

Financial Results

4Q11

January 2012

Summary of Results

Financial Highlights 4Q11

- For a tenth consecutive quarter, GFNORTE increased its profits, reaching Ps 2.51 billion, 43% higher compared to the same quarter of 2010 and 17% higher compared to 3Q11. During 2011, the Group's Net Income was Ps 8.52 billion, 27% higher than in 2010. Ixe and its subsidiaries contributed with Ps 420 million over the past 9 months. When excluding the restructuring expenses related to the merger with Ixe, recurring net income was Ps 2.54 billion in 4Q11 and Ps 8.82 billion in 2011, a 19% QoQ and 31% YoY increase.
- The return on equity (ROE) in 2011 was 14.1%, (1.4 pp) less compared to 2010, mainly as a result of the 53% increase in the shareholders' equity from the merger. The return on assets (ROA) for 2011 was 1.1%, remaining at the same level compared to 2010.
- During 2011 the Subsidiaries generated Net Income as follows: Long Term Savings Sector (Afore XXI Banorte, Insurance and Annuities companies) was Ps 573 million, 29%vs. 2010; Other Finance companies (Arrendadora and Factor Banorte, Warehousing, Ixe Automotriz and Fincasa Hipotecaria (Ixe's Mortgage and Home Developer Financing)), totaled Ps 708 million in 2011, 42% higher YoY. The Brokerage Sector, (Casa de Bolsa Banorte, Ixe Casa de Bolsa and Ixe Fondos), reported profits of Ps 418 million, 4% higher than in 2010; ; Ixe Servicios Ps 2 million and Ixe Soluciones a (Ps 64) million loss.

Financial Highlights 4Q11

- **Growth in loans and deposits during the quarter continue to show positive trends**
 - **At closing of 4Q11, Performing Loans grew by 33% YoY vs. 4Q10 and 7% QoQ, reaching Ps 350.23 billion. For the seventh consecutive quarter, the loan portfolio shows sustained growth in most of its segments as a result of the bank strategies to promote loan activity, the merger with Ixe and greater demand in the industry.**
 - **Deposits increased by 29% annually, driven mainly by the merger with Ixe. Demand deposits and Retail Time Deposits grew by 27% and 33%, respectively. Core Deposits increase from Ps 238.64 billion in 4Q10 to Ps 308.43 billion in 4Q11.**

Financial Highlights 4Q11

- During 4Q11, Net Interest Income grew by 23% YoY and 2% QoQ to Ps 7.37 billion, driven mainly by greater loan volumes, a stable funding cost, as well as the extraordinary impact of consolidating the results of the Insurance and Annuities' companies and Ixe Grupo Financiero's.
- On a quarterly basis, provisions were Ps 1.13 billion, a reduction of (40%) QoQ compared to 4Q10 as a result of reduced requirements in the Corporate portfolio and fewer provisions for Credit Cards. The (31%) quarterly reduction vs. 3Q11 was due to the reversion of provisions created during 3Q11 for the Government portfolio and reductions in provisions in most items of the Consumer, Commercial and Business' portfolios due to an improvement in the quality of these items.
- Non Interest Income was Ps 4.61 billion, increasing by 39% YoY vs. 4Q10 mainly driven by an increase in trading revenues, more Service fees due to greater volumes in the fiduciary business, credit card and wholesale banking, as well as the impact of the merger with Ixe. Non Interest Income grew by 29% QoQ vs. 3Q11 due to growth in all items.

Financial Highlights 4Q11

- In 4Q11, Non Interest Expense totaled Ps 7.0 billion, increasing by 45% YoY vs. 4Q10 as a result of the merger with Ixe, restructuring expenses related to the merger, as well as growth in the business and support areas. Non Interest Expense grows by 20% QoQ vs. 3Q11, mainly due to fully provisioning bonuses corresponding to 2011 for executives and employees, higher administrative expenses related to ATM operations and cash transfers, as well as greater Professional Fees Paid for business and legal advisory, and to insurance payments linked to Consumer loan sales. The Efficiency Ratio was 58% in 4Q11 and 56% in 2011.
- On an annual basis, expenses related to the merger with Ixe totaled Ps 512 million; when excluding these restructuring costs and the impact of integrating Ixe's Non Interest Expense, the increase in Banorte's expenses would be 10% YoY. When excluding these non-recurring expenses, the Efficiency Ratio in 2011 would be 51.4%

Financial Highlights 4Q11

- **The bank's fundamentals remain solid.**
 - **Regulatory capital was 12.9% at the end of 4Q11, mainly due to the prepayment of subordinated debt and the acquisition of Afore XXI.**
 - **The NPL Ratio was 1.9%, at the end of 4Q11, one of the lowest in the financial system.**
 - **The reserve coverage was 143.1% at closing of 4Q11, 19.4 pp higher than in 3Q11.**
 - **The bank has a very solid liquidity ratio of 102% during 4Q11, higher compared to the level of 84% in 4Q10.**

Quarterly Summary

MILLION PESOS

	4Q10	3Q11	4Q11	Change	
				QoQ	YoY
Revenues	9,297	10,795	11,978	11%	29%
Credit Costs	1,876	1,650	1,133	(31%)	(40%)
Expenses	4,815	5,814	6,999	20%	45%
Reported Net Income	1,758	2,142	2,513	17%	43%
Reported EPS ⁽¹⁾	0.87	0.92	1.08	17%	24%
Book Value per Share ⁽¹⁾	22.85	29.61	30.45	3%	33%
ROE	15.6%	12.6%	14.4%	1.7 pp	(1.2 pp)
ROA	1.2%	1.1%	1.2%	0.1 pp	0.0pp
P/BV ⁽²⁾	2.58	1.39	1.39	(0%)	(46%)

(1) Pesos

(2) Times

Material Events

- During the quarter, the necessary authorizations were obtained and shares were exchanged in order to complete the merger process between Afore Banorte and Afore XXI. As a result, Afore XXI Banorte was created, the largest in the financial system in terms of number of accounts and one of the largest in terms of managed funds. This merger will provide significant synergies and benefits to customers from both institutions.
- During the quarter, Banorte and Ixe's Mutual Fund Operators and Broker Dealers were merged. Casa de Bolsa Banorte Ixe was created through this merger, ranking as the fourth largest in Mexico, with Assets under Management of over Ps. \$ 450 billion and with over 32,000 customers, and as result, Ixe Fondos currently manages 43 funds with assets of approximately \$83 billion pesos.
- As part of the integration strategy of the credit card business, on January 1st 2012, Banorte acquired the 50% stake of Ixe Tarjetas owned by JP Morgan Chase. Ixe Tarjetas was an associated company of Ixe banco (bank), a product of a joint investment with JP Morgan Chase.
- On January 19th, Latin Finance magazine recognized the merger between Banorte and Ixe with the "Deals of The Year 2011" award as one of the best merger transactions.

