



GFNORTE

Conference Call: 2Q20 Results

July 24th, 2020

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Relief Program for Consumer Credit and SMEs

- **22% of individuals and SMEs registered for the relief program, 16% of loan book.**
 - Capital & interest payments deferred for 4 months.
 - Loan maturity extended 4 months to incorporate deferred amortizations
 - Accrued unpaid interest will be collected as of month five.

- **We initiate PHASE 2 closely communicating with our clients:**
 - Previously enrolled and new eligible applicants
 - Use of archetypes & individual risk levels
 - +2m or +1m extension
 - Using e-mail & SMS

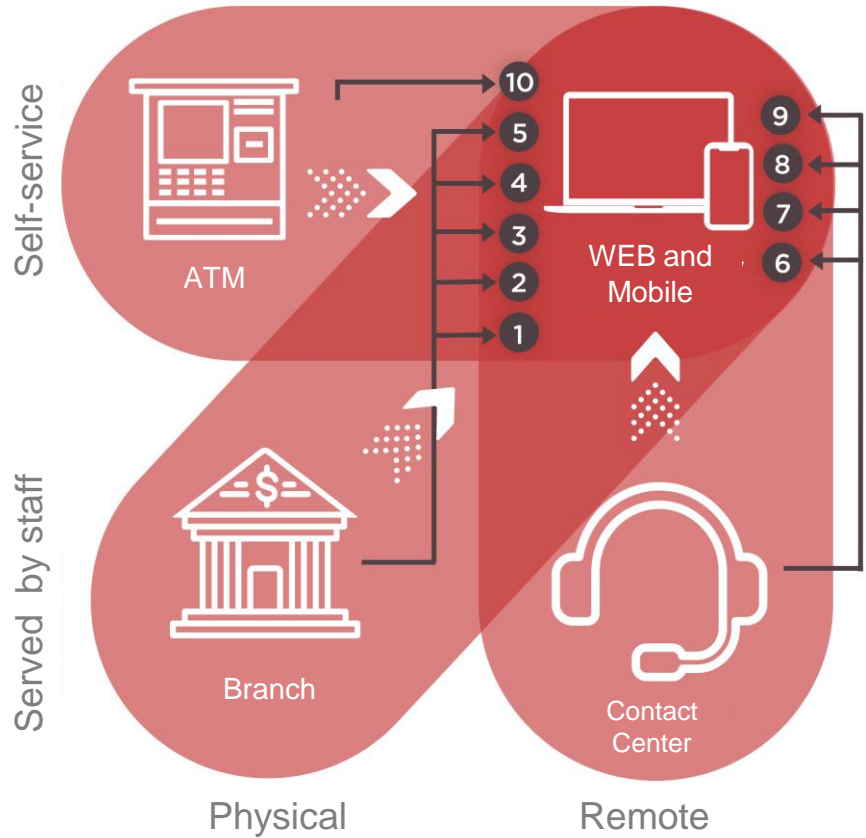
- **Containment of past due loans**



Period: 4 months +2 or +1

June 30th, 2020	% Applications
Auto	35%
Mortgage	42%
Payroll and Personal	24%
Credit Card	18%
SMEs	35%
TOTAL	22%

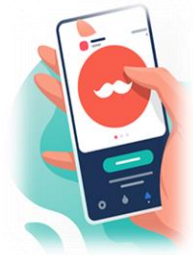
Fast Moving to Self-service/Digital Operations



Transaction	Change Jun vs Feb
1 Account statements	408%
2 Check deposit	100%
3 Payment of Services	91%
4 Transfers	31%
5 Payment to Credit Card	23%
6 Registration of Clarifications	140%
7 Lock and unlock of Credit Card	32%
8 Initial Activation of Credit Card	8%
9 Balance and Movements Consultation	20%
10 Mobile recharge	15%

Banorte – Rappi Join Venture*

- GFNorte will make available to New Co. (50/50 Banorte/Rappi), up to USD \$200 million in 18 months.
- Now \$50 million, plus \$150 million subject to achieve certain performance metrics.
- GFNorte always fostering disruptive digital financial services.
- High potential ecosystem. Broader base of young users, loyal to digitization and easily adaptable to new technologies and new ways of doing things.
- Digital mobility, commercial and payment services will be offered under top-class customer experience.



“We will make financial services as comfortable as home delivery services”

Super app Rappi

- Platform of platforms, instant delivery of anything, leader in food delivery, e-commerce, mobility...

New Co will live inside



5x annual growth since it started operations (4 years)

Proven capability in financial sector (Davivienda / Colombia).

