

Grupo Financiero Banorte



Annual Report 2011

Organizational Profile

Grupo Financiero Banorte is one of the leading financial institutions in Mexico. At closing of 2011 it has a network of 1,285 branches, 6,367 ATMs (Automatic Teller Machines), over 90,000 POSs (Point of Sale Terminals) and more than 2,900 third-party correspondents.

The Financial Group strategic partners are the IFC (International Finance Corporation) through its subsidiary Banco Mercantil del Norte; the Italian insurance company Generali in insurance and annuities, and the Instituto Mexicano del Seguro Social (Mexican Institute of Social Security) as a result of the recent merger of our respective Afores.

After the merger with Ixe, the Group services more than 19 million clients, with an ample range of banking and financial services through:

- Banking Sector: universal banking services in Mexico through Banco Mercantil del Norte S. A. de C. V. and Ixe Banco S. A. de C. V. and through Inter National Bank (INB) in the state of Texas, USA, including remittance services through UniTeller in the United States.
- Brokerage Sector: broker dealer services and products.
- Long Term Savings Sector: afores (pension funds), insurance and annuities.
- Other Finance Companies: financial services that include leasing, factoring, warehousing, car leasing with Ixe Automotriz and mortgages with Fincasa Hipotecaria.
- Other service and asset recovery companies.

About this Report

This report informs about the financial and social responsibility actions, results and commitments of Grupo Financiero Banorte after concluding the Banorte-Ixe merger.

This is our second integrated report and the third elaborated under version 3.1 of the Global Reporting Initiative's (GRI) methodology. Also, the indicators of the Bolsa Mexicana de Valores's (BMV) Sustainable IPC Index are taken into consideration.

The figures and actions described in this report were carried out by Grupo Financiero Banorte and Ixe Grupo Financiero as independent financial entities prior to the merger in 2011 and as of this year, the data is shown as a merged entity except when otherwise specified. This is the reason why there are no comparable figures for the economic and social data, as well as for the environmental performance.

A process of analysis and inclusion was carried out for the most relevant aspects of the Group to determine the contents. We consider our application level corresponds to a level B.

The GRI index and table of application levels are available for review at the interactive version of this report in Banorte and Ixe's websites.

In order to identify our social responsibility actions, this report shows 4 colors that represent the Financial Group's pillars:

- Environmental Responsibility
- Equality and Governance
- Community Commitment
- Value Chain

When the action is related to more than one pillar, the following icon appears: 

Philosophy

Our Mission

To satisfy our customers' financial needs with high-quality products and services delivered through efficient methods that guarantee integrity, security and confidence, thereby strengthening our value chain with our customers, and always providing our service with efficient and kind attention.

To ensure profitability and value creation in our work in order to support our clients, shareholders and employees.

To preserve the integrity and quality of all of our operations, especially in the management of the Group's deposits and equity.

To be a company that offers employment in a serious and fair manner, under the right working conditions and ethical standards that promote both personal and professional development inside and outside of the workplace, treating each and every one of our employees with the highest sense of dignity and equality, offering opportunities for personal growth.

To assume our responsibility as citizens, employees and an integral part of the Institution to promote growth, becoming leaders in the communities that we serve, promoting their development through the philosophy of "Thinking Big".

To act in a conscientious manner with regards to our environment, preserving the company's used resources and undertaking actions that generate an environmental and social awareness amongst our customers and employees.

Our Values

Being Banorte-Ixe is:

- To step up and keep our word.
- To view the client as our first and only priority.
- To be positive and open to change in order to adapt and to innovate in ideas, products and services.
- To strive for excellence in our work in order to provide superior service.

Declaration of Sustainability

Grupo Financiero Banorte's concept of sustainability is to maximize profitability and growth of the Institution, procuring at all times a balanced development among the inherent economic, social and environmental aspects of our operations, especially in four main areas: the partnership with the IFC and the Equator Principles, adoption of the GRI methodology, the measurement of our carbon footprint and the UN Global Compact with emphasis on education and increasing awareness, under the vision and with actions that ensure these conditions remain stable so that we can achieve our permanence as an institution in the long term. This is how we achieve our social responsibility.

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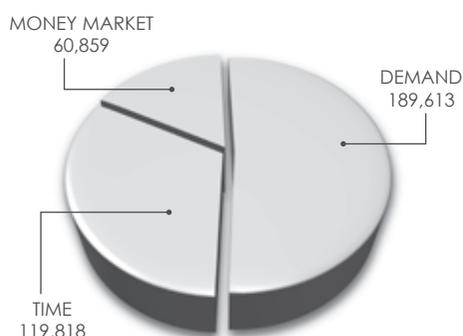
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Relevant Figures and Material Events

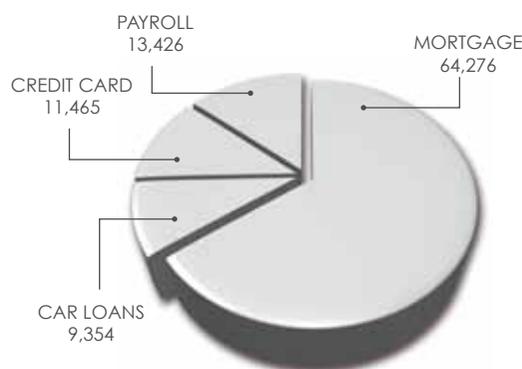
GRUPO FINANCIERO BANORTE ⁽¹⁾	2009	2010	2011
Assets under management	650,278	712,414	1,295,330
Total assets	567,138	590,230	829,277
Value of Banorte brand name (million dollars) ⁽²⁾	N/A	N/A	581
Total deposits	274,908	292,615	370,290
Total loan portfolio	245,108	270,214	357,507
Shareholders' equity (without minority interest)	41,366	46,117	70,849
Net income (according to participation)	5,854	6,705	8,517
Earnings per share (pesos)	2.90	3.32	3.66
Dividends per share (pesos)	0.52	0.52	0.52
Paid dividends	364	1,029	1,157
Book value per share (pesos)	20.5	22.8	30.5
Shares outstanding (thousands)	2,017,800	2,018,348	2,326,358
Price of share (pesos)	47.84	58.86	42.32
ROE (%)	14.9	15.5	14.1
ROA (%)	1.0	1.2	1.1
Net interest margin adjusted for risk (NIM) (%)	2.8	2.9	3.3
Efficiency ratio (%) ⁽³⁾	52.6	51.4	55.7
Past due loan ratio (%)	2.5	2.5	1.9
Reserve coverage (%)	122.4	123.7	143.1
Capitalization ratio (%)	16.8	16.1	12.9
Full-time employees	19,311	19,747	24,015

N/A – Not Available

Total Deposits

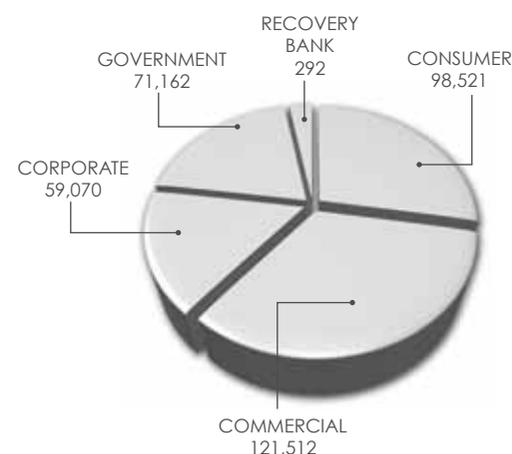


Consumer Loans



Million pesos.

Performing Loans



DELIVERY CHANNELS ⁽¹⁾	2009	2010	2011
Branches ⁽⁴⁾	1,088	1,134	1,285
ATMs	4,478	5,004	6,367
Calls received by the Contact Center (millions)	26.6	29.7	36.9
Point of sale terminals (POSs)	47,544	58,336	90,649
POSs transactions (millions)	65	82	103
Amount billed by POSs ((millions)	49,654	62,615	90,455
Third-party correspondents	1,573	2,750	2,918
Number of online users	578,419	759,950	1,055,808
Online transactions (millions)	174	292	460
Number of clients making Banca Móvil (mobile banking) transactions	38,794	63,640	74,184
Banca Móvil transactions (millions)	0.5	2.0	4.7

BANKING SECTOR

BANCO MERCANTIL DEL NORTE

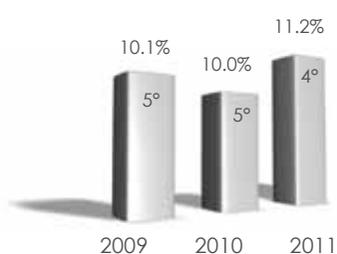
	2009	2010	2011
Total assets	549,430	565,227	637,503
Shareholders' equity	41,006	45,188	50,868
Net income ⁽⁵⁾	5,132	6,035	6,972

IXE BANCO

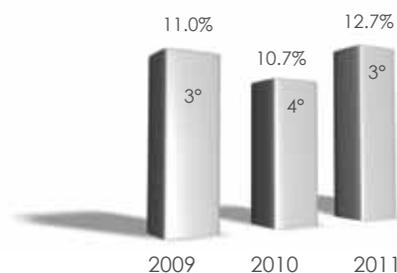
Total assets	-	-	91,103
Shareholders' equity	-	-	4,690
Net income	-	-	288

MARKET SHARE

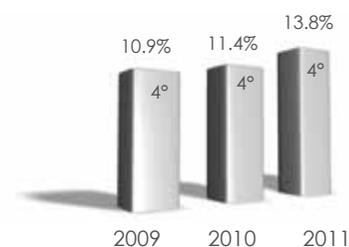
Branches



Deposits



Performing Loans



Does not include financial intermediaries.

Includes credit SOFOMES in applicable institutions.

Source: CNBV (Consolidated Financial Statements with Udis Trusts).

