



Earnings Call

3Q23

November 1st, 2023



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NIM

Group 6.4% 3Q23
+66bps q/q

Bank 6.6% 3Q23
+8bps q/q

Net Fees

+8%
9M23 y/y

Loan Book

+15% y/y
Solid growth in
retail & commercial

RESULTS

Net Income Ps 13.27 bn
+1.4% q/q, +15% y/y
9M23 +16% y/y

ROE 21.7%
+210bps y/y
9M23 **21.5%** +249bps y/y

Asset Quality

NPLs 1.0%
-4bps q/q

CoR 1.8%
+15bps q/q

Margin Sensitivity

Decreasing to Ps 0.65bn
for every 100bps
 Δ in the reference rate
(local currency balance sheet)

Capital

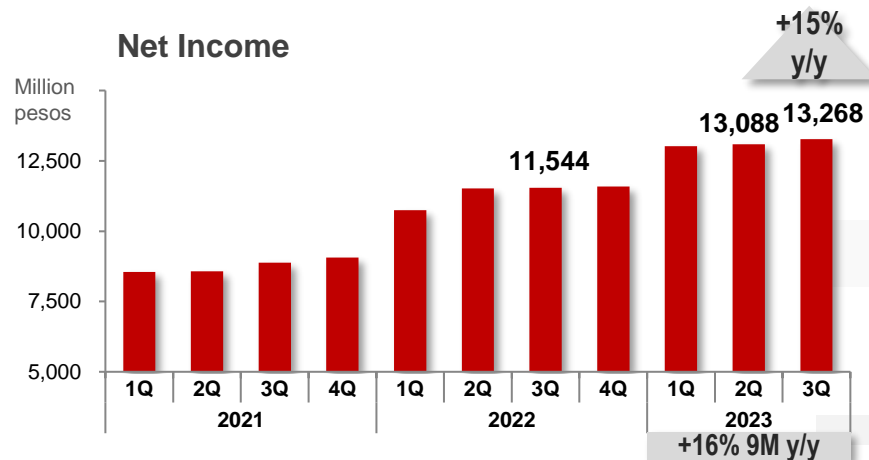
CAR 22.2%
CET1 15.7%

■ Net Income for the quarter +15% y/y;
9M23 +16% y/y

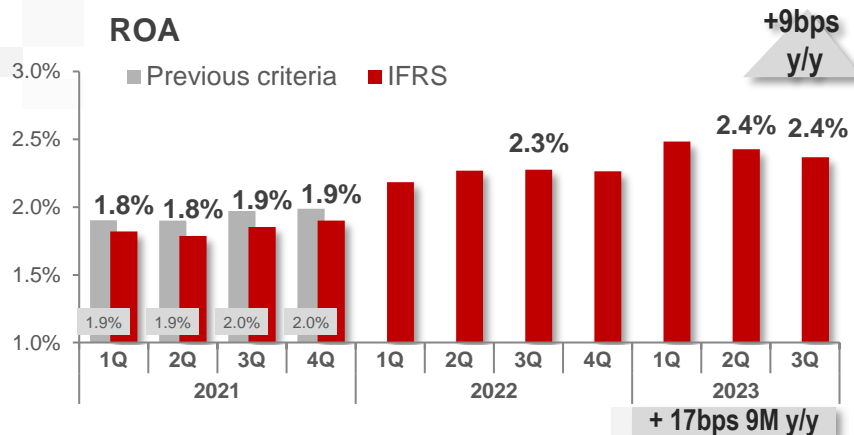
■ Sustained profitability levels:

- ROE at 21.7%, +210bps y/y;
9M23 21.5%, +249bps y/y
- ROA at 2.4%, +9bps y/y;
9M23 2.4%, +17bps

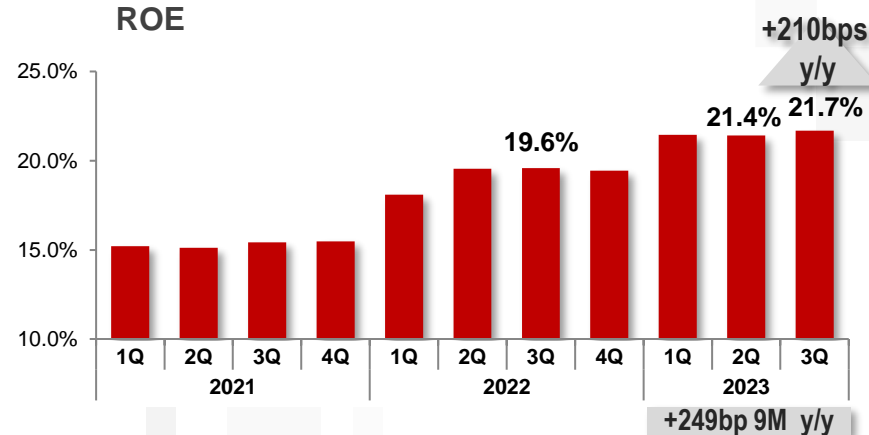
Net Income



ROA



ROE



Net Interest and Non-Interest Income

NII +16% q/q, with a positive inflation valuation effect from the annuities business; 9M23 +10% y/y

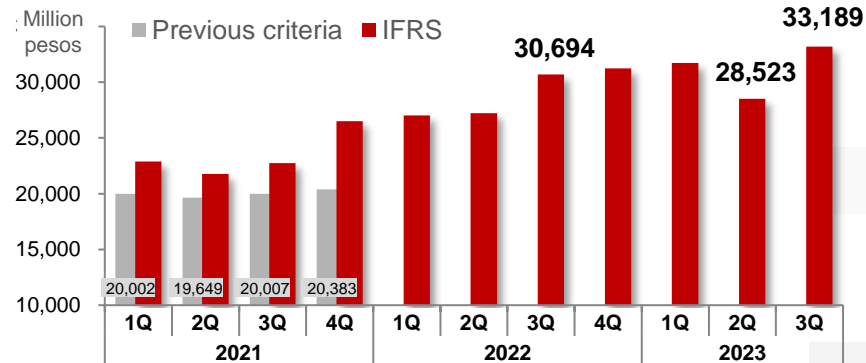
NII Loans/Deposits (1%) q/q, 9M23 +20% y/y

Non-interest Income:

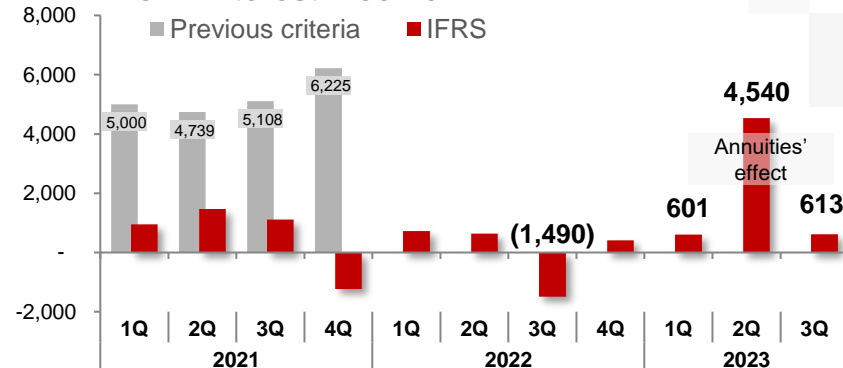
- Higher annuities' tech. reserves on inflation adjustments
- Sequential net fees (2%), 9M23 +8% y/y
- Insurance premium income, tech. reserves, and cost of acquisition decrease on seasonality

