

GFNorte Investor Day 2014

Transforming the business,
creating value

Start	Duration	Close	Subject	Speaker
8:00	60	9:00	Registration and Continental Breakfast	
9:00	40	9:40	Welcoming Remarks Chairman and CEO	Guillermo Ortiz, Carlos Hank Gonzalez and Marcos Ramirez
9:40	20	10:00	Economic Overview	Gabriel Casillas
10:00	30	10:30	Q&A	
10:30	20	10:50	Coffee Break	
10:50	10	11:00	Corporate and Social Responsibility	Mayra Hernandez
11:00	15	11:15	Update on our Long-Term Savings Business	Fernando Solis
11:15	60	12:15	Retail Banking: Evolving to a Customer Centric Organization	Rafael Arana, Carlos Martinez, Manuel Romo and Ignacio Aldonza
12:15	20	12:35	Financial Performance	Rafael Arana
12:35	30	13:05	Q&A	
13:05	5	13:10	Closing Remarks	Marcos Ramirez
13:10	60	14:10	Lunch	

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- For additional information regarding known material factors that could cause our actual results to differ from our projected results, please see our filings with the Mexican Stock Exchange (Bolsa Mexicana de Valores, or BMV) including our Annual Report (Reporte Anual) and Material Events (eventos relevantes), which can be found on the BMV’s website at www.bmv.com.mx or our website at www.banorte.com.
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Welcome Remarks

Guillermo Ortiz, Carlos Hank Gonzalez & Marcos Ramirez

Welcome Remarks

Guillermo Ortiz

Welcome Remarks

Carlos Hank Gonzalez

Welcome Remarks

Marcos Ramirez

Mexico economic outlook 2015 and beyond

Gabriel Casillas

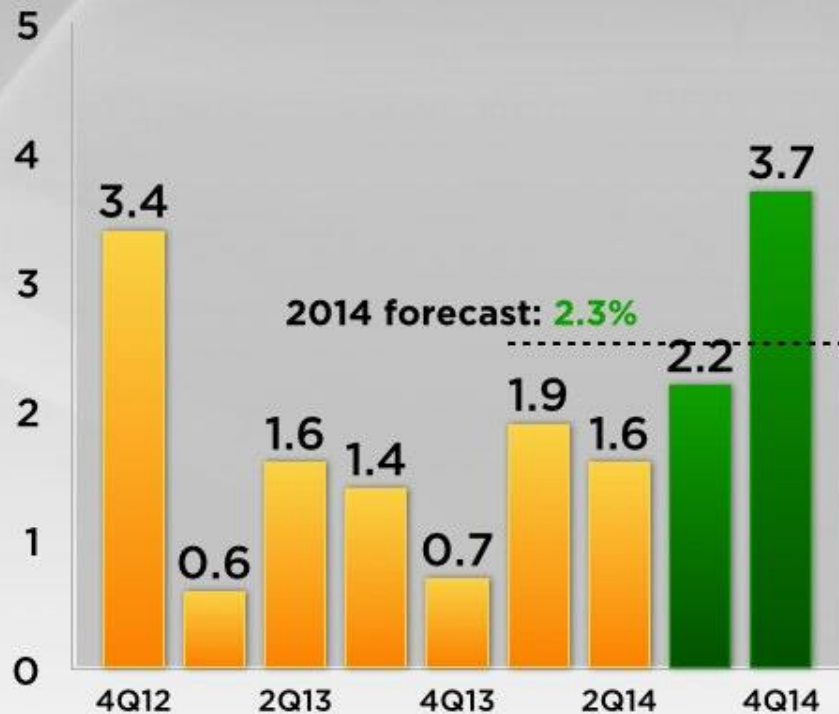
Agenda

■ Short-term outlook

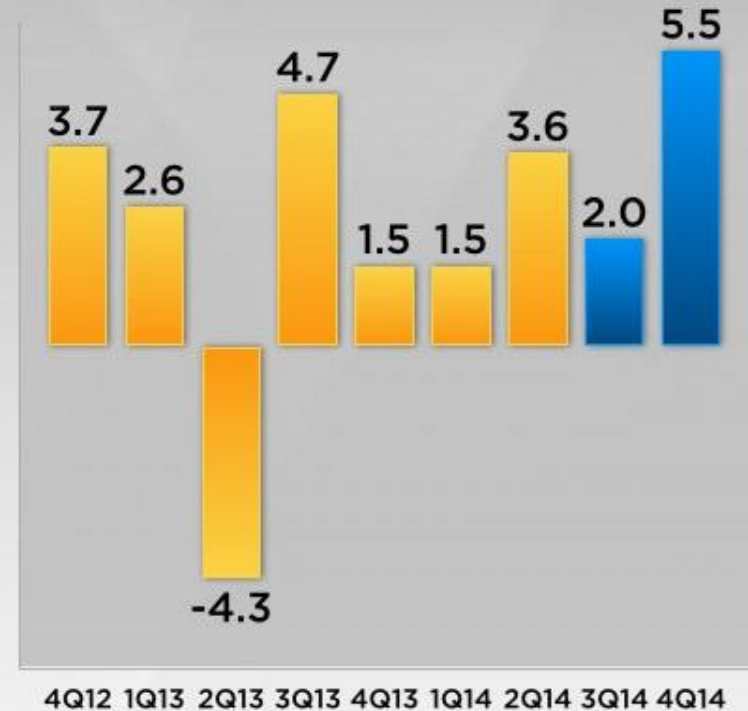
- A quick glimpse into 2015
- Impact of the energy and bank-lending reforms on GDP
- Final remarks

We expect an economic expansion of 2.3% yoy

GDP growth
%yoy



GDP growth
%q/q saar



Sources: INEGI and Banorte-Ixe

Investment will lag the "growth orchestra"

Economic Recovery 2014

External
Demand



Domestic
Demand

Consumers



Businessmen



X



X



X

X



1Q14

2Q14

3Q14

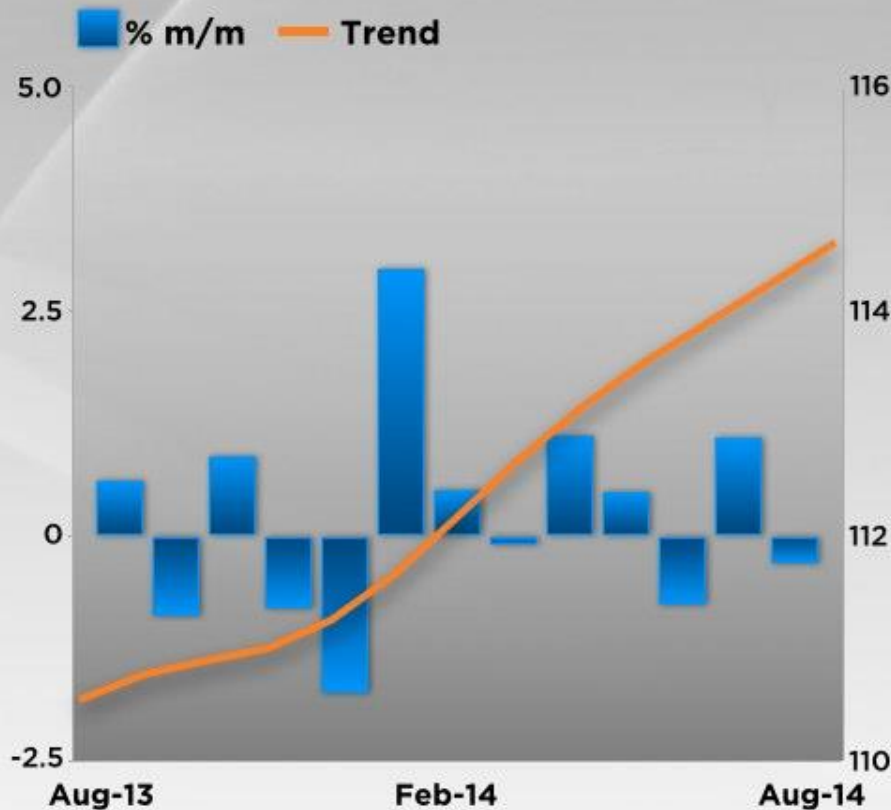
4Q14

Source: Banorte - Ixe

Strong external demand while domestic consumption is taking off

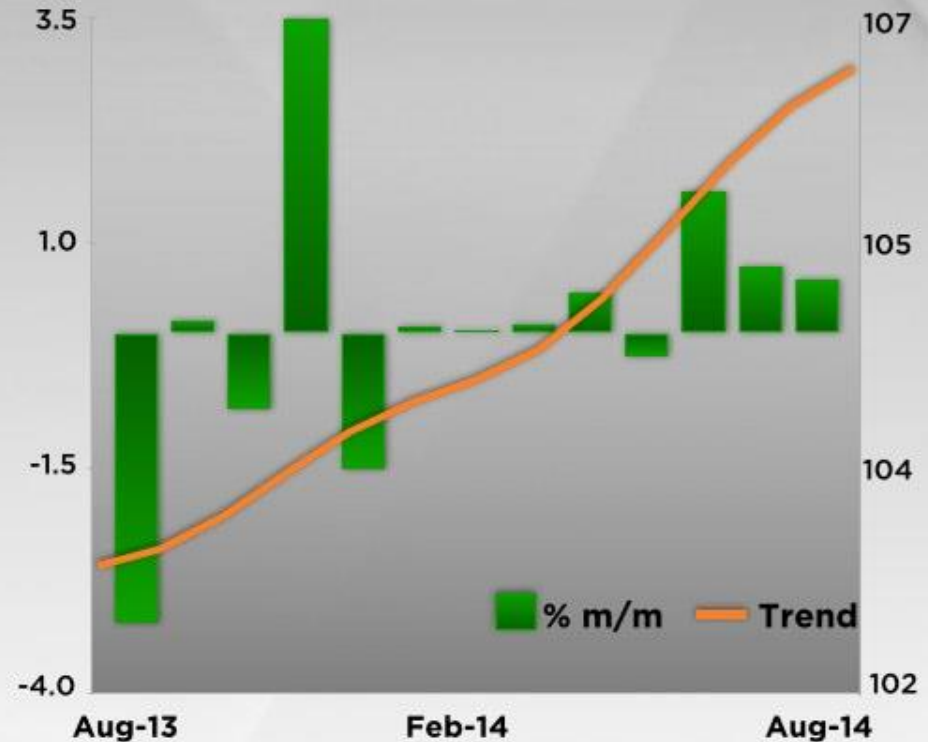
Manufacturing Output

%m/m (LHS); Index (RHS)



Retail Sales

%m/m (LHS); Index (RHS)

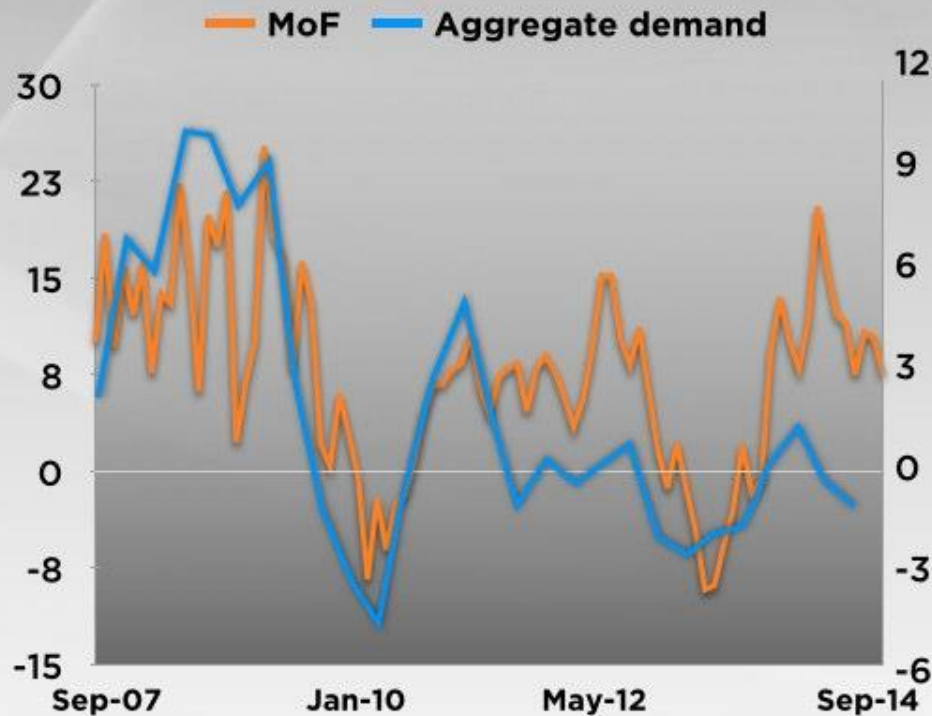


Source: Banorte-Ixe with data from INEGI

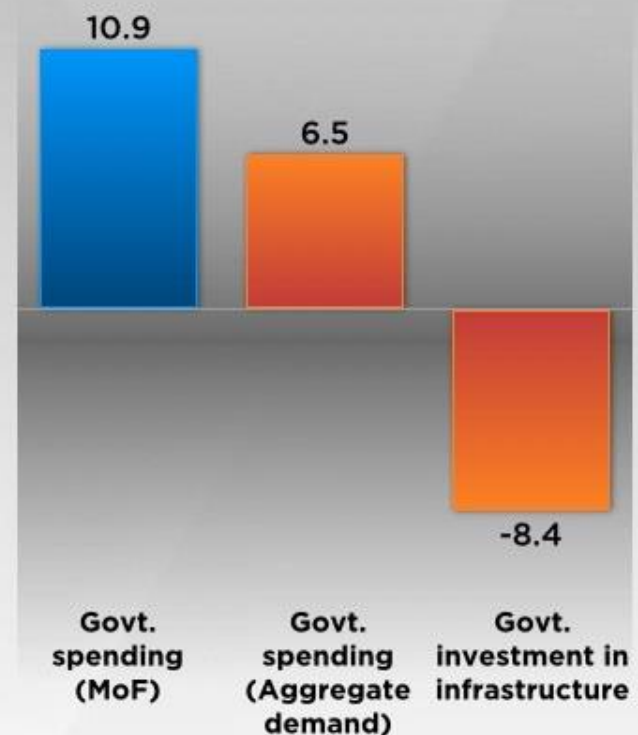
Note: Trend refers to the "trend-cycle" series obtained from ARIMA-12 model

Why is public spending not felt in the economy?

Government spending
%yoy real



Government spending in 1H14
%yoy real



Source: Banorte - IXE with SHCP and INEGI data.
Includes government spending and public gross fixed investment

The Mexican economy will end the year with great dynamism

Economic Recovery 2014

External
Demand



Domestic
Demand

Consumers



Businessmen



X



X



X

X



1Q14

2Q14

3Q14

4Q14

Source: Banorte-Ixe

Agenda

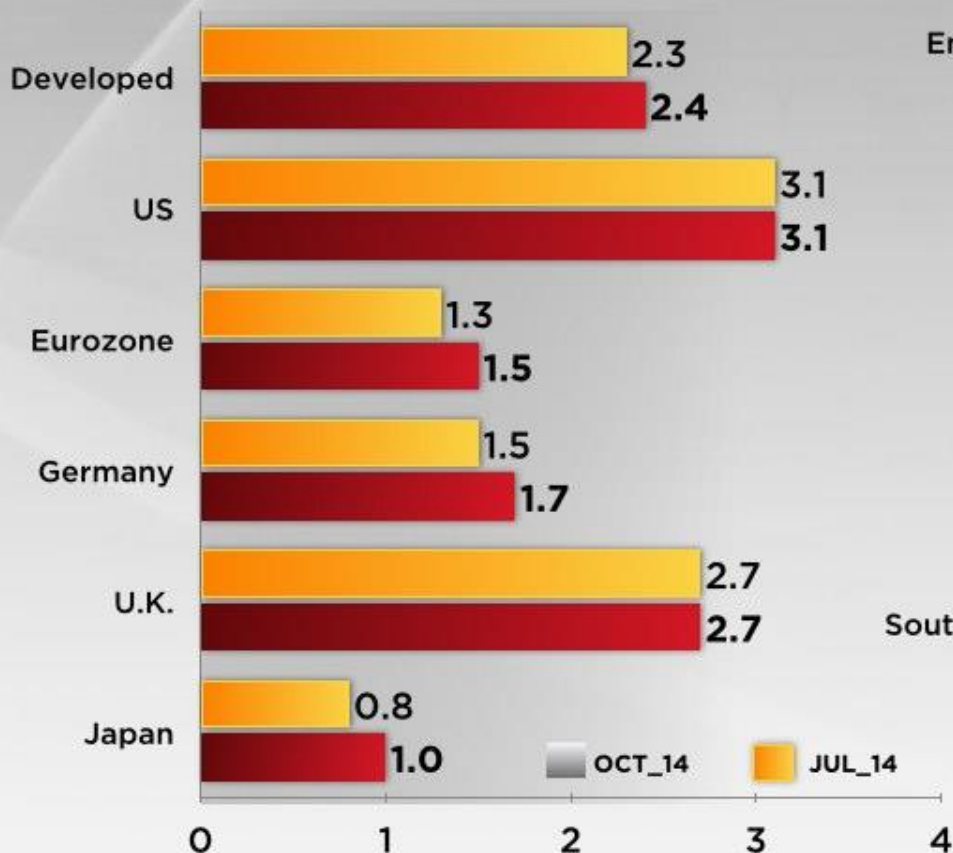
- Short-term outlook
- **A quick glimpse into 2015**
- Impact of the energy and bank-lending reforms on GDP
- Final remarks

The IMF revised global growth forecasts from 4% to 3.8%

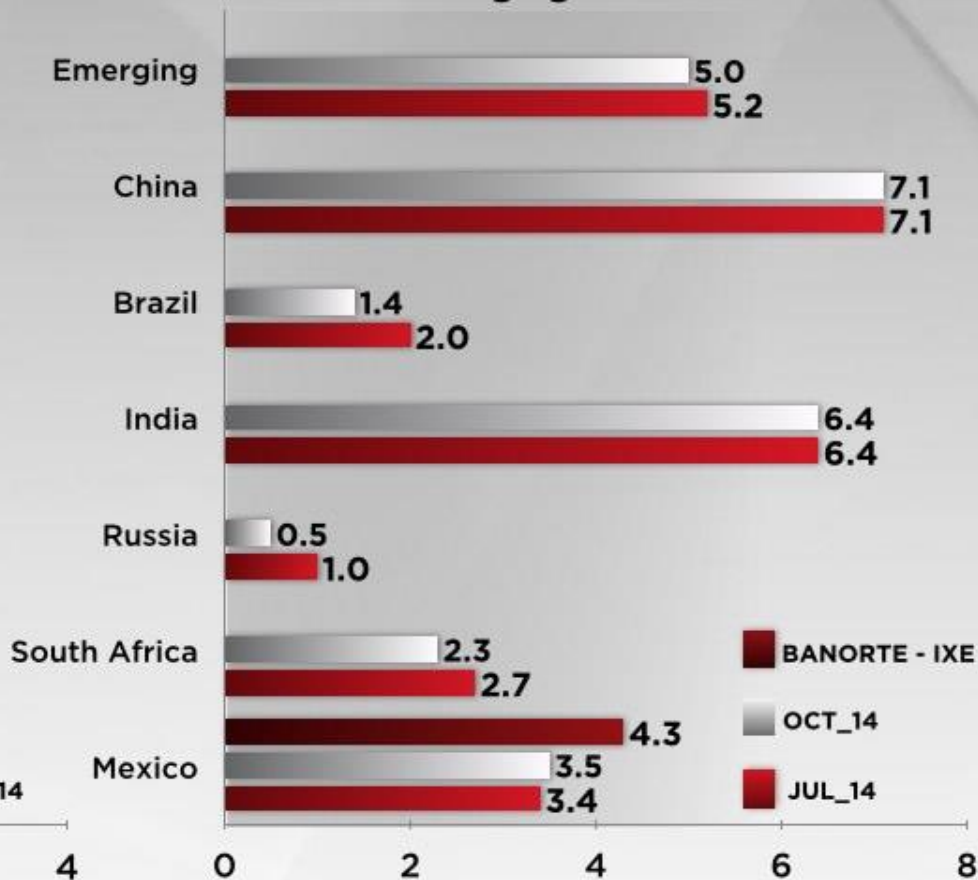
IMF Growth Forecasts for 2015

% yoy

Developed



Emerging



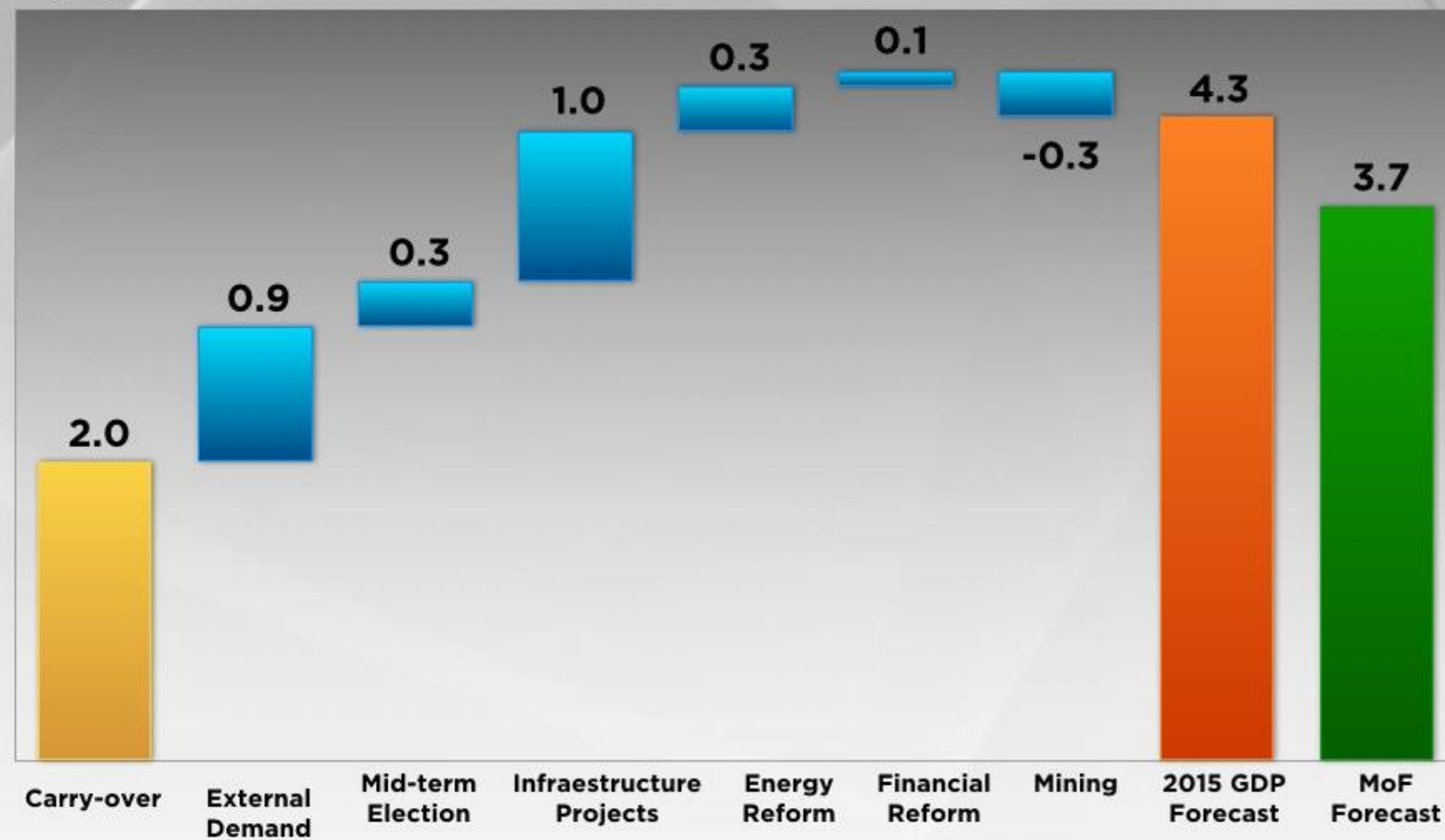
BANORTE - IXE
OCT_14
JUL_14

Source: IMF and Banorte-Ixe

Just as we were the most pessimistic in 2014, we are still the most optimistic in terms of growth for 2015

Sources of growth in 2015

% yoy

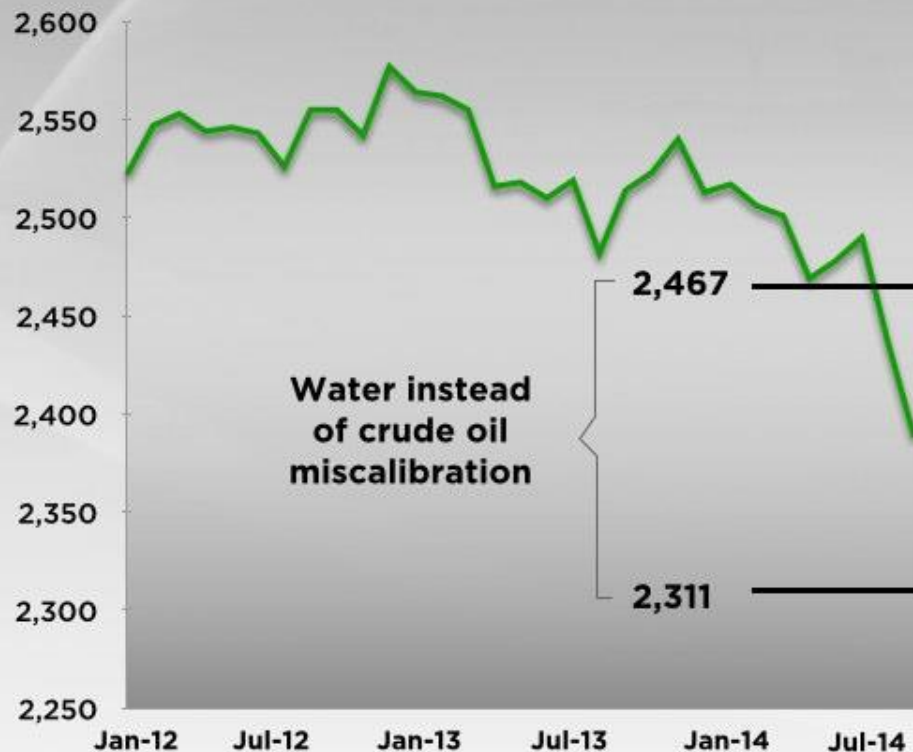


Source: Banorte-Ixe

2015 budget takes into account the new levels of oil production and lower oil revenues

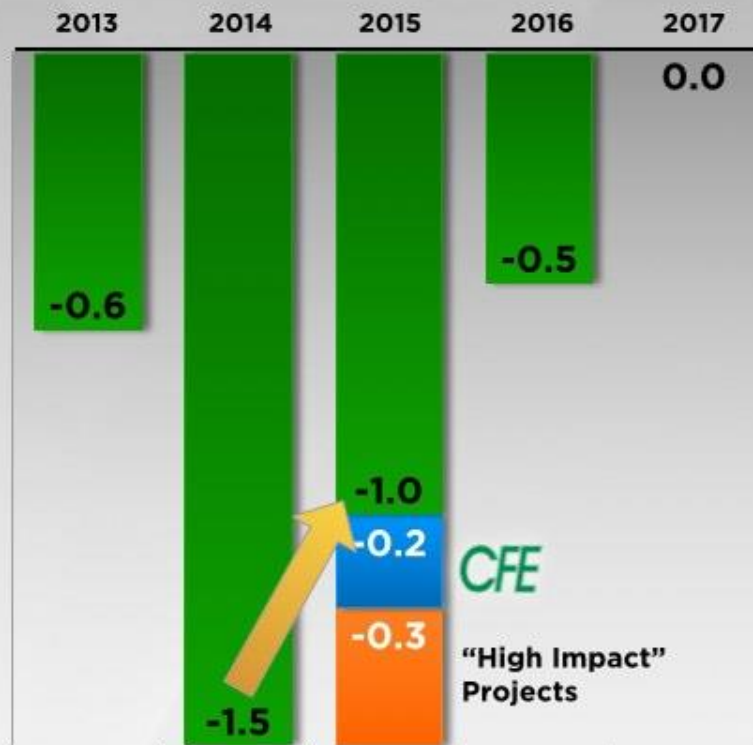
Crude oil output

Thousands of barrels



Government balance

% GDP



Source: Pemex, MoF, and CFE

The new pricing policy of gasoline is the key...

