

Financial Results

2Q12

July 2012

Summary of Results

Financial Highlights

- GFNORTE reported a Ps 5.1 billion profit for the first six months of the year, an increase of 32% on 1H11 derived from the integration of the results of Ixe and Afore XXI Banorte, and a profit of Ps 2.64 billion for the quarter, 7% above 1Q12 and 29% higher than in 2Q11, due to more positive operating leverage, as well as less recurring provision requirements.
- In 1H12 return on equity (ROE) was 14%, 94 basis points above the same year-earlier period. 2Q12 ROE was 14.2%, an increase of 180 basis points compared to 2Q11. Return on Tangible Equity (ROTE) was 18.5% in 2Q12, 180 basis points above 2Q11 and 70 basis points higher than in 1Q12.
- In 1H12 the Banking Sector's (Banco Mercantil del Norte, Ixe Banco and Banorte-Ixe Tarjetas) Net Income totaled Ps 4.18 billion and accounted for 82% of GFNorte's total profits. This sector's ROE was 16.7% for the same period.

Financial Highlights

- During 2Q12, the Long Term Savings Sector comprised of Insurance, Annuities and Afore XXI Banorte, contributed Ps 302 million, 145% more than in 2Q11 and 19% more than in 1Q12, driven by the merger with Afore XXI and better business dynamics at the Insurance company; in 1H12 reports Ps 556 million, 121% higher than in 1H11.
- Other Finance Companies, comprised of Arrendadora y Factor Banorte (Leasing and Factoring), Warehousing, Ixe Automotriz, and Fincasa Hipotecaria, recorded 2Q12 profit of Ps 12 million, a YoY decrease of (94%) owing to losses at Fincasa Hipotecaria which were offset by a profit of \$152 million by Arrendadora y Factor Banorte; in 1H12 profit totaled Ps 78 million, a YoY decrease of (78%).
- The Brokerage Sector comprised of Ixe Casa de Bolsa and Ixe Fondos, reported a second quarter profit of Ps 164 million for the quarter, an increase of 73% on 2Q11 and 47% on 1Q12.

Financial Highlights

- Core deposits rose by 15% year-on-year in 2Q12, mainly driven by promotional efforts in relation to Banorte-Ixes deposit products. Demand deposits were up 19% while time deposits were up 10%. Core deposits increased 3% QoQ vs. 1Q12.
- As at the end of 2Q12, YoY growth in performing loans was 21%. For a ninth straight quarter, the loan portfolio showed sustained growth in all segments. Total Performing Loans rose 5% QoQ versus 1Q12.
- During 2Q12, the bank's fundamentals remain solid:
 - Regulatory capital was 14.7%, 90 pp higher compared to the level at closing of 1Q12.
 - The NPL Ratio was 1.8%, one of the lowest in the financial system.
 - The reserve coverage was 147%, 11.7 pp higher than in 2Q11
 - The liquidity ratio was 121%, 18 pp higher compared to the level of 1Q12 and 14 pp higher than in 2Q11.

Financial Highlights

Accounting impact of portfolio acquisitions

- During 2Q12, SOFOM Banorte-Ixe Tarjeta's acquired Banco Mercantil del Norte's credit card portfolio. On the other side, Ixe Banco purchased other Banorte's consumer loans.
- On the back that both operations were carried out at book value, a positive accounting impact of Ps 1.8 billion was registered in “Other Operating Income and Expenses”, which is offset by an increase of the same amount in Loan Loss Provisions, according to accounting criteria B-6.
- This accounting entry affects 2Q12 and 1H12 balances in these headings, as well as the Efficiency ratio calculation, but does not have any impact on net income.

Financial Highlights

- During 2Q12 Net Interest Income totaled Ps 8.25 billion, an increase of 12% on 2Q11 and of 4% on 1Q12. Growth was due to higher loan volumes in higher margin segments and an increase in net interest income at the Insurance and Annuities companies. In 1H12 totaled Ps 16.2 billion, an increase of 18% YoY.
- As of 2Q12 Non Interest Income totaled Ps 5.15 billion, an increase of 33% on 1Q12 and 73% on 2Q11, due to the 2Q12 entry of Ps 1.81 billion in Other Operating Income related to SOFOM Banorte-Ixe Tarjeta's acquisition of Banco Mercantil del Norte's credit card portfolio and the Ixe Banco's acquisition of other Banorte's consumer loans. During the first half of the year, totaled Ps 9.02 billion, increasing 61% YoY.
- In 2Q12 Provisions amounted to Ps 2.99 billion, an increase of 127% on 2Q11 and 104% on 1Q12, due mainly to SOFOM Banorte Ixe Tarjeta's acquisition of Banco Mercantil del Norte's credit card portfolio and to the acquisition of other Banorte's consumer loan portfolio by Ixe Banco at a value net of the provisions created at Banco Mercantil del Norte. In 1H12 Provisions totaled Ps 4.46 billion, an increase of 68% on 1H11.

Financial Highlights

- Non Interest Expense amounted to Ps 6.46 billion in 2Q12, an increase of 8% on 2Q11 but a decrease of (2%) vs. 1Q12, resulting in a reduction in this heading for a second straight quarter, mainly associated with lower Personnel Expenses due to merger-related synergies as well as a reduction in Other taxes and Non deductible Expenses. As of 1H12 totaled Ps \$13.02 billion, increasing 23% YoY vs. 1H11.
- The 2Q12 Efficiency Ratio was 48.2%, (9.5 bp) below 2Q11 on the back of a positive operating leverage. As of 1H12 was 51.7%, (3.4 bp) below 1H11.

Quarterly Summary

Million Pesos

	2Q11	1Q12	2Q12	Change	
				QoQ	YoY
Revenues	10,348	11,794	13,396	14%	29%
Credit Costs	1,318	1,467	2,992	104%	127%
Expenses	5,965	6,558	6,457	(2%)	8%
Reported Net Income	2,048	2,463	2,635	7%	29%
EPS ⁽¹⁾	0.88	1.06	1.13	7%	29%
Book Value per Share ⁽¹⁾	28.65	31.40	32.36	3%	13%
ROE	12.4%	13.7%	14.2%	0.5 pp	1.8 pp
ROA	1.1%	1.2%	1.2%	0.0 pp	0.2pp
P/BV ⁽²⁾	1.86	1.81	2.14	18%	15%

(1) Pesos

(2) Times

Material Events

- Shareholders Meeting held on April 27th:
 - Approved to distribute among shareholders a dividend of Ps 0.18 per outstanding share corresponding to the third and final payment of Ps 0.52 per share corresponding to 2010 profit.
 - Additionally, Patrimonial and Alternate Members were designated for the 2012 period. The new GFNorte's Board of Directors composition is as follows:

