



BANORTE

Conference Call: 3Q20 Results

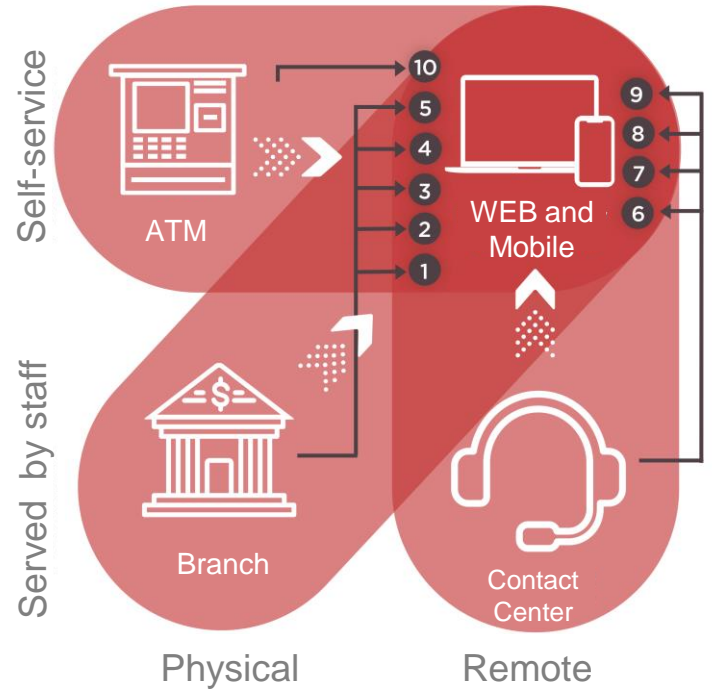
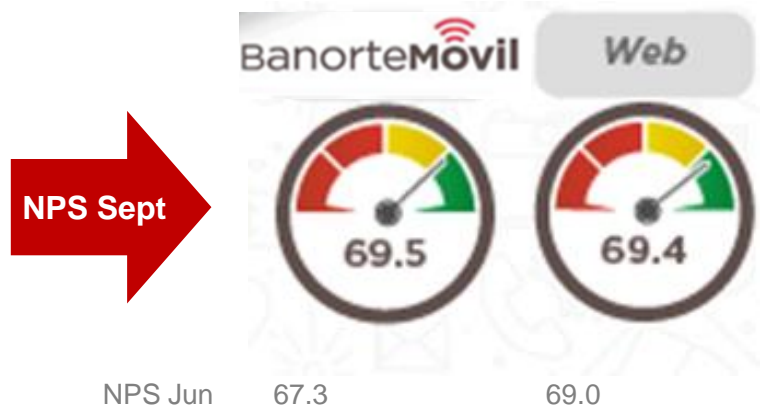
October 30th, 2020

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Remote Self-service/Digital Operations embedded in Quality

- Continuous migration towards remote and self-service channels
- Outstanding service levels as top priority, measured by Net Promoter Score (NPS)
- NPS quarterly improvement in Mobile and Web services

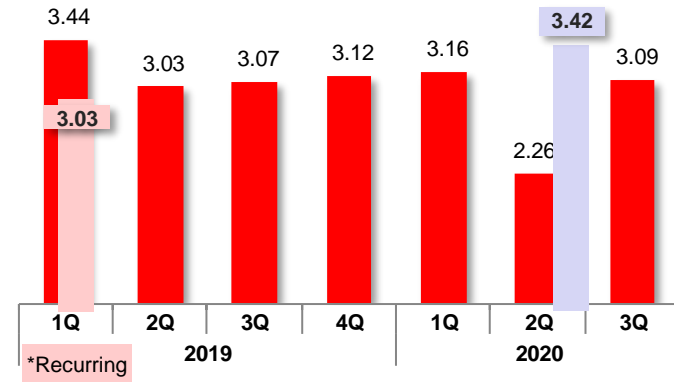


- | | |
|---------------------------|---------------------------------------|
| 1. Account statements | 6. Registration of Clarifications |
| 2. Check deposit | 7. Lock and unlock of Credit Card |
| 3. Payment of Services | 8. Initial Activation of Credit Card |
| 4. Transfers | 9. Balance and Movements Consultation |
| 5. Payment to Credit Card | 10. Mobile top-up |

Profitability Remains Resilient

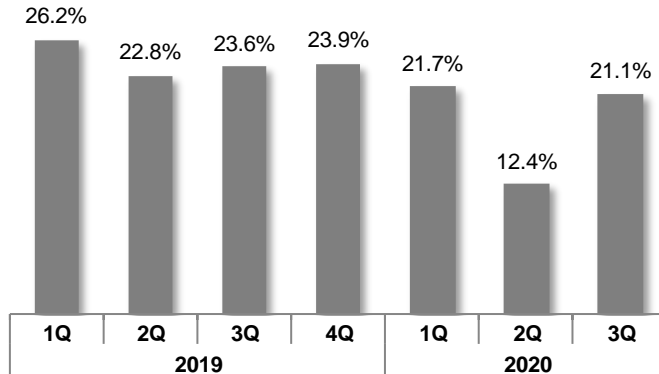
Million pesos	3Q20	q/q	y/y	9M20	y/y
Net Income	8,906	37%	1%	24,542	(11%)
<i>Recurring*</i>				27,890	6%
EPS	3.09	37%	1%	8.51	(11%)
<i>Recurring*</i>				9.67	6%
ROE	16.9%	394bp	(266)bp	16.2%	(431)bp
<i>Recurring*</i>				18.3%	
ROA	1.99%	51bp	(24)bp	1.90%	(40)bp
<i>Recurring*</i>				2.16%	

