



GFNORTE

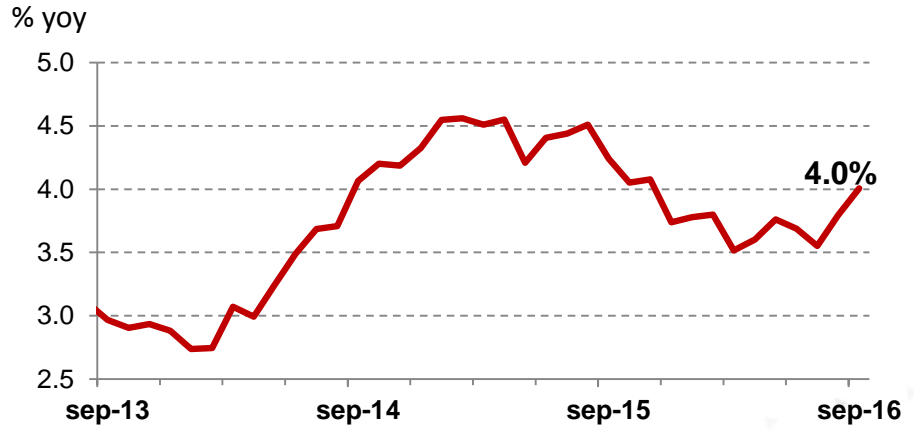
Conference Call: 3Q16 Results

October 21, 2016

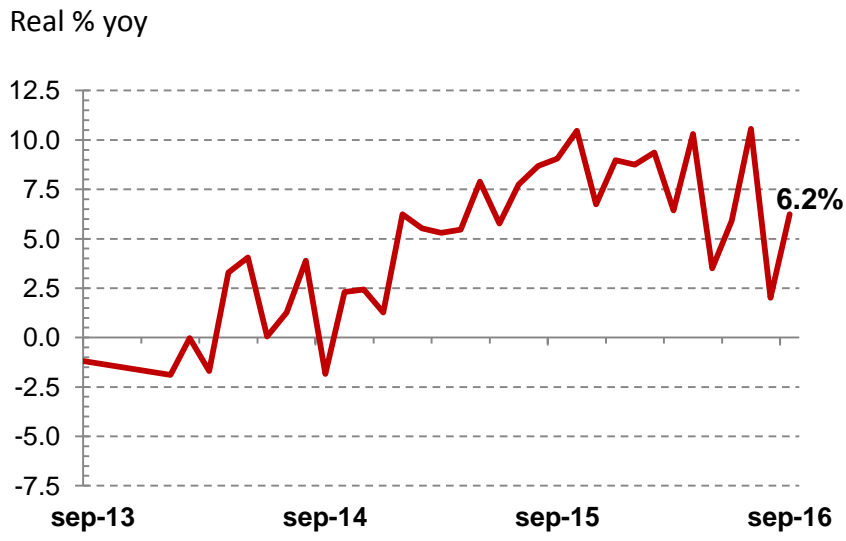
Economic drivers

- Strong private consumption
- Formal employment an real wages growth
- Policy rate hike positive for NIM, no effect on loan demand

