

# **GFNORTE**

# **4Q14 Results**

**Conference Call**  
January 23, 2015.

# Material Events

## ● Shareholders' Assembly

**GFNorte held an Ordinary General Shareholders' Meeting on January 21. The company's capital that was represented in the meeting by total subscribed and paid shares was 84.52%.**

**The resolution approved by the Assembly was:**

- ✓ **Distribution of a cash dividend of Ps. 0.2435 per share, derived from the Retained Earnings of Prior Years. This dividend, to be paid on January 30, corresponds to the second of four payments that will be made for a total amount of Ps. 0.9740 per share, amount approved by the Group's Board of Directors July 24, 2014, thereby, it will be proposed in subsequent Shareholders' Assemblies to decree additional dividends for a total amount of Ps. 0.4870 per share, to be covered in two installments of Ps. 0.2435 in April and July 2015, respectively.**

# Material Events

- **Investor Day New York**

- ✓ **On December 1, GFNorte held a new edition of its Investor Day in New York City. In this event the top management and more than 100 Mexican and international financial experts participated.**
- ✓ **During the annual meeting, GFNorte showed its capacity to generate value after recent acquisitions, the transformation program, the new Retail Banking model and the technological progress.**



# Material Events

- Banorte is recognized as the “Best Bank in Mexico and Latin America 2014” by LatinFinance and as the “Best Bank in Mexico 2014” by The Banker.
- ✓ Banorte was recognized by LatinFinance, the specialized in banking and capital markets magazine, as the “Best Bank in Mexico and Latin America”.
- ✓ And by The Banker through the Financial Times’ publication for the second time in a row and the 7th since 2005 as the “Best Bank in Mexico”.

Both appointments considered quantitative and qualitative factors such as security, soundness and prudence shown by the institution. They recognized in Banorte its capacity to grow throughout several acquisition and mergers, GFNorte’s increasing presence in the equities market and the confidence that investors showed by acquiring the issued shares in the Public Offering, which allowed GFNorte to obtain fresh capital for its expansion in mid-2013.

# Material Events

## ● Organizational Changes

On November 20, an extraordinary meeting of the Board of Directors was held, as part of the agreements the governing body:

- ✓ accepted the resignation of Guillermo Ortiz Martinez as Chairman of the Board, effective as of December 31, 2014.
- ✓ approved the substitution of Guillermo Ortiz with Carlos Hank Gonzalez as Chairman of the Board of Directors, effective as of January 1, 2015. Carlos Hank Gonzalez's appointment is subject to ratification by Shareholders' Assembly, for which this governing body will be called.
- ✓ considering the opinion of the Audit and Corporate Practices Committee (CAPS), approved the resignation of Alejandro Valenzuela del Rio as the Financial Group's CEO and as member of the Board of Directors.
- ✓ hearing the opinion of the CAPS and the Designation's Committee, appointed Jose Marcos Ramirez Miguel to become CEO of the Financial Group, starting November 20, 2014.

Likewise, as of December 1, 2014, David Suarez Cortazar, Chief Financial Officer, left the organization, Rafael Arana de la Garza, Chief Operating Officer (COO), will continue having oversight over the finance function of the Group and Ursula Wilhelm, Deputy Managing Director of Investor Relations and Financial Intelligence, will maintain responsibility for Investor Relations.

# Material Events

- **Organizational Changes**

- ✓ **Armando Rodal has been appointed Managing Director of Wholesale Banking, reporting directly to the Group's CEO. He has worked at GFNorte for over 21 years. Armando is a Chemical Engineer from Instituto Tecnológico y de Estudios Superiores de Monterrey, MBA from EGADE and has postgraduate degrees from IPADE and Louisiana State University.**