EPS

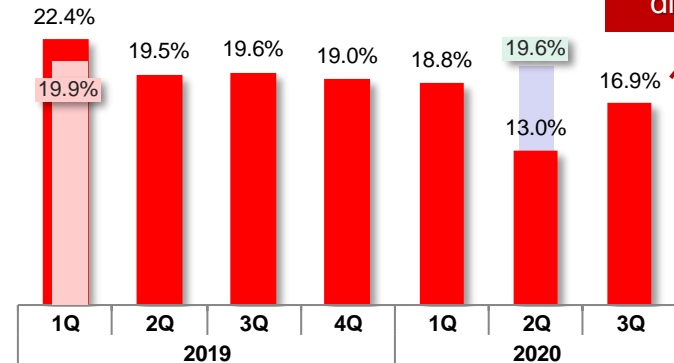


+1%
y/y

ROE of the Bank



ROE



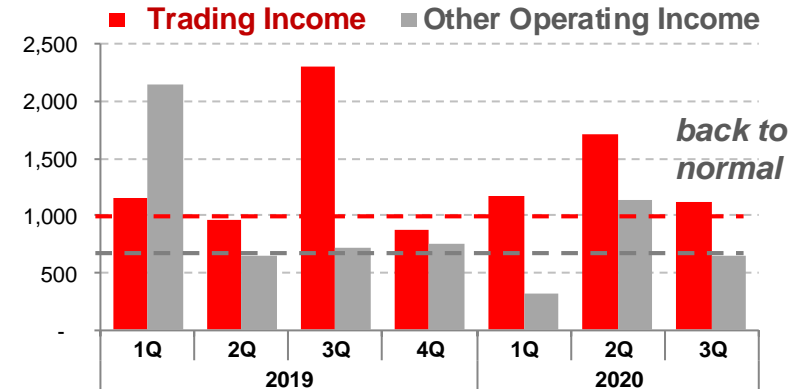
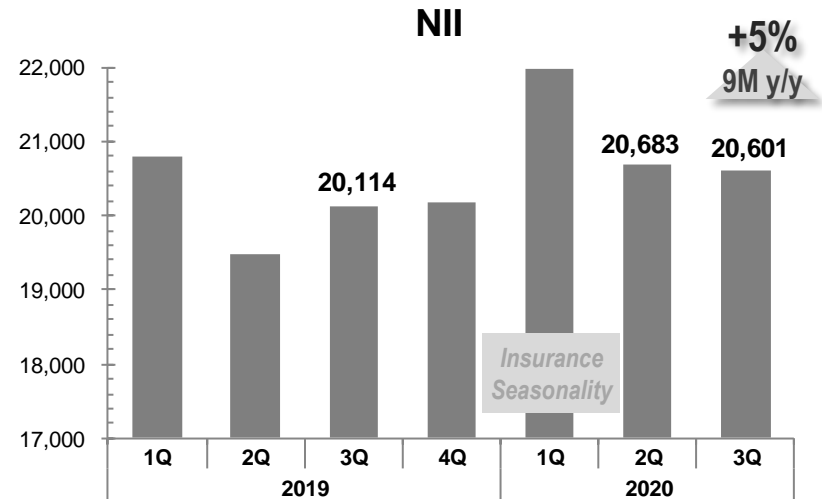
* Excluding the effect of non-recurring income in 1Q19 derived from the dissolution of Banorte USA and additional provisions in 2Q20

Net Interest and Non-Interest Income

- Robust NII, +2% y/y growth in 3Q20 and +5% in 9M20
- Trading and other operating income back to normal
- Total revenues in 9M20 up by +1% y/y and +3 y/y considering recurring items