BROKER DEALER

CASA DE BOLSA BANORTE

	2009	2010	2011
Total assets	5,273	10,169	1,857
Shareholders' equity	1,396	1,883	1,634
Net income	203	403	276
Portfolio in custody	134,480	172,922	134,296
Number of clients	9,573	9,738	9,690

IXE CASA DE BOLSA

Total assets	-	-	21,374
Shareholders' equity	-	-	789
Net income	-	-	97
Clients' securities in custody	-	-	363,312
Number of investment accounts	-	-	30,737

IXE FONDOS

Total assets	-	-	297
Shareholders' equity	-	-	168
Net income	-	-	45
Portfolio in custody	-	-	80,774
Number of clients	-	-	193,476

LONG TERM SAVINGS	2009	2010	2011
AFORE XXI BANORTE (PENSION FUNDS) ⁽⁶⁾			
Total assets	1,557	2,096	1,614
Shareholders' equity	1,340	1,780	1,297
Net income	288	440	443
Assets under management	72,286	86,271	203,216
Total accounts (thousands)	3,897	3,896	7,075
PENSIONES BANORTE GENERALI (ANNUITIES)			
Total assets	18,212	25,478	34,279
Shareholders' equity	1,016	1,028	1,142
Net income	31	12	49
Technical reserves	16,938	24,134	32,873
SEGUROS BANORTE GENERALI (INSURANCE)			
Total assets	12,259	13,398	15,921
Shareholders' equity	2,371	2,436	2,701
Net income	438	451	665
Premiums issued	7,183	7,095	10,176
Technical reserves	7,740	8,319	9,533
OTHER FINANCE COMPANIES	2009	2010	2011
ARRENDADORA Y FACTOR BANORTE (LEASING & FACTORING)			
Total assets	13,434	15,679	16,814
Shareholders' equity	1,486	1,930	2,446
Net income	403	443	616
Leasing portfolio	4,477	4,887	6,049
Factoring portfolio	8,879	10,852	10,749
ALMACENADORA BANORTE (WAREHOUSING)			
Total assets	203	777	277
Shareholders' equity	149	206	246
Net income	35	57	40
Risk certificates in circulation	1,632	2,429	3,107
IXE AUTOMOTRIZ (CAR LEASING)			
Total assets	-	-	1,382
Shareholders' equity	-	-	327
Net income	-	-	30
Total portfolio	-	-	1,247
FINCASA HIPOTECARIA (HOUSING)			
Total assets	-	-	4,575
Shareholders' equity	-	-	697
Net income	-	-	22
Total portfolio	-	-	3,915
OTHER COMPANIES	2009	2010	2011
IXE SOLUCIONES			
Total assets	-	-	1,397
Shareholders' equity	-	-	346
Net income	-	-	(64)
IXE SERVICIOS			
Total assets	-	-	31
Shareholders' equity	-	-	22
Net income	-	-	2

Million pesos.

In the case of Ixe's subsidiaries, the net income for 2011 corresponds to the period of April to December, the time in which they were part of Grupo Financiero Banorte.

(1) The information for 2011 consolidates Ixe.

(2) Source: The Banker / Top 500 Banking Brands, February 2012.

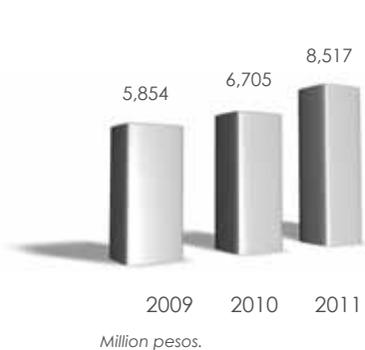
(3) Non Interest Expense / (Total Net Income + Loan Loss Provisions).

(4) Includes bank modules and excludes foreign branches.

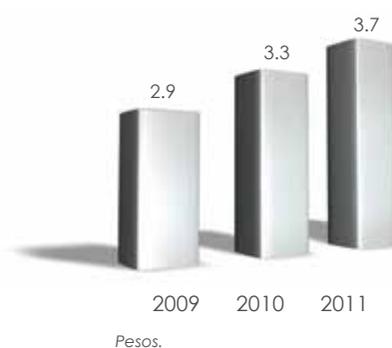
(5) Includes majority participation of the Afore and of Banorte USA.

(6) Subsidiary of Banco Mercantil del Norte, subject to minority interest. For 2011, includes net income and balance sheet accounts of Afore XXI from December 2nd to 30th, 2011.

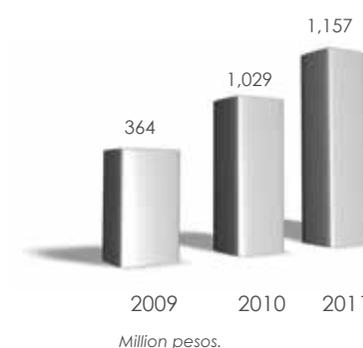
GFNORTE'S NET INCOME



EARNINGS PER SHARE



PAID DIVIDENDS



	Majority Net income 2011	GFNorte ownership in subsidiaries
BANKING SECTOR	6,544	92.72%
BROKER DEALER	418	
Casa de Bolsa Banorte	276	99.99%
Ixe Casa de Bolsa	97	99.99%
Ixe Fondos	45	99.99%
LONG TERM SAVINGS	573	
Afore XXI Banorte (Pension Funds) ⁽¹⁾	209	50.00%
Pensiones Banorte Generali (Annuities)	25	51.00%
Seguros Banorte Generali (Insurance)	339	51.00%
OTHER FINANCE COMPANIES	708	
Arrendadora y Factor Banorte (Leasing & Factoring)	616	99.99%
Almacenadora Banorte (Warehousing)	40	99.99%
Ixe Automotriz (Car Leasing)	30	99.99%
Fincasa Hipotecaria (Housing)	22	99.99%
OTHER COMPANIES	(62)	
Ixe Soluciones	(64)	99.99%
Ixe Servicios	2	99.99%
HOLDING	336	100.00%
TOTAL	8,517	

Million pesos.

(1) Subsidiary of Banco Mercantil del Norte, subject to minority interest.



Message from the Chairman Emeritus of the Board of Directors

It gives me great pleasure to once again address all the interested parties of Grupo Financiero Banorte after another year of important challenges and significant results. First of all I would like to express my appreciation to all our shareholders and the Board of Directors for honoring me with the position of Chairman Emeritus of the Financial Group. I will seek to contribute all my knowledge, my energy and my passion for Mexico to continue building the leading Financial Group in the country.

This year has seen an important transformation in Grupo Financiero Banorte. We concluded two historic mergers, one with Ixe Grupo Financiero and the other with Afore XXI allowing us to consolidate our position as a leading institution in the Mexican financial system. Today we serve more than 19 million Mexicans through one of the most extensive commercial networks in the country. Our brand name is one of the most recognized among users of banking services and also one that is held in high esteem among Mexican financial institutions. Together with Ixe, we have one of the highest indicators in quality of service. In short, our model of customer service is recognized for its strength, candor and wide coverage.

I would like to take this opportunity to thank the more than 24,000 Banorte-Ixe employees for their commitment in achieving this model of a leading bank in Mexico, especially during an important time of transformation. The merger has implied sacrifices and significant workloads. Our employees have demonstrated high levels of excellence in their work during this entire process. This undoubtedly reflects why we are rated in the sixth place of the Best Companies to Work For in Mexico, and in first place amongst all the Financial Groups.

2011 also brought the appointment of Mr. Guillermo Ortiz Martínez as Chairman of the Board of Directors by approval of the Shareholders' Assembly. Mr. Ortiz is a well-known figure in the country's financial circles as well as in the international arena, and I am pleased that he has accepted our invitation to be a part of our Honorable Board. This appointment was one in a series of changes in the Board of Directors as part of the adoption of the best corporate practices. I would like to take the opportunity to thank all the members of the Board who dedicated so much time and effort into building the Strong Bank of Mexico. To Mr. Rodolfo Barrera Villarreal, Mr. Eugenio Clariond Reyes-Retana, Mr. Jacobo Zaidenweber Cvilich and Mr. Isaac Hamui Mussali, my deepest gratitude for the years of dedication, loyalty and service on the Board of Directors of Grupo Financiero Banorte.

I am satisfied with the results obtained to date, but we clearly have many challenges to overcome in the future. The global environment is becoming increasingly complex, the competition in our country has become more intense and we are entering a political process that will define the country's direction over the next few years. I am convinced that Banorte-Ixe is well positioned to take advantage of all the future opportunities.

Affectionately,

Roberto González Barrera

Chairman Emeritus of the Board of Directors
of Grupo Financiero Banorte



Message from the Chairman of the Board of Directors

On this first occasion that I am delivering a message in the annual report as Chairman of the Board of Directors, I would like to begin with a sincere gratitude to Mr. Roberto González Barrera and to all of our shareholders for their trust and support in letting me assume this important responsibility within the Financial Group. Banorte has reached a leading position in the country's financial system thanks to the vision, dedication and effort of an important group of businessmen headed by Mr. Roberto. It is an honor for me to contribute with the experience I acquired as head of the Bank of Mexico and the Ministry of Finance and Public Credit to consolidate that legacy and to continue forging the future of this great Institution.

This first year as head of the Board has been very gratifying and full of challenges. At Grupo Financiero Banorte, I found a team of men and women with a lot of talent, drive, dedication to their work and love for the Institution. After travelling to all the regions where we operate and participating regularly in strategic sessions, business and operational reviews, I confirmed that we have a financial institution that is well equipped to serve the needs of Mexican families and companies. There are many areas of opportunity and we will invest time and resources to continue modernizing and constantly improve the services that we provide to customers, but certainly today, Banorte has a highly competitive service platform.

One of the most important challenges we faced this last year was a very uncertain international economic and financial environment. Some European countries such as Greece, Spain and Italy reached levels of unsustainable indebtedness and fiscal deficits, generating concern about their ability to meet their obligations in the international financial markets. This in turn led to a loss of confidence in the creditor banks of these countries, leading to a shortage of liquidity that practically drove these institutions to insolvency. Fortunately, measures were taken that temporarily eased this problem, restoring some confidence in the financial markets. Despite this, the European problem requires deeper solution proposals, including major adjustments to the fiscal imbalances to reduce debt as a proportion of GDP, increase liberalization of labor markets to give more opportunities to young people and a cleanup of the bank's balance sheets and their recapitalization, among other things.

Mexico has fortunately come out of this episode of international uncertainty relatively untouched for the moment. Although the exchange rate, interest rates of Mexican bonds and the stock market have shown some periods of volatility, the financial markets and the Mexican banks have not been significantly affected. However, because European banks control some of the most important financial institutions in the country, caution must be followed to avoid the spread of problems from their head offices to the Mexican operations.

Despite this complex global environment, the Mexican economy maintained a rate of economic growth above the average of the last decade, driven by greater domestic demand. Also, the Bank of Mexico maintained levels of interest rates that ensured the achievement of its inflation targets and at the same time stimulated economic growth and employment. Public finances registered a very moderate deficit and the level of public debt as a percentage of the GDP continued to decline. The banking system showed adequate capitalization levels and asset quality, while loans granted by banks to the private sector grew by 16%. All this contributed to improve the perception of the future performance of our economy.

In the case of Grupo Financiero Banorte, our loan portfolio grew faster during 2011 compared to the system, increasing by 33% annually. This was due in part to the merger with Ixe, but also to favorable dynamics in all sectors. Even when excluding the impact of the merger with Ixe, the loan portfolio increased by

20% annually, above the average of the banking system. This was achieved along an important increase of 29% in core deposits, as well as one of the lowest levels in past due loans in the system at only 1.9%. These achievements have allowed us to consolidate our position as the third most important financial institution in Mexico, with a market share of 14% of the total loans in the system and 13% of deposits.

Regarding Corporate Governance, 2011 was a very relevant year for the Financial Group. First, we obtained a majority approval in the Shareholders' Assembly of all the corporate acts necessary to achieve the merger with Ixe Grupo Financiero, including the corporate restructuring, the capital increase and the share exchange. This enabled us to successfully carry out the merger between both Financial Groups and achieve to date all the synergies and profitability objectives proposed to our investors. We also obtained all the approvals from our corporate bodies to merge with Afore XXI and thus consolidate this Retirement Fund Manager as the most important in the country.

