

GFNORTE

2Q13 Results

Conference Call
July 26th, 2013.

Material Events

- **Grupo Financiero Banorte carries out an international follow-on offering**

On July 16th, GFNORTE informed that it had priced an international follow-on offering of common shares. The amount of subscribed common shares, subject to the offering was 389,018,940 at a price per share of Ps. 71.50, amounting to Ps. 27,814,854,210.00, approximately 2.183 billion U.S. dollars, without taking into account the exercise of the over-allotment options.

On July 19th, it was announced that the Mexican underwriters and international initial purchasers indicated their intention to exercise in full the over-allotment options granted to them by GFNORTE for the aggregate purchase of an additional 58,352,841 common shares.

All of the common shares subject to offering were settled on July 22, 2013, the proceeds from the offering of 447,371,781 common shares equivalent to Ps. 31.,9879 billion or approximately 2.5 billion U.S. dollars, were fully delivered to GFNORTE. The net proceeds obtained from the public offering will be used to (i) repay a syndicated loan obtained in February 2013, (ii) purchase from Grupo Generali the capital stock it owns in GFNorte's insurance and annuities companies, (iii) purchase the capital stock of Banco Mercantil del Norte ("Banorte") owned by the IFC, (iv) strengthen the regulatory capital of Banorte and (iv) for general corporate purposes.

Material Events

A 3.4 times over subscription was achieved, representing a demand of more than 8.5 billion U.S. dollars. The allocation was 63% among international investors and 37% among local investors. In this offering 10,126 Mexican retail investors, 22 Mexican institutional funds (including 4 of the most important Afores) and 160 global institutional funds participated. This primary follow-on offering is the largest in the Mexico's history, the greatest from a locally controlled Mexican financial institution, the second most important public offering in the country's history and the ninth most important carried out by a Latin American financial institution. Furthermore, it is the most important executed by a Mexican bank, measured in terms of the amount placed among local investors.

- **Changes to the GFNORTE's Corporate Structure**

During the quarter, the mergers of Ixe Banco and Fincasa into Banorte were authorized, with Banorte remaining as the surviving entity. As part of this corporate restructuring process Banorte's shareholders held an Extraordinary General Shareholders' Meeting, in which it was approved to divest Banorte's interest in Sólida through a spin-off and subsequent merger with and into Ixe Soluciones in order to consolidate our recovery banking operations.

Material Events

Afterwards, Ixe Soluciones was named Sólida. This spin-off and merger took effect on May 24, 2013. Similarly, on May 7, 2013, as part of our continuing corporate integration of the Ixe subsidiaries, the merger of Ixe Automotriz with and into Arrendadora y Factor Banorte became effective.

- Amendment to the rating methodology of the commercial portfolio.

On June 24, 2013, the Commission published a resolution amending the provisions regarding the methodology for rating commercial loans. This resolution modifies the current model of reserves, in order to establish a methodology under which the portfolio is rated and reserved based on expected losses for the next 12 months considering the probability of default, loss severity and exposure to default of each client. GFNORTE decided to apply the formerly mentioned methodology with figures as of June 30, 2013. The initial impact from adopting this new methodology was Ps 3.9 billion charged against retained earnings.

Material Events

- **Exposure to Home Building Sector.**

As of June 30, 2013, we had an exposure to Urbi Desarrollos Urbanos, Corporación Geo, and Desarrolladora Homex of Ps 9.43 billion, representing 2.2% of our total loan portfolio, of which Ps 9.4 billion correspond to Banorte's loan portfolio and Ps 29 million correspond to Arrendadora y Factor Banorte's loan portfolio. Of these loans, Ps 2.22 billion are non-performing as of June 30, 2013, representing an increase of Ps 2.1 billion since March 31, 2013. Of these non-performing loans, Ps 2.22 billion correspond to Banorte and Ps 3 million correspond to Arrendadora y Factor Banorte. Of our total exposure to these clients, 80.3% are supported by real and personal guarantees.

From March 31, to June 30, 2013, we have allocated Ps 3.66 billion in additional reserves for these clients in order to mitigate the impact of a potential future increase in non-performing loans.

As of June 30, 2013, Banorte had additional exposure to these homebuilders in the form of Ps 9 million in shares and Ps 387 million in accounts receivable. Sólida has Ps 6.56 million in proprietary investments through specialized trusts and Ps 619 million in collection rights.

Material Events

- **Signing of a binding agreement between Grupo Financiero Banorte and Assicurazioni Generali.**

On June 11th, GFNORTE and Assicurazioni Generali S.p.A, through its affiliates or subsidiaries ("Generali Group") signed a binding agreement under which GFNORTE, or any of its subsidiaries and/or affiliates, will acquire 100% of the equity representative common shares of Seguros Banorte Generali, and Pensiones Banorte Generali, held by Generali Group due to the strategic decision of GFNORTE to operate and fully control these businesses since the minority stakes limited their full growth potential. Generali Group currently holds 49% of Seguros Banorte Generali's and Pensiones Banorte Generali's shares.