REGULAR MEMBERS		
Roberto González Barrera	Chairman Emeritus	Patrimonial
Guillermo Ortiz Martínez	Chairman of the Board	Related
Bertha González Moreno		Patrimonial
David Villarreal Montemayor		Patrimonial
Manuel Saba Ades		Patrimonial
Alfredo Elías Ayub ⁽¹⁾		Independent
Herminio Blanco Mendoza		Independent
Everardo Elizondo Almaguer		Independent
Patricia Armendáriz Guerra		Independent
Armando Garza Sada		Independent
Héctor Reyes Retana		Independent
Juan Carlos Braniff Hierro		Independent
Eduardo Livas Cantú		Independent
Enrique Castillo Sánchez Mejorada		Related
Alejandro Valenzuela del Río		Related

Material Events

- **Loan Portfolio Acquisition.** In April the SOFOM Banorte Ixe Tarjetas acquired Banorte's Credit Card Portfolio as part of the integration of this business into a single platform. The contractual value of the acquired loan portfolio was Ps 11.76 billion, with a purchase value (book value) of Ps 10.13 billion. There was also a Ps 176 million impact from the sale of Banco Mercantil del Norte's consumer loans to Ixe Banco.
- **Acquisition of SOFOM Dexia's Loan Portfolio:** On June 1st, SOFOM Dexia's State of Mexico loan portfolio was acquired for Ps 6.81 billion at a Ps 908 million discount, which implied an outlay of Ps 5.91 billion for Banorte.
- **Subordinated Debt Issuance:** On June 8th. Banorte issued the fifth Preferred and Non-Convertible Subordinated Notes (BANORTE 12) in the local market amounting to Ps 3.2 billion. The issuance has a 10-year maturity, is pre-payable at the fifth and pays a coupon of 28 day TIIE plus 1.50%. The issuance was rated Aaa.mx by Moody's and AA+ by HR Ratings.

Material Events

- **Credit Ratings:** On May 12th, HR Ratings assigned a long-term initial credit rating of “HR AAA” and a short-term rating of “HR+1” to Banco Mercantil del Norte. The outlook is Stable.

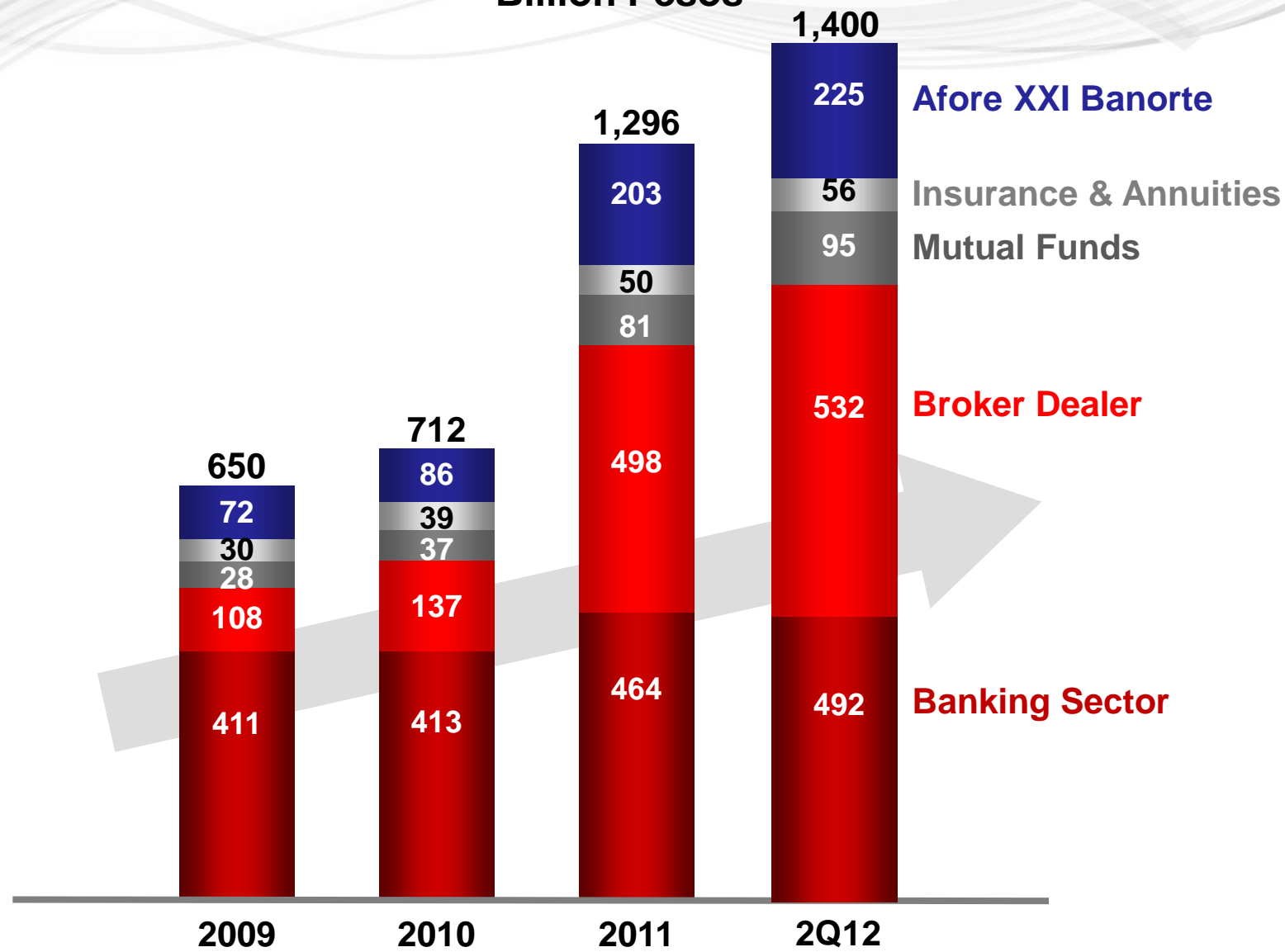
World Finance: Best Commercial Bank in Mexico 2012

- In June “Banorte – Ixe” was given the “Best Commercial Bank in Mexico 2012” award from the prestigious British magazine World Finance, in recognition of the growth achieved by the bank in recent months through the mergers with Ixe Grupo Financiero and Afore XXI, as well as the expansion of its branch network, ATMs and POS terminals.