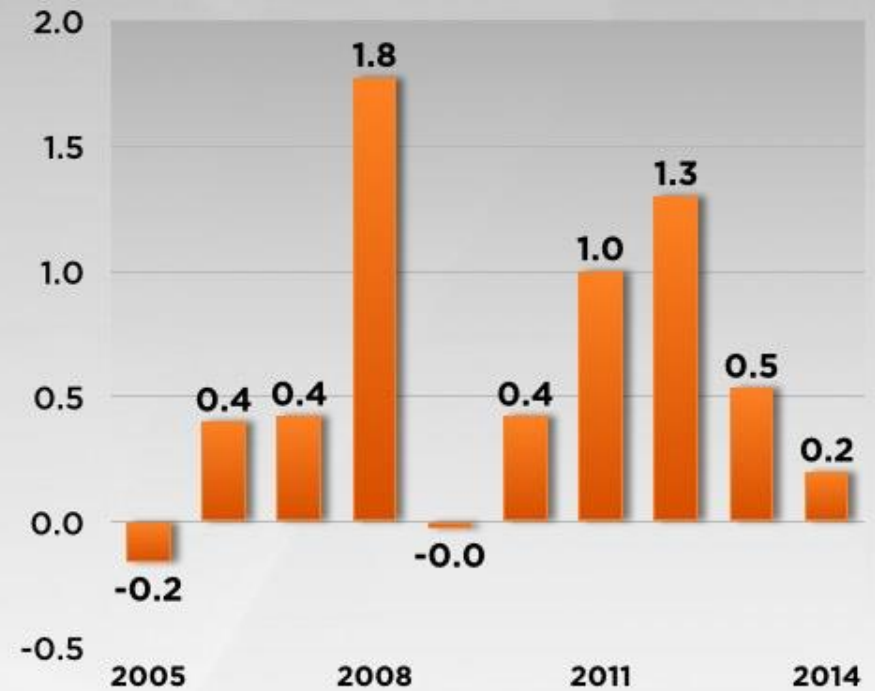
Low-grade gasoline prices

Pesos per liter



Gasoline subsidies

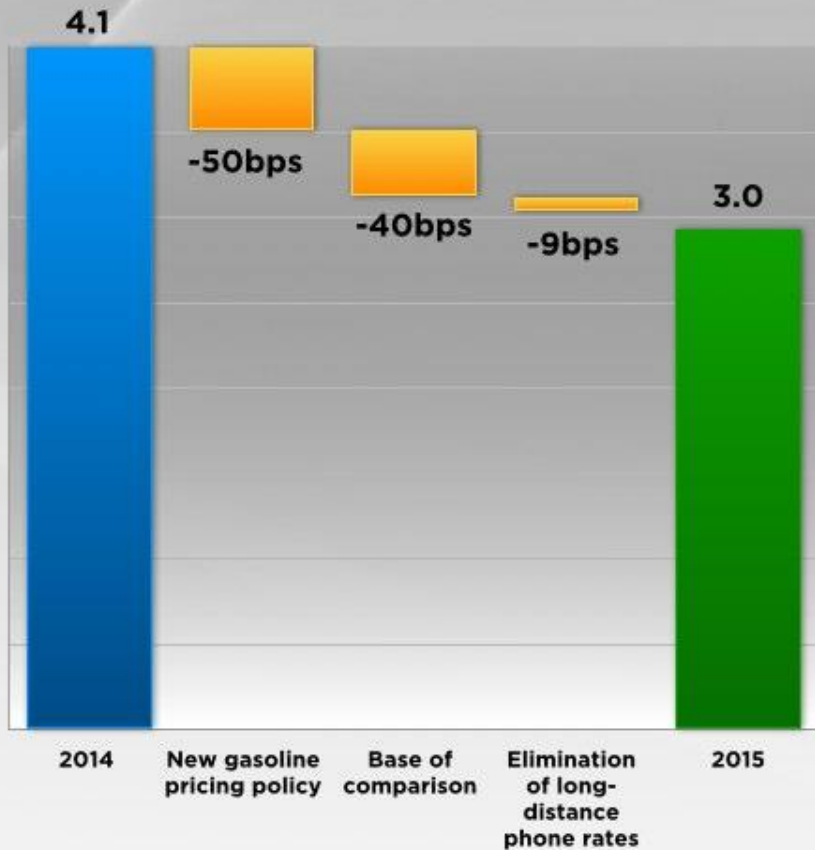
% GDP



Source: MoF and Pemex

...for inflation to converge to the 3% target

Impact of new gasoline pricing policy and the elimination of long-distance phone rates
% yoy



Source: Banorte-Ixe with data from INEGI

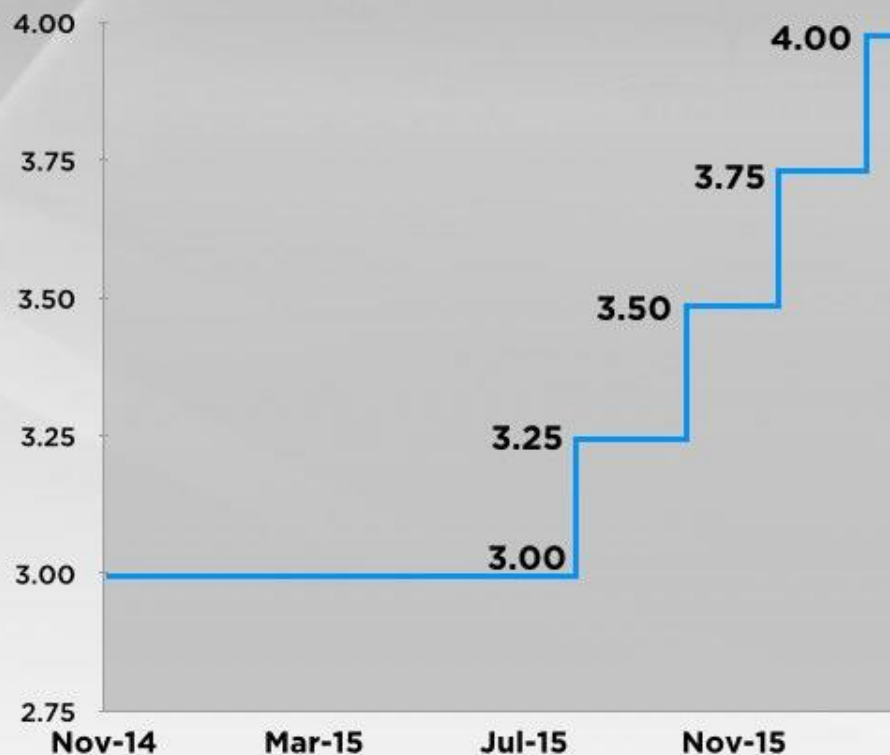
Inflation Forecast
% yoy



We expect Banxico to start hiking rates in mid-2015

Banxico reference rate

%



Cumulative implicit rate hikes

bps



Source: Bloomberg and Banorte-Ixe

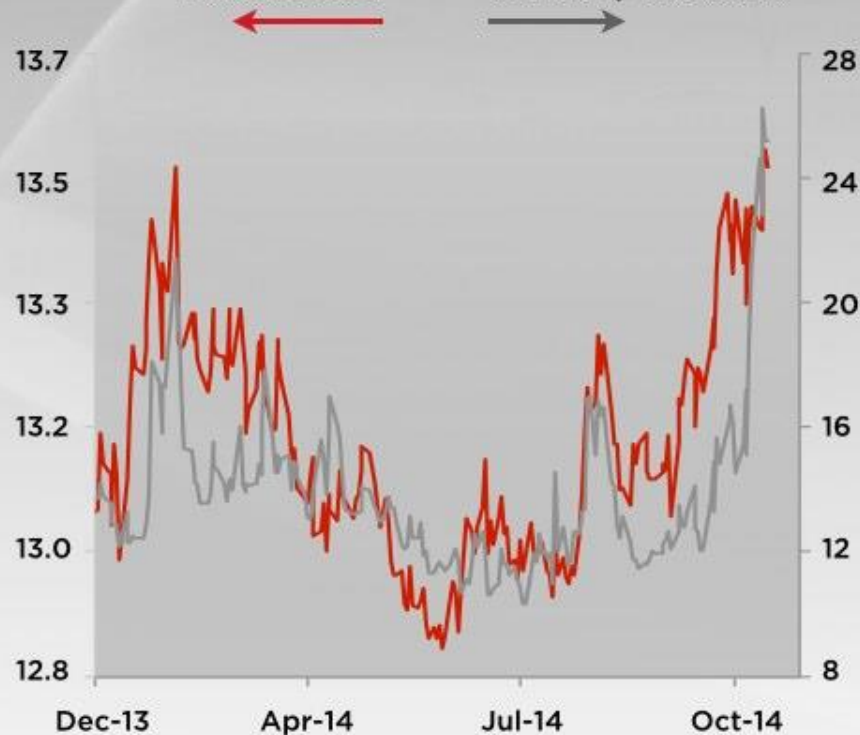
Exchange rate: The recent wave of high volatility

FX and VIX

USD/MXN; index

Mexican Peso

Volatility index VIX



Source: Bloomberg

Short-term issues:

- 1) Several risk events; and
- 2) Ebola outbreak

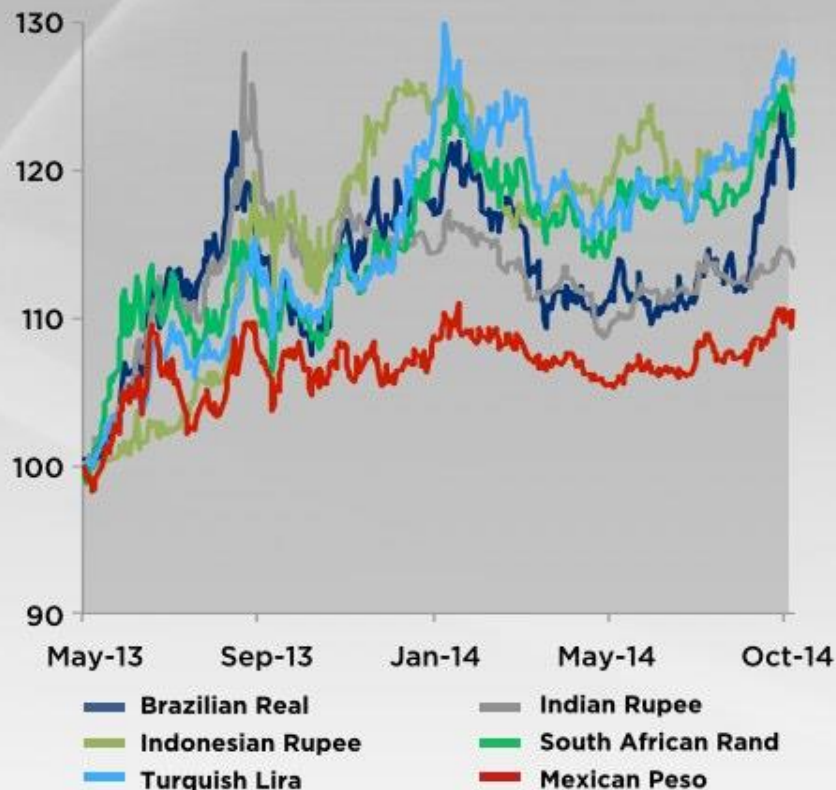
Structural issues:

- 1) Monetary policy divergence in developed countries;
- 2) Vulnerabilities in emerging markets; and
- 3) Geopolitical tensions

Global risk aversion has caused a major adjustment to the peso, although investors have treated Mexico better than other emerging countries

Exchange rates

Index, May 2013= 100



Real effective exchange rate*

Index 31/12/2007=100

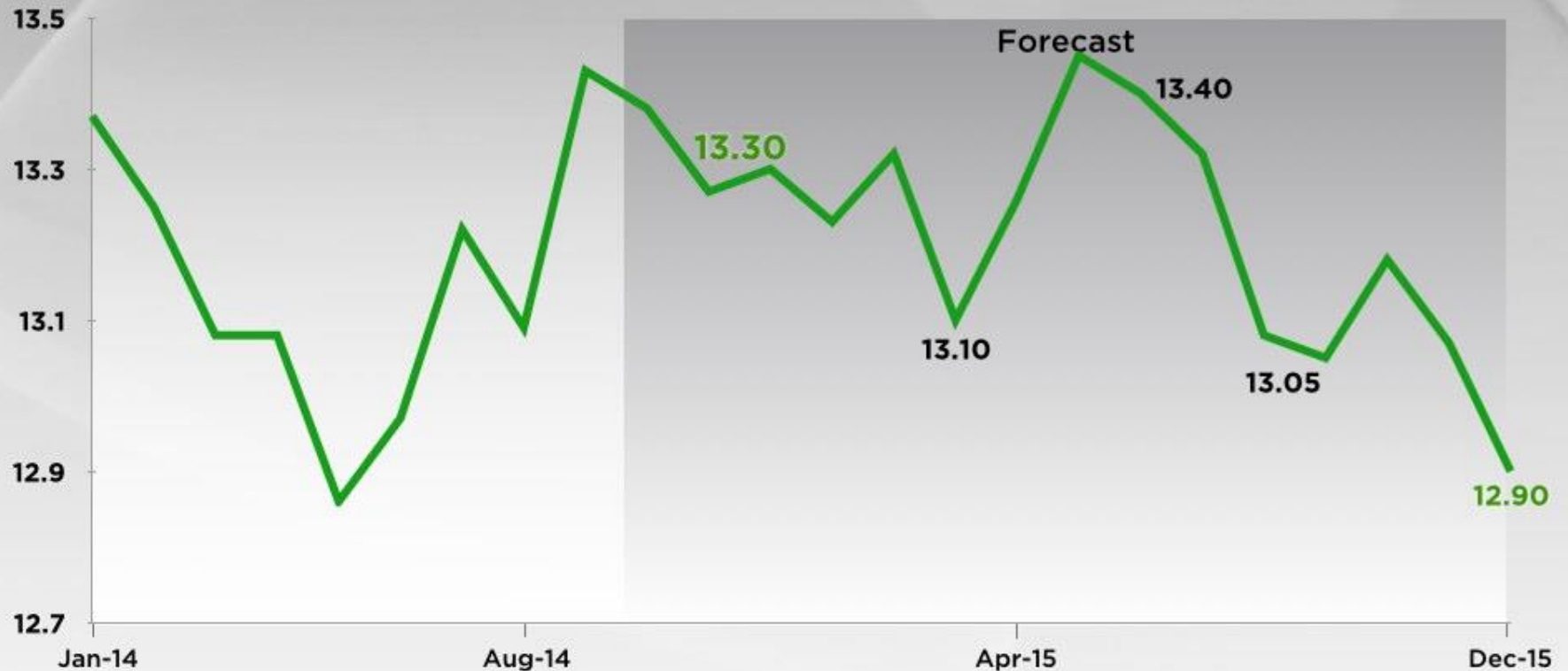


Source: Bloomberg, JPMorgan, Banorte-lxe
*Trade-weighted

2015 Exchange rate forecast

Exchange rate quarterly forecast

USD/MXN, end of period



Sources: Banorte-Ixe and Bloomberg

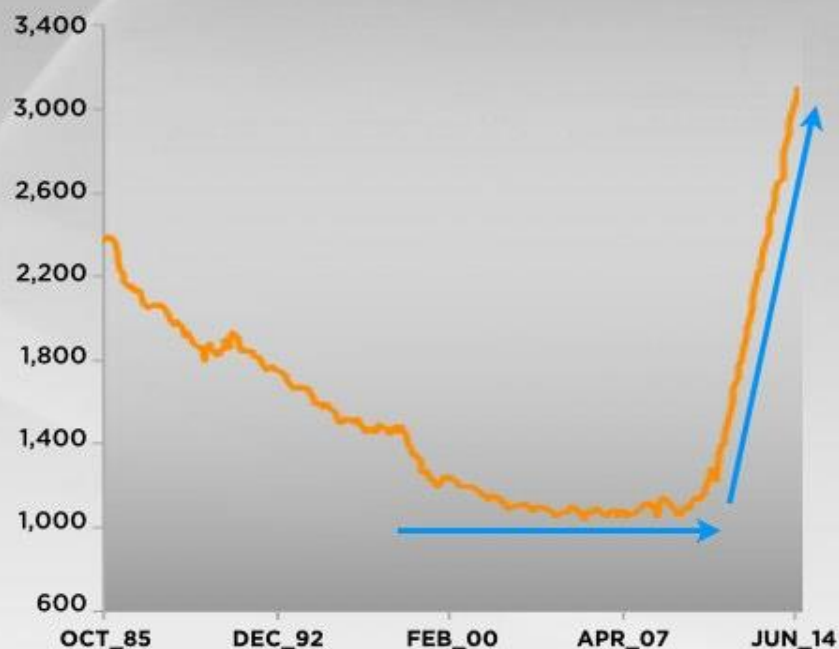
Agenda

- Short-term outlook
- A quick glimpse into 2015
- Impact of the energy and bank-lending reforms on GDP
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Shale gas revolution has allowed Texas to reverse the decline in oil production

Texas Crude Oil Production

Thousands, bpd



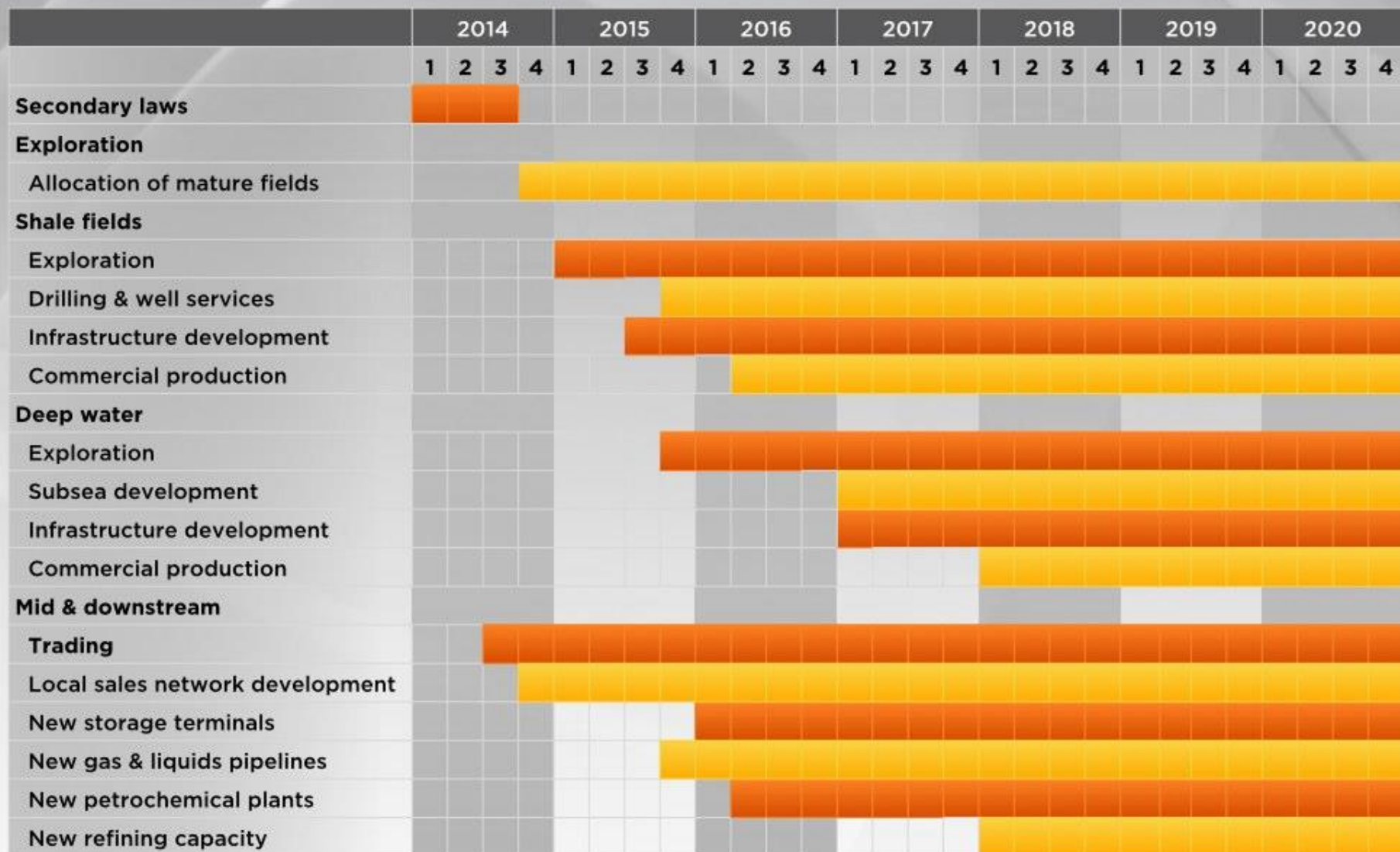
Source: Institute for Economic Development,
The University of Texas at San Antonio

Economic impact of Eagle-Ford formation

2012

	TOTAL
Total	
GDP (US bn)	61,162
Jobs (thousands)	117
Eagle-Ford (14 counties)	
GDP (US bn)	46,555
Jobs (thousands)	86
Six adjacent counties	
GDP (US bn)	14,607
Jobs (thousands)	30

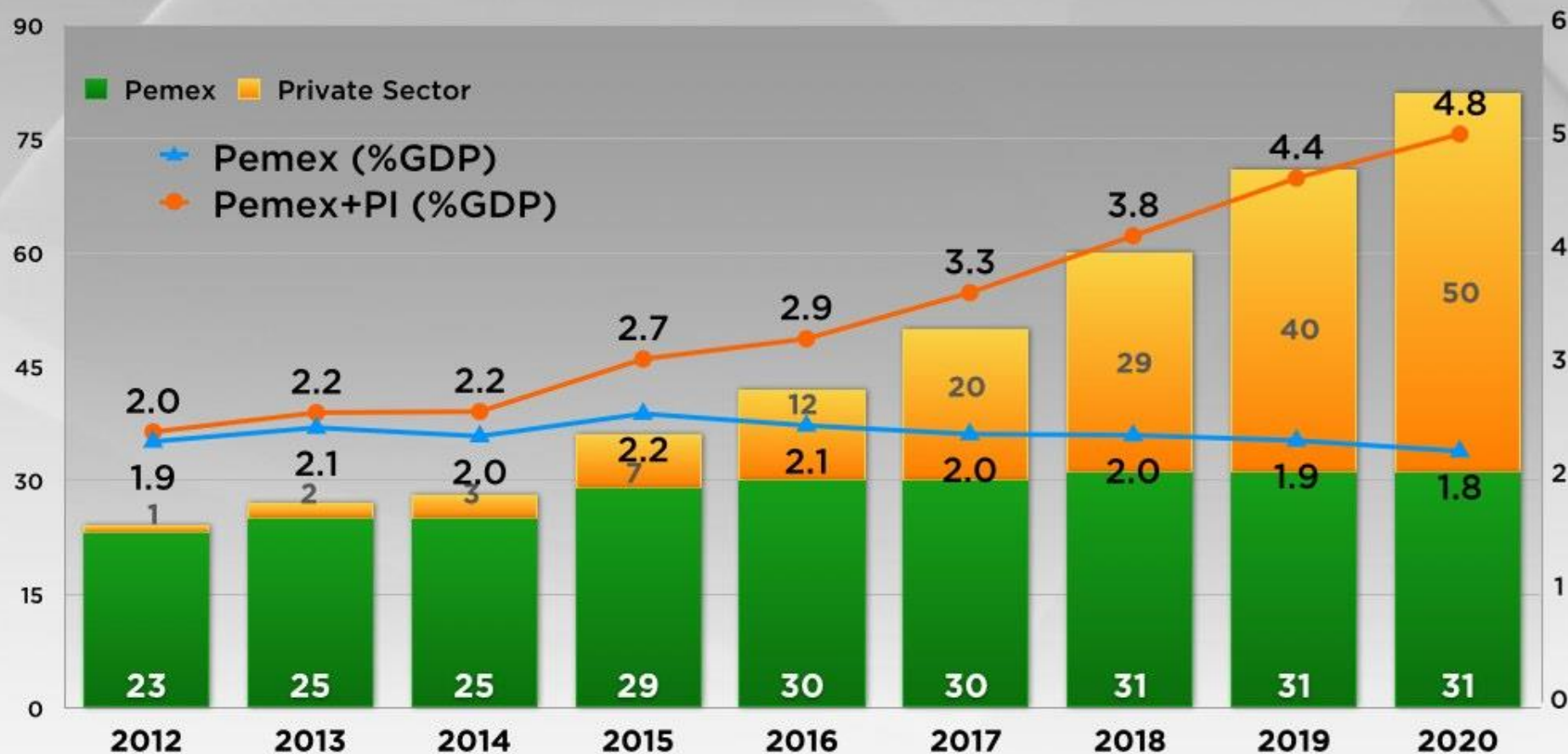
Relatively fast implementation schedule



Source: Marcos y Asociados

The energy reform opens up a huge pipeline of potential investments

Capital spending in the energy sector US\$bn



Source: Marcos y Asociados

Opportunities in the energy sector

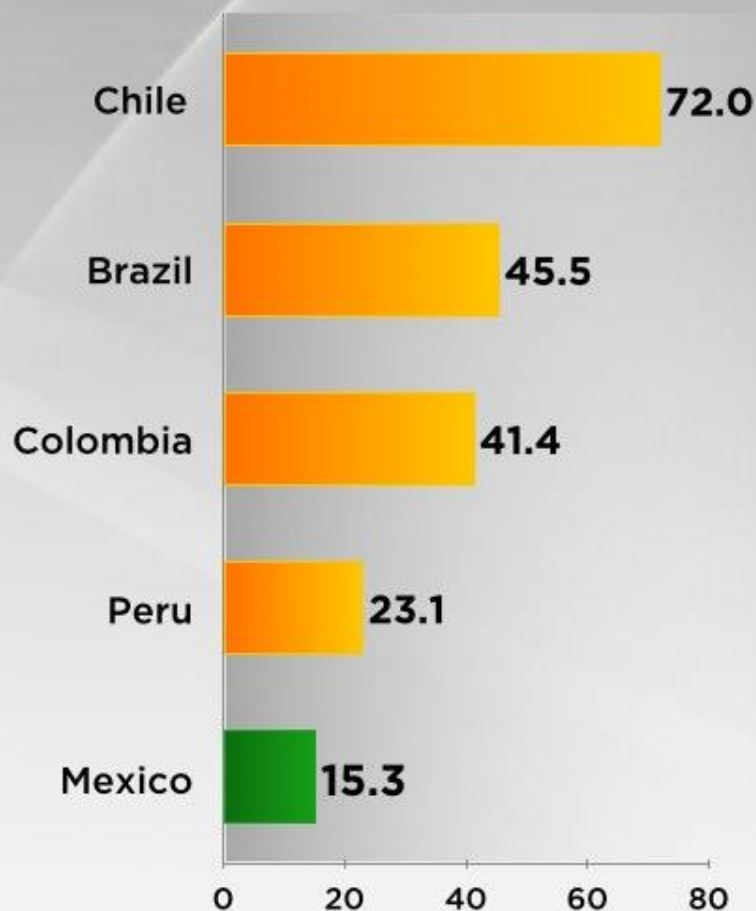
STRATEGIC AREA	OPPORTUNITY
1) Exploration and production	<p>Natural gas from <i>shale</i> for increased electricity generation, deep uncharted waters in partnership with Pemex</p> <ul style="list-style-type: none">• Production of crude: 2,522 mbd*• Seventh largest producer• Production of natural gas: 5,679 bcf**• 75% crude oil is produced at sea• Refining capacity: 1,690 mbd* daily
2) Logistics and Supply	<ul style="list-style-type: none">• Water storage and petroleum products• Alliances and partnerships with local and foreign operators in the transport and storage industry
3) Infrastructure development	<ul style="list-style-type: none">• Paving new roads and roads in extraction areas
4) Project Financing	<ul style="list-style-type: none">• New energy SMEs will need sufficient funds to develop projects• Partnerships with petrochemical companies

Source: Pemex, Actinver, Bloomberg, Baker & McKenzie Houston.

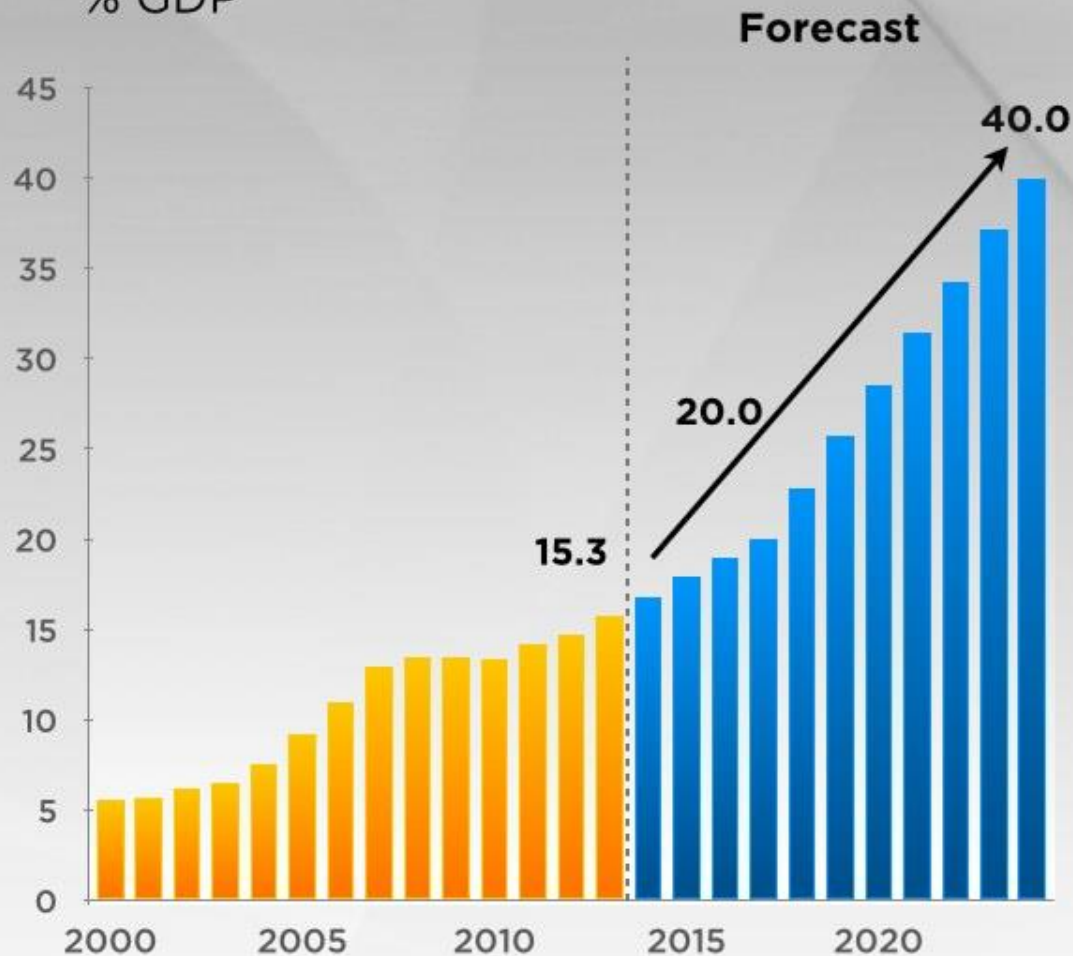
*mbd = millions of barrels per day; **bcf = billion cubic feet.

