



GFNORTE

Conference Call: 4Q16 Results

January 27, 2017

Summary

Growth with Quality

- Loans, deposits, NIM, fees, efficiency, earnings.
- Diversification, portfolio quality, capital base.

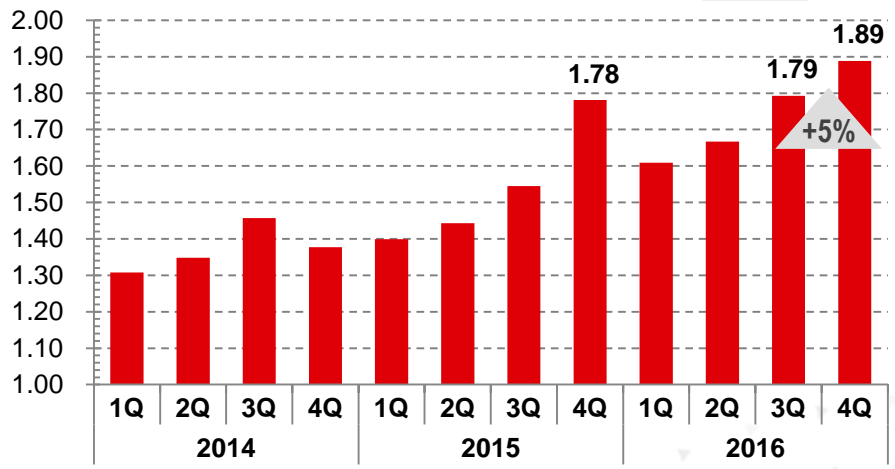
And Profitability Improving ROE, ROA.

	4Q16	q/q	2016	y/y
Loans (\$bp)	589	6%		14%
Deposits (\$bp)	578	8%		14%
NIM	5.0%	8bp	4.9%	39pb
Efficiency Ratio	44.9%	-28pb	45.3%	-260pb
ROE	14.9%	72bp	13.9%	65pb
ROA	1.67%	5bp	1.57%	10pb

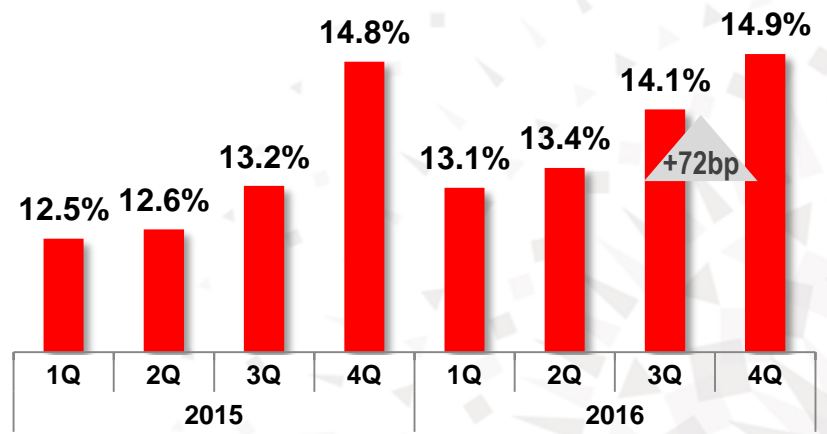
Net Income	Million pesos			
	4Q16	q/q	2016	y/y
Banco Mercantil	4,031	11%	13,804	14%
Broker Dealer	161	37%	595	6%
Insurance	555	-8%	2,621	19%
Annuities	152	11%	561	39%
Afore	281	-74%	1,253	3%
Other	65		475	
GFNorte	5,244	5%	19,308	13%

