



1Q21

Earnings Call

April 23rd, 2021



 GRUPO FINANCIERO
BANORTE

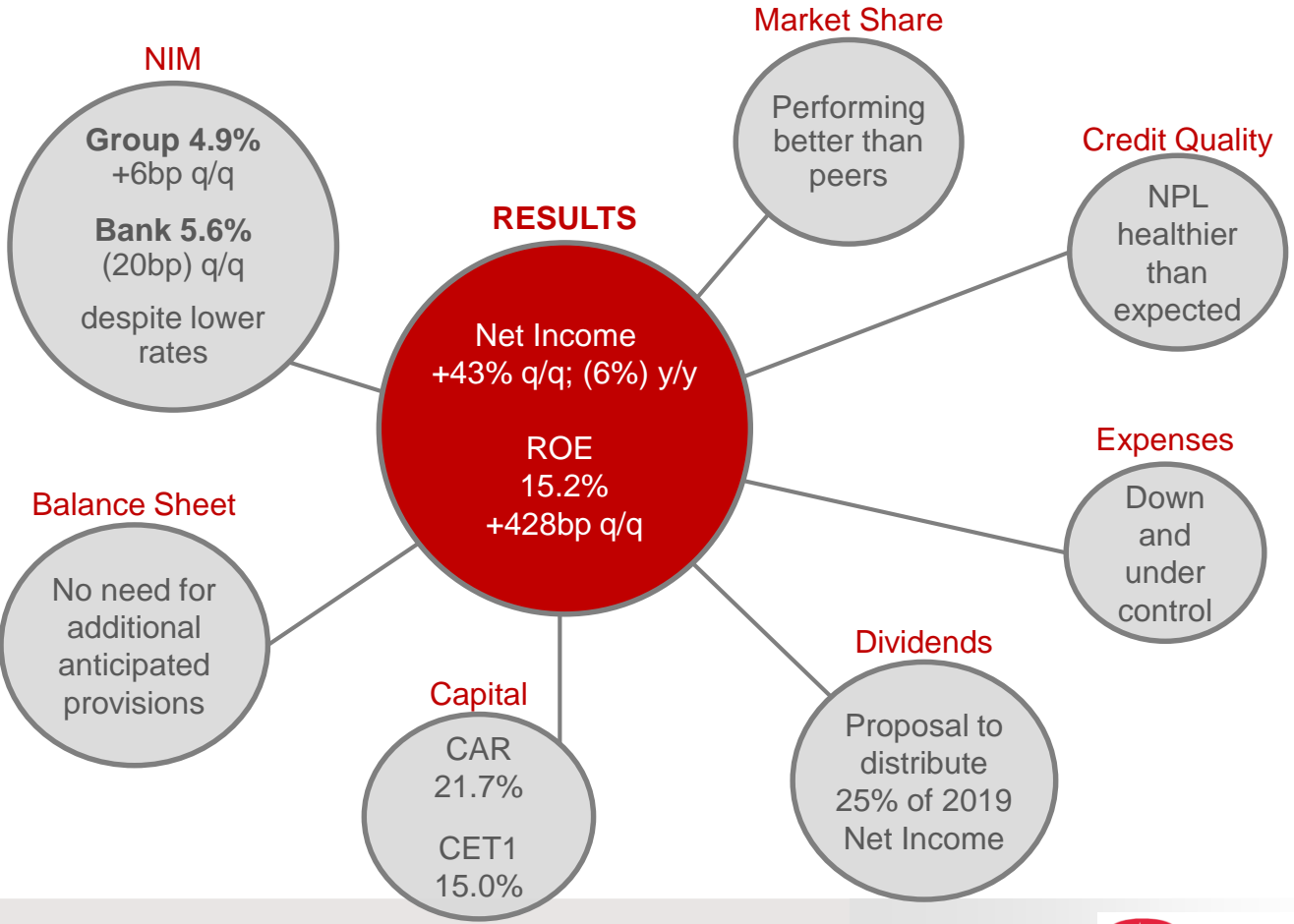
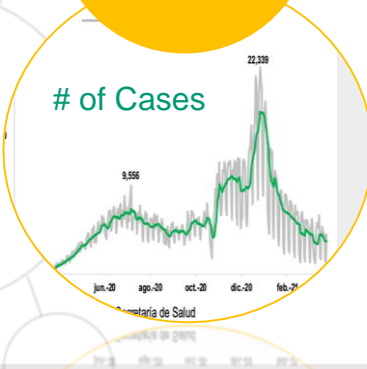
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12 months of lockdowns and support to clients and employees

Close to clients, employees and investors

COVID-19 second wave

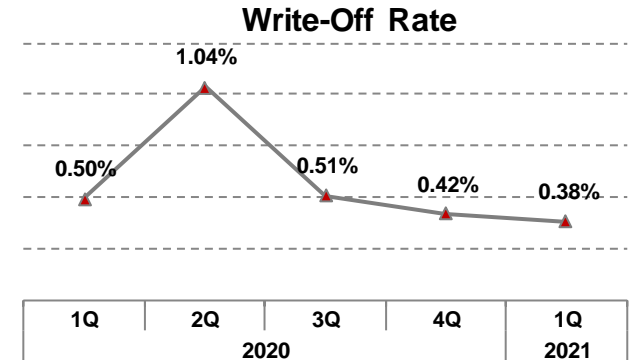
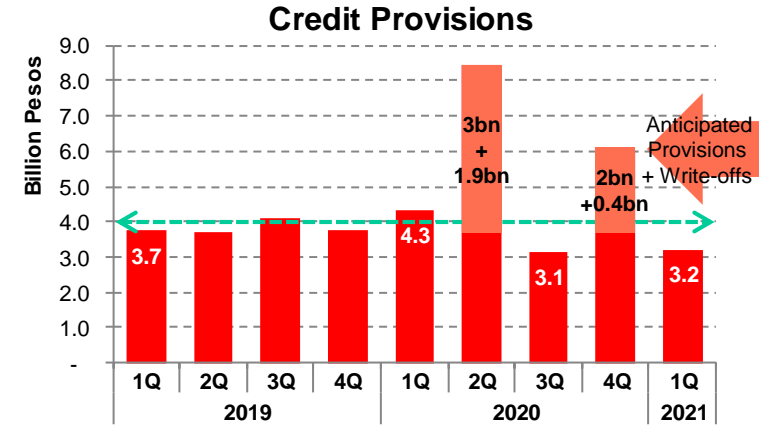


Provisions below expectations

- No need for additional advanced provisions.
- A Total of \$7.3bn registered in advance during 202.0
- Strategic approach to anticipate write-offs.
- The 2021 cost of risk is expected to normalize.

