



Earnings Call

1Q23

April 21st, 2023



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NIM

Group 6.6%
+60bps y/y

Bank 6.5%
+131bps y/y

Net Fees

+14%
y/y

Loan Book

Solid growth in
all segments
+14% y/y

RESULTS

Net Income \$13.02 bn
+12% q/q, +21% y/y

ROE 21.5%
+336bps y/y

Asset Quality

NPL
Down (3bps) to 1.0%

CoR
steady q/q at 1.6%

Margin Sensitivity

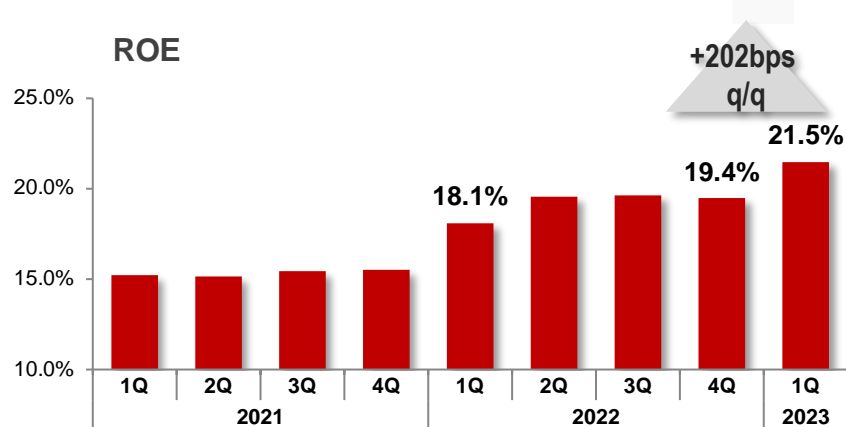
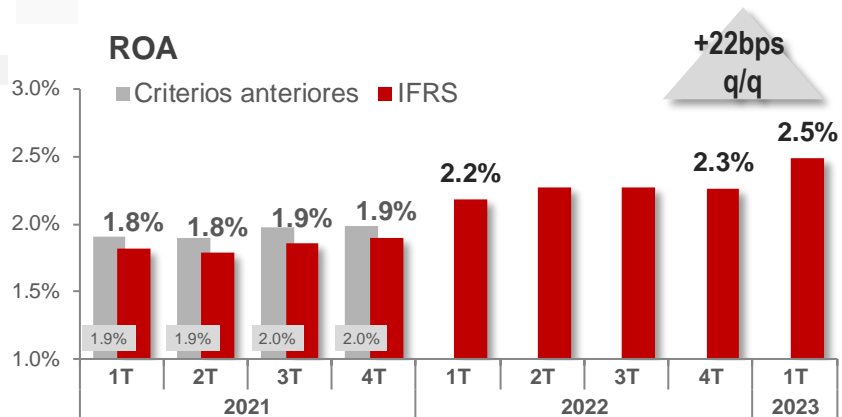
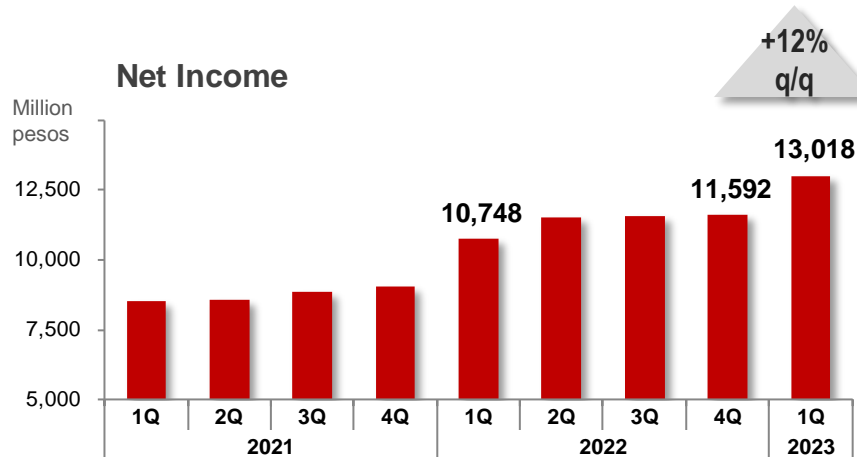
Ps 1.1bn for every 100bps
Δ in the reference rate
on funding efficiencies

Capital

CAR 22.1%
CET1 15.4%

Expanding profitability

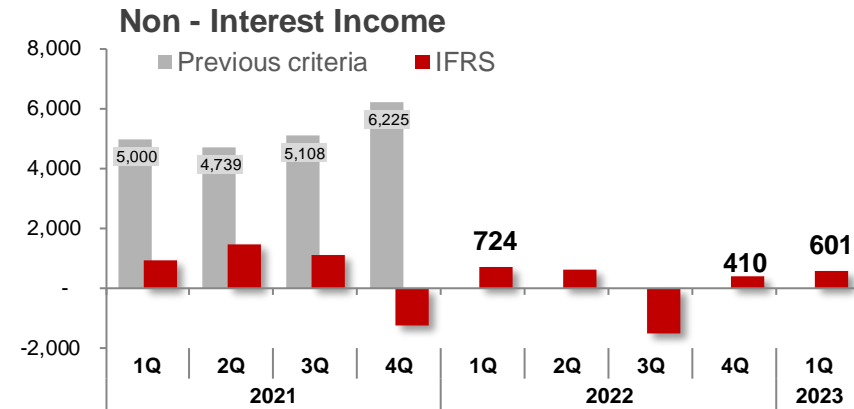
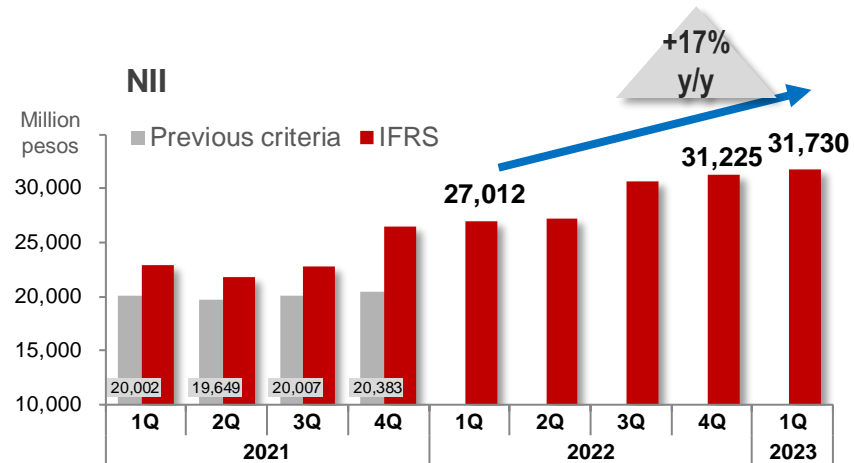
- Net Income +12% sequentially and +21% y/y
- Profitability with strong quarterly expansion:
 - ROE at 21.5%, +202bps q/q and +336bps y/y
 - ROA at 2.5%, +22bps q/q and +30bps y/y



Net Interest and Non-Interest Income

- NII +2% q/q, +17% y/y
- NII Loans/Deposits +4% q/q, +27% y/y
- Non-interest Income to Ps 601 million, driven by seasonal effects in fees and insurance:
 - Flat sequential net fees, but +14% expansion y/y
 - Premium income +60% q/q and (11%) y/y, technical reserves in similar seasonal trends; constructive lower claims (1%) q/q

Million pesos	1Q23	q/q	y/y
NII Loans/Deposits	21,511	4%	27%
NII Repos	3,516	(17%)	(3%)
NII Valorization Adjust	(213)	(261%)	(239%)
NII Insurance	766	34%	95%
NII Annuities	6,150	10%	5%
NII	31,730	2%	17%
Net Service Fees*	4,208	(0%)	14%
Premium Income Ins & Ann	13,994	60%	(11%)
Tech. Reserves Ins. & Ann.	9,601	86%	(18%)
Cost of Acq. Ins. Op.	941	202%	101%
Claims Ins. & Ann. (Net)	6,576	(1%)	(3%)
Trading Income	412	(37%)	(70%)
Other Income (expenses)	(895)	18%	21%
Non-Interest Income	601	46%	(17%)
Total Revenues	32,331	2%	17%