# Yearly Recap GFNorte

Million Pesos

	2013		2014
Net Income	13,508	▲ 13%	15,228
ROE	14.2%		13.2%
ROA	1.4%		1.5%
Efficiency	52.0%		48.5%
Net Interest Margin	4.4%		4.7%
Performing Loan Growth	5.9%		11.0%
Past Due Loan Ratio	3.1%		2.9%
Stock Price (pesos)	91.36	▼ (11%)	81.20
Book Value per Share	38.45	▲ 15%	44.39
P/BV	2.38		1.83
Earnings per Share	5.35	▲ 3%	5.49

# Income Statement

Million Pesos

	4Q13	4Q14	2013	2014	Change	
					QoQ	YoY
Net Interest Income	10,432	12,441	38,738	44,096	19%	14%
Non Interest Income	2,981	3,715	14,727	16,233	25%	10%
<i>Service Fees</i>	1,895	2,415	7,278	8,365	27%	15%
<i>Real Estate Portfolios</i>	145	39	811	187	(73%)	(77%)
<i>FX &amp; Trading</i>	577	375	3,414	4,420	(35%)	29%
<i>Other Income (expenses)</i>	364	887	3,223	3,260	144%	1%
Total Income	13,413	16,157	53,464	60,329	20%	13%
Non Interest Expense	(7,084)	(8,590)	(27,819)	(29,232)	21%	5%
Net Operating Income	6,329	7,567	25,646	31,097	20%	21%
Provisions	(1,833)	(2,712)	(8,942)	(11,196)	48%	25%
Income Tax	(1,075)	(1,312)	(3,555)	(5,668)	22%	59%
Subs & Minority Interest	201	277	359	995	38%	177%
Net Income	3,622	3,819	13,508	15,228	5%	13%

