

Financial Results

3Q11

October 2011



Summary of Results

Financial Highlights 3Q11

- For the ninth consecutive quarter, GFNORTE has increased its profits, reaching Ps. 2.14 billion, a 25% YoY and 5% growth vs. 2Q11. Ixe and its subsidiaries contributed with Ps. 202 million, 9% of the Group's total profits, registering quarterly growth of 18% from 2Q11.
- During 9M11, ROE decreases to 14.0%, 1.5 pp lower than in 9M10 mainly due to a 57% increase in the Stockholders' Equity as a result of the merger, while the Return on Assets (ROA) was 1.1%, remaining unchanged compared to the same period of the previous year.
- During the quarter, the Subsidiaries generated Net Income of: Banking Sector Ps. 1,706 million, (+23% vs. 3Q10 and +3% vs. 2Q11); the Brokerage Sector (Casa de Bolsa Banorte, Ixe Casa de Bolsa and Ixe Fondos) Ps. 81 million, (+22% vs. 3Q10 and (15%) vs. 2Q11); Long Term Savings (includes Afore, Insurance and Annuities) Ps. 141 million (+7% vs. 3Q10 and +14% vs. 2Q11); Other Finance Companies (includes Arrendadora y Factor Banorte-Leasing & Factoring-, Warehousing, Ixe Automotriz, and Fincasa Hipotecaria) of Ps. 196 million, (+30% vs. 3Q10 and (1%) vs. 2Q11); Ixe Servicios Ps. 2 million; Ixe Soluciones Ps. 6 million.

Financial Highlights 3Q11

- **Growth in loans and deposits during the quarter continue to show positive trends.**
 - **At closing of 9M11, loans increased by 28% YoY and 5% QoQ, reaching a balance of Ps. 325.9 billion. For the sixth consecutive quarter, the loan portfolio shows continuous growth in most segments (except Credit cards) as a result of bank's strategies to reactivate loan originations, the merger with Ixe, as well as greater demand in the industry. The most relevant growth rates were: 52% YoY in payroll loans, 42% in government loans, 23% in corporate loans and 15% in mortgage loans.**
 - **Core deposits grew by 29% annually, driven by growth in all items mainly as a consequence of the merger with Ixe, increasing from Ps. 222 billion in 3Q10 to Ps. 286 billion in 3Q11.**

Financial Highlights 3Q11

- During 3Q11, Net Interest Income grew by 28% YoY to Ps. 7.23 billion, compared to 3Q10, driven mainly by the extraordinary impact of the merger with Ixe, as well as the result of including the Insurance and Annuities' companies results. Net interest income declined by (2%) QoQ vs. 2Q11 due to a 50% reduction in the Net Interest Income contributed by the Insurance and Annuities' companies, although it grew by 5% when excluding this impact due to increased volumes and an improvement in the portfolio mix.
- On a quarterly basis, Non Interest Income totaled Ps. 3.56 billion, growing by 20% QoQ vs. 2Q11 as a result of a 3% increase in Service Fees and 291% in Trading revenues. Non Interest Income grew by 21% vs. 3Q10 mainly as a result of integrating Ixe's operations. On a comparable basis, when excluding the accounting reclassifications and the merger with Ixe, Non Interest Income grew by 3% vs. 3Q10.

Financial Highlights 3Q11

- **Non Interest Expense for 3Q11 was Ps 5.81 billion, (3%) QoQ decrease vs. 2Q11, mainly caused by lower Personnel Expenses as a result of the synergies captured from the merger with Ixe. Non Interest Expense grew by 35% YoY vs. 3Q10 due to the merger with Ixe, restructuring expenses linked to the merger, as well as growth in business and staff areas.**
- **The Efficiency Ratio was 54.6% in 9M11 and 53.9% during 3Q11. On a comparable basis, the Efficiency Ratio was 50.6% during 9M11 and 49.4% in 3Q11.**
- **On a quarterly basis, provisions were Ps 1.65 billion, a reduction of (13%) QoQ compared to 3Q10 as a result of reduced requirements in the Corporate portfolio (Ps 616 million in provisions were created during 3Q10 for the Mexicana de Aviación loan) and fewer provisions for Credit cards; in a quarterly comparison vs. 2Q11 the 25% increase was due to higher provisions for the Government portfolio, which was partially offset by the reduction in most segments of the consumer portfolio.**

Financial Highlights 3Q11

- **The bank's fundamentals remain solid.**
 - **Regulatory capital was 15.6% at the end of 3Q11, showing Banorte's financial strength.**
 - **The NPL Ratio was 2.4%, at the end of 3Q11, one of the lowest in the financial system. (Includes IXE's operations)**
 - **The reserve coverage was 133% at closing of 9M11, (2.5) pp lower than in 2Q11.**
 - **The bank has a very solid liquidity ratio of 104.9% during 3Q11, higher compared to the level of 91.7% in 3Q10.**

Quarterly Summary

MILLION PESOS

	3Q10	2Q11	3Q11	Change	
				QoQ	YoY
Revenues	8,610	10,348	10,795	4%	25%
Credit Costs	1,905	1,318	1,650	25%	(13%)
Expenses	4,296	5,965	5,814	(3%)	35%
Reported Net Income	1,711	2,048	2,142	5%	25%
Reported EPS ⁽¹⁾	0.85	0.88	0.92	5%	9%
Book Value per Share ⁽¹⁾	21.75	28.65	29.61	3%	36%
ROE	15.8%	12.4%	12.6%	0.2 pp	(3.2 pp)
ROA	1.2%	1.1%	1.1%	0.0 pp	(0.1 pp)
P/BV ⁽²⁾	2.19	1.86	1.39	(25%)	(37%)

(1) Pesos

(2) Times

Material Events

- On October 17th, the Ordinary Shareholders' Meeting was held. The most important resolutions adopted were:
 - Changes to the Dividend Policy, with a payout of the recurring net income as follows:
 - 16% if it grows between 0% and 10%.
 - 18% if it grows between 11% and 20%.
 - 20% if it grows more than 21%.
 - Payment of a cash dividend of Ps. 0.17 per share, being the first of three payments for a total of Ps. 0.52 per share, which was paid on October 24.
 - The increase of the amount of the Share Repurchase Fund to Ps. 1.85 billion.

Material Events

- In October, GFNorte informed about its participation in the debt refinancing of the states of Coahuila, Aguascalientes and Sonora. The total amount of the refinanced debt with these three States amounts to Ps. \$13.21 billion pesos, which represents 4% of the total Loan Portfolio of 3Q11. The main goal to refinance these liabilities was to provide the States with better terms and financial conditions, which will provide them with flexibility in the management of their fiscal resources.
- The CNBV modified the methodology to rate federal and municipal entities' loans. This methodology rates and reserves the portfolio based on expected losses.
 - GFNorte applied the new methodology for Banorte's Loan portfolio as of September 30th 2011, resulting in a release of loan loss reserves amounting to Ps. 87 million pre-tax.

