carbon footprint, organic waste, among others. With these efforts, we intend to strengthen the ecological culture of Banregio.

In 2021, we launched **87** relevant communications and carried out environmental challenges by encouraging the active participation of our employees in improving their environment. We recognized those employees who stood out for their participation and ecological commitment with the recognition *Environmental Wink*.

The *Environmental Wink* recognizes the participation of employees in Sustainability projects and their ideas and leadership towards a sustainable culture. This year we recognized the participation of **12** employees.

**In addition, as part of our training, we launched the Sustainability course in Banregio to identify the impact of our actions and how together we can support the Company to remain a sustainable financial institution. In this first edition we achieved the participation of 96.3% of our workforce.**

Also part of our commitment has been to create initiatives aimed at directly benefiting the community and the environment, through volunteer activities where our employees and their families actively participate.

For the second consecutive year we worked with Sociedad Sostenible AC (SOSAC) on a virtual volunteer, this year we grew our scope nationwide. The aim of the program is to invite employees to learn and explore the biodiversity near their homes and workspace while removing residues.

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 garbage.

**Thanks to the participation of more than 82 volunteers among employees and their families, we managed to remove more than 882 kg of waste from the streets, rivers and canyons throughout the country, this represents 19% more than the previous year.**

Global results of the national virtual volunteering:

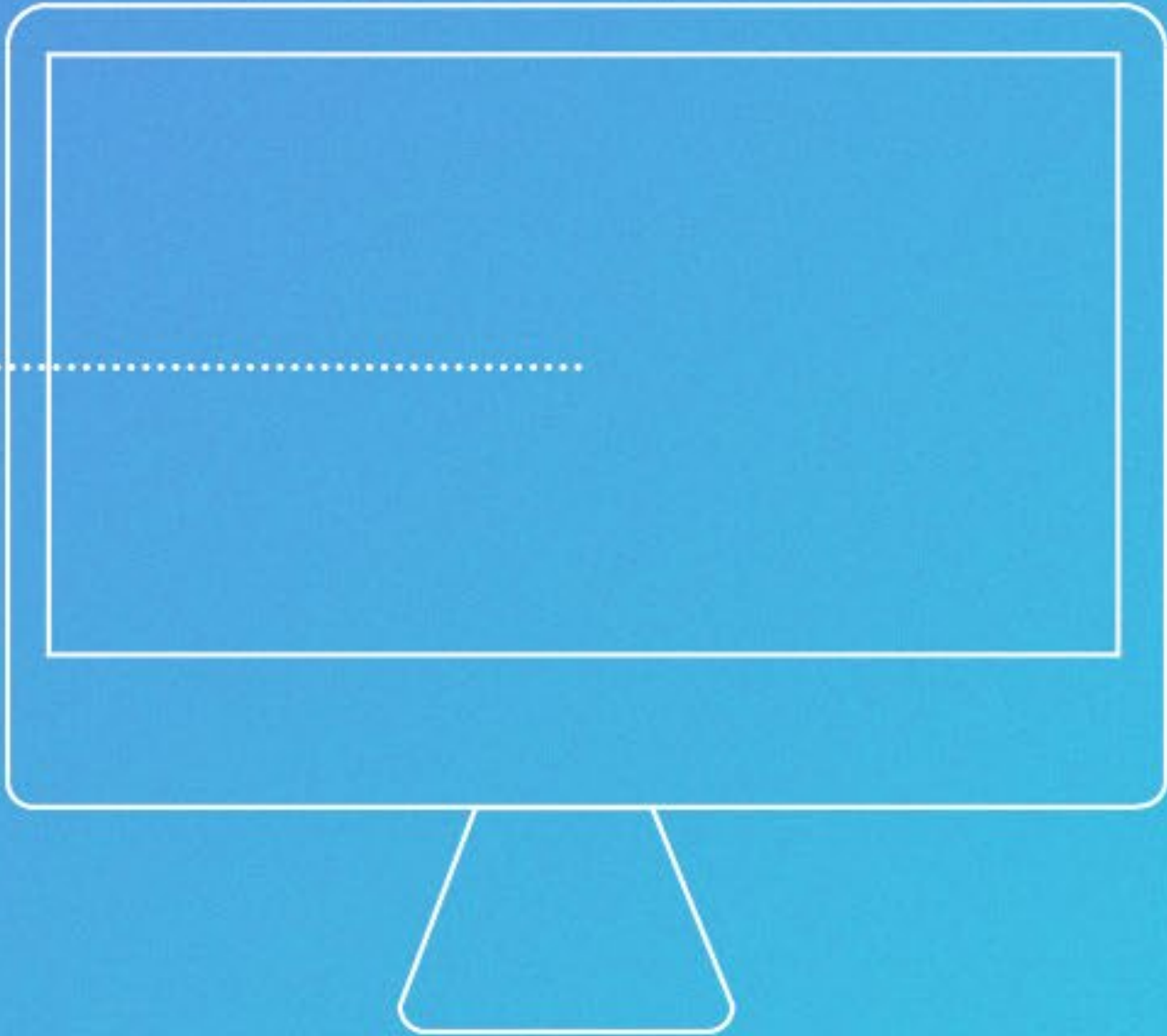
- + 100 hours of volunteering
- 9 states of the republic participating
- 25 cities
- 10 star Banregio volunteers



# BETTER FUTURE



+ Building a more sustainable future  
in hand with our community >>>





Regional as a Company in tune with the community and with a sustainable commitment, seeks to build a better future for all.

The Sustainability strategy is the means to balance the needs of our stakeholders and ensure that Regional has a positive relationship with its community and environment. We promote the international agenda to combat climate change through our business operation and strategic alliances with other institutions.

Having a responsible bank is one of the first steps in response to this strategy, achieving it means identifying risks and opportunities related to our social and environmental impact, as well as the possible business opportunities that the challenges of the future may bring.

Also, an innovation approach is essential to be able to be in constant transformation and to respond to what our long term stakeholders need. A clear example of this transition is the digital offer of our products and services.

**This transition to a sustainable business model is key to building a future where the Company's business thrives, hand in hand with its environment.**





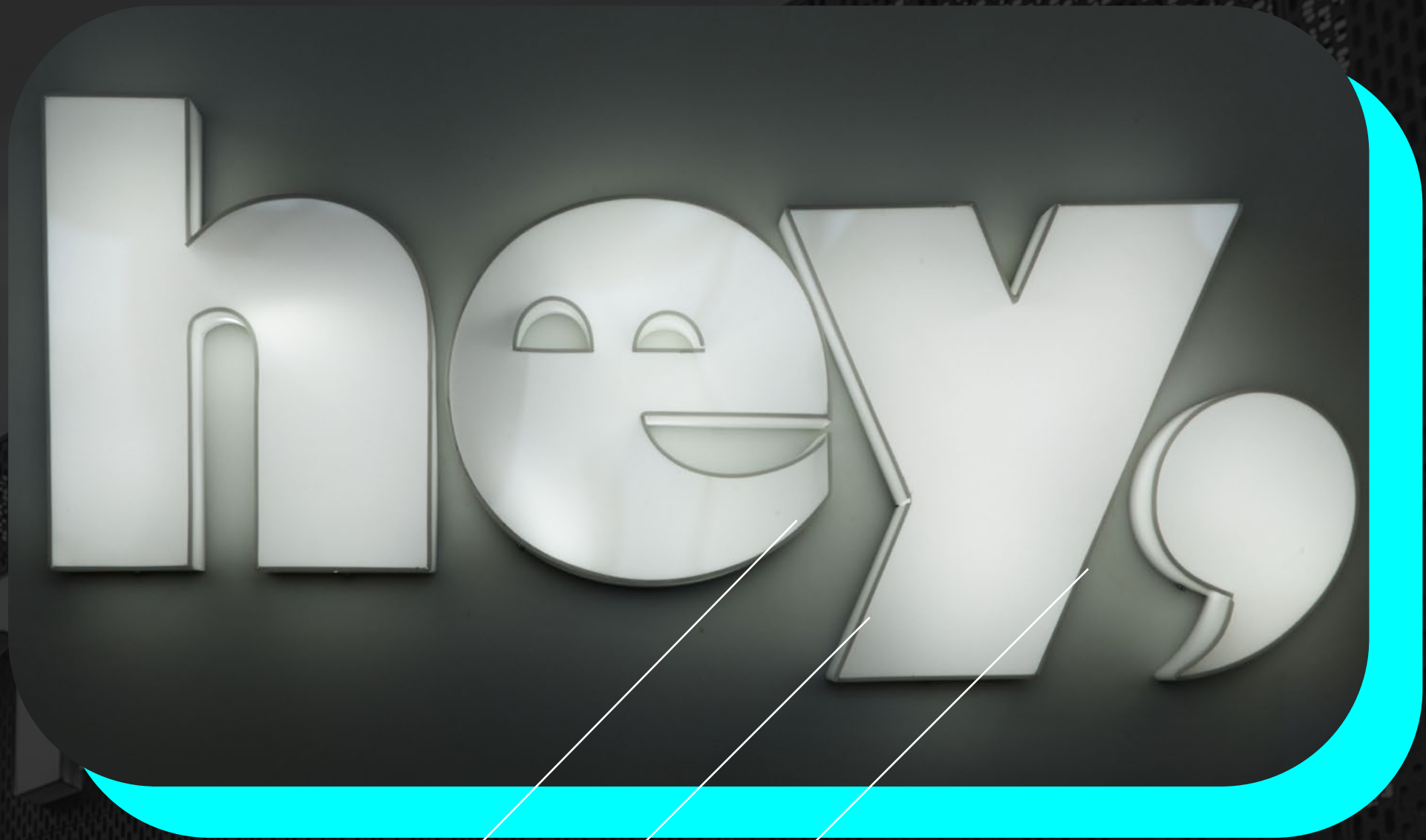
Innovation has always been linked to the entrepreneurial nature of the Company and, this year more than ever, the flexibility to respond to global challenges and find innovative solutions have been characteristics that have allowed Regional to remain a relevant ally in the success of its clients.