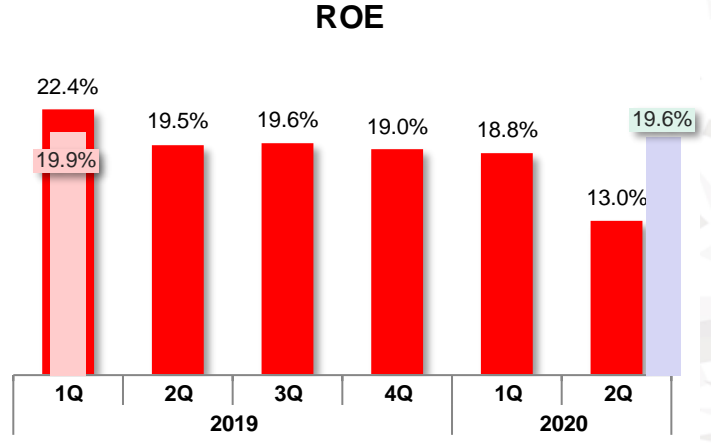
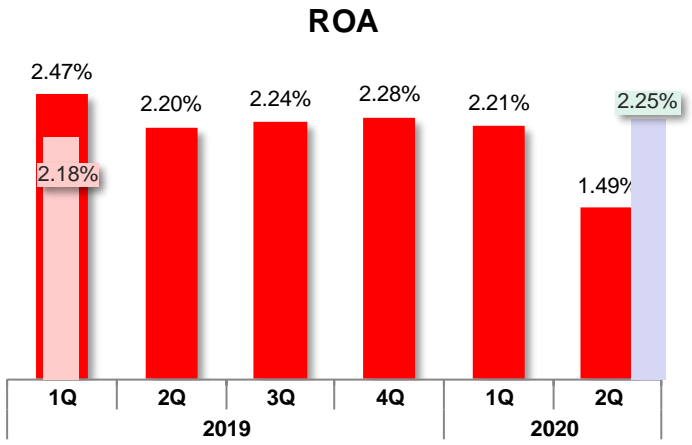
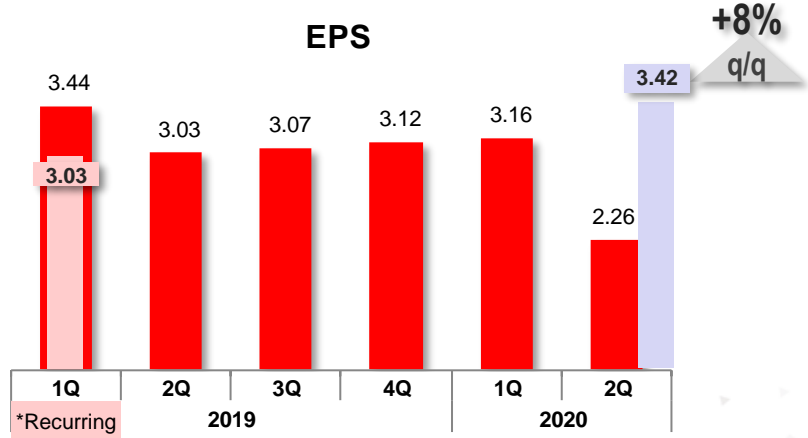
COVID-19 pandemic has accelerated digital adoption.

Presence in 9 countries and +100 cities in LatAm.

* The agreement is subject to obtaining the required regulatory authorizations from the financial and economic competition authorities.

Profitability Remains Resilient

Million pesos	2Q20	q/q	y/y	1H20	y/y
Net Income	6,518	(29%)	(25%)	15,636	(16%)
<i>Recurring*</i>					(11%)*
ex-antic. prov.	9,867	8%	13%	18,985	9%
EPS	2.26	(29%)	(25%)	5.42	(16%)
<i>Recurring*</i>	3.42				(11%)
ROE	13.0%	(576)bp	(646)bp	15.8%	(531)bp
<i>Recurring*</i>	19.6%			19.2%	
ROA	1.49%	(72)bp	(71)bp	1.8%	(49)bp
<i>Recurring*</i>	2.25%			2.24%	