Bank-lending reform aims to increase bank penetration

Bank Penetration
% GDP



Bank Penetration in Mexico
% GDP



Source: Banorte-Ixe with data from Banxico and the World Bank

Agenda

- **Short-term outlook**
- **A quick glimpse into 2015**
- **Impact of the energy and bank-lending reforms on GDP**
- **Final remarks**

Final Remarks

- Mexico is in a sweet spot, "far" from China's slower growth, and close to the more dynamic US economy
- On top of that, Mexico has been able to approve an ambitious structural reform agenda
- Unfortunately, the Mexican economy has not grown enough yet. In this context, we believe we have paid the short term costs to reap the medium-term benefits of the structural reform
- The Mexican economy began to take off in 2H14 and will expand 2.3%yoy in 2014 and 4.3% in 2015
- Next year we will begin to feel the beneficial effects of the energy and the bank-lending reforms

Corporate Social Responsibility

Mayra Hernandez Gonzalez

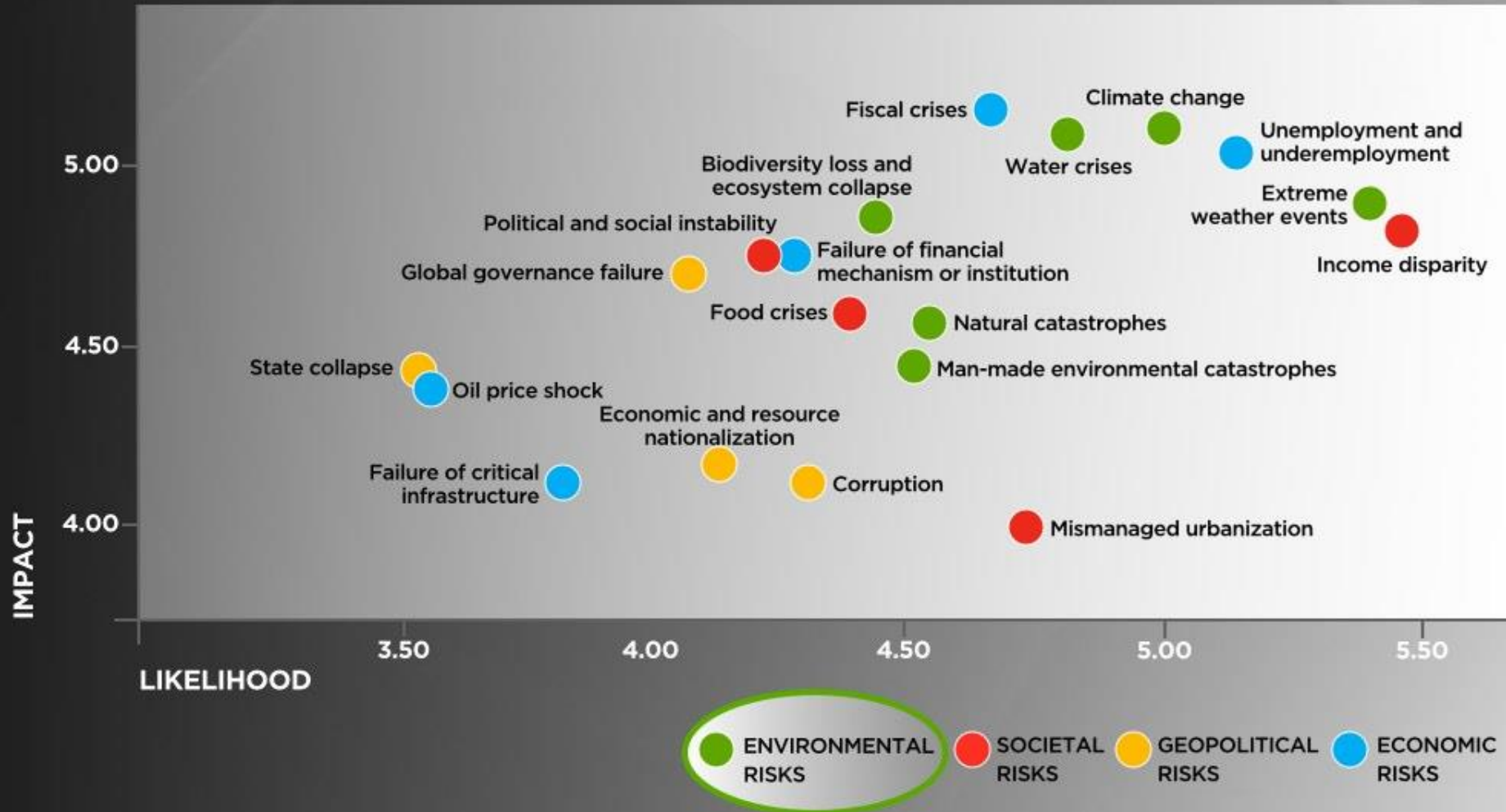
Corporate Social Responsibility

Mayra Hernandez Gonzalez

At Grupo Financiero Banorte we conceptualize **SUSTAINABILITY** as **maximizing the profitability and growth** of the institution, while ensuring at all times a **balanced development** between the **social and environmental aspects** inherent in our operations

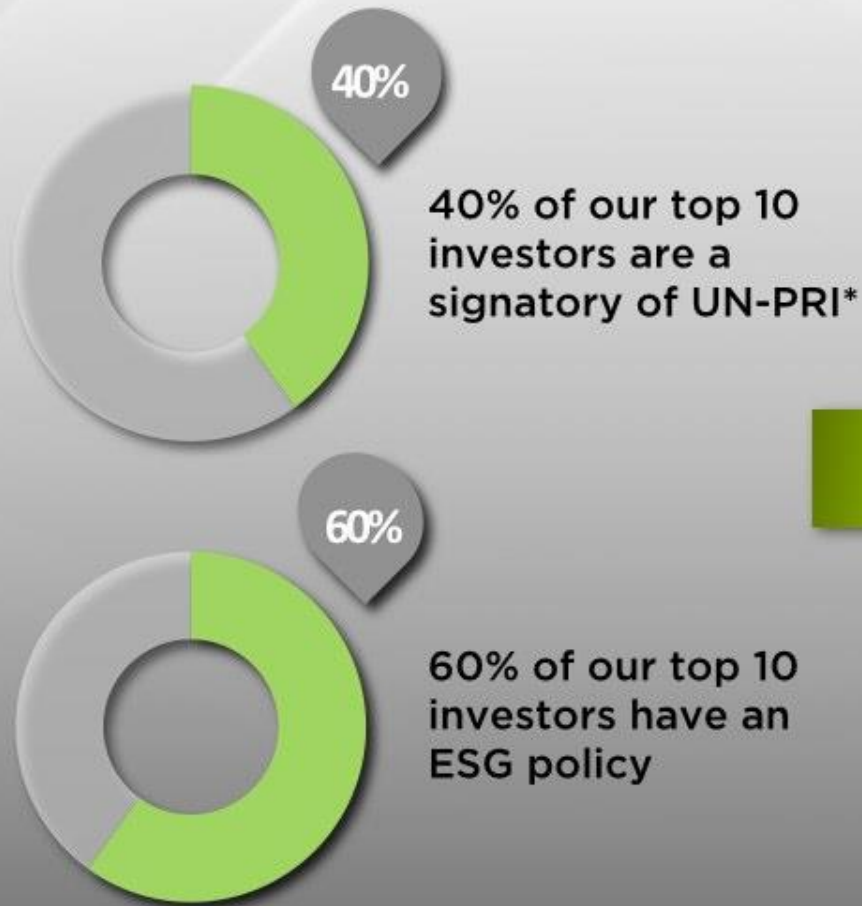


We are aware of the risks ahead...



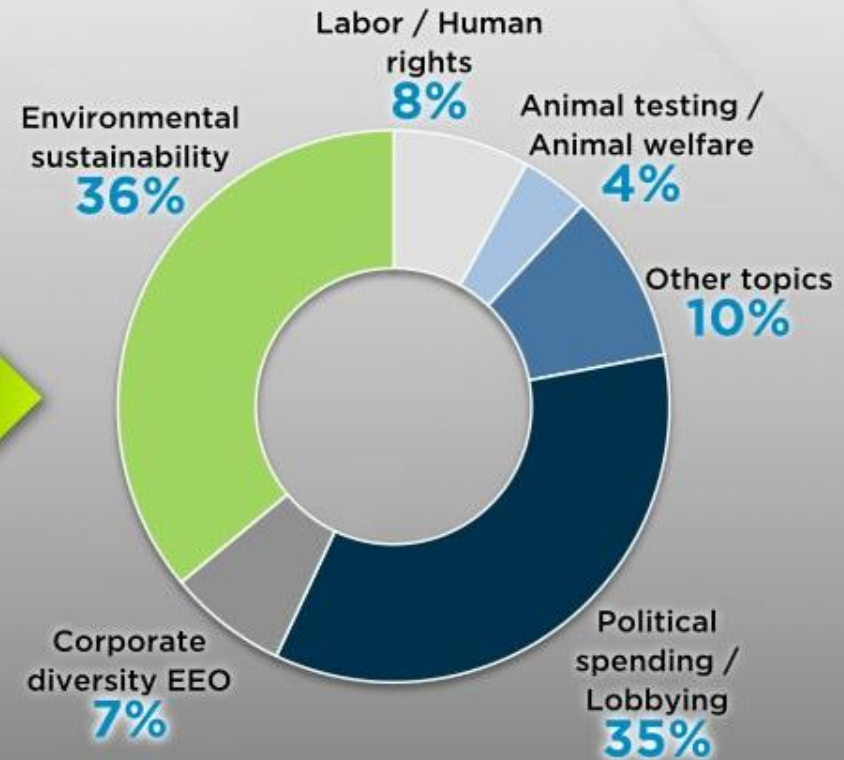
World Economic Forum 2014 Global Risks Report

Our Investors



* UN-PRI = United Nations Principles for Responsible Investment

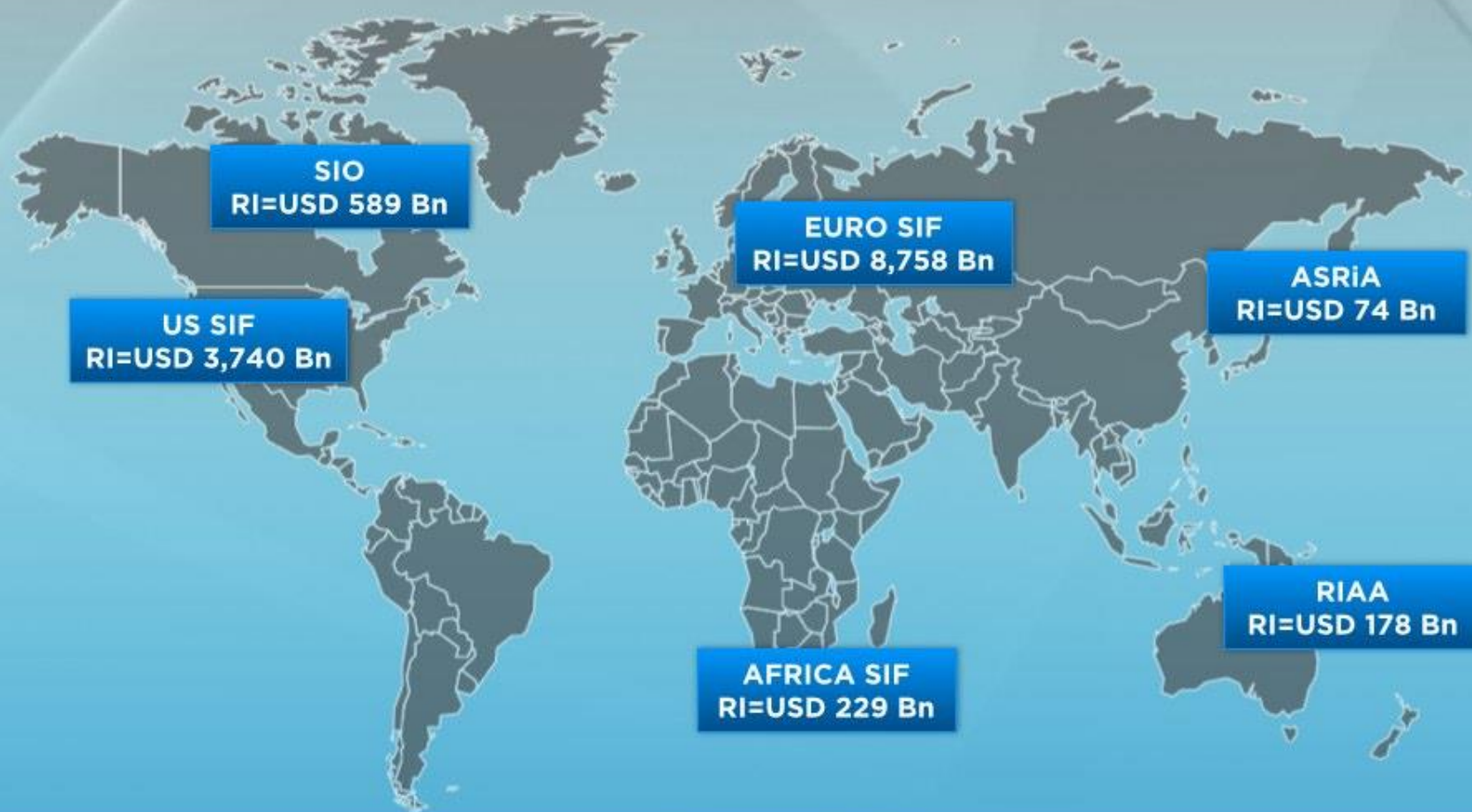
Are Focusing On



Source: UN-PRI 2014

SRI Global Assets by Region (in USD billion)

SRI GLOBAL ASSETS USD 13,568 Bn



Source: European Responsible Investing Fund Survey 2013, KPMG

Our Success Indicators

Index



FTSE4Good

Ratings

Bloomberg



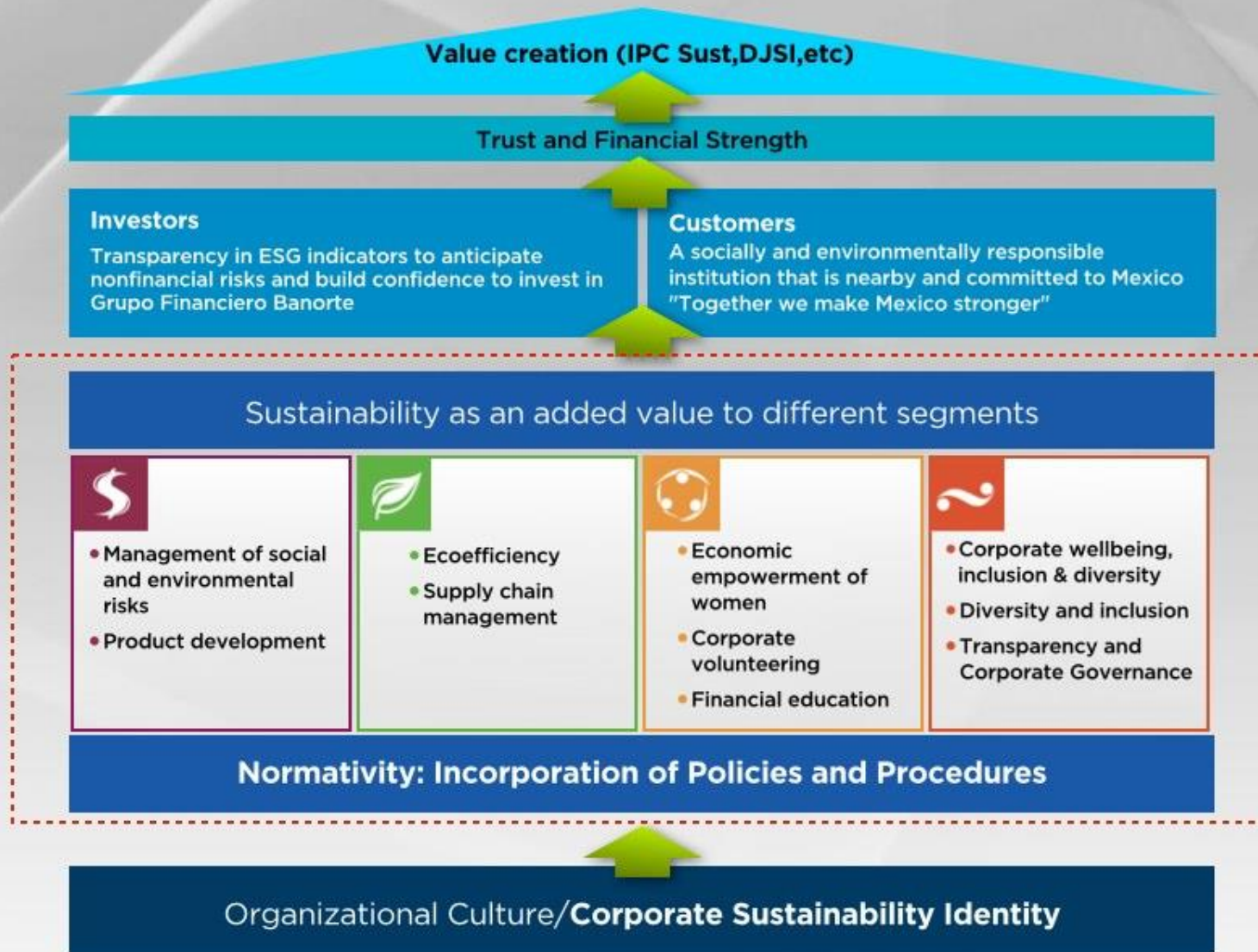
THOMSON
REUTERS



- Increase access to capital from foreign SRI investors
- Worldwide market recognition and appeal to millennials and Y-Gens as a sustainability leader in the industry

Our timeline





Fundación Banorte

Mission

To contribute towards reaching the maximum economic development of Mexico through the economic empowerment of its women and the promotion of female entrepreneurship

Vision

To be the main ally for Mexican women so they can economically empower themselves, mainly through entrepreneurship

Strategic Lines



Economic empowerment



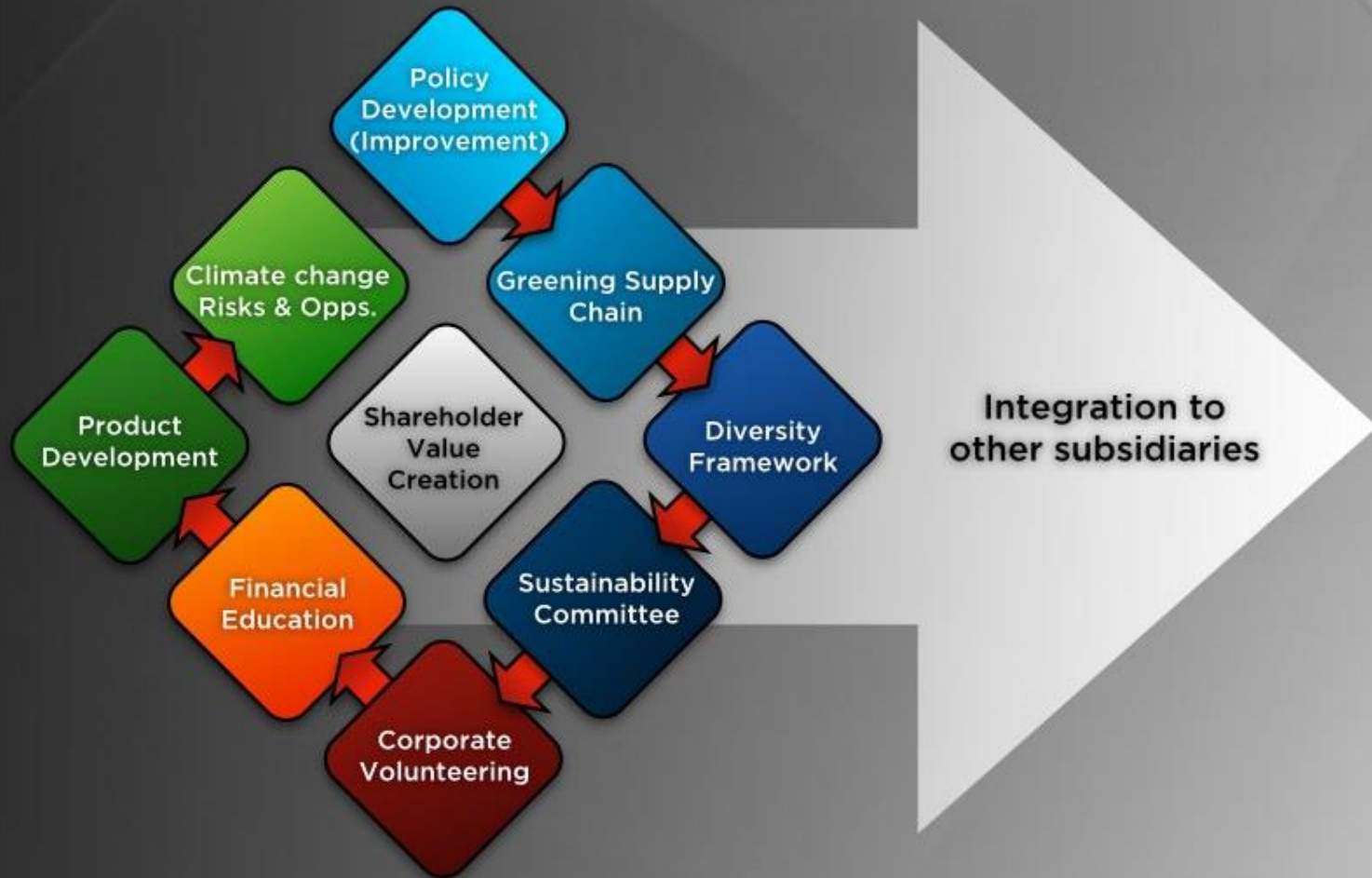
Female entrepreneurship



Gender sensitivity through
Arts & Culture

- 6 months 72 projects 7.5 million USD
- Directly Impact 208,271 Mexican women

Our Next Steps



Update on Our Long-Term Savings Business

Fernando Solis Soberon

Afore XXI Banorte (Retirement Savings)

Market Share
9M14

	%	Rank
AUM	25.8%	1
Accounts	24.7%*	1
Net Earnings	26.2%	1

Source: CONSAR

Afore Bancomer Acquisition

KPI

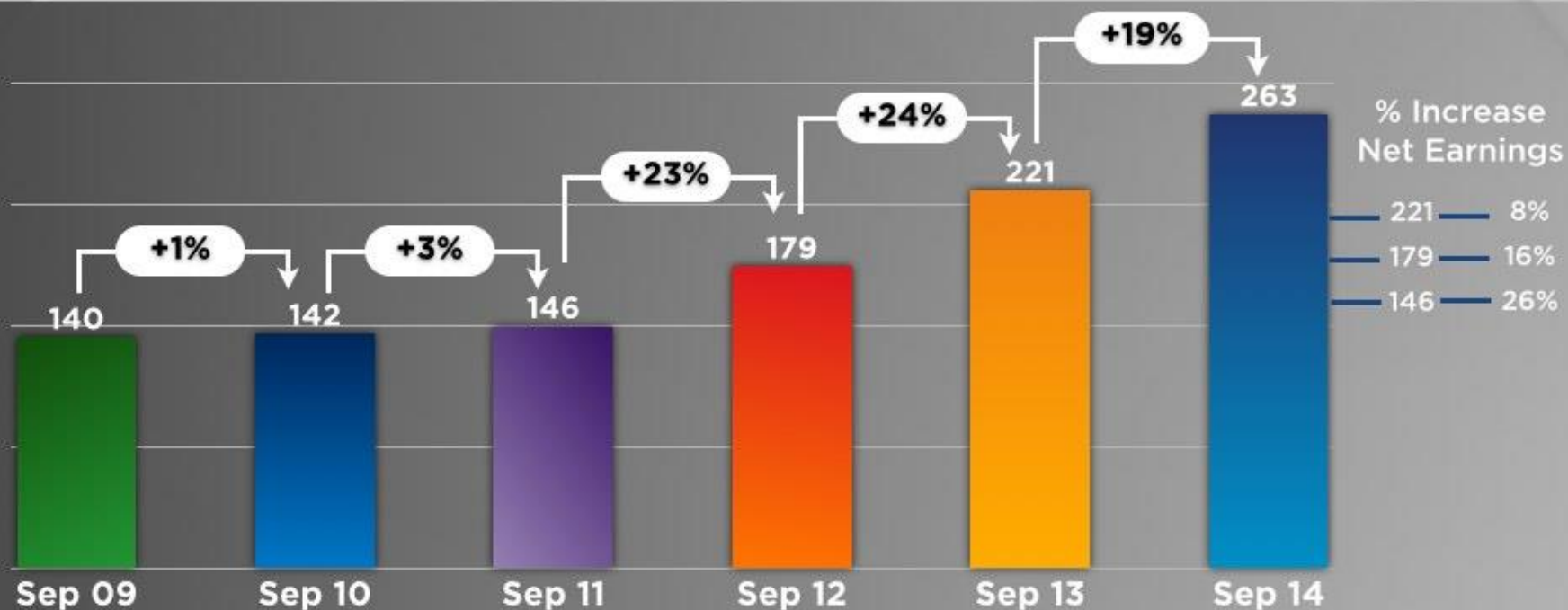
	9M12	9M13	9M14
AUM	239,291	533,391	588,035
Earnings	2,448	4,527	4,718
Net Earnings	867	1,762	1,753
ROTE	55%	44%	32%
Million pesos			

* Accounts not including "Prestadora de Servicios"

Afore XXI Banorte (Retirement Savings)

Total Industry Switchovers

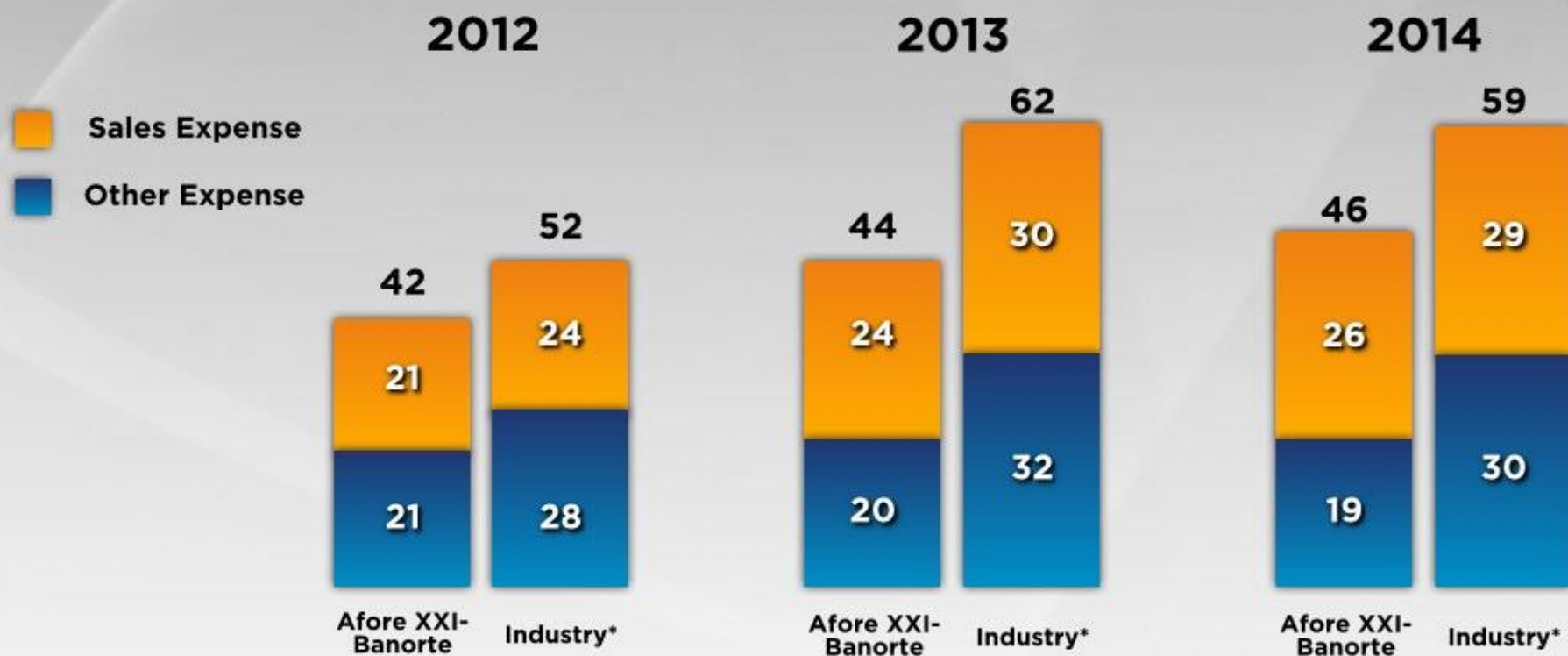
Billion pesos



Source: PROCESAR, CONSAR

Afore XXI Banorte (Retirement Savings)

Cost to Income %



* Industry without considering Afore XXI Banorte
Source: CONSAR

Pensiones Banorte (Annuities)

**Market Share
9M14**

	%	Rank
AUM	36.5%	2
Premiums	38.1%	2
Net Earnings	21.0%	3

Source: AMIS

Generali Acquisition

KPI

	9M12	9M13	9M14
AUM	38,839	48,743	57,311
Premiums	5,895	7,128	6,028
Net Earnings	78	113	202
Embedded Value	3,444	4,625	5,314
ROE	8.8%	12.2%	20.0%

Million pesos



Seguros Banorte (Insurance)

Market Share
9M14

	%	Rank
AUM	2.2%	11
Premiums	5.2%	8
Net Earnings	7.2%	4

Source: AMIS

Generali Acquisition

KPI

	9M12	9M13	9M14
AUM	10,263	11,813	12,690
Premiums	9,218	10,193	12,516
Net Earnings	751	759	1,248
ROE	31%	31%	38%

Million pesos



Seguros Banorte (Insurance)

Initiatives between Seguros Banorte and Grupo Financiero Banorte with potential strategic impact

- Integrate insurance customer data into the new Business Intelligence platform (Project Sumando).
- Leverage enhanced customer data and needs identification to sell insurance products to financial group customers through all distribution channels.

Retail Banking:

Evolving to a Customer Centric Organization

Rafael Arana, Carlos Martinez, Manuel Romo &
Ignacio Aldonza

Banorte Day 2013

The transformation journey had begun:

1. A product, segment, channel model structure to be put in place.
2. IBM partnership entered into execution mode.
3. Rationalization of products and processes to achieve cost income ratios comparable to best in class.
4. IT Transformation to support the evolution of the financial group to a customer centric model.

