




LSEG STREETEVENTS

EDITED TRANSCRIPT

Q4 2025 GRUPO FINANCIERO BANORTE SAB DE CV EARNINGS CALL

EVENT DATE/TIME: January 28, 2026 / 3:00PM UTC



An LSEG Business



CORPORATE PARTICIPANTS

- **Jose Ramirez Miguel** *Grupo Financiero Banorte SAB de CV - Chief Executive Officer, Director*
- **Rafael Arana De La Garza** *Grupo Financiero Banorte SAB de CV - Chief Financial and Operating Officer*
- **Gerardo Viezca** *Grupo Financiero Banorte SAB de CV - Chief Risk Management and Credit Officer*
- **Alejandro Padilla** *Grupo Financiero Banorte SAB de CV - Chief Economist and Managing Director of Research*

CONFERENCE CALL PARTICIPANTS

- **Operator**
- **Jorge Kuri** *Morgan Stanley - Analyst*
- **Renato Meloni** *Autonomous - Analyst*
- **Brian Flores** *Citibank Cameroon SA (Douala Branch) - Analyst*
- **Pablo Ordóñez Peniche** *Grupo Bursatil Mexicano SA de CV Casa de Bolsa - Equity Analyst*
- **Carlos Gomez-Lopez** *Hsbc International - Analyst*
- **Yuri Fernandes** *JPMorgan Chase & Co - Analyst*
- **Ernesto Gabilondo** *Bank of America - Analyst*
- **Tito Labarta** *Goldman Sachs Group Inc - Analyst*
- **Marcelo Mizrahi** *Bradesco - Analyst*
- **Daniel Miranda** *Santander - Analyst*
- **Federico Dalai**
- **Editor**

PRESENTATION

Jose Ramirez Miguel *Grupo Financiero Banorte SAB de CV - Chief Executive Officer, Director*

(technical difficulty) to reach 4.4%. Therefore, we forecast two additional 25 basis points cuts in the first half of the year, bringing the policy rate to 6.5%, which we expect to be the eternal rate for the current cycle. On the fiscal side, the government is expected to maintain its consolidation efforts in 2026, in line with the budget approved by the Congress.

Finally, we expect the exchange rate to remain stable in 2026, supported by a weaker US dollar, lower risk premiums under global liquidity and favorable macro commissions for the Mexican peso thus expecting a year-end level of MXN18.1 per dollar.

Now starting off with the group's overall financial performance on slide 3 we closed the year with a fairly strong quarter reported by a solid operating trends with lending and fee activity expanding.

Driven by healthy private consumption, declining cost of funds and higher seasonal transaction volumes. Margin performance was supported by our continued efforts to minimize our balance sheet sensitivity, the strong risk metrics and optimize funding costs, which fully offset the impact of declining rates of the loan portfolio.

Capital generation remains strong and continues to support high-value returns for our shareholders. We closed the year with a 20.1% capital adequacy ratio.

Widely surpassing the TLAC requirements of 18.34%, which is now fully implemented after a four year ramp-up period and the CET1 of 12.6% aligned with our management target after the distribution of the extraordinary dividend at the end of the last year after delivering an 88% payout ratio in two we still all close to MXN11 billion at the holding company available for organic growth alternatives.

Before moving into profitability, as you know, from our material event at the end of the year, we finalized the acquisition of [Tarjetas del Futuro]. Therefore, we have deconsolidated the legal NPP from the group's and the bank's financial statements and integrated its operations in Tarjetas del Futuro.

With this, target euro was recognized as a discontinued operation and the reclassification transmit retroactively up to 2024 as per the accounting loans.

This step enhances our value propositions by building on the scale and operational capabilities that we already have, allowing us to above from a single-product business into a multiproduct platform, boosting profitability and creating larger opportunities for growth.

Now continuing with profitability on slide number 4. Reported net income for the quarter reached MXN15.9 billion, up 22% sequentially. This marks a strong recovery of the quarter impacted by isolated stage 3 loan case, as you know, showing solid performance across our core businesses, a well-protected balance shift tourist metrics and the offset of the rent expenses art.

With accumulated figures net income reached MXN58.8 billion, fully in line with our guidance and 5% higher than 2024, driven by the diversification of our revenue streams and disciplined expense management. ROE for the quarter stood at 24.2%, 411 basis points higher compared to the previous quarter.

For the full year, ROE stood at 22.8%, up 36 basis points in the year and very close to the upper end of our guidance.

Analyzing results by subsidiary in slide 5 the banks reported net income of MXN12.5 billion in the quarter and MXN46.5 billion in 2025, with sound core banking operations driven by healthy growth especially in the fixed rate portfolio, neutralization of balance sheet sensitivity, optimized cost of funds and a strong fee revenue.

Altogether, these results due a 29% ROE for the bank in 2025, 5 basis points above 2024. Not at least, December ROE reached a very strong 6.8% confirming the positive term where we ended the year and enter 2026. Rafael will provide more details later in the presentation.

The insurance business grew 23% compared to 2024, driven by higher premium issuance, mainly in the life segment and additional business generation related to the bank laminates. These factors helped offset higher fees from the bank insurance operation.

The energies business is slightly contracted by 1% (inaudible) and 7% quarter-on-quarter, (inaudible) by a base effect from the last period release of technical reserves despite higher business volumes.

As for the pension fund businesses, cumulative positive results were driven by higher yields on financial products and increasing fees on larger base assets under management despite growing expenses from commercial efforts aimed at attracting customers from different demographics.

Finally, the brokerage sector reported double-digit growth, boosted by larger transaction fees. On slide number 6, loan portfolio growth was in line with guidance, expanding 8% with the year at 9%, excluding the government portfolio.

Commercial and corporate portfolios grew 5% and 8%, respectively still driven by short-term working capital requirements. As I mentioned before, due to the uncertainty surrounding the US MCA renegotiation, both segments decelerated during the year.

However, we remain confident that a positive outcome will lead to a rebound in the second half of 2026. Moreover, these portfolios were also impacted by exchange rate fluctuations in the dollar book which currently represents 14.5% of the total portfolio.

On the other hand, our government book rose 1% in the year and 19% quarter-on-quarter. This year and acceleration was mainly related to resuming activity with the states and municipalities despite large prepayments for (inaudible) during the quarter.

We reiterate our appetite for government lending, and we are constructive in the collaboration we can have with the government to develop the country with infrastructure with projects as planned Mexico evolves.

Turning to slide number 7. Overall, consumer lending remained the main growth driver of the loan expansion, increasing 12% in the year, supported by resilient consumption trends and employment levels an effective cost of strategy tailored to each client's needs and the continued scaling of our hyper personalization model.

The mortgage book rose 7% thanks to an improved origination process to take alliances and a disciplined risk approach. We anticipate a reactivation of the sector's demand as the reduction in the reference rate is transferred to customers pricing.

Auto loans posted a strong 32% increase for the year, supported by our commercial alliances for lending car dealerships and higher overall activity in the sector. We continue to grow a robust network that ensures our availability and the competitiveness of our offering with the (inaudible) brands.

Looking ahead, we expect low to moderate into the high teens in 2026 following higher base. Regarding credit cards, this business rose 14% year-over-year, driven mainly by a good promotions, enhanced rewards and loyalty programs for existing clients along with to marketing campaigns, allowing us to fully capture the seasonal increase in transactions.