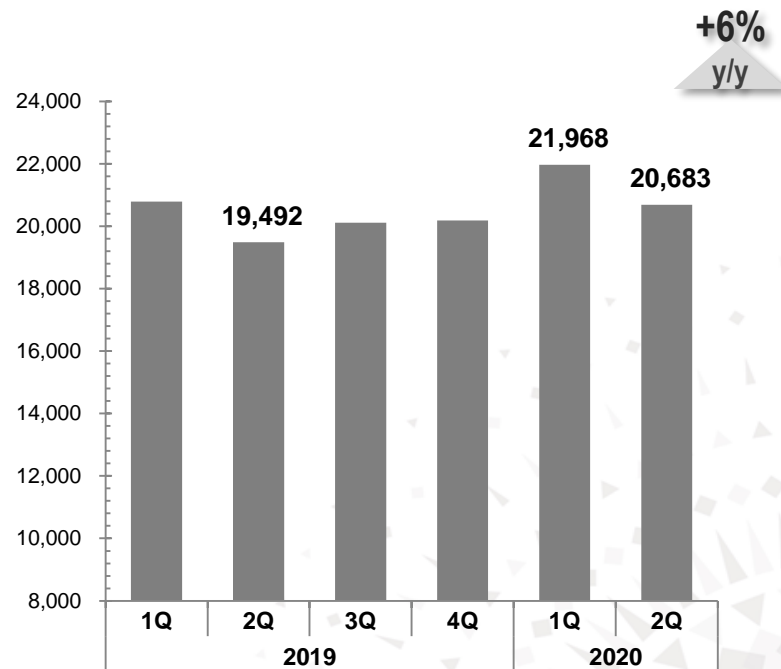
* without the effect of the non recurring income presented in 1Q19 resulting from the dissolution of Banorte USA

Net Interest Income

- Fees affected by lower economic activity.
- Good quarter for trading income.
- Total revenues up 8% y/y.

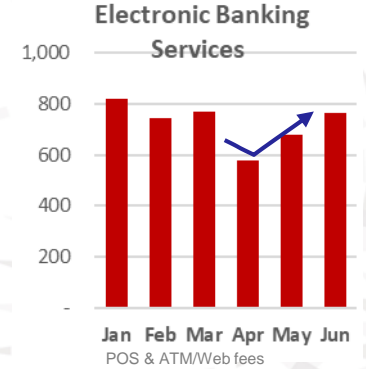
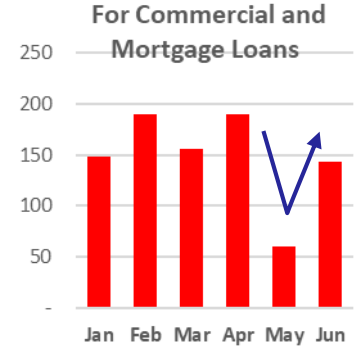
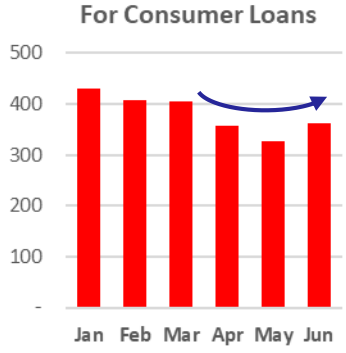
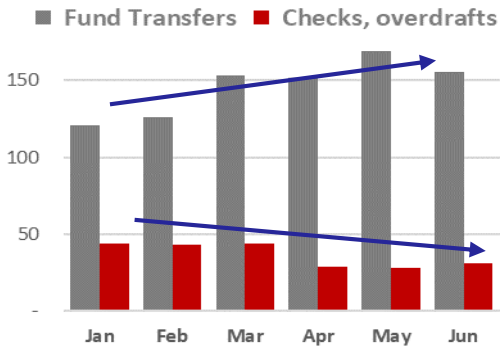
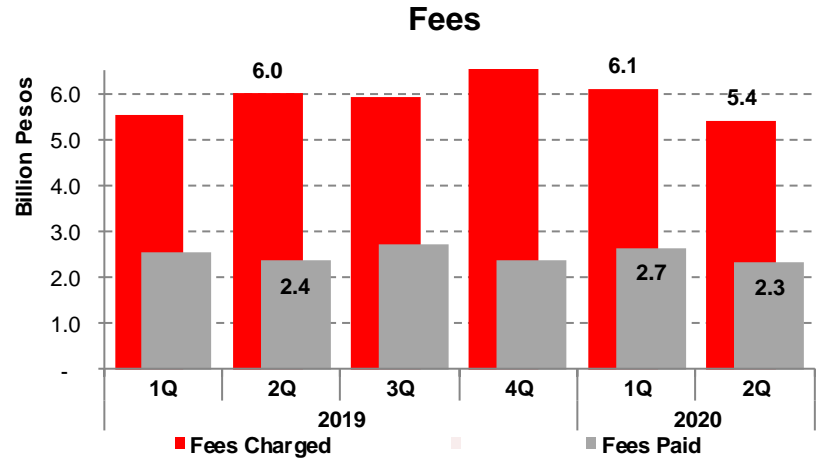
Million pesos	2Q20	q/q	y/y	1H20	y/y
NII Loans/Deposits	15,954	(3%)	3%	32,390	6%
NII Repos	2,394	20%	13%	4,397	4%
NII Valorization Adjust*	67	N.A.	163%	(6)	(110%)
NII Insurance & Annuities	2,268	(37%)	20%	5,869	10%
NII	20,683	(6%)	6%	42,651	6%
NIM	5.3%	(65)bp	(18)bp	5.6%	2bp
NIM ex-Insur. & Annui.	5.3%	(27)bp	(21)bp	5.4%	6bp
NIM from loan portfolio	8.1%	(31)bp	13bp	8.2%	42bp
Net Service Fees	3,069	(11%)	(15%)	6,524	(1%)
Trading Income	1,703	46%	77%	2,869	36%
Other Income	1,140	248%	75%	1,467	(48%)
Non Interest Income	5,911	19%	13%	10,860	(6%)
Total Revenues	26,595	(1%)	8%	53,511	3%