Material Events

- Last November, the Institutional Investor magazine published the rankings of "Best Management Team in Latin America," a survey conducted by leading market analysts and institutional investors. Banorte's management team was ranked among the top three in Mexico and Latam.
- On December 8th, 2011, GFNORTE was included in the IPC Sustainability Index after reaching an adequate score regarding its adherence to sustainable policies and systems, coupled with its status as one of the most significant quoted stocks in the BMV, presenting high liquidity and trading levels. Additionally, the BMV recognized GFNORTE with the seal of a Sustainable Company. Being included in sustainable indexes reflects the social responsibility culture that the Group has developed, based on four pillars: environmental protection, community support, ethics & quality of life and value chain. It also reflects the best corporate practices GFNORTE has adopted in recent years, which increases its visibility and coverage in the financial markets.
- On December 12th 2011 GFNorte and Assicurazioni Generali renewed the business agreement for the next 25 years, that contemplates the joint distribution in Mexico of life, home, car and health insurance, as well as annuities.

Material Events

- On December 1st, 2011 the rating agency Standard and Poor's ("S & P"), affirmed its rating for Banco Mercantil del Norte with a "Stable" outlook, and affirmed the BBB-/ A-3 global scale and the "BBB-" rating for its senior debt. It ratified Ixe Banco (bank) with a "Stable" outlook, and affirmed the ratings 'BBB-/ A-3" global scale counterparty risk and certificates of deposit. On the other hand, the long-term rating for Ixe Casa de Bolsa (broker dealer) was increased to "mxAA +" and ratified the short-term rating "mxA-1" with a "Stable" outlook. Ixe Automotriz (car leasing company) was upgraded to "mxA +" in the national long-term scale and short-term "mxA-1" with a "Stable" outlook. Finally, S&P upgraded the ratings for Fincasa Hipotecaria (mortgage and home developer financing unit) to "mxA +" national long-term scale and short-term "mxA-1" with a "Stable" outlook.
- In November 2011, Moody's affirmed its rating for Banco Mercantil del Norte with a "Stable" outlook, and the ratings "Baa1-/ A-3" in the national scale. Also, it ratified the local ratings of "Aaa.mx" and "Mx-1" for Casa de Bolsa Banorte (broker dealer) and Arrendadora y Factor (leasing and factoring), respectively.
- In January 2012, the rating agency Fitch upgraded the domestic ratings for Seguros Banorte Generali to "AA +" (mex) from "AA" (mex) with a "Stable" outlook.



Financial Performance

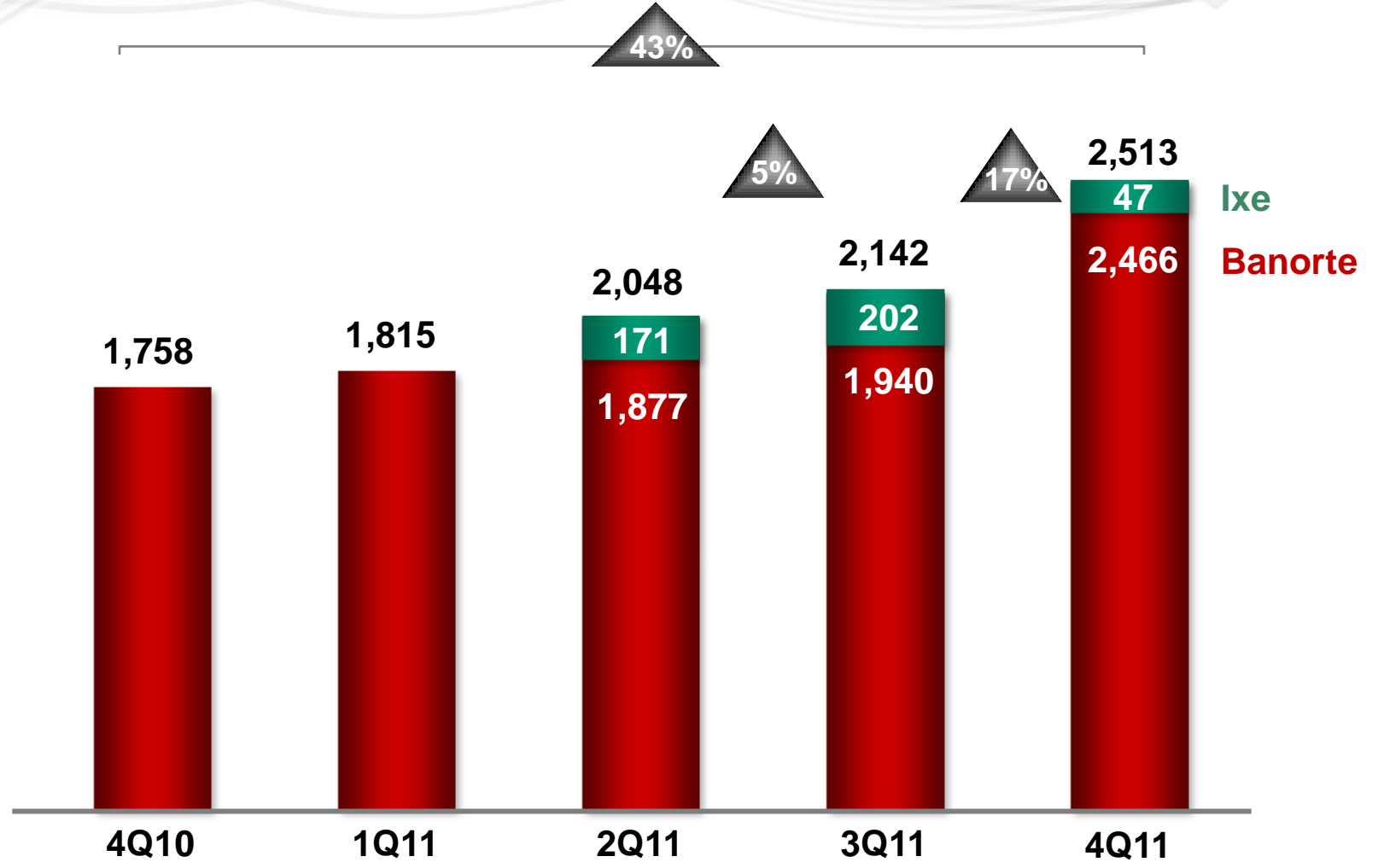
Income Statement

Million Pesos

	4Q10	3Q11	4Q11	Change	
				QoQ	YoY
Net Interest Income	5,976	7,232	7,364	2%	23%
Non Interest Income	3,321	3,564	4,614	29%	39%
<i>Service Fees</i>	1,824	1,796	2,053	14%	13%
<i>Recoveries</i>	227	260	353	36%	56%
<i>FX & Trading</i>	193	859	1,184	38%	512%
<i>Other Income (expenses)</i>	1,076	649	1,025	58%	(5%)
Total Income	9,297	10,795	11,978	11%	29%
Non Interest Expense	(4,815)	(5,814)	(6,999)	20%	45%
Net Operating Income	4,482	4,981	4,979	0%	11%
Provisions	(1,876)	(1,650)	(1,133)	(31%)	(40%)
Income Tax	(720)	(888)	(1,007)	13%	40%
Subs & Minority Interest	(128)	(302)	(326)	8%	155%
Net Income	1,758	2,142	2,513	17%	43%