Finally, payroll loans also displayed solid growth, up 11% versus 2024. This reflects our fresh product offering designed to meet short-term liquidity needs, combined with process improvements and greater availability to digital channels.

While also driving additional demand deposits that help optimize funding costs. On slide number 8, we maintained top level asset quality with an NPL ratio of 1.4% at year-end. Despite the nonsystemic case in our commercial portfolio discussed last quarter and continued growth across all portfolios.

Cost of risk stood at 1.8%, fully in line with our guidance for the year. It is also worth noting that so far, we see no signs of sectorial or geographical deterioration in our books, and we expect this indicator to continue normalizing throughout 2026 as consumer lending continues to expand.

On slide number 9, this grew 20% sequentially and 5% for the full year. The sequential increase reflects higher transaction activity driven by seasonal factors.

For the year, stronger volumes in consumer products and mutual funds together with the effect of prioritizing efficiency and profitability to digital and related businesses drove these positive results. However, this was slightly offset by a larger piece pay on credit ordination to an external sales force.

These results reflect the strength of our operating model supported by the continued evolution of our digital capabilities, disciplined risk approach, process improvement efficiencies and our ability to deliver hyperfunctional offerings tailored to our customers needs.

This combination has strengthened operational efficiency, enhance service quality and customer experience and reinforce our execution consistency. Importantly, these capabilities enable us not only to mitigate the impact of limited economic growth in the country, but also to strengthen customer preference for loyalty.

Making Banorte standout and capture opportunities as the competitive landscape in the bonds. On the ESG front, on slide number 10, I would like to highlight the environmental pillar where we made relevant progress in lowering our energy and weather construction from our operations during the year.

In our branch network, we obtained the etch sustainable certification for the first 48 branches and we will go for more in 2026. We completed the installation of electric vehicle chargers in all our corporate buildings, supporting sustainable mobility for our employees.

And now, more than 30% of the energy that we use consoles. Furthermore, as I mentioned earlier, auto loans had a relevant growth during the year and more than 23% of them were hybrid and electric vehicles.

Regarding our commitment to plant 1 million by 2030, we not only met but exceeded our 2025 target, planting more than 240,000 feet across Mexico. On this upfront as every year, we participated in Mexico financial innovation with, providing workshops and comprehends to more than 6,000 given and bond professionals.

As part of our responsibility to help our clients make the best use of the products and services that we provide. Finally, before I pass it over to Rafa, I would like to address some concerns about our competitive landscape.

We know we operate in an environment with intense competition for clients, for talent and investor capital. This drives us to constantly review our processes, our technology and value proposition so that will remain the top choice for our customers, the best developer of Alembic (inaudible) for people and the most attractive investment for our shareholders.

As I mentioned before, looking ahead to 2026, we will keep expanding our digital capabilities and delivering hyper-personalized solutions while maintaining solid fundamentals, disciplined risk management and strong profitability and growth magnetism.

With these priorities, we are confident but not is well prepared to capture opportunities and navigate challenges in an evolving market. competing effectively with both incumbents and digital players aligned. Now I pass the word to Raf to cover the main financial results as well to discuss our guidance for the year. Rafa, please go ahead.

Rafael Arana De La Garza Grupo Financiero Banorte SAB de CV - Chief Financial and Operating Officer

Thank you, Marco. Thank you all for attending the conference. The first part that we would like to look at is how the NII really move into the year. But you can see on the table, basically, if we look.

We saw a very strong growth in NII basically on the loan and deposits we will explain why the funding cost is trending down on a strong growth in the consumer side that allow us to get a better yield on the portfolio.

There was also something that needs to be relevant for the comparison about the possibilities and the potential of the bank. When you look at the air fades, the effects affected us by MXN2.1 billion that is really something to consider because we never put that on the budget, and these are really a deduction of the we take several lines that we will see on the next pages.

But I think it was a really an unexpected hit MXN2.1 billion, and we end up delivering the results. On the annuities, you see a very slight effect by the US nothing really relevant. The NII for the total NII for the quarter was 8%, and for the year was 6%, but it's relevant to notice what I mentioned before, how the loans and deposits are really moving forward at a 14% year-on-year basis.

The net interest income for the quarter was on the low side, but for the year was 85% year-on-year. Premium income grew 24%, and there was, I will discuss in a bit the effect that we have on what happened on the claims and the insurance company.

Claims went up 8% on a year-to-year basis. But the insurance company, we will see in a moment a very very, very strong year. Moving then to the net interest margin. We continue to deliver a very resilient NIM for the bank. It moved to 6.8 for the year.

And basically, you see a 13 basis points growth on the year-to-year basis. So net fees also was a very good story. Net fees grew 22% year-on-year. And basically, we continue to see a very, very strong activity on every single one of the channels that we serve the bank of the clients.

If we move then to the sensitivity, you will see a slight pickup on the sensitivity to 18 million that if you look at the local sensitivity on the NII, it's really less than 0.2%, 0.3% on the dollar and the peso book and the effect that happened in December was that the government book finally pick up in December.

As you know, you have a very rapid growth on the lending side but at the same time, the funding side really grew and a very, very fast paid also. So even if you see a and moving on sensitivity, you would also see a bit on the margin because that assets were funded with a very low funding cost, okay?

So the balance sheet on the foreign currency, basically, we try to be stable on that. As you know, on the foreign currency, we don't have fixed rate assets that we have on the peso and we continue to build up the peso group, obviously, the continues our strategy and adaptive to the trending number on the rates.

If we go to the profitability of the bank we basically see that net income, but a very good growth in net income for the bank, 16% we have a very strong or very strong fourth quarter because the momentum and the dynamics of the lending funding as fees continue to be very, very aggressive, much better than previous years.

The bank return on equity ended up around 31.8% and I will show you in the minor what was the effect on December, and the ROA continues to be a solid 2.7% on the hour. If we move, I would like to move into a graph that shows exactly how we are managing the asset side of the book and there are really the side of the group.

The graph that you see on the top side, which shows exactly what is the rate that we are charging on the asset side, that's the overall rate for the asset side. Then the next graph is which is like a blue collar line that really shows how it has been a decrease in

the official rate for the asset side.

And then you see at the bottom of the page, a red line that really shows the farming cost. And you see a very continuous decrease on the pace of growth on the funding cost ended and the most important graph is the one that is there is the darker one that really shows that we have been continuing to be able to manage the return on the book at 8.3%.

So what that means that the spread of the book continue to hold pretty steady even though the decrease in the rates. That is what is really sustaining the margin in a very, very steady pace.

On the next slide, you see our effort to continue to go to the levels that we would like to have the performing cost, the funding cost ended up at 44.1% at the end of the year, basically because as you saw, the noninterest bearing deposits grew 12%.

So we continue to grow our noninterest-bearing deposits, the mix to, so we continue to be quite attractive to be a bank that basically supports most of the operations in the retail, in the SME and the transaction of banking fees and on the government side.

So that allow us to have along with the tables, a continued source of cheap funding that will continue to grow.

Basically, if we move next to the cost of risk, you will see that the cost of risk is trending now to a much more normal levels that we used to have based upon the effect that we have on the third quarter, we continue to see also on the graph the write-off that continue to be very disciplined and very, very steady.

