

THE BANORTE – IXE MERGER PROVIDES RESULTS. GFNORTE'S NET INCOME INCREASE, GROWING BY 25% YoY.

- Grupo Financiero Banorte reported its operating results at closing of September 2011, which also integrate Ixe's subsidiaries.
- For the ninth consecutive quarter, GFNORTE has increased its profits, reaching Ps 2.14 billion an increase of 25% compared to 3Q10.
- Core deposits grew by 29% YoY, mainly driven by demand and retail time deposits, as well as the merger with Ixe.
- The loan portfolio increased by 28% annually, driven by the merger with Ixe. The most relevant growth rates were, 52% YoY in Payroll loans, 42% in Government loans, 35% in Commercial loans and 15% in Mortgage loans.
- Non Performing Loan ratio was 2.4% the same level compared to 2Q11, one of the lowest in the financial system.
- Reserve coverage was 136%, (3.5) pp lower than in 3Q10. Banorte's Capitalization Ratio (IC) at closing of 3Q11 was 15.6%, showing Banorte's financial strength.
- Strategic merger with Afore XXI & alliance with Banjército.
- Refinancing of some of GFNORTE's government exposures.
- Shareholders' Assembly approved changes to the Dividend Policy and the first payment of a cash dividend for Ps. 0.17.
- Banorte exercised the prepayment option of the Nonconvertible Subordinated Obligations expiring in 2016.

Mexico D.F. November 22nd, 2011. In relation to the material event published today regarding the re-classification of the financial information as of September 2011, Grupo Financiero Banorte (GFNORTE) reports its operating results at closing of September 2011. For the ninth consecutive quarter, GFNORTE has increased its profits, reaching Ps 2.14 billion, an increase of 25% compared to the same quarter of 2010 and 5% higher than in 2Q11. Ixe and its subsidiaries contributed with Ps 202 million, 9% of the Group's total profits. Banco Mercantil del Norte contributed with 73% of these profits, reaching Ps 1.56 billion, while Ixe Banco contributed with 7% reaching Ps 152 million. During 9M11, the Group's Net Income was Ps 6.0 billion, a 21% increase compared with the profits reported for 9M10. Ixe and its subsidiaries contributed with Ps 373 million over the past 6 months, generating 9% of the Group's total during the two quarters in which it has been part of Grupo Financiero Banorte.

There was a 57% increase in equity this year mainly due to the merger with Ixe, the return on equity (ROE) was 14.0%, while the return on assets (ROA) was 1.1%.

Deposits and Net Interest Income

Deposits grew by 29%, driven by growth in all items mainly as a consequence of the merger with Ixe. Demand deposits and Retail Time Deposits grew by 28% and 30%, respectively. Core deposits increase from Ps 222 billion in 3Q10 to Ps 286 billion in 3Q11.

During 3Q11, Net Interest Income totaled Ps 7.23 billion, a 28% YoY increase vs. 3Q10, higher on a comparable basis when excluding the Insurance and Annuities' companies' results, as well as Ixe's generated NII. During the first nine months, Net Interest Income rose to Ps 20.89 billion, a 25% YoY growth vs. 9M10, and on a comparable basis, Net Interest Income grew by 9% when excluding Insurance and Annuities' companies and Ixe.

Loan Portfolio

At closing of 3Q11, Performing Loans increased by 28% YoY and 5% QoQ, reaching a balance of Ps 325.93 billion. For the sixth consecutive quarter, the loan portfolio shows continuous growth in most segments as a result of bank's strategies to reactivate loan originations, the merger with Ixe, as well as greater demand in the industry. We expect continued favorable trends in credit growth in the banking industry over the next months; although Banorte will remain cautious of a deterioration in the economic environment that may result from the problems happening internationally.

Commercial loans totaled Ps 114.84 billion, a 35% YoY and 1% QoQ growth, mainly due to the merger with Ixe, as well as an increase in the placement of business loans, leasing and factoring and the reactivation of the Crediactivo product. The **Corporate** portfolio was Ps 53.663 billion, a 23% YoY and 4% QoQ increase due to the reactivation of loans in this sector and the merger with Ixe. **Government** loans totaled Ps 63.1 billion, increasing by 42% YoY and 14% QoQ; the annual growth was mainly driven by the merger with Ixe, but both the annual and quarterly growths are also due to Banorte's strategy to satisfy the financial needs of State and Municipal governments, as well as refinancing the liabilities of various clients as part of a financial reengineering of public finances; transforming this sector into one with the most growth in terms of loan volumes for the Financial Group in the last few months.

Consumer loans, including Mortgage, increased by 16% YoY. It is important to emphasize that Mortgages maintained its favorable trends, finishing with a balance of Ps 61.96 billion, a 15% YoY increase vs. 3Q10; Banorte continues to be one of the banks with the most growth in loan volumes in this segment. **Payroll** registered a balance of Ps 12.15 billion, a 52% YoY, as a result of campaigns to promote the payroll loan product, growth in the number of payroll deposit accounts in Banorte-Ixe and as a result of the strategy of placing more loans to clients in the government sector. **Car loans** increased by 14% YoY on a total balance of Ps. 9.1 billion, as a result of campaigns to promote the product, alliances established with distributors to finance their units and a recovery in car sales in the country. **Credit cards** had a total balance of Ps 11.13 billion at closing of 3Q11, this portfolio excludes Ixe's Credit Card Sofom.