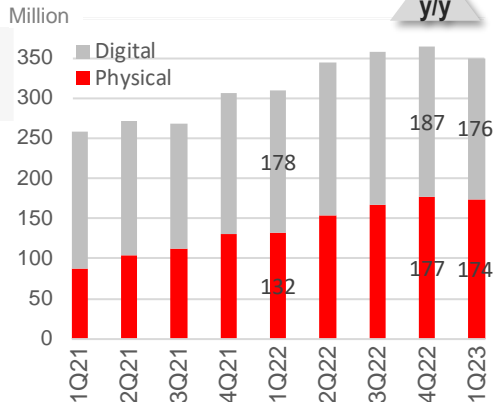
* As of 1Q23, card operating expenses are recorded in "Interchange Fees" within Fees Paid on Services (formerly recorded in Administrative Expenses). For comparison purposes, 2022 figures were reclassified.

Core Banking Fees keep growing

- Net Fees flat q/q, +14% y/y, driven by:
- Core banking fees seasonal contraction (8%) q/q, and +10% y/y; with electronic banking services +12% y/y
- Digital transactions leading annual growth, +13% in POS, +49% in mobile monetary transactions

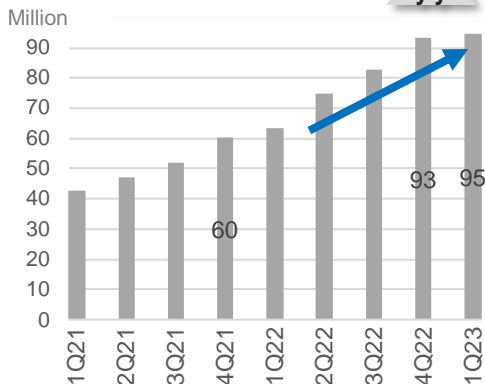
POS Transactions

+13%
y/y



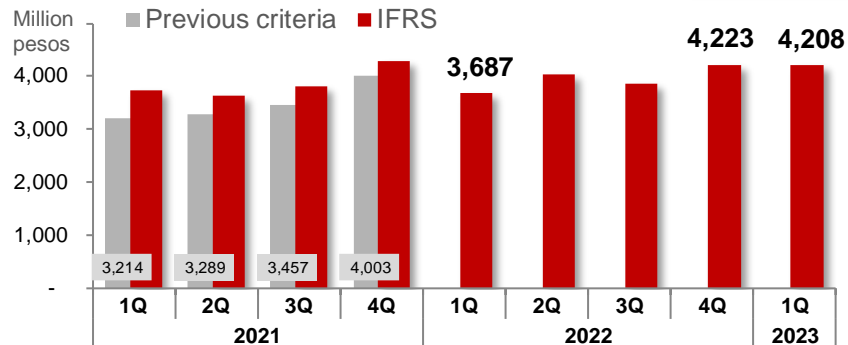
Mobile Monetary Transaction

+49%
y/y



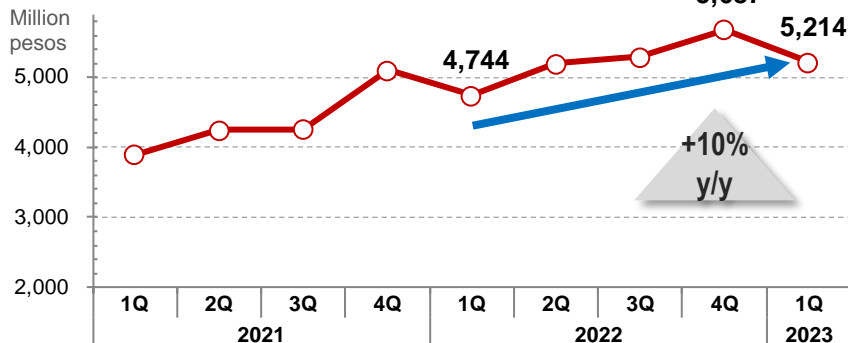
Net Fees

+14%
y/y



Core Banking Fees

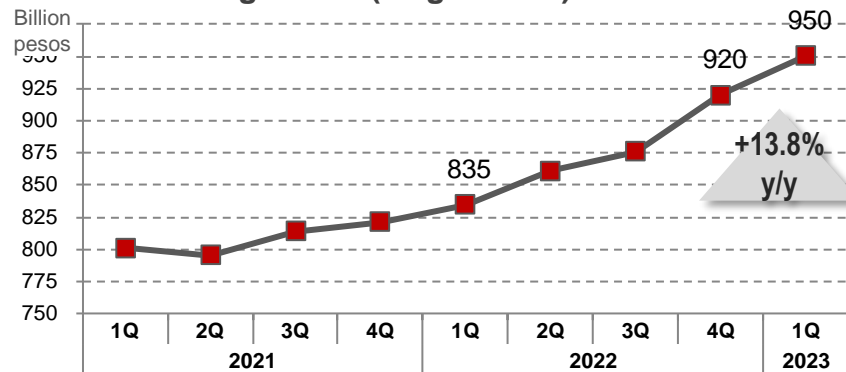
+10%
y/y



Strong growth across the loan portfolio

- Performing portfolio (stages 1 & 2) grew +3.3% sequentially and +13.8% y/y
- Solid quarterly expansion in all segments:
 - Commercial loans +2.2% q/q
 - Corporate +2.1% q/q
 - Government +5.0% q/q

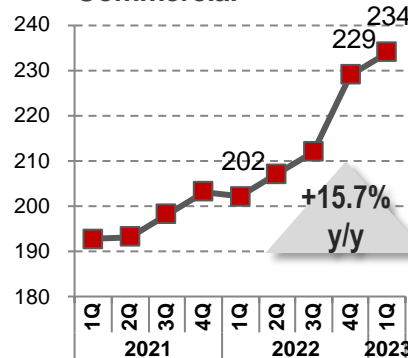
Performing Loans (stages 1 + 2)



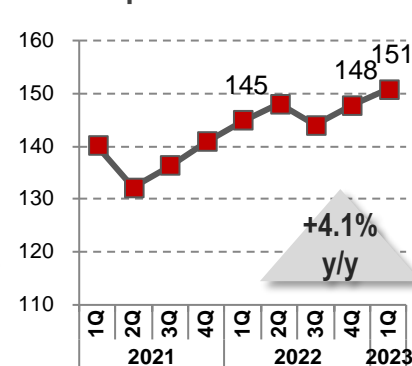
Performing Loans (stages 1 & 2)

Million pesos	1Q23	q/q	y/y
Commercial	234,136	2.2%	15.7%
Corporate	150,826	2.1%	4.1%
Government	180,364	5.0%	12.7%
Mortgage	233,894	3.1%	15.4%
Auto	35,182	9.4%	25.4%
Credit card	46,109	2.2%	16.4%
Payroll	69,647	3.9%	21.6%
Consumer Loans	384,832	3.6%	17.5%
Stages 1 & 2 Loans	950,157	3.3%	13.8%

Commercial



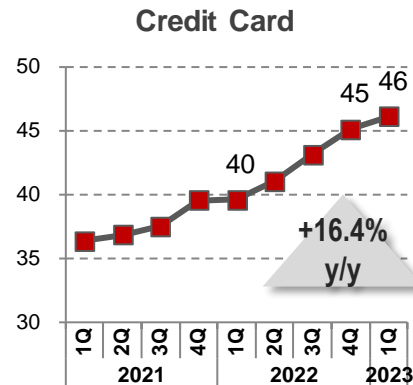
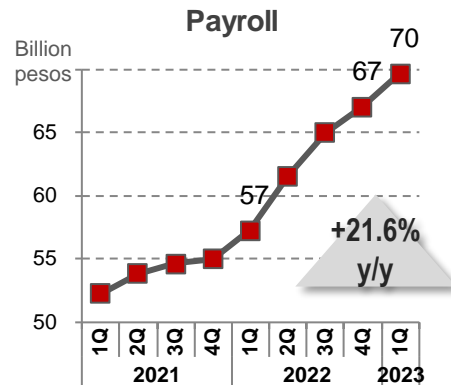
Corporate



