

Financial Results

2Q13

July 2013

Summary of Results

Financial Highlights

- GFNORTE registered profits for 1H13 of Ps 6.36 billion, 25% higher vs. 1H12 derived from a positive operating leverage due to growth in Net Interest Income and Non Interest Income, as well as slower pace of growth in Operating Expenses, which coupled with the inclusion of Afore Bancomer's profits in Subsidiaries' results, offset the higher level of loan loss provisions. Quarterly net income reached Ps 3.22 billion, 3% higher vs. 1Q13 and 22% higher vs. 2Q12; the YoY growth is due to a higher positive operating leverage, while QoQ growth is the result of higher Net Interest Income, reduced Operating Expenses and a lower tax burden through the use of existing tax credits.
- During 1H13, Return on Equity (ROE), was 15.3%, 130 basis points more than 1H12. During 2Q13, ROE was 15.3%, an increase of 112 basis points compared with 2Q12 and 21 basis points higher than in 1Q13. Return on Tangible Equity (ROTE) was 19.6% for 2Q13, 101 basis points more than in 2Q12 and 30 basis points more than in 1Q13.
- Return on Assets (ROA) during 1H13 and 2Q13 was 1.4%, 15 basis points higher than in 1H12 and 12 basis points vs 2Q12.

Financial Highlights

- The Banking Sector (Banco Mercantil del Norte, Banorte-lxe Tarjetas and Banorte USA) contributed with 82% of the income in 1H13, totaling Ps 5.19 billion. ROE for this sector in 1H13 was 16.3%, 40 basis points lower YoY vs. 1H12 due mainly to the increase in Banco Mercantil del Norte's equity at closing of February following the capital replenishment strategy after the acquisition of Afore Bancomer. ROA for the Banking Sector was 1.5%, a YoY increase of 20 basis points.
- During 2Q13, the contribution to earnings by Long Term Savings sector (Afore XXI Banorte, Insurance and Annuities), was Ps 351 million, 16% more vs. 2Q12 and (30%) less vs. 1Q13. The YoY increase is due to the incorporation of Afore Bancomer and greater business dynamics in the Insurance and Annuities companies, while the QoQ decline is mainly derived from the impact in the Afore's results of the valuation losses registered in its investment portfolios; in 1H13 this sector accumulated profits of Ps 855 million, 54% higher than 1H12;
- Banorte - lxe Tarjetas, reported profits during the quarter of Ps 328 billion, 115% higher than in 2Q12 and a 25% vs. 1Q13 due to the positive impact on margins and fees derived from the growth in its loan portfolio; in 1H13 reports accumulated profits of Ps 590 million, a significant increase due to the purchase of Banorte's credit card portfolio.

Financial Highlights

- During 2Q13, the Brokerage Sector (Casa de Bolsa Banorte Ixe and Operadora de Fondos Banorte-Ixe) profits amounted to Ps 140 million, a decline of (43%) vs. 1Q13 and (14%) vs. 2Q12, due to a valuation effect in the money market and equity positions, originated by changes in the market conditions, given during the same period; in 1H13 profits rose to Ps 385 million, an annual growth of 40%.
- Other Finance Companies, comprised of Arrendadora y Factor Banorte, Almacenadora Banorte, Ixe Automotriz (merged with Arrendadora y Factor Banorte as of May 2013), Fincasa Hipotecaria (merged with Banco Mercantil del Norte as of May 2013) and Solida Administradora de Portfolios (which was spun-off from Banco Mercantil del Norte to later merge with Ixe Soluciones) registered profits during 2Q13 of Ps116 million and in 1H13 profits were of Ps 229 million.

Financial Highlights

- Core deposits increased 10% YoY in 2Q13, driven by efforts to promote Banorte and Ixe's deposit products. There was an annual increase of 14% in demand deposits and 5% in the time deposits. This sector grew 4% vs. 1Q13.
- During 2Q13, Performing Loans registered a YoY growth of 9%. The loan portfolio continues to show positive growth as a result of the Bank's strategies to grow loan volumes, mainly among existing clients. In 2Q13 the loan portfolio showed a 2% increase.
- During 2Q13 GFNorte's fundamentals remained solid:
 - The Past Due Loan Ratio was 2.2%, one of the lowest in the Mexican financial system.
 - The Coverage Ratio stood at 157.8%, 2.7 pp more than in 2Q12 and 20.4 pp more than 1Q13.
 - The Liquidity Ratio was 137.2%, 16.0 pp more than in 2Q12 and 1.8 pp vs. 1Q13.
 - Banorte's Capitalization Ratio was 14.8% at the end of 2Q13, with a Total Tier 1 Ratio of 12.3% and a Core Tier 1 Ratio of 11.0%.

Financial Highlights

- During 2Q13, Net Interest Income amounted Ps 9.28 billion, a 13% increase YoY and 8% QoQ, explained by higher loan volumes with a better mix and a stable cost of funding, which offset the decrease (34%) vs QoQ vs. 2Q12 in the margin of the Insurance and Annuities companies. In 1H13, it totaled Ps 17.87 billion, an 11% growth YoY.
- Non Interest Income in 2Q13, totaled Ps 4.0 billion, a 20% YoY growth vs. 2Q12 was derived mainly from an increase in Other Operating Income; while a decrease (23%) vs. 1Q13, mainly due to lower trading revenues. In 1H13, totaled Ps 9.21 billion in 1H13, a 28% YoY increase.
- In 2Q13 Provisions amounted Ps 3.13 billion, an increase of 164% YoY vs. 2Q12 and 51% QoQ vs. 1Q13. In all cases, the increase was caused mainly by provisions related to exposures to the home developers URBI, GEO and HOMEX of Ps 984 million made during the first half of the year and Ps 724 million during 2Q13. In addition, the increase is also explained by growth in the consumer portfolios which require higher initial provisions as a result of the expected loss methodology adopted in recent years and an increase in credit card past due loans as a result of the maturing of loan vintages. In 1H13, charged to results totaled Ps 5.21 billion, an increase of 96% vs. 1H12.

