



GFNORTE

Conference Call: 2Q19 Results

July 26th, 2019

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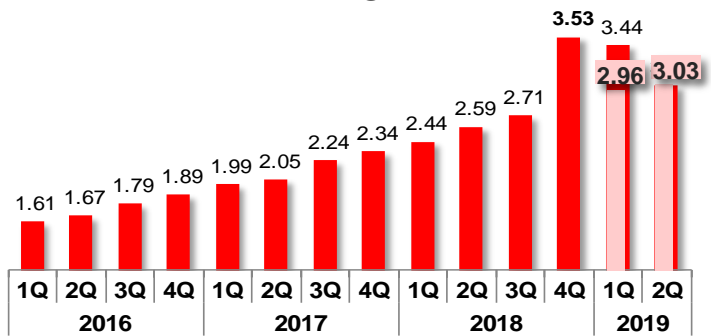
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+20%
y/y

Resilient Quarter on Earnings and Returns

	2Q19	q/q	y/y	1H19	y/y
Net Income	8,728	(12%)	21%	18,660	34%
<i>Recurring</i>	8,728	(0%)	21%	17,477	25%
EPS	3.03	(12%)	17%	6.47	29%
<i>Recurring</i>	3.03	(0%)	17%	6.06	20%
ROE	19.5%	(292)bp	31bp	21.1%	231bp
<i>Recurring</i>	19.6%	(28)bp	44bp	19.9%	113bp
ROA	2.20%	(28)bp	13bp	2.3%	31bp
<i>Recurring</i>	2.20%	2bp	13bp	2.2%	16bp

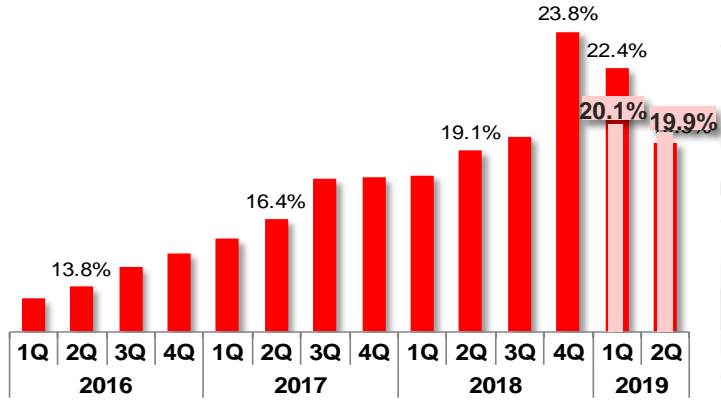
EPS



ROA



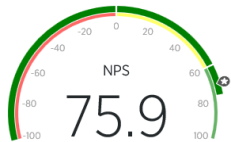
ROE



Customer Experience

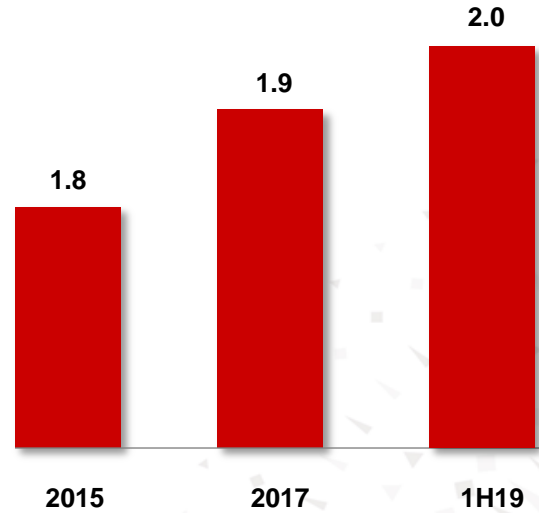
Net Promoter Scores 1H19

- Branches (1,050) **63**
- Executives amiability **81**
- High Value Clients **80**
- World class NPS in App **76**
- Internet banking, ATMs and contact center growth of **15% in recommendation level**



NPS Preferente
(High Value Clients)