On the other hand, the number of members sitting on the Board of Directors was decreased to a maximum of 15 and some changes in Board Members were made as part of the renewal cycles required by international best practices. We were able to increase the number of Independent Members to 53%, more than double the percentage required by the Stock Market Law (Mexico), integrating top talent from the business and financial sectors to the Board of Directors, while at the same time including some of the former Ixe shareholders. We also created 5 Boards in diverse regions of the country, which provide advice to the Board of Directors on the business trends in their localities, and make proposals about products and services according to the region. Also, the Nominations' Committee was created, whose functions include proposing Board of Directors candidates to the Shareholders' Assembly. We were also able to align the Corporate Governance bodies of Ixe and Banorte, building the institutional framework required by a larger and more complex institution, and changes were made to the organizational structure to adapt to a new operational reality.

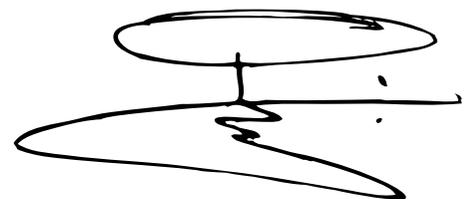
After several years of maintaining a policy of fixed dividends of 15% of recurrent net income for each fiscal year, and in order to align the payment of dividends to the performance of the Financial Group, the Shareholders' Meeting in October approved to modify the dividend policy.

We are confident that these changes in our Corporate Governance are adequate measures to continue advancing towards alignment with international best practices.

Banorte also made significant progress in the area of Corporate Social Responsibility, ranking among the top three main banks in the FT Sustainability Awards and being selected as one of the quoted companies included in the Sustainable IPC Index.

Banorte's financial results were favorable in 2011. Profits generated during the year totaled Ps. 8.52 billion increasing 27% compared to 2010, driven by more interest income and non-interest income, as well as fewer provisions. The quality of the portfolio improved significantly during the year in virtually all sectors, ending the year with a reserve coverage ratio and liquidity indicators which were much higher than in the previous year. Nevertheless, efforts must be doubled for the next few years to obtain higher levels of efficiency and profitability, the main commitment made to our shareholders when the merger with Ixe was made. We must also achieve a model of integral banking, providing efficient and competitive services in all sectors of the market.

Finally, I would like to take this opportunity to reiterate my gratitude to Banorte's shareholders, Board members, employees and customers for their continuous commitment to our Institution.



Guillermo Ortiz

Chairman of the Board of Directors of
Grupo Financiero Banorte



Message from the CEO of Grupo Financiero Banorte

There were three events in 2011 that marked Grupo Financiero Banorte: the mergers with Ixe Grupo Financiero, with Afore XXI and the consolidation of Corporate Governance. In the first case, on April 15th, 2011 the share exchange with Ixe was carried out, creating the third most important financial group in Mexico and the most important controlled by Mexican shareholders. Through this merger, Banorte-Ixe managed to position itself for the first time as a leading institution in premium banking. In addition to the above, Banorte made progress as one of the most important banks in the wholesale sector, offering a wide range of services in areas such as asset management, mutual funds, money & capital markets, foreign exchange, research and advisory services, investment banking, patrimonial and private banking, corporate and government banking, to name the most relevant.

Also, in December 2011 one of the most important transactions in recent years was concluded in the retirement savings system with the merger of the Afores of the Instituto Mexicano del Seguro Social (Mexican Social Security Institute), an institution very near and dear to the Mexican population, and Banorte. Thus the Afore XXI Banorte was born, with a base of more than 7 million clients and assets under management of over Ps. 200 billion. This merger will allow us to offer our clients better quality of service and candor, with the confidence that their savings are managed in a secure, transparent, professional and productive manner.

In addition to these mergers, several events took place during 2011 that allowed us to make progress in the adoption of best corporate practices. In February, the Shareholders' Meeting approved the appointments of Mr. Roberto González Barrera as Chairman Emeritus of the Financial Group and Mr. Guillermo Ortiz as Chairman of the Board of Directors. These appointments combine the experience of one of Mexico's most successful businessmen, with the outstanding trajectory within the financial sector of the former Governor of the Bank of Mexico and former Minister of Finance and Public Credit. This change will undoubtedly enrich the Board's decision making process and consolidate the strategic direction of the Financial Group at a time of great challenges in the global financial sector. Additionally, changes were also made to the Board, increasing the number of independent members to over 50%, incorporating people with ample experience in the business as well as the financial sectors, such as Armando Garza Sada, Manuel Saba, Juan Carlos Braniff, Héctor Reyes Retana and Enrique Castillo. An Advisory Board was created to continue to take advantage of the vast experience of those Board members who have dedicated so many years to building this great Institution, and 5 Regional Boards were also created (Metropolitan, North, Northwest, West and Peninsular regions), with reknowned businessmen and women contributing with their knowledge and experience in the regions and sectors in which they operate in order to enrich the value proposition and presence of the bank.

With regards to our competitive position, Banorte-Ixe advanced significantly in all market segments. We serve almost 10 million clients through 1,285 branches, of which 167 correspond to Ixe, 6,367 ATMs and 90,649 point of sale terminals. During the year, the number of branches increased by 13%, ATMs by 27% and POSs by 55%.

The number of clients that conducted transactions using the Internet grew to over 1.05 million, 40% more than in 2010, and the number of mobile banking transactions reached 4.73 million, increasing by more than 100% annually. Banorte-Ixe continues to look for new ways to make mobile banking more accessible to customers through innovative products.

The financial results of 2011 were encouraging for Grupo Financiero Banorte. Accumulated profits for the year were Ps. 8.52 billion, a 27% increase compared to the profits registered during 2010. The annual increase was mainly due to more revenues and fewer provisions, as well as Ixe's contribution of Ps. 420 million.

During 2011, ROE for the Group was 14.1%, lower compared to 15.5% registered in 2010, mainly due to the 53% increase in equity as a result of the merger with Ixe. When excluding this impact, ROE was 16.4%, almost 100 basis points higher than in 2010. ROA was 1.1%, 10 basis points lower than in 2010.

When analyzing the different line items, net interest income showed an annual increase of 24% during 2011 compared to the previous year, totaling Ps. 28.24 billion, driven by larger volumes of credit and the merger with Ixe. Deposits increased by 29% in the year, driven by a growth of 27% in demand deposits and 33% in retail time deposits.

Non-interest income grew by 18% versus 2010 reaching Ps. 13.8 billion, driven by growth in all items: service fees increased by 4% in spite of a complex regulatory environment, recoveries of real estate portfolios by 23% due to the favorable performance of investment projects, trading by 64% due to the prudent management of positions in securities and FX, and other operating income and expenses increased by 21% as a result of increased recoveries of proprietary and acquired portfolios. Non-interest income was also favored by the merger with Ixe, as well as by the consolidation of the insurance and annuities companies.

The efficiency ratio for 2011 was 55.7%, 4.3 percentage points higher than in the previous year. Accumulated non-interest expenses increased by 32% compared to 2010, affected mainly by the merger with Ixe and the consolidation of the insurance and annuities companies.

Provisions reported in 2011 were for Ps. 5.4 billion, (21%) less than the Ps. 6.9 billion reported in 2010, due to fewer reserve requirements in the credit card, mortgage and commercial portfolios. During the year, regulatory changes became effective to reserve the non-revolving consumer, mortgage and government portfolios according to expected losses. The initial impact of applying this new methodology was done against capital, resulting in a creation of Ps. 350 million in reserves for

consumer and mortgage loans, and the release of Ps. 87 million for the government portfolio.

At closing of December 2011, the performing loan portfolio increased by 33% YoY compared to the same period of the previous year, totaling Ps. 350.6 billion. All segments of the portfolio grew, something not seen since the crisis of 2009.

Payroll loans, the main driver of the loan portfolio throughout the year, increased by 59% to Ps. 13.4 billion at closing of December 2011, driven by the strategy to cross sell to our more than 3.5 million payroll account holders. Government loans grew by 50% YoY to Ps. 71.2 billion, the commercial portfolio reached a balance of Ps. 121.5 billion, increasing by 38% annually, driven by the merger with Ixe and the 23% growth in the SME sector. The corporate portfolio increased by 34% in the year to Ps. 59.1 billion.

Consumer loans, which include the mortgage portfolio, increased by 18% compared to 2010, driven by growth in the mortgage, payroll and car loan portfolios. At year end, mortgages totaled Ps. 64.3 billion, 15% higher than in 2010, consolidating Banorte-Ixe as one of the leading banks in originations for this sector. Car loans increased by 14% due to the adequate positioning of Banorte-Ixe in this sector, while credit cards increased by 3% as a result of growth in the number of card holders and in billings.

The PDL ratio was 1.9%, 0.5 percentage points less than in 2010 with a year end balance of past due loans totaling Ps. 6.9 billion, increasing by only 4% due to the merger with Ixe; while the reserve coverage was 143%, higher than the level of 124% for the same period in the previous year. Our capitalization ratio was 12.9% at closing of 2011, and the liquidity ratio was 102%.

The results presented by the Group's subsidiaries were positive. The contribution to profits by Long Term Savings Sector, including the Afore, Insurance and Annuities companies was Ps. 573 million, 29% more than in 2010. Other Finance Companies, made up of Arrendadora and Factor (Leasing & Factoring), Almacenadora (Warehousing), Ixe Automotriz (Car Leasing) and Fincasa Hipotecaria (Housing), reported profits of Ps. 708 million for the year, an increase of 42% compared to 2010. Finally, the Brokerage Sector (Casa de Bolsa Banorte Ixe) accumulated profits of Ps. 418 million in 2011, 4% more than in the previous year.

At Banorte-Ixe we are committed to actions that reaffirm our institutional values and reflect positively in our clients, employees, the community and the environment. Our culture of social responsibility continues to evolve obtaining important achievements in 2011.

Sharing an interest in promoting a culture based on equality and respect for diversity, after the merger in 2Q11, the Banorte-Ixe "Incluyente" program was adopted by the Institution (originally created by Ixe in 2008) in order to guarantee the inclusion of people with disabilities in the Financial Group's work force. Equally, on December 15th, 2011 an agreement of collaboration with the National Council to Prevent Discrimination (CONAPRED) was signed, making us the first financial institution to sign this type of agreement.

Aware of the impact of education on the economic development of the country, Banorte adopted in 2011 an educational initiative designed by Ixe in 2010 called "family finance workshops". This successful program's objective is to provide heads of households with the basic tools that will enable them to plan their finances. On the other hand, recognizing the importance of educating Mexico's children, the Institution joined efforts with the Asociación de Bancos de México (Association of Mexican Banks – ABM) to participate through corporate volunteers in the "Day of Infant Savings".

As a result of its continuous work in successfully adopting sustainability policies and practices, on December 8th, 2011 GFNorte was included in the BMV's Sustainable IPC Index, which recognizes companies that are environmentally conscious. Grupo Financiero Banorte also became a Latin American signatory of the Carbon Disclosure Project (CDP), the only Mexican private bank to form part of a group of 550 investors that represent US \$71 billion dollars in assets.