Performing loans = IFRS (Stage 1 & Stage 2)

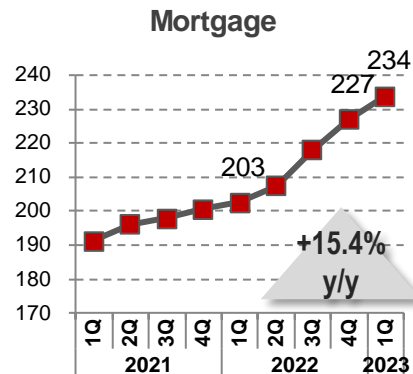
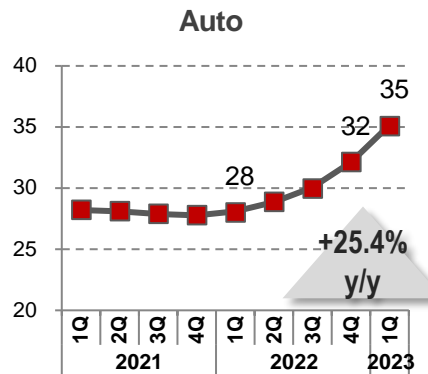
Growth across the whole consumer portfolio

- Robust expansion continues in the consumer portfolio, **+17.5% y/y**
- All consumer products with sustained quarterly expansion and annual double-digit growth
 - Mortgage +3.1% q/q
 - Auto +9.4% q/q
 - Credit card +2.2% q/q
 - Payroll +3.9% q/q



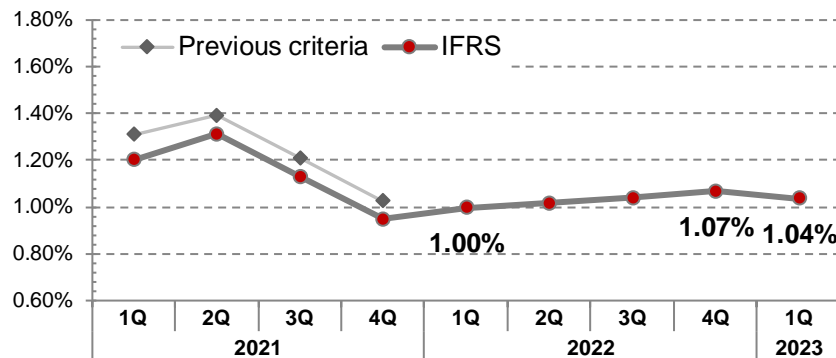
Performing Loans (stages 1 & 2)

Million pesos	1Q23	q/q	y/y
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Stages 1 & 2 Loans	950,157	3.3%	13.8%



- Resilient asset quality at 1.04%, down (3bps) q/q
- NPL ratio continues well below expectations
- No signs of sector or geographic trends

NPL Ratio



Non-performing Loans Ratio

	Previous Criteria		IFRS						
	3Q21	4Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23
Credit Card	3.9%	3.3%	2.7%	2.3%	2.2%	2.2%	2.2%	2.4%	2.4%
Payroll	2.6%	2.6%	2.4%	2.5%	2.4%	2.7%	2.8%	3.2%	2.8%
Auto	0.9%	0.8%	0.9%	0.8%	0.7%	0.6%	0.7%	0.6%	0.5%
Mortgage	1.1%	1.0%	1.0%	1.0%	0.9%	0.9%	0.9%	0.8%	0.8%
Commercial	1.9%	1.6%	1.9%	1.6%	1.7%	1.6%	1.7%	1.8%	1.8%
SME	2.5%	1.8%	2.5%	1.8%	1.7%	1.6%	1.4%	1.1%	1.0%
Commercial ex-SME	1.8%	1.5%	1.8%	1.5%	1.7%	1.6%	1.8%	1.9%	1.9%
Corporate	0.4%	0.0%	0.4%	0.0%	0.3%	0.5%	0.4%	0.3%	0.3%
Government	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%
Total GFNorte	1.2%	1.0%	1.1%	0.9%	1.0%	1.0%	1.0%	1.1%	1.0%

Business diversification, a lever in challenging times:

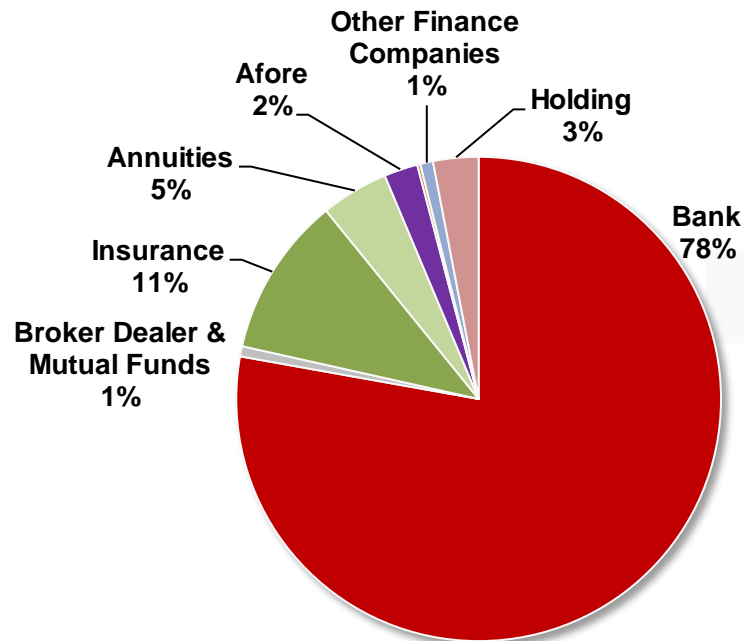
- Bank +19% q/q, and +35% full year
- Insurance up +36% q/q on seasonality, and +13% y/y
- Annuities (29%) q/q on market contraction, and +15% y/y
- Afore recovering +89% y/y

Net Income by Subsidiary

Million pesos	1Q23	q/q	y/y	ROE 1Q23
Bank	10,130	19%	35%	27.5%
Broker Dealer & Mutual F.	89	(48%)	(90%)	6.1%
Insurance	1,389	36%	13%	64.8%
Annuities	586	(29%)	15%	22.0%
Pension Funds (Afore)	293	(18%)	89%	10.1%
BAP (Holding)	27	3293%	1820%	
Other Finance Comp.	110	(51%)	(13%)	
Holding	394	(23%)	24%	
GFNorte	13,018	12%	21%	21.5%

