

GFNORTE

2Q12 Results

Conference Call
July 27th, 2012.

Material Events

- **Main resolutions approved by the Shareholders' Meeting held last April 27th:**
 - 1. Annual Reports required by regulation of the CEO, Board of Directors, Audit and Corporate Practices' Committee.**
 - 2. Distribution of 2011 profits, applying to the Capital Reserve Ps. \$175.8 million and to Retained Earnings Ps \$7.95 billion.**
 - 3. Distribution of the third and last dividend payment of 2010's profits, for an amount of Ps. \$0.18 per share, amounting Ps. \$0.52 per share.**
 - 4. Approval of the proposed Board of Directors' members.**
 - 5. Designation of the Audit and Corporate Practices' committee members, including its President.**
 - 6. Approval of the amount of Ps. \$1.5 billion pesos, equivalent to 1.5% of GFNORTE's capitalization for share repurchase, in accordance with the established policies.**

Material Events

- **Subordinated Debt Issuance:** On June 8, Banorte issued its fifth Subordinated Debt Issuance (BANORTE 12) of Preferred and Non Convertible securities, in the local market for an amount of Ps. \$3.2 billion. The term was 10 years with prepayment option on year 5, with an interest rate of 28 Day TIIE + 1.50%. The issuance was rated Aaa.mx by Moody's and AA+ by HR Ratings, respectively, and it was done mainly to strenghten Banorte's capitalization levels.
- **Credit Ratings.** On May 12, HR Ratings assigned the initial Long-Term credit rating of “HR AAA” and Short-Term rating of “HR+1” to Banco Mercantil del Norte, with an stable outlook. Some of the factors that influenced the rating were: diversified portfolio in different market sectors, solid recovery processes and past-due loan prevention, low concentration of top 10 clients, sound profitability, conservative risk management, acceptable level of capitalization ratios, strong management team, strategic relevance in the Mexican financial system and adequate liquidity gaps considering the funding structure.

Material Events

- **Purchase of Credit Card Portfolio:** During April, the Ixe Tarjetas SOFOM acquired Banorte's Credit Card Portfolio, as part of integration process of this business into one single platform. The purchase value of the acquired portfolio was Ps. \$11.76 billion, with a book value of Ps. \$10.13 billion.
- **Purchase of Loan Portfolio to Dexia SOFOM:** On June 1, Banorte purchased a government portfolio, originated by the Dexia, totalling Ps. \$6.81 billion with a discount which was accounted as deferred net income to be recognized on a monthly basis during the life of the portfolio. Banorte plans to securitize this portfolio in the future.

Organizational Changes

- On May 25, Marcos Ramirez was appointed as Managing Director of Casa de Bolsa Banorte Ixe and representative of this company with the authorities.
- On June 4, Gabriel Casillas was designated as Managing Director of Economic Analysis, reporting to the Wholesale Banking Division.
- As part of the reorganization of the Wholesale Banking Division, Luis Pietrini was appointed as Managing Director of Private Banking, René Pimentel as Managing Director of Asset Management and Business Development, and Alejandro Aguilar as Managing Director of Banorte's Mutual Funds' Operator.

Recognitions

World Finance: Best Commercial Bank 2012

- In June, this British magazine recognized “Banorte – Ixe” as “Best Commercial Bank in Mexico 2012 “, as a result of the growth by the institution during the last months through mergers, and its distribution network expansion.
- During the period considered by World Finance for this recognition, Banorte carried out two of the most important transactions in the Mexican financial system: the Ixe Grupo Financiero merger, which made Banorte the third most important institution in the country and the largest controlled by Mexican shareholders; and the Afore XXI Banorte merger, which made it the largest Mexican Retirement Savings' Funds Administrator in the financial system.

Accounting Impact of Loan Acquisitions

- During the quarter, Banorte Ixe Credit Cards acquired Banco Mercantil del Norte's credit card portfolio and Ixe bank acquired some consumer loans from Banorte.
- Since the transactions were carried out at contractual value, there was a positive accounting impact of \$1.81 billion pesos in "Other Operating Income and Expenses", which was offset by an increase of the same magnitude in "Provisions for Loan Losses", as established by accounting criteria B-6.
- Applying this accounting criteria impacts the quarterly and 1H12 accumulated balances of these items, as well as the efficiency ratio. Nonetheless, it has no impact in net income.

Yearly Recap GFNorte

Million pesos

	1H11		1H12	
Net Income	3,862	▲ 32%	5,098	Banorte: 4,785 Ixe: 313
ROE	13.0%		14.0%	
ROA	1.1%		1.2%	
Efficiency	55.1%		51.7%*	
Net Interest Margin	4.2%		4.2%	
Performing Loan Growth	29%**		21%	
Past Due Loan Ratio	2.4%		1.8%	
Stock price (pesos)	53.30	▲ 30%	69.15	
Book Value per Share	28.65	▲ 13%	32.36	
P/BV	1.86		2.14	

* Efficiency Ratio without the accounting impact of the portfolio purchase is 55.7%.