Credit provisions are down again to the level that we like to have and that we expect it to an on the budget. And I would like to really guide you to something that is going to confuse you guys booking a bit based upon the integration of Tarjetas del Futuro.

And also, as you know, that Tarjetas del Futuro was not part of the overall processes and procedures that we have at the bank even we try to advance the most that we can, but there was obviously not the same towers and processes and that.

And a very good example of that was exactly how the provision side on the TDF was being built so when we integrate TDF, obviously, we put all the processes and the sides that we have at the bank. There was a release of provisions on year on that, that now seems when you integrate all the numbers at the bank, that was a huge drop in the cost of risk.

I would like to ask also Gerardo on that. But to be very clear, the cost of risk that after you do all the numbers and things. It's really much more close to 1.92%. That I think is the number that we feel comfortable after all the integration procedures, (inaudible) and I would like go to please continue to explain on this.

Gerardo Viezca Grupo Financiero Banorte SAB de CV - Chief Risk Management and Credit Officer

Did you wrap up? I'm Gerardo Salazar, Chief Risk, I'm (inaudible) Officer of Banorte. Regarding this issue, I will tell you that although Tarjetas del Futuro adopted a regulatory style framework as a conservative market benchmark given the Tarjetas del Futuro monoline business model limited customer interaction beyond credit and elevated or annualized net credit losses were approximately 28%.

And Tarjetas del Futuro management apply a significant management overlay, resulting in an allowance of roughly 30% of the outstanding portfolio to ensure adequate short-term loss absorption.

Following the integration of the loan portfolio of Banortes Group, the portfolio was recognized and subsequently managed under the bank's IFRS9-compliant expected credit losses framework consistent with the methodology applied across the bank retail credit portfolios.

This resulted in a removal of TD conservative overlays and the recalibration of loss default assumptions based on Banorte's historical performance, recovery experiences and servicing capabilities.

And to be more specific, when you take into consideration Banorte managing this portfolio, Banorte has better collections, infrastructure, more effective early warning systems stronger legal recovery processes and broader restructuring tools.

That is the probability of default of this portfolio remains the same. That has not changed but loss given the false declines, and that justifies a lower provisioning form in this case. Thank you, Gerardo.

Rafael Arana De La Garza *Grupo Financiero Banorte SAB de CV - Chief Financial and Operating Officer*

Now we move to another line that was affected because of the integration, that is the expense growth. As you remember, we committed at the beginning of the year to have a single-digit growth on the expense line.

And we achieved that, but it needs some explanation because of also the integration of (inaudible) TDF and (inaudible). Basically what you see on the graph is that let's concentrate on the overall numbers, that is the interest expenses, that is MXN52.2 billion in that moves to MXN57.7 million in 2025.

That's an 11% growth. And the result for that 11% growth is that based upon the accounting rules, you have to rate from the base, the (inaudible) and the TDF expense line.

So it seems that expenses grow in a more important way than in reality, when you put those expenses back again on the base, really, the expense growth was only 9% that is in line what we but we're committed to the market.

So that 9% is the one, that is the real number once you put again on the base, the numbers that are basically the same ones that were 2024. So also, we achieve on that. And you saw that in a much more explanation on the graph.

But when you go to the graph that is basically the efficiency ratio that shows what we call the jaws of we continue to expand at a very good place. Revenue continues to grow nicely. Expenses are much more under control and that will continue to be the case for (inaudible) and for TDF.

Let me be very clear on one thing. On the (inaudible) side, we currently have an expectation of the around MXN1 billion of expenses for the year in the case that the sale doesn't get completed in the full year is the share that's completed before the full year, where you have a reduction of that MXN1 billion that we see on expense line on that part.

And on TDF also, you will see that also our expectation is to reduce the expenses around MXN500 million, close to 8,900 that were in the past.

So additional efficiencies will come from those two, but we have to go from the timing of the authorities on the email side and taking very good care of TD for a euro to be able to really keep the clients that we have been built in the company that are close to 600,000 clients, 60% of post lines profitable brands that have the capability to be cross-sell once we integrate everything in Banorte.

And if that was going to be the case we will continue to be a very important provider of clients of a segment that was known in the past and let, so once we clear the expense line, I would like to go now to capital and liquidity. There was also some comments about what is the liquidity ratio, the liquidity ratio continues to be old and efficient.

We were at a point in time when the things were not very clear. We have an additional surplus on liquidity. We feel very comfortable with 162 liquidity ratio. And when you go to the capital ratio, it is the first time that you see the, 12.6 on the core Tier 1.

But if you look at the holding company, the holding company still basically is managing MXN10 billion more than as part of this capital that has not been assigned to the bank. So you will continue to see that based upon the momentum of the bank and the subsidiaries are very, very good growth on the capital base to be again at the 13% in the first quarter.

The TLAC that has now been fully adjusted is 18.34%. We are 20.1, so we feel very comfortable with that. With this based upon the momentum of generating capital that we have at the institution.

And another thing to be relevant about this is also that our AT1s have been obviously been affected by the FX that we, now let's see what was the effect of the commitment for 2025. The loan growth ended inside the guide. It's government, 9%.

Net interest margin for the group, 6.3%. Net interest margin for the balance, 6.6%, expense growth, as I mentioned were before, is the 9.4 million taking into account and putting again the basis to be comparable about the effort that we have on the expense line.

The efficiency, 35.8. Efficiency is a number that we need and we would like to continue to lower down. There will be years that we need to invest more in order to keep the trade with our competitors on this.

And this year, it seems to be the case, but we will do a lot of efforts to really grow the revenue base in order to reduce the efficiency ratio. Cost of risk in line, as I mentioned to you, Gerardo explained it, we are not fooling around that about the deconsolidation and consolidation and the effect that we have on the extraordinary situation that we have in TDF.

The real cost of risk that we do is around 1.8, net rates from 1.8 to 1.84, that's case. Remember that Tarjetas del Futuro really became, again, installed at the bank in December 26. And before that was eliminated line by line on the group.

When you go into the page of the financial results on a, you will see that our discontinued operations have the full effect of that, that is around MXN2.1 billion. So there's no effect of all these numbers in the net income.

I would like to make that very, very clear. All these movements start up because of accounting rules, but no effect on the income of the bank. You will see that on the consolidation of operations in the financial gross or that we have on page 6, okay?

The net income, the tax rate, it was at 27%. Net income was in line 58.8%. And I would like to because I don't want to be, let's say, jumping around about this number, but 50.8 million is including the effect of email, the effect of PDL, the effect of FX and all that at the same time.

So really, the performance of the bank was on the group was really, really very going strong. Return on equity for the group 22.8%. So that's the number that we would like to have around the 23% on a recurring basis. Return on equity of the bank is at 29.1%.

And just and expect that have, and we don't like to play this game, but based upon the payment of dividends that we have in December and a very strong month that we have in December, the return on equity for the bank at the month of December was 37% return on equity, okay?

So return on assets is 2.3 million rig in the middle of the guidance. Now I would like to move with marco site auto us the guidance thereon. The guidance for 2026, as you can see on the loan growth, 8% to 11%, and we have the government book 10 to 12 in Net interest margin for the group, 6.2% to 6.5%.