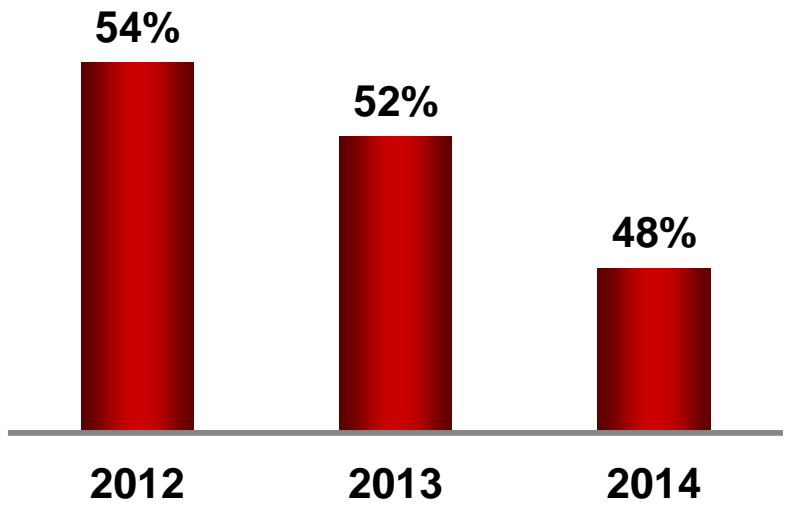


# Non Interest Expense

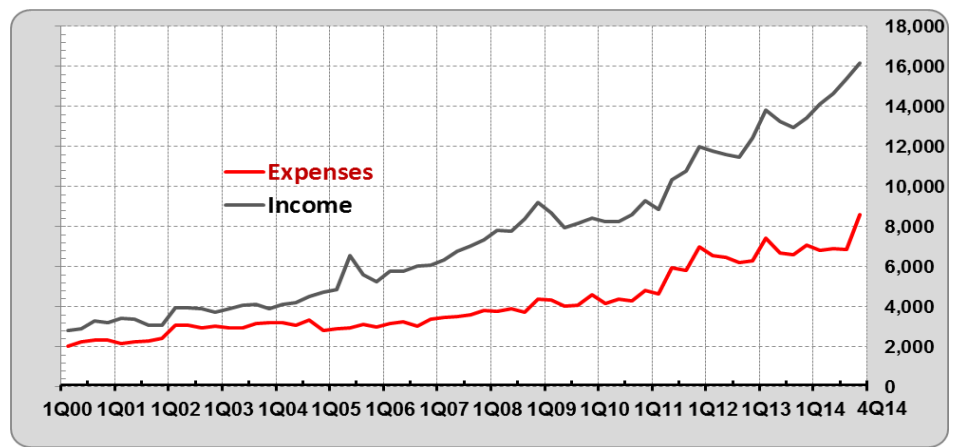
Billion Pesos

	2013	2014	4Q13	4Q14
