

GFNORTE

2Q14 Results

Conference Call
July 25, 2014.

Material Events

- **Changes to the Consolidated P&L statement related to the accounting of valuation results for securities of the Insurance and Annuities companies.**

During 2Q14, GFNorte reclassified the result for "valuation" of investments in securities held by the Insurance and Annuities companies from the Trading Income line to the Net Interest Income line in the consolidated P&L statement. These companies' investments, classified as held to maturity and denominated in UDIs, change in value by reflecting the variation in the value of the UDI (inflation indexed unit of account) for the period. This reclassification was carried out retroactively in order to allow comparisons of prior quarters. *(For further details, please refer to the Quarterly Report)*

- **Inclusion of GFNorte in the OTCQX30 Index.**

On April 9 BNY Mellon and OTC Markets Group Inc. launched the OTCQX ADR 30 Index ("OTCQX30"), composed by the 30 most relevant ADRs in the market, in terms of market capitalization, volume and liquidity. Some of the companies included are: AXA, Adidas, Roche, among others. Grupo Financiero Banorte is one, of only two Mexican companies, integrating this index. The inclusion of our Level 1 ADR in this index will provide more visibility and liquidity to our program.

Material Events

Moody's upgraded various ratings for Banorte with stable outlook and affirmed ratings on Arrendadora y Factor Banorte.

In May 2014, Moody's upgraded the following ratings, all with stable outlook:

- ✓ Banorte's long and short-term global local currency deposits ratings: to A2/Prime-1 from A3/Prime-2.
- ✓ Banorte's Standalone Baseline Credit Assessment (BCA): to baa1 from baa2.
- ✓ Global local currency ratings of the subordinated and junior subordinated debt: to Baa2 and Baa3, from Baa3 and Ba1, respectively.
- ✓ In raising these ratings, Moody's considered:
 - Stronger franchise value.
 - Earnings diversification.
 - Expansion.
 - Significant improvements in capitalization.

Furthermore, on May 26 Arrendadora y Factor Banorte's global (A3/P-2) and national (Aaa.mx/MX-1) scale ratings were affirmed.

Material Events

- **Organizational Changes.**

Carlos Eduardo Martínez González has been appointed as Managing Director of Channels and Segments, reporting directly to the Group's CEO. This responsibility includes managing the retail network. Carlos has ample experience in the financial sector. He has worked at GFNorte for over 14 years; previously, he was Managing Director of Government Banking. Prior to joining Banorte, he held various responsibilities at Grupo Financiero Serfin. He is a Certified Public Accountant from Instituto Tecnológico y de Estudios Superiores de Monterrey, with postgraduate degrees in finance from Institute Serfin, in management from IPADE and in banking from Louisiana State University.

Yearly Recap GFNorte

Million Pesos

	1H13		1H14
Net Income	6,360	▲ 16%	7,367
ROE	15.3%		13.2%
ROA	1.4%		1.4%
Efficiency	52.2%		47.8%
Net Interest Margin	4.3%		4.5%
Performing Loan Growth	8.8%		5.6%
Past Due Loan Ratio	2.2%		3.1%
Stock Price (pesos)	76.72	▲ 21%	92.79
Book Value per Share	36.03	▲ 16%	41.67
P/BV	2.13		2.23
Earnings per Share	2.73		2.66

Income Statement

Million Pesos

	2Q13	1Q14	2Q14	Change	
				QoQ	YoY
Net Interest Income	9,355	10,352	10,428	1%	11%
Non Interest Income	3,916	3,770	4,241	12%	8%
<i>Service Fees</i>	1,855	1,941	1,977	2%	7%
<i>Real Estate Portfolios</i>	303	40	57	41%	(81%)
<i>FX & Trading</i>	769	1,116	1,563	40%	103%
<i>Other Income (expenses)</i>	990	673	643	(4%)	(35%)
Total Income	13,271	14,122	14,669	4%	11%
Non Interest Expense	(6,687)	(6,845)	(6,913)	1%	3%
Net Operating Income	6,584	7,277	7,756	7%	18%
Provisions	(3,132)	(2,380)	(2,851)	20%	(9%)
Income Tax	(167)	(1,500)	(1,460)	(3%)	773%
Subs & Minority Interest	(64)	230	293	27%	N.A.
Net Income	3,220	3,628	3,739	3%	16%