Net interest margin of the bank, 6.46. Let me explain what there's this range on the band. If we grow the government book, I expect that because it seems that there's now a lot of movement concerning infrastructure and things like that.

If that happens, you will see a very accelerated pace of growth on the loan book. But since those loans are very thin on the margin, you will see maybe or to train more to the to the middle of the NIM of the bank, that is around 6.5%.

If that is not the case, the number will be very close to the 6 million. Expenses and I would like to be clear here on the expense line. And the first time we are also trying to put a number in pesos in order to try to avoid all the deconsolidation and consolidation for you to be able to really follow the expense growth.

The expense growth, as you see on the recurring from five to six and in addition, organic growth and investment because obviously, we are investing a lot in, we have been investing for many years in artificial intelligence, but now that part has accelerated a lot, and we have to reinforce the teams on that part.

We don't need to buy more technology, but we have to use more of the technology that we have and that's required to really as we create more people on the application is. On the non income tax rate, 27% to 29%. Net income is MXN62 million to MXN64 million take into consideration other things that is included here.

As you know, there's a lack of utility impact of the loan book that is affected around MXN1.2 billion for the year. So that is already included on that part. So the return on equity for the group 22% to 24%.

Our return on equity for the bank 28% to 30% return on assets [2.224 billion] and as you can see, there's a slight pickup on the cost of risk to [18 million to 21 million] not because the wrong reason because of the right reasons because of the rapid pace of growth on the consumer group that really requires much more provision than at the beginning of the cycle.

So we are based upon economists, our Chief Economist, GDP of 1.4% to 1.8%. Inflation rate 4.26 Mexico reference rate, 6.5% for the year. I will also add that we expect the to move much more close to the MXN18 per dollar at the end of the year, but we think that there will be more streaming of the peso in the coming months.

So that will also not have the full effect that we have last year to MXN2.1 billion, but still will be something that we have to manage. And let me also tell you about the effect that we have on the FX that was not mentioned before.

If you take because of the 14.5% that we wrote on the dollar book, the dollar book was affected by the net cat when you convert to pesos. If that was not the case, the commercial and the corporate group was really growing around MXN20 billion more. That was the effect of the arts.

So with that, I end my comments and I pass to Tomas.

QUESTIONS AND ANSWERS

Operator

No, thank you. Now we will go to our Q&A session. (Event Instructions) We'll start with Jorge Kuri Puri from Morgan Stanley.

Jorge Kuri Morgan Stanley - Analyst

Everyone. Congrats on the numbers, and thanks for the conference call. A quick question on the guidance. Would you mind double-clicking on the credit growth assumptions.

What are the different expectations for the compositions of loans, consumers, mortgages, government and commercial, et cetera, and how do you think that sensitivity of your guidance is relative to economic growth of USMCA is negotiated favorably early on in the year, and we get an economy that is closer to 2%. How do you see that translating into your loan growth expectations.

Jose Ramirez Miguel Grupo Financiero Banorte SAB de CV - Chief Executive Officer, Director

Thank you, Jorge. In commercial, we are, the guidance is between 8% and 10%. The corporate is also between 8 and 10. Government is from 0 to 4. Consumer is from 10 to 14.

Mortgage is from 8 to 10 per car is from 14 to 18 auto loans, 15 to 20 and payroll 10 to 12 that's, if you break some breakdown the numbers. And now I will pass to Alex anomic.

Alejandro Padilla Grupo Financiero Banorte SAB de CV - Chief Economist and Managing Director of Research

Thank you, Marcos. Thank you, Jorge. Alejandro Padilla, Chief Economist. Let me just walk you through our 1.8% GDP or this range between 1.4% to 1.8% of GDP for 2026. What we think is that this year, all the engines of the economy will try to level, last year, we observed that consumption grew less than 1%.

For this year, we are expecting 2% of growth, this is supported by the World Cup, as Marcos was mentioning, we think that given tourism and also private consumption in Mexico, we can have additional 30 to 50 basis points there.

Also, I think it's important to take into account that last year, investment declined around 7%. We are expecting a mild recovery, only 0.7% in our models. This is supported by additional spending, especially in infrastructure.

When you see the budget for 2026, the government will deploy 1.2-percentage-points in key infrastructure projects. And in addition to that, nearly 25% of the budget is going to states and municipalities, so we think that, that should push a little bit this investment figure.

And the other one is exports. Exports last year grew around 7%. It was a very positive year Why? Because when you see the average tariff rate that Mexico is pay is around 4.5%. The world is paying 16.8%.

So there is in relative terms, a competitive advantage that Mexico will likely hold throughout, as you were mentioning, Jorge, this is an important year, given the review process of the USMCA. So far, regardless of how this process will take place.

We think that Mexico will continue to be a key ally for the US in terms of trade. We are service in 2025, and we think that it will continue in 2026. So that's the way we are analyzing GDP. That's a range between 1.4 to 1.8 and just let me close with one thing.

The fourth quarter of 2025 closed with a better momentum than in the third quarter, that will help inertial GDP for Mexico in 2026, where calculating that this inertial GDP will at least give you 60 basis points. That 60 basis points is more than what the entire economy grew in 2025.

So that's why we are more constructive in terms of GDP dynamics. And the other one is that we expect that the US will grow more this year than the previous year. We have 2.4% of growth supported by consumption in the US.

But also by investment and I think this is key, taking into account that in our studies, 56% of the Mexican economy is highly dependent on the US economy. So that's the way we are calculating this range between 1.4 to 18. That's Rafael mentioned before.

Operator

Next question is from Renato Melone from Autonomous.

Renato Meloni Autonomous - Analyst

Congratulations on your result. So just wanted to pick up here on your earlier comment, credit card growth and payroll growth. we saw some NPL increases this quarter. I wonder if you can comment a little bit of the dynamics here and if you expect asset quality to stabilize and enable this growth.

And then also related to this, your coverage ratio has been declining and it's at the lowest level now since 2019 at 134%. So I'm curious to know what level you feel comfortable in operating.

Jose Ramirez Miguel Grupo Financiero Banorte SAB de CV - Chief Executive Officer, Director

Renato, I will pass it.

Gerardo Viezca Grupo Financiero Banorte SAB de CV - Chief Risk Management and Credit Officer

Thank you, Marcos. I will tell you, Renato that in payer lending, the deterioration is attributable to the loss of payroll dispersion from our large clients, resulting in a very temporary statistical effect. Notwithstanding this impact underlying asset quality trends remained solid as the remainder of the portfolio continues to exhibit improved performance and declining risk metrics.

In red cards, the increase is partially explained by the consolidation of a higher risk portfolio tapeoturo. And additionally, in December, delinquency ratios was distorted by a denominator effect as the strong (inaudible) growth reported in November to retail was offset by a significant but expected repayment in December.

We see this seasonality effect every year. Within Banorte credit card portfolios, are behaving very well and also the payroll loans have very good risk metrics. Regarding the coverage ratio, I will say that asset quality is generally improving early-stage delinquencies are also declining and vintage curves show better performance from recent originations.

I will tell you that we have to take into consideration that although this reserve coverage ratio is declining. We have a very high degree of capital strength. We have a high CET1 total capital ratios and strong pre-provision operating profit in that regard.

Even if reserves are lower loss absorption capacity remains very robust. When I will tell you as Renato that you should worry when the reserve coverage ratio declines due to several factors that Argos present in Banorte among them is NPLs rising, but reserves are flat or falling.