With this in mind, Hey! was founded as a 100% digital multi-product banking that offers self-service innovative solutions that promote the financial well-being of its customers.

Hey! has allowed us to know and detect the needs of the Fintech ecosystem. Within this business unit there is a department called Hey Tech that serves as a technological satellite to offer business solutions (B2B) of banking services for other entities of the Fintech ecosystem.

According to Finnovista Fintech Radar, since 2016 the financial technology ecosystem (Fintech) in Mexico has had an average annual growth of 23.0%. Therefore, Regional is interested in penetrating this native digital segment through innovative solutions.

**Regional will continue to be actively connected with the community of technological entrepreneurs in Mexico, thus increasing our specialized offer for this sector.**





In 2018, a department of Intelligence, Data Analytics and CRM was established in the bank, and since then, it has been key in the strategic growth of the operation, the opening of new sales channels and the monitoring of the relationship with our customers.

This area is dedicated to the improvement and automation of our operation and using technology to improve efficiency, while continuing to expand the scope of our products and services thanks to better information management.

The department consists of three main teams:

Business intelligence

Design of commercial campaigns focused on target segments and generation of cross-selling campaigns with pre-approved products.

Analytics

Processes and analyzes data to design solutions and information analysis models that offer a response to business needs or add value to the transformation projects, according to the requests of various areas in the institution.

CRM

Development and management of the ELEVA tool, which executives use during their decision-making process. This tool consolidates the information and solutions that analytics proposes to achieve business goals and better serve customers. It also measures and evaluates customer behavior, as well as the level of satisfaction with our service.

In 2021, thanks to commercial intelligence efforts, almost 50% of the Hey Credit Card placement was through cross-selling campaigns, while in Banregio 70% of the placement in the Personal segment was for pre-approved campaigns.

Within the activities of the CRM team, the launch of a Commercial Agenda within the ELEVA tool must be highlighted. This 100% digital agenda allows each of our executives to see the entire customer portfolio, with products suggested according to the customer's profile and the business goals of the executive by product.

This area has allowed us to face the challenges of the future by expanding our reach, making better use of the resources of information, infrastructure and the talent of our employees.





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

For some years now, in Regional 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.

This vision of technological strategy has driven processes and management models focused on digitization without forgetting the customer experience, this includes Digital Onboarding.

In an era where transaction models have been migrating to 100% digital commercial spaces, Digital Onboarding became a priority sales line. In 2021, of the total new clients in Regional, \*74% were captured through digital channels. Likewise, the number of products placed through this channel increased.

\*\*Number of digital Onboarding products placed

Product	2019	2020	2021
Debit accounts	101,025	290,579	581,795
Credit cards	3,141	57,040	53,031
Investments	1,390	18,559	90,430

Consequently, there was an increase in digital transactions, reaching 88.5 million accumulated transactions through electronic banking and mobile applications.

The long-term vision is that the bank may be able 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 2021, the implementation of these services, programs and initiatives represented an investment in innovation of **\$705 million MXN**, \*\*4% more than in the previous year.

\* Includes Banregio and Hey, Banco. Only includes 100% of clients captured remotely.  
\*\* Includes any product that started being sold through digital onboarding, automated teller machine or electronic banking.  
\*\*\*Investment in innovation includes investment in technology from the Directorate of Transformation and Development, as well as the acquisition of technological equipment.





Convinced that climate change is a current challenge to achieve our objectives in the future, the previous year we signed the Request for companies listed in the stock market to disclose Environmental, Social and Corporate Governance factors launched by the **Consejo Consultivo de Finanzas Verdes**.

This request invites companies to have a strategy against climate change for the mitigation of greenhouse gases, which includes performance indicators according to the reporting frameworks indicated in SASB methodology and TCFD recommendations.

In 2021, we became supporters of the **Task Force on Climate-related Financial Disclosures (TCFD)**, a working group that sets parameters for transparency in disclosures regarding a company's impact on combating climate change.

This initiative brings together more than 2,800 organizations that demonstrate their commitment to building a more resilient and climate-risk-prepared financial system through shared knowledge and opportunity detection.

By increasing transparency on climate-related risks and opportunities, which are financially important, the recommendations of **TCFD** promote more informed financial decision making for investors, lenders and others.

Another specific action that has been considered in the strategy to combat climate change is the continuous review, evaluation and reporting of the inventory of Greenhouse Gases (GHG) emitted by the operation of the Company.

**In addition to our Annual Carbon Footprint Report, which focuses on the bank's internal operation, we seek to learn about international best practices and deepen our impact assessment, so in 2021 we answered the CDP questionnaire, from the Disclosure Insight Action organization, formerly known as the Carbon Disclosure Project. The categories answered were Governance, Risks and Opportunities, Business Strategy, Emissions and Energy.**



Banregio, as the main subsidiary of Regional, maintains a strong commitment to responsible banking, historically promoting the growth of Small and Medium Enterprises (SMEs).

Our operation is focused on the design of specialized solutions according to the needs of our customers. Additionally, we make sure to have an offer of responsible products to promote the inclusion and care of the environment through our business operation.

During 2021, we implemented an Environmental, Social and Governance risk assessment to involve our customers in the sustainability culture promoted by the bank.

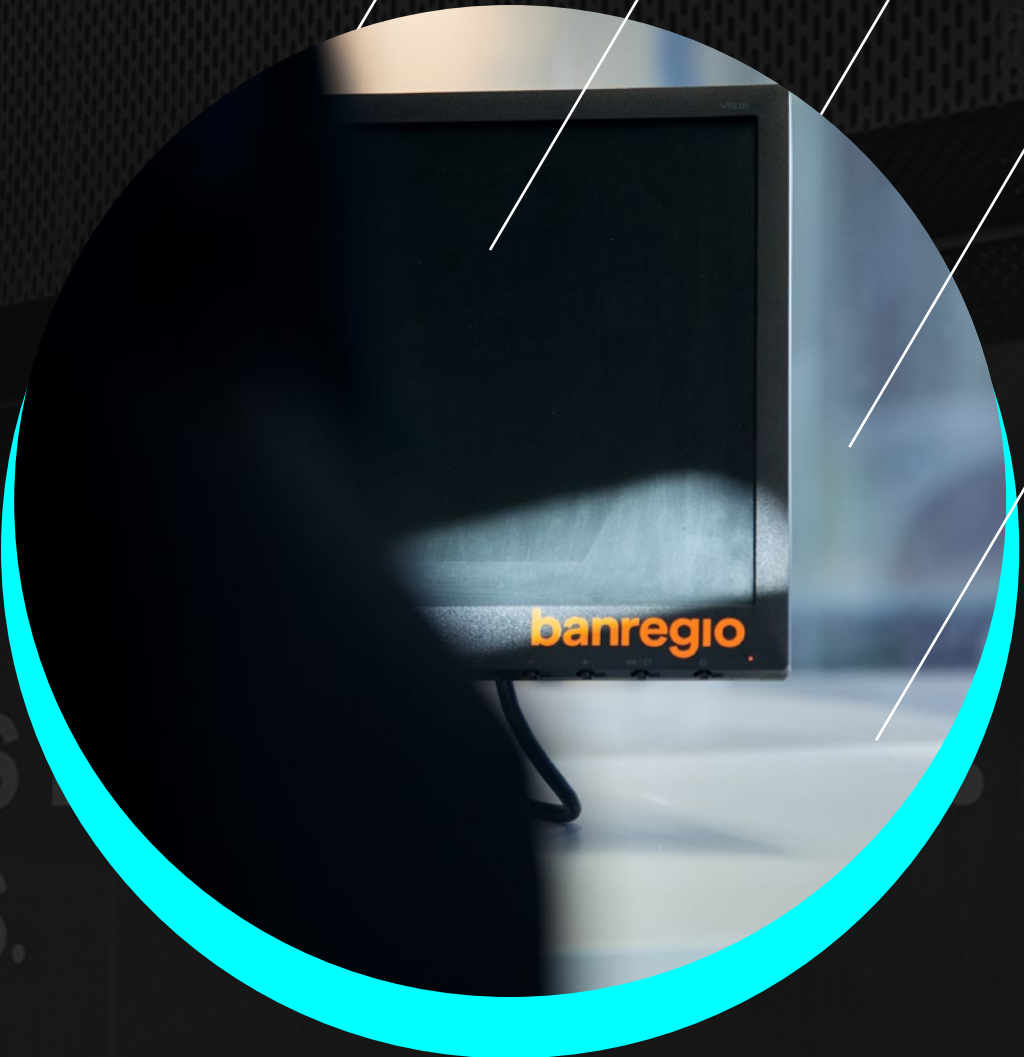
Likewise, last year we adhered to the Principles of Responsible Banking, as part of our Sustainability Strategy established for the different subsidiaries of Regional. By the end of 2021, we published the first self-assessment report following the methodology of UNEP-FI.





