

Financial Results

3Q13

October 2013



Summary of Results

Financial Highlights

- **GFNORTE registered profits of Ps 9.89 billion for 9M13, 25% higher YoY as a result of the operating leverage obtained from increases in total revenues, as well as a slower pace of growth in operating expenses, which coupled with the inclusion of Afore Bancomer's profits in Subsidiaries' results and the use of tax credits in 2Q13, offset higher loan loss provisions. In 3Q13 net income totaled Ps 3.53 billion, 27% higher YoY driven by higher positive operating leverage and the inclusion of Afore Bancomer's profits in Subsidiaries' results, and is 9% above QoQ due to an increase in net interest income, a decrease in operating expenses and provisions, as well as the profits generated by the Holding Company given the positive FX effect of the dollar investments held in order to finalize Generali's acquisition and the interest earned in its investments.**
- **During 9M13, Return on Equity (ROE), was 14.3%, 21 basis points more YoY. ROE for 3Q13 was 14.0%, 49 basis points below 3Q12 and 135 basis points below 2Q13 while Return on Tangible Equity (ROTE) was 18.1% in 3Q13, 99 basis points below 3Q12 and 147 basis points below 2Q13. The decrease in both financial ratios was mainly due to the equity increase following GFNorte's Public Offering on July 22, 2013.**
- **Return on Assets (ROA) during 9M13 was 1.4%, 16 basis points higher YoY. ROA for the quarter was 1.5%, 20 basis points above 3Q12 and 10 basis points above 2Q13.**

Financial Highlights

- The Banking Sector's (Banco Mercantil del Norte, Banorte- Ixe Tarjetas and Banorte USA) profits amounted to Ps 7.73 billion in 9M13 and accounted for 78% of GFNorte's net income. This sector posted a 9M13 ROE of 16.1%, 51 basis points lower YoY, due mainly to the increase in Banco Mercantil del Norte's equity in February as part of the institution's strategy to replenish the capital used to acquire Afore Bancomer. ROA for the banking sector was 1.5%, a YoY increase of 16 basis points.
- During 3Q13, the contribution to earnings by Long Term Savings sector (Afore XXI Banorte, Insurance and Annuities), was Ps 441 million, 64% more vs. 3Q12 and +26% vs. 2Q13. The YoY and QoQ increases can be attributed to the incorporation of Afore Bancomer and greater business dynamics in the Annuities company; in 9M13 this sector accumulated profits of Ps 1.30 billion , 57% higher than 9M12.
- Banorte - Ixe Tarjetas, reported profits during the quarter of Ps 276 billion, 12% higher YoY derived from the positive impact on margins and fees from loan growth, and (16%) below QoQ, due to the creation of additional reserves for the rewards program; in 9M13 reports accumulated profits of Ps 866 million, 161% more YoY due to the purchase of Banorte's credit card portfolio.

Financial Highlights

- During 3Q13, the Brokerage Sector (Casa de Bolsa Banorte Ixe and Operadora de Fondos Banorte-Ixe) profits amounted to Ps 110 million, a YoY decrease of (21%) vs. 3Q12 and QoQ decrease of (22%) vs. 2Q13 due to a valuation effect in the money market and equity positions originated by changes in market conditions during this period; in 9M13 profits rose to Ps 495 million, YoY growth of 20%.
- Other Finance Companies, comprised of Arrendadora y Factor Banorte, Almacenadora Banorte and Sólida Administradora de Portafolios (which was spun-off from Banco Mercantil del Norte to later merge with Ixe Soluciones) registered profits during 3Q13 of Ps 214 million improving QoQ due to the positive results of the Leasing and Factoring business; in 9M13 profits were of Ps 443 million, 414% higher YoY.

Financial Highlights

- Core deposits grew 14% YoY in 3Q13, driven mainly by efforts to promote Banorte and Ixe's deposit products. Demand deposits grew by 20% YoY and retail time deposits by 4%. Core deposits grew 6% for the quarter vs. 2Q13 on the back of 9% growth in demand deposits.
- During 3Q13, Performing Loans registered a YoY growth of 6%. Lower yearly growth rate was mainly due to the economic slowdown in 2013. The loan portfolio grew 1% QoQ, mostly as a result of growth in payroll loans, mortgage loans, credit card and commercial loans.
- During 3Q13 GFNorte's fundamentals were:
 - The Past Due Loan Ratio was 3.2%.
 - The Coverage Ratio stood at 105.7%, (41.6pp) below YoY and (52.1pp) below QoQ.
 - The Liquidity Ratio was 148.2%, 11.1 pp above vs. 2Q13 and 29.7 pp higher vs. 3Q12.
 - Banorte's Capitalization Ratio was 14.85%, with a Total Tier 1 Ratio of 12.41% and a Core Tier 1 Ratio of 11.14%.

Financial Highlights

- During 3Q13, Net Interest Income amounted Ps 9.64 billion, a 20% increase YoY and 4% QoQ, Growth vs. 3Q12 was due to higher loan volumes in segments with a better mix, more loan origination fees, higher income from currency valuation, better net interest income at the Insurance and Annuities Companies, lower cost of funding due to the growth in core deposits and the payment of Ixe's perpetual subordinated notes; while growth vs. 2Q13 was likewise due to a better loan mix, higher income from currency valuation, a lower cost of funding due to the growth in core deposits and the payment of the syndicated loan and Ixe's Subordinated Notes, as well as lower expenses for hedging transactions. In 9M13, Net Interest Income totalled Ps 27.51 billion, a YoY increase of 14%.
- Non Interest Income in 3Q13, totaled Ps 3.33 billion, a decrease of (16%) vs. 2Q13 and (3%) vs. 3Q12, mainly due to lower income from Trading and Loan Recoveries. In 9M13, totaled Ps 12.54 billion, a 18% YoY increase.
- In 3Q13 Provisions amounted Ps 1.9 billion, a (39%) reduction QoQ due to less provisioning requirements in the commercial and corporate loan portfolios given that with the reserves created during the previous quarter for the exposures to the biggest 3 home developers under the new methodology of expected losses implemented in 2Q13, a minimum amount of additional reserves were required despite the increase in past due loans during the quarter. In 9M13, provisions charged to results totaled Ps 7.11 billion, an increase of 70% vs. 9M12.

Financial Highlights

- **Non Interest Expense, totaled Ps 6.61 billion in 3Q13, a YoY increase of 6% vs. 3Q12 mainly due to higher Personnel Expenses as a result of the strengthening of business areas and compensation, an increase that was partially offset by decreases in other headings. Compared to 2Q13, Non Interest Expense decreased by (1%) mainly due to reduced Personnel Expenses stemming from efficiencies obtained from the personnel reduction program implemented earlier this year as well as other expense control efforts, and lower professional fees paid for advisory services. In 9M13, totaled Ps 20.74 billion, 8% higher YoY.**
- **The Efficiency Ratio in 3Q13, was 51.0% a YoY reduction of (3.3 pp) and in 9M13 was 51.8% (3.4 pp) lower vs. 9M12, in both cases due to positive operating leverage obtained. Compared to 2Q13 the Efficiency Ratio increased 0.6 pp due to the negative impact on Total Income as a result of the decline in Non Interest Income, which was not fully offset by the expense control achieved during the quarter.**

Quarterly Summary

Million Pesos

	3Q12	2Q13	3Q13	Change QoQ	YoY
Revenues	11,491	13,271	12,973	(2%)	13%
Credit Costs	1,524	3,132	1,903	(39%)	25%
Expenses	6,232	6,687	6,613	(1%)	6%
Net Income	2,780	3,220	3,526	9%	27%
EPS ⁽¹⁾	1.19	1.38	1.32	(5%)	10%
Book Value per Share ⁽¹⁾	33.70	36.03	44.24	23%	31%
ROE	14.5%	15.3%	14.0%	(1.4 pp)	(0.5 pp)
ROA	1.3%	1.4%	1.5%	0.1 pp	0.2 pp
P/BV ⁽²⁾	2.16	2.13	1.85	(13%)	(14%)

(1) Pesos. As of 3Q13, EPS calculations consider the new number of shares resulting from the increase in GFNorte's equity following the Public Offering and are not therefore comparable with previous periods. This period considers 2,671.6 million shares, which are the quarterly weighted average.

