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2022 ANNUAL REPORT



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Message from the Chairman of the Board of Directors

REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS' MEETING FOR THE 2022 FISCAL YEAR

GNP maintains its position as the sector's sales leader, with written premiums of \$88,901 million pesos (MP), representing a nominal growth of 12.6% over the previous year.

Dear Shareholders:

In my capacity as Chairman of the Board of Directors of Grupo Nacional Provincial, SAB (GNP), I am pleased to present to you the following report based on the analysis of the information provided by the Chief Executive Officer in his 2022 Annual Report, which includes the financial highlights and results for the fiscal year, and incorporates environmental, social and corporate governance factors as an integral part of this report on the company's performance. He also presented a report on the main activities of the Board of Directors.

The year 2022 was full of great challenges; on the one hand, there was a steady downward trend in Covid-19 infections and the number of hospitalizations and deaths decreased, allowing a gradual return to pre-pandemic lifestyles; on the other hand, the eyes of the world were focused on the war between Russia and Ukraine and its consequences.

The macroeconomic repercussions of these events are evident, as they led to high volatility and losses in the stock markets, as well as to disruptions in supply chains, higher commodity prices, and global inflation.

However, despite the complicated global landscape, economic activity in Mexico was resilient and dynamic in 2022. The country's economy grew 3% and certain key variables, such as employment, exports, consumption and the exchange rate, were strong. In contrast, inflation increased during the first three quarters of the year—with a slight slowdown at the end of the year—to close at 7.82%.

In 2022, the Mexican insurance industry remained solid and solvent, with premium growth of 9.0%¹, becoming the third largest institutional investor in the country. We are pleased with its performance and the trust it has earned in Mexican society by meeting the people's financial security needs in the event of a claim.

GNP maintains its position as the sector's sales leader, with written premiums of \$88,901 million pesos (MP), representing a nominal growth of 12.6% over the previous year. Likewise, the company's net income reached \$2,633 MP; this result was affected by the increase in claims in the Auto and Medical Expenses segments but was favored by satisfactory performance in the Individual Life and Group Life segments. The company's shareholders' equity closed the year at \$14,876 MP and the solvency margin was \$9,924 MP.

¹ Market growth as of Q4 2022, excluding PEMEX



Alejandro Baillères
CHAIRMAN OF
THE BOARD OF DIRECTORS

In 2022, GNP maintained its international ratings issued by AM Best. The Financial Strength rating was "A" (Excellent), the Long-Term Financial Strength Issuer Credit Rating was "A" (Excellent) and Mexico's National Scale Rating was "aaa.MX" (Exceptional). In addition, Standard & Poor's Global Ratings ratified its highest national scale rating of "mxAAA."

Throughout the year, we boosted growth of distribution channels by expanding the agent network, which now has more than 13,000 insurance professionals, making GNP the largest network of multi-line advisors in the country. In addition, we formed new partnerships with commercial partners and firms, allowing us to reach more clients. We also enabled the use of various innovative digital tools to benefit business partners and operations.

We entered new market niches through a value offer oriented to specific needs and offering more accessible insurance options for Mexican families. In addition, we strengthened underwriting models by considering the lessons learned from the pandemic.

In keeping with our client-led business model, we re-designed digital tools aimed at omni-channeling and improving the customer service channel experience to provide simple services and clearer and more timely communication with our policyholders.

Likewise, in partnership with different social organizations, we continued to work on various initiatives to benefit the most vulnerable communities in Mexico. GNP has strengthened a Sustainability Model aimed at sponsoring prevention, education, environmental stewardship and inclusion programs. During this period, GNP received honors and awards for its good practices in human talent management and social and labor inclusion initiatives. We also received business awards, including a MERCO award for being the insurer with the best corporate reputation nationwide.

During 2022, the Board of Directors met on four occasions to ratify the resolutions of the Executive Committee; it also reviewed and approved the Financial Statements for the 2022 fiscal year, the 2023 budget, strategy for the company and its subsidiaries, and analyzed the company's impact and performance in relation to Covid-19.

