



GFNORTE

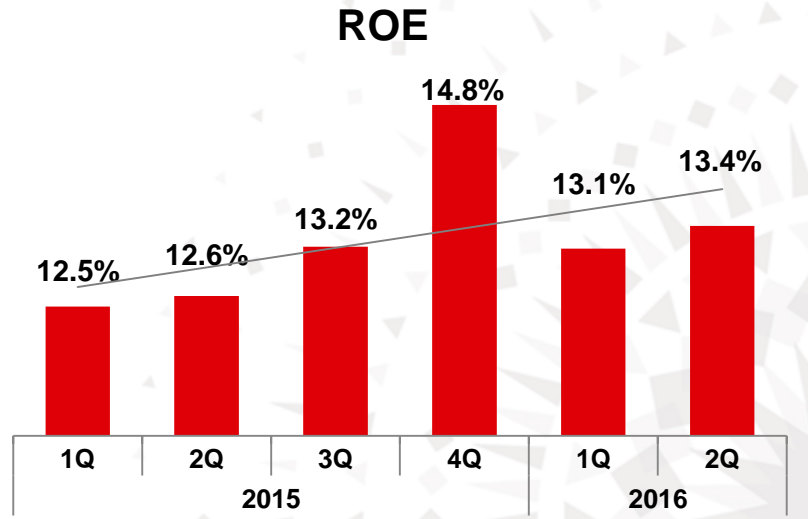
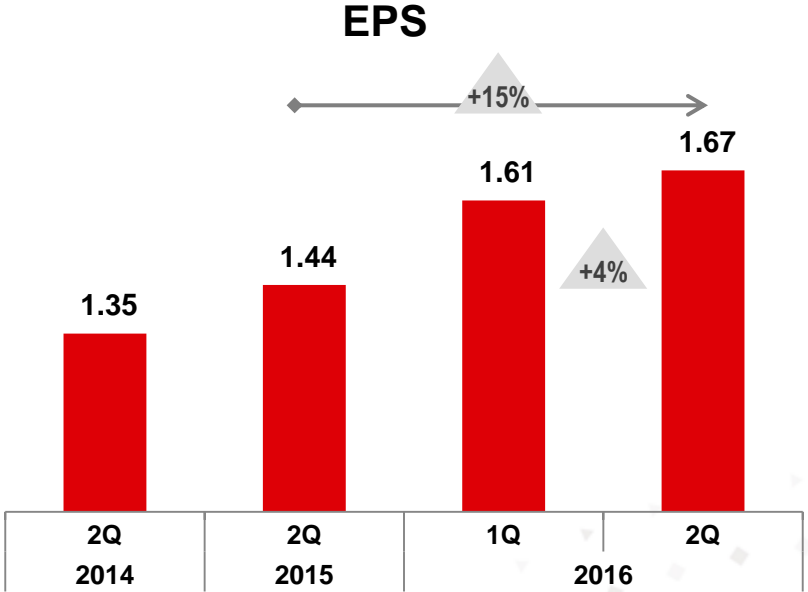
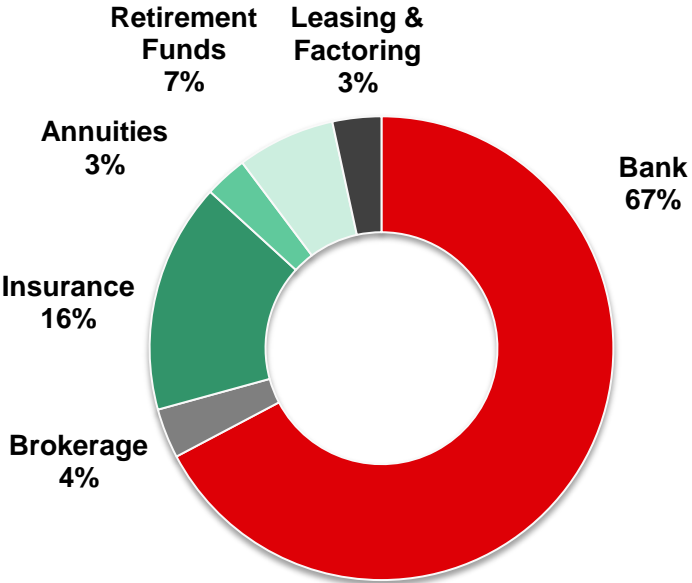
Conference Call: 2Q16 Results