Both GFNORTE and Generali Group obtained the respective corporate authorizations in order to sign the binding agreement, which is subject to obtaining the corresponding government approvals, no later than 180 days from the date of signing. The amount that GFNORTE will pay for Generali Group's minority equity interest in Seguros Banorte Generali amounts to US 637 million, while the payment of the Pensiones Banorte Generali minority equity interest amounts to US 220.5 million. As a result, the total payment amounts to US 857.5 million, including the payment for excess capital recorded by both companies at the end of April, equivalent to US 48.4 million and US 31.1 million, respectively.

Material Events

● Credit Ratings

On June 26th, S&P affirmed Banorte's BBB-/A3 long and short-term international-scale credit ratings, respectively, as well as the mxAA+/mxA-1+ long and short-term national-scale credit ratings, respectively, on the bank and on Casa de Bolsa Banorte Ixe. Furthermore, the rating agency affirmed the BBB- rating on Banorte's senior unsecured debt. The outlook of all the ratings is positive.

On June 17th, Moody's de México affirmed all of Banorte's ratings and maintained a negative outlook. Moody's also affirmed the Baa3 long-term subordinated debt and Ba1 junior subordinated debt ratings. At the same time, Moody's affirmed the A3 global local currency issuer ratings of Arrendadora y Factor Banorte. The outlook on these ratings is negative.

On April 18th, Fitch affirmed all of the Grupo Financiero Banorte's ratings (global scale, long and short-term of foreign and local currency debt BBB/F2), Banorte (global scale, long and short-term of foreign and local currency debt BBB/F2, and in national scale AA+(mex)/F1+(mex)) and Casa de Bolsa Banorte Ixe (national scale, long and short term AA+(mex)/F1+(mex)). The outlook of all these ratings is stable.

On May 29th, 3013, HR Ratings ratified Banorte's "HR+1" short and "HR AAA" long-term credit ratings. HR Ratings also affirmed the "HR AA+" preferred subordinated debt issuance BANORTE 12 rating. The outlook on all of these ratings remained stable.

Material Events

- **Recognitions**

NetMedia Research: “The 50 most innovative companies in Mexico”

Netmedia Research, a company dedicated to the analysis of IT adoption, announced in June, the list of companies that occupied a place in the prestigious ranking of "The 50 Most Innovative Companies" by Information Week Mexico, which were chosen from over 90 companies' projects of the private sector. Banorte won the first place in the list with the project Banorte Pagomóvil.

The Banker: "Top 1000 World Banks"

In July, the prestigious magazine The Banker, published the 2013 Top 1000 World Banks ranking, in which Banorte ranked 9th among the Top 10 of Latin American banks measured by size of capital, being the best Mexican bank in this category and was placed 242th in the world ranking (previous position # 271).

Yearly Recap GFNorte

Million Pesos

	1H12		1H13
Net Income	5,098	▲ 25%	6,360
ROE	14.0%		15.3%
ROA	1.2%		1.4%
Efficiency	55.7%		52.2%
Net Interest Margin	4.2%		4.2%
Performing Loan Growth	21%		9%
Past Due Loan Ratio	1.8%		2.2%
Stock price (pesos)	69.15	▲ 11%	76.72
Book Value per Share	32.45	▲ 11%	36.03
P/BV	2.13		2.13

Income Statement

Million pesos

	2Q12	1Q13	2Q13	Change	
				QoQ	YoY
Net Interest Income	8,245	8,589	9,278	8%	13%
Non Interest Income	3,344	5,214	3,997	(23%)	20%
<i>Service Fees</i>	1,796	1,730	1,875	8%	4%
<i>Recoveries</i>	337	238	303	27%	(10%)
<i>FX & Trading</i>	896	2,132	824	(61%)	(8%)
<i>Other Income (expenses)</i>	316	1,114	996	(11%)	216%
Total Income	11,589	13,804	13,275	(4%)	15%
Non Interest Expense	(6,457)	(7,431)	(6,691)	(10%)	4%
Net Operating Income	5,133	6,373	6,584	3%	28%
Provisions	(1,186)	(2,073)	(3,132)	51%	164%
Income Tax	(1,152)	(1,230)	(167)	(86%)	(85%)
Subs & Minority Interest	(160)	70	(64)	(193%)	(60%)
Net Income	2,635	3,140	3,220	3%	22%