Quarterly Net Income

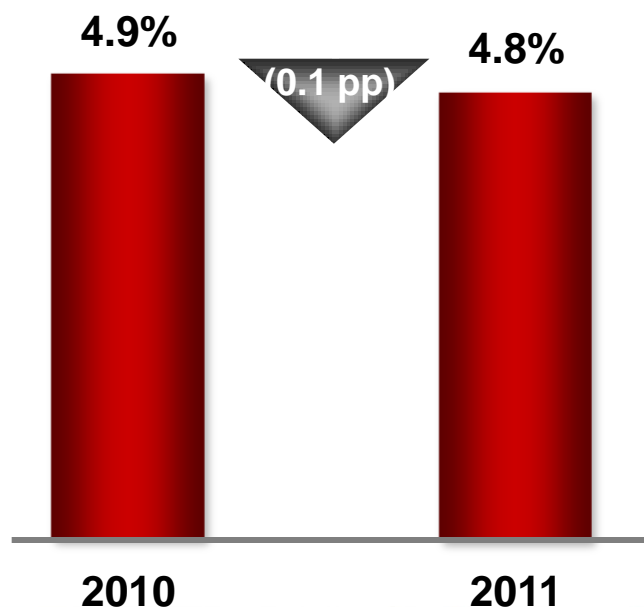
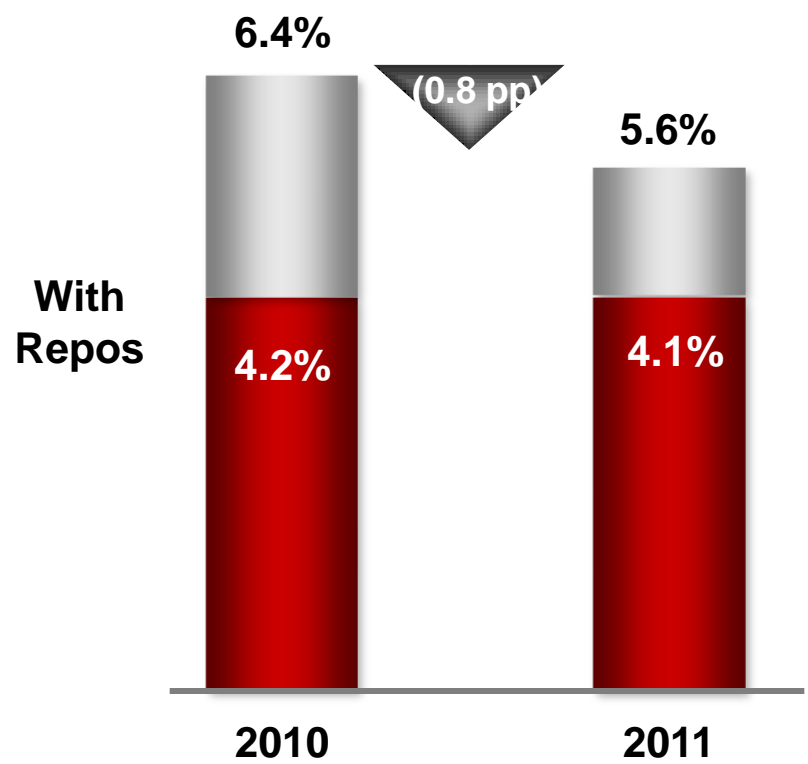
Million Pesos



Net Interest Margin

Average NIM

Average TIIE

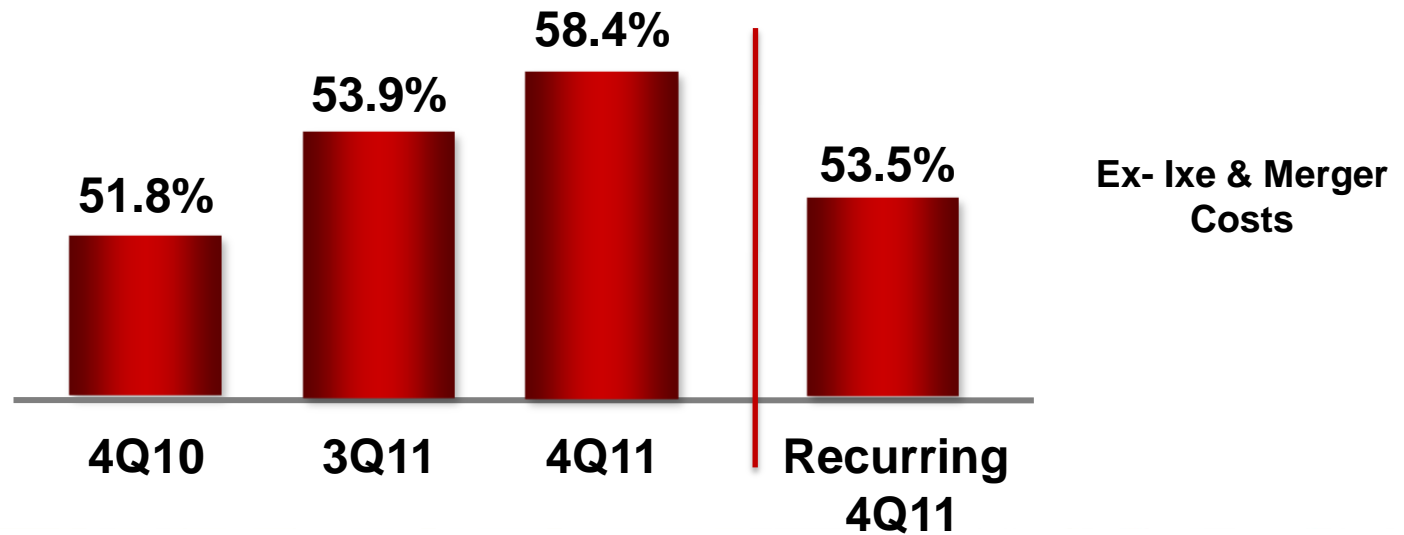


Non Interest Expense

Billion Pesos

	4Q10	3Q11	4Q11	QoQ	YoY
Non Interest Expense	4.8	5.8	7.0	▲ 20%	▲ 45%
Recurring Non Interest Expense	4.8	4.7	5.6	▲ 17%	▲ 16%