It's not the case. I have to remark this. Also, you should be worried if early delinquencies are accelerating. That's not the case in are. You should be very worried if growth is driven by looser underwriting, we're not doing that. We remain very strong with the underwriting standards after this one.

Rafael Arana De La Garza Grupo Financiero Banorte SAB de CV - Chief Financial and Operating Officer

And if I just may add, Renato, on the credit part, don't surprise it on the first quarter, you continue to see a slight pickup on credit card, very, very slight and then churning down in a very, very positive way in the second quarter.

Because as Alejandro explained, we have a very strong prepayment part we have a pretty we continue to grow the book in a very fast pace. We place close to 890,000 cards last year.

Maybe this year, we can reach the 1 million cards but we have very, very strong placement on first payment defaults are not present on the group. All the facilities are being served and follow in a very close way.

So as Gerardo mentioned, I don't think this is a matter of concern. It's a matter of seasonality that will flow into the first quarter but spending in a very important way into the second quarter.

Operator

Thank you. Now we'll continue with Brian Flores from Citi. Brian, please go ahead.

Brian Flores Citibank Cameroon SA (Douala Branch) - Analyst

Rafa, Marcos, Tomas and team I wanted to see how sustainable is the savings on the funding side, Rafako. Nubank and also I think now other fintechs like Revolut are joining the system. So we're very curious as to work or how low can this funding costs go.

We have been very impressed positively on the results from I think your cost, as you were mentioning in the presentation is now at 44.1%. How sustainable is this with obviously these pressures that could come from newcomers.

And if I may, just a very quick follow-up, a quick question to Alejandro on (inaudible) I was checking (inaudible) I think at the medium point, is expecting 1.2 in terms of GDP growth. So just checking if maybe he thinks there is some enthusiasm from the workup that is missing on consensus numbers.

Rafael Arana De La Garza Grupo Financiero Banorte SAB de CV - Chief Financial and Operating Officer

Rafa for the second one.

Alejandro Padilla Grupo Financiero Banorte SAB de CV - Chief Economist and Managing Director of Research

Yeah, for sure. Thank you, Brian. I think that we might start observing some adjustments in the market consensus regarding GDP especially given the figure that will be released this Friday that is the 2025 preliminary GDP because then I think that the market can recalibrate inertial GDP.

But yeah, I think that consensus, it's not taking into account some of the figures that could be important in terms of the World Cup. Just to put some examples, there are some expectations from FIFA about how many tourists can come to Mexico and how much money can they spend.

And when you see the figures of tourism in Mexico, I think that even those assumptions are very conservative. I think that we can have a positive effect in terms of tourism.

But it is not only tourism, let's take into account that private consumption, especially consumption from Mexico during World Cup is steered by purchases of screens, obviously, services, restaurants, bars, and all of the things that usually when there is a World Cup increases. So that's how we think that GDP can be benefited by this 30 to 50 basis points.

Rafael Arana De La Garza Grupo Financiero Banorte SAB de CV - Chief Financial and Operating Officer

I think your question is a key one about how the dynamics in the market are moving. I think if you look at the numbers that are present on public numbers from most of the train tracks, what you see is a huge capability of gathering and funding at a very high cost and then a limited part of deploying those funds into the asset side, but quite a very deep in balance on the process.

And I would like to say when you say how you have been able to really lower the funding costs and grow noninterest-bearing deposits above 12%. I think the fact is that Banorte really competes on the value proposition per client, we don't compete by program.

I think if there's two ways to compete in the market, one is claim the liability side, bringing up a lot of liabilities into the bank, and then you have two costs-liquidity cost and the cost that you have to really finance that overpayment that we have.

If you don't have the assets to deploy that. And when you look at the asset side, we can play the game to have a very high cost on the asset side for the clients. And then you have another imbalance because you are basically a factory of generating nonperforming loans and sending people to the group.

I think that the way that Banorte competes in the market and you see that in the activity of the branches and on the digital space is that we have a very strong digital foundation a very, very, very strong digital analytic foundation.

And the hyper personalization that we have at the time takes into account their value per client, the present value of the client, the potential value for clients and also what is take the business that this plant has with other banks.

And then we for them, were really a very comprehensive offer but taking into account all those things. So when you monetize all the offer that Banorte has, is a much more powerful offer to refine.

So the value added that we put in the hands of the client is not just a very high ability price for a very good full relationship that allows them to have a very balanced asset cost side and a very reasonable funding price on the funding side.

And also you will see on the coming months more and more Banorte moving into a much more hyper personalization processes and be able also to attract young players into the market in a very reasonable way, not to try to overshoot the funding side and have a very reasonable and practical approach to really develop the clients that we have.

That has been the approach that we have on the noninterest-bearing deposits is playing right the service that the branches provide the capabilities that we have on the digital and the surprises that where the client receives when they see the hyper personalization, but we see is really what is allowing us to have a very good relationship on the client.

When they monetize their relationship with Banorte is a much more profitable relations that they can have with impacts. That's the reason.

Operator

Now the next question is from Pablo Ordonez from GBM

Pablo Ordonez Peniche Grupo Bursatil Mexicano SA de CV Casa de Bolsa - Equity Analyst

Rafa online strong results. My question is on the fee side and on the regulatory outlook. More than, looking beyond the interchange fees.

What should we expect in terms of digitalization and any boost to denim, should we expect any radical changes here, any color that you can give us from the meeting just to leave the government. And with this, how should we, what should we expect in terms of the fee performance after a very strong year in 2025?

Jose Ramirez Miguel Grupo Financiero Banorte SAB de CV - Chief Executive Officer, Director

Start for the meeting yesterday, we present, we participated in the meeting, as you know, the site. On the Mexican banking sector, the discussion was conservative and reported a patio opens to engage with the private sector.

We welcome the government's call our active approach to fostering conditions for stronger growth and sustainable investment as well as its forward-looking agenda to enhance Mexico competitiveness it Banorte, we value these logos del, and it's important to step towards aligning efforts in support and Mexico long-term development.

That's what happened yesterday. It was a good view and now, Rafa, the vector.

Rafael Arana De La Garza *Grupo Financiero Banorte SAB de CV - Chief Financial and Operating Officer*

I would say that the fee side has always been a very attractive point for the regulators to see. But if you look at the evolution of Mexico and you compare the interchange fees on the debit side on the credit side, Mexico is quite competitive on that.

So we don't have a, I think the Mexican Banking Association is have a constant dialogue with the authorities in order to put all the numbers in clear in order to because this is going to sound a little strange, but this kind of price controls, obviously, they benefit the larger banks and they really uptake on the smaller banks.

So that's something that I don't think is right for the market. I think the market has been behaving pretty, pretty good.

And on the digital evolution on everything, I think the banks are fully prepared to really deploy the digital capabilities that the bank has even using (inaudible) or mode all the infrastructure that the bank has. I think what Marcos mentioned about also with the meeting yesterday is that it seems that now the digital approach to the Mexican economy is a real one.

And I think the banks will be key players on the product part. So I'm not worried about their fees evolution, I think there would be a reasonable part trying to protect basically the mid and the small banks, not the large ones.