EPS

+13%
2016 vs 2015

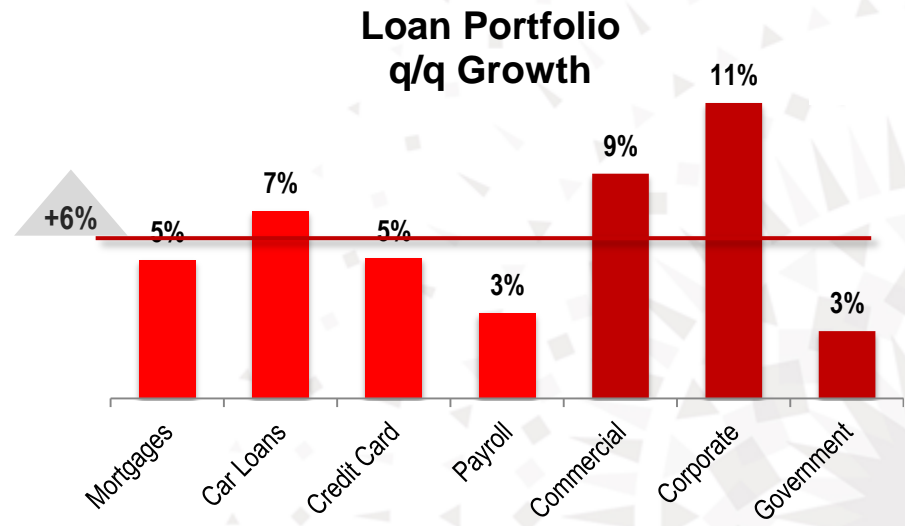
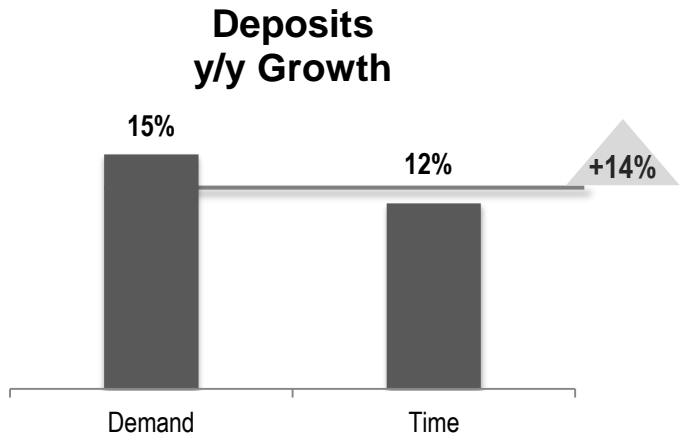
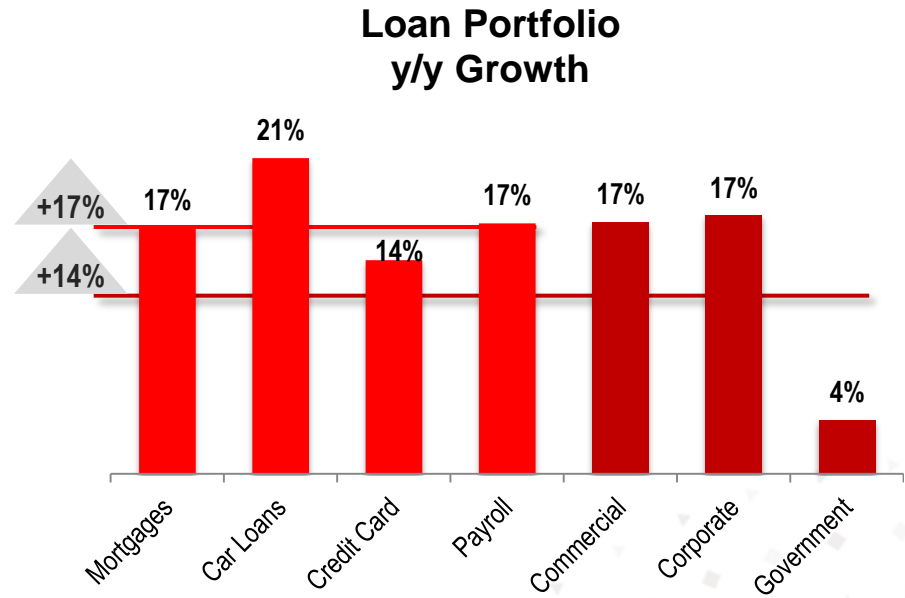


ROE



Core Business Growth

- Excellent growth across the portfolio.
- Total loan growth +14% y/y, +6% q/q.
- Consumer +17% y/y, +5% q/q.
- Credit Card outperforming the industry (+10%) and peers*.
- Strong close of the year for Commercial & Corporate +17% y/y.
- Good growth in Deposits +14% y/y.



