



4Q21

Earnings Call

January 21st, 2022



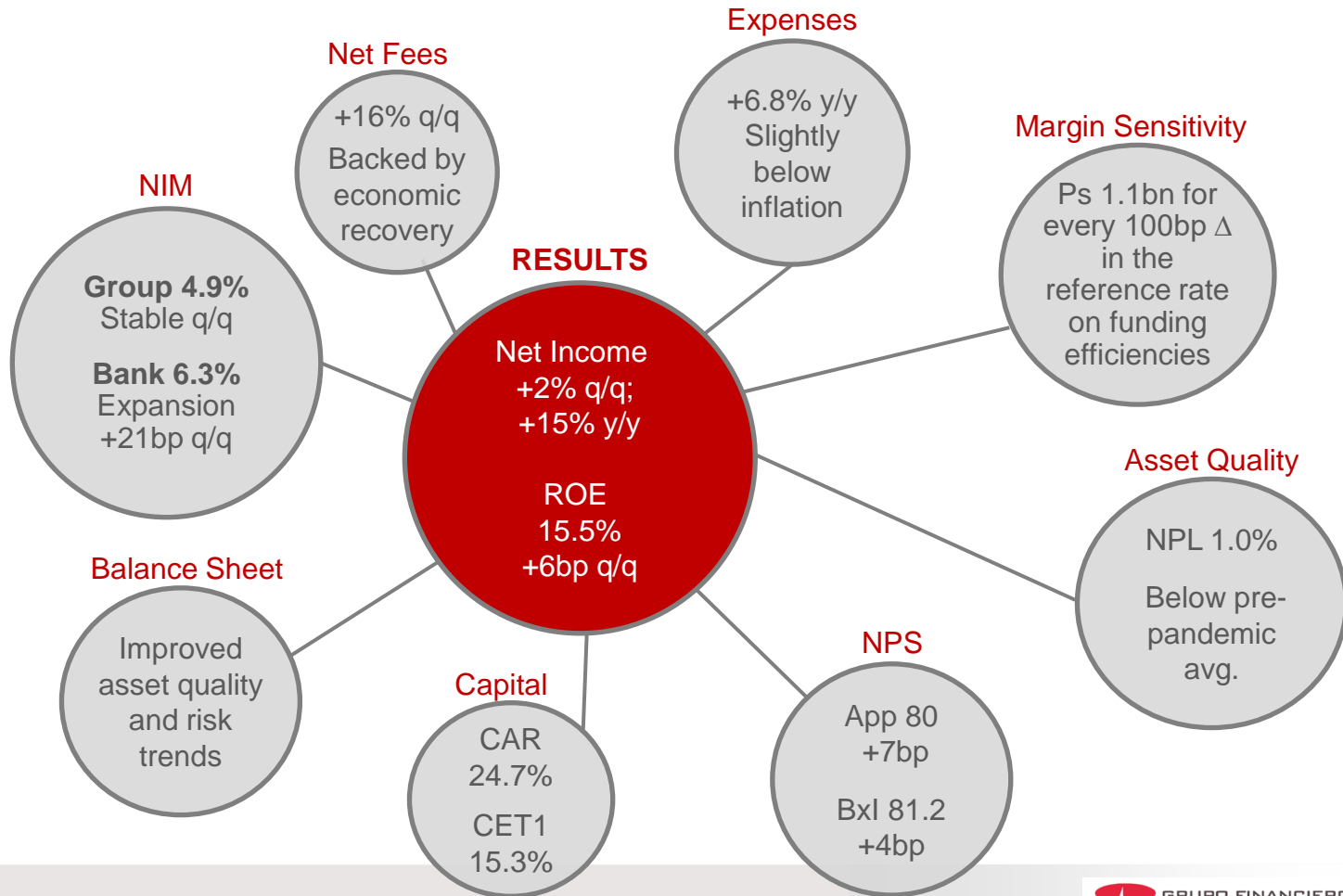
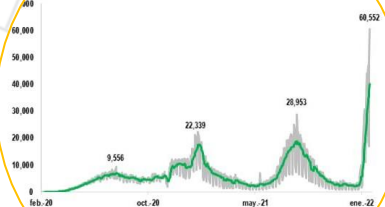
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Solid performance with sequential improvements

**COVID-19
Omicron
Fourth wave**

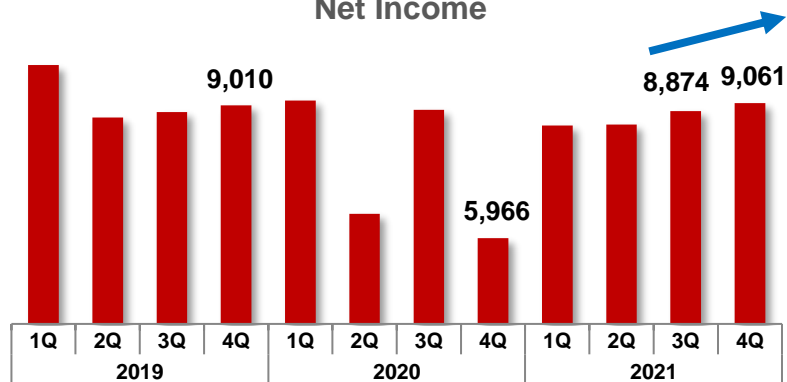
of Cases



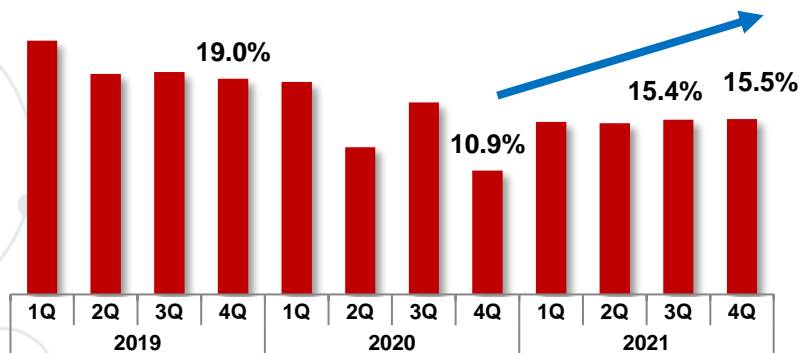
Resilient results

- Net Income +2% sequentially, and 15% full year.
- ROE recovering, but still affected by insurance claims and undistributed dividends.
- ROA 2.0% sustained.

