

GFNorte reports Net Income of Ps 17.43 billion in 9M17, up 24% from same period last year

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

Grupo Financiero Banorte, S.A.B. de C.V. reported results for the period ended September 30th, 2017. The main highlights include:

- The **third quarter of 2017** shows an excellent **sequential growth of +9% with Net Income of Ps 6.22 billion**. Key indicators continue to achieve improved performance: **NIM at 5.5%** from 5.4% with NPL ratio stable at 1.8%; profitability and efficiency stand out: **ROE increased to 18.0%** from 16.4%; **ROA to 1.95%** from 1.81%, the **Efficiency Ratio improved to 40.5%** from 41.9%. While **provisions for credit risks dropped (3%) sequentially**.
- In the **first nine months of the year**, **GFNorte's Net Income stood at Ps 17.43 billion**, with robust YoY growth across most subsidiaries: **Bank +36%**, **Brokerage +26%**, **Annuities +33%** and **Insurance +5%**.
- Key financial indicators and YoY changes are strong in 9M17: **MIN increases to 5.5%** from 4.8%, **NPL ratio to 1.8%** from 2.2%, **Coverage Ratio to 147%** from 123%, **Efficiency Ratio improved** by 2.8pp to **42.3%**, **ROE increased +281bp to 16.6%** from 13.8% and **ROA increased +26bp to 1.83%**.
- Net Interest Income (**NI**) in **9M17** increased **+19%** while **provisions** increased **+12%** versus the same period in 2016.
- **Net Fees** increased **+14%** YoY, while **Trading Income** grew annually **+21%** and **expenses** increased a modest **+10%** YoY. In summary, **Operating Income** of Ps 23.18 billion pesos in 9M17, was **+28%** higher than the same period of last year.
- **Performing Loans** increased **+13%** YoY, from a strong third quarter practically in all of its components: **the commercial portfolio up +12%** YoY; **the corporate book +15%**; **the consumer portfolio** grew **+21%** vs. 1Q16 (Mortgage +19%, Auto +28%, Credit Card +22%, Payroll loans +20%). While non-Performing Loans declined (10%) YoY.
- **Total Deposits** increased **+12%** in the year: **Demand Deposits +8%** and **Time Deposits +21%**.
- **Capital ratios remain solid, at 17.6%** while the leverage ratio stood at 8.8%.

Mexico City, October 19th, 2017. In the third quarter of 2017, Grupo Financiero Banorte (**GFNorte**) reported **Performing Loans** amounting to **Ps 601.60 billion, +13% YoY**, as result of the successful strategy focused on the loan portfolio and the continuous increase in demand.

This result was driven by the performance of **consumer loans**, which rose to **Ps 233.23 billion, +21%** higher vs. 3Q16. Furthermore, the **corporate book** increased **+15% YoY** to **Ps 106.57 billion**, while the **commercial portfolio** totaled **Ps 130.26 billion, +12%** above the same period a year ago.

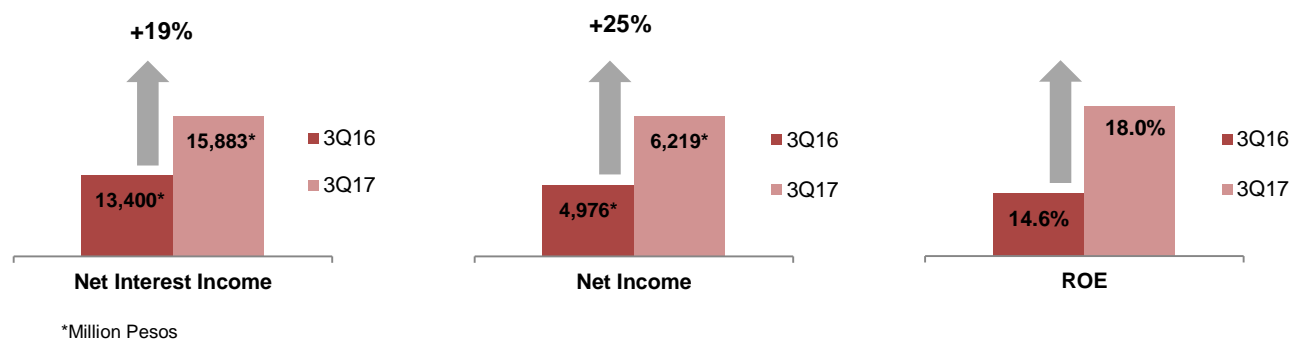
The consumer loan portfolio achieved a dynamic YoY growth in all segments: **+28%** in **auto loans** amounting to **Ps 17.95 billion, +20%** in **payroll loans** rising to **Ps 52.23 billion, +19%** in **mortgage portfolio** reaching **Ps 130.01 billion** and **+22%** in **credit cards** amounting to **Ps 33.04 billion**.