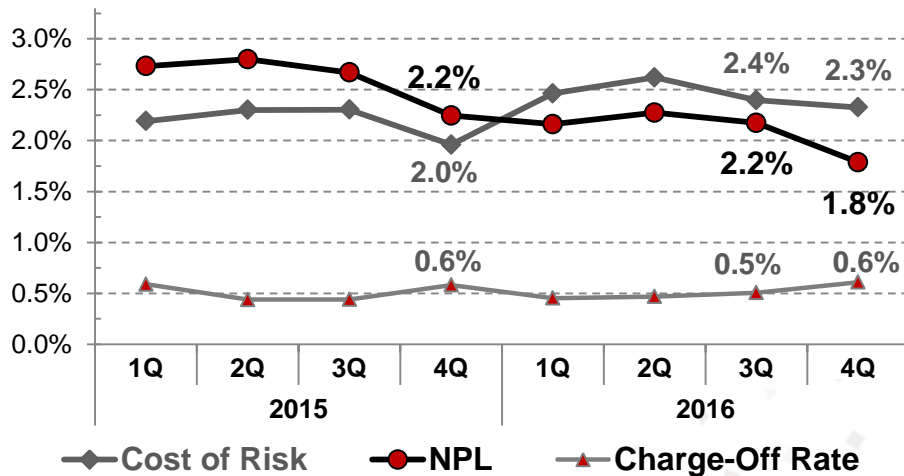
* Credit card industry growth as of nov'2106 CNBV data

Improving Asset Quality

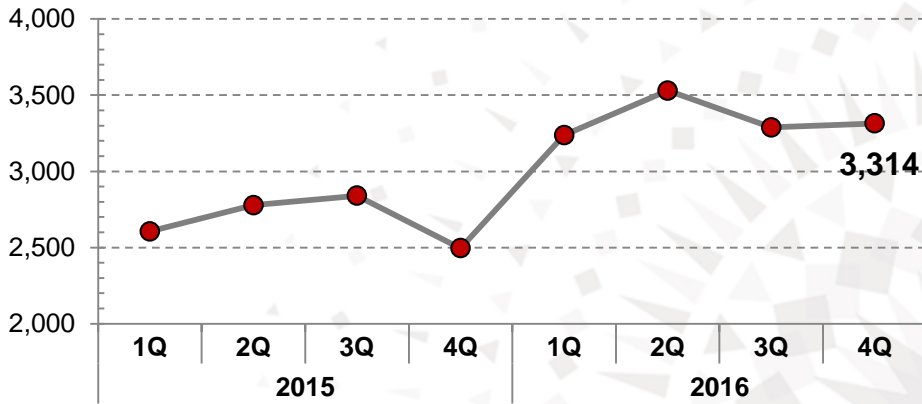
- Non-performing loans -44pb q/q.
- Urbi effect in Corporate book, but also improvements across all segments.
- Improving cost of risk.
- Stable charge-offs.

Non-Performing Loans	3Q16	4Q16
Credit Cards	5.7%	5.4%
Payroll	3.2%	3.1%
Car Loans	1.3%	1.2%
Mortgages	1.0%	0.9%
Commercial	2.8%	2.7%
SMEs	7.3%	6.3%
Commercial ex-SMEs	1.4%	1.4%
Corporate	4.2%	2.4%
Government	0.0%	0.0%
Total	2.2%	1.8%

Asset Quality



Loan Loss Provisions



Net Interest Margin

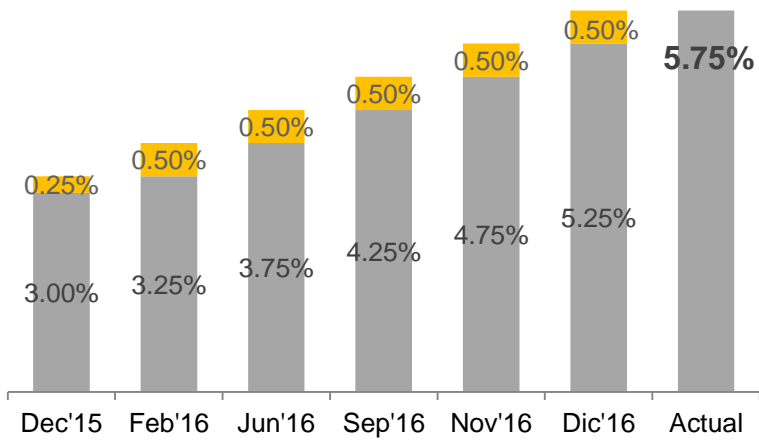
NIM on an upward trend reacting to:

- Loan portfolio mix.
- Controlled funding cost.
- Rate hikes:

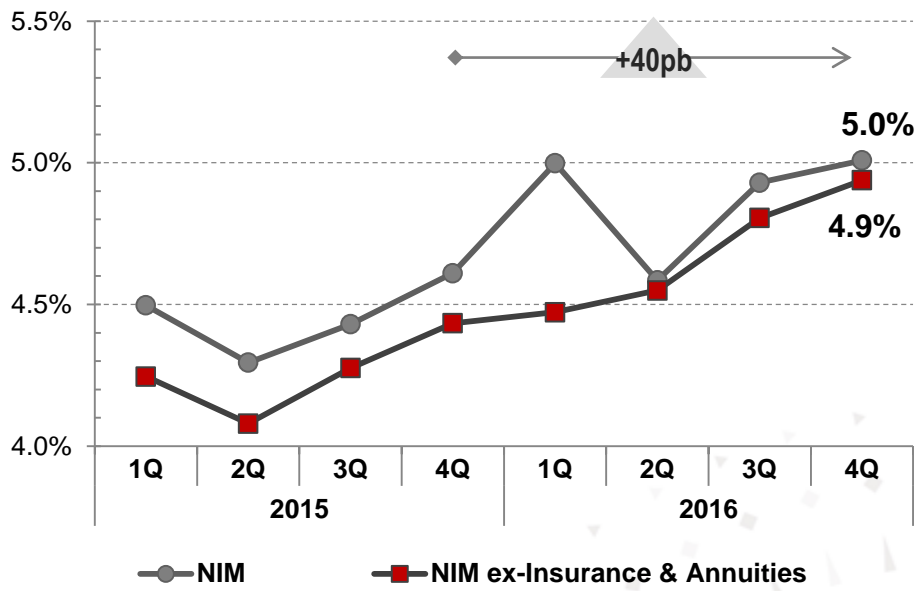
Sep-Nov hikes mostly reflected on deposit repricing.

Dec'16 hike not yet flowing throughout the P&L.