Total Expense	27.8	29.2	7.1	8.6
		▲ 5%		▲ 21%

## Efficiency Ratio



## Cost- Income



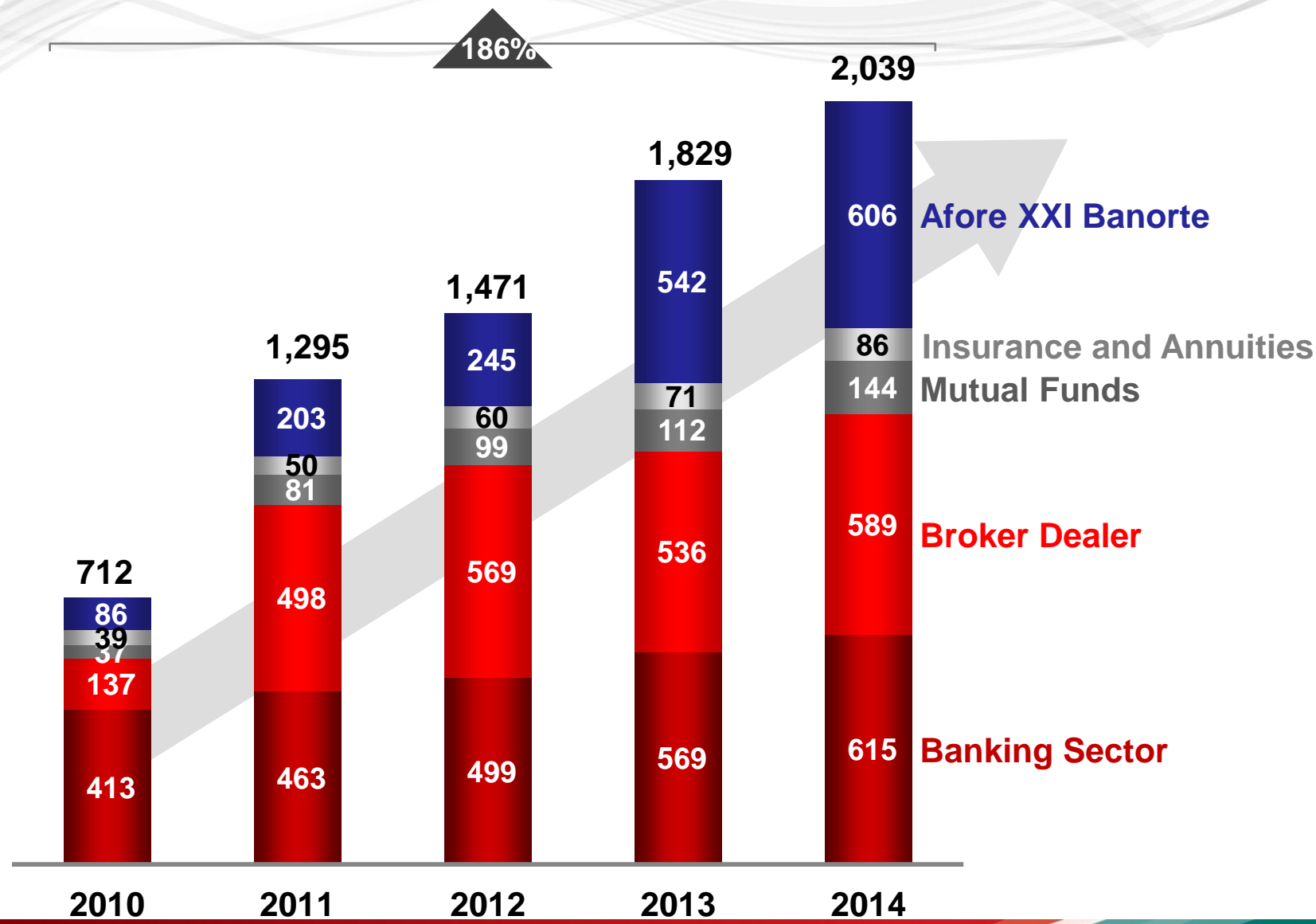
# ROTE and Return on Risk Weighted Assets