Financial Performance

Assets under Management

Billion Pesos



Income Statement

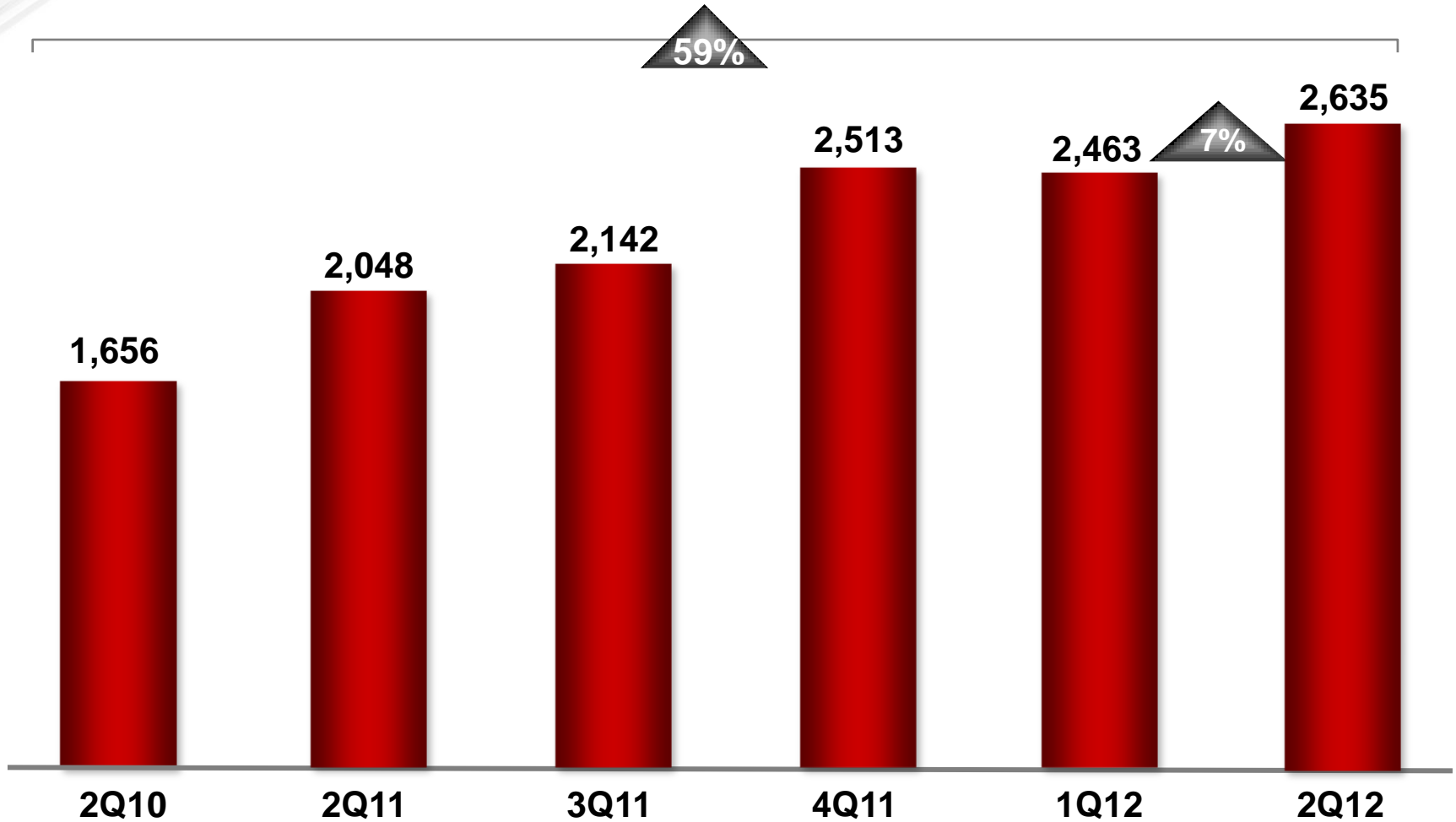
Million Pesos

	2Q11	1Q12	2Q12	Change vs. 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 \$1.81 billion accounting impact, provisions would be \$1.18 million in 2Q12, (-19%) QoQ and (-10%) YoY and Non Interest Income would be \$3.34 million (-14%) QoQ and (+12%) YoY.

