

Earnings Call

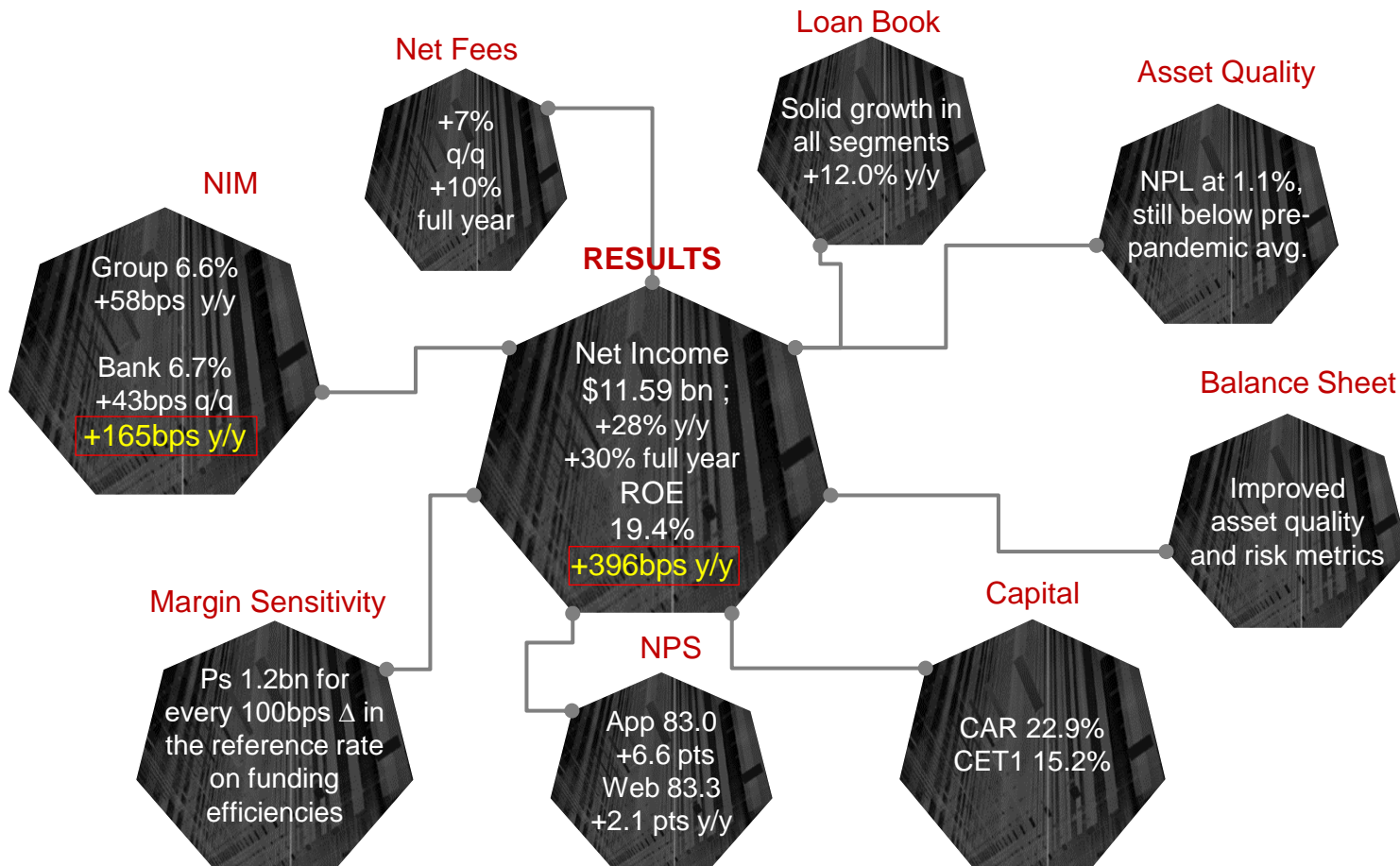
January 20th, 2023

4Q22

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Solid performance with strong improvements



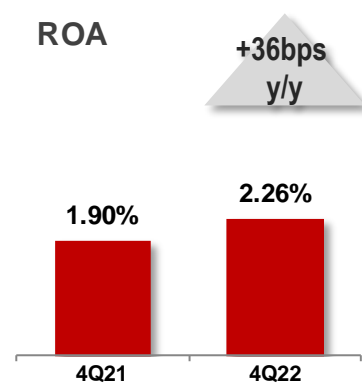
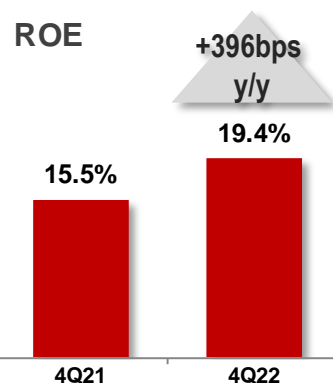
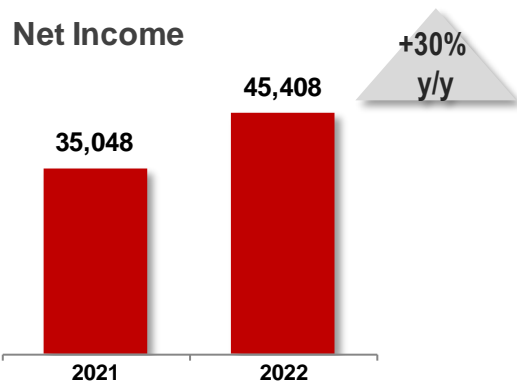
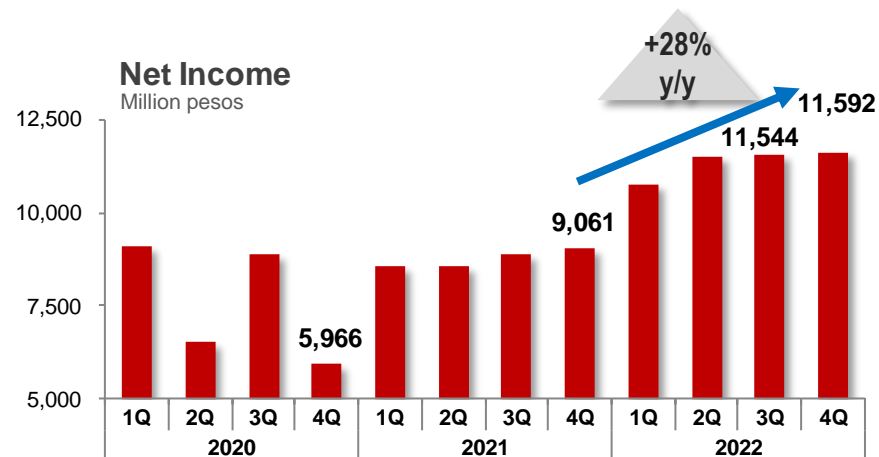
COVID-19
Another wave...
with low impact in
hospitalization and
fatalities

Expanding profitability

- Net Income 4Q +28% y/y and flat sequentially, 2022 annual growth +30%.