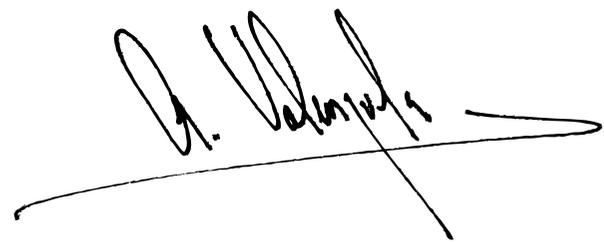
As part of our interest in contributing to the care and preservation of the environment, the Institution signed the Agreement for a Sustainable Mexico last November through which it seeks to promote and induce the transition to a green economy in our country. It is important to emphasize that we are the only financial institution to sign this agreement, which allows us to promote the inclusion of other companies in the sector.

The second annual Innovation Awards contest was also held, seeking to promote innovation in Banorte-Ixe through recognizing the continuous generation of innovative ideas and innovators that impact productivity and quality of service. Diverse categories exist, and for the first year the category of Social Responsibility was included. We were pleased to see the commitment of our coworkers to their projects, with many winning projects such as the "virtual store", "ATM locator", the "pocket quoter" and "Banorte rewards your loyalty", among other winners ⁽¹⁾.

Our commitment to customers and to Mexico has led us to be recognized once again with prestigious distinctions such as being named the "Best Commercial Bank in Mexico" by World Finance magazine for a third consecutive time, "Best Bank in Mexico 2011" by Euromoney magazine, "Bank of the Year in Mexico 2011" by The Banker magazine. LatinFinance magazine recognized us with its "Deals of the Year 2011" award for the merger with Ixe, and Institutional Investor ranked us in their "Best Executive Team in Latin America 2011." Also for a third consecutive year, the Ministry of Economy recognized Banorte-Ixe as one of the most active institutions with small and medium sized Mexican companies (SMEs).

In 2011 the Board of Directors approved the payment of cash dividends for a total of Ps. 0.52 per share to be paid in three installments in 2011 and 2012. This payment is the equivalent of 18% of the net recurrent profit registered in 2010, which reiterates Banorte's commitment to its shareholders. Also, changes to the Group's policies for dividends were authorized to have a higher payment depending on the performance of the business. The payment will be 16% of the net recurrent profits when profits of the previous year grow between 0% to 10%. It will increase to 18% if profits grow between 11% to 20%, and it will be 20% if profits grow over 20%. The Financial Group also successfully placed in the financial markets the stocks held by Gruma equivalent to 8.8% of our equity, and successfully increased our capital by 308 million shares to carry out the stock exchange with Ixe. The Group's market capitalization rose to almost Ps. 100 billion at closing of 2011. This strength was reflected when Fitch, Moody's and Standard and Poor's ratified the investment grade ratings to Banorte with a stable outlook.

Finally, I would like to express our deep appreciation to our more than 19 million clients for their trust, allowing us to manage assets of Ps. 1.3 trillion. We are committed to continuing to improve the quality of our products and services. I would also like to thank our 24,000 co-workers for their effort and dedication, enabling Banorte-Ixe to improve every day, as well as to our shareholders, Board members and members of our corporate bodies, for their invaluable support in consolidating Banorte-Ixe as The Strong Bank of Mexico.



Alejandro Valenzuela
CEO of Grupo Financiero Banorte

⁽¹⁾ The on-line "virtual store" is for the use of Banorte and Ixe clients in which products are offered at exclusive prices with innovative promotions; the "ATM locator" is an application that identifies the client's geographical position and indicates the nearest ATM on a map; the "Pocket quoter" is an interactive information tool for promoters which displays some of the characteristics of Banorte products and services; "Banorte rewards your loyalty" is a program supported by an integral tool that rewards clients who acquire more products with Banorte.

2011's Material Events

Awards and Recognitions

Fund Pro awarded the best investment funds in Mexico in 2010.

On March 16th, Fund Pro Platinum Performance Award 2010 recognized NTEGUB as one of the best debt investment funds in the Non-Taxable Short Term Debt category, demonstrating Banorte's commitment to its clients by offering them competitive products and services.



World Finance and Euromoney Recognitions.

Last May, Banorte-Ixe was recognized by World Finance magazine as the "Best Commercial Bank in Mexico 2011" and in July, EuroMoney magazine's 20th edition of its "Awards for Excellence" recognized Banorte-Ixe as "Best Bank in Mexico 2011". Both recognitions were obtained for high levels of service, innovation, and specialization in attention to clients, as well as for the quality of our products and services.

Institutional Investor Rankings.

Last November, Institutional Investor magazine published its rankings for "Best Management Team in Latin America 2011", carried out through a survey of the main market analysts and institutional investors. Banorte's executive team was ranked among the top three in Mexico and Latin America.



SME Award 2011.

During 2011's National SME Week, the Department of Economy recognized Banorte for the third consecutive time, this year with the "2011 SME Award", for being the financial institution with the highest loan placements in SMEs.

Bank of the Year in Mexico 2011.

The expansion achieved by Grupo Financiero Banorte through diverse mergers and strategic alliances was, among others, one of the elements considered by the jury of the Financial Times Group which selected Banorte-Ixe as the winner of its "Bank of the Year in Mexico 2011" award through its publication The Banker.

LatinFinance Recognition.

On January 19th, 2012, LatinFinance magazine recognized the merger between Banorte and Ixe with the "Deals of The Year 2011" award, as one of the best financial transactions and alliances of the year.

Inclusion in the Sustainable IPC Index.

On December 8th, 2011, GFNORTE was included in the BMV's Sustainable IPC 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 us with the seal of Sustainable Company. 



Alliances and Agreements



Collaboration Agreement with CONAPRED

—■ On December 15th, 2011 a collaboration agreement was signed with the National Council to Prevent Discrimination (Consejo Nacional para Prevenir la Discriminación, CONAPRED), as part of strengthening a culture of diversity and labor inclusion in the Institution. Banorte-Ixe is the first financial institution in Mexico to sign an agreement of this type, demonstrating that its social responsibility is part of its vision and commitment to society. ■

SumaRSE Network

—■ In February 2011, Fundación Banorte (Banorte Foundation) signed a collaboration agreement with the SumaRSE network comprised of foundations and companies in Monterrey, Mexico. The objective of this alliance is the reconstruction of the social network in communities of the state of Nuevo León, Mexico affected by Hurricane "Alex". ■

Carbon Disclosure Project

—■ Grupo Financiero Banorte participated as a Latin American signatory of the Carbon Disclosure Project (CDP) in 2011. The CDP works with investors from all over the world to increase investment opportunities and reduce risks induced by climate change.

Agreement for a Sustainable Mexico

In November, Banorte signed the Agreement for a Sustainable Mexico (Acuerdo por un México Sostenible) along with educational institutions, governmental bodies and companies agreeing to business commitments and public policy recommendations, in order to promote a transition towards a green economy in Mexico. ■



Global Compact

As part of its sustainability plan, Grupo Financiero Banorte adhered to the Global Compact in which it commits to make part of its strategy, culture and operations, the principles contained in this Pact regarding human rights, labor, the environment and anti-corruption. ■

Institutional Events



The following is a highlight of key events in 2011:

- **Banorte-Ixe merger**, a major event held in the National Auditorium in which more than 9,000 employees from both institutions participated. ■
- **Tourism Expo (Tianguis Turístico)** was held in the Acapulco Convention Center, which offered all of the specialized services designed for that sector.
- **Annual Gas Station Convention** was held in the Convention Center of the Grand Velas Hotel in the Mayan Riviera, where Banorte presented its service offerings for deposits, concentration of payments and lines of credit, among others.
- **A Tribute to Mario Moreno Cantinflas**, honoring 100 years of the Mexican artist was celebrated at the Palacio de Bellas Artes (Fine Arts Palace) of Mexico City and through a public exhibit of his photographs displayed along Paseo de la Reforma, one of Mexico City's most prominent avenues.





- **Meeting with all Public Treasurers**, held in the National Numismatic Museum in Mexico City's Historic Center.
- **Business Summit** where topics related to the global economic environment, emerging markets and priorities in economic policies were presented. ■
- **The Carlos Santana Concert** in collaboration with Centro Fox was held in the Nou Camp Stadium in the city of León, Guanajuato, Mexico during which a united effort was made to collect donations for education in Mexico. ■

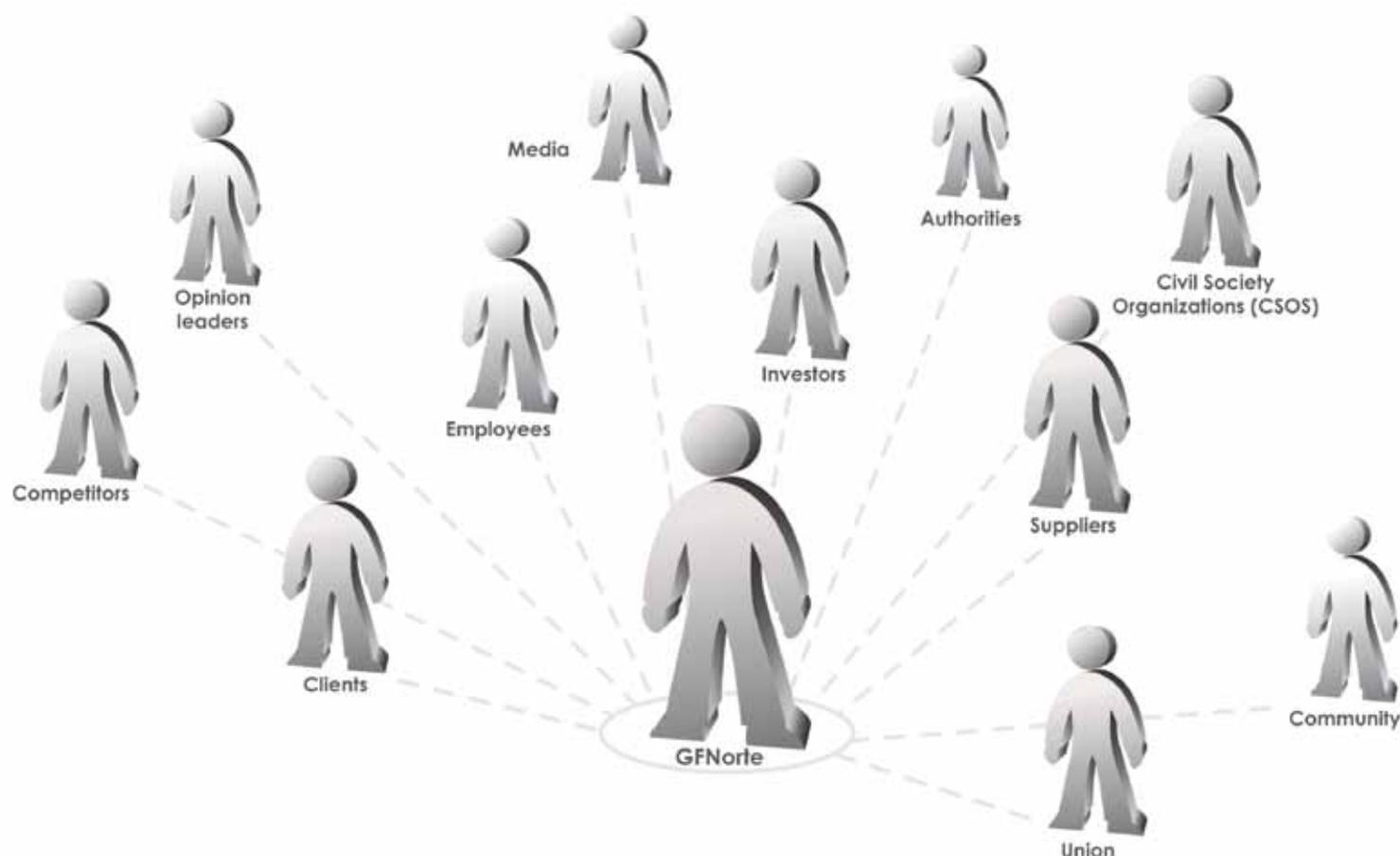
Ixe held and/or sponsored approximately 140 events of which the most outstanding were:

- **Biannual Meetings of Analysis and Trading Strategies**, which was carried out in the form of a tour of different cities and in those presentations, artisan items were handed out in order to promote the country's artisans and their art forms. ■
- **Alondra de la Parra's Concert**, held at the Mount Sinai Hebrew College bringing together approximately 700 people. Funds collected were donated to the Unión Femenina Monte Sinaí (Mount Sinai Women's Union). ■
- **Fernando de la Mora's Concert**. Organized for business clients and credit users in the southern part of Mexico City and the Cuernavaca region, this event brought together approximately 480 people.
- **Diplomatic Networking**. In an alliance with the Russian Embassy, a program was developed to commemorate the first cosmonaut's 50 years in space. The event was held in Mexico City's Museum of Modern Art.
- **Guest of the Month**. Each month, the department of Research and Strategy invites a different company to meet our clients on a more personal basis and therefore develop better communication. ■
- **Ixe Gallery** held two exhibitions during the year; one called "Young Mexican Art", which remains on display. Of the earnings received, 10% of sales were donated to the Fidecomiso Ixe Apoya (Ixe Support Trust Fund). ■



Dialogue with Stakeholders

Grupo Financiero Banorte maintains constant dialogue with diverse stakeholders, meeting their daily needs and improving interaction with them on an ongoing basis.



Clients

Banorte is ranked third in brand recognition

Throughout 2011, the estimated commercial dynamics remained, adding more than 58,000 clients through the branch network. At year end, Ixe provided service to almost 250,000 clients, 22.4% more than at the end of 2010, of which 88% were individuals and 12% were companies; figures which reflect the attractive model and service that the Bank offers to the high income sector of the country's population.

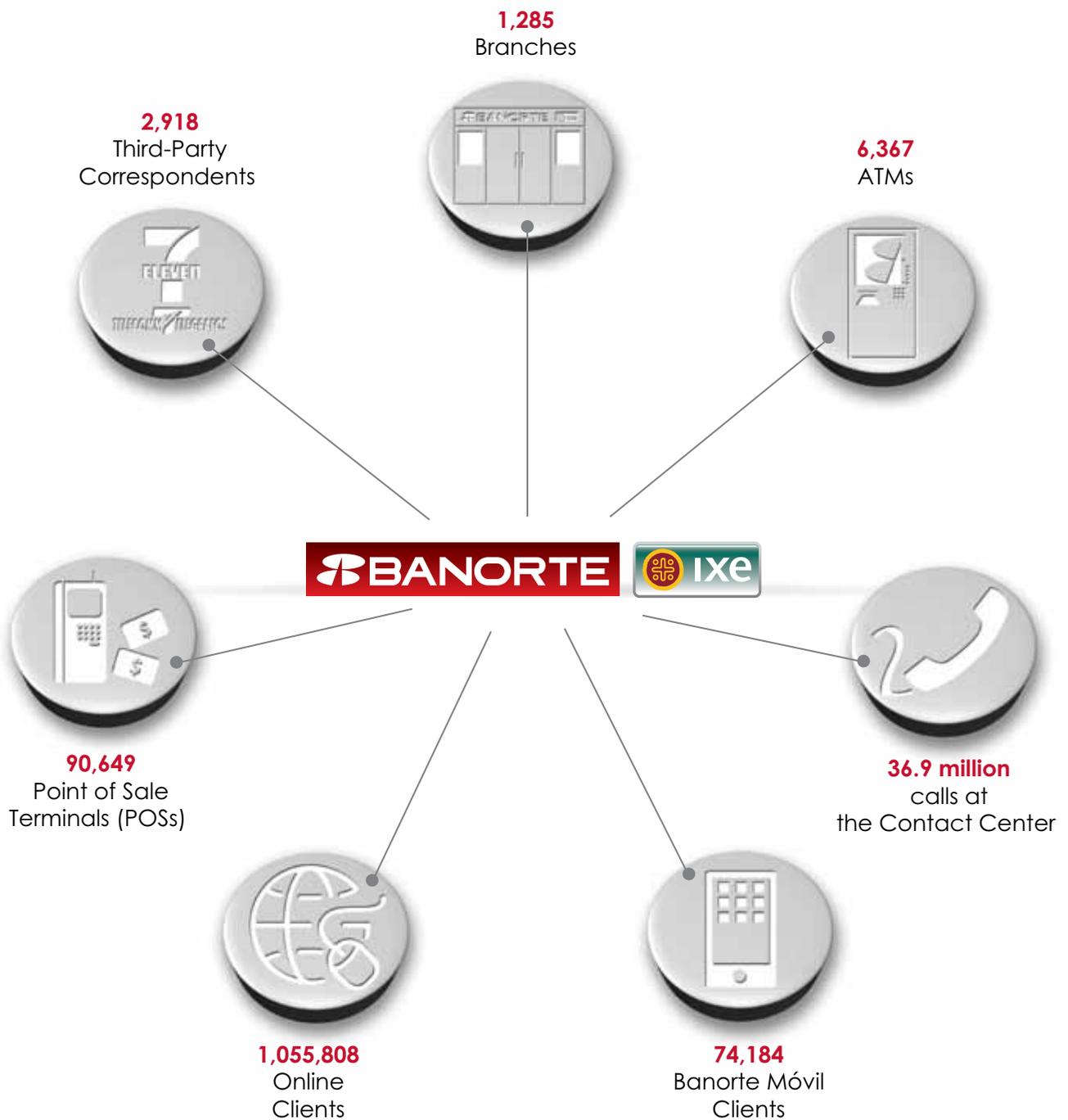
The profile of Ixe clients remains the same in 2011, with new account openings showing balances of over Ps. 20,000 and providing an average of over 4.25 families of products to each client.

In 2011 Banorte showed the most relevant growth in image indicators according to the people's perception survey of banking services. Banorte is ranked in second place as the Best Bank in Mexico along with another bank. The Banorte-Ixe merger was the driving force behind the increase in Ixe's recognition indicators, image and trademark.

—■ For 2012 Grupo Financiero Banorte is committed to maintaining and strengthening the value that Ixe offers to clients, while reaching improved levels of operational efficiency. ■—

Delivery Channels

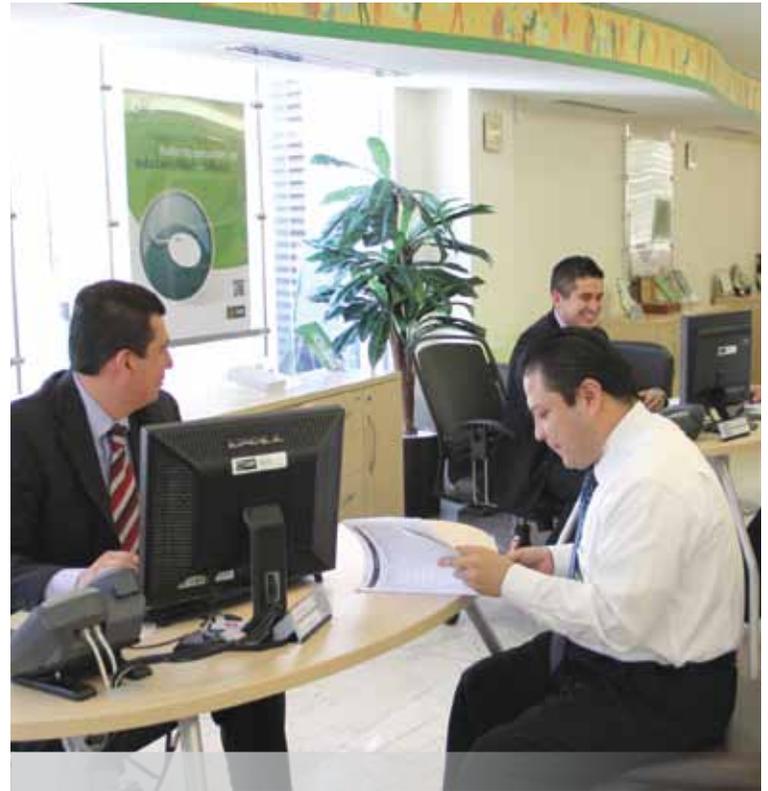
Banorte-Ixe has the most important ATM network in Mexico, serving over 5 million clients each month



In 2011 a project was initiated to improve efficiency and consolidate **Banorte's branch** network. The first phase consisted of continuing the strategy of opening new branches and relocating offices in high demand markets, while at the same time, merging those with a reduced market and limited infrastructure. **Ixe's branch** network grew during 2011 consolidating its presence, opening eleven new branches and ending the year with 167 offices in nine cities.

The second phase of the project to improve efficiency will start in 2012, focusing on defining the type of branch models in accordance with the portfolio of services offered and the opening of more Ixe branches in existing markets and in cities where GFNorte is solidly positioned.

In 2011, a strategic alliance with Cardtronics was consolidated increasing **ATMs** (Automated Teller Machines) from 5,004 at the end of 2010 to 6,162 ATMs by the end of 2011. In addition to the 6,162 ATMs, another 205 ATMs of Ixe are also included in the Group's ATM network, providing clients with a total of 6,367 ATMs to conduct their transactions. Taking into account both factors, the growth rate compared to 2010 was 27%.





The **Contact Center** answered over 36.9 million incoming and 18.5 million outgoing calls in 2011, maintaining good ratios of efficiency and quality in customer service. The Banorte-Ixe merger also provided a learning experience from both sides, while maintaining the overall high standards of service that distinguish the Institution.