The Board of Directors adheres to sound corporate governance practices. To conduct its activities, it is supported by the committees recommended in the Code of Corporate Governance Principles and Best Practices. The most relevant activities of the committees, whose members appear in the Corporate Governance section of the Annual Report, are described below:

1. The Executive Committee analyzed the company's operating and financial results and approved the actions taken to manage the business. It also validated the pillars of the Strategic Plan and the Budget and followed up on the actions taken to prevent Covid-19 infections.
2. The Audit and Corporate Practices Committee monitored due compliance with applicable accounting standards, as well as with legal, regulatory and administrative provisions. It also verified the reasonableness of the figures in our Financial Statements and accounting records; analyzed the performance and plans of the internal auditor and the external auditors; reported on the development of their activities and incidents; and followed up on the information security program.

In 2022, GNP maintained its international ratings issued by AM Best. The Financial Strength rating was "A" (Excellent), the Long-Term Financial Strength Issuer Credit Rating was "A" (Excellent) and Mexico's National Scale Rating was "aaa.MX" (Exceptional).

3. The Nomination, Evaluation and Compensation Committee identified and appointed candidates to occupy relevant positions in the company, evaluated the performance of the Chief Executive Officer and Relevant Directors, and authorized salary increases, bonuses and benefits based on the results obtained in the performance evaluations. The compensation package consists of a base salary, statutory benefits and other benefits. It also reviewed the succession plans for the company's senior management.
4. The Finance and Planning Committee oversaw the analysis of the financial information and the results achieved against the budget, in addition to corroborating the company's financial solvency.
5. The Investment Committee established the asset and investment management strategy and reported on the actions taken by the investment department, in accordance with the provisions of our current Investment Policy.
6. The Credit Committee developed the objectives, guidelines and policies for credit origination and administration.
7. The Reinsurance Committee implemented the design, operation, monitoring and evaluation of policies and other mechanisms for transferring risks

and responsibilities, as well as the operations conducted in this area, in accordance with the reinsurance manual and policies.

8. The Comprehensive Risk Management Committee approved the preventive levels and risk exposure limits and verified their support. In accordance with the business plan, it followed up on the measures to achieve adequate Integrated Risk Management—globally and by type of risk—approved by the Board of Directors, as well as the improvements resulting from the company's risk and solvency self-assessment.
9. The Communication and Control Committee monitored compliance with legal provisions to prevent transactions with illegally obtained resources, so it established, analyzed and disseminated the criteria for classifying customers into risk levels, as well as the preventive and control measures established in the compliance manual. It also reviewed the procedures for reporting to the authorities.

The Board of Directors submits this Report to the Meeting for consideration. It establishes and explains the accounting policies and criteria that served as the basis for the preparation of the Financial Statements. These include the basis of presentation and consolidation, as well as the significant accounting policies that were approved by the external auditors and that form an integral part of this Report.

In the opinion of the Board of Directors, the Chief Executive Officer's Report presented to this Shareholders' Meeting fairly reflects the financial position, the results obtained, and the most significant aspects of the Company's performance in 2022.

Dear Shareholders:

I thank the members of the Board of Directors and the Executive Committee for their help and advice, our policyholders for their loyalty, and all our employees for their support. Without them, it would not have been possible to continue to tackle the major environmental challenges to offer financial protection to more Mexicans. To you, our shareholders, I thank you for your invaluable trust.



Alejandro Baillères

CHAIRMAN OF THE BOARD OF DIRECTORS
GRUPO NACIONAL PROVINCIAL, SAB

Message from the CEO

COMPANY PROGRESS REPORT PRESENTED BY THE CHIEF EXECUTIVE OFFICER TO THE BOARD OF DIRECTORS, FOR THE 2022 FISCAL YEAR

At year-end 2022, shareholders' equity reached \$14.876 MP, while the solvency margin was \$9.924 MP.