* ROTE 1Q23: Bank 32.4%, Afore 35.3%

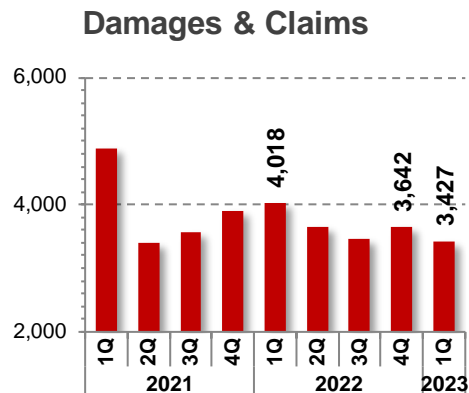
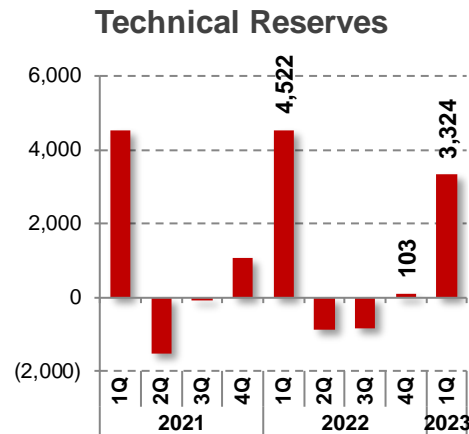
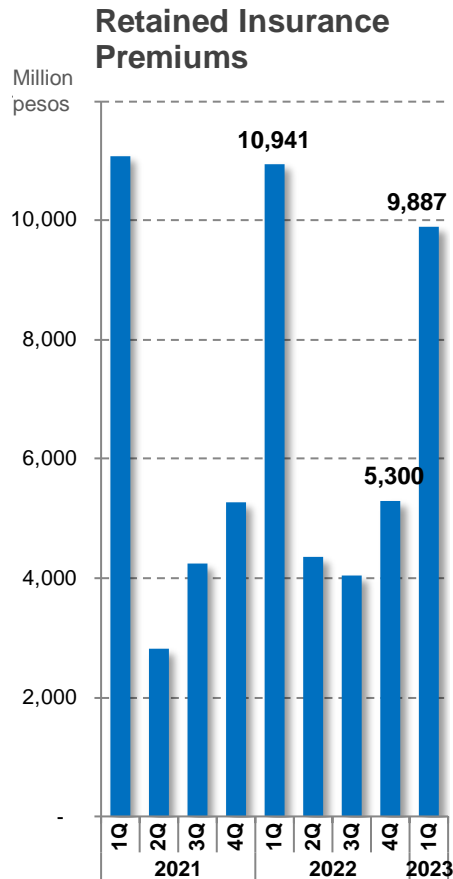
Net Income by Subsidiary 1Q23



Insurance business steadily improving

- Operating Income from insurance increased +38% sequentially on seasonality and interest income
- Premiums reducing (10%) y/y but on the temporary delay of a multiannual premium renewal, +14% if normalized
- Claims contracting (6%) q/q driven by its normalization
- Acquisition cost increase on bancassurance fees adjustment (compensated on more fees in the bank, and no impact in the group)

<i>(Million Pesos)</i>	1Q23	Change	
		q/q	y/y
Interest Income (Net)	767	33%	95%
Premium Income (Net)	9,887	87%	(10%)
Net Increase in Tech. Reserves	3,324	3130%	(26%)
Cost of Aq. from Insur. Oper.	1,568	156%	114%
Claims	3,427	(6%)	(15%)
Securities-Realized Gains	126	(55%)	257%
Other Operating Income	115	487%	(50%)
Non-Interest Expense	561	55%	16%
Operating Income	2,014	38%	17%



RappiCard: keeps growing in cards and billing

867k

Issued
cards

836k

Cards with at
least one
purchase

59%

Of cardholders
with a credit line
above Ps 5,000

1,965M¹

Average
monthly billing

71%

Monthly active
users

77%

Of users under
36 years old



Source: JV Banorte Rappi, as of March 31, 2023

1. Average 1Q23



ENVIRONMENTAL

- **SECOND TCFD** (Task Force on Climate-related Financial Disclosures) report
- **SECOND PHASE** of Scope 3 carbon emissions quantification, and **DECARBONIZATION TARGETS** for agriculture, cattle, cement, iron, steel, carbon, aluminum, & transportation



SOCIAL

- **CEMEFI** recognition for **12th** consecutive year for Banorte
- **CEMEFI** recognition for **4th** consecutive year for Afore XXI Banorte
- **CEMEFI** recognition for **9th** consecutive year for Seguros y Pensiones Banorte
- Constituent of **BLOOMBERG'S GENDER EQUALITY INDEX**



GOVERNANCE

- For the **SECOND** consecutive year, Banorte was included in the **SUSTAINABILITY YEARBOOK** published by **S&P GLOBAL**
- Release of the **2022 INTEGRATED ANNUAL REPORT**



SUSTAINABLE FINANCE

- Release of the **PRB** (Principles for Responsible Banking) **UNEP FI REPORT**
- **FOVISSTE AND BANORTE AGREEMENT** for mortgage loans

2022 Annual Report includes main financial & ESG highlights and addresses valuable feedback from our investors

Environmental: CO₂ emissions quantification & decarbonization targets for the most relevant loan portfolios

Social: Greater disclosure regarding talent attraction & retention

Governance: Updated skills matrix for board members & greater disclosure on management's compensation structure

2nd TCFD Report includes among other topics, loss quantification from climate-related risks to our branch network & real estate portfolios



Financial Highlights

Balance Sheet

**Shielded
Balance Sheet
to benefit from
rates cycle**

ROE

Group 21.5%
Bank 27.5%

Transformation

Continuous transformation
of Banorte to become a digital bank
with branches, and the ongoing
evolution of Bineo and JV with
Rappi

NIM

Group 6.6%
Bank 6.5%
Driven by funding costs
& NII sensitivity

Expenses

Efficient expense control

Cost to Income
Record Low
34.5%

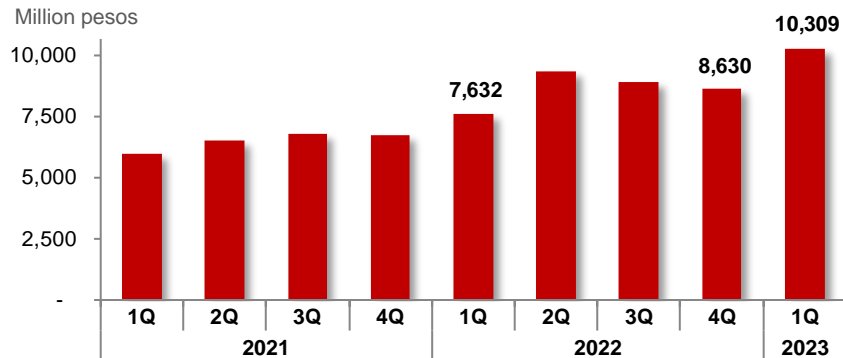
Capital

CAR 22.1%
CET1 15.4%

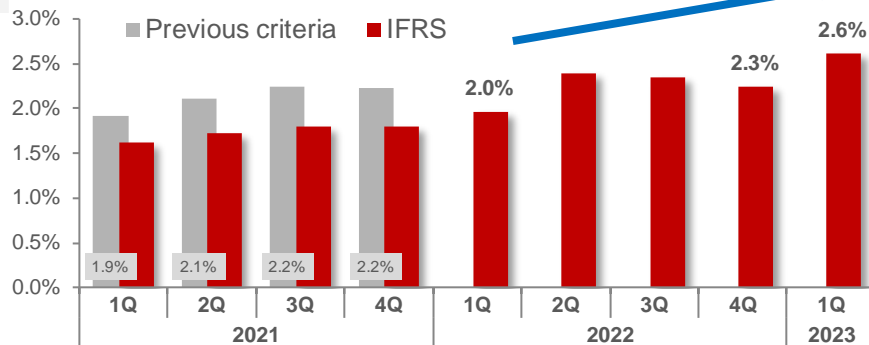
Resilient results, particularly at the bank level

- Net Income of the Bank +19% q/q, on +3% higher total revenues and (16%) lower expenses
- ROE of the Bank at 27.5%, strong annual expansion +665bps.
- ROA of the Bank at 2.6%, +37bps q/q, +65bps y/y