Million pesos	3Q23	q/q		y/y	9M23	y/y
NII Loans/Deposits	21,239	(310)	(1%)	12%	64,299	20%
NII Repos	5,447	1,446	36%	31%	12,963	13%
NII Valorization Adjust	(32)	(61)	(215%)	(2188%)	(217)	(294%)
NII Insurance	874	82	10%	61%	2,433	74%
NII Annuities	5,662	3,508	163%	(19%)	13,965	(4,492)
NII	33,189	4,666	16%	8%	93,443	10%
Net Service Fees	4,094	(92)	(2%)	6%	12,489	8%
Premium Income	10,587	(1,822)	(15%)	13%	36,991	9%
Tech. Reserves Annuities	5,936	4,073	219%	(24%)	14,076	(7,470)
Tech. Reserves Insurance	813	(1,730)	(68%)	198%	6,681	137%
Cost of acq. Insurance	174	(6)	(3%)	(42%)	1,295	20%
Claims	7,489	(160)	(2%)	15%	21,713	9%
Trading Income	1,061	(111)	(10%)	37%	2,644	(12%)
Other Income	(717)	275	28%	58%	(2,606)	24%
Non - Interest Income	613	(3,927)	(87%)	141%	5,754	N.A.
Total Revenues	33,802	739	2%	16%	99,197	17%

NII



Non - Interest Income



Core Banking Fees keep growing

Net fees (2%) q/q on derivatives' collateral interest reclassification into the NII for ~ \$160M;

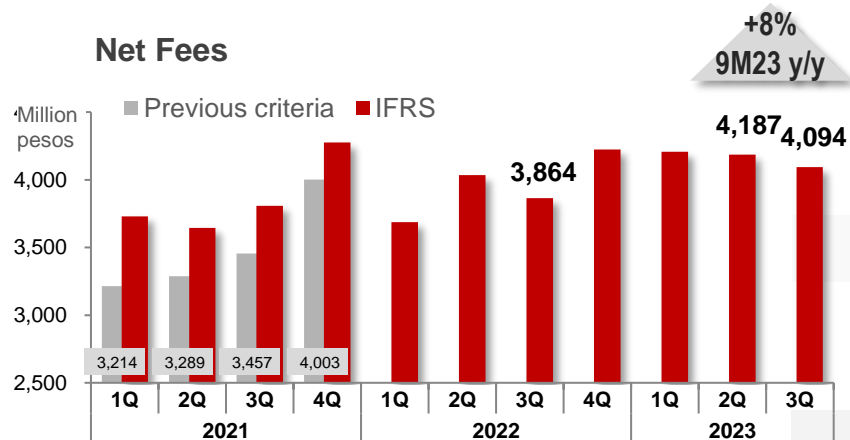
Group: 9M23 +8% y/y;

Bank: 9M23 +17% y/y

Core banking fees (0%) q/q driven by seasonality; 9M23 +5% y/y, with electronic banking services +7% y/y

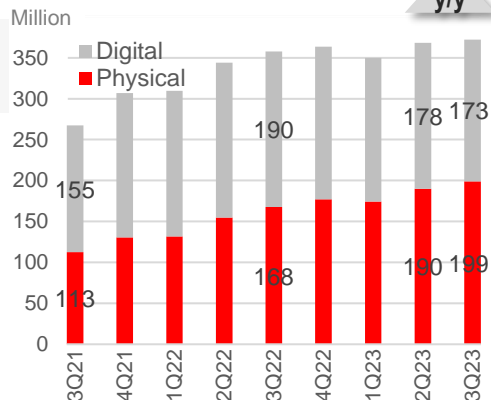
POS transactions +4% y/y; +45% y/y in mobile monetary transactions

Net Fees



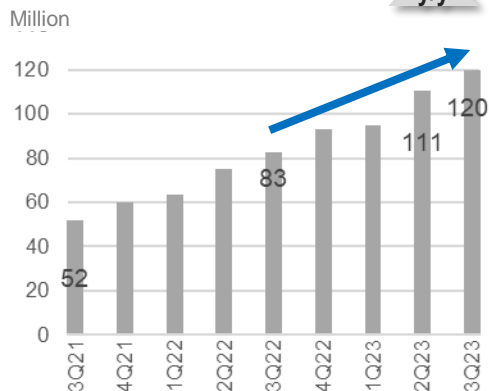
POS Transactions

+4% y/y

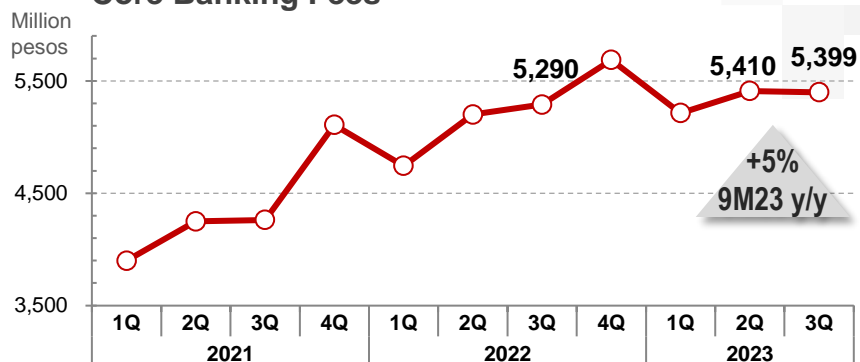


Mobile Monetary Transaction

+45% y/y

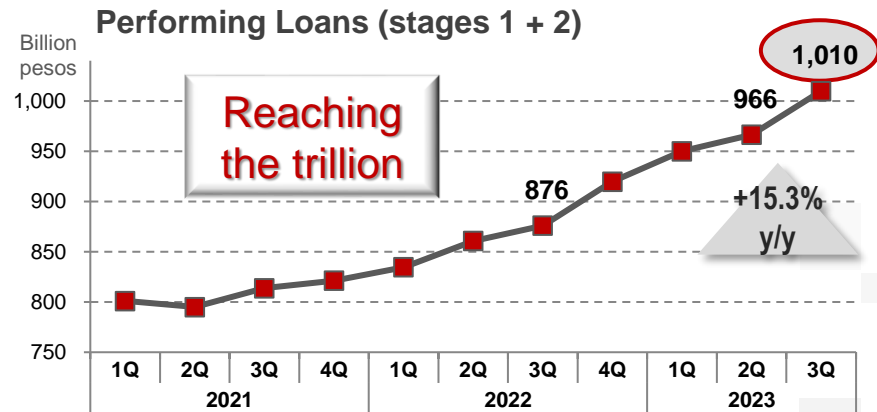


Core Banking Fees



Growth with sound asset quality

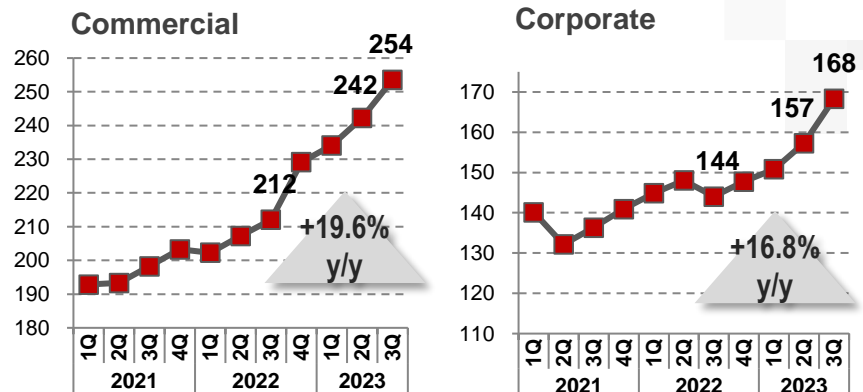
- **Emphasis on our analytical ability to select customers**
- Portfolio stages 1 & 2 surpassed the trillion pesos mark, growing +4.5% sequentially and +15.3% y/y
- Solid quarterly expansion in commercial and corporates:
 - Commercial loans +4.7% q/q
 - Corporate loans +7.0% q/q
- Government loans +4.2% q/q



Performing Loans (stages 1 & 2)

