

Earnings Call

July 22nd, 2022

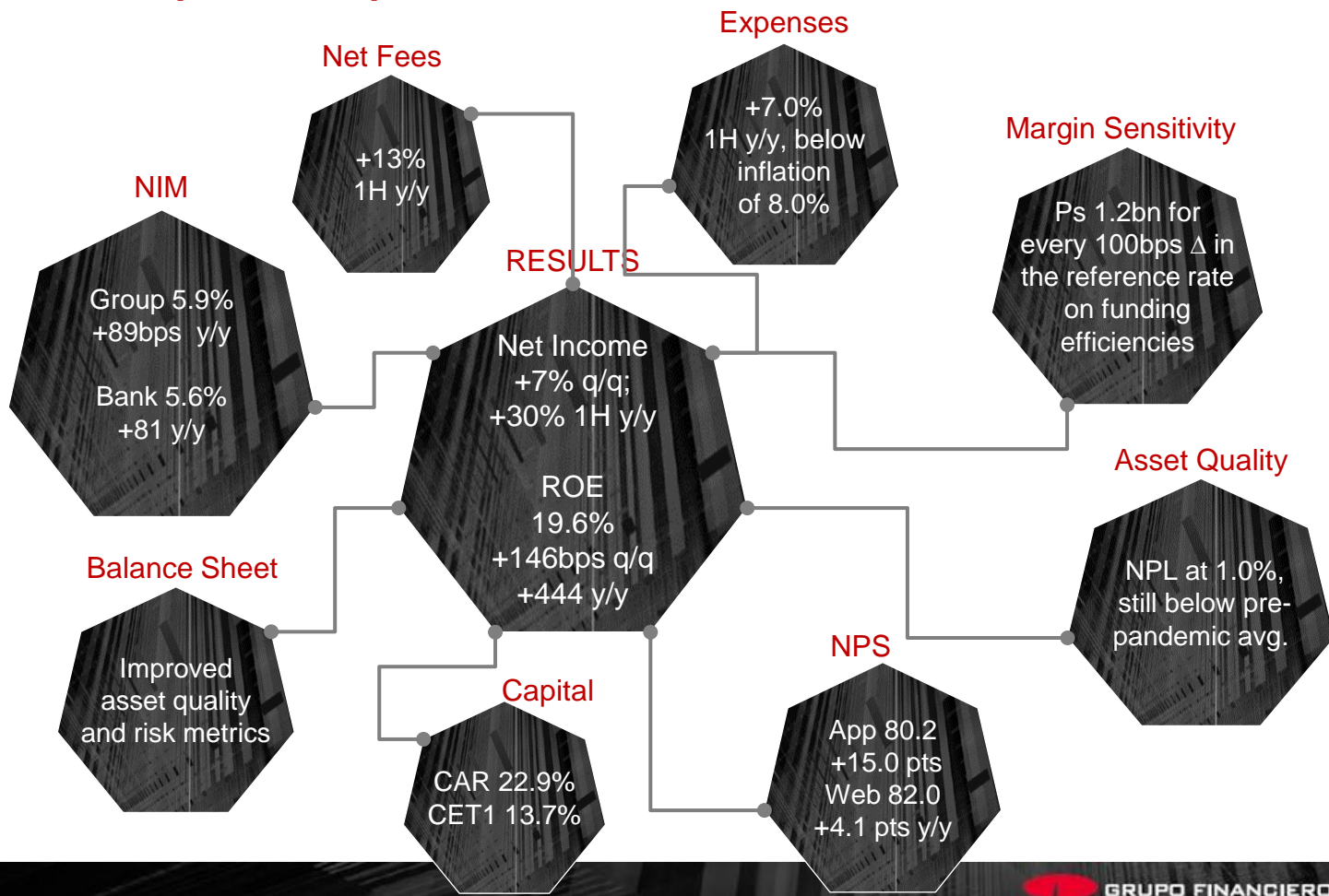
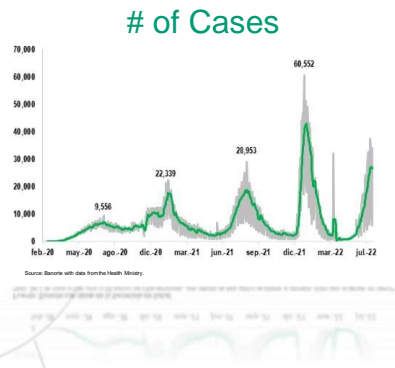
2Q22

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Solid performance with sequential improvements

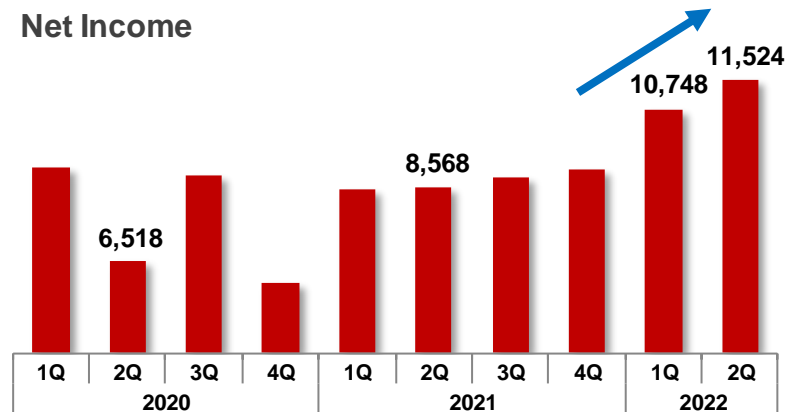
COVID-19
fifth wave,
with low impact in
hospitalization and fatalities



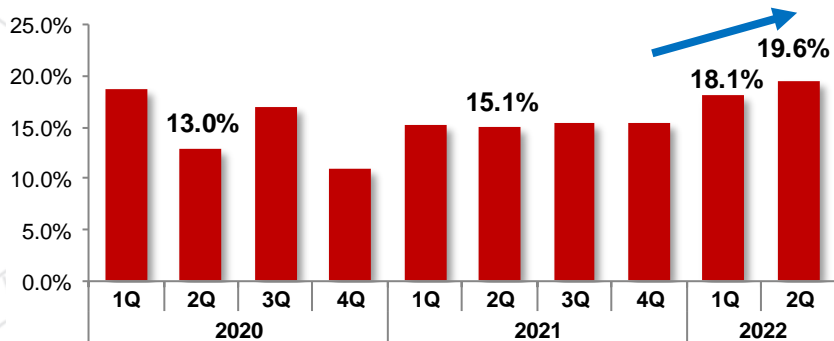
Resilient results

- Net Income +7% sequentially, and +30% 1H y/y.
- ROE at 19.6%, +146bps q/q, substantial recovery despite impact by insurance claims.
- ROA 2.3%, +9bp q/q.