Material Events

- On October 20, Banco Mercantil del Norte signed a purchase agreement to acquire Prudential's shareholdings in Afore XXI, as a result of the agreement held between GFNorte and the Mexican Social Security Institute (IMSS) to merge their respective Afores. This purchase agreement is still subject to meeting certain conditions and the customary regulatory approvals.
- In October, Banco Mercantil del Norte, exercised its option to redeem its Non Convertible Subordinated Notes issued in 2006, due in 2016, in a principal amount of US \$400 million, which were paid on October 13th, 2011. This prepayment demonstrates Banorte's financial strength in spite of recent weakness in other banking systems and the volatile conditions in the international financial markets.
- In September, Banorte signed a collaboration agreement with Banco Nacional del Ejército Fuerza Aérea y Armada (Banjercito) that will allow its staff to have access to Banorte's infrastructure and several financial products.
- Sergio García Robles Gil was appointed Corporate Managing Director, in charge of the Regional Boards, and Rafael Arana de la Garza was appointed Chief Financial Officer in his place.



Financial Performance

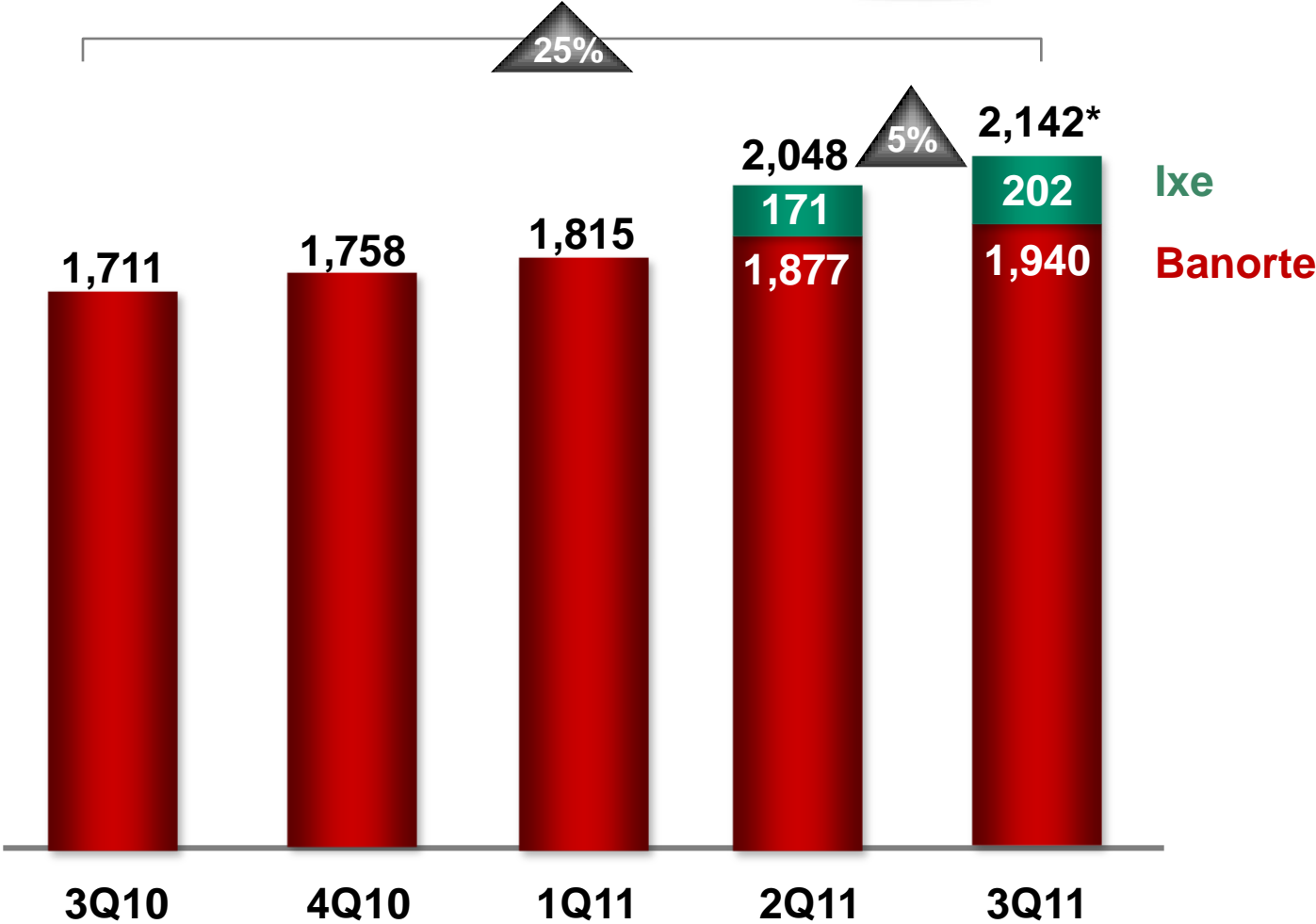
Income Statement

Million Pesos

	3Q10	2Q11	3Q11	Change	
				QoQ	YoY
Net Interest Income	5,661	7,369	7,232	(2%)	28%
Non Interest Income	2,949	2,979	3,564	20%	21%
<i>Service Fees</i>	1,717	1,741	1,796	3%	5%
<i>Recoveries</i>	260	284	260	(8%)	0%
<i>FX & Trading</i>	331	219	859	291%	160%
<i>Other Income (expenses)</i>	642	734	649	(12%)	1%
Total Income	8,610	10,348	10,795	4%	25%
Non Interest Expense	(4,296)	(5,965)	(5,814)	(3%)	35%
Net Operating Income	4,314	4,382	4,981	14%	15%
Provisions	(1,905)	(1,318)	(1,650)	25%	(13%)
Income Tax	(628)	(810)	(888)	10%	41%
Subs & Minority Interest	(70)	(207)	(302)	46%	329%
Net Income	1,711	2,048	2,142	5%	25%

Quarterly Net Income

Million Pesos

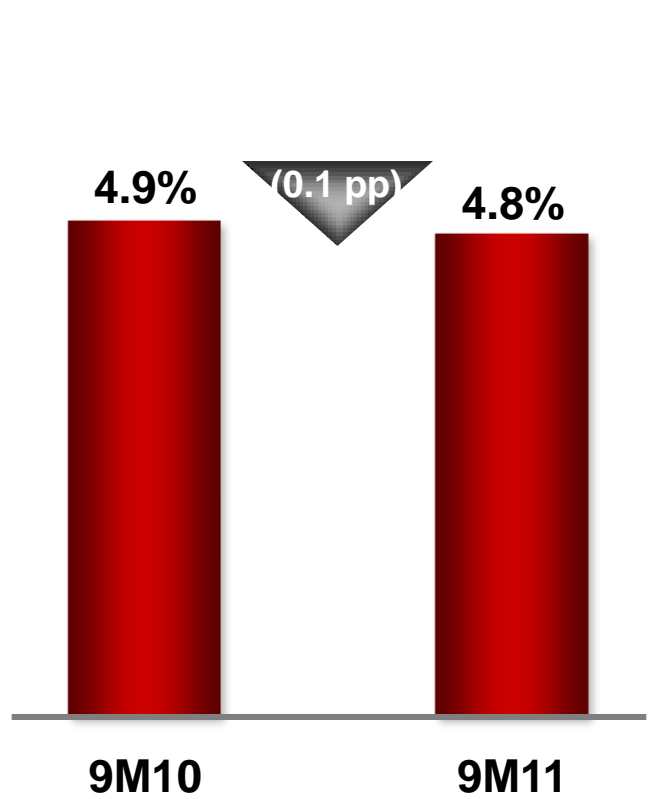
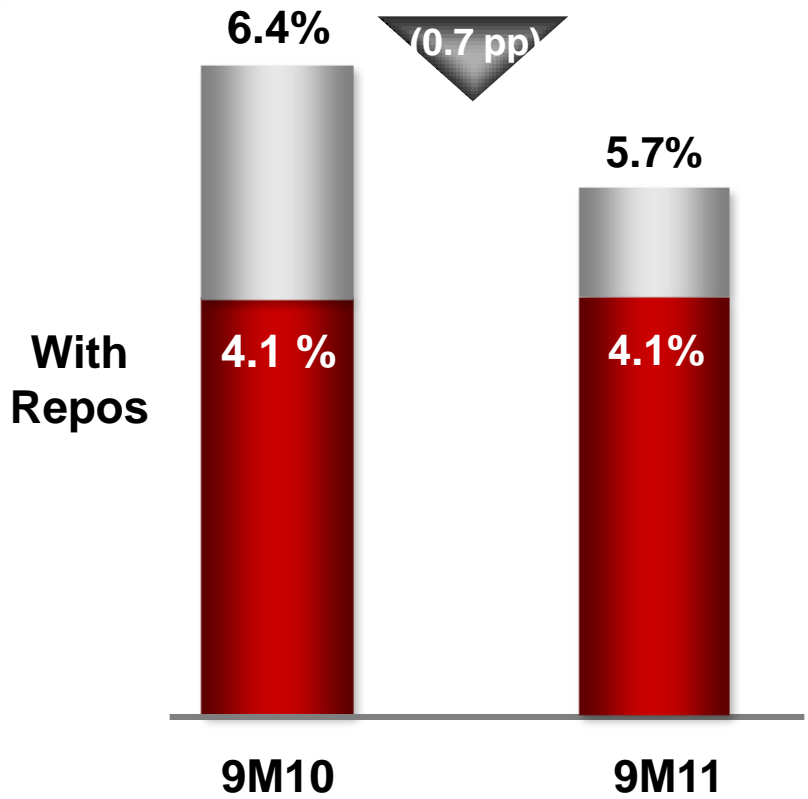