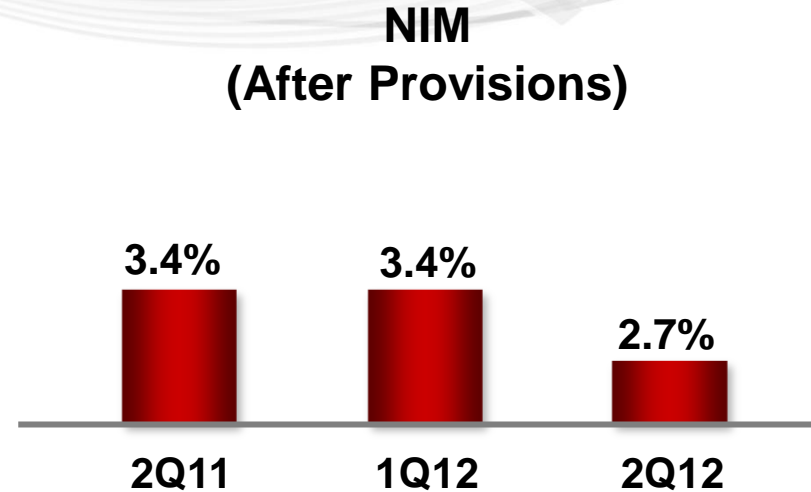
Quarterly Net Income

Million Pesos

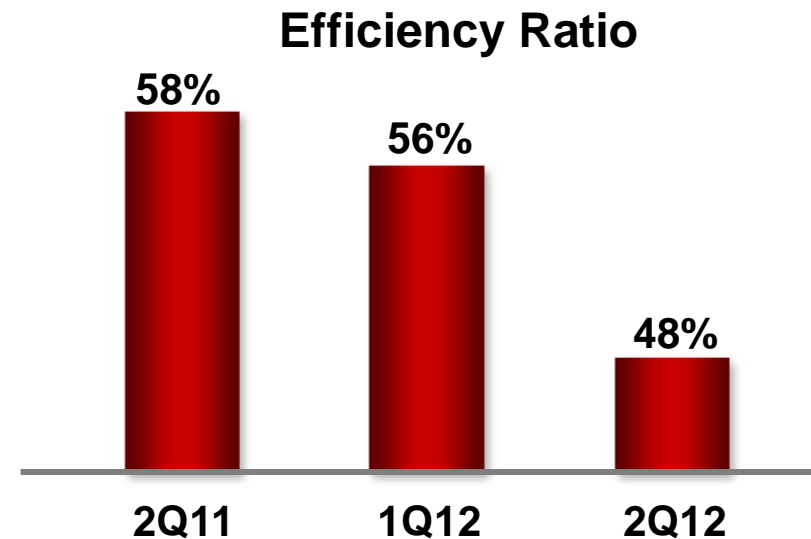


Net Interest Income and Non Interest Expense

	Billion Pesos				
	2Q11	1Q12	2Q12	QoQ	YoY
Net Interest Income	7.4	7.9	8.2	4%	12%



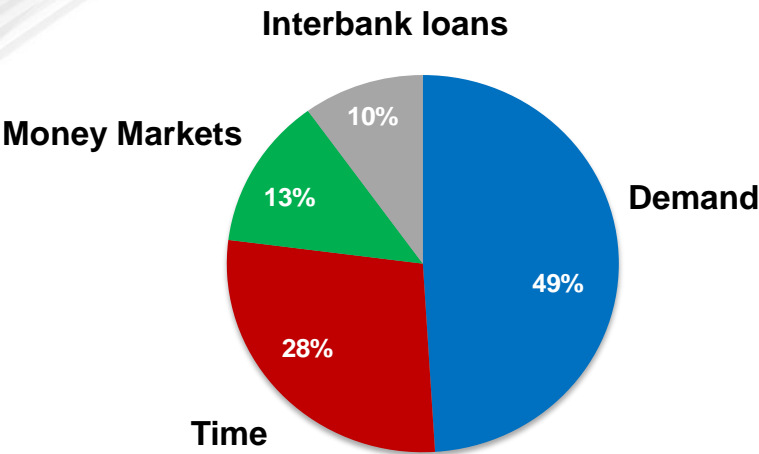
	Billion Pesos				
	2Q11	1Q12	2Q12	QoQ	YoY
Non Interest Expense	6.0	6.6	6.5	(2%)	8%