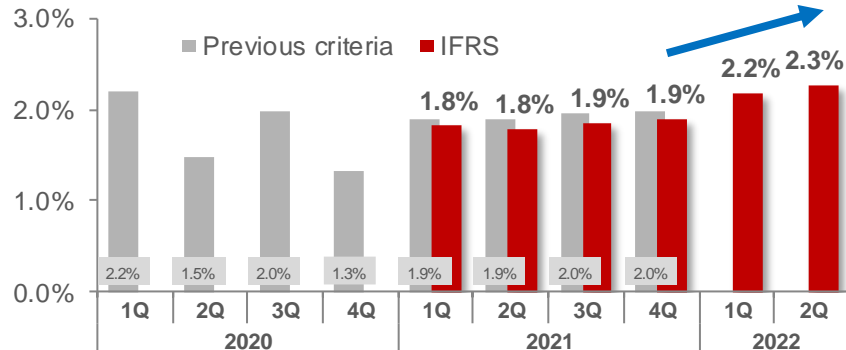
Net Income



ROE



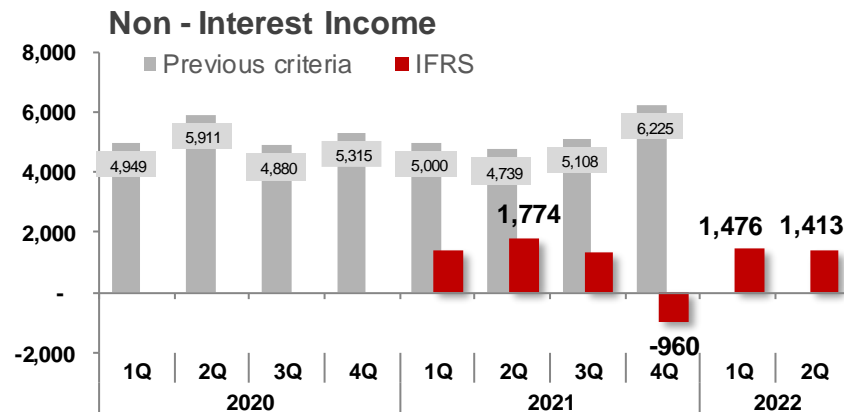
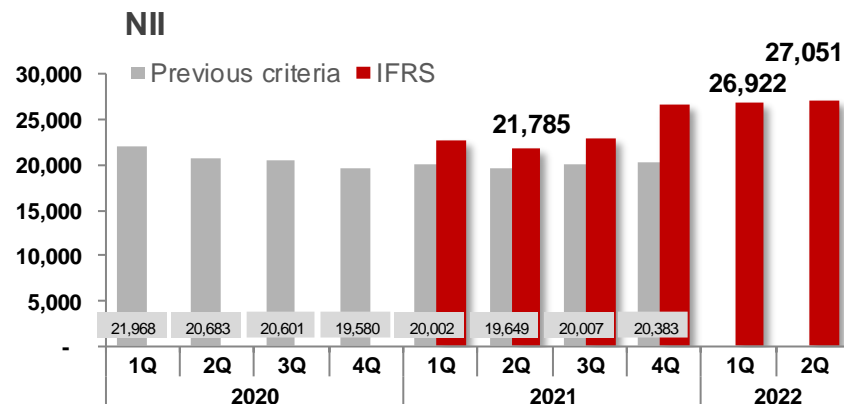
ROA



Net Interest and Non-Interest Income

- Robust NII, +21% 1H y/y.
- Non-interest Income decreased (9%) 1H y/y.
 - Net Service Fees +13% 1H y/y.
 - Trading normalizing operations, Ps 1.0 bn. First half of 2022 +56% y/y.

Million pesos	2Q22	q/q	y/y	1H22	y/y
NII Loans/Deposits	17,566	4%	13%	34,529	12%
NII Repos	3,634	(0%)	83%	7,269	69%
NII Valorization Adjust*	(40)	(126%)	(139%)	113	286%
NII Insurance	371	18%	14%	684	17%
NII Annuities	5,521	(6%)	45%	11,378	27%
NII	27,051	0%	24%	53,973	21%
Net Service Fees	4,313	8%	18%	8,322	13%
Premium Income I & A.	8,967	(43%)	4%	24,723	3%
Tech. Reserves I & A.	5,685	(51%)	14%	17,384	9%
Cost of Acq. Ins. Op.	308	(34%)	33%	775	37%
Claims Ins. & Annu. (Net)	6,594	(3%)	14%	13,389	4%
Trading Income	1,032	(30%)	39%	2,498	56%
Other Income	(312)	61%	(38%)	(1,106)	(256%)
Non-Interest Income	1,413	(4%)	(20%)	2,889	(9%)
Total Revenues	28,464	0%	21%	56,862	19%



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

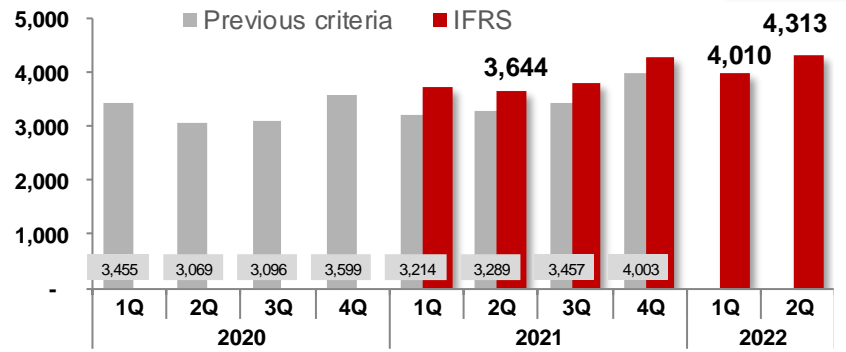
Net Fees +13% 1H y/y on economic recovery, +8% sequential growth.

Core banking fees +10% q/q, and +22% 1H y/y;

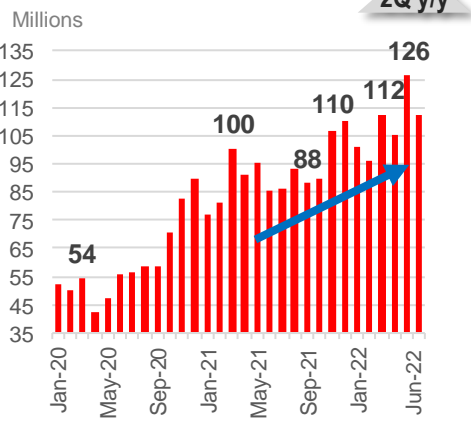
- Electronic banking services +30% 1H y/y.

- Digital transactions leading annual growth, +26% in POS, +59% in mobile monetary transactions.