** The growth in current portfolio without the impact of the Ixe merger is 15%.

Income Statement

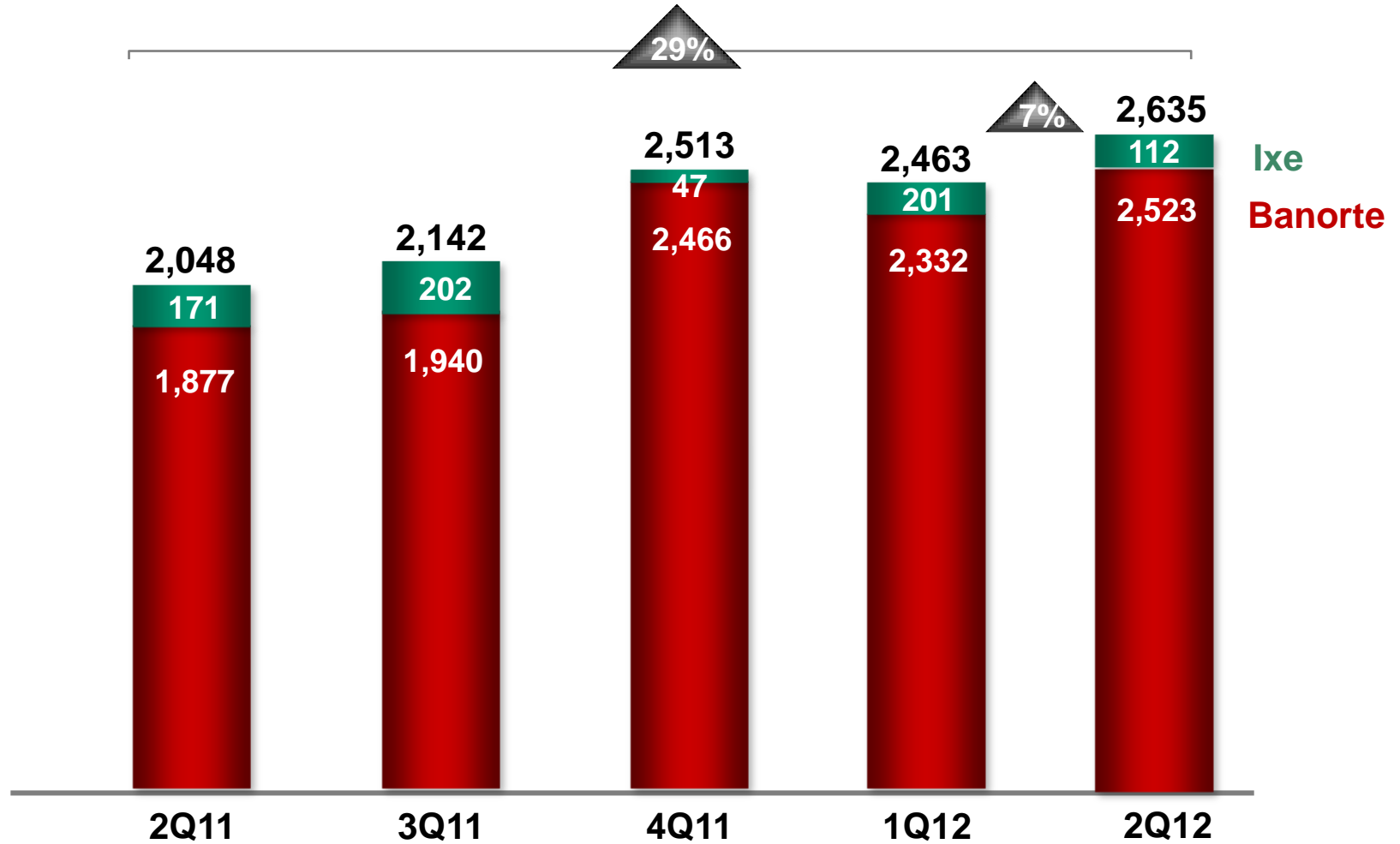
Million pesos

	2Q11	1Q12	2Q12	Change	
				QoQ	YoY
Net Interest Income	7,369	7,923	8,245	4%	12%
Non Interest Income	2,979	3,871	5,151	33%	73%
<i>Service Fees</i>	1,741	1,550	1,796	16%	3%
<i>Recoveries</i>	284	359	337	(6%)	19%
<i>FX & Trading</i>	219	1,182	896	(24%)	308%
<i>Other Income (expenses)</i>	734	780	2,122	172%	189%
Total Income	10,348	11,794	13,396	14%	29%
Non Interest Expense	5,965	6,558	6,457	(2%)	8%
Net Operating Income	4,382	5,236	6,939	32%	58%
Provisions	1,318	1,467	2,992*	104%	127%
Income Tax	810	1,140	1,152	1%	42%
Subs & Minority Interest	(207)	(166)	(160)	(4%)	(23%)
Net Income	2,048	2,463	2,635	7%	29%

*Excluding the \$1,807 million accounting impact, provisions were \$1,185 million in 2Q12, (-19% QoQ) and (-10%) YoY, and Non Interest Income was \$3,344 million, (-14%) QoQ and (+12%) YoY.