In my capacity as Chief Executive Officer of Grupo Nacional Provincial, SAB (GNP), and based on the provisions of the Stock Market Act, I hereby submit to you the Annual Report corresponding to the performance and results obtained by the company during the 2022 fiscal year, the Financial Statements and their disclosure notes, as well as the main Accounting and Reporting Policies and Criteria followed in the preparation of this Report. It also presents the company's most relevant environmental, social and corporate governance criteria during the year.

In 2022, Mexico's economic activity was able to return to pre-pandemic levels. It experienced dynamic foreign investment, exports, job creation, and strong consumption and exchange rates. However, inflation was high during the first three quarters of the year, with a slight slowdown in the last months, placing it at 7.82% at year-end.

The Mexican insurance sector once again demonstrated its strength by becoming the third largest institutional investor in the country, according to the Mexican Association of Insurance Institutions (AMIS by its acronym in Spanish), with a nominal growth in premiums of 9.0%². At GNP, we are proud of this result and remain committed to strengthening the insurance culture in Mexico and protecting Mexican families.

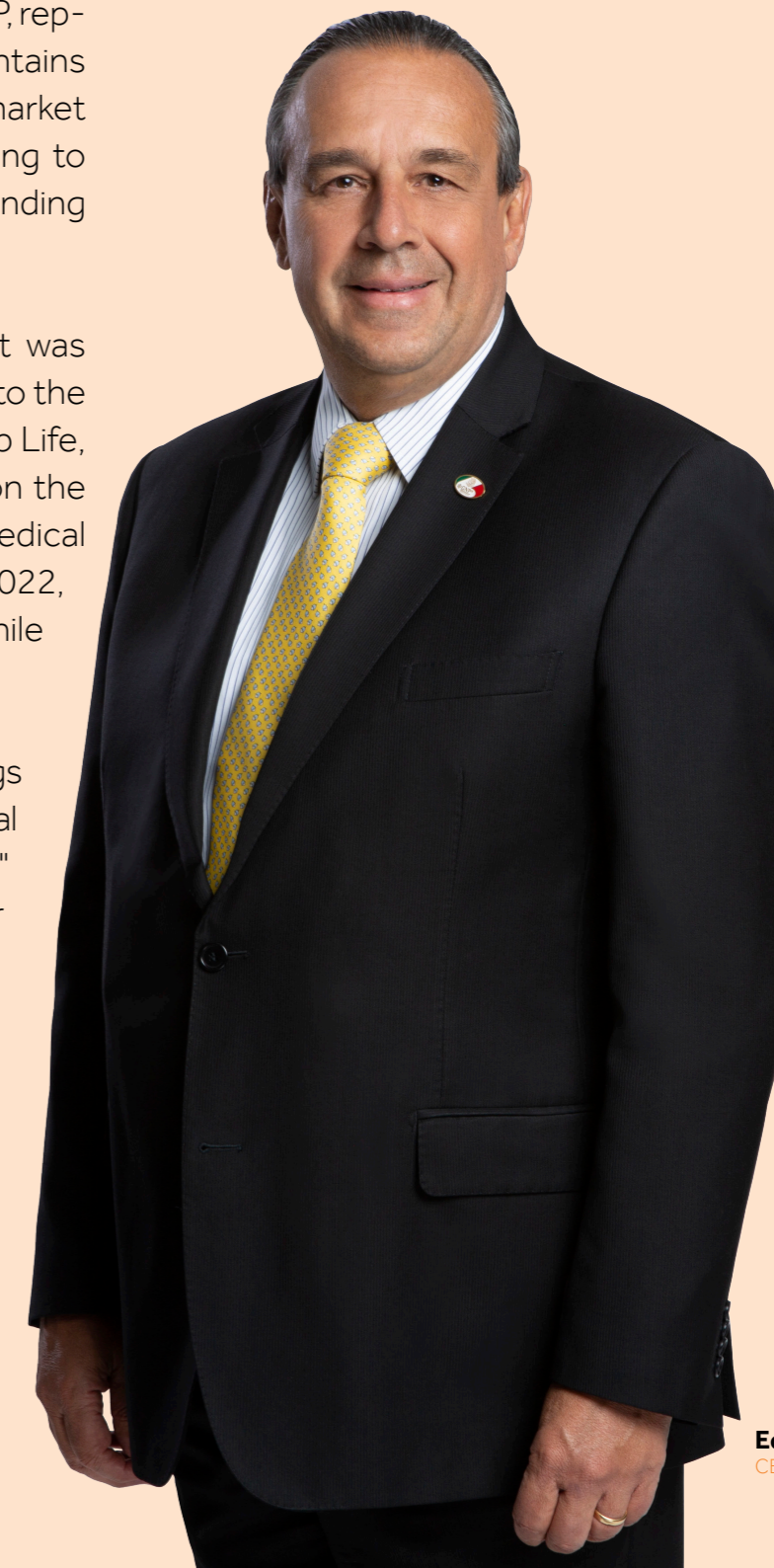
² Market growth as of Q4 2022, excluding PEMEX