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

	4Q13	3Q14	4Q14
Reported ROE	12.9%	13.8%	12.6%
Goodwill & Intangibles	\$22,366	\$23,030	\$24,697
Average Tangible Equity	\$76,851	\$90,627	\$94,111
ROTE	17.6%	16.6%	16.2%
Reported ROA	1.5%	1.6%	1.4%
Average Risk Weighted Assets	\$444,465	\$484,921	\$497,603
RRWA	3.0%	3.1%	3.1%

# Assets under Management

Billion Pesos



# Deposits

Billion Pesos

Deposits	4Q12		4Q13		4Q14
Demand	211	▲ 21%	255	▲ 18%	300
Time	124	▲ 4%	129	▲ 5%	136
<b>Core Deposits</b>	<b>336</b>	<b>▲ 5%</b>	<b>384</b>	<b>▲ 14%</b>	<b>436</b>
<b>Mix</b>					
Demand	63%		66%		69%
Time	37%		34%		31%
	100%		100%		100%

# Performing Loan Portfolio\*

Billions Pesos

	4Q13	3Q14	4Q14	Change	
				QoQ	YoY
<b>Consumer</b>	<b>140</b>	<b>154</b>	<b>158</b>	<b>3%</b>	<b>13%</b>
<b>Commercial</b>	<b>114</b>	<b>110</b>	<b>114</b>	<b>4%</b>	<b>0%</b>
<b>Corporate</b>	<b>76</b>	<b>76</b>	<b>80</b>	<b>6%</b>	<b>6%</b>
<b>Government</b>	<b>96</b>	<b>105</b>	<b>119</b>	<b>13%</b>	<b>24%</b>
<b>Total</b>	<b>425</b>	<b>445</b>	<b>472</b>	<b>6%</b>	<b>11%</b>

\*Excludes Recovery Banking

# Performing Consumer Loan Portfolio

Billion Pesos

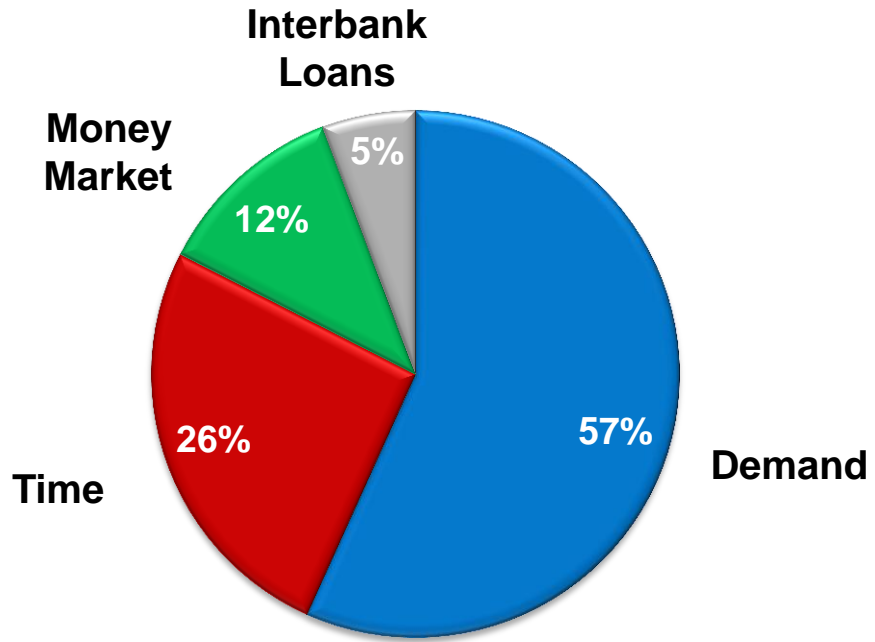
	4Q13	3Q14	4Q14	Change	
				QoQ	YoY
Mortgage	82	87	90	3%	10%
Car	11	11	11	(1%)	(3%)
Credit Cards	20	22	23	4%	14%
Payroll	26	34	34	1%	30%
<b>Consumer</b>	<b>140</b>	<b>154</b>	<b>158</b>	<b>3%</b>	<b>13%</b>