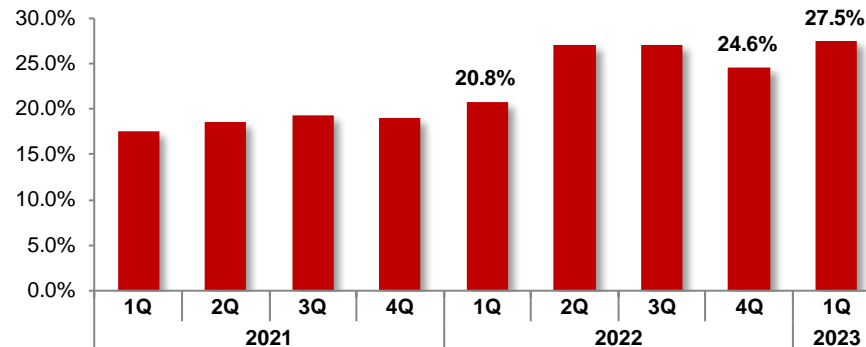
Net Income of the Bank



ROA of the Bank



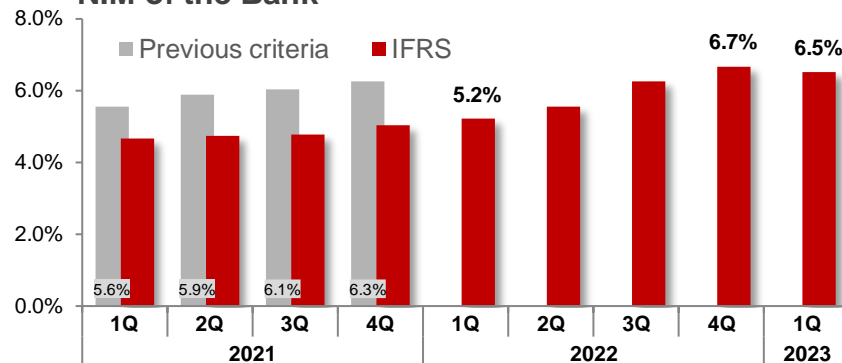
ROE of the Bank



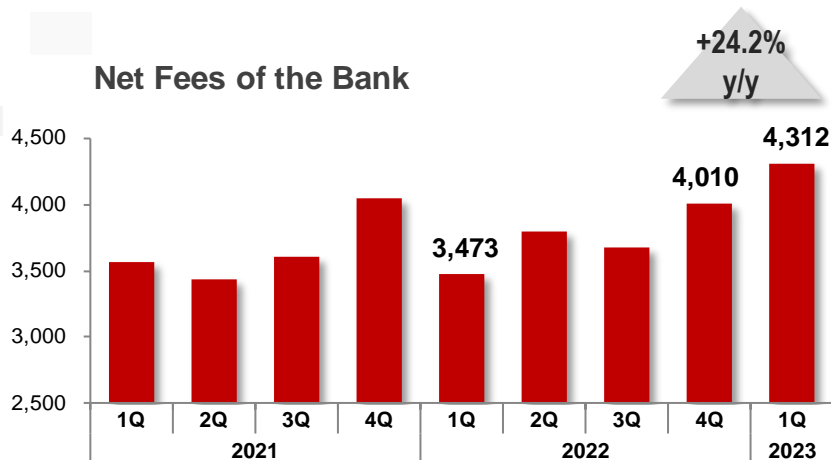
Resilient results, particularly at the bank level

- NII of the Bank +1% q/q and +27% y/y
- NIM at 6.5%, down (16bps) sequentially on strong loan growth at the end of the quarter, +131bps y/y
- NIM from loan portfolio flat sequentially, +93bps y/y
- Net fees growing even in a low seasonal quarter

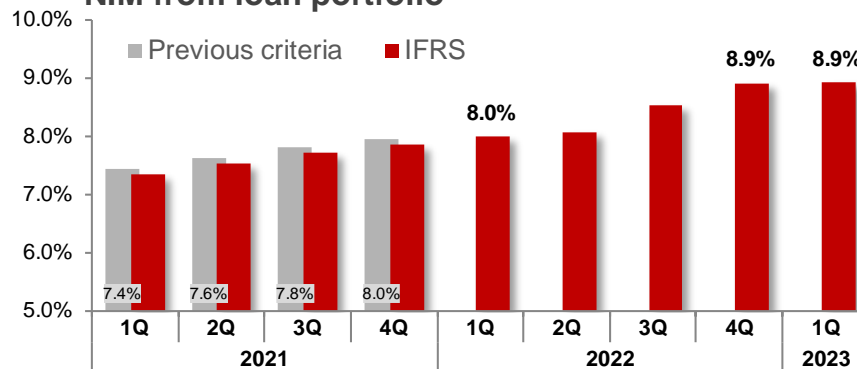
NIM of the Bank



Net Fees of the Bank

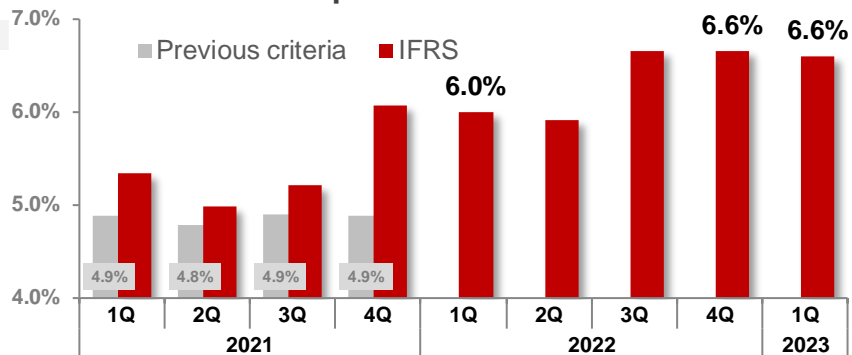


NIM from loan portfolio

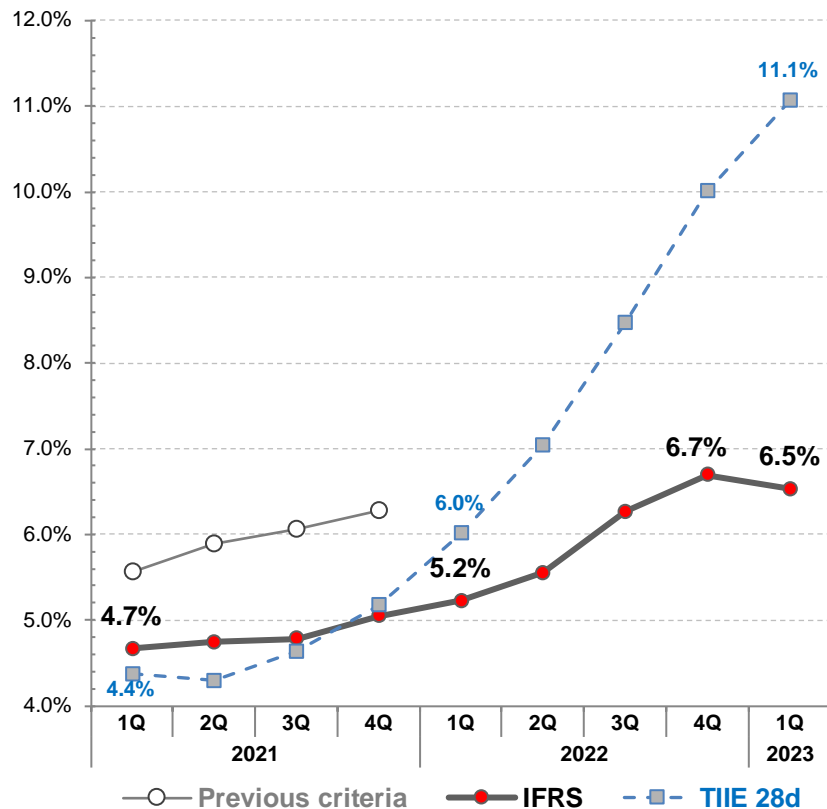


- NIM of the Group at 6.6%, only (6bps) down q/q, on strong loan growth at the end of the quarter
- But +60bps annual expansion driven by good portfolio mix, efficient cost of funds, and margin sensitivity to rates
- Effects from the latest hikes are yet to be incorporated