Financial Highlights

- **Non Interest Expense, totaled Ps 6.69 billion in 2Q13, a YoY increase of 4% vs. 2Q12 mainly due to higher Personnel Expenses as a result of the strengthening of business areas and compensations, an increase that was partially offset by decreases in other headings. Compared to 1Q13, Non Interest Expense decreased (10%) due mainly to reduced Personnel Expenses as a result of the personnel efficiency program implemented earlier this year and other efforts in expense control. In 1H13, totaled Ps 14.12 billion, 9% higher YoY.**
- **The Efficiency Ratio in 2Q13, was 50.4% a YoY reduction of (5.3 pp) vs. 2Q12 and (3.4 pp) less vs. 1Q13. In 1H13, was 52.2% (3.5 pp) lower vs. 1H12. In all cases due to the positive operating leverage obtained.**

Quarterly Summary

Million Pesos

	2Q12	1Q13	2Q13	Change QoQ	YoY
Revenues	11,589	13,804	13,275	(4%)	15%
Credit Costs	1,186	2,073	3,132	51%	164%
Expenses	6,457	7,431	6,691	(10)%	4%
Net Income	2,635	3,140	3,220	3%	22%
EPS ⁽¹⁾	1.13	1.35	1.38	3%	22%
Book Value per Share ⁽¹⁾	32.45	36.28	36.03	(1%)	11%
ROE	14.2%	15.1%	15.3%	0.2 pp	1.1 pp
ROA	1.2%	1.3%	1.4%	0.0 pp	0.1 pp
P/BV ⁽²⁾	2.13	2.72	2.13	(22%)	(0%)

(1) Pesos. Does not consider the new share count as a result of the equity offering.

(2) Times. Does not consider the new share count as a result of the equity offering.

Quarterly 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 on July 17th, 2013 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.

Quarterly 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.

Quarterly 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.

Quarterly 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.

Quarterly 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.

Quarterly 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 currency debt BBB/F2), Banorte (global scale, long and short-term of foreign 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, 2013, 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.

Quarterly Events

● Recognitions

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).

Banorte leads the NetMedia Research: "The 50 most innovative companies in Mexico"

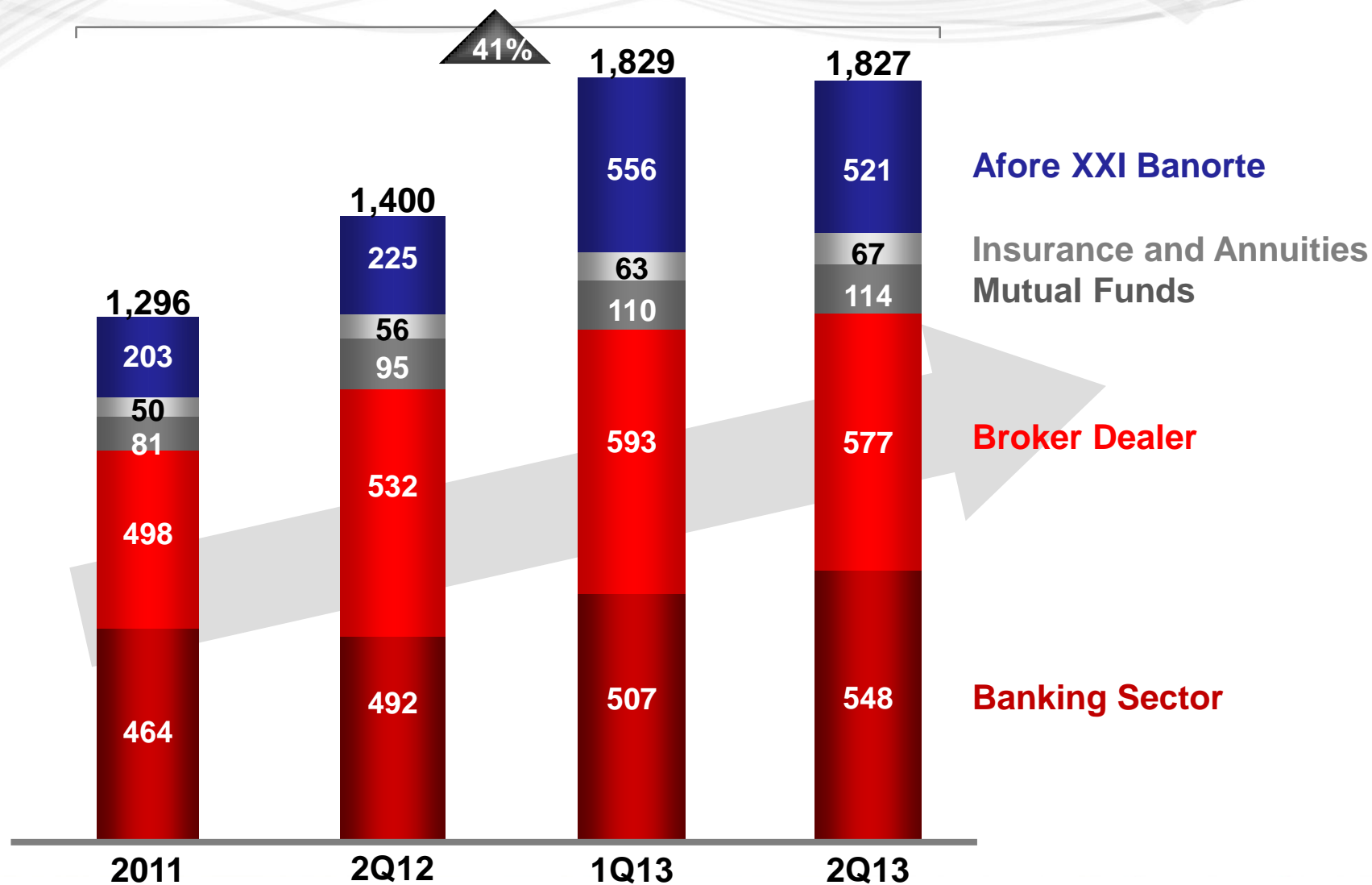
Netmedia Research, a company dedicated to the analysis of IT adoption, announced in June, the list of companies that occupied a place in the prestigious ranking of "The 50 Most Innovative Companies" by Information Week Mexico, which were chosen from over 90 companies' projects of the private sector.