● NPL ratio deteriorating but below expectations with natural lower write-offs.

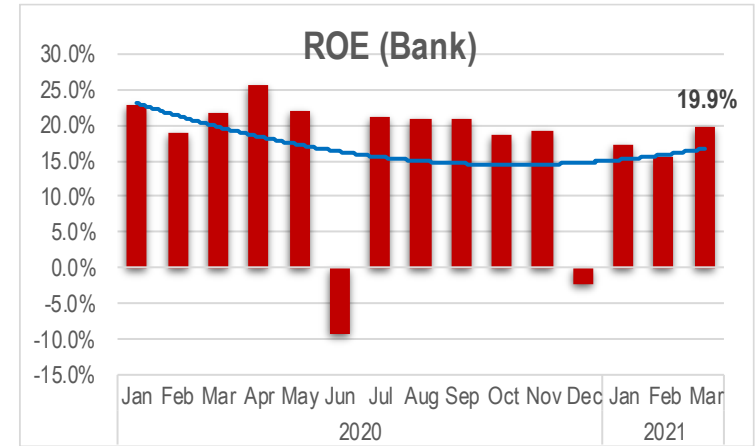
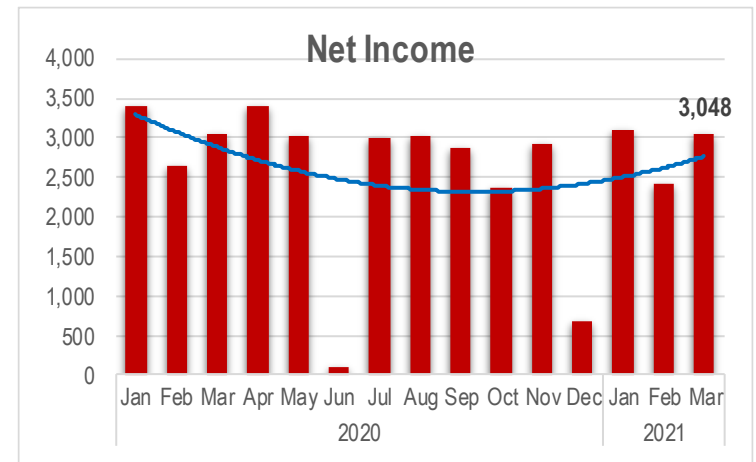
P & L



Resilient results, partially leaving the COVID-19 crisis behind

- Despite the pandemic and easing cycle of rates, March's Net Income practically at the same level y/y.
- ROE recovering q/q on Insurance seasonality and lower expenses. But affected by undisbursed dividends.
- ROE of the Bank coming back to 20% levels in March.

Million pesos	1Q21	q/q	y/y
NII	20,002	2%	(9%)
Service Fees	3,214	(11%)	(7%)
Net Income	8,544	43%	(6%)
EPS	2.96	43%	(6%)
ROE	15.2%	428bp	(355 bp)
ROA	1.90%	57bp	(30 bp)



Net Interest and Non-Interest Income

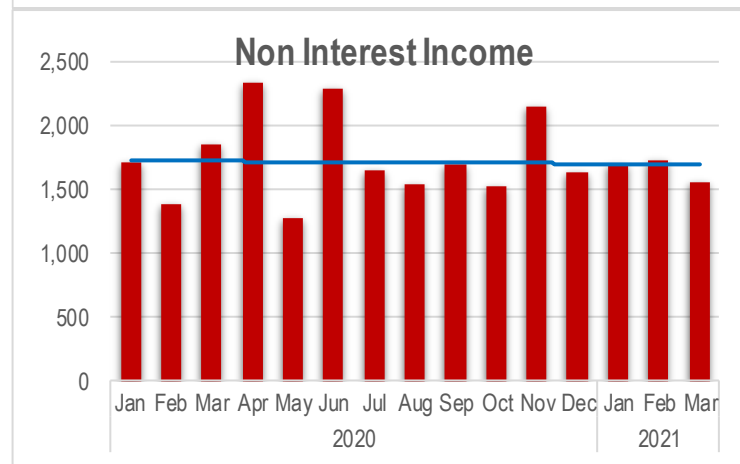
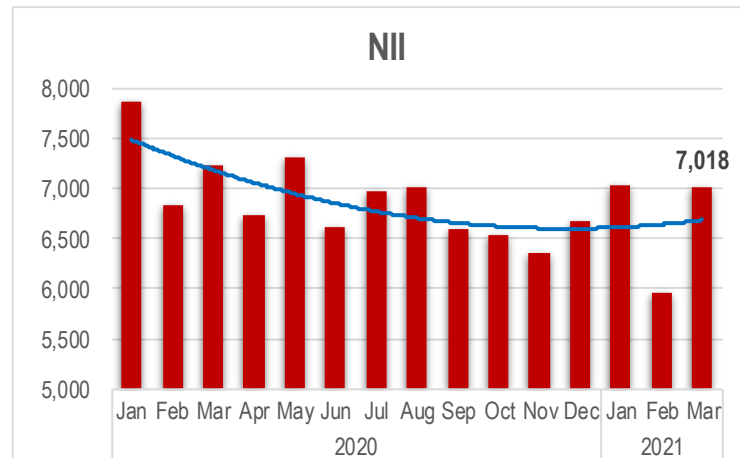
Robust NII, +2% q/q growth supported by insurance seasonality, **but affected on claims.**

Fees (11%) q/q, waiting for the economic reactivation post holiday season.