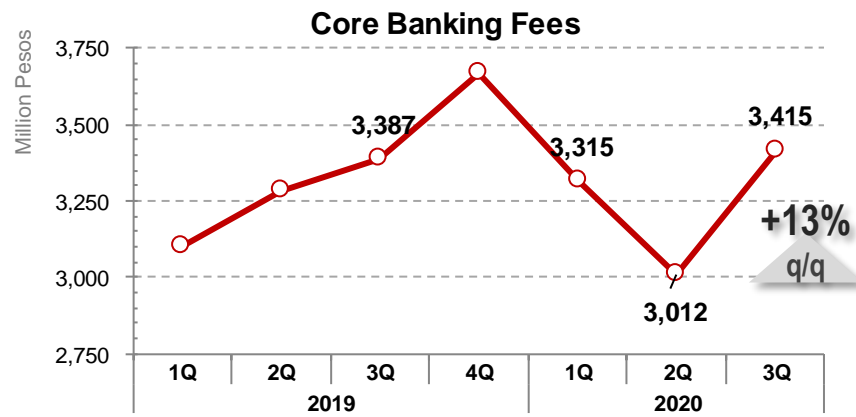
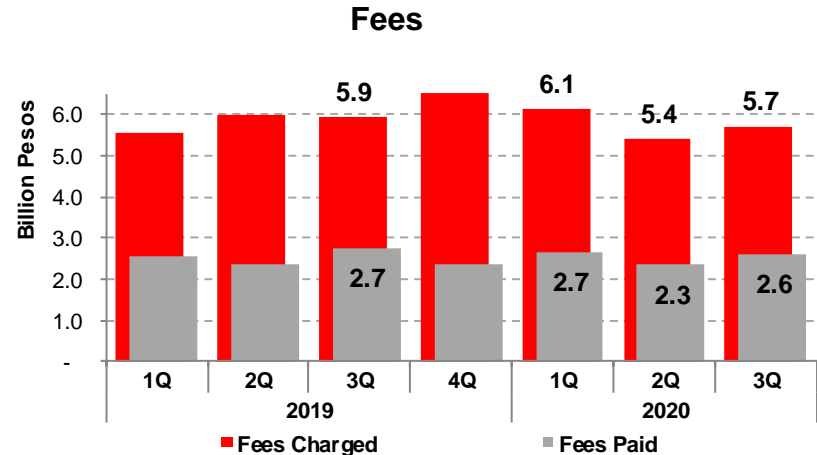
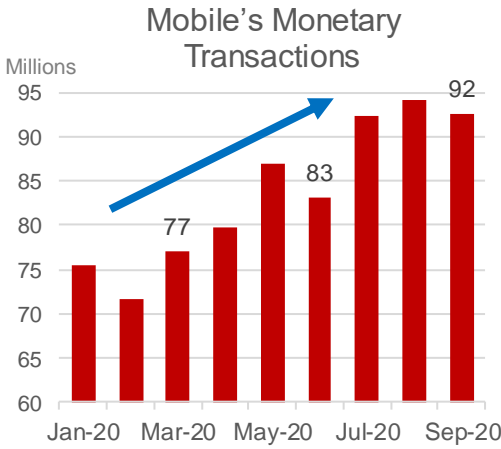
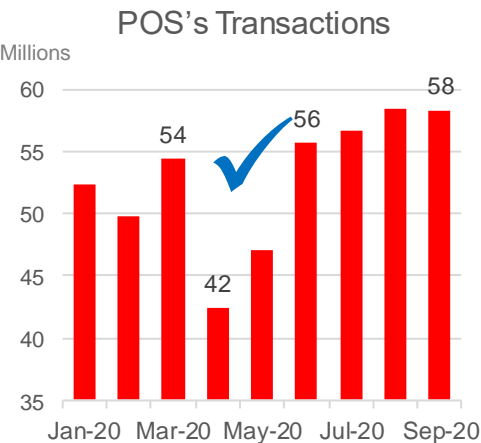
Million pesos	3Q20	q/q	y/y	9M20	y/y
NII Loans/Deposits	15,841	(1%)	0%	48,231	4%
NII Repos	2,503	5%	22%	6,900	10%
NII Valorization Adjust*	88	31%	74%	82	(26%)
NII Insurance & Annuities	2,168	(4%)	(1%)	8,038	7%
NII	20,601	(0%)	2%	63,252	5%
NIM	5.1%	(18)bp	(61)bp	5.4%	(17)bp
NIM ex-Insur. & Annu.	5.2%	(13)bp	(53)bp	5.4%	(11)bp
NIM from loan portfolio	7.9%	(17)bp	(41)bp	8.1%	12bp
Net Service Fees	3,096	1%	(3%)	9,620	(2%)
Trading Income	1,128	(34%)	(51%)	3,996	(10%)
Other Income	656	(42%)	(9%)	2,124	14%
Non Interest Income	4,880	(17%)	(21%)	15,741	(2%)
Total Revenues	25,481	(4%)	(3%)	78,992	3%

*Recurring



Service Fees Affected But Recovering

- Fees recovering due to better economic activity, core banking fees +13% q/q in 3Q20
- Electronic banking services +17% q/q
- Remote digital transactions lead growth

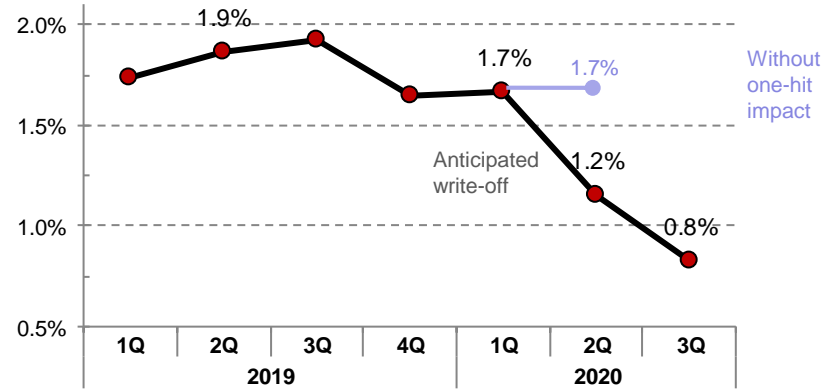


Loan Growth with Quality

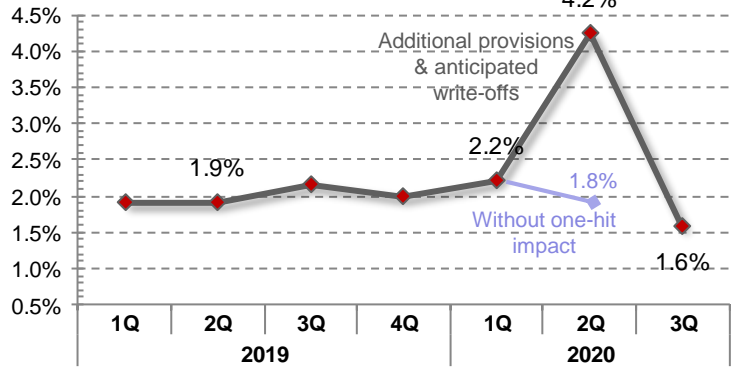
- Good quarter for mortgage and consumer loans +3% sequentially
- Moderate increase in commercial loans and prepayments in corporate portfolio
- Government growing back +3% y/y
- Asset quality still in good shape aided by the relief program

	3Q20	q/q	y/y
Commercial	188,237	1%	12%
Corporate	146,626	(2%)	18%
Government	162,609	(0%)	3%
Mortgages	182,685	3%	10%
Car Loans	27,394	3%	6%
Credit Card	38,585	3%	(1%)
Payroll	52,342	2%	0%
Consumer Loans	301,005	3%	6%
Total	798,478	1%	9%
Total ex-Government	635,869	1%	11%