July 22, 2016

Summary

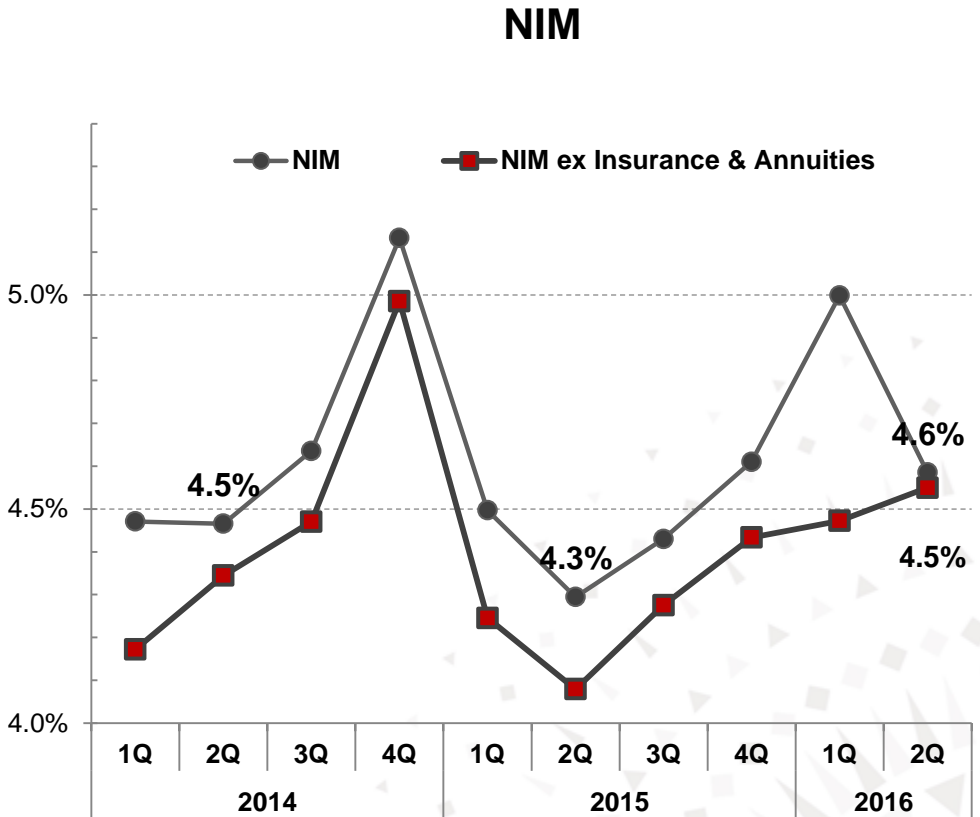
- EPS to \$1.67 growth of +15% y/y, +4% q/q.
- ROE at 13.4%.
- Solid growth in core businesses.

**Net Income \$9,088
1H16**



Net Interest Margin

- NIM ex insurance & annuities growing sequentially since 2Q15.
- 2Q16 already reflects positive impact from rate hikes, 25 bps in Dec-15 & 50Bps in Feb16.
- 2Q16 NIM of consolidated group affected by insurance accounting change.



Core Revenues

- Total revenues \$17,076, +11% vs. 2Q15.
- NII growth +13% y/y.
- Core banking fees growth +14% y/y.
- Other income +84% includes in 2Q16:
 - \$92m from asset collections and sales of foreclosed assets,
 - \$79m from insurance & annuities,
 - \$61m revenue from operating leases.