Million pesos	3Q23	q/q	y/y
Commercial	253,590	4.7%	19.6%
Corporate	168,308	7.0%	16.8%
Government	171,638	4.2%	4.8%
Mortgage	248,864	3.1%	14.1%
Auto	40,610	5.9%	35.3%
Credit card	51,448	5.1%	19.2%
Payroll*	75,565	2.9%	16.3%
Consumer Loans	416,487	3.6%	16.9%
Stages 1 & 2 Loans	1,010,023	4.5%	15.3%

*Includes Personal Loans for around Ps 1 billion



Performing loans = IFRS (Stage 1 & Stage 2)

Growth with sound asset quality

Emphasis on our analytical ability to select customers

Consistent expansion in the consumer portfolio, +16.9% y/y

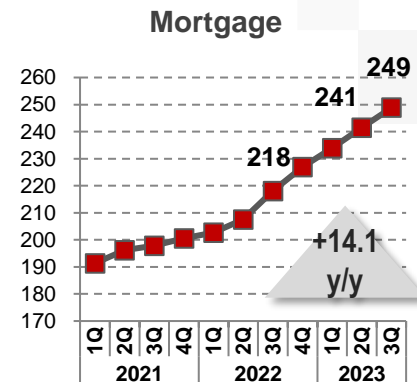
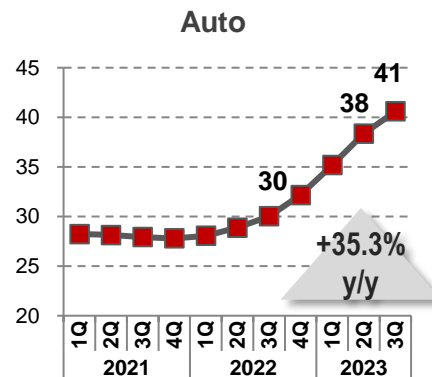
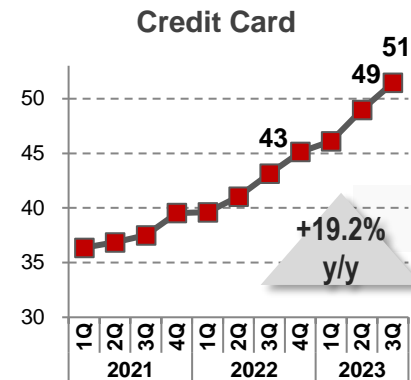
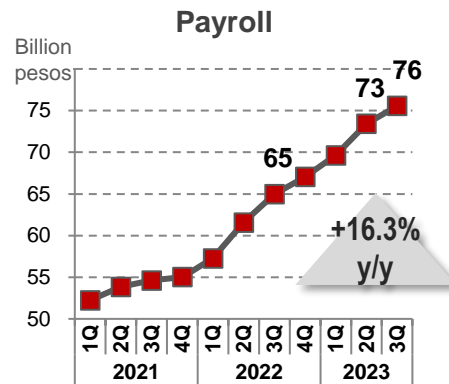
All consumer products with sustained quarterly expansion and annual double-digit growth

- Mortgage +3.1% q/q
- Auto +5.9% q/q
- Credit card +5.1% q/q
- Payroll +2.9% q/q

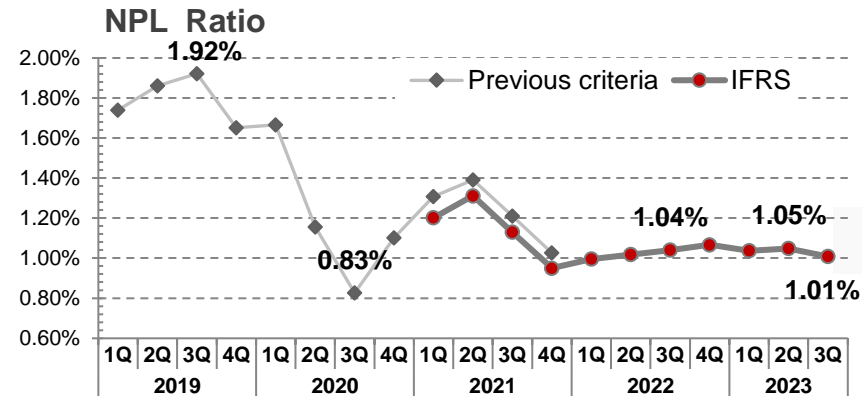
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*Includes Personal Loans for around Ps 1 billion



- Stable asset quality at 1.01%
- NPL ratio continues well below expectations
- No negative signs in sector or geographic trends



Non-performing Loans Ratio

	3Q19	3Q20	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
Credit Card	6.0%	3.1%	2.7%	2.3%	2.2%	2.2%	2.2%	2.4%	2.4%	2.7%	2.7%
Payroll	3.4%	1.7%	2.4%	2.5%	2.4%	2.7%	2.8%	3.2%	2.8%	3.2%	3.2%
Auto	1.0%	0.7%	0.9%	0.8%	0.7%	0.6%	0.7%	0.6%	0.5%	0.5%	0.6%
Mortgage	1.1%	1.0%	1.0%	1.0%	0.9%	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%
Commercial	2.5%	0.9%	1.9%	1.6%	1.7%	1.6%	1.7%	1.8%	1.8%	1.6%	1.5%
SME	6.6%	1.9%	2.5%	1.8%	1.7%	1.6%	1.4%	1.1%	1.0%	1.0%	1.0%
Commercial ex-SME	1.5%	0.7%	1.8%	1.5%	1.7%	1.6%	1.8%	1.9%	1.9%	1.7%	1.6%
Corporate	2.8%	0.3%	0.4%	0.0%	0.3%	0.5%	0.4%	0.3%	0.3%	0.3%	0.1%
Government	0.0%	0.2%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Total GFNorte	1.9%	0.8%	1.1%	0.9%	1.0%	1.0%	1.0%	1.1%	1.0%	1.0%	1.0%

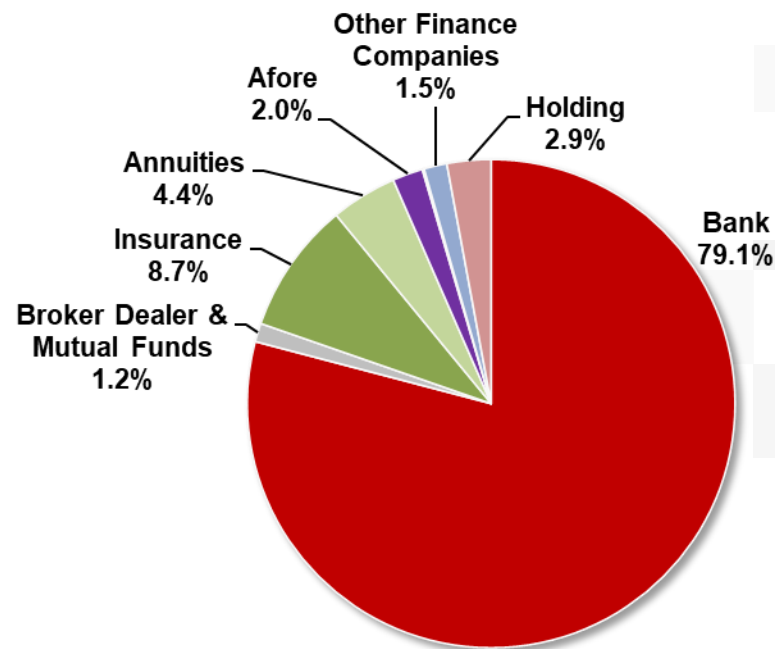
Sound business diversification:

- Bank +6% q/q, and 9M23 +22% y/y
- Insurance 9M23 +16% y/y
- Annuities 9M23 (10%) y/y caused by market contraction and lower trading income
- Afore recovering 9M23 +84% y/y