NPL Ratio



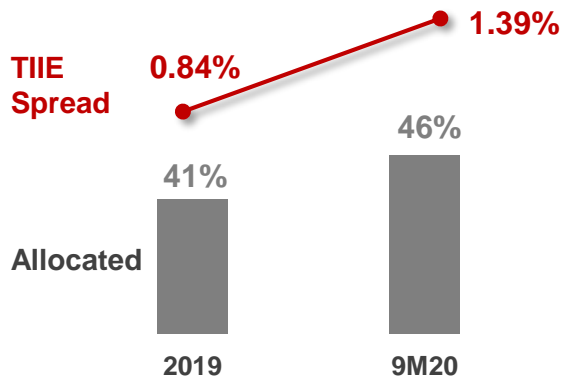
Cost of Risk



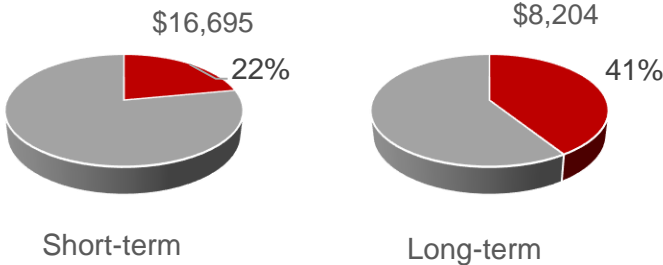
Government States & Municipalities Recovering

- Government reactivation in 2020: 46% of bidding processes have been assigned to Banorte
- Normalized spreads
- Leading segment among commercial banks

GEM Banorte Bidding Results



Allocated 9M20 Market Share

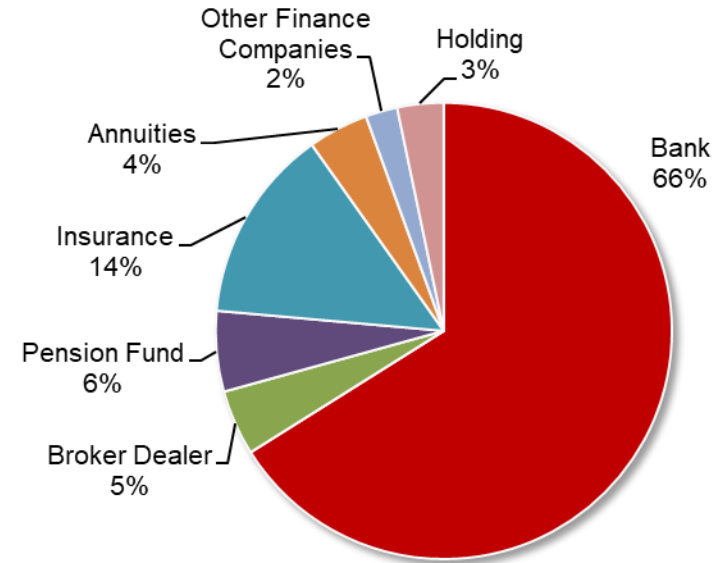


Subsidiaries

- Business diversification providing resilient results for the Group. Expansion y/y: Broker Dealer & Mutual Funds 29%, Insurance 6%, Annuities 38%, Afore 12%
- Continuous growth on Insurance profitability and improved combined ratio
- On July 1st, 2020, Sólida (acquiring company) and Arrendadora were merged. Sólida changed its name to Arrendadora y Factor Banorte

Million pesos	3Q20	q/q	y/y	9M20	y/y	ROE 9M20
Bank	6,518	81%	(1%)	16,197	(20%)	18.3% 22.0%*
Broker Dealer & Mutual Funds	356	(24%)	3%	1,136	29%	29.0%
Insurance	745	(20%)	1%	3,375	6%	51.8%
Annuities	340	(20%)	30%	1,049	38%	25.9%
Afore	454	(27%)	9%	1,398	12%	15.7%
Other Finance Co.	244	1%	9%	553	(10%)	10.5%
GFNorte	8,906	37%	1%	24,542	(11%)	16.2%

Net Income by Subsidiary
9M20



ESG Updates

Global:

- We will adopt Sustainability Accounting Standards Board (SASB) methodology in our 2020 Annual Report
- Participating in the next Task Force on Climate-Related Financial Disclosures (TCFD) Pilot
- Members of the Informal Working Group (IWG) & Co-Chair of the Task Force on Nature-related Financial Disclosures (TNFD)
- Principles for Responsible Banking (PRB) first anniversary



Local:

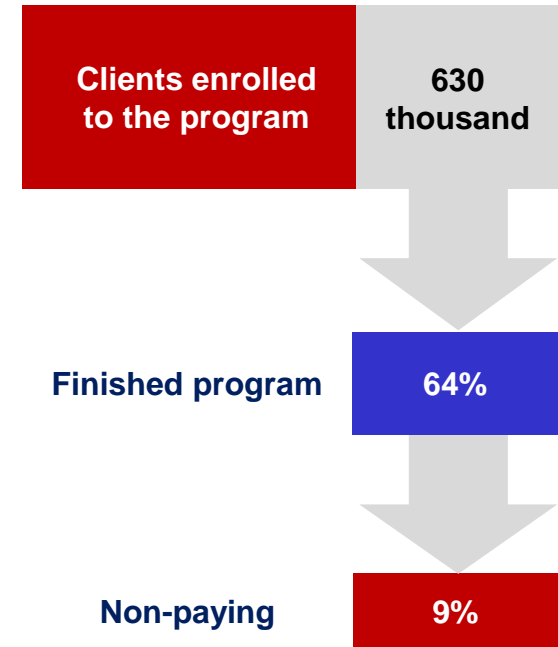
- Incorporation to the new S&P/BMV Total Mexico ESG Index
- Signatories of the Green Finance Consulting Board (CCFV) ESG Disclosure Declaratory
- Chair of the BMV´s Sustainability Committee
- In synergy with BlackRock, our Afore participated in the creation of the first sustainable investment fund in Mexico (ESGMex)