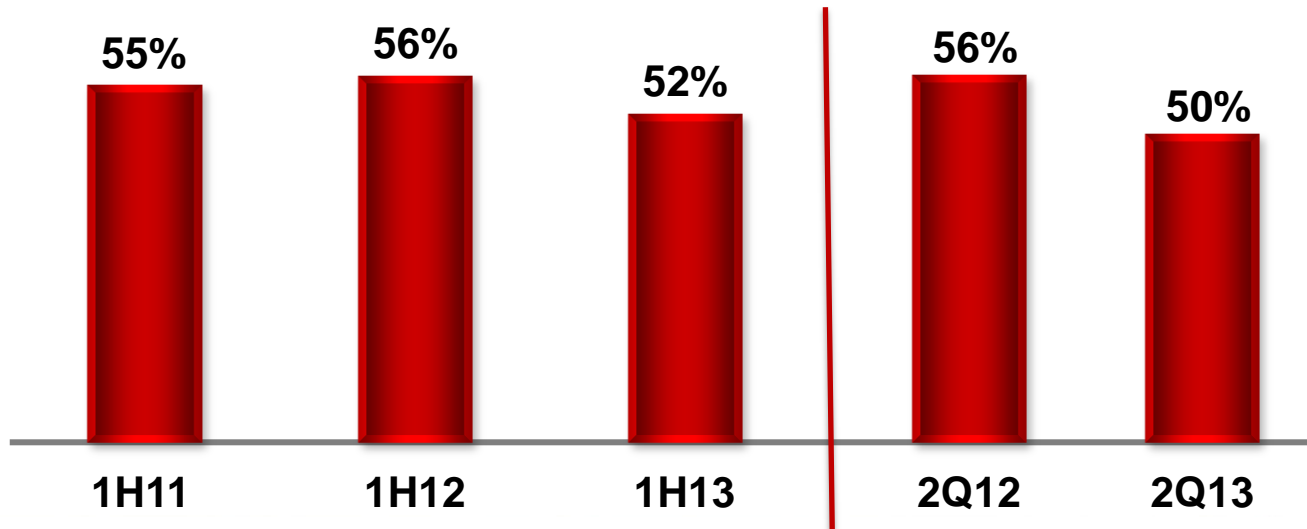
Non Interest Expense

Billion Pesos

	1H12	1H13	2Q12	2Q13
Total Expense	13.0	14.1	6.5	6.7

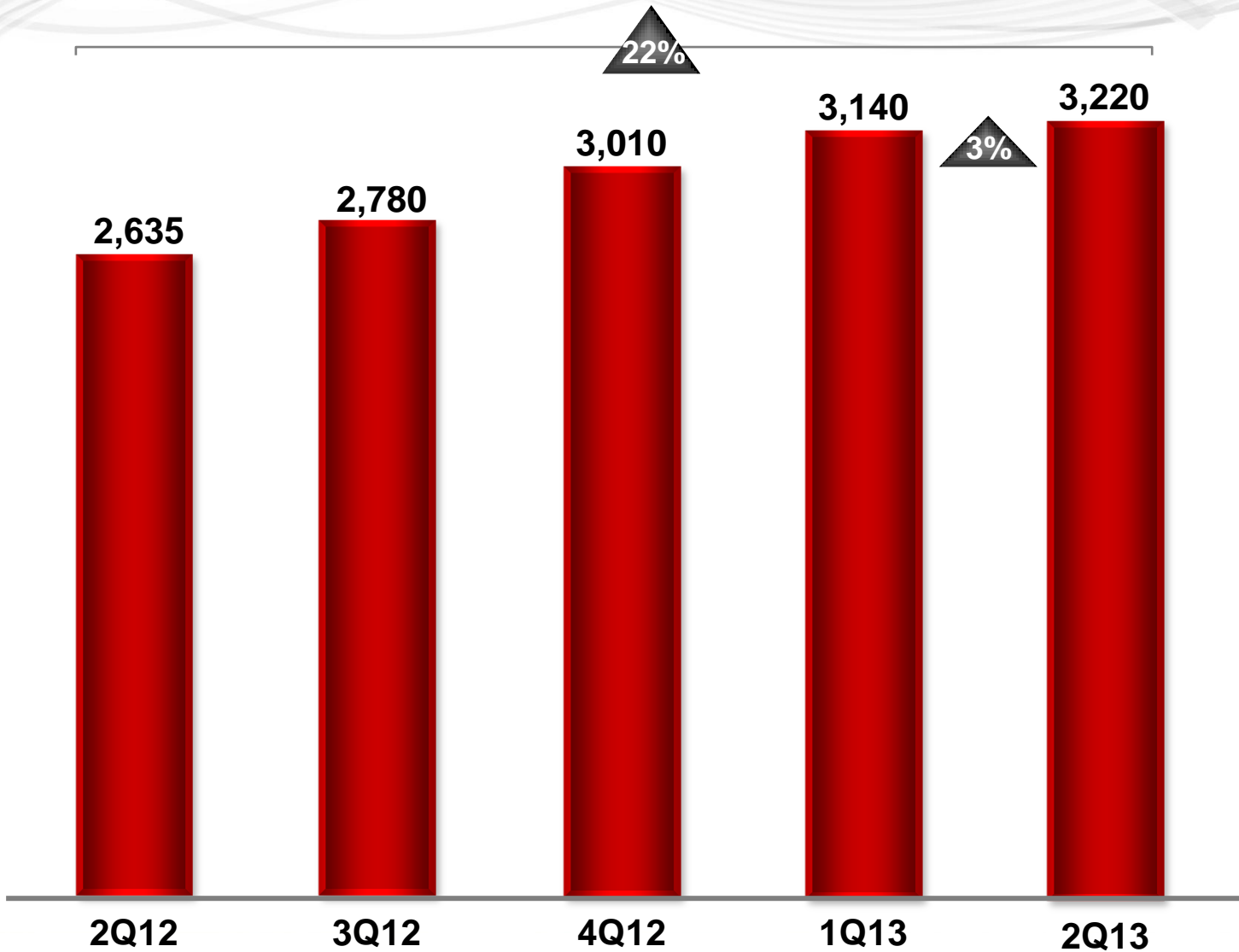
9% increase from 1H12 to 1H13
4% increase from 2Q12 to 2Q13