(2) Times.

Quarterly Events

- **Organizational Changes.**

As part of ongoing efforts to focus the organization towards a client-centered business model, the following appointments and organizational adjustments were made:

I. Areas that report directly to the Board of Directors

On August 3rd, Martha Elena Navarrete Villarreal was appointed Managing Director of Internal Audit, an area that will report directly to the Audit and Corporate Practices' Committee, body of the Board of Directors. On July 25th, the Board of Directors decided that the Head of Corporate Affairs, Sergio Garcia Robles Gil, and the Director of Social Responsibility, Mayra Hernandez Gonzalez, would report directly to the Board.

II. Business Areas

On July 25th 2013, the Board of Directors approved a new organizational structure in order to achieve a business model based on products, segments and channels, in order to focus the strategy towards client service. As a result, Manuel Antonio Romo Villafuerte was appointed Managing Director of Consumer Products and Jesus Garza Martinez was appointed Managing Director of Retail Banking, in charge of segments and channels. Both of them report directly to GFNORTE's CEO.

Quarterly Events

- Organizational Changes.

III. Staff Areas

In order to consolidate the staff and support areas and improve the organization's internal service levels, on October 24th, GFNORTE's Board of Directors appointed Rafael Arana de la Garza as Chief Operating Officer (COO), who in turn will report to GFNORTE's CEO. The areas of Corporate Services, Finance and Investor Relations, Strategic Planning and Value Creation, Customer Experience, Marketing, Legal, Technology and Operations, Institutional Relations and Communications, and the Project Sumando (IBM Alliance) will all report to the COO.

As part of these changes, David Ricardo Suarez Cortazar was appointed as Chief Financial Officer (CFO); Fausto Hernandez Pintado was appointed as Chief Strategic Planning and Value Creation Officer; and Concepcion Guadalupe Borjon Shears was appointed as Leader of Programa Sumando. Furthermore, the position of Managing Director of Customer Experience was created and is currently vacant.

Quarterly Events

- GFNORTE announces the total payment of the USD \$800 million dollars syndicated loan; while Banco Mercantil del Norte announces the payment of the USD \$120 million non-preferred, non-cumulative callable perpetual subordinated obligations.

Last August 30th, GFNORTE informed that as part of the use of proceeds from the Global Public Offering carried out in July 2013, through which 447'371,781 common shares of the Financial Group equivalent to approximately USD \$2.50 billion dollars were sold, it amortized on July 26th the syndicated loan granted by 4 financial institutions without any guarantee by the Financial Group or any of its subsidiaries and which was disbursed in February 2013 with a term of 364 days for a total amount of USD \$800 million dollars.

Furthermore on August 28th it was informed that Banco Mercantil del Norte exercised the pre-payment option on August 26th to settle the USD \$120 million Non-Preferred, Non- Cumulative Callable Perpetual Subordinated Obligations which were registered at the Luxembourg Stock Exchange. This perpetual subordinated debt was issued in February, 2007 by Ixe Banco and given the merger of Ixe Banco with Banorte, in May of this year, Banorte assumed responsibility for each and every one of Ixe's obligations.

Quarterly Events

- GFNORTE finalizes the acquisition of Assicurazioni Generali's minority interest in insurance and annuities.

As part of the use of proceeds from the Public Offering, and as a follow up to the material event published on June 11th, 2013 by GFNORTE regarding the binding agreement under which GFNORTE would acquire the remaining 49% of the equity representative common shares of Seguros Banorte Generali and Pensiones Banorte Generali held by Generali Group, GFNORTE informed to the investment public on October 4th, that it had obtained the corresponding government authorizations in order to finalize the acquisition. The total amount of the transaction was US 858 million, including excess capital: US 637 million for Seguros Banorte Generali and US 221 million for Pensiones Banorte Generali.

Quarterly Events

● Shareholders' Meeting.

On October 14th, GFNORTE's Ordinary General Shareholders' Meeting was held, with 91.0% of the total subscribed and paid shares of the Company's capital represented. Some of the agreements reached at the Meeting were:

- ✓ Approval to distribute a cash dividend of Ps. \$0.7852 per share, derived from the retained earnings of previous years, which will be paid in four installments of Ps \$0.1963 per share each, on October 23rd, 2013, January 23rd, 2014, April 23rd, 2014 and July 23rd, 2014, respectively.
- ✓ This dividend was approved by the Group's Board of Directors last July 25th, 2013.
- ✓ The total amount of the dividend to be paid represents 20% of the recurring profits of 2012 and the payout was determined according the dividend policy approved on October 2011, which establishes a payment of 20% of the recurring net income in the event that annual profit growth is greater than 20%.

Quarterly Events

● Credit Ratings.

On September 10th, Moody's de México and Moody's Investors Service ratified the global and national-scale ratings of Banco Mercantil del Norte, Arrendadora y Factor Banorte and Casa de Bolsa Banorte Ixe with a stable outlook. This follows GNORTE's Primary Public Offering, which will enable the Group to finance its recent acquisitions and pay down debt, including the payment of some of Banorte's subordinated debt.

In September 2013, Fitch Ratings gave its opinion of the upcoming fund mergers of Operadora de Fondos Banorte Ixe, following the announcement of its intention to merger 16 funds of the 43 mutual funds comprising its current range of funds (which is expected to be completed in December 2013 at the latest), the rating agency informed that it does not expect any changes in their ratings, as the funds have similar characteristics in terms of rating, investment strategy, horizon and share purchasing policy, besides a solid organizational structure that includes directors with many years of experience in the financial sector.

● **Recognitions.**

Institutional Investor Magazine's Rankings. "Best Latin America Executive Team 2013"

For a 4th consecutive year, GFNORTE's Management and Investor Relations team figured among the top Mexican companies and Latin American banks.

- ✓ In Mexico it ranked ahead of América Móvil, Wal-Mart, FEMSA, Cemex, Bimbo, Banregio, Compartamos, Santander México, among more than 60 companies.
- ✓ At the regional level the group was placed ahead of institutions like Santander Chile and Brazil, BTG, Bradesco, Bancolombia, Banco Do Brasil, Credicorp, among more than 30 banks.

Quarterly Events

- Planet Payment and Banorte announced “MICROS Payment Gateway”.

In October Planet Payment, one of the main international payment processing and multi-currency payment providers, and Banorte announced the initial implementation of “MICROS Payment Gateway” integrated in the “Pague en su Moneda” Service (*Pay in your Currency*), which enables international consumers and users to pay for purchases and accommodation expenses in their own currency, while at the same time lowering transaction processing costs for businesses or service providers.