# Funding and Loan Portfolio Structure

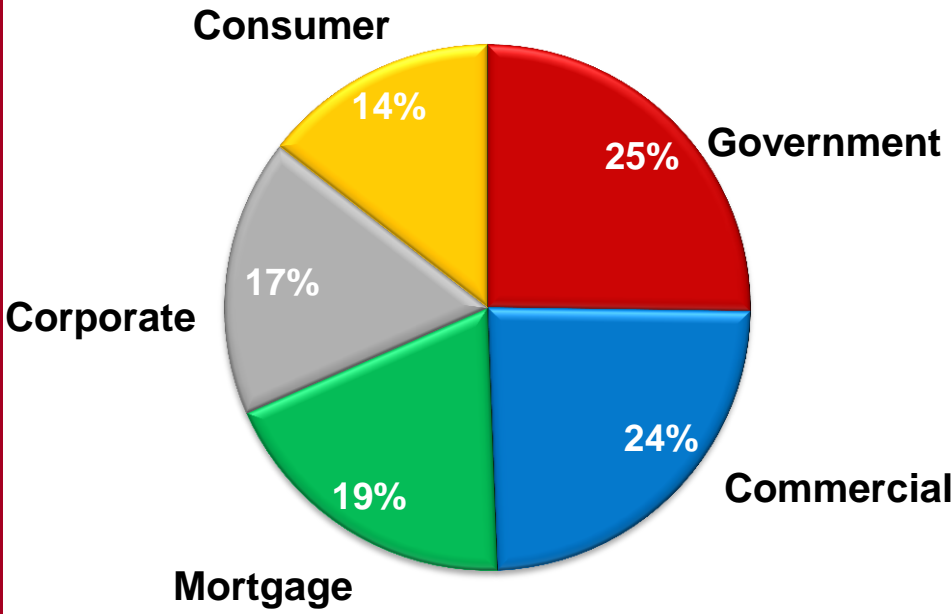
## FUNDING

\$528 Billion Pesos



## LOAN PORTFOLIO

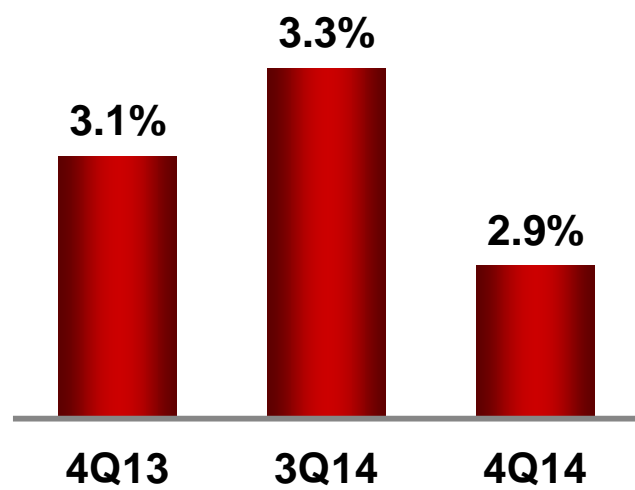
\$486 Billion Pesos\*



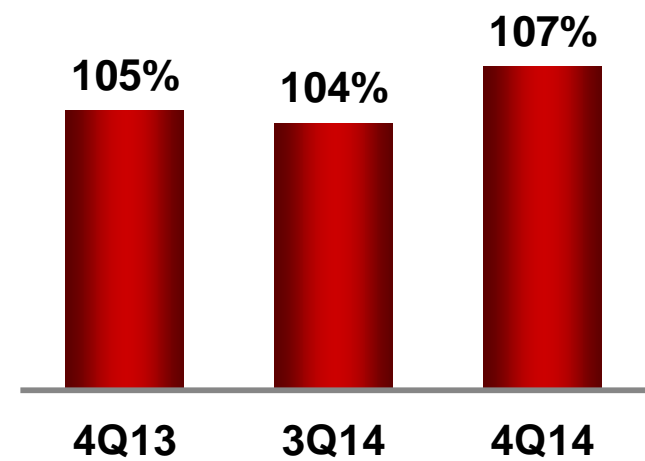
\* Total Loans.