Financial Highlights

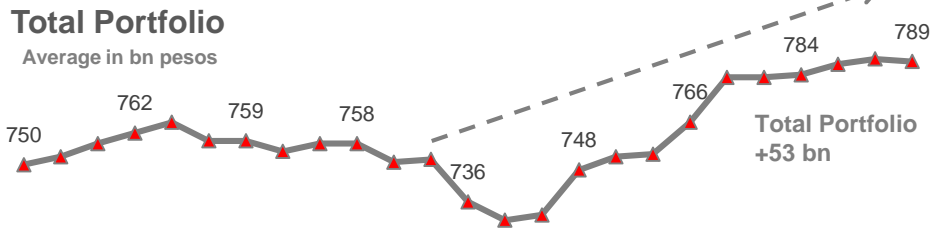
Relief Program for Consumer and SMEs Loans

- Over 630 thousand individuals and SMEs registered, amounting to 18% of the total portfolio
- Close and efficient communication:
 - With enrolled, extended and new eligible applicants
 - Based on archetypes & individual risk levels
 - +2m or +1m extension on a case by case basis
- 64% of the initially enrolled clients concluded the program
- ~9% out of the abovementioned have not resumed payment

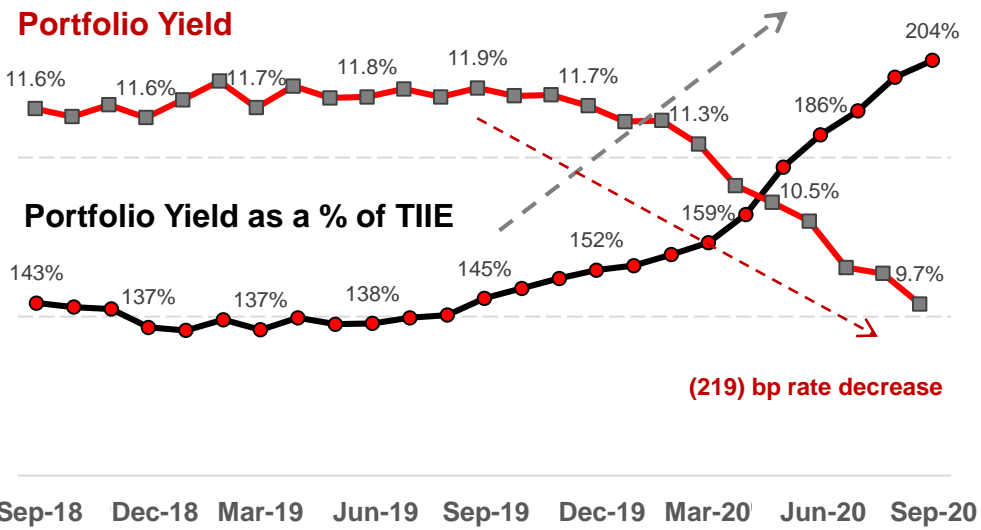
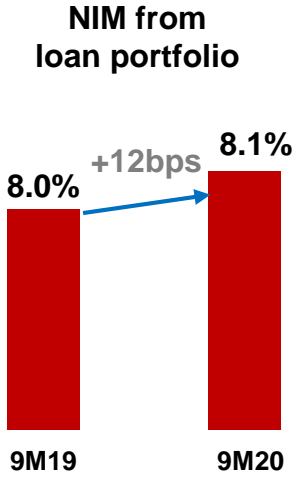
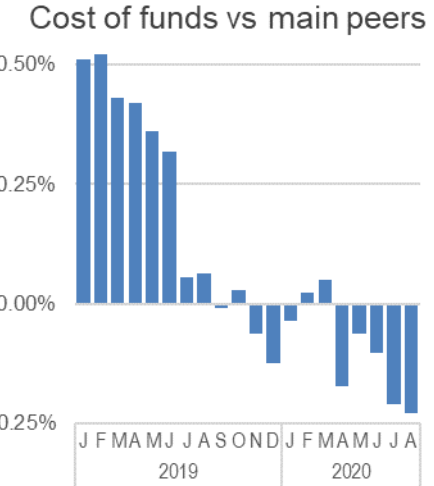


Loan Portfolio Yield and NIM

- Average Portfolio grew \$53 bn y/y
- Better performance vs. reference rate
- Cost of funds is now below peers'
- NIM from loan portfolio rose +12bps y/y in 9M20