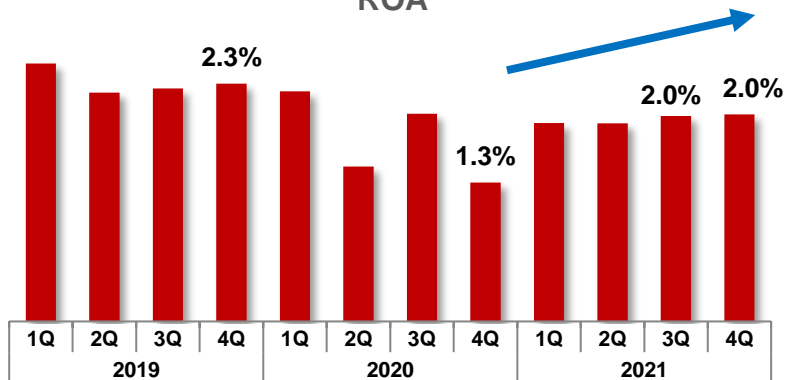
Net Income



ROE

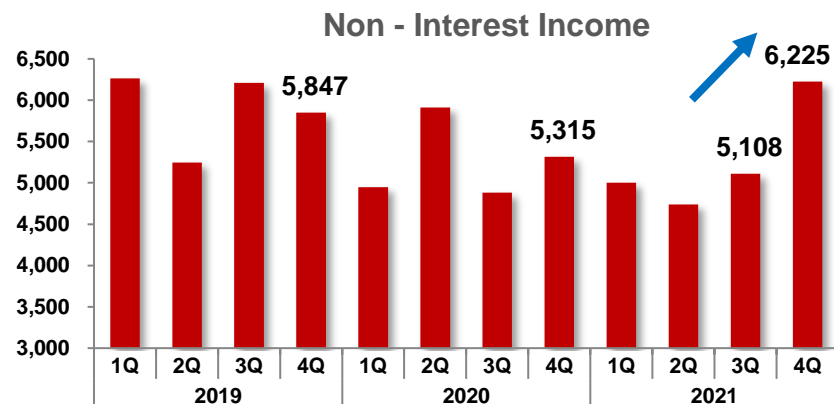
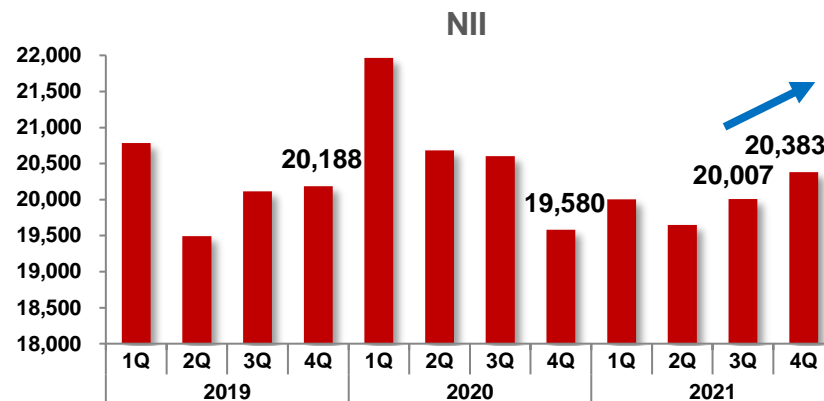


ROA



Net Interest and Non-Interest Income

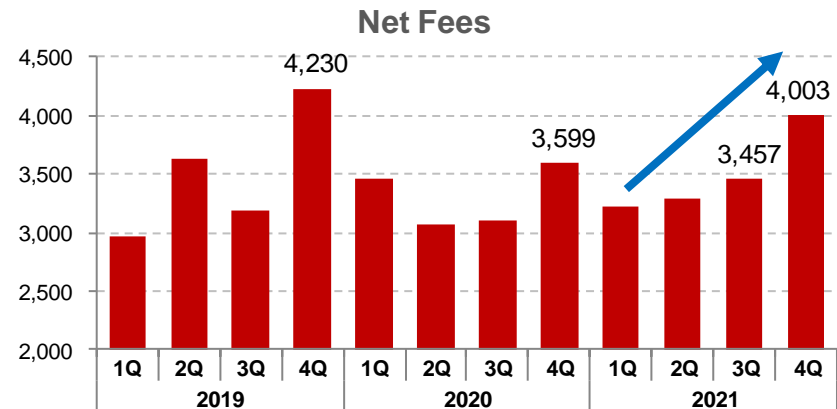
- Robust NII, driven by NII on Loans +3% q/q, but affected by **insurance claims**.
- Non-interest Income grew +22% q/q, with expansions in all segments.
- Net Fees +16% q/q, supported by favorable seasonality and +6% full year on economic recovery.
- Trading with good quarter, above normal range at Ps 1.48bn.



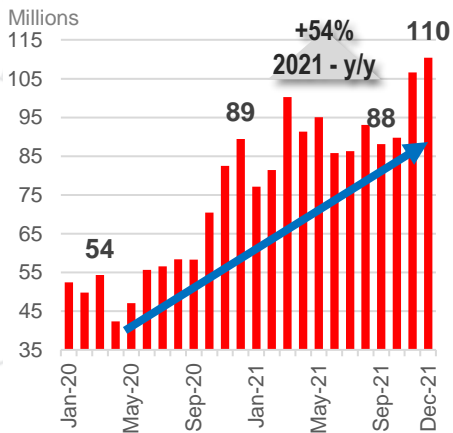
Million pesos	4Q21	q/q	y/y	2021	y/y
NII Loans/Deposits	16,386	3%	7%	62,760	(1%)
NII Repos	2,606	5%	20%	9,766	8%
NII Valorization Adjust	(73)	60%	(122%)	(317)	(176%)
NII Insurance & Annuities	1,465	(17%)	(17%)	7,833	(20%)
NII	20,383	2%	4%	80,041	(3%)
Net Service Fees	4,003	16%	11%	13,962	6%
Trading Income	1,476	32%	72%	4,396	(9%)
Other Income	746	39%	(13%)	2,714	(9%)
Non-Interest Income	6,225	22%	17%	21,072	0%
Total Revenues	26,608	6%	7%	101,113	(3%)

Core Banking Fees quite above pre-pandemic levels and continuously growing

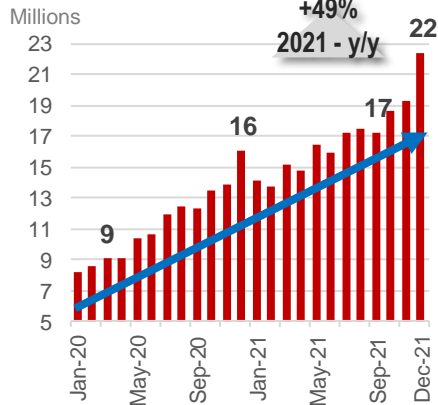
- Quarterly Net Fees +16%, full year +6% y/y.
- Core banking fees with outstanding quarter +20% q/q, full year +26% y/y:
 - Consumer Loan Fees +11% y/y.
 - Electronic banking services +37% y/y.
- Digital transactions leading annual growth, +54% in POS, +49% in mobile monetary transactions.



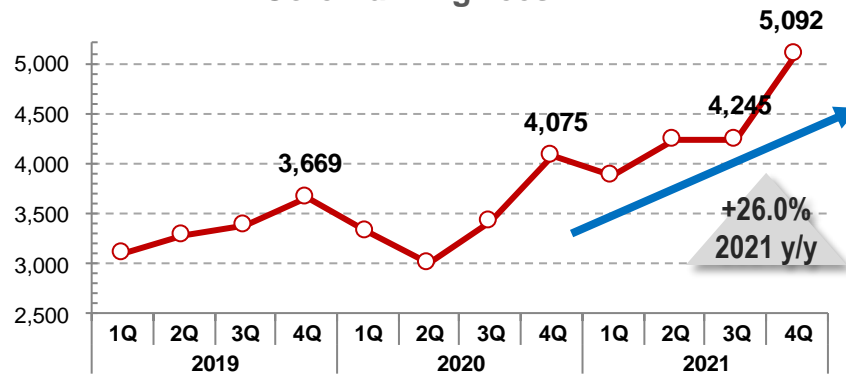
POS Transactions



Mobile Monetary Transactions



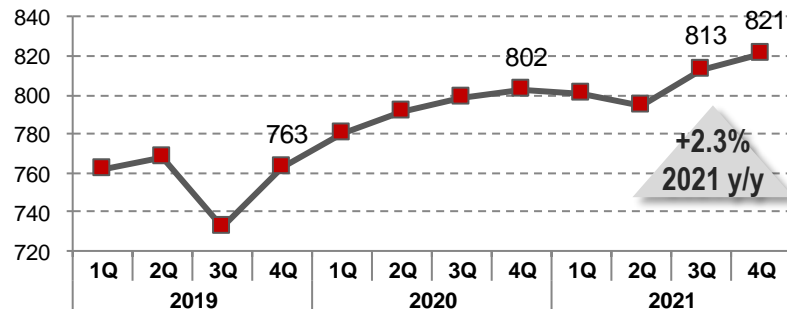
Core Banking Fees



Good loan growth, regaining momentum

- Good quarterly expansion in corporate +3.4% and commercial +2.5%.
- Government loans affected by large prepayments, contracting (4%) q/q.
- Sustained growth in credit cards +6% q/q, +7% y/y.
- Total performing portfolio grew +2.3% y/y.