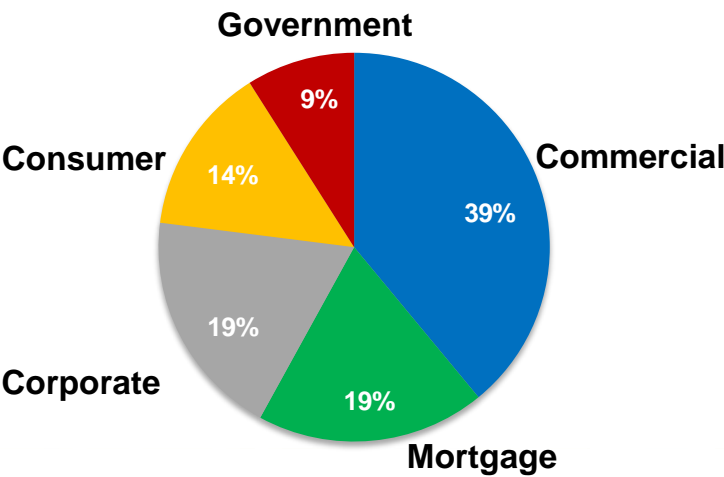
Funding and Loan Portfolio Structure

2007

Funding: \$226 Billion pesos

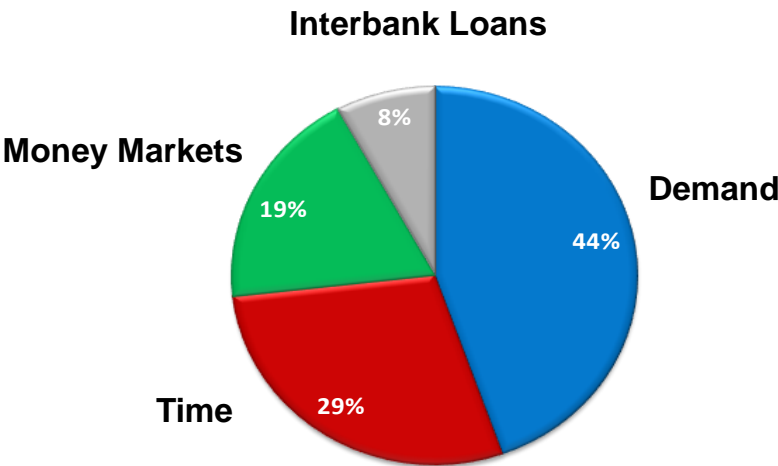


Loan Portfolio: \$194 Billion pesos

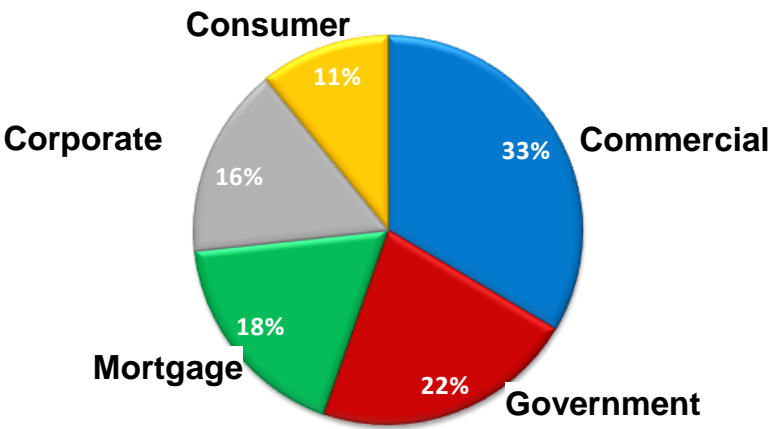


2Q12

Funding: \$430 Billion pesos



Loan Portfolio: \$386 Billion pesos



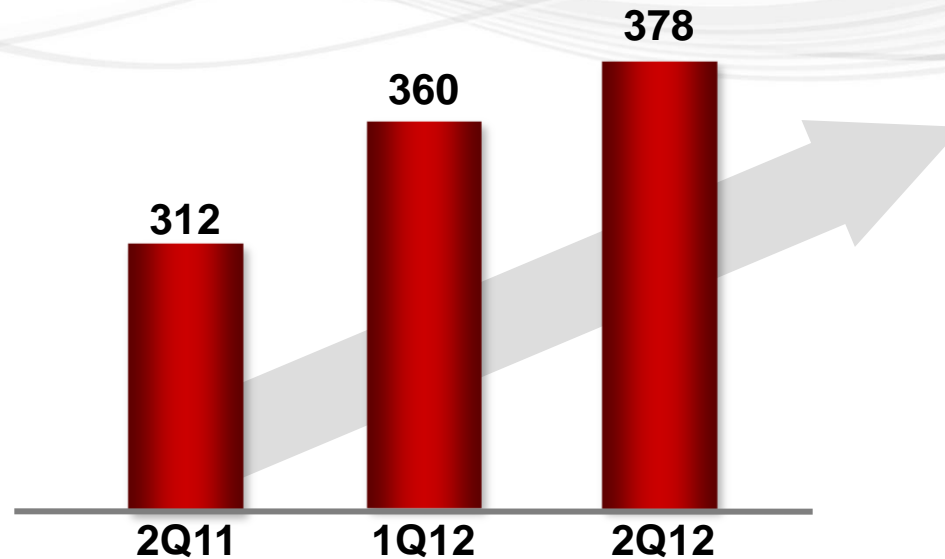
Deposits

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%

Performing Loan Portfolio

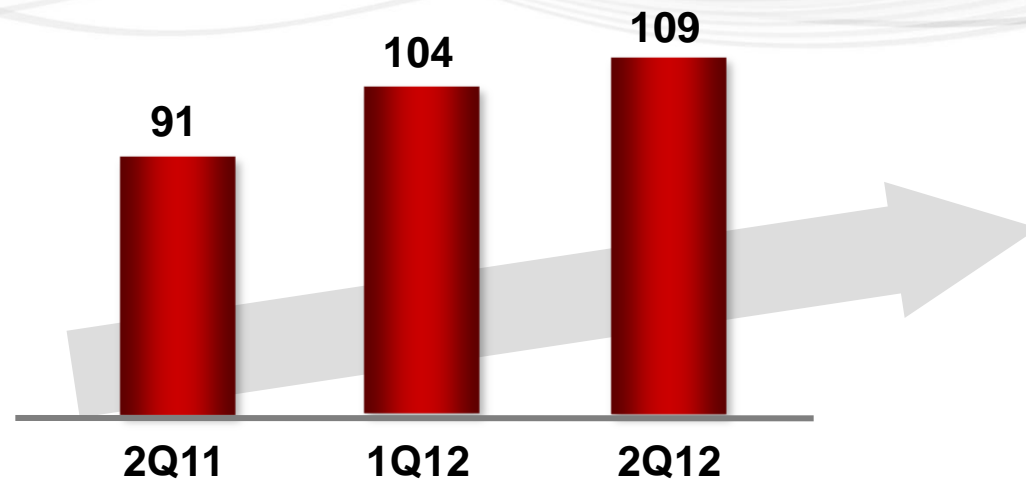
Billion Pesos



	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

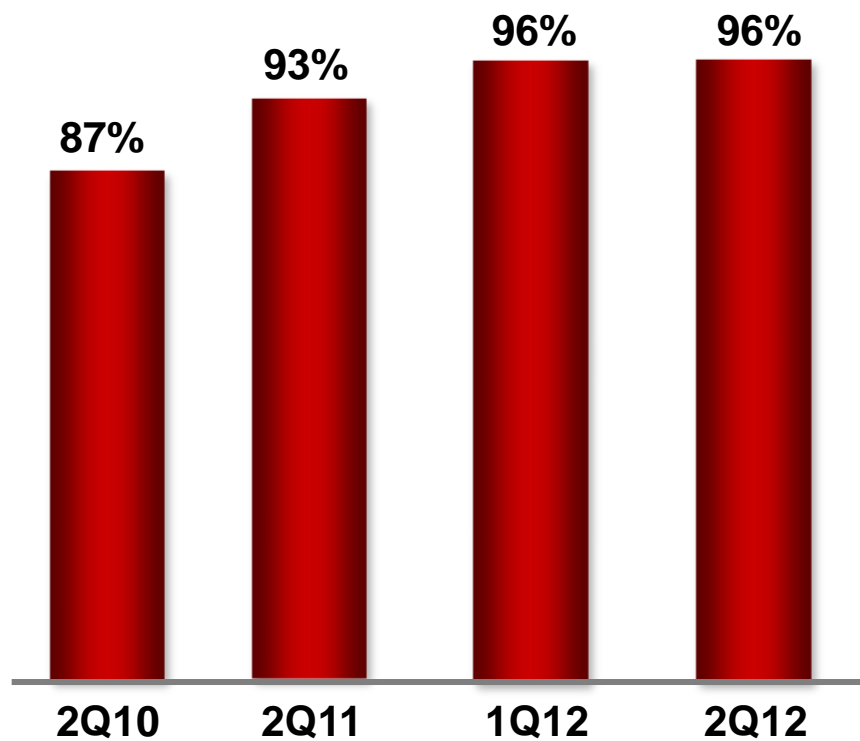


	2Q11	1Q12	2Q12	Change	
				QoQ	YoY
Mortgage	60	66	68	3%	12%
Car	9	10	10	3%	12%
Credit Cards*	11	15	15	4%	39%
Payroll	11	14	16	11%	45%
Consumer	91	104	109	4%	19%

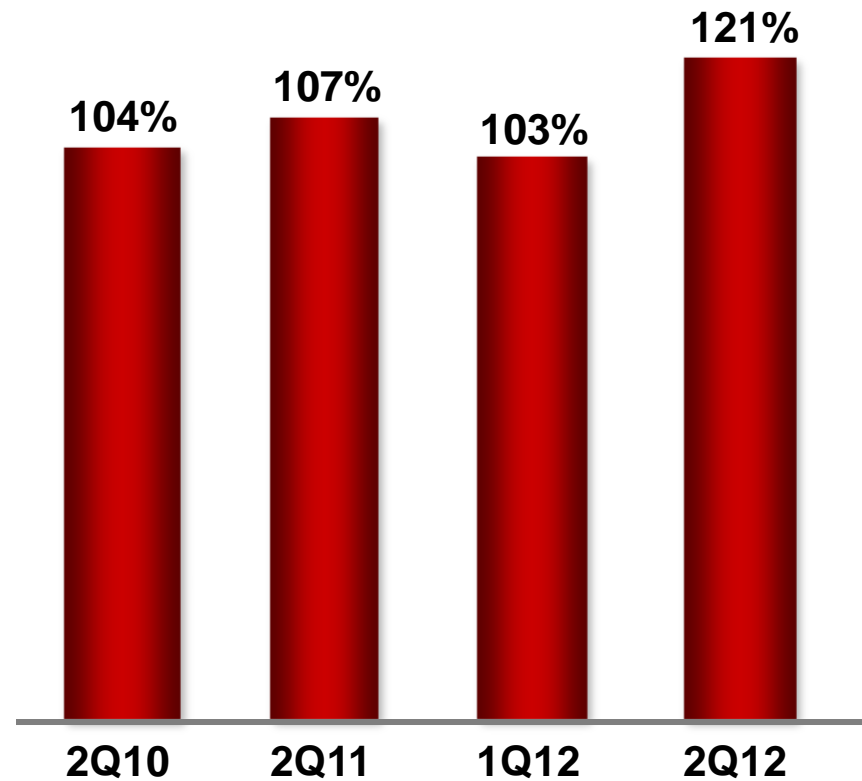
*Includes the credit card SOFOM Ixe Tarjeta's portfolio since 1Q12