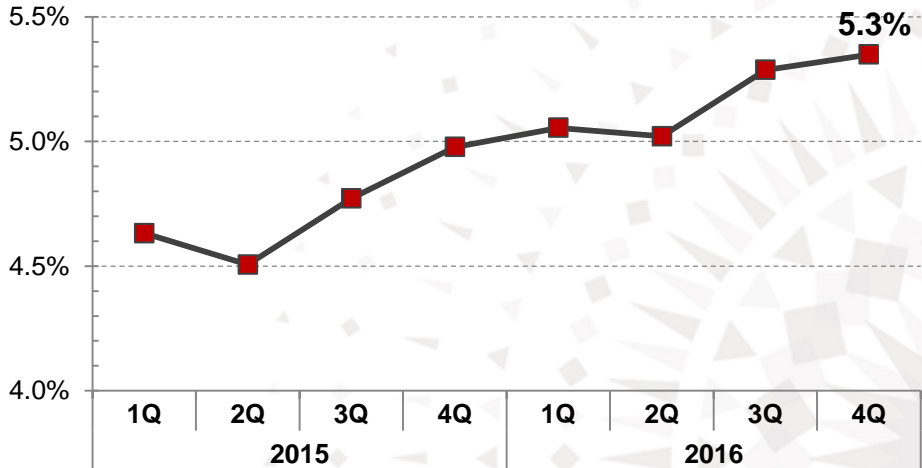
Banxico Reference Rate Hikes



NIM of Consolidated Group



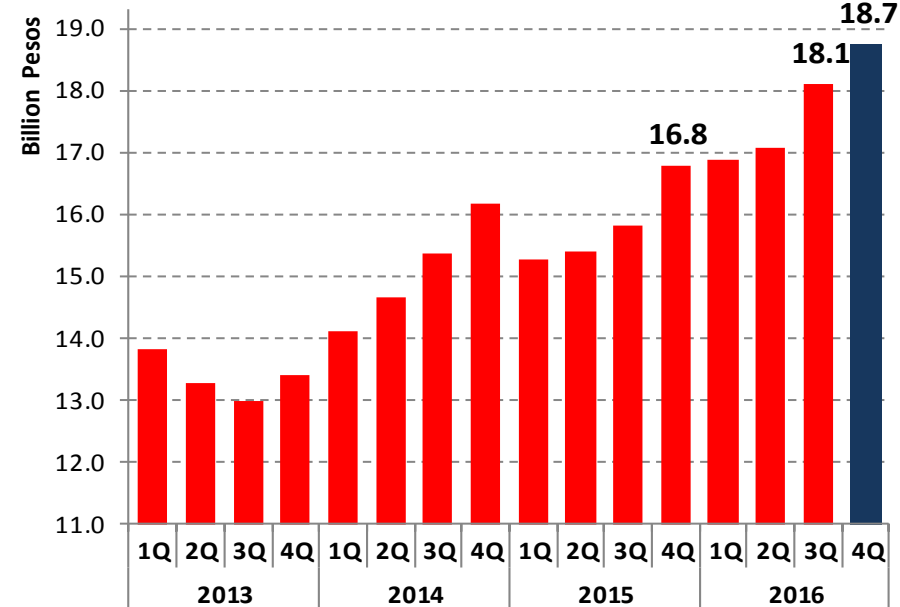
NIM of Banorte Bank



Historical Record in Revenues

- Total revenues \$18.7 billion, +4% vs. 3Q16.
- Recurring business, the rationale for growth:
 - NII growth +4% q/q.
 - Fees +11% q/q.
 - Core banking fees +13% q/q.
- Trading affected by 4Q rate hikes but solid base in Fx client operation's.
- Other income driven by asset collection business, growing +20% y/y.

Total Revenues



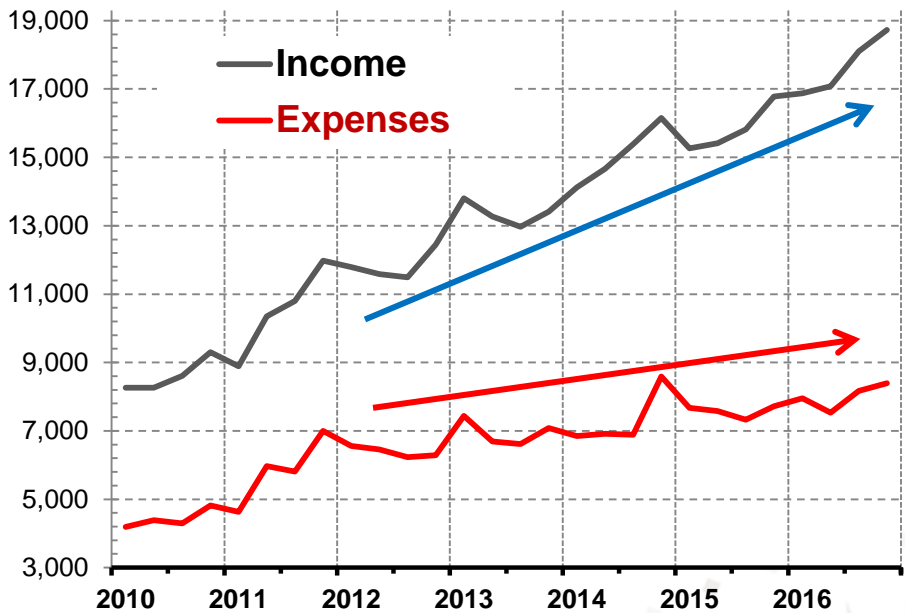
Core Banking Fees

	4Q16	q/q	2016	y/y
Fund Transfers	380	10%	1,330	51%
Account Management Fees	613	18%	2,134	5%
Electronic Banking Services	1,637	13%	5,844	14%
Total Core Banking Fees	2,631	13%	9,308	16%