*Net Income without restructuring charges was Ps 2.2 in 3Q11 and Ps 6.3 for 9M11.

Net Interest Margin

Average
NIM

Average
TIIE

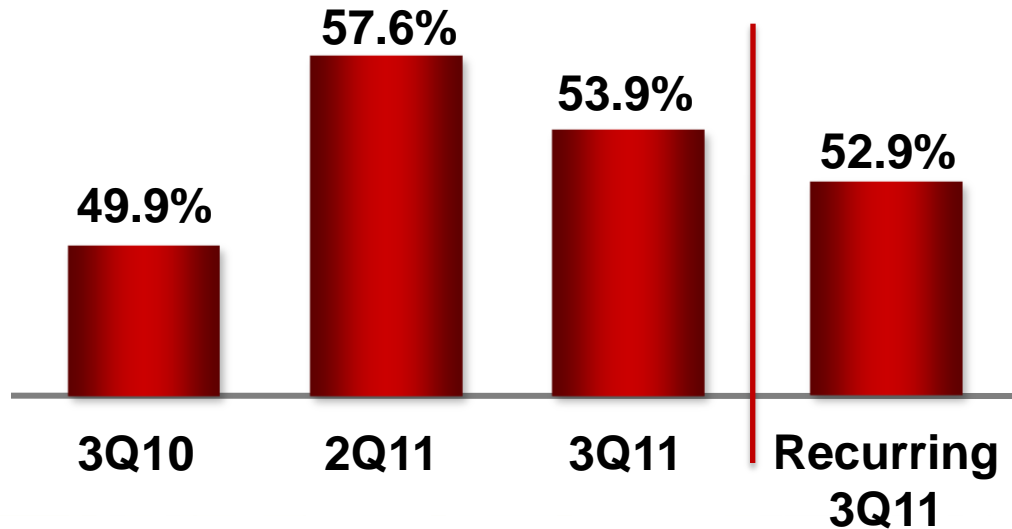


Non Interest Expense

Billion Pesos

	3Q10	2Q11	3Q11	QoQ	YoY
Non Interest Expense	4.3	6.0	5.8	(3%)	35%
Recurring Non Interest Expense	4.3	5.7	5.7	(0.5%)	33%

EFFICIENCY RATIO



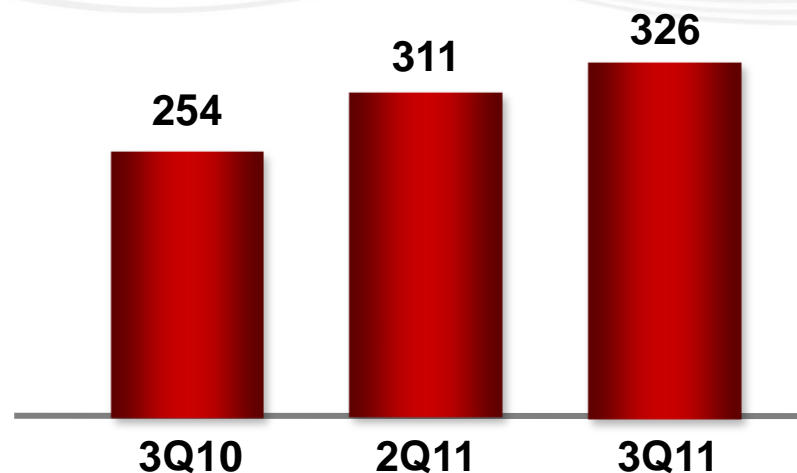
Deposits

Billion Pesos

Deposits	3Q09		3Q10		3Q11
Demand	122	▲ 9%	134	▲ 28%	171
Time	84	▲ 6%	89	▲ 30%	115
Core Deposits	206	▲ 8%	223	▲ 29%	286 → w/out lxe: +13%
Mix					
Demand	59%		60%		60%
Time	41%		40%		40%
	100%		100%		100%

Performing Loan Portfolio

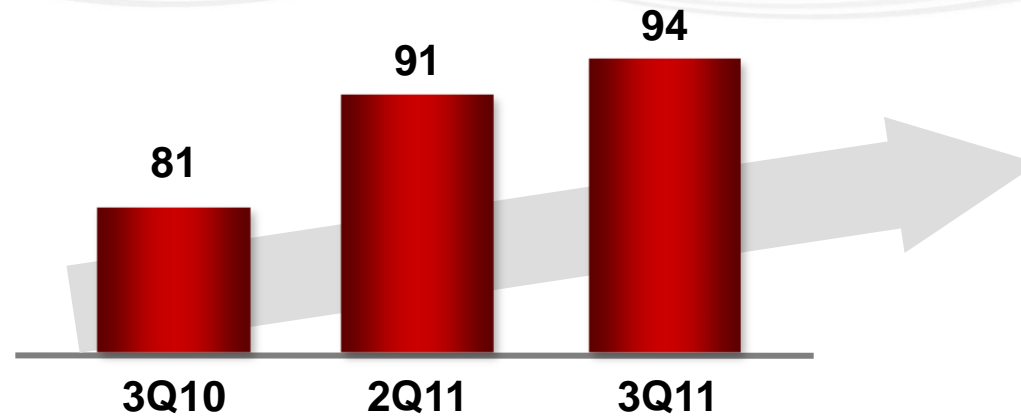
Billion Pesos



	3Q10	2Q11	3Q11	Change		W/out Ixe	
				QoQ	YoY	QoQ	YoY
Consumer	81	91	94	4 %	16%	4%	14%
Commercial	85	114	115	1%	35%	1%	7%
Corporate	44	51	54	4%	23%	2%	14%
Government	44	55	63	14%	42%	14%	34%
Total	254	311	326	5 %	28%	5%	15%