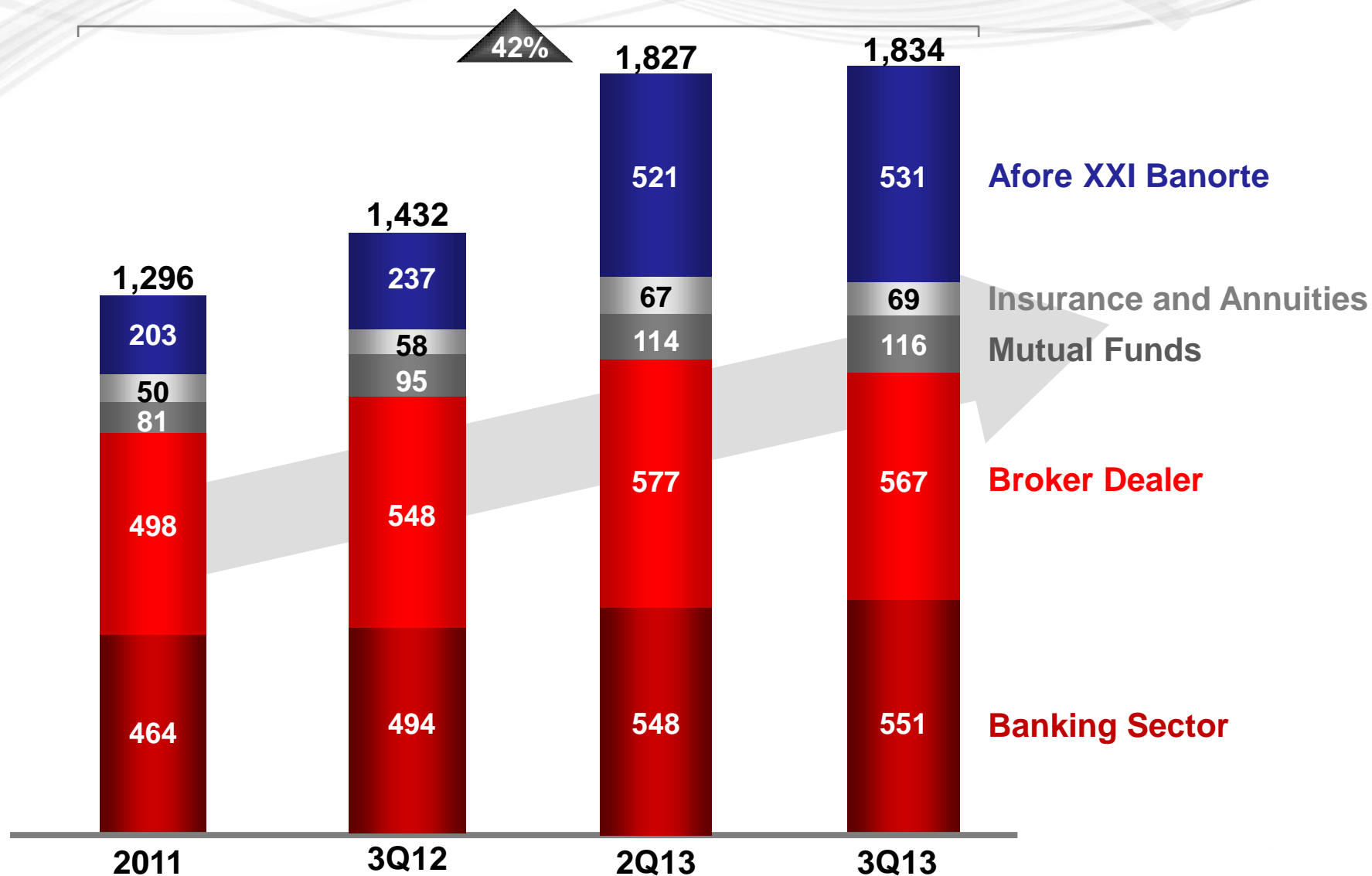
- Banorte launches green platform for Micro, Small and Medium Sized Enterprises (MiSME).

Within the framework of the “Green Businesses Summit 2013” organized by the Global Institute for Sustainability at the Tecnológico de Monterrey, Banorte presented the eco-efficiency platform for MiSMEs, which seeks to achieve a more sustainable production chain to make SMEs that are bank clients and service providers more competitive. Banorte’s initial commitment is to finance projects with the most potential to develop green markets.