- Profitability:

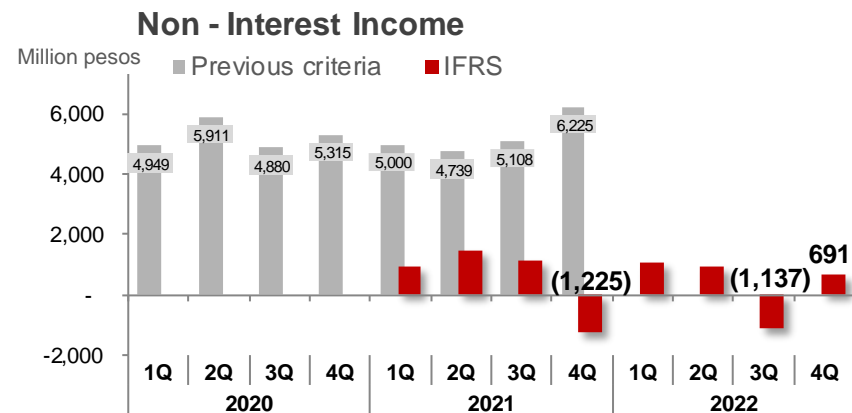
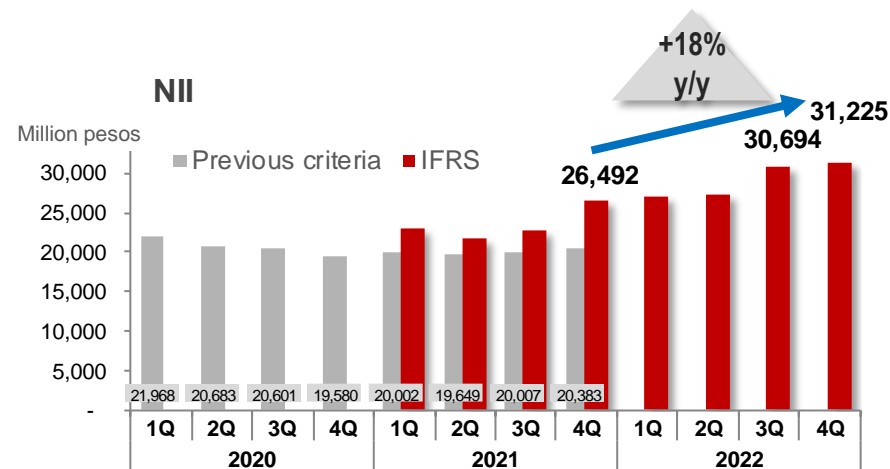
- ROE at 19.4%, +396bps y/y.
- ROA at 2.26%, +36bps y/y.



Net Interest and Non-Interest Income

- NII with significant expansion +2% q/q, +18% y/y (at the Bank +7% q/q and +25% y/y).
- Positive Non-interest Income to Ps 691 million, driven by:
 - Net Service Fees +7% q/q, full year +10% y/y
 - Annuities' technical reserves reduction of (Ps 2.7bn), partially compensated in Annuities' NII (Ps 1.4bn).
 - Other Income (expenses) +36% q/q.

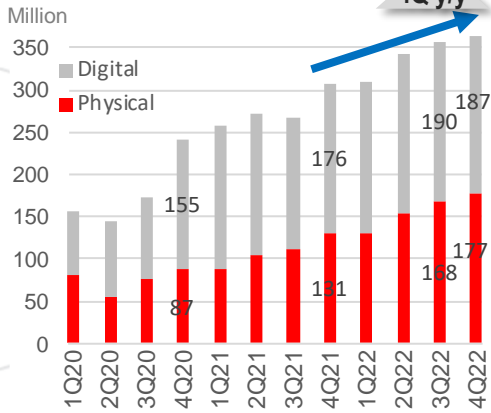
Million pesos	4Q22	q/q	y/y	2022	y/y
NII Loans/Deposits	20,664	9%	25%	74,198	17%
NII Repos	4,242	2%	69%	15,673	73%
NII Valorization Adjust	132	N.A.	280%	244	177%
NII Insurance	572	6%	102%	1,973	70%
NII Annuities	5,616	(20%)	(22%)	24,073	17%
NII	31,225	2%	18%	116,160	24%
Net Service Fees	4,504	7%	5%	17,043	10%
Premium Income Ins & Ann	8,771	(6%)	(22%)	42,855	(6%)
Tech. Reserves Ins. & Ann.	5,174	(26%)	(52%)	29,541	(13%)
Cost of Acq. Ins. Op.	312	4%	20%	1,387	24%
Claims Ins. & Ann. (Net)	6,661	2%	0%	26,566	4%
Trading Income	651	(16%)	(50%)	3,660	(8%)
Other Income (expenses) *	(1,088)	36%	(129%)	(4,548)	(118%)
Non-Interest Income	691	161%	156%	1,516	(34%)
Total Revenues	31,917	8%	26%	117,675	22%



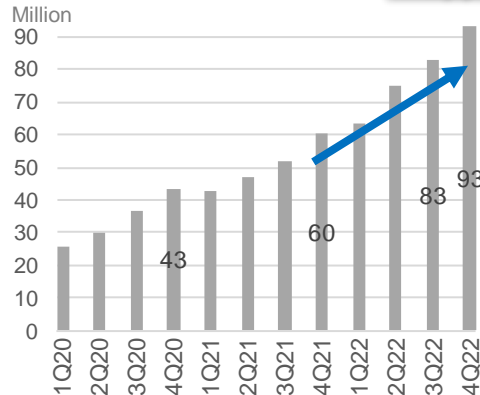
Core Banking Fees keep growing

- Net Fees +7% q/q, +10% full year, driven by:
- Core banking fees +8% q/q, and +19% full year;
 - Electronic banking services +26% full year.
- Digital transactions leading annual growth, +19% in POS, +55% in mobile monetary transactions.

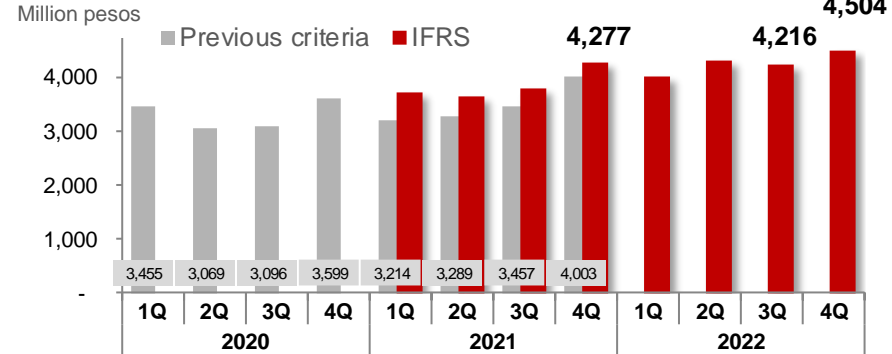
POS Transactions



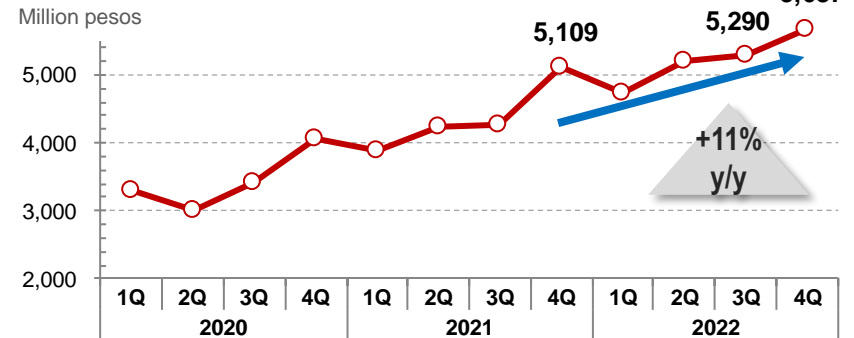
Mobile Monetary Transactions



Net Fees



Core Banking Fees



Strong growth across the loan portfolio

Performing portfolio (stages 1 + 2) double digit growth, +12.0% y/y.