At year-end, GNP sold premiums for \$88,901 MP, representing nominal growth of 12.6%. This maintains its position as the largest insurer in terms of market share for the fourth consecutive year, according to data published by the National Insurance and Bonding Commission (CNSF by its acronym in Spanish).

On the other hand, the company's net result was \$2,633 MP. This result is due, on the one hand, to the strong performance of the Individual Life, Group Life, and Group Medical Expenses segments, and on the other hand, by the higher claims rate in the Medical Expenses and Auto segments. At year-end 2022, shareholders' equity reached \$14.876 MP, while the solvency margin was \$9.924 MP.

In 2022, GNP maintained the international ratings issued by AM Best, which confirms its financial soundness. The Financial Strength rating was "A" (Excellent); Long-Term Financial Strength Issuer Credit Rating was "A" (Excellent) and Mexico's National Scale Rating was "aaa.MX" (Exceptional). In addition, Standard & Poor's Global Ratings ratified its highest national scale rating of "mxAAA."

The support of Grupo BAL allowed us to invest in business transformation and in the development of technological tools to keep us at



Eduardo Silva
CEO

We maintained our leadership in the Major Medical Expenses insurance market. In 2022, we achieved sales of \$32,205 MP, a 15.6% increase over the previous year.

the forefront with our customers and business partners. This, together with the lessons learned from the Covid-19 pandemic, has allowed us to undertake actions aimed at improving business efficiency, optimizing operations and strengthening our value proposition.

Major achievements in 2022 include the following:

LIFE INSURANCE

In 2022, the Life segment achieved sales of \$35,247 MP, representing a nominal growth of 9.7%. During the year, we strengthened the value offering, and the *Consolida* retirement segment stood out as one of the most complete in the market. We also conducted campaigns to encourage the sale of new policies, promote the maintenance of current policies and foster a culture of prevention.

MAJOR MEDICAL EXPENSES INSURANCE

In 2022, we launched *Seguro Médico GNP Indemniza* ("GNP Medical Insurance Pays") in the Major Medical Expenses segment; this is a more accessible product that provides support for the most common illnesses. We complement our value offering with the services of *Médica Móvil*. It provides medical support for an initial assessment in virtual or home-based consultations, allowing us to offer better care for our policyholders' needs.

All of this has allowed us to maintain our leadership in the Major Medical Expenses insurance market. In 2022, we achieved sales of \$32,205 MP, a 15.6% increase over the previous year.



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AUTO INSURANCE

The gradual stabilization of the auto industry supply chain and dealership reopening have supported the recovery of new car sales. This favored premium sales of \$16,218 MP, with a nominal growth of 20.1% compared to 2021.