Performing Consumer Loan Portfolio

Billion Pesos



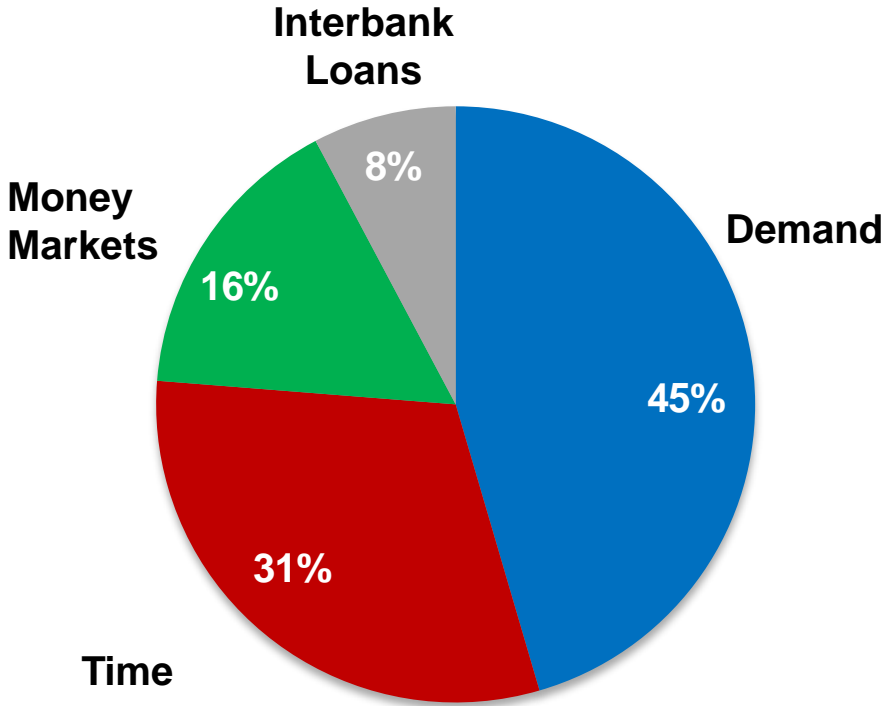
	3Q10	2Q11	3Q11	Change QoQ	YoY
Mortgage	54	60	62	3%	15%
Card	8	9	9	3%	14%
Credit Card*	11	11	11	2%	(1%)
Payroll	8	11	12	11%	52%
Consumer	81	91	94	4%	16%