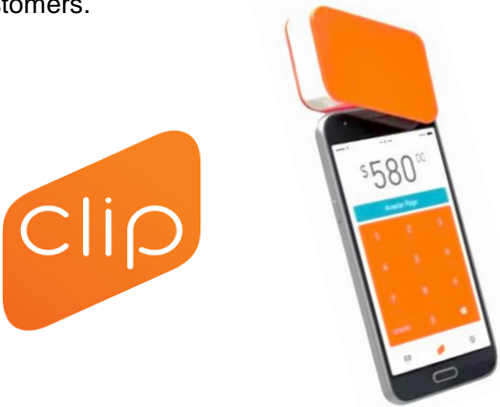
Cross Sell Ratio 1H19



Digital Bank, the Strategy

Minority investment in Payclip, Inc. (Fintech aggregator)

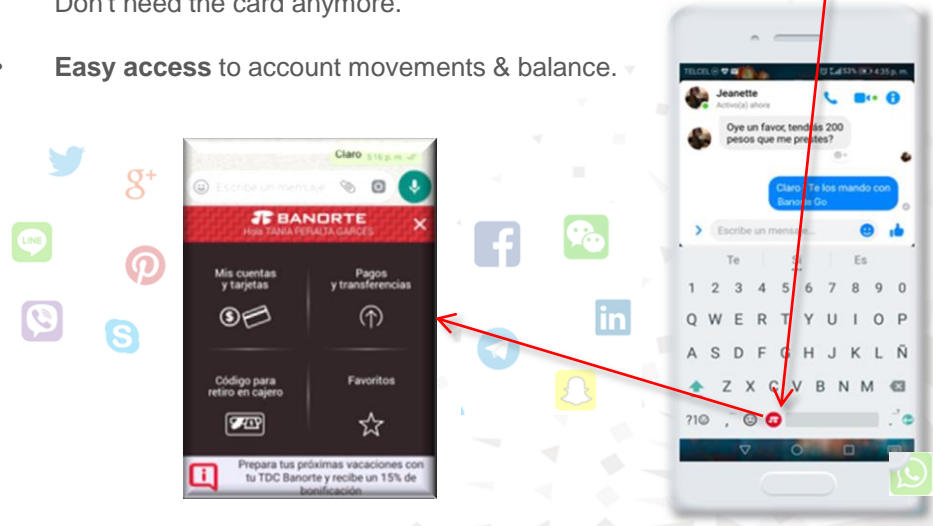
- ✓ Take advantage of the massive market opportunity to become the leading supplier of payment solutions in Mexico.
- ✓ Build a financial services ecosystem with the development of unique assets.
- ✓ Distribution of Clip in Banorte's branches.
- ✓ Greater product development and sale of Banorte's products to Clip's customers.



Beyond BanorteMóvil ... Banorte Go

With Banorte Go, don't leave **your conversation...**

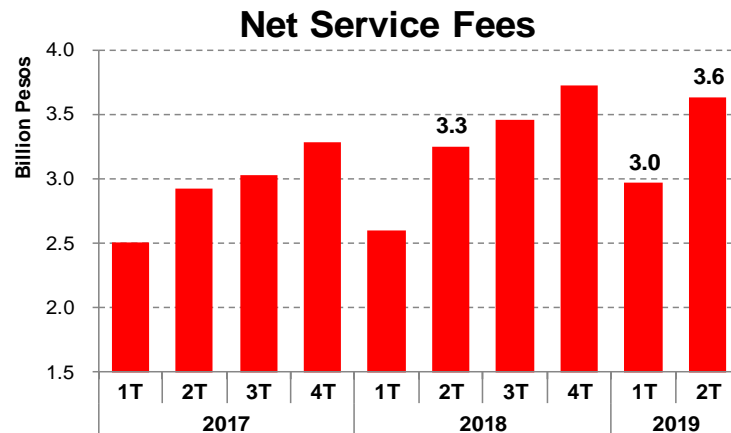
- Quick transfers, even if you do not know the bank info.
- Get a Code for ATMs **cash withdrawals**. Don't need the card anymore.
- Easy access to account movements & balance.