Standard quarter in trading & other income.

Total revenues (7%) y/y.

Million pesos	1Q21	q/q	y/y
NII Loans/Deposits	15,045	(2%)	(8%)
NII Repos	2,490	15%	24%
NII Valorization Adjust*	-163	(149%)	123%
NII Insurance & Annuities	2,630	49%	(27%)
NII	20,002	2%	(9%)
NIM	4.9%	6bp	(105)bp
NIM ex-Insur. & Annu.	4.8%	(15)bp	(73)bp
NIM from loan portfolio	7.4%	(17)bp	(96)bp
Net Service Fees	3,214	(11%)	(7%)
Trading Income	964	12%	(17%)
Other Income	822	(4%)	151%
Non-Interest Income	5,000	(6%)	1%
Total Revenues	25,003	0%	(7%)



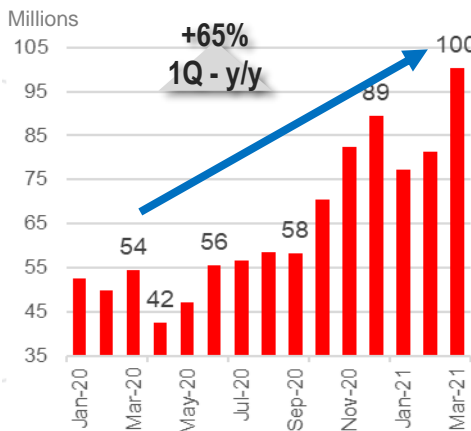
Fees on services affected but recovering

Quarterly Net Fees down on seasonality, and affected by COVID-19 over the last 12 months.

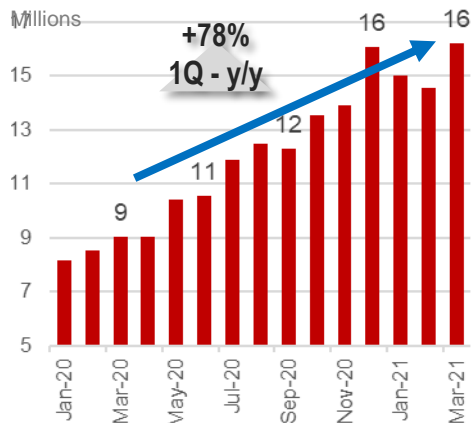
Fees charged (19%) q/q, +4% y/y,
Core banking fees (5%) q/q, +17% y/y.

Digital transactions leading growth,
+65% q/q in POS, +78% in mobile monetary.

