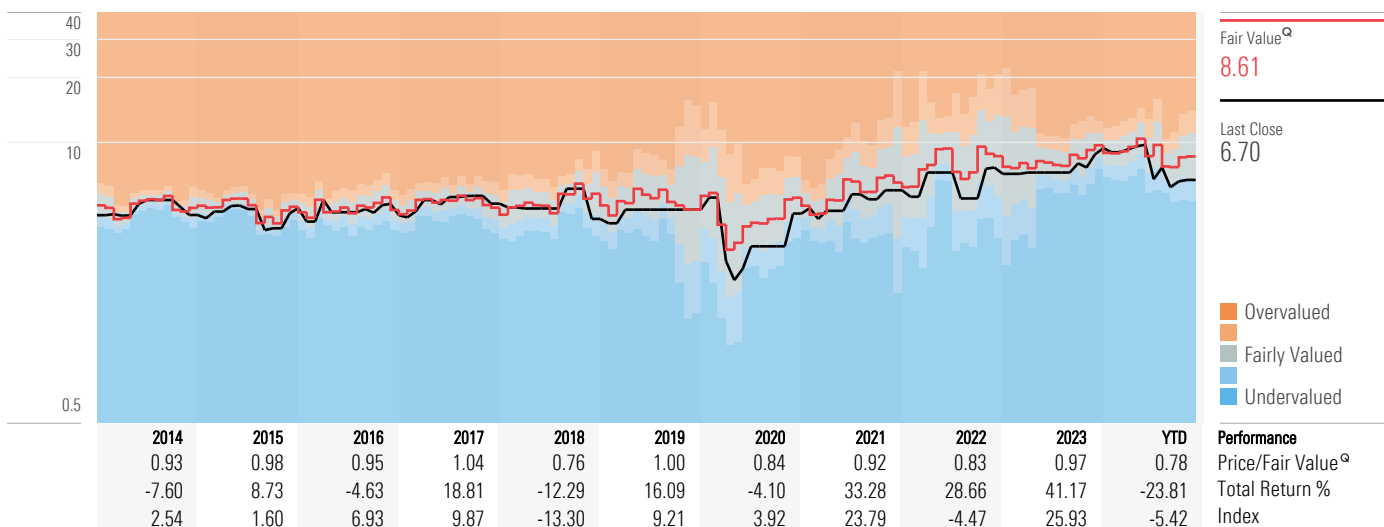


Grupo Financiero Banorte SAB de CV Class O XNOR ★★★★★ 6 Nov 2024 23:38, UTC

| | | | | | | | | |
|-----------------------------------|---------------------------------|--------------------------------------|--|----------------------------------|-------------------|-------------------------|--------------------|------------------|
| Economic Moat ^Q | Uncertainty ^Q | Price/Fair Value ^Q | ESG Risk Rating Assessment ¹ | Trailing Dividend Yield % | Market Cap | Investment Style | Sector | Industry |
| None | Very High | 0.78 | 2 Oct 2024 05:00, UTC | 10.96 | — | Large Value | Financial Services | Banks - Regional |



As of 06 Nov 2024 | Index: Morningstar Mexico GR MXN. Fair Value data as of 6 Nov 2024 00:00, UTC.

¹The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating. Lee Davidson, Chief Analytics Officer for Morningstar, Inc, oversees the methodology that supports Quantitative Fair Value Estimates and Quantitative Star Ratings. Mr. Davidson is guided by the Morningstar, Inc. Code of Ethics in carrying out his responsibilities. For information regarding Conflicts of Interests, visit <http://global.morningstar.com/equitydisclosures>.

Key Metrics as of 5 Nov 2024

| Metrics | | Percentile in Sector |
|------------------------|------|----------------------|
| Earnings Yield (%) | 13.5 | 82.0 |
| Sales Yield (%) | 52.5 | 66.0 |
| Book Value Yield (%) | 63.1 | 36.0 |
| Return on Assets (%)* | 2.4 | 70.0 |
| Revenue(Bil)* | 10.6 | 86.0 |
| Market Value (Bil) | 19.1 | 85.0 |
| Enterprise Value (Mil) | 28.1 | 43.0 |
| EV/MV Ratio | 0.0 | 15.0 |
| Volatility TTM (%) | 26.1 | 54.0 |
| Drawdown TTM (%) | 29.9 | 72.0 |
| Volume (Mil) | 6.9 | 88.0 |

*30 Sep 2024

Business Description

Grupo Financiero Banorte SAB de CV is a Mexican financial services company. The company offers a wide variety of products and services including banking services, brokerage, wholesale banking, leasing, factoring, insurance, pensions, and retirement savings. It operates locally in Mexico.