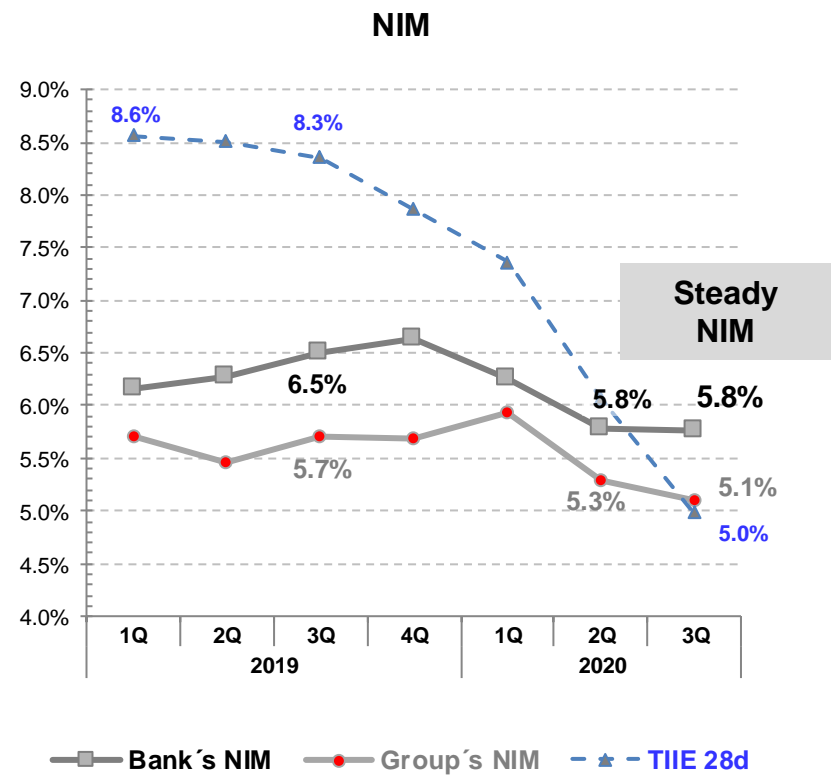
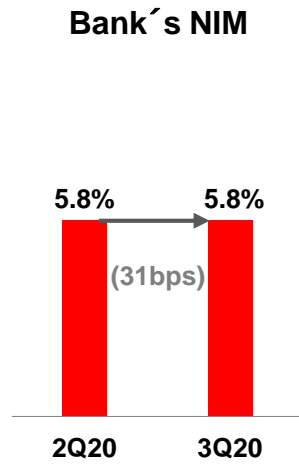
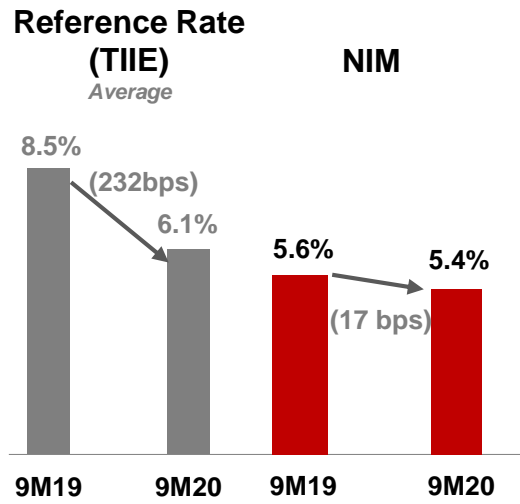


Rate increase as % of TIIE = +60 pp



Resilient NIM

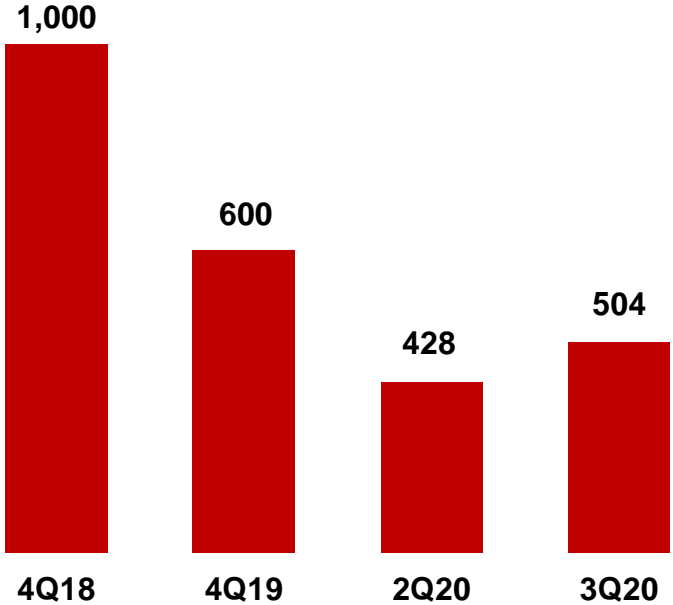
- Bank's NIM steady q/q
- Resilient on good portfolio mix
- Improved cost of funds



Margin Sensitivity Evolution

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

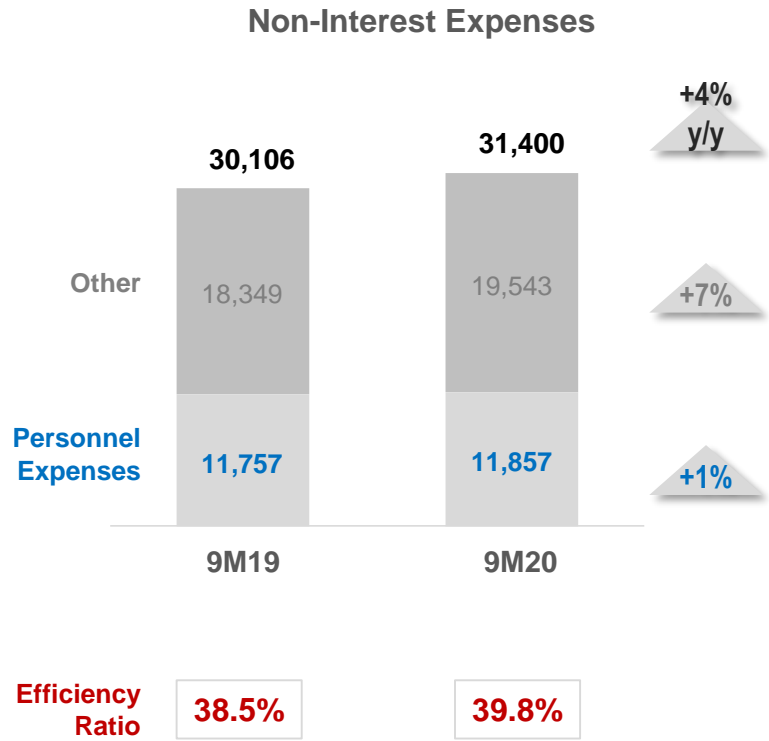
Margin Sensitivity
Δ 100 bps on NII
Million pesos



Expenses Under Control

- Managing the level of non-interest expenses
- Personnel expenses +1% y/y
- We reinforce Guidance commitment for 2020:

4.0% - 4.8%

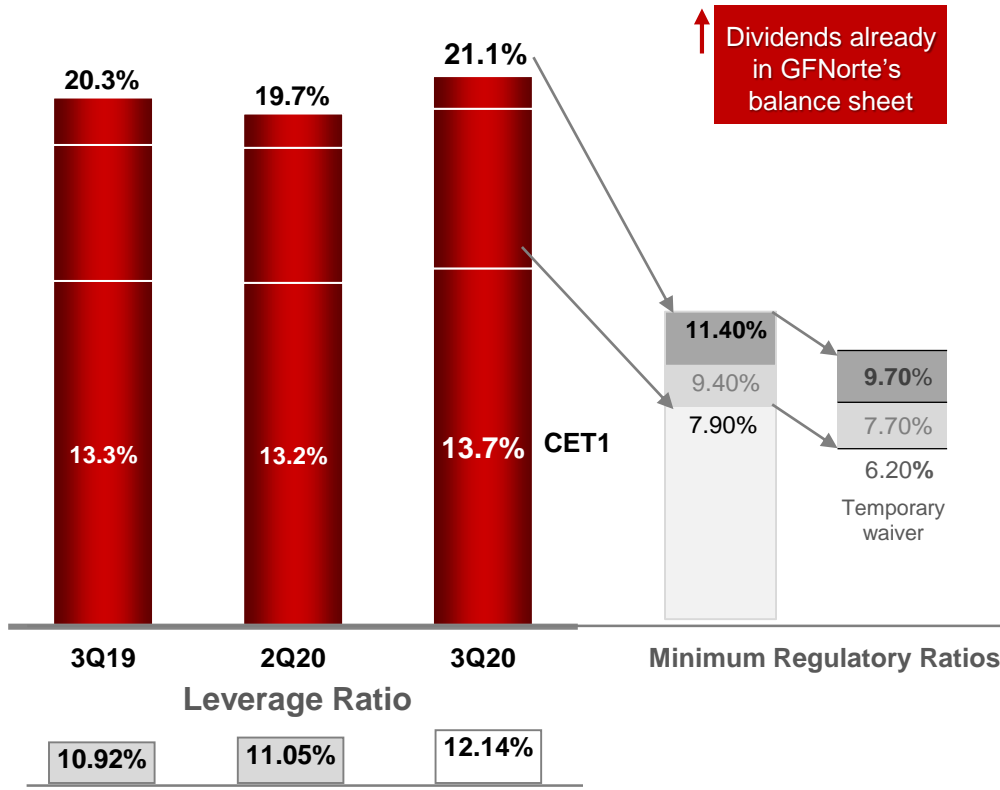


Bank Regulatory Capital Ratio

- Strong CAR and CET1, far above mandatory requirement
- Dividends not computing for CET1 (actually sitting in GFNorte's balance sheet, not in the Bank's).
- Capital not supported by leverage

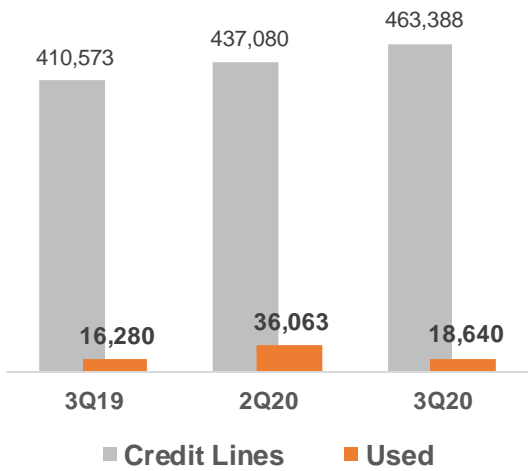
Capital Adequacy Ratio (CAR)

Basel III

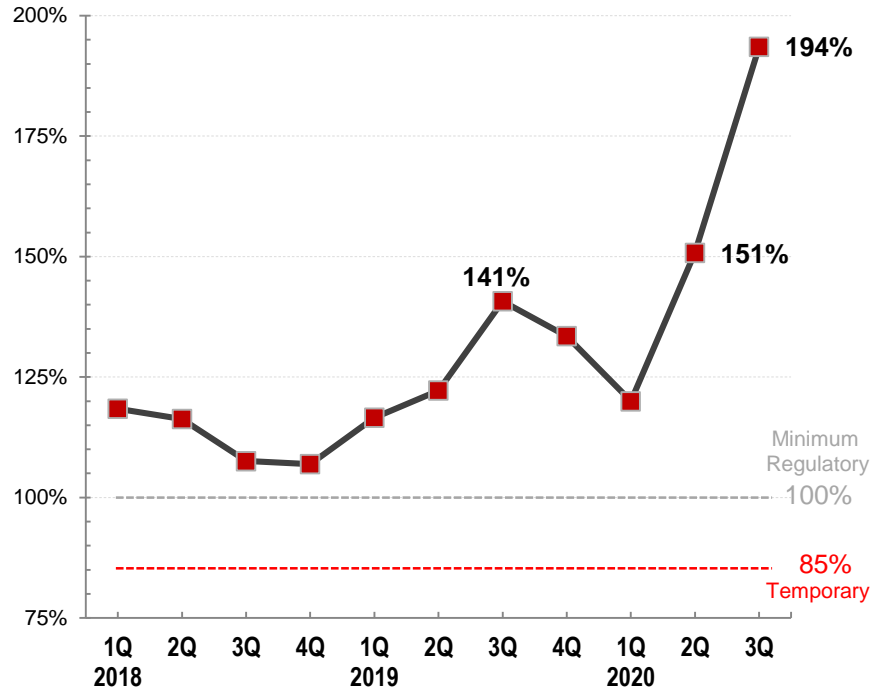


Liquidity

- Strong liquidity, supported by deposits growth
- Liquidity coverage ratio well above minimum regulatory requirements
- Banxico USD bidding \$420 million* impacts only 9% of the CCL



Liquidity Coverage Ratio CCL (%)



* Financing through the use of the swap line from the US Federal Reserve (dollars)

2020 End Points

As we face an uncertain environment, the guidelines to be followed are:

- Expense control
- Further development of digital transformation
- Capital generation and preservation
- Portfolio growth under a quality framework
- Closeness to clients to fully understand their situation