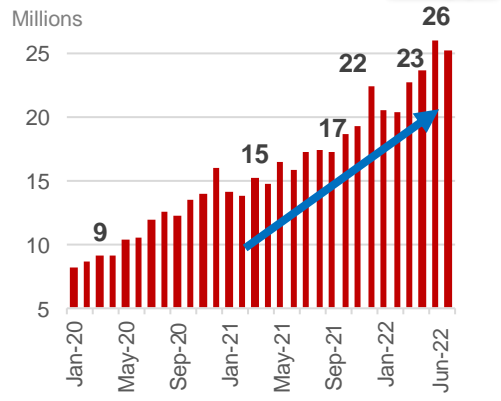
Net Fees



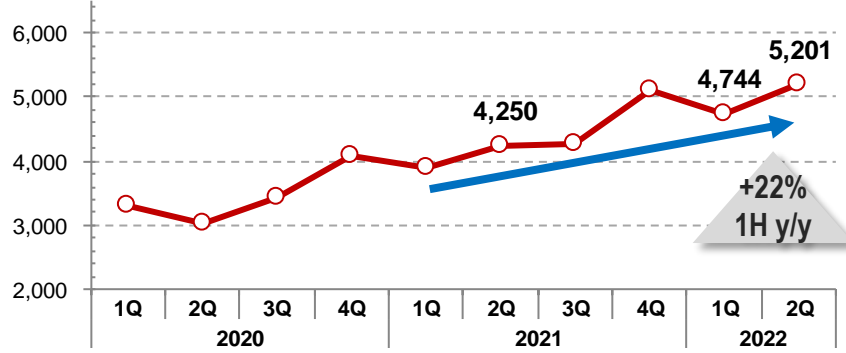
POS Transactions



Mobile Monetary Transactions



Total Core Banking



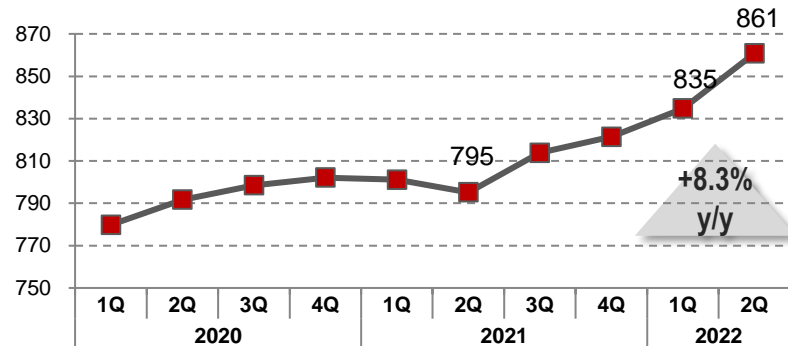
Growth across the complete loan portfolio

Strong quarterly expansion

- commercial +2.5% q/q, +7.2% y/y,
- corporate +2.2% q/q, +12.0% y/y,
- government +4.0% q/q, +7.6% y/y.

● Performing portfolio (Stages 1 + 2) grew +8.3% y/y.

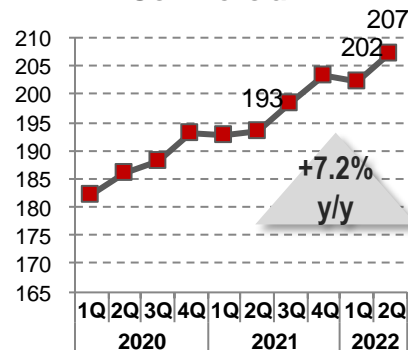
Performing Loans (stages 1 + 2)



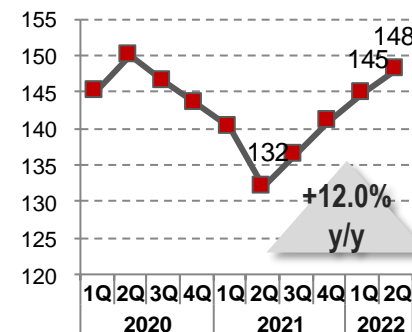
Performing Loans (Stages 1 + 2)

	2Q22	q/q	y/y
Commercial	207,275	2.5%	7.2%
Corporate	148,027	2.2%	12.0%
Government	166,433	4.0%	7.6%
Mortgage	207,524	2.4%	5.8%
Auto	28,872	2.9%	2.6%
Credit card	41,044	3.6%	11.4%
Payroll	61,591	7.5%	14.3%
Consumer Loans	339,031	3.5%	7.6%
Stages 1 + 2 Loans	860,766	3.1%	8.3%

Commercial



Corporate

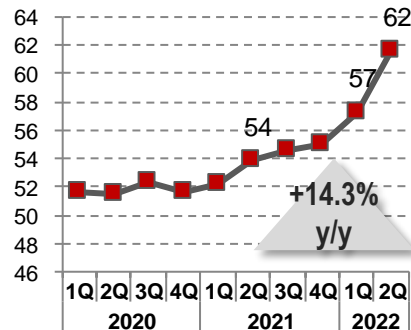


Performing loans = IFRS (Stage 1 + Stage 2)

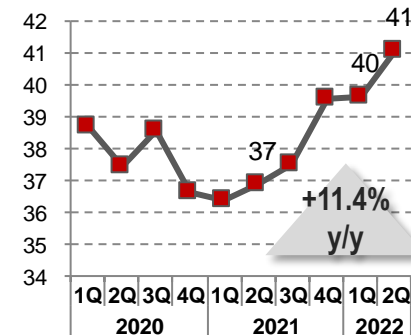
Growth across the complete loan portfolio

- All consumer loans with sustained quarterly expansion.
- Annually, only auto loans are lagging.
- Credit card and payroll loans with double digit growth.

Payroll



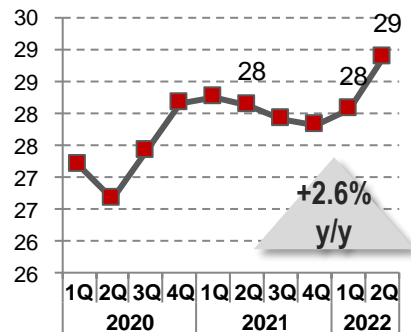
Credit Card



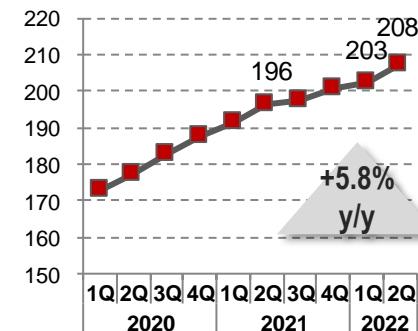
Performing Loans (Stages 1 + 2)

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Auto



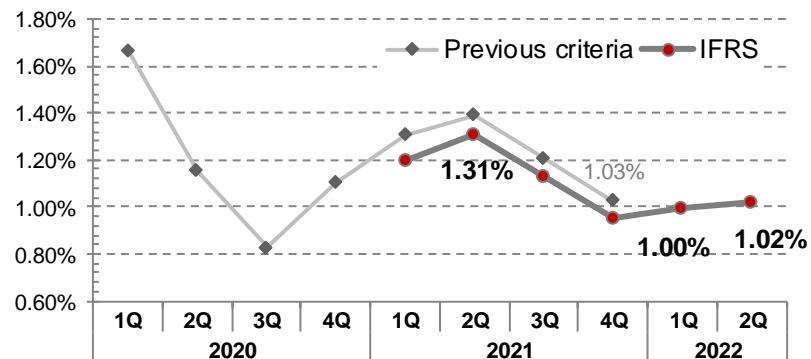
Mortgage



Healthy Loan Portfolio

- Resilient asset quality, just +2 bps sequentially.
- NPL ratio continues well below expectations.