Non Interest Expense

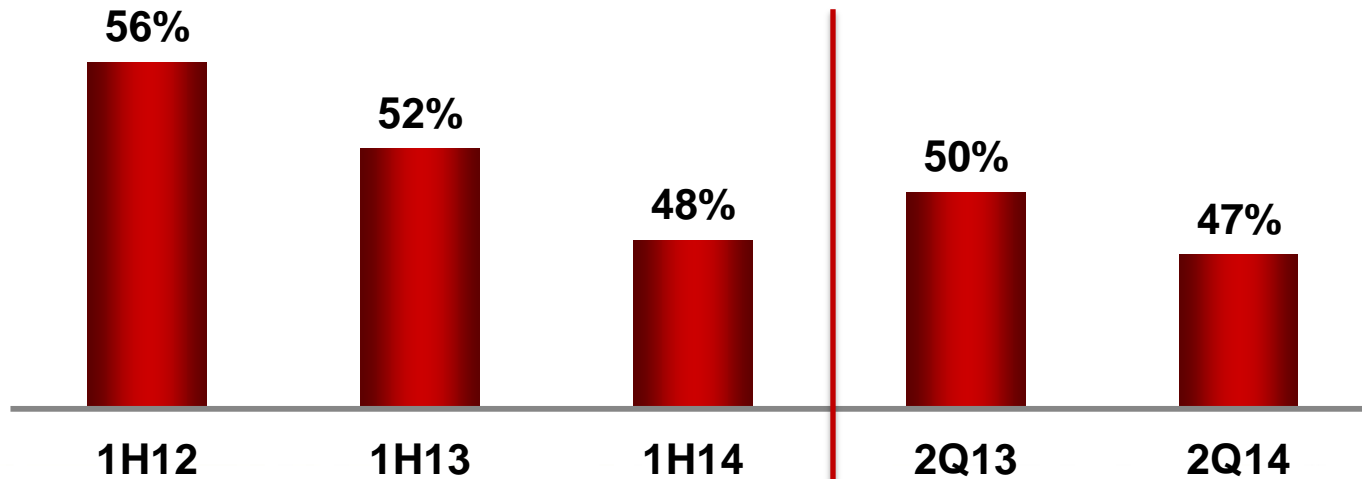
Billion Pesos

	1H13	1H14	2Q13	2Q14
Total Expense	14.1	13.8	6.7	6.9

(3%)