EFFICIENCY RATIO



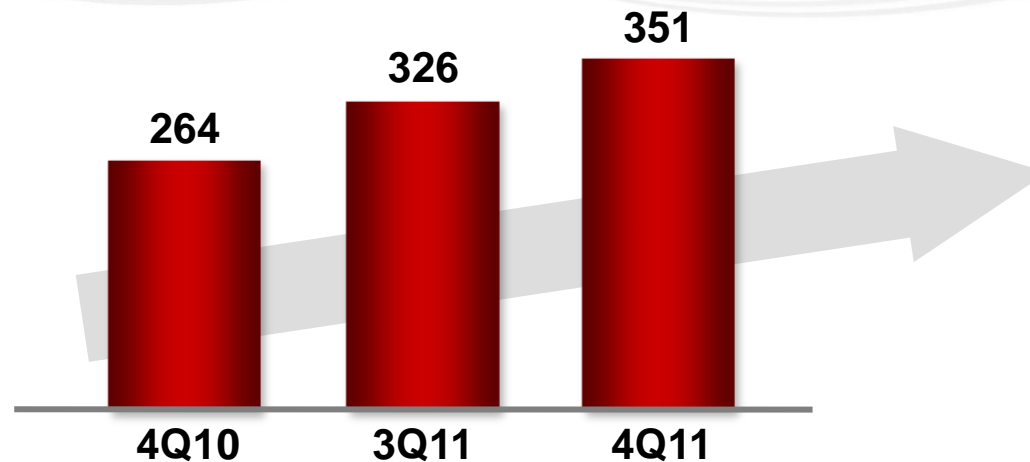
Deposits

Billion Pesos

Deposits	4Q09		4Q10		4Q11
Demand	138	▲ 9%	150	▲ 27%	190
Time	85	▲ 5%	89	▲ 33%	118
Core Deposits	222	▲ 7%	239	▲ 29%	308 → w/out lxe: +14%
Mix					
Demand	62%		63%		62%
Time	38%		37%		38%
	100%		100%		100%

Performing Loan Portfolio

Billion Pesos

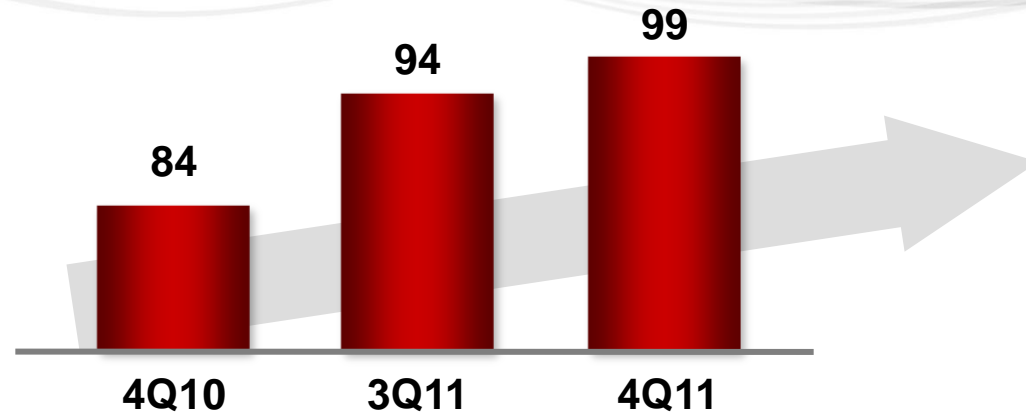


	4Q10	3Q11	4Q11	Change	
				QoQ	YoY
Consumer	84	94	99	4%	18%
Commercial	88	115	122	6%	38%
Corporate	44	54	59	10%	34%
Government	48	63	71	13%	50%
Total	264	326	351	7%	33%

→ w/out Ixe: +20%

Performing Consumer Loan Portfolio

Billion Pesos



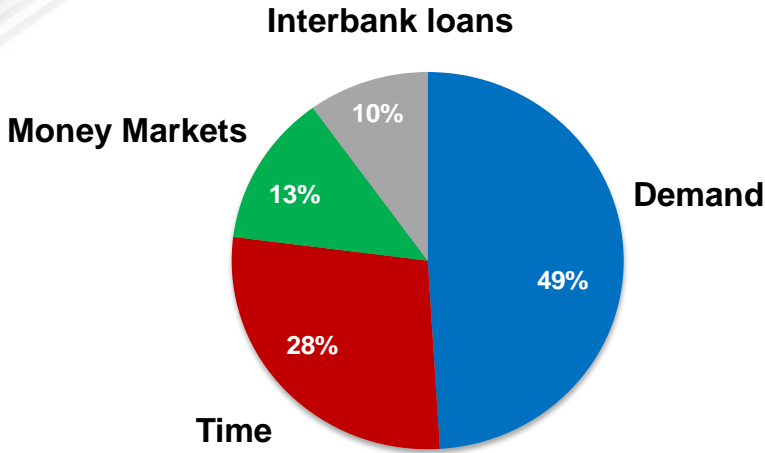
	4Q10	3Q11	4Q11	Change	
				QoQ	YoY
Mortgage	56	62	64	4%	15%
Card	8	9	9	3%	14%
Credit Card*	11	11	11	3%	3%
Payroll	9	12	13	10%	59%
Consumer	84	94	99	4%	18%