NPL Ratio



Non-performing Loans Ratio

	Previous Criteria			IFRS				
	2Q21	3Q21	4Q21	2Q21	3Q21	4Q21	1Q22	2Q22
Credit Card	4.9%	3.9%	3.3%	3.6%	2.7%	2.3%	2.2%	2.2%
Payroll	2.5%	2.6%	2.6%	2.4%	2.4%	2.5%	2.4%	2.7%
Auto	1.1%	0.9%	0.8%	1.1%	0.9%	0.8%	0.7%	0.6%
Mortgage	1.0%	1.1%	1.0%	1.0%	1.0%	1.0%	0.9%	0.9%
Commercial	1.9%	1.9%	1.6%	1.9%	1.9%	1.6%	1.7%	1.6%
SME	3.4%	2.5%	1.8%	3.4%	2.5%	1.8%	1.7%	1.6%
Commercial ex-SME	1.6%	1.8%	1.5%	1.6%	1.8%	1.5%	1.7%	1.6%
Corporate	1.3%	0.4%	0.0%	1.3%	0.4%	0.0%	0.3%	0.5%
Government	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Total GFNorte	1.4%	1.2%	1.0%	1.3%	1.1%	0.9%	1.0%	1.0%

Subsidiaries back to normal operating levels, but Insurance is still affected

Business diversification, a lever in difficult times:

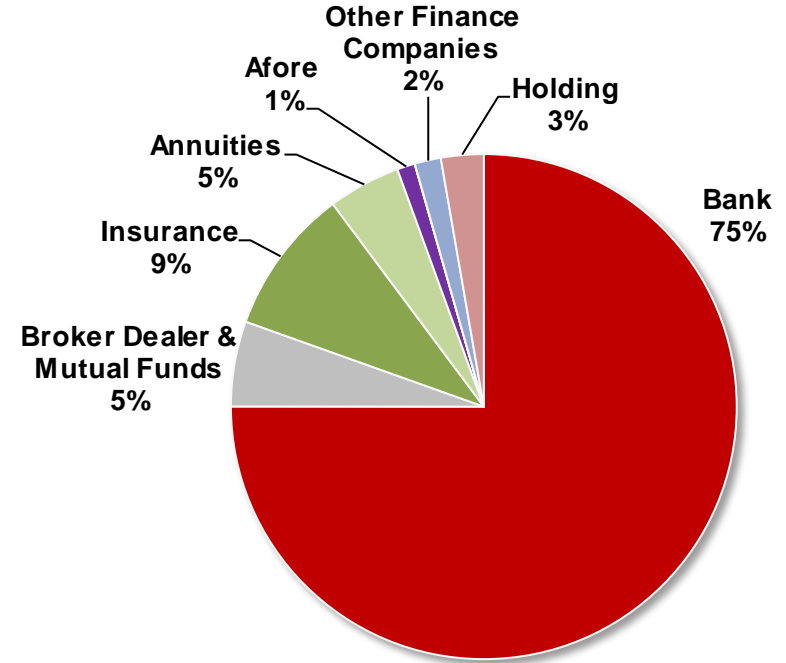
- Bank +23% q/q, +36% 1H y/y.
- Broker Dealer +34% 1H y/y.
- Insurance, quarterly down on seasonality but +58% 1H y/y, and gradually reducing impacts from **COVID-19 related claims**.

- Afore impacted by the well-known effects of the regulatory cap in fees and rate hikes.

Net Income by Subsidiary

Million pesos	2Q22	q/q	y/y	1H22	y/y	ROE 1H22
Bank	9,211	23%	44%	16,710	36%	24.2%
Broker Dealer & Mutual F.	308	(66%)	(36%)	1,215	34%	31.6%
Insurance	852	(31%)	84%	2,084	58%	58.8%
Annuities	520	2%	5%	1,031	4%	23.1%
Pension Funds (Afore)	99	(36%)	(78%)	254	(70%)	4.3%
Other Finance Comp.	245	94%	177%	372	10%	
Holding	289	(9%)	74%	608	47%	
GFNorte	11,524	7%	34%	22,272	30%	18.9%

Net Income by Subsidiary
1H22



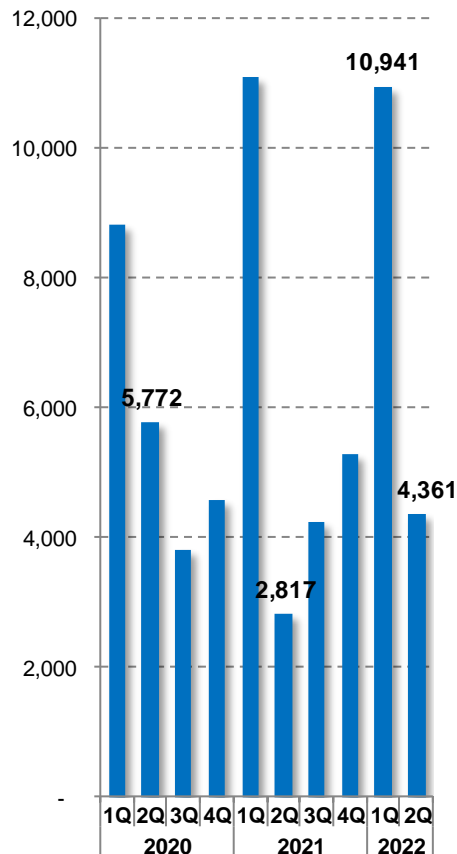
Insurance business steadily improving

Operating Income decreases (33%) sequentially on seasonality, but expands +54% 1H y/y.

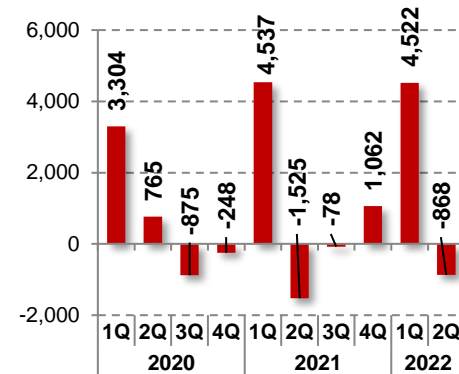
Claims below (9%) q/q. The reduction continues in COVID-19 related segments (health and life); on the other hand, auto and p&c increased quarterly.

(Million Pesos)	2Q22	Change		1H22	y/y
		q/q	y/y		
Interest Income (Net)	372	18%	13%	686	17%
Premium Income (Net)	4,361	(60%)	55%	15,302	10%
Net Increase in Tech. Reserves	(868)	(119%)	43%	3,654	21%
Cost of Aq. from Insur. Oper.	587	(20%)	21%	1,319	19%
Claims	3,646	(9%)	8%	7,664	(7%)
Securities-Realized Gains	6	3555%	(85%)	6	(92%)
Other Operating Income	227	1%	18%	453	(2%)
Non-Interest Expense	439	(9%)	15%	923	21%
Operating Income	1,158	(33%)	79%	2,884	54%

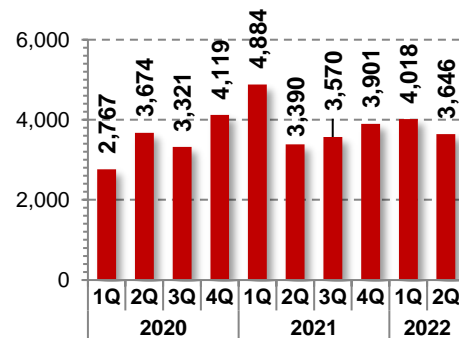
Retained Insurance Premiums



Technical Reserves



Damages & Claims



Ongoing digital evolution

RappiCard: keeps growing in cards and billing



602k

Issued cards

572k

Cards with at least one purchase

97%

Of cardholders with a credit line above Ps 5,000

1,615M¹

Average monthly billing

66%

Monthly active users

78%

Of users under 36 years old



Digital Bank



Internal certification of operating models



Adding more functionalities as we approach final stage of regulatory approvals

Source: JV Banorte Rappi, as of June 30, 2022

1. Average 2Q22



ENVIRONMENTAL

Adhesion to **PCAF** for financed emissions quantification

SBTi Commitment to **Business Ambition for 1.5° C**

GEI México Program participation, GEI2 level



SOCIAL

In partnership with **UNHCR**, Banorte supports the **financial inclusion of refugees** in México through the **Enlace Digital** account