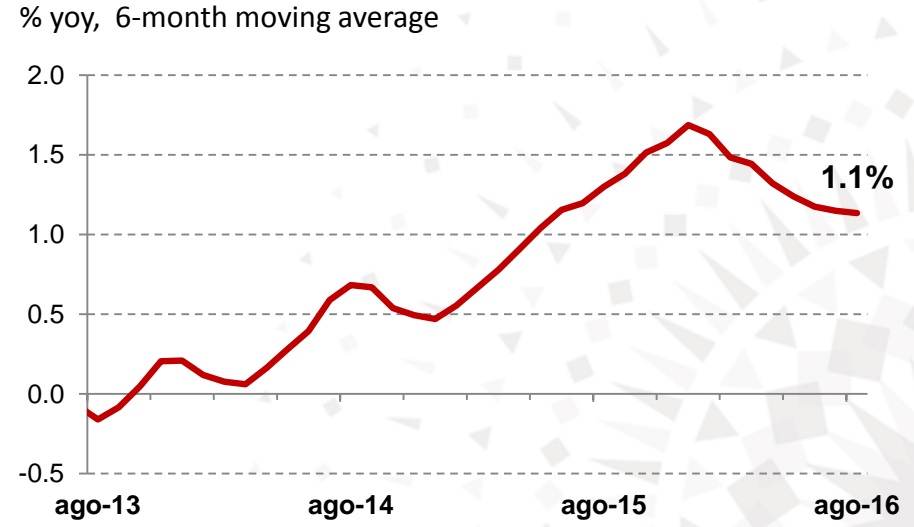
Formal employment



ANTAD: Total Store Sales



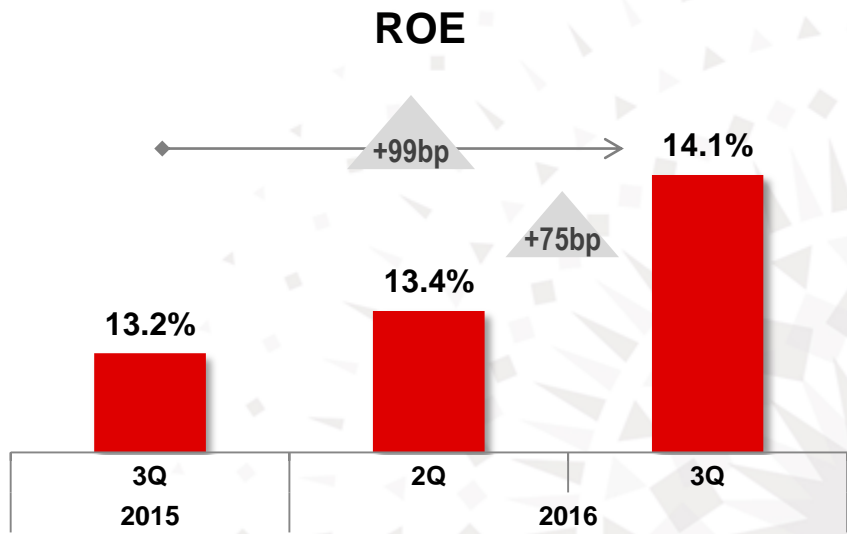
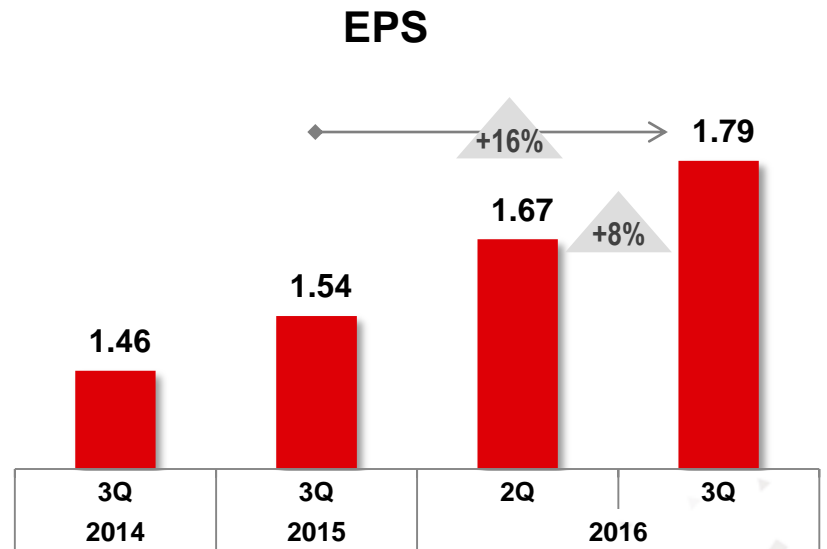
Real wages



Summary

- Growth**
Loans, deposits, NIM, fees, efficiency, earnings
- Quality**
Diversification, portfolio Q, capital base
- Profitability**
Improving ROE, ROA

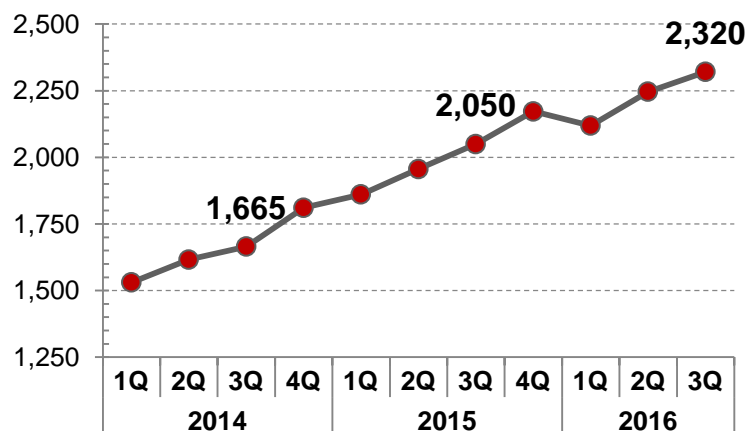
Million pesos	3Q16	q/q	y/y	9M16	y/y
Banco Mercantil	3,645	11%	16%	9,774	14%
Seguros Banorte	603	10%	23%	2,065	23%
Pensiones Banorte	137	-8%	41%	408	58%
Other	591			1,817	
Total Net Income	4,976	8%	16%	14,064	16%
Loans (\$bp)	553	2%	11%		
Deposits (\$bp)	532	3%	12%		
NIM	4.9%	35bp	50bp		
ROE	14.1%	75bp	99bp		
ROA	1.62%	11bp	17bp		