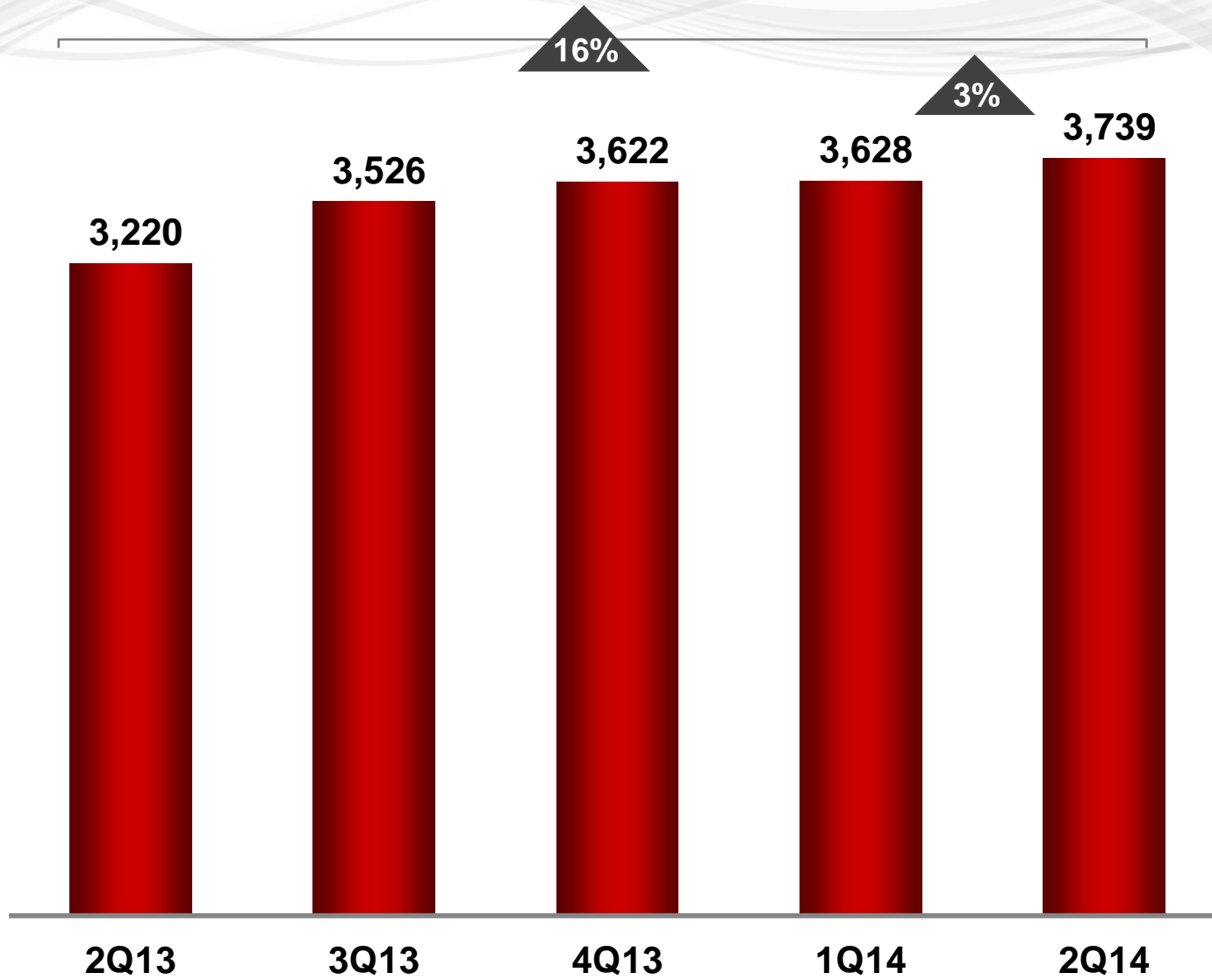
3%

Efficiency Ratio



Quarterly Net Income

Million Pesos



ROTE and Return on Risk Weighted Assets

