

Earnings Call



2Q24

July 24th, 2024

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NIM

1H24
Group 6.0%
(8bps) y/y

Banorte Bank 6.3%
(12bps) y/y

Margin Sensitivity

Decreasing to Ps 364 million
for every 100bps
Δ in the reference rate
(local currency balance sheet)

Net Fees

+3% q/q, +18% y/y
1H24 +16% y/y

Loan Book

+5% q/q, +13% y/y
Moderate growth in retail & commercial +12% y/y,
corporate +23% and government loans +11% y/y

RESULTS

Net Income Ps 14.0 bn,
(1%) q/q, +7% y/y
1H24 +8% y/y

ROE 23.3%,
+125bps q/q, +236bps y/y
1H24 +155bps y/y

Asset Quality

NPLs 1.0%
+8bps q/q

CoR 1.8%
(6bps) q/q

Capital

CAR 20.2%
CET1 14.1%

* The methodology to calculate financial ratios changed to comply with CNBV requirements. Therefore, ratios in this presentation were recalculated for 2023 and 2024.

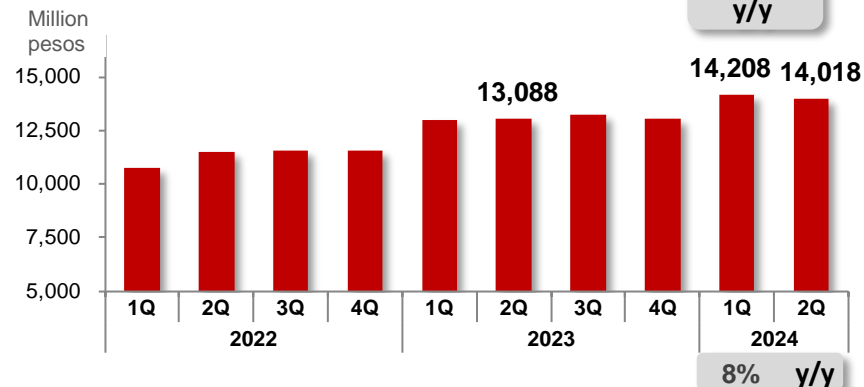
Sound profitability

■ Net Income for the quarter (1%) q/q and +7% y/y;
1H24 +8% y/y

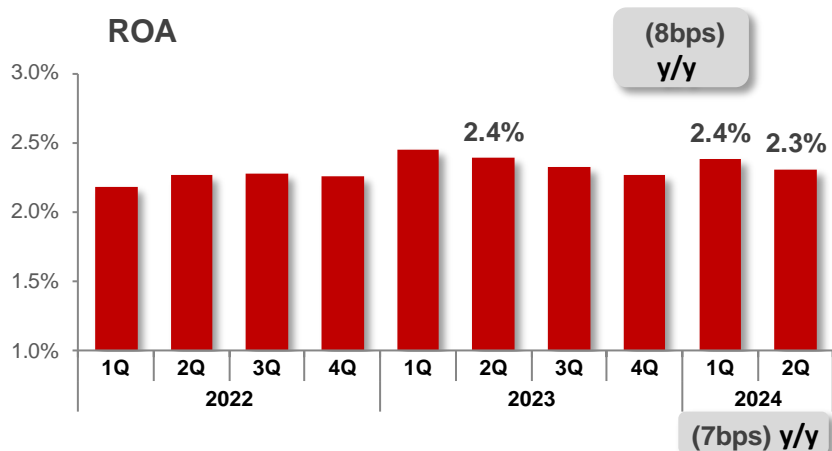
■ Higher profitability levels:

- ROE at 23.3%, +236bps y/y;
1H24 22.6%, +155bps y/y
- ROA at 2.3%, (8bps) y/y ;
1H24 2.3%, (7bps) y/y

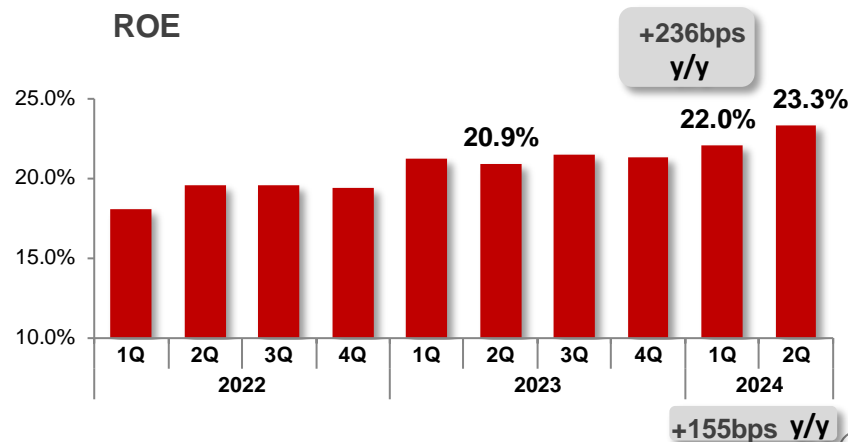
Net Income



ROA



ROE



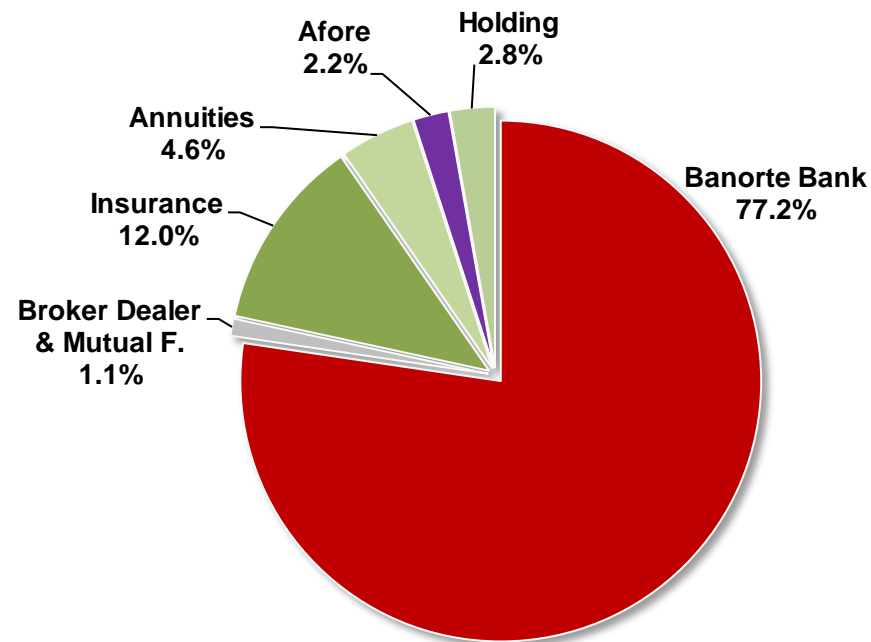
■ Sound business diversification:

- Banorte Bank +13% y/y; 1H24 +7%, ROE +28.7%
- Insurance 1H24 +30% y/y
- Annuities 1H24 +22 y/y
- Afore 1H24 +3% y/y

Net Income by Subsidiary

Million pesos	2Q24	q/q	y/y	1H24	y/y	ROE 1H24
Banorte Bank	11,512	12%	13%	21,804	7%	28.7%
Broker Dealer & Mutual F.	98	(51%)	(59%)	298	(9%)	13.4%
Insurance	1,098	(52%)	(10%)	3,386	30%	64.2%
Annuities	642	(4%)	31%	1,312	22%	22.5%
Afore	294	(6%)	(0%)	609	3%	10.5%
BAP (Holding)	2	995%	(88%)	3	(94%)	
Warehousing, Leasing & Factoring	205	(13%)	41%	441	85%	
Bineo	(221)	N.A.	N.A.	(410)	N.A.	
Holding	388	(2%)	(20%)	784	(11%)	
GFNorte	14,018	(1%)	7%	28,226	8%	22.6%