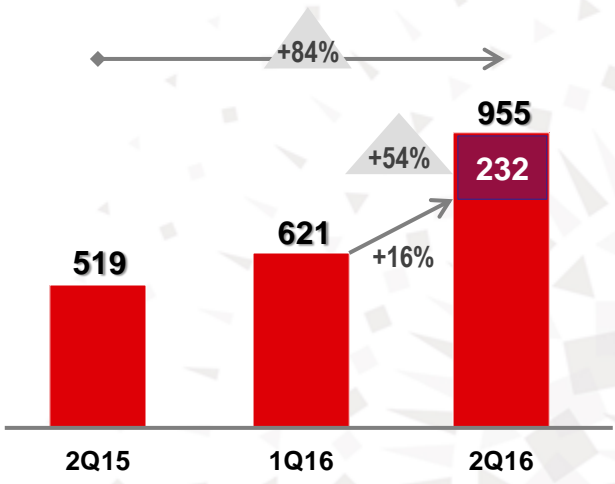
Core Banking Fees

	2Q16	q/q	1H16	y/y
Fund Transfers	325	14%	611	51%
Account Management Fees	518	7%	1001	2%
Electronic Banking Services	1,403	4%	2,753	13%
Total	2,246	6%	4,365	14%

NII Components

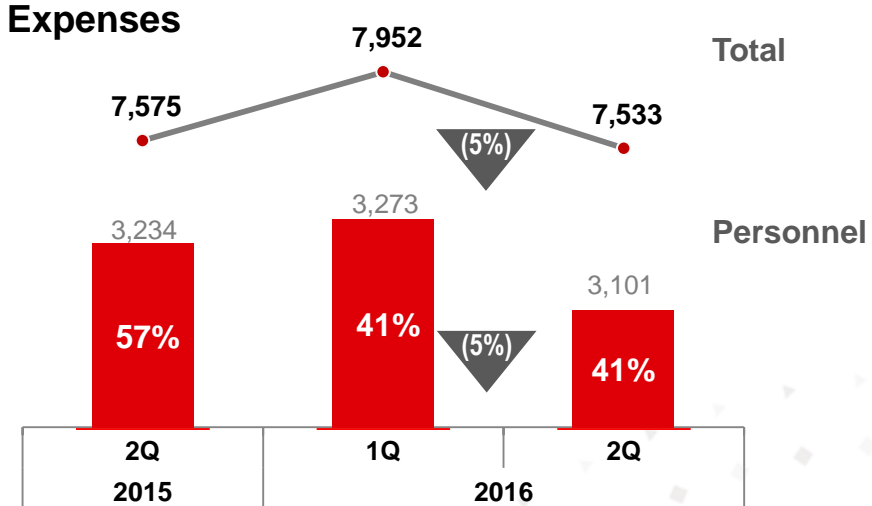
Million pesos	2Q16	q/q	1H16	y/y
NII Loans	10,560	4%	20,719	13%
NII Repos	938	-17%	2,070	3%
NII Valorization Adjust*	99	-374%	63	-45%
NII Insurance & Annuities	1,048	-55%	3,388	22%
NII Before LLP	12,645	-7%	26,240	13%

Other Income

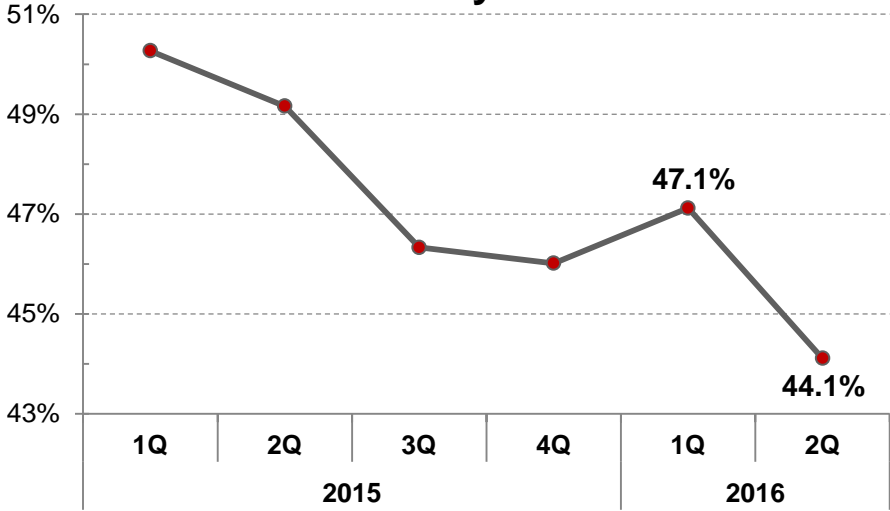


Expenses & Efficiency

- Expenses growth in line with full year guidance.
- Efficiency ratio achieved a 301 bps drop in the quarter.



