

GFNorte reports Net Income of Ps 9.12 billion during 1Q20, 1% higher. Compared to 1Q19 it is 8% lower, and 4% higher with recurring results.

(BMV: GFNORTEO; OTCQX: GBOOY; Latibex: XNOR)

The most relevant results for the period ended on March 31st, 2020 were:

- This quarter-end was immersed in a national health emergency declared by the Federal Government on March 30th, 2020 in response to the COVID-19 pandemic, coupled with strong volatility in international markets due to this pandemic, together with pressures in the global oil industry.
- **Net income** for the **first quarter** of 2020 was **Ps 9.12 billion, up 1% sequentially**, and (8%) below the same period in 2019; however, excluding the non-recurring income reported in 1Q19, net income had a **4% annual increase**.
- **Net interest income rose 9%**, with **quarterly and annual increases in the NIM. Cost of Risk** rose from **2.0% to 2.2%** during the quarter; **non-interest expense was down (1%)**, resulting in a **3% higher net operating income**.
- Profitability indicators reflected stability: **ROE** shifted from 19.0% to **18.8%**, while **ROA** did so from 2.3% to **2.2%**. **Efficiency ratio improved**, from 40.6% to **38.9%**.
- **Consumer loans** were up **1%** during the quarter driven by **2%** growth in both **mortgages and auto loans**, **1%** increase in **payroll loans**, and a **(3%)** decline in **credit cards**. On an annual basis, the **consumer portfolio** expanded **7%**, with a **9%** increase in **mortgages**, **10%** in **auto loans**, **6%** in **credit cards**, and a **(2%)** decline in **payroll loans**.
- **Commercial and corporate loans** had a relevant sequential improvement, **up 6% and 13% respectively**, while **government loans had a (7%) contraction**. Overall, **total loan portfolio** had a **2%** quarterly and annual **increase**. Excluding government loans, the total loan portfolio grew 5% quarterly and 6% annually.
- **Asset quality** showed stability, with **NPL ratio** at **1.7%**, while **coverage ratio** rose to **140.1%** from 137.7%.
- **Core Deposits rose 2%** during the quarter: **demand deposits grew 4%**, while **time deposits had a (1%) decline**. Compared to 1Q19 demand deposits were up 15%, and time deposits were down (1%), totaling 9% growth in Core Deposits.
- The bank's **Capital Ratio** reached **18.97%**; **Core Equity Tier 1 (CET1)** stood at **12.18%**, while **leverage ratio** ended the quarter at **10.88%**.

Mexico City, April 23rd, 2020.- In line with its commitment towards the well-being of Mexican families, **Grupo Financiero Banorte (GFNorte) grew its consumer loan portfolio by 7%** during the first quarter of 2020 vs. the same period in 2019, amidst a challenging environment for families, businesses and the country's economy.

The **consumer loan** portfolio totaled **Ps 290.76 billion**, boosting the Group's **performing loan portfolio**, which totaled **Ps 779.82 billion** up 2%.

Carlos Hank González, Chairman of Grupo Financiero Banorte said "At Banorte, just as the rest of Mexico, we closed a challenging first quarter. This only strengthens our commitment to support Mexican families and to remain close to them when they need us most. This is why we have implemented actions to support and care for our clients, employees, and SMEs."

Growth in financing to Mexican families

With accumulated results for 1Q20, GFNorte supported more than **164 thousand** families, with a mortgage to purchase their home, and **176 thousand** individuals to acquire a vehicle.

The **mortgage** portfolio showed **9%** growth totaling **Ps 173.23 billion**, and the **auto** portfolio was up **10%** reaching an ending balance of **Ps 27.19 billion**, both figures vs. 1Q19.

Credit card origination had a **6%** increase, reaching an ending balance of **Ps 38.71 billion**; **Payroll** loans totaled **Ps 51.64 billion**.

Consumer Loan Portfolio*	1Q19	1Q20	Change
Mortgages	158,605	173,226	9%
Auto Loans	24,811	27,188	10%
Credit Card	36,543	38,707	6%
Payroll	52,732	51,643	(2%)
Total	272,691	290,763	7%

*Million pesos

The commercial book totaled **Ps 182.28 billion**, up **5%** vs. 1Q19, while the **corporate** book stood at **Ps 145.23 billion**, up **8%**. The government book totaled **Ps 161.55 billion** declining (11%) vs. the previous year, as a result of good risk management in this segment, as well as a diligent implementation of profitability criteria.