Quarterly Net Income

Million Pesos



Adjusted Earnings and ROTE

Net Income without Extraordinaries (million pesos)

	Change vs		
	2Q12	1Q12	2Q11
Reported Net Income	\$2,635	7%	29%
+ Integration Costs	\$6		
+ Impact of Ixe Tarjetas	\$0		
+ Impact of Ixe's Assets	\$60		
+ Honoraries for Dexia portfolio purchase	\$29		
Recurring Net Income	\$2,730	11%	33%

Return on Tangible Common Equity

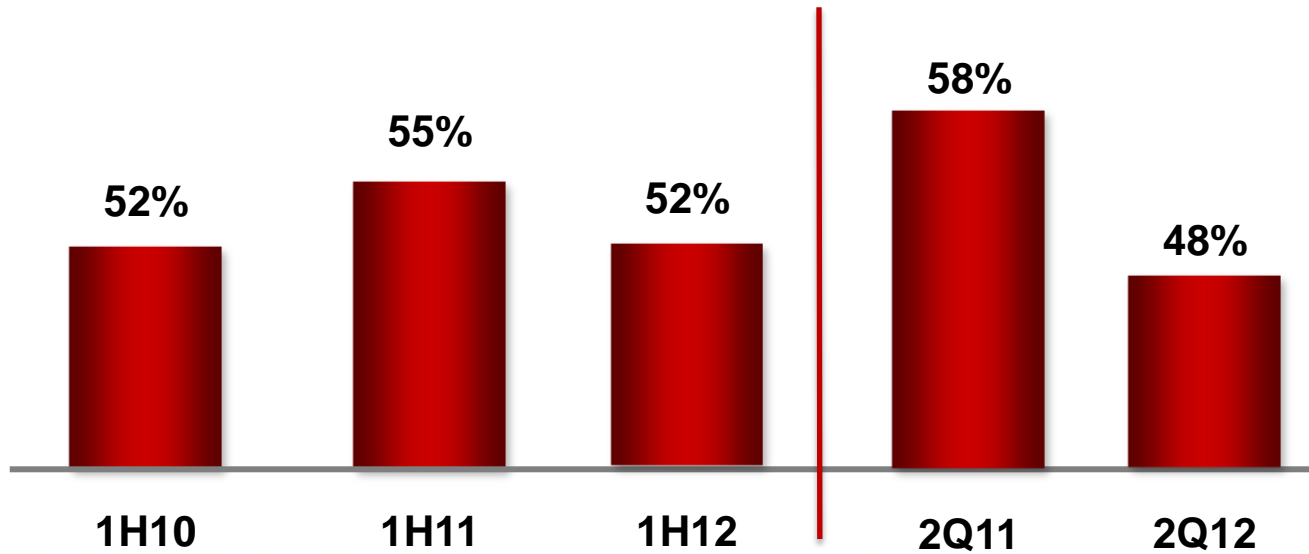
	2Q11	1Q11	2Q12
Reported ROE	12.4%	13.7%	14.2%
Goodwill / Intangibles	\$16,077	\$20,448	\$19,687
Average Tangible Capital	\$43,792	\$51,458	\$52,670
ROTE	16.7%	17.8%	18.5%