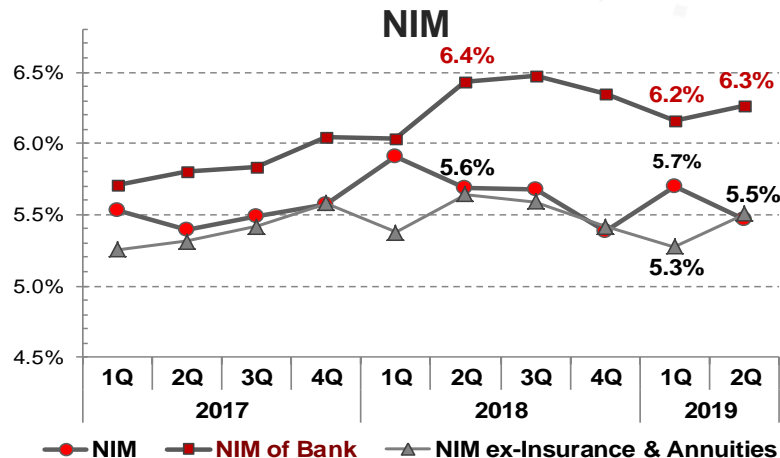
Core Business on Track

- NII on Loans +2% q/q, 13% y/y.
- 2Q NIM of Bank recovering 10bp q/q.
- Net Service Fees +22% q/q, 13% y/y

+13%
y/y

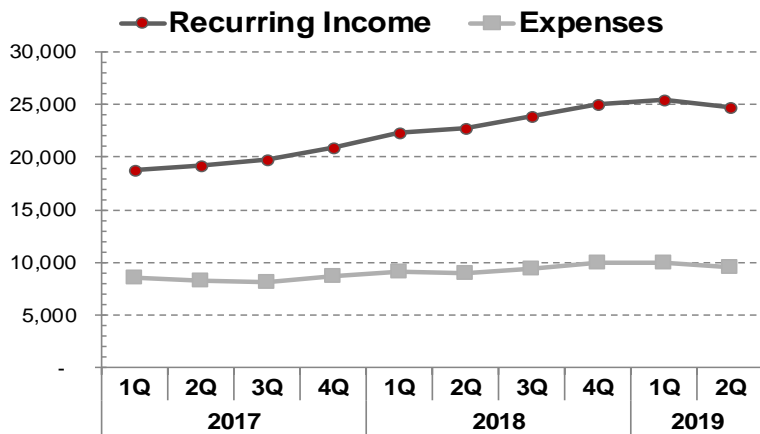


Million pesos	2Q19	q/q	y/y	1H19	y/y
NII Loans	15,470	2%	12%	30,655	13%
NII Repos	2,112	0%	(3%)	4,224	5%
NII Val. Adjust	26	(26%)	(83%)	60	8%
NII Insurance & Annuities	1,884	(45%)	8%	5,337	9%
NII	19,492	(6%)	9%	40,276	11%
Net Service Fees	3,630	22%	12%	6,598	13%
Trading Income	963	(16%)	(21%)	2,114	1%
Other Income	664	(69%)	65%	2,832	180%
<i>Recurring</i>	664	31%	65%	1,171	16%
Total Revenues	24,748	(9%)	9%	51,819	15%
<i>Recurring</i>	24,748	(3%)	9%	50,158	11%