Net Income by Subsidiary

Million pesos	3Q23	q/q	y/y	9M23	y/y	ROE 9M23
Bank	10,828	6%	24%	31,143	22%	27.6%
Broker Dealer & Mutual F.	155 (35%)	(41%)		483 (67%)		11.0%
Insurance	824 (32%)	(7%)		3,434 (16%)		51.1%
Annuities	652 (33%)	(26%)		1,726 (10%)		21.3%
Pension Funds (Afore)	207 (30%)	16%		795 (84%)		9.1%
BAP (Holding)	2 (93%)	320%		49 (1410%)		
Other Finance Comp.	331	112%	408%	597	36%	
Holding	270 (44%)	(48%)		1,148	2%	
GFNorte	13,268	1%	15%	39,375	16%	21.5%

Net Income by Subsidiary 9M23



* ROTE 9M23: Bank 32.2%, Afore 31.3%

Insurance business evolving in line with expectations

Aggregate 9M23 results provide a better sense of business behavior:

Premiums +27%

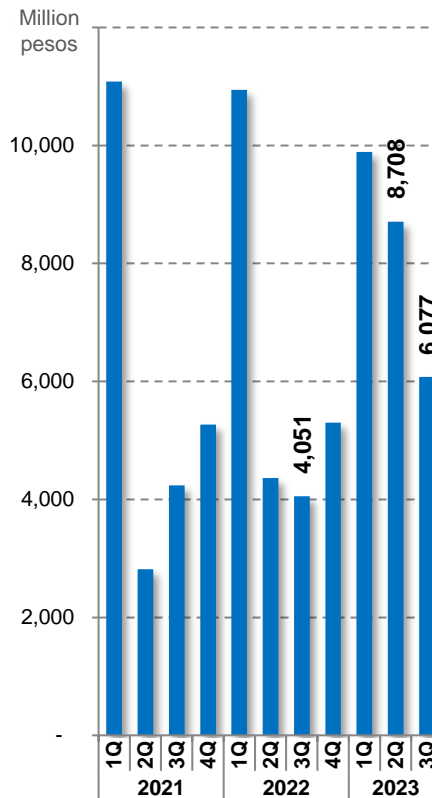
Claims +7%

Acquisition cost increased +68% driven by bancassurance fees adjustment (offset by more fees at the bank, and no impact in the group)

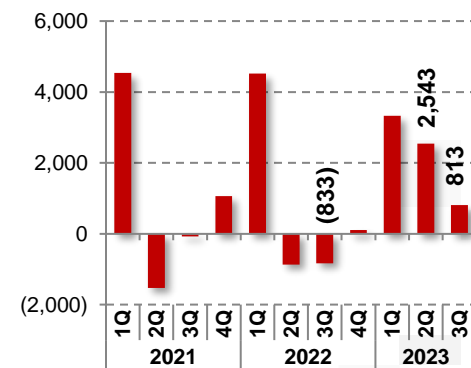
Net Income +24% y/y

(Million Pesos)	3Q23	Change		9M23	Change
		q/q	y/y		y/y
Net Interest Income (NII)	878	10%	62%	2,444	74%
Premium Income	6,077	(30%)	50%	24,672	27%
Net Increase in Tech. Reserves	813	(68%)	198%	6,681	137%
Cost of Aq. from Insur. Oper.	794	(6%)	33%	3,211	68%
Claims	4,150	(4%)	20%	11,893	7%
Securities-Realized Gains	252	(9%)	122%	654	1232%
Other Operating Income	157	58%	906%	371	(15%)
Non-Interest Expense	449	7%	88%	1,430	23%
Operating Income	1,157	(34%)	(5%)	4,928	20%
Net Income	1,031	(32%)	(3%)	4,229	24%

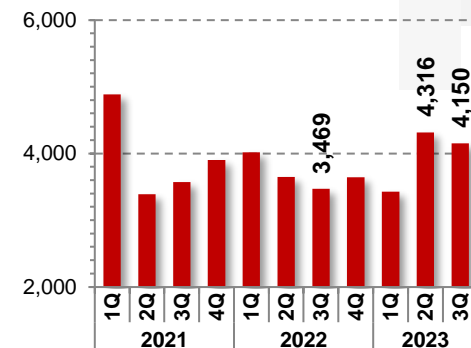
Retained Insurance Premiums



Technical Reserves



Damages & Claims





Environmental

Banorte obtained **validation** from **Science Based Targets Initiative (SBTi)** over our 2030 **decarbonization targets**.



Social

Active participation in the **National Financial Education Week** in Mexico and Monterrey. Promoting **savings, responsible use of credit, and insurance** with particular focus on **young individuals and women**.



Governance

Sustainable Fitch assigned a 3 Score for Banorte's **ESG performance**, which is in line with most assessed companies by the agency in Europe and North America.



Sustainable Business

Banorte submitted the annual **CSA Questionnaire** by S&P Sustainable 1. **Scoring 66pts, +2pts vs. 2022.**

Banorte was included in the **S&P Sustainability Yearbook** for the 2nd consecutive year, for its positive ESG performance within the banking industry.

Financial Highlights

Balance Sheet

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

ROE

Group 21.7%
+26bp q/q

Bank 28.3%
+166bps q/q

Transformation

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

NIM

Group at 6.4%
+66bps q/q on loan origination
volume and inflation effect on
annuities

Bank at 6.6%
+8bps q/q

Expenses

Efficient expense control

Cost to Income
34.1%

Capital

CAR 22.2%

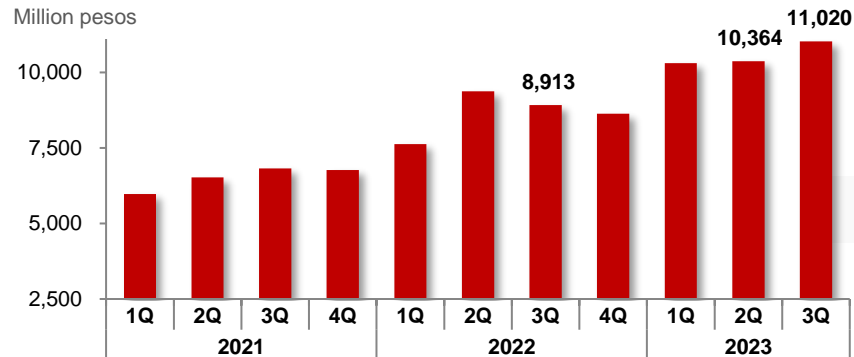
CET1 15.7%

Net Income of the Bank +6% q/q, +24% y/y;
9M23 +22% y/y

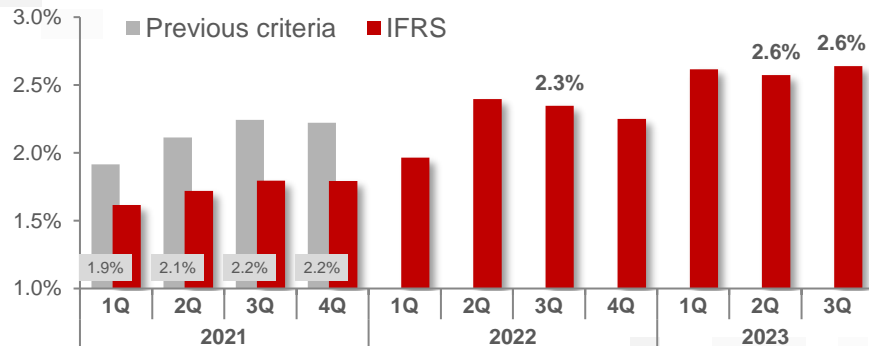
ROE of the Bank at 28.3%, +166bps q/q;
9M23 27.6%, +280bps annual expansion