Revenues

- Total revenues \$18,097, +6% vs. 2Q16
- Driven by recurring business
 - NII growth +8% q/q
 - Fees +3% q/q
 - Core banking fees +14% y/y
- Trading based on client operations
- Other income in line with 2Q, driven by asset collection business growing +23% y/y

Core Banking Fees



Total Revenues

Million pesos	3Q16	q/q	9M16	y/y
NII Loans	11,060	5%	31,780	14%
NII Repos	1,204	28%	3,274	8%
NII Valorization Adjust	20	-79%	83	-58%
NII Insurance & Pensions	1,363	30%	4,750	18%
NII	13,647	8%	39,888	14%
Net Service Fees	2,776	3%	7,688	6%
Trading Income	722	-6%	1,946	-20%
Other Income	952	0%	2,528	46%
Total Revenues	18,097	6%	52,050	12%

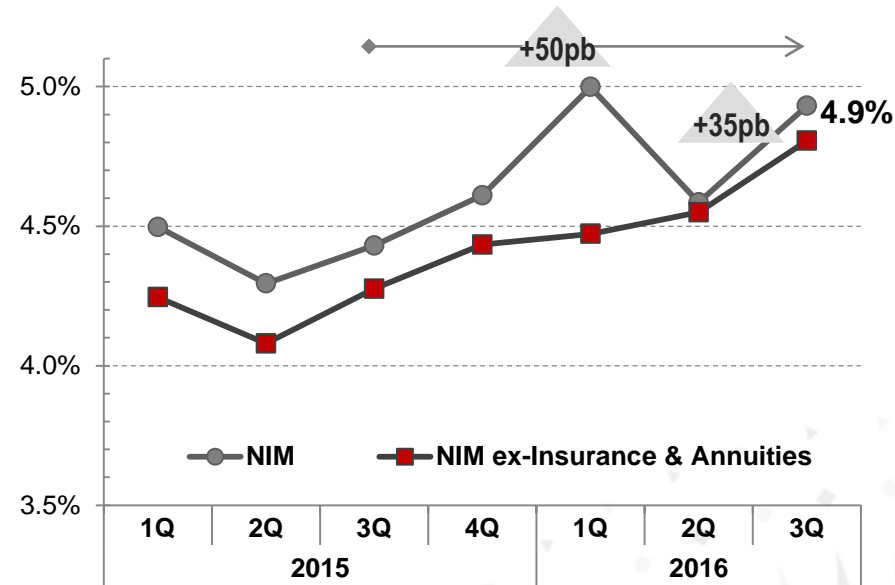
Core Banking Fees

	3Q16	q/q	9M16	y/y
Fund Transfers	347	6%	958	50%
Account Management Fees	521	1%	1,521	1%
Electronic Banking Services	1,453	4%	4,206	13%
Total Core Banking Fees	2,320	3%	6,685	14%

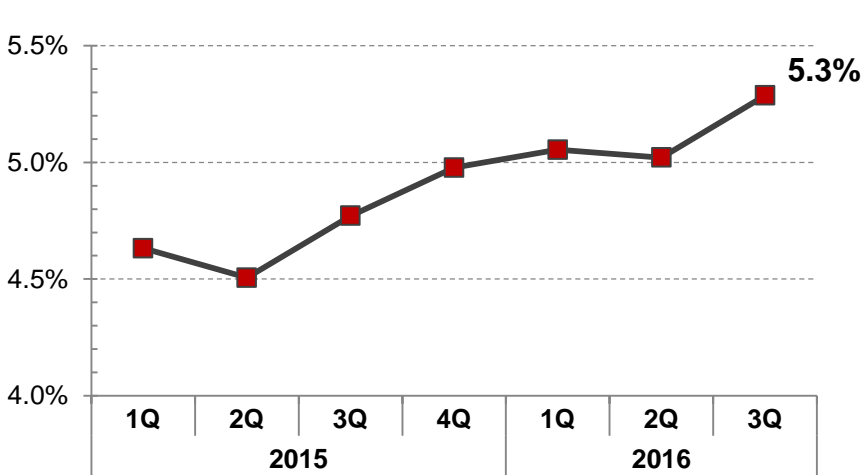
Net Interest Margin

- NIM on an upward trend reacting to market rates
- June hike mostly reflected on deposit repricing
- Sep'16 hike not yet flowing to P&L