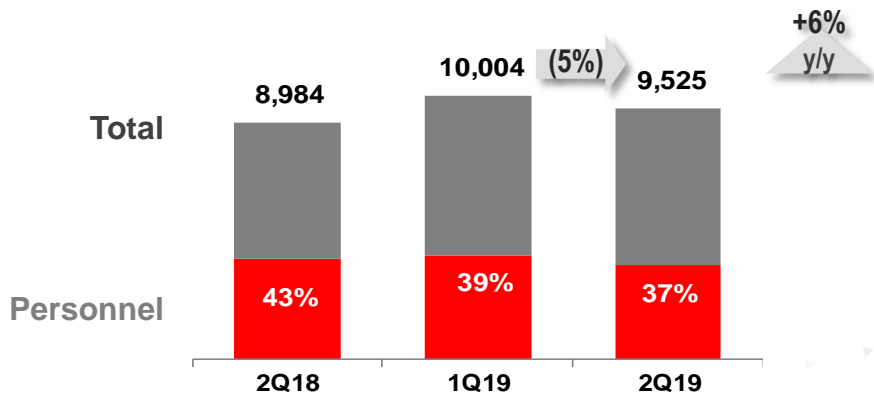


Historical Record on Efficiency

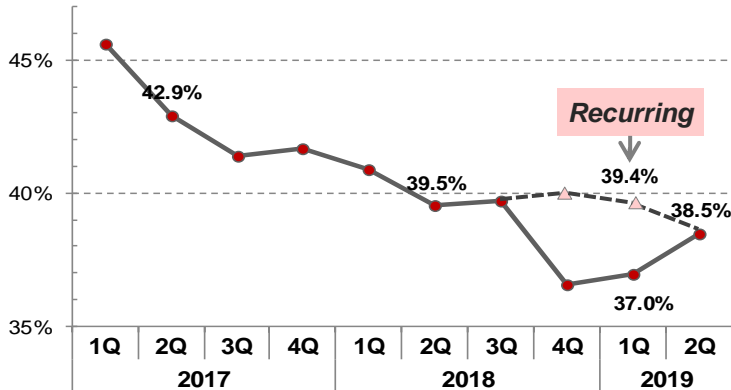
- Cost control: (5%) q/q; +6% y/y. 1H19 +8% y/y.
- Record low recurring Cost to Income ratio, 38.5%



Non-Interest Expense



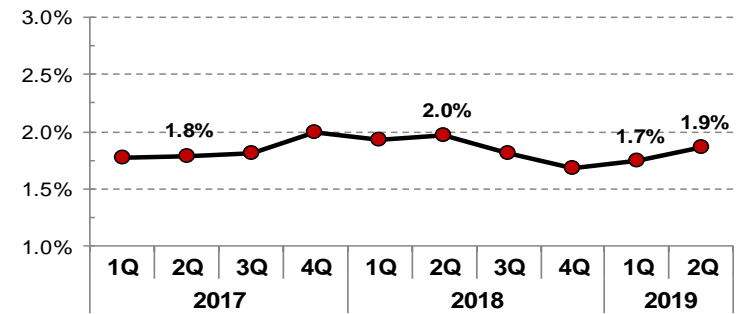
Cost to Income Ratio



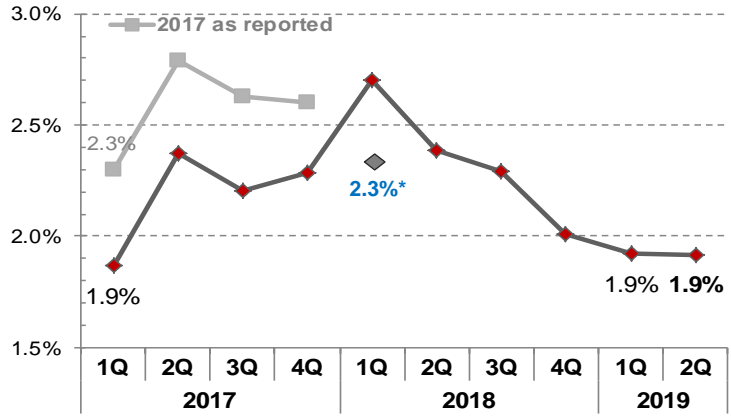
Credit Quality

- Seasonal hike in NPL ratio.
- Stable cost of risk.
- Seasonal low in charge-off rate.