Banorte won the first place in the list with the project Banorte Pagomóvil, that enables bank customers to pay in electronic and physical stores through mobile phone via virtual card without the need of a plastic.

Financial Performance

Assets under Management

Billion Pesos



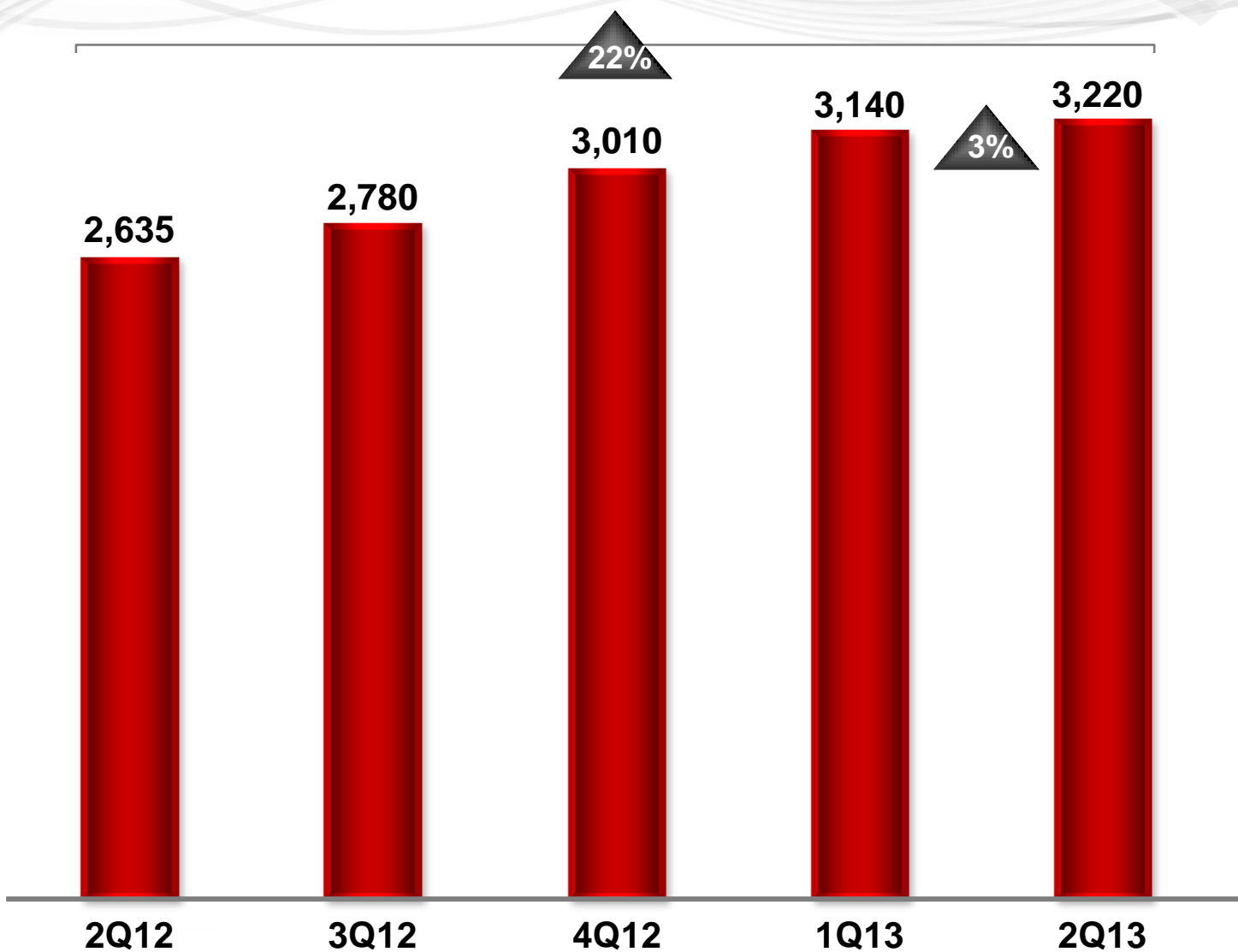
Income Statement

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%

Quarterly Net Income

Million Pesos



Net Interest Margin and Non Interest Expense

Billion Pesos

2Q12 1Q13 2Q13 QoQ YoY

Net Interest Inc.

8.2

8.6

9.3

8%

13%

NIM
(Post-Provision)

3.6%

3.1%

2.8%

2Q12

1Q13

2Q13

Billion Pesos

2Q12 1Q13 2Q13 QoQ YoY

Non Interest Exp.