ROA of the Bank at 2.6%, +7bps q/q;
9M23 2.6%, +35bps y/y

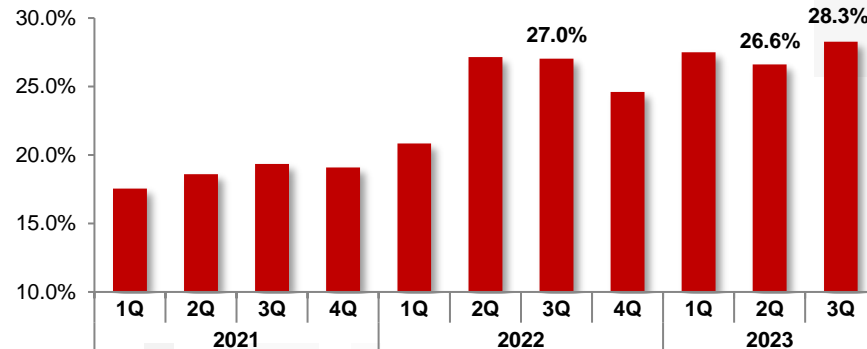
Net Income of the Bank



ROA of the Bank



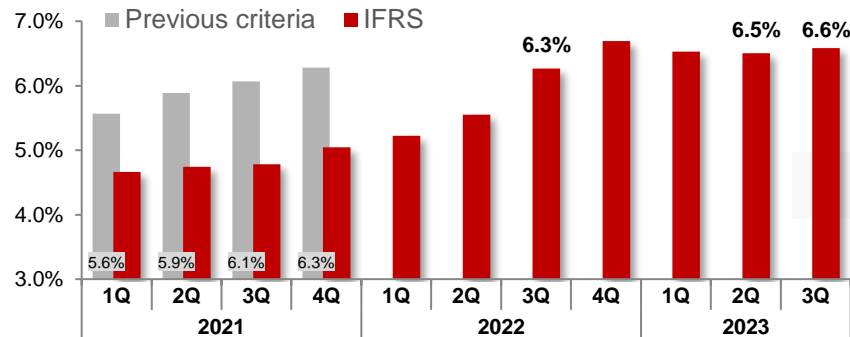
ROE of the Bank



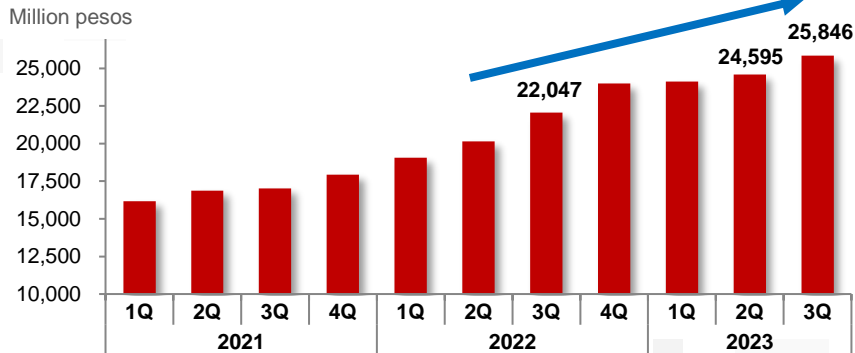
Sound evolution of core banking indicators

- **NII of the Bank +5% q/q; 9M23 +22% y/y**
- **NIM at 6.6%, +8bps from strong loan growth, despite higher funding costs**
- **Net fees down (5%) q/q, on derivatives' collateral interest reclassification into NII for ~\$160M, and seasonality; 9M23 +17% y/y**

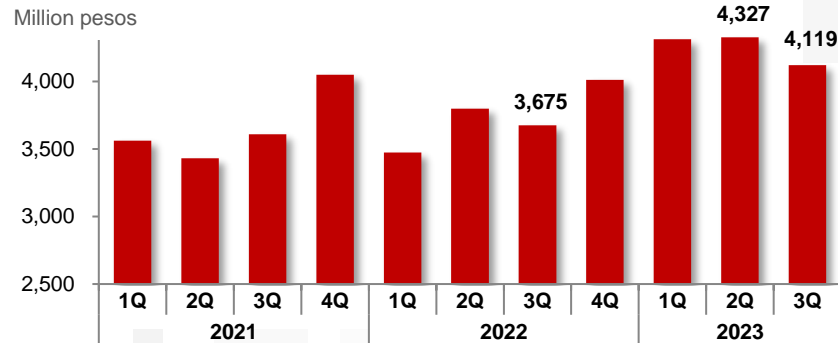
NIM of the Bank



NII of the Bank



Net Fees of the Bank



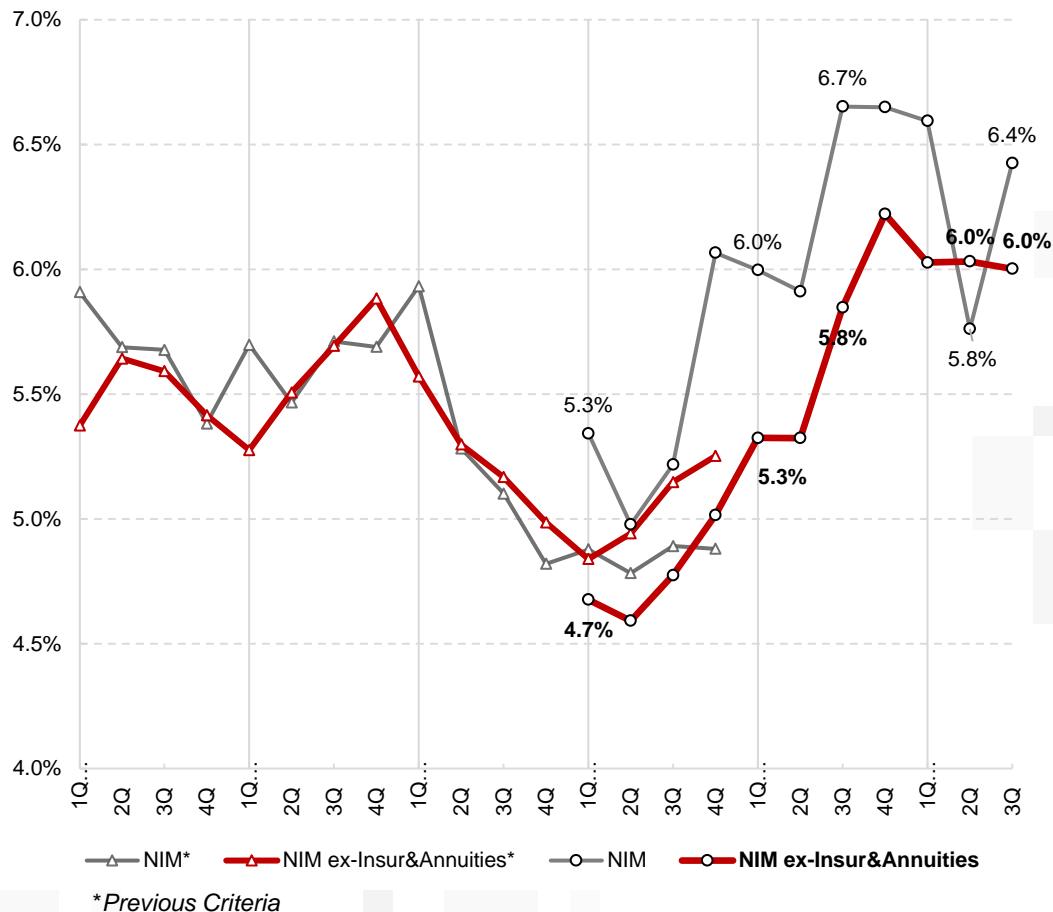
Managerial NIM

■ **NIM of the Group at 6.4%, +66bps q/q**

■ *IFRS adoption in 2022 has added volatility to the annuities and insurance contributions to the margin.*