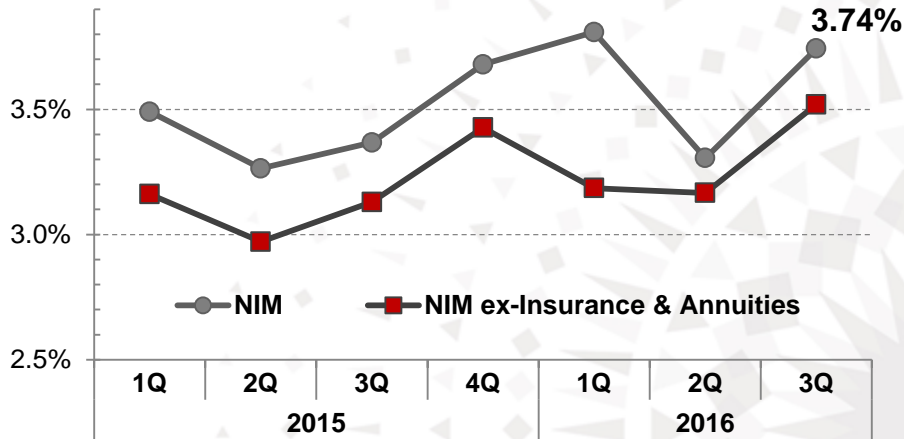
NIM of Consolidated Group



NIM of Banorte Bank

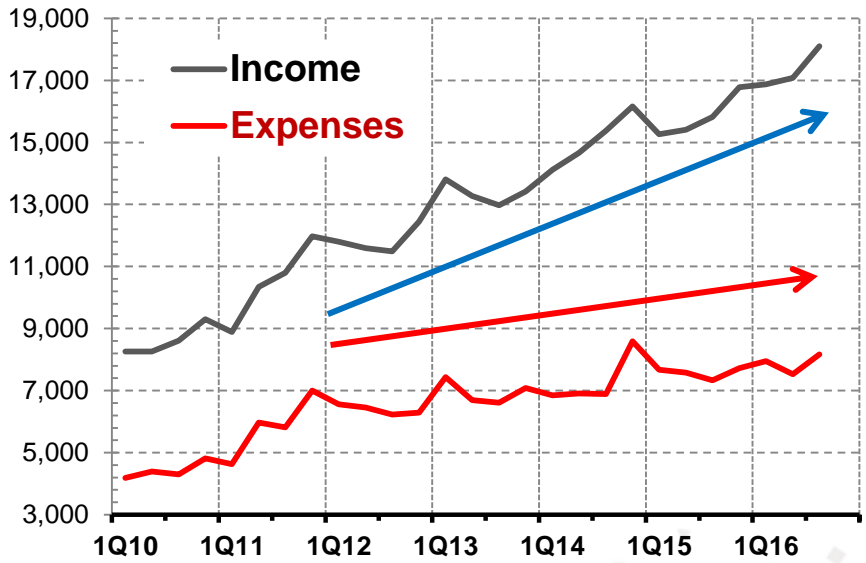


Group's Risk Adjusted NIM

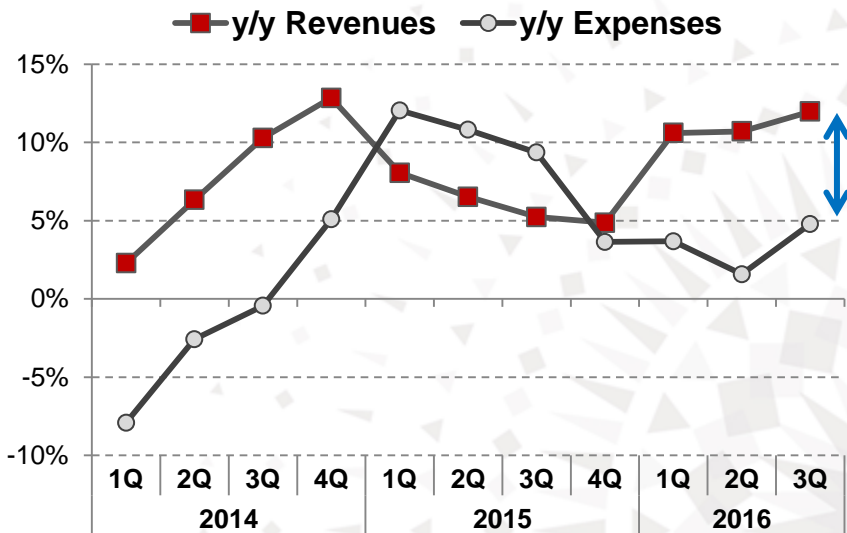
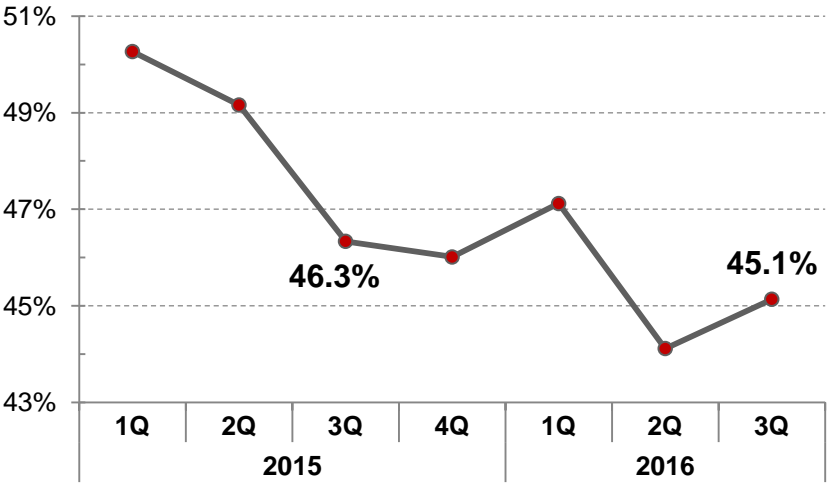