Solid quarterly expansion in all segments:

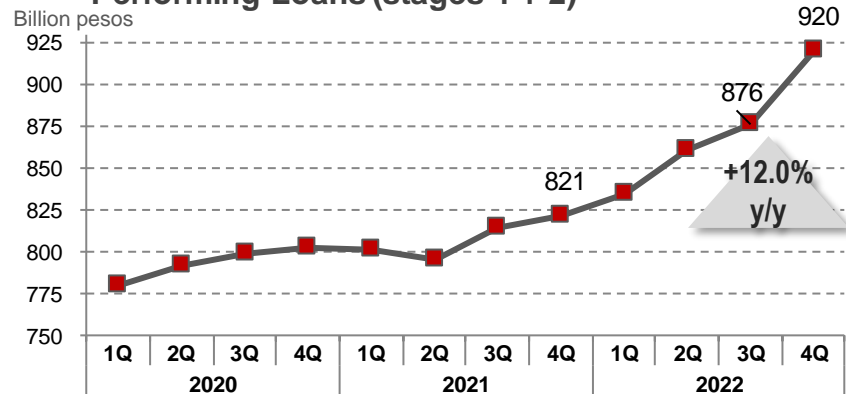
- Commercial loans +8.1% q/q
- Corporate +2.6% q/q
- Government +4.8% q/q

● Commercial teams have been strengthened.

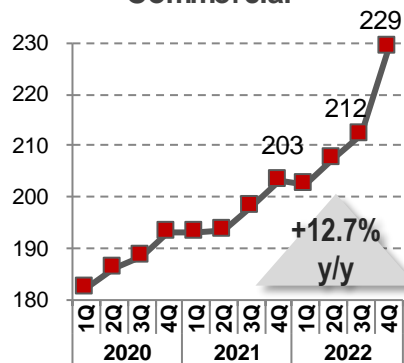
Performing Loans (stages 1 + 2)

Million pesos	4Q22	q/q	y/y
Commercial	229,126	8.1%	12.7%
Corporate	147,752	2.6%	4.8%
Government	171,720	4.8%	11.3%
Mortgage	226,932	4.1%	13.2%
Auto	32,173	7.2%	15.7%
Credit card	45,127	4.6%	14.1%
Payroll	67,051	3.2%	21.8%
Consumer Loans	371,283	4.2%	15.0%
Stages 1 + 2 Loans	919,881	5.0%	12.0%

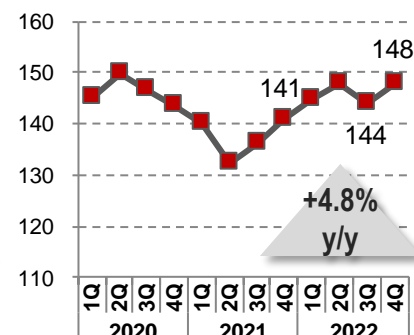
Performing Loans (stages 1 + 2)



Commercial



Corporate



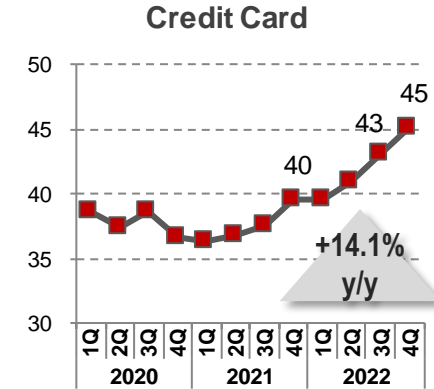
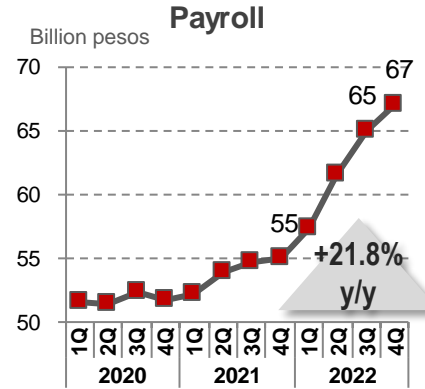
Performing loans = IFRS (Stage 1 + Stage 2)

Growth across the complete consumer portfolio

Record high expansion in the consumer portfolio, **+15.0% y/y**.

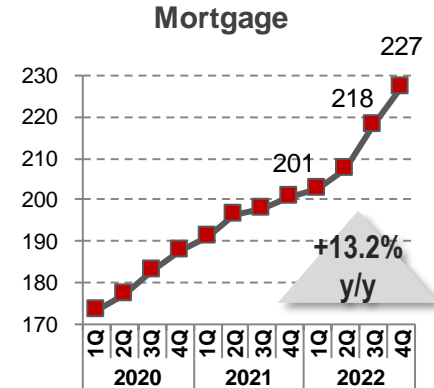
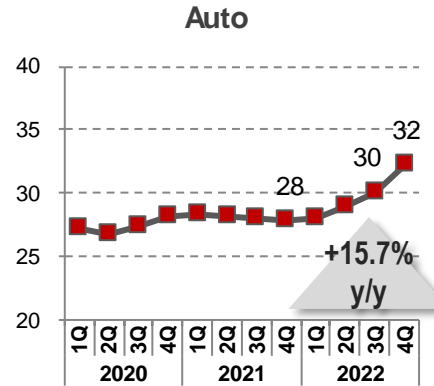
All consumer products with sustained quarterly expansion and annual double-digit growth.

- Mortgage +4.1% q/q
- Auto +7.2% q/q
- Credit card +4.6% q/q
- Payroll +3.2% q/q



Performing Loans (stages 1 + 2)

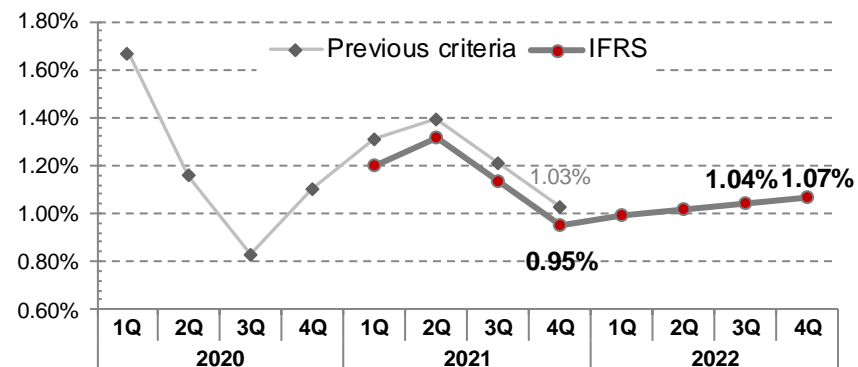
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Healthy Loan Portfolio

- Resilient asset quality, only +3 bps sequentially.
- NPL ratio continues well below expectations.
- No signs of sector or geographic trends.