Efficiency Ratio



Quarterly Net Income

Million Pesos



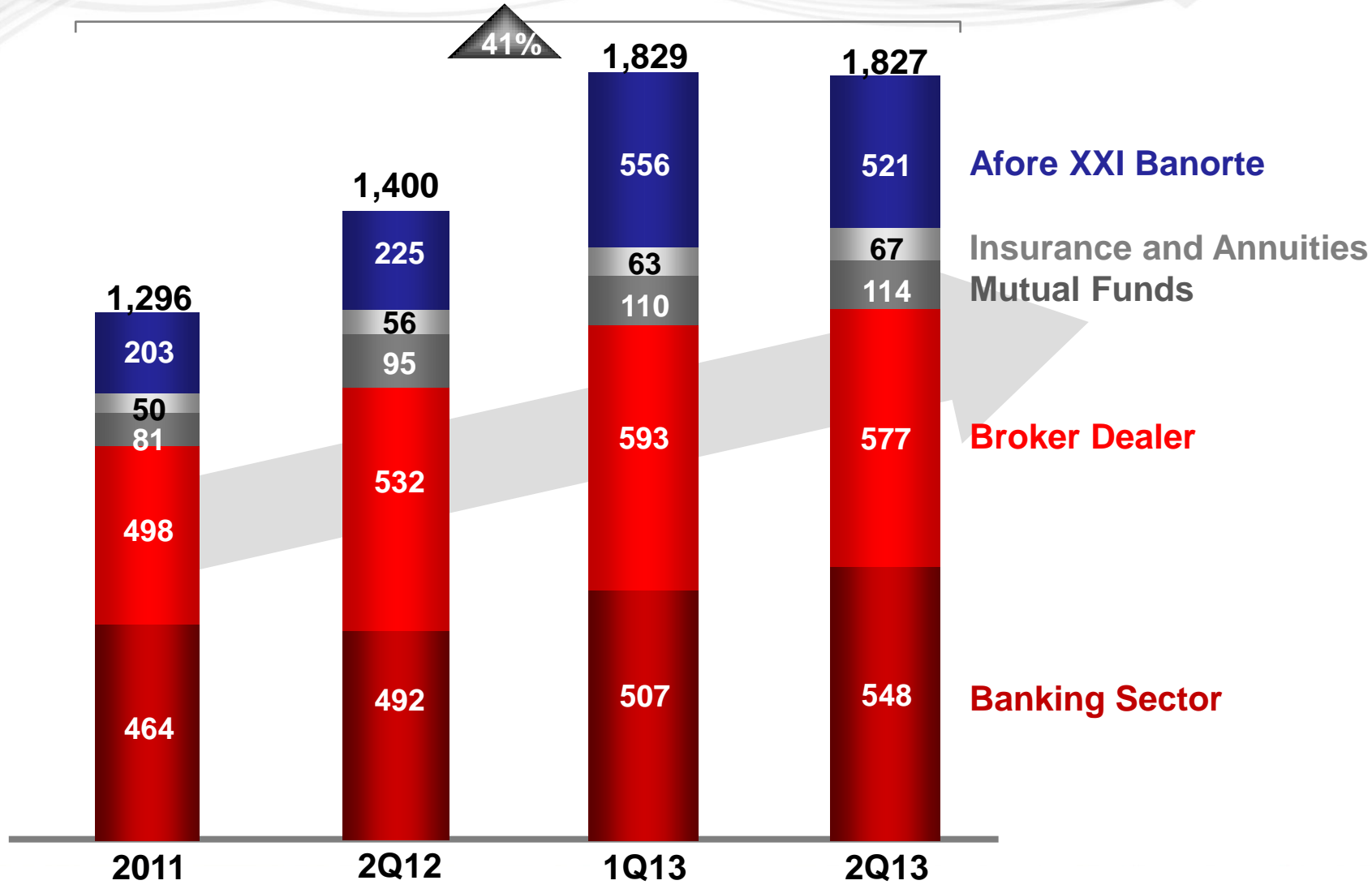
ROTE and Return on Risk Weighted Assets

Return on Tangible Common Equity (ROTE) & Return on Risk Weighted Assets (RRWA)

	2Q12	1Q13	2Q13
Reported ROE	14.2%	15.1%	15.3%
Goodwill & Intangibles	\$21,075	\$20,380	\$21,198
Average Tangible Equity	\$52,417	\$59,886	\$61,940
ROTE	18.6%	19.3%	19.6%
Reported ROA	1.2%	1.3%	1.4%
Average Risk Weighted Assets	\$377,699	\$392,775	\$410,557
RRWA	2.6%	2.9%	3.0%