Expenses & Efficiency

- Expenses growth in line with full year guidance, +5%
- Cost to income ratio at 45.1%
- Improving operating leverage



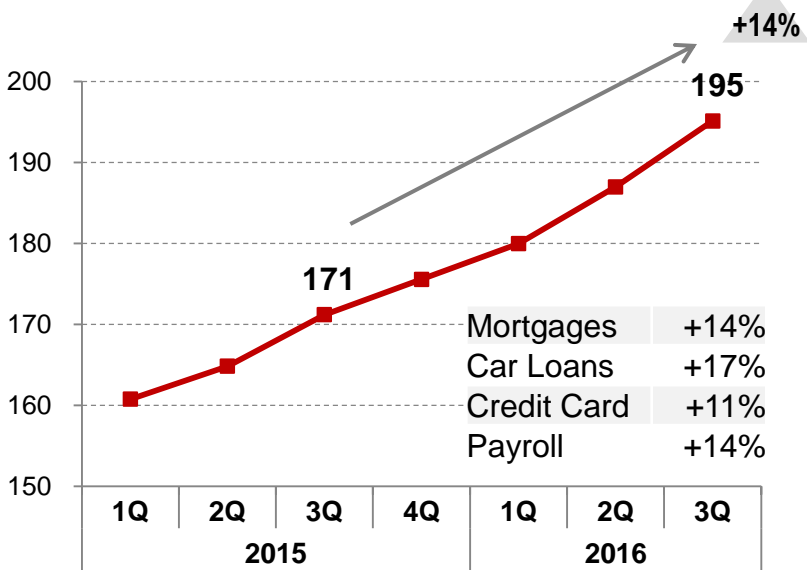
Cost to Income



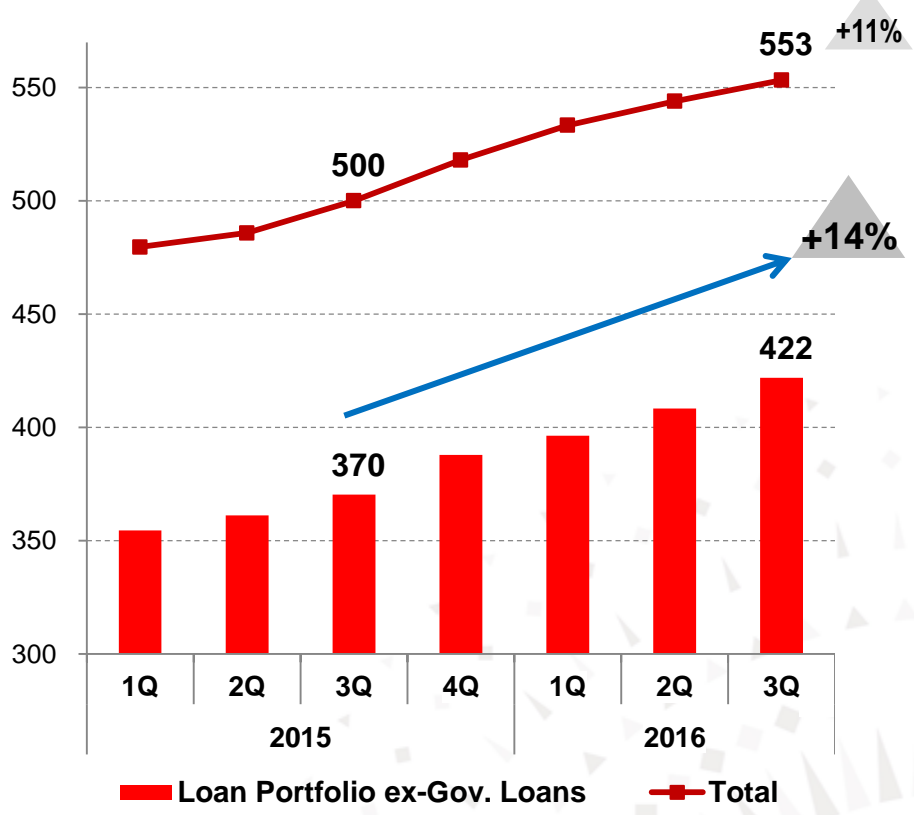
Loan Portfolio

- Total loan growth +11%
- Excluding Government, loans growing +14%
- Consumer book growing +14.0% y/y remains a key driver
- Significant quarterly growth in consumer +4.4%

Consumer Loan



Loan Portfolio