2020

Loan Growth (ex-Gov)	6% – 8%
Expense Growth	4.0% – 4.8%
Tax Rate	25% – 26%

Macro Estimates for 2020

GDP	(9%) – (11%)
Inflation	4.0%
Reference Rate	4.00%

Selected Industry Exposures

**Vs. Total
Loans 3Q20**

Oil Industry

Pemex	3.6%
Pemex Suppliers	1.6%

Electricity Company

CFE	2.1%
CFE Suppliers	0.4%

Construction & Real State

Housing	1.0%
Commercial	1.8%
Others	1.9%

Malls	2.0%
Tourism	4.3%
Restaurants	0.2%
Airports	0.1%

SMEs

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

4.7%

Dollar denominated

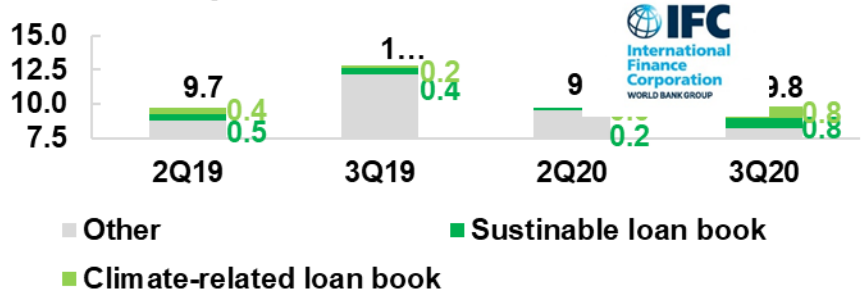
10.5%

ESG Appendix



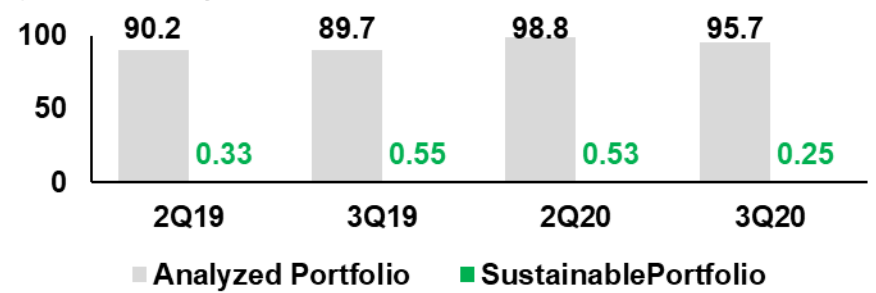
Sustainable finance loan book evaluation

% of wholesale banking loan book



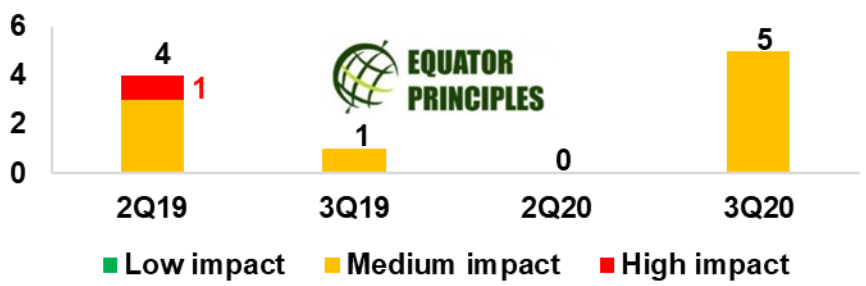
Responsible investments - Mutual funds

% share of total analyzed AUM



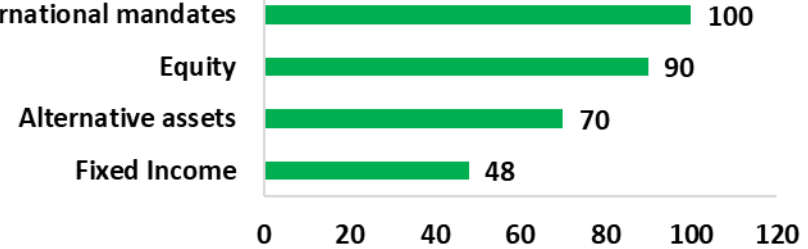
Loan book evaluation under Equator Principles

Number of analyzed projects



Responsible investments – Pension funds (Afore)

% share of total analyzed AUM by instrument



What's Next on ESG?



Environment

- We set the **goal** to reduce **emissions per employee by 30% in 2020**.
- Starting in **2021**, we will have a **70% renewable energy supply**.
- We participated in an **energy efficiency program** promoted by WRI and SEDEMA to **reduce 10% of our consumption** in two of our properties.
- We **expanded our waste separation program** in the main corporate buildings.
- We are participating in a **smart mobility plan** with the ITPD and we have an alliance with **Waze Carpool**.



Social

- We are in the **design phase of a financial education plan that includes all business areas**.
- We have a **diversity and inclusion program** that contemplates the **attraction and retention of diverse talent**, and it is also aimed to better understand and serve our community and clients.
- We developed the **Sustainability Academy** that **will provide technical knowledge** on the matter to **100 SMEs in our value chain**.



Governance

- We are in the process of **selecting and evaluating our Board of Directors**.
- We will define our **2021-2025 goals** in the next session of the **Sustainability Committee**.
- We are working on updating the **materiality matrix**.
- There **were no legal proceedings** associated to corruption and money laundering.
 - 90.26% of the workforce has been trained so far.
- We defined an internal **sustainability index** to **measure the risks to which the bank is exposed by ESG factors**.
 - It will be presented to the CPR.
- **Two incidents** related to **information security** issues were registered.
 - **97%** of the workforce has been **trained in information security**.
 - **92%** of the workforce has been **trained in data privacy**.



Conference Call: 3Q20 Results

October 30th, 2020