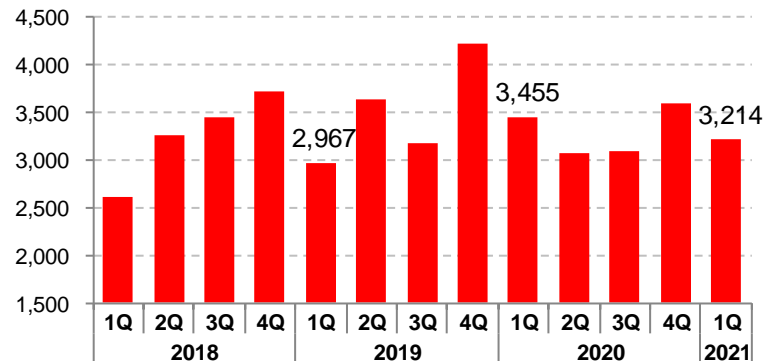
POS's Transactions



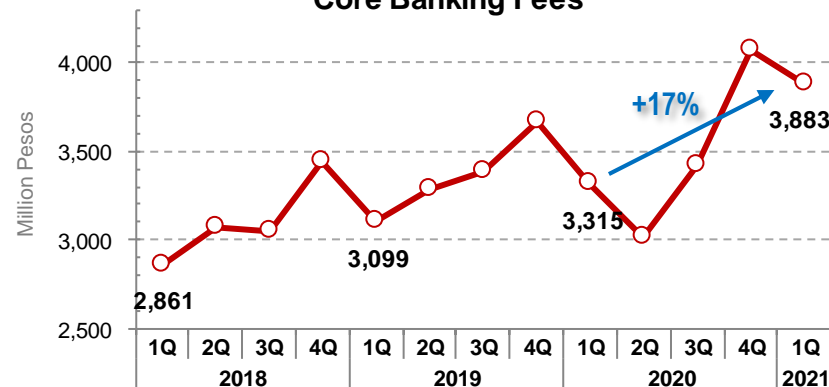
Mobile's Monetary Transactions



Net Fees



Core Banking Fees

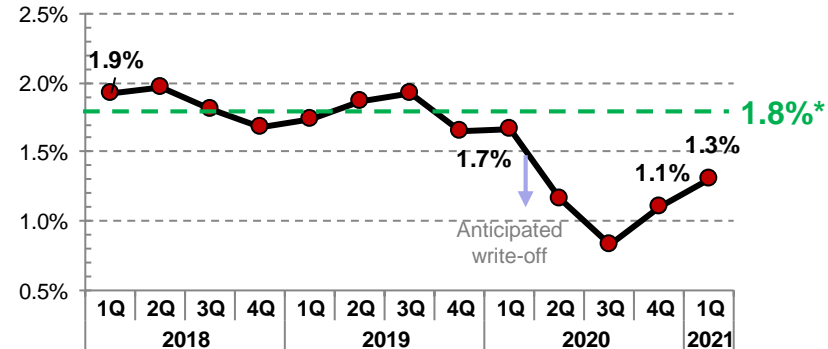


Moderated loan growth and quality better than expected

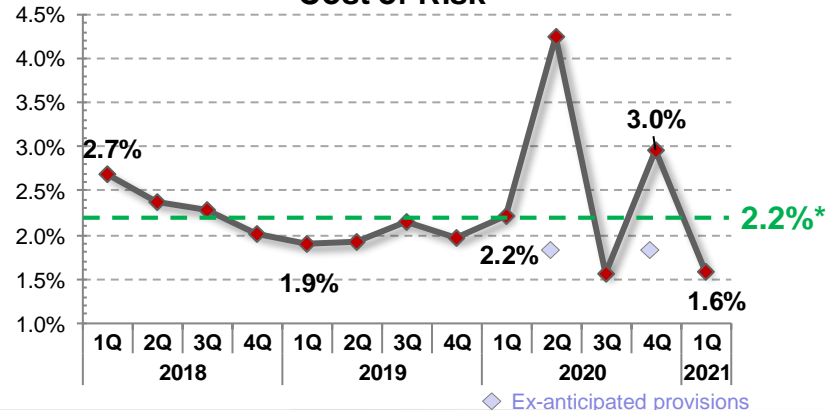
- Good quarter for mortgages: +2% q/q growth. Flat in commercial loans and (2%) in Corporates, q/q. Government (1%) q/q.
- Asset quality better than expected, Cost of risk at only 1.6%.

	Performing Loans			Past Due Loans	
	1Q21	q/q	y/y	1Q21	q/q
Commercial	192,834	(0%)	6%	3,381	1,017
Corporate	140,140	(2%)	(4%)	268	102
Government	160,042	(1%)	(1%)	192	155
Mortgages	191,220	2%	10%	2,071	413
Car Loans	28,247	0%	4%	375	214
Credit Card	35,589	(3%)	(8%)	2,761	(358)
Payroll	52,256	1%	1%	1,558	133
Consumer Loans	307,312	1%	6%	6,766	402
Total	800,328	(0%)	3%	10,607	1,676
Total ex-Gov	640,286	(0%)	4%		

NPL Ratio



Cost of Risk



Subsidiaries

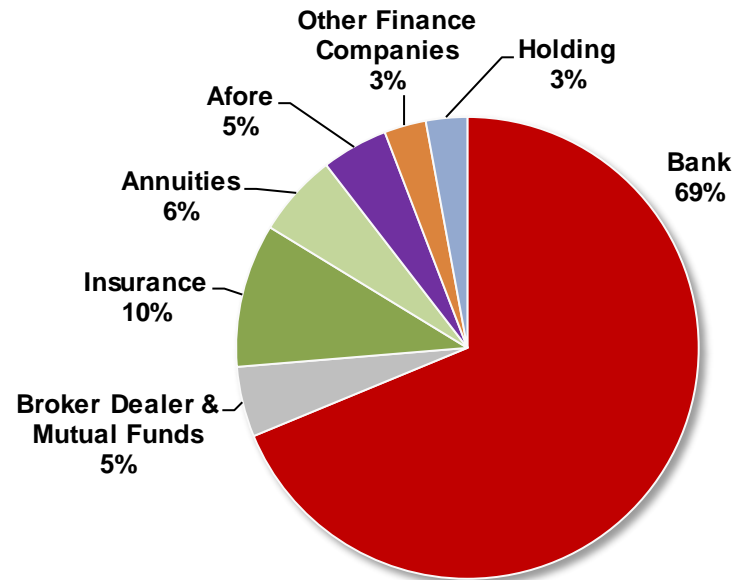
Business diversification pays-off in difficult times:

- Broker Dealer & Mutual Funds +18% q/q
- Insurance +82% q/q
- Others +185% q/q

Long-Term Savings businesses contribute with 20% of total NI.

Million pesos	1Q21	q/q	y/y		ROE 1Q21
Bank	5,870	53%	(3%)		17.6%
Broker Dealer & Mutual Funds	420	18%	34%		26.4%
Insurance	858	82%	(50%)		30.9%
Annuities	496	(1%)	75%		29.6%
Afore	396	(17%)	22%		13.3%
BAP (Holding)	8	(10%)	(41%)		
Other Finance Co.	250	185%	277%		
Holding	247	6%	(27%)		
GFNorte	8,544	43%	(6%)		15.2%