Non Interest Expense

Billion Pesos

	1H11		1H12		2Q11		2Q12
Total Expense	10.6	▲ 23%	13.0		6.0	▲ 8%	6.5

Efficiency Ratio



Deposits

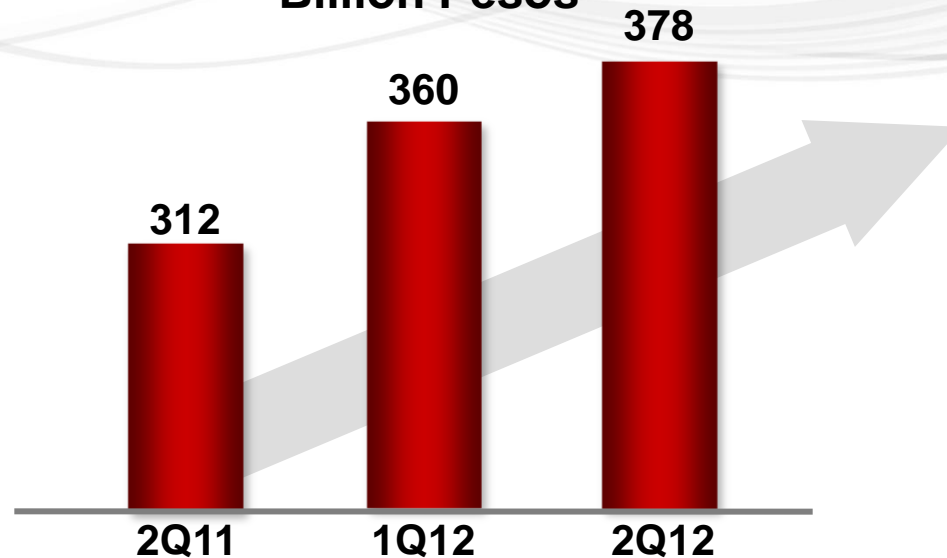
Billion Pesos

Deposits	2Q10		2Q11		2Q12
Demand	134	▲ 20%	161	▲ 19%	191
Time	87	▲ 28%	111	▲ 10%	123
Core Deposits	221	▲ 23%*	272	▲ 15%	314
Mix					
Demand	61%		59%		61%
Time	39%		41%		39%
	100%		100%		100%

* Core deposits grew 8% between 2Q11 and 2Q10 without the impact of Ixe integration.

Performing Loan Portfolio

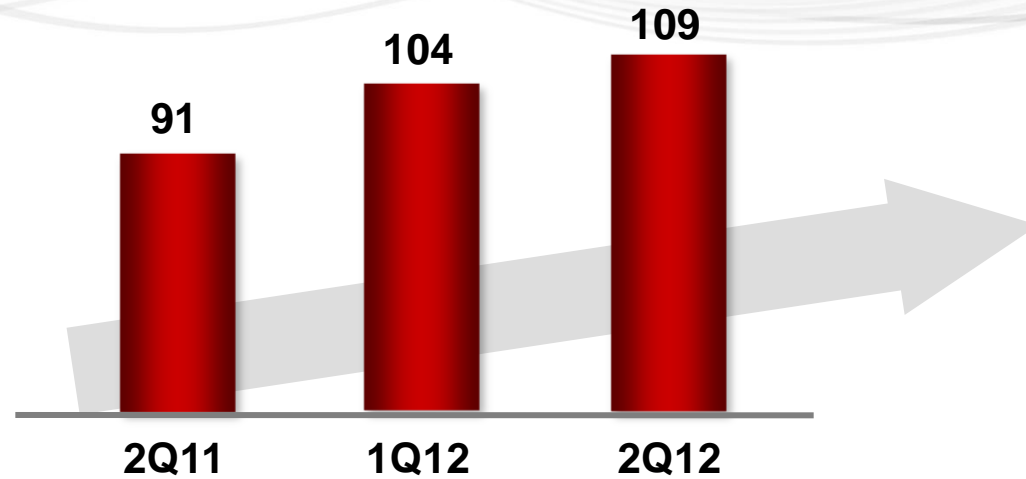
Billion Pesos



	2Q11	1Q12	2Q12	Change	
				QoQ	YoY
Consumer	91	104	109	4%	19%
Commercial	115	123	127	3%	10%
Corporate	50	58	60	4%	20%
Government	55	75	83	10%	49%
Total	312	360	378	5%	21%

Performing Consumer Loan Portfolio

Billion Pesos



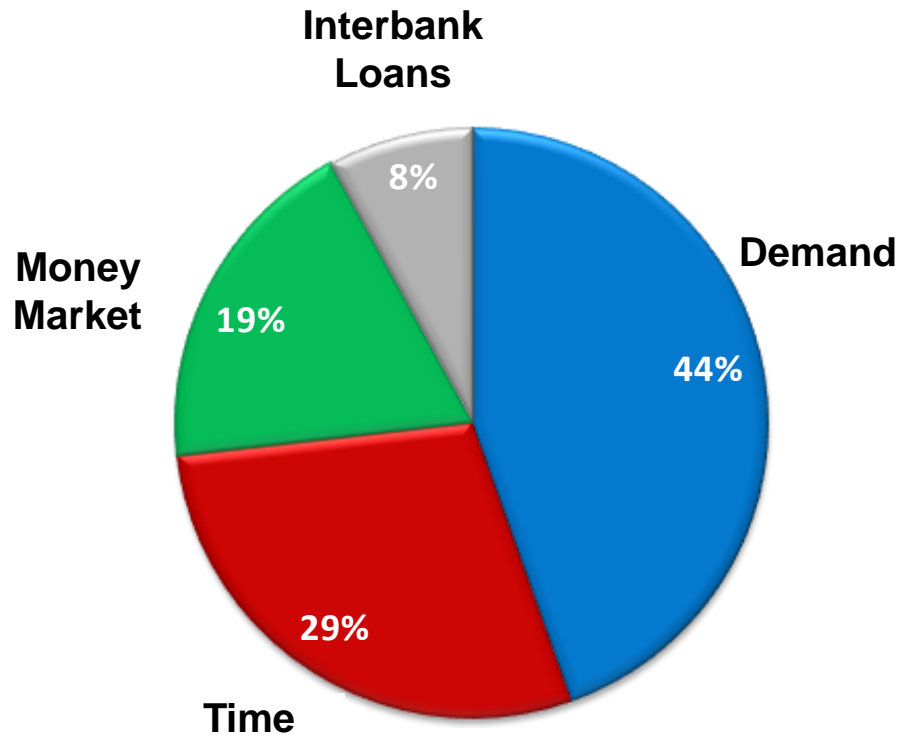
	2Q11	1Q12	2Q12	Change	
				QoQ	YoY
Mortgage	60	66	68	3%	12%
Car	9	10	10	3%	12%
Credit Cards*	11	15	15	4%	39%
Payroll	11	14	16	11%	45%
Consumer	91	104	109	4%	19%