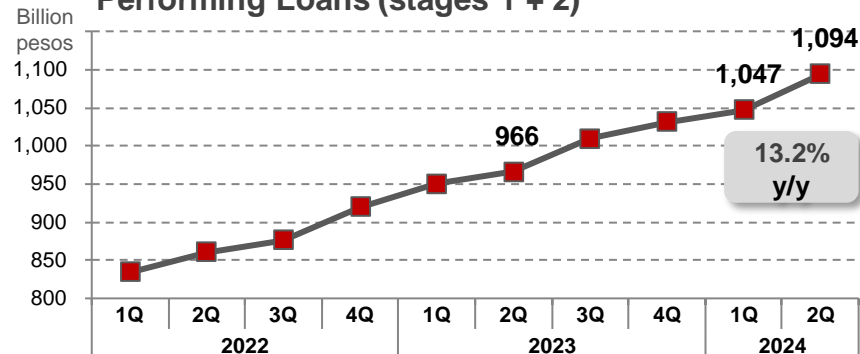
Net Income by Subsidiary 1H24



* ROTE 1H24: Banorte Bank 32.6%, Afore 36.1%

- Emphasis on our analytical ability to select customers
- Portfolio stages 1 & 2 growing +4.5% sequentially and +13.2% y/y
- Double-digit annual expansion in commercial and corporate portfolios:
 - Commercial loans +11.7%
 - Corporate loans +22.5%
 - Government loans +10.6% on quarterly growth and base effect

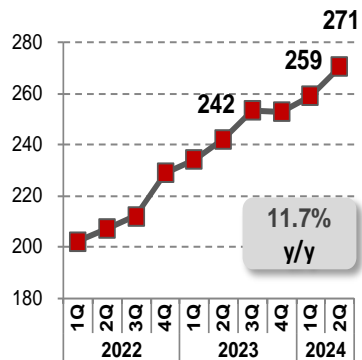
Performing Loans (stages 1 + 2)



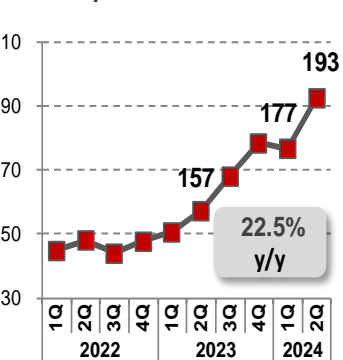
Performing Loans (stages 1 + 2)

Million pesos	2Q24	q/q	y/y
Commercial	270,577	4.4%	11.7%
Corporate	192,697	9.0%	22.5%
Government	182,195	3.3%	10.6%
Mortgage	261,482	2.2%	8.3%
Auto	47,001	5.3%	22.5%
Credit Card	60,883	4.9%	24.3%
Payroll*	79,543	4.3%	8.3%
Consumer Loans	448,909	3.3%	11.6%
Total Loans (stages 1 + 2)	1,094,378	4.5%	13.2%
ExGovernment	912,183	4.8%	13.8%

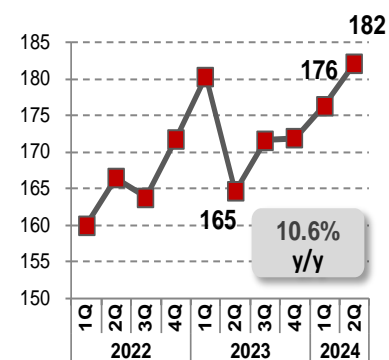
Commercial



Corporate



Government

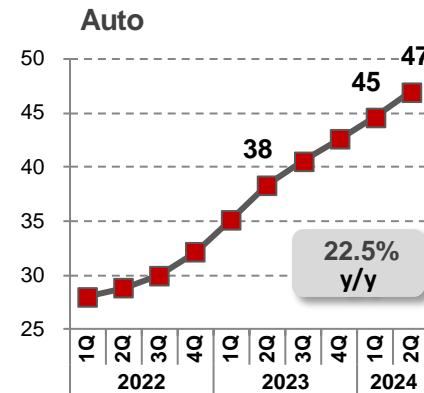
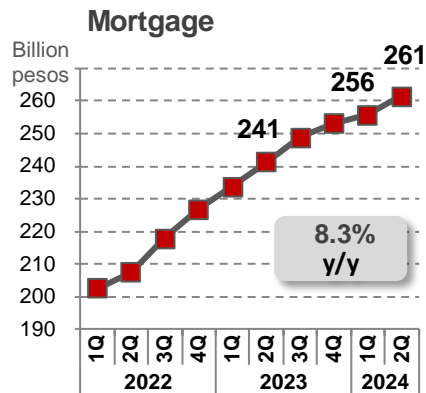


Performing loans = IFRS (Stage 1 + Stage 2)

*Includes Personal Loans

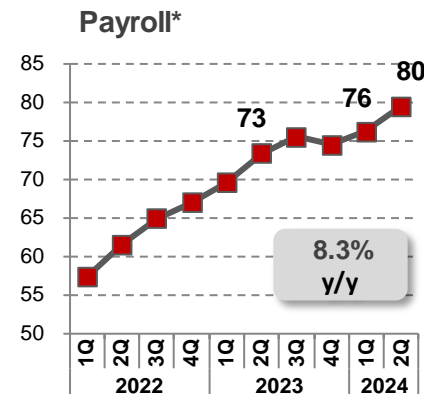
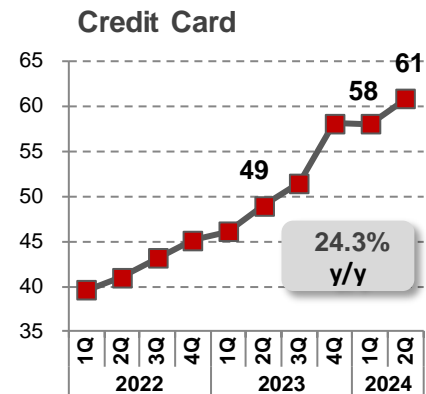
Loan book growth with sound asset quality

- Emphasis on our analytical ability to select customers
- Expansion in the consumer portfolio +11.6% y/y
- Annual growth across all consumer products:
 - Mortgage +8.3%
 - Auto +22.5%
 - Credit card +24.3%
 - Payroll +8.3%



Performing Loans (stages 1 + 2)

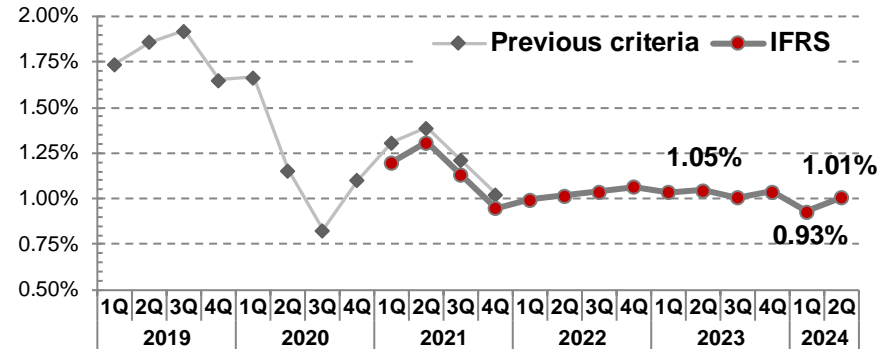
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*Includes Personal Loans

- Consistent sound asset quality, NPL 1.0%
- NPL ratio continues well below expectations
- No negative signs in sector or geographic trends