For some years now we have been working in partnership with NAFIN, FIRA and SHF on funding programs with Development Banks 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 loans to decrease environmental impact.

In addition to this portfolio, we introduced **Impulso**, a loan for businesses struggling with the effects of the pandemic. This funding is designed to contribute to the economic recovery and conservation of jobs for Micro, Small and Medium-sized Businesses.





Results in 2021

Women’s SME  
Credit

Goal

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

\$662.8 million MXN

Customers

880

Young  
Entrepreneurs

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

\$374.6 million MXN

934

Eco-credit

Provides financing to the **Micro and SME**, as well as individuals with business activity to replace equipment and/or adapt processes to **low carbon emission**. 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.

\$20 Million MXN

13

IMPULSO

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

\$1,007 Million MXN

614





Last year we introduced a pilot to evaluate environmental, social and governance criteria (ESG) in our loan portfolio. The process began with the development of a regulatory framework that will serve to integrate these issues into the credit assessment.

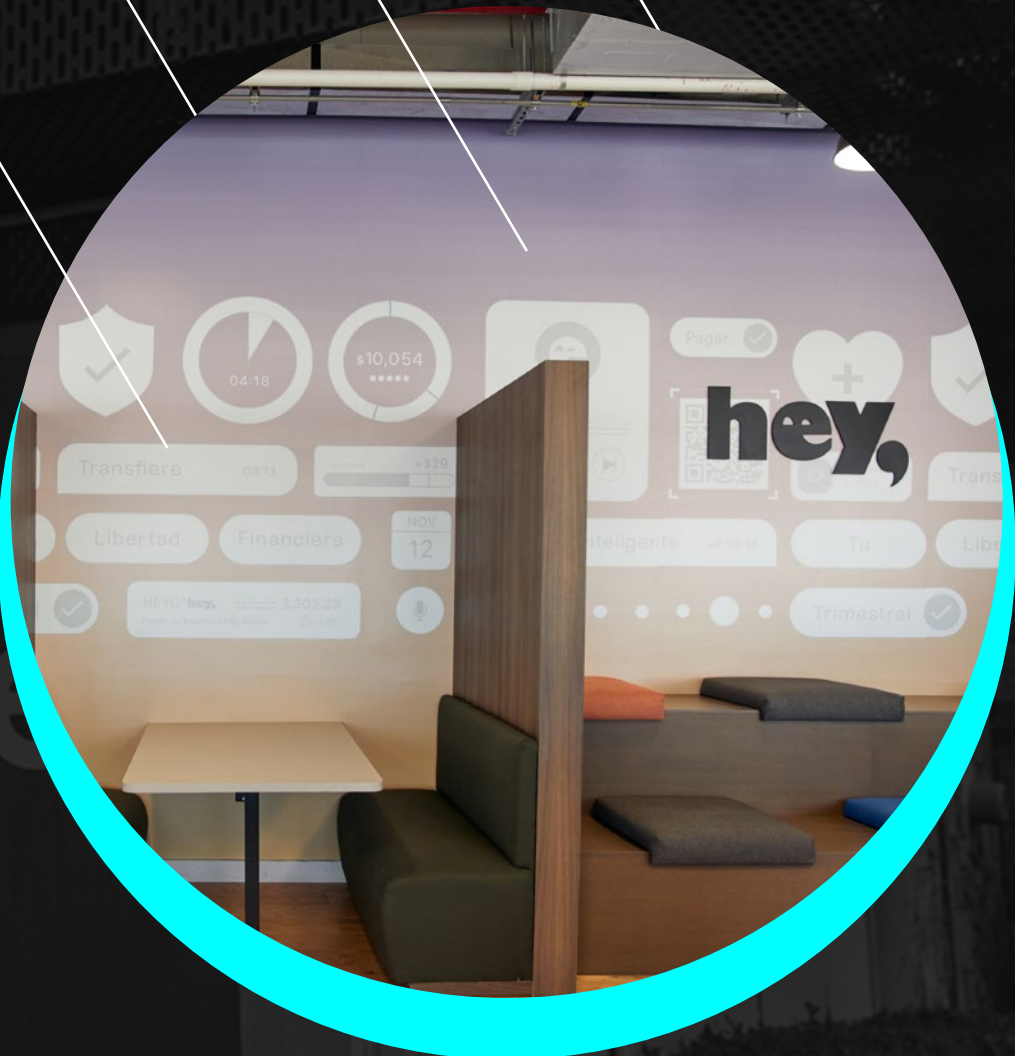
It was determined that the scope of this evaluation will be, in a first stage, for new clients in the medium size business segment with a potential risk equal to or greater than 60 million pesos.

During the pilot **we satisfactorily evaluated 19 companies** (current customers that meet the aforementioned criterion), through a questionnaire designed to assess the management and monitoring of ESG impacts.

The evaluation tool is integrated by 12 questions regarding the monitoring and management of social, environmental and governance impacts. The rating per company is obtained by an integrated score composed of 65% corresponding to the questionnaire and the remaining 35% as a fixed score depending on the sector of the company's economic activity.

In 2022, we will seek to effectively integrate the policy and the process into the credit analysis, creating an ESG evaluation model that enriches and allows those responsible to make better informed decisions.

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.





The Principles of Responsible Banking (PRB) is an international initiative that aims to promote banking as an engine of development to create sustainable economies, as well as empower people and companies to build a better future.

The application of these principles by the financial sector is coordinated by the Financial Initiative of the United Nations Environment Programme (UNEP-FI).

Signatory companies are committed to six key factors that seek to align the business with sustainable development and set goals with key indicators to ensure continuous improvement, as well as a governance structure to manage progress.

The 6 Principles of Responsible Banking are:

Principle	Description
Alignment	Alignment of the business strategy to contribute to the needs of people and the objectives of society, as expressed in: the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.
Impacts and Target Setting	Continuous increase in positive impacts, while reducing negative impacts and managing risks to people and the environment that result from activities, products and services. To this end, targets will be established and published where the most significant impacts exist.
Customers and Users	Responsibly work with customers and consumers to foster sustainable practices and promote economic activities that generate shared prosperity for current and future generations.
Stakeholders	Consultation, participation and partnership in a proactive and responsible manner with relevant stakeholders to achieve the objectives of the society.
Governance and Culture	Implementing commitment to these Principles through effective governance and a responsible banking culture.
Transparency and accountability	Periodic review of the individual and collective implementation of these Principles; transparency and accountability with positive and negative impacts and contribution to the objectives of society.

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In 2021, Banregio responded to its first self-assessment exercise under these principles, where it was determined what its contribution to responsible banking will be. During this process, the sustainability strategy in the Company was updated to align with this new reporting framework.  
*Learn more about self-assessment here.*

Similarly, in the first months of 2022 we carried out the analysis process to generate an impact map under the **UNEP-FI Portfolio Impact Analysis Tool**. This exercise allows us to know the positive and negative impacts of our products and services.

To determine which commercial activities to consider in the analysis, we used the following criteria: level of income generated by segments and the strategic priority it represents to ensure the sustainability of the bank. **The analysis includes the products and services related to SME Banking and Consumer Banking, which together represent 90.9% of the revenues generated during 2021 and 85.7% of the credit portfolio.**

Our impact analysis on the following segments:

Business Banking: SME Segment

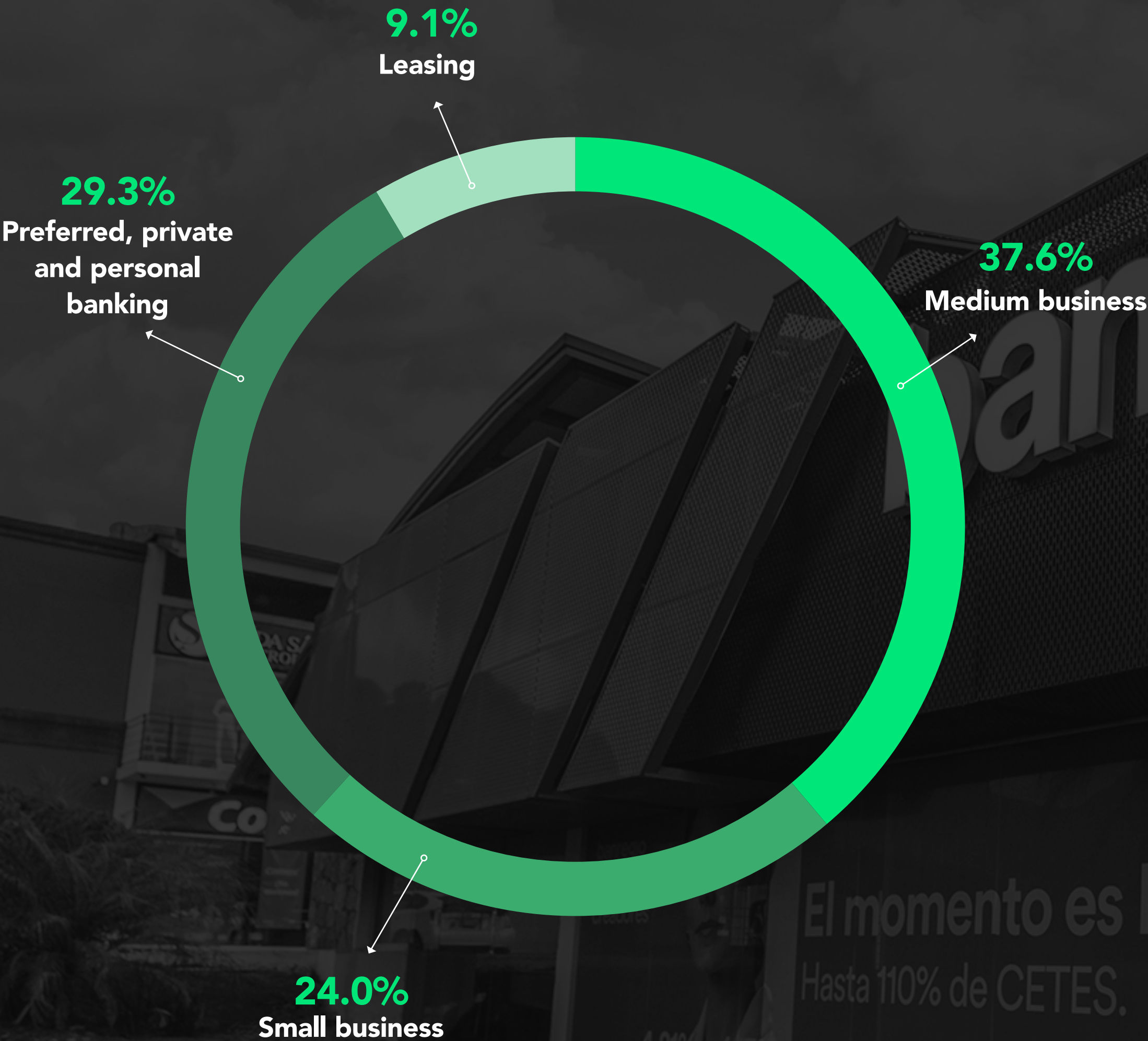
Represents 61.6% of total revenues during 2021 and represents 74.5% of the loan portfolio. We included 13 sectors to cover 99% of the total portfolio.

Consumer banking

Preferred, private and personal banking represent 29.3% of total income in the year; mortgage portfolio represents 9.2% and consumer credit 2.0% of the loan portfolio. Savings and investment accounts, auto and mortgage credit, personal loans and credit cards are included in this segment.

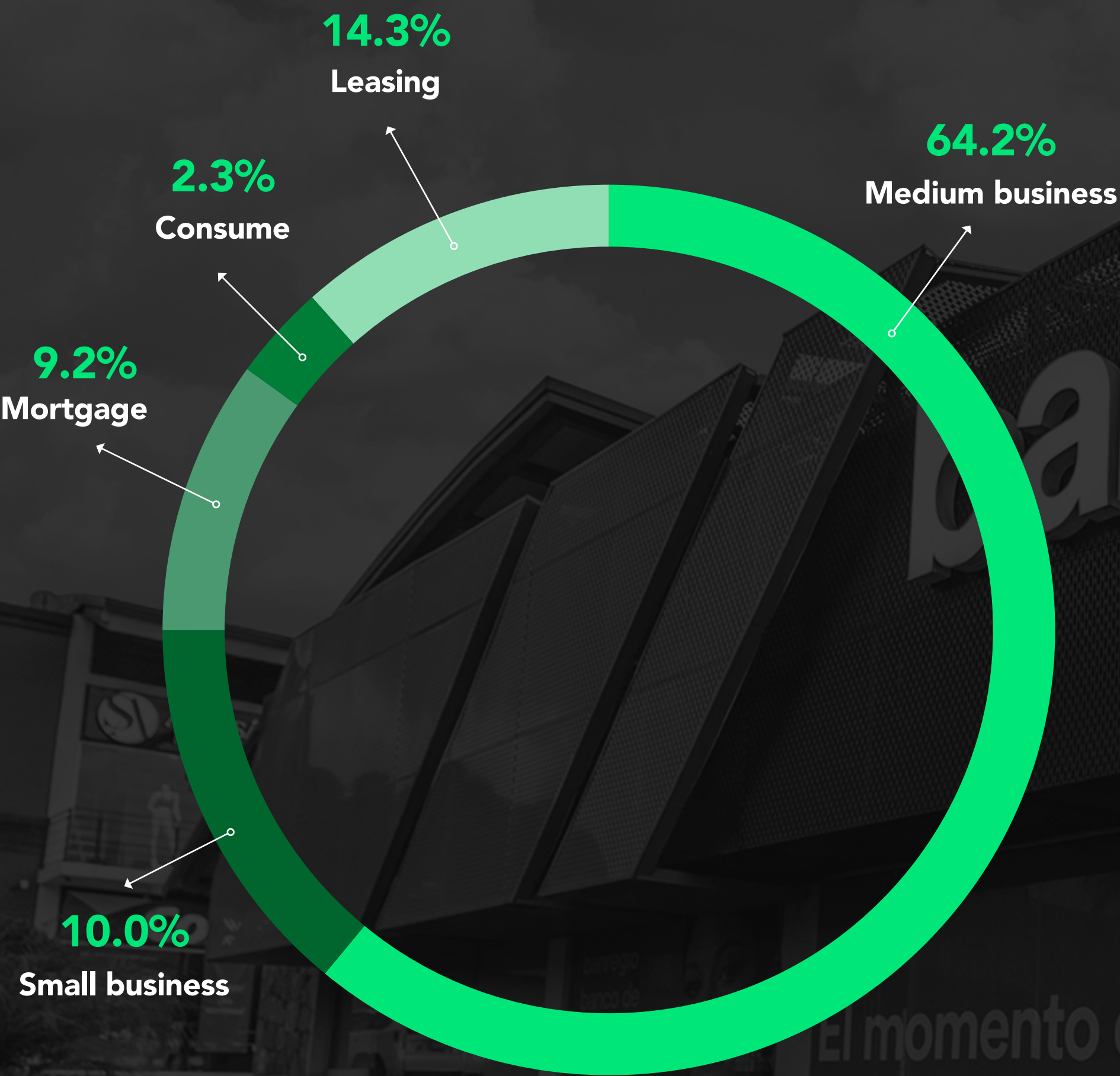


Income by segment at the end of 2021





Current Loan Portfolio at the end of 2021





Within the SME portfolio, 16 sectors were included to cover 99% of the portfolio.

The main sectors within the SME portfolio are:

Sector	% of portfolio
Construction	37.7%
Wholesale and retail commerce	16.7%
Real estate activities	16.1%
Manufacturing industries	10.6%
Other service activities	5.3%
Transportation and storage	4.0%

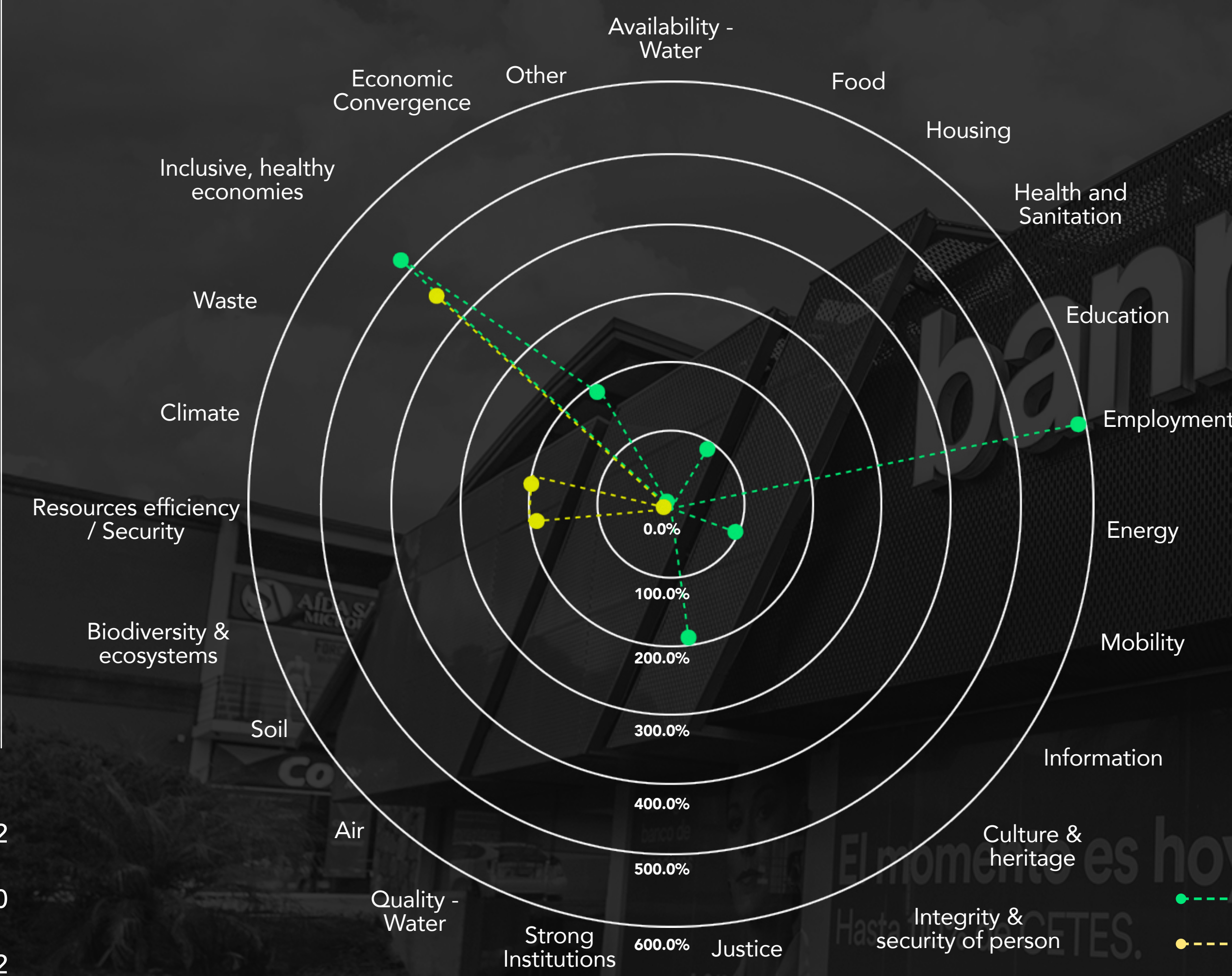
For this first impact analysis, we did not include the leasing business which represents 9.1% of the year’s revenues and 14.3% of the credit portfolio.