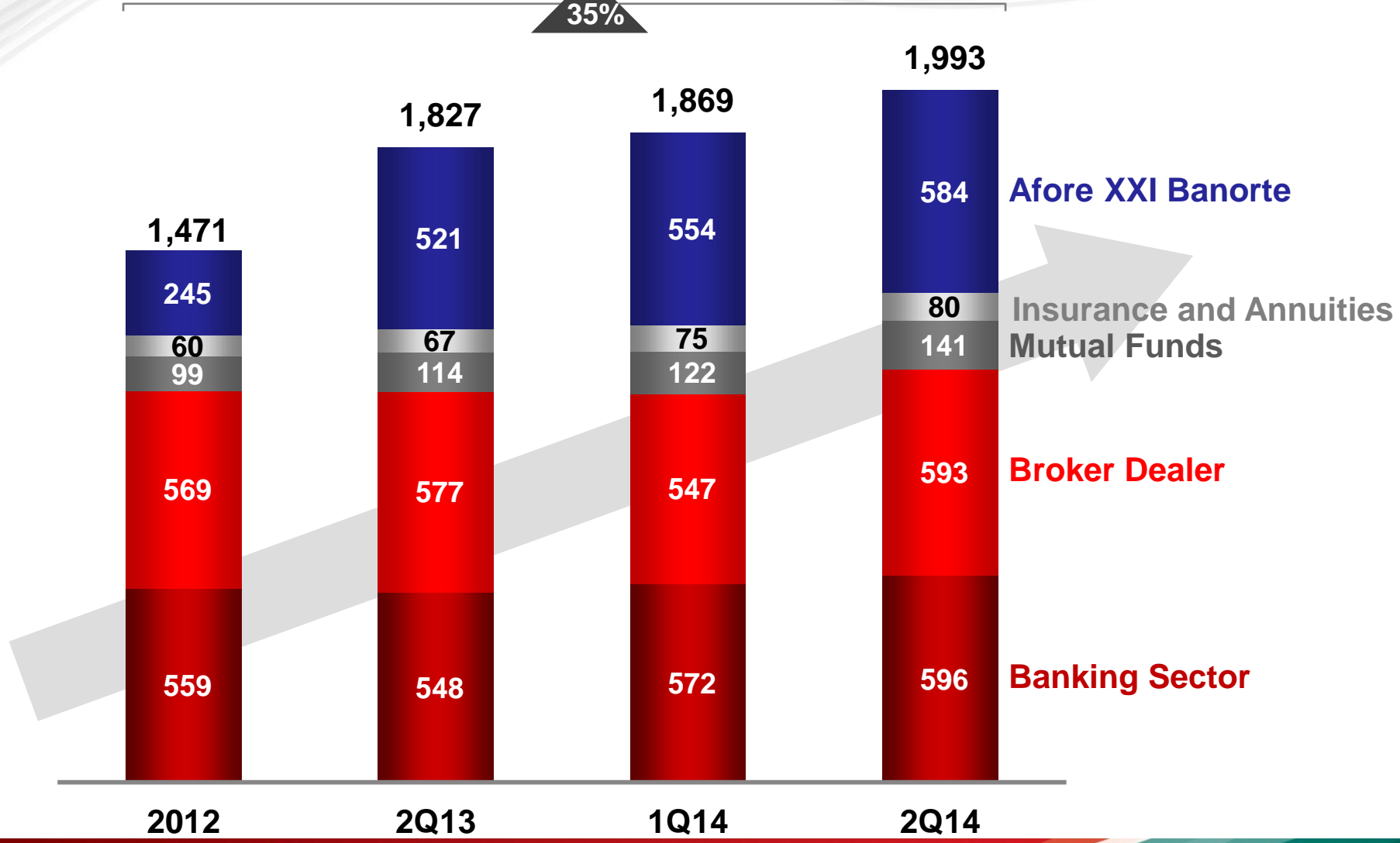
Return on Tangible Common Equity (ROTE) & Return on Risk Weighted Assets (RRWA)