Funding and Liquidity

**Total Loans / Total Deposits
(%)**



**Liquidity
(%)**



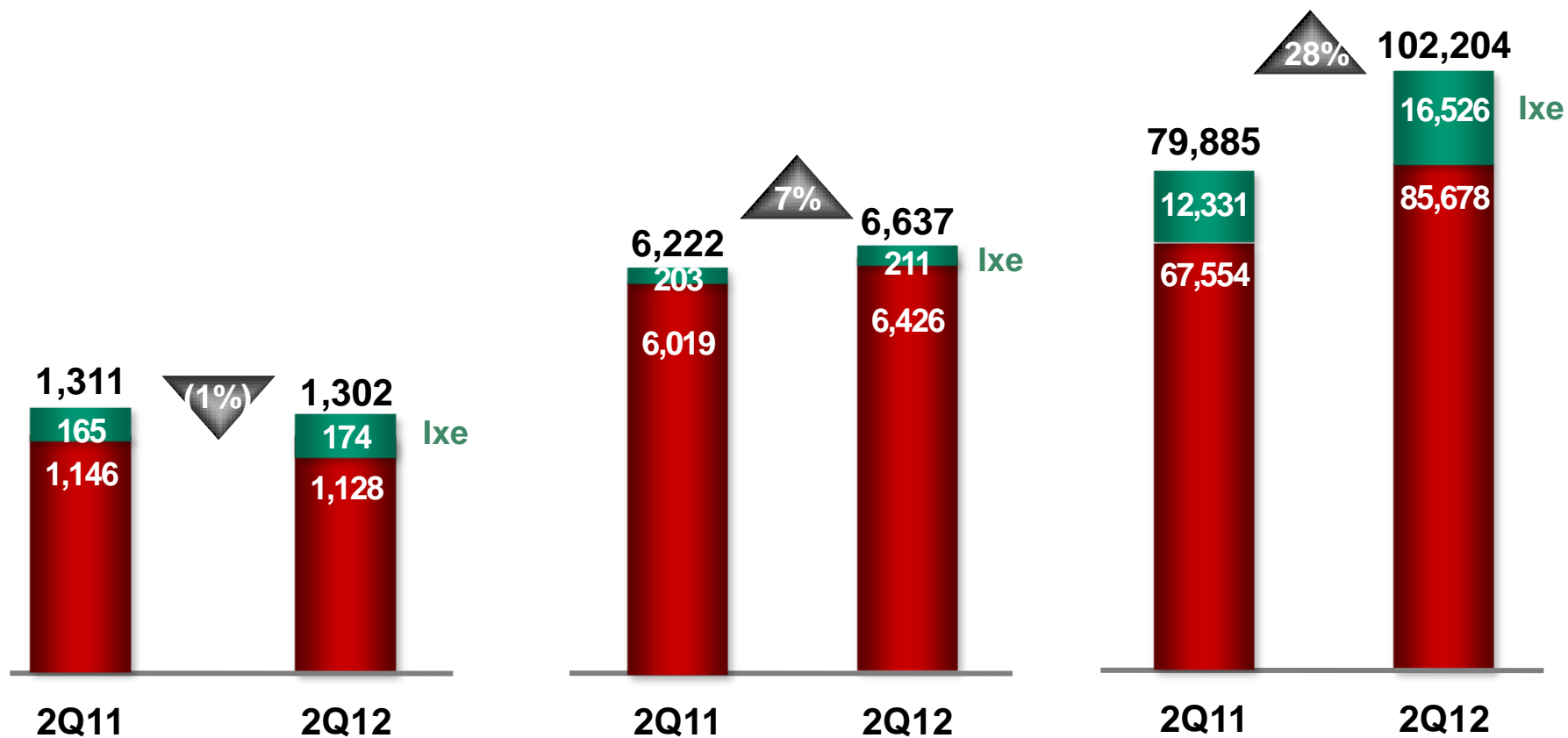
Distribution Network

Distribution Network

Branches

ATM's

POS's



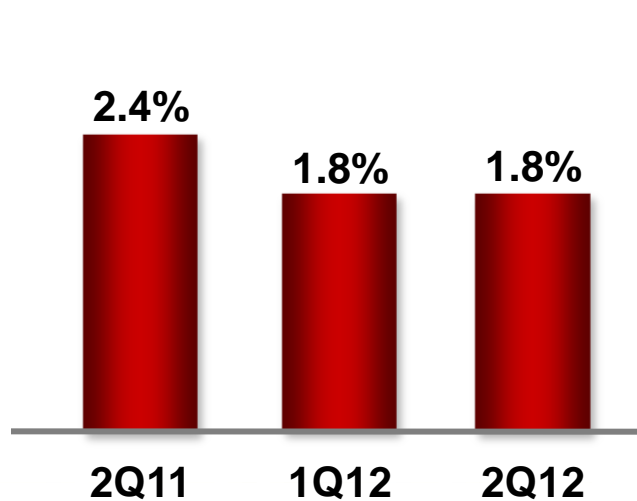
Asset Quality and Capitalization

Asset Quality

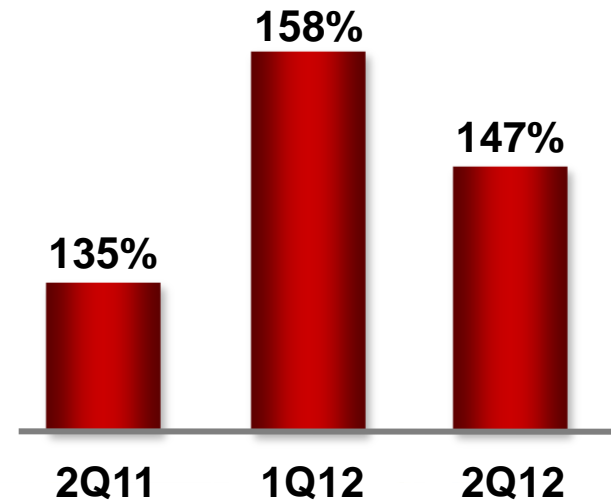
Billion Pesos

	2Q11	1Q12	2Q12
Total Loan Portfolio	319	367	386
Past Due Loans	7.5	6.6	7.1
Loan Loss Reserves	10.2	10.4	10.4