NPL Ratio



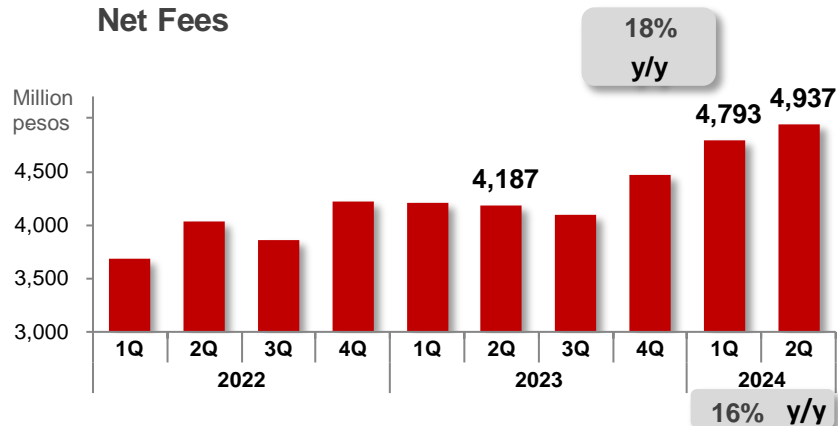
Non-performing Loans Ratio

	3Q19	4Q20	4Q21	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Credit Card	6.0%	7.8%	2.3%	2.4%	2.4%	2.7%	2.7%	3.3%	2.8%	2.8%
Payroll	3.4%	2.7%	2.5%	3.2%	2.8%	3.2%	3.2%	3.4%	2.7%	2.7%
Auto	1.0%	0.6%	0.8%	0.6%	0.5%	0.5%	0.6%	0.6%	0.6%	0.5%
Mortgage	1.1%	0.9%	1.0%	0.8%	0.8%	0.8%	0.8%	0.9%	0.8%	0.8%
Commercial	2.5%	1.2%	1.6%	1.8%	1.8%	1.6%	1.5%	1.4%	1.3%	1.6%
SME	6.6%	2.0%	1.8%	1.1%	1.0%	1.0%	1.0%	1.1%	1.3%	1.4%
Commercial ex-SME	1.5%	1.0%	1.5%	1.9%	1.9%	1.7%	1.6%	1.5%	1.3%	1.7%
Corporate	2.8%	0.1%	0.0%	0.3%	0.3%	0.3%	0.1%	0.1%	0.1%	0.2%
Government	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total GFNorte	1.9%	1.1%	1.0%	1.1%	1.0%	1.1%	1.0%	1.0%	0.9%	1.0%

Core Banking Fees keep growing

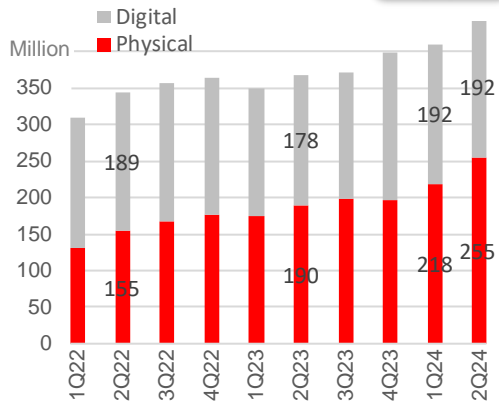
- Net fees +3% q/q, +18% y/y; 1H24 +16% y/y
- Core banking fees +14% y/y; 1H24 +13% y/y
- POS transactions +21% y/y; +52% y/y in mobile monetary transactions

Net Fees



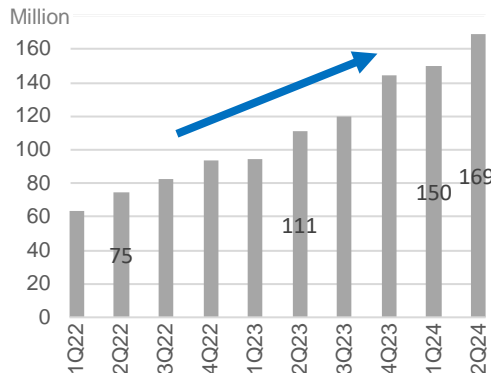
POS Transactions

21% y/y

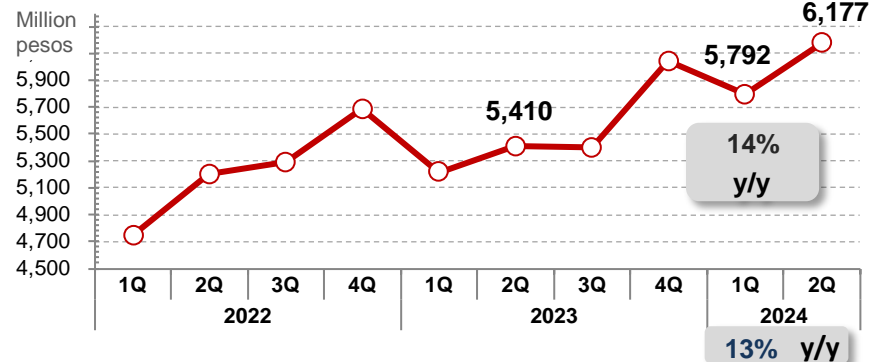


Mobile Monetary Transaction

52% y/y



Core Banking Fees



- On the right track to reach a 90-point NPS score. Reviewing every process that could improve customer experience:

- processes / services / systems
- products
- branch administration, contingencies, others



2Q24



Banorte Móvil App



84.6

+2.3 pts
y/y



WEB



84.1

+0.4 pts
y/y



Branches



82.6

+6.7 pts
y/y



ATM



78.6

+6.9 pts
y/y



Environmental

- Annual compliance with National Emissions Registry (RENE), of **Scope 1 & 2 emissions' validation**.
- Participated in the **GEI MEXICO PROGRAM 2024**, which recognizes companies who disclose GHG emissions and act towards decarbonization.
- Published the **Hurricane OTIS 2023 Case Study Report**, as part of Banorte's climate-related disclosures.



Social

- During the quarter, **+500 payroll clients attended our Financial Education Program**.
- **Launched Mujer PyME** loan, with specific gender attributes to empower women-led SMEs.



Governance

- **FTSE rating of 3.7/5**, Confirming Banorte's participation in FTSE4Good Emerging Index, FTSE4Good Emerging Latin American Index, and FTSE4Good BIVA Index.
- Published the **first Responsible Investment Report** for Banorte's mutual funds business.
- Published our **2024 Equator Principles Annual Report**.
- Published our **2024 Principles of Responsible Banking Annual Report**.



Sustainable Business

- **Launched Hipoteca Verde Banorte**, the newest addition to Banorte's sustainable product portfolio, promoting the acquisition of sustainability-certified residential Real Estate.

Financial Highlights

Balance Sheet

Continuous optimization of
the
Balance Sheet

ROE

Group
23.3%, +236bps y/y
Banorte Bank
31.5%, +440bps y/y

Transformation

Ongoing transformation
of the Group and its subsidiaries,
with important focus on bineo and
the JV with Rappi

NIM

Group
5.7%, (62bps) q/q

Bank
6.4%, +10bps q/q

Expenses

Efficient expense control

Cost to Income
35.5%

Capital

CAR 20.2%

CET1 14.1%

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Net Interest and Non-Interest Income growing