NPL Ratio



Non-performing Loans Ratio

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

Subsidiaries Net Income and ROE

Business diversification, a lever in challenging times:

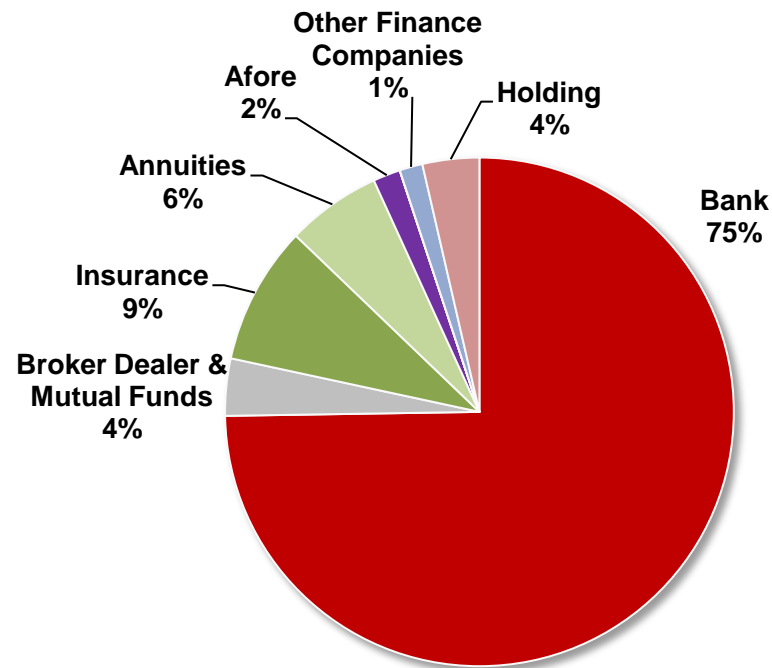
- Bank (3%) q/q, and +32% full year.
- Insurance up +15% q/q, and +90% full year, reducing impacts from COVID-19 related claims.
- Annuities (6%) q/q, and +36% full year.
- Afore recovering +99% sequentially. But annually impacted by the well-known effects of the regulatory cap in fees and valuation.

Net Income by Subsidiary

Million pesos	4Q22	q/q	y/y	2022	y/y	ROE 2022
Bank	8,480	(3%)	28%	33,949	32%	24.6%
Broker Dealer & Mutual F.	172	(34%)	(45%)	1,649	2%	22.9%
Insurance	1,020	15%	122%	3,993	90%	53.8%
Annuities	825	(6%)	51%	2,733	36%	28.4%
Pension Funds (Afore)	355	99%	(42%)	788	(59%)	6.7%
Other Finance Comp.	226	246%	89%	663	(1%)	
Holding	514	(0%)	40%	1,638	53%	
GFNorte	11,592	0%	28%	45,408	30%	19.2%

* ROTE 2022: Bank 30.0%, Afore 22.7%

Net Income by Subsidiary 2022



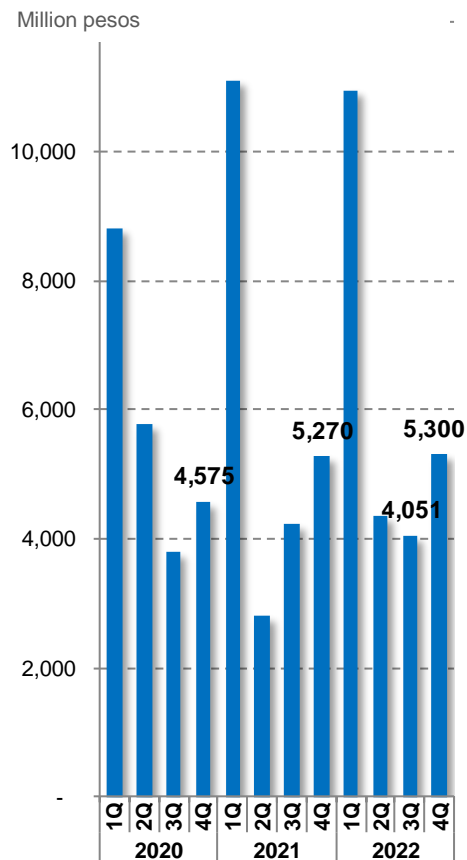
Insurance business steadily improving

Operating Income increased +20% sequentially and +95% full year.

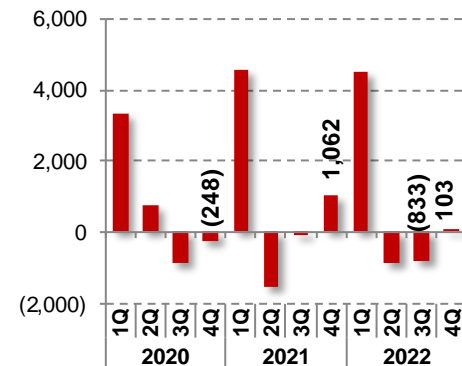
Claims +5% q/q, normalization continues for COVID-related claims (health, life & auto).

(Million Pesos)	4Q22	Change		2022	y/y
		q/q	y/y		
Interest Income (Net)	576	6%	103%	1,980	70%
Premium Income (Net)	5,300	31%	1%	24,653	5%
Net Increase in Tech. Reserves	103	112%	(90%)	2,924	(27%)
Cost of Aq. from Insur. Oper.	612	3%	20%	2,528	16%
Claims	3,642	5%	(7%)	14,774	(6%)
Securities-Realized Gains	278	142%	38%	224	(40%)
Other Operating Income	22	203%	(97%)	454	(66%)
Non-Interest Expense	362	51%	(15%)	1,524	(0%)
Operating Income	1,457	20%	182%	5,557	95%

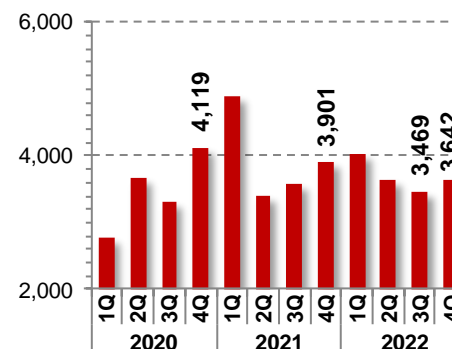
Retained Insurance Premiums



Technical Reserves



Damages & Claims



Ongoing RappiCard evolution

RappiCard: keeps growing in cards and billing

778k

Issued
cards

740k

Cards with at
least one
purchase

60%

Of cardholders
with a credit line
above Ps 5,000

2,033M¹

Average
monthly billing

70%

Monthly active
users

77%

Of users under
36 years old



Source: JV Banorte Rappi, as of Dec. 31, 2022

1. Average 4Q22

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**



83.0 +6.6 pts
vs 4Q21



WEB



83.3 +2.1 pts
vs 4Q21



Branches



74.3 +3.1 pts
vs 4Q21



ATM



70.9 +1.0 pts
vs 4Q21



ENVIRONMENTAL

- CDP Climate Change questionnaire, score B
- Measurement of financed emissions under the PCAF methodology with a **39.5% coverage of the credit portfolio** (oil & gas, power generation, real estate, temporary accommodation, and mortgage)
- First **financed emission reduction goals** phase under **SBTi** methodologies (to be validated with the initiative), and **NZBA** for the aforementioned credit portfolio
- Update of the **GHG emissions reduction goals scope 1 and 2** under the **SBTi** methodology with **100% coverage**



SOCIAL

- Participation in the **2022 National Financial Education Week** organized by CONDUSEF
- Alliance with **LazarilloApp** to offer accessible attention to **blind people**
- **UNESCO** and **Fundación Banorte** signed an alliance to strengthen **social inclusion** in Mexico



GOVERNANCE

- Banorte was recognized as **Bank of the Year 2022** in Mexico by **The Banker**, due to its digital transformation strategy and its vision of having customers at the core of the design of products and services
- **LatinFinance** awarded Banorte with the **Best Infrastructure Financing of the Year in Mexico** award
- Banorte was recognized as **Best Bank for SMEs 2023** by Global Finance
- Afore XXI Banorte obtained **2nd** place in the **Responsible Investment and Corporate Governance** awards, and **1st** place in the **Sustainability Research** award, granted by **ALAS20**
- Constituent of the **DJSI MILA Index** for the **6th** consecutive year