Assets under Management

Billion Pesos



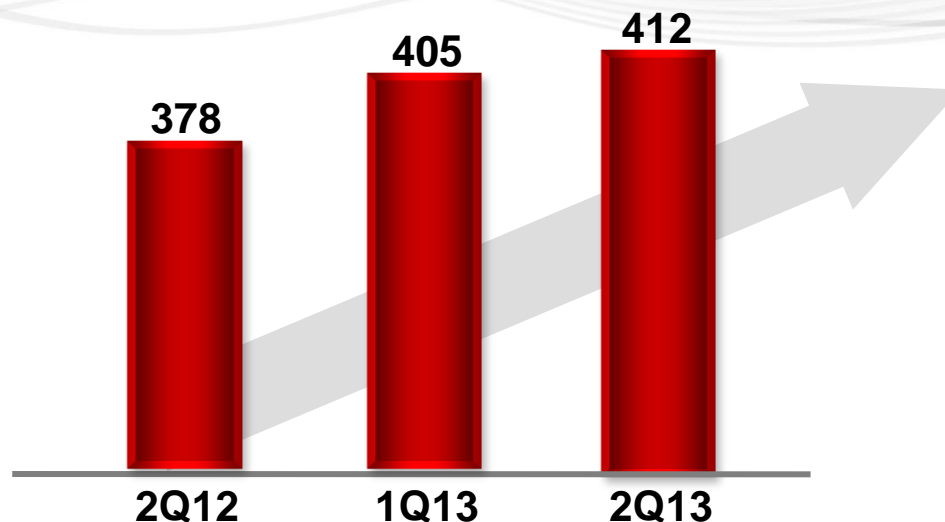
Deposits

Billion Pesos

Deposits	2Q11		2Q12		2Q13
Demand	161	▲ 19%	191	▲ 14%	218
Time	111	▲ 8%	120	▲ 5%	127
Core Deposits	272	▲ 14%	312	▲ 10%	344
Mix					
Demand	59%		61%		63%
Time	41%		39%		37%
	100%		100%		100%

Performing Loan Portfolio

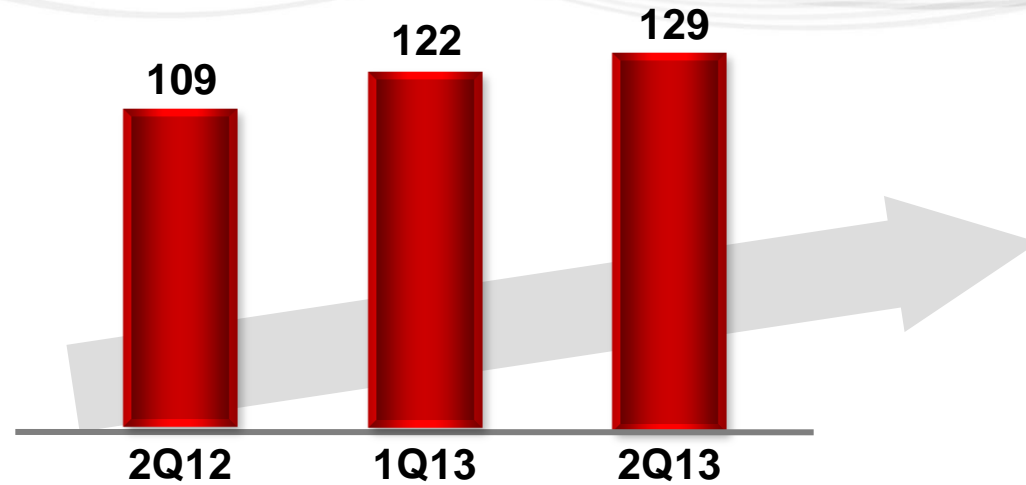
Billion Pesos



	2Q12	1Q13	2Q13	Change	
				QoQ	YoY
Consumer	109	122	129	5%	19%
Commercial	103	106	109	2%	5%
Corporate	83	86	84	(3%)	0%
Government	83	90	91	1%	9%
Total	378	405	412	2%	9%

Performing Consumer Loan Portfolio

Billion Pesos



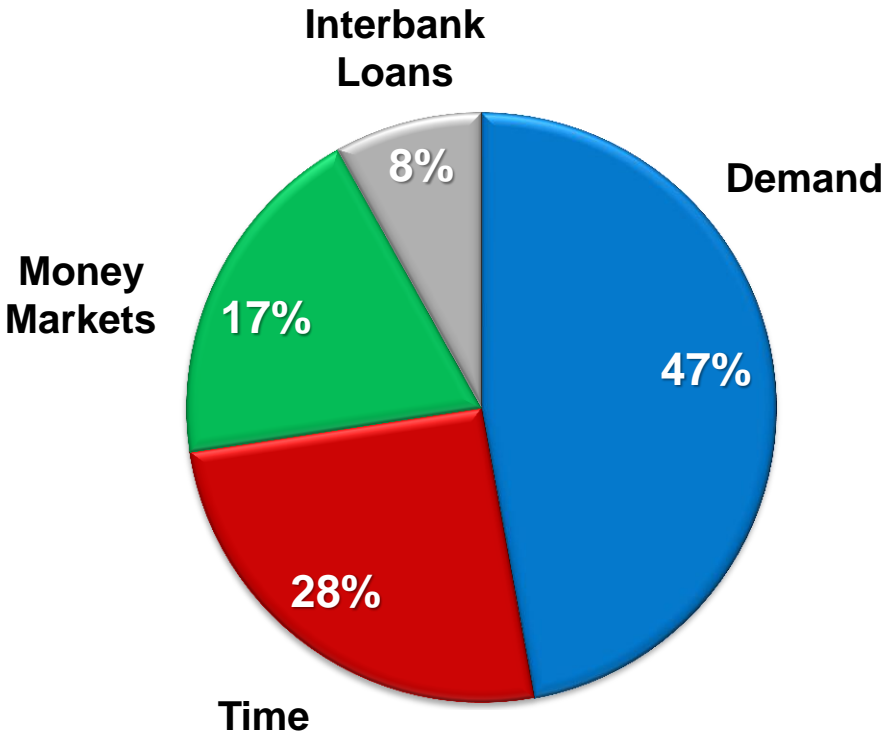
	2Q12	1Q13	2Q13	Change	
				QoQ	YoY
Mortgage	68	74	77	4%	14%
Car	10	11	11	3%	9%
Credit Cards*	15	18	19	5%	23%
Payroll	16	20	22	11%	41%
Consumer	109	122	129	5%	19%