Net Income by Subsidiary
1Q21

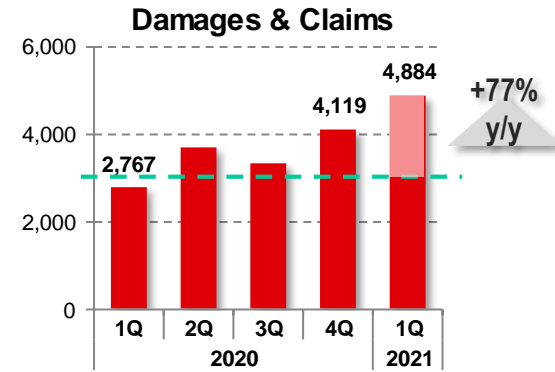
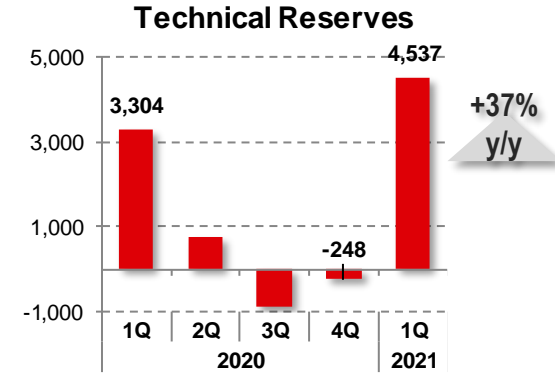
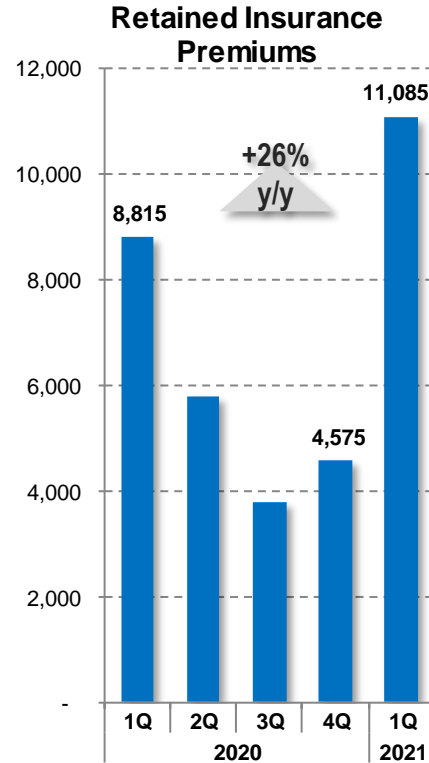


Insurance business affected by COVID-19

Robust insurance seasonality, **but affected on claims.**

Damages and claims affected by \$1.8bn in relation to COVID-19.

Damages & claims +19% q/q growth, but +77% versus 1Q20.



\$1.8bn related to COVID-19

Integrated Annual Report 2020

Updates

- ESG data was present throughout the report and not just in one chapter, as we did in previous years.
- First time using the SASB standards (Sustainability Accounting Standards Board).
- We updated our Sustainability Model and our Materiality Matrix.

We used the framework proposed by the International Integrated Reporting Council (IIRC) reporting the information in the following way:

- Financial Capital
- Technology and Infrastructure Capital
- Human Capital
- Intellectual Capital
- Social Capital
- Natural Capital

GFNorte Reports through the years

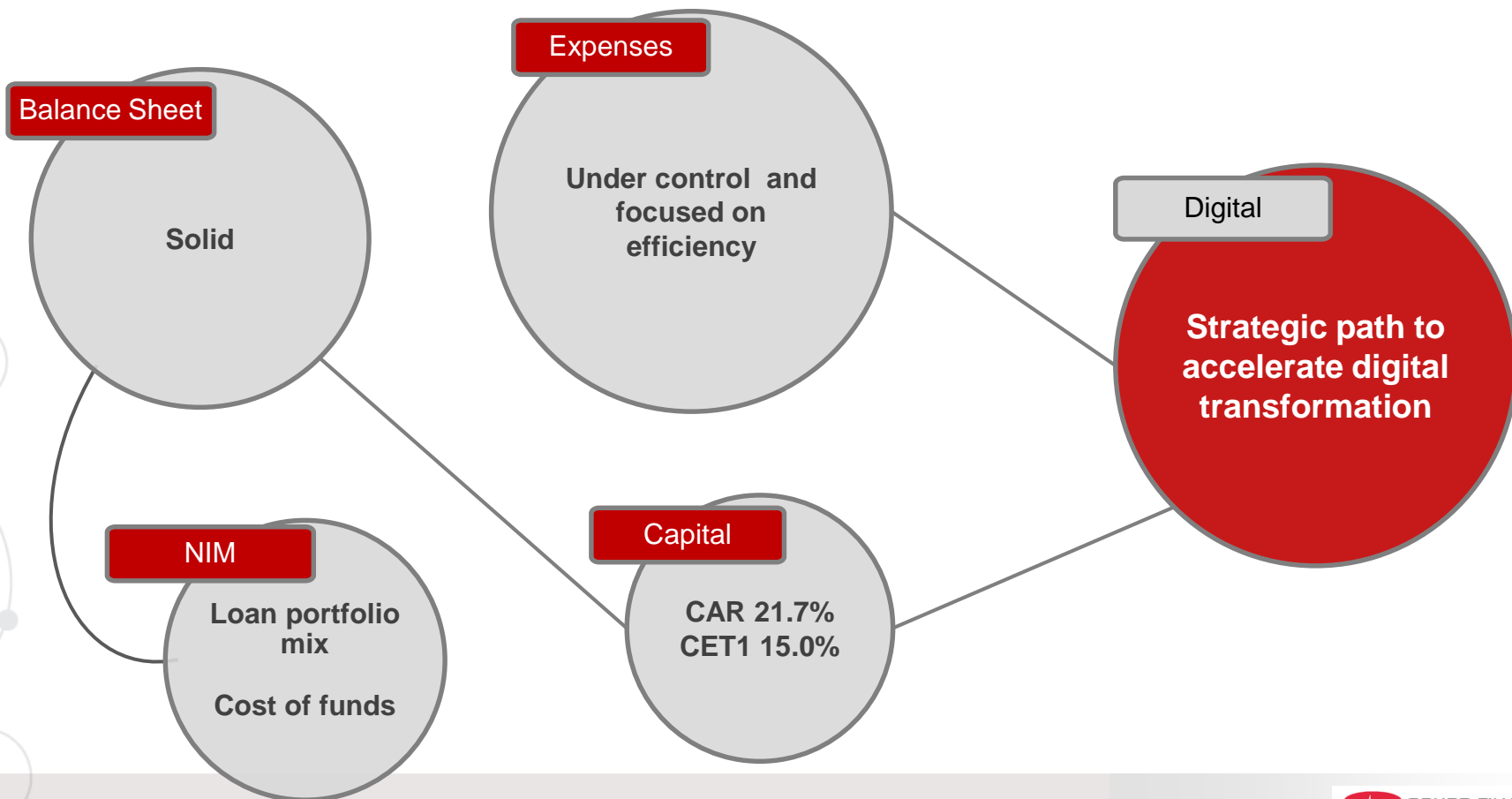
- 2000: First report that integrated ESG information
- 2009: First ESG report aligned with GRI
- 2011: First ESG report aligned with the UN Global Compact
- 2016: First ESG report aligned with IIRC
- 2020: First ESG report aligned with SASB reports [here](#)

Note: All GFNorte reports are independently verified.