6.5

7.4

6.7

(10)%

4%

Efficiency Ratio

55.7%

53.8%

50.4%

2Q12

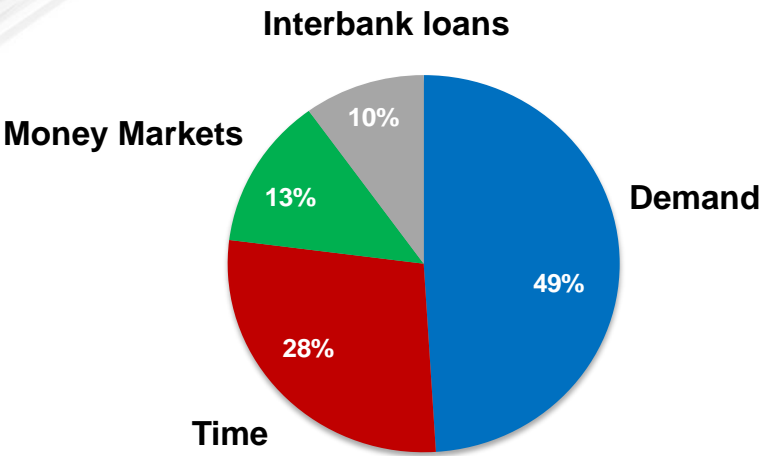
1Q13

2Q13

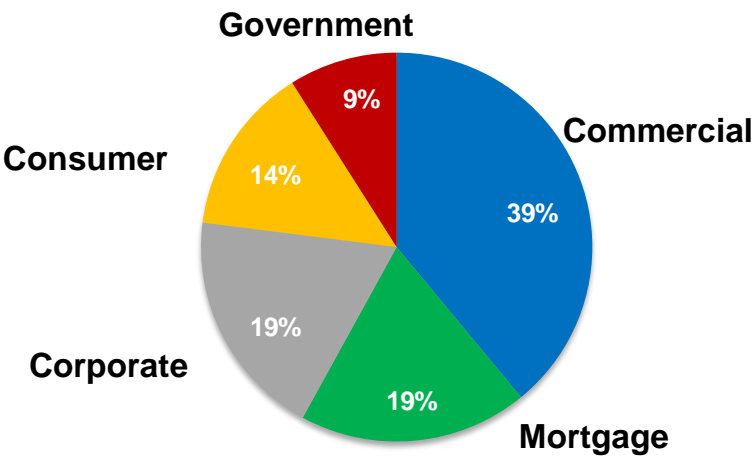
Funding and Loan Portfolio Structure

2007

Funding: \$226 Billion pesos

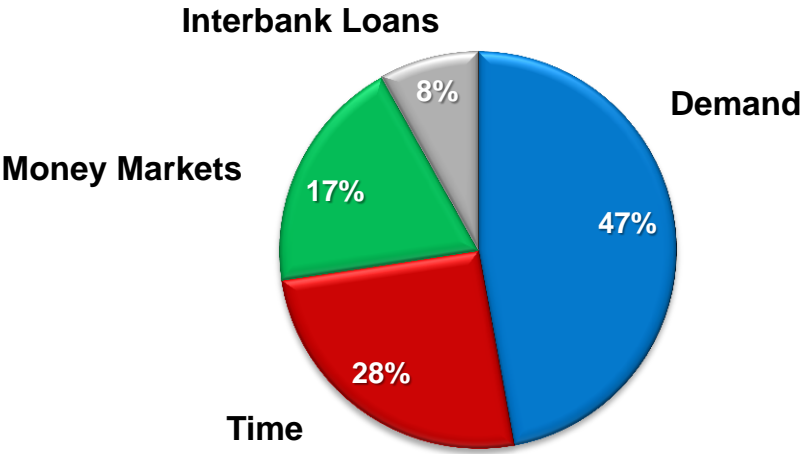


Loan Portfolio: \$194 Billion pesos

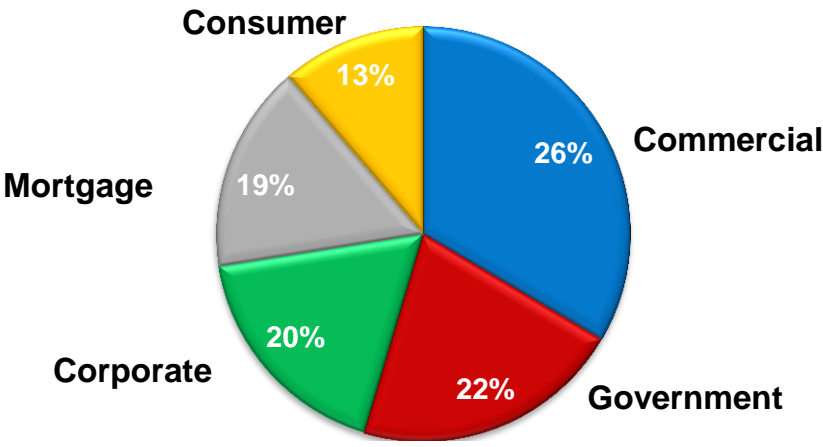


2Q13

Funding: \$ 461 Billion pesos



Loan Portfolio: \$421 Billion Pesos



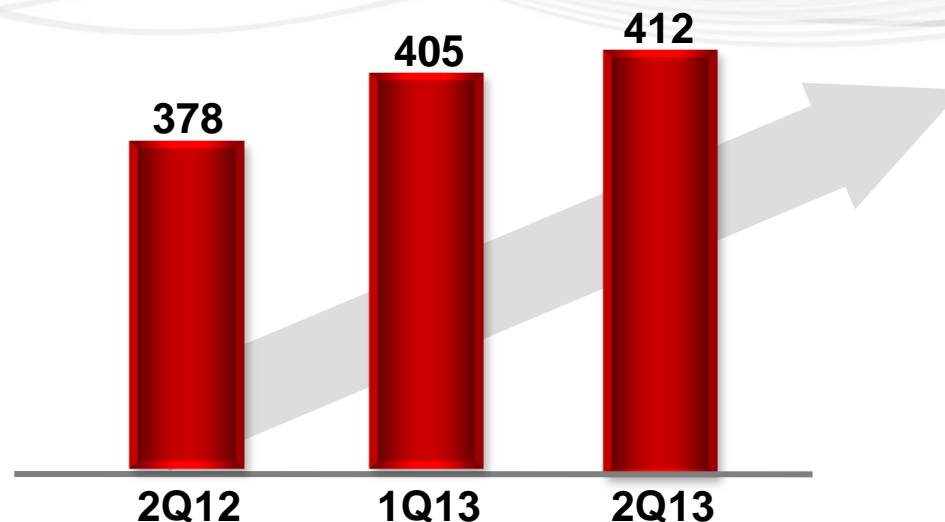
Deposits