*Includes the credit card SOFOM Ixe Tarjeta's portfolio since 1Q12

Funding and Loan Portfolio Structure

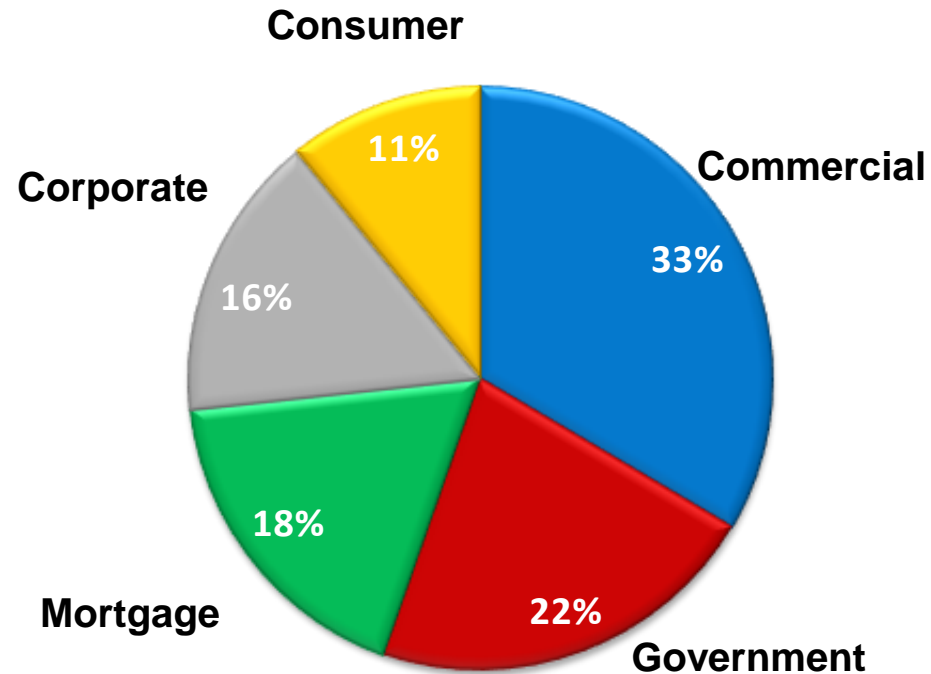
FUNDING

\$ 430 Billion Pesos



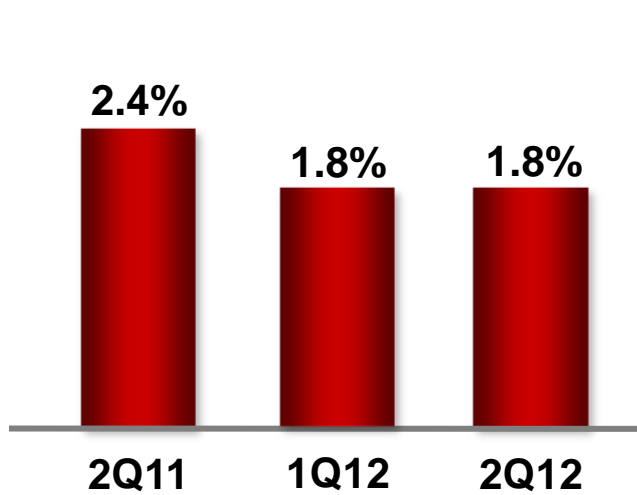
LOAN PORTFOLIO

\$386 Billion Pesos

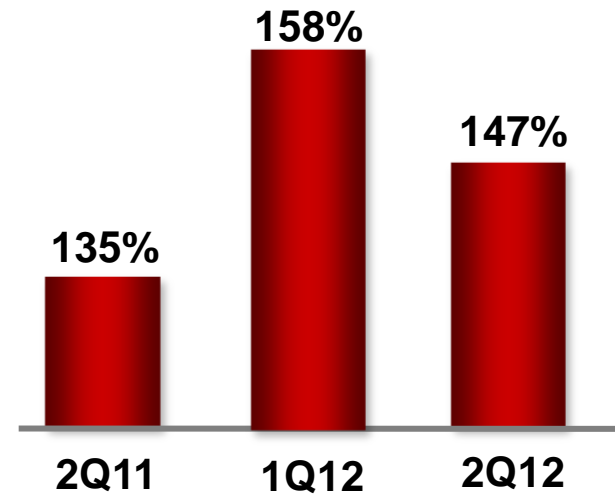


Asset Quality

PAST-DUE LOAN RATIO



COVERAGE RATIO