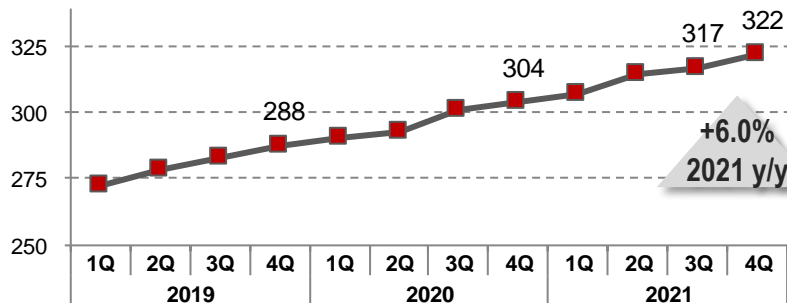
Performing Loans



Performing Loans

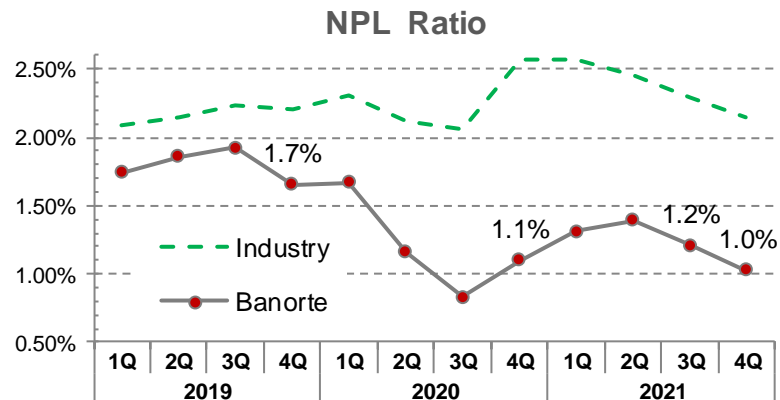
	4Q21	q/q	y/y
Commercial	203,256	3%	5%
Corporate	140,925	3%	(2%)
Government	154,318	(4%)	(4%)
Mortgage	200,459	1%	7%
Auto	27,792	(0.4%)	(1%)
Credit card	39,108	6%	7%
Payroll	54,975	1%	6%
Consumer Loans	322,334	2%	6%
Total	820,833	1%	2%
Total ex-Gov	666,515	2%	4%

Consumer & Mortgage Portfolio



Healthy Loan Portfolio

- Excellent asset quality, better than estimated.
- NPL ratio well below expectations.



Non-performing Loans Ratio

	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
Credit Card	5.4%	5.8%	5.5%	3.1%	7.8%	7.2%	4.9%	3.9%	3.3%
Payroll	3.3%	2.7%	3.3%	1.7%	2.7%	2.9%	2.5%	2.6%	2.6%
Auto	1.0%	0.9%	1.2%	0.7%	0.6%	1.3%	1.1%	0.9%	0.8%
Mortgage	1.1%	1.2%	1.3%	1.0%	0.9%	1.1%	1.0%	1.1%	1.0%
Commercial	2.4%	2.3%	1.1%	0.9%	1.2%	1.7%	1.9%	1.9%	1.6%
SME	6.6%	7.0%	3.7%	1.9%	2.0%	3.4%	3.4%	2.5%	1.8%
Commercial ex-SME	1.3%	1.2%	0.6%	0.7%	1.0%	1.3%	1.6%	1.8%	1.5%
Corporate	1.8%	1.8%	0.3%	0.3%	0.1%	0.2%	1.3%	0.4%	0.0%
Government	0.0%	0.0%	0.1%	0.2%	0.0%	0.1%	0.1%	0.1%	0.1%
Total GFNorte	1.7%	1.7%	1.2%	0.8%	1.1%	1.3%	1.4%	1.2%	1.0%

Subsidiaries return to normal, but Insurance is still affected

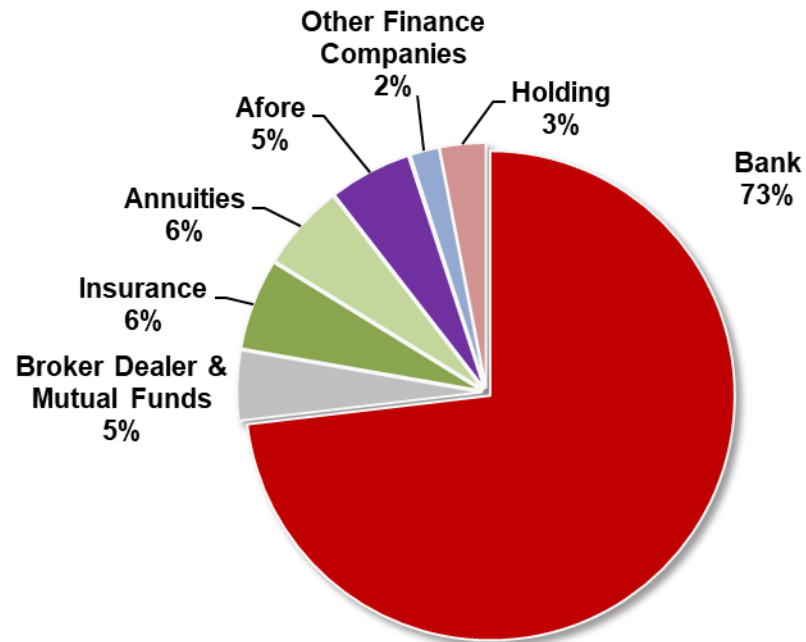
Business diversification supporting difficult times:

- Bank +28% y/y.
- Insurance remains affected (45%) y/y, on **COVID-19 related reserves and claims.**
- Afore with strong quarter.
- Leasing and Factoring back to normal operations in the quarter.

Net Income by Subsidiary

Million pesos	4Q21	q/q	y/y	2021	y/y	ROE 2021
Bank	6,649	(1%)	73%	25,633	28%	18.7%
Broker Dealer & Mutual Funds	314	(22%)	(12%)	1,621	9%	23.3%
Insurance	459	42%	(2%)	2,103	(45%)	22.6%
Annuities	545	15%	8%	2,007	29%	27.0%
Pension Funds (Afore)	608	33%	28%	1,920	2%	15.9%
Other Finance Comp.	119	(44%)	36%	671	5%	
Holding	368	28%	59%	1,068	3%	
GFNorte	9,061	2%	52%	35,048	15%	15.3%

Net Income by Subsidiary 2021

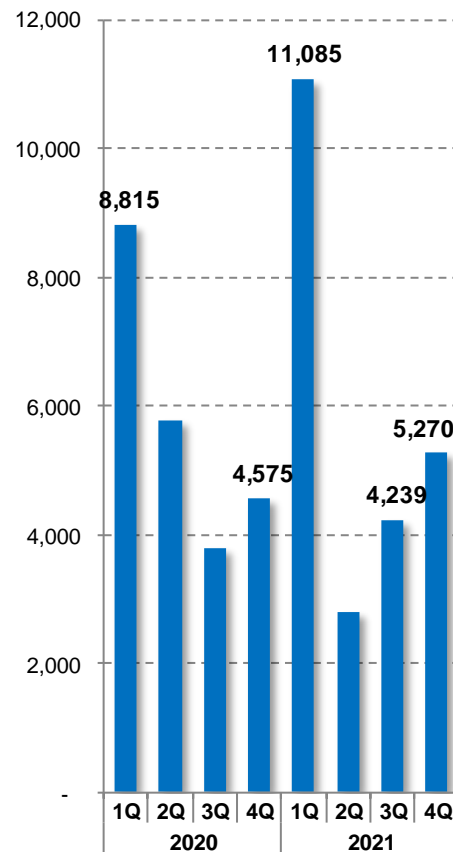


Insurance business affected by pandemic

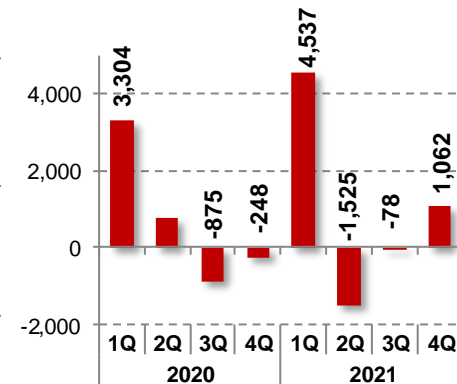
- Premiums' growth: +24% sequentially and +2% full year.
- Damages and claims still affected by COVID-19, +9% above 3Q21.
- Total COVID19-related claims totaled ~Ps 5.3bn. After reinsurance and reserves releases, net impact was ~Ps 3.5bn.