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

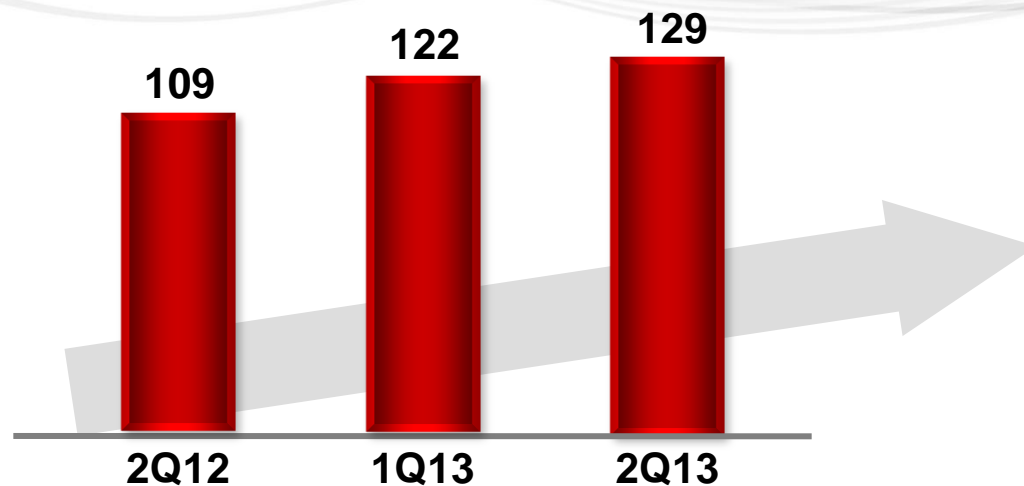
Billion Pesos



	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

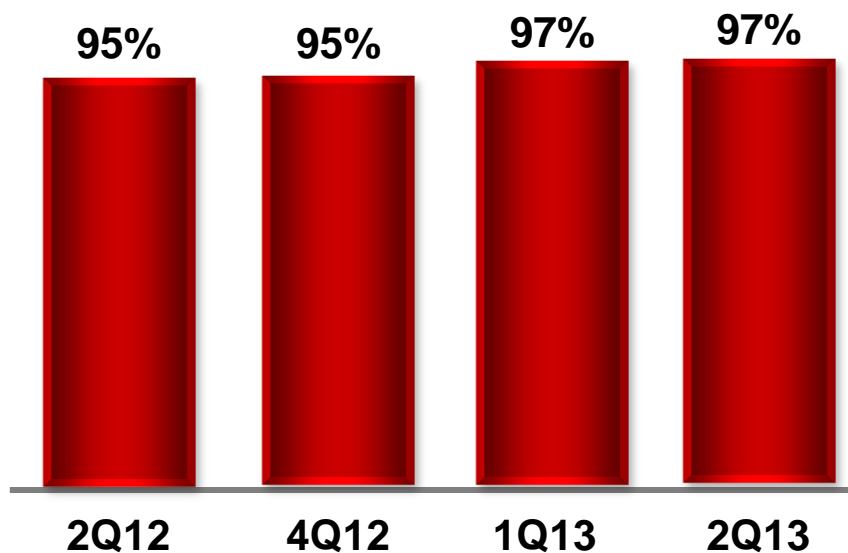


	2Q12	1Q13	2Q13	Change	
				QoQ	YoY
Mortgage	68	74	77	4%	14%
Car	10	11	11	3%	9%
Credit Cards*	15	18	19	5%	23%
Payroll	16	20	22	11%	41%
Consumer	109	122	129	5%	19%

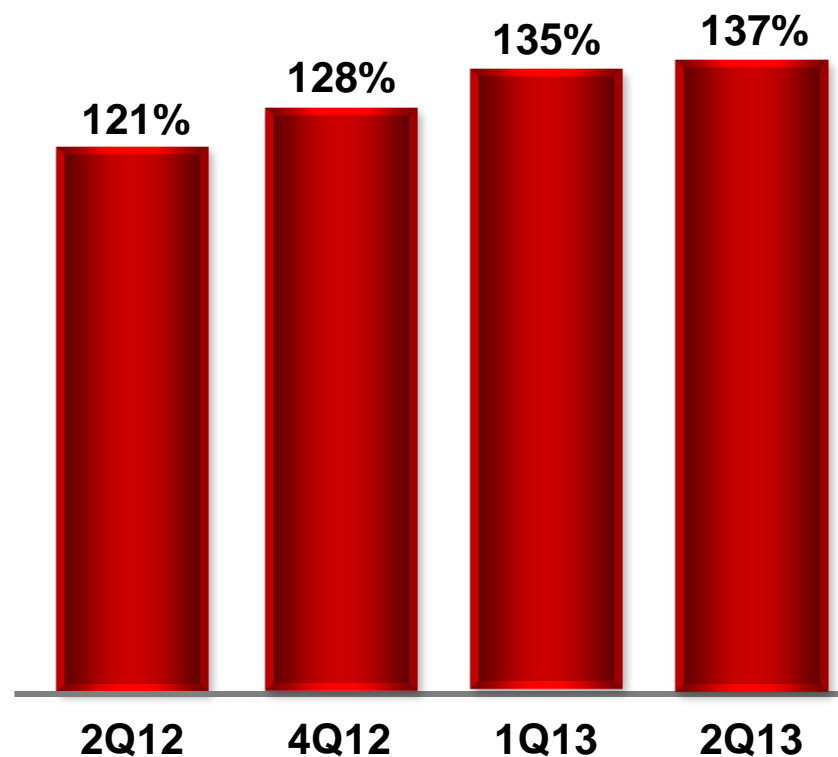
* Includes the credit card SOFOM Ixe Tarjeta's portfolio since 1Q12