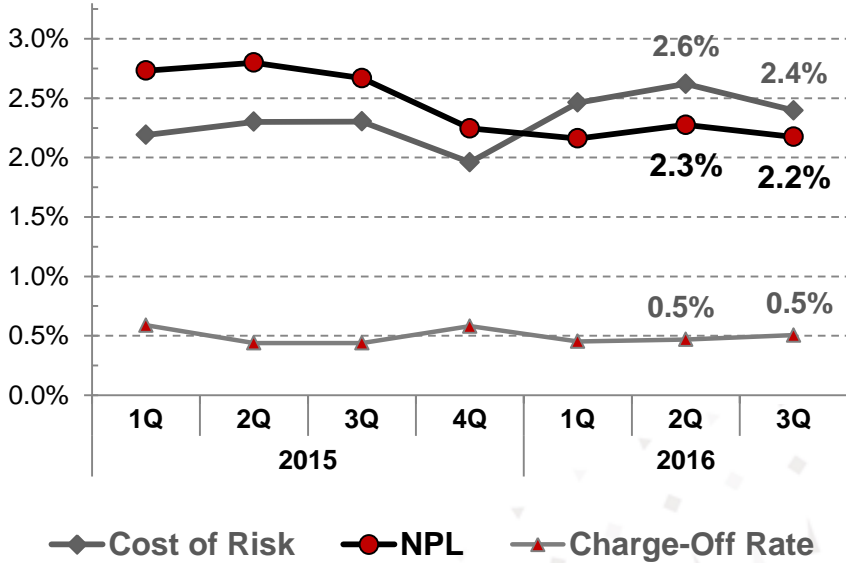


Asset Quality

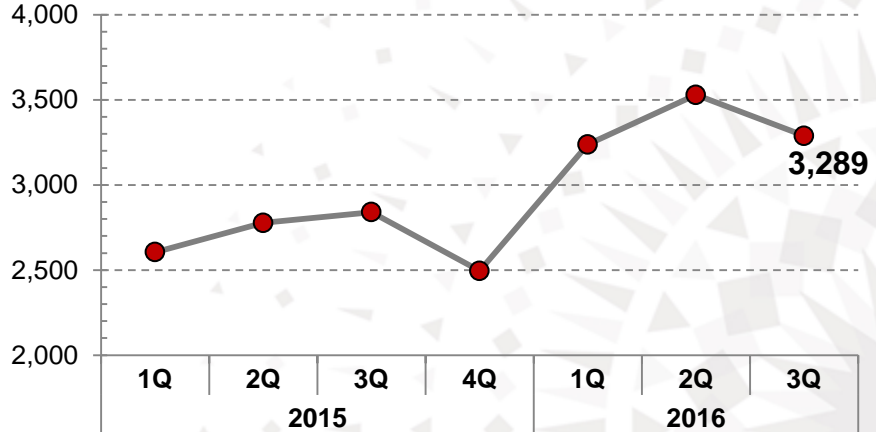
- Non-performing loans -10pb q/q
- Improved performance in all segments
- Reasonable cost of risk
- Stable charge-offs

Past Due Loans Ratios	2Q16	3Q16
Credit Cards	6.2%	5.7%
Payroll	3.4%	3.2%
Car Loans	1.3%	1.3%
Mortgages	1.1%	1.0%
Commercial	3.0%	2.8%
SMEs	7.8%	7.3%
Commercial ex-SMEs	1.6%	1.4%
Corporate	4.3%	4.2%
Government	0.0%	0.0%
Total	2.3%	2.2%