Financial Highlights

Delivering amidst macroeconomic uncertainty

Balance Sheet

Shielded Balance Sheet to benefit from rates cycle

NIM

Group 4Q: 6.6%,
Bank 4Q: 6.7%;
Driven by
funding costs
& NII sensitivity

Expenses

Efficient control in
recurring expenses,
below inflation.
Cost to Income
38%

Capital

CAR 22.9%
CET1 15.2%

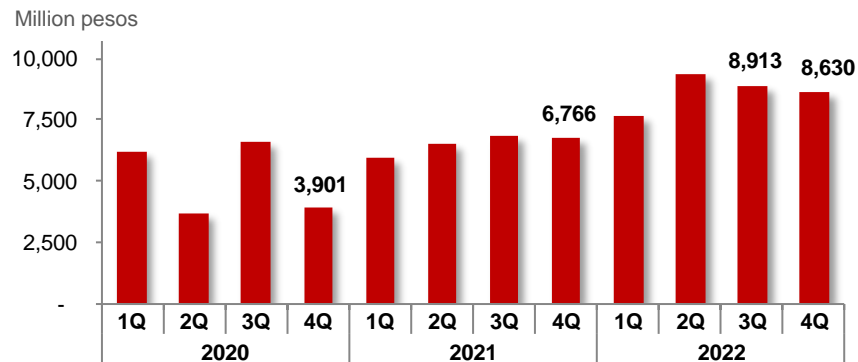
Transformation

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

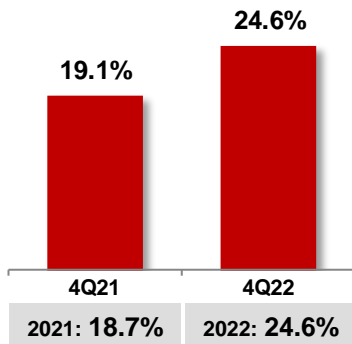
Resilient results, particularly at the bank level

- **Net Income down (3%) q/q** (on lower trading income and extraordinary expenses), but **significantly higher +32% vs 2021**.
- **NII of the Bank growing +9% q/q** and **+34% y/y**.
- **NIM 4Q at 6.7%**, **+43bps** sequentially.
- **ROE of the Bank at 24.6%**, strong annual expansion **+553bps**, fueled by better NII.

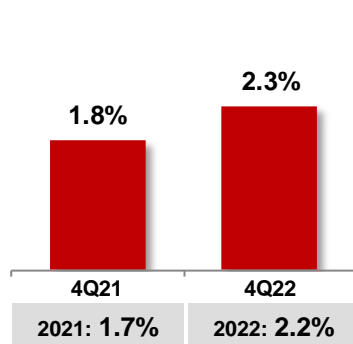
Net Income of the Bank



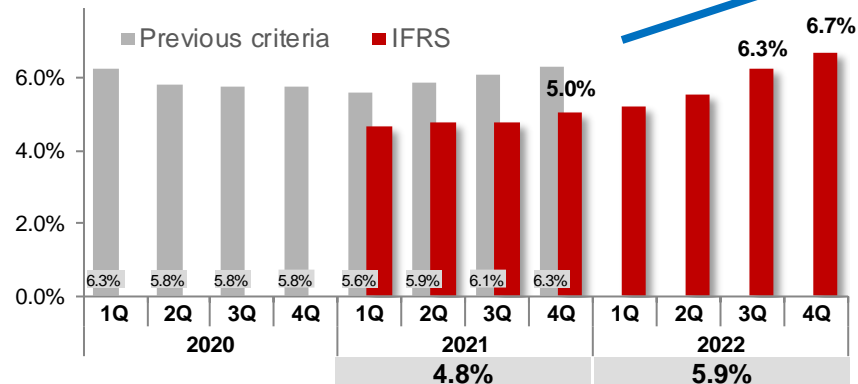
ROE of the Bank



ROA of the Bank



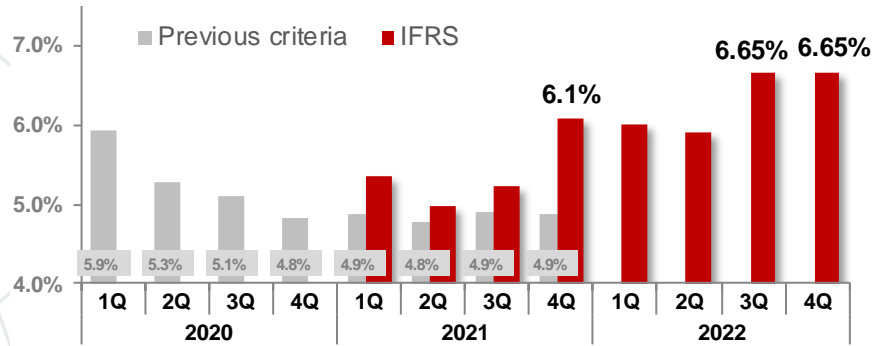
NIM of the Bank



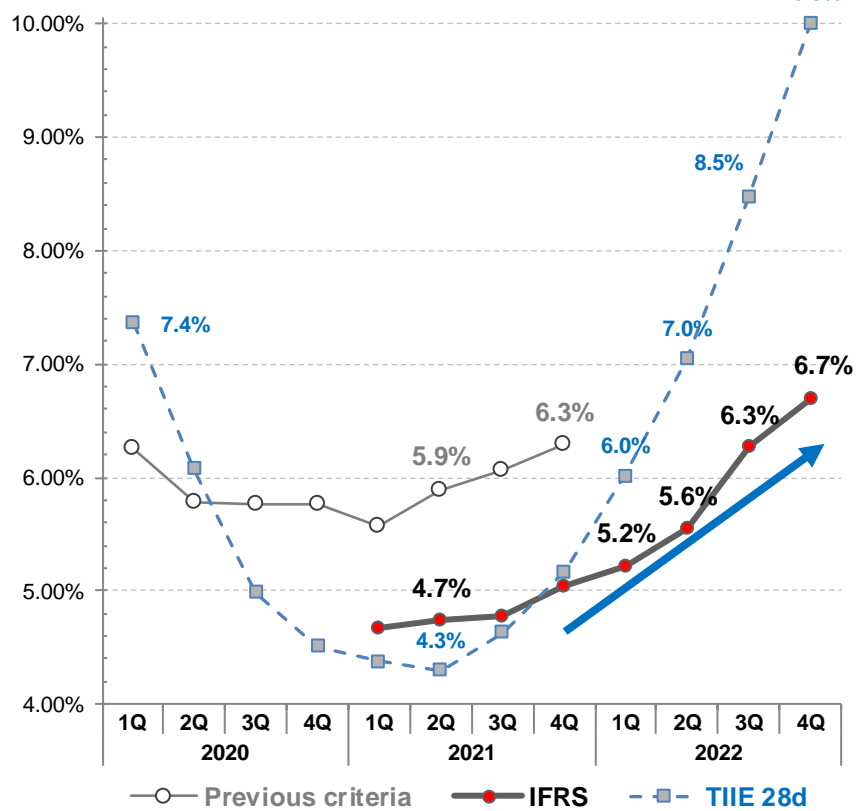
NIM expansion

- NIM of the Group at 6.65%, flat on the quarter, but +58bps annual expansion driven by good portfolio mix and growth, efficient cost of funds, and margin sensitivity to rates.
- Effects from the latest hikes are still pending.