PAST DUE LOAN RATIO



RESERVE COVERAGE RATIO



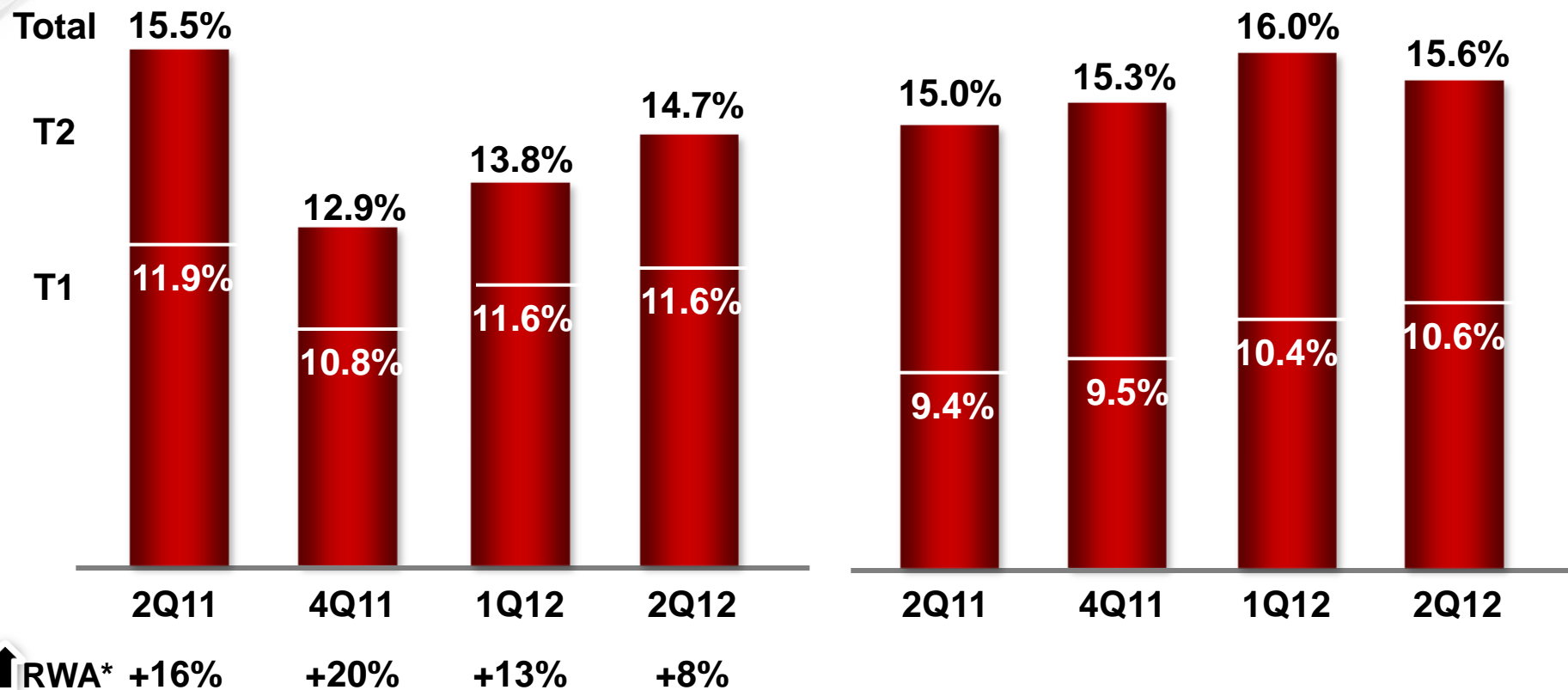
Past Due Loan Ratios

	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%
GFNorte's NPL Ratio	2.4%	2.4%	1.9%	1.8%	1.8%

Capitalization

**Banorte
(%)**

**Ixe
(%)**



*RWA = Risk Weighted Assets

Investment Grade by all Major Rating Agencies

Agency	Rating	Outlook	Date
Standard & Poor's	BBB-	Stable	Dec-11
Fitch	BBB	Stable	Mar-12
Moody's	Baa1	Stable	Nov-11
HR Ratings	HR AAA	Stable	May-12

Subsidiaries

Subsidiaries

1H12
Million Pesos

Companies	Net Income	Change vs. YoY
Banking Sector		
Banco Mercantil del Norte*	3,787	26%
Ixe Banco	395	232%
Broker Dealer		
Ixe Casa de Bolsa	231	754%
Ixe Fondos	45	321%
Long Term Savings		
Retirement Savings	253	175%
Insurance	272	64%
Annuities	31	(583%)
Leasing, Factoring and Warehousing		
Leasing and Factoring	278	7%
Warehousing	16	16%
Other Companies**	(359)	-

* Includes SOFOM Banorte Ixe Tarjetas

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

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%)
Acquired 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%)