(Million Pesos)	4Q21	Change		2021	Change
		3Q21	4Q20		2020
Interest Income (Net)	402	5%	18%	1,370	(28%)
Premium Income (Net)	5,270	24%	15%	23,411	2%
Net Increase in Technical Reserves	1,062	n.a.	n.a.	3,996	36%
Damages, Claims	3,901	9%	(5%)	15,746	13%
Net Interest Income (NII)	709	(37%)	(32%)	5,040	(37%)

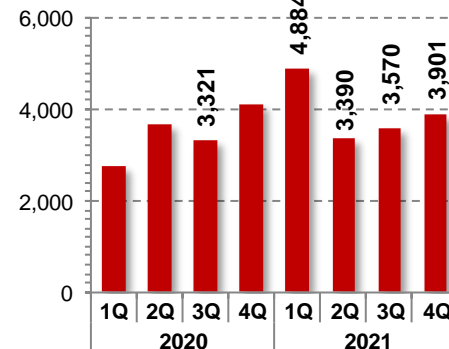
Retained Insurance Premiums



Technical Reserves



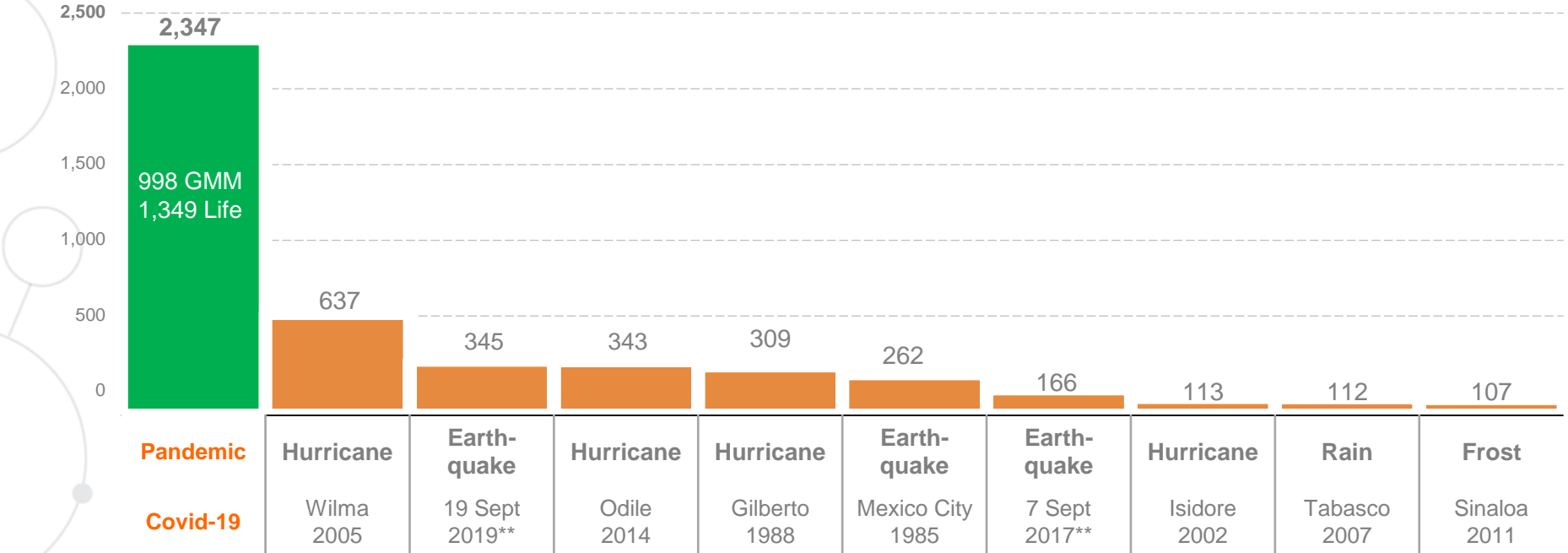
Damages & Claims



Covid-19, the most expensive event in the history of the country

Estimated Retained Impact
as of November 2021, Retention Ratios: 93% Health & Life; 26% P&C

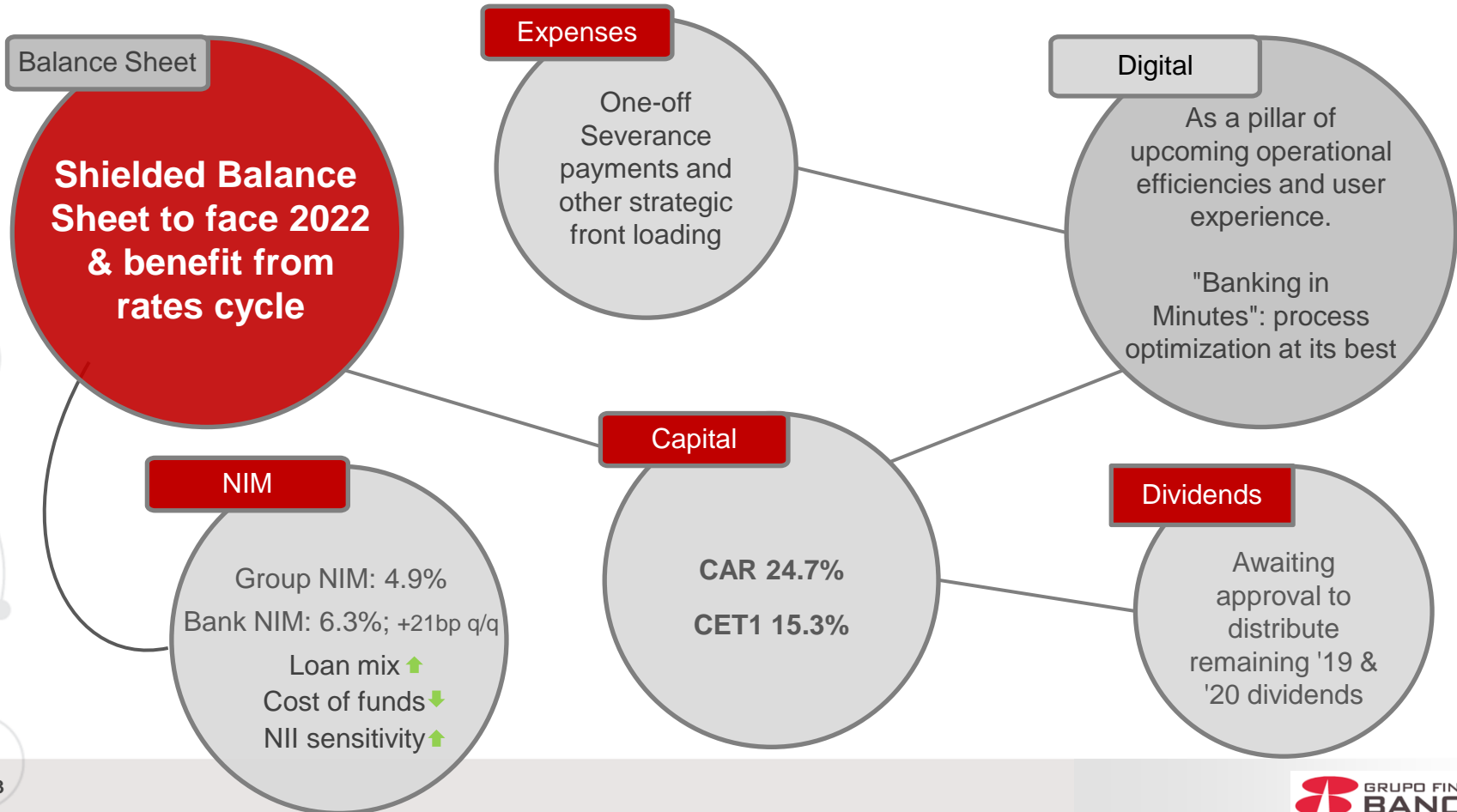
Million dollars*



*millions of constant dollars as of November 2021, inflated to the US CPI with inflation rate as of Oct-2021, except for the Pandemic event; for Property Risks includes Damages and Automobiles.
** Consolidated amount as of Sept-2020, amount based on internal estimates. The exchange rate corresponds to the end of the year of occurrence.