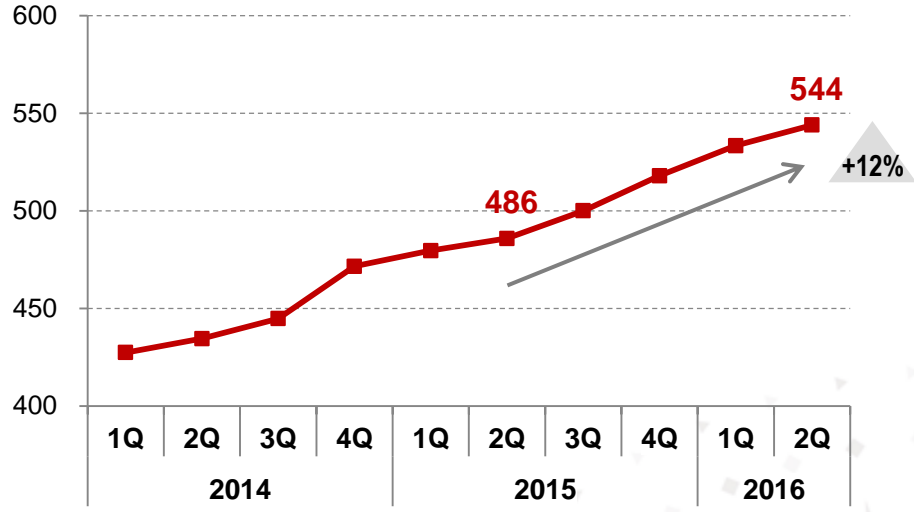
Efficiency Ratio



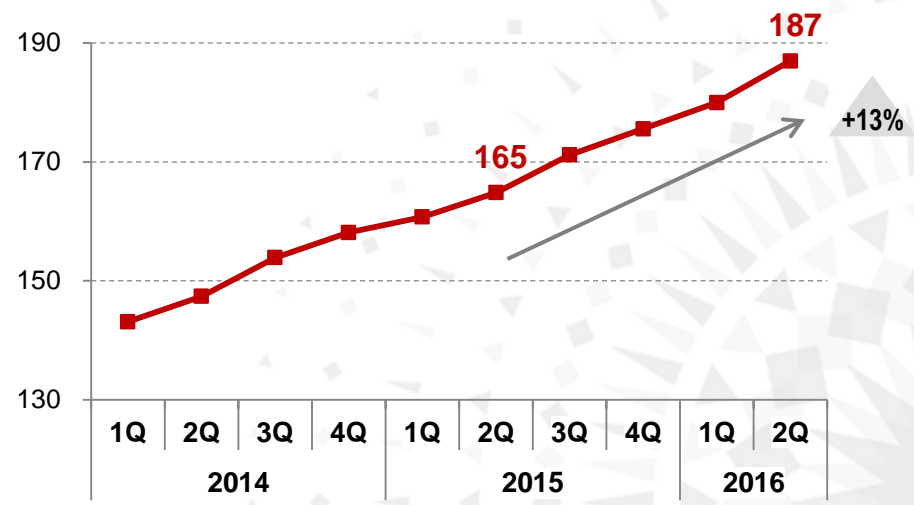
Loan Portfolio

- Total loan growth +12%.
- Consumer growing +13.4% y/y remains a key driver.
- Significant quarterly growth in consumer +3.9%.