Innovation Business Intelligence

Intuitive **ROE: 20%** Efficient

Apple TRANSFORMATION

Cost to income: 45%

GROWTH IBM WATSON Reengineering

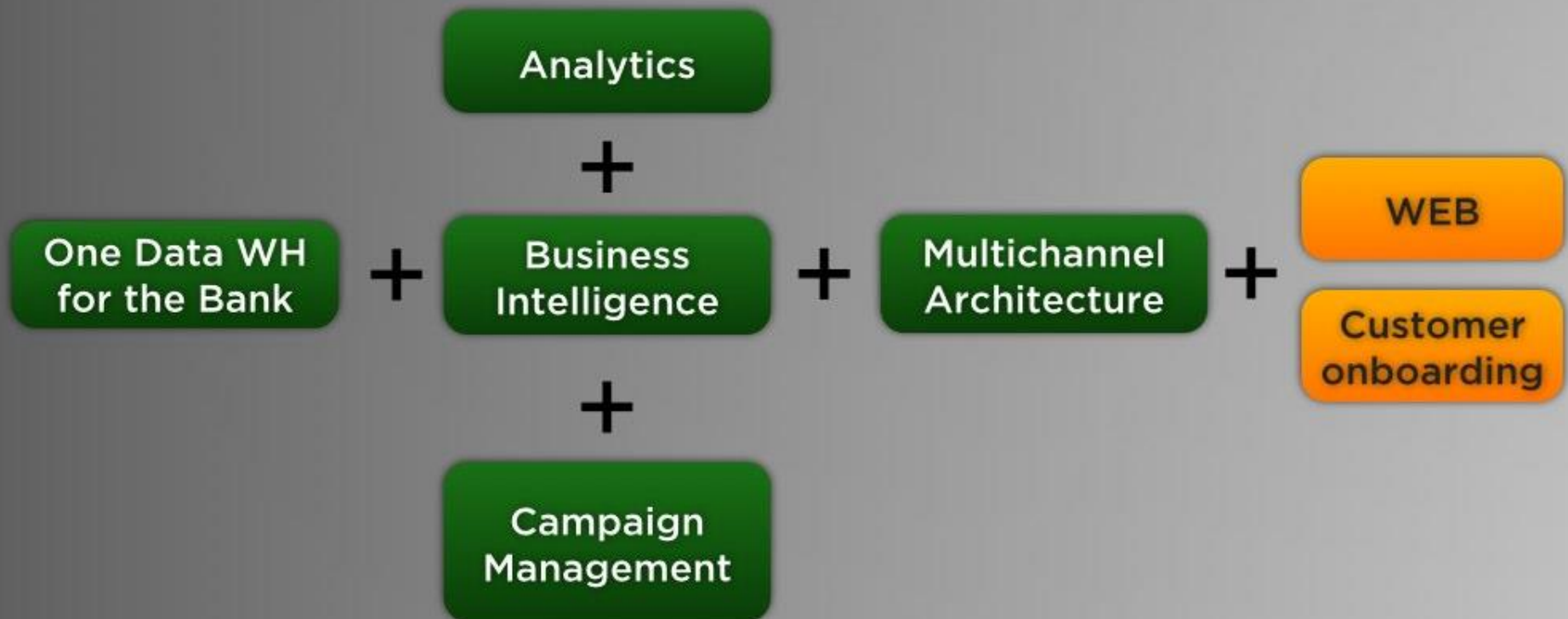
Analytics **Cross sell: 2.2**

Customer onboarding CUSTOMER
Multichannel EXPERIENCE

Sales Productivity

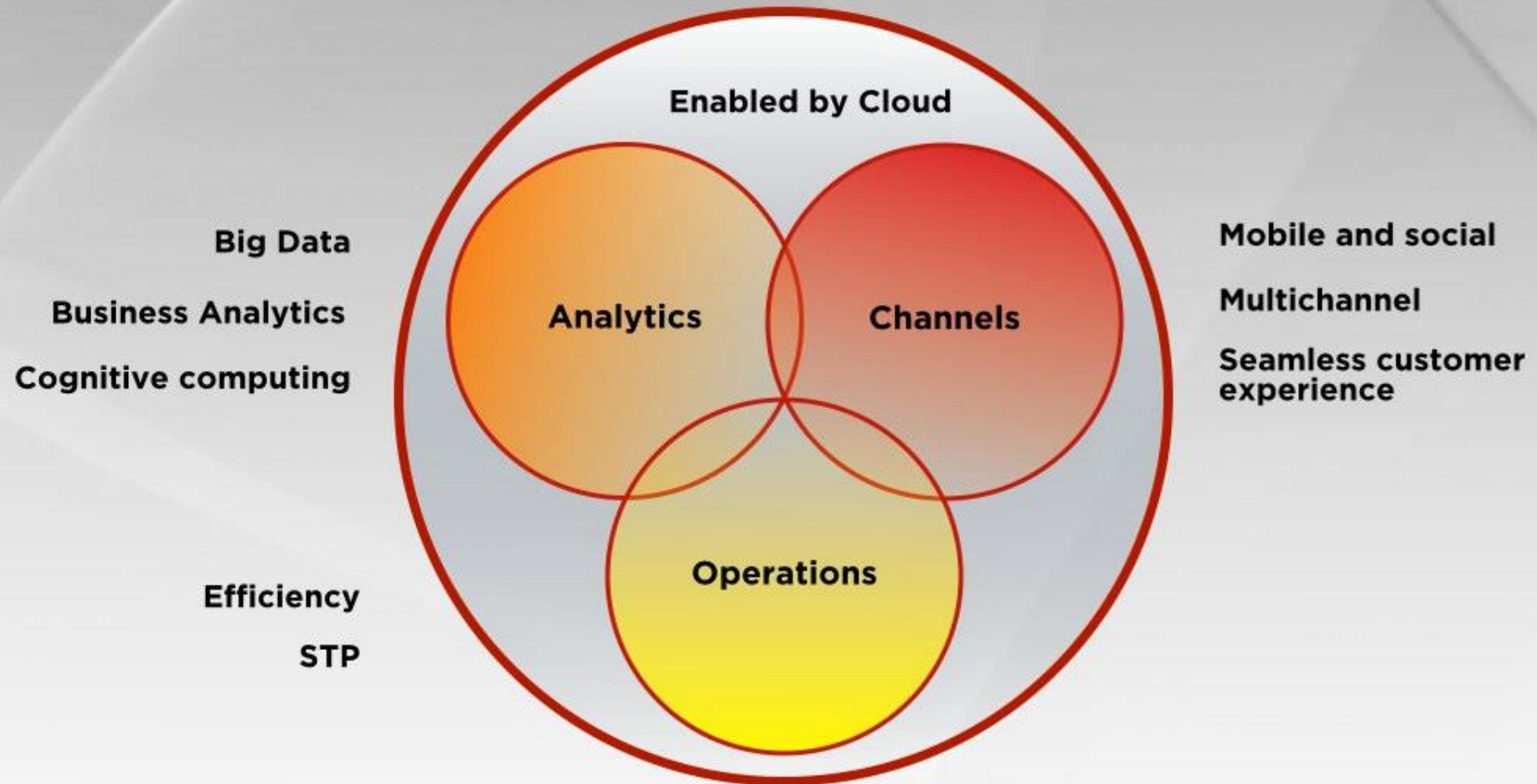
Building blocks for one to one self-service banking

Where we are on the business & IT Transformation journey



Our IT Vision

We have reengineered the operating model to be "best of breed"



Source: Enterprise innovation framework by IBM

Line of Business (LOB)



Banorte: Evolving to a Customer Centric Organization

Dec 2013

**Customer Information
One year Evolution**

Dec 2014



Customer
Segmentation

Centralized
Customer
Repository

Value Proposition
Driven

Source: Banorte

Banorte: Evolving to a Customer Centric Organization

Dec 2013

**Product Driven
Not Segmented**



Source: Banorte

Dec 2014

**Customer Value Proposition Oriented
Creation of five LOB with P&L responsibility**



Government Banking

9K customers
RM Based



Commercial Banking

16K customers
RM Based



SME Banking

416K customers
RM Based



Affluent Banking

125K customers
RM Based

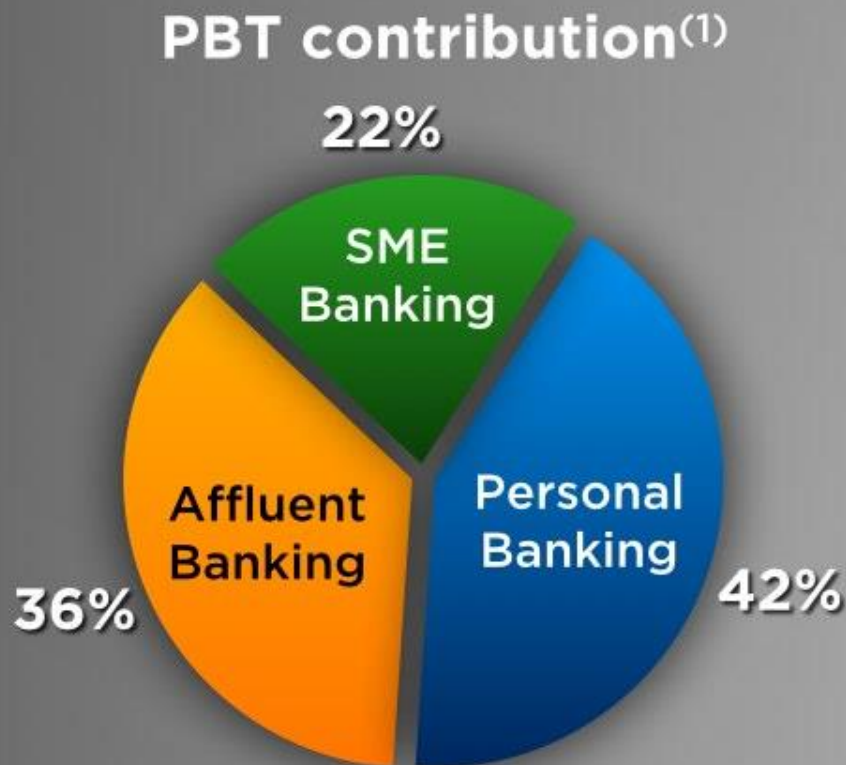


Personal Banking

+13m customers
(Clusterization)

Retail Banking: Evolving to a Customer Centric Organization

A Balanced Business Mix



(1) Profit before Tax Jan-Sep 2014. Source : Banorte

Retail Banking: Evolving to a Customer Centric Organization

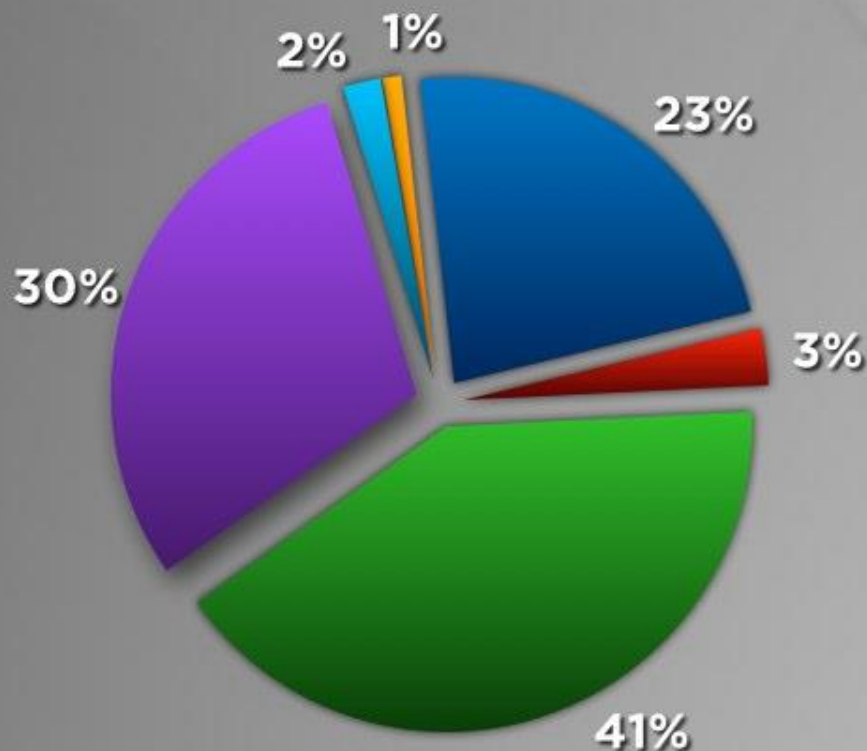
Personal Banking



 **BANORTE**

Personal Banking

Clusterization More than 13m Customers



Source : Banorte

Personal Banking

Operating Profit Contribution (%) by Cluster



Operating Profit by Customer

Jan-Sep 2014. Source: Banorte

Personal Banking

Operating Profit Contribution (%) by Cluster



Operating Profit by Customer

Jan-Sep 2014. Source: Banorte

Personal Banking

Operating Profit Contribution (%) by Cluster

Case 2
5% Shift
USD 111.5m



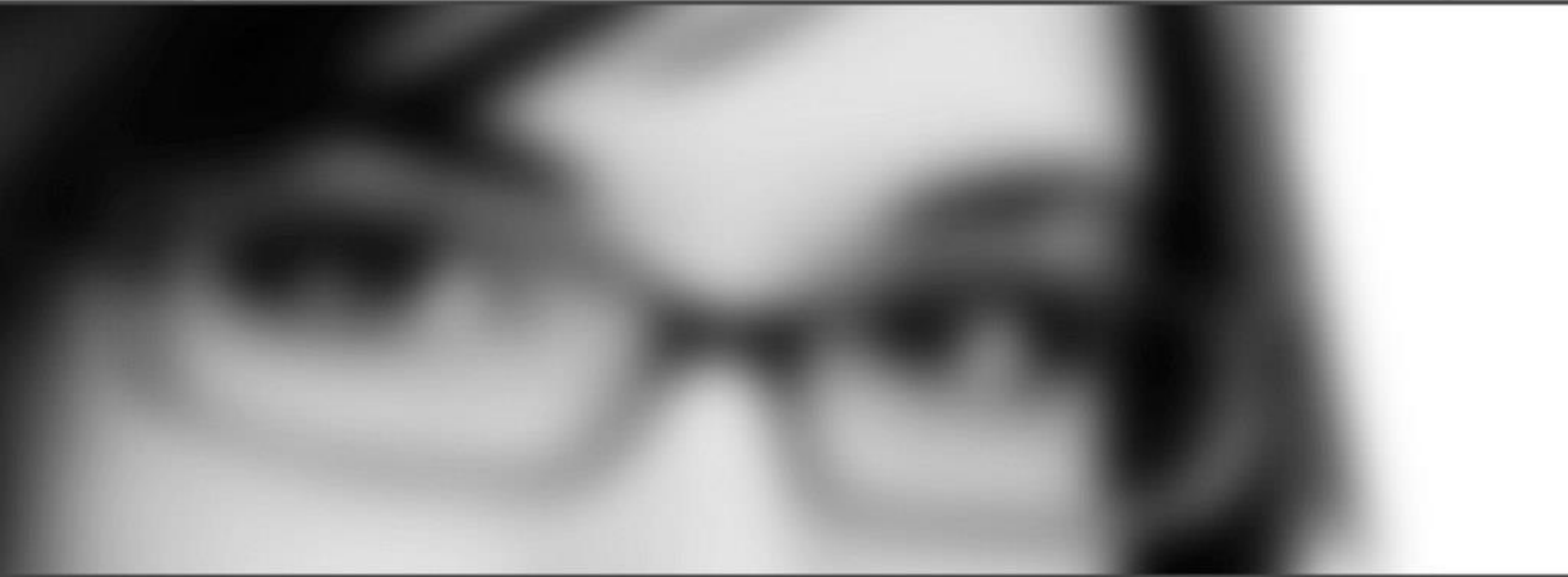
Operating Profit by Customer

Jan-Sep 2014. Source: Banorte

Evolving to a Customer Centric Organization

**To benefit from this opportunity,
it was imperative to build
solid capabilities to be able to answer the
following question ...**

Do you know me?



It was imperative to know every single customer therefore we developed a state of the art platform

Personal Banking



Do you know me?



Segment of One

Personal Banking

Merger of
5 Banks over the
last 15 years



Centralized Business
Intelligence



Do you know me?



Segment of One

Personal Banking

7 Institutions in the holding



Do you know me?



Segment of One

Personal Banking

9 independent
core systems



Centralized Business
Intelligence

Do you know me?



Segment of One

Personal Banking

Fragmented processes and
data silos



Do you know me?



Segment of One

Personal Banking

+13m customers with more than 900m transactions per year



Do you know me?



Segment of One

Personal Banking

State of the art data management
technology



Do you know me?



Segment of One

Evolving to a Customer Centric Organization

Yes, I know you

What is your
relationship with the
bank?

What are your
complaints?

What is the best
offer for you?

What is your current and
potential value?

Which is your
preferred channel?

What is your risk?

What is your
consumer behavior?



Evolving to a Customer Centric Organization

We have provided our +4,000 sales executives in 1,290 branches and business areas with...



BANORTE

Evolving to a Customer Centric Organization

... and now our sales executives know



Who are their most profitable customers?

How is their customer risk distributed?

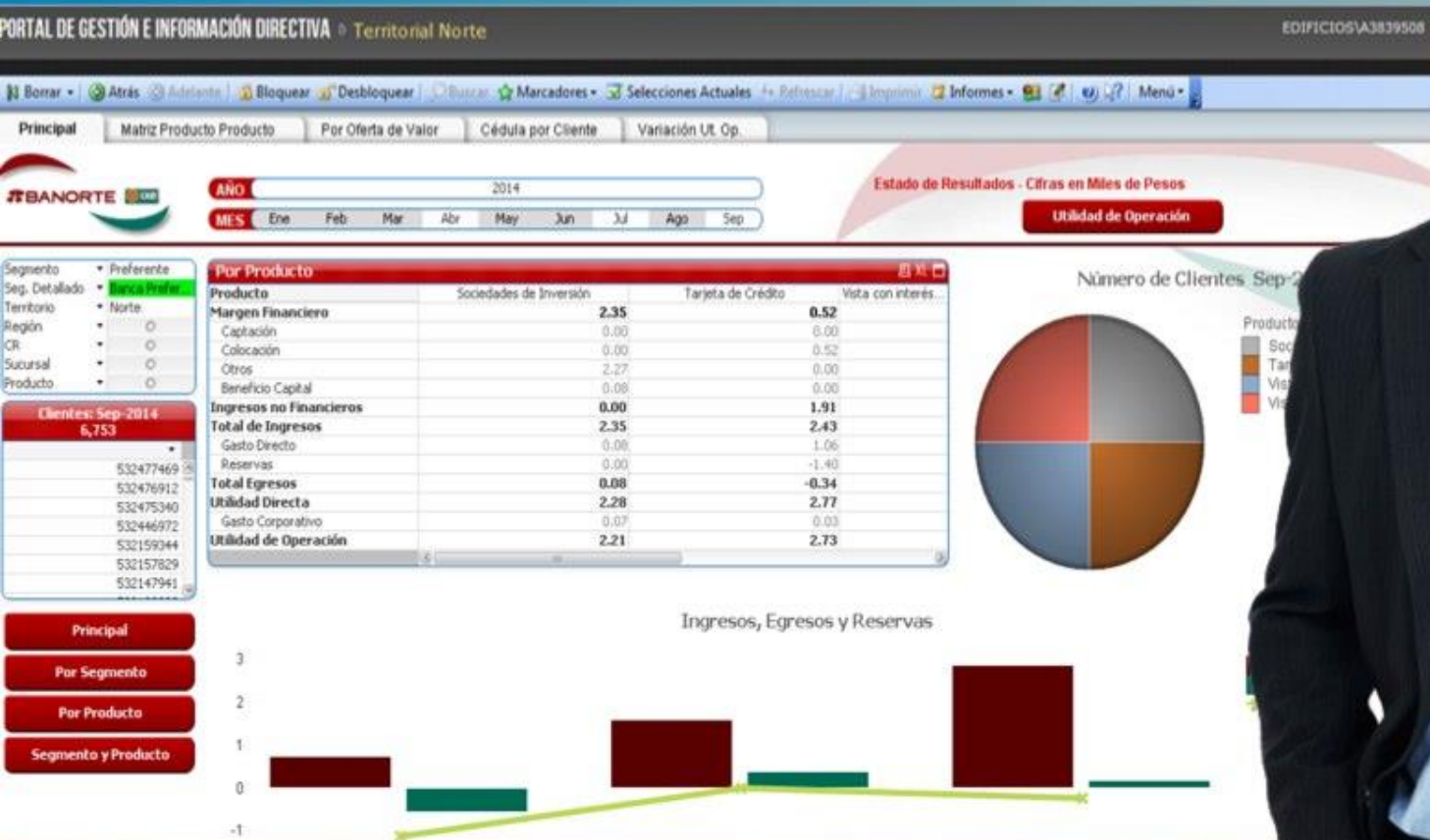
How can they adjust their value proposition to be more profitable?

How can they increase productivity?

Which product, channel and segment do their clients feel more comfortable with?

Evolving to a Customer Centric Organization

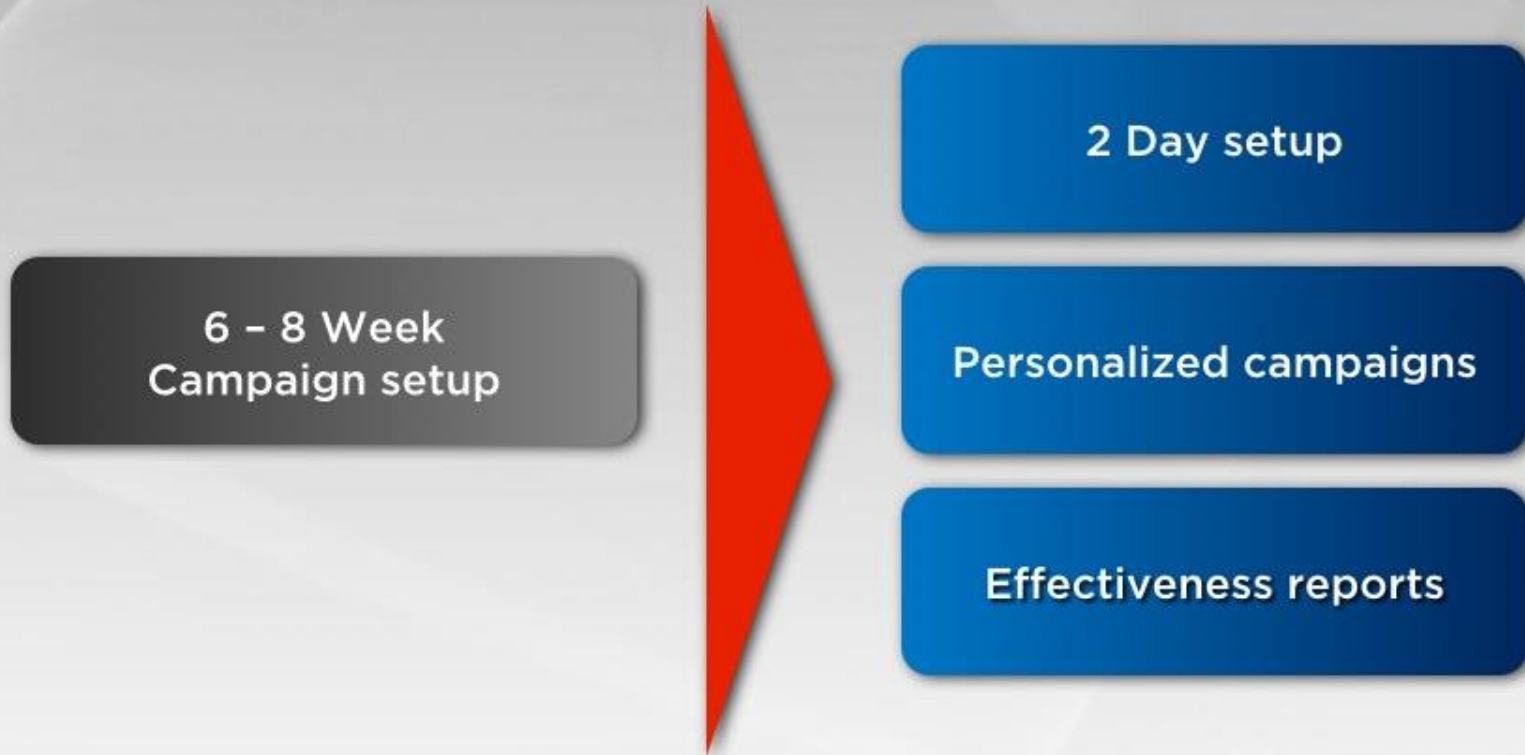
We have provided business areas with MIS and analytical tools



BANORTE

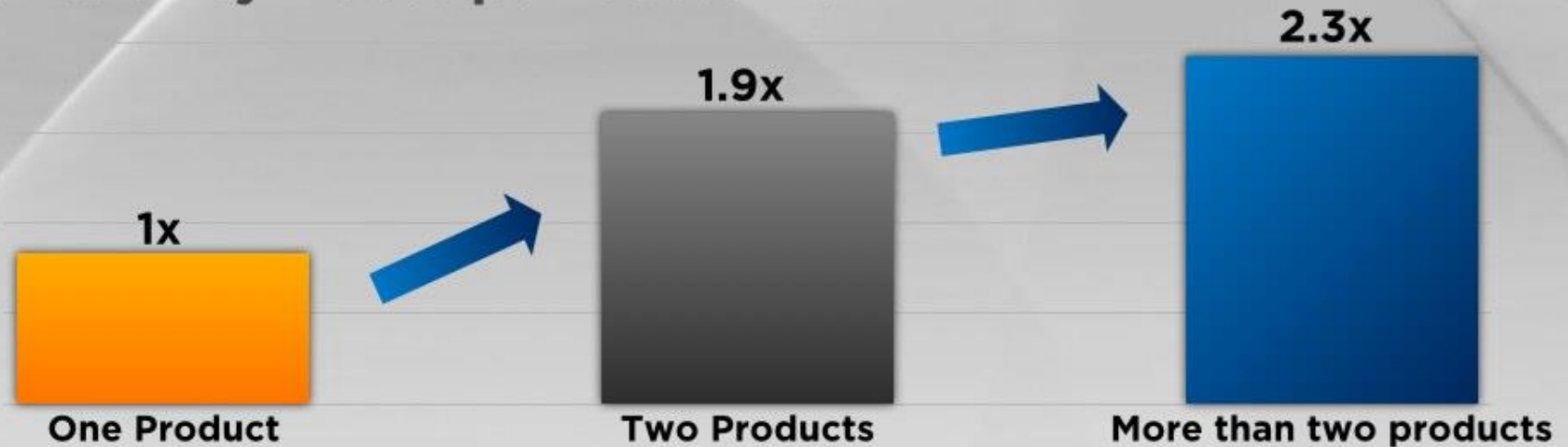
Evolving to a Customer Centric Organization

And we rolled out new tools to convert knowledge into commercial outcomes



Personal Banking

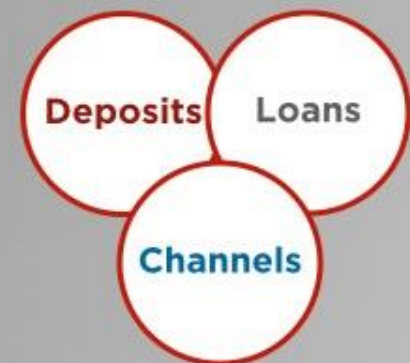
Profitability Boost per Customer



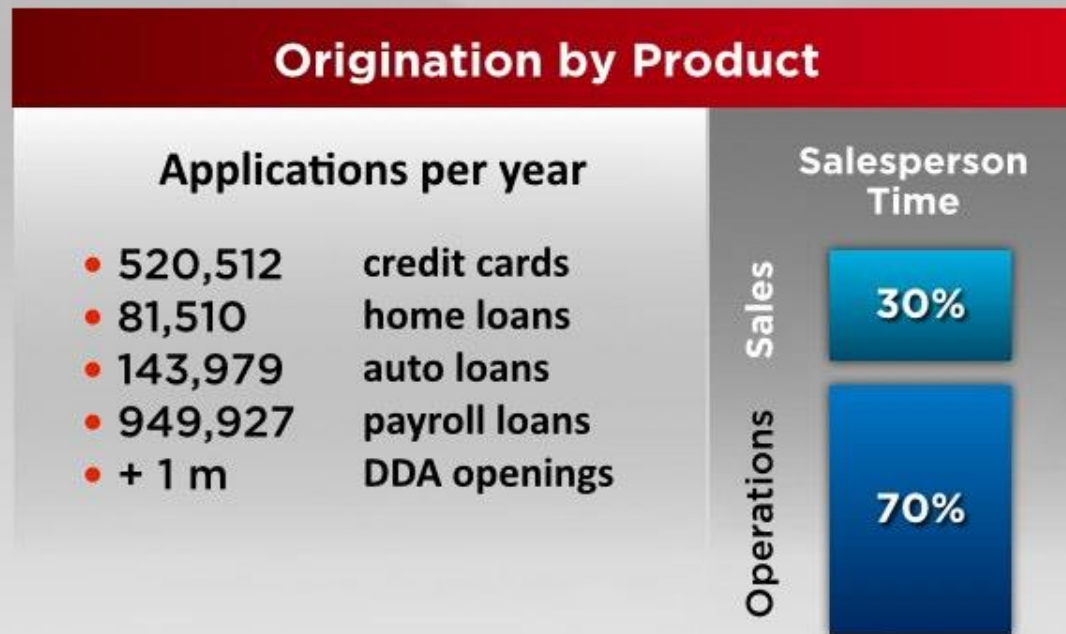
Engagement Campaign



A new bundled proposition:



Customer Onboarding



The volume that we manage required that we completely change the way we onboard the client

Customer Onboarding

Origination by Product

Applications per year

- 520,512 credit cards
- 81,510 home loans
- 143,979 auto loans
- 949,927 payroll loans
- + 1 m DDA openings



Origination by Customer



At least 1/3
increase in their
sales capacity

More than 4,000
sales executives

**By doing this we are freeing up at least
10% capacity which represents more than
400 new sales executives**

Customer Onboarding

Origination by Product

Applications per year

- 520,512 credit cards
- 81,510 home loans
- 143,979 auto loans
- 949,927 payroll loans
- + 1 m account openings

Salesperson Time

Sales
Operations

30%

70%

Individual sales effort
Focus on volume
Product by product offer

Origination by Customer

Salesperson Time

Sales
Operations

40%

60%

At least 1/3
increase in their
sales capacity

More than 4,000
sales executives

Integrated view of the Customer

Analytics (Value Proposition)

Campaign Management

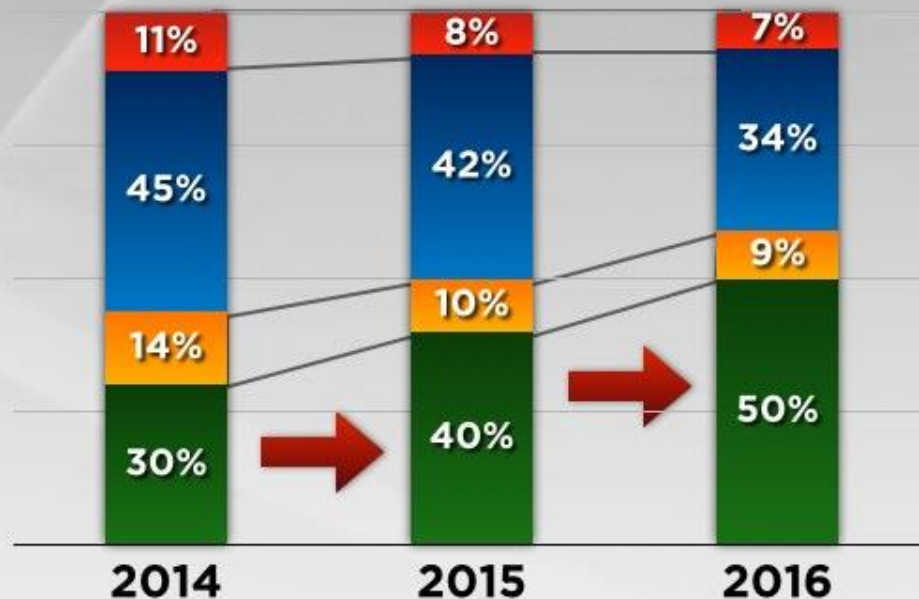
Single contract by customer

Operational Efficiency: New Operating Model

21% commercial productivity increase by end of 2016

Jump in Commercial Productivity →

≈ **840** sales executives over two years



From **30% to 40%** due to customer onboarding

From **40% to 50%** due to process improvements

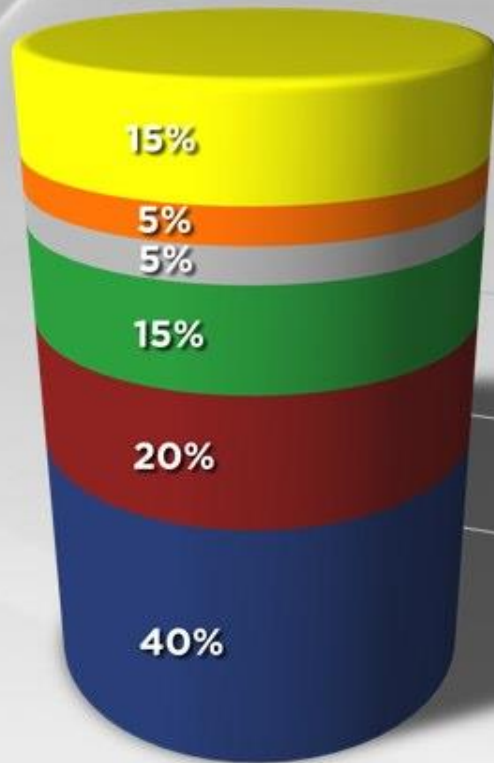
■ Sales ■ Commercial planning
■ Servicing ■ Office administration