This performance reflects GFNorte's commitment with Mexicans. During the first nine months of the year, over **16 thousand families** benefited from a mortgage loan and over **30 thousand** from a car loan.

During 3Q17 annual improvements in asset quality and coverage ratios were registered, **Non-Performing Loans (NPL) ratio** declined to **1.8%** from 2.2% and **Coverage ratio** rose to **147%** from 123%.

Moreover, **Core Deposits** increased **+12%** in the year to reach **Ps 571.28 billion in 3Q17** from Ps 509.99 billion in the same period a year ago. **Demand Deposits** rose **+8%** and **Time Deposits** **+21%** vs 3Q16.

In 3Q17 GFNorte's **Net Income** totaled **Ps 6.22 billion, +25% YoY**. Moreover, in 9M17 **Net Profits** stood at **Ps 17.43 billion, +24%** higher vs. the same period a year ago



Net Interest Income rose **+19%** on a yearly basis to reach **Ps 15.88 billion in 3Q17**. Profitability ratios also demonstrate the success of the strategy in the YoY comparison: **NIM at 5.5%** from 5.0%, **ROE at 18.0%** from 14.6% and **ROA to 1.9%** from 1.7%.

GFNorte Key Numbers	3Q16*	3Q17*	Change	9M16*	9M17*	Change
Net Income	4,976	6,219	25%	14,064	17,426	24%
Net Interest Income	13,400	15,883	19%	39,163	46,727	19%
Net Operating Income	6,553	8,227	26%	18,048	23,270	29%
Performing Portfolio				533,925	601,602	13%
Efficiency	44.7%	40.5%		45.1%	42.3%	
ROE	14.6%	18.0%		13.8%	16.6%	
ROA	1.66%	1.95%		1.57%	1.83%	

*Million Pesos

Subsidiaries achieved strong annual earnings growth in 3Q17: **Bank +35%, Annuities +30%, Broker Dealer +26%, Fund Manager +18%** and **Leasing and Factoring +9%**.

Banorte's Capitalization ratio remained solid, at **17.63%** driven by an adequate equity management and sound growth in risk assets.

Recent Events

1. ETHICAL BOARDROOM RECOGNIZES GFNORTE WITH CORPORATE GOVERNANCE AWARD

In July, the prestigious magazine Ethical Boardroom awarded GFNorte with “Best Corporate Governance 2017” in the Latin American Financial Services category, as result of a thorough assessment of factors and features of its corporate governance.

GFNorte was the only Mexican financial institution to receive this award on its exceptional leadership to guarantee protection and long-term value creation for its stakeholders.

2. INSTITUTIONAL INVESTOR MAGAZINE'S RANKINGS

In August, Institutional Investor magazine announced the “Best Latin American Executive Team 2017” rankings, which were based on a survey to 292 buy-side fund managers and sell-side analysts from 205 institutions.

This survey evaluates attributes such as accessibility to C-Suite; quality, depth and promptness of answers to inquiries; transparency .of financial reporting and disclosure; proactive communication on material and strategic matters, among others

For the eight year in a row, GFNorte's top management and Investor Relations team ranked in the top positions among Latin American banks and Mexican companies.

- José Marcos Ramírez Miguel, ranked third in Latin America for the CEO category, according to the sell-side.
- Rafael Arana de la Garza, Chief Operating Officer, was selected as the best CFO in Latam according to the buy and sell-side.
- Ursula Wilhelm Nieto, Executive Director of Investor Relations stood third overall as Best IRO in Latin America; while in the national survey ranked third according to the buy side but second by the sell-side.
- Moreover, the Investor Relations team consolidated as the second best in all the categories, both in the region and Mexico.

3. FOR THE FOURTH YEAR GFNORTE WAS INCLUDED IN THE DOW JONES EMERGING MARKETS SUSTAINABILITY INDEX

In September, GFNorte was chosen again to be part of the Dow Jones Sustainability Index Emerging Markets, maintaining its position as the only Mexican financial institution to be included in this international index.

To determine the index, 800 leading companies of 58 different industries in 22 emerging markets were assessed. Only the top 10% was selected, out of which only four companies were Mexican.

These companies were evaluated in the economic, social and environmental scopes; in specific key criteria such as: corporate governance, eco-efficiency, labor indicators, human capital development, human rights, management systems and materiality.