Pablo Ordonez Peniche *Grupo Bursatil Mexicano SA de CV Casa de Bolsa - Equity Analyst*

And a quick follow-up on this. What growth rates in terms of the guidance, should we expect in a few months (inaudible).

Rafael Arana De La Garza *Grupo Financiero Banorte SAB de CV - Chief Financial and Operating Officer*

We can't hear.

Pablo Ordonez Peniche *Grupo Bursatil Mexicano SA de CV Casa de Bolsa - Equity Analyst*

What growth rates should we expect for the fee income in.

Rafael Arana De La Garza *Grupo Financiero Banorte SAB de CV - Chief Financial and Operating Officer*

20% for the last year was really a very strong one. I think this will be about the loan growth. I think 4-percentage-points, 5-percentage-points above loan growth. That's what we expect to see because we continue to see a lot of transactionality point the bank, the transactional banking and the tort commercial and the government and in the retail side, continue to be quite active.

Just to give you a number that shows you the , the new opening, let me just go into the difficult part, the branches. We are now opening but to new accounts per branch per day when we used to have around 3.

So that momentum continues to be and the number in digital you can multiply that number by banks by five or six, but still the balance sheet through the branches are much more higher than the ones that go from digital.

Operator

Thank you. Now we'll continue with Carlos Gomez-Lopez from HSBC.

Carlos Gomez-Lopez *Hsbc International - Analyst*

Congratulations on the results. I want to ask about the intake strategy. Now you are integrating a Retail Futuro and Mine. So what are going to be the, how are you going to compete with the new fintechs? Are you going to have any new initiatives are you going to launch something which is different, which is a different brand?

Or do you think that Banorte.com is where you want to be. Also accounting-wise, you had a charge in the quarter, I think, MXN6.3 billion directly to equity from the integration of Tarjetas del Futuro.

Is it done? Is there anything else that we need to expect from Vine and from the Tarjetas del Futuro. And did you complete the sale of the license to Clark?

Rafael Arana De La Garza Grupo Financiero Banorte SAB de CV - Chief Financial and Operating Officer

Carlos, for the last one, that's all. There's nothing more common. But what you have to see and you can look at that number in the discontinued operations there will be a flow in the reduction of the expenses and basically on the timing of the selling of the Vimeo brand, but no additional costs will come to that.

On digital, I would like to be very, very, very careful with this because Banorte never stay put. And as you say, Tarjetas del Futuro will be a key element to continue to provide a flow of clients into Banorte, but now we can cross-sell them.

So that will be a clause for the clients and a that there were more product in the past, and it was difficult really to make profit, a reasonable profit from those relationships. I think we can offer a very good set of products, those clients that could bring additional benefit for them and a reasonable appropriate for us, so that will be the movement of Tarjetas del Futuro.

It's going to be fully integrated into a note. So all the scale of Banorte will be playing into Tarjetas del Futuro, but they will still have the individual attractiveness for that part of the market that will continue to be a permanent flow to bring into an ore new clients.

And also more and more, our clients seem to be mine based upon the experience of Tarjetas del Futuro we have a much more, let's say, amicable approach to digital with the joint generation and from universities and that. And I think what we learned about better there will be a very good evolution of Banorte into that part of the process.

And you will see that in a very, in the very short term. So we feel very confident in digital. I think Banorte is prime in digital. And you will see that expanded approach to try to integrate more and more clients into a digital often to the market.

Carlos Gomez-Lopez Hsbc International - Analyst

Would that strategy include any high-yielding account? We see that (inaudible) is offering 15%. Are you planning to compete with those offers? Or that's not part of your strategy?

Jose Ramirez Miguel Grupo Financiero Banorte SAB de CV - Chief Executive Officer, Director

We will manage a new way and create this not in that way. I think, Carlos, if I go with you and I say, okay, I'm going to give you 15% here.

Rafael Arana De La Garza Grupo Financiero Banorte SAB de CV - Chief Financial and Operating Officer

By the way, what's going to charge me on the grades are then you do the math, and maybe that's not a very good. And I expect we lot, and I think it creates a lot of good dynamics into the market, at least as companies come into the market and bring more clients into the banking system, my name or is to really take care of those clients and not over rents lines and really won with them all the financial.

I would say, we needed for those guys to be sufficient in the way they manage their finance. I think Banorte will surprise the market pretty soon. in a very reasonable offer to compete not in a way about price.

I don't think that has been very always a very reasonable one, but sometimes you have to attract the attention of the market because of the trials and pains because you don't have anything else but minority. I can have a very, very, very present and reasonable offering to the market that will evolve in a very intelligent way to really compete with in the very short future.

Operator

We'll take the next question from Yuri Fernandes from JPMorgan.

Yuri Fernandes *JPMorgan Chase & Co - Analyst*

Marcos, Gerardo, Tomas, everyone connected I have a question regarding the majority at evolution of Banorte. When we go to the majority equity this year, it was mostly flat year-over-year, around MXN249 billion, despite the net income, I get you have some dividends, the AT1s.

But what called my attention here was a 6 billion hit this quarter from Tarjetas del Futuro, like the acquisitions you had so my question is, what explains this hit on Tarjetas Futuro you can provide a little bit of more color on this? Explanations on P&L and provisions from Gerardo they were very good, but is on the equity side was not clear for me.

Jose Ramirez Miguel *Grupo Financiero Banorte SAB de CV - Chief Executive Officer, Director*

Rafa, please go ahead.

Rafael Arana De La Garza *Grupo Financiero Banorte SAB de CV - Chief Financial and Operating Officer*

Yes, thank you for your question. And it seems, remember that, when we started with targeted Futuro, we put down \$50 million that was basically for the price of our total price of \$150 million. When we try to really put the capital down that was around \$200 million, there was a restriction on the authorities.

So we needed to build up what is called a convertible loan that eventually will be converted into shares. At that point in time, if you're going to the premium on the equity side, we see that we have been building that part on the Tomo side.

So there was a convertible loan here, but there was a premium on the equity side. So when you see the reduction on the equity side was basically when we do convert and we bought the company and we convert the convertible loan into really permanent investment into shares that was basically when we pulled out of that part of the capital based on the premium and then we build capital in telecompany.

On the other hand, the company has a loan that was basically guaranteed by a trust that owns the book of the company, okay?

So the movements that happened in Tarjetas del Futuro was basically the conversion of the convertible loan to shares to put capital because the company didn't have any capital at all, a commitment that we did when we bought the company that we were unable to do because of the regulations and then a guaranteed loan that was on a cost and was basically only the loans of the company.

So when we do all the integration of Banorte with very we convert a loan into shares, so now the company does that capital that was always belonging to that company. So now it's on the capital part.

And also, now you will see on the coming months started October 1, that all the loans now will be passed as Gerardo mention of the portfolio of the credit cards of panel and the additional gross solar we can give to them.

So basically, what you see, Yuri, and thank you for bringing that out is that, that convertible loan was basically converted into shares using the brand that we will be saving at the equity side.

Yuri Fernandes *JPMorgan Chase & Co - Analyst*

Got it. So basically, Radian capitalized at a future a few years ago, you convert the bond now. And this is just a onetime right half, we should not see this rate again.

Rafael Arana De La Garza Grupo Financiero Banorte SAB de CV - Chief Financial and Operating Officer

Touching the capital base because of Tarjetas del Futuro It will have a running rate like any product that we have the provisions and everything, but basically on the running rate of the business, no additional capital, not on anything. I think last year, believe me, was a lot of moving parts on this part.