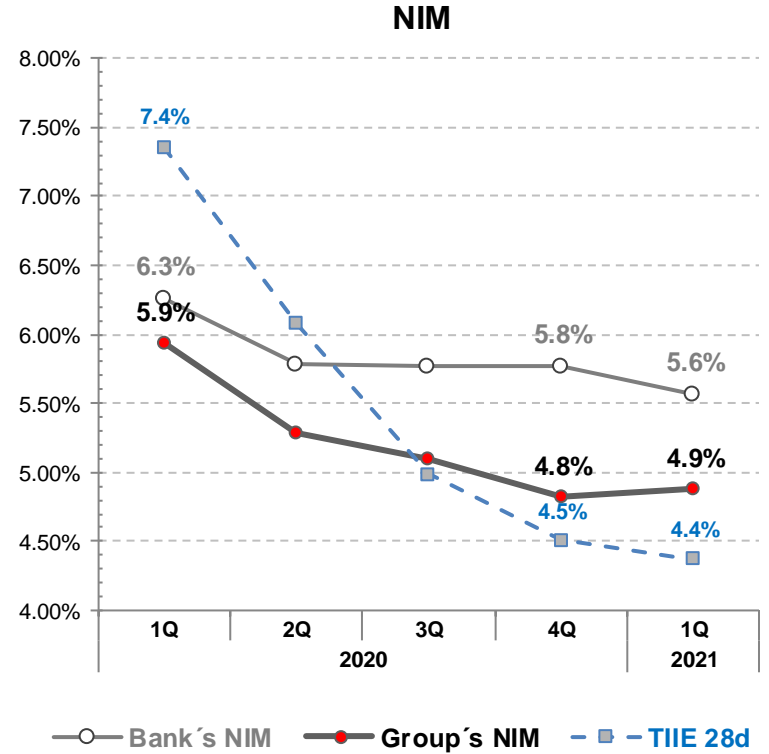
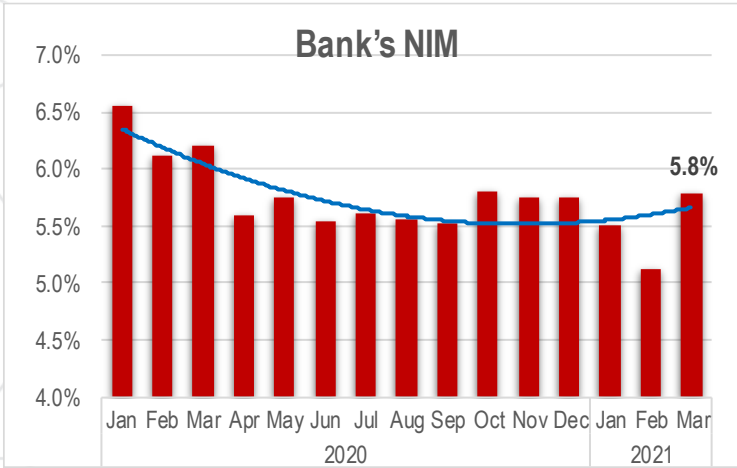
Financial Highlights

Prepared for the new normal



Resilient NIM

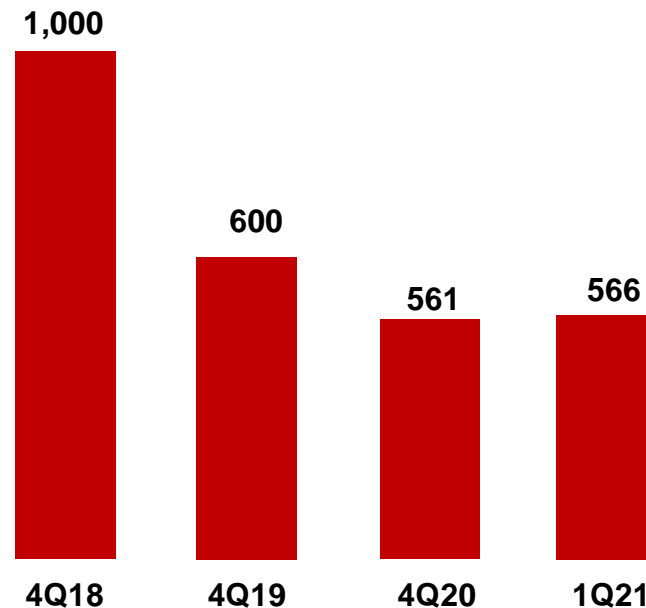
- Bank's NIM temporarily affected but again in the 5.8% level.
- Resilient on good portfolio mix and cost of funds.
- Group's NIM affected in the quarter by insurance technical reserves and claims.



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

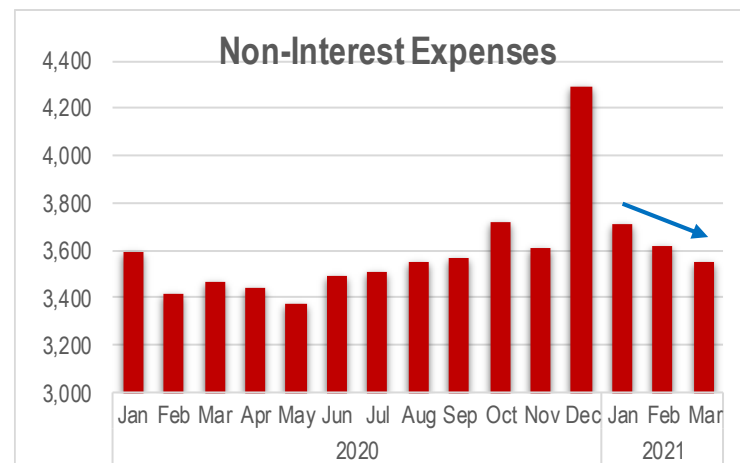


Expenses with strict control

- Personnel expenses reduced driven by efficiency program.
- Total growth in line with guidance: 4.0% y/y.
- Strict expense control and structural adjustments strategy for 2021.