Total Loan



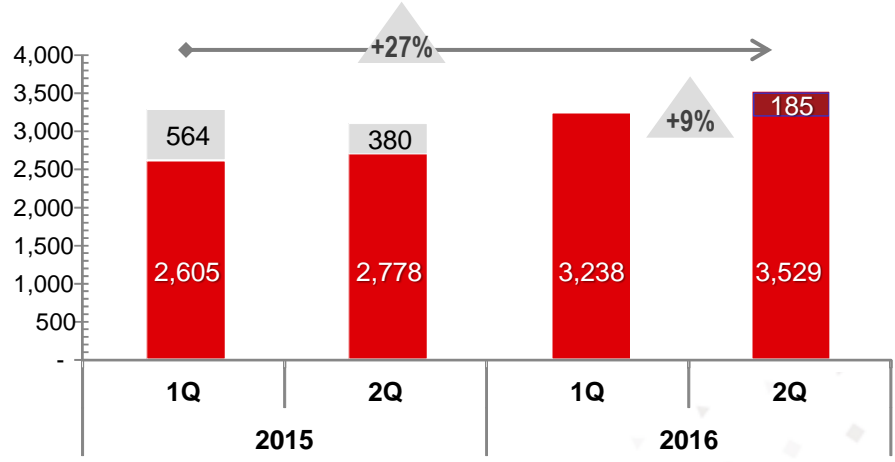
Consumer Loan



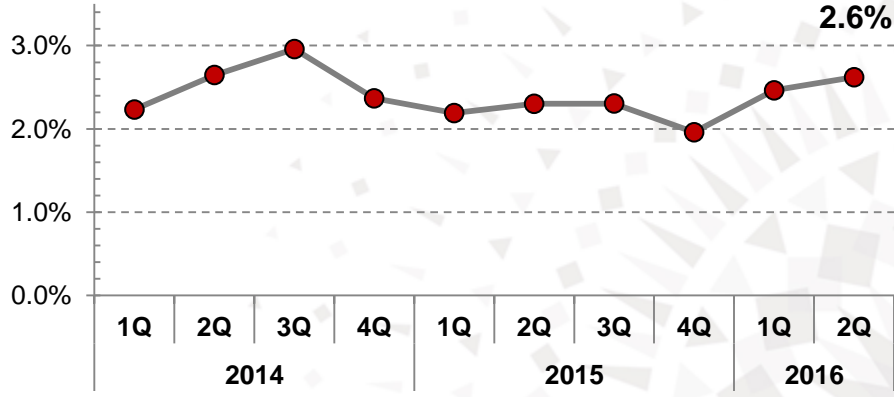
Loan Loss Provisions

- Cost of risk higher but in reasonable range.
- Specific provision of 185m in 2Q16.
- LLP growth rates are exacerbated by lower provision charges in 1H15:
 - 1Q15 provision reversal of \$564m
 - 2Q15 provision reversal of \$380m