NIM of the Group



NIM of the Bank



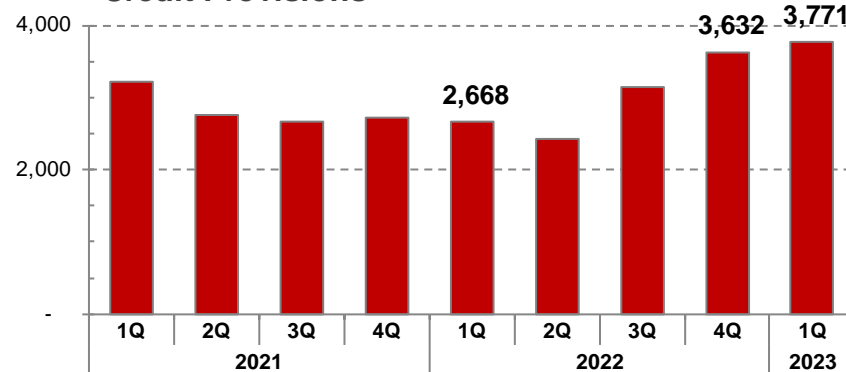
Better than expected asset quality

Shielded balance sheet, with remaining Ps 0.6bn in excess provisions

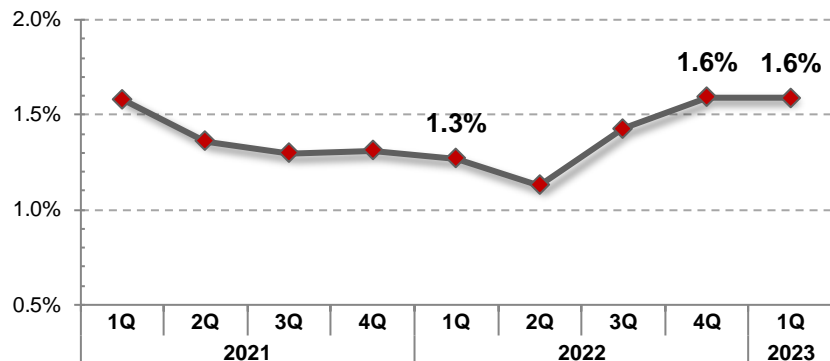
Credit provisions +4% q/q on loan portfolio expansion, but cost of risk remains stable

Firm write-off rate at 0.38%, below its normal operating level

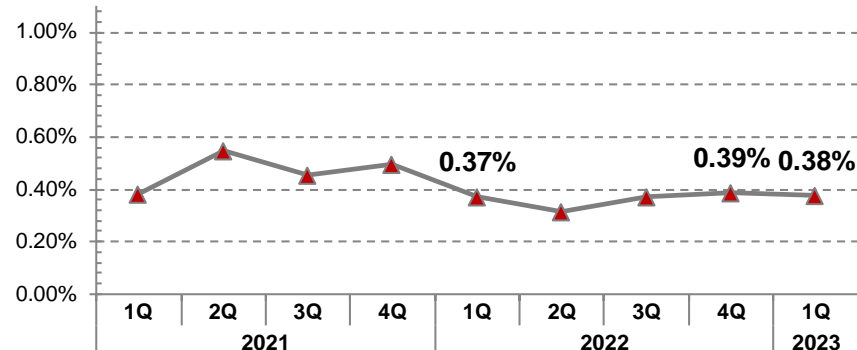
Credit Provisions



Cost of Risk

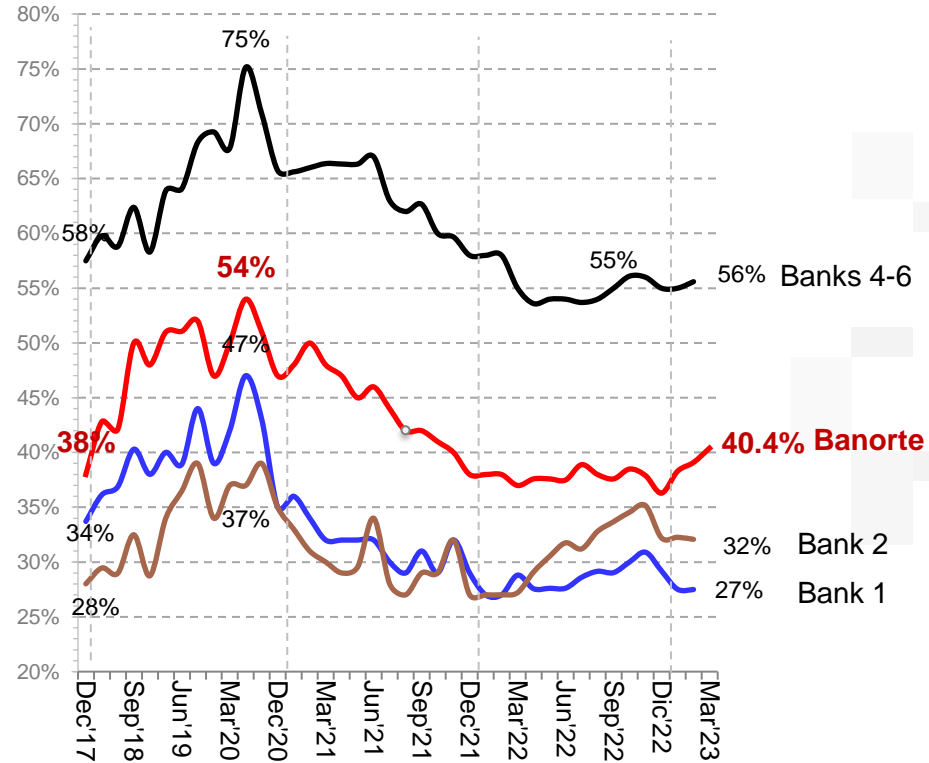


Write-Off Rate



- Cost of funds to 40.4% of CETES, aligned with market conditions
- Demand deposits represent 74% of total core deposits

Cost of Funds vs CETES Reference Rate



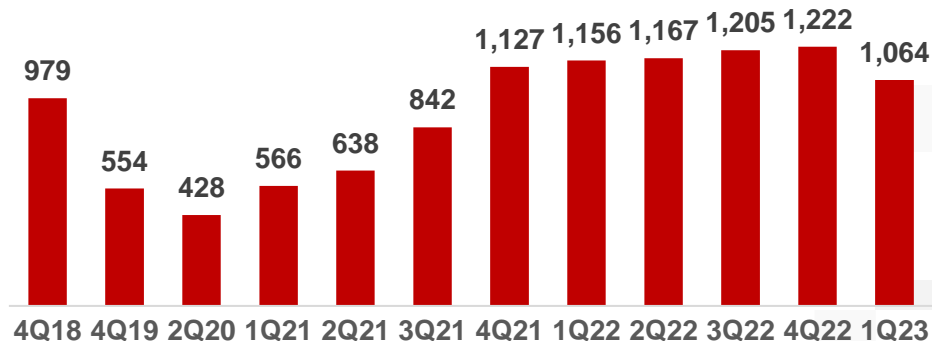
Source: Banxico as of February 2023, Banorte as of March internal data.