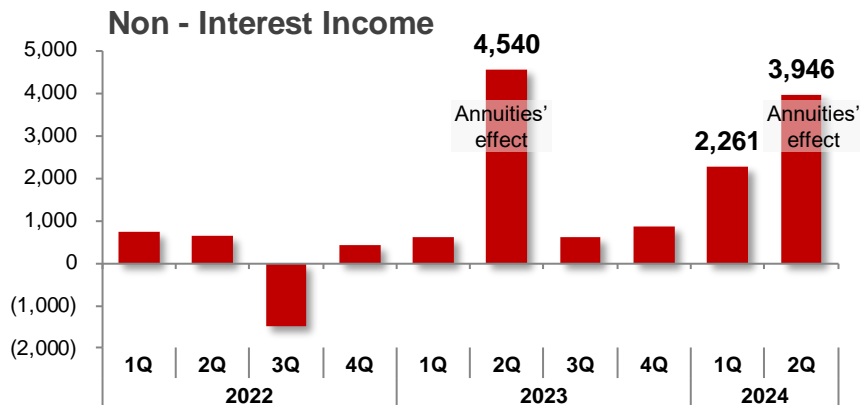
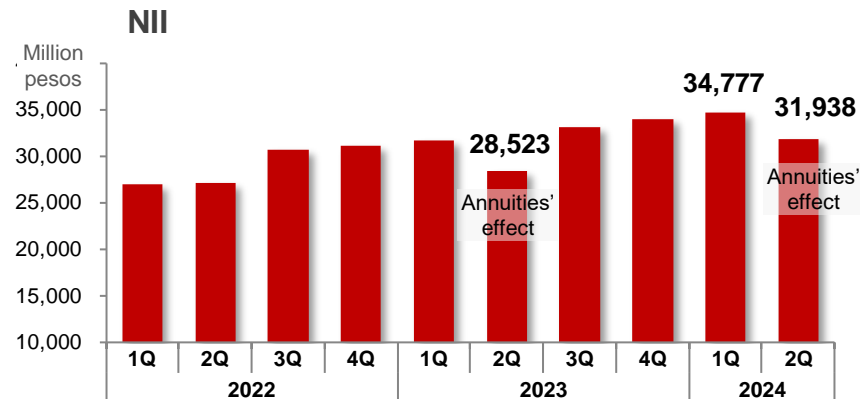
■ **NII (8%) q/q** (annuities effect compensated in non-interest income), **+12% y/y**

■ **NII Loans/Deposits +4% q/q**

■ **Non-Interest Income:**

- **Sequential net fees +3%, +18% y/y**
- **Premium income +13% y/y**
- **Claims +11% y/y**

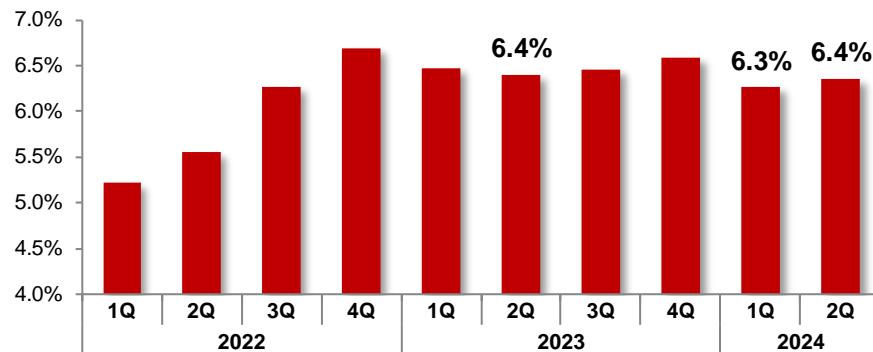
Million pesos	2Q24	q/q	y/y	1H24	y/y
NII Loans/Deposits	22,522	4%	5%	44,274	3%
NII Repos	4,879	(11%)	22%	10,389	38%
NII Valorization Adjustment	568	401%	1909%	380	306%
NII Insurance	915	(2%)	15%	1,844	18%
NII Annuities	3,054	(55%)	42%	9,828	18%
NII	31,938	(8%)	12%	66,715	11%
Net Service Fees	4,937	3%	18%	9,729	16%
Premium Income	13,961	(23%)	13%	32,191	22%
Tech. Reserves Annuities	4,065	(26%)	118%	9,547	17%
Tech. Reserves Insurance	2,652	(60%)	4%	9,360	60%
Cost of Acquisition Insurance	149	(84%)	(17%)	1,108	(1%)
Claims	8,527	9%	11%	16,344	15%
Trading Income	1,038	0%	(11%)	2,073	31%
Other Income	(597)	28%	40%	(1,427)	24%
Non - Interest Income	3,946	75%	(13%)	6,207	21%
Total Revenues	35,884	(3%)	9%	72,922	12%



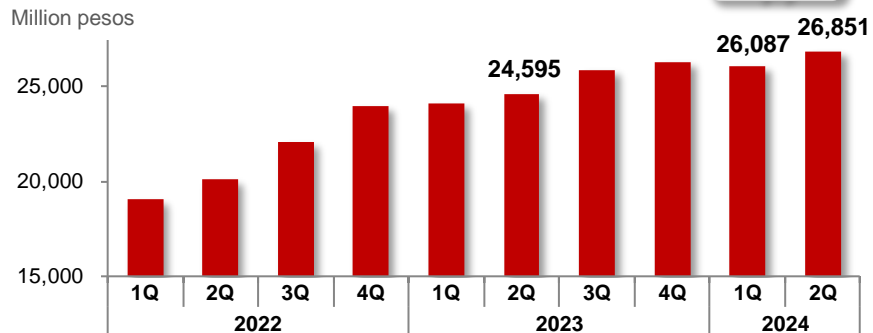
Sound evolution of core banking ratios

- NIM of Banorte Bank 6.4% on strong loan growth at the end of the quarter
- NII +3% q/q, +9% y/y; 1H24 +9% y/y
- Net fees +3% q/q, +16% y/y; 1H24 +14% y/y

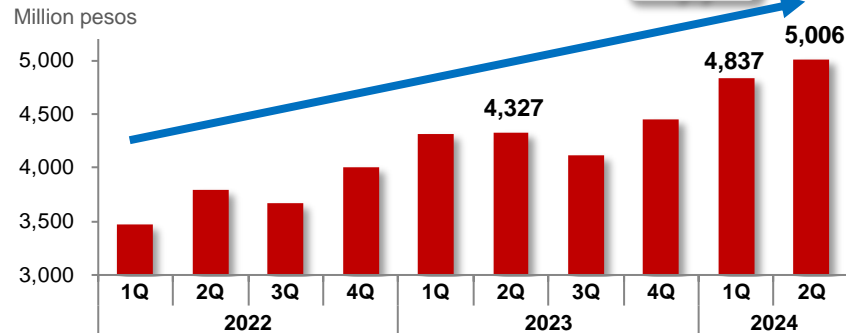
NIM of Banorte Bank



NII of Banorte Bank



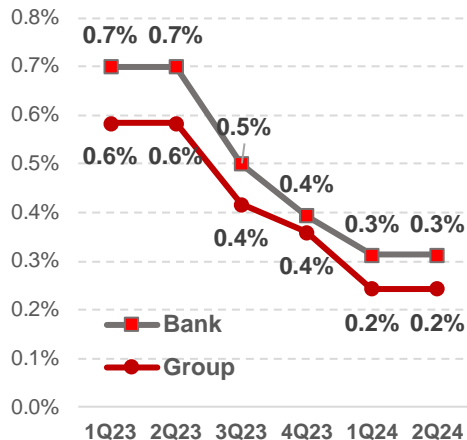
Net Fees of Banorte Bank



Net Interest Income sensitivity evolution

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

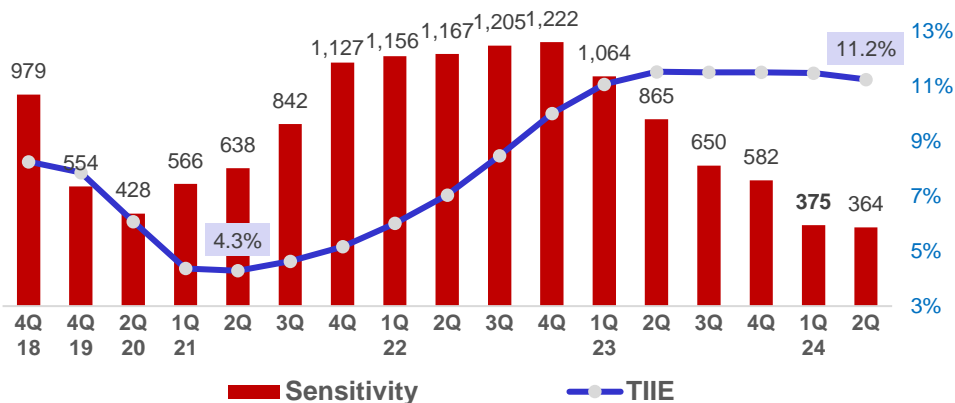
Local Sensitivity / NII
Expected indicators in each quarter