Valuation ^Q as of 7 Nov 2024

Grupo Financiero Banorte achieves a 4-star quantitative star rating based on Morningstar's equity model. This reflects the company's valuation and uncertainty scores under this assessment system. The Quantitative Fair Value estimate is 8.61, above the previous closing price of 6.70. The stock has been trading between a 26.95% discount and 4.68% premium to its quantitative fair value over the past year. The stock's current valuation rating sits at the 57th percentile in the coverage universe and 44th percentile in the financial services sector. The quantitative uncertainty rating for Grupo Financiero Banorte is Very High.

Our quantitative star rating last differed from the current rating on 10/31/2024; the uncertainty rating last differed on 10/01/2024. The previous ratings were 3 and High, respectively. The main drivers of the company's valuation and uncertainty are its earnings yield and drawdown. The earnings yield of 13.49% falls at the 91st percentile in the equity universe and the 83rd percentile in its sector. The trailing 12-month maximum drawdown of 29.88% corresponds to the 50th percentile overall and the 72nd percentile in the industry.

The earnings yield of 13.49% falls at the 91st percentile in the equity universe and the 83rd percentile in its sector. The trailing 12-month maximum drawdown of 29.88% corresponds to the 50th percentile overall and the 72nd percentile in the industry.

Economic Moat ^Q as of 6 Nov 2024

Quantitatively, we do not believe Grupo Financiero Banorte has an economic moat. Its moat score of 0.38 corresponds to the 42nd percentile in the financial services sector.

Further, this rating last differed from its previous rating of Narrow on 09/11/2024, when the company's moat score fell from its maximum of 0.84 (score of 1 indicates greatest economic moat).

The company also maintains a quantitative financial health rating of Strong. Its score sits at the 95th percentile overall and the 74th percentile in the sector.

Examining the company's financials and market statistics, we find these ratings are principally driven by its book value yield and enterprise value-to-market value ratio. The book value yield is 63.05%, sitting at the 37th percentile in the financial services sector. The company's enterprise value-to-market value ratio is 0.00, corresponding to below the 5th percentile in the equity coverage universe and at the 15th percentile in the sector.

Fundamentals as of 7 Nov 2024


Grupo Financiero Banorte reports earnings per share of 19.31. The company maintains a dividend yield of 10.96%, paying out 74.01% of earnings. These values are calculated over a trailing 12-month period.

As of last market close, Grupo Financiero Banorte has a price-to-earnings ratio of 7.59, falling at the 24th percentile in its sector (where a lower percentile means a lower ratio) and ranging between 7.11 and 10.24 over the past year. The company's price-to-free cash flow ratio is 8.14, falling at the 44th percentile in its sector and ranging between 5.86 and 10.94 over the past year.

Contact

14th Floor, Avenue Prolongacion Reforma 1230 Col. Cruz Manca Santa Fe, Mexico, MEX 05349
T +52 5516702256
investor@banorte.com

Grupo Financiero Banorte SAB de CV Class O XNOR ★★★★★ 6 Nov 2024 23:38, UTC

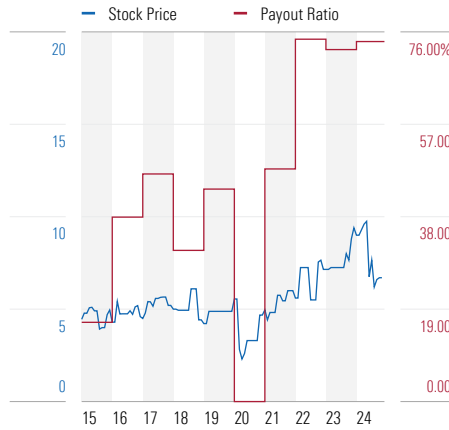
| | | | | | | | | |
|-----------------------------------|---------------------------------|--------------------------------------|--|----------------------------------|-------------------|-------------------------|--------------------|------------------|
| Economic Moat ^Q | Uncertainty ^Q | Price/Fair Value ^Q | ESG Risk Rating Assessment ¹ | Trailing Dividend Yield % | Market Cap | Investment Style | Sector | Industry |
| None | Very High | 0.78 |  2 Oct 2024 05:00, UTC | 10.96 | — | Large Value | Financial Services | Banks - Regional |