* Excludes the SOFOM's portfolio

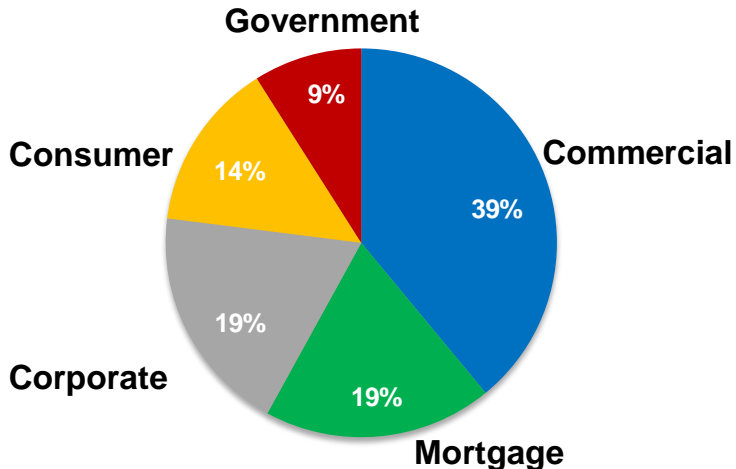
Funding and Loan Portfolio Structure

2007

Funding: \$226 Billion pesos

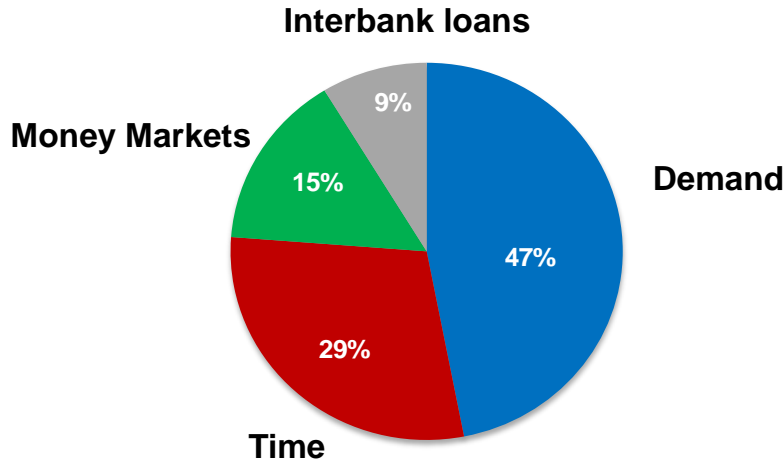


Loan Portfolio: \$ 194 Billion pesos

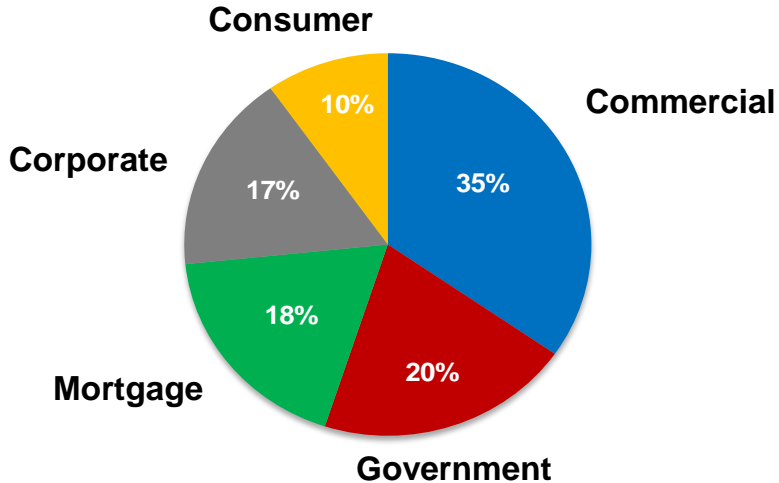


2011

Funding: \$405 Billion pesos

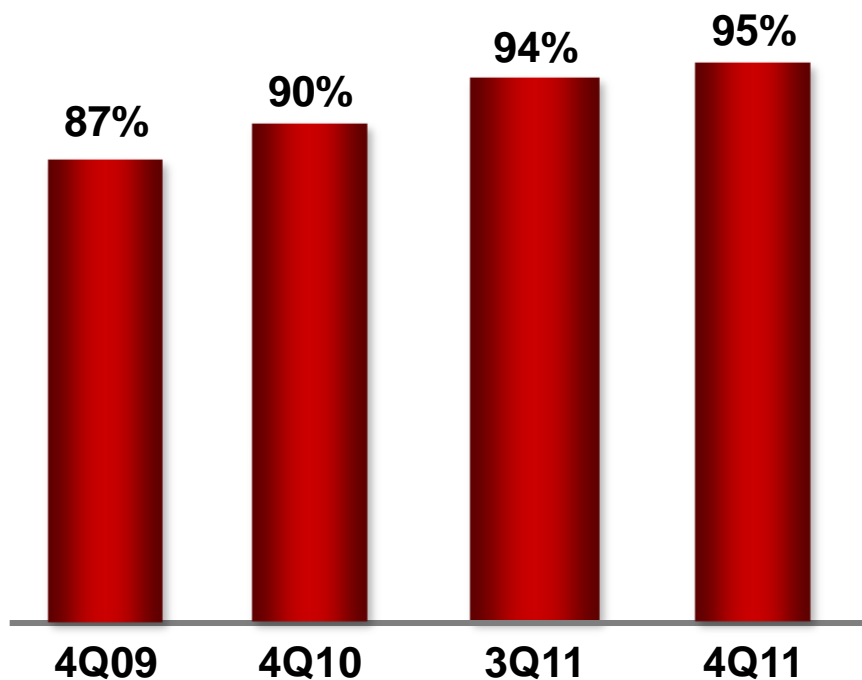


Loan Portfolio: \$ 358 Billion pesos

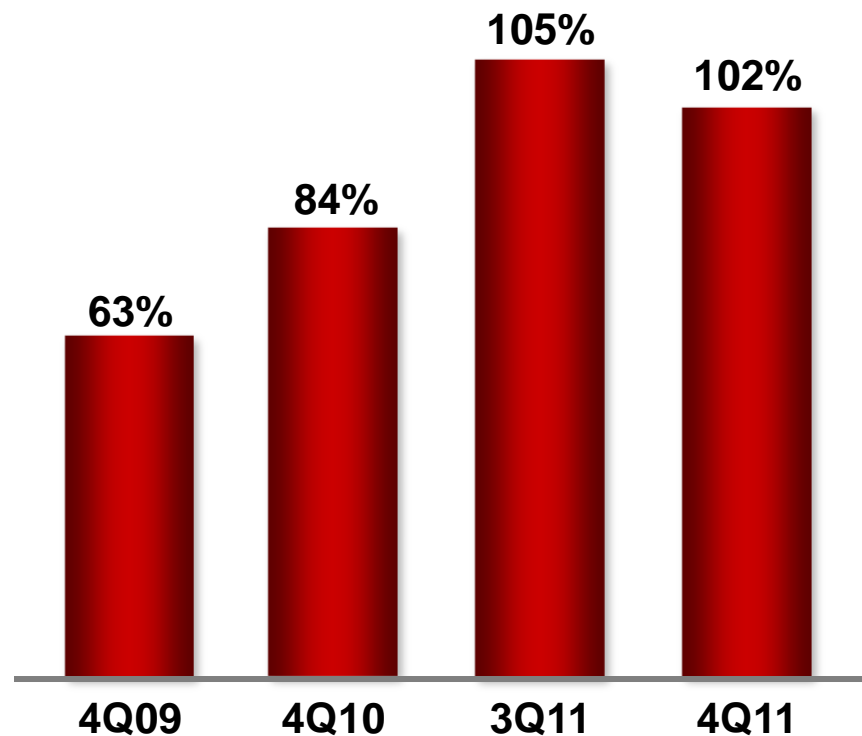


Funding and Liquidity

Total Loans / Total Deposits (%)