■ In the second quarter of 2012, the Contact Center is programmed to move into its new installations in Monterrey, Mexico allowing its integration and consolidation as the Group's only center. This new building has an innovative cutting edge and functional design, with the latest in technology and a high level of social responsibility. It will also continue to transform into a model that is focused on our clients and their needs, with processes that allow a higher percentage of resolution upon first contact. ■

The number of **Point of Sale Terminals** increased significantly in 2011. Efficient service was provided to both affiliates and the final client through internet terminals. Currently our merchant acquiring business is ranked 4th nationally with an 11% of market share.

■ During 2011, more than 1 million clients used the ecologically responsible service of **Internet Banking**, conducting over 460 million transactions through a menu offering 80 different operations. The services offered have a technological platform that is characterized by its efficiency and dependability. The user base of Ixe Net totaled 113,633 people in 2011, representing 45% of the bank's total clients, carrying out 13.3 million transactions using this channel, a 35% increase from 2010. ■



We provide banking services through third-party correspondents that contribute to the well being of thousands of Mexicans with limited resources

Banorte has positioned itself as an important player in the **third-party correspondents** market. In 2011 it began operating with the 7-Eleven convenience stores as third-party correspondents; enabling clients to make deposits to debit or credit accounts, as well as payments for services at 1,327 stores, which are open seven days a week and which have extended working hours. To reinforce this agreement, an advertising campaign was launched, promoting in particular banking services. Also, the number of transactions carried out through Telecomm-Telégrafos increased.



3 million transactions



401 thousand transactions



More than 74,000 clients used the Banorte Móvil services

Over 5 million transactions, more than double than in 2010

Banorte Móvil will be an important channel in the evolution of Banorte's future

■ **Banorte Móvil** offered an efficient, secure and sustainable global solution to a wide segment of our clients in 2011, as its platform is now compatible with all of the mobile phone companies in Mexico. ■

In the first quarter of 2012 developments for the evolution of this channel will be presented, such as the launching of a cellular token which enables users to generate their security codes directly from their mobile phone, without having to use a physical token.

Infrastructure

BANORTE

Territory	State	Branches		ATMs		POSS		Correspondents ⁽¹⁾	
		2010	2011	2010	2011	2010	2011	2010	2011
Southern Mexico	Distrito Federal, Estado de México	152	148	471	585	6,212	7,704	194	70
Northern Mexico	Distrito Federal, Estado de México	140	135	563	665	6,654	8,225	265	423
North	Coahuila, Nuevo León	190	133	1,120	925	9,287	9,639	782	36
East ⁽²⁾	Coahuila, Nuevo León, San Luis Potosí, Tamaulipas	-	82	-	529	-	3,889	-	890
Central	Aguascalientes, Guanajuato, Jalisco, Querétaro, San Luis Potosí, Zacatecas	145	116	720	689	7,311	6,840	207	153
Northwest	Baja California Norte, Baja California Sur, Sinaloa, Sonora	119	108	481	564	6,257	7,445	247	256
Border regions	Coahuila, Chihuahua, Sinaloa, Durango	59	68	387	473	3,952	5,235	104	119
West	Colima, Guanajuato, Jalisco, Michoacán, Nayarit	124	122	490	625	8,637	13,257	367	383
South	Guerrero, Hidalgo, Morelos, Puebla, Tlaxcala	67	69	219	350	2,250	3,258	196	198
Isthmus	Chiapas, Oaxaca, Tabasco, Veracruz	65	67	221	299	2,075	2,657	257	263
Peninsular	Campeche, Chiapas, Quintana Roo, Yucatán	73	70	332	458	5,801	7,735	127	127
Total		1,134	1,118	5,004	6,162	58,336	75,884	2,746	2,918

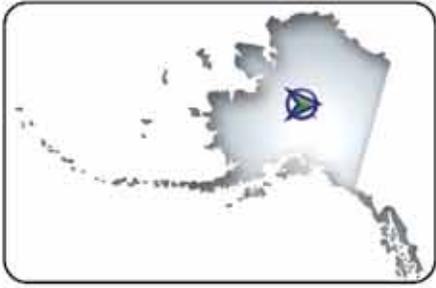
(1) The third-party correspondents refer to Telecomm-Telégrafos and 7-Eleven.

(2) This territory was created in April 2011.

IXE

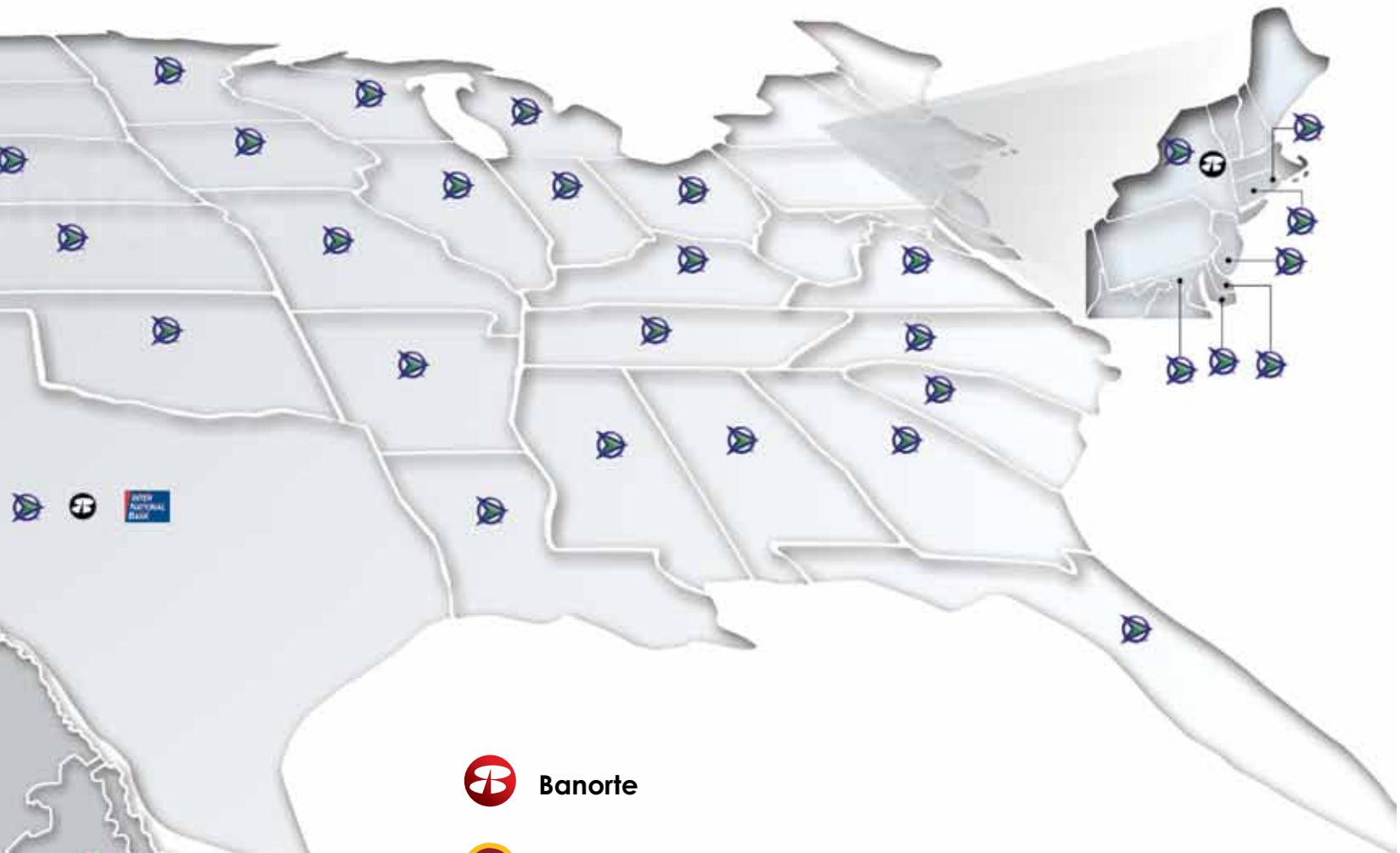
	Branches		ATMs		POSS	
	2010	2011	2010	2011	2010	2011
Distrito Federal y Estado de México	87	92	119	128	5,335	8,022
Jalisco	26	26	28	28	1,311	1,995
Nuevo León	14	15	14	15	765	985
Guanajuato	7	10	7	10	289	533
Puebla	8	9	8	9	273	567
Querétaro	7	8	7	8	447	829
Morelos	5	5	5	5	1,495	1,751
Chihuahua	2	2	2	2	95	83
Total	156	167	190	205	10,010	14,765





BANORTE USA		Branches	
	2010	2011	
INB	19	20	
UniTeller (Motran)	1,666	1,723	
Banorte Securities	3	3	

The All Point network that INB uses consists of 43,000 ATMs throughout the USA.
 In the case of UniTeller reference is made to agents and in Banorte Securities to offices and not to branches.



Banorte



Ixe Banco



UniTeller (Motran)



Banorte Securities International



Inter National Bank



Brand Value

In Grupo Financiero Banorte, we continually seek growth in our infrastructure, innovation and services, in order to strengthen our offering to each and every one of our clients. But we also understand that in an economy where knowledge is gaining great importance, there is an increasing relevance of other elements that generate value for our products and services. Today these elements are known as value-creating **intangible assets**, a new reality that allows us to identify a major source of value creation for our customers and our institution, through our brand.

The **brand value** (intangible asset) that Banorte as an institution has been able to build, today makes us closer and more relevant to our customers. But it also allows us to provide a service experience that is fully satisfactory and helps our customers to adopt our brand as their own.

In terms of brand value, the prestigious magazine The Banker, published in February 2012 the list of the 500 most valuable brands in the global financial industry during 2011. In this list, the Banorte brand was positioned at number 217, with a brand value of US \$581 million dollars and a brand rating of A+.

Achievements like this one fills us with pride, as well as being a totally Mexican financial institution which strives and works for Mexico and for Mexicans.



Suppliers

With the objective of continuing to influence our value chain in terms of sustainability, during 2011, preference was given to those suppliers offering similar quality and price, but who were socially responsible companies or who had participated in sustainable projects or causes.

Throughout the year, we continued to strictly adhere to our internal control guidelines, including the donation of obsolete assets in accordance with internal regulations and our focus on protecting the environment in utilizing and developing the Group's strategies.

Our code of conduct was also a tool to motivate our personnel to employ environmentally friendly practices in the use and procurement of resources.

Employees

Aware of the need to create opportunities for the development and professional growth of our staff, in an environment compliant with the Institution's values, the following programs and activities were fostered:

Program to improve the working philosophy

This program, initiated after having obtained 10th place in "A Great Place to Work" in 2010 of all the companies with over 5,000 employees, seeks to improve the working environment, aligning our human resources with the Institution's mission, vision and values. This is done to achieve greater commitment from employees, which is reflected directly in the business results. During the next three years, this program seeks to permeate a new work philosophy throughout the organization.



Banorte Ingenio

A program that seeks to stimulate constant innovation through encouragement and recognition of original ideas that significantly impact revenues, savings, quality of service and the social environment of the company.