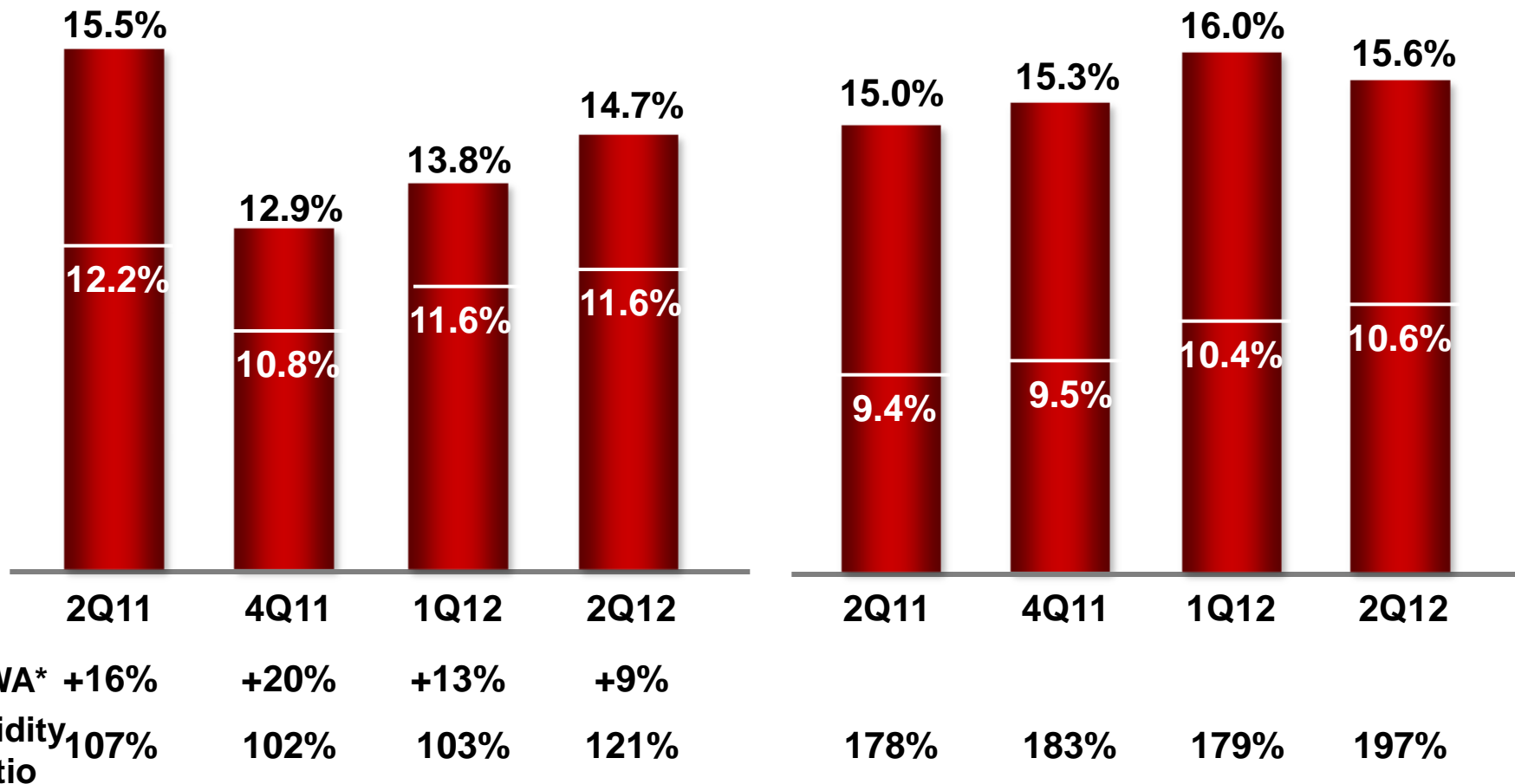
Past Due Loan Ratios

	2Q11	3Q11	4Q11	1Q12	2Q12	
Credit Cards	9.4%	8.2%	7.3%	6.3%	6.8%	↑
Payroll	1.8%	1.8%	1.7%	1.6%	1.8%	↑
Car Loans	1.8%	1.8%	1.6%	1.4%	1.5%	↑
Mortgage	1.8%	2.0%	1.5%	1.3%	1.1%	↓
Commercial	3.1%	2.9%	2.7%	2.5%	2.7%	↑
Corporate	2.5%	2.4%	2.2%	2.2%	2.1%	↓
Government	0.0%	0.8%	0.0%	0.0%	0.0%	↓
Total NPL Ratio	2.4%	2.4%	1.9%	1.8%	1.8%	