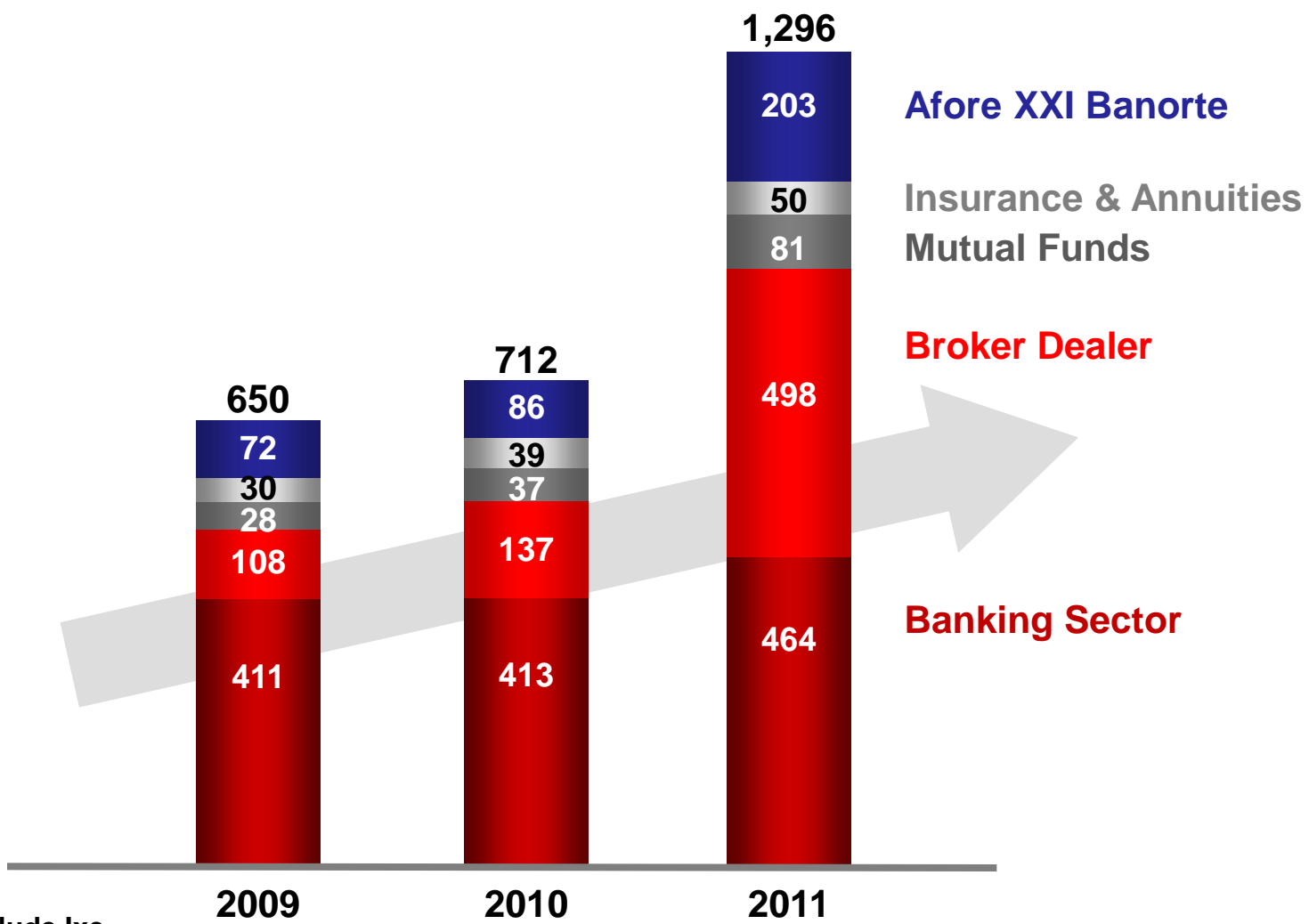


Liquidity (%)



Assets under Management

Billion Pesos



*Figures as of 4Q11 include Ixe.