* Excludes the SOFOM's portfolio

Funding and Loan Portfolio Structure

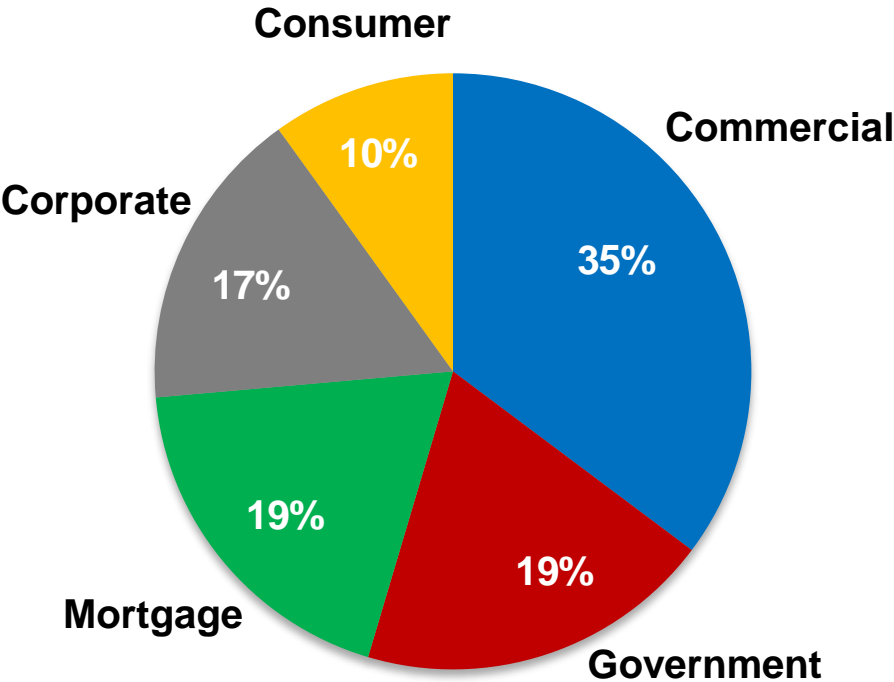
FUNDING

\$377 Billion Pesos



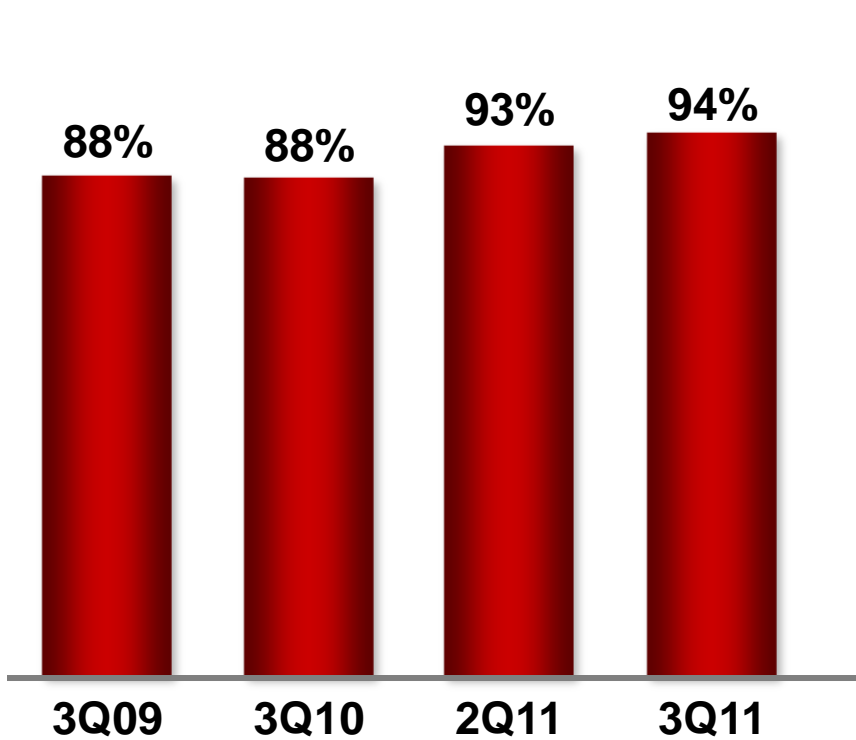
LOAN PORTFOLIO

\$ 334 Billion Pesos

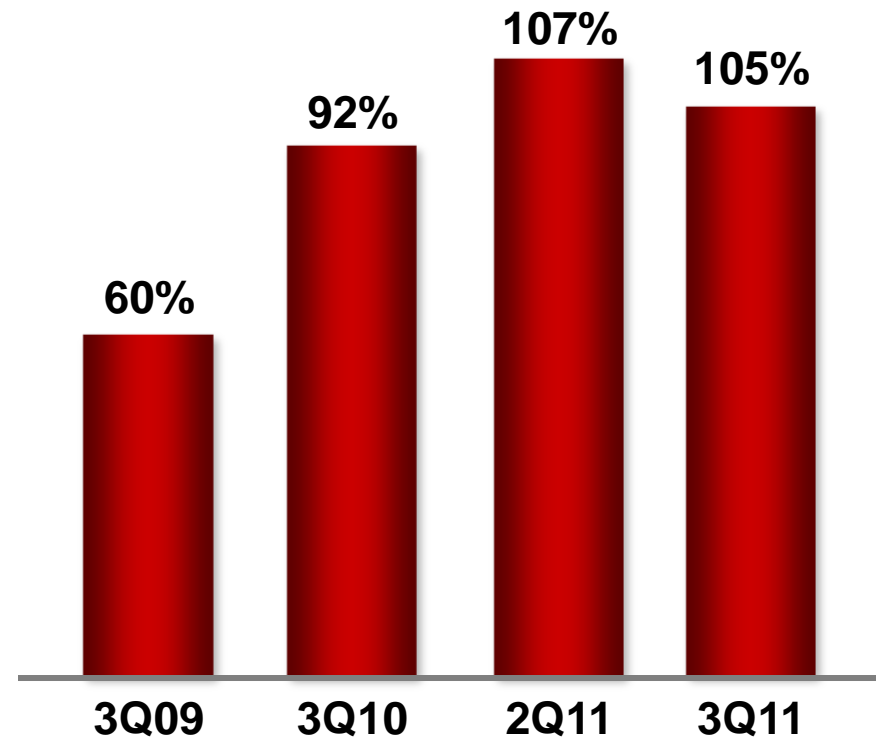


Funding and Liquidity

**TOTAL LOANS / TOTAL DEPOSITS
(%)**



**LIQUIDITY
(%)**

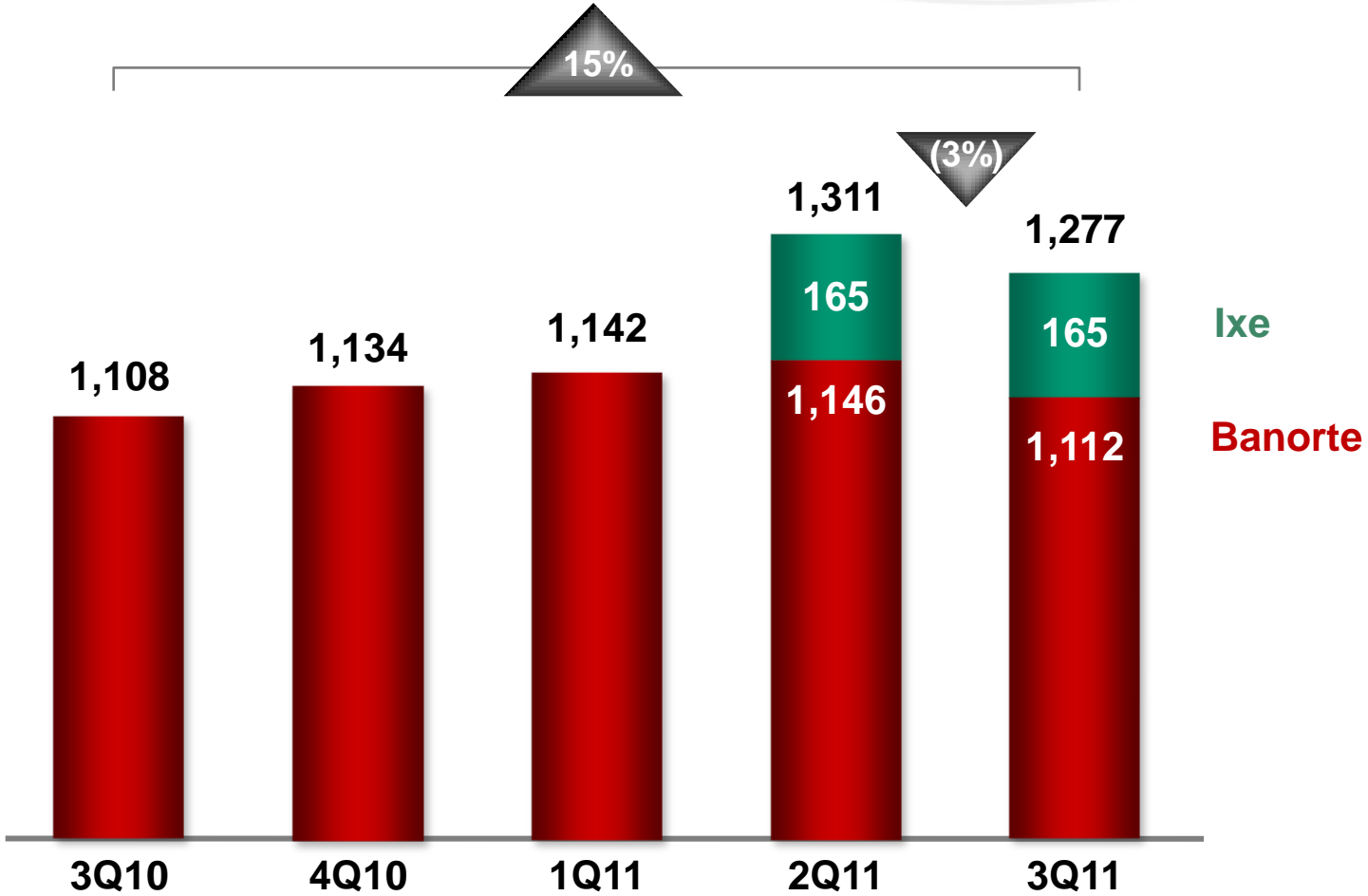




New Distribution Network

Distribution Network

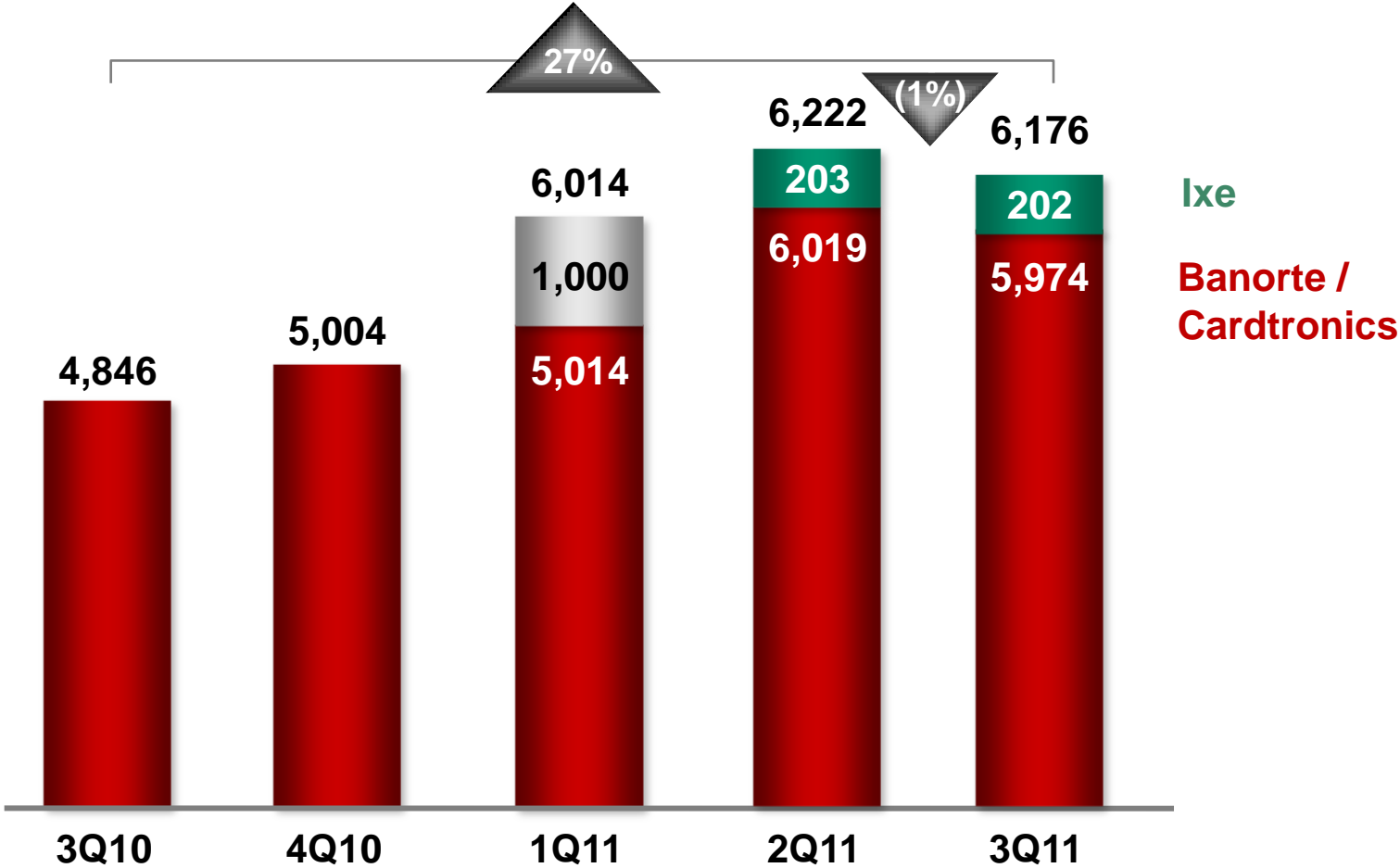
Branches