NIM of the Group



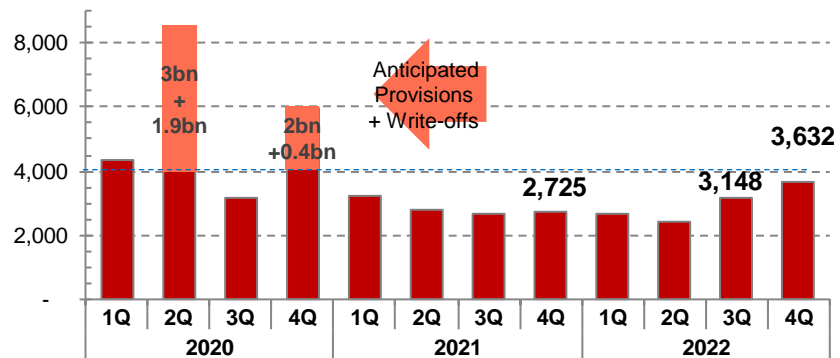
NIM of the Bank



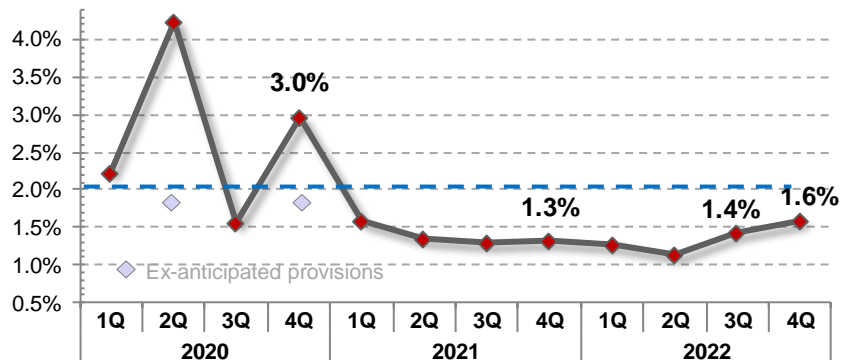
Better than expected asset quality

- Shielded balance sheet, with remaining Ps 0.7bn in excess provisions.
- Write-off rate at 0.39%, below its normal operating level.
- Provisions and cost of risk going up to normal levels.

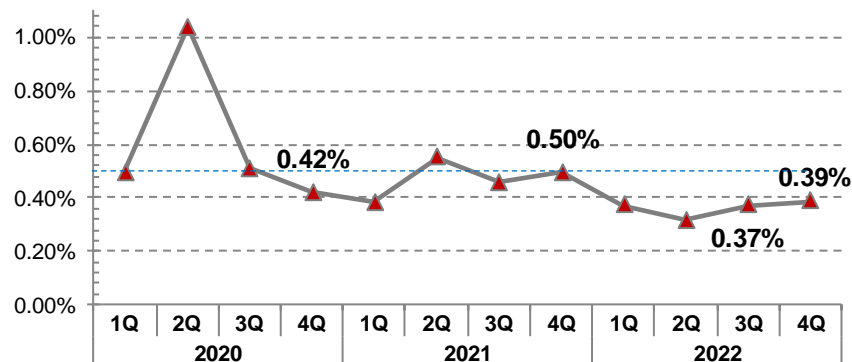
Credit Provisions



Cost of Risk

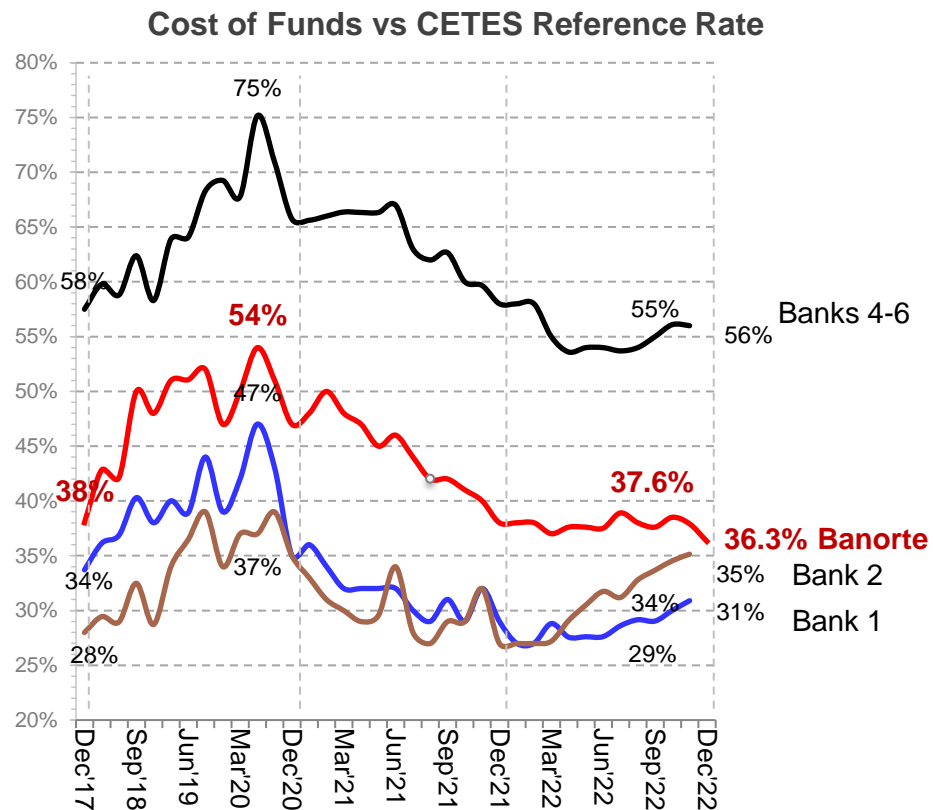


Write-Off Rate



Funding Cost trending in the right direction

- Cost of funds to 36.3% of CETES, improving significantly since the peak in June 2020.
- Successful strategy at branch network and digital channels to increase deposits.
- Demand deposits represent 74% of total core deposits.



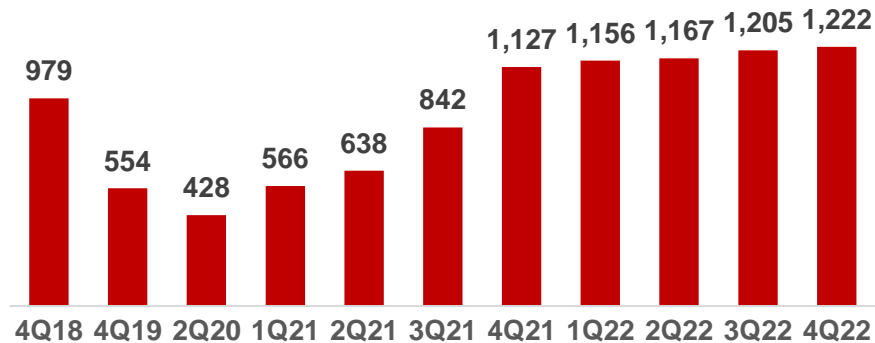
Source: Banxico as of November 2022, Banorte as of December internal data.

Net Interest Income sensitivity evolution

- Dynamic risk management hedges.
- Focus on stable low-cost liabilities.
- Active ALCO.
- Organic growth of floating rate portfolio.