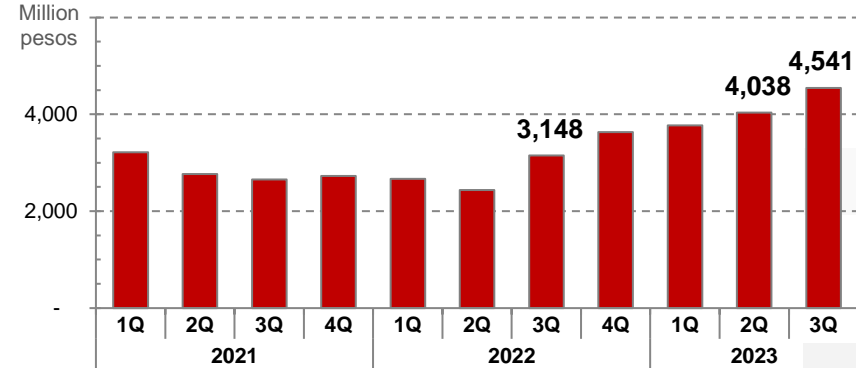
■ **The exclusion of annuities and insurance will provide a better, more stable ratio**

■ **Managerial NIM or NIM ex-Insur&Annu at 6.0%, +15bps y/y**

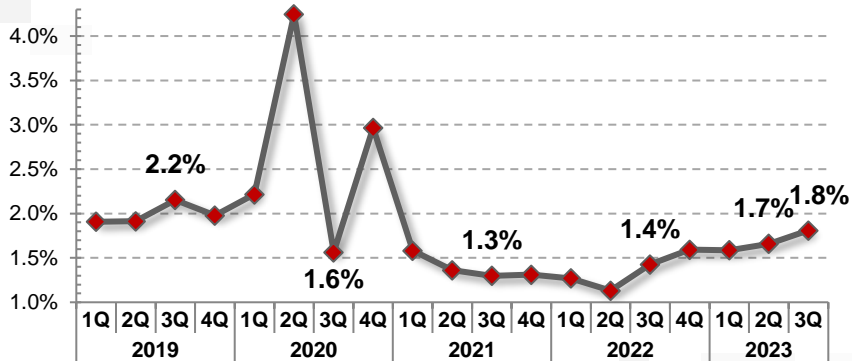


- Shielded balance sheet, with remaining Ps 0.38bn in excess provisions
- Credit provisions +12% q/q, 31% from loan portfolio expansion; cost of risk +15bps q/q
- Stable write-off rate at 0.42%, below its normal operating level

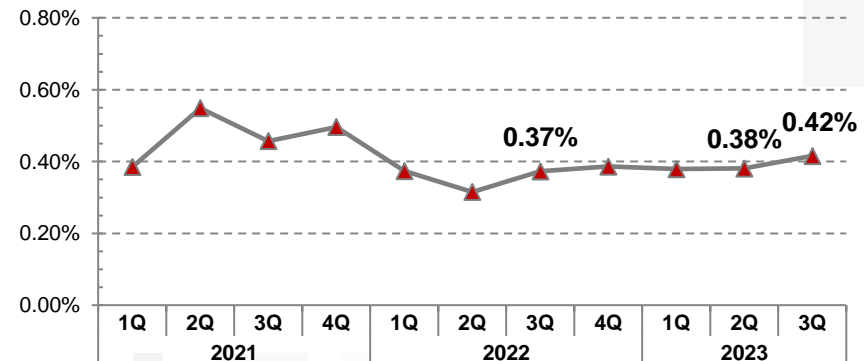
Credit Provisions



Cost of Risk



Write-Off Rate



Net Interest Income sensitivity evolution

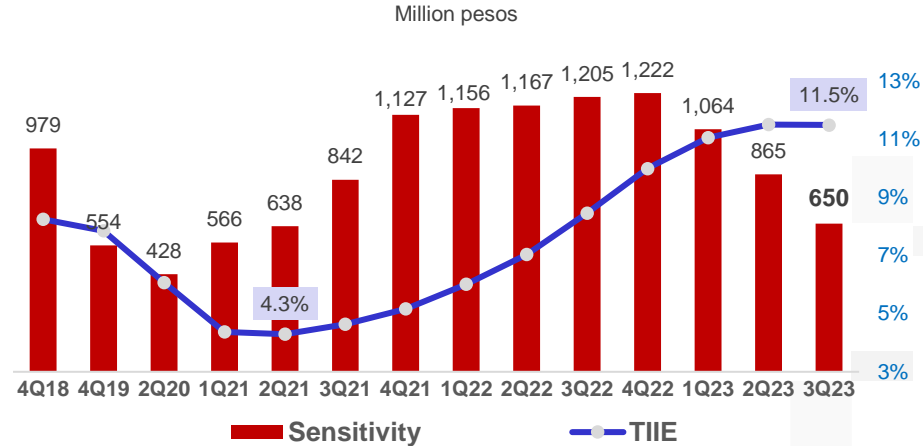
- Dynamic risk management hedges
- Focus on stable low-cost liabilities
- Active ALCO
- Organic growth of fixed rate portfolio
- A well-prepared asset & liability management strategy to benefit from the current rate cycle and anticipate the imminent easing cycle

NII Sensitivity / NII %

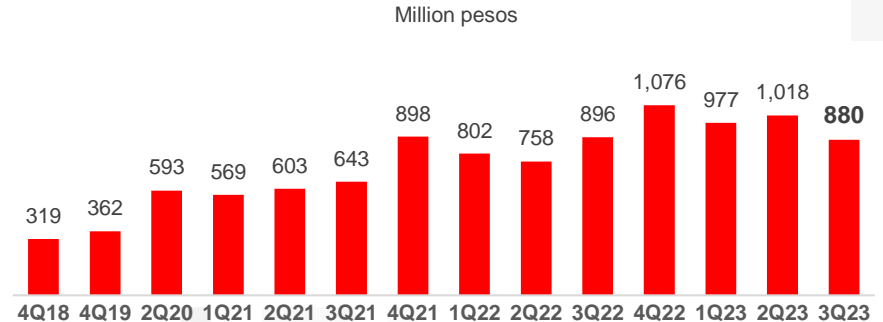


- Expected sensitivity reduction to ~\$500M, amounting to only ~0.4% in the groups' NII
- In Foreign currency, a reduction to ~\$700M, implies ~0.6% in NII

Bank's NII Sensitivity per 100bps change in rate - Local Currency Balance Sheet



Foreign Currency Balance Sheet



Expenses, paving the road for the future

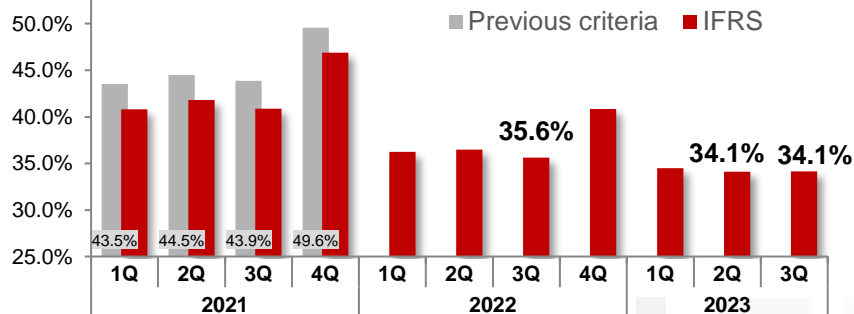
Expenses +2% q/q, +10.9% y/y driven by inflation, IT investments, and the strengthening of commercial and SME teams, as we anticipate increased demand

Expenses	9M22	9M23	
Recurring	30,617	32,439	6.0%
IT and by the strengthening of commercial teams		1,528	5.0%
Total Expenses	30,617	33,967	10.9%