Financial Performance

Assets under Management

Billion Pesos



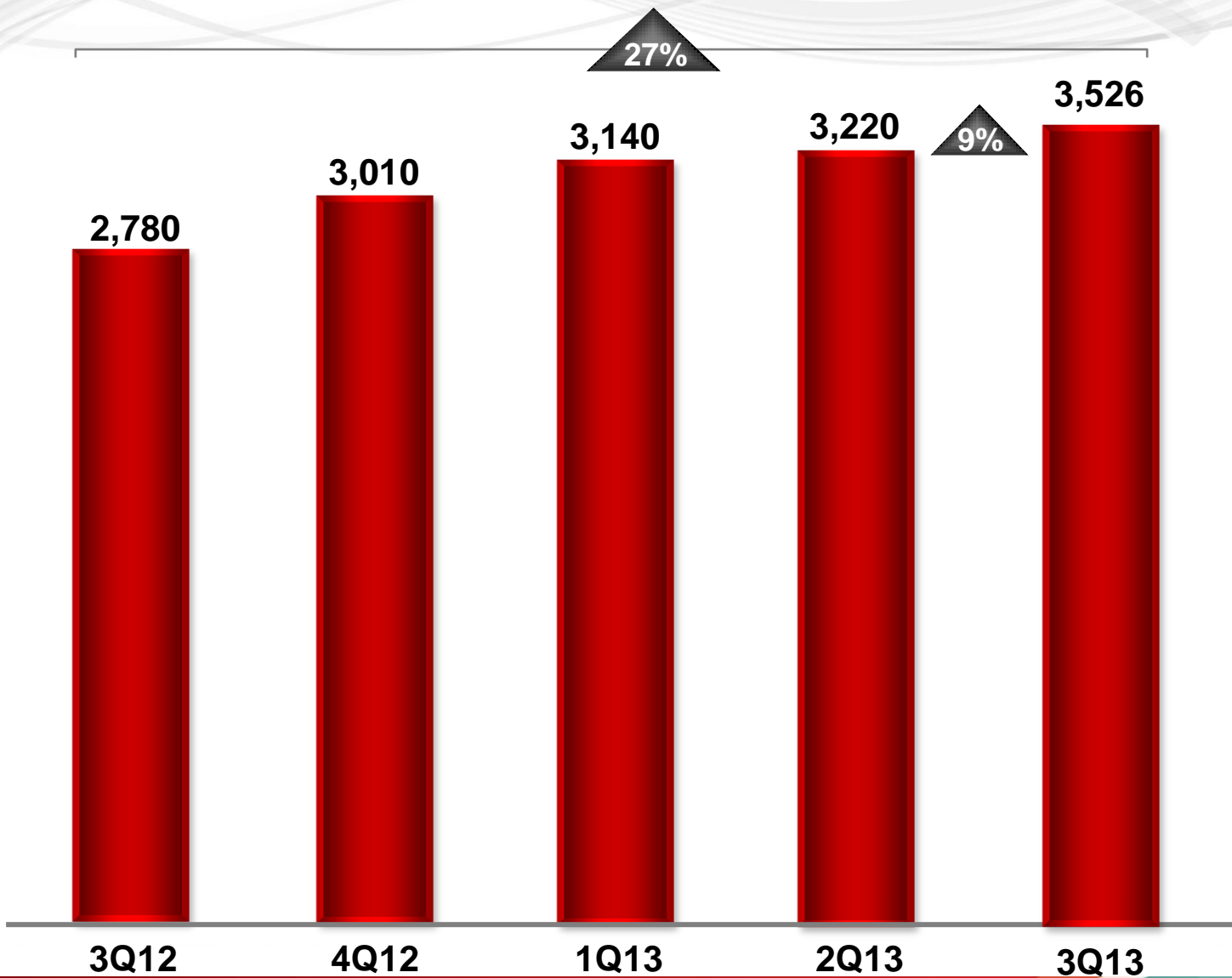
Income Statement

Million pesos

	3Q12	2Q13	3Q13	Change QoQ	YoY
Net Interest Income	8,054	9,281	9,640	4%	20%
Non Interest Income	3,437	3,990	3,333	(16%)	(3%)
<i>Service Fees</i>	1,530	1,875	1,844	(2%)	20%
<i>Recoveries</i>	322	303	126	(58%)	(61%)
<i>FX & Trading</i>	1,024	824	610	(26%)	(40%)
<i>Other Income (expenses)</i>	562	990	754	(24%)	34%
Total Income	11,491	13,271	12,973	(2%)	13%
Non Interest Expense	(6,232)	(6,687)	(6,613)	(1%)	6%
Net Operating Income	5,259	6,584	6,360	(3%)	21%
Provisions	(1,524)	(3,132)	(1,903)	(39%)	25%
Income Tax	(806)	(167)	(1,084)	548%	35%
Subs & Minority Interest	(150)	(64)	153	(337%)	(202%)
Net Income	2,780	3,220	3,526	9%	27%

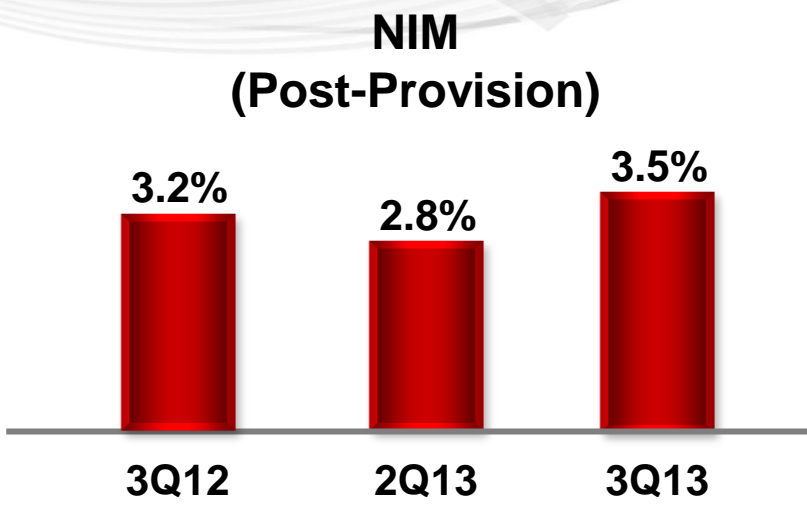
Quarterly Net Income

Million Pesos

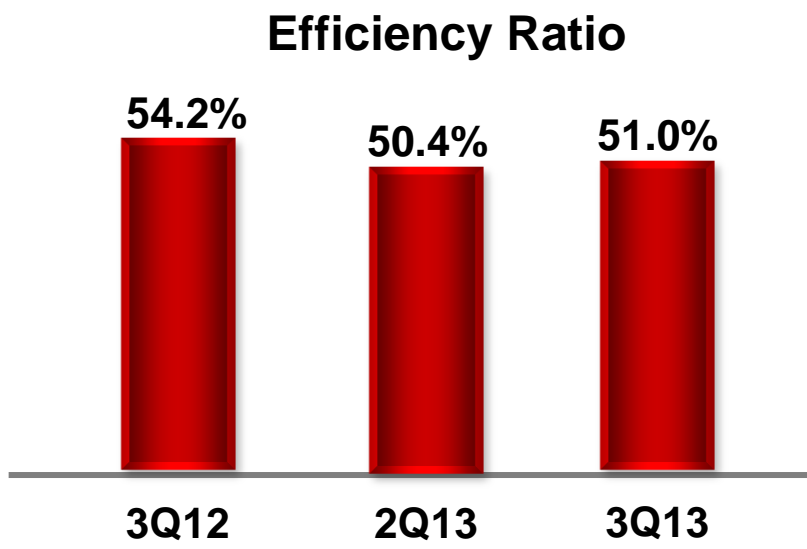


Net Interest Income and Non Interest Expense

	Billion Pesos				
	3Q12	2Q13	3Q13	QoQ	YoY
Net Interest Income	8.1	9.3	9.6	▲ 4%	▲ 20%



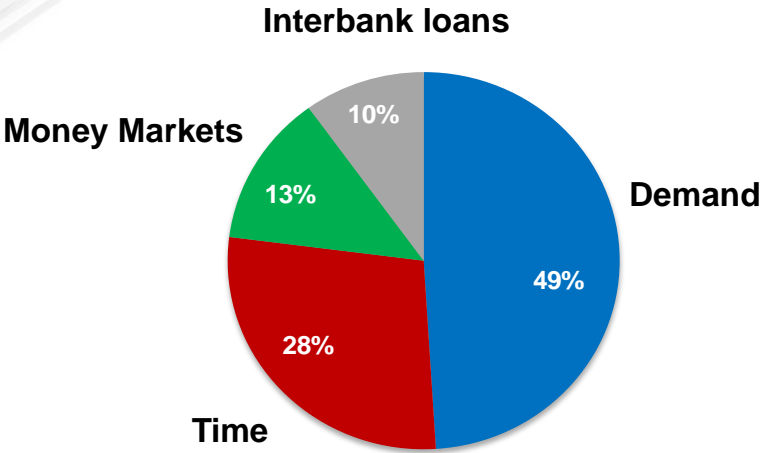
	Billion Pesos				
	3Q12	2Q13	3Q13	QoQ	YoY
Non Interest Expense	6.2	6.7	6.6	▼ (1%)	▲ 6%