Likewise, due to our geographical presence, we considered in the analysis the most important challenges in Mexico regarding the Sustainable Development Goals in the 2030 agenda. In the analysis of the national context, the National Survey on Financial Inclusion (2018) and the Study on the Demography of Business (2021) were taken as reference, both reports prepared by the INEGI and the report of Basic Credit Indicators for Small and Medium Enterprises published by Banco de México (Data as of March 2021).





Impacts associated with Consumer Banking



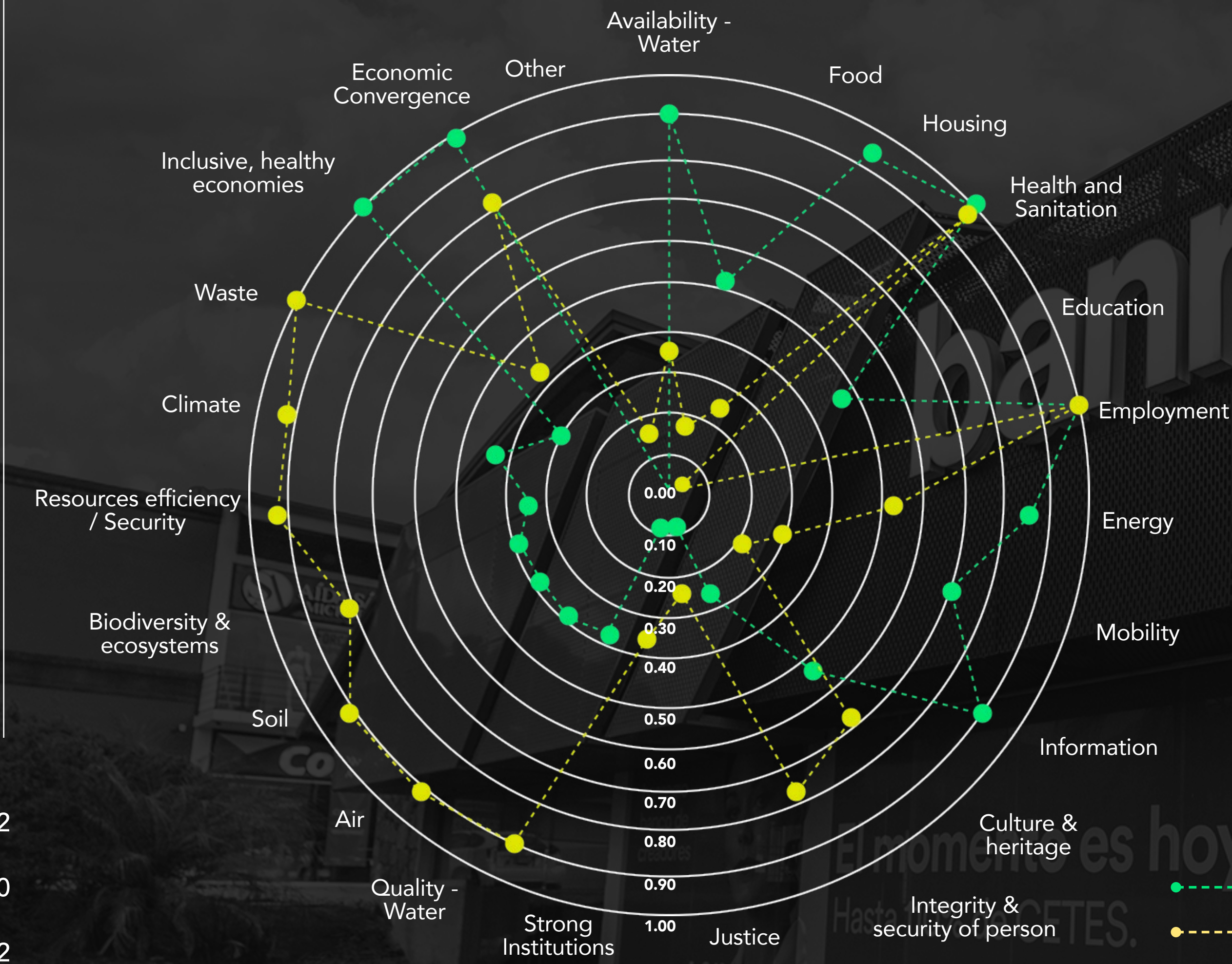
The results of the analysis are the following:

Consumer banking activities have a positive impact on employment, justice and economic convergence, as well as a negative impact on efficiency and security in the use of resources and climate, while a positive and negative impact is reflected in **healthy and inclusive economies**.

Navigation icons: Home (r), Play, Add (+), Volume, and Next (arrow).



Impacts associated with SME Banking



Regarding business banking, whose main segment is SMEs, the main positive impacts are mobility, housing and healthy and inclusive economies, while the negative impacts are climate, waste and culture and heritage.

Through this impact analysis, built with the tool provided by UNEP-FI, based on the main activities of Banregio's operations and Mexico's sustainable agenda, we conclude that one of the issues where we have the greatest impact as an organization is on the creation of healthy and inclusive economies.

The Sustainability Directorate is responsible for establishing the quantitative objectives for the bank's sustainable strategy, ensuring that they are specific, measurable and achievable.

In future reports on Banregio's contribution to the Principles of Responsible Banking, we will set medium and long-term goals that include quantitative indicators that allow us to monitor initiatives. These key indicators will be published each year, within the chapters of the Comprehensive Annual Report. See GRI methodology, SASB, Self-Assessment Table.

One of the goals resulting from the analysis, which will be proposed for approval, will be to increase the positive impact by providing financing to SMEs while seeking to mitigate the negative environmental impacts related to the main sectors of the portfolio, such as construction and real estate, trade, manufacturing and transport. For this, the evaluation of social and environmental risks will be key within the credit application process.





Regarding consumer banking, we pay special attention to inclusion and financial health considering the national context that indicates an important risk in these issues, given the lack of access to financial products, as well as the lag in financial education of some communities.

The Governance of these and other objectives that result from the integration process to the principles, will respond within the organization chart of the sustainability strategy. That is, the Sustainability Department will be responsible for the implementation and management of the actions, reporting the progress to the Corporate Practices Committee, which is the body responsible for supervising and communicating ESG issues to the Board of Directors.

Sustainable indicators are included in the evaluation of performance and variable compensation of management positions of the organization.

Among the sustainable issues that are currently integrated in the evaluation are: the results of the work climate and the participation of managers in programs that promote gender equality within the organization. In 2022, the commitments adopted according to the impact map of the PRB will be added.

In the first half of 2022, the full Responsible Banking Report will be published, including medium and long-term goals.





We know that working hand in hand with our stakeholders is the most efficient way to build a better future for all. Therefore, we maintain a dynamic and two-way relationship in the communication with customers, employees, investors, among others.

The main stakeholders, with which we carry out direct dialogue, are selected according to our business model and the Sustainability Strategy. We determine which groups are essential for the company’s main activity and which are relevant according to our contribution to the Sustainable Development Goals. The resulting groups are: clients, employees, regulators, investors and community (participants of social responsibility programs that are not necessarily customers of the bank).

We establish close communication and dialogue with our stakeholders through multiple mechanisms and channels, with a listening approach. This comprehensive report is the result of the communication with our stakeholders, having involved them in the definition of the contents and their development.

In addition to our main stakeholder groups, we also include non governmental organizations and communities that are part of our corporate responsibility programs.

The main direct consultation exercise we carry out is our Materiality Analysis. This collection of information is carried out every two years, it is managed by an independent consultant in collaboration with the Sustainability Directorate and it is published on Regional’s website.  
*More information on the [Sustainability](#) chapter.*

In the last materiality process, a multi-stakeholder matrix was prepared with the results of personal interviews, surveys and focus groups, as well as a specific matrix on issues relevant to investors. Learn more about the results [here](#).