- Expected sensitivity reduction to ~\$350M, amounting to only ~0.2% in the groups' NII
- In Foreign currency, a ~\$500M, implies ~0.3% in NII

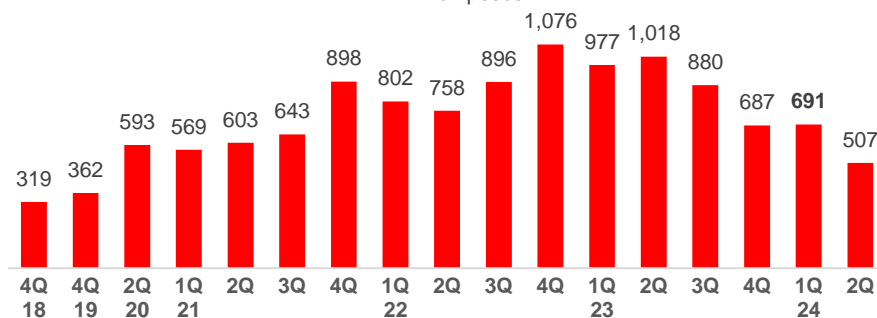
Bank's NII Sensitivity per 100bps change in rate - Local Currency Balance Sheet

Million pesos



Foreign Currency Balance Sheet

Million pesos



Ongoing profitability at Banorte Bank

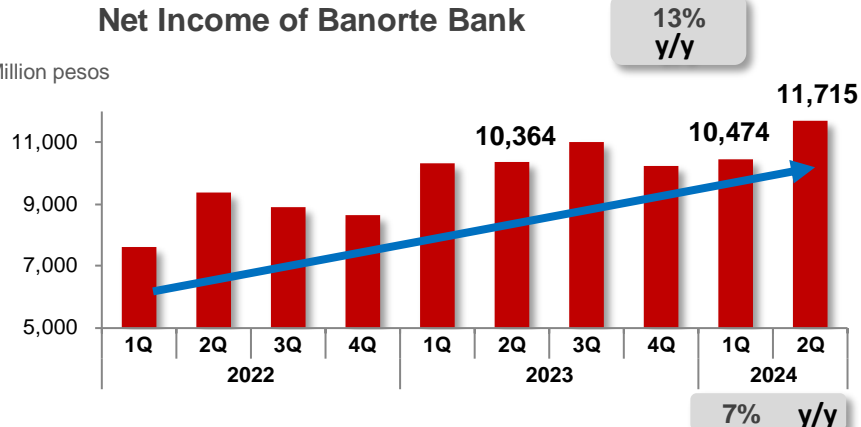
■ Banorte's Net Income +12% q/q, +13% y/y;
1H24 +7% y/y

■ ROE at 31.5%, +539bps q/q, +440bps y/y;
1H24 28.7%, +158bps annual expansion

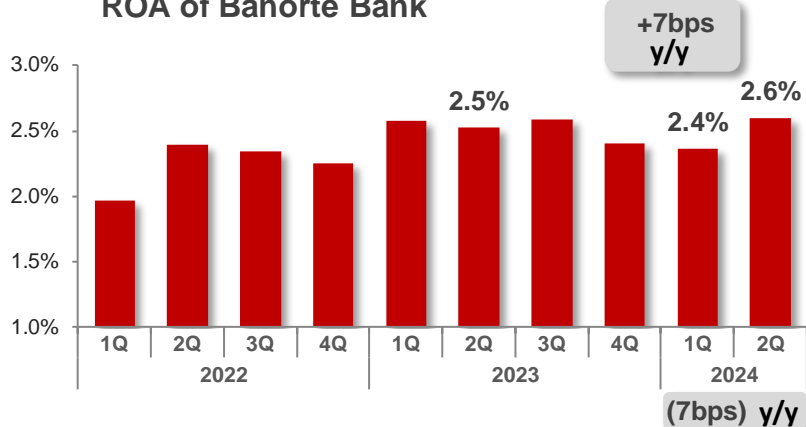
■ ROA at 2.6%, +24bps q/q, +7bps y/y;
1H24 2.5%, (7bps) y/y

Net Income of Banorte Bank

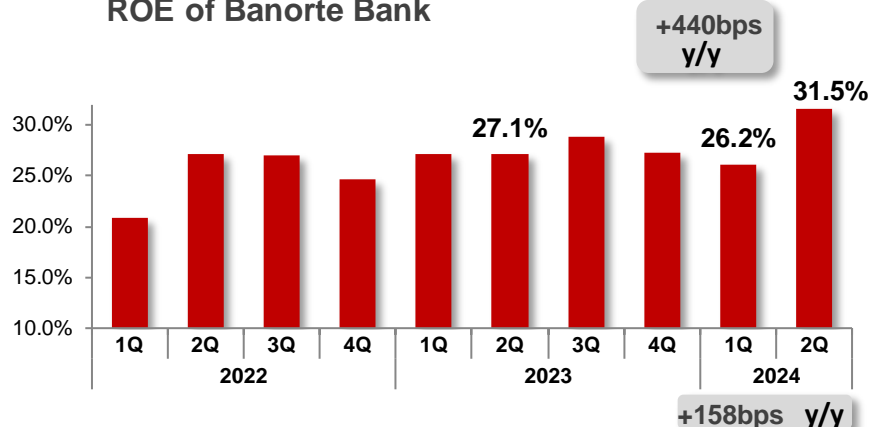
Million pesos



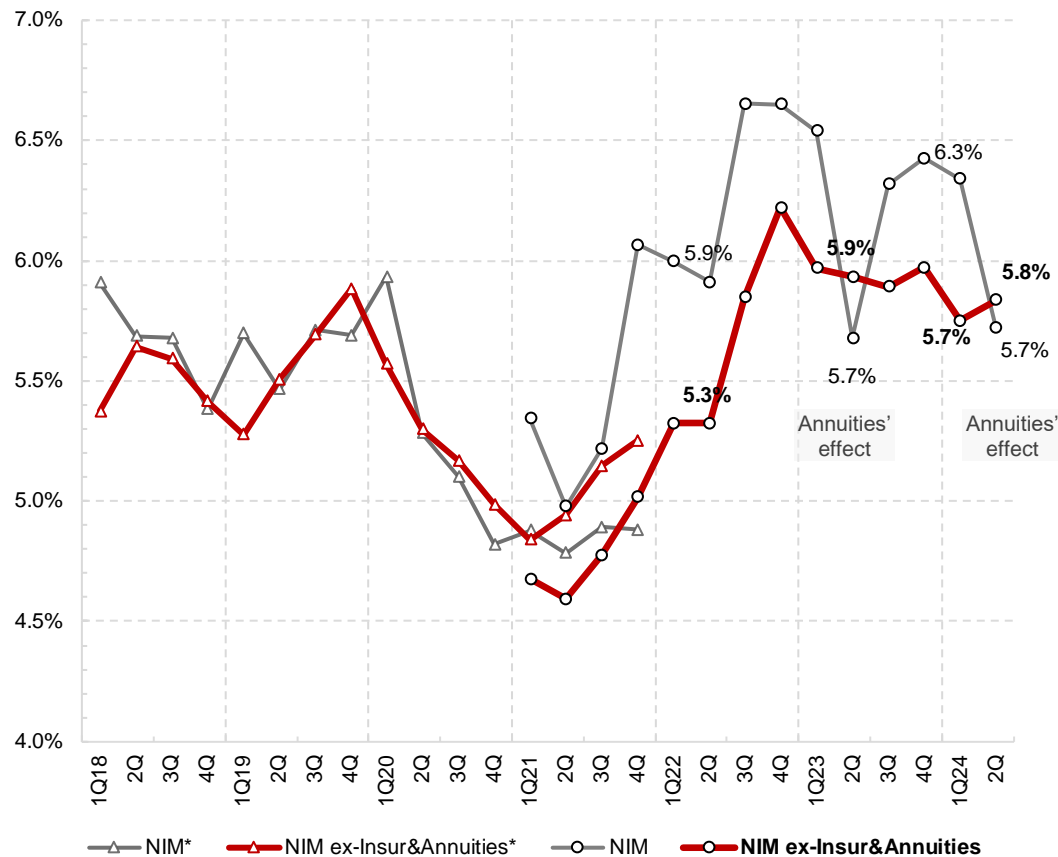
ROA of Banorte Bank



ROE of Banorte Bank



- NIM of the Group up to 5.7%
- Managerial NIM or NIM ex-Insur&Annuities 5.8% +9bps q/q
- *IFRS adoption in 2022 has added volatility to the annuities and insurance contributions to the margin*
- *The exclusion of annuities and insurance provide a better, more stable ratio*