Banorte appointed by **Global Finance** as one of the best banks in México for **SMEs**

Banorte and Afore XXI Banorte appointed as **Best Retail Bank** and **Best Pension Fund**, respectively, by **World Finance**, for the **2nd** consecutive year



GOVERNANCE

FTSE rating of **3.7/5** (+12.1% y/y). Adhesion to: **FTSE4Good Emerging Index**, **FTSE4FGood Emerging Latin American Index** and **FTSE4Good BIVA**

GFNorte awarded the **Best Corporate Governance** in Mexico by **World Finance** for the **2nd** consecutive year

Rated "**AA**" by **MSCI** for the **2nd** consecutive year

NPS 2Q22: 74.70*

▲ 8.90 vs 2T21

▲ 4.40 vs 1T22

**For 2Q22, Banorte's Integrated NPS includes digital channels and strategic segments.*



SUSTAINABLE FINANCE

Afore XXI Banorte and **Operadora de Fondos Banorte** announced their alignment with the **International Sustainability Standards Board's** investment criteria

Banorte and **UNDP** launched the "Public budgeting and finance program for sustainable development"

Release of the **Equator Principles Annual Report 2021**



Financial Highlights

Delivering amidst macroeconomic uncertainty

Balance Sheet

Shielded Balance Sheet to face 2H22 & benefit from rates cycle

NIM

Group NIM: 5.9%
Bank NIM: 5.6%;
+33bps q/q
Cost of funds
NII sensitivity

Expenses

Efficient control at institutional level;
below inflation

Digital

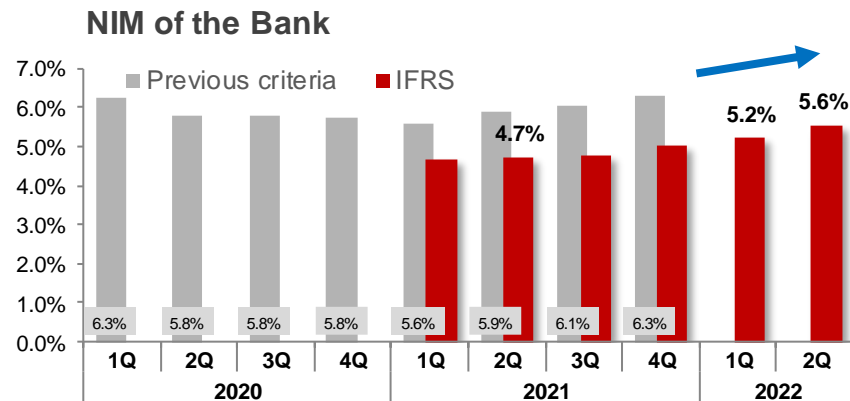
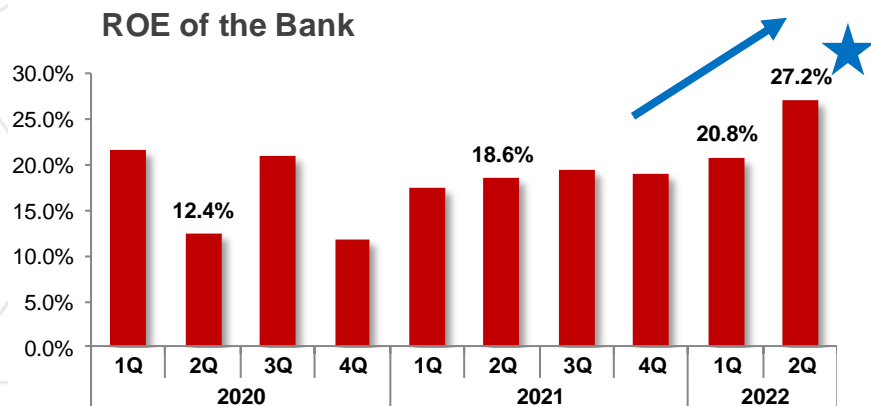
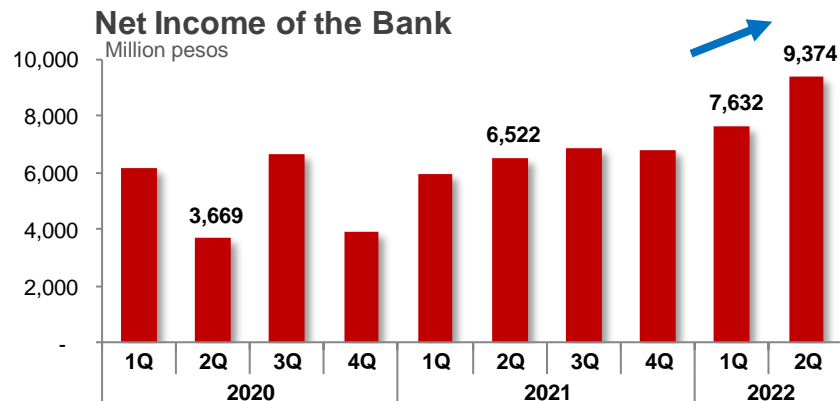
Digital Transformation, Digital Bank, and JV with Rappi, the main pillars of Banorte's strategy