Capitalization and Liquidity

Banorte
(%)

Ixe
(%)



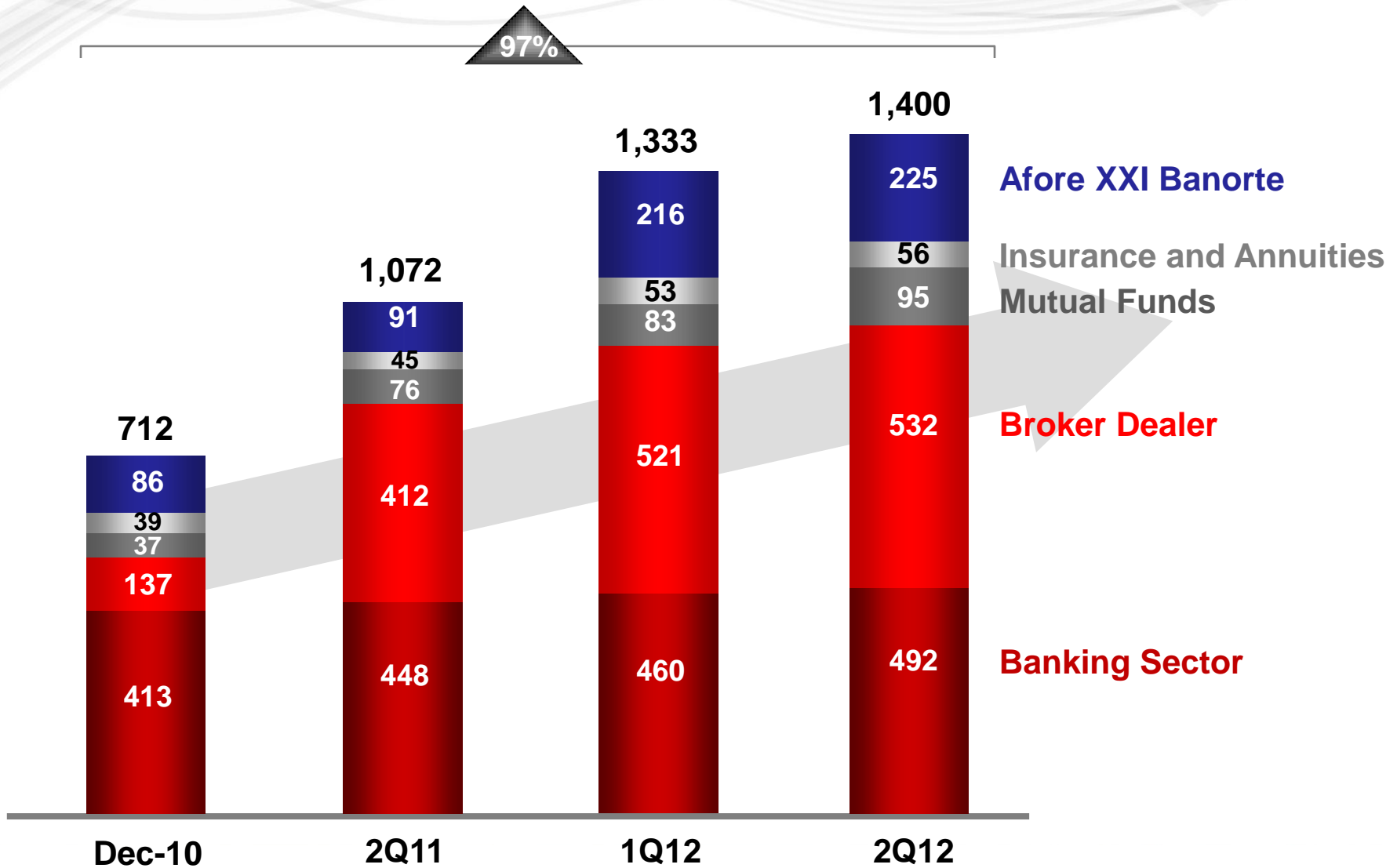
↑ **RWA*** +16%
Liquidity Ratio

*RWA = Risk Weighted Assets

Assets under Management

Million pesos

97%

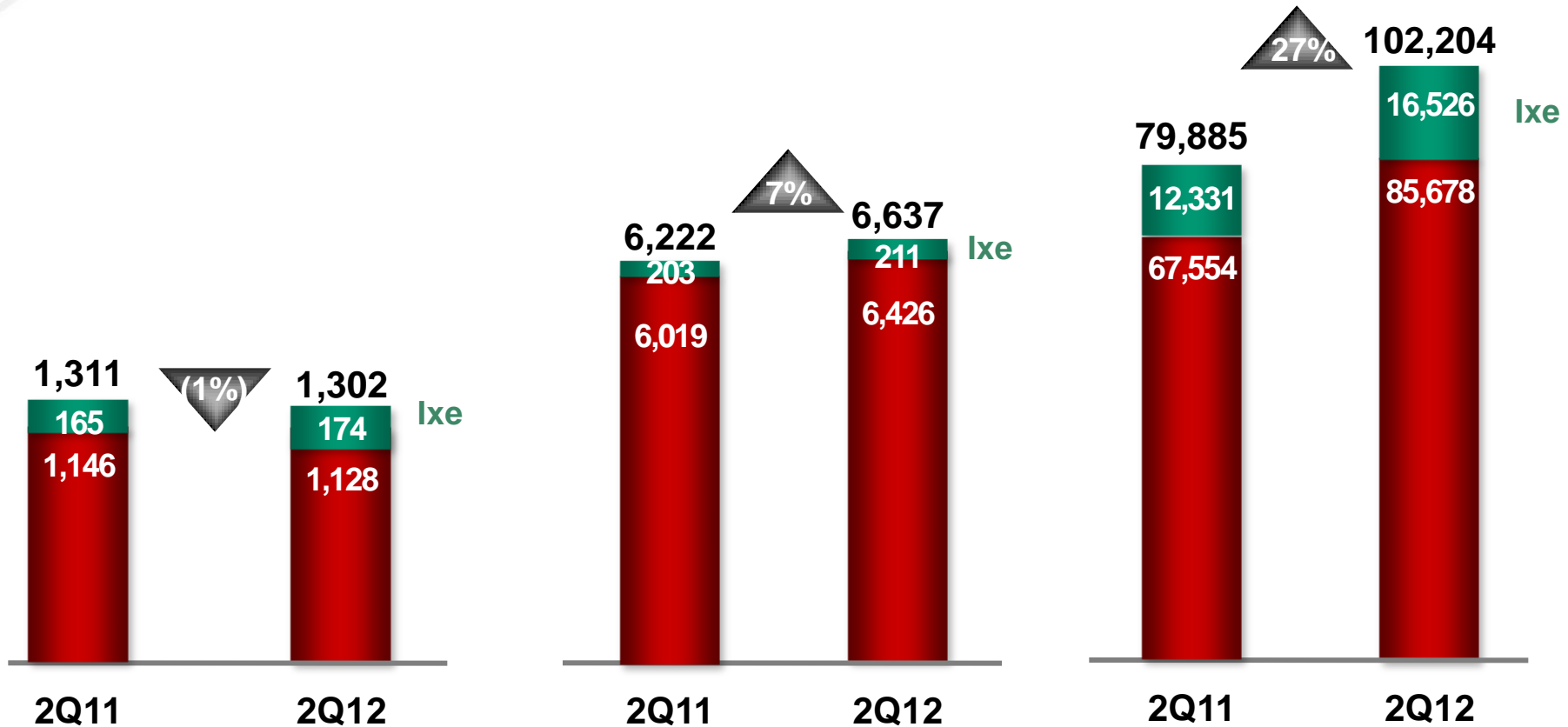


Distribution Network

Branches

ATM's

POS's



- Transactions in ATMs have grown by 11% YoY and billing in POS by 61% YoY, positioning Banorte in 3rd place in billing amount in the system, with a 12.2% market share.

Subsidiaries

1H12
Millon pesos

Company	Net Income	Change vs YoY	ROE
Banking Sector			
Banco Mercantil del Norte*	3,787	26%	16.9%
Ixe Banco	395	232%	15.0%
Broker Dealer			
Ixe Casa de Bolsa	231	754%	28.0%
Ixe Fondos	45	321%	54.2%
Long Term Savings			
Retirement Savings	253	175%	56.3%
Insurance	272	64%	39.6%
Annuities	31	(583%)	10.4%