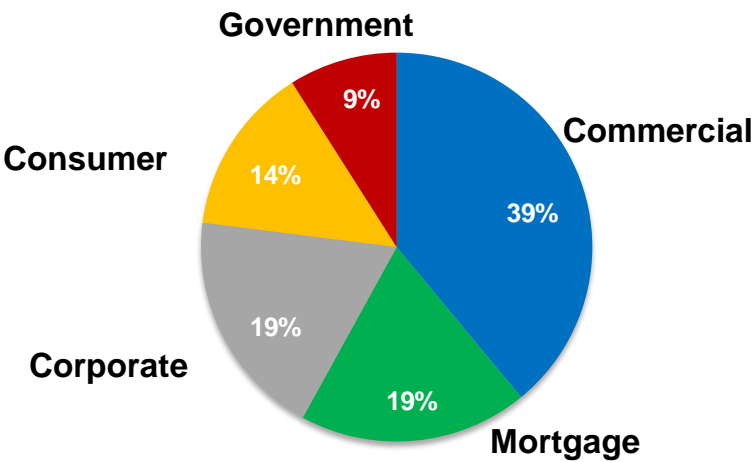
Funding and Loan Portfolio Structure

2007

Funding: \$226 Billion pesos

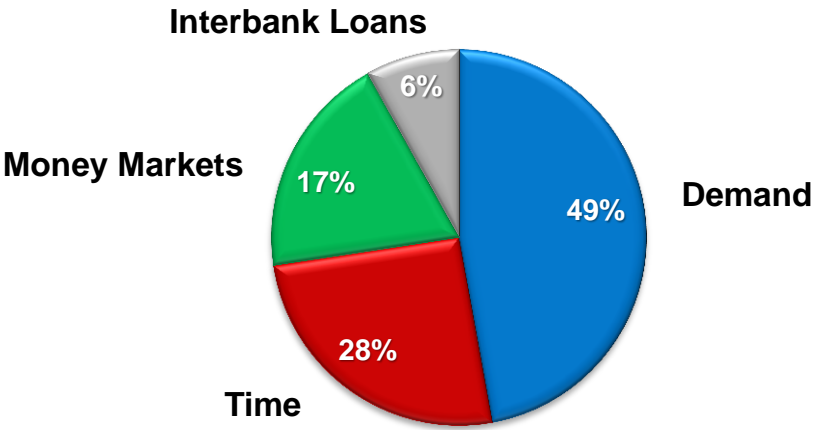


Loan Portfolio: \$194 Billion pesos

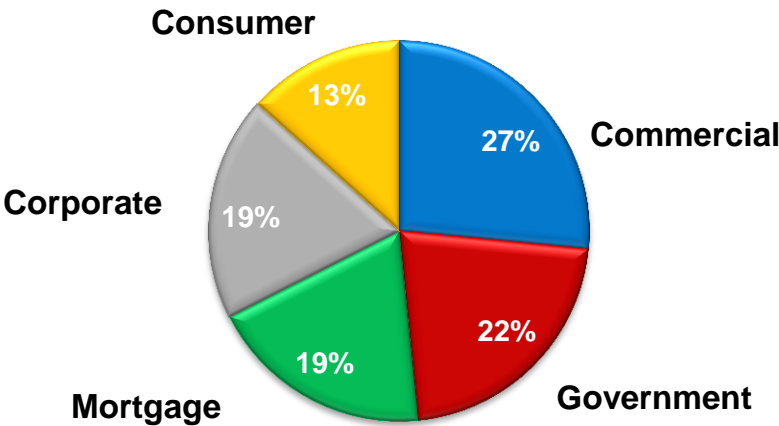


3Q13

Funding: \$459 Billion pesos



Loan Portfolio: \$428 Billion Pesos



Deposits

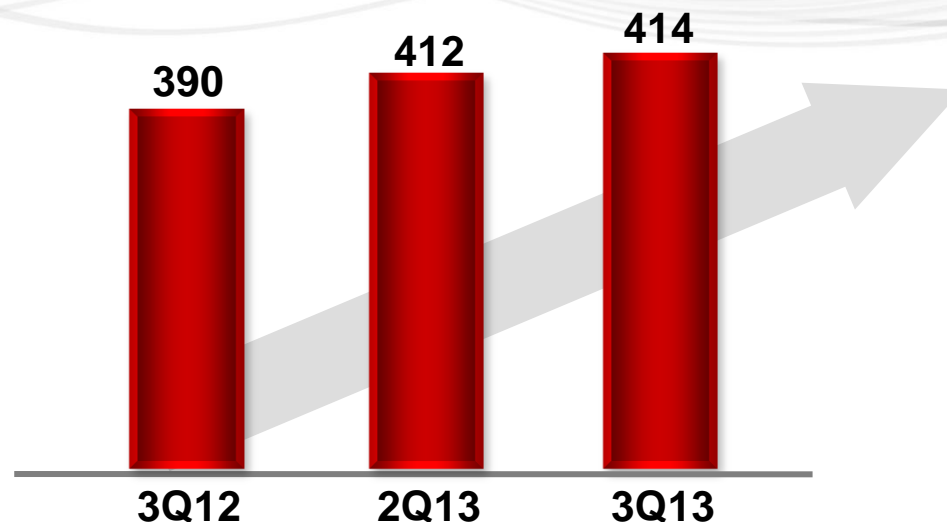
Billion Pesos

Deposits	3Q11		3Q12		3Q13
Demand	171	▲ 15%	196	▲ 20%	236
Time	115	▲ 7%	123	▲ 4%	128
Core Deposits	286	▲ 12%	320	▲ 14%	364
Mix					
Demand	60%		61%		65%
Time	40%		39%		35%
	100%		100%		100%

*Balance as of 3Q13 includes Ps 9.54 billion which are an investment by de Holding Company, excluding this amount, the YoY growth would be 15% in Total Demand Deposits and 11% in Core Deposits.

Performing Loan Portfolio

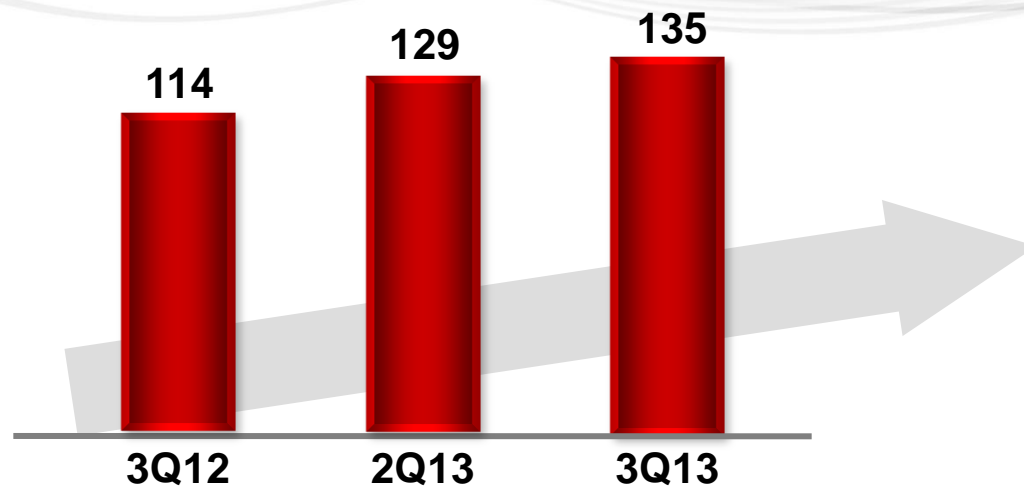
Billion Pesos



	3Q12	2Q13	3Q13	Change	
				QoQ	YoY
Consumer	114	129	135	4%	18%
Commercial	107	109	110	1%	3%
Corporate	87	84	79	(6%)	(9%)
Government	82	91	91	0%	10%
Total	390	412	414	1%	6%

Performing Consumer Loan Portfolio

Billion Pesos

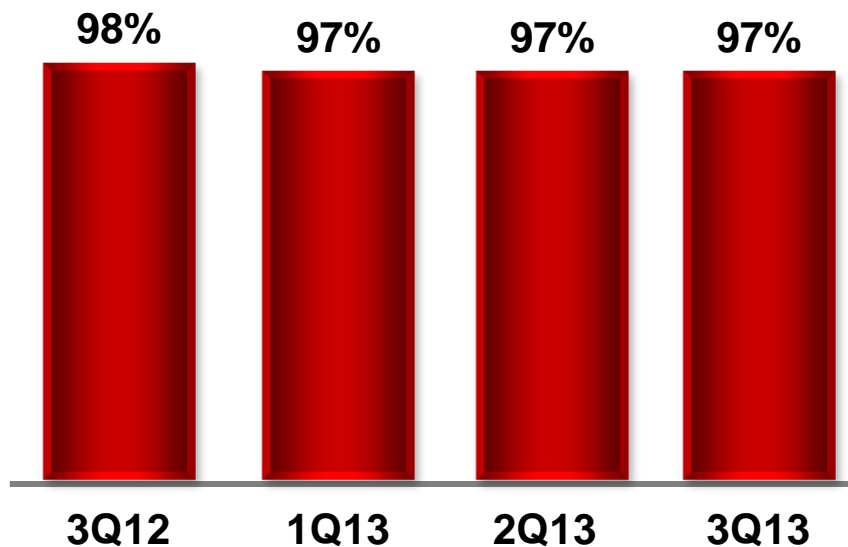


	3Q12	2Q13	3Q13	Change	
				QoQ	YoY
Mortgage	70	77	79	3%	14%
Car	10	11	11	3%	10%
Credit Cards*	16	19	20	6%	21%
Payroll	17	22	24	9%	40%
Consumer	114	129	135	4%	18%