NPL Ratio

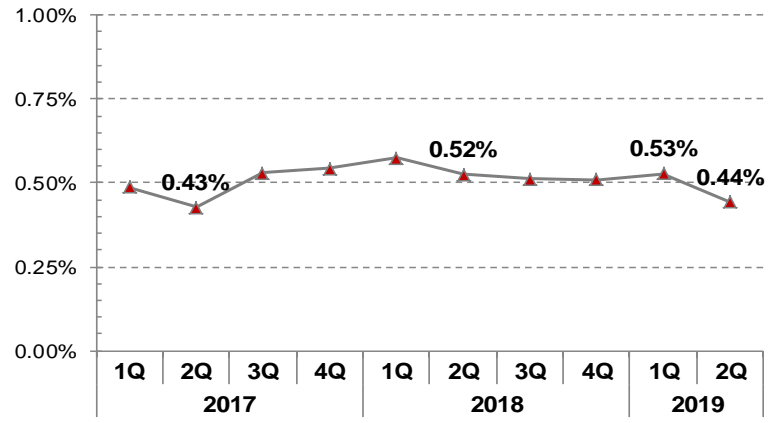


Cost of Risk



* Excluding extraordinary Provisions on Corporate exposure

Charge-Off Rate



Relevant Subsidiaries

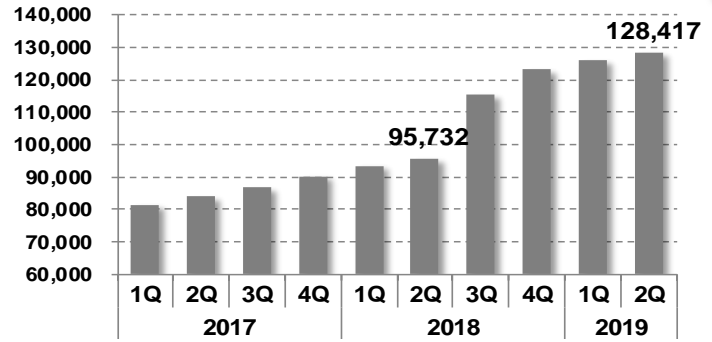
- Seasonal behavior in Insurance 2Q19 with premiums growth of +17% y/y. Net income 1H19 +16%.
- Annuities Assets growth +34% y/y, reflects the purchase of two annuities portfolios in 2018. Net income 1H19 +24%.

Net Income

Million pesos	2Q19	q/q	y/y	1H19	y/y
Bank	6,428	(11%)	9,832	13,652	39%
<i>Recurring</i>	6,428	6%	9,832	12,468	27%
Brokerage Sector	233	(24%)	561	538	(4%)
Insurance	824	(49%)	2,100	2,434	16%
Annuities	223	(18%)	399	495	24%
Afore	425	4%	692	833	20%
Leasing & Factoring	210	(7%)	481	436	(9%)