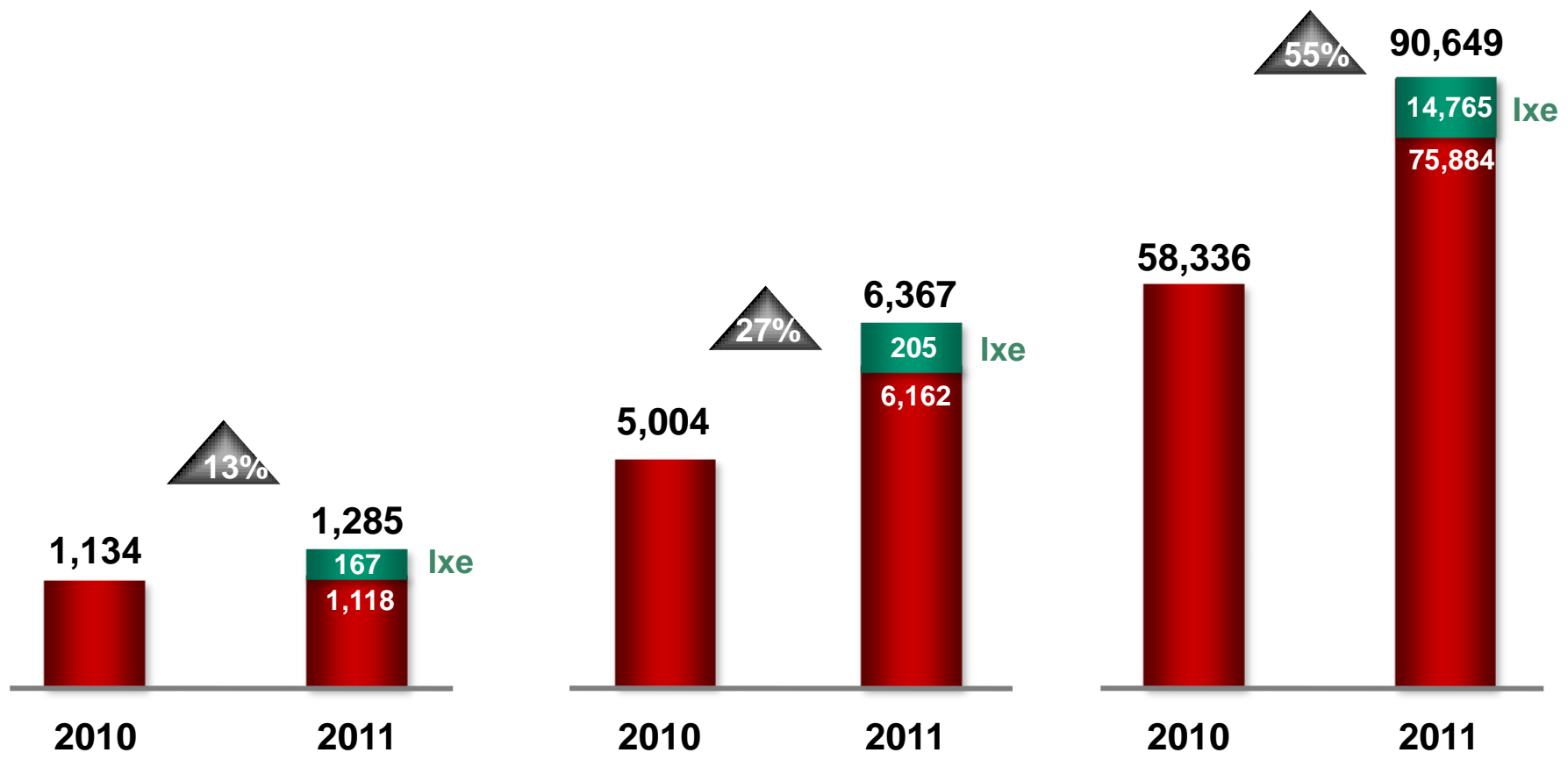
Distribution Network

Distribution Network

Branches

ATM's

POS's





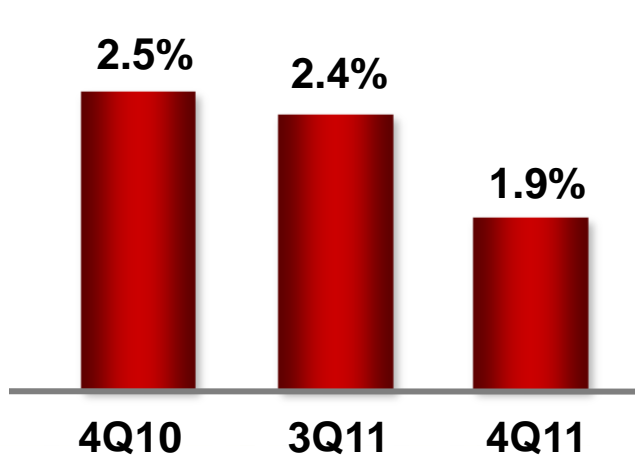
Asset Quality and Capitalization

Asset Quality

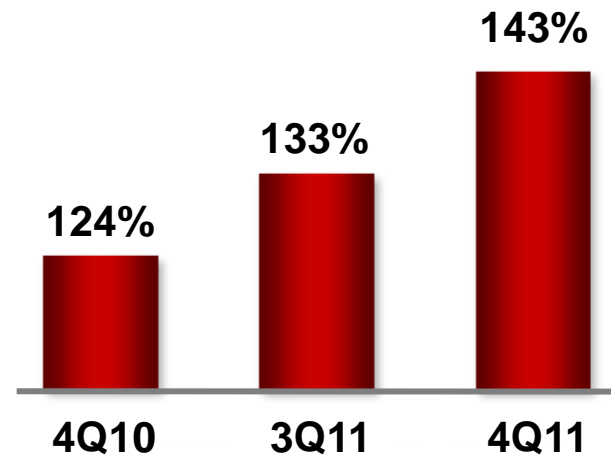
Billion Pesos

	4Q10	3Q11	4Q11
Total Loan Portfolio	270	334	358
Past Due Loans	6.7	7.9	6.9
Loan Loss Reserves	8.2	10.5	9.9

PAST DUE LOAN RATIO



RESERVE COVERAGE RATIO



Past Due Loan Ratio

	4Q10	1Q11	2Q11	3Q11	4Q11	
Credit Cards	8.5%	9.1%	9.4%	8.2%	7.3%	↓
Payroll	1.8%	1.5%	1.8%	1.8%	1.7%	↓
Car Loans	1.0%	0.8%	1.8%	1.8%	1.6%	↓
Mortgage	1.7%	1.2%	1.8%	2.0%	1.5%	↓
Commercial	3.4%	3.5%	3.1%	2.9%	2.7%	↓
Corporate	2.9%	2.8%	2.5%	2.3%	2.1%	↓
Government	0.0%	0.0%	0.0%	0.8%	0.0%	↓
GFNorte's Total	2.5%	2.3%	2.4%	2.4%	1.9%	

Capitalization

	4Q10	1Q11	2Q11	3Q11	4Q11
Tier 1	12.1%	12.2%	11.9%	11.7%	10.8%
Tier 2	4.0%	3.9%	3.6%	3.9%	2.1%
TOTAL	16.1%	16.1%	15.5%	15.6%	12.9%
% Tier 1	75%	76%	77%	75%	84%

Ratings

Rating Agency	Rating	Outlook	Date
Standard & Poor's	BBB-	Stable	Dec-11
Fitch	BBB	Stable	Apr-11
Moody's	Baa1	Stable	Nov-11

Subsidiaries

Subsidiaries Net Income

Billion Pesos

	4Q10	3Q11	4Q11	Change	
				QoQ	YoY
Banking Sector	1,329	1,706	1,725	1%	30%
Broker Dealer	184	81	145	80%	(21%)
Long Term Savings	103	141	180	28%	74%
Other Finance Companies	128	196	164	(17%)	28%
Oher Companies Ixe	-	8	(53)	763%	-
GF Banorte (Holding)	14	9	352	>100%	>100%
Total	1,758	2,142	2,513	17%	43%

Net Income in Million Pesos

	2010		2011
Total	692	▲ 26%	872

AUM BILLION PESOS

	2010	2011	YoY Change
Proprietary Assets	37.3	40.4	8%
Acquired Assets	28.3	27.6	(2%)
Investment Projects	5.0	7.2	43%
Managed Assets "Su Casita"	-	6.4	-
Ixe Assets	-	6.5	-
Total	70.7	88.1	25%

Inter National Bank

Million Dollars

	2010		2011
Pre-Tax Net Income*	15.1		28.0
Provisions	19.0		17.7
Net Income	(2.1)		7.1
NIM	3.2%		3.2%
ROE	(0.5%)		1.8%
ROA	(0.1%)		0.3%
Efficiency	78.4%		64.1%
Total Deposits	1,861	(12%)	1,646
Performing Loans	903	(17%)	753
PDL Ratio USGAAP	8.8%		3.8%
Coverage Ratio USGAAP	30.7%		71.2%
Classified Assets / Capital	90%		46%

* Net Income before taxes and provisions.