*Previous to IFRS Criteria

- Cost of fund control; improving mix
- Non-interest-bearing demand deposits +1 q/q, +9% y/y
- Time deposits +5% q/q, +26% y/y

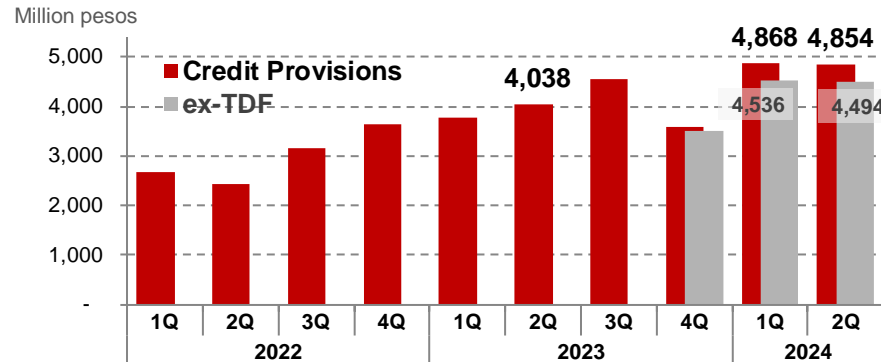
(Million Pesos)	2Q24	Change	
		q/q	y/y
Non-Interest-Bearing Demand Deposits	418,480	1%	9%
Interest Bearing Demand Deposits	290,691	1%	10%
Global Account of Deposits Without Movements	3,756	4%	13%
Total Demand Deposits	712,927	1%	9%
Time Deposits – Retail	304,723	5%	26%
Core Deposits	1,017,650	2%	14%
Money Market and Credit Notes Issued	101,512	12%	16%
Total Bank Deposits	1,119,162	3%	14%

Cost of Funds vs CETES Reference Rate

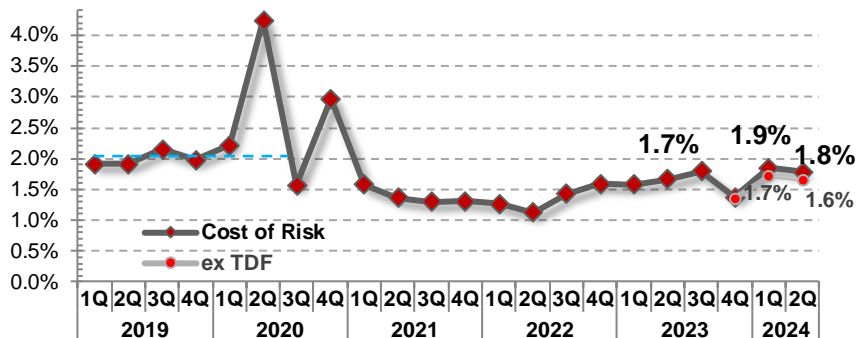


- Credit provisions down (0.3%) q/q, +20% y/y driven by credit volume & mix, and the incorporation of Tarjetas del Futuro; ex-TDF up +11% y/y
- Cost of risk to 1.8%; 1.6% ex-TDF
- Write-off rate at 0.40%, 0.37% ex-TDF

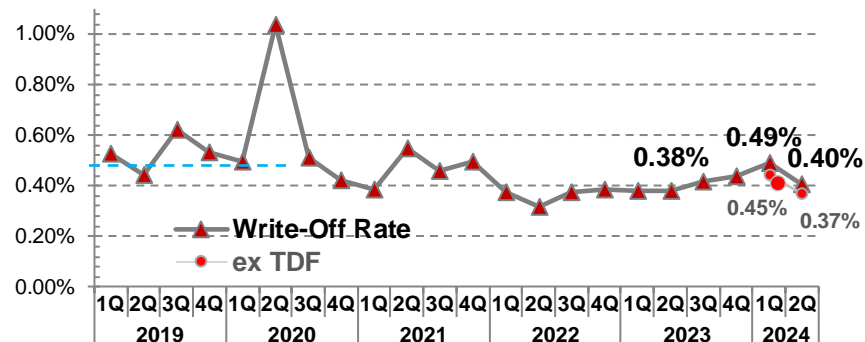
Credit Provisions



Cost of Risk



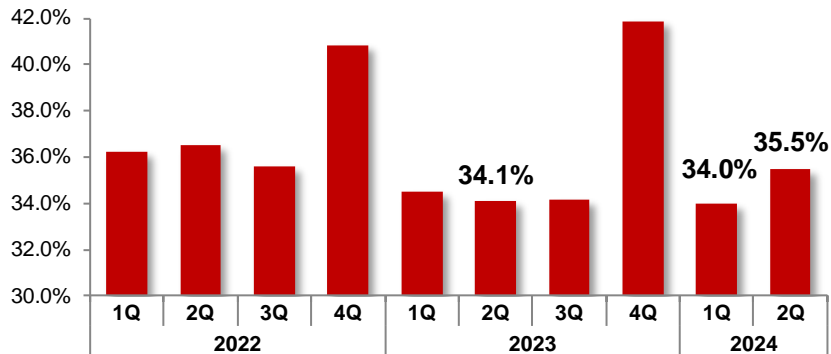
Write-Off Rate



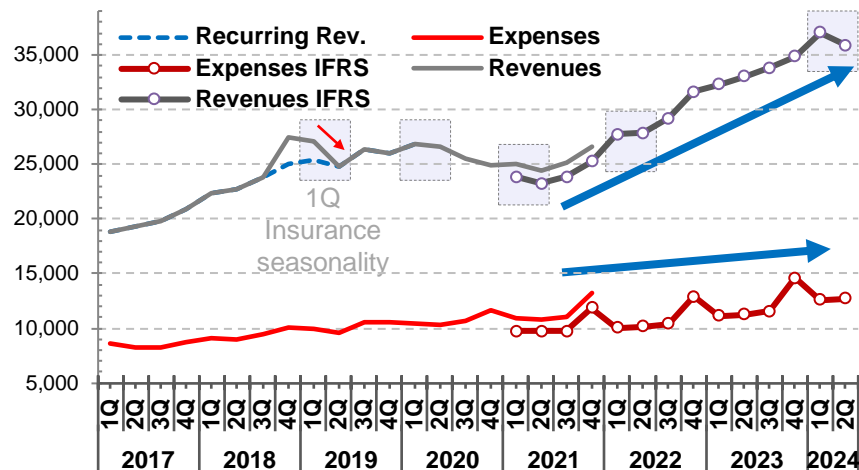
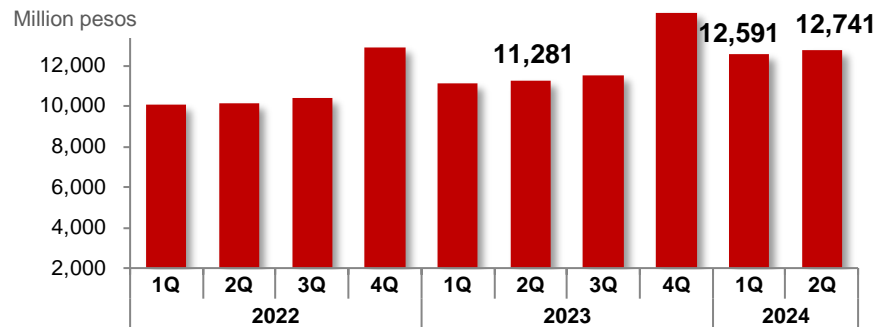
Expenses, control & paving the road for the future