NII



Fees on Services Affected But Recovering

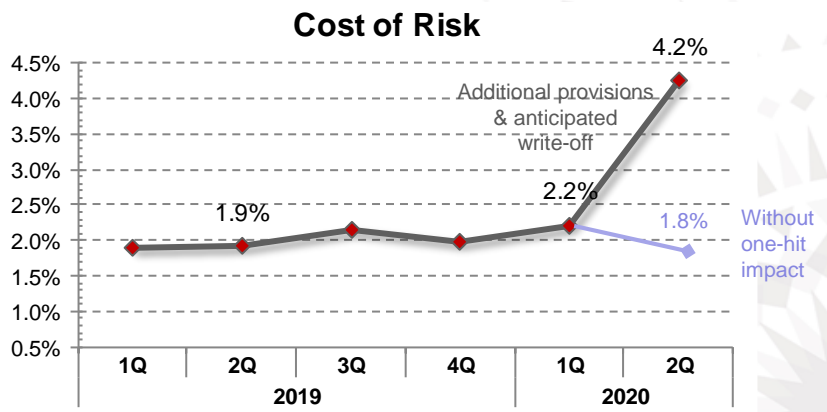
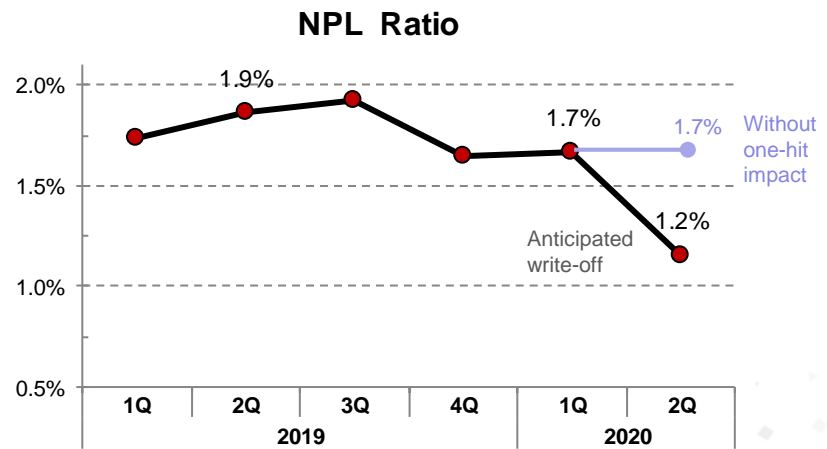
- Fees affected by lower economic activity.
- Digital related concepts counteracting lockdown impact.
- Electronic Banking services already recovered by June, supported by fully digital POS operations; even though, travel services, restaurants and hotels are still 80% to 90% down.



Loan Growth with Quality

- Another good quarter for commercial & corporate portfolios.
- Mortgages still growing despite the pandemic.
- Credit card and car loans affected.
- Quality and cost of risk still in good shape.