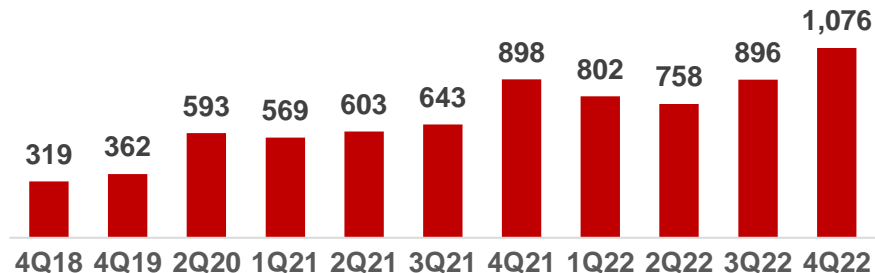
NII Sensitivity per 100 bps in rate change Local Currency Balance Sheet

Million pesos



Foreign Currency Balance Sheet

Million pesos



Expenses, paving the road for the future

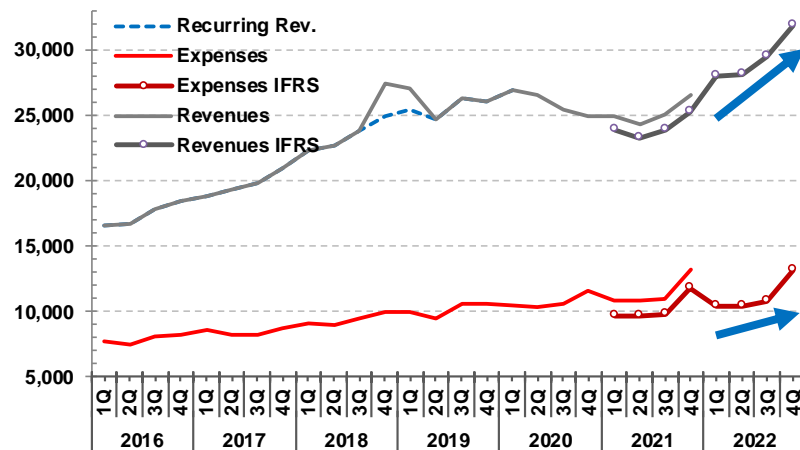
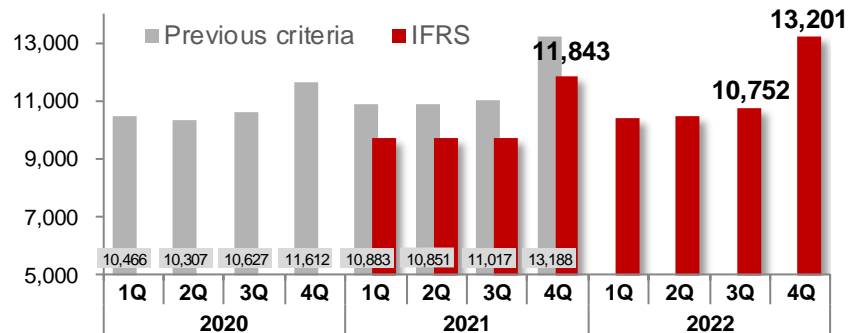
Expenses +23% q/q and +9.1% 12M y/y on extraordinary expenses.

	2022	y/y
Recurring Expenses	43,194	5.3%
Extraordinary Expenses	1,578	n.a.
Non-Interest Expenses	44,772	9.1%

Strengthening commercial and SME teams, as we anticipate increased demand in these sectors.

Non-Interest Expenses

Million pesos



Expenses

Expenses +9.1% 12M y/y as a consequence of extraordinary expenses (*personnel and amortizations*).

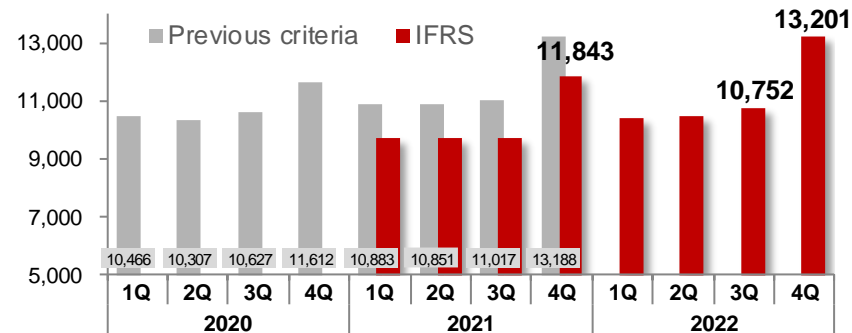
Full year cost to income ratio of 38%, improving (461bps) y/y (*including extraordinary expenses*).

Recurring expenses under control, reaching 5.3%, well below inflation.

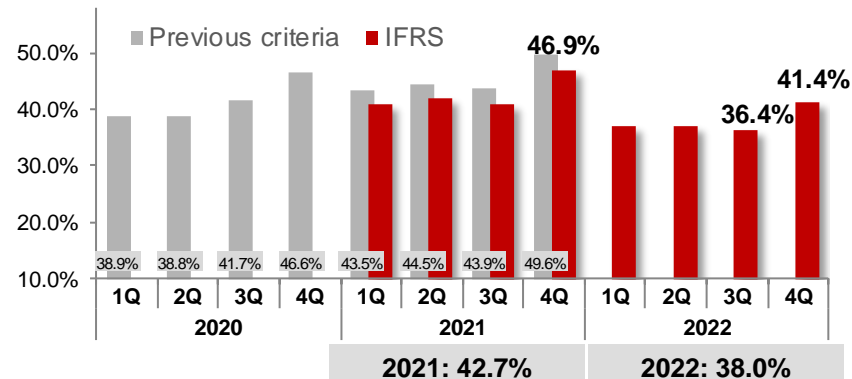
	4Q22	q/q	y/y	2022	y/y
Personnel	6,476	44%	37%	19,580	11%
Employee Profit Sharing (PTU)	342	(13%)	(69%)	1,507	(4%)
Total Personnel	6,818	39%	17%	21,087	10%
Professional Fees	961	3%	3%	3,603	6%
Administrative and Promotional *	1,101	(38%)	(48%)	5,858	(10%)
Rents, Deprec. & Amortization	3,453	48%	63%	10,623	25%
Other Taxes	587	(4%)	14%	2,233	6%
Other expenses	282	37%	(14%)	1,368	5%
Non-Interest Expenses	13,201	23%	11%	44,772	9%
Recurring Expenses				43,194	5.3%