An annual work climate survey is carried out specifically for employees, where in addition to measuring indicators such as leadership and sense of belonging, an open question is added so that employees can share additional comments in the survey, which is completely anonymous. *More information Culture subchapter.*

To serve our customers, in addition to the satisfaction metrics, events are held where we invite them to participate in forums, dynamic activities and conversations through our social networks.

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, ensuring that Regional applies economic, social and environmental best practices, as well as corporate governance.

Likewise, we actively participate in various working groups formed within the trade associations to which we have adhered, to adopt international best practices in different areas, such as the Anti-Corruption Group of the Global Compact, the Diversity, Financial Education and Sustainability Committees of the Association of Banks of Mexico (ABM) and the mentoring program of the Financial Alliance for Women, among others.

**At Regional we will continue to work hand in hand with our community, maintaining a responsible Corporate Governance and a sustainable business strategy, in order to achieve the sustainable development of the company and the generation of value for clients, shareholders, employees and communities.**





For the sixth 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 1st to December 31, 2021.**

This report has been prepared in accordance with the **Exhaustive option of the GRI Standards**, a reporting methodology at the international level, developed by the Global Reporting Initiative (GRI). Additionally, the contents of the supplement for the financial services sector linked to the issues determined as material were also considered.

For the second year, we include contents of the **Sustainability Accounting Standards Board (SASB)** reporting framework, in order to disclose information that responds to the results of financial materiality.

In the chapters of this report we indicate the contribution of Regional to the **Sustainable Development Goals** of the 2030 agenda, which our initiatives and sustainability strategy follow. As a signatory to the **United Nations Global Pact**, this comprehensive report represents our Communication on Progress (CoP) of the 10 principles of action that this initiative promotes in the areas of anti-corruption, transparency, human rights and the environment.

The contents presented in this comprehensive report were verified by the external consultant *Redes Sociales en Línea Timberlan*, with experience in the verification of Sustainability Reports and use of the GRI methodology.

In accordance with the Model described in the Sustainability chapter, for the preparation of this document we use the communication channels and the identification of our stakeholders, reflected in the 2020 materiality study. In the reporting year there were no significant changes in the scope and coverage of each aspect with respect to previous reports.

To have an in-depth knowledge of the methodology of the study, as well as of the identified material issues, including their internal and external limits, check out our [Materiality Analysis](#) available on our website [www.regional.mx](http://www.regional.mx).

CONTACT

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investor.relations@banregio.com

**Sustainability**  
sustentabilidad@banregio.com

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



Regional, SAB de CV Shareholders Meeting  
Present.-

In accordance with paragraph 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 2021.

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.

1. Internal Control

In 2021, the condition of the internal control system of Regional’s subsidiary companies was evaluated, with the support of the areas of internal control, internal audit and external audit. Its proper operation in a general way was verified. As a result of the evaluation that was carried out, no deficiencies were identified that significantly affect any of the components of the internal control system.

As part of the above-mentioned evaluation, the following reports were reviewed:

- Quarterly reports on Internal Audit Management and on the compliance with its Annual Work Program 2021.
- Quarterly reports on internal comptroller management.
- Quarterly reports from the External Auditor.

- Semi-annual Internal Audit Reports
- 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 his audit

The Code of Ethics of the Institution was revised, as well as the measures taken to disseminate it among the staff. The complaints received in the Transparency Mailbox that is established to learn about the non-compliance with the rules of conduct contained in the Code of Ethics of the Institution, as well as the responses that were offered to the complainants, were periodically reviewed.

Reports of the internal controls and tools used by the administration to keep the Institution’s systems secure and free of unauthorized access by third parties that result in the integrity of the information or commit fraud were received periodically.

2. Internal Audit

The annual plan of Internal Audit reviews was approved and the reports, including observations and recommendations on internal controls, accounting and compliance with laws and regulations that apply to the Entity were reviewed in the different sessions of the Audit Committee. The corresponding supervision of the remedies of the observations was also carried out, resulting in greater effectiveness and efficiency in the control of the operations.

The Audit Committee was duly informed of the observations issued by the National Banking and Securities Commission and Banco de Mexico and followed up on their remediation with the support of the Internal Audit area.



3. External audit

With the administration, the work of the firm of external auditors was evaluated as well as its proposal for services and fees for the year 2021, and as a result of this, the Board of Directors received the proposal to ratify the firm of independent Public Accountants, Mancera, SC, EY México, as external auditor of Regional and its 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 starting the audit of the financial statements at December 31st, 2021, and during the course of the audit, 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.

The work plan for 2021 was approved after analyzing it and during its execution, this Committee was informed of its progress. Information was also received on changes to the initial work plan. The observations that were found in the course of its work were reported to the Audit Committee, as well as the corrective measures carried out by management. In this regard, the internal auditor carried out the respective follow-ups.

The external auditor attended as a guest, with voice, but without vote, all the sessions of this Committee where it was informed that the management timely provided them with all the information that they requested in order to carry out the audit of the financial statements, without any limitation.

The financial statements of Regional and Subsidiaries as of December 31, 2021 were reviewed, as well as the opinion issued by the firm of indepen-

dent 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. Likewise, the letter of manifestations, issued by the administration of the firm of external auditors was revised.

During fiscal year 2021, additional services were hired with the firm of external auditors and it was previously verified that they would not represent a threat to their independence and said services included the audit of transfer prices of Regional and other less important matters.

In relation to the significant changes in the accounting regulations applicable to Regional and subsidiaries, during the 2021 financial year, a preparation exercise was carried out for the adoption of the new accounting criteria, issued by the National Banking and Securities Commission, as well as the adjustment in the preparation of the regulatory reports. These changes entered into force as of the 2021 financial year. The effects derived from these changes in accounting criteria were reviewed in the quarterly sessions of the Audit Committee.

4. Compliance with tax and legal obligations

It was verified with the support of the Institution’s legal and tax advisors, that during the year the applicable obligations had been fulfilled. In this regard, nothing important came to our attention that implied a risk of non-compliance.



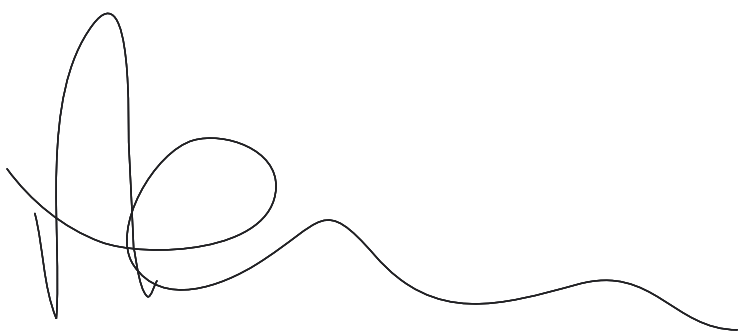
5. Financial information

The interim financial information produced by the institution in each of the sessions of this Committee was reviewed, verifying its reasonableness and consistency with the information produced annually, considering the changes in the accounting rules issued by the authorized bodies for that purpose.

No complaints were received during the year from shareholders, Board Members, directors, executives, employees, customers or other third parties about irregular events that were relevant regarding 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.

Based on the work described in the previous paragraphs, this Committee recommends the Board of Directors to approve the financial statements of Regional and its subsidiaries prepared by the Management Department and the Internal Comptroller. These statements were revised by the Internal Audit Department, 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.



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



To: Board of Directors  
General Ordinary Meeting of the Shareholders

In accordance with paragraph 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 2021.

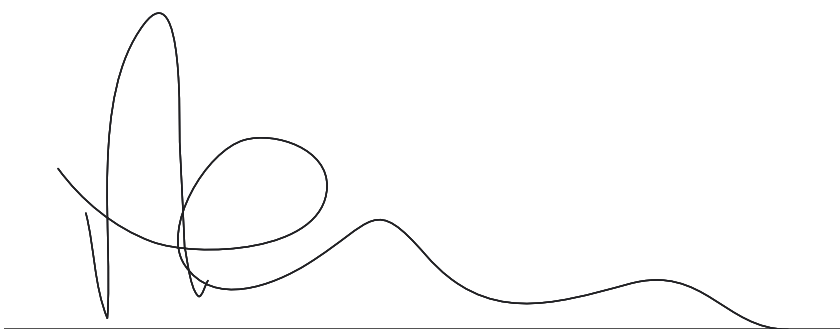
a) Observations regarding the performance and compliance of the relevant directors. It is reported that, in the Corporate Practices Committee of Regional SAB de CV, corresponding to the Fourth Quarter of 2021 held in January 2022, observations were made regarding the performance and compliance of the relevant directors of Banco Regional, SA Institución de Banca Múltiple, Banregio Grupo Financiero, one of the main subsidiaries of Regional, SAB de CV. The foregoing, in accordance with the applicable legal provisions and the policies and procedures established in Regional SAB de CV, and other companies controlled by it.

b) Loans and operations with related parties granted by Banco Regional, SA and Start Banregio, SA de CV, both subsidiaries of Regional, SAB de CV as of December 2021 amounted to \$3,260.7 million pesos and \$ 252.0 million pesos, respectively. These amounts are duly 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.

c) Emoluments or comprehensive remuneration packages of relevant managers. Likewise, during the January 2022 session, the Corporate Practices Committee was informed about the remuneration of the Chief Executive

Officer and relevant executives of Banco Regional, SA 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.

d) In 2021, the Board of Directors did not grant exemptions to Board Members or Directors so they could exploit business opportunities.