In 2011, for Banorte Ingenio's second annual awards contest, a new category was included in the current list:

- Ingenio Lab: Innovation laboratory
- Radical innovative methodology
- Development of new products
- Social responsibility

To be awarded, certain aspects such as benefits, impact, characterization and contribution to Banorte's culture were considered. Participation for this year was extraordinary with 795 presented ideas, much higher than the 129 proposals presented in 2010.

Ethics

The ethical performance of the Group's employees is a constant concern, since they safe-keep the equity of thousands of Mexicans who trust the Institution. To this end, Banorte-Ixe maintains an anonymous channel which permits the submission of complaints or accusations, seeking to maintain the atmosphere of trust and objectivity that has characterized the Institution. This system will be reinforced in 2012 with Grupo Financiero Banorte's Ombudsman. Coupled with this project, Banorte-Ixe will reinstate the "Do the Right Thing" program, a tool used in Ixe which will facilitate the notification of unethical behavior and which presents large areas of opportunity.

Program for Healthy Development

—■ With the objective of promoting a culture of healthy finances among employees and to contribute to the financial health of the Institution, the department of Human Resources created the Program of Healthy Development that provides:

- Talks about achieving healthy personal finances, providing advice and suggestions for the correct management of resources.
- Legal consultancy for those with debt problems and viable alternatives to pay their debts. ■



Paperless Program

The Paperless Champions make up the green team that helps in reducing the use of paper as a crucial first step towards the recycling objectives and the goals for the reduction of paper and toner consumption

—■ The Paperless program was implemented in 2011, which seeks to reduce paper consumption by 50% and toner consumption by 30% by the year 2013, using 2010's consumption as a base. The first phase of the program includes certain staff areas of Banorte, the second phase includes the Bank, and the third phase includes the rest of the areas as well as other subsidiaries of the Group. ■

*Savings for the first phase
in 2011 were 19%*

—■ The Paperless Champions team is comprised of employees from different territories, who motivate their co-workers to reduce the consumption of paper; also they promote innovations and the adoption of green practices. Additionally, they are responsible for co-workers' awareness, monitoring and reporting the paper consumption in their area.

The Social Responsibility department, together with the Process Engineering department, developed and conducted a workshop and discussion about environmental awareness for the Paperless Champions with the following objectives:

- Communicate and create awareness about the relevance of social responsibility as a form of adaptation.
- Develop paperless knowledge, abilities, commitment and motivation.
- Establish talks with employees (Champions) in order to procure ideas and/or initiatives for the detection of risks, opportunities, and continuous improvement, as well as the achievement of objectives.
- Induce sustainable employee paperless activities.
- Promote responsible actions by employees to achieve changes in behavior. ■

Contact Center's 5K Race

On May 21st, 2011, the Contact Center's 5K Race was held in the Niños Héroes Park in Monterrey, Nuevo León, Mexico. As a result of the race, 60 trees were planted in the area, offsetting the frost-related damage to trees in the park. ■



INB's Sustainability Program

—■ In 2011, Inter National Bank (INB), GFNorte's subsidiary based in McAllen, Texas, incorporated environmental practices that included:

- The use of videoconferences, which reduced the amount of travelling.
- The use of sensors to control lights.
- Air conditioning systems used only during office hours.
- Recycling programs for shredded paper and aluminum cans.
- 60% of customers receiving their account statements through electronic mail, resulting in significant paper savings.

The goal for 2012 is to work together with the Social Responsibility team to improve efforts to integrate new practices and to carry out measurements as part of the strategy for Corporate Social Responsibility. ■

Social and Environmental Management System

—■ Within the framework of the association between the International Finance Corporation (IFC) and Banorte, a Social and Environment Management System (SEMS) was designed. SEMS seeks to ensure that the financial institutions' activities comply with the socio-environmental standards through a process that identifies and assigns a potential risk level to projects.

This management system commenced operations in January 2012 and is based on the four principles of Banorte's environmental policy:

- Achieve sustainable growth.
- Fulfill social responsibility in the pursuit of investment returns.
- Transmit an awareness of sustainable development in the operations of the bank.
- Integrate environmental protection in the operations of the bank.

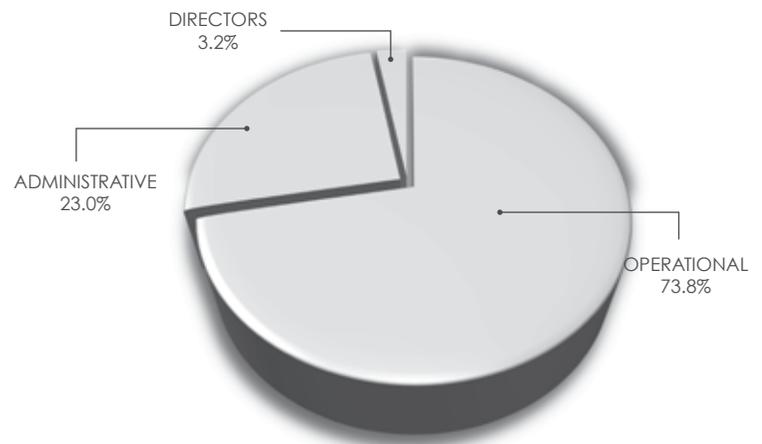
Through the implementation of SEMS, Banorte seeks to transform itself into an innovative financial institution and a pioneer in the evaluation of socio-environmental risks in Mexico. ■

SOCIAL FIGURES 2011

Total number of full-time GFNorte employees
24,015

Number of employees covered under a collective contract ⁽¹⁾
4,848

Total Employees by Work Level



Employees trained in classroom courses ⁽²⁾
12,087

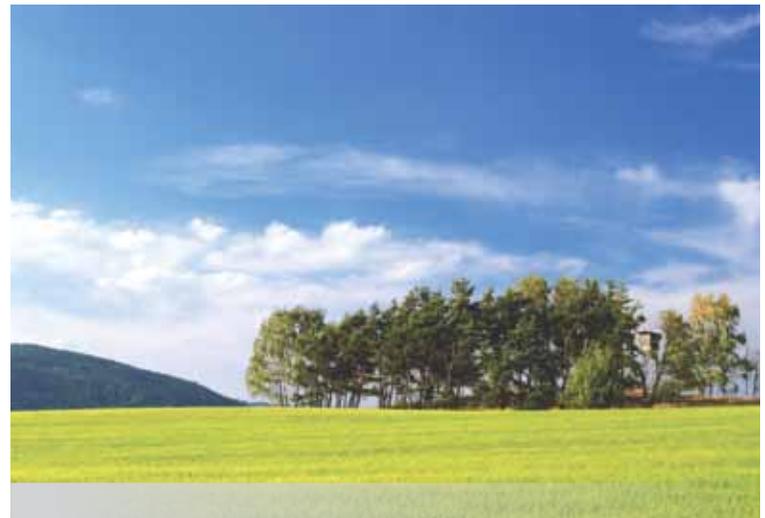
Employees trained in online courses (e-learning)
15,527

Investment in training (pesos)
97,107,312

Number of courses ⁽²⁾
1,062

(1) Only considers Banorte-lxe.

(2) Includes Generali.



Community

—■ Banorte-Ixe seeks to constantly give back to society. Therefore the organization directs efforts to develop initiatives that distinguish it as an institution that offers much more than just financial services. It also designs strategies to get closer to stakeholders, with a primary focus of serving the more disadvantaged communities. ■

Súmate: Together we can multiply our efforts

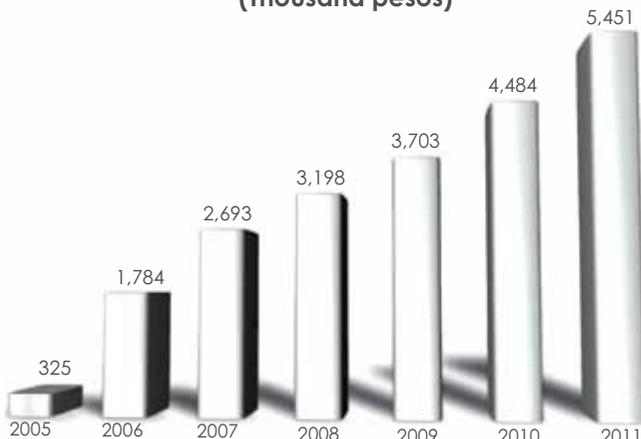
We seek to create an impact by matching employees' and company's cash donations to help in the most vulnerable areas

—■ Súmate is a trust fund through which voluntary donations by Banorte-Ixe employees benefit children, young adults and the elderly who find themselves in a vulnerable situation. The trust fund was a result of the Ixe Apoya (Ixe Supports) program started in 2005, in which the operation and management of the trust fund is regulated by employees who volunteer to serve on the Technical Committee.

Fundación Banorte actively participates in all of the planning, organization, policies and procedures of the program. It also donates economic resources to causes selected by the Committee of employees.

Súmate seeks to promote a social conscience and philanthropic culture in both an individual and collective manner throughout the entire Institution. Its management and administration are guided by employee volunteers who are not part of the senior management of the Group. ■

TOTAL ANNUAL DONATIONS
(Thousand pesos)



Financial Education

1,486 trained people

129 volunteer instructors

20 schools in Colima and Querétaro

2 universities in the Federal District

—■ Recognizing the unfortunate consequences associated with the lack of financial education in Mexico, GFNorte has assumed the great challenge of providing more people with the necessary tools to expand their knowledge on this topic, thereby having a positive impact on the finances of more Mexican families.

Through the volunteer work of its employees, the Group has developed links with diverse educational institutions and associations in order to contribute to the development of greater financial literacy in Mexico.

Throughout 2011, the following workshops were held:

- One-day workshops at public primary schools.
- One-day workshops "Together for the Financial Education Banorte-Ixe" at Universidad Anáhuac (Anahuac University).
- One-day workshops "Day of Infant Savings" Banorte-Ixe and ABM (Association of Mexican Banks).
- Workshop for family finances.
- Universidad Iberoamericana (Iberoamericana University) workshop. ■





Acciones Banorte-Ixe (Banorte-Ixe Actions)

 The objective of this program is to promote the integration of employees, creating awareness and consciousness about the social, environmental and educational problems in Mexico.

Our annual end-of-year toy drive is a key part of this corporate volunteer initiative. "Jugando, jugando y con Banorte-Ixe ayudando" ("Playing, playing and with Banorte-Ixe aiding") involved collecting new toys which were donated to children in public hospitals and orphanages throughout Mexico on Three Kings Day (January 6th). Fundación Banorte was key to these efforts, building awareness through community dialogue, identifying organizations to receive toys, sharing recommendations on program effectiveness, as well as ideas and advice. A total of 34,009 toys were collected, delivered by 822 volunteers, which reflects an increase in participation of over 70% compared to last year.

There are plans for 2012 to increase sponsorships of causes to benefit of communities through the creation of a portfolio of projects linked to our business areas. All applications will be evaluated by the department of Social Responsibility who in turn, will direct them to the Evaluation Committee where the final decision will be made based on the profitability of the proposed project. 