GFNorte continues to show good asset quality, with its NPL ratio being one of the lowest in the financial system at 2.4%, the same level compared to 2Q11. At closing of 3Q11, Grupo Financiero Banorte had a balance of past due loans of Ps 7.95 billion, 42% more than in 3Q10 mainly due to the classification in 2010 of the Mexicana de Aviación loan as delinquent and the integration of Ixe's PDL portfolio; while, the quarterly 5% increase is due to the re-classification of a Government loan as delinquent.

The Group's reserve coverage was 133% at closing of 9M11, (3.5) pp lower than in 3Q10.

Efficiency

The Efficiency Ratio was 54.6% in 9M11 and 53.9% in 3Q11. On a comparable basis, the Efficiency Ratio was 50.6% during 9M11 and 49.4% in 3Q10.

Capitalization

Banorte's Capitalization Ratio was 15.6% at closing of 3Q11, with a Tier 1 capital of 11.7%. showing Banorte's financial strength, which will allow quality growing opportunities.

Other Subsidiaries

The contribution to profits by the Long Term Savings sector, which includes the Afore, Insurance and Annuities' companies was Ps 141 million in 3Q11, 7% higher than the previous year; In 3Q11, Other Finance Companies comprised of Arrendadora and Factor Banorte (Leasing & Factoring) as well as Warehousing, Ixe Automotriz, and Fincasa Hipotecaria reported profits of Ps 196 million, a 30% YoY increase. The contribution to profits by the Brokerage Sector (Casa de Bolsa Banorte, Ixe Casa de Bolsa and Ixe Fondos) was Ps 81 million, a 22% YoY growth.

Relevant Events of the Quarter

In 3Q11, Banorte continued its efforts to strengthen its fundamentals and emerge a more solid institution that will take advantage of growth opportunities under a more favorable economic environment despite growing competition. These efforts are reflected in the following events:

- **Strategic merger with Afore XXI.**

After the announcement on August 16th that GFNorte and the IMSS (Mexican Social Security Institute) had signed an agreement to pursue the merger of their respective retirement savings funds companies (Afores), on October 20th, GFNorte informed that Banco Mercantil del Norte signed a purchase agreement to acquire Prudential's shareholdings in Afore XXI. The amount paid by Banorte for Prudential's shares amounts to approximately US\$ 200 million.

- **Banorte and Banjército join forces.**

On September 20th, the Banco Nacional del Ejército Fuerza Aérea y Armada, S.N.C. and Banco Mercantil del Norte, S.A. (Banorte), signed a Collaboration Agreement that will provide access to personnel of Mexico's armed forces to Banorte's wide nationwide infrastructure, as well as other benefits, such as access to the acquisition of Banorte's foreclosed properties with important discounts, and also assistance in Banjército's treasury operations.

- **Refinancing of some of GFNORTE's Subnational government exposures and results of applying the new methodology to reserve loans in this sector according to expected losses.**

On October 19th, 2011 GFNORTE informed that following the material event published on September 30th announcing its participation in the debt refinancing of the State of Coahuila, Banorte had also recently participated in the debt refinancing of the States of 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 GFNORTE's total Loan Portfolio at closing of September 2011. 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. In regards to the CNBV's new methodology for the loan portfolio granted to States and their Municipalities according to expected losses, GFNorte after applying the new methodology, released Ps 87 million pre-tax in excess reserves which were calculated under the previous methodology.

- **GFNorte's Ordinary Shareholders' Meeting.**

On October 17th, the Ordinary Shareholders' Meeting was held the most relevant resolutions approved were, the approved to modify the Dividend Policy in order to align dividend payments to the Groups' business performance, payout will be 16% of recurring net income in the event that profit growth is between 0% and 10%, 18% if it grows between 11% and 20%, or 20% if it grows more than 21%. Also, a cash dividend payment was decreed for the amount of Ps 0.17 per share, payable as of October 24th. The decreed dividend corresponds to the first of three payments that will cover the amount of Ps 0.52 per share, the amount approved by the Board of Directors, the two installments will be of Ps. 0.17 and Ps. 0.18 in February and May of 2012, respectively.

- **Banco Mercantil del Norte exercised the prepayment option of the Nonconvertible Subordinated Obligations expiring in 2016.**

In October, Banorte exercised the call option on the Non Convertible Subordinated Notes issued in 2006 and maturing in 2016 for an amount of \$400 million US dollars, registered in the Luxemburg Stock Exchange. The payment of these Subordinated Obligations was carried out on October 13th. This prepayment demonstrates Banorte's financial strength in spite of the weak conditions of other financial systems and the volatility in international financial markets.

- **Changes in Organizational Structure.**

During the month of October, Sergio Garcia Robles Gil, who has 17 years of service in this Institution, was designated as Managing Director of Corporate Affairs in charge of GFNorte's Regional Boards. Rafael Arana was named Chief Financial Officer. Mr. Arana has a successful professional trajectory of more than 16 years in the financial sector, during the last five years as Deputy Chief Executive Officer of HSBC's Retail Banking Division for Latin America. He also served as Deputy Managing Director and Director of HSBC Mexico.

The Mexican banking system operates in a complex environment of low interest rates and stricter regulations that impacts in an important way the results of banks. Notwithstanding, the Mexican economy shows signs of recovery in a country that offers significant opportunities to the financial sector even with a low level of banking penetration compared to other countries. In this context, Banorte has evolved with agility and strength as a Mexican bank resolved to continue along the same path, maintaining a solid capital base, ensuring the quality of assets, service to families and Mexican companies and growing in importance as a financial intermediary in the market.