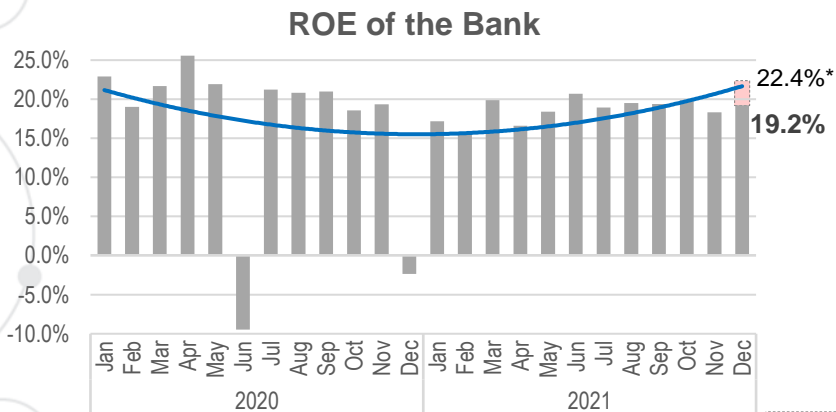
Financial Highlights

Delivering amidst political and economic uncertainty

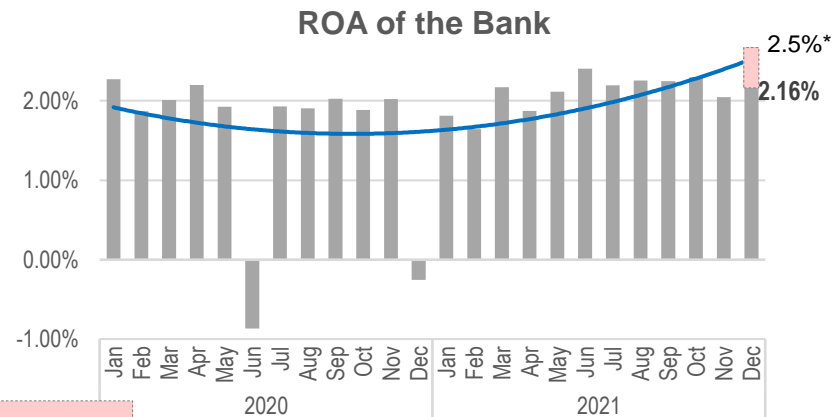
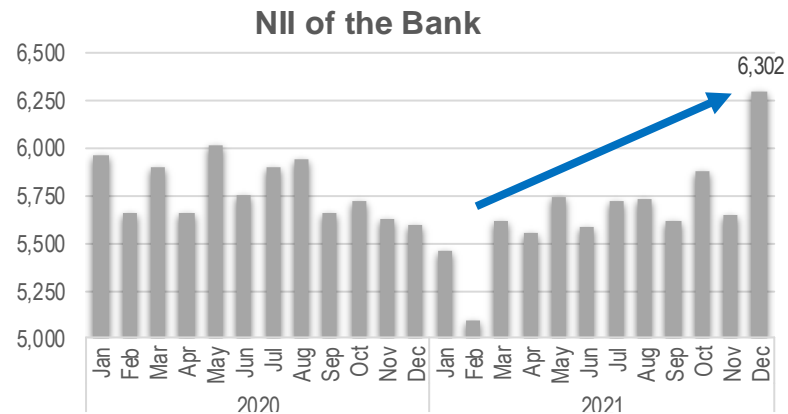


Resilient results, particularly at the bank level

- NII of the Bank growth driven by consumer loan growth, lower funding costs and partial effect of rate hikes.
- ROE of the Bank recovering on better NII, quality of portfolio, and core banking fees.
- Excluding the impact of extraordinary expenses, December ROE totals 22.4% and ROA 2.5%.

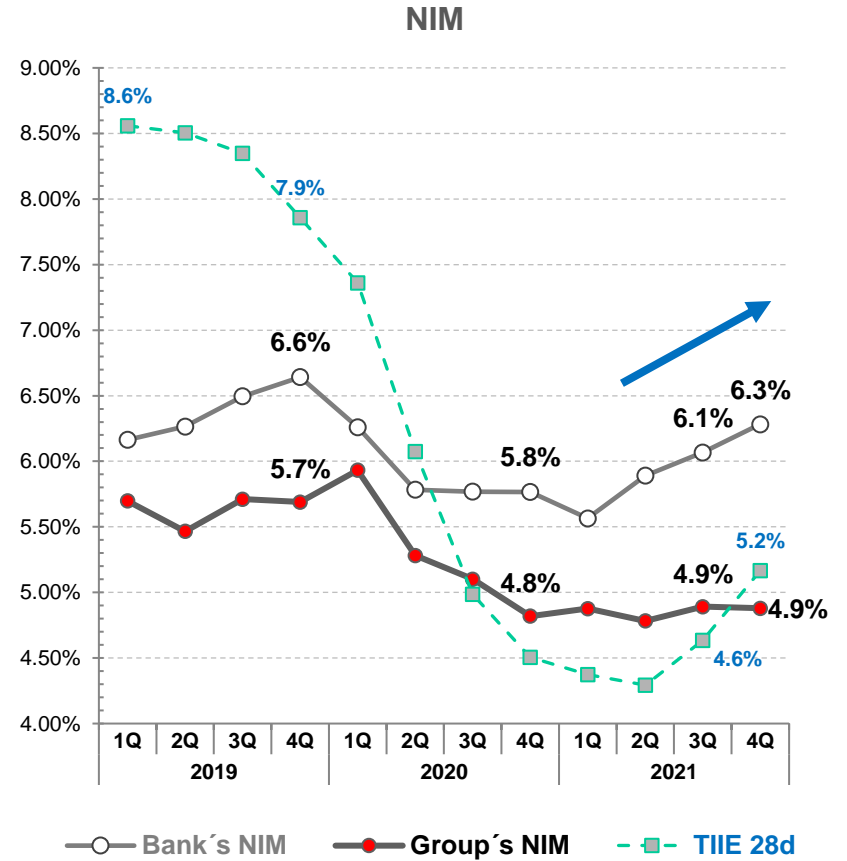
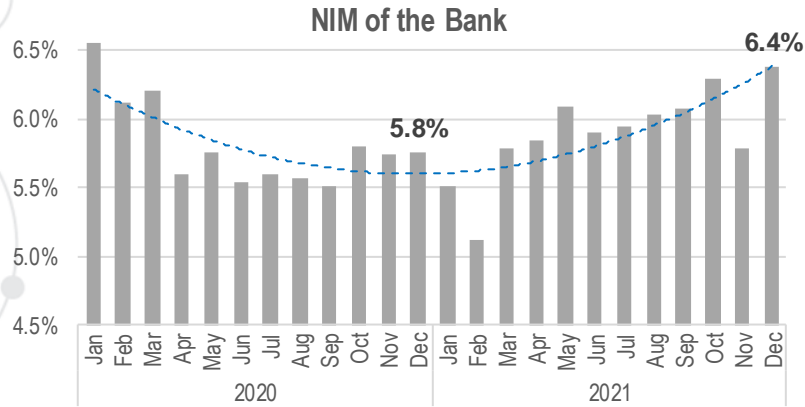


*Without extraordinary expenses



NIM expansion

- NIM of the Bank consistently above 6%.
- Expansion on good portfolio mix, efficient cost of funds, increased margin sensitivity, and partially boosted by rate hikes.
- Group's NIM still affected by insurance claims.