But we have to improve our servicing



But we have to improve our servicing

Teller time distribution



- | | |
|-----------------------|----------------------------|
| ■ Deposits | ■ Payments & Withdrawals |
| ■ Credit Card related | ■ Account Maintenance |
| ■ FX Related | ■ Handle Queries and other |

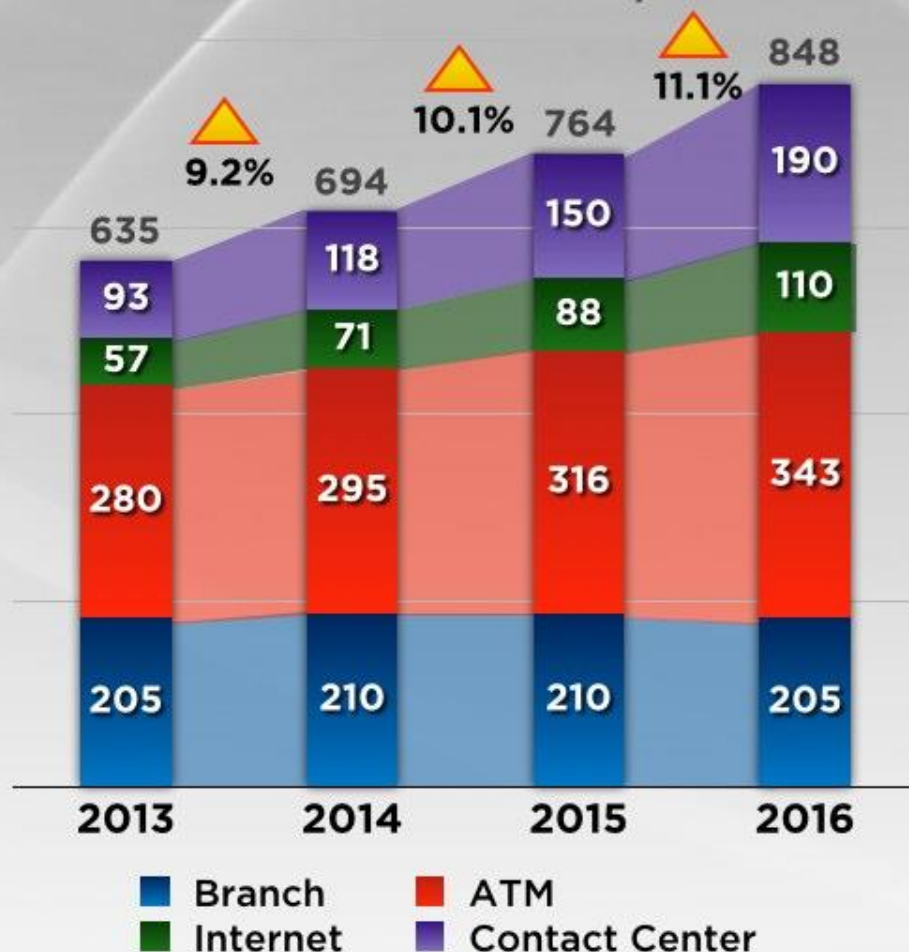
Main transactions per year

- | | |
|---------|------------------------|
| • 90.1m | Deposits |
| • 27.8m | Check payment |
| • 27.2m | Enterprise deposits |
| • 14.0m | Debit card withdrawals |
| • 13.1m | FX related |
| • 12.3m | Credit card payments |

Most of the transactions are over the counter at a high cost

Migrating from the branch to self-service channels

Transactional Mix Branch/Channels



Leveling off branch investments by increasing the capacity and usability of the self service channels:

- 22% over the counter transactions migrated to direct channels
- Offsetting fixed costs

Millions of transactions

Personal Banking

Operating Profit Contribution (%) by Cluster



Operating Profit by Customer

Jan-Sep 2014. Source: Banorte

Affluent Banking



 **BANORTE**

Affluent Banking: 2014 actions and moving forward

- **Launch a new value proposition based on the strong Ixe foundation**
 - **Expand from regional to nationwide**
 - **Set up a portfolio management model**
 - **Improve and simplify product offer and service delivery**
 - **New branch layout**

125K Customers

36% Retail Banking PBT



Leveraging innovation for the bank



IOS Apps for:

- Wealth Manager
- Small Business Banker
- Payment and Cash Management
- Insurance
- Pension Funds (Afore)

Wealth Manager App by Apple



- **650 RMs** to acquire customers
- Friendly interface (Apple experience)
- Big Data connectivity
- Brings the bank closer to customers

1Q15

SME Banking



SME Banking

Deposits



SME POS Volume



Million Pesos

416K Customers
22% Retail Banking PBT

- Deposit growth of 25% in 2013 and 32% YoY in 2014
- SME POS volume growth of 57% YoY
- Payroll accounts: 1.6 million, growth of 23% YoY
- Internet Banking account growth of 26% YoY. SME penetration of 75%.

SME Banking

Loans CAGR 17.02%



Non Performing Loans (NPL)



Million Pesos

- Accelerated SME loan growth generated a lot of pressure on our bank infrastructure
- Loan portfolio growth plateaued in 2014
- NPL rate increased from 4.1% in '12 to 9.7% in '14
- We are conducting a full business overhaul to trigger disciplined growth

SME Banking: Reengineered origination process



SME Banking: 2014 actions and moving forward



- **Set up new SME LOB (Pyme) and a new Head of Business onboard**
- **Increase SME Profitability by:**
 - Pricing review
 - Payroll strategy
 - Migrate heavy transactors at the branch to direct channels
 - Increase Loan penetration (only 10% of the SME customers with credit)
- **Reinforce the growth in SME Deposits**
- **On 2015 SME Loans will begin to grow**
- **Enhance credit decision models**

Small Business Banker App by Apple

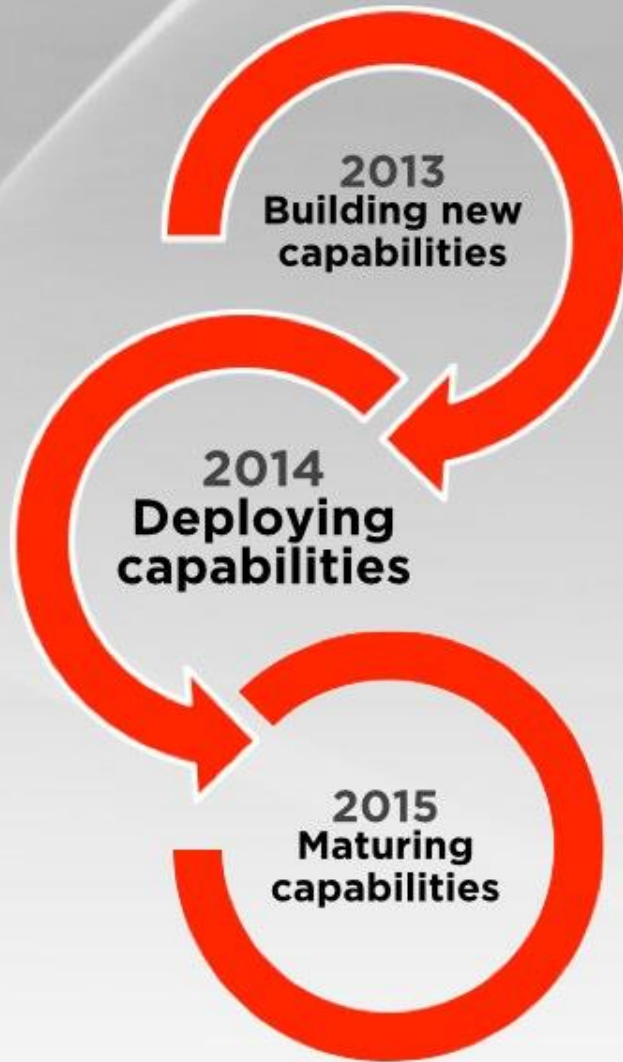


- **350 RMs** to close the deal at the point of interaction

1Q15

IT Transformation

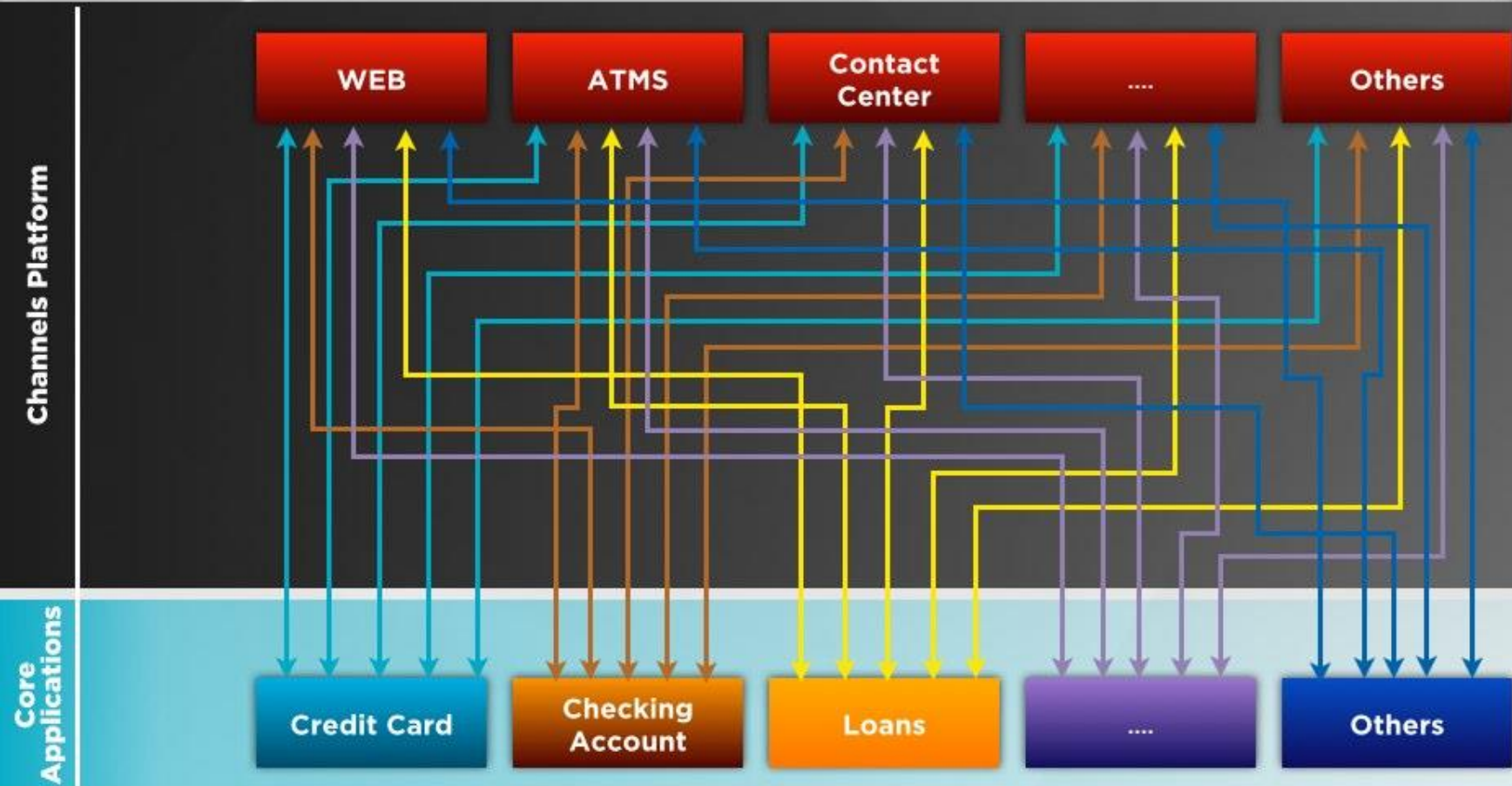
IT Transformation to support the business



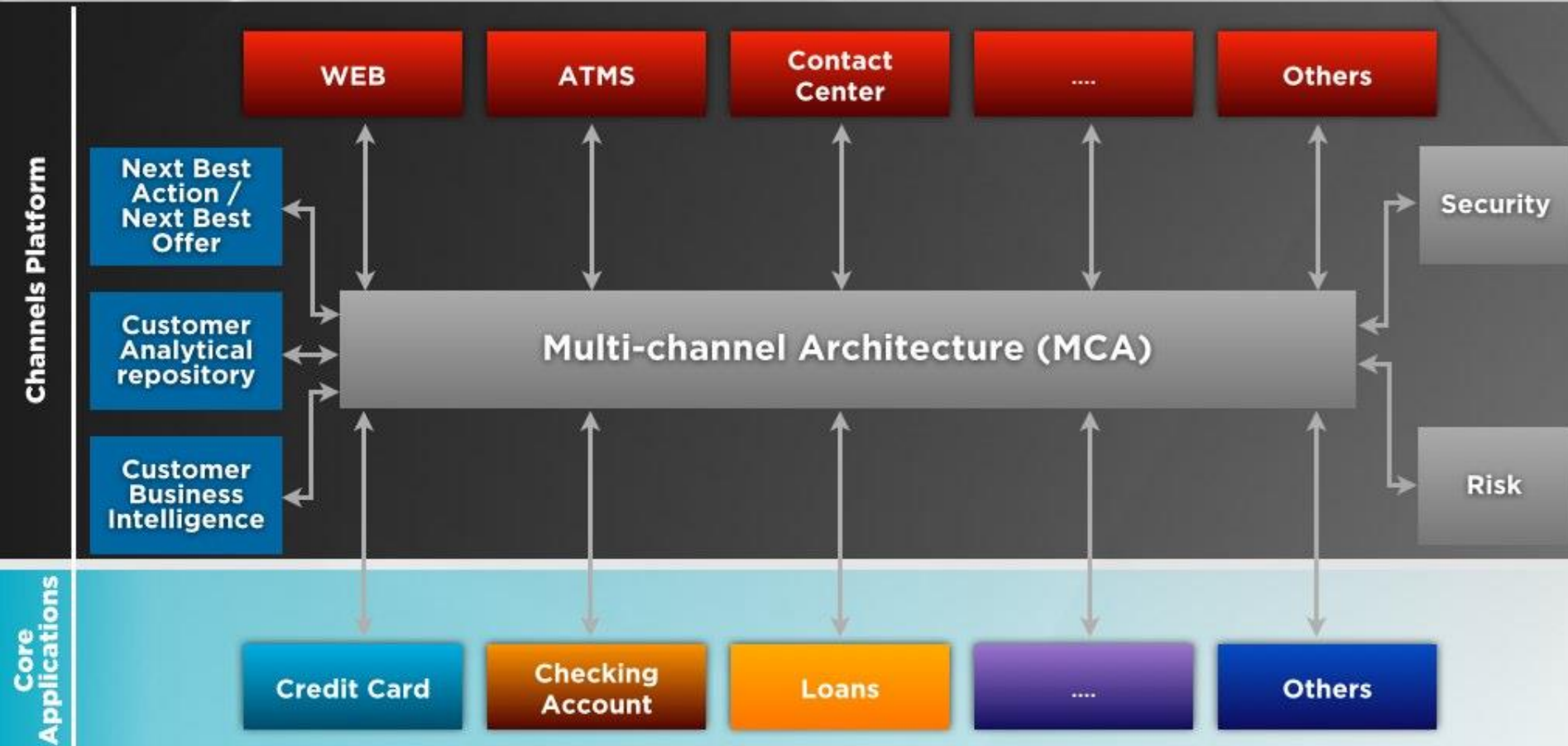
Benefits 2014

- Moving “Change the Bank” IT spending from **13%** to **38%**
- **0%** IT operating expenses increase
- **40%** software development capacity increase

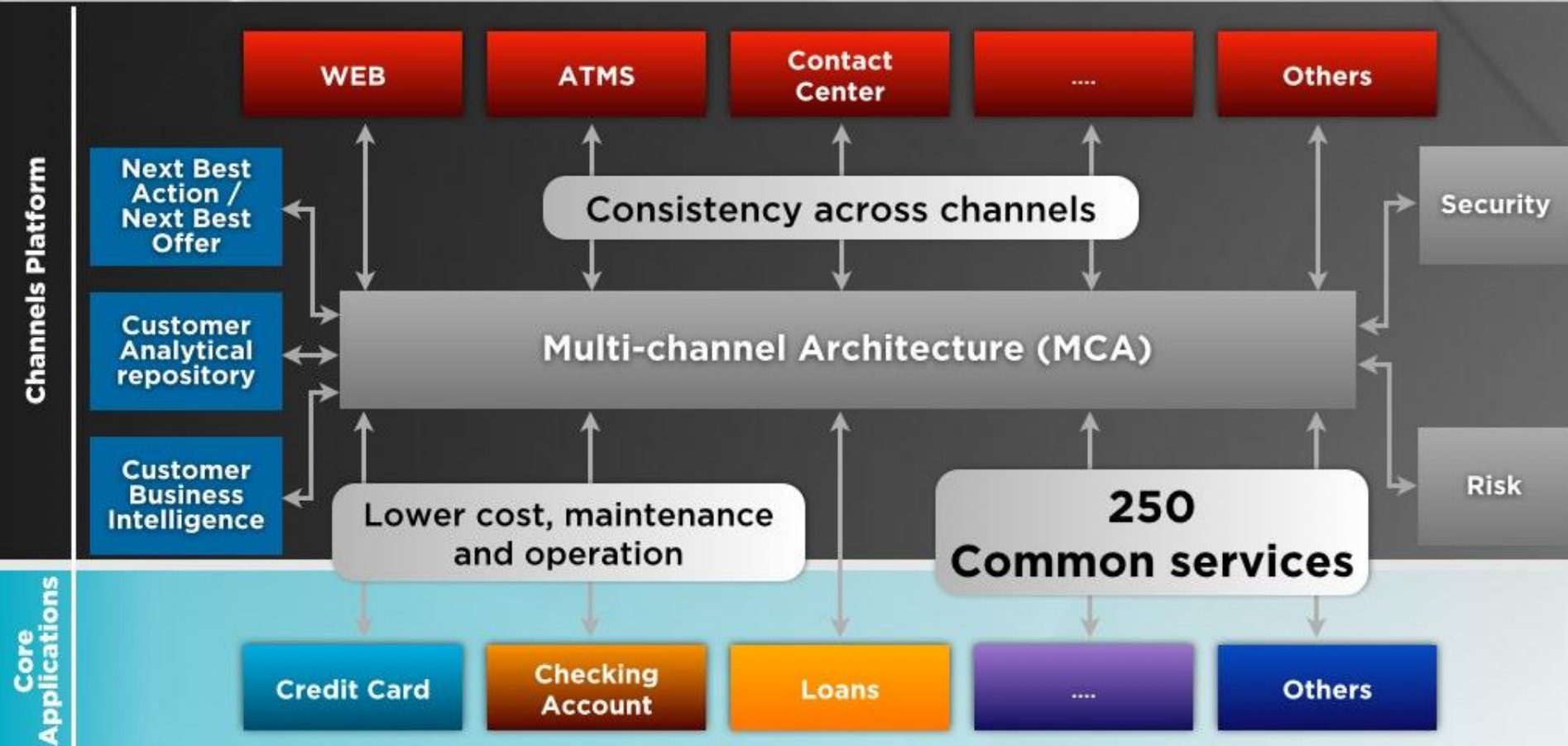
Former Multichannel Architecture



New multichannel architecture



New multichannel architecture





Can you **serve me**
the way I want, when I need it?

**With the new website,
Absolutely!**

- User friendly interface
- Personalized and client oriented
- World Class usability experience

Pilot started in November

acceso24

Clientes Banorte e Ixe

ENTRAR Activa tu token  Ayuda

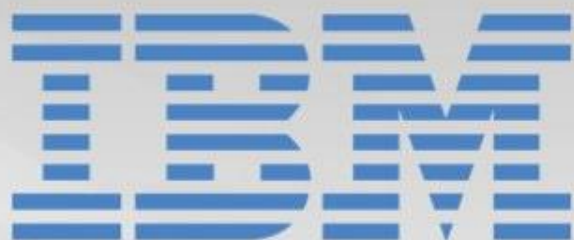
Sincroniza tu token

 Otras Cuentas

Tu banca es ahora más simple

**MANEJA TU DINERO
INTEGRALMENTE****CONSTRUYE TU
PATRIMONIO****HAZ REALIDAD LO
QUE DESEAS****EMPRENDE Y CRECE**

Leveraging innovation for the bank



Watson

Cognitive computing promises an industrial revolution in which Banorte will be a pioneer in Latin America



Knowledge

Contact Center

Branch

Web

Risk Management

Daily review of
the credit risk
through internal
and external data
analysis

Products

2014 Deposits Performance

Outgrowing market with lower funding cost

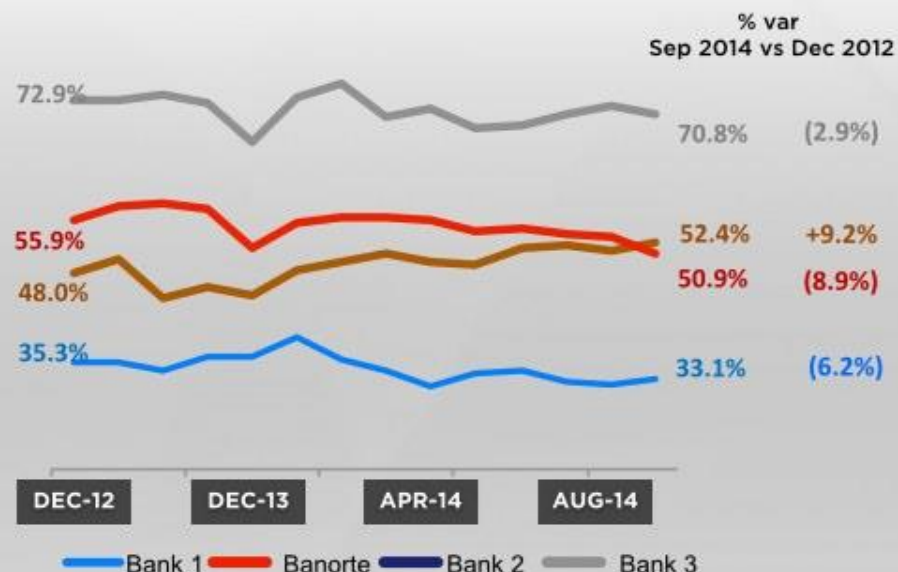
Deposits Growth



Deposits Composition



Deposits Cost (CPT) %Cetes



(CPT) : DDA, Term, Bank loans and Subordinate obligations.

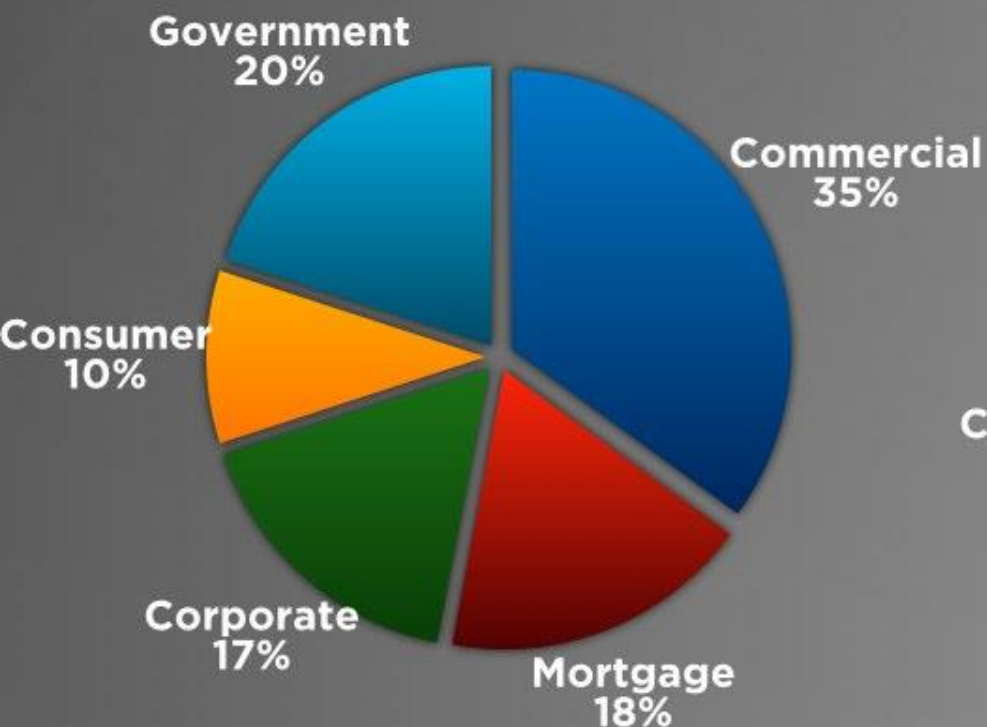
Source: Format CRI Banxico, CNBV. Rates in proportion to Cetes

2014 Loan Portfolio Structure

Transition to higher ROA

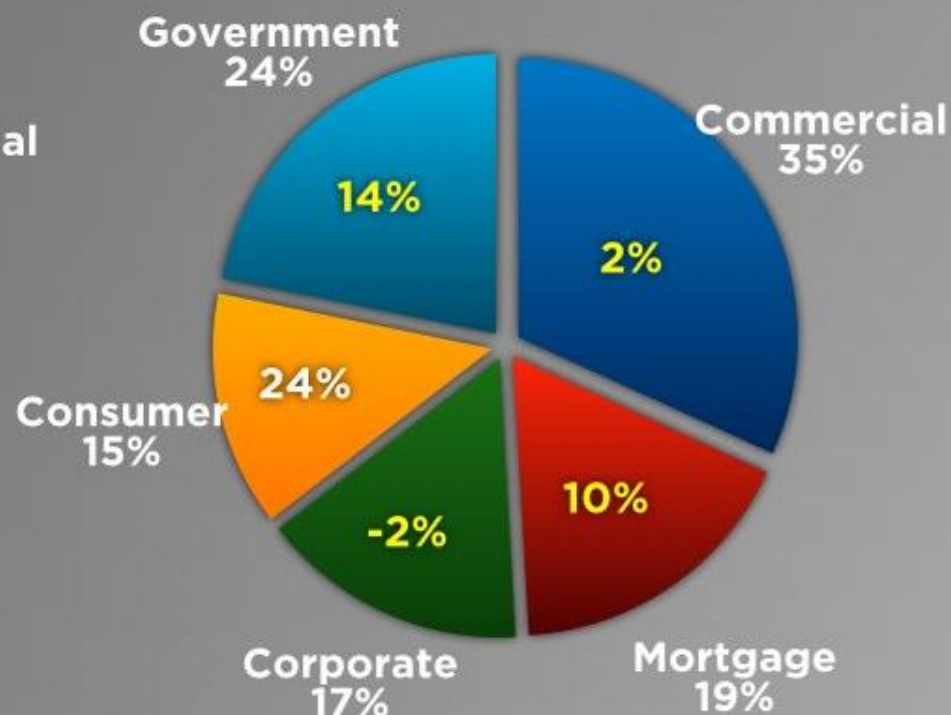
2011

Total Portfolio Loan: \$358 Bn pesos
Performing Loans Composition



2014 Sept

Total Loan Portfolio: \$460Bn pesos
Performing Loans Composition / (2011-2014 CAGR)



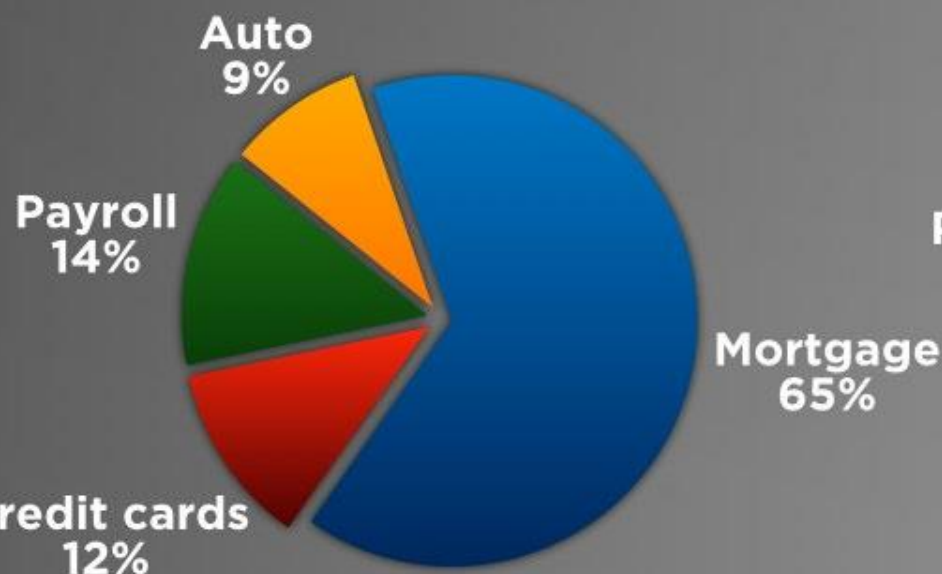
2014 Consumer Loan Performance

Growing volume and efficiency

- Stable credit trends and profitability: +15% growth, 3.9% ROA (+11.4% YoY)
- Favorable credit trends: 2.3% NPL vs 4.1% market