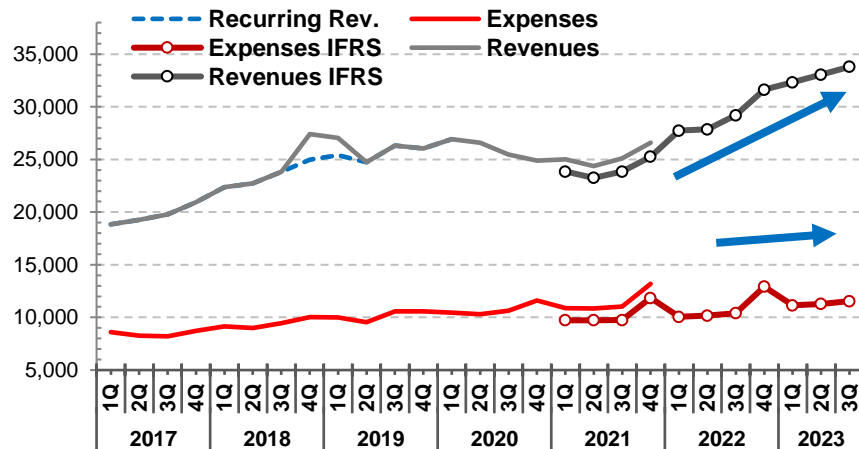
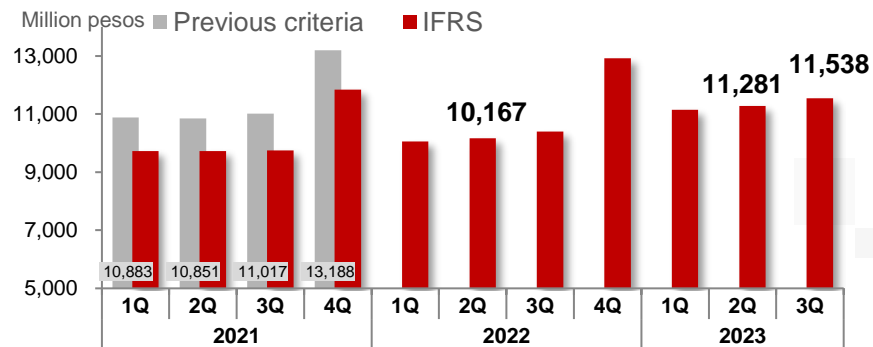
Cost to income ratio: 34.1%,

Including investments in new servers, hirings, and the upcoming strengthening of our ATM and branch networks

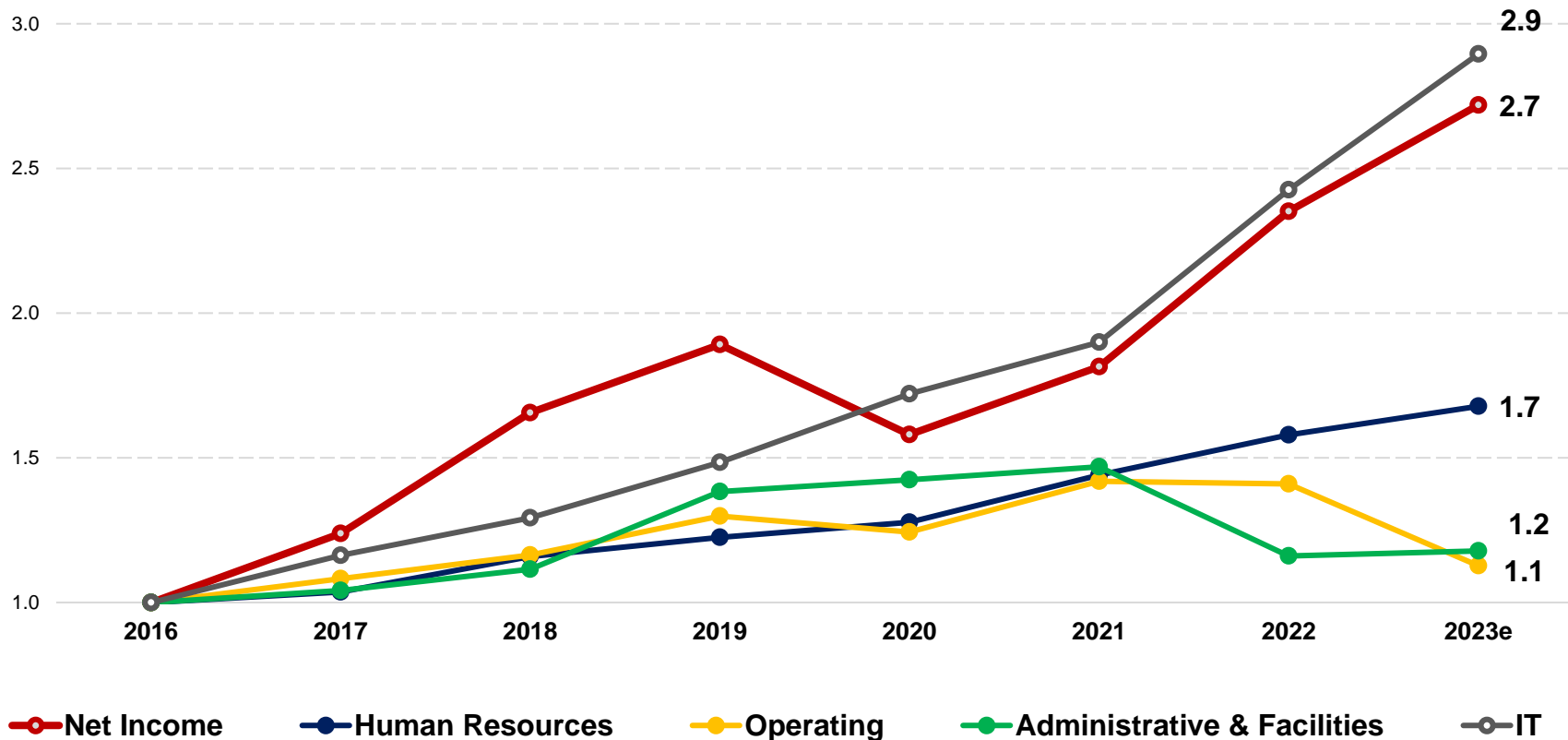
Cost to Income Ratio



Non-Interest Expenses

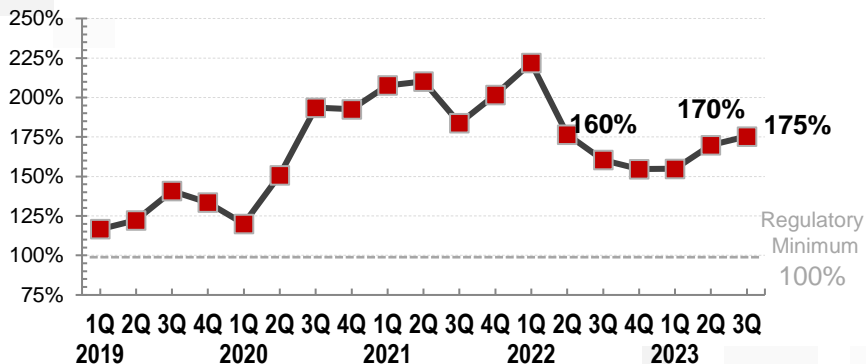


Historical expenses growth by category



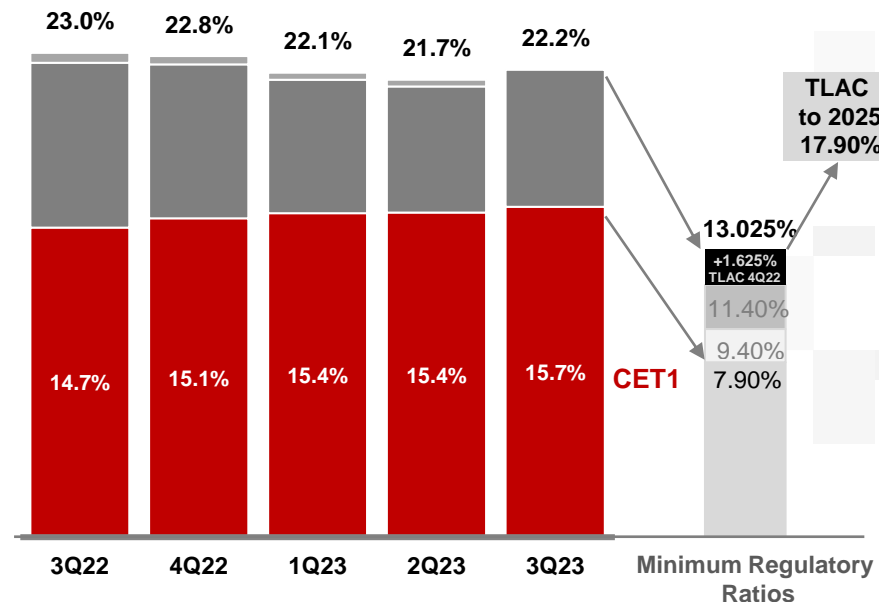
- Strong CAR and CET1, well above regulatory requirements
- CET1 still above management's optimal range, even after full dividends distribution
- Unlevered Capital
- Liquidity exceeds minimum regulatory requirements,
 - Average LCR at 175%, NSFR at 133%
- Deposits, 96% are sticky
- HTM Unrealized Losses → -57 bps on Capital