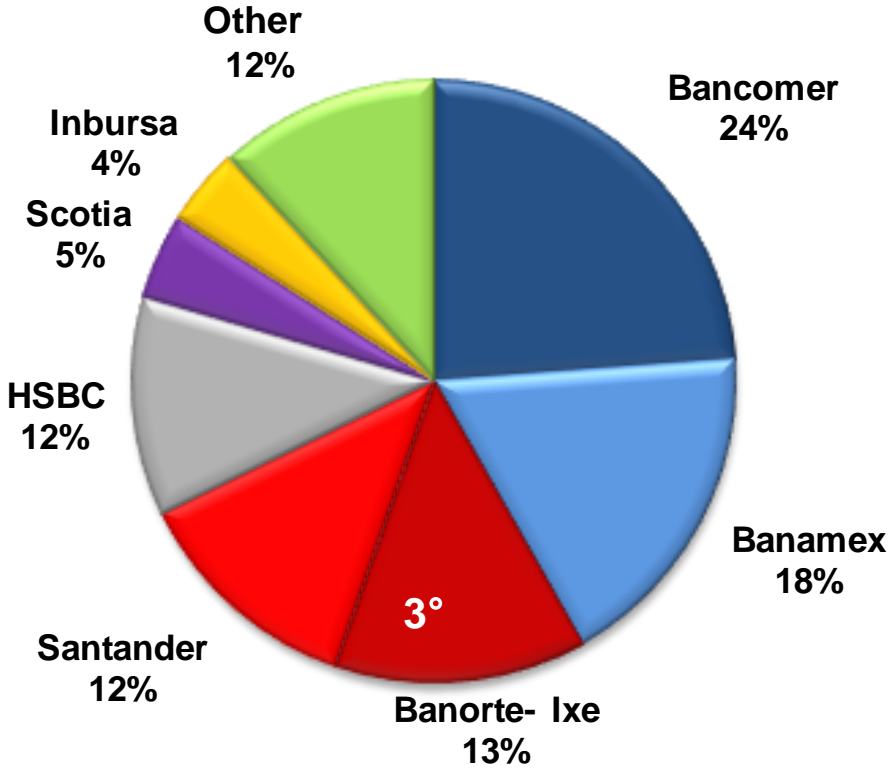


Industry Trends

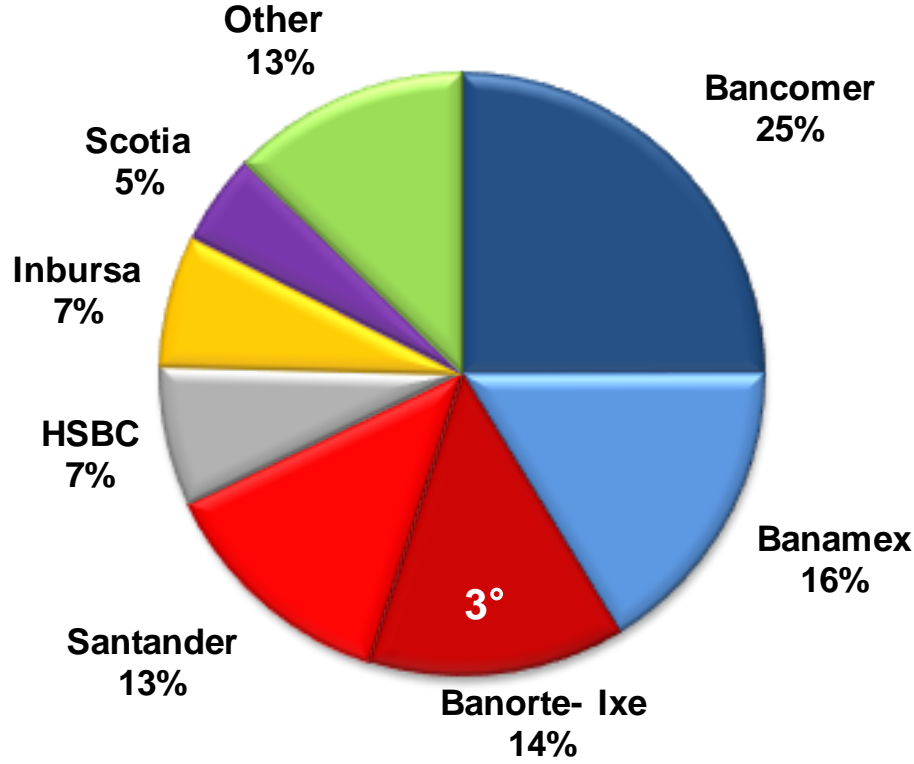
Market Share

November 2011

DEPOSITS



LOANS



Source: CNBV.

Market Share by Segment

	Consumer		C. Cards		Mortgage		Commercial		Government	
	Nov-10	Nov-11	Nov-10	Nov-11	Nov-10	Nov-11	Nov-10	Nov-11	Nov-10	Nov-11
Bancomer	26.2%	26.4%	34.2%	35.1%	39.6%	35.4%	21.5%	19.0%	27.0%	25.3%
Banamex	17.7%	20.3%	30.4%	30.8%	14.3%	14.5%	13.7%	14.6%	15.7%	11.4%
Banorte- Ixe	9.2%	9.0%	5.6%	6.4%	15.2%	15.5%	11.1%	13.5%	15.4%	20.5%
Santander	9.1%	8.7%	11.9%	12.3%	9.7%	15.4%	12.7%	14.0%	4.5%	9.9%
HSBC	5.9%	5.8%	8.3%	6.8%	5.5%	4.6%	9.6%	9.1%	8.8%	6.7%
Scotia	6.7%	4.9%	2.0%	1.8%	11.6%	10.9%	3.7%	4.0%	2.1%	3.2%
Inbursa	4.3%	3.6%	1.0%	0.8%	0.3%	0.3%	13.0%	12.2%	7.8%	3.7%
Other	21.0%	21.3%	6.7%	6.0%	3.7%	3.3%	14.7%	13.5%	18.7%	19.2%
Market Position	3°		5°		2°		4°		2°	

Source: CNBV.

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