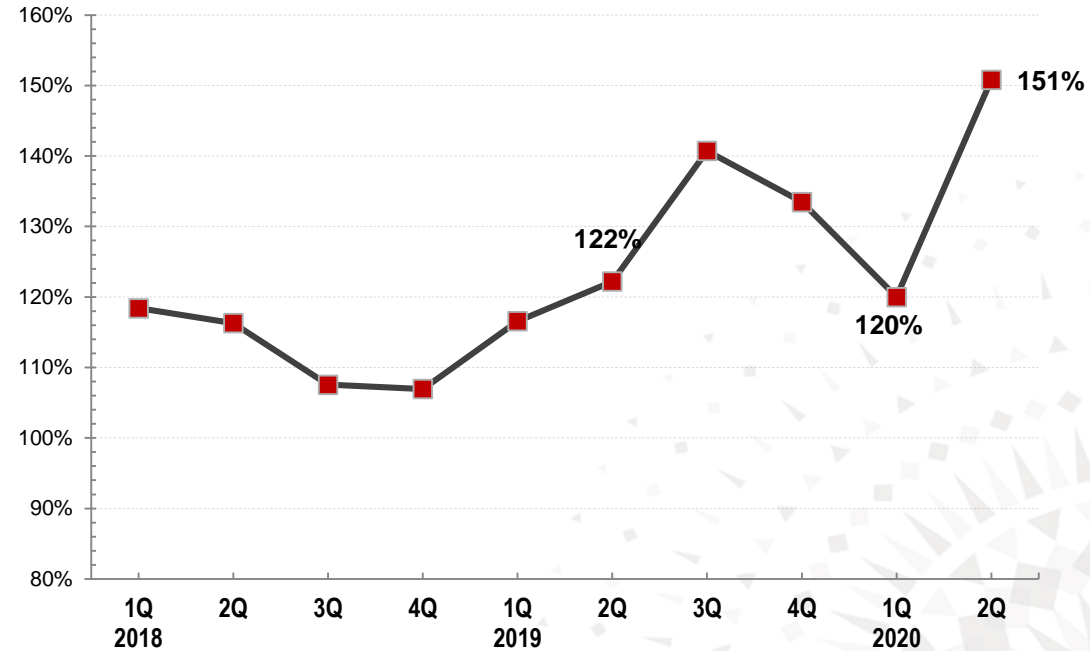
	2Q20	q/q	y/y
Commercial	186,092	2%	9%
Corporate	149,945	3%	14%
Government	162,717	1%	(13%)
Mortgages	177,282	2%	9%
Car Loans	26,667	(2%)	5%
Credit Card	37,443	(3%)	(1%)
Payroll	51,491	(0%)	(2%)
Consumer Loans	292,883	1%	5%
Total	791,637	2%	3%
Total ex-Government	628,920	2%	8%



Liquidity

- Strong liquidity, supported by deposit growth in the quarter.
- Liquidity coverage ratio above minimum regulatory requirements.

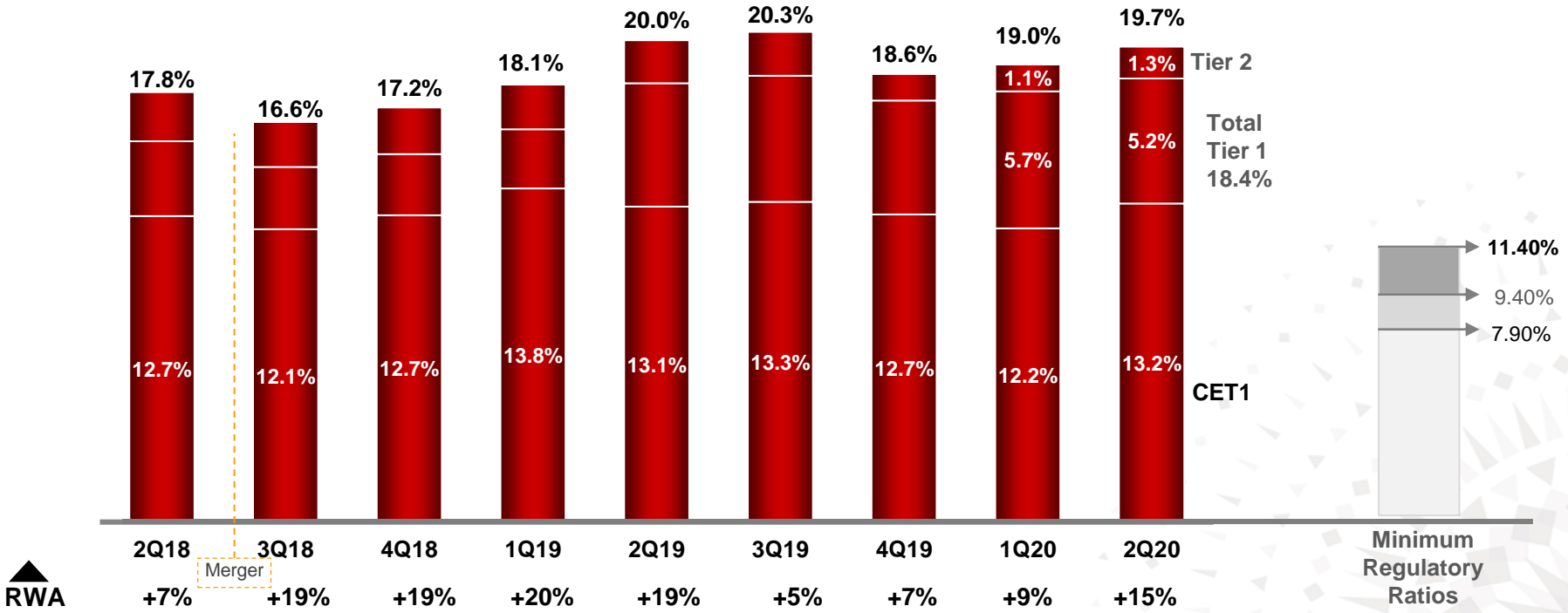
Liquidity Coverage Ratio
CCL (%)