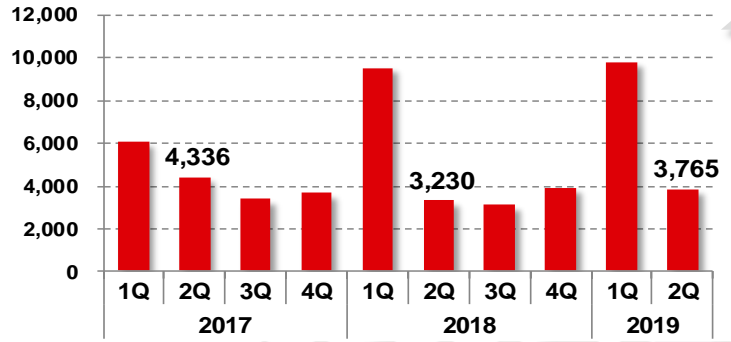
Annuities Assets

+34%
y/y



Insurance Retained Premiums

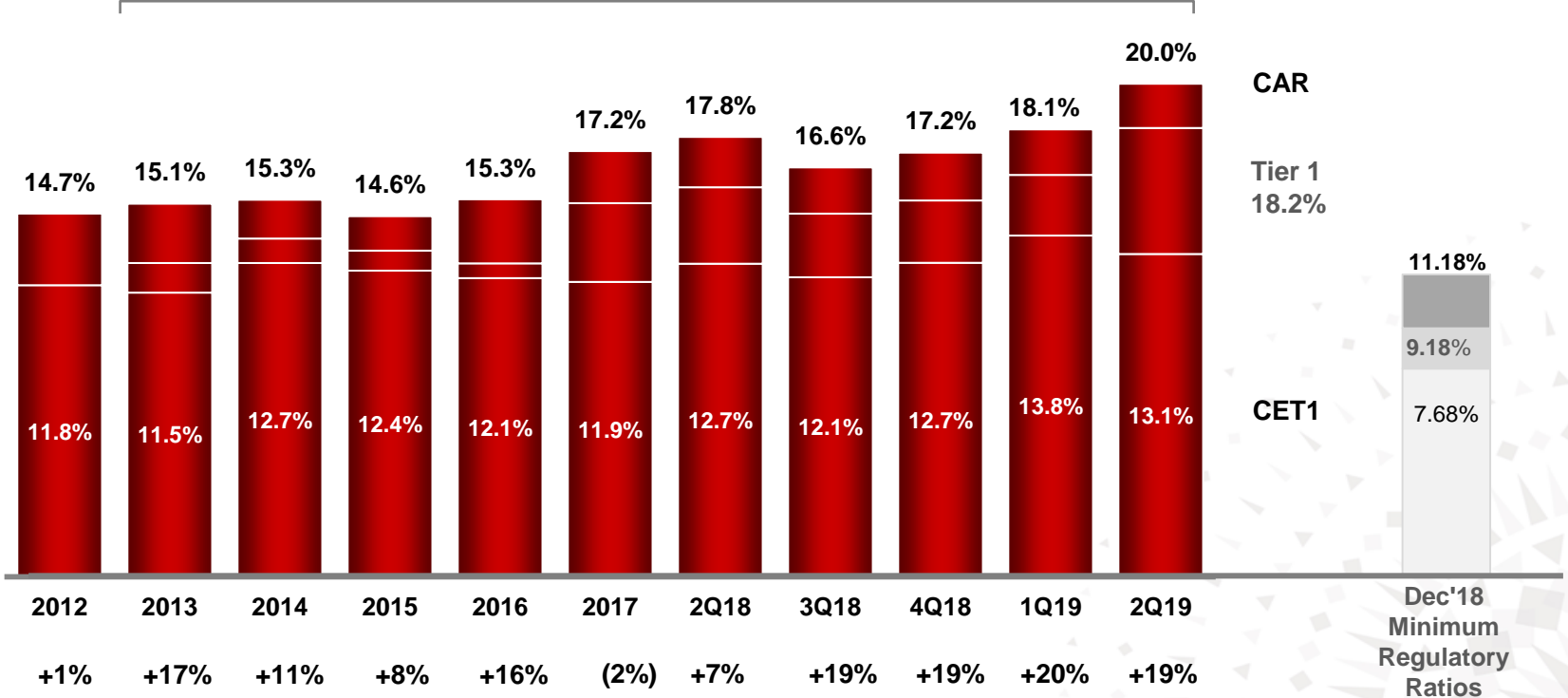
+17%
y/y



Regulatory Capital Ratios

Capital Adequacy Ratio (CAR)