We also expanded our product offering in line with new market needs, including a specific portfolio for hybrid and electric cars. We also incorporated a new and re-vamped business pricing model that uses artificial intelligence. Finally, to continue with automated purchasing, we made the new fleet quotation tool for SMEs available to our sales force.

DAMAGES INSURANCE

In the Damages segment, premium sales amounted to \$5,235 MP, a decrease of 3.5%. During the period, we strengthened the tools that facilitate and automate product purchase and underwriting for our sales force. This allowed us to provide updated offers and better service.

Throughout the year, we ventured into new market niches by launching products such as "My GNP Pet," which provides protection for dogs and cats. We also we strengthened our value offering and, in partnership with the Spanish insurtech Insurama, we launched "My GNP Devices," which protects the most common electronic devices.

The gradual stabilization of the auto industry supply chain and the reopening of dealerships led to premium sales of \$16,218 MP, with a nominal growth of 20.1% compared to 2021.

SUBSIDIARIES

Médica Móvil

This year, we celebrated the 40th anniversary of the creation of *Médica Móvil* ("Mobile Medicine"). This was a year of great achievement for the subsidiary, which increased the comprehensive value services available to policyholders. We would like to highlight the launch of new services such as video consultations for minor collisions in automobile claims and the development of the service model for the *Seguro Médico GNP Indemniza* ("GNP Medical Insurance Pays") product. The subsidiary was also incorporated into GNP's infrastructure, which has allowed us to standardize and optimize processes.

In addition, for our more than 7.4 million GNP clients, we answered 62,325 telehealth support calls and provided 12,576 video consultations, 3,043 ambulance services, 4,712 home medical consultations, 5,294 selected risk exams for the Major Medical Expenses plans, 2,724 home exams for the Life plans, and coordinated more than 50,000 Covid-19 detection tests. We also provided 2,719 psychological video consultations for GNP and subsidiary employees. As a result, we achieved revenues of \$231 MP.

To provide better service, the *Médica Móvil* offices in Monterrey, Nuevo León, relocated to a more accessible area for our clients with a facility refresh.

Crédito Afianzador

In 2022, *Credito Afianzador* (Surety Credit) achieved sales of \$29 MP, representing 7% growth compared to 2021. At year-end, shareholders' equity closed at \$164 MP with a solvency margin of \$161 MP. As a result, Standard & Poor's ratified its "mxAAA" rating, the highest credit rating in Mexico for financial strength. The consolidation of the subsidiary in GNP's infrastructure, the use of technological tools, and the digitalization of services are also noteworthy; these made it possible to make full use of the electronic bonds and digital signatures.

SOLVIMÁS Soluciones Financieras y GNP Flotillas ("SOLVIMÁS Financial Solutions and GNP Fleets")

GNP ended 2022 with a new name and branding: it switched from Valmex to SOLVIMÁS Soluciones Financieras. In 2022, we achieved sales of \$378 MP, representing 29% growth year-over-year. Likewise, according to the statement issued by Standard & Poor's, Valmex's rating for 2022 was ratified at Long-Term "mxAA," Stable and Short-Term "mxA-1+", and the previous year's ratings were maintained with a stable outlook.

DISTRIBUTION CHANNELS

Agents Channel

The year closed with growth of 12.8% over 2021 in all business segments, and the sales force increased to more than 13,000 agents and 185 agency managers, who provided comprehensive solutions throughout the country. We also promoted hybrid work, conducting more than 1,400 virtual trainings. Face-to-face events, such as conferences and seminars, were fully reactivated.

Brokers and Government Channel

The challenges of the automotive industry and the health crisis persisted during 2022; however, thanks to the proximity of the Broker and Government Channel with our commercial partners and clients, we achieved 16.3% growth compared to 2021, with notable sales in the Medical Expenses, Group Life and Auto segments. We also continued to expand our network of business partners, forging 36 partnerships with new firms and 20 auto dealerships.