As part of the institutional efficiency strategy, 42 branches were merged during the quarter, but 8 new branches were opened.

Distribution Network

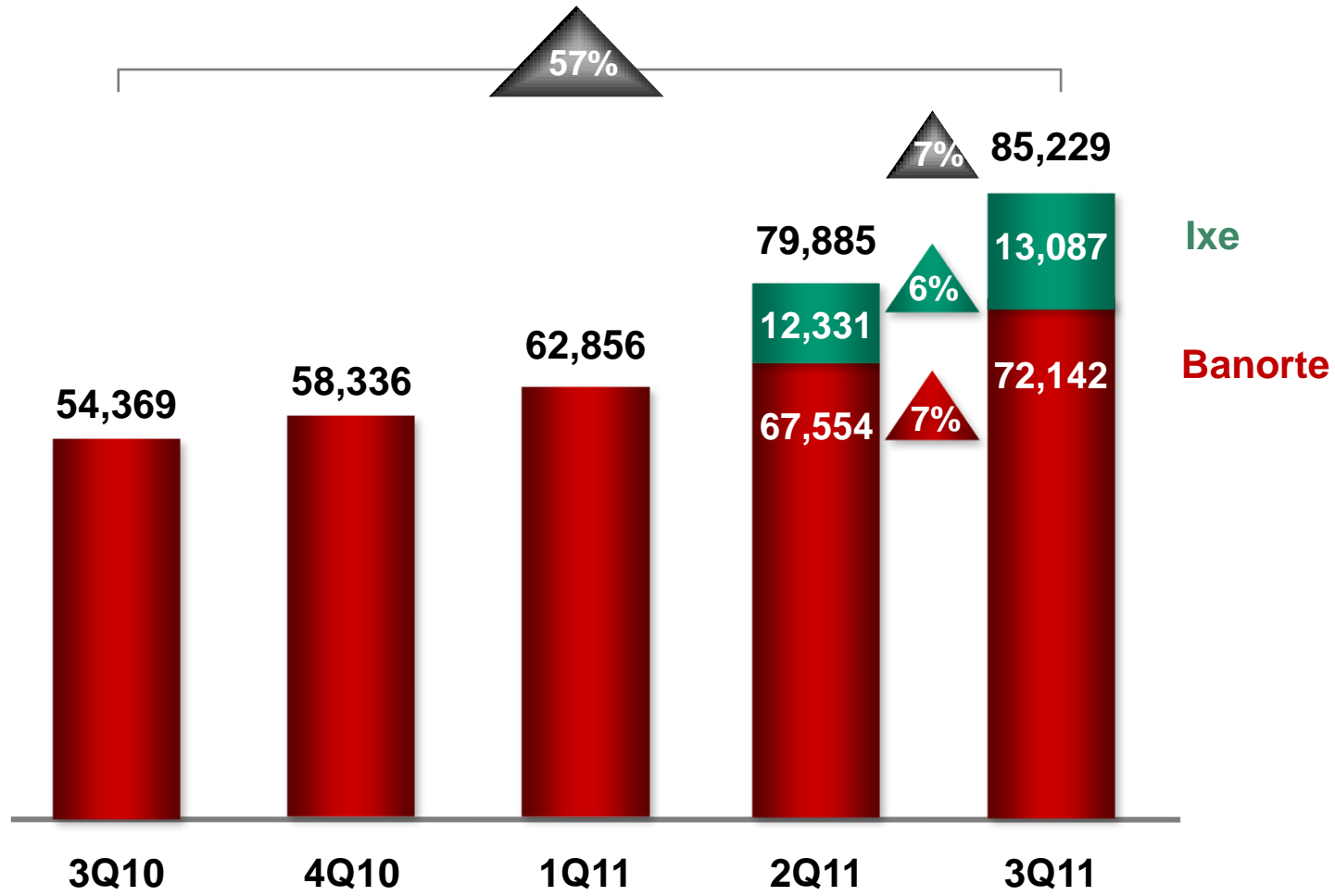
Automated Teller Machines (ATM's)



● The decrease of 46 ATMs during the quarter is mainly due to the merger of 42 branches. In spite of this, Banorte's market share increased to 17% in 3Q11, becoming the second largest network.

Distribution Network

Point of Sale Terminals (POS's)



● Billing grows 28% YoY vs. 22% for the market.