Bank Regulatory Capital Ratio

Capital Adequacy Ratio (CAR)

Basel III



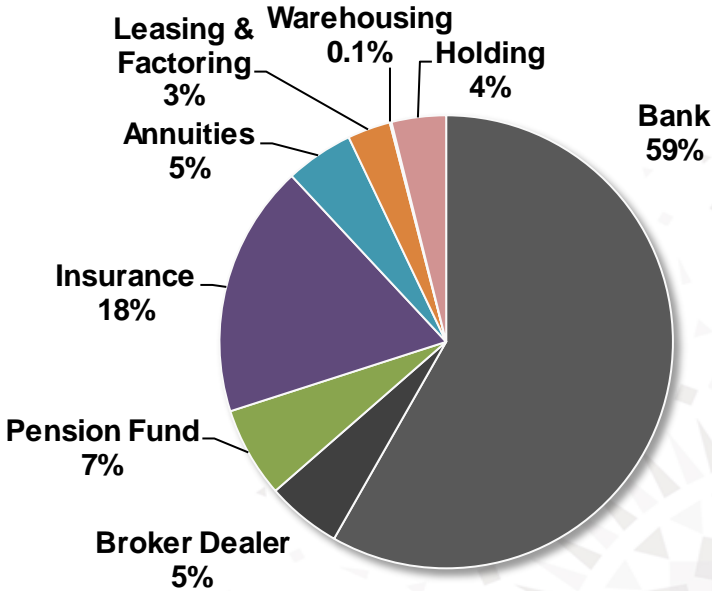
*RWA= Risk Weighted Assets annual growth

Subsidiaries

- Business diversification providing resilient results for the Group. Expanding over the year: Broker & mutual funds 45%, Insurance 8%, Annuities 43%, Afore 13%
- Continuous growth on Insurance profitability and better combined ratio.

Million pesos	2Q20	q/q	y/y	1H20	y/y
Bank	3,606	(41%)	(44%)	9,678	(29%)
Broker & Mutual Funds	467	49%	100%	779	45%
Insurance	927	(46%)	12%	2,630	8%
Annuities	424	49%	90%	708	43%
Afore	618	90%	45%	944	13%
Long-term Savings	1,977	(15%)	34%	4,304	14%
Leasing and Factoring	245	21%	17%	447	3%
GFNorte	6,518	(29%)	(25%)	15,636	(16%)

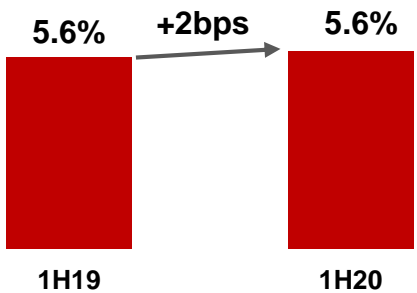
Net Income by Subsidiary 1H20



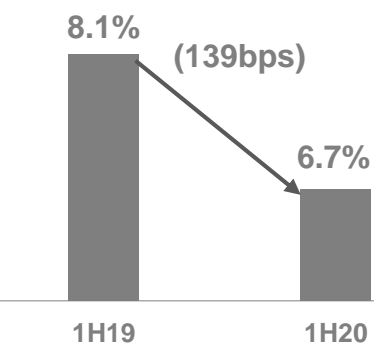
Resilient NIM

- NIM from loans growing upstream
- Resistant yield on good portfolio mix
- Improved cost of funds