Finally, we are out of that. The only pending part is when the new is going to be sold. If we never sold in the, as soon as that is being sold, the less we need to continue to spend on the expense side, but no more on the equity side. Anything on the equity side.

Yuri Fernandes JPMorgan Chase & Co - Analyst

No, super clear, at was a mess here for us also to read it. If I may, just an easy one and a quick one here, just on margins. I think the guidance implies in a flattish margins for you, like 6.3%, 6.35 million but guidance for loan growth is for consumers to grow faster.

So just trying to understand if there is any chance that maybe margins can go higher, like maybe to the high end of the guidance, given your top mix and the good footing cost .

Rafael Arana De La Garza Grupo Financiero Banorte SAB de CV - Chief Financial and Operating Officer

No, I agree with you. We are really penalizing the margin, taking into account what Marcos mentioned that if we see an important acceleration on the government book, because infrastructure and things, those loans basically are not very rich in margins.

But are very reaching fees and other things, so we are trying to cover the low end. But if you ask me, I think we will be more in the mid to the high end of the, on the margin side because we continue to have very good funding cost, very reasonable fixed rate loans that really sustained the margin on a continuous basis.

Yuri Fernandes JPMorgan Chase & Co - Analyst

Super clear.

Operator

I will continue with Ernesto Gabilondo from Bank of America Investor.

Ernesto Gabilondo Bank of America - Analyst

Marcos, Rafa, Thomas, Gerardo, Alejandro, of connected. Congrats on your results. I have a follow-up on your guidance. So should we expect seasonality in the guidance? Should we expect growth to accelerate in the second half?

Or should we expect consistent growth throughout the year and also on your ROE guidance, how much dividend payout ratio are you assuming for this year? And also, considering your new guidance, should we expect this guidance to reflect Banorte's sustainable ROE for the group in the long term?

And then I just have a very quick question also related to the fintech competition. We have asked several joint people in Mexico if they are served by a financial institution. And we were surprised that most of them have a new bank account, but they don't have a BBVA or a Banorte account.

We were surprised about this because the next generation using financial services without going to branches so just wanted to hear your thoughts on how is Banorte positioning to be on the mind of the next generations. And also how do you expect to monetize those younger generations, which tend to be (inaudible).

Jose Ramirez Miguel Grupo Financiero Banorte SAB de CV - Chief Executive Officer, Director

Okay. The first one, yes, in the guidance, it's not a line that the oil open up. It will accelerate the impact of the year, everything is, as you know, we are talking about the agreement with the US and everything with (inaudible) as soon as we sign that agreement.

So that's our we think that that's going to happen at the end of the year. The second, the dividend that we are giving is as always, 50% dividend and then we'll see if there is some extraordinary but into these numbers, we are driving to the 50% dividend.

The guidance to reflect why not a sustainable or for the group in the long term should be, as we say always, 2020, [20's] and the idea is to continue with the two that where everybody is talking around and use, but it's a good number. And the last one, we are working very hard.

You are right. We need to do something with these young clients. And we are working and I don't know if the next quarter or maybe the other one, but we will issue something like we will see with you I don't know if you to say something about it travel.

But you will be, I hope, surprised the word that we can use that. Internally, we will do something talking about exactly what you say, the young people that they don't use branches, but not it should be in the line of this one generation. So let's keep in touch.

Rafael Arana De La Garza Grupo Financiero Banorte SAB de CV - Chief Financial and Operating Officer

And just remember, Banorte is very, very, very clear. And we expect very much, the thing is that we have in Mexico, like new bank, like Clarke story like (inaudible).

Because they have really bought in to the table something that we were kind of in a comfortable way because we were growing nicely the digital evolution and basically attracting clients that were profitable for us, profitable for them on that but I think when you look at the out of new bank, I'm not talking about the products, but I'm talking about the experience.

I think we can really do a lot more about the experience to attract the plans that we have. And what we are really working as Marcos says, is the capabilities of Banorte analytics and artificial intelligence to really flow the needs of the client and the emotion of the clients, not just the but the emotions of the plants are going to be very soon present into the market.

You will see that. But thank you for the reflection about this because we have been working in a very, very important way. And we are really, really I would say, happy about what we can really deliver into the market.

Operator

Thank you. The next question is from Tito Labarta from Goldman Sachs.

Tito Labarta Goldman Sachs Group Inc - Analyst

Congrats on the strong results. I guess another follow-up just on the competitive environment. Particularly on payroll, right, because I think one of the things all these fintechs are getting banking licenses is to try to compete on payroll and get some principality. I mean and you mentioned there were some losses there on some payrolls.

So just how do you think about potential competition for that? Can the fintechs really compete for payroll once they get the banking license is that a risk at all to sort of keep in mind? And also along those lines, another sort of incumbent with a getting spun off of City potentially becoming more competitive? Just any risk that you see from there as well.

Jose Ramirez Miguel Grupo Financiero Banorte SAB de CV - Chief Executive Officer, Director

As stated I don't know, the environment is very competitive. So we are expecting that, and that's why we need to move faster than the others. But you are right. They are here and we are 52 banks now. and competing and we need to do something spectacular. That's what we are working on.

Rafael Arana De La Garza Grupo Financiero Banorte SAB de CV - Chief Financial and Operating Officer

And I would say just to add what Marcos mentioned is that the competitiveness on the payroll, I mean the table that we lost was not for young people, what's really for second service. But what you and I challenge you all to see the value proposition that Banorte has on the table.

I think we have the strongest value proposition in payroll. It provides credit cards, it provides trade cards with a very, very reasonable rate, it provides insurance, it provides savings, it provides everything that you need to mine to your payroll with a lot of benefits linked because of the relationship that we will go on the payroll.

So I really do challenge to see the offer that we have on the payroll side, but I think is the most comprehensive offer into the market and the most attractive on price-wise and functionality for the land. So payroll is going to be a battlefield.

It's already a battlefield. But now the battle fee is going to move into the new entrants into the banking system and that's where we think we can play a very, very ease. Yeah, it's going to move into the new entrant into the (inaudible).

Gerardo Viezca Grupo Financiero Banorte SAB de CV - Chief Risk Management and Credit Officer

Yeah. If I might add, Rafa, I will say that up to now, with a tremendous respect with these players fintechs are winning transactions. And banks like Banorte are winning because we're building ecosystems for the employer and for the employees. And that's a very different competition. Just try to keep that demand.

Operator

Thank you. Now we'll continue with Marcelo Mizrahi from Bradesco. Marcelo, please go ahead.

Marcelo Mizrahi Bradesco - Analyst

So my question is regarding the efficiency ratio going forward. So we are seeing this integration of Tarjetas del Futuro. So we want to understand the mindset of you guys looking not just this year but, in a long-term view. So what's the efficiency ratio that Banorte targets in the next years. Thank you.

Jose Ramirez Miguel Grupo Financiero Banorte SAB de CV - Chief Executive Officer, Director

We were discussing 35. It's going to be 34.

Rafael Arana De La Garza Grupo Financiero Banorte SAB de CV - Chief Financial and Operating Officer

Our goal is to reach again the 34 not for the next year. We will try to be there. But I think we feel comfortable from 34 below and below. And I think we know what we are doing in digital and things and the implementation of artificial intelligence bank in that will help us to deliver that.