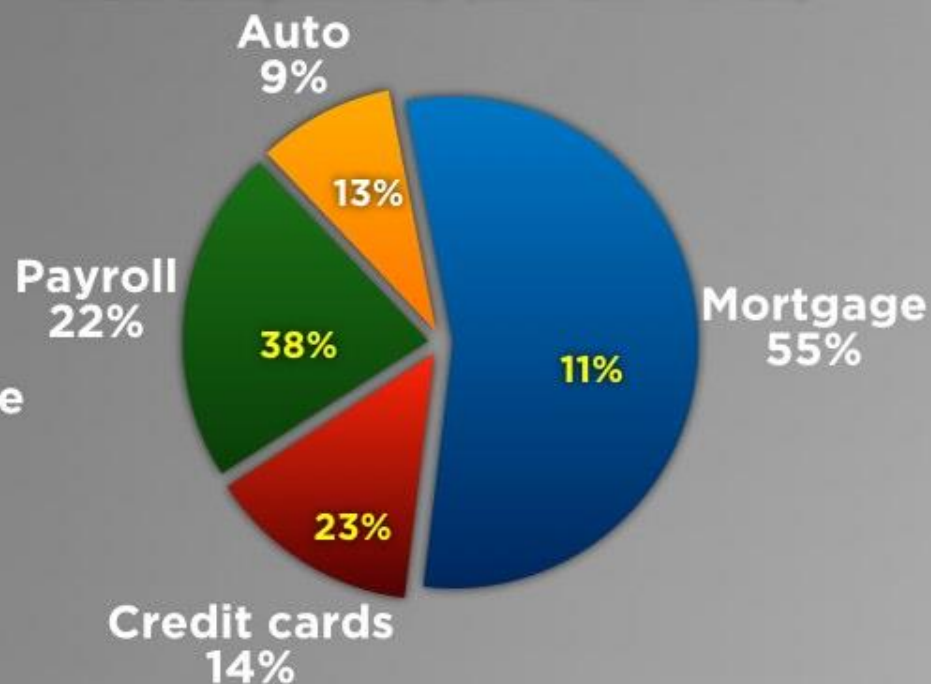
2011

Total Portfolio Loan: \$101 Bn pesos



2014 Sept

Total Loan Portfolio: \$157 Bn pesos
Loans Composition / (2011-2014 CAGR)



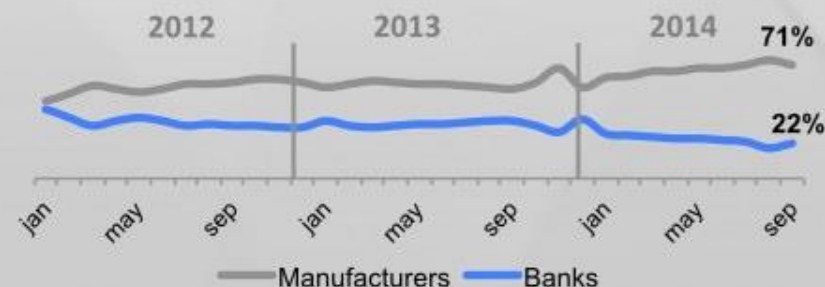
2014 Auto Loans

Performance



Management

Market share manufacturers vs Banks



Car sales: Industry trend



Product Reengineering



Source: AMIA & Jato Dynamics

2014 Payroll Business

Performance



Management

- 4.8MM payroll growth (15 %YoY growth)
- High quality mix Gov't / Private / SME
- Strong potential: 18% loan penetration
- Sharpening over all criteria to ensure efficient selection and pricing
 - Enterprise selection based on cross sell potential and risk profile
 - Ad-hoc infrastructure (synchronization)

2014 Credit Cards

Performance



Management

Pricing, benefits and channels



2014 Mortgage

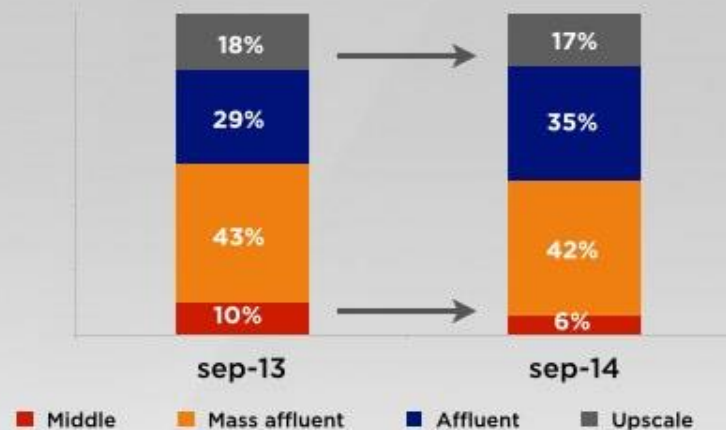
Performance



Management

- Focus on mass affluent and affluent
- Avg mortgage increase 4% YoY (from \$1.13MM to \$1.19MM)

New Origination by Segment (number of mortgages)



- Emphasis on process: Increase underwriting efficiency (approved to disbursed)

Bancassurance at Work

Intensifying presence and penetration

Strong potential: Less than 3% penetration rate (360K insurance customers)

1

Bundle Strategy

- Debit and credit card cross sell efforts

2

Engagement

- Multiproduct relationships
- Automatic payroll debit
- Leveraging card activation

3

Target segment / channel strategy

- Multichannel acquisition (ATM, Telemarketing)
- Segmentation strategy aligned with profitability

What's next?

What's next in the Transformation Program?

- **Segment of one**
- **NBA / NBO**
- **Customer onboarding in every channel**
- **Big data across the enterprise**

Financial Performance

Rafael Arana

- **Transformation of Group Architecture**
- **Balance Sheet Highlights**
- **Core P&L Numbers**
- **Specific actions to improve key performance metrics**
- **Targets 2014-2015**

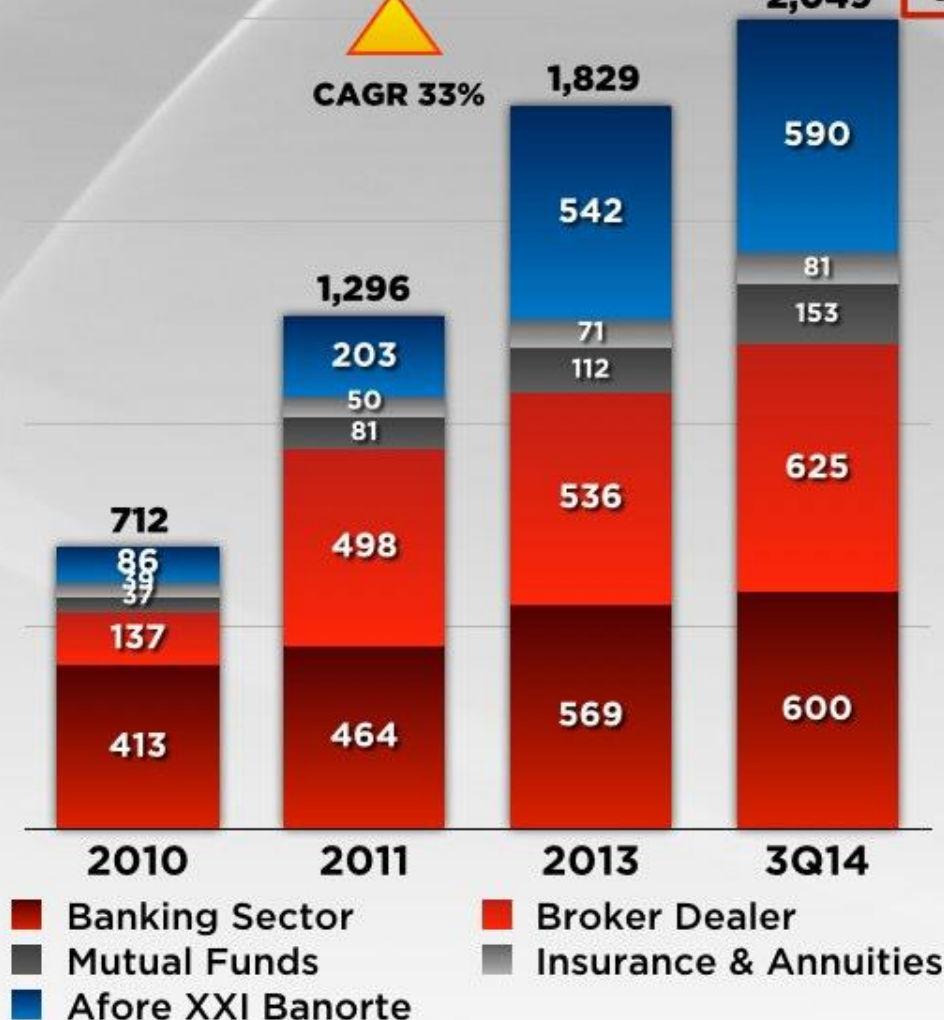
Transformation of Group Architecture

Architecture & Contribution

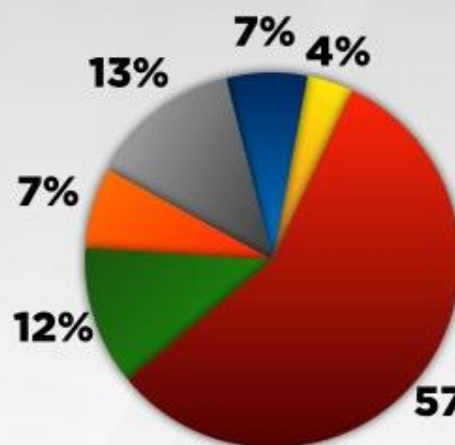
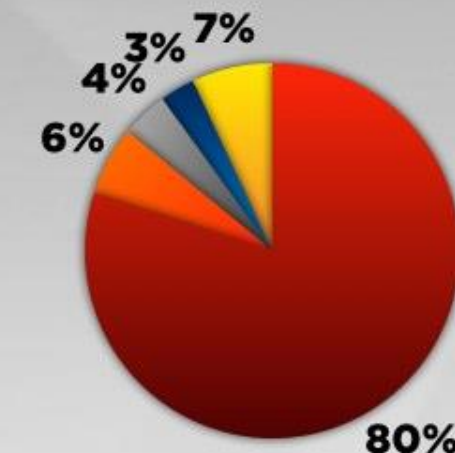
Assets under Management

CAGR 33%

US 153 bn



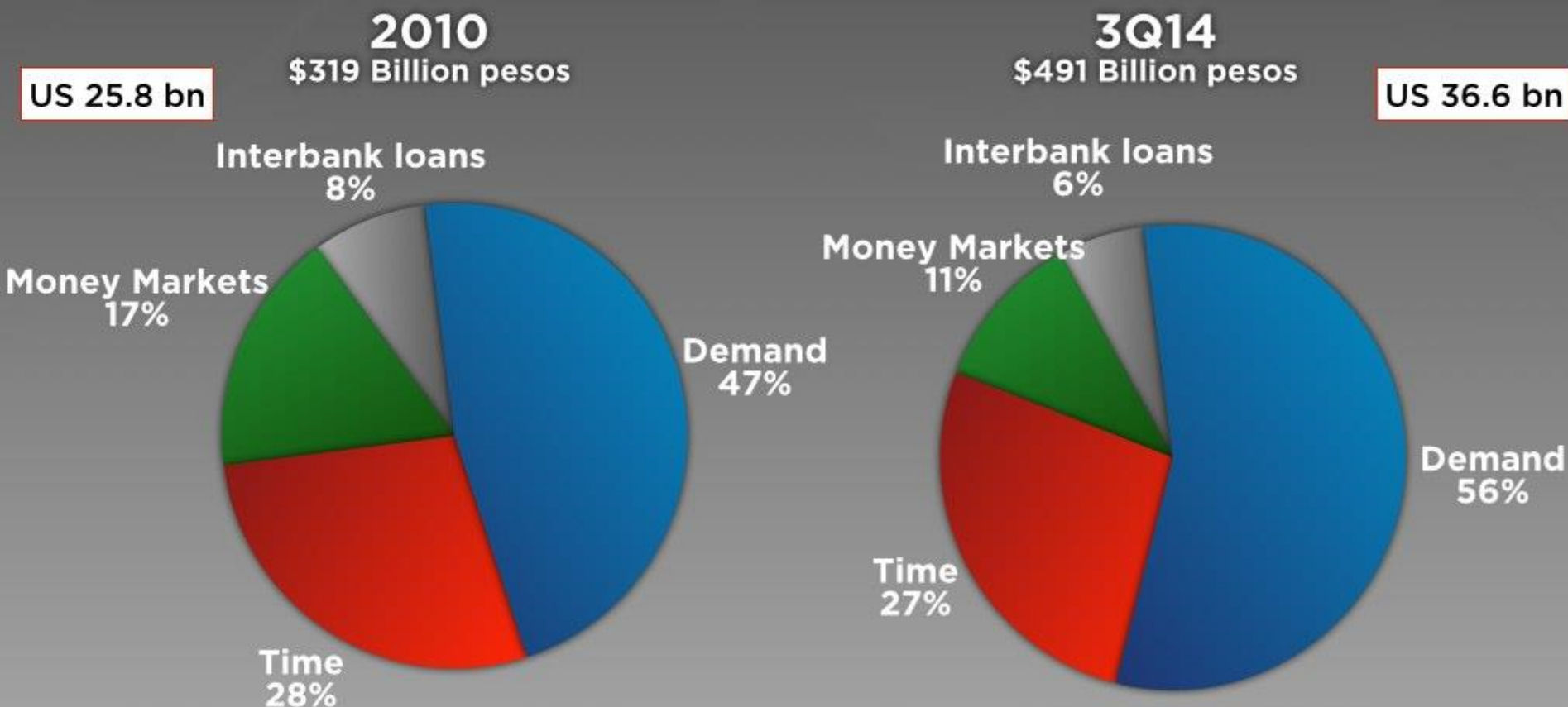
Net Income contribution from subsidiaries



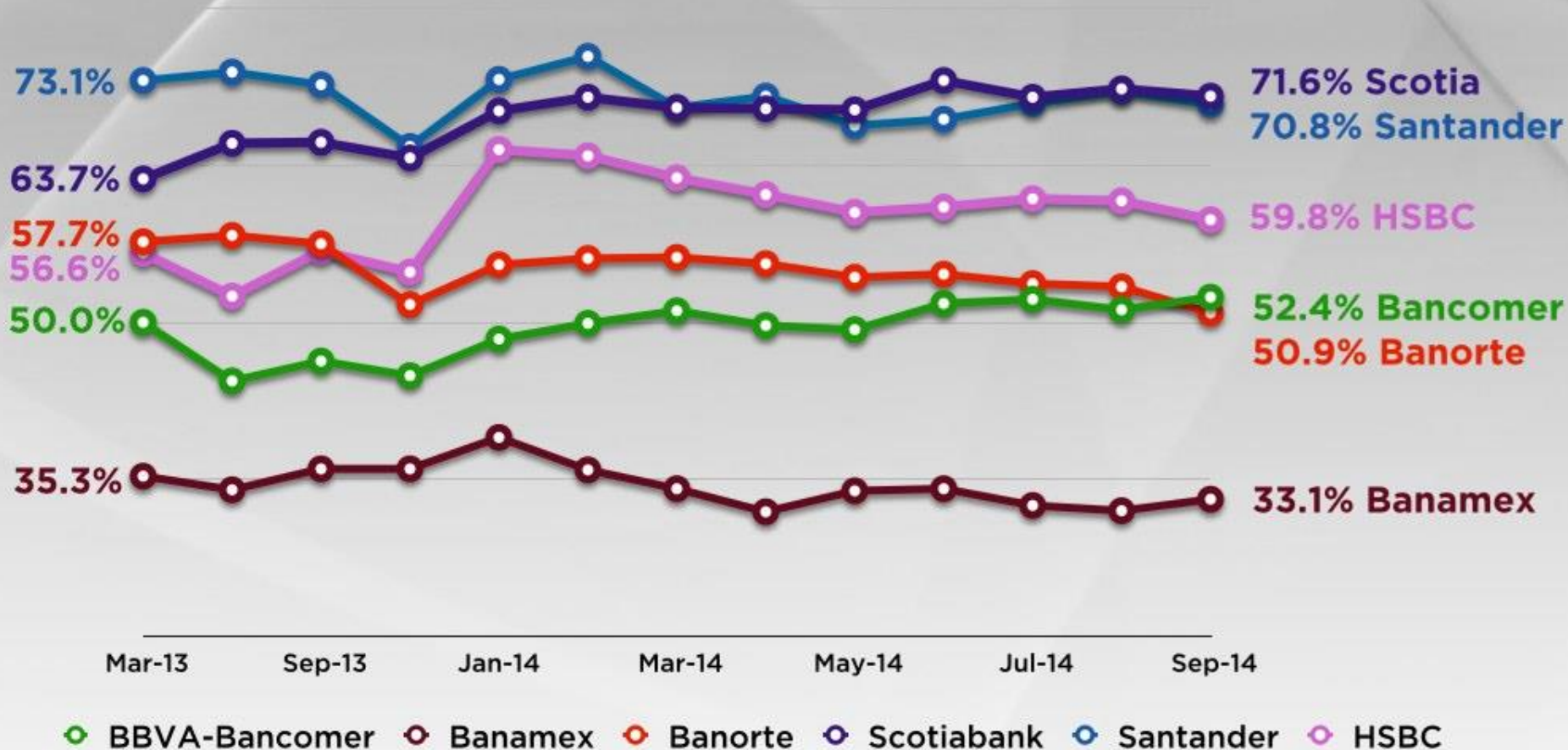
- Banking Sector
- Broker Dealer
- Credit Card Business
- Insurance & Annuities
- Pension Funds
- Other

Balance Sheet Highlights

Funding mix



Funding Cost



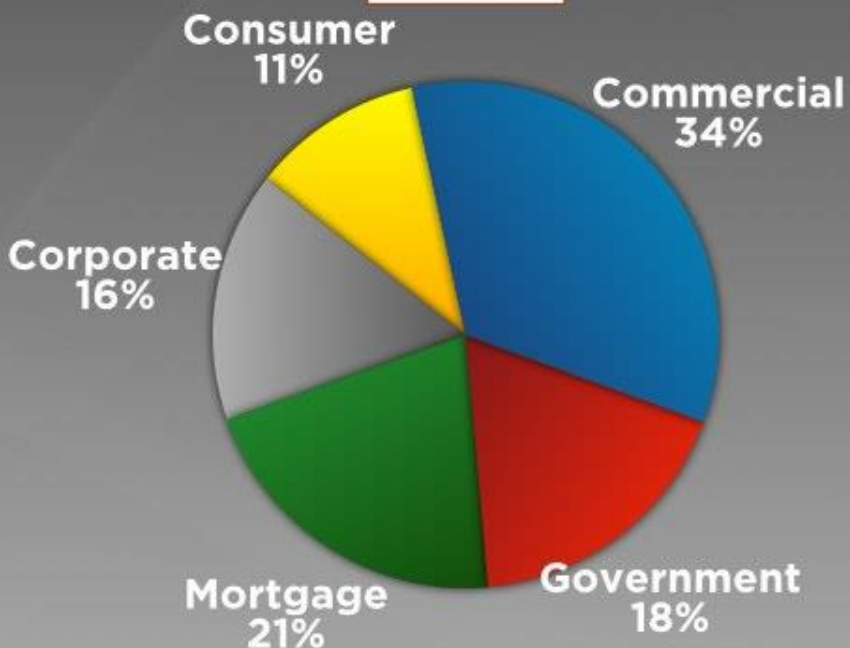
CPT: Demand deposits, Time deposits, Bank loans and Subordinate obligations.
Source: Banxico, CNBV

Asset Mix

Loan Portfolio Structure

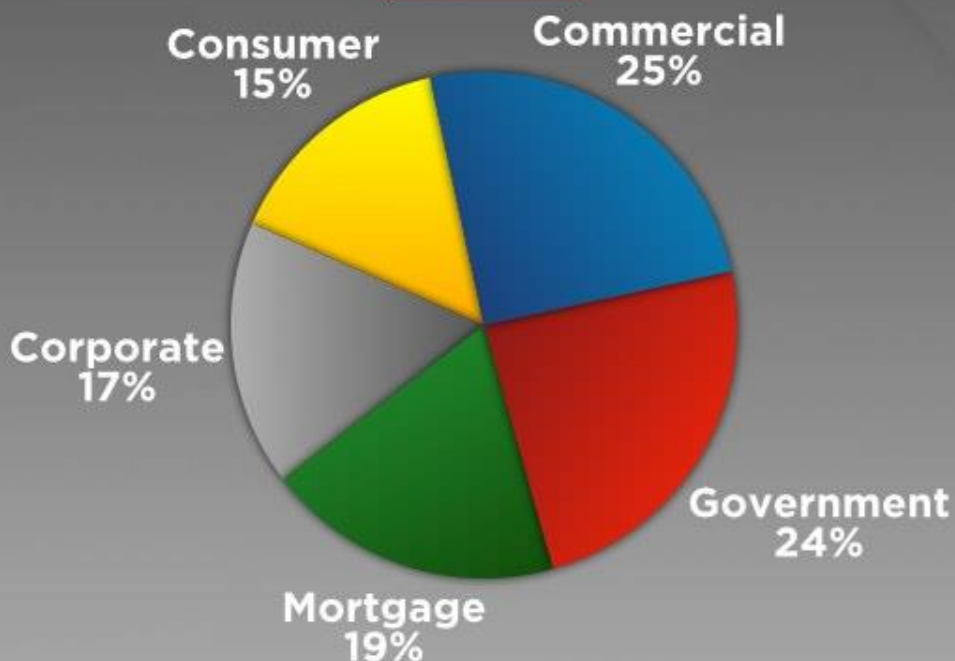
2010
\$270 Billion pesos

US 21.9 bn



3Q14
\$460 Billion pesos

US 34.2 bn



11.3%

2010

230%

Yield

TIIE

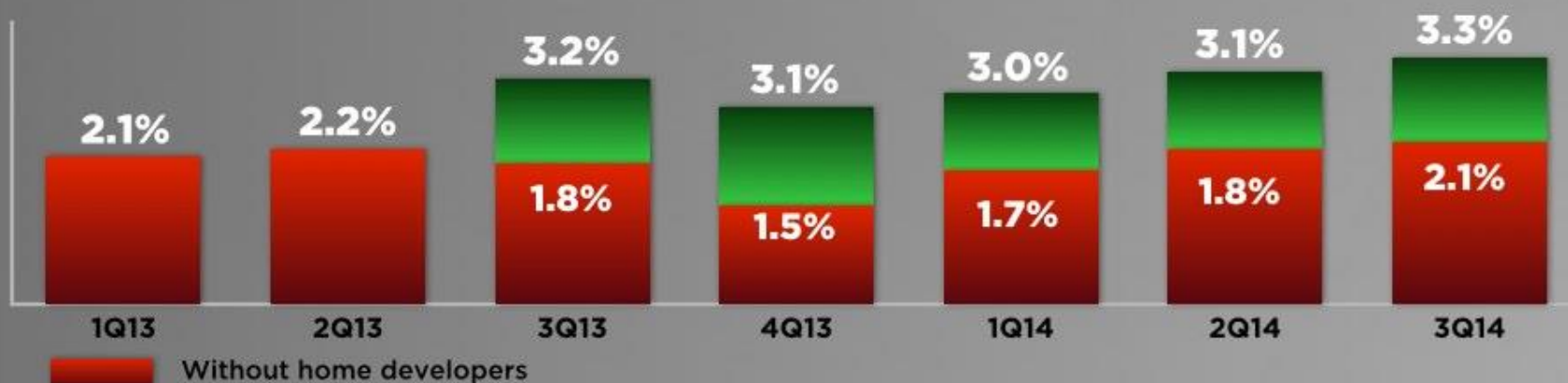
9.5%

3Q14

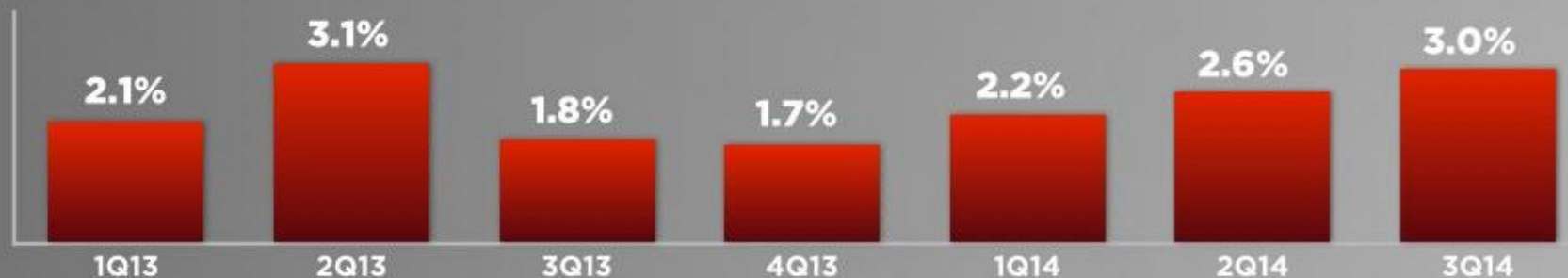
289%

Asset Quality

Past Due Loan Ratio



GFNorte's Provisions to Average Loans

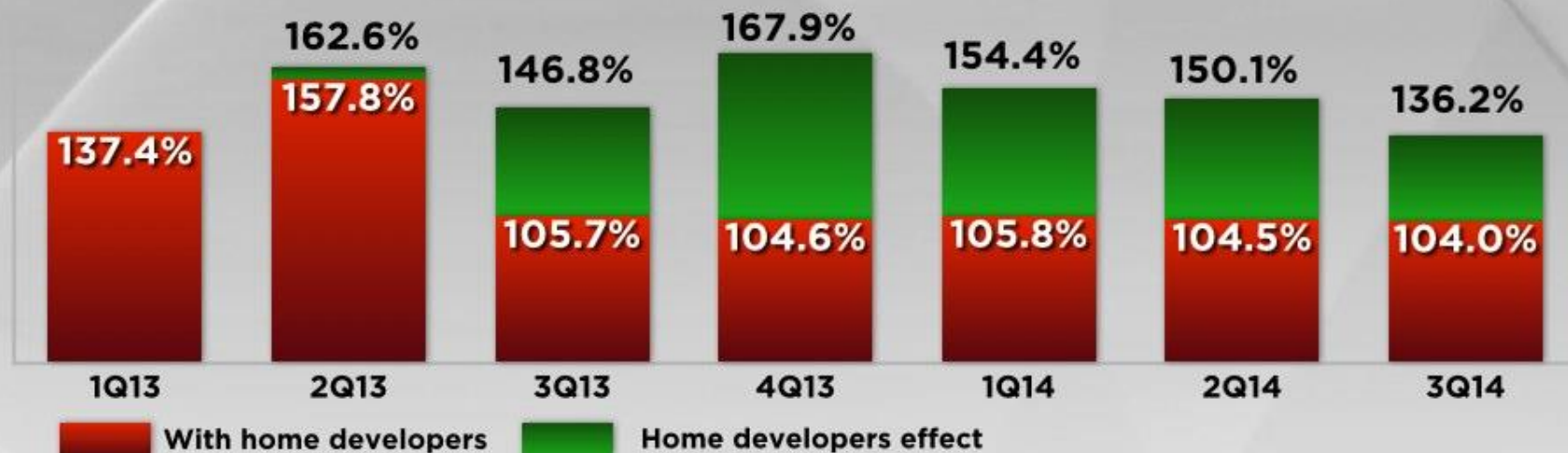


Past Due Loan Ratio by Segment

	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
Credit Cards	5.7%	6.0%	6.0%	5.9%	6.2%	6.3%	5.9%
Payroll	2.2%	2.4%	2.3%	2.3%	2.0%	2.5%	2.2%
Car Loans	1.1%	1.4%	1.6%	1.6%	1.3%	1.9%	1.9%
Mortgage	1.1%	1.2%	1.3%	1.3%	1.3%	1.3%	1.4%
Commercial	4.3%	3.5%	3.9%	2.9%	3.6%	3.9%	5.0%
Corporate	1.6%	2.6%	7.5%	8.6%	7.3%	7.3%	6.8%
Government	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
GFNorte NPL Ratio	2.1%	2.2%	3.2%	3.1%	3.0%	3.1%	3.3%

Coverage Ratio

GFNORTE's Ratio

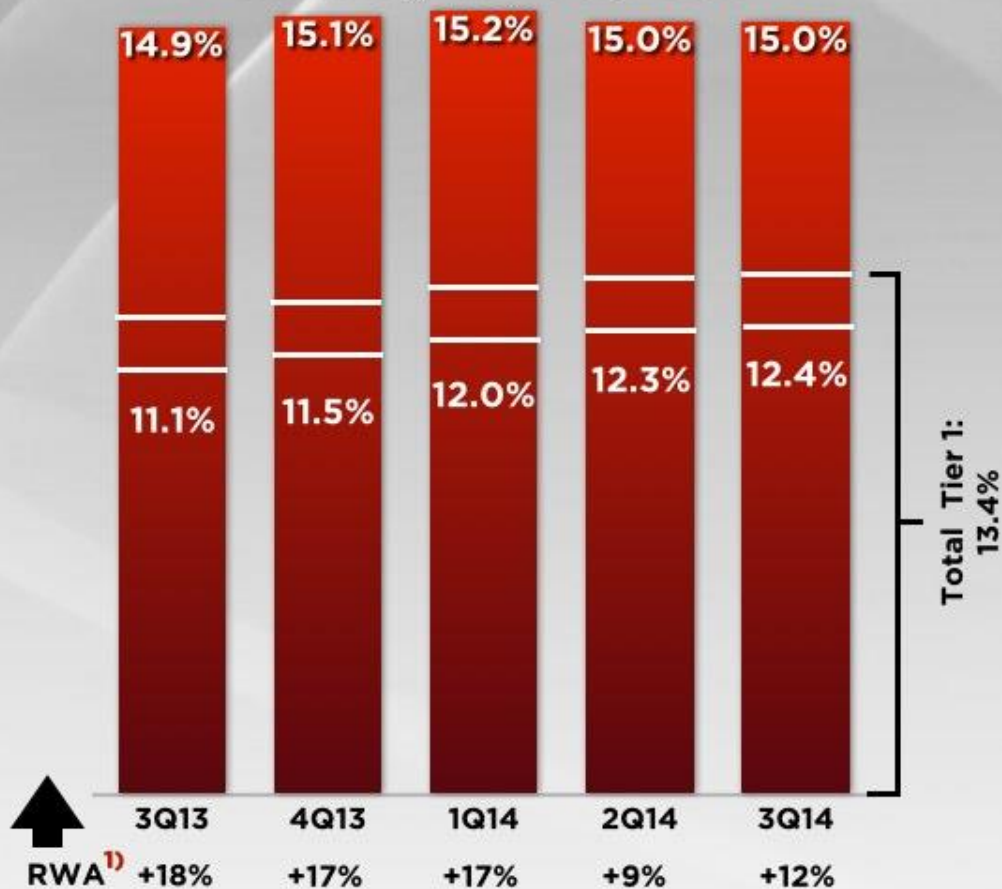


Coverage Ratio by Segment

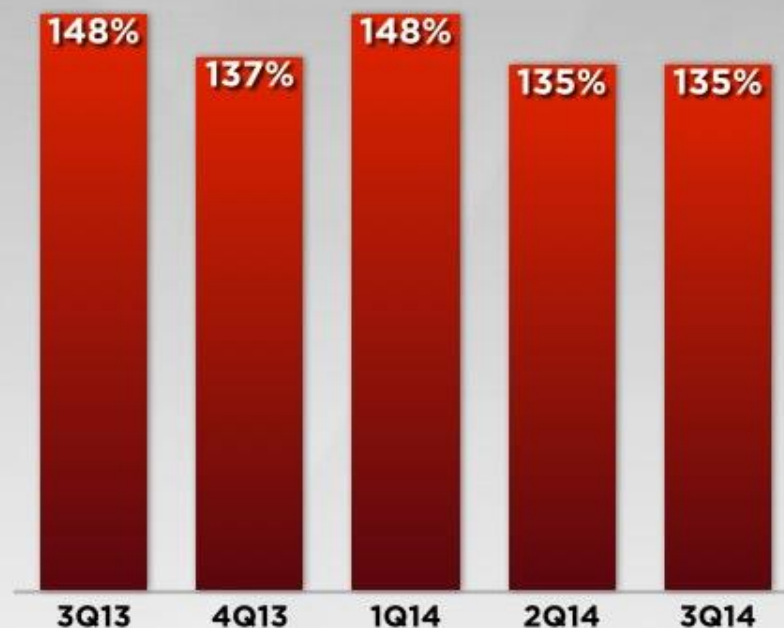
	3Q13	3Q14
Credit Cards	223%	209%
Payroll	297%	291%
Car loans	338%	285%
Mortgage	80%	72%
SME	85%	63%

Capital & Liquidity

Quality of Capital



Liquidity²⁾



1) RWA= Risk Weighted Assets

2) Liquidity Ratio: Liquid Assets / Liquid Liabilities. Liquid Assets = Cash and due from Banks + Negotiable Instruments + Securities held for sale. Liquid Liabilities = Demand Deposits + Loans from banks and other organizations with immediate call option + Short term loans from banks.

