

GFNorte reports Net Income of Ps 9.93 billion during the first quarter of 2019**Recurring net income totaled Ps 8.75 billion, up 2% quarterly, and 29% annually**

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

The most relevant results presented for the period ended on March 31, 2019, are the following:

- **Reported net income for the quarter was Ps 9.93 billion.** This result includes an extraordinary income net of taxes of Ps 1.18 billion, generated from the dissolution of Banorte USA and the reclassification of Ps 1.66 billion from "Results from Conversions" to "Retained Earnings".
- Adjusting for this extraordinary income, **recurring net income** for the quarter totaled **Ps 8.75 billion**, showing a **2%** quarterly increase, and **29%** vs. 1Q18's recurring income. **Recurring EPS** was **Ps 3.03**, a **24%** annual increase.
- Regarding the group's subsidiaries, recurring net income for the Bank increased **33%**; **Brokerage** business **30%**, **Insurance 19%**, **Annuities 30%**, and **Pensions 24%**.
- In terms of **profitability**, **NIM** increased from 5.4% to **5.7%** during the quarter; **recurring ROE** had a slight decline from 20.1% to **19.9%**, and a 169 bps increase vs. 1Q18. **Recurring ROA** rose to **2.18%** from 2.13%, with a 20bps increase during the year. **Recurring efficiency ratio** strengthened, and reached **39.4%** during the quarter.
- **Net Interest Income (NII)** grew **14%** annually, **loan loss provisions** decreased (**12%**), recurring **non-interest income** was up **13%**, while **non-interest expense** grew **9%** vs. 1Q18. Overall, recurring **net operating income** before taxes grew **30%** during the year.
- **Performing loans** had a **22%** annual increase, and a (**2%**) quarterly decline due to an (8%) contraction in government loans. **Commercial loans** grew **24%** annually, while **corporate loans** did so by **34%**, and **government loans 35%**.
- **Consumer loans** increased **1%** during the quarter driven by **2%** growth in **mortgages**, and **3%** in **auto loans**, while **credit cards** and **payrolls** remained flat. On an annual basis, the **consumer portfolio** expanded **10%** driven by a **13%** increase in **mortgages**, **20%** in **auto loans**, **8%** in **credit cards**, and a (**2%**) decline in **payroll loans**.
- **Asset quality** remained stable during the quarter with an **NPL ratio** of **1.7%**; (18bps) lower vs. that of 1Q18. **Coverage ratio** reached **135.9%**.
- **Total bank deposits** were up **13%** annually: **demand deposits increased 1%** and **time deposits** did so by **16%**.
- The bank's **Capital Ratio** reached **18.1%**; **Core Equity Tier 1 (CET1)** stood at **13.8%**, while **leverage ratio** ended the quarter at **9.3%**.

Mexico City, April 29th, 2019.- Banorte, as the financial group with the greatest commitment to Mexicans, ended the first quarter of 2019 with a 22% increase in its performing loan portfolio, compared to the same period in 2018, totaling Ps 762.10 billion.

“We are the ally of families and companies in Mexico, both large and small. We are the bank for Mexicans, and we understand that there is a project behind every dream, and we will be their driving force, as we have always been” said Carlos Hank González, Chairman of Grupo Financiero Banorte (GFNorte).

Loans for families

In just the first three months of the year, GFNorte has supported 4,182 families with a mortgage loan to purchase their home, and 15,551 individuals to purchase a car with an auto loan. Overall, Banorte has benefited 163,750 families with mortgage loans, and 177,903 with auto loans.

Performing Loan Portfolio*	1Q18	1Q19	Change
Consumer	248,256	272,691	10%
Commercial	139,543	173,173	24%
Corporate	100,880	134,772	34%
Government	134,017	181,470	35%
Recovery Bank	622,695	762,105	22%
Total	248,256	272,691	10%

*Million pesos

The consumer loan portfolio had a **10%** higher increase than that of the banking system and our main competitors', totaling **Ps 272.7 billion**. This growth was primarily driven by a **13%** increase in the **mortgage** portfolio, which totaled **Ps 158.6 billion**, as well as a **20%** increase in **auto loans**, which reached an ending balance of **Ps 24.8 billion**.

Credit card loans showed an **8%** increase, totaling **Ps 36.5 billion**, while **payroll loans** reached a balance of **Ps 52.7 billion**, in line with the strategy to maintain asset quality.

Consumer Loan Portfolio*	1Q18	1Q19	Change
Mortgages	139,779	158,605	13%
Auto Loans	20,727	24,811	20%
Credit Card	33,872	36,543	8%
Payroll	53,878	52,732	(2%)
Total	248,256	272,691	10%

*Million pesos

The loan portfolio showed improvements both on growth rates and quality: during the period, **NPL ratio** declined from 1.9% to **1.7%**, pushed by improvements across most loan products.

Core deposits were up **6%** vs. 1Q18. **Demand deposits** increased **1%**, while **time deposits** did so by **16%**.

Main financial results

During **1Q18**, the group reached the targets set for the period, totaling **recurring net income** of **Ps 8.75 billion** and **reported net income** of **Ps 9.93 billion**.

Reported net income includes an extraordinary income net of taxes of Ps. 1.18 billion, generated upon the dissolution of Banorte USA.

These results are reflected on the main indicators: **ROE** totaled **22.4%**, **ROA** at **2.5%** and **Efficiency Ratio** totaled **37.0%**.

"With these results, we are well aligned towards meeting our 2020 plan, which is to become the best financial group in Mexico for our clients, our employees, and our investors", said **Marcos Ramírez Miguel**, CEO of GFNorte.

Banco Mercantil del Norte closed the quarter with a **total capital ratio** of **18.1%**, with **CET1** at **13.8%**. **Leverage ratio** totaled **9.3%**.

Recent Events

1. BANORTE IS RECOGNIZED AS THE BEST FOREIGN TRADE PRODUCTS AND SERVICES BANK IN MEXICO IN 2019

In January 2019, Banorte was recognized as "Best Trade Finance Bank" in México in the "Best Trade Finance Provider 2019" awards category, granted by the prestigious Global Finance magazine. According to Global Finance, this award is granted *"based on input from industry analysts, corporate executives and technology experts. Among the criteria used for choosing the winners were: transaction volume, scope of global coverage, customer service, competitive pricing, innovative technologies, as well as entry submissions from banks and other providers"*.