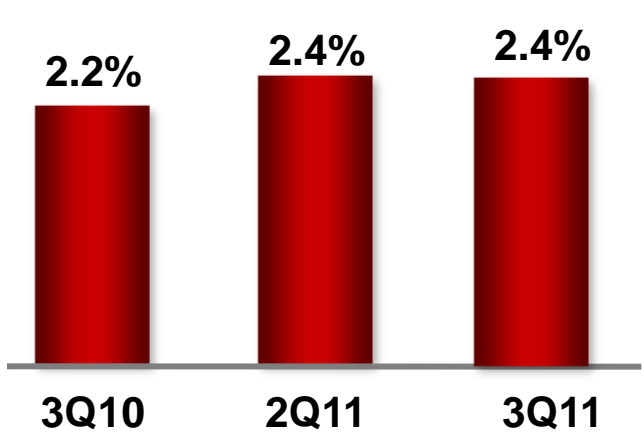
Asset Quality and Capitalization

Asset Quality

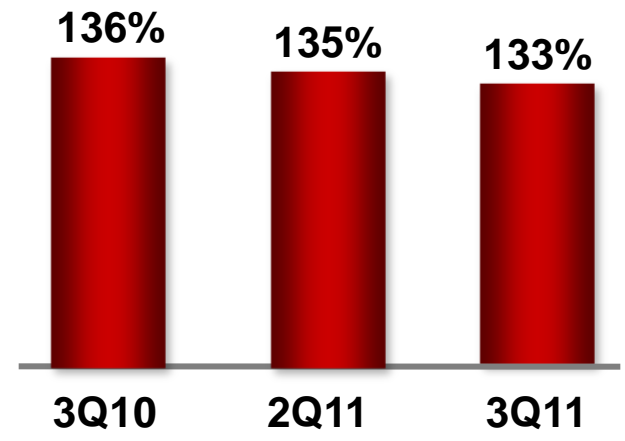
Billion Pesos

	3Q10	2Q11	3Q11
Total Loan Portfolio	259	319	334
Past Due Loans	5.6	7.5	7.9
Loan Loss Reserves	7.6	10.1	10.5

PAST DUE LOAN RATIO



RESERVE COVERAGE RATIO



Past Due Loan Ratio

	3Q10	4Q10	1Q11	2Q11	3Q11	
Credit Cards	9.3%	8.5%	9.1%	9.4%	8.2%	↓
Payroll	1.9%	1.8%	1.5%	1.8%	1.8%	▬
Car Loans	1.4%	1.0%	0.8%	1.0%	1.2%	↑
Mortgage	1.9%	1.7%	1.2%	1.4%	1.7%	↑
Commercial	4.1%	3.9%	4.1%	4.0%	3.7%	↓
Corporate	0.1%	2.5%	2.4%	2.4%	2.2%	↓
Government	0%	0%	0%	0%	0.8%	↑
GFNorte's NPL Ratios	2.2%	2.5%	2.3%	2.4%	2.4%	

*Includes Ixe since 2Q11.

Capitalization

	3Q10	4Q10	1Q11	2Q11	3Q11
Tier 1	12.1%	12.1%	12.2%	11.9%	11.7%
Tier 2	4.5%	4.0%	3.9%	3.6%	3.9%
TOTAL	16.6%	16.1%	16.1%	15.5%	15.6%
% Tier 1	73%	75%	76%	77%	75%

Ratings

Rating Agency	Rating	Outlook	Date
Standard & Poor's	BBB-	Stable	Oct-11
Fitch	BBB	Stable	Apr-11
Moody's	Baa1	Stable	Aug-10

Subsidiaries

Subsidiaries Net Income

Million Pesos

	3Q10	2Q11	3Q11	Change	
				QoQ	YoY
Banking Sector	1,387	1,654	1,706	3%	23%
Broker Dealer	66	95	81	(15%)	22%
Long Term Savings	131	124	141	14%	7%
Other Finance Companies	152	198	196	(1%)	30%
Oher Companies Ixe	-	(16)	8	(146%)	-
GF Banorte (Holding)	(26)	(6)	9	(251%)	(137%)
Total	1,711	2,048	2,142	5%	25%

Net Income in Million Pesos *

	9M10		9M11
Total	534	▲ 14%	610

AUM BILLION PESOS

	3Q10	3Q11	YoY Change
Proprietary Assets	36.9	40.7	10%
Aquired Assets	29.1	28.0	(4%)
Investment Projects	4.3	6.5	52%
Managed Assets "Su Casita"	-	6.5	-
Ixe Assests	-	6.3	-
Total	70.3	88.1	25%

* Since May 2011, the business related to investment projects are managed by Wholesale Banking.

Long Term Savings

ASSETS UNDER MANAGEMENT Billion Pesos

	3Q10	2Q11	3Q11	Change YoY
AFORE	85.0	91.1	93.5	10%
Insurance	13.7	15.3	14.7	7%
Annuities	23.1	29.3	31.9	38%
Total	121.8	135.7	140.1	15%

Million Dollars

	9M10		9M11
Pre-Tax Net Income*	18.1		23.2
Provisions	19.8		14.6
Net Income	(0.8)		5.9
NIM	3.4%		3.2%
ROE	(0.3%)		2.0%
ROA	(0.1%)		0.4%
Efficiency	67.6%		61.5%
Total Deposits	1,702	▼ 0.1%	1,701
Performing Loans	915	▼ 17%	759
PDL Ratio USGAAP	8.2%		4.5%
Coverage Ratio USGAAP	35.1%		61.7%

*Income before Taxes and Provisions.

Capitalizacion Indicators

	3Q10	4Q10	1Q11	2Q11	3Q11
Leverage	9.4%	9.0%	8.4%	8.6%	9.3%
Capitalization Ratios					
Tier 1	17.0%	17.3%	18.6%	19.6%	21.0%
Tier 2	1.3%	1.3%	1.3%	1.3%	1.3%
Total	18.2%	18.6%	19.8%	20.9%	22.3%
% Tier 1	93.0%	93.2%	93.6%	93.9%	94.3%