Marcelo Mizrahi Bradesco - Analyst

These levels that we will see in this year, that's an impact of the integration process.

Rafael Arana De La Garza *Grupo Financiero Banorte SAB de CV - Chief Financial and Operating Officer*

Exactly right, Marcelo.

Marcelo Mizrahi Bradesco - Analyst

Okay. So after that, so we will, so it's possible to see already in this year, the ratio started to come down.

Rafael Arana De La Garza *Grupo Financiero Banorte SAB de CV - Chief Financial and Operating Officer*

Exactly right. I think '25, '26 will be in between years, but a lot of the base to continue to drop to 34 will be set up in '26. Because you will be the deployment of a bank-wide artificial intelligence pools and also the integration of (inaudible) the selling of pine, the integration of TDF.

All that is potential benefits, but it will take time to realize through the, maybe at the end of the year, we will be very close to the number that we were trying to reach.

Marcelo Mizrahi Bradesco - Analyst

I have another question. Can I do another question? So you guys were talking about a better performance on corporate credit on the fourth quarter. So my question is regarding why do you, so if you guys, so you have an explanation.

So we saw a better environment and growth to corporate side, on the corporate side already on the fourth quarter. So we were expecting that just in the second half of this year, but it's already started to be better.

Jose Ramirez Miguel *Grupo Financiero Banorte SAB de CV - Chief Executive Officer, Director*

I will ask Rene Pimentel to answer that question. Are you there, Rene?

Unidentified_Company_Representative

Yeah, thank you. Well, basically, during the fourth quarter, we closed a lot of the transactions that had been in the pipeline throughout the year. I think that this year, of course, we will continue to focus on our core sectors in which we have been focusing, which are growing faster than the economy.

But also, we will start looking at new segments in which Banorte has not been clear before and that we believe that we have the product and services to offer a good offering to our clients. So we believe that this growth will continue throughout the year.

And we have a good pipeline for the second half of the year. So we'll continue to see growth in the range that was already mentioned by Marcus, the 8% to 10%.

Operator

The next question is from Daniele Miranda from Santander.

Daniel Miranda Santander - Analyst

Marcos Rafa and everyone connected from the team. Just a very quick one from my side. You mentioned consumer lending will continue to be the main world engine.

Has this been driven or will it be driven by new customer acquisition or by deeper penetration and higher loan balances among already existing claims. Just trying to assess here how much more risk you are taking while expanding consumer exposure and how different during this segment?

Jose Ramirez Miguel Grupo Financiero Banorte SAB de CV - Chief Executive Officer, Director

Thank you, Daniel. It's going to be both. We still want to grow special way. And also, as we were talking about the hyper personalization, we still supplies that they need more products from now. So you will see that we will go in both lines and growing eco.

Operator

Thank you. Now we'll take our last question from Federico Dalai.

Federico Dalai

Marcos Rate two or three questions, if I may. The first one is, Rafa, you mentioned that you are thinking in '18 for the Mexican peso at the end of the year, do you have any sensitivity? Is the currency continue to appreciate and finish, I don't know, 17, something like that.

Jose Ramirez Miguel Grupo Financiero Banorte SAB de CV - Chief Executive Officer, Director

Rafa, please go ahead.

Rafael Arana De La Garza Grupo Financiero Banorte SAB de CV - Chief Financial and Operating Officer

I will say I would say the really hard effect was last year because of the growth on the treasury rate. I think, we have some sensitivity on that part, but I don't think we are not going to play that game because it's a short-term basically strengthened of the peso.

I think we are convinced and Alejandro is also convinced of that by the end of the year, the peso will be in a much more reasonable price around the 8 per dollar.

So no, we are currently going doing this, which is a very, it will be like follow the (inaudible) will be up and down, so we will better fix on the end term of where the raising to be that is around MXN18

Federico Dalai

Okay. Perfect. Fair enough. The other question is related with the insurance business, in particular in auto cars with the change in the regulation with the VAT. Do you, what we are thinking to do you thinking to increase premiums? How do you think toward this year to keep up to at least maintain the as of the last year.

Jose Ramirez Miguel Grupo Financiero Banorte SAB de CV - Chief Executive Officer, Director

Okay. We were discussing this in the morning yesterday, and we will absorb part of this increase. So Turkey had also a little bit, we will pass to the client. The competition is huge.

It's not only the banks, also the insurance companies, but we think that it's going to be split in part is going to come from for the banks and other for the clients, we will see the result in the next months.

And Federico remember that Banorte has evolved not for a single price for the clients we do price the insurance based upon the, I would say, the quality of the risk of the client. So that will allow us to have, as Marcos mentioned, a much more flexibility instead of just have a fixed price.

So if you are really a low-risk line maybe we will absorb everything on that part. And if you are not a low-risk line, maybe you will get the true heat of the and the (inaudible).

Federico Dalai

Perfect. And the last one, I don't know if you mentioned before, but do you have any news or something to mention about the cap of fees, on fees that was mentioned last year.

Jose Ramirez Miguel *Grupo Financiero Banorte SAB de CV - Chief Executive Officer, Director*

We don't have anything new there.

Operator

Thank you very much for your interest in Banorte. With this, we conclude our call. Thank you very much.

Editor

Portions of this transcript marked (technical difficulty) indicate audio problems. The missing text will be supplied if a replay becomes available.

DISCLAIMER

THE LONDON STOCK EXCHANGE GROUP AND ITS AFFILIATES (COLLECTIVELY, "LSEG") RESERVES THE RIGHT TO MAKE CHANGES TO DOCUMENTS, CONTENT, OR OTHER INFORMATION ON THIS WEB SITE WITHOUT OBLIGATION TO NOTIFY ANY PERSON OF SUCH CHANGES. NO CONTENT MAY BE MODIFIED, REVERSE ENGINEERED, REPRODUCED, OR DISTRIBUTED IN ANY FORM BY ANY MEANS, OR STORED IN A DATABASE OR RETRIEVAL SYSTEM, WITHOUT THE PRIOR WRITTEN PERMISSION OF LSEG. THE CONTENT SHALL NOT BE USED FOR ANY UNLAWFUL OR UNAUTHORIZED PURPOSES. LSEG DOES NOT GUARANTEE THE ACCURACY, COMPLETENESS, TIMELINESS, OR AVAILABILITY OF THE CONTENT. LSEG IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS, REGARDLESS OF THE CAUSE, FOR THE RESULTS OBTAINED FROM THE USE OF THE CONTENT. IN NO EVENT SHALL LSEG BE LIABLE TO ANY PARTY FOR ANY DIRECT, INDIRECT, INCIDENTAL, EXEMPLARY, COMPENSATORY, PUNITIVE, SPECIAL, OR CONSEQUENTIAL DAMAGES, COSTS, EXPENSES, LEGAL FEES, OR LOSSES (INCLUDING, WITHOUT LIMITATION, LOST INCOME OR LOST PROFITS AND OPPORTUNITY COSTS OR LOSSES CAUSED BY NEGLIGENCE) IN CONNECTION WITH ANY USE OF THE CONTENT EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

Copyright ©2026 LSEG. All Rights Reserved.