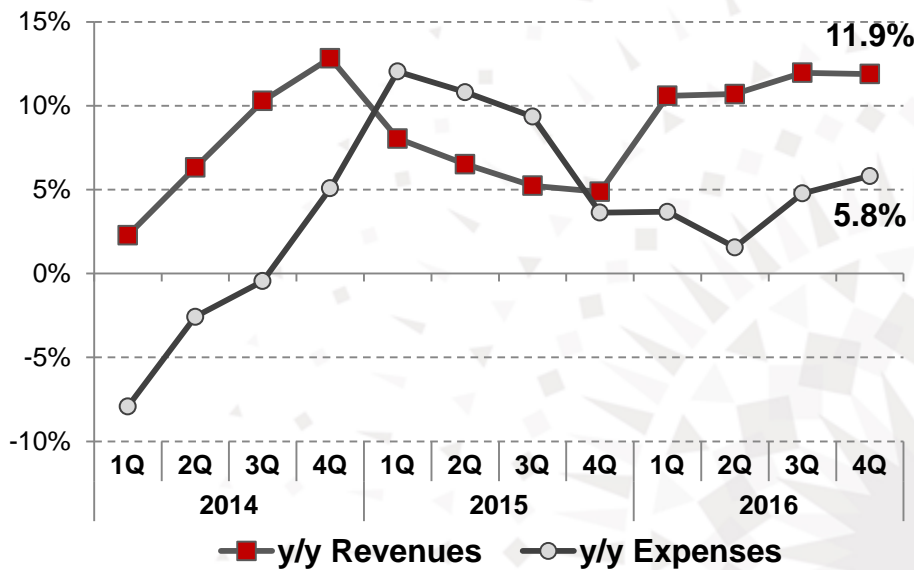
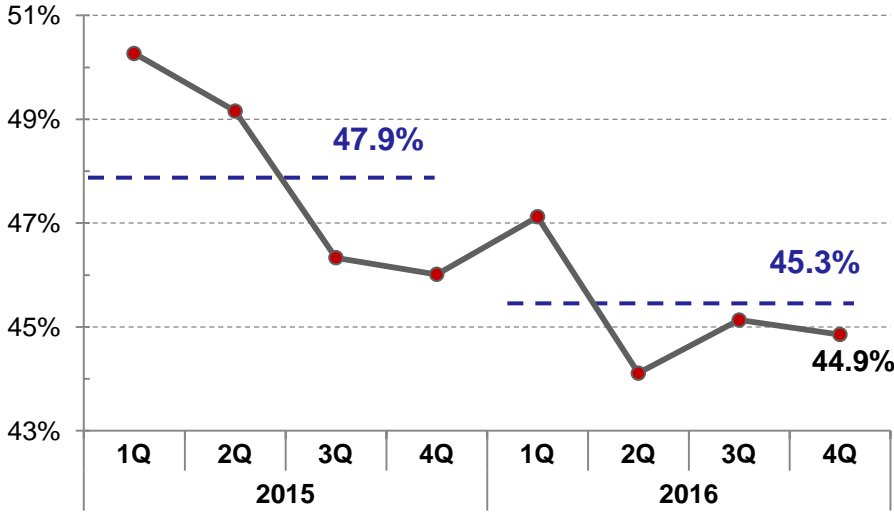
Million pesos	4Q16	q/q	2016	y/y
NII Loans	11,640	5%	43,419	15%
NII Repos	1,271	6%	4,545	9%
NII Valorization Adjust	-34	-268%	49	-74%
NII Insurance & Pensions	1,280	-6%	6,030	12%
NII	14,157	4%	54,043	14%
Net Service Fees	3,088	11%	10,777	9%
Trading Income	439	-39%	2,385	-20%
Other Income	1,060	11%	3,588	20%
Total Revenues	18,744	4%	70,792	12%

Expenses & Efficiency

- Expenses growing in line with full year guidance, +5.8%.
- Cost to income ratio at 45.3% for the full year, a reduction of 260bp.
- Supported on positive & consistent operating leverage.