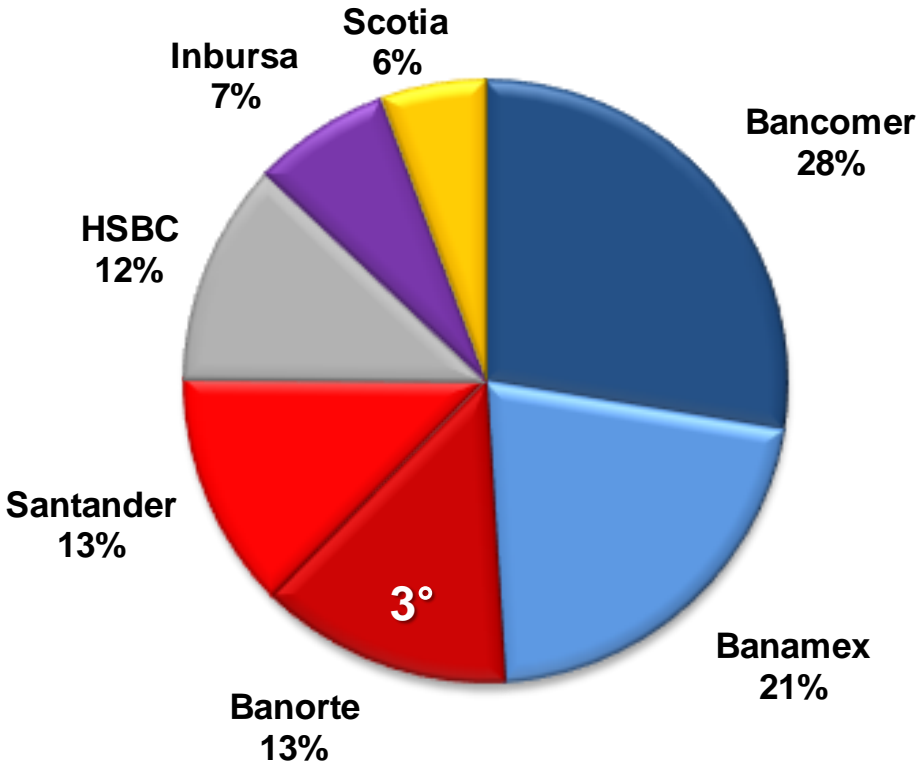


Industry Trends

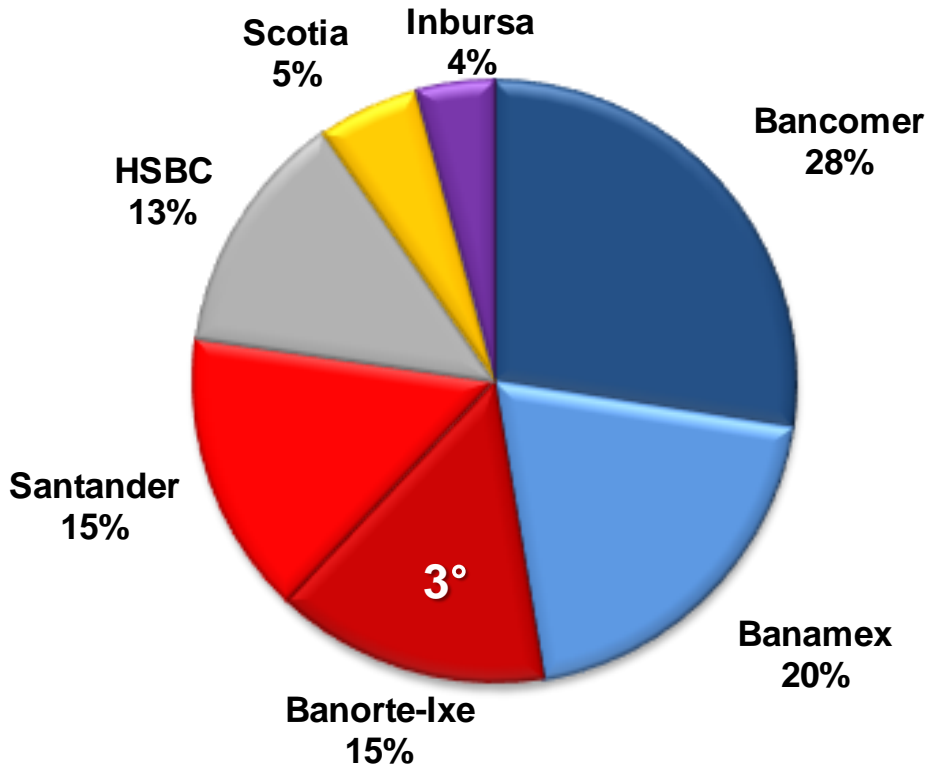
Market Share

DEPOSITS

August 2010



August 2011

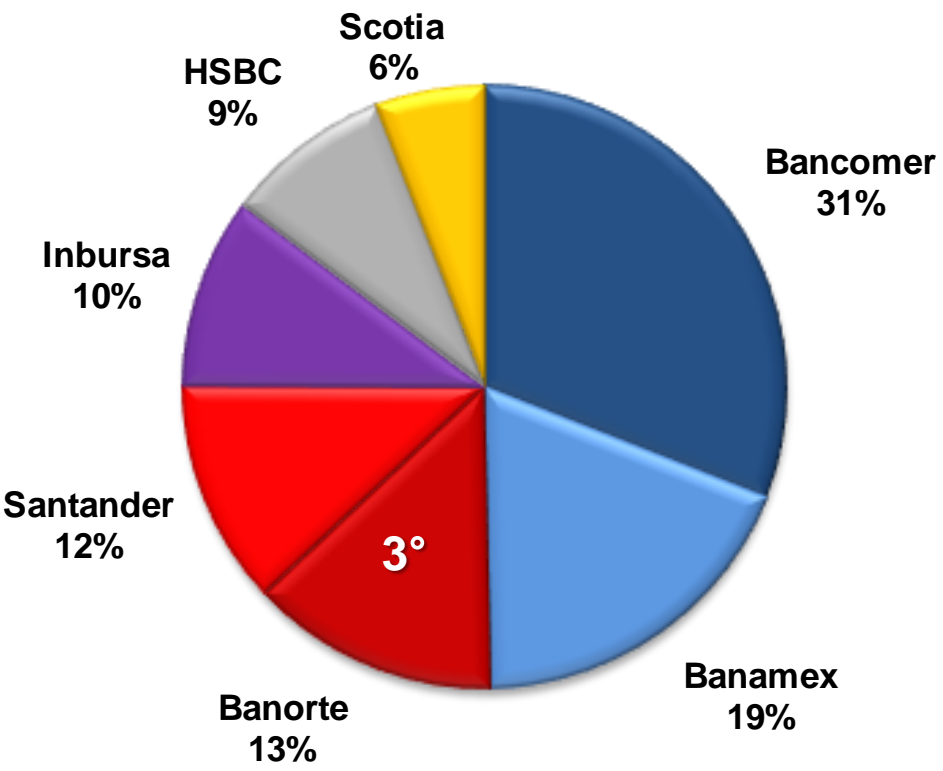


Source: CNBV. Percentages are calculated considering only the 7 largest banks.

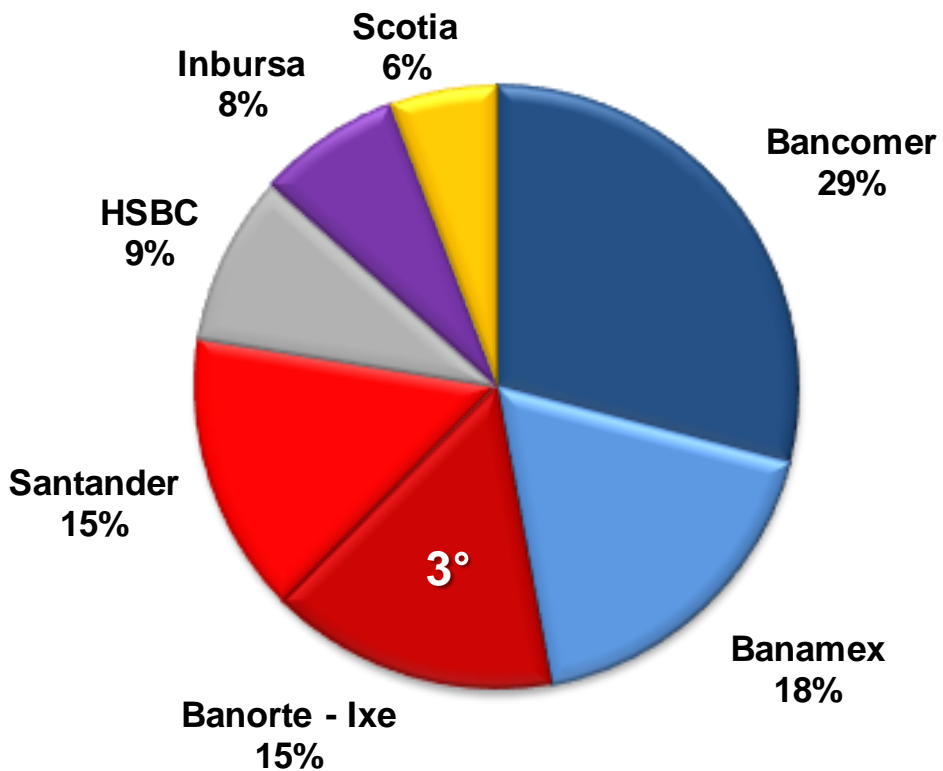
Market Share

LOANS

August 2010



August 2011



Source: CNBV. Percentages are calculated considering only the 7 largest banks.

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