Basel III

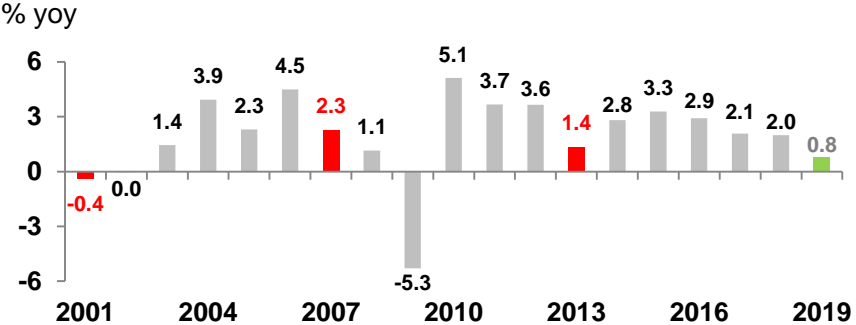


▲
RWA

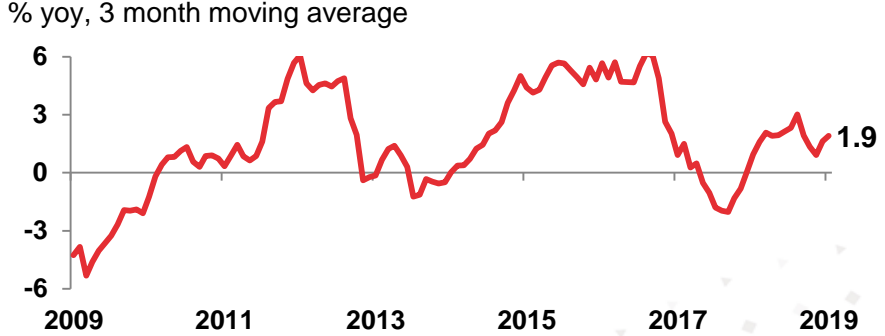
*RWA= Risk Weighted Assets annual growth

Macro outlook – Slower growth but a resilient consumer

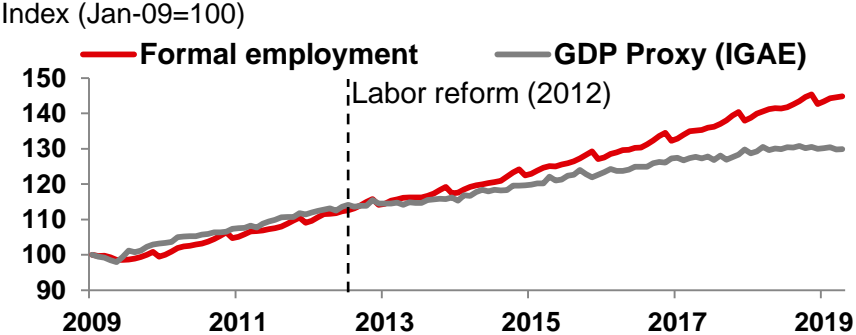
GDP at the start of a new administration



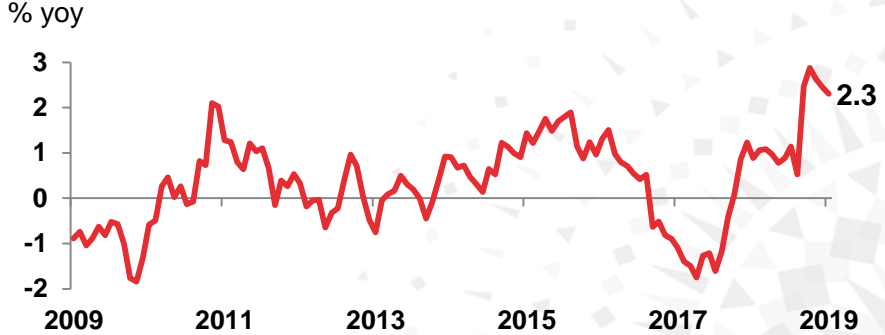
Retail sales



Formal employment and GDP



Real wages

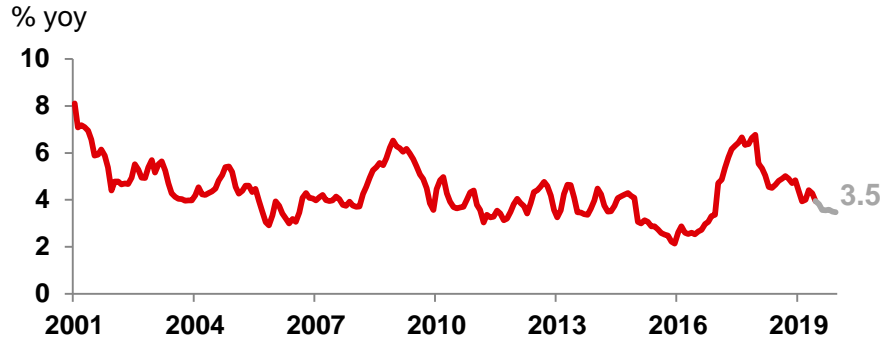


*Note: GDP Proxy = Global Economic Activity Indicator (IGAE)