Million Dollars

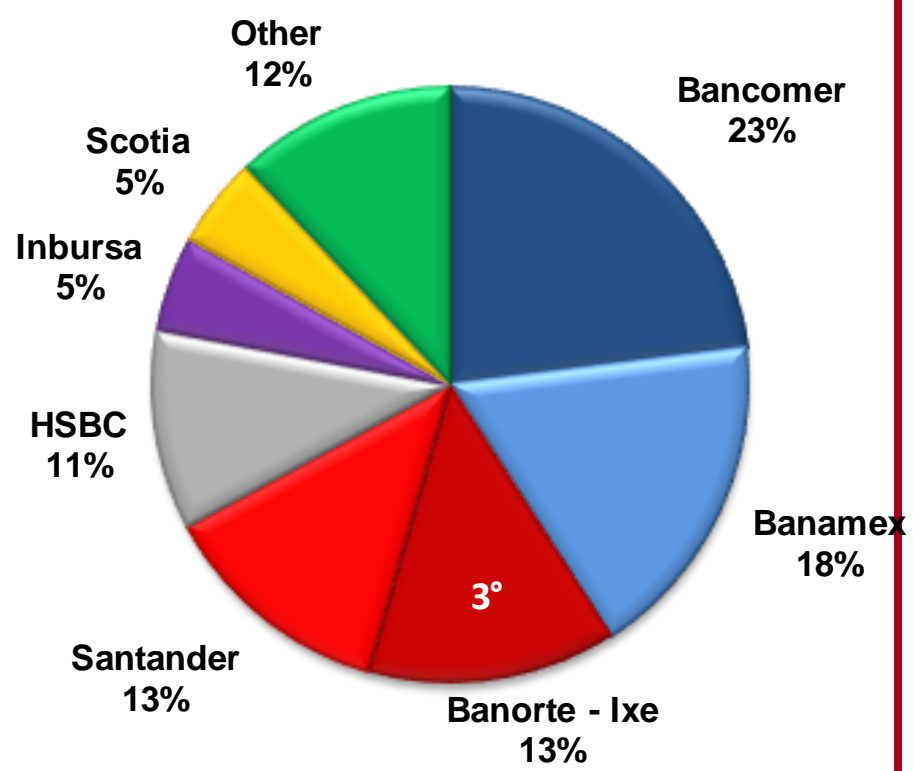
	1H11		1H12
Pre-Tax Net Income	12.0		13.0
Provisions	12.7		4.6
Net Income	(0.2)		5.6
NIM	3.2%		3.2%
ROE	(0.1%)		2.7%
ROA	0.0%		0.5%
Efficiency	67.2%		66.0%
Total Deposits	1,860	-10%	1,667
Performing Loans	823	-13%	712
PDL Ratio USGAAP	4.2%		1.3%
Coverage Ratio USGAAP	68.0%		144.0%
Classified Assets to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

Industry Trends

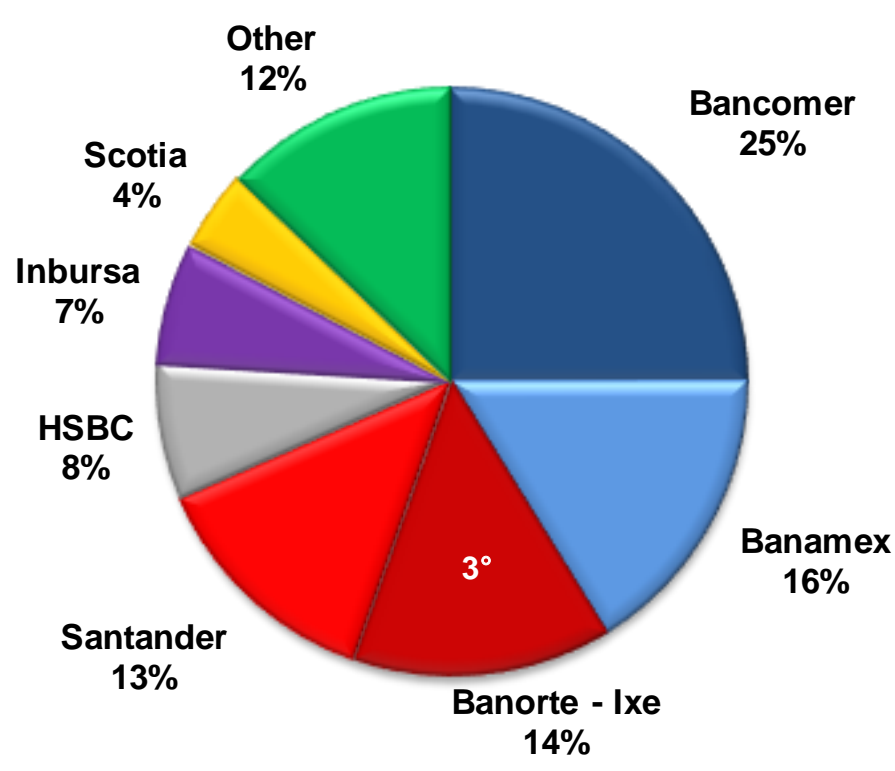
Market Share

May 2012

DEPOSITS



LOANS



Source: CNBV.

Market Share by Segment

	Consumer		C. Cards		Mortgage		Commercial		Government	
	May-11	May-12	May-11	May-12	May-11	May-12	May-11	May-12	May-11	May-12
Bancomer	26.5%	26.0%	36.2%	36.5%	36.4%	34.9%	20.2%	18.9%	27.1%	26.8%
Banamex	18.3%	21.4%	30.1%	31.6%	14.3%	15.1%	14.2%	14.0%	11.7%	11.6%
Banorte- Ixe	9.2%	9.1%	6.0%	6.5%	15.3%	15.7%	13.3%	14.2%	16.4%	20.8%
Santander	8.9%	9.0%	12.0%	13.7%	14.9%	15.3%	14.3%	14.2%	9.0%	9.4%
HSBC	6.0%	5.8%	7.9%	6.9%	4.8%	4.5%	9.6%	8.8%	8.3%	8.0%
Scotia	5.7%	4.7%	1.9%	1.7%	10.9%	10.8%	3.7%	3.6%	3.3%	1.5%
Inbursa	3.7%	2.4%	0.0%	0.0%	0.3%	0.3%	12.1%	11.9%	6.6%	3.3%
Other	21.6%	21.4%	5.9%	3.3%	3.1%	3.5%	12.7%	14.4%	17.6%	18.5%
Market Position	3°		5°		2°		2°		2°	

Source: CNBV.

Retirement Savings Market Share

	MILLON WORKERS				BILLION PESOS			
	Accounts		Market Share		Assets		Market Share	
	Jun-11	Jun-12	Jun-11	Jun-12	Jun-11	Jun-12	Jun-11	Jun-12
Banamex	6.29	7.92	21.1%	18.5%	244	301	16.7%	17.3%
XXI Banorte*	2.76	7.24	9.3%	16.9%	91	224	6.2%	12.9%
Sura	3.92	6.23	13.2%	14.6%	200	237	13.7%	13.6%
Bancomer	3.66	4.51	12.3%	10.6%	219	264	15.0%	15.2%
Principal	1.45	3.95	4.9%	9.2%	62	115	4.2%	6.6%
Coppel	2.59	3.50	8.7%	8.2%	40	55	2.7%	3.1%
Profuturo GNP	2.66	3.10	8.9%	7.2%	156	203	10.7%	11.7%
Invercap	1.00	2.84	3.4%	6.6%	54	83	3.7%	4.8%
Other	5.47	3.48	18.2%	8.2%	396	254	27.1%	14.8%

Market Position

2°

4°

Source: CONSAR. *2011 data corresponds only to Banorte. Afore XXI is included in "Others" during 2011

Contact Information

David Suárez

**Head of IR and Corporate
Development**

Tel: (52 55) 52.68.16.80

E-mail: investor@banorte.com

www.banorte.com/ri