Asset Quality

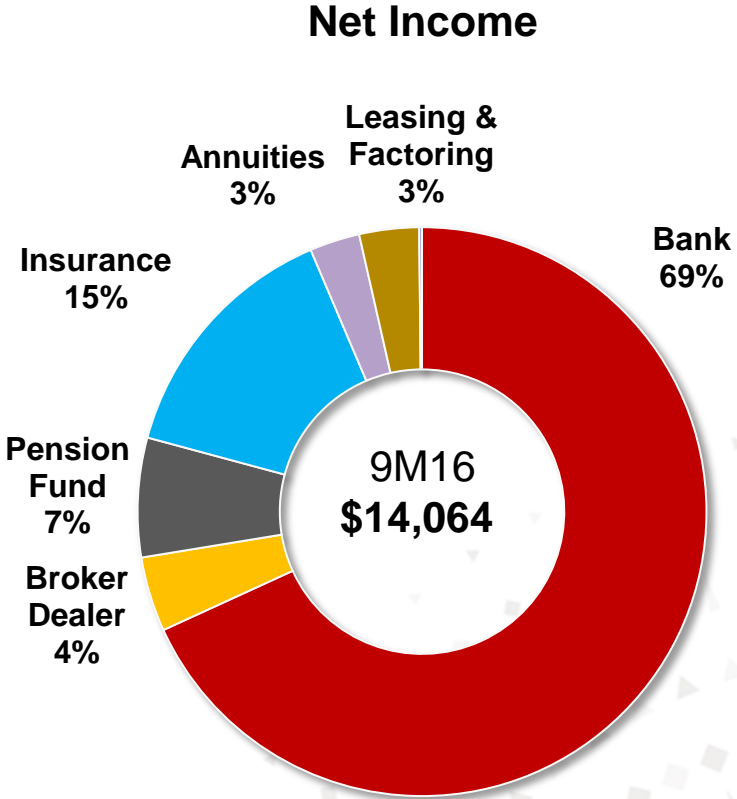
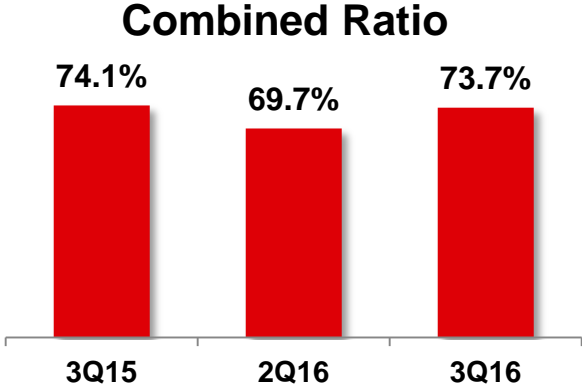
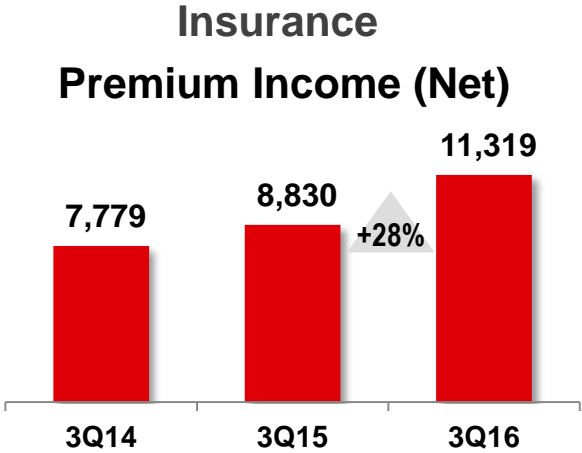


Loan Loss Provisions



Other Subsidiaries

- Diversification is an strategic key
- Insurance +10% q/q, premium income +28% y/y and maintaining good combined ratio