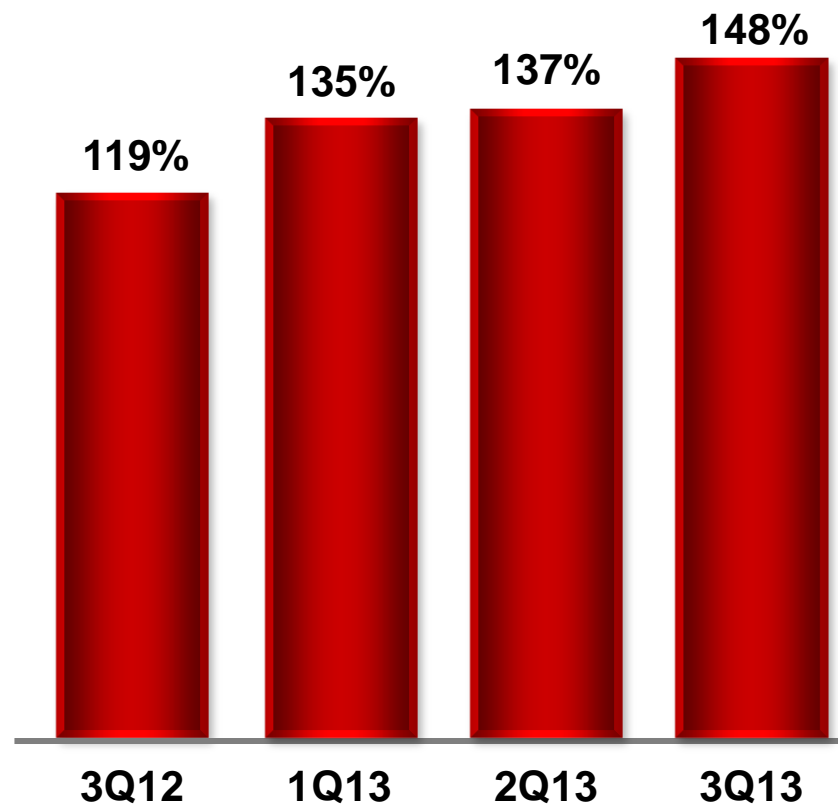
* Includes the credit card SOFOM Ixe Tarjeta's portfolio since 1Q12

Funding and Liquidity

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



**Liquidity
(%)**



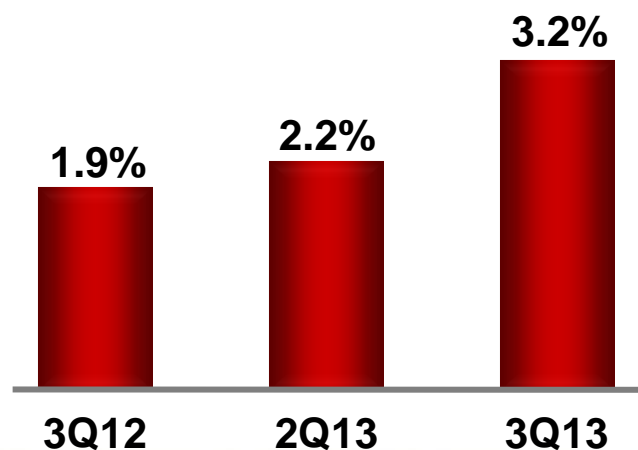
Asset Quality and Capitalization

Asset Quality

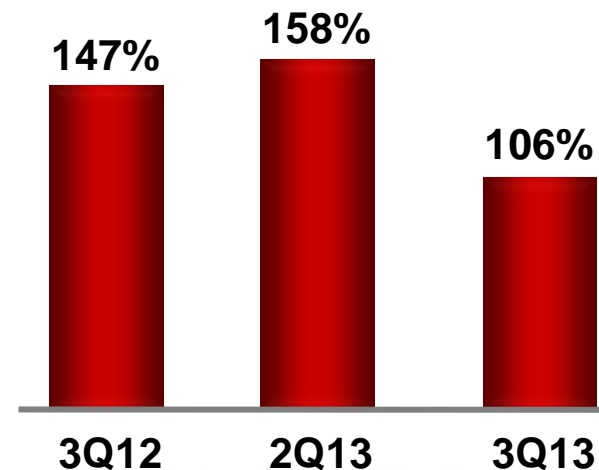
Billion Pesos

	3Q12	2Q13	3Q13
Total Loan Portfolio	397	421	428
Past Due Loans	7.6	9.1	13.9
Loan Loss Reserves	11.2	14.3	14.7