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

Funding and Loan Portfolio Structure

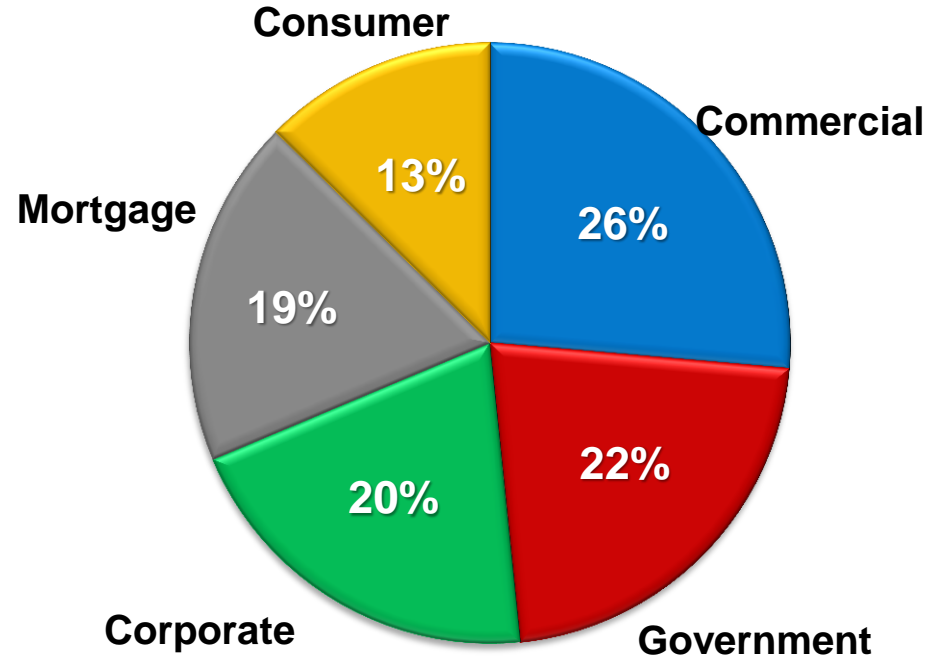
FUNDING

\$ 461 Billion Pesos



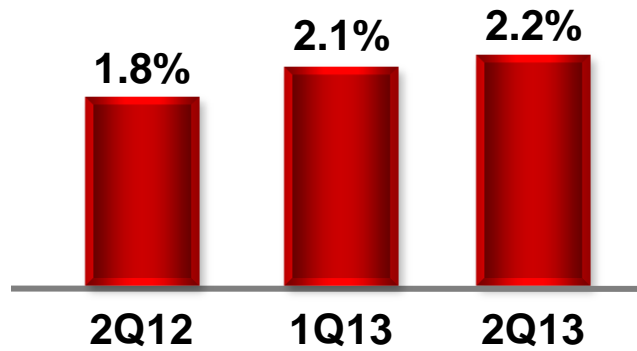
LOAN PORTFOLIO

\$421 Billion Pesos

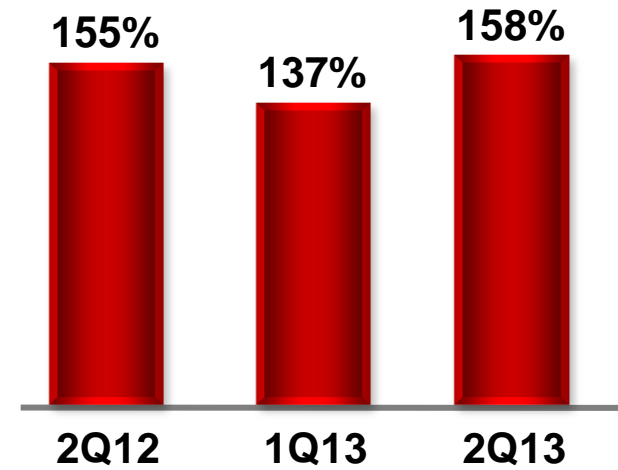


Asset Quality

PAST DUE LOAN RATIO



COVERAGE RATIO

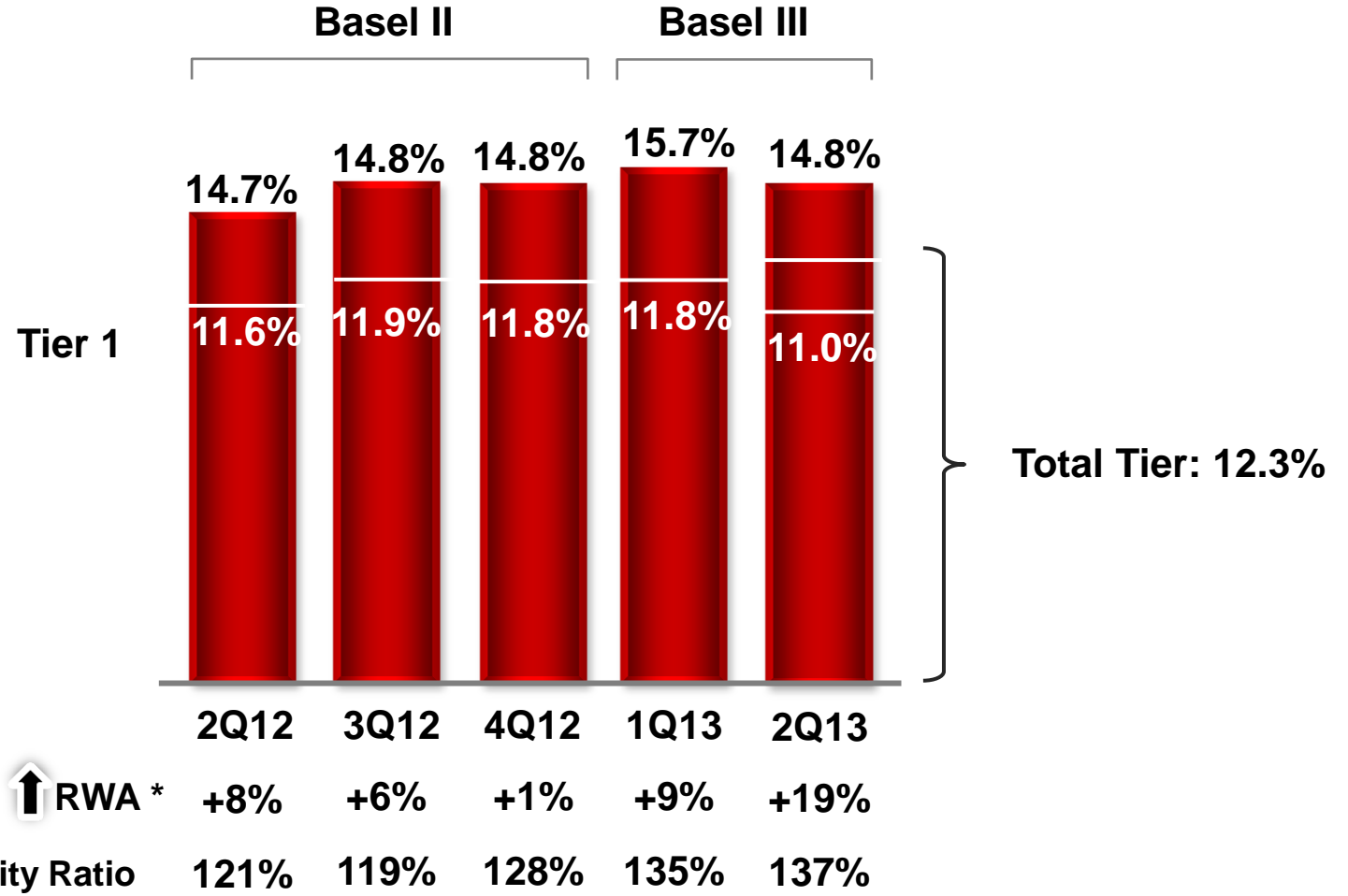


Past Due Loan Ratios

	2Q12	3Q12	4Q12	1Q13	2Q13
Credit Cards	6.8%	5.3%	5.0%	5.7%	6.0%
Payroll	1.8%	1.9%	2.2%	2.2%	2.4%
Car Loans	1.5%	1.4%	1.3%	1.1%	1.4%
Mortgage	1.1%	1.2%	1.1%	1.1%	1.2%
Commercial	3.2%	3.7%	4.3%	4.3%	3.5%
Corporate	1.5%	1.5%	1.6%	1.6%	2.6%
Government	0.0%	0.1%	0.1%	0.0%	0.1%
GFNorte's NPL Ratio	1.8%	1.9%	2.1%	2.1%	2.2%

Capitalization and liquidity

Banorte (%)