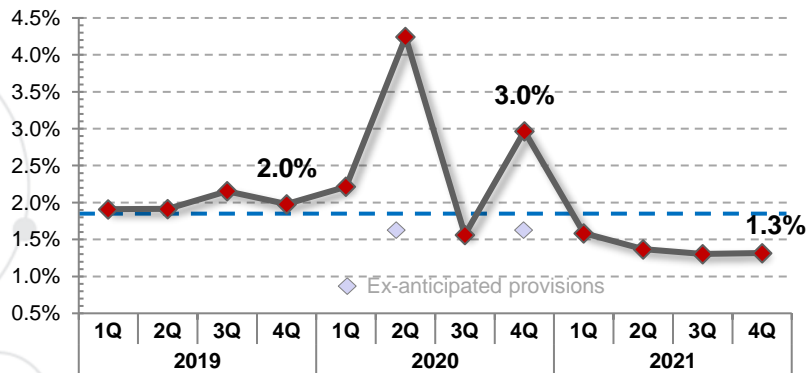


○ Bank's NIM ● Group's NIM - - - TIIE 28d

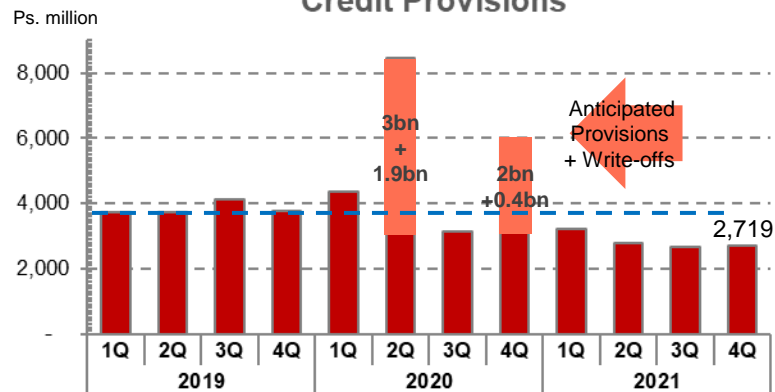
Asset quality better than expected

- Shielded balance sheet with remaining Ps 1.8bn in excess provisions.
- Write-off rate back to normal after 2020 strategic approach to anticipate deterioration.
- Cost of risk at historically low levels.

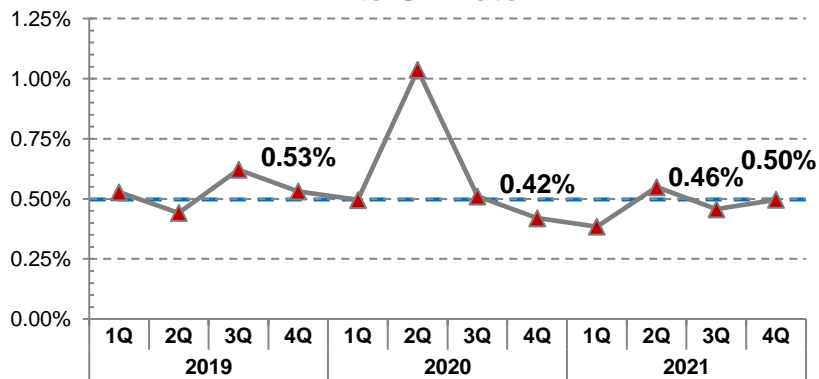
Cost of Risk



Credit Provisions



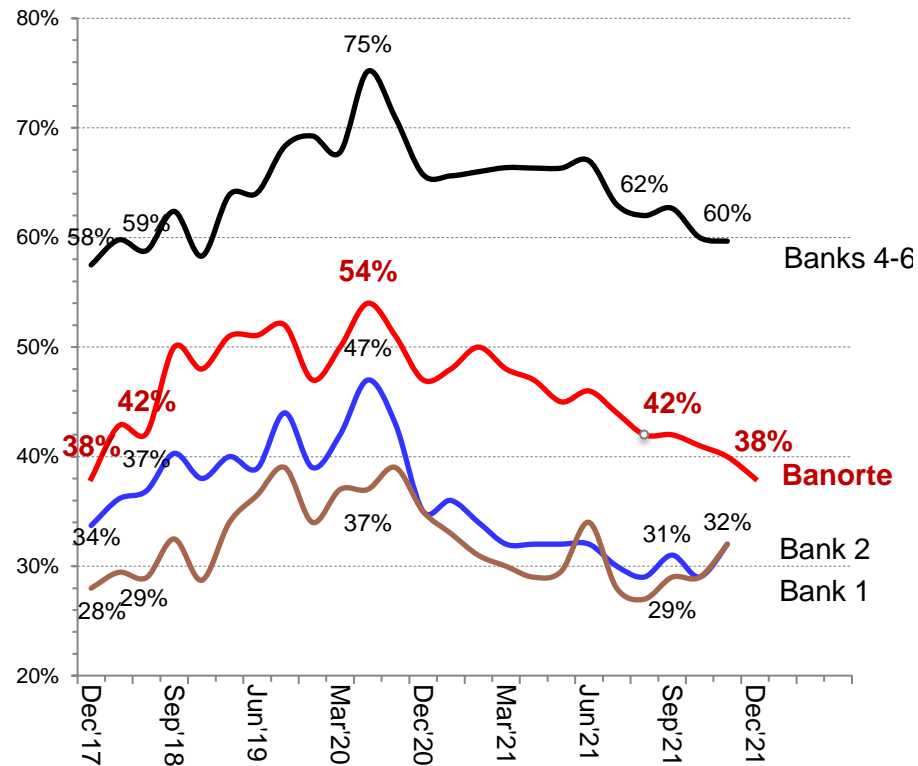
Write-Off Rate



Funding Cost trending downward

- Cost of funds at 38% of CETES, improving significantly since the peak in June 2020.
- Strategic focus at branch network to increase deposits.
- Demand deposits represent 72% of total core deposits.
- Reduction of high interest-bearing deposits with specific customers.

Cost of Funds vs CETES Reference Rate

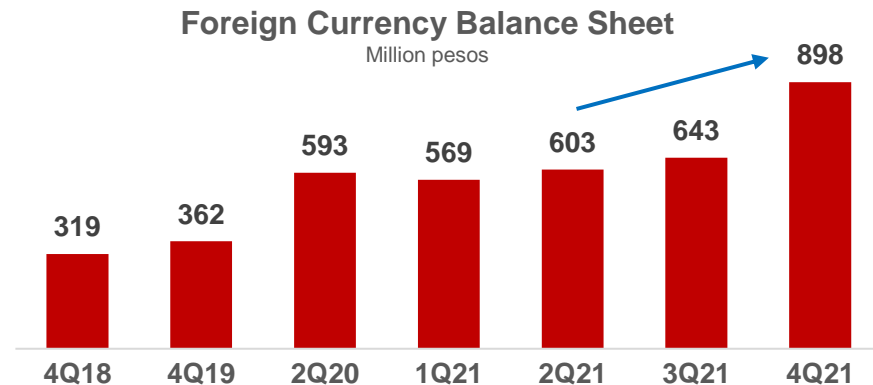
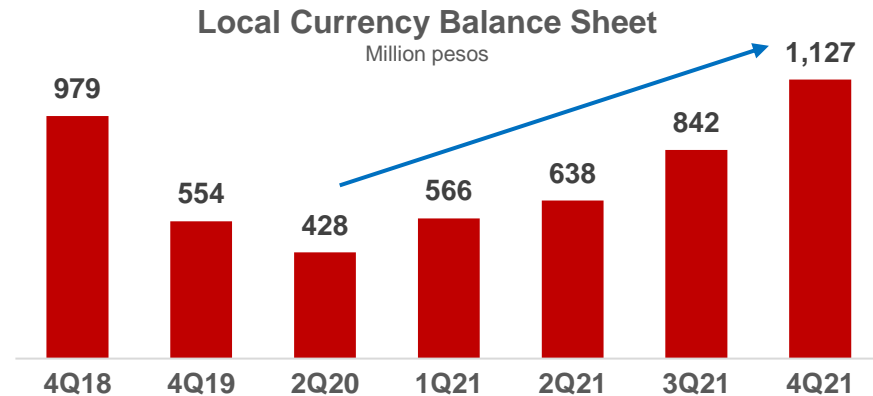