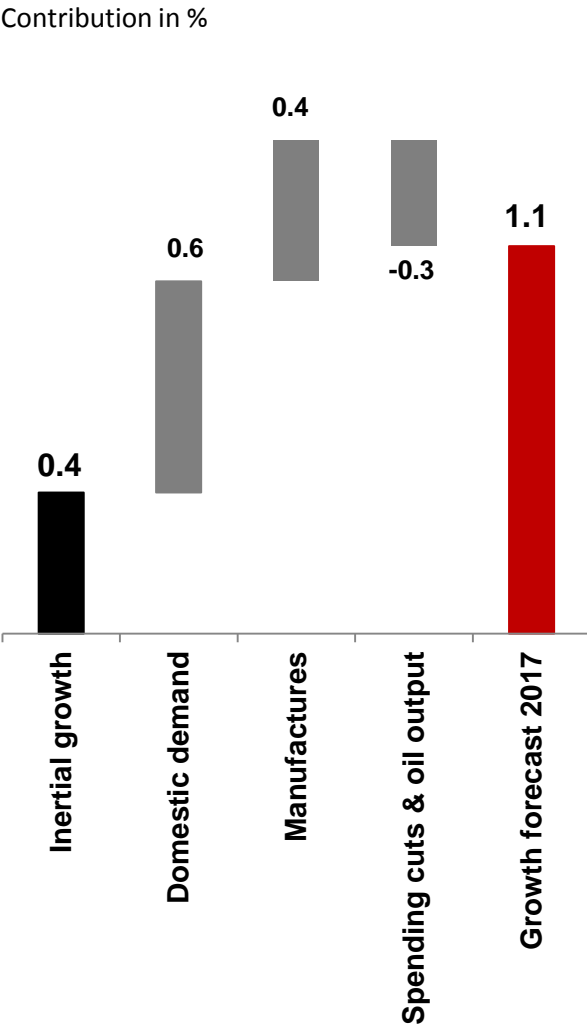


Cost to Income Ratio

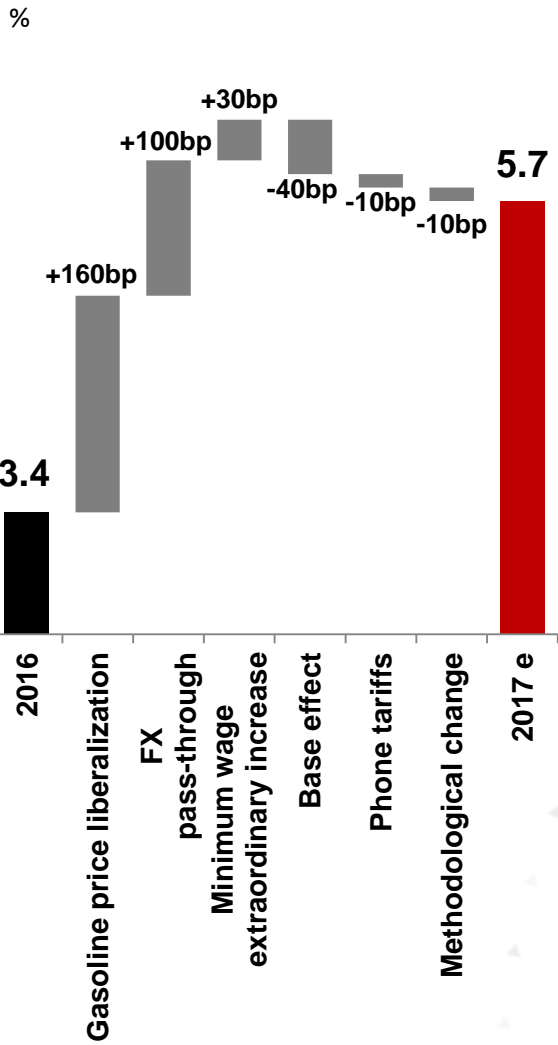


Mexico Outlook

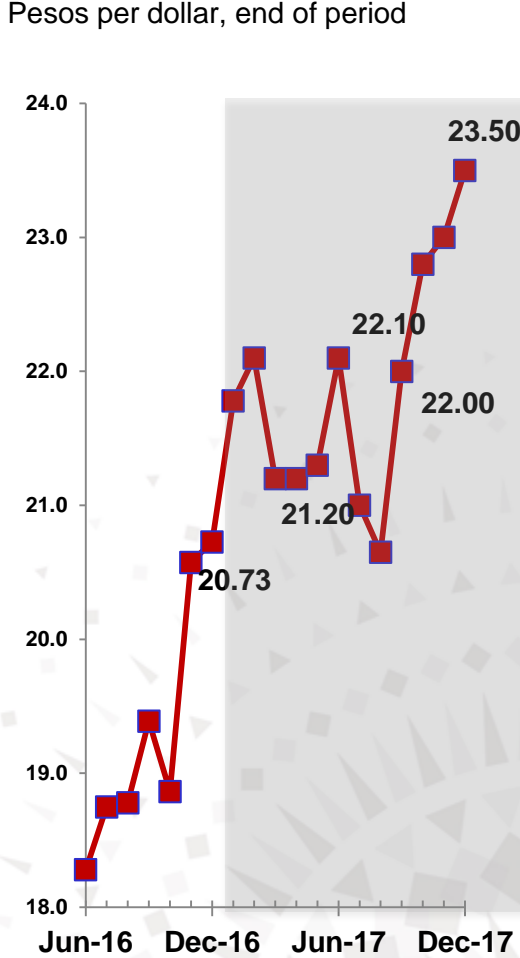
Growth sources in 2017: GDP forecast



Inflation forecast 2017



USD/MXN forecasts



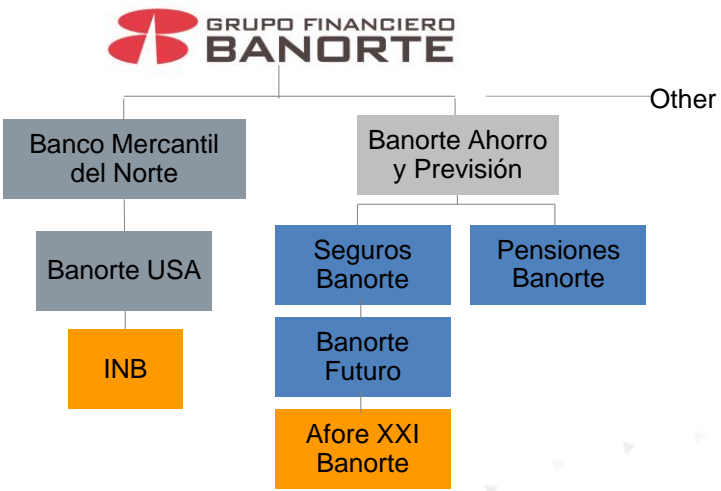
Guidance

	2016 Guidance	2016 Actual	2017
Loan Growth	12% - 14%	13.6% ✓	9% - 11%
NIM Expansion	20 - 40 bp	39 bp ✓	20 - 30 bp
Expense Growth	4% - 6%	5.8% ✓	6.0% - 7.5%
Efficiency	45% - 47%	45.3% ✓	43% - 45%
Provisions to Average Loans	2.3% - 2.5%	2.4% ✓	2.5% - 2.9%
Tax Rate	26% - 28%	26.4% ✓	26% - 28%
Net Income	19.0 - 19.6	19.3 ✓	22.0 - 23.0
ROE		13.9% ✓	14.8% - 16.0%

Changes on Financial Statements