Earnings as of 5 Nov 2024

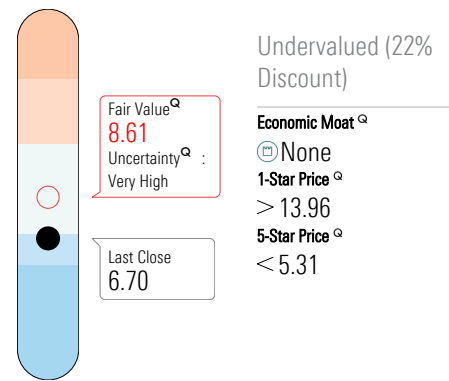
| Earnings | % | Percentile in Sector |
|--------------------|------|----------------------|
| Dividend Yield* | 11.0 | 95.0 |
| Payout Ratio* | 74.0 | 82.0 |
| Price to Earnings | 7.6 | 25.0 |
| Price to Cash Flow | 8.1 | 46.0 |
| ROIC** | — | — |

*31 Oct 2024
**30 Sep 2024

Dividends as of 6 Nov 2024



Valuation ^Q as of 6 Nov 2024



Contact

<https://www.banorte.com>

Financials (Fiscal Year End 31 Dec 2024)

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 09/2024 | Fiscal |
|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------------------------|
| 82.93 | 85.62 | 90.22 | 110.53 | 129.90 | 138.05 | 143.66 | 160.97 | 179.54 | 196.70 | 216.00 | Revenue (Bil) |
| — | — | — | — | — | — | — | — | — | — | — | Operating Income (Bil) |
| — | — | — | — | — | — | — | — | — | — | — | Operating Margin (%) |
| 15.23 | 17.11 | 19.31 | 23.91 | 31.96 | 36.53 | 30.51 | 35.05 | 45.41 | 52.42 | 55.51 | Net Income (Bil) |
| 5.49 | 6.17 | 6.96 | 8.62 | 11.09 | 12.69 | 10.58 | 12.15 | 15.96 | 18.07 | 19.44 | Diluted Earnings/Share |
| 13.85 | 39.70 | -31.56 | 25.02 | -4.54 | 6.96 | 54.71 | 11.13 | 76.61 | 51.91 | 60.02 | Operating Cash Flow (Bil) |
| 4.01 | 3.96 | 4.08 | 4.78 | 4.50 | 4.58 | 7.44 | 4.52 | 11.79 | 9.06 | 8.23 | Capital Spending (Bil) |
| 29.23 | 13.20 | 27.49 | 40.93 | 43.20 | 51.31 | 41.34 | 59.75 | 46.06 | 48.49 | -11.53 | Free Cash Flow (Bil) |
| 2.77 | 2.76 | 2.75 | 2.75 | 2.86 | 2.88 | 2.88 | 2.88 | 2.88 | 2.88 | 2.81 | Avg Shares Outstand(Bil) |

Valuation as of 6 Nov 2024

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Current | Calendar |
|-------|-------|-------|-------|-------|------|------|-------|-------|-------|---------|-------------------------------|
| 0.93 | 0.98 | 0.95 | 1.04 | 0.76 | 1.00 | 0.84 | 0.92 | 0.83 | 0.97 | 0.78 | Price/Fair Value ^Q |
| 2.98 | 2.81 | 2.72 | 2.92 | 3.14 | 1.92 | 2.18 | 2.70 | 2.53 | 2.86 | 1.74 | Price/Sales |
| 15.71 | 14.84 | 13.39 | 13.54 | 13.11 | 7.51 | 9.52 | 13.15 | 10.50 | 10.40 | 6.66 | Price/Earnings |
| 5.92 | 14.43 | 8.75 | 7.56 | 5.60 | 6.17 | 4.24 | 11.90 | 3.41 | 4.41 | — | Price/Cash Flow |
| 1.83 | 1.98 | 1.95 | 2.16 | 1.64 | 1.68 | 1.65 | 1.76 | 1.69 | 2.01 | 1.63 | Price/Book |

Operating Performance (Fiscal Year End 31 Dec 2024)