Ing. Alfonso González Migoya  
President



Ing. Enrique Navarro Ramírez  
Secretary





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INFORME DE LOS AUDITORES INDEPENDIENTES

A la Asamblea General de Accionistas de  
Regional, S.A.B. de C.V. y Subsidiarias

Opinión

Hemos auditado los estados financieros consolidados adjuntos de Regional, S.A.B. de C.V. y Subsidiarias (la Compañía), que comprenden el balance general consolidado al 31 de diciembre de 2021, el estado consolidado de resultados, el estado de variaciones en el capital contable consolidado y el estado de flujos de efectivo consolidado correspondientes al ejercicio terminado en dicha fecha, así como las notas explicativas de los estados financieros consolidados que incluyen un resumen de las políticas contables significativas.

En nuestra opinión, los estados financieros consolidados adjuntos de Regional, S.A.B. de C.V. y Subsidiarias, correspondientes al ejercicio terminado el 31 de diciembre de 2021, han sido preparados, en todos los aspectos materiales, de conformidad con el marco normativo contable aplicable a las sociedades controladoras de grupos financieros, emitido por la Comisión Nacional Bancaria y de Valores (CNBV).

Fundamento de la opinión

Hemos llevado a cabo nuestra auditoría de conformidad con las Normas Internacionales de Auditoría (NIA). Nuestras responsabilidades de acuerdo con dichas normas se describen más adelante en la sección *Responsabilidades del auditor en relación con la auditoría de los estados financieros consolidados* de nuestro informe. Somos independientes de la Compañía de conformidad con el *Código Internacional de Ética para Profesionales de la Contabilidad (incluyendo las Normas Internacionales de Independencia)* (Código de Ética del IESBA) junto con los requerimientos de ética que son aplicables a nuestra auditoría de los estados financieros consolidados en México por el *Código de Ética Profesional del Instituto Mexicano de Contadores Públicos* (Código de Ética del IMCP) y hemos cumplido las demás responsabilidades de ética de conformidad con esos requerimientos y con el Código de Ética del IESBA.

Consideramos que la evidencia de auditoría que hemos obtenido proporciona una base suficiente y adecuada para nuestra opinión.

2.

Asuntos clave de auditoría

Los asuntos clave de auditoría son aquellos asuntos que, según nuestro juicio profesional, han sido los más significativos en nuestra auditoría de los estados financieros consolidados del periodo actual. Estos asuntos han sido tratados en el contexto de nuestra auditoría de los estados financieros consolidados en su conjunto y en la formación de nuestra opinión sobre estos, y no expresamos una opinión por separado sobre dichos asuntos. Para cada asunto clave de auditoría, describimos cómo se abordó el mismo asunto en el contexto de nuestra auditoría.

Hemos cumplido las responsabilidades descritas en la sección Responsabilidades del auditor en relación con la auditoría de los estados financieros consolidados de nuestro informe, incluyendo las relacionadas con los asuntos clave de auditoría. Consecuentemente, nuestra auditoría incluyó la aplicación de procedimientos diseñados para responder a nuestra evaluación de los riesgos de desviación material de los estados financieros consolidados adjuntos. Los resultados de nuestros procedimientos de auditoría, incluyendo los procedimientos aplicados para abordar los asuntos clave de auditoría descritos más adelante, proporcionan las bases para nuestra opinión de auditoría de los estados financieros consolidados adjuntos.

- Estimación preventiva para riesgos crediticios

Descripción y por qué se consideró como asunto clave de auditoría

Hemos considerado como un asunto clave de auditoría a la estimación preventiva para riesgos crediticios (EPRC), debido a que su determinación requiere la aplicación de juicios significativos por parte de la administración, así como el uso de factores cualitativos y cuantitativos establecidos en las metodologías de calificación de cartera de la CNBV. Dicho juicio también involucra la evaluación de factores específicos de riesgo de crédito identificados por la administración, para la constitución de reservas adicionales derivadas del entorno económico actual.

En las Notas 2 y 10 de los estados financieros consolidados adjuntos al 31 de diciembre de 2021, se incluyen, respectivamente, las revelaciones sobre la política contable de reconocimiento y análisis de la EPRC.

Cómo respondimos al asunto clave de auditoría

Nuestros procedimientos de auditoría incluyeron, entre otros, la validación de los factores clave cuantitativos y cualitativos utilizados por la administración de la Compañía para determinar la EPRC, considerando las partidas relacionadas con los acreditados durante el proceso de calificación de cartera y otorgamiento de programas de apoyo de conformidad con las metodologías y criterios contables especiales establecidos por la CNBV. Asimismo, involucramos a nuestros especialistas de valuación para asistirnos en la evaluación de la razonabilidad de los juicios de la administración sobre la EPRC.



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3.

También evaluamos lo adecuado de las revelaciones relacionadas con la determinación de la EPRC que se realizaron en los estados financieros consolidados adjuntos al 31 de diciembre de 2021.

- Evaluación de asuntos legales, regulatorios, fiscales y laborales

Descripción y por qué se consideró como asunto clave de auditoría

El reconocimiento, valuación, presentación y revelación en los estados financieros consolidados adjuntos, de asuntos legales, regulatorios, fiscales y laborales, requiere, en algunos casos, el uso de un alto nivel de juicio de la administración respecto a la interpretación y aplicación de las disposiciones respectivas, la validación de supuestos aplicables y en su caso, la estimación de desembolsos potenciales. Los niveles de exposición económica potencial y el impacto de los juicios aplicados en la interpretación de los asuntos antes señalados implican que dicha evaluación sea considerada como un asunto clave de auditoría.

Cómo respondimos al asunto clave de auditoría

Analizamos los juicios realizados por la administración, las bases de dichos juicios y los supuestos utilizados, considerando la evaluación y análisis de los puntos de vista de los asesores externos de la Compañía, los cuales son especialistas en las distintas áreas antes mencionadas; comparamos dichos supuestos con la documentación soporte en la cual se basa la evaluación de la administración y analizamos el estado actual y evolución de los asuntos. Evaluamos las estimaciones y determinaciones de la administración respecto de cualquier desembolso potencial. Evaluamos la objetividad y competencia de los asesores externos de la Compañía. Evaluamos que la información financiera reconocida por la administración cumpla con los requerimientos contables aplicables. Involucramos a nuestros propios especialistas en la ejecución de los procedimientos de auditoría aplicables en estas áreas.

También evaluamos lo adecuado de las revelaciones relacionadas con este asunto que se realizaron en los estados financieros consolidados adjuntos al 31 de diciembre de 2021.

Otra información

La Administración es responsable de la otra información. La otra información comprende la información incluida en el Reporte Anual presentado a la Comisión Nacional Bancaria y de Valores ("CNBV") y el informe anual presentado a los accionistas, pero no incluye los estados financieros consolidados ni nuestro informe de auditoría correspondiente. Esperamos disponer de la otra información después de la fecha de este informe de auditoría.

4.

Nuestra opinión sobre los estados financieros consolidados no cubre la otra información y no expresaremos ninguna forma de conclusión que proporcione un grado de seguridad sobre esta.

En relación con nuestra auditoría de los estados financieros consolidados, nuestra responsabilidad es leer y considerar la otra información que identificamos anteriormente cuando dispongamos de ella y, al hacerlo, considerar si existe una inconsistencia material entre la otra información y los estados financieros consolidados o el conocimiento obtenido por nosotros en la auditoría o si parece que existe una desviación material en la otra información por algún otro motivo.

Cuando leamos y consideremos el Reporte Anual presentado a la CNBV y el informe anual presentado a los accionistas, si concluimos que contiene una desviación material, estamos obligados a comunicar el asunto a los responsables del gobierno de la Compañía y emitir la declaratoria sobre el Reporte Anual requerida por la CNBV, en la cual se describirá el asunto.

Responsabilidades de la administración y de los responsables del gobierno de la Compañía en relación con los estados financieros consolidados

La Administración es responsable de la preparación y presentación razonable de los estados financieros consolidados adjuntos de conformidad con el marco normativo contable que se describe en la Nota 2, aplicable a las sociedades controladoras de grupos financieros, emitido por la CNBV, y del control interno que la Administración considere necesario para permitir la preparación de estados financieros consolidados libres de desviación material, debida a fraude o error.

En la preparación de los estados financieros consolidados, la Administración es responsable de la evaluación de la capacidad de la Compañía para continuar como negocio en marcha, revelando, según corresponda, las cuestiones relacionadas con el negocio en marcha y utilizando la base contable de negocio en marcha excepto si la Administración tiene intención de liquidar la Compañía o de cesar sus operaciones, o bien no exista otra alternativa realista.

Los responsables del gobierno de la Compañía son responsables de la supervisión del proceso de información financiera de la Compañía.