Average Liquidity Coverage Ratio LCR (%)

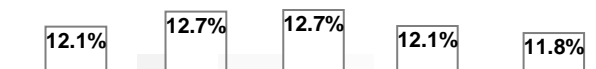


Capital Adequacy Ratio (CAR)

Basel III



Leverage Ratio



Customer's voice, key in Banorte's evolution

- On the right track to reach a 90-point NPS score, based on improvements from internal customers:
 - processes / services / systems
 - products
 - branch-administration, contingency, others



**Banorte Móvil
App**



83.2 +0.9 pts
vs 2Q23



WEB



84.6 +0.9 pts
vs 2Q23



Branches



79.1 +3.2 pts
vs 2Q23



ATM



73.6 +1.9 pts
vs 2Q23

- Through Fundación Banorte, we created a Matching Fund to support victims of hurricane Otis in Guerrero.
- For every dollar received, Banorte will donate a matching amount.



**TODOS JUNTOS,
APOYANDO FUERTE
A GUERRERO**

Guerrero nos necesita, ayudemos a todos los afectados por el huracán: **puedes donar en cualquiera de nuestras sucursales y en Banorte Móvil a la cuenta**
000 000 0010
a nombre de **Fundación Banorte**.

Por cada peso que dones,
Fundación Banorte aporta otro peso.

¡GRACIAS!

 **BANORTE**
EL BANCO FUERTE DE MÉXICO

- Additional benefits for insurance customers
- 6-month principal and interest Relief Program for customers in Guerrero.
- Eligible products:
 - Credit Cards
 - Mortgages
 - Auto loans
 - Payroll loans
 - Personal loans
 - SMEs loans



**ENTRE MEXICANOS
SALIMOS ADELANTE**

Posponemos los pagos de los créditos de nuestros clientes de Guerrero

POR 6 MESES

Aplica para Tarjeta de Crédito, Crédito Hipotecario, Crédito de Auto, Crédito de Nómina, Crédito Personal y Crédito PyME.

IMPORTANTE

Tu Crédito se pospondrá de manera automática, si no deseas obtener el beneficio debes llamar al **8181 569600**.

Aplicar restricciones. Producto operado por Banco Mercantil del Sur, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte.

 **BANORTE**
EL BANCO FUERTE DE MÉXICO

Appendix

	Actual
Loan Growth	10% – 12%
NIM	6.2% – 6.4%
NIM of Bank	6.5% – 6.7%
Recurring Expense Growth	7.0% - 8.0%
Total Expense Growth*	11.0% – 13.0%
Efficiency	35.0% – 37.0%
Cost of Risk	1.6 – 1.8%
Tax Rate	24% – 26%
Net Income**	51.5 – 53.0 bn**
ROE 2023	20.5% – 21.5%
ROE of the Bank	26.5% – 28.5%
ROA 2023	2.3% – 2.5%
Macro Estimates for 2023	
GDP	2.3% – 2.9%
Inflation Rate	4.0% – 5.0%
Banxico's Reference Rate (Avg.)	~11.25%

* Includes BINEO 2%

** Includes foregone interest due to extraordinary dividend payment

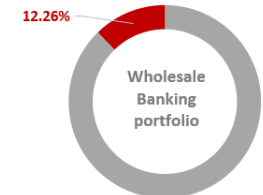
	Vs. Total Loans 3Q23
Oil Industry*	4.0%
Electricity Companies*	2.7%
Construction & Real Estate	
Housing	1.3%
Commercial	1.4%
Others	1.9%
Malls	1.5%
Tourism	4.5%
Restaurants	0.2%
Airports	0.0%

- Including traditional, clean energy and suppliers

SMEs • 74% Nafin / Bancomext guaranteed loans, 47% of SME book	4.8%
Dollar denominated	12.0%

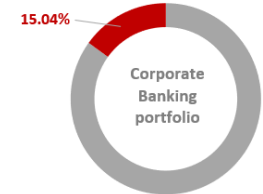
Social and Environmental Risk Management System

■ Wholesale Banking Portfolio Analyzed



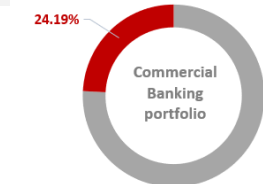
10.37% Non-sustainable analyzed portfolio
1.69% Sustainable
0.20% Climate-related

■ Corporate Banking Portfolio Analyzed



14.95% Non-sustainable analyzed portfolio
0.51% Sustainable
0% Climate-related

■ Commercial Banking portfolio analyzed



18.90 % Non-sustainable analyzed portfolio
4.68% Sustainable
0.60% Climate-related

During 9M23:
951 Analyzed loans
100 loans with IFC recommendations
7 Due diligences
2 Monitoring visits
28 Credit Committees

In 3Q23:
7 projects were evaluated:
 • **3** under EP frameworks, (2 Medium, 1 High Risk)
 • **4** projects with IFC Performance Standards (ND), with a medium risk level

Risk level of the analyzed portfolio:



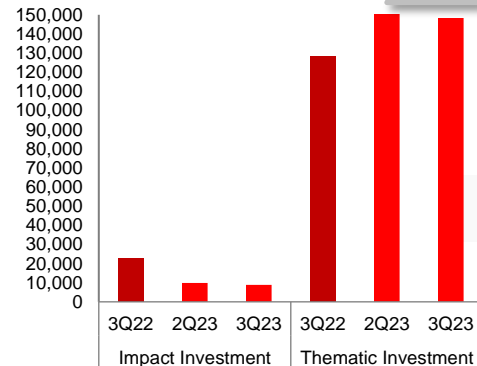
More than half of the analyzed loans were classified as low risk, which means minimal or mitigatable impacts.

Responsible Investment

AFORE XXI Banorte

- **Assets with ESG criteria** 14%
- 19% of the structured instruments' portfolio has **impact investments** with direct contribution to **SDGs**

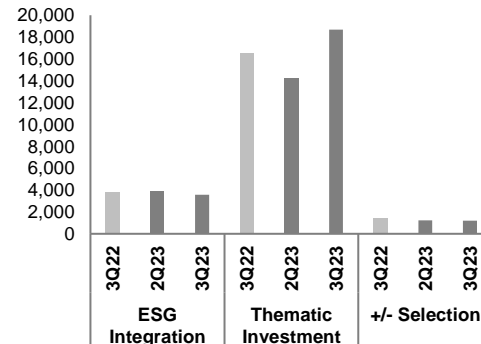
*FN-AC-410a.1



Operadora de Fondos Banorte

- **Equities' ESG Analysis**
81% national issuers' coverage
+6 issuers vs. 2022
- **Assets with ESG criteria** 8.79%
- Publication of the internal **ESG Analysis methodology for Equities**

*FN-AC-410a.1



* The SASB indicator FN-AC-410a.1 evaluates the amount of AUMs (in million pesos) by asset class, that employ (1) integration of environmental, social, and governance (ESG) matters; (2) thematic investment in sustainability; and (3) screening.



Earnings Call

3Q23

November 1st, 2023