	2Q13	1Q14	2Q14
Reported ROE	15.3%	13.3%	13.2%
Goodwill & Intangibles	\$21,198	\$21,893	\$22,740
Average Tangible Equity	\$61,940	\$83,209	\$90,767
ROTE	19.6%	16.8%	16.0%
Reported ROA	1.4%	1.4%	1.4%
Average Risk Weighted Assets	\$411,017	\$461,642	\$471,675
RRWA	3.0%	3.0%	3.1%

Assets under Management

Billion Pesos

35%



Deposits

Billion Pesos

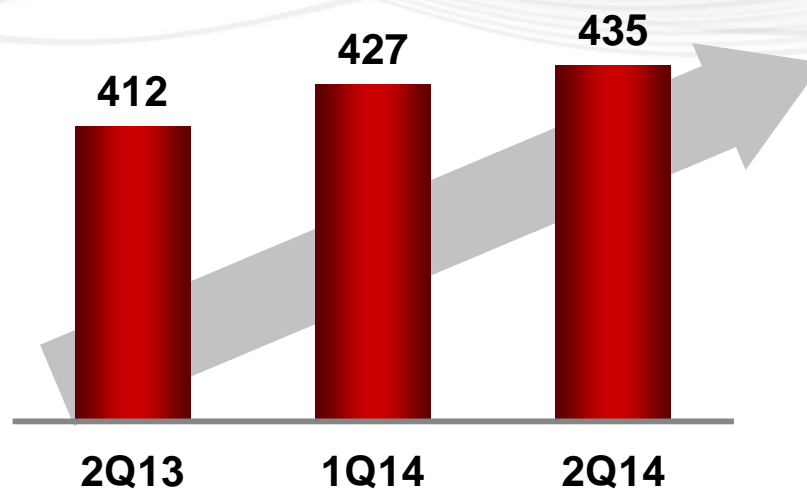
Deposits	2Q12		2Q13		2Q14
Demand	191	▲ 14%	218	▲ 22%	265
Time	120	▲ 6%	127	▲ 5%	134
Core Deposits	312	▲ 11%	345	▲ 16%	399