Past Due Loan
Ratio



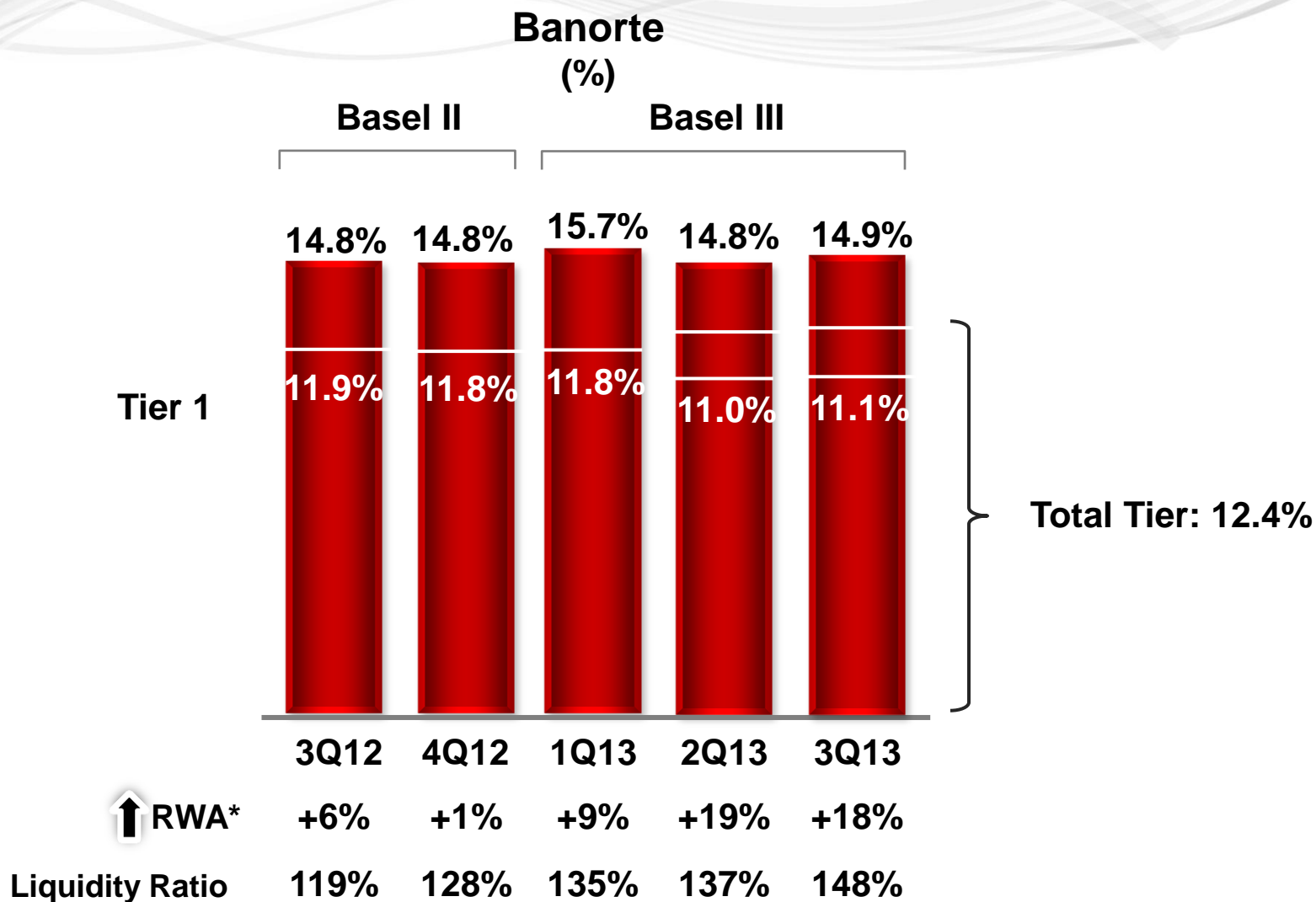
Reserve Coverage
Ratio



Past Due Loan Ratios

	3Q12	4Q12	1Q13	2Q13	3Q13
Credit Cards	5.3%	5.0%	5.7%	6.0%	6.0%
Payroll	1.9%	2.2%	2.2%	2.4%	2.3%
Car Loans	1.4%	1.3%	1.1%	1.4%	1.6%
Mortgage	1.2%	1.1%	1.1%	1.2%	1.3%
Commercial	3.7%	4.3%	4.3%	3.5%	3.9%
Corporate	1.5%	1.6%	1.6%	2.6%	7.5%
Government	0.1%	0.1%	0.0%	0.1%	0.0%
GFNorte's NPL Ratio	1.9%	2.1%	2.1%	2.2%	3.2%

Capitalization and Liquidity



*RWA= Risk Weighted Assets

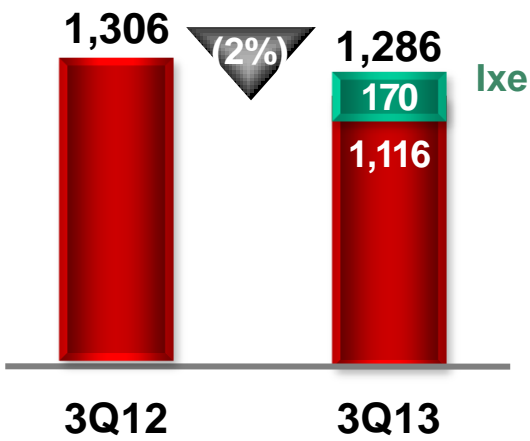
Investment Grade by all Major Rating Agencies

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	Stable	Sep-13

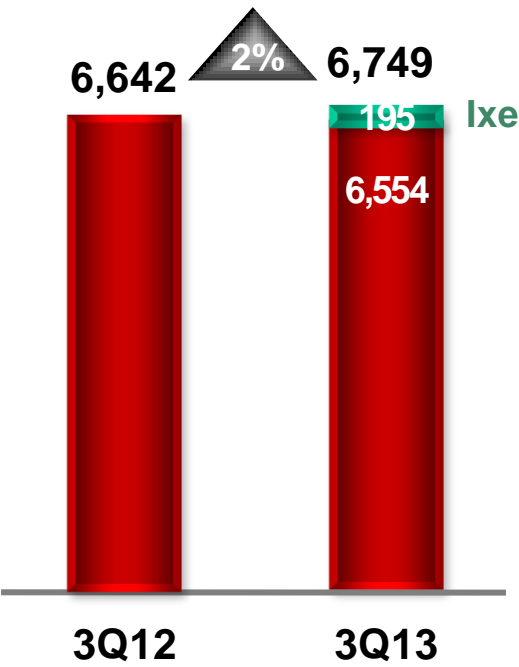
Distribution Network

Distribution Network

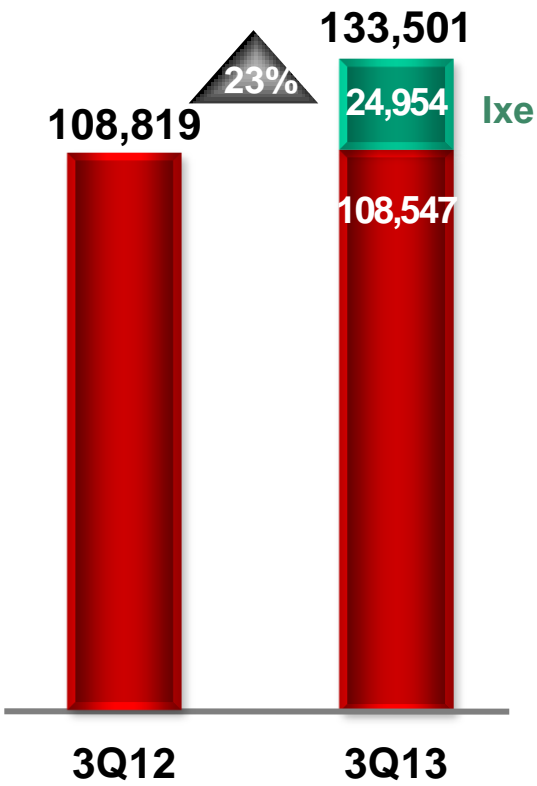
Branches



ATM's



POS's



Subsidiaries

Subsidiaries

9M13
Million Pesos

Company	Net Income	Change vs. 9M12	ROE
Banking Sector	7,705	26%	16.1%
Banco Mercantil del Norte ¹⁾	6,839	18%	
Banorte –Ixe Tarjetas	866	161%	
Broker Dealer	495	20%	25.4%
Long Term Savings			
Retirement Savings	851	112%	12.4%
Insurance	387	1%	31.1%
Annuities	57	45%	12.2%
Other Finance Companies			
Leasing and Factoring	440	(14%)	19.7%
Warehousing	40	19%	19.9%
Other ²⁾	(89)		

1) Includes: Ixe Banco and Fincasa were merged in May 2013.

2) Includes: Solida Administradora de Portafolios, Ixe Servicios and the Holding Company.