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 09/2024 | Fiscal (%) |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------|-------------------------|
| 1.45 | 1.49 | 1.57 | 1.82 | 2.15 | 2.28 | 1.81 | 1.93 | 2.32 | 2.41 | 2.35 | Return on Assets |
| 13.27 | 13.24 | 13.98 | 16.69 | 20.10 | 19.96 | 14.67 | 15.36 | 19.31 | 21.60 | 22.03 | Return on Equity |
| — | — | — | — | — | — | — | — | — | — | — | Rtn on Invested Capital |

Dividends as of 6 Nov 2024

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Current | Calendar (%) |
|------|------|------|------|------|------|------|------|-------|-------|---------|-------------------------|
| 0.83 | 1.01 | 2.61 | 4.02 | 3.45 | 5.54 | — | 5.81 | 11.89 | 13.08 | 0.73 | Dividend Per Share |
| 1.03 | 1.17 | 3.09 | 3.76 | 3.25 | 5.12 | 0.00 | 1.80 | 7.96 | 7.42 | 10.96 | Trailing Dividend Yield |
| — | 0.82 | 0.32 | 0.67 | 0.04 | 0.26 | — | 0.53 | 0.00 | 0.93 | 4.18 | Buyback Yield |

Appendix

Economic Moat [®]History as of 6 Nov 2024 (No Moat: 0.00-0.70, Narrow Moat: 0.70-0.99, Wide Moat: 0.99-1.00)

| Year | January | February | March | April | May | June | July | August | September | October | November | December |
|------|---------|----------|-------|-------|------|------|------|--------|-----------|---------|----------|----------|
| 2024 | 0.69 | 0.77 | 0.74 | 0.63 | 0.58 | 0.52 | 0.53 | 0.50 | 0.55 | 0.32 | 0.38 | — |
| 2023 | 0.57 | 0.79 | 0.74 | 0.51 | 0.65 | 0.64 | 0.76 | 0.61 | 0.54 | 0.46 | 0.57 | 0.72 |
| 2022 | 0.31 | 0.25 | 0.33 | 0.25 | 0.17 | 0.38 | 0.20 | 0.24 | 0.55 | 0.54 | 0.59 | 0.58 |
| 2021 | 0.46 | 0.52 | 0.43 | 0.53 | 0.67 | 0.60 | 0.53 | 0.27 | 0.39 | 0.35 | 0.34 | 0.30 |
| 2020 | 0.70 | 0.62 | 0.40 | 0.32 | 0.48 | 0.33 | 0.38 | 0.25 | 0.49 | 0.65 | 0.65 | 0.59 |
| 2019 | 0.69 | 0.60 | 0.67 | 0.67 | 0.80 | 0.65 | 0.81 | 0.90 | 0.53 | 0.76 | 0.39 | 0.67 |

Quantitative Equity Report Overview

The quantitative report on equities consists of data, statistics and quantitative equity ratings on equity securities. Morningstar, Inc.'s quantitative equity ratings are forward looking and are generated by a statistical model that is based on Morningstar Inc.'s analyst-driven equity ratings and quantitative statistics. Given the nature of the quantitative report and the quantitative ratings, there is no one analyst in which a given report is attributed to; however, Mr. Lee Davidson, Head of Quantitative Research for Morningstar, Inc., is responsible for overseeing the methodology that supports the quantitative equity ratings used in this report. As an employee of Morningstar, Inc., Mr. Davidson is guided by Morningstar, Inc.'s Code of Ethics and Personal Securities Trading Policy in carrying out his responsibilities.

Quantitative Equity Ratings

Morningstar's quantitative equity ratings consist of: (i) Quantitative Fair Value Estimate, (ii) Quantitative Star Rating, (iii) Quantitative Uncertainty, (iv) Quantitative Economic Moat, and (v) Quantitative Financial Health (collectively the "Quantitative Ratings").