- Revenues affected by insurance premiums 1Q seasonality
- Expenses +1 q/q, +13% y/y; ex-bineo & TDF +8% y/y
- Shared services initiative already in full implementation
- Cost to income 35.5%

Cost to Income Ratio

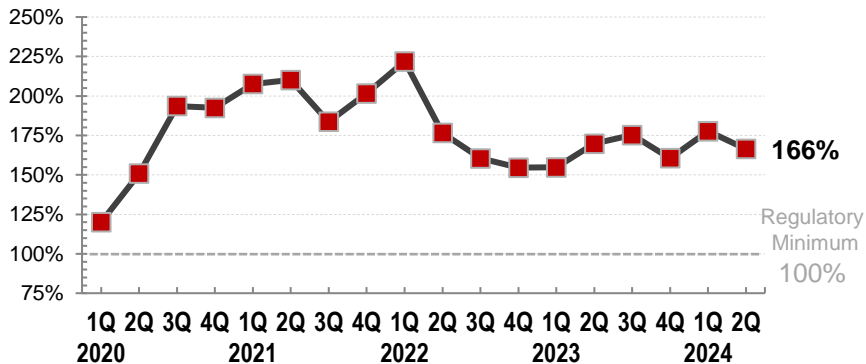


Non-Interest Expenses



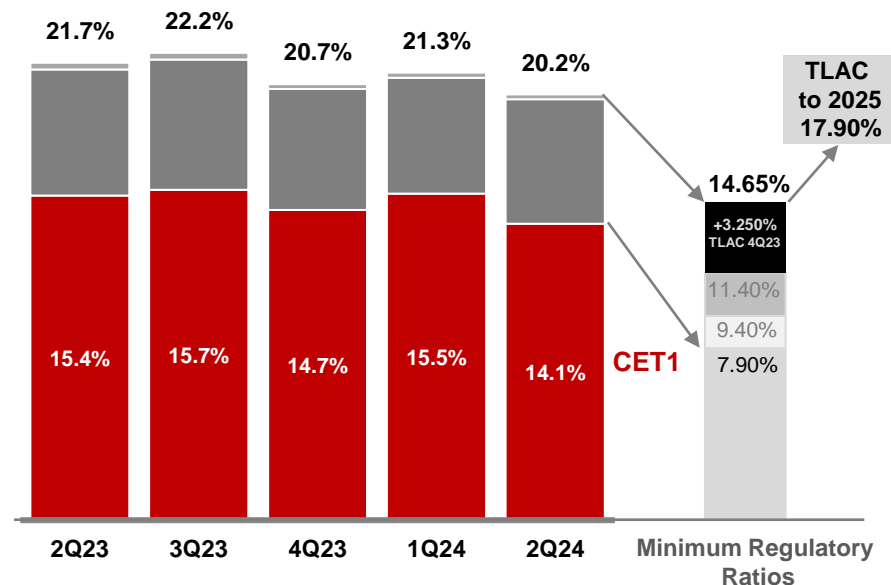
- Strong CAR and CET1, well above regulatory requirements
- CET1 still above management's optimal range, even after full dividend distribution
- Unlevered Capital
- Liquidity exceeds minimum regulatory requirements,
 - Average LCR at 166%, NSFR at 132%
- Deposits, 97% are sticky
- HTM Unrealized Losses → (48bps) on Capital

Average Liquidity Coverage Ratio LCR (%)

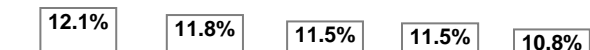


Capital Adequacy Ratio (CAR)

Basel III



Leverage Ratio



Appendix

■ Methodology changes in compliance with CNBV requirements. Ratios for 2023 and 2024 were recalculated accordingly.

■ Articles 180 and 182 of the CUB¹ were amended and Annex 34 "*Financial Ratios*" was repealed. New indication:

"...must present financial ratios that provide relevant elements for solvency, liquidity, operational efficiency, financial risk, and profitability for the evaluation of the Institution, indicating the formulas used for their determination, which must be consistent with those contained in the financial ratios published on the CNBV's website."

Ratio	Previous calculation	Current calculation
<ul style="list-style-type: none"> • ROE • ROTe • ROA 	<ul style="list-style-type: none"> • NIM • Risk Adjusted NIM • Cost of Risk 	<ul style="list-style-type: none"> • Include 12-month indicators • Income statement: Annualized, Sum of the term • Balance sheet: Monthly Average of the term
<ul style="list-style-type: none"> • ROE • ROA 	<ul style="list-style-type: none"> • Income statement: Annualized • Balance sheet: Current + Previous Period Average 	<ul style="list-style-type: none"> • ROE Majority Net Income / Majority Equity • ROA Majority Net Income / Total Assets – Minority Interest
<ul style="list-style-type: none"> • Non-performing Loans • Cost of Risk 	<ul style="list-style-type: none"> • ROE Majority Net Income / Majority Equity • ROA Majority Net Income / Total Assets – Minority Interest 	<ul style="list-style-type: none"> • ROE Majority Net Income / Majority Equity • ROA Majority Net Income / Total Assets
	<ul style="list-style-type: none"> • Deferred Items included in Loan Portfolio 	<ul style="list-style-type: none"> • Deferred Items not included in Loan Portfolio

	Previous Income statement	Previous Balance Sheet
Month	Month * 12	average balance current + previous month
Quarter	Quarter * 4	average current quarter + previous quarter
Accumulated 3M, 6M, 9M, 12M	Accumulated / X ^{months} * 12	average of 4 previous quarters

	Current Income statement	Current Balance Sheet
Month	Month * 12	current
Quarter	3M * 4	average 3 months
Half	6M * 2	average 6 months
9 Months	9M / 9 * 12	average 9 months
12 months	12M	average last 12 months

	2024 Guidance	
Loan Growth	10% – 12%	✓
NIM	6.1% – 6.4%	✓
NIM of Bank	6.3% – 6.5%	✓
Recurring Expense Growth	6.0% - 7.0%	
Total Expense Growth*	13.0% – 14.0%*	✓
Efficiency	36.0% – 37.0%	✓
Cost of Risk	1.8% – 2.1%	✓
Tax Rate	25% – 27%	
Net Income	56.4 – 57.4 bn**	
ROE 2024	21.0% – 22.0%	✓
ROE of the Bank	27.5% – 29.0%	✓
ROA 2024	2.3% – 2.4%	✓
Macro Estimates for 2024		
GDP	1.8% – 2.0%	
Inflation Rate	4.0% – 5.0%	
Banxico's Reference Rate (Avg.)	~10.90% avg. 10.5% year-end	

* Includes organic growth, bineo and JV Rappi (no material impact in Net Income)

**Net Income to be revised in the upcoming quarters, depending on the evolution of the share buyback program's forgone interest on cash

	Vs. Total Loans 2Q24
Oil Industry*	3.6%
Electricity Companies*	2.7%
Construction & Real Estate	
Housing	1.3%
Commercial	0.9%
Others	1.3%
Malls	1.5%
Tourism	5.0%
Restaurants	0.3%
Airports	0.01%

- Including traditional, clean energy and suppliers

	Vs. Total Loans
SMEs • 70% Nafin / Bancomext guaranteed loans, 44% of SME book	5.0%
Dollar denominated	13.1%



2018-2019

2020

1-2-3 Plan

Multi-channel Bank

Already a digital bank with branches, mobile banking, bank in minutes, NPS (App: 83.9)



We are here!