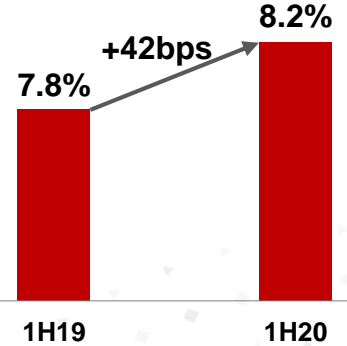
NIM



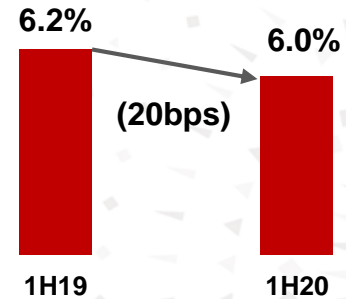
Average reference rate (TIIE)



NIM from loan portfolio



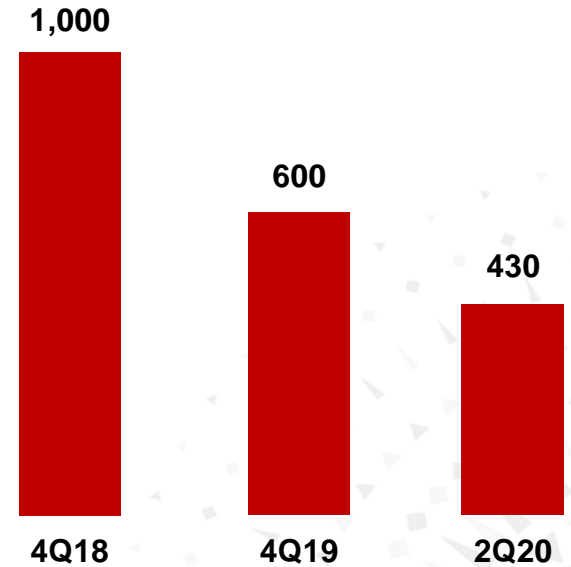
NIM of Bank



Margin Sensitivity Evolution

- Fixed rate hedges elimination
- Dynamic risk management hedges
- Variable rate funding
- Active ALCO
 - A-L rates spread

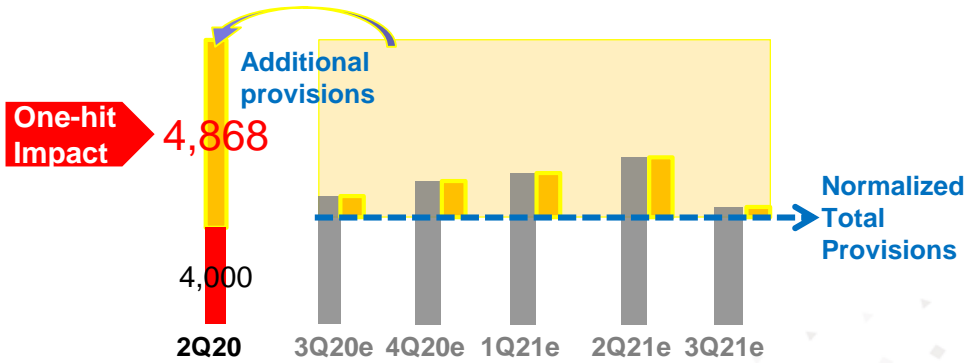
Margin Sensitivity
Δ 100 bps on NII
Million pesos