The Quantitative Ratings are calculated daily and derived from the analyst-driven ratings of a company's peers as determined by statistical algorithms. Morningstar, Inc. ("Morningstar", "we", "our") calculates Quantitative Ratings for companies whether or not it already provides analyst ratings and qualitative coverage. In some cases, the Quantitative Ratings may differ from the analyst ratings because a company's analyst-driven ratings can significantly differ from other companies in its peer group.

i. **Quantitative Fair Value Estimate:** Intended to represent Morningstar's estimate of the per share dollar amount that a company's equity is worth today. Morningstar calculates the Quantitative Fair Value Estimate using a statistical model derived from the Fair Value Estimate Morningstar's equity analysts assign to companies. Please go to <http://global.morningstar.com/equitydisclosures> for information about Fair Value Estimate Morningstar's equity analysts assign to companies.

ii. **Quantitative Economic Moat:** Intended to describe the strength of a firm's competitive position. It is calculated using an algorithm designed to predict the Economic Moat rating a Morningstar analyst would assign to the stock. The rating is expressed as Narrow, Wide, or None.

Narrow – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 70% but less than 99%.

Wide – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 99%.

None – assigned when the probability of an analyst receiving a "Wide Moat" rating by an analyst is less than 70%.

iii. **Quantitative Star Rating:** Intended to be the summary rating based on the combination of our Quantitative Fair Value Estimate, current market price, Quantitative Uncertainty Rating, and momentum. The rating is expressed as One-Star, Two-Star, Three-Star, Four-Star, and Five-Star.

★ – the stock is overvalued with a reasonable margin of safety.

*Log (Quant FVE/Price) < -1*Quantitative Uncertainty*

*Micro-Caps: Log (Quant FVE/Price) < -1.5*Quantitative Uncertainty*

★★ – the stock is somewhat overvalued.

*Log (Quant FVE/Price) between (-1*Quantitative Uncertainty, -0.5*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (-1.5*Quantitative Uncertainty, -0.75*Quantitative Uncertainty)*

★★★ – the stock is approximately fairly valued.

*Log (Quant FVE/Price) between (-0.5*Quantitative Uncertainty, 0.5*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (-0.75*Quantitative Uncertainty, 0.75*Quantitative Uncertainty)*

★★★★ – the stock is somewhat undervalued.

*Log (Quant FVE/Price) between (0.5*Quantitative Uncertainty, 1*Quantitative*

Uncertainty)

*Micro-Caps: Log (Quant FVE/Price) between (0.75*Quantitative Uncertainty, 1.5*Quantitative Uncertainty)*

★★★★★ – the stock is undervalued with a reasonable margin of safety.

*Log (Quant FVE/Price) > 1*Quantitative Uncertainty*

*Micro-Caps: Log (Quant FVE/Price) > 1.5*Quantitative Uncertainty*

After the initial calculation for the star rating, there is a final filtering step based on the momentum of the company. We rank the companies based on their 12-1 month momentum, then restrict those below the 30th percentile to a maximum of 3 stars.

iv. **Quantitative Uncertainty:** Intended to represent Morningstar's level of uncertainty about the accuracy of the Quantitative Fair Value Estimate. Generally, the lower the Quantitative Uncertainty, the narrower the potential range of outcomes for that particular company. The rating is expressed as Low, Medium, High, Very High, and Extreme.

Low – the interquartile range for possible fair values is less than 10%

Medium – the interquartile range for possible fair values is less than 15% but greater than 10%

High – the interquartile range for possible fair values is less than 35% but greater than 15%

Very High – the interquartile range for possible fair values is less than 80% but greater than 35%

Extreme – the interquartile range for possible fair values is greater than 80%

v. **Quantitative Financial Health:** Intended to reflect the probability that a firm will face financial distress in the near future. The calculation uses a predictive model designed to anticipate when a company may default on its financial obligations. The rating is expressed as Weak, Moderate, and Strong.

Weak – assigned when Quantitative Financial Health < 0.2

Moderate – assigned when Quantitative Financial Health is between 0.2 and 0.7

Strong – assigned when Quantitative Financial Health > 0.7

Other Definitions

i. **Last Close** – Price of the stock as of the close of the market of the last trading day before date of the report.

ii. **Quantitative Valuation** – Using the below terms, intended to denote the relationship between the security's **Last Price** and Morningstar's quantitative fair value estimate for that security.

Undervalued – Last Price is below Morningstar's quantitative fair value estimate.

Fairly Valued – Last Price is in line with Morningstar's quantitative fair value estimate.

Fairly Valued – Last Price is in line with Morningstar's quantitative fair value estimate.

Overvalued – Last Price is above Morningstar's quantitative fair value estimate.

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Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree

of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

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This Report **has not been made available** to the issuer of the security prior to publication.

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