This year, we celebrated the 40th anniversary of the creation of *Médica Móvil*. This was a year of great achievement for the subsidiary, which increased the comprehensive value services available to policyholders.

Mass Insurance Channel

The Mass Insurance Channel closed with a decrease of 1.5% compared to 2021, because of the challenges in the Bancassurance channel. However, our client portfolio grew significantly, with a 10% increase over the previous year. In addition, we created the Office of Private Mass Business (Bancaseguros and Afinidad) and Public Mass Business (Worksite) to improve our market presence and focus more on strategy for the coming years.

Private Mass Business

In Affinity, we integrated new accounts and consolidated affiliated businesses. We also boosted direct business sales in the Auto, Property and Individual Medical Expenses segments, with an increase of 39% compared to 2021.

Despite the complicated landscape in the Bancaseguros channel, there was significant growth in new programs, posting more than 189% compared to 2021.

Public Mass Business

In Worksite, the sales force grew to 2,482 agents, we increased the number of agreements with government agencies and installed 36 mobile offices throughout the country. We also expanded our value offering to other segments, such as Auto, Personal Accident and Medical Expenses.

CUSTOMER SERVICE

In 2022, we stayed true to our priority of listening to our customers and business partners to provide them with incredible experiences. This is why we are working on creating new interaction channels and services on digital platforms.

During the year, we implemented digital delivery of corporate policies so that our agents and policyholders can benefit from an improved experience in receiving contract documents. In addition, we improved our levels of service levels in issuing contracts and achieved greater efficiency in the collection process.

In the Auto segment, we used follow-up models to implement customer service initiatives, resulting in clearer and more timely communication with customers.

SYSTEMS

We have maintained our commitment to transforming our relationship with our customers and business partners through a strategy to improve the operational systems of our business segments. We digitalized the issuance process for Medical Expenses and Life insurance products, and migrated information repositories to the cloud to improve data analysis and use.

INVESTMENT CRITERIA

In accordance with the Investment Policy approved by the Board of Directors, the investment decision-making process is based on a rigorous analysis of financial performance, corporate governance, and environmental and social commitment, all of which are relevant criteria in the selection of investee companies.

Our investments are designed to achieve more effective and efficient coverage of the obligations acquired with all policyholders by maintaining a prudent portfolio diversification in instruments issued by the Federal Government and by private institutions (including banks).

COMPREHENSIVE RISK MANAGEMENT

GNP continues to offer policyholders and shareholders both certainty and confidence, based on a Comprehensive Risk Management system that successfully manages the company's exposure risks and accurately monitors its mitigating factors and controls.

In 2022, we maintained our priority of listening to our customers and business partners to deliver incredible experiences.

GNP has managed to maintain the robustness of its IT systems through processes aimed at preserving the confidentiality, integrity and availability of information.

FINANCIAL RISK

Financial risks remained within the limits approved by the Board of Directors. In 2022, we continued to make improvements in matching assets and liabilities, trading instruments to hedge against exchange rate increases and eliminate the adverse effect—in the event of peso revaluations—and improving the credit risk profile. Regarding our reinsurance counterparts, we implemented a new methodology in 2022 to measure financial risk as part of our reinsurer quality assessment.

OPERATIONAL RISK

GNP has an Internal Control System that periodically evaluates and monitors the key controls, installed and in execution, within the business and support processes of the companies.

In 2022, we finished implementing the risk assessment system for compliance with the new anti-money laundering provisions issued by the Ministry of Finance and Public Credit (SHCP by its acronym in Spanish). We also updated specific GNP personal data protection policies and inventories, as well as the comprehensive privacy notice.

We ratified the Business Continuity Plan, which includes a protocol in the event of remote work failure and created a Regional Crisis Management Plan to establish guidelines for managing a contingency or crisis in foreign offices. We updated the Code of Ethics and Conduct for Employees and drafted the Code of Ethics and Conduct for Third Parties, in addition to several compliance policies, including the Antitrust Policy.