	1Q21	q/q	y/y
Personnel Expenses	4,006	(14%)	2%
Professional Fees	806	(16%)	8%
Administrative and Promotional	2,223	4%	(7%)
Rents, Depreciation & Amortization	2,243	5%	15%
Taxes other than income tax & non-deductible expenses	553	(15%)	11%
Contributions to IPAB	912	(2%)	10%
Employee Profit Sharing	139	2%	5%
Non-Interest Expense	10,883	(6%)	4%

+4.0%
1Q
y/y

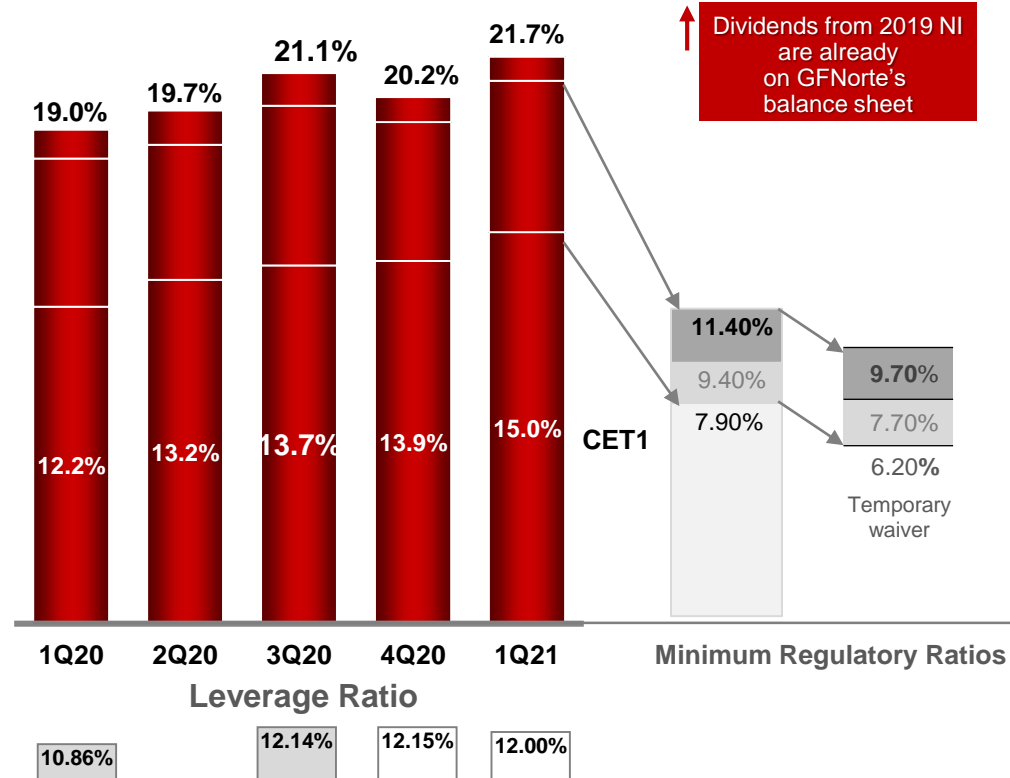


Bank regulatory Capital Ratio

- Strong CAR and CET1, well above regulatory requirements.
- Dividends not computing for CET1 (currently sitting in GFNorte's balance sheet, not in the Bank's).
- Capital not supported by leverage.

Capital Adequacy Ratio (CAR)

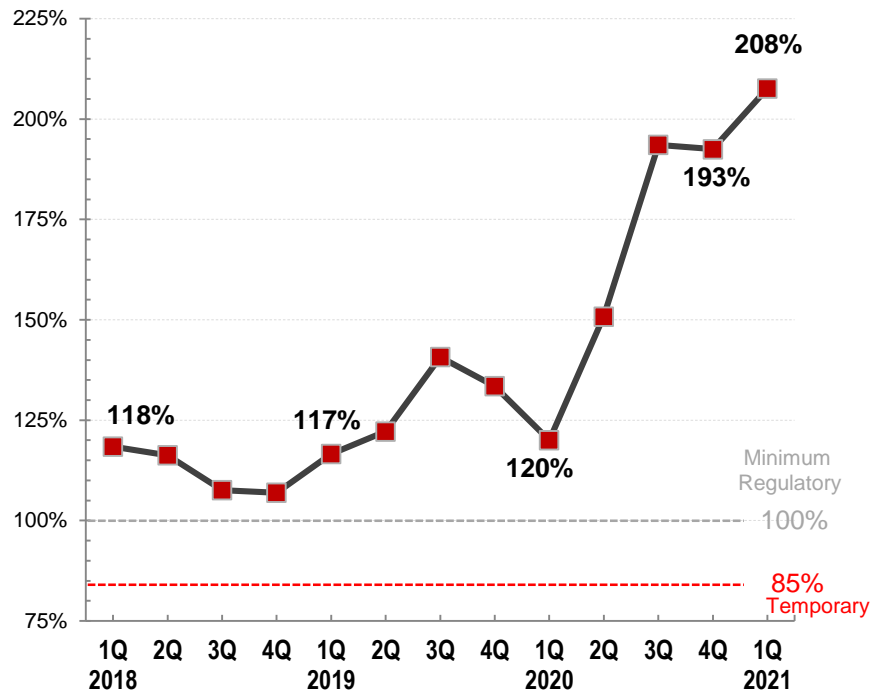
Basel III



Liquidity

- Strong liquidity, supported by deposits growth.
- Liquidity coverage ratio well above minimum regulatory requirements.