Core P&L Numbers

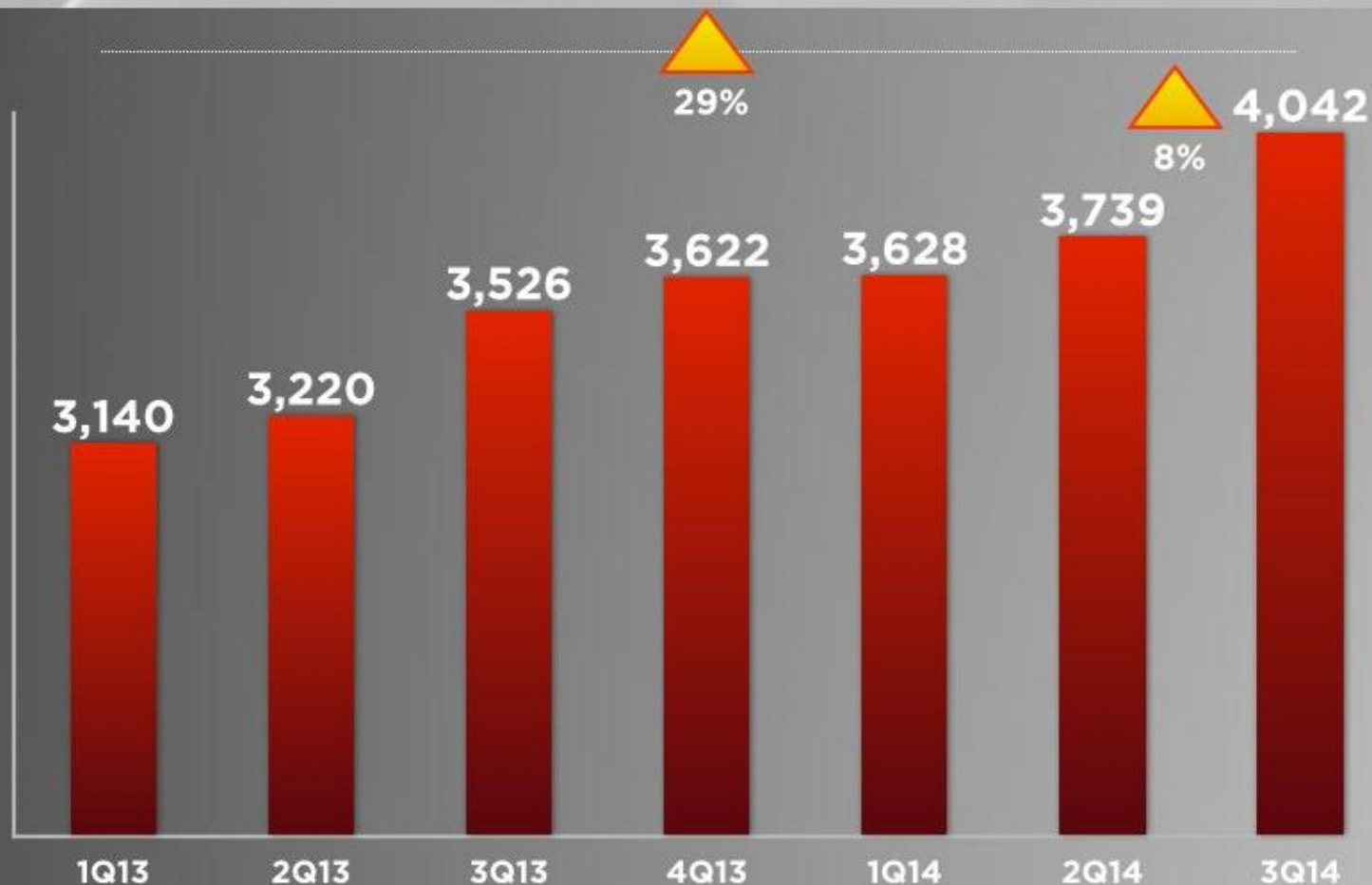
P&L: Annual Summary

Million Pesos

	9M14	Change YoY
Total Income	44,172	10%
Net Interest Income	31,654	12%
Non Interest Income	12,517	7%
<i>Services</i>	5,950	11%
<i>Recovery</i>	149	(78%)
<i>Trading</i>	4,045	43%
<i>Other Operating Income (Expense)</i>	2,373	17%
Non Interest Expense	20,642	(0.4%)
Provisions	8,483	19%
Operating Income	15,047	23%
Taxes	4,356	76%
Subsidiaries' Net Income	891	4%
Minority Interest	(173)	(75%)
Net Income	11,409	15%
Core Earnings ¹⁾	8,479	45%

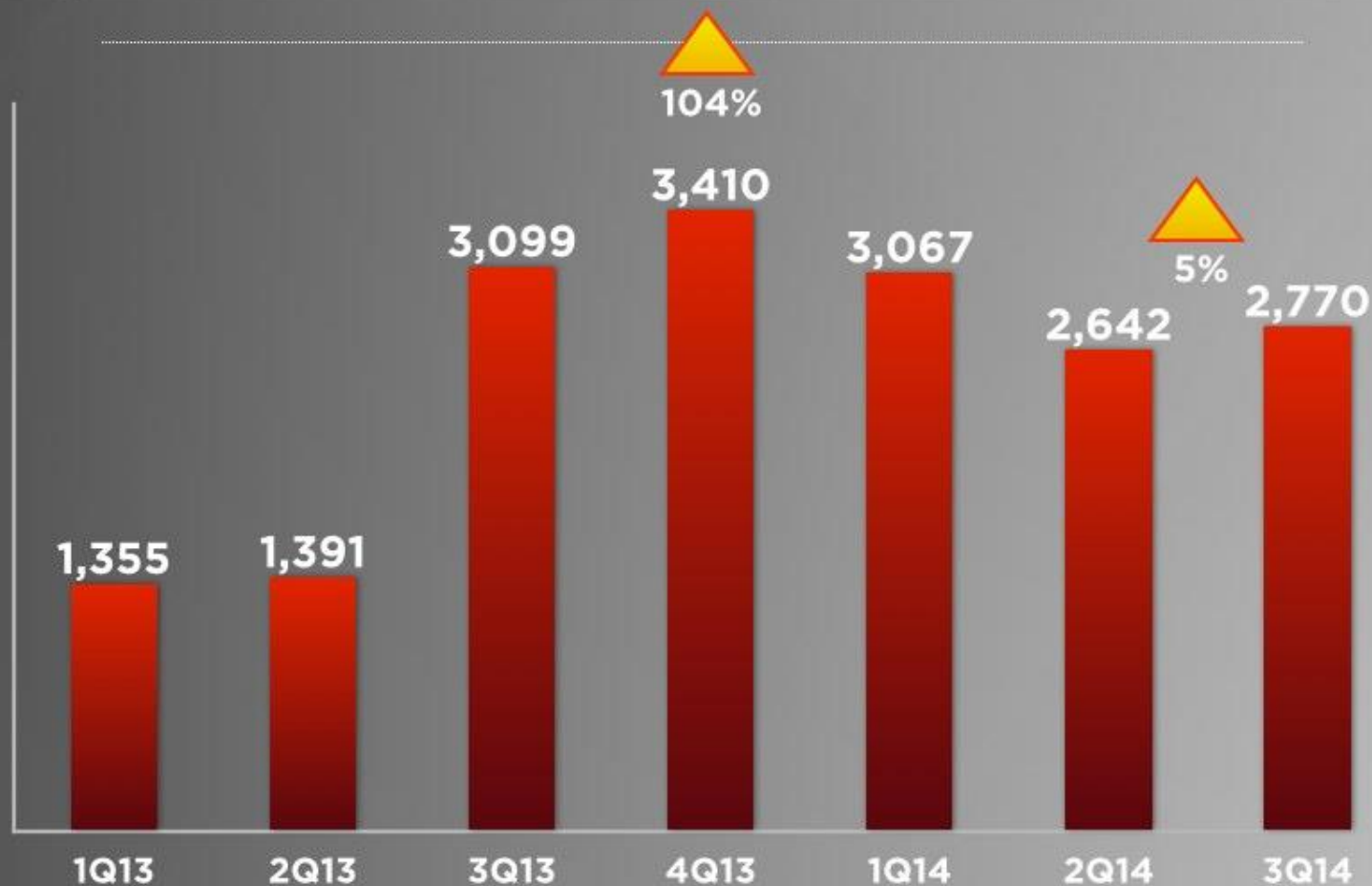
Net Income

Million Pesos



Core Earnings

Million Pesos

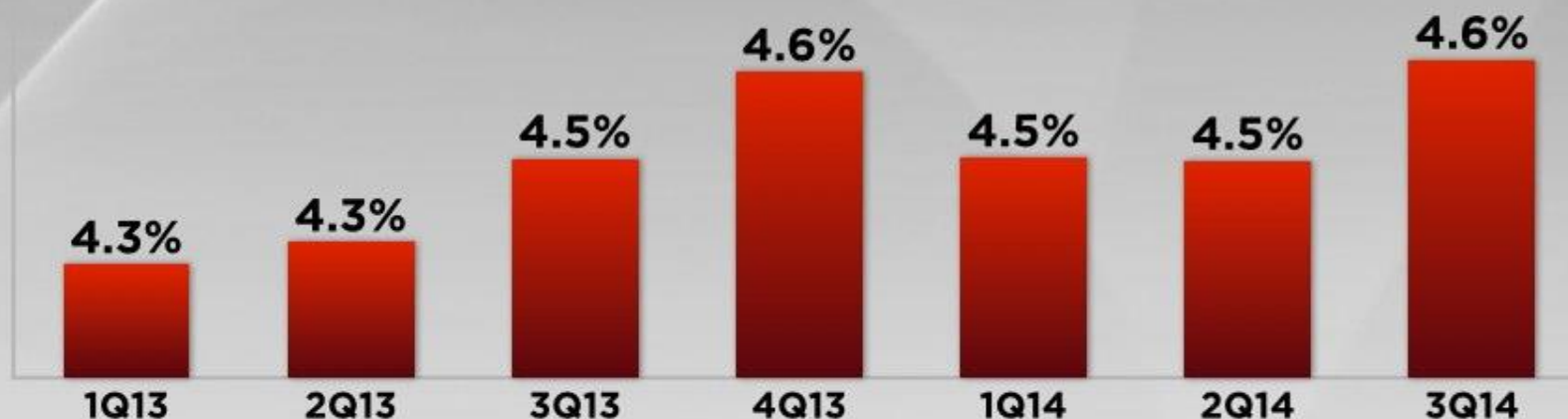


Core Earnings: Net Interest Income + Net Service Fees - Provisions - Non Interest Expense

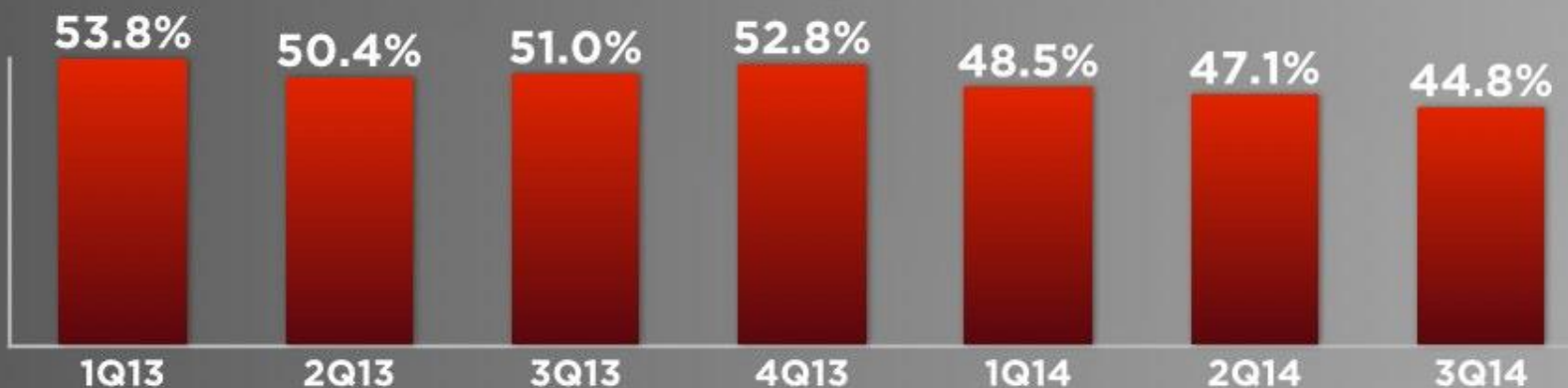
Specific actions to improve key performance metrics

NIM & Efficiency

Net Interest Margin



Efficiency Ratio



Profitability

Return on Assets



* Return on Risk Weighted Assets

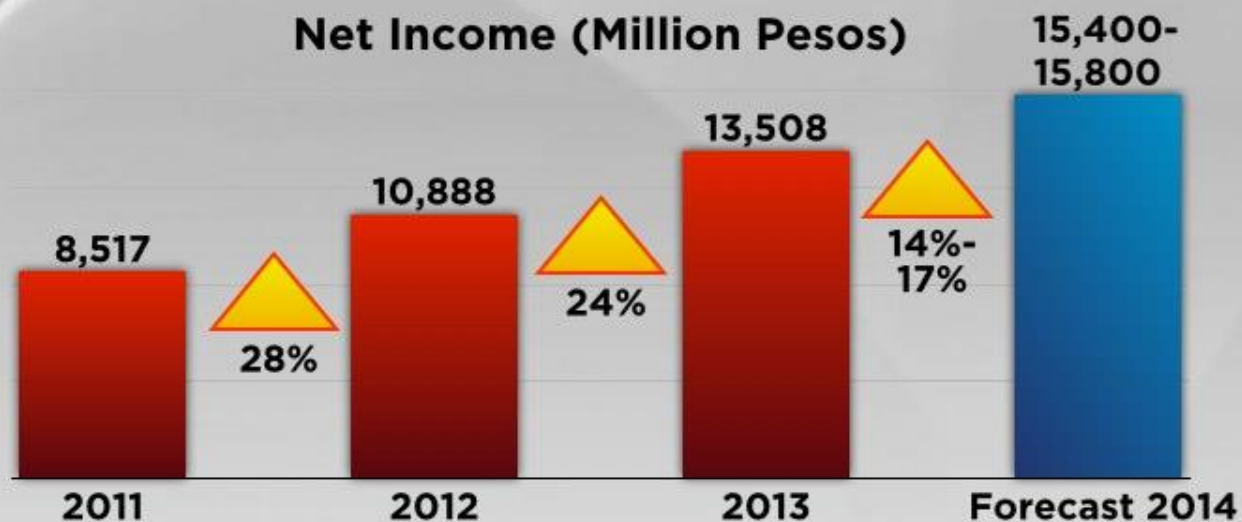
Return on Equity



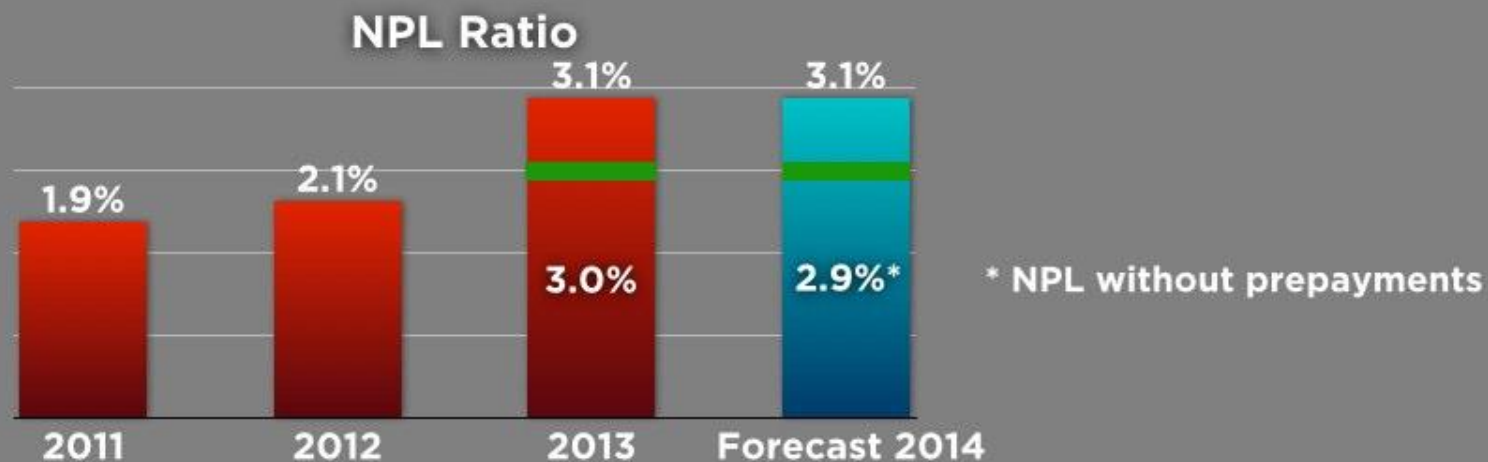
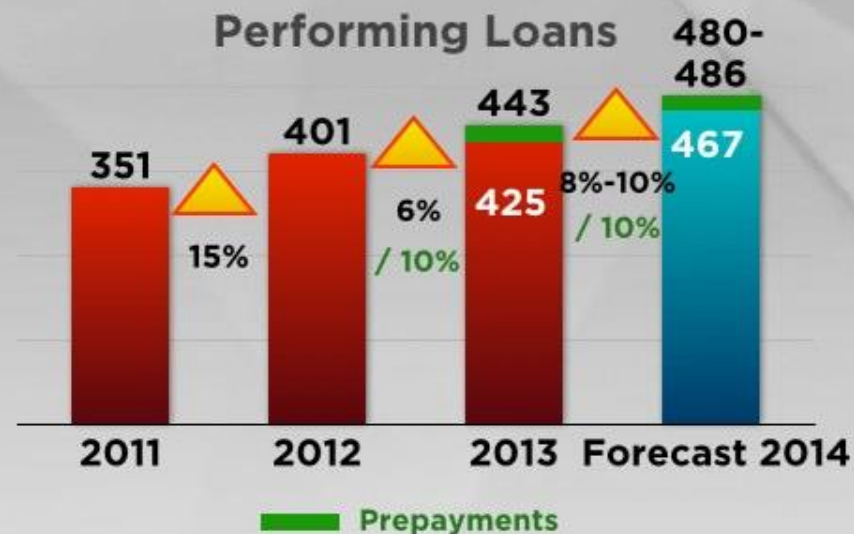
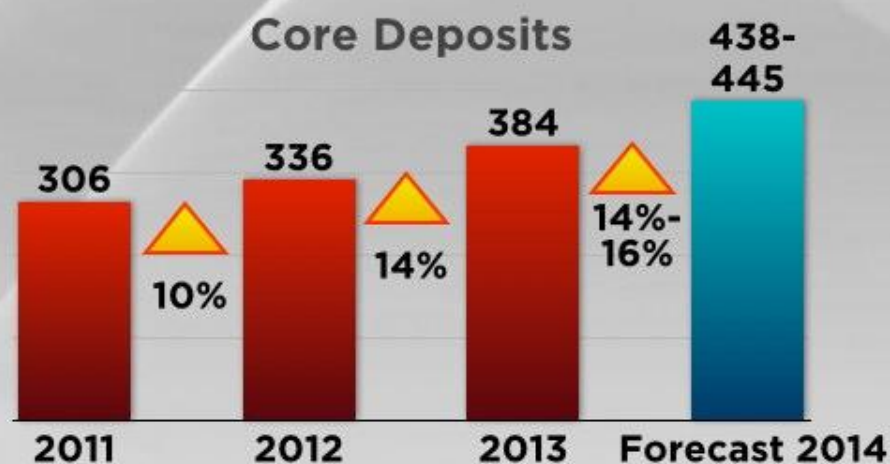
* Return on Tangible Equity

Targets 2014 - 2015

Forecast 2014



Forecast 2014



Long-Term Saving Business - Forecast 2014

Million pesos

Net Earnings	2013	2014
Afore XXI Banorte	2,301	2,300-2,400
Seguros Banorte	1,406	1,680-1,720
Pensiones Banorte	178	250-280

Main Targets for 2015

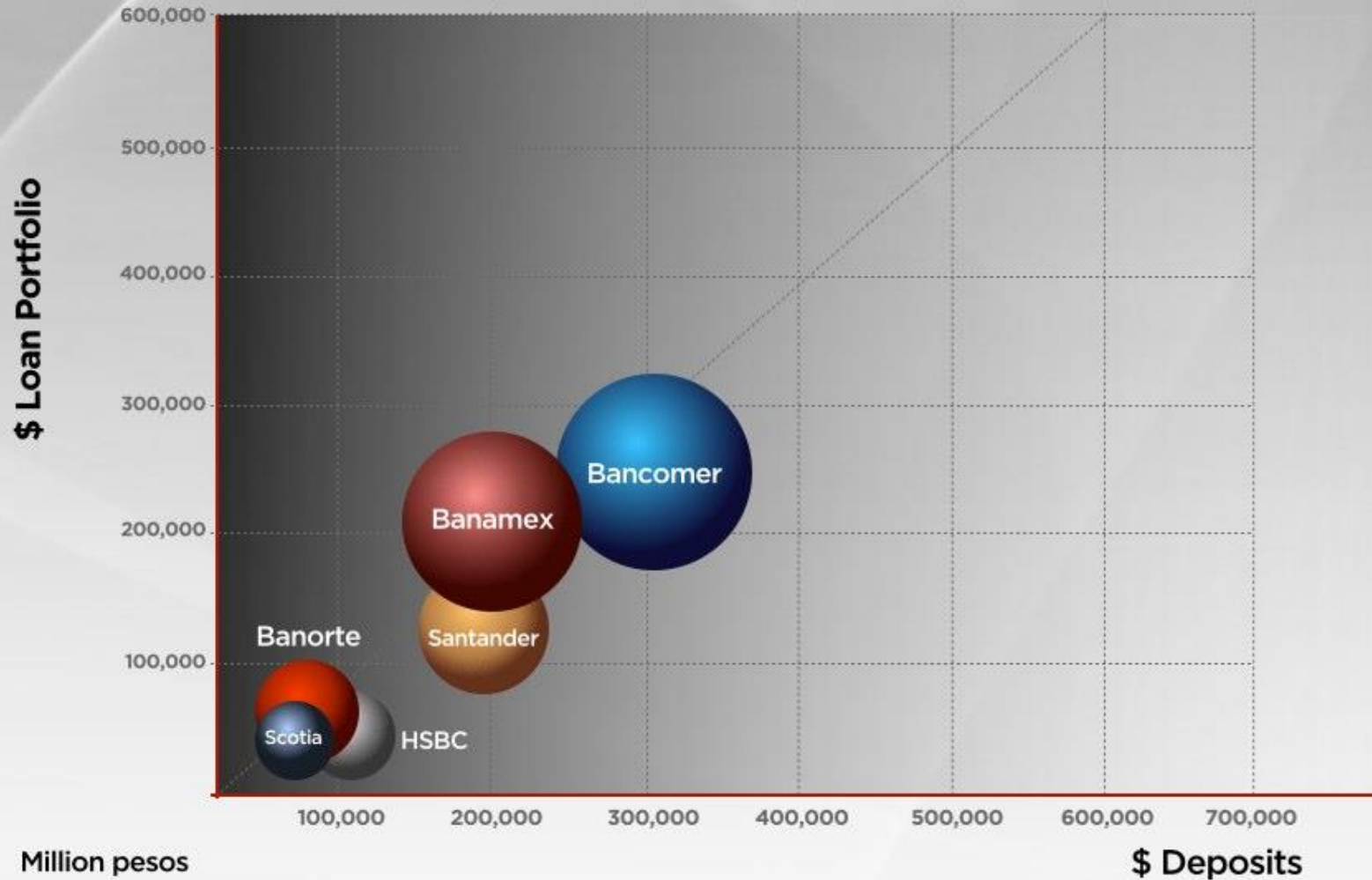
• Loan Growth:	13-15%
• NIM:	10-20 bp expansion
• Total Income Growth:	12-13%
• Expense Growth:	4-5%
• Efficiency:	47-48.5%
• Provisions to Average Loans:	2.4-2.6%
• Tax Rate:	28-29%
• ROE:	14-14.5%
• ROA:	1.5-1.6%