Mix

Demand	61%	63%	66%
Time	39%	37%	34%
	100%	100%	100%

Performing Loan Portfolio

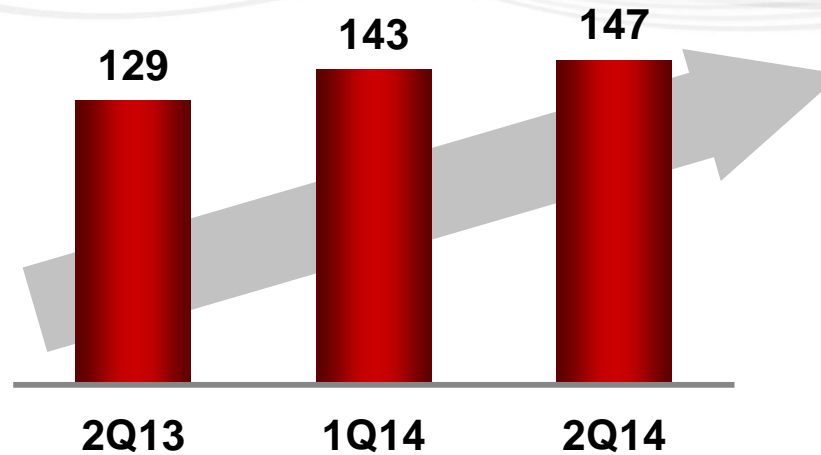
Billion Pesos



	2Q13	1Q14	2Q14	Change	
				QoQ	YoY
Consumer	129	143	147	3%	14%
Commercial	109	112	113	0%	4%
Corporate	84	73	74	1%	(11%)
Government	91	99	100	2%	11%
Total	412	427	435	2%	6%

Performing Consumer Loan Portfolio

Billion Pesos

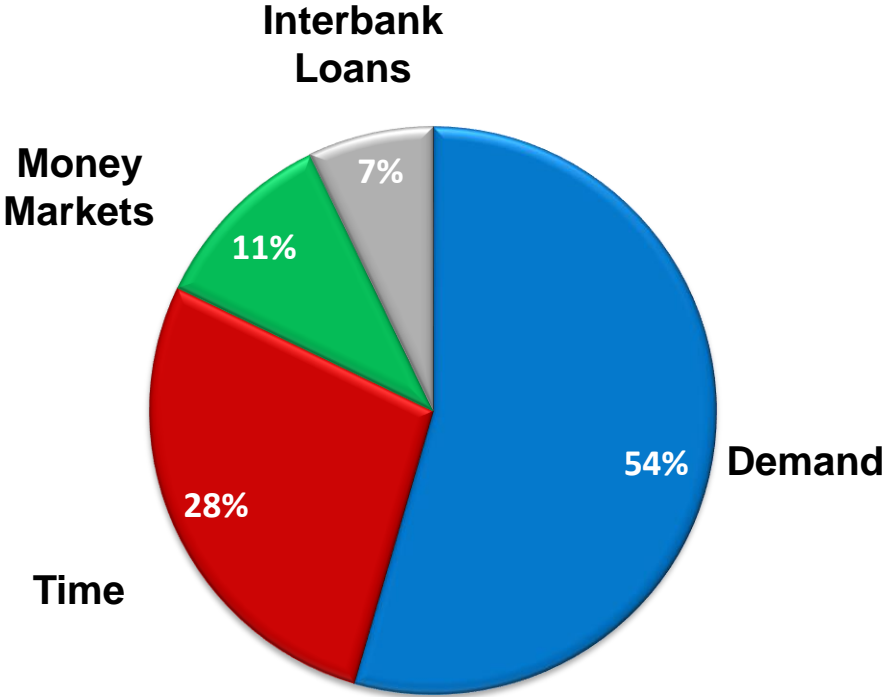


	2Q13	1Q14	2Q14	Change QoQ	YoY
Mortgage	77	83	85	2%	10%
Car	11	12	11	(1%)	5%
Credit Cards	19	20	21	3%	12%
Payroll	22	28	30	6%	35%
Consumer	129	143	147	3%	14%

