

GFNorte reports Net Income of Ps 17.11 billion in 2015 and Ps 4.94 billion in 4Q15

(BMV: GFNORTEO; OTC: GBOOY; Latibex: XNOR)

- Net Income in 2015 amounted to Ps 17.11 billion, equivalent to EPS of Ps 6.17, +12% annual growth; on good performance at the Consolidated Bank, Insurance and Long Term Savings businesses.
- Fourth-quarter results show good quarterly sequential growth rates, with profits increasing +15%, given Total Income growth of +6%, (12%) decline in Loan Loss Provisions and only +5% increase in Expenses.
- Key indicators improved in the quarter:
 - NIM at 4.6% from 4.4%
 - Efficiency Ratio at 46.0% from 46.3%
 - NPL at 2.2% from 2.7%
 - Coverage Ratio at 116.0% from 109.4%
 - ROE at 14.8% from 13.2%
- Improving recurring income generation continues to be a key strategy and recurring operating results are solid, growing +34% annually.
- NII grew 8% in 2015, provisions declined (4%) vs. 2014.
- Core banking fees ended 2015 with a YoY growth of +21%.
- Non-Interest Expenses growth of only 4% YoY, achieved through strict expense management and efficiency efforts.
 - The Efficiency Ratio improved to 47.9%, declining 57pb YoY.
- The annual growth in the loan book was +10% with a positive trend in all portfolios, highlighting the +12% increase in the consumer book.
 - Asset Quality improved in almost all segments, reducing the NPL ratio to 2.2%, the lowest since 2Q13.
- Also, deposits continued flowing strongly achieving a 13% annual growth.
- Solid capitalization ratio of 14.59%, with equity growing 10% YoY.
- Annualized ROE for 2015 stood at 13.3%, comparing favorably to the 13.2% in 2014.
- During the quarter there was resolution on a portion of the credit exposure to homebuilders.

Mexico D.F., January 28th, 2016. Grupo Financiero Banorte (GFNorte) reported results as of December 2015. The Institution reported Net Income of Ps 17.11 billion in 2015, growing 12% on the positive trends in most lines.

In 4Q15, Net Income amounted to Ps 4.94 billion, 15% higher vs. 3Q15 due to higher total revenues and lower provisions. The net income growth compares favorably vs. the quarterly sequential growths +7% vs. 3Q15 and +3% vs. 2Q15

Group's profitability maintained an acceptable dynamism, as in **4Q15 ROE was 14.8%**, 1.6 bp higher vs. 3Q15. Furthermore, **ROA for 4Q15 was 1.7%**, increasing 22bp vs. 3Q15.

Total Deposits maintained the high growth pace reaching a balance of Ps 561.46 billion, in 4Q15, +13% YoY driven by promotional efforts as well as higher account balances in all client segments and the retail network.

Loan book growth. Performing loans presented a positive trend in all balances, **+10% annually, growing +Ps 46.45 billion, for an ending balance of Ps 518.06 billion as of 4Q15.** Good sequential growth achieved in the commercial, corporate and auto loan books; while the remaining books maintain a similar growth rate vs. prior quarters.

Asset quality improved in all segments of the loan book. In 4Q15, the **Past Due Loan (PDL) Ratio was 2.2%, the lowest since 2Q13.** At the end of 4Q15, **Past Due Loans were Ps 11.90 billion**, (17%) lower YoY.

Furthermore, **GFNorte's loan loss coverage ratio** improved at **116% in 4Q15**, increasing 9.1 pp YoY and 6.6 pp QoQ.

Contribution to GFNorte's Net Income

Net Income in 2015 for the Consolidated Bank had a relevant contribution achieving profits of Ps 12.06 billion, +15% YoY, contributing 70% of the Financial Group's profits. In 4Q15, Net Income amounted to Ps 3.46 billion, +10% higher vs. the prior quarter.

During 2015, **Long Term Savings Sector**, including Afore XXI Banorte and the Insurance and Annuities companies, reported profits of **Ps 3.83 billion**, 19% higher vs. 2014 and representing 22% of GFNorte's Net Income; while profits in 4Q15 totaled Ps 973 million, 12% higher vs. 3Q15.

The remaining subsidiaries, including the Holding company, totaled accumulated profits for Ps 1.22 billion, contributing 7% of GFNorte's net income; while the quarterly result was Ps 509 million.

Recent Events

GFNORTE RECOGNIZED BY CDP AS A LEADER IN SUSTAINABILITY

In November Carbon Disclosure Project (CDP) recognized worldwide efforts of GFNorte to lessen the impact of climate change by selecting it to join the category A of the *Carbon Performance Leadership Index*, thus becoming the first institution in Latin America to occupy the highest position in this index.

GFNorte along with other 112 companies comprising category A, represent 5% of the contestants this year. GFNorte has been evaluated for four years by the CDP methodology, positioning for three years in a row among the more transparent companies in the *Carbon Disclosure Leadership Index* and in 2013 and 2014, in category B of the *Carbon Performance Leadership Index*.

At the request of 822 investors, who represent US \$95 trillion in assets, thousands of companies deliver annual climate information to CDP, international nonprofit organization that encourages companies to i) disclose information on emissions of greenhouse gases, energy use and carbon risks associated with its business activities and ii) measure and reduce the impact of their actions on the environment.

Furthermore, CDP thoroughly analyzes both the work of those companies that have implemented initiatives to mitigate climate change and their level of transparency in this task. Top positions reflect a high degree of transparency and disclosure of information related to climate change, thus providing investors with consistent information to assess companies' responsibility and preparation to face market demand and environmental regulation.

Receiving this award is a great honor for GFNorte and supports the commitment to conduct our operations to mitigate and adapt to climate change and our effort to remain as a leader in the sustainability field.

GFNORTE PARTICIPATES IN THE SUSTAINABLE IPC INDEX OF THE MEXICAN STOCK EXCHANGE FOR SIXTH YEAR IN A ROW

GFNorte remains for sixth year in a row in the Sustainable IPC Index of the Mexican Stock Exchange, which is composed by 35 companies that outperformed the average rating for Social Responsibility, Corporate Governance and Environment. This index encourages Mexican companies to keep improving their sustainable performance.

As a sustainable company and leader in this matter, GFNorte has profited from multiple benefits, as well as best environmental practices and cost reduction in processes with lower operational risk.

Being part of the Sustainable IPC is fulfilling as represents a progressive advance in sustainability matters to increase profitability in the long-term.

BANORTE IS ONE BANK; IXE IS ITS PREFERRED BANKING BRAND

In October Ixe, Banorte's preferred banking brand, was re-launched as part of GFNorte's transforming process towards a client-centered bank. Banorte concludes the phase when it was two banks coexisting together and even competing against each other. Today, Banorte is one bank by which it serves the affluent segment through Ixe, which will continue to serve customers with a profile that demands personal attention and differentiation in their products and financial services.