Liquidity Coverage Ratio CCL (%)



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

2021 Guidance without change

	Guidance
Loan Growth	6% – 8%
NIM Contraction	(15) – (30bps)
Expense Growth	3.5% – 4.2%
Efficiency	39.5% – 41.0%
Cost of Risk	2.1% – 2.3%
Tax Rate	26% – 27%
Net Income	33.5 – 35.0
ROE	15% – 16%
Bank ROE	18% - 19%

Macro Estimates for 2021

GDP	3% – 4% ↑
Inflation	4.0% ↑
Reference Rate	4.00%

Selected industry exposures

**Vs. Total
Loans 1Q21**

Oil Industry

Pemex	3.4%
Pemex Suppliers	1.8%

Electricity Company

CFE	2.3%
CFE Suppliers	0.4%

Construction & Real State

Housing	1.1%
Commercial	1.9%
Others	2.0%

Malls	2.1%
Tourism	4.2%
Restaurants	0.2%
Airports	0.1%

SMEs

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

4.7%

Dollar denominated

10.2%

Appendix

Continuous evolution in ESG on the back of constant feedback from investors

Environmental



- Carpool Waze Mexico - Adherence of Afore XXI
- Smart mobility strategy (MOVIN) - Corporate offices in Mexico City
- Waste management program - Expansion to corporate headquarters (Mexico City & Monterrey)
- Earth Hour Initiative (WWF) – Promotion of energy efficiency

Social



- “Cross-border Payment Companies” (FXCIntelligence) - Uniteller
- 30% Club Mexico - Inter-organization women mentoring program
- Gender-Equality Index Bloomberg – 4th year
- Corporate Social Responsibility (Mexican Center for Philanthropy) – 11th year
- International Women´s Day Commemoration

Governance



- Integrated Annual Report
- Updated Materiality Matrix
- Code of Conduct training - 82.3% of employees as of 1Q21
- NPS (65 pts): +13% vs 1Q20 and +2% vs 4Q20
- 30% Club Mexico – Pension fund (Afore XXI Banorte) and Mutual Funds and AM company signed a request for issuers to promote a goal of at least 30% of women participation in the Boards of Directors by year 2025
- Newsletter “Our Journey”

Sustainable Finance



- TCFD (UNEP FI) – Participation in the 3rd pilot
- Launch of the NTEESG Fund in partnership with Franklin Templeton and a training program for 153 customers and 160 private banking advisors
- Publication of the first report on the Principles for Responsible Banking
- Training program on sustainability and responsible investment for 210 investment executives
- Green building and Real-Estate certification training program

Sustainable finance

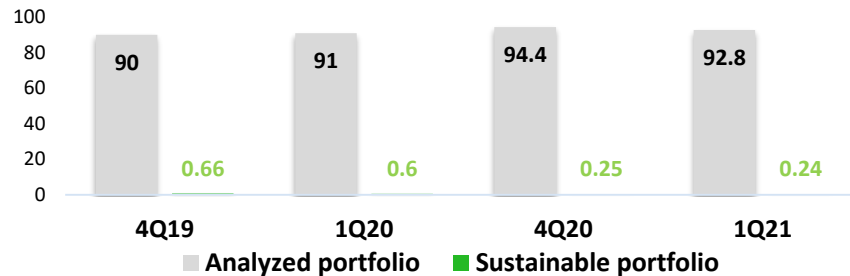
Sustainable finance loan book evaluation*

% of wholesale banking loan book



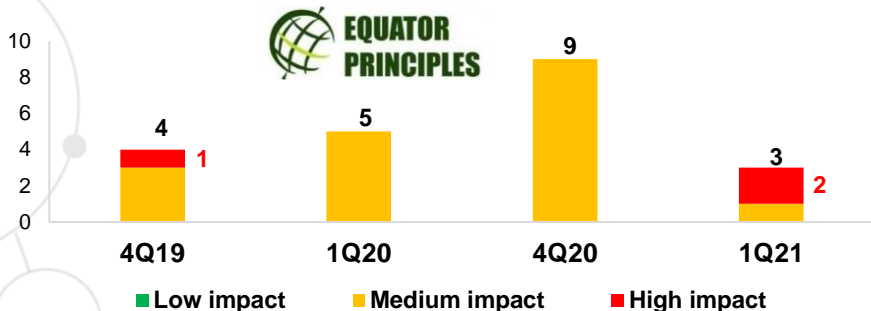
Responsible investments - Mutual funds

% share of total analyzed AUM



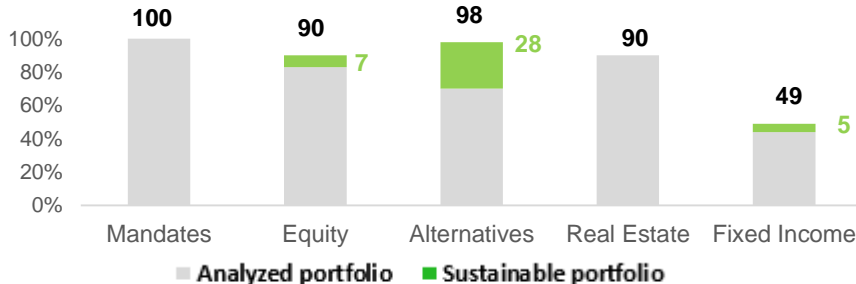
Loan book evaluation under Equator Principles

Number of analyzed projects



Responsible investments – Pension funds (Afore)

% share of total analyzed AUM by instrument





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