Digital Release of missing products



2020

Dec'23

Rapid Growth

Control

Market Fit & Value proposition

Profitability and break-even point*

* monthly basis



2022

Feb '24

Building the core & team

100% Digital

Regulatory, Launch & Onboarding

Building awareness basic offer

- ✓ Bineo Accounts: Total (N4), Ligera (N2)
- ✓ Digital card, Physical Debit card
- ✓ Pockets for savings
- ✓ Garmin Pay, Service payments
- ✓ Personal Loan

We are here!

Initial Operations

- Find the scale and limits of a fully digital platform
- Stabilizing production environments

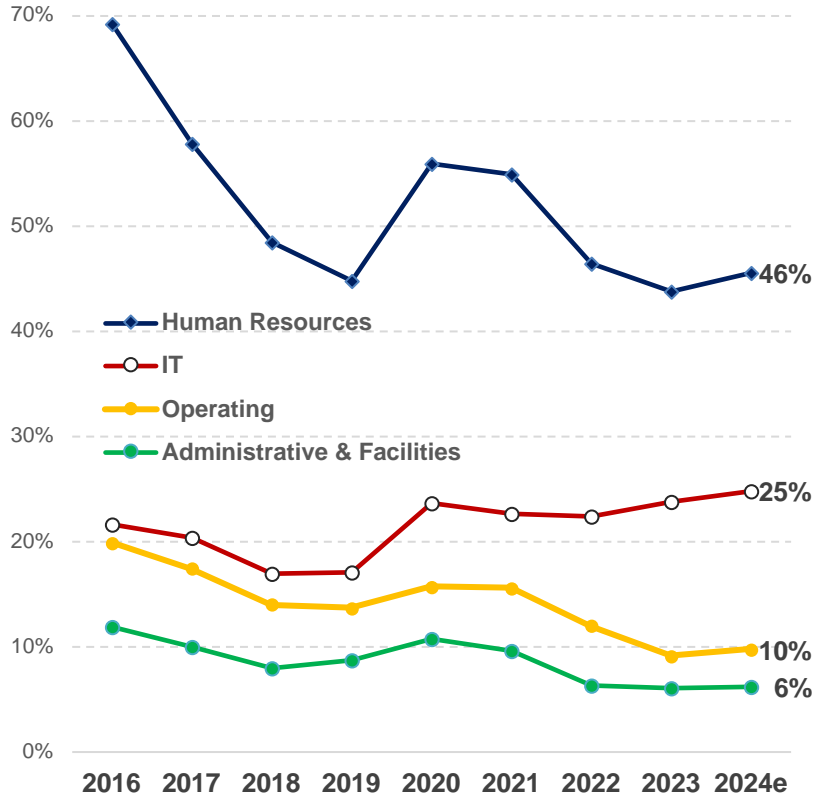
2H24

Building Scale & full value proposition

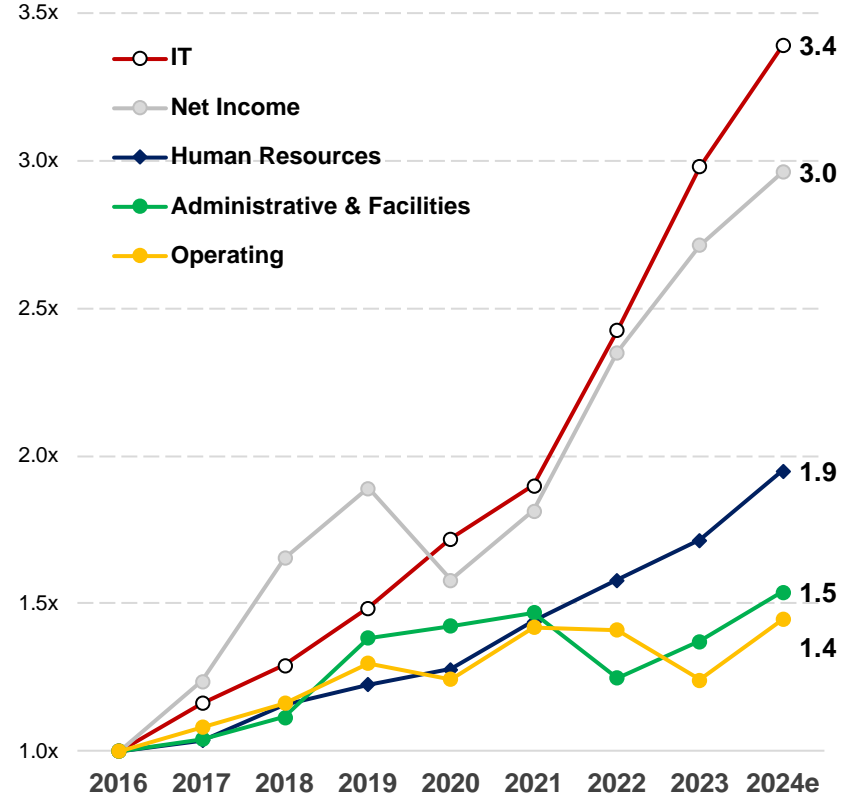
- Payroll portability, Payroll loans
- Savings interest rate, PFM
- Credit Card, Mortgage
- Remittances, Insurance
- Loyalty program
- Cash-in network

Historical expenses by category

Expenses / Net Income



Historical growth by category



Social and Environmental Risk Management System

Wholesale Banking Portfolio Analyzed



2.62% Non-sustainable analyzed portfolio
0.51% Sustainable
0% Climate-related

During 2Q24:
1,032 analyzed loans
77 loans with IFC recommendations;
7 Due diligences
2 monitoring visits
7 Credit Committees

Corporate Banking Portfolio Analyzed



4.16% Non-sustainable analyzed portfolio
0.46% Sustainable

In 2Q24:
7 projects were evaluated:

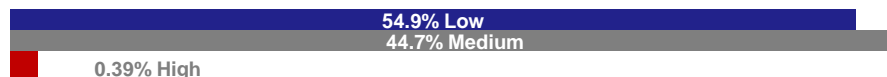
- Under the Equator Principles framework, 2 were categorized with high socio-environmental risk (A) and 5 with medium risk (B)

Commercial Banking portfolio analyzed



4.05% Non-sustainable analyzed portfolio
1.41% Sustainable

Risk level of the analyzed portfolio:

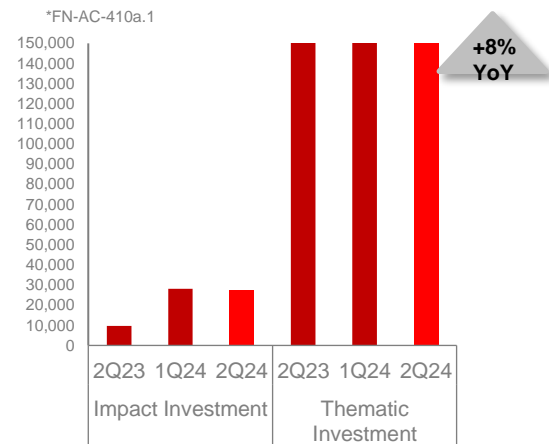


More than 99% of the analyzed loans were classified as Low and Medium risks, which means minimal or mitigatable impacts.

Responsible Investment

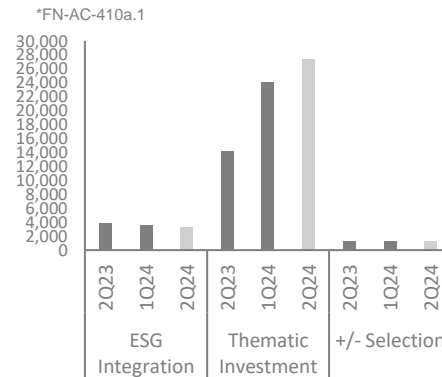
AFORE XXI Banorte

- 6% assets with ESG criteria
- 18% of the structured instruments' portfolio has **impact investments** with direct contribution to **SDGs**



Operadora de Fondos Banorte

- ESG evaluation of 15 thematic Fixed Income instruments
- 9.65% assets with ESG criteria
- Thematic ETF's, +Ps 3,385 million q/q



* 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.

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Earnings Call

2Q24

24