# Asset Quality

## Past Due Loan Ratio



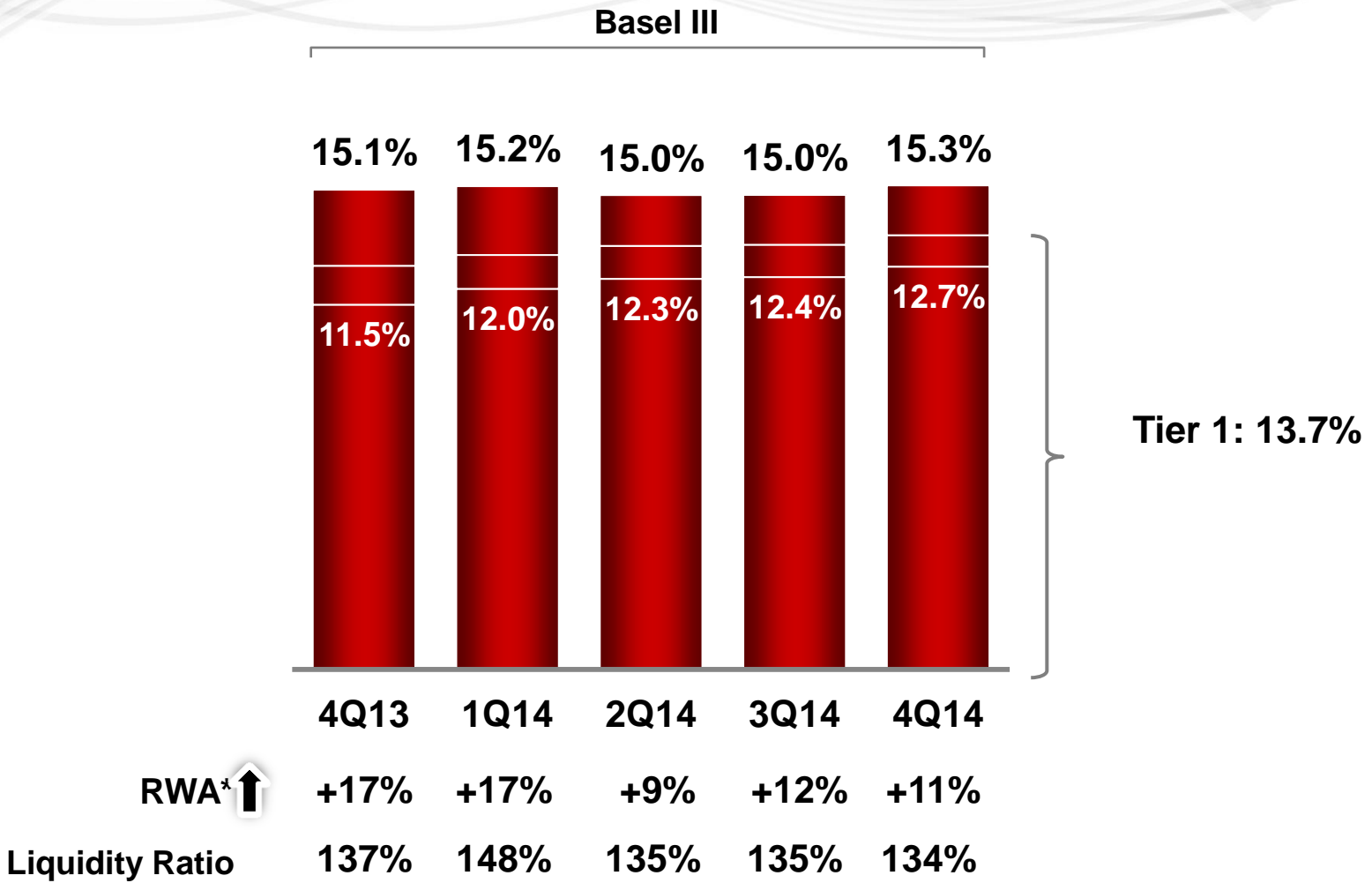
## Coverage Ratio



# Past Due Loan Ratios

	4Q13	1Q14	2Q14	3Q14	4Q14
Credit Cards	5.9%	6.2%	6.3%	5.9%	5.5%
Payroll	2.3%	2.0%	2.5%	2.2%	2.3%
Car Loans	1.6%	1.3%	1.9%	1.9%	2.0%
Mortgage	1.3%	1.3%	1.3%	1.4%	1.4%
Commercial	2.9%	3.6%	3.9%	5.0%	4.4%
Corporate	8.6%	7.3%	7.3%	6.8%	6.3%
Government	0.0%	0.0%	0.0%	0.0%	0.0%
<b>GFNorte's NPL Ratio</b>	<b>3.1%</b>	<b>3.0%</b>	<b>3.1%</b>	<b>3.3%</b>	<b>2.9%</b>

# Capitalization and liquidity



RWA\* ↑

\*RWA= Risk Weighted Assets

# Infrastructure

	2013		2014
Clients	12.9	▲ 2%	13.1
Branches	1,288	▼ (1)%	1,269
ATM's	7,035	▲ 4%	7,297
POS's	141,432	▲ 15%	162,352
Third Party Correspondents	4,147	▲ 29%	5,336

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# Subsidiaries

2014

Million Pesos

Company	Net Income	Change Vs. 2013	ROE
<b>Banking Sector</b>	<b>10,526</b>	<b>(2%)</b>	<b>13.7%</b>
Banco Mercantil del Norte	8,721	(7%)	
Banorte - Ixe Tarjetas	1,805	50%	39.6%
<b>Brokerage</b>	<b>931</b>	<b>43%</b>	<b>34.0%</b>
<b>Long Term Savings</b>	<b>3,215</b>	<b>64%</b>	
Retirement Savings	1,181	6%	10.0% <sup>1)</sup>
Insurance	1,759	143% *	39.2%
Annuities	276	125% *	20.4%
<b>Other Finance Companies</b>			
Leasing and Factoring	700	17%	20.0%
Warehousing	45	6%	16.6%

\*The growth of the Insurance and Annuities companies considering 100% of the net income for 2013 was 60% and 55%, respectively.

<sup>1)</sup> Without Goodwill: **32.7%**.



# 2015 Guidance

- **Loan Growth:** 10% – 12%
- **NIM:** 10 – 20 bp expansion
- **Total Income Growth:** 10% – 12%
- **Expense Growth:** 4%
- **Efficiency:** 47%
- **Provisions to Average Loans** 2.5% - 2.8%
- **Tax Rate:** 28% - 29%
- **Net Income:** 16,800– 17,700
- **ROA:** 1.5% - 1.6%



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