Funding and Liquidity

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



**Liquidity
(%)**



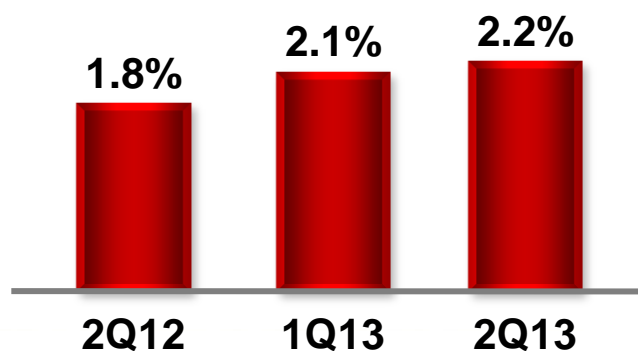
Asset Quality and Capitalization

Asset Quality

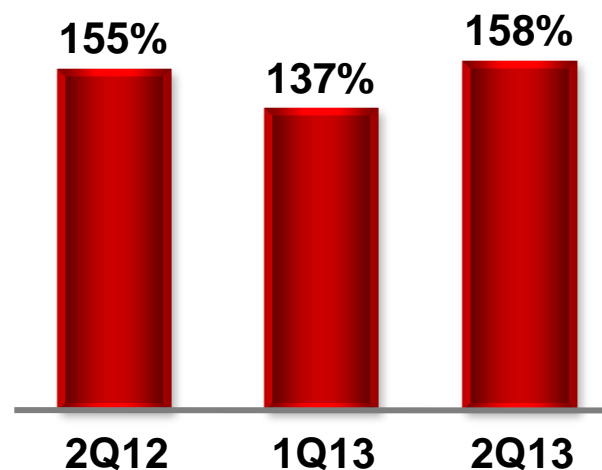
Bilion Pesos

	2Q12	1Q13	2Q13
Total Loan Portfolio	386	413	421
Past Due Loans	7.1	8.6	9.1
Loan Loss Reserves	11.0	11.9	14.3

Past Due Loan Ratio



Reserve Coverage Ratio

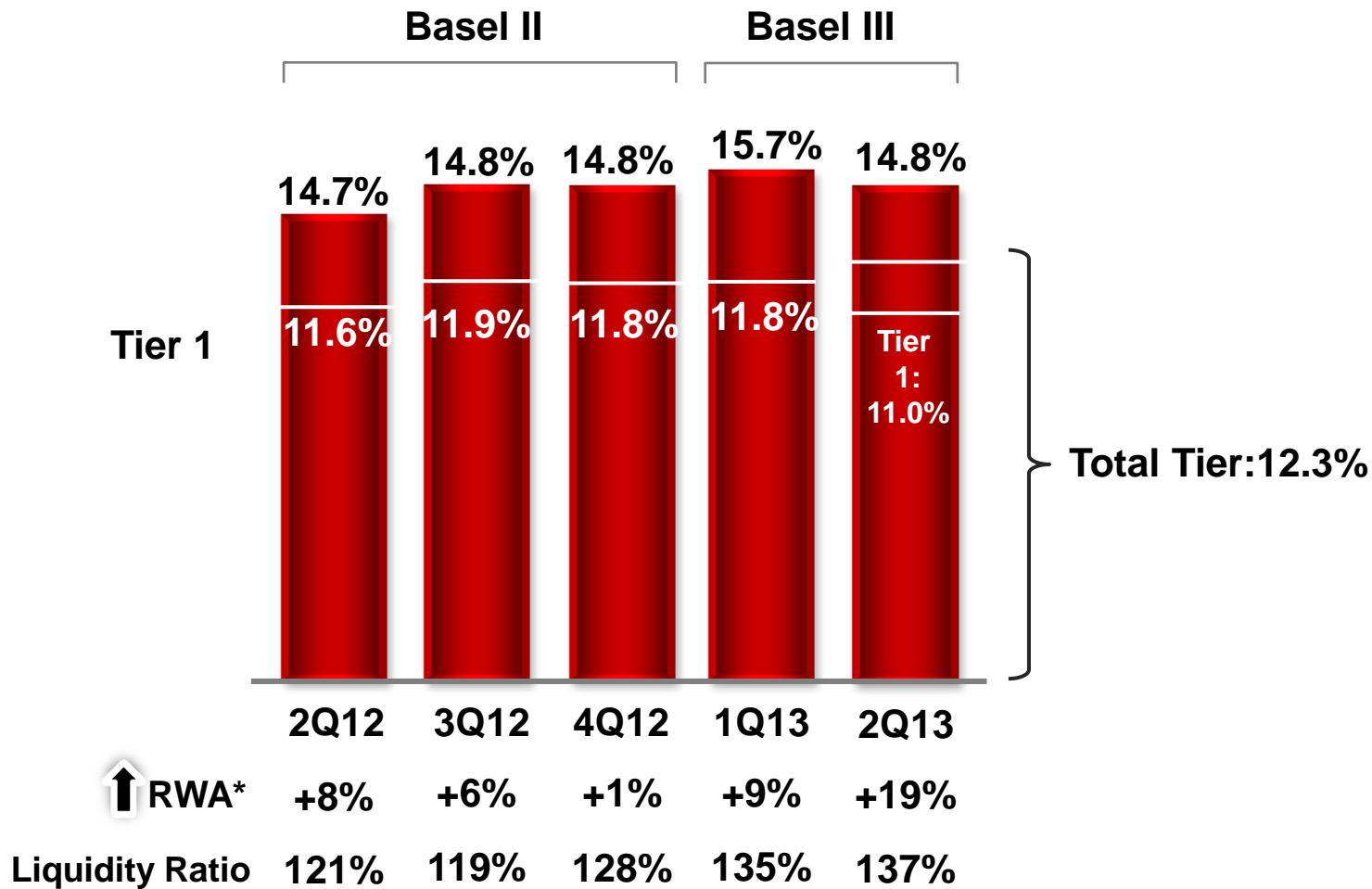


Past Due Loan Ratios

	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

Banorte
(%)