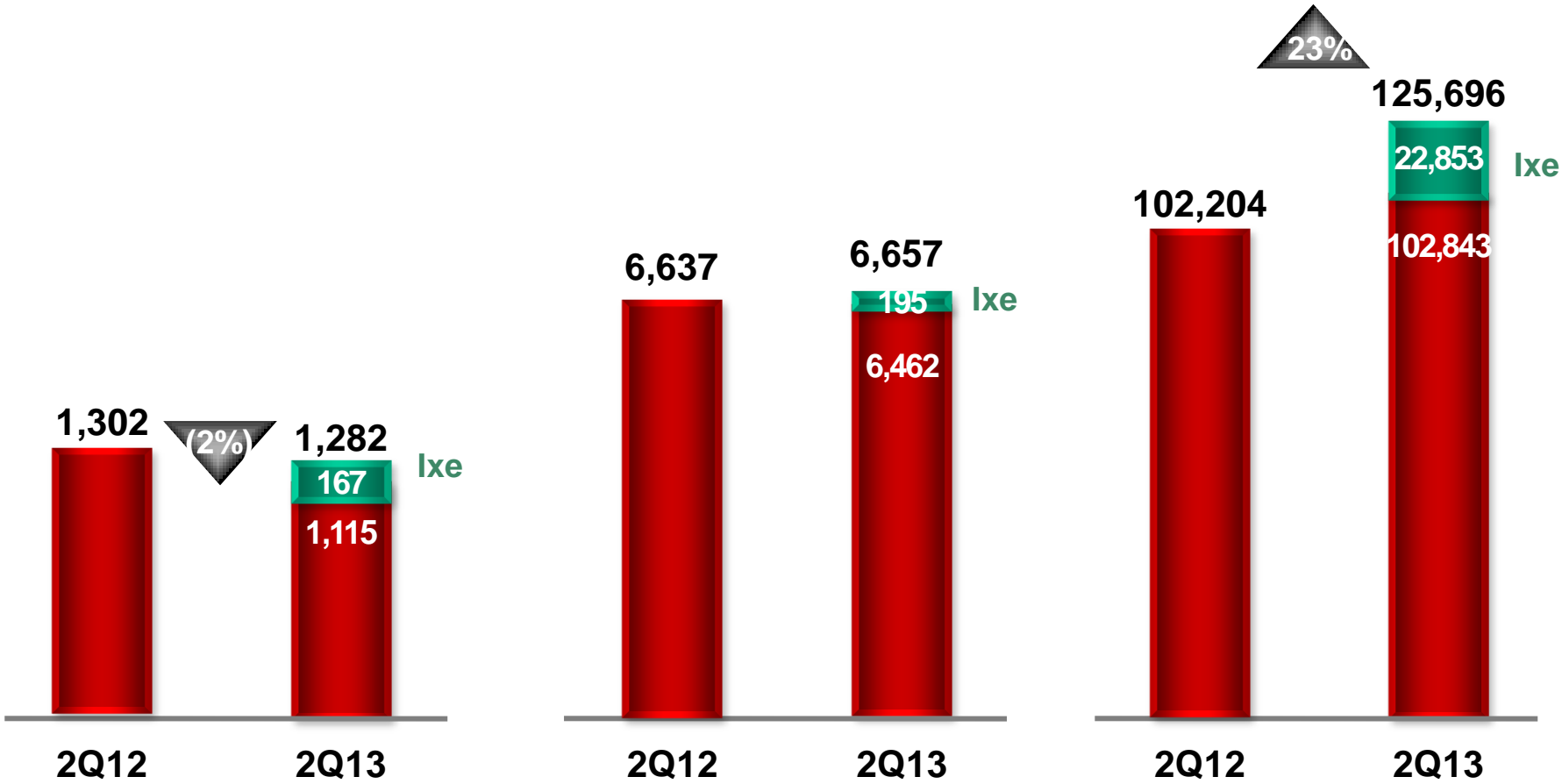
*RWA= Risk Weighted Assets

Distribution Network

Branches

ATM's

POS's



Subsidiaries

1H13
Million Pesos

Company	Net Income	Change vs. 1H12	ROE
Banking Sector	5,188	24%	16.3%
Banco Mercantil del Norte	4,472	21%	
Ixe Banco	126	(68%)	
Banorte –Ixe Tarjetas	590	581%	
Broker Dealer	385	40%	28.9%
Long Term Savings			
Retirement Savings	531	110%	12.7%
Insurance	285	5%	35.2%
Annuities	39	25%	12.6%
Other Finance Companies			
Leasing and Factoring	204	(27%)	14.8%
Warehousing	26	57%	19.2%
Other *	(298)		

Net Income in Million Pesos

	1H12		1H13
Total	291	▲ 69%	491

AUM BILLION PESOS

	2Q12	2Q13	Change YoY
Proprietary Assets	36.4	44.3	21.7%
Aquired Assets	27.0	27.4	1.5%
Managed Assets "Su Casita"	6.5	7.3	12.3%
Ixe Assests	7.0	3.6	(49.1%)
Total	77.0	82.7	7.4%

Million Dollars

	1H12		1H13
Pre-Tax Net Income	13.0		9.8
Provisions	4.6		(0.5)
Net Income	5.6		6.9
NIM	3.2%		2.7%
ROE	2.7%		3.3%
ROA	0.5%		0.7%
Efficiency	66.0%		71.9%
Total Deposits	1,667	4%	1,596
Performing Loans	712	0.2%	714
PDL Ratio USGAAP	1.3%		1.2%
Coverage Ratio USGAAP	144.0%		159.0%
Leverage Ratio	10.1%		11.0%
Classified Assets to Capital	29.7%		20.7 %



 **BANORTE**
EL BANCO FUERTE DE MEXICO

 **BANORTE**