Funding and Loan Portfolio Structure

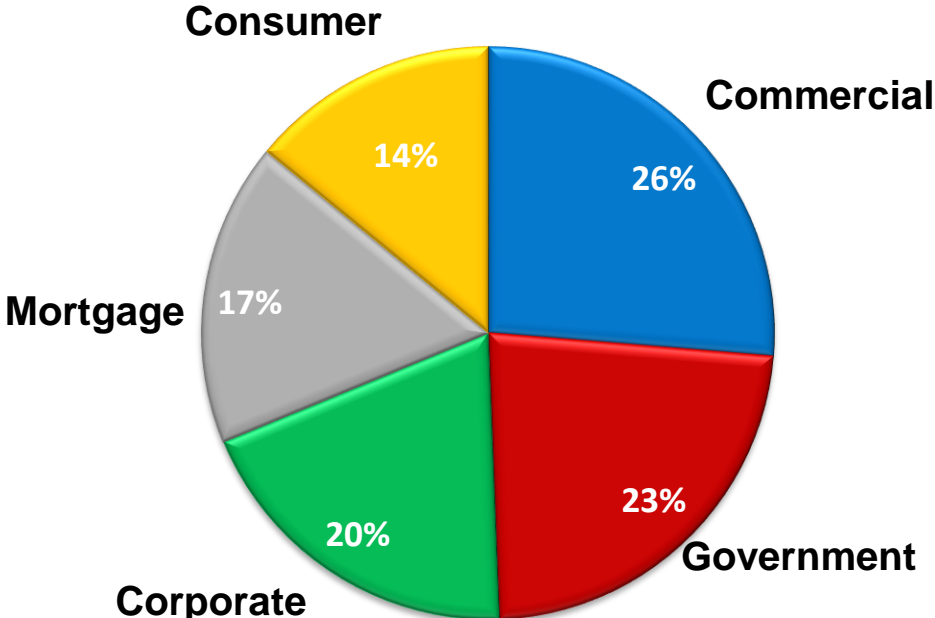
FUNDING

\$485 Billion Pesos



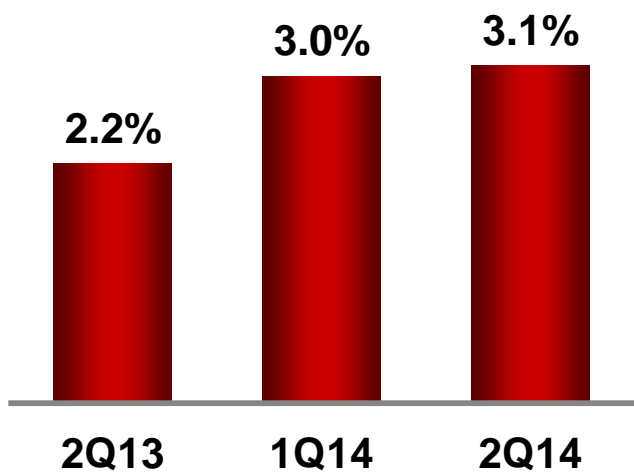
LOAN PORTFOLIO

\$449 Billion Pesos

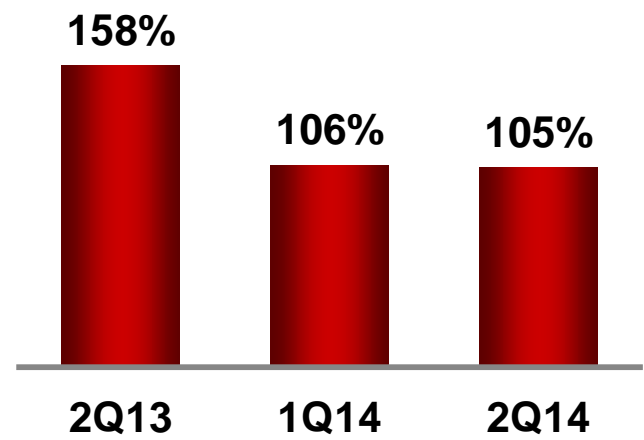


Asset Quality

Past Due Loan Ratio



Coverage Ratio

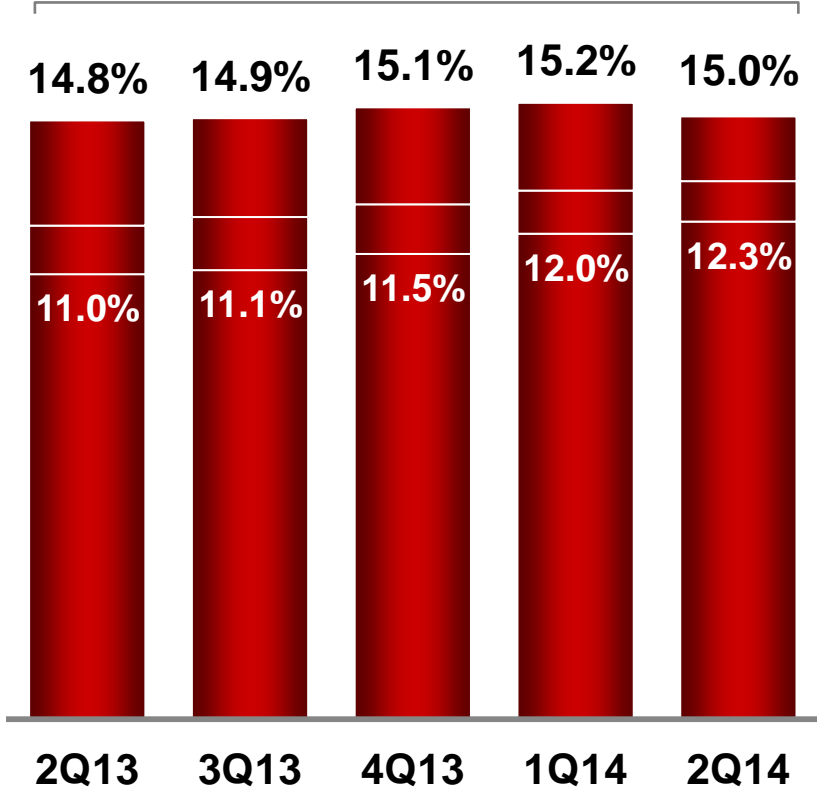


Past Due Loan Ratios

	2Q13	3Q13	4Q13	1Q14	2Q14
Credit Cards	6.0%	6.0%	5.9%	6.2%	6.3%
Payroll	2.4%	2.3%	2.3%	2.0%	2.5%
Car Loans	1.4%	1.6%	1.6%	1.3%	1.9%
Mortgage	1.2%	1.3%	1.3%	1.3%	1.3%
Commercial	3.5%	3.9%	2.9%	3.6%	3.9%
Corporate	2.6%	7.5%	8.6%	7.3%	7.3%
Government	0.1%	0.0%	0.0%	0.0%	0.0%
GFNorte's NPL Ratio	2.2%	3.2%	3.1%	3.0%	3.1%

Capitalization and liquidity

Banorte (%)