- Dynamic risk management hedges
- Focus on stable low-cost liabilities
- Active ALCO
- Organic growth of floating rate portfolio
- A well-prepared asset & liability management strategy to take advantage of the rate cycle and anticipate the imminent easing cycle

NII Sensitivity per 100 bps in rate change

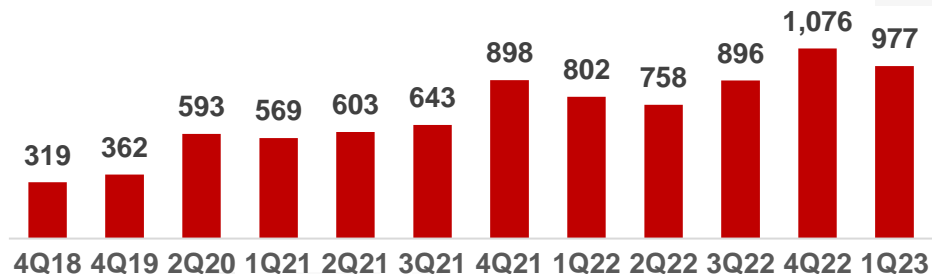
Local Currency Balance Sheet

Million pesos



Foreign Currency Balance Sheet

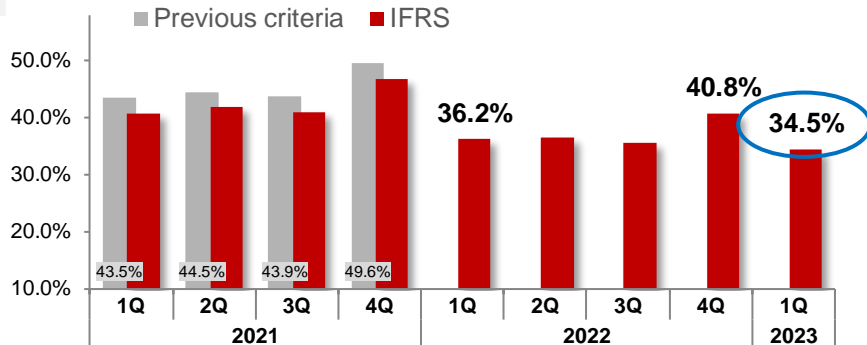
Million pesos



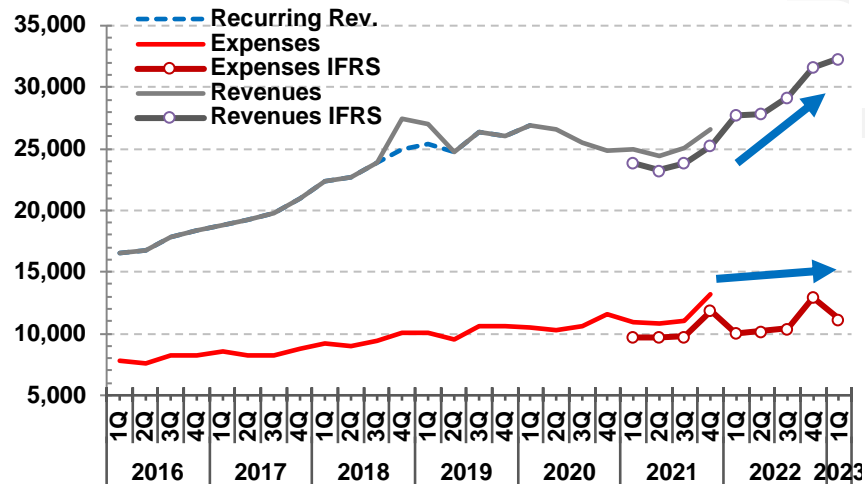
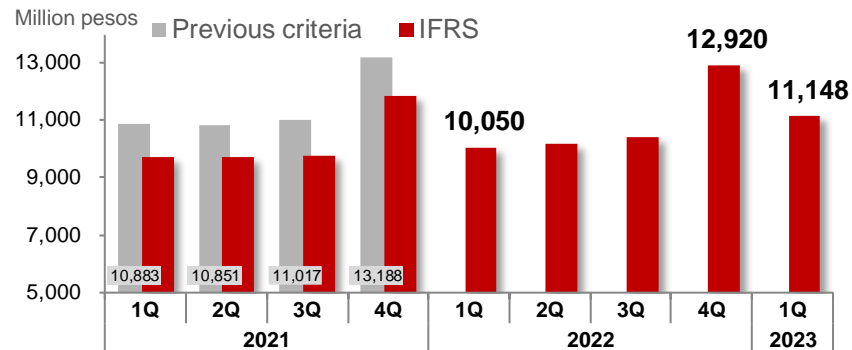
Expenses, paving the road for the future

- Expenses back (14%) q/q after a 4Q22 with extraordinary expenses
- +11% y/y on inflation and the strengthening of commercial and SME teams as we anticipate increased demand in these sectors
- RECORD LOW cost to income ratio: 34.5%

Cost to Income Ratio

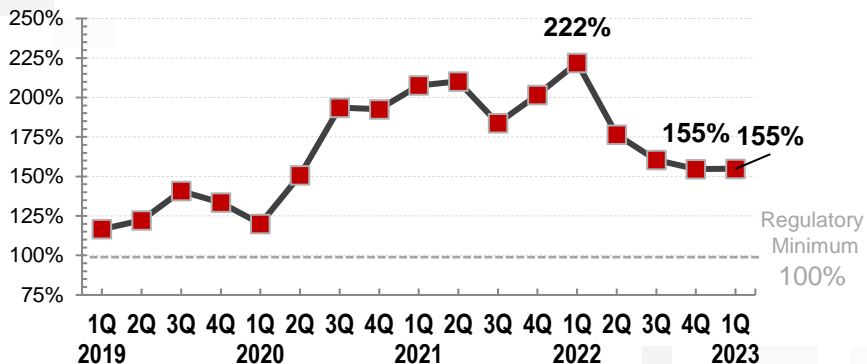


Non-Interest Expenses



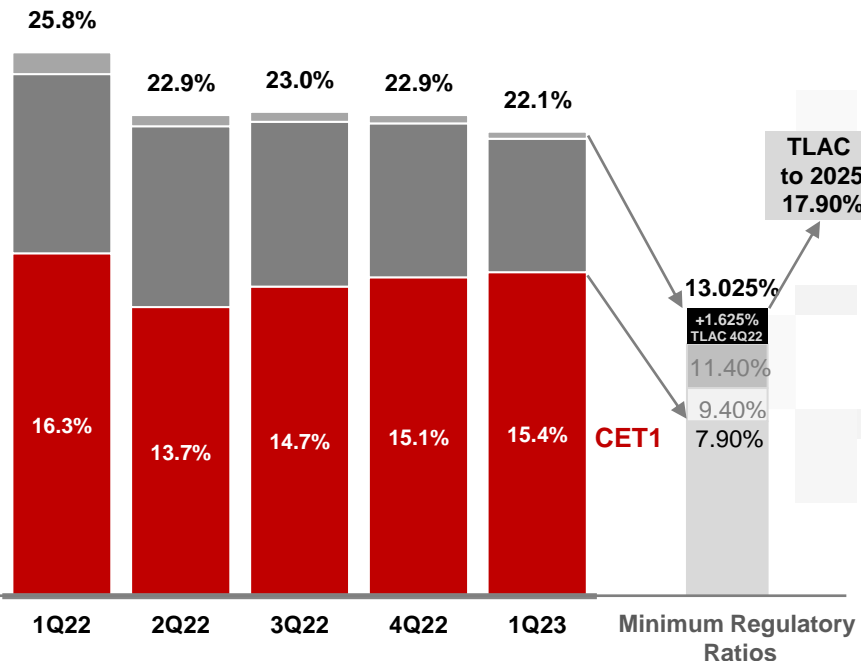
- Strong CAR and CET1, well above regulatory requirements
- CET1 still above management's optimal range, even after full dividends are distributed
- Unlevered Capital
- Liquidity far exceeds minimum regulatory requirements, average CCL 155%, March 31st in 185%
- CFEN at 130%

Liquidity Coverage Ratio CCL (%)

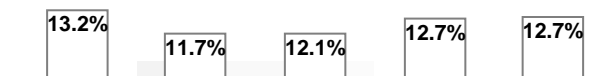


Capital Adequacy Ratio (CAR)