Other Finance Companies	294		

* Includes Ixe Tarjetas.

** Includes Ixe Automotriz, Fincasa Hipotecaria, Ixe Soluciones and Ixe Servicios.

Recovery Bank

Net Income in Million Pesos

	1H11		1H12
Total	231	26%	291

AUM Billion Pesos

	2Q11	2Q12	Change YoY
Proprietary Assets	40.2	36.4	(9.3%)
Aquired Assets	28.2	27.0	(4.0%)
Managed Assets SHF	6.7	6.5	(3.0%)
Ixe Assests	5.2	7.0	33.4%
Total	80.3	77.0	(4.1%)

Inter National Bank

Million Dollars

	1H11		1H12
Pre-Tax Net Income	12.0		13.0
Provisions	12.7		4.6
Net Income	(0.2)		5.6
NIM	3.2%		3.2%
ROE	(0.1%)		2.7%
ROA	0.0%		0.5%
Efficiency	67.2%		66.0%
Total Deposits	1,860	-10%	1,667
Performing Loans	823	-13%	712
PDL Ratio USGAAP	4.2%		1.3%
Coverage Ratio USGAAP	68.0%		144.0%
Classified Assets to Capital	57.5%		29.7%



 **BANORTE**
EL BANCO FUERTE DE MEXICO

 **BANORTE**