Source: Banxico, data as November 2021,

Margin sensitivity evolution

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

Margin Sensitivity – 100 bps on NII



Expenses

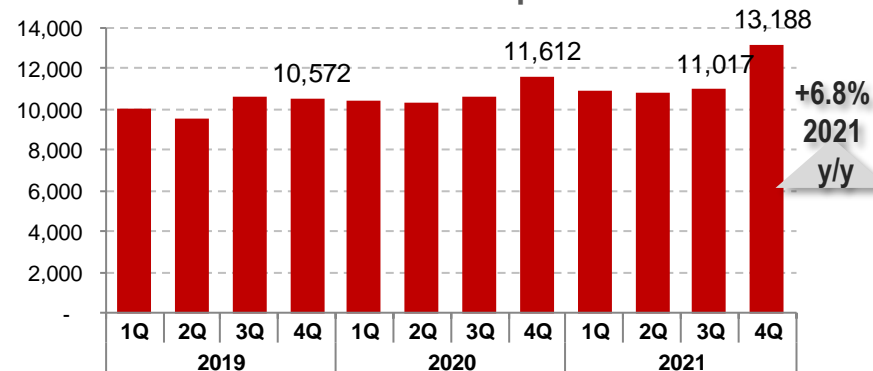
Total growth +6.8% y/y, slightly below inflation and above guidance.

Expenses above guidance driven mainly by:

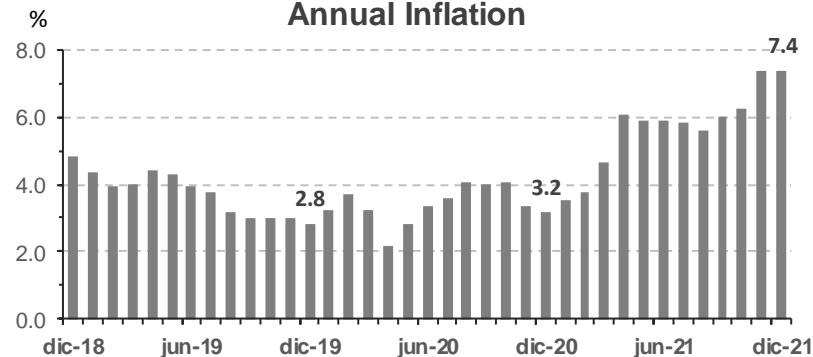
- Reclassification of outsourcing fees and other labor reform adjustments around Ps ~400 million.
- Severance payments and other strategic front loading around Ps ~500 million.
- Inflationary pressures.

	4Q21	q/q	y/y	2021	y/y
Personnel Expenses	4,701	8%	1%	17,348	5%
Professional Fees	927	13%	(4%)	3,360	(0%)
Administrative & Promotional	2,714	37%	27%	8,833	2%
Rents, Deprec.& Amorti.	2,253	1%	6%	8,973	9%
Taxes other than income tax & non-deductible expenses	575	(1%)	(11%)	2,298	8%
Contributions to IPAB	905	2%	(3%)	3,596	(1%)
Employee Profit Sharing	1,113	691%	718%	1,532	187%
Non-Interest Expenses	13,188	20%	14%	45,940	7%

Non-Interest Expenses



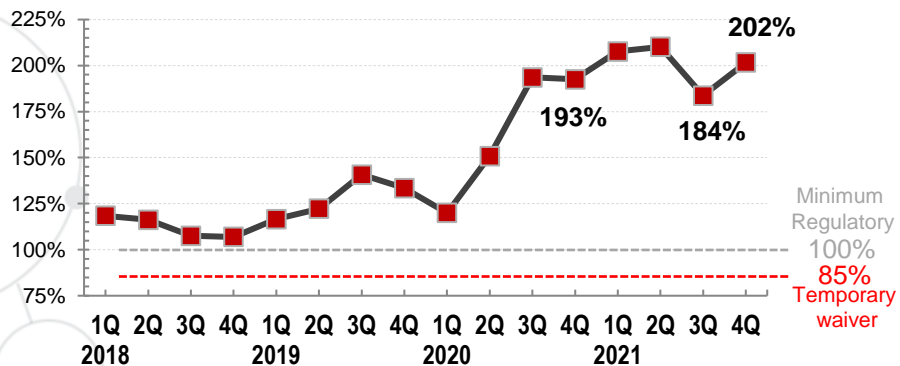
Annual Inflation



Bank's regulatory capital ratio & liquidity

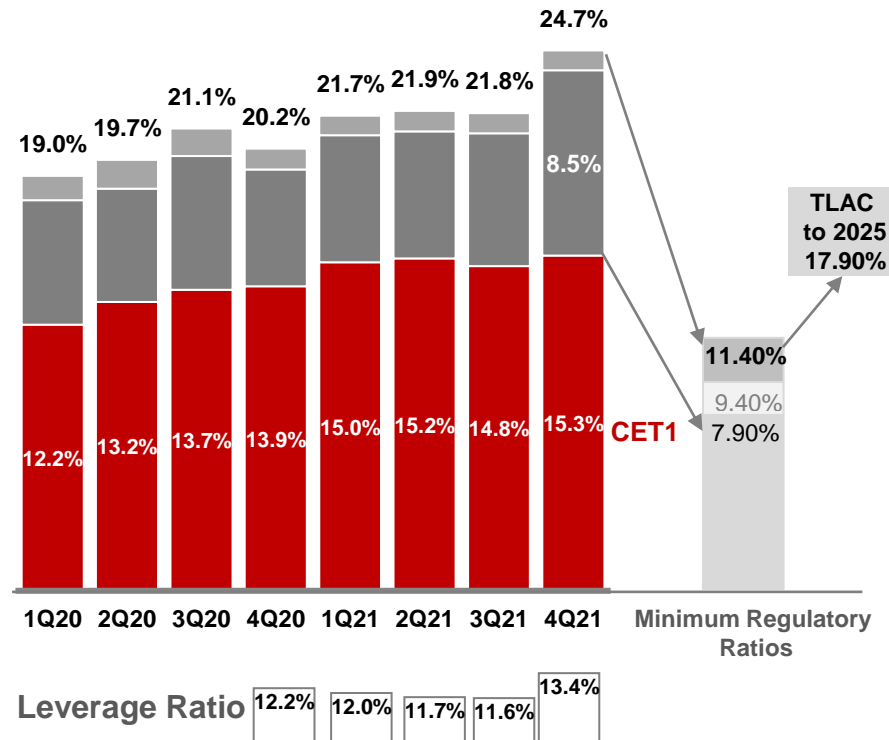
- Strong CAR and CET1, well above regulatory requirements.
- CET1 still above management's optimal range, even after full dividends are distributed.
- Unlevered Capital.
- Liquidity coverage ratio far exceeds minimum regulatory requirements.