Closing Remarks

Marcos Ramirez

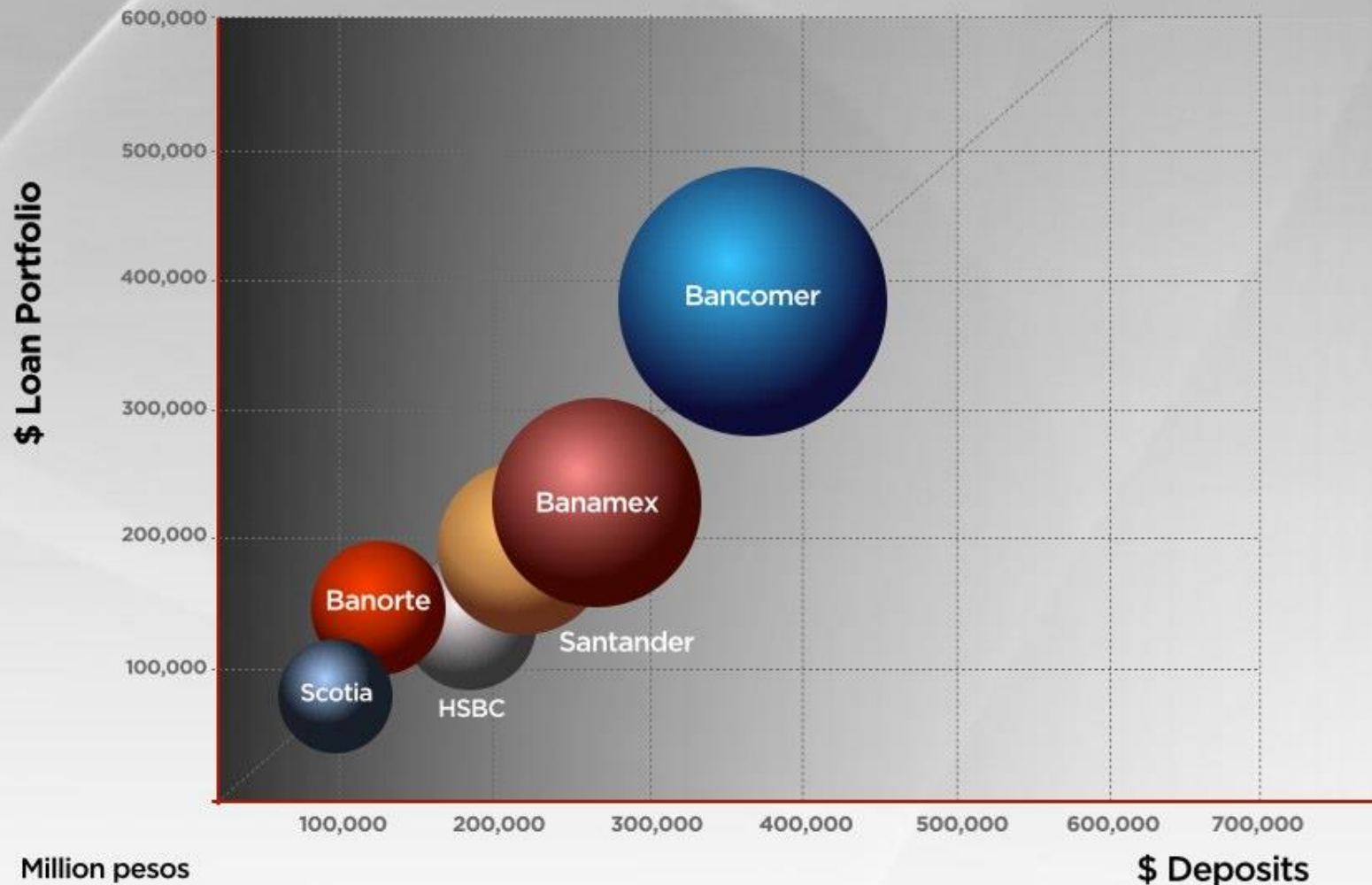
Market position - Banorte

2001



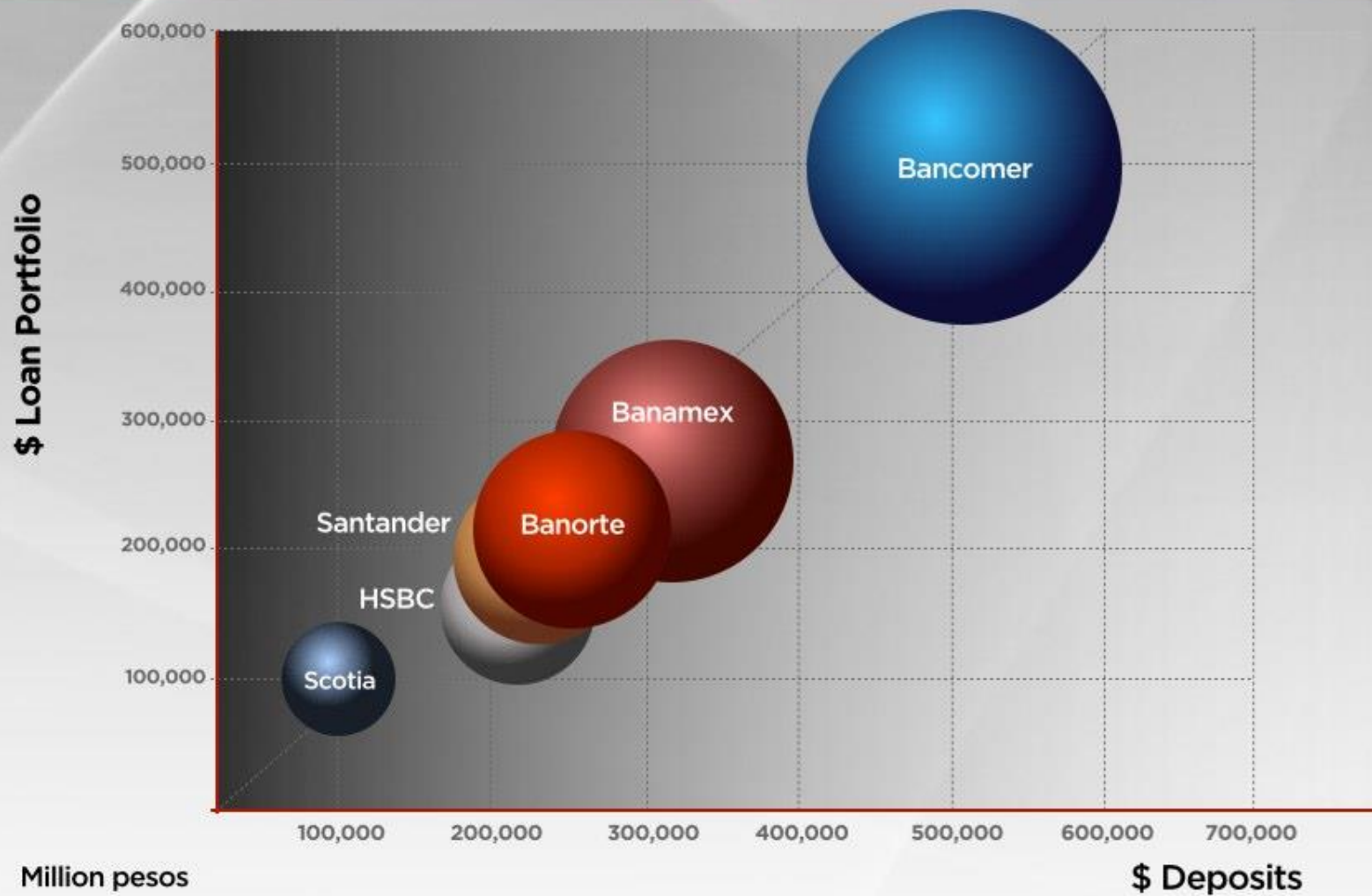
Market position - Banorte

2006



Market position - Banorte

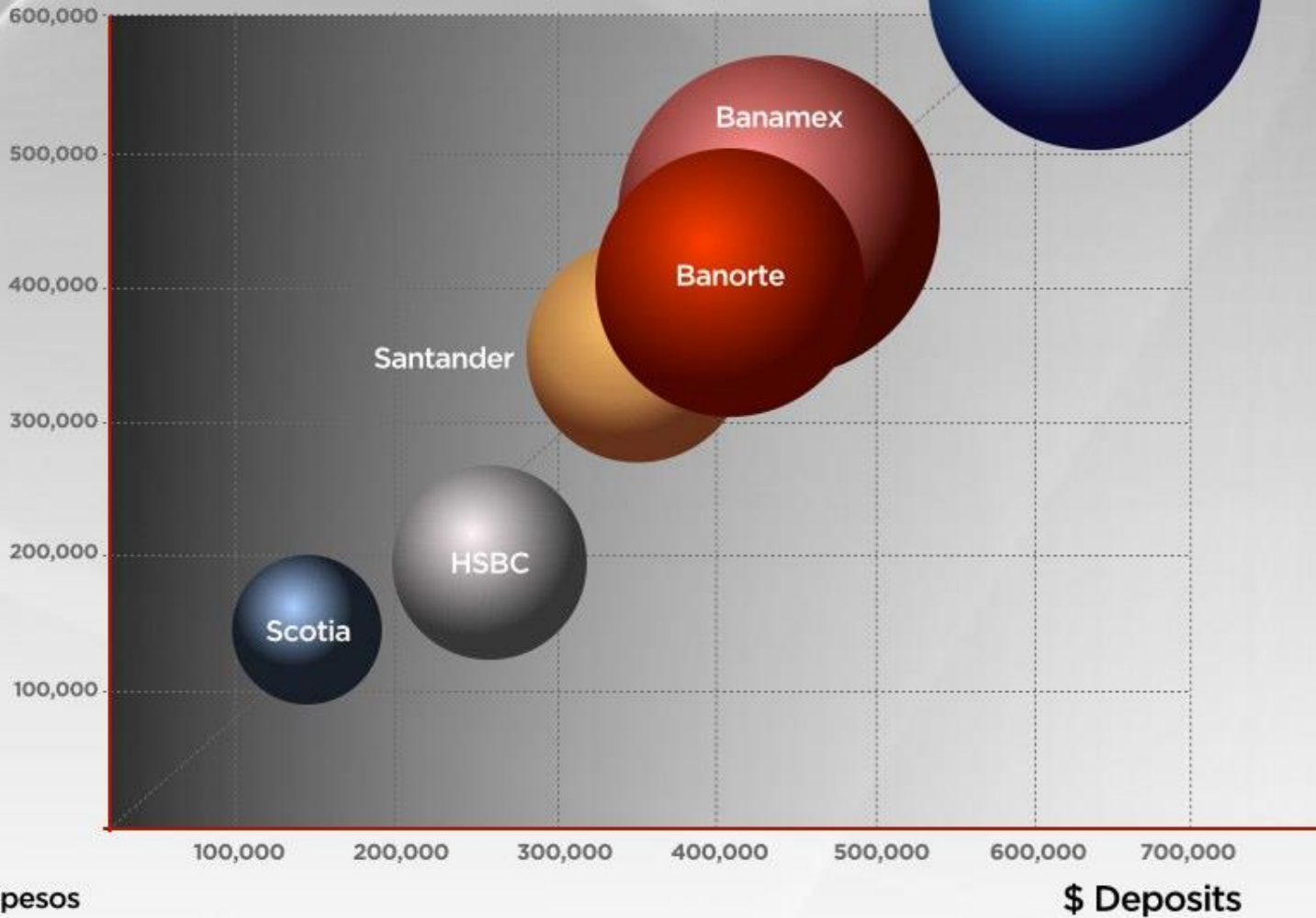
2009



Market position - Banorte

2013

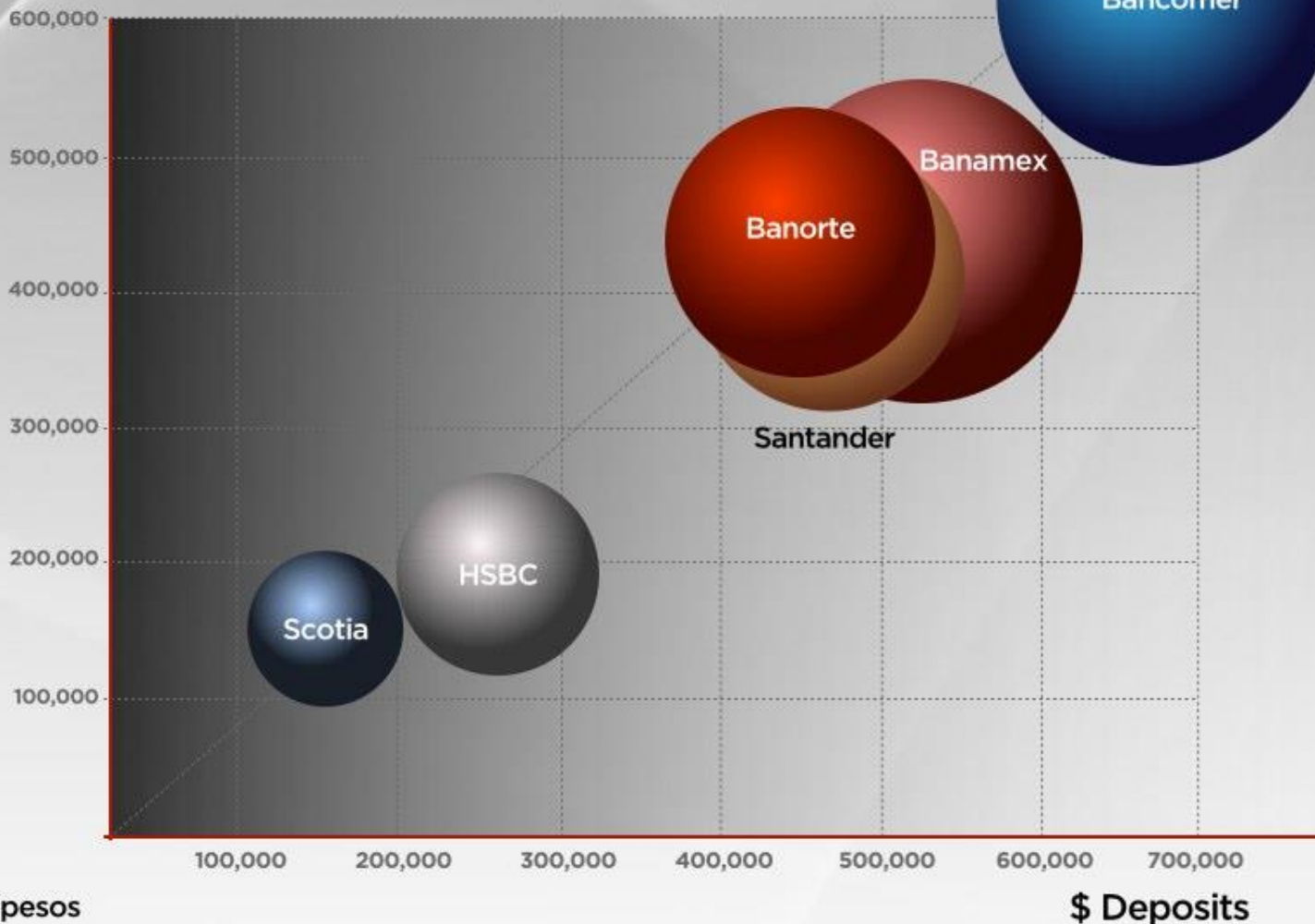
\$ Loan Portfolio



Market position - Banorte

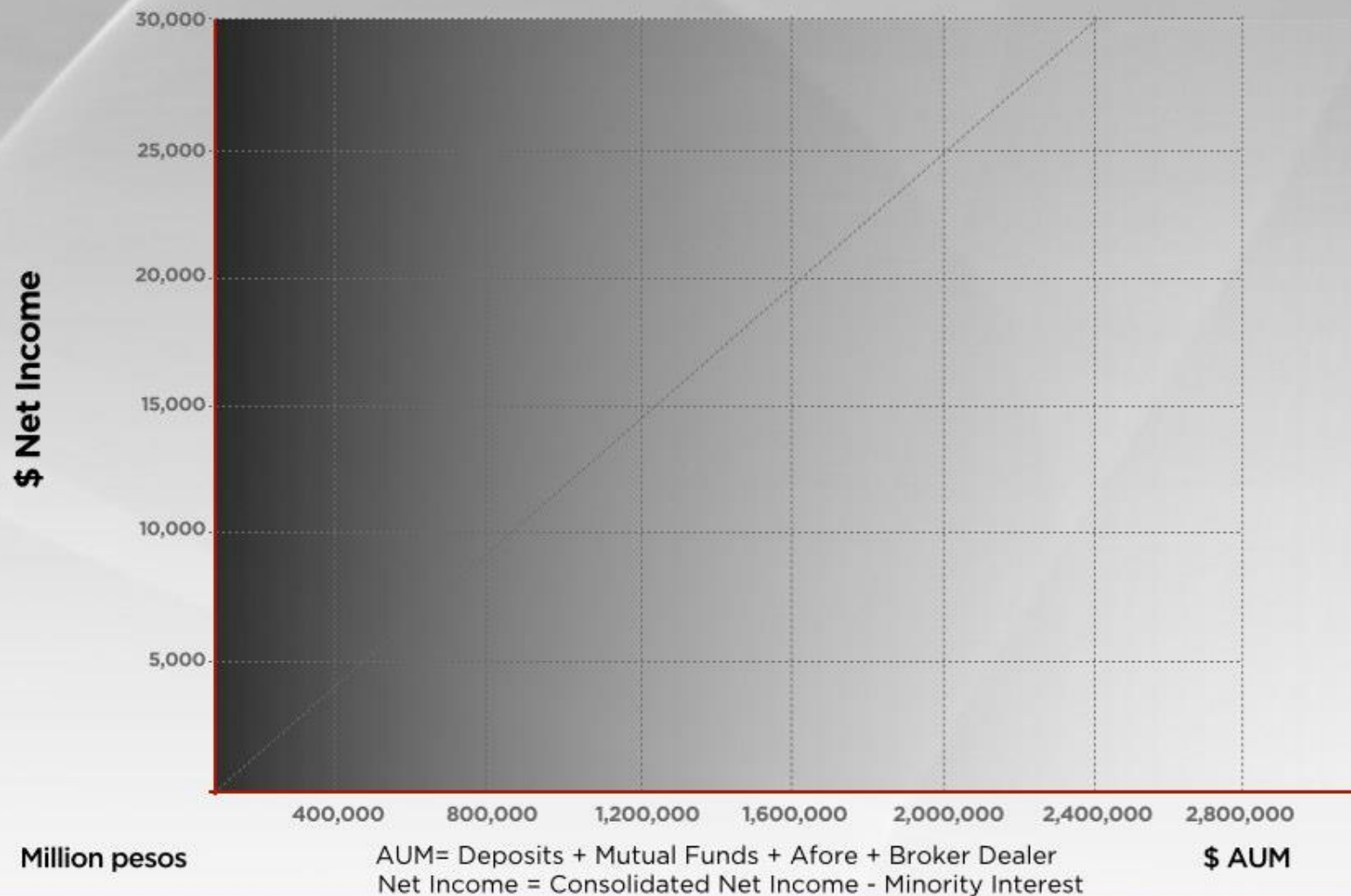
2014

\$ Loan Portfolio



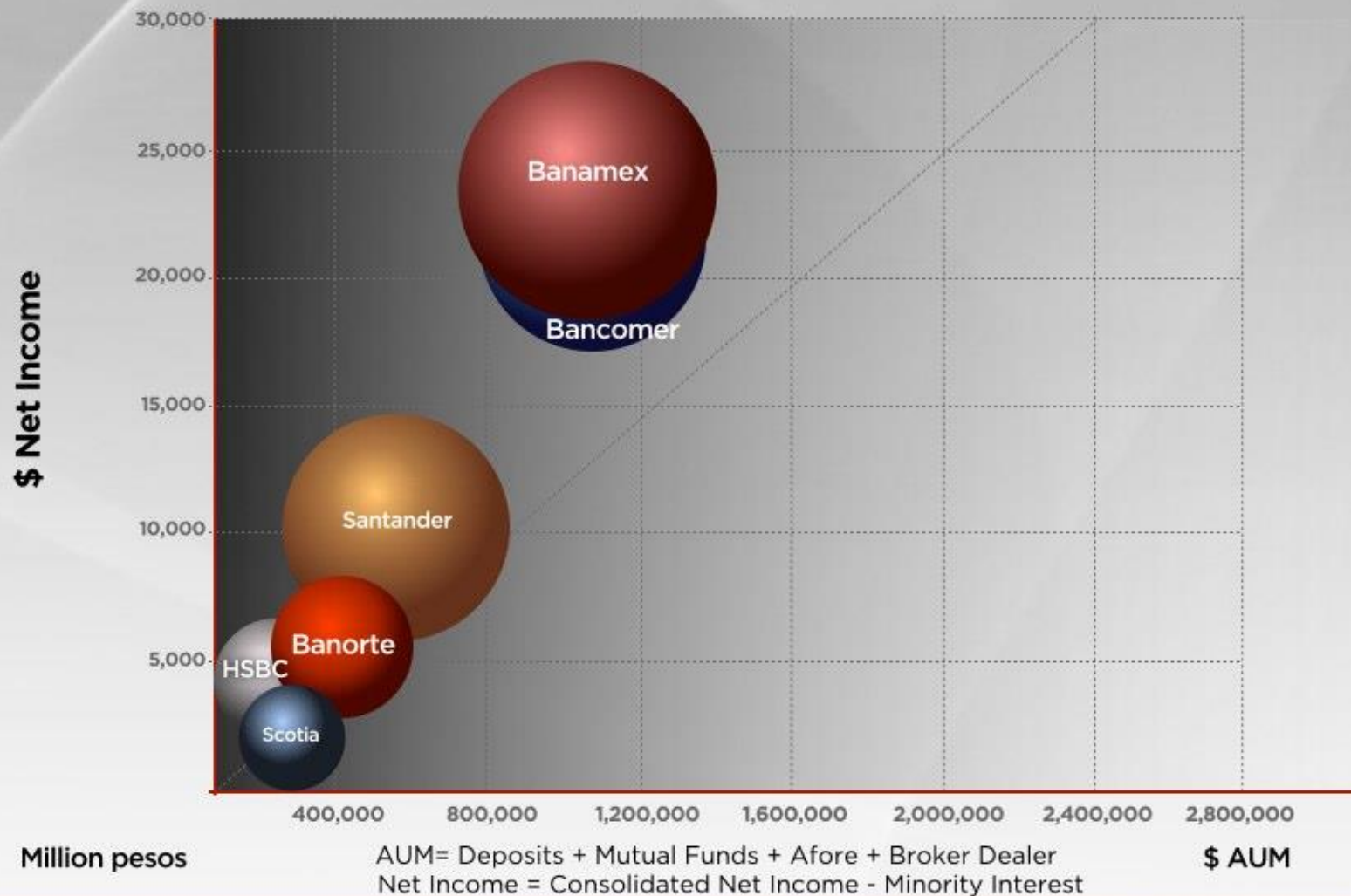
 **BANORTE**

Market position - Grupo Financiero Banorte



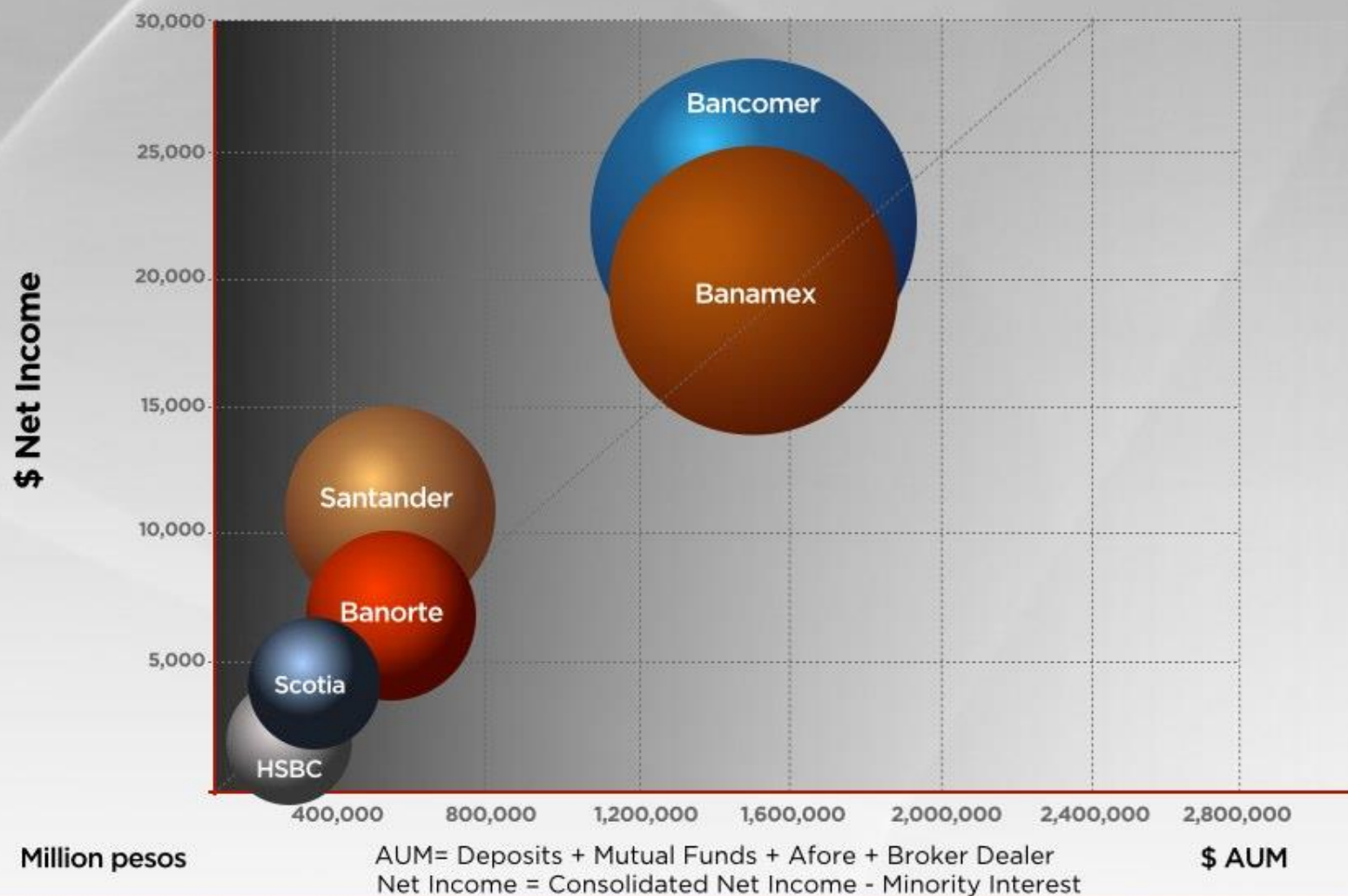
Market position - Grupo Financiero Banorte

2006



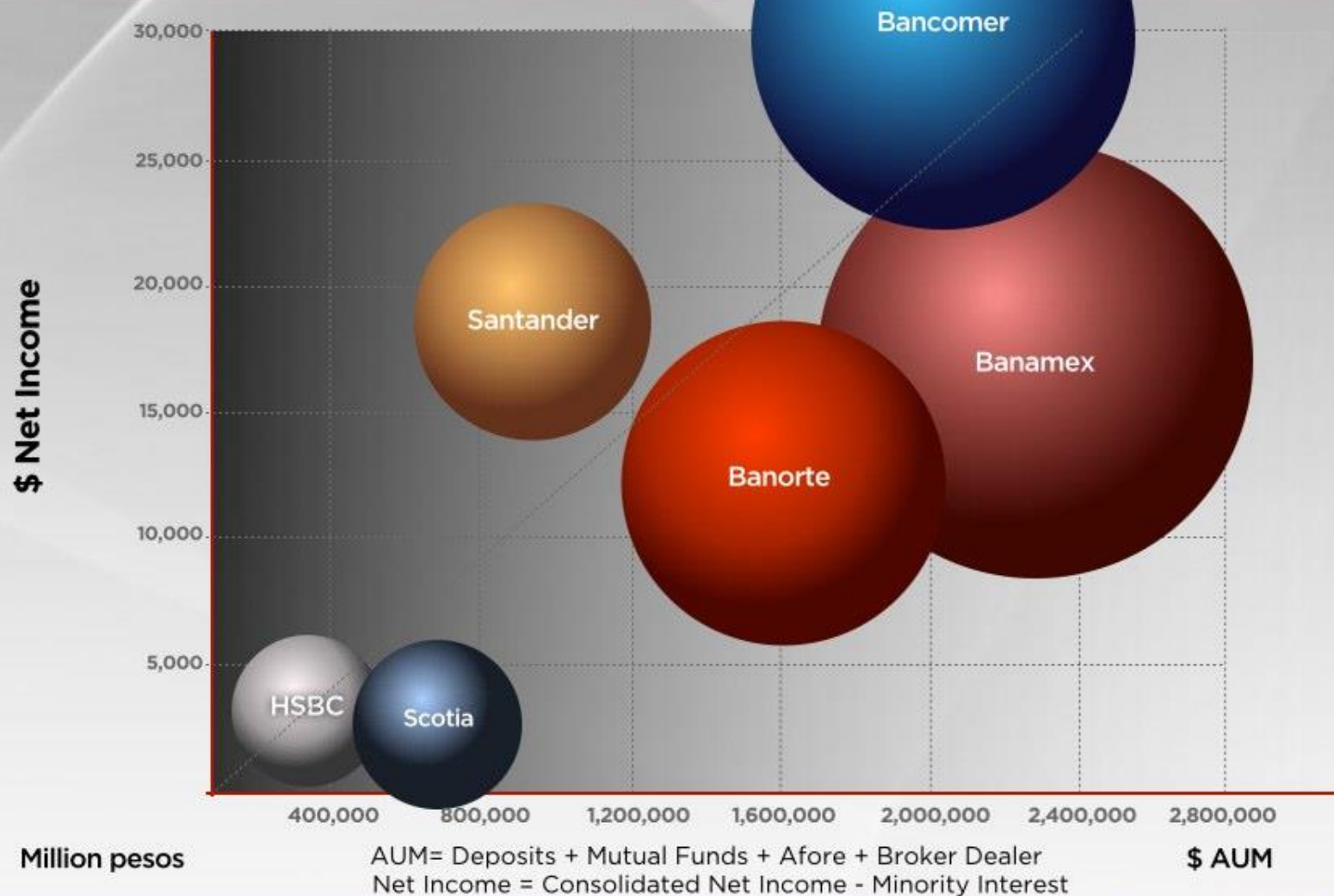
Market position - Grupo Financiero Banorte

2009



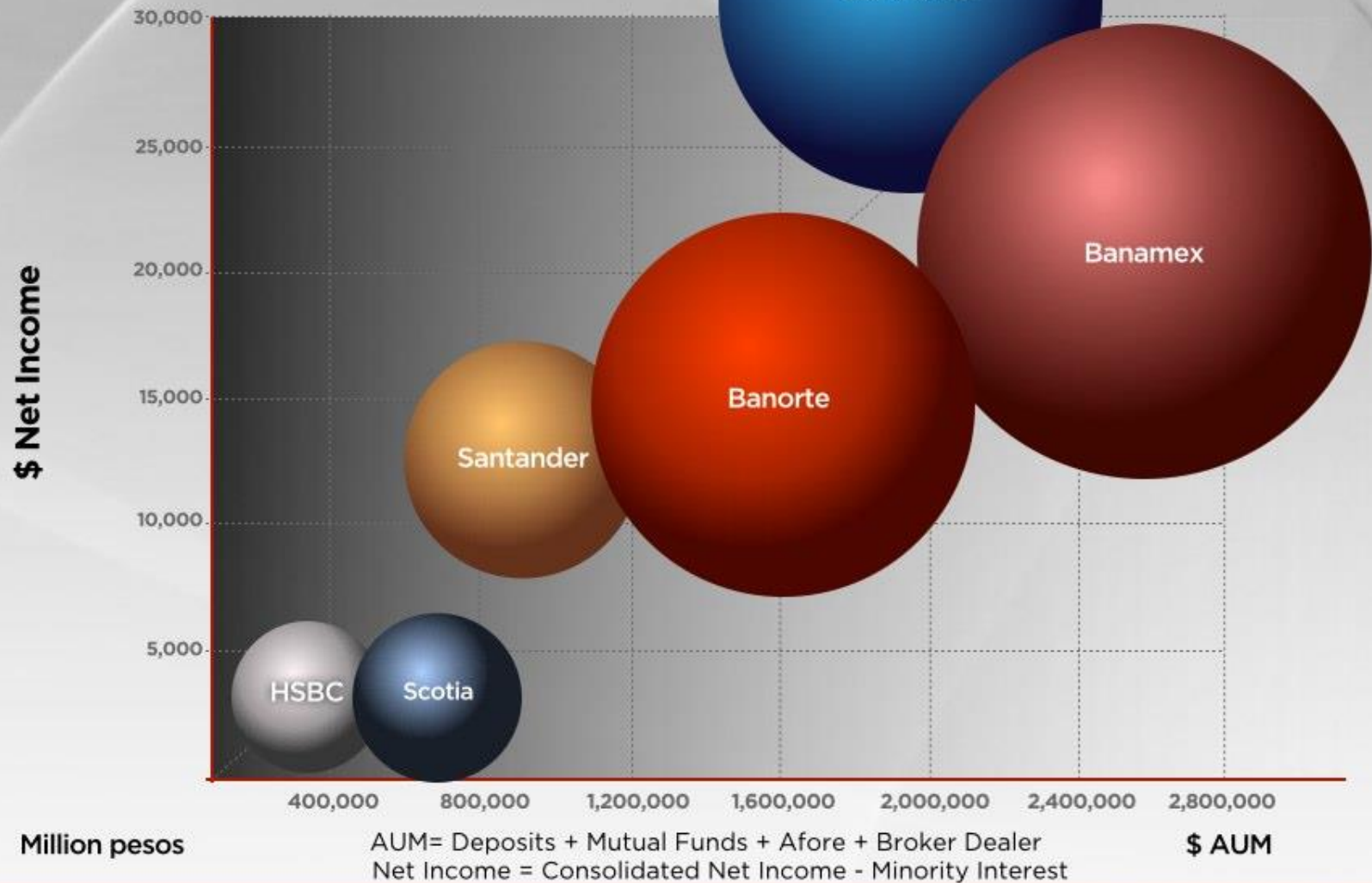
Market position - Grupo Financiero Banorte

2013



Market position - Grupo Financiero Banorte

2014



BANORTE

Closing Remarks

Marcos Ramirez

Disclaimer

- Certain statements and information in this presentation may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include words or phrases such as “believe,” “expect,” “anticipate,” “plan,” “intend,” “foresee,” “should,” “would,” “could” or other similar words, which are generally not historical in nature. These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effect on us. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate. All comments concerning our expectations for future revenues and operating results are based on our forecasts for our existing operations and do not include the potential impact of any future acquisitions. Our forward-looking statements involve significant risks and uncertainties (some of which are beyond our control) and assumptions that could cause actual results to differ materially from our historical experience and our present expectations or projections.
- For additional information regarding known material factors that could cause our actual results to differ from our projected results, please see our filings with the Mexican Stock Exchange (Bolsa Mexicana de Valores, or BMV) including our Annual Report (Reporte Anual) and Material Events (eventos relevantes), which can be found on the BMV’s website at www.bmv.com.mx or our website at www.banorte.com.
- Existing and prospective investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise.
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