

MERGER WITH IXE ADVANCES GRUPO FINANCIERO BANORTE'S PROFITS GROW BY 43%, INCREASING FOR THE TENTH CONSECUTIVE QUARTER

- GFNorte increased its profits to Ps 2.51 billion in 4Q11; 43% more compared to the same quarter in 2010.
- Core Deposits grew by 29% compared to the same quarter a year ago, driven by demand and time deposits, as well as the integration of Ixe.
- Loans increased by 33% YoY in 4Q11, driven by the merger with Ixe. The main drivers were a 59% yearly growth in Payroll loans, 50% in Government loans, 38% in Commercial loans, 34% in Corporate loans and 15% in Mortgage loans.
- The Past Due Loan ratio improved during the quarter from 2.4% to 1.9%, one of the lowest in the financial system.
- The Loan Loss Reserve Coverage Ratio was 143%, higher than the level of 4Q10.
- The Capitalization Ratio was 12.9% at closing of 4Q11. The bank is well positioned to adopt the Basel III requirements.
- The strategic merger with Afore XXI is finalized, and Ixe and Banorte's broker dealers merge.
- Banorte is included in the IPC Sustainability Index.
- Recognitions by the Banker, Latin Finance and Institutional Investor to the bank, the merger with Ixe and the Management Team.

Mexico D.F. January 23rd, 2012. Grupo Financiero Banorte (GFNORTE) reported today its operating results at the closing of December 2011. For a tenth consecutive quarter, GFNORTE increased its profits, reaching Ps 2.51 billion, 43% higher compared to the same quarter of 2010. Banco Mercantil del Norte contributed with 68% of the profits reaching Ps 1.71 billion. 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.

Shareholders' Equity increased by 53% in 2011 mainly due to the capital contributed in order to merge with Ixe, resulting in a ROE of 14.1%, while the ROA was 1.1%.

- **Deposits and Net Interest Income**

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.

During 4Q11, Net Interest Income totaled Ps 7.36 billion, a 23% YoY increase vs. 4Q10. Net Interest Income for 2011 was Ps 28.24 billion, a 24% YoY growth.

- **Loan Portfolio**

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.

Commercial loans totaled Ps 121.51 billion, growing by 38% YoY and 6% QoQ vs. 3Q11, mainly due to the merger with Ixe, as well as an increase in the placement of loans to Middle market companies, leasing and factoring and the reactivation of the Crediactivo product for businesses (the SME loan portfolio grows by 23% annually and 10% quarterly). The **Corporate** portfolio reached Ps 59.07 billion, 34% higher YoY and 10% higher than in 3Q11 as a result of a reactivation of loans in this sector and the Ixe merger. **Government** loans totaled Ps 71.16 billion at closing of December, a 50% YoY and 13% QoQ increase.

Consumer loans including Mortgages increased by 18% YoY. Mortgages maintained positive trends, reaching a quarter-end balance of Ps 64.28 billion, 15% higher than in 4Q10, positioning Banorte as one of the banks with the highest growth in loan placements in this sector. On the other hand, **Payroll** loans reached Ps 13.43 billion, a 59% YoY increase vs. 4Q10, as a result of promotional campaigns for the product, growth in the number of payroll-clients in Banorte-Ixe, as well as the efforts to increase cross selling. **Car** loans increased by 14% in the year to Ps 9.35 billion at closing of 4Q11, due to greater loan placements as a result of campaigns to promote the product and a recovery in car sales in the country. **Credit Cards** totaled Ps 11.46 billion at closing of 4Q11 (excluding Ixe SOFOM portfolio), a 3% YoY growth.

GFNorte maintains a good asset quality at the closing of 4Q11, with a NPL Ratio of 1.9%, 0.5 pp less than in 4Q10 and 0.4 pp lower than in 3Q11, one of the lowest in the financial system. Grupo Financiero Banorte ended the quarter with NPLs of Ps 6.95 billion, a 4% YoY increase as a result of including Ixe's NPL portfolio.

The Loan Loss Reserve Coverage was 143% at closing of 4Q11, 19.4 pp higher than in 4Q10.

- **Efficiency**

The Efficiency Ratio for 2011 was 55.7%, 4.3 pp higher than 4Q10 mainly as a result of the integration of Ixe's revenues and expenses, and other merger related costs. When excluding these non-recurring expenses, the Efficiency Ratio would be 51.4%

- **Capitalization**

Banco Mercantil del Norte's Capitalization Ratio was 12.9% at closing of 4Q11, with a Tier 1 ratio of 10.8%. This level of capitalization positions Banorte adequately to meet the new Basel III regulations.

- **Other Subsidiaries**

The contribution profits from the Long Term Savings Sector, which includes the Afore, Insurance and Annuities companies, and for the first time Afore XXI, was Ps 573 million in 2011, 29% higher than in the previous year. Other Finance companies, which include Arrendadora and Factor Banorte, as well as Warehousing, Ixe Automotriz and Fincasa Hipotecaria (Ixe's Mortgage and Home Developer Financing), totaled Ps 708 million in 2011, 42% higher compared to 2010. The Brokerage Sector, comprised of Casa de Bolsa Banorte, Ixe Casa de Bolsa and Ixe Fondos, reported profits of Ps 418 million in 2011, 4% higher than in 2010.

Quarterly Highlights

In 4Q11, Banorte continued its efforts to strengthen its fundamentals, position itself as a more solid institution and maintain its growth. These efforts were reflected in the following events:

1. **Merger between Afore XXI and Afore Banorte:** During the quarter, the necessary authorizations were obtained and share 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, such as a fee of 1.33% as of 2012, initiatives that favor the development of the Retirement Savings System in Mexico.
2. **Advances in the merger between Banorte and Ixe:** 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 result, Ixe Fondos currently manages 43 funds with assets of approximately \$83 billion pesos.
3. **Recognition by Latin Finance:** 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.
4. **Institutional Investor Rankings:** Last November, for the second year 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.

Press Release

5. **Inclusion in the Sustainable IPC Index:** 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.
6. **Changes in the ratings assigned by Standard & Poor's to Banorte – Ixe's subsidiaries.** 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. This as a result of Banorte's stability achieved through diversification of business, strategy and good management. It ratified Ixe Banco (bank) with a "Stable" outlook, and affirmed the ratings 'BBB-/ A-3" global scale counterparty risk and certificates of deposit. It also assigned a rating of "BB" to its Junior Debt. It also ratified the rating of "mxA A+ (sf)" to the certificates backed by mortgages issued by Fincasa Hipotecaria. These changes were the result of the analysis made by S&P on the current performance of these companies and their business forecasts after the merger with Grupo Financiero Banorte.
7. **Moody's ratified Banorte's ratings:** 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.
8. **Fitch increased Seguros Banorte Generali's (insurance company) ratings of "AA+".** 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. The improved rating reflects the rating agency's opinion on the continuous growth of the insurance activities.

The Mexican banking system continues to operate in a challenging environment. Nonetheless, the Mexican economy is strong and provides ample opportunities to the financial system, showing low levels of leverage and bancarization with respect to other countries. Grupo Financiero Banorte evolves with strength and agility as a Mexican institution determined to maintain its solid capital base, preserving its asset quality, service to individual and institutional clients and seeking growth with quality service and long term relationships.

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