*RWA= Risk Weighted Assets

Investment Grade by all Major Rating Agencies

Agency	Rating	Outlook	Date
Standard & Poor's	BBB-	Positive	Jun-13
Fitch	BBB	Stable	Apr-13
HR Ratings	AAA	Stable	May-13
Moody's	Baa1	Negative	Jun-13

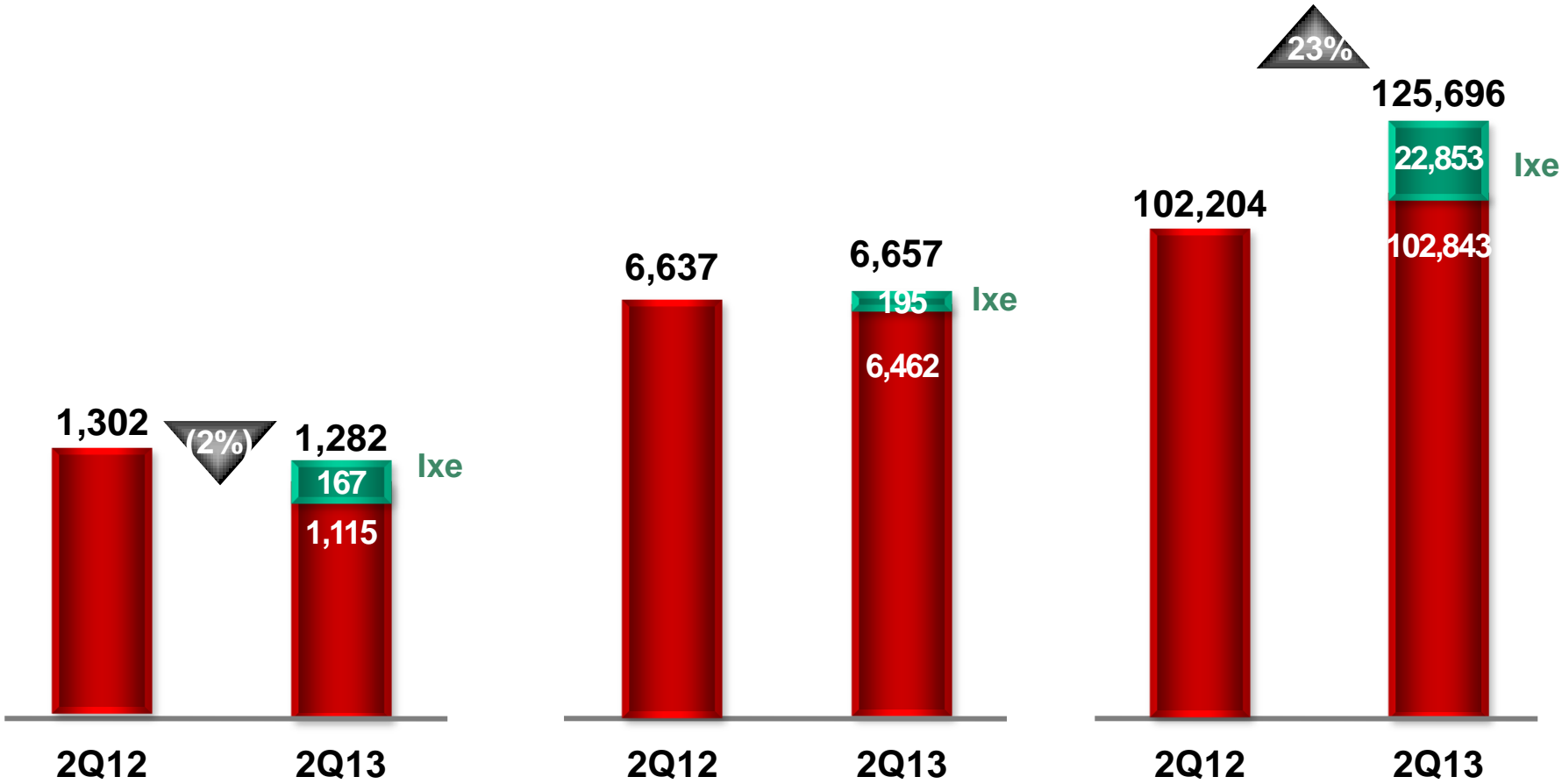
Distribution Network

Distribution Network

Branches

ATM's

POS's



Subsidiaries

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	491

▲ 69%

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%

Inter National Bank

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 %

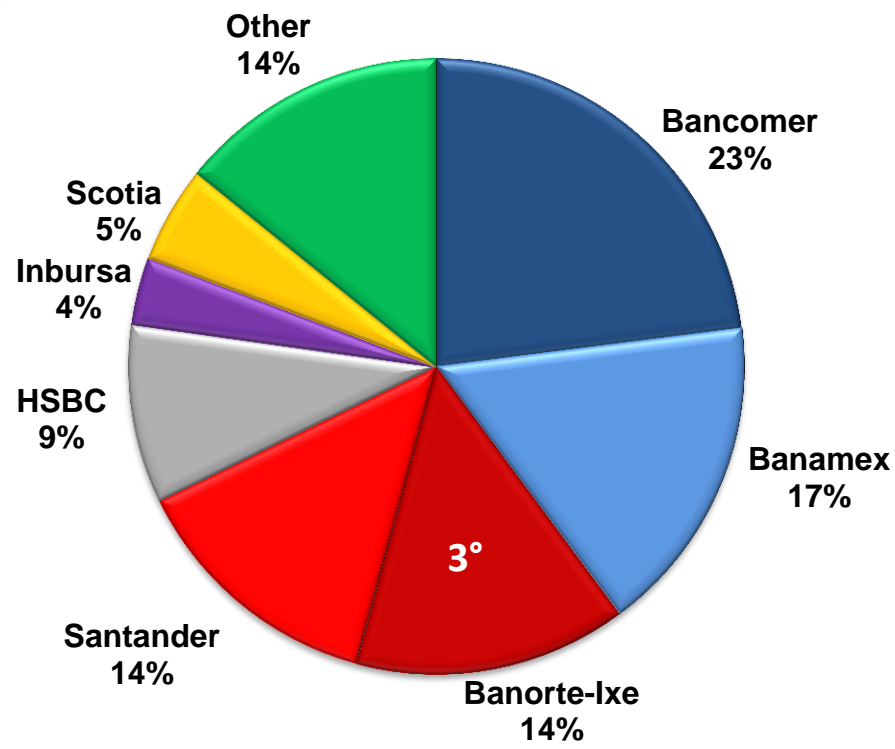
* Net Income before taxes and provisions.