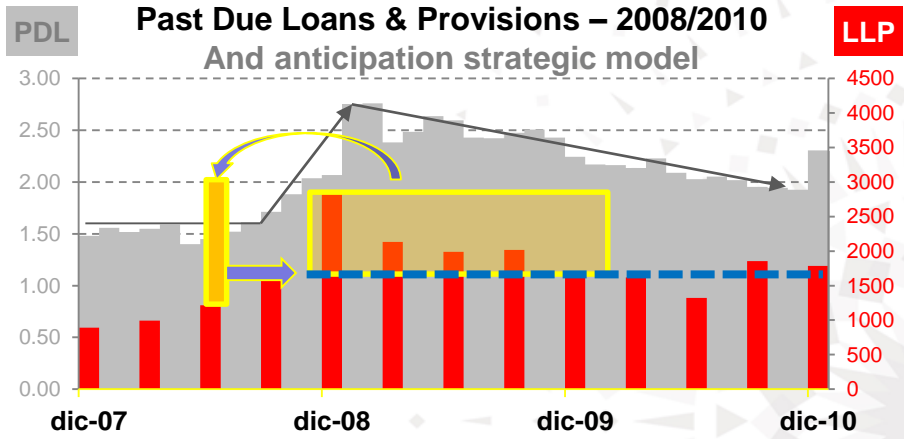
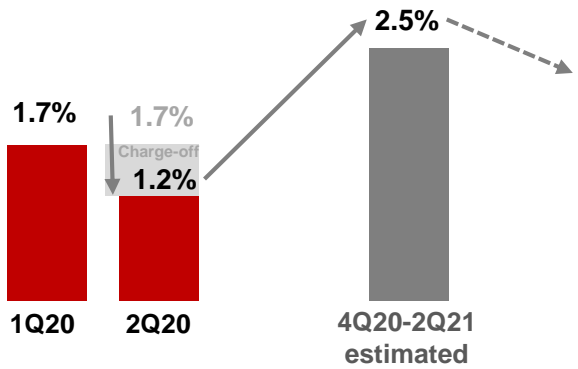
Anticipating quality deterioration...

- Due to the pandemic, Banorte was the first bank to provide a relief program to clients.
- Proactively building general additional provisions and writing-off in advance.
- This will produce normalized total provisions for future quarters, as we will net the “additional”.

Estimated Provisions stressed by COVID-19



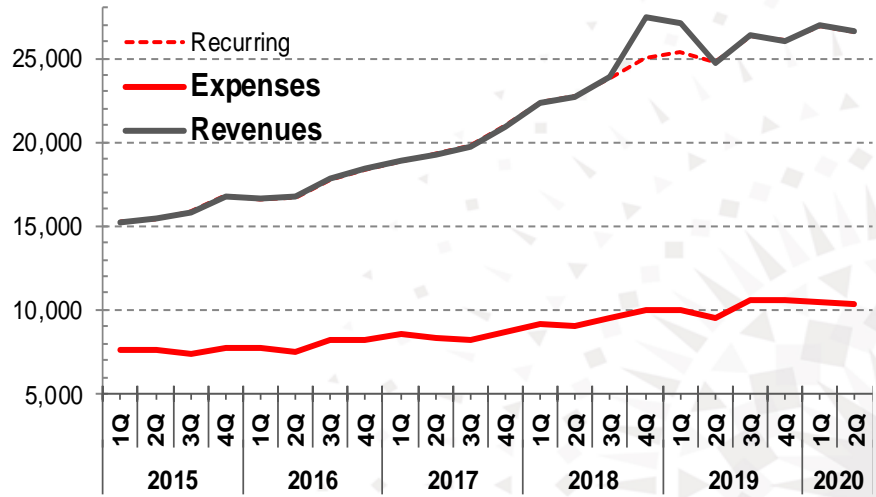
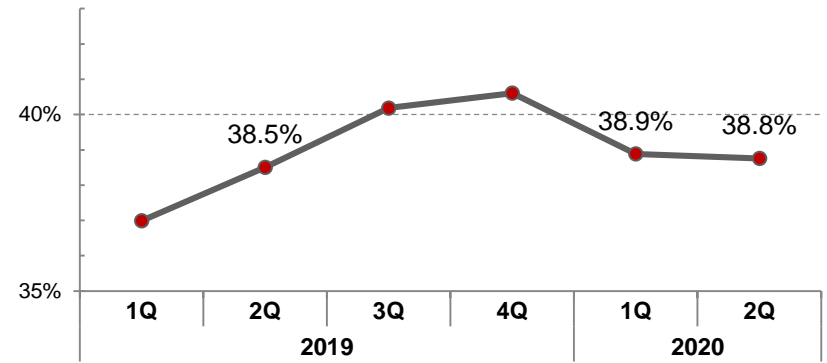
Estimated PDL stressed by COVID-19



Efficient cost to income continues.

- Commitment to control the level of non-interest expenses.
- Non-Interest expenses guidance for 2020: 4.0% - 4.5%

Cost to Income Ratio



Selected Industry Exposures

**Vs. Total
Loans 2Q20**

Oil Industry

Pemex	3.4%
Pemex Suppliers	1.8%

Electricity Company

CFE	2.2%
CFE Suppliers	0.0%

Construction & Real State

Housing	1.0%
Commercial	1.8%
Others	1.8%

Malls	2.0%
Tourism	5.5%
Restaurants	0.2%
Airports	0.1%

SMEs

• 77% Nafin / Bancomext guaranteed loans, 45% of SME book

4.4%

Dollar denominated

11.2%



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