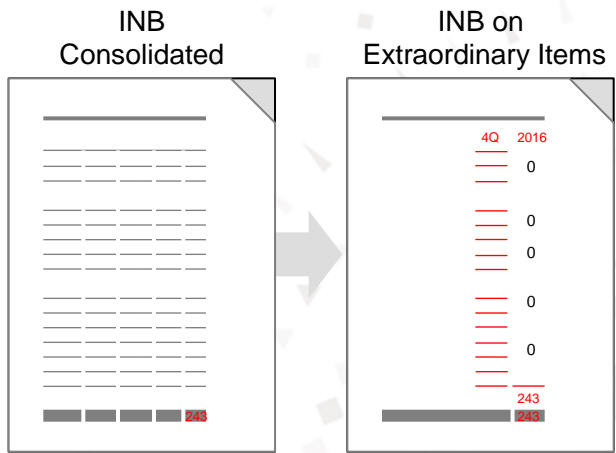
Seguros Banorte – Afore XXI Banorte

- Afore XXI Banorte now registers its Net Income on Seguros Banorte (previously under Banco Mercantil del Norte).
- For comparison purpose we refer subsidiaries Net Income autonomously.



Inter National Bank (INB)

- According to mexican regulation, on Financial Statements INB now registers its Net Income as "Extraordinary Items, net " for the whole 2016 year. On 4Q16, earnings and expenses for previous quarters were reversed.
- For comparison purpose this presentation showed the numbers as previously done (INB consolidated).





GFNORTE

Conference Call: 4Q16 Results

January 27, 2017