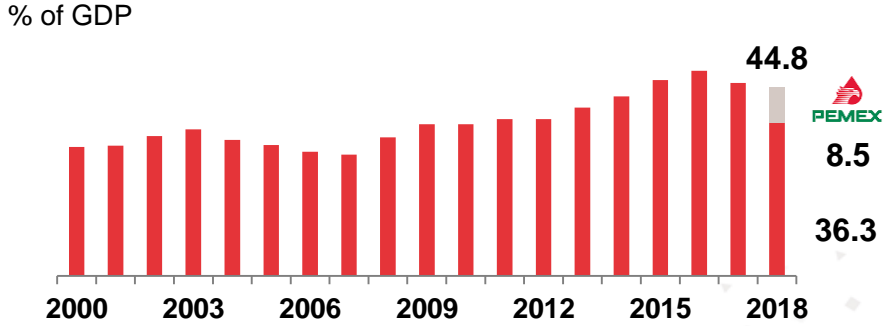
Source: INEGI, Banorte

Macro stability has fostered credit to increase 4%-pts in each administration

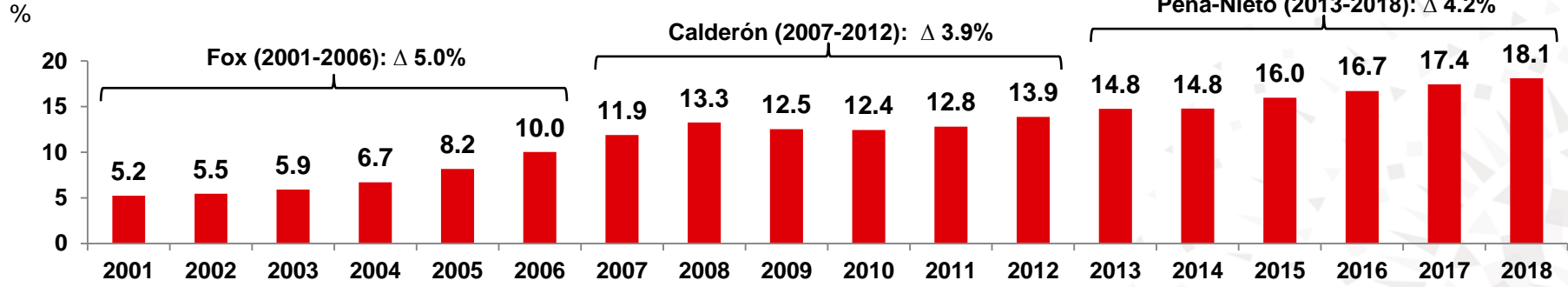
CPI inflation



Public debt*



Credit-to-GDP ratio



*Note: Public debt is measured by the Historic Balance of the Public Sector Borrowing Requirements

Source: INEGI, Banxico, Banorte

	Original Guidance 2019	New Guidance 2019
Loan Growth	7% – 9%	7% – 9%
NIM Expansion	10 – 15bp	15 – 20bp
Expense Growth	7% – 9%	7% – 9%
Efficiency	37.5% – 38.5%	37.5% – 38.5%
Cost of Risk	2.0% – 2.3%	2.0% – 2.3%
Tax Rate	27% – 29%	26% – 28%
Net Income	35.8 – 36.8	36.0 – 36.8
ROE	19.8% – 20.3%	19.9% – 20.3%



GFNORTE

Conference Call: 2Q19 Results

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