Responsabilidades del auditor en relación con la auditoría de los estados financieros consolidados

Nuestros objetivos son obtener una seguridad razonable de que los estados financieros consolidados en su conjunto están libres de desviación material, debida a fraude o error, y emitir un informe de auditoría que contiene nuestra opinión. Seguridad razonable es un alto grado de seguridad, pero no garantiza que una auditoría realizada de conformidad con las NIA siempre detecte una desviación material cuando existe. Las desviaciones pueden deberse a fraude o error y se consideran materiales si, individualmente o de forma agregada, puede preverse razonablemente que influyan en las decisiones económicas que los usuarios toman basándose en los estados financieros consolidados.



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5.

Como parte de una auditoría de conformidad con las NIA, aplicamos nuestro juicio profesional y mantenemos una actitud de escepticismo profesional durante toda la auditoría. También:

- Identificamos y evaluamos los riesgos de desviación material en los estados financieros consolidados, debida a fraude o error, diseñamos y aplicamos procedimientos de auditoría para responder a dichos riesgos y obtenemos evidencia de auditoría suficiente y adecuada para proporcionar una base para nuestra opinión. El riesgo de no detectar una desviación material debida a fraude es más elevado que en el caso de una desviación material debida a error, ya que el fraude puede implicar colusión, falsificación, omisiones deliberadas, manifestaciones intencionadamente erróneas o la elusión del control interno.
- Obtenemos conocimiento del control interno relevante para la auditoría con el fin de diseñar procedimientos de auditoría que sean adecuados en función de las circunstancias y no con la finalidad de expresar una opinión sobre la eficacia del control interno de la Compañía.
- Evaluamos lo adecuado de las políticas contables aplicadas y la razonabilidad de las estimaciones contables y la correspondiente información revelada por la Administración.
- Concluimos sobre lo adecuado de la utilización, por la Administración, de la base contable de negocio en marcha y, basándonos en la evidencia de auditoría obtenida, concluimos sobre si existe o no una incertidumbre material relacionada con hechos o con condiciones que pueden generar dudas significativas sobre la capacidad de la Compañía para continuar como negocio en marcha. Si concluimos que existe una incertidumbre material, se requiere que llamemos la atención en nuestro informe de auditoría sobre la correspondiente información revelada en los estados financieros consolidados o, si dichas revelaciones no son adecuadas, que expresemos una opinión modificada. Nuestras conclusiones se basan en la evidencia de auditoría obtenida hasta la fecha de nuestro informe de auditoría. Sin embargo, hechos o condiciones futuros pueden ser causa de que la Compañía deje de continuar como negocio en marcha.
- Evaluamos la presentación global, la estructura y el contenido de los estados financieros consolidados, incluida la información revelada, y si los estados financieros consolidados representan las transacciones y hechos subyacentes de un modo que cumple en todos los aspectos materiales, con el marco normativo contable indicado en el segundo párrafo de este informe.

Comunicamos con los responsables del gobierno de la Compañía en relación con, entre otros asuntos, el alcance y el momento de realización de la auditoría planificados y los hallazgos significativos de la auditoría, así como cualquier deficiencia significativa del control interno que identificamos en el transcurso de la auditoría.

6.

También proporcionamos a los responsables del gobierno de la Compañía una declaración de que hemos cumplido los requerimientos de ética aplicables en relación con la independencia y comunicado con ellos acerca de todas las relaciones y demás asuntos de los que se puede esperar razonablemente que pueden afectar a nuestra independencia y, en su caso, las correspondientes salvaguardas.

Entre los asuntos que han sido objeto de comunicación con los responsables del gobierno de Regional, S.A.B. de C.V. y Subsidiarias, determinamos los más significativos en la auditoría de los estados financieros consolidados del periodo actual y que son, en consecuencia, los asuntos clave de la auditoría. Describimos dichos asuntos en nuestro informe de auditoría salvo que las disposiciones legales o reglamentarias prohíban revelar públicamente el asunto o, en circunstancias extremadamente poco frecuentes, determinemos que un asunto no se debería comunicar en nuestro informe cuando se espera razonablemente que las consecuencias adversas de hacerlo superarían a los beneficios de interés público de dicho asunto.

El socio responsable de la auditoría 2021 es quien suscribe este informe.

Mancera, S.C.  
Integrante de  
Ernst & Young Global Limited



C.P.C. José Luis Loaeza Leyva

San Pedro Garza García, N.L.,  
24 de febrero de 2022





Verification Letter of 2021 Regional Annual Report

To the Board of Directors of Regional, S.A.B. of C.V. and Subsidiaries:

Be notified that Redes Sociales en Línea Timberlan team carried out a limited and independent verification of a sample of contents of the Global Reporting Initiative Standards ("GRI") contained in the "2021 Regional Annual Report".

**Responsibilities, criteria, and scope:** Our mission is to issue impartial and objective opinions about the certainty, traceability, and reliability of the sample data contained in the "2021 Regional Annual Report" adhering to the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other than to Audits or Reviews of Historical Financial Information." We validate methodological compliance with the GRI Standards, in the Comprehensive option and with the Financial Services sector supplement.

The scope of our verification covered the results of the subsidiaries that make up Regional S.A.B. de C.V. (Banregio Grupo Financiero, S.A. de C.V. and Hey Controla S.A. de C.V.) corresponding to the period from January 1 to December 31, 2021 contained in "2021 Regional Annual Report". The GRI disclosure sample and indicators verified were:

102-8	102-12	102-18	102-40	102-41	102-42	102-45
102-47	205-2	417-2	417-3	FS15	412-2	FS16
203-1	FS1	FS8	403-10	418-1		

New employee hires and turnover rate
Benefits for full-time employees
Percentage of employees evaluated on performance and career development.
Percentage of individuals within the organization's governance bodies by gender.
Percentage of employees by employee category by gender and age.
Total cases of discrimination
Energy consumption of the organization
Direct GHG emissions (Scope 1)

Declaration of independence and competence of Redes Sociales en Línea Timberlan

Employees of Redes Sociales en Línea Timberlan have the necessary level of competence to verify compliance with standards used in the preparation of Sustainability Reports, so they can issue a professional opinion on non-financial information reports, complying with the principles of independence, integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. In no case can our declaration of verification be understood as an audit report, so no responsibility is assumed for the management and internal control systems and processes from which the information is obtained. This Verification Letter is issued on March 30, 2022 and is valid as long as no subsequent and substantial modifications are made to the 2021 Regional Annual Report of Regional, S.A.B. of C.V. and Subsidiaries.

The Regional Directorate is responsible for the preparation of the information contained in the "2021 Regional Annual Report" and that presented during the verification process, which implies, but is not limited to: the process of identification and reporting of the material issues and GRI content, as well as the selection of true and sufficient documentary and visual evidence to verify the agreed content.

Among the activities carried out during the verification process are listed:

- Interviews with process managers to learn about the internal management of information and the tools used.
- Comparison of information presented in previous reports.
- Validation of methodological compliance.
- Verification of qualitative and quantitative data through visual, documentary, and public evidence.
- Analysis of quantitative data.

This leads us to conclude that we did not find any aspect that makes us deduce that the information presented in the "Regional Annual Report 2021" contains significant errors and that the implementation of the GRI Standards methodology does not meet the requirements requested by the Comprehensive option.

An internal report of recommendations, exclusive to Regional, is delivered separately, containing the areas of opportunity detected for a future report.

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Marzo 30, 2022



# GRI Standard: General Disclosures

102-55

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Service

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		201-2	Financial implications and other risks and opportunities due to climate change		57, 75, 131, 132
		201-3	Defined benefit plan obligations and other retirement plans		89
		201-4	Financial assistance received from government	Banregio does not receive economic help from governmental entities such as tax credits, subsidies, aid to investment, awards with economic endowment and other financial benefits in relation with any operation.	NA
	GRI Supplement Financial Sector	FS6	Breakdown of the portfolio for each line of business, by specific region, size (large, SME, microenterprise) and sector		64
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		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	92
		403-8	Workers covered by an occupational health and safety management system	92
		403-9	Work-related injuries	92
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Customer Privacy	GRI 103: Management Approach 2016	103-1		<a href="#">Materiality Analysis</a>
		103-2		61, 81
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	GRI 418: Privacidad del cliente 2016	418-1	Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	61, 80
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		103-2		130
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# SASB Index

Topic	SASB	Accounting Metric	Category	Unit of Measure	Code	Standard	URL
		Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Quantitative	Reporting Currency	FN-CF-220a.2	Consumer finance	80
		(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	61
		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	61
		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	61
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	41, 103
	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	89



Topic	SASB	Accounting Metric	Category	Unit of Measure	Code	Standard	URL
Business Development	NA	Total de activos bajo custodia y supervisión	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
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	Number, Reporting currency	FN-AC-510a.1 FN-CB-510a.1	Asset Management & Custody Activities	61
		Description of whistleblower policies and procedures	Discussion and Analysis	NA	FN-AC-510a.2 FN-CB-510a.2	Asset Management & Custody Activities	50



Topic	SASB	Accounting Metric	Category	Unit of Measure	Code	Standard	URL
	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	50
		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	50
		Description of approach to informing customers about products and services	Discussion and Analysis	NA	FN-AC-270a.3	Asset Management & Custody Activities	50
		Description of approach of environmental, social, and governance (ESG) factors in credit analysis	Discussion and Analysis	NA	FN-CB-410a.2	Commercial banks	57
		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	50, 106
		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	132
		Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Quantitative	Number	FN-CB-240a.4	Commercial banks	105



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