Asset quality remained stable across GFNorte's loan portfolio with **NPL ratio** reaching **1.7%** during the quarter.

Total core deposits had a **9%** increase vs. the previous year, with **demand deposits** growing **15%**, and **time deposits** down (**1%**). Compared to the previous quarter, total deposits for GFNorte grew **7%** vs. 4Q19 balances.

Main financial results

During the first quarter of 2020, GFNorte's **Net Income** totaled **Ps 9.12 billion**, up **4%** vs. 1Q19 with recurring results. Using **reported** figures from 1Q19, results were down (8%), explained mainly by the extraordinary Ps 1.66 billion income from the liquidation of Banorte USA during that quarter.

The group's **EPS** totaled **Ps 3.162**; **ROE** stood at **18.8%**, **ROA** at **2.21%**, and **Efficiency Ratio** had an improvement reaching **38.9%**.

Banco Mercantil del Norte's **Capital Adequacy Ratio (CAR)** was **18.97%**, with **CET1** at **12.18%**. **Leverage ratio** totaled **10.88%**.

Banorte supports Mexican families and businesses amid COVID-19 contingency

In the past few weeks, as we face the COVID-19 challenge, Banorte has launched several actions to benefit customers that were directly or indirectly affected by this pandemic.

A) 4-MONTH PAYMENT DEFERRAL:

- Launched on March 23rd.
- More than **half a million loans** have enrolled into the program.
- Benefits are eligible for **credit cards, auto loans, payroll loans, mortgages, SME and personal loans**.
- Clients may apply either online or through the Customer Contact Center.
- Customers must be current in their loans as of **February 28th**, in order to be eligible for the program.
- Customers may enroll between **March 25th through April 30th**.

B) SUPPORT PROGRAM FOR SMEs:

- Launched on April 8th.
- Targeted to **small businesses and retailers**.
- The support plan includes: **reimbursement of POS fees** and monthly rent **waivers**, access to **mobile POS terminals** at no additional cost, as well as working capital **loans**.
- This initiative is **independent from the program launched by the Federal Government**, in which Banorte will participate with financing without charging any fees.
- Customers interested in applying must do so online, from **April 8th -30th**.

C) "ENLACE DIGITAL" ACCOUNT:

- Launched on April 10th.
- Enlace Digital is a digital account that may be opened and operated online within **5 minutes, without leaving home**, and without any further requirements at the branch or at a correspondent location.
- **No fees, no membership fee and no minimum balance requirement**.
- This account operates as a digital Debit Card: it has a card number, expiration date and security code.
- It can be used to **receive money, transfer funds** to family and friends, **online shopping, payments, balance and transaction inquiries**.
- **Enlace Digital operates 24/7** through "Banorte Móvil", Banorte's mobile app.
- With **Enlace Digital**, customers may use **Banorte Go**, a mobile functionality designed to make immediate transfers to contacts in social networks or instant messaging apps.
- With **Enlace Digital**, users may receive or deposit up to 3,000 UDIs (Ps 19,350), during a calendar month; however, there is no limit in month to month balance and there are no minimum balance requirements.

As we face a challenging environment, Banorte reiterates its commitment toward its customers and its country, and will continue providing solutions that match Mexico's and the banking system's new reality.

Recent Events

1. BANORTE SIGNS A SELF-SUPPLY ELECTRIC POWER CONTRACT WITH THERMION

On February 6th, 2020, as part of its commitment to the environment and society, GFNorte signed a contract with Thermion, which will allow that by 1Q21, 70% of the energy consumed by the group to come from wind-generated power. This energy will be generated at Delaro wind farm in Tamaulipas, and will reduce by more than half the amount of greenhouse gases emitted by Banorte today, which amounts to 45,000 tons of CO₂e (equivalent carbon dioxide). These emissions are equivalent to circling the globe 1,620 times using an average gasoline car, or to the carbon collection of 2.7 million trees. In addition, there are potential estimated savings of up to 44% for each kWh of electrical energy consumed.

2. BANORTE SIGNS AGREEMENT WITH DENMARK'S EXPORT CREDIT AGENCY

On February 12th, 2020, Banorte and the official Export Credit Agency of the government of Denmark, Eksport Kredit Fonden signed a bilateral "Framework Cooperation Agreement" to support Mexican companies in foreign trade activities. This agreement establishes the cooperation framework to support imports from Denmark, as well as energy and infrastructure projects in Mexico that involve Danish companies as providers of goods and services