Industry Trends

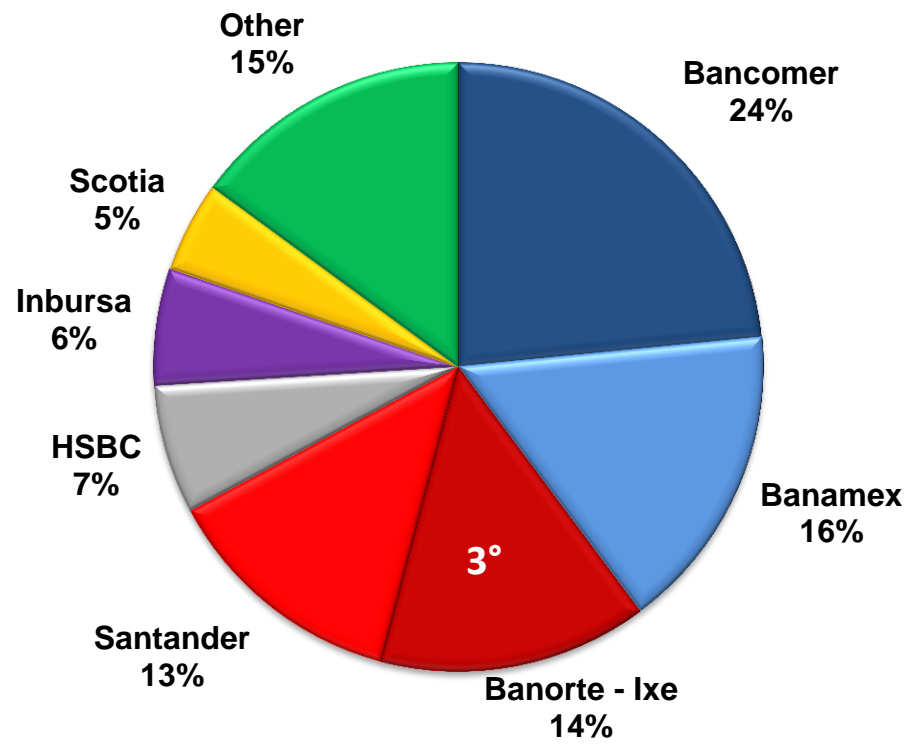
Market Share

May 2013

DEPOSITS



LOANS





Source : CNBV.

Market Share by Segment

	Consumer		C. Cards		Mortgage		Commercial		Government	
	May-12	May-13	May-12	May-13	May-12	May-13	May-12	May-13	May-12	May-13
Bancomer	26.0%	23.4%	35.4%	34.2%	34.9%	32.4%	19.0%	18.5%	26.8%	22.1%
Banamex	21.4%	20.5%	30.6%	31.4%	15.1%	15.6%	14.2%	14.3%	11.6%	10.4%
Banorte- Ixe	9.1%	10.1%	6.4%	6.8%	15.7%	16.4%	14.0%	13.4%	20.8%	23.4%
Santander	9.0%	8.2%	13.2%	13.6%	15.3%	15.7%	14.4%	14.2%	9.4%	9.5%
HSBC	5.8%	6.1%	6.7%	6.1%	4.5%	4.4%	8.9%	8.2%	8.0%	6.1%
Scotia	4.7%	5.9%	1.6%	1.6%	10.8%	10.8%	3.6%	4.3%	1.5%	1.1%
Inbursa	2.4%	1.7%	0.0%	0.0%	0.3%	0.3%	12.0%	11.2%	3.3%	4.5%
Other	21.4%	24.3%	6.1%	6.3%	3.5%	4.4%	14.0%	15.8%	18.5%	22.9%
Market Position	3°		4°		2°		4°		1°	

Source: CNBV.

Afore Market Share

	WORKERS (MILLION)				BILLION PESOS			
	Accounts		Market Share		Assets		Market Share	
	May-12	May-13	May-12	May-13	May-12	May-13	May-12	May-13
XXI Banorte*	7.23	11.62	16.9%	26.7% 	218	543	12.9%	27.2% 
Bancomer	4.52	-	10.6%	-	256	-	15.2%	-
Banamex	7.92	7.79	18.5%	17.9%	291	343	17.3%	17.2%
Sura	6.22	6.12	14.6%	14.1%	229	273	13.6%	13.7%
Principal	3.95	3.86	9.3%	8.9%	112	134	6.6%	6.7%
Coppel	3.46	4.40	8.1%	10.1%	53	72	3.2%	3.6%
Profuturo GNP	3.10	3.02	7.3%	6.9%	196	235	11.6%	11.8%
Invercap	2.84	3.03	6.7%	6.9%	81	115	4.8%	5.8%
Other	3.46	3.74	8.0%	8.5%	251	280	14.8%	14.0%

Source : CONSAR. *data as of 2012 includes only to Afore XXI Banorte, Afore Bancomer is reported separately in this period.

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