Basel III



Leverage Ratio



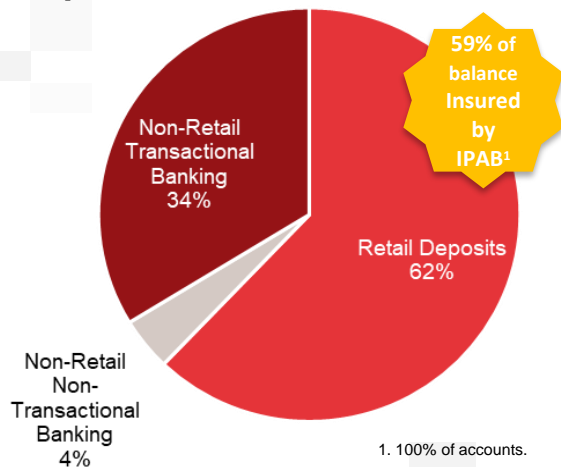
Highlights

a. ALM & Interest Rate Risk Management

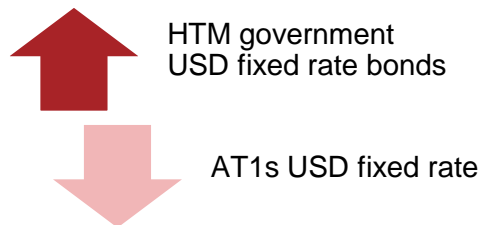


103% natural hedge by outstanding
138% natural hedge by duration

b. Deposit stickiness

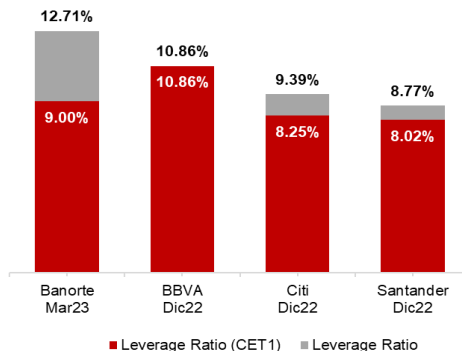


c. AT1's hedge to call

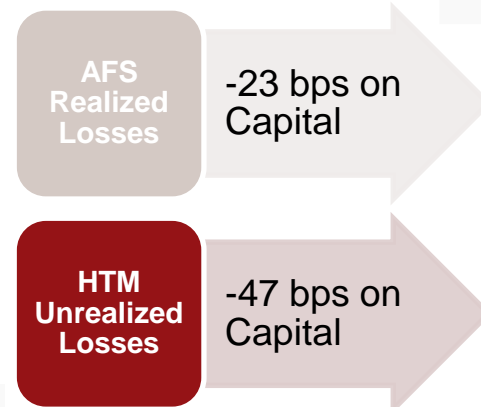
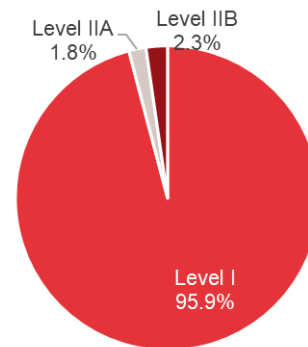


100% economic hedge by outstanding
102% economic hedge by duration to call

d. Basel III Leverage



Banorte is the less leveraged Bank among peers



Appendix

	2023 Guidance
Loan Growth	6% – 8%
NIM	6.5% – 6.8%
NIM of Bank	6.7% – 7.0%
Recurring Expense Growth	7.0% - 8.0%
Total Expense Growth*	11.0% – 13.0%
Efficiency	36.0% – 38.0%
Cost of Risk	1.6% – 1.8%
Tax Rate	24% – 26%
Net Income	50.5 – 52.5 bn
ROE 2023	19.5% – 21.0%
ROE of the Bank	28.5% – 30.0%
ROA 2023	2.4% – 2.6%
Macro Estimates for 2023	
GDP	0.5% – 1.5%
Inflation Rate	4.5% – 5.5%
Banxico's Reference Rate (Avg.)	~10.75%

* Includes BINEO 2%

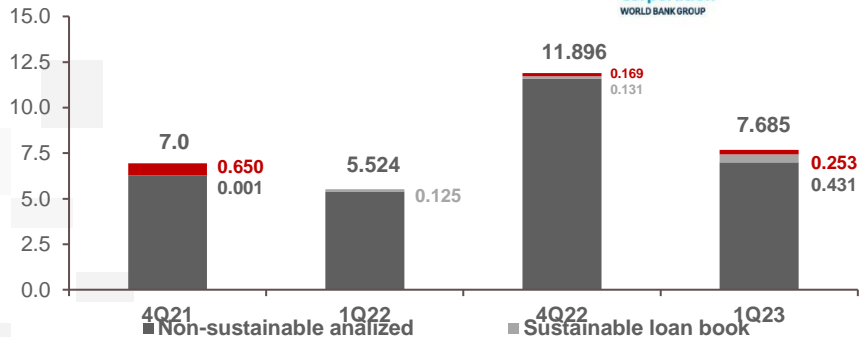
	Vs. Total Loans 1Q23
Oil Industry*	4.4%
Electricity Companies*	4.2%
Construction & Real Estate	
Housing	1.3%
Commercial	1.4%
Others	1.3%
Malls	1.8%
Tourism	4.5%
Restaurants	0.2%
Airports	0.0%

- Including traditional, clean energy and suppliers

SMEs • 70% Nafin / Bancomext guaranteed loans, 46% of SME book	4.5%
Dollar denominated	12.3%

Loan book evaluation

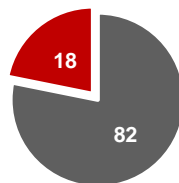
% of wholesale banking loan book



Responsible Investments – Mutual Funds

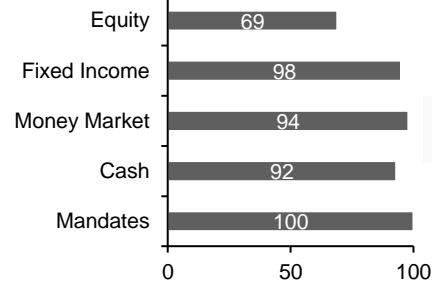
% of total analyzed AUM by instrument

Fund's Portfolio



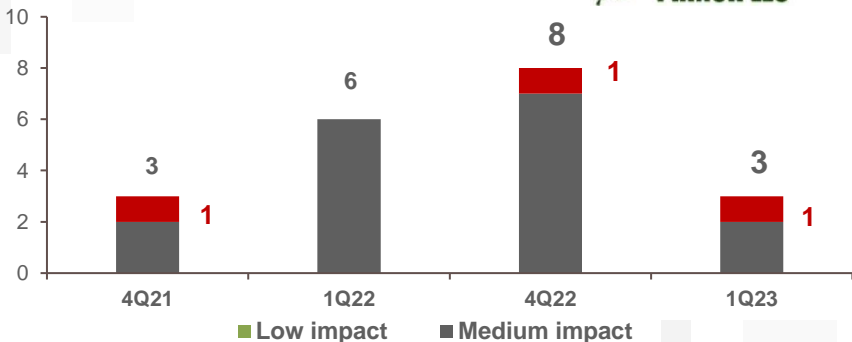
■ Analyzed ■ Not Analyzed

Asset Class



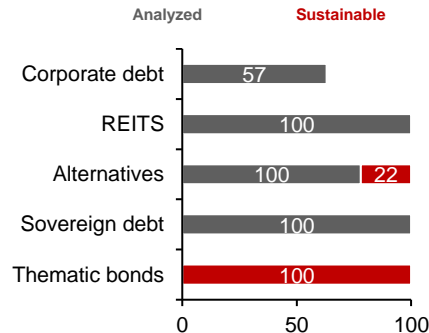
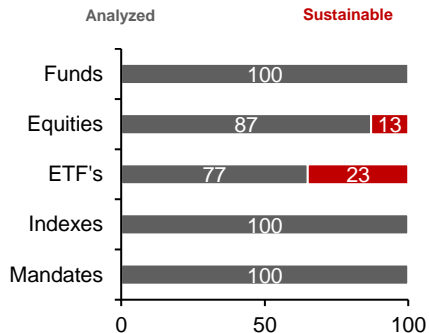
Loan book evaluation under Equator Principles

Number of analyzed projects



Responsible Investments – Pension Funds

% of total analyzed AUM by instrument





Earnings Call

1Q23

April 21st, 2023