Non-Interest Expenses

Million pesos



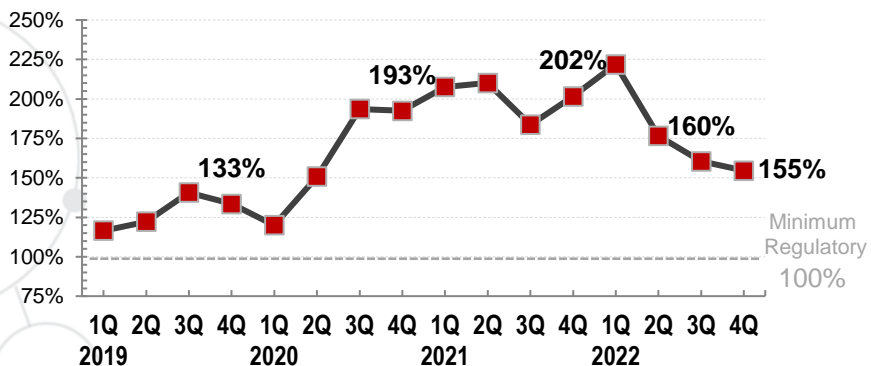
Cost to Income Ratio



Bank's regulatory capital ratio & liquidity

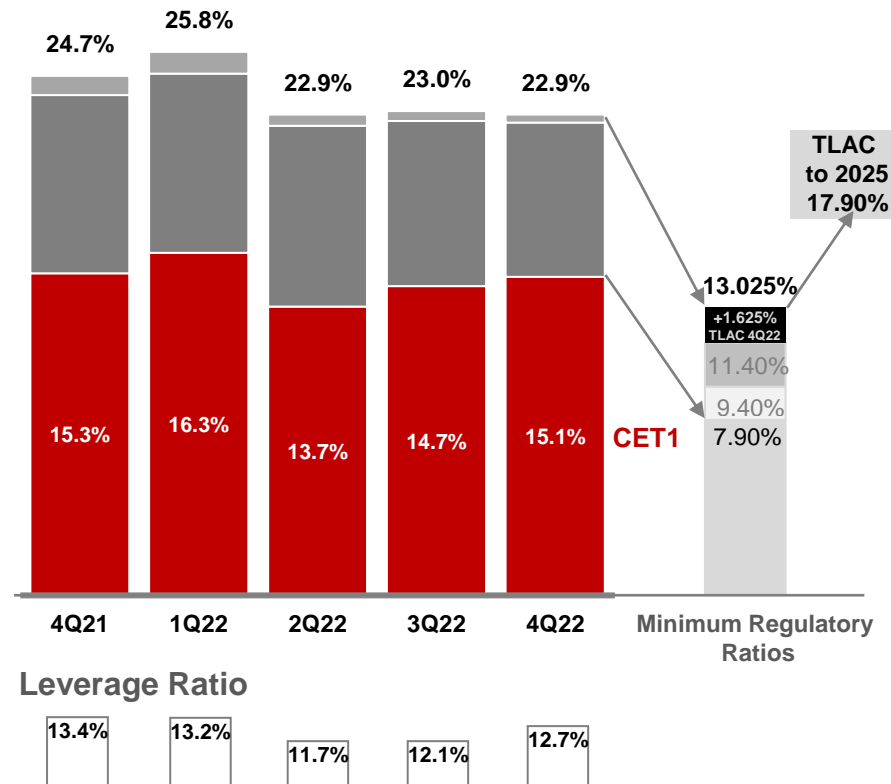
- Strong CAR and CET1, well above regulatory requirements.
- CET1 still above management's optimal range, even after full dividends are distributed.
- Unlevered Capital.
- Liquidity coverage ratio far exceeds minimum regulatory requirements.

Liquidity Coverage Ratio CCL (%)



Capital Adequacy Ratio (CAR)

Basel III



2022 Guidance achieved and surpassed

	Guidance	Actual	
Loan Growth	7% – 9%	12%	✓✓
NIM expansion	85 – 100 bps	90 bps	✓
NIM of Bank expansion	100 – 115 bps	110 bps	✓
Expense Growth	7.9% – 8.4%	5.3% recurring 9.1% total	✓ ✗
Efficiency	37.5% – 38.5%	38.0%	✓
Cost of Risk	1.3% – 1.5%	1.4%	✓
Tax Rate	25% – 26%	26.2%	✓
Net Income	44.0 – 45.4 bn	45.4 bn	✓
ROE 2022	18.7% – 19.2%	19.2%	✓
ROA 2022	2.2% – 2.3%	2.3%	✓

2023 Guidance

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

* Includes BINEO 2%

Appendix

Selected industry exposures

	Vs. Total Loans 4Q22
Oil Industry*	3.8%
Electricity Companies*	4.2%
Construction & Real Estate	
Housing	1.3%
Commercial	1.8%
Others	1.2%
Malls	1.8%
Tourism	4.9%
Restaurants	0.2%
Airports	0.0%

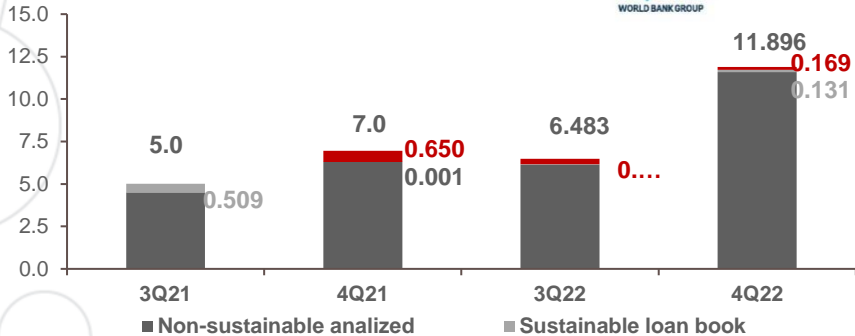
- Including traditional, clean energy and suppliers

SMEs • 78% Nafin / Bancomext guaranteed loans, 47% of SME book	4.4%
Dollar denominated	12.9%

Sustainable Finance

Loan book evaluation

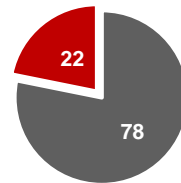
% of wholesale banking loan book



Responsible Investments – Mutual Funds

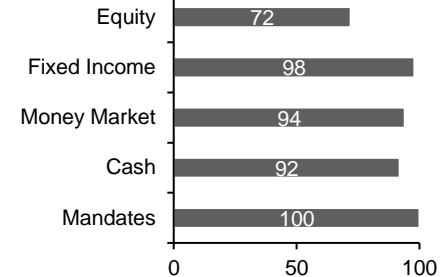
% of analyzed AUM by instrument

Fund's Portfolio



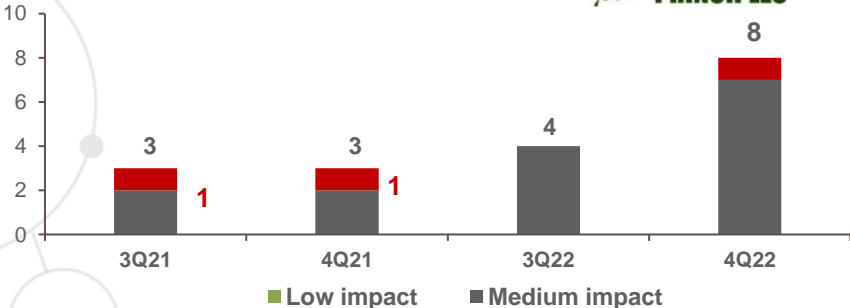
■ Analyzed ■ Not Analyzed

Asset Class



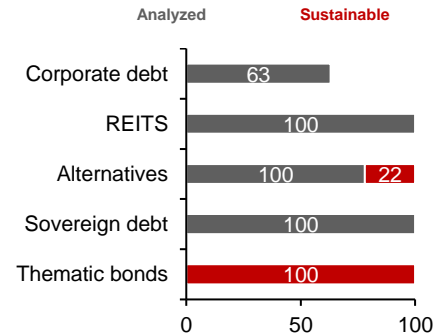
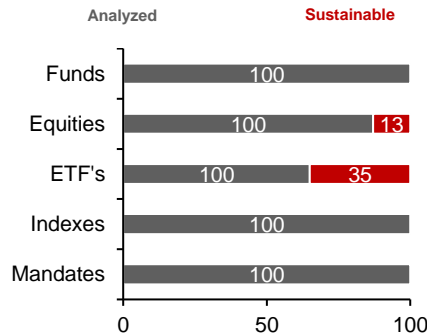
Loan book evaluation under Equator Principles

Number of analyzed projects



Responsible Investments – Pension Funds

% of analyzed AUM by instrument



Earnings Call

January 20th, 2023

4Q22