Liquidity Coverage Ratio CCL (%)



Capital Adequacy Ratio (CAR)

Basel III



Ongoing digital evolution

RappiCard: exceeded the goal of 400k for the first year

436k

Issued cards

36%

RappiCard is the first card for 155K clients

407k

Cards with at least one purchase

50%

Of cardholders with a credit line above Ps 5,000

72%

Monthly active users

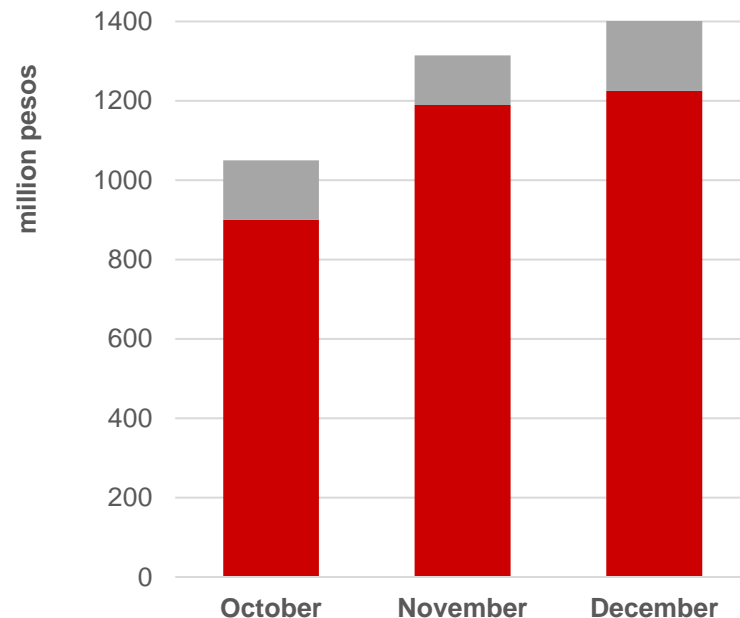
1,256M¹

Average monthly billing

80%

Of users under 36 years old

Billing Profile



■ Purchases out of Rappi ■ Purchases in Rappi

Source: JV Banorte Rappi, as of December 31, 2021
1. Average of the last quarter of 2021

2022 guidance

	2022
Loan Growth	7% – 9%
NIM expansion	30 – 40 bps
NIM of Bank expansion	45 – 65 bps
Expense Growth	7.0% – 7.6%
Efficiency	41.9% – 42.7%
Cost of Risk	1.6% – 1.9%
Tax Rate	26% – 27%
Net Income	39.5 – 41.1 bn
ROE	17.0% – 18.0%
ROA	2.0% – 2.2%
<hr/>	
GDP	~ 3%
Inflation Rate	4.2% – 6.0%
Banxico's Reference Rate (Avg.)	6.42%

Appendix

Selected industry exposures

	Vs. Total Loans 4Q21
Oil Industry*	4.8%
Electricity Companies*	2.4%
Construction & Real State	
Housing	1.3%
Commercial	1.8%
Others	1.3%
Malls	2.0%
Tourism	4.4%
Restaurants	0.2%
Airports	0.0%

- *Including suppliers*

SMEs • 77% Nafin / Bancomext guaranteed loans, 45% of SME book	4.6%
Dollar denominated	11.1%

Environmental



- CDP Climate Change Questionnaire – Score B
- Recycling Program – Environmental Volunteering in Mexico City
- Waste Management Training - 46 employees trained

Governance



- DSI MILA Index- Constituent for the fifth consecutive year
- Leading Institution in Corporate Governance (ALAS20) – 2nd place for Afore XXI, 3rd place for Grupo Financiero Banorte
- EAV certification, specialized in Personal Data Protection
- Virtual assistant MAYA – Award for one of the 9 best innovations worldwide (FEMA)
- Customer satisfaction – NPS 68.0pts (+1.2% vs 3Q21, and +4.9% vs 4Q20)

Social



- “Best Employer Brand” Award (LinkedIn)
- Banorte Sustainability Week in partnership with Tecnológico de Monterrey
- Plastic-less cash withdrawal in alliance with 7-Eleven
- *Mil sueños por cumplir* (scholarship program) - Program culmination

Sustainable Finance

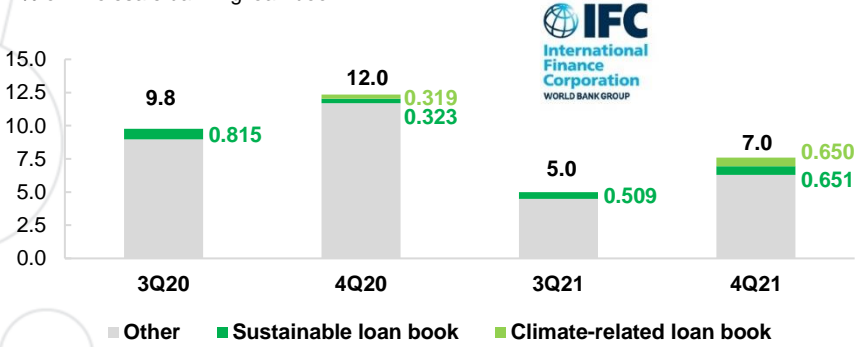


- Leading Institution in Sustainability Research (ALAS20) -1st place award Afore XXI
- Leading Institution in Responsible Investment (ALAS20) -2nd place award Afore XXI
- PACTA methodology – Climate scenario analysis in corporate loan portfolios
- Risks report on nature, in partnership with WWF – Launch
- Social and environmental risks training – 1,295 employees trained from the Risk, Credit, and Business Areas

Sustainable finance

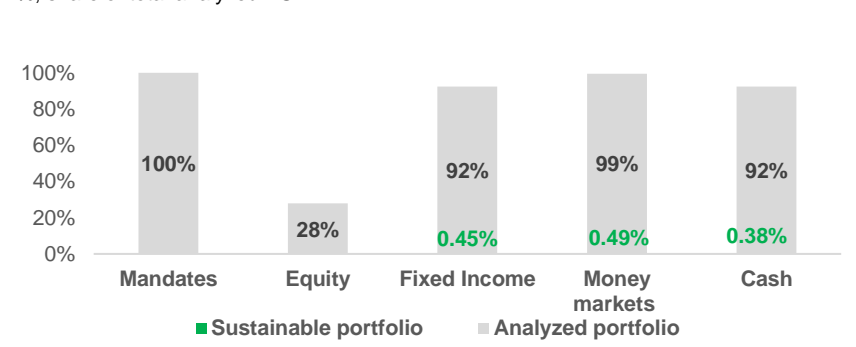
Sustainable finance loan book evaluation

% of wholesale banking loan book



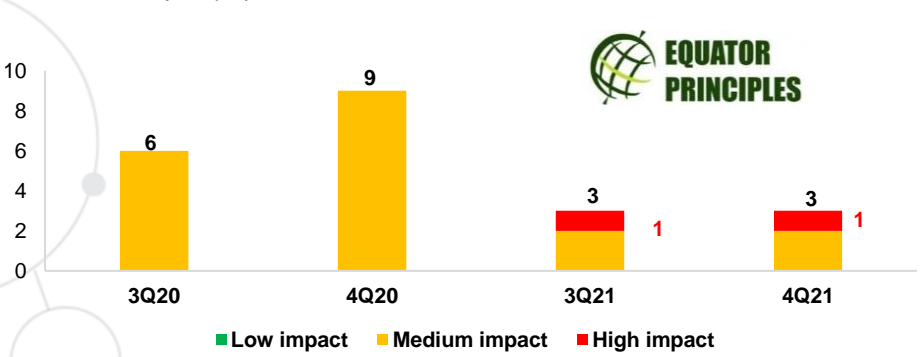
Responsible investments - Mutual funds

%, share of total analyzed AUM



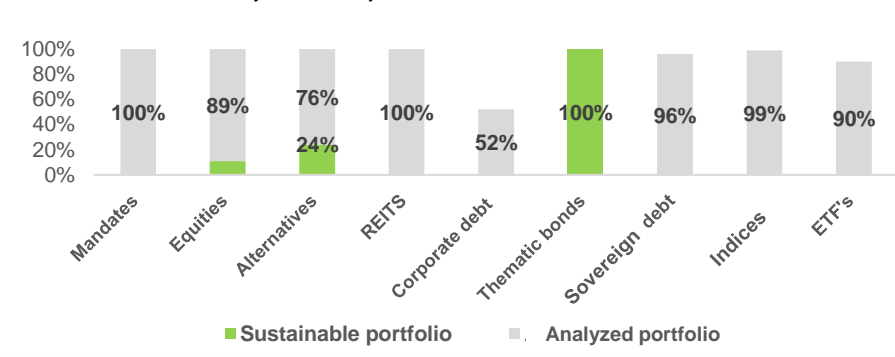
Loan book evaluation under Equator Principles

Number of analyzed projects



Responsible investments – Pension funds (Afore)

%, share of total analyzed AUM by instrument





4Q21

Earnings Call

January 21st, 2022



 GRUPO FINANCIERO
BANORTE