Net Income in Million Pesos

	9M12	9M13
Total	431	641

49%

AUM BILLION PESOS

	3Q12	3Q13	Change YoY
Proprietary Assets	38.4	45.1	17%
Acquired Assets	26.1	28.4	9%
Managed Assets "Su Casita"	6.4	7.3	13%
Ixe Assets	7.5	1.4	(82%)
Total	78.4	82.1	5%

Inter National Bank

Million Dollars

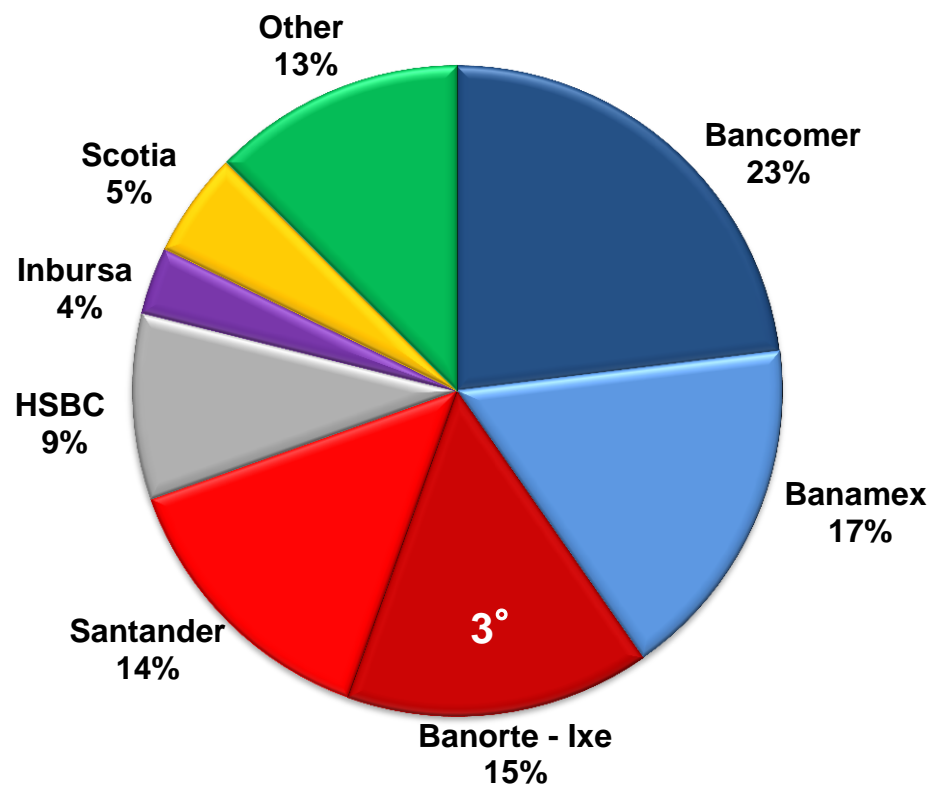
	9M12		9M13
Pre-Tax Net Income	17.4		14.6
Provisions	5.0		(0.3)
Net Income	8.2		10.1
NIM	3.1%		2.9%
ROE	2.6%		3.2%
ROA	0.5%		0.7%
Efficiency	68.6%		71.4%
Total Deposits	1,741	(17%)	1,438
Performing Loans	707	(1%)	700
PDL Ratio USGAAP	2.0%		0.9%
Coverage Ratio USGAAP	96.7%		221.2%
Leverage Ratio	10.0%		12.1%
Classified Assets to Capital	26.8%		19.9 %

Industry Trends

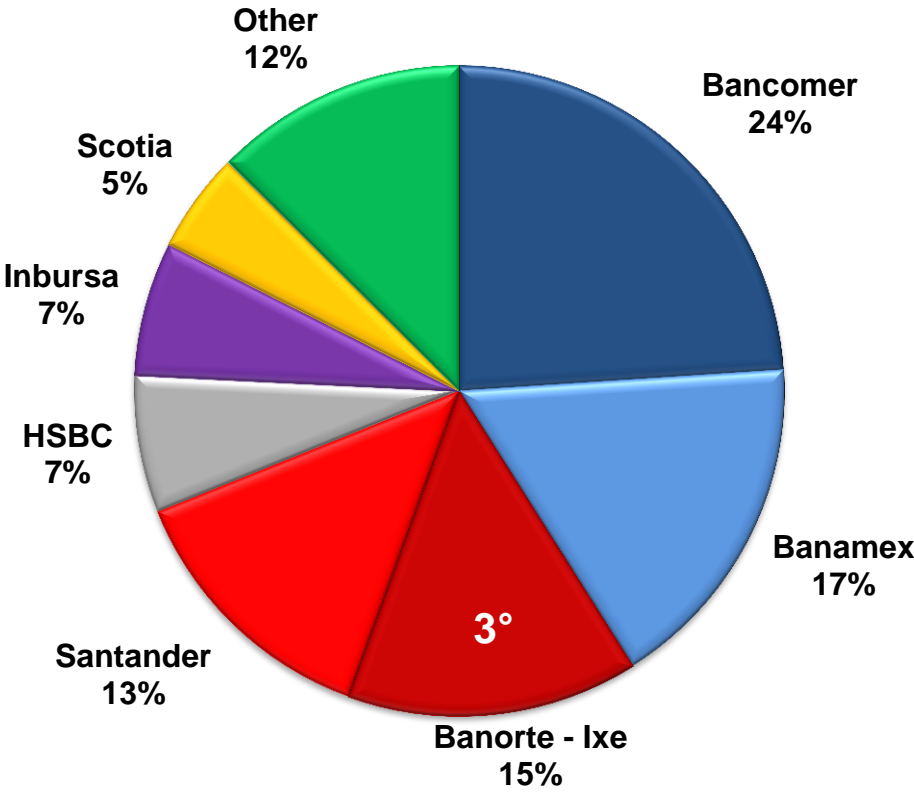
Market Share

September 2013

DEPOSITS



LOANS



Source: CNBV.

Market Share by Segment

	Consumer		C. Cards		Mortgage		Commercial		Government	
	Sep-12	Sep-13	Sep-12	Sep-13	Sep-12	Sep-13	Sep-12	Sep-13	Sep-12	Sep-13
Bancomer	24.6%	24.1%	35.2%	33.5%	34.1%	30.9%	19.0%	18.9%	24.8%	26.0%
Banamex	21.0%	20.2%	30.2%	31.6%	15.1%	15.9%	14.1%	14.6%	10.9%	13.0%
Banorte- Ixe	9.1%	10.5%	6.6%	7.1%	15.9%	16.7%	14.5%	13.4%	21.8%	25.7%
Santander	8.6%	8.2%	13.7%	13.5%	15.5%	15.9%	14.3%	15.1%	9.5%	8.7%
HSBC	5.7%	6.0%	6.5%	6.3%	4.4%	4.9%	8.8%	8.1%	7.3%	6.0%
Scotia	4.3%	6.0%	1.6%	1.6%	10.9%	11.0%	3.6%	4.3%	1.5%	1.1%
Inbursa	3.6%	4.5%	0.0%	0.0%	0.3%	0.2%	11.2%	10.8%	3.7%	7.4%
Other	23.1%	20.6%	6.2%	6.5%	3.8%	4.4%	14.6%	14.8%	20.4%	12.1%
Market Position	3°		4°		2°		4°		2°	

Source: CNBV. * Commercial banks' figures consolidated with SOFOMs , for applying entities.

Afore Market Share

	WORKERS (MILLION)				BILLION PESOS			
	Accounts		Market Share		Assets		Market Share	
	Sep-12	Sep-13	Sep-12	Sep-13	Sep-12	Sep-13	Sep-12	Sep-13
XXI Banorte*	7.26	11.55	16.9%	26.3%^{1°}	239	536	12.9%	26.7%^{1°}
Bancomer	4.49	-	10.4%	-	280	-	15.1%	-
Banamex	7.91	7.74	18.4%	17.6%	320	345	17.3%	17.2%
Sura	6.22	6.11	14.4%	13.9%	252	281	13.6%	14.0%
Principal	3.92	3.85	9.1%	8.8%	124	135	6.7%	6.7%
Coppel	3.76	4.73	8.7%	10.7%	61	77	3.3%	3.8%
Profuturo GNP	3.07	3.03	7.1%	6.9%	216	237	11.6%	11.8%
Invercap	2.89	3.10	6.7%	7.0%	95	122	5.1%	6.1%
Other	3.50	3.88	8.3%	8.8%	265	276	14.4%	13.7%

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

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