Loan Loss Provisions



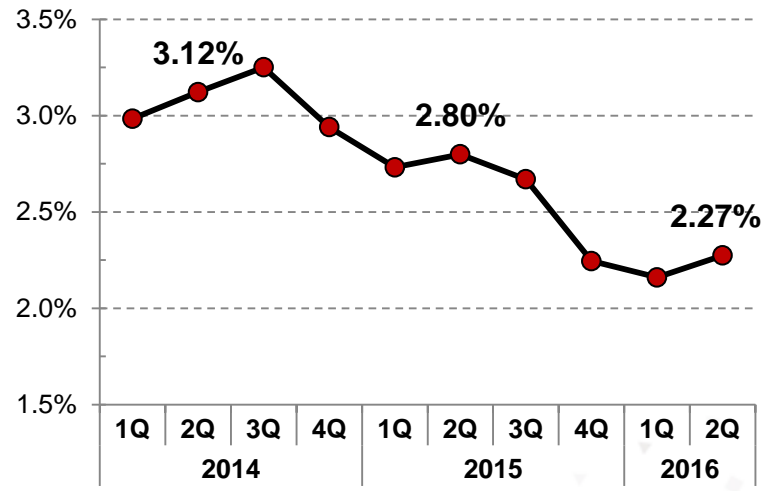
Provisions to Average Loans



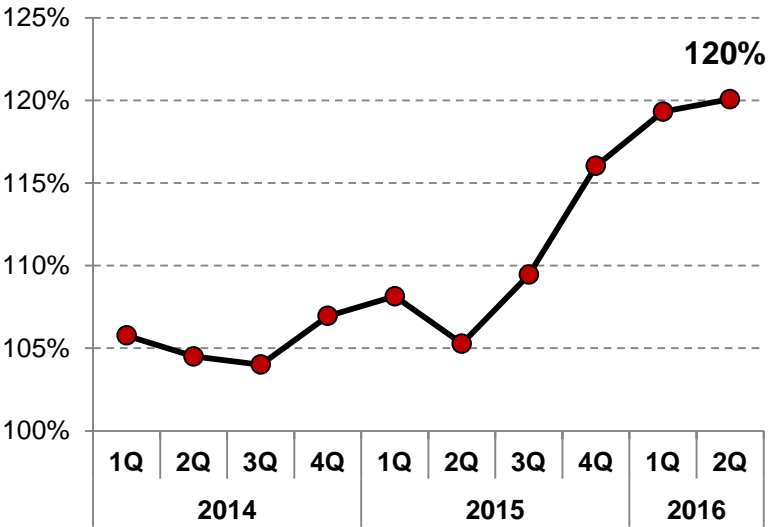
Loan Quality

- Seasonality in credit quality across consumer loan books.
- 11 bps increase in NPL ratio vs. 1Q16.
- Healthy reserves coverage ratio.

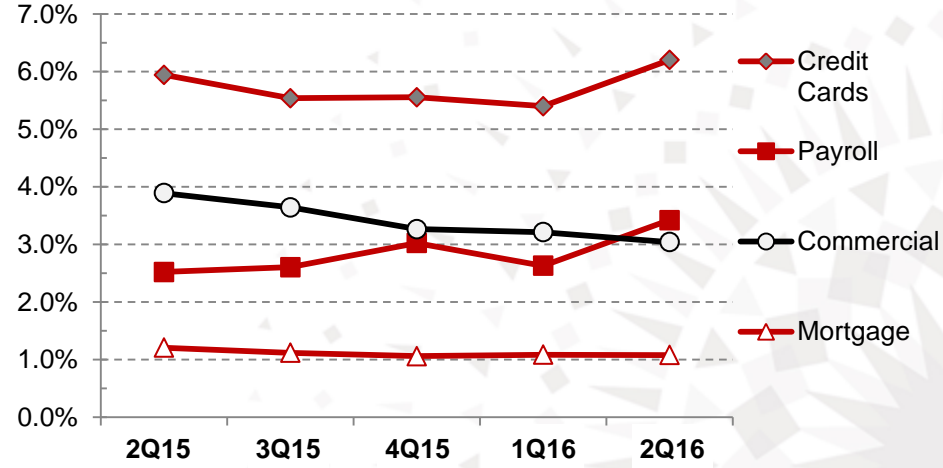
NPL Ratio



Coverage Ratio



Non Performing Loans



Guidance

2016	Current	New
Loan Growth	12% - 14%	12% - 14%
NIM	10-20 bp	20-40 bp
Expense Growth	4% - 6%	4% - 6%
Efficiency	45% - 47%	45% - 47%
Provisions to Average Loans	2.2% - 2.4%	2.3% - 2.5%
Tax Rate	26% - 28%	26% - 28%
Net Income	18.8 – 19.6	19.0- 19.6
ROA	1.5% - 1.6%	1.5% - 1.6

Corporate Governance Key Indicators

	GFNorte		Mexbol Index (Average)
Float	89%		45%
Listed overseas	Yes		46% of the companies
Chairman of the Board-CEO separation	Yes		In 73% of the companies
Share of independent board members, %	73.3		49.7
	Proposal	Current	Current
Share of total assets threshold to require shareholders approval in M&A operations, %			19.7
Non-related	20.0	20.0	--
Related	5.0	20.0	--
<i>Board members nominations committee</i>			
Existence	Yes		13.5% of the companies
Final approval of nominated board members	Shareholders		Shareholders
	Proposal	Current	Current
Share of independent board members in this committee, %	57.1	25.0	18.8

Source: Banorte-Ixe and the Mexican Stock Exchange (BMV)



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