Tier 1: 13.4%

↑ RWA*

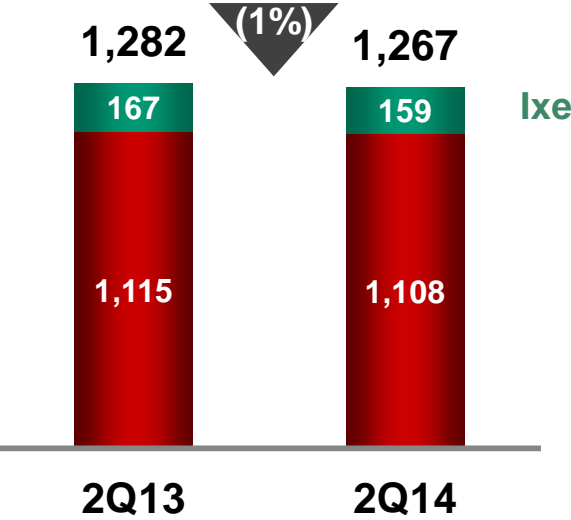
Liquidity Ratio

+19%	+18%	+17%	+17%	+9%
137%	148%	137%	148%	135%

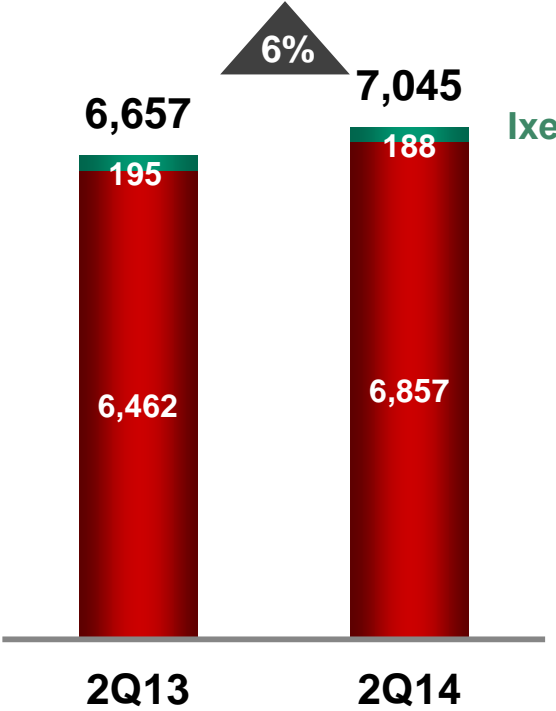
*RWA= Risk Weighted Assets

Distribution Network

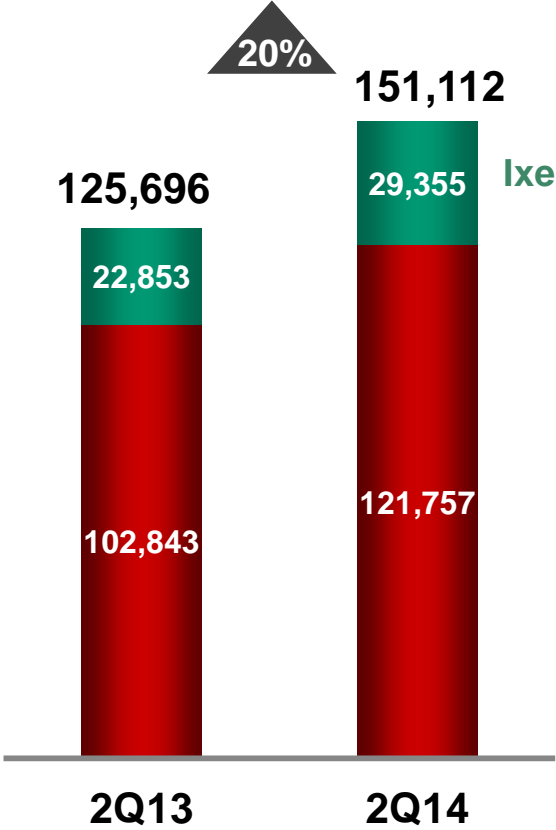
Branches



ATM's



POS's



Subsidiaries

1H14
Million Pesos

Company	Net Income	Change vs. 1H13	ROE
Banking Sector	5,168	0%	14.2%
Banco Mercantil del Norte ¹⁾	4,281	(6%)	
Banorte –Ixe Tarjetas	888	50%	
Broker Dealer	459	19%	32.9%
Long Term Savings			
Retirement Savings	616	16%	10.4% ³⁾
Insurance	858	201%*	40.1%
Annuities	124	219%*	18.9%
Other Finance Companies			
Leasing and Factoring ²⁾	330	51%	19.6%
Warehousing	15	(40%)	11.0%

*The growth of the Insurance and Annuities companies considering 100% of the net income for 2013 was 53% and 63%, respectively.

¹⁾ Includes Ixe Banco and Fincasa due to its merger in May 2013.

²⁾ Includes Ixe Automotriz due to its merger in May 2013.

³⁾ Without Goodwill: **33.6%**.

Net Income in Million Pesos

	1H13		1H14
Total	491	(43%)	280

AUM Billion Pesos

	2Q13	2Q14	Change YoY
Proprietary Assets	44.3	54.7	23%
Acquired Assets	27.4	26.8	(2%)
Managed Assets "Su Casita"	7.3	7.0	(5%)
Ixe Assets	3.6	0.0	(100%)
Total	82.7	88.5	7%

Million Dollars

	1H13		1H14
Pre-Tax Income*	9.8		11.2
Provisions	(0.5)		0.5
Net Income	6.9		7.2
NIM	2.7%		3.4%
ROE	3.3%		3.5%
ROA	0.7%		0.8%
Cost to Income	71.9%		67.2%
Total Deposits	1,596	▼ (9%)	1,452
Performing Loans	714	▲ 18%	840
PDL Ratio USGAAP	1.2%		1.0%
Coverage Ratio USGAAP	159.0%		189.3%
Leverage Ratio	11.0%		13.0%
Classified Assets to Capital	20.7%		10.2%

* Before Provisions



 **BANORTE**
EL BANCO FUERTE DE MEXICO

 **BANORTE**