Capital

CAR 22.9%
CET1 13.7%

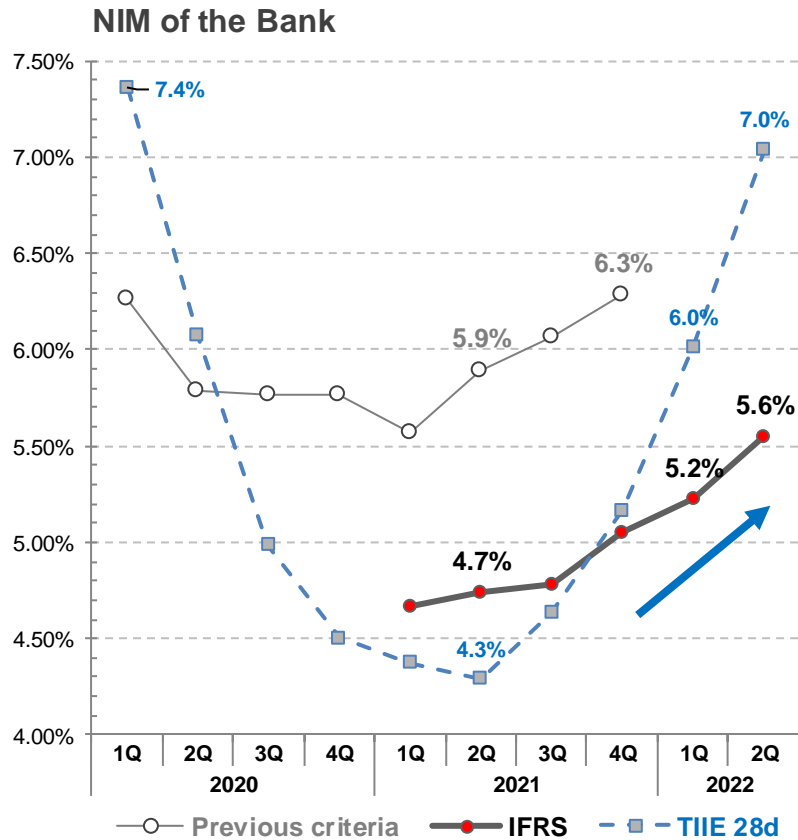
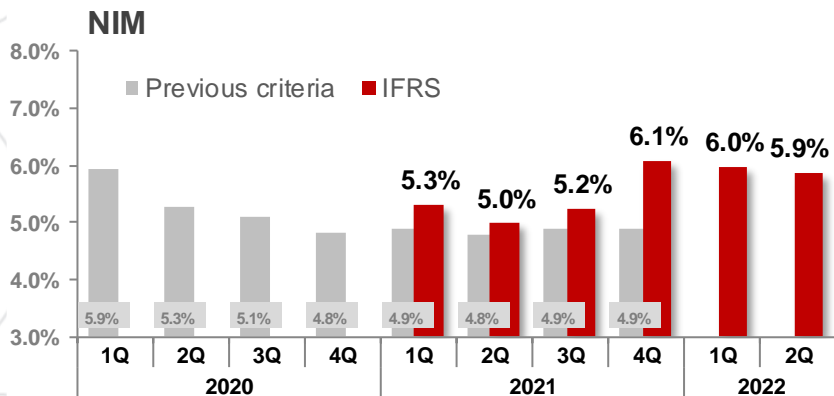
Resilient results, particularly at the bank level

- NII of the Bank growing +6% sequentially and +19% y/y.
- NIM quarterly expansion to 5.6%, +33bps sequentially.
- Net Income with solid results +23% q/q, and +36% 1H y/y.
- ROE of the Bank at 27.2%, strong expansion fueled by better NII and quality of the loan portfolio.



NIM expansion

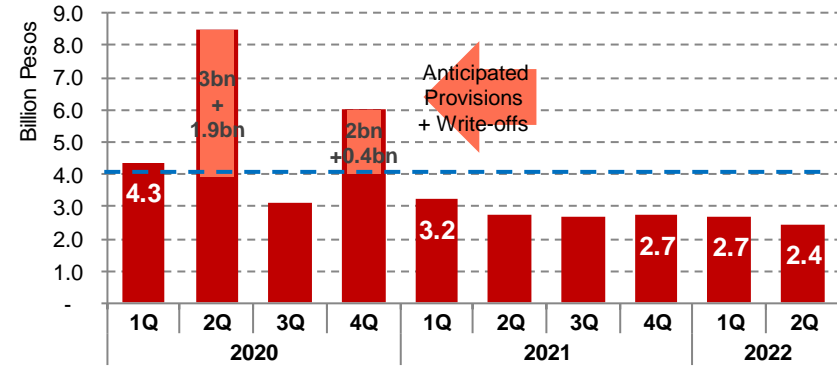
- NIM of the Bank benefiting from former rate hikes, at 5.6%. Effects from the latest hikes are still pending.
- Expansion on good portfolio mix and growth, efficient cost of funds and margin sensitivity to rates.
- Group's NIM at 5.9%. Average Earning Assets grew 2.3%, in greater proportion than the 0.5% in Nil; thus, bringing down the NIM 10bps.



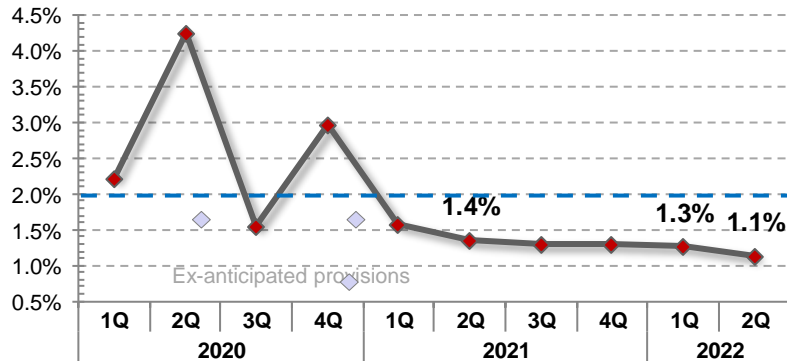
Better than expected Asset quality

- Shielded balance sheet, with remaining Ps 1.3bn in excess provisions.
- Write-off rate at 0.32%, below its normal.
- Cost of risk remains at historically low levels.

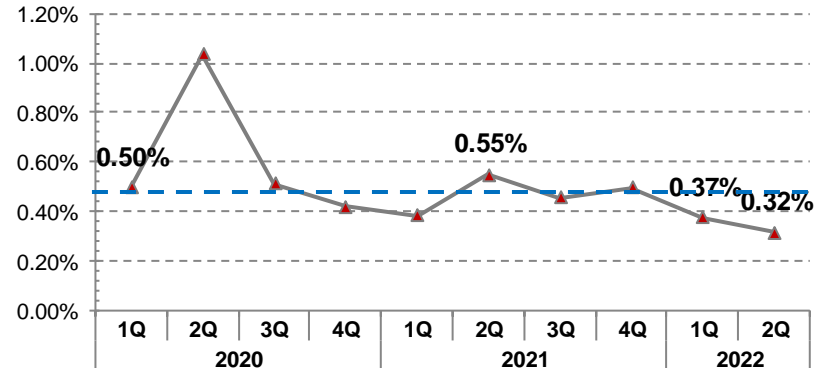
Credit Provisions



Cost of Risk



Write-Off Rate



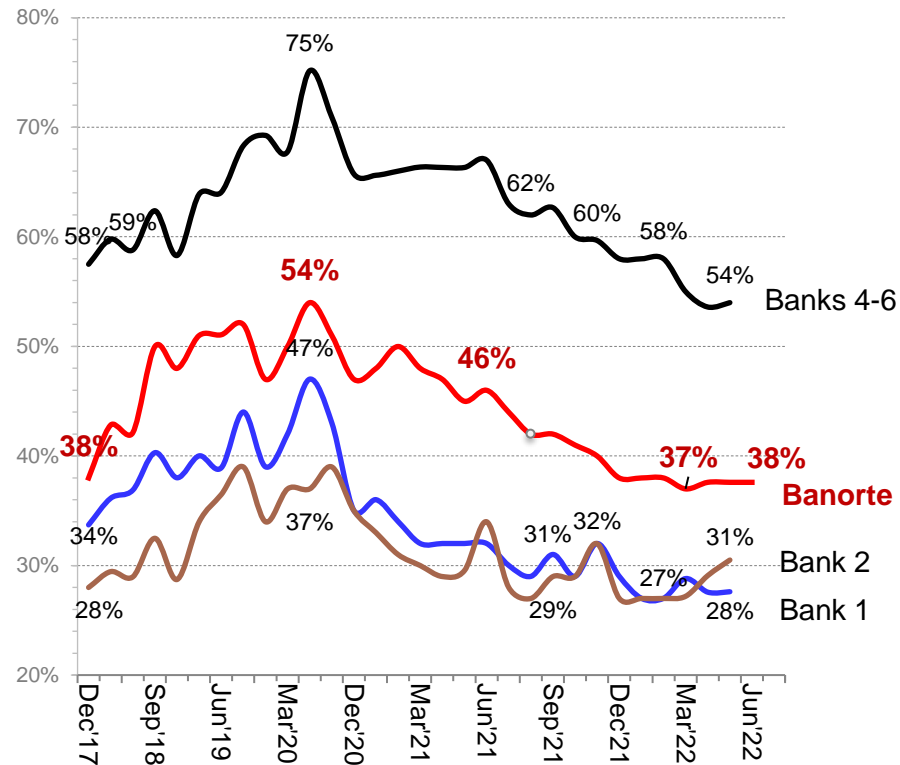
Funding Cost trending in the right direction

Cost of funds steady at 37.5% 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.