CYBERSECURITY

During the last 5 years, GNP has managed to maintain the robustness of its IT systems through processes aimed at preserving the confidentiality, integrity and availability of information in the face of constant cyber threats.

As part of this ongoing focus on updating, the Information Security Strategy and Program (PSI) is based on international standards applicable to the financial industry, which are periodically reviewed and updated.

SUSTAINABILITY

In 2022, we continued to consolidate our Sustainability Model. Multidisciplinary participation has been essential to defining the key scopes and objectives that we can promote in the areas of prevention, education, environmental stewardship, human rights and integrity. GNP's Sustainability Model is designed to align with the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda.

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SOCIAL PROGRAMS

Throughout 2022, we continued to strengthen our social programs to benefit the most vulnerable sectors of society, as a reflection of our deep commitment to the country's growth and the well-being of Mexican families.

Gol por México ("Goal for Mexico"): Over 19 years, this program has benefited 1,358,404 people. In addition, during the 2022 FIFA World Cup in Qatar, the 199 goals scored translated into 603 scholarships for underprivileged youth.

Vivir es increíble ayudando a los demás ("Living Is Incredible Helping Others"): This program celebrated 10 years of providing in-kind donations. Over the past decade, it has supported more than 385 social organizations in 28 states across Mexico.

Bosque Vivir es Increíble ("Forest Living Is Incredible"): In 2022, we planted 36,000 plants, exceeding initial expectations. To date, we have planted 245,131 plants across 230 hectares in the Ajusco protected area in Mexico City, with a survival rate of over 90%.

ADVERTISING CAMPAIGNS

True to our commitment to spreading positive messages and celebrating life, we created the *Celebrar es vivir y Vivir es increíble* ("Celebrating Is Living and Living Is Incredible") campaign, starring international model Alessandra Ambrosio.

PRODUCT CAMPAIGNS

We developed several campaigns to position and disseminate our products, including *Mi Mascota GNP*: el seguro que deja huella ("My GNP Pet: Insurance with Pawprints") and *Mis dispositivos GNP* ("My GNP Devices"). During Formula 1 sponsored events, we also engaged in promotions to boost sales of auto insurance and continued the *¡Es rapidísimo!* ("It's so fast!") campaign, which disseminates current promotions.

Throughout 2022, we continued to strengthen our social programs to benefit the most vulnerable sectors of society, as a reflection of our deep commitment to the country's growth and the well-being of Mexican families.

AWARDS

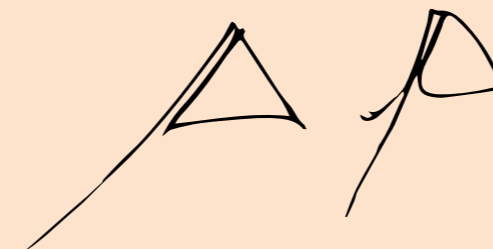
GNP's actions in light of our Social Responsibility and Commitment were honored by different organizations and institutions. The main awards included the following: "Top Employer 2022," "Employers for Youth," *Reconocimiento Jóvenes Construyendo el Futuro* ("Youth Building the Future Award"), *Caracol de Plata con Impacto Social* ("Silver Snail with Social Impact"), the Bronze Effie Award for the *Ruta de Héroes y Heroínas* ("Heroes and Heroines Route") initiative, and the *Éntrale* ("Come on In") award for our labor inclusion initiatives.

Likewise, MERCO, a renowned monitor of reputational evaluation in Latin America, honored GNP as the insurer with the best corporate reputation in Mexico.

Board Members:

I thank the Chairman of the Board of Directors and the members of the Board of Directors and the Executive Committee for placing their trust in us.

I would also like to thank all our employees and business partners, who have taken on environmental challenges and have acted with great commitment, loyalty and professionalism to benefit of Mexican society throughout 121 years.



Eduardo Silva

CHIEF EXECUTIVE OFFICER

GRUPO NACIONAL PROVINCIAL, SAB

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