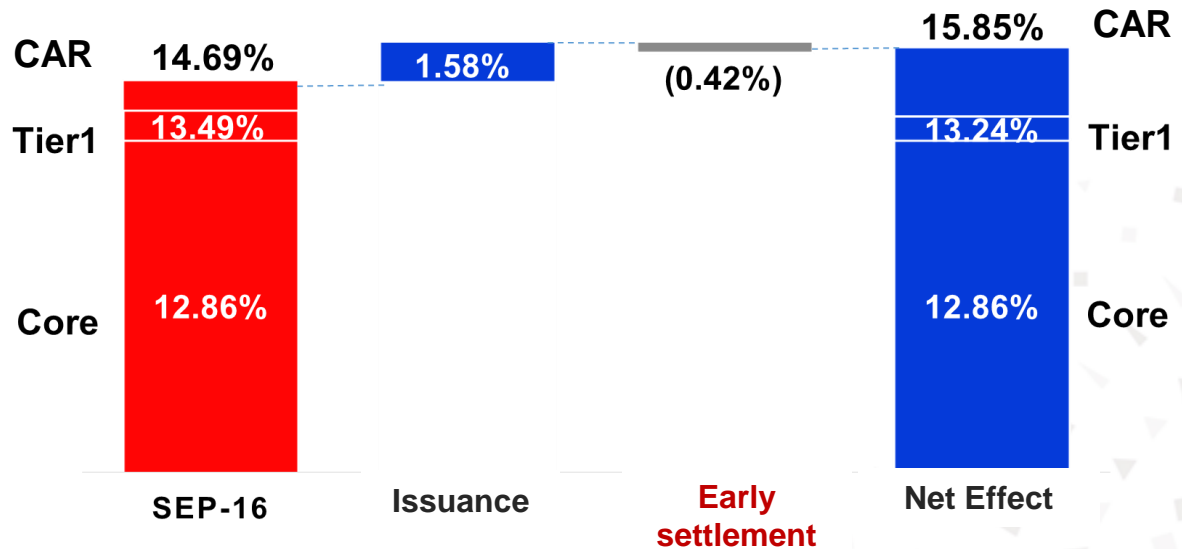


Net Income	3Q16	q/q	ROE 3Q16
AFORE Retirement Savings	349	15%	12.3%
Insurance	603	10%	43.8%
Annuities	137	(8%)	28.3%

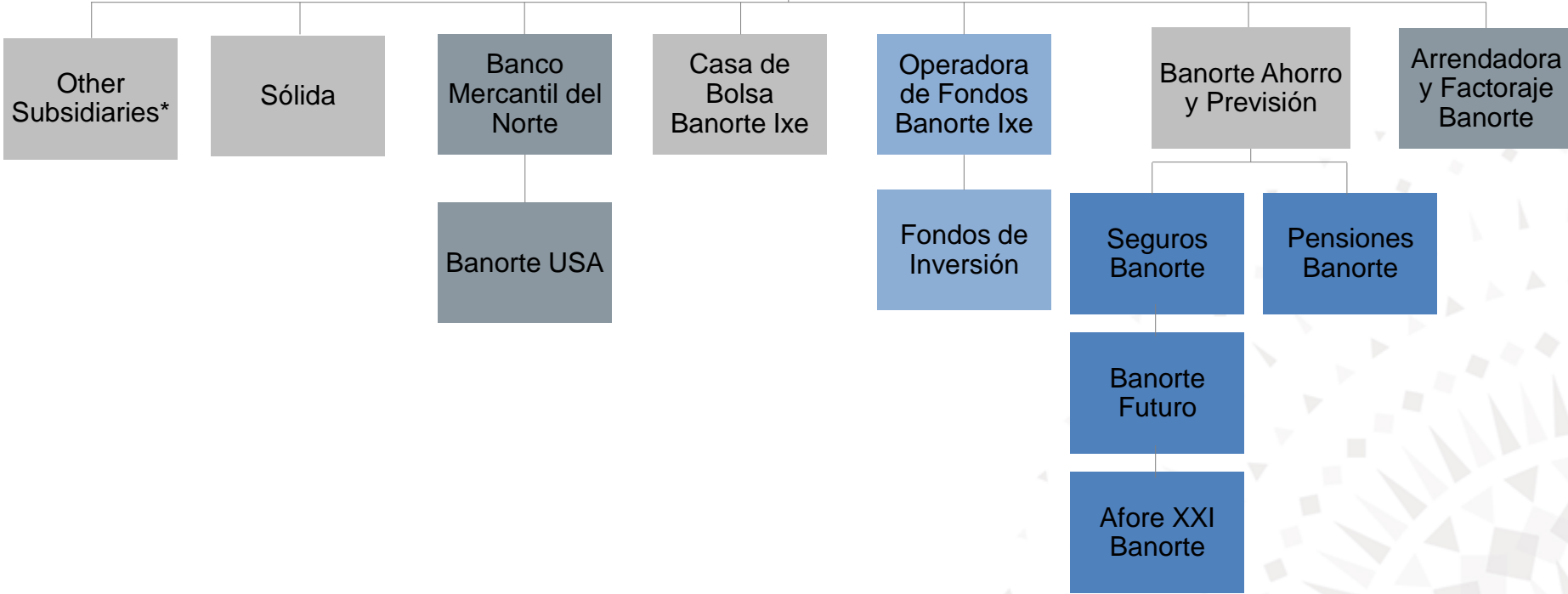
Issuance of Tier 2 Subordinated Preferred Capital Notes

- USD \$500 million, 5.750%, 15NC10
- Ratings: Ba1 (Moody's) BB+ (Fitch)
- Basel III-compliant

Banorte Estimated CAR



Current Corporate Structure



Guidance

	2016
Loan Growth	12% - 14%
NIM	20-40 bp
Expense Growth	4% - 6%
Efficiency	45% - 47%
Provisions to Average Loans	2.3% - 2.5%
Tax Rate	26% - 28%
Net Income	19.0- 19.6
ROA	1.5% - 1.6%



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