Cost of Funds vs CETES Reference Rate



Source: Banxico, data as May 2022.

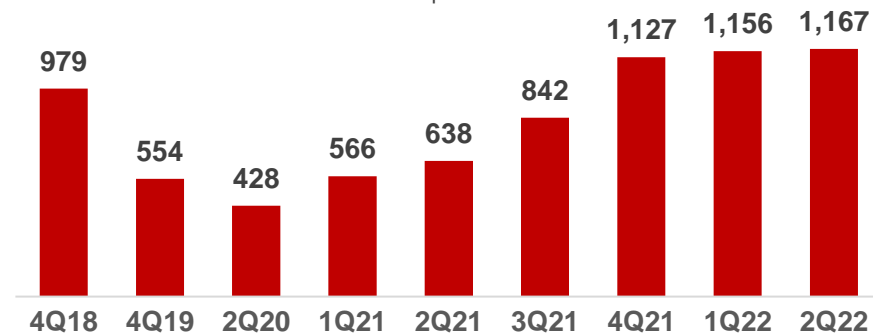
Margin sensitivity evolution

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

Margin Sensitivity – 100 bps on NII

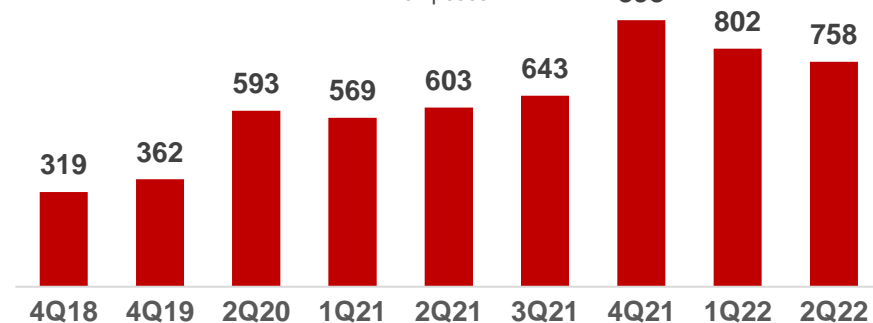
Local Currency Balance Sheet

Million pesos



Foreign Currency Balance Sheet

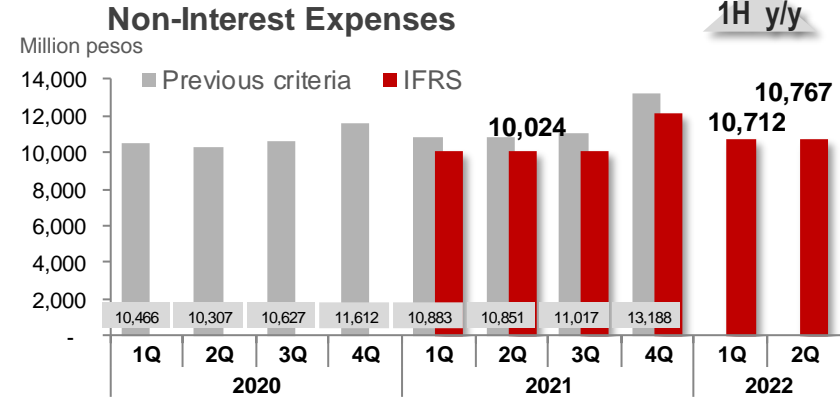
Million pesos



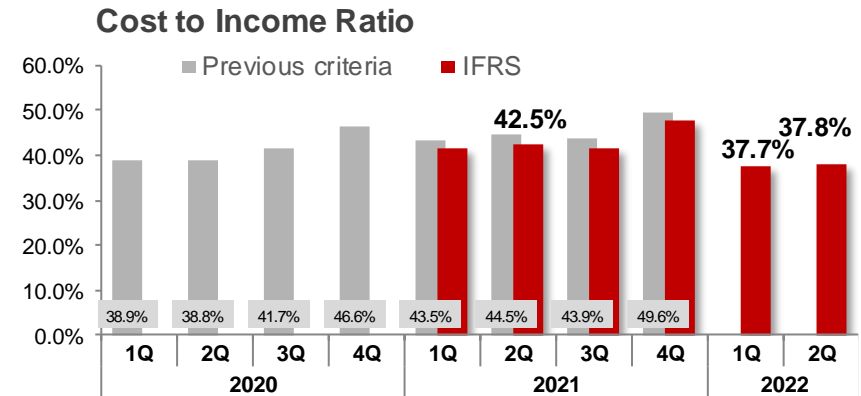
Expenses

- +7.0% 1H y/y, contained below inflation of 8.0%.
- Flattish cost to income ratio q/q; improved when compared annually.

+7.0%
1H y/y



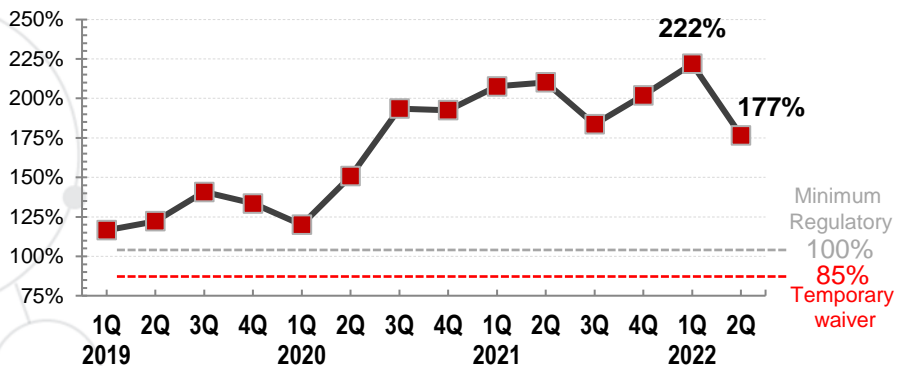
	2Q22	q/q	y/y	1H22	y/y
Personnel	4,264	(2%)	(2%)	8,594	1%
Professional Fees	915	15%	10%	1,712	4%
Administrative and Promotional	1,789	(4%)	5%	3,652	2%
Rents, Deprec. & Amortization	2,434	1%	15%	4,835	13%
Other Taxes	502	(6%)	(5%)	1,034	(2%)
Employee Profit Sharing (PTU)	387	1%	157%	772	151%
Other expenses	476	18%	45%	880	23%
Non-Interest Expenses	10,767	1%	7%	21,479	7%



Bank's regulatory capital ratio & liquidity

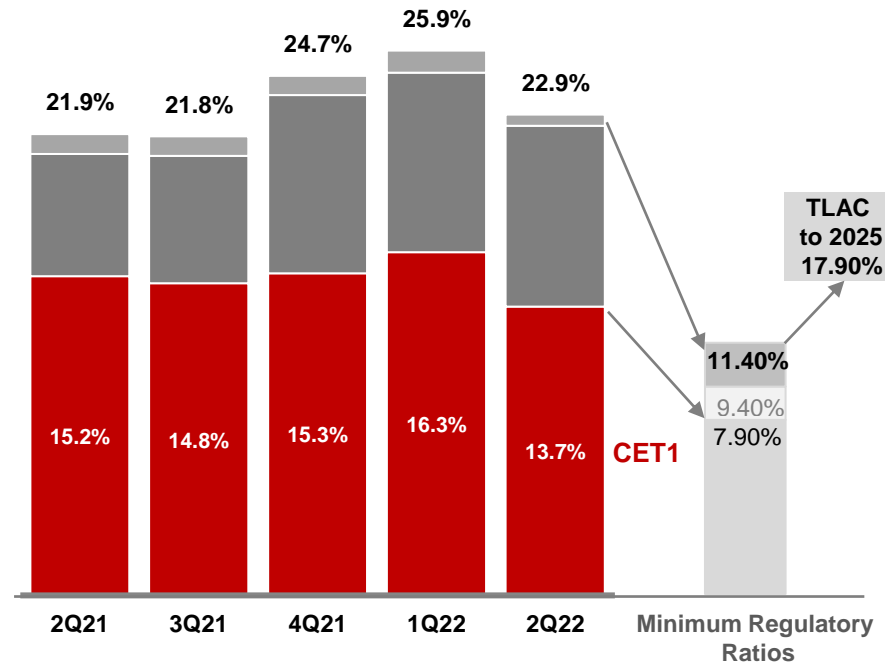
- Strong CAR and CET1, well above regulatory requirements.
- CET1 still above management's optimal range, even after full dividends are distributed.
- Unlevered Capital.
- Liquidity coverage ratio far exceeds minimum regulatory requirements.

Liquidity Coverage Ratio CCL (%)

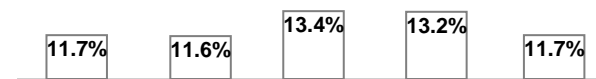


Capital Adequacy Ratio (CAR)

Basel III



Leverage Ratio



Appendix

Selected industry exposures

	Vs. Total Loans 2Q22
Oil Industry*	4.9%
Electricity Companies*	3.9%
Construction & Real Estate	
Housing	1.4%
Commercial	1.7%
Others	1.2%
Malls	1.9%
Tourism	4.6%
Restaurants	0.2%
Airports	0.0%

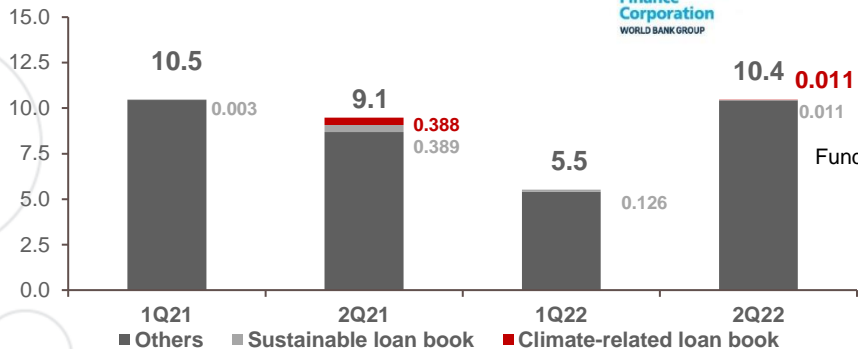
- Including traditional, clean energy and suppliers

SMEs	4.5%
Dollar denominated	13.1%

Sustainable Finance

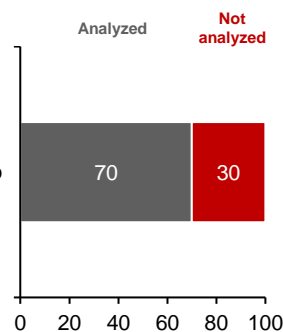
Loan book evaluation

% of wholesale banking loan book

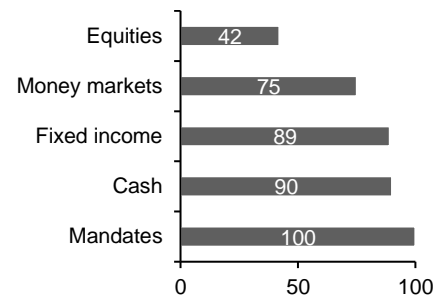


Responsible Investments – Mutual Funds

%, share of total analyzed AUM by instrument

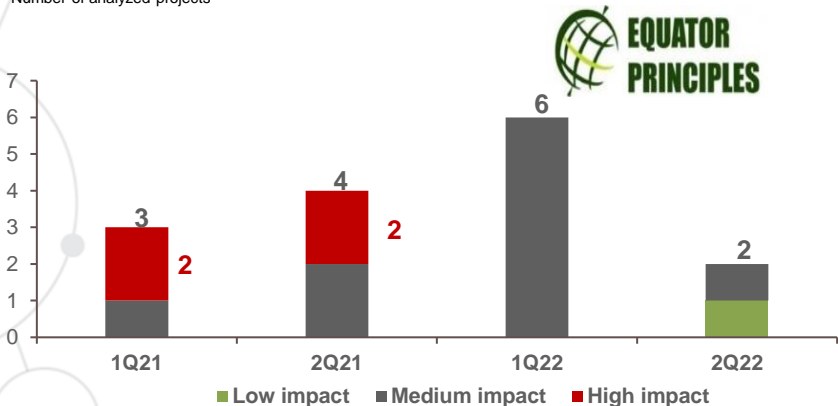


Analyzed by asset class



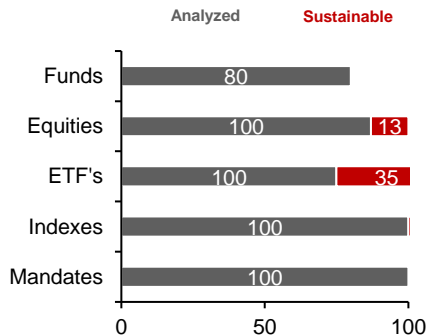
Loan book evaluation under Equator Principles

Number of analyzed projects

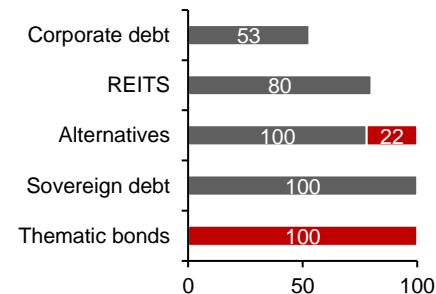


Responsible Investments – Pension Funds

%, share of total analyzed AUM by instrument



Analyzed Sustainable



Earnings Call

July 22nd, 2022

2Q22