Fundación Banorte (Banorte Foundation)

—■ Established on April 6th, 2005, Fundación Banorte's objective is to improve the quality of life for children, young adults, women and seniors in need due to economic, social and health issues, or as well as natural disasters. This objective is achieved through donations, actions, partnerships and knowledge sharing to support Civil Society Organizations (CSOS) that address challenges such as:

- Social assistance
- Community development
- Natural disasters
- Infant malnutrition
- Human rights
- Disabilities
- Education
- Gender equality
- Institutional strengthening
- Environment and sustainability
- Health

In 2011 Fundación Banorte:

- Donated to 130 organizations throughout the country.
- Directly benefited 1,571,165 people.

Fundación Banorte, as all corporate foundations, guides, supports and promotes all philanthropic, altruistic, generous and socially responsible actions and initiatives, directed towards the Group's internal and external community.





It is a channel that responds to concerns, promotes generosity, creates awareness of philanthropic themes and is a platform linking causes and private and public organizations whose objective is the common good.

Infant Malnutrition

The Nutre-Fácil Maseca program together with Fundación Gruma, responds to the need to reduce infant malnutrition in states with the highest indices of this problem.

Throughout 2011 the program continued to work on developing strategic alliances with SEDESOL in Nuevo León; DIFs in the states of Chiapas, Guerrero, Oaxaca, Puebla, Tabasco, Yucatán; in Veracruz with the municipal DIFs in Boca del Río, Cosoleacaque, Fortín de las Flores, Hueyapan, Orizaba, San Andrés Tuxtla, Tuxpan and Veracruz; and with the Fundación de Beneficencia Privada Banco de Alimentos Cáritas Puebla (a food bank).

Results:

- 2,820,000 packets delivered with nutritional supplements.
- Almost 10,000 children benefited daily.
- Presence in remote communities and highly marginalized areas.
- The integration of almost 30,000 families benefited by Nutre-Fácil Maseca.

The challenge for 2012 is to benefit 14,000 children on a daily basis, to help more states with high indices of malnutrition and to reach the more remote communities that don't receive support from other social programs. ■



Natural disasters

—■ To respond quickly to the needs of people affected by natural disasters, Banorte and its Foundation have developed campaigns to assist those who have lost their homes, by providing housing as well as helping to recover their losses and helping to reconstruct affected communities.

In 2011 we continued the commitment to rebuild communities affected by Hurricane "Alex" which severely affected the states of Nuevo León, Coahuila and Tamaulipas.

Institutional strengthening

Fundación Banorte continues to promote the strengthening of CSOS and public institutions linked to social development and the philanthropic sector by sponsoring meetings and conventions for training, and providing advice, conferences and workshops. The Foundation's primary efforts also includes participation in specialized forums and seminars, initiatives to professionalize governmental bodies, as well as developmental planning, campaigns to procure funds, communication with stakeholders and organization of volunteers.

Along these lines, Fundación Banorte provided scholarships so that members of CSOS could attend meetings aimed at strengthening their organization. Some of these were:

- The "Social Impact, Evaluation of Social Projects" program held in Cozumel, Ciudad Juárez and Mexico City.
- The annual meeting of PROCURA "Creating a Board, a sure way to increase donations".
- The XV Annual Meeting of CEMEFI "Civil Society in the Public".

Fundación Banorte participated as a presenter in 25 specialized meetings and forums of the philanthropic sector in 8 states of Mexico, as well as one in the city of San Jose in Panama.

Environmental actions

Water

—■ GFNorte is very aware of the challenge of water scarcity affecting certain regions of Mexico. The organization is looking for alternative ways to make more efficient use of water. As part of this effort, the Institution adopted the Agreement for a Sustainable Mexico and in 2012, will be part of the Water Committee that seeks to promote and educate the public on the efficient use of this very important resource.

In 2012 monitoring and control of water usage systems will be improved in order to detect areas of opportunity and improvement.

Energy

With the objective of contributing to the generation of green energy, a pilot project of implementing photovoltaic cells was initiated. The cells were installed in two branches, one in the city of León and the other in the city of Querétaro. The cells began to capture energy in November 2011. The prospective benefits are electricity cost savings and the reduction of greenhouse – CO₂ gas emissions.

Emissions

The data related to GFNorte carbon emissions for 2011 (Investor CDP 2012), are available in the official website of the Carbon Disclosure Project on the dates established by such organization. ■

Waste

Since 2008 Ixe has carried out a project of collecting and separating waste from the corporate buildings located at Sevilla 40, Torre Mayor and Campos Eliseos. In 2011, approximately 6,360 kilos of waste were collected and separated, and placed at the disposition of the San Ignacio de Loyola Foundation.



ENVIRONMENT FIGURES 2011

Account statements sent electronically	1,816,305
Videoconferences	31,187
Savings in electrical energy ⁽¹⁾	6,070,431 Kwh saved
Collection and separation of waste	6,360 kgs (approximately)
Paper sent to recycling	461,470 kgs
Economic return for recycling paper _(pesos)	\$917,884

(1) Considers Banorte, Casa de Bolsa, Arrendadora y Factor, UniTeller.

Challenges in 2012

Clients



- Maintain and improve the differentiated value proposal.
- Integrate and expand the Wholesale Banking's value proposal.
- Optimize business processes, improving customer service levels.
- Increase the cross selling throughout the bank.
- Strengthen the identity of "The Strong Bank of Mexico", enhancing the feeling of belonging.

Employees



- Strengthen our organizational culture, always aligned with the mission, vision and values of the institution.
- Develop strategies that allow us to improve the quality of life for employees.
- Build the best working environment based on respect and teamwork.
- Attract the best talent, strengthening the team.



Shareholders



- Optimize the Group's efficiency ratio (<50%).
- Leverage the strengths of each of the entities.
- Develop a common technological and operational infrastructure.

Community



- Maintain our position as a responsible organization that promotes institutional strengthening with a high prestige, and a philanthropic culture.
- Strengthen our links with the community through programs that promote financial education in our country.
- Strengthen initiatives that allow us to contribute to fair and equitable development of the communities in which we operate.
- Develop partnerships and belong to networks whose purpose is to help anyone in a state of vulnerability.

Consider all the stakeholders in terms of social responsibility enabling the Institution to achieve a better performance in this area, which is why we seek to create long-term sustainable relationships with stakeholders. 

Strategy and Results

Ixe merger



Rationale of the merger

Grupo Financiero Banorte and Ixe Grupo Financiero agreed to merge in order to create the third largest financial group in Mexico, offering a unique proposal to shareholders, clients and employees through a banking model that covers Retail, Premium and Wholesale sectors.

The merger was reinforced with the campaign denominated "Two Mexicans come together to become a stronger Mexican" that distinguishes the merger with the attributes of work, effort and a union that seeks to strengthen Mexico.

The following are three key aspects of the integration:

1. Creation of economic value through synergies

At the beginning of 2011, the Banorte-Ixe merger was a project with big expectations arising from the union of two of Mexico's important Banks, resulting in the third largest Financial Group in the Mexican market and the most significant controlled by Mexicans.

Thanks to the combined efforts of both organizations, in 2011, the established initial economic objectives were realized and

the expected synergies were achieved in the first year of the merger.

—■ 2. Moving towards a new organizational culture

One of the main objectives of the merger was to improve the pool of talent, which takes the best human capital of both Banorte and Ixe, combines Ixe's model of innovation with Banorte's efficiency and develops a leading operational model using the best practices of both organizations.

The more than 8-month merger process has resulted in a combination of talent, enabling the improvement of **Grupo Financiero Banorte's DNA** that can be seen in:

- Management and improvement of talent:
 - Maintenance and retention of key personnel in business areas.
 - "Fresh talent" leading key areas of support.
- Business innovations through the launching of reengineered projects.
- Taking advantage of best practices in both Groups.

After the Banorte-Ixe merger, the area of **Organizational Culture** was born, which seeks to provide continuity to programs that were successfully embedded in the Ixe culture, adapting them to the Group's new reality. Its creation is considered in different phases, related to different programs, including the "Da un Sí" (Say Yes) program of institutional recognition developed by Ixe that seeks to distinguish the excellence and quality of the work of colleagues. The objective is to highlight extraordinary performance of employees, activities in which expectations are surpassed and which mark a difference from daily activities.



The new organizational culture also takes into consideration the aspects of diversity and inclusion that resulted in the creation of "Banorte-Ixe Incluyente" (Inclusive Banorte-Ixe).

Ixe's Labor Inclusion Program was created in 2008 for the purpose of capturing top talent to form our work teams. Under these criteria, the doors were opened to people with disabilities in different areas of the Group. This precedent and the fact that Banorte already had employees with some type

of disability, helped to create the **Banorte-Ixe Incluyente Program** whose objective is mainly to guarantee the inclusion of future qualified job applicants while also offering a career plan to employees with disabilities already working in different areas of Grupo Financiero Banorte.

Today, the full-time staff includes 29 employees who have some type of disability (visual, motor or auditory) and who participate in areas such as the phone operator, Ixe Directo, Ixe Net, Quality, Car loans, Social Responsibility, Recruitment and Selection and Regional offices. ■



■ ■ ■ ■ Once the merger was concluded, and based on the accumulated wealth of experience, Human Resources designed a **Transformational Project** that seeks to provide services closer to the needs of the different areas, which should help to improve customer service. The management of this project will rely on the use of a technological platform that includes internal social network services. ■ ■ ■ ■

"The opportunities given to those of us with a visual handicap in Banorte-Ixe are to grow as a person, spread our Mexican culture, create awareness in others, and most specially to open doors for others with disabilities and to demonstrate that we only have a special need and not an impediment that we need to hide, and that we can

have a BETTER life WITH quality."

Erika Ortíz Nava, employee of Ixe Directo



3. A new Brokerage House

In 2011 Casa de Bolsa Banorte Ixe was consolidated as:

The 1st issuer of short-term debt

The 3rd money market operator measured by daily repo operations

The 4th fixed income mutual fund manager in the financial system

2011 was a year filled with great challenges as a result of the merger and the uncertainty of the global financial markets. Investment decisions suffered significantly from the extreme volatility in the markets, the sovereign debt crises that affected several countries of the European Union, the weak recovery of the US economy and inflationary pressures in some emerging economies.

After the merger of Grupo Financiero Banorte and Ixe, the broker dealers of both institutions continued to operate independently. However, in 2011, they laid the groundwork to consolidate Banorte-Ixe's position as a leading player in Mexico's broker business by merging the technological and business platforms, as well as the different organizational cultures of Banorte and Ixe's broker dealers, a process that culminated in the merger of both institutions in January 2012.

The combination of these highly complementary platforms has transformed Banorte-Ixe into a major player in the market with:

- Important participation in corporate finance.
- Equity operations.
- Private and patrimonial banking.
- Mutual funds.
- Assets under management.

As of January 1st, 2012, the operations of Casa de Bolsa Banorte and Ixe Casa de Bolsa were merged to create Casa de Bolsa Banorte Ixe, with a total of Ps. 497 billion of assets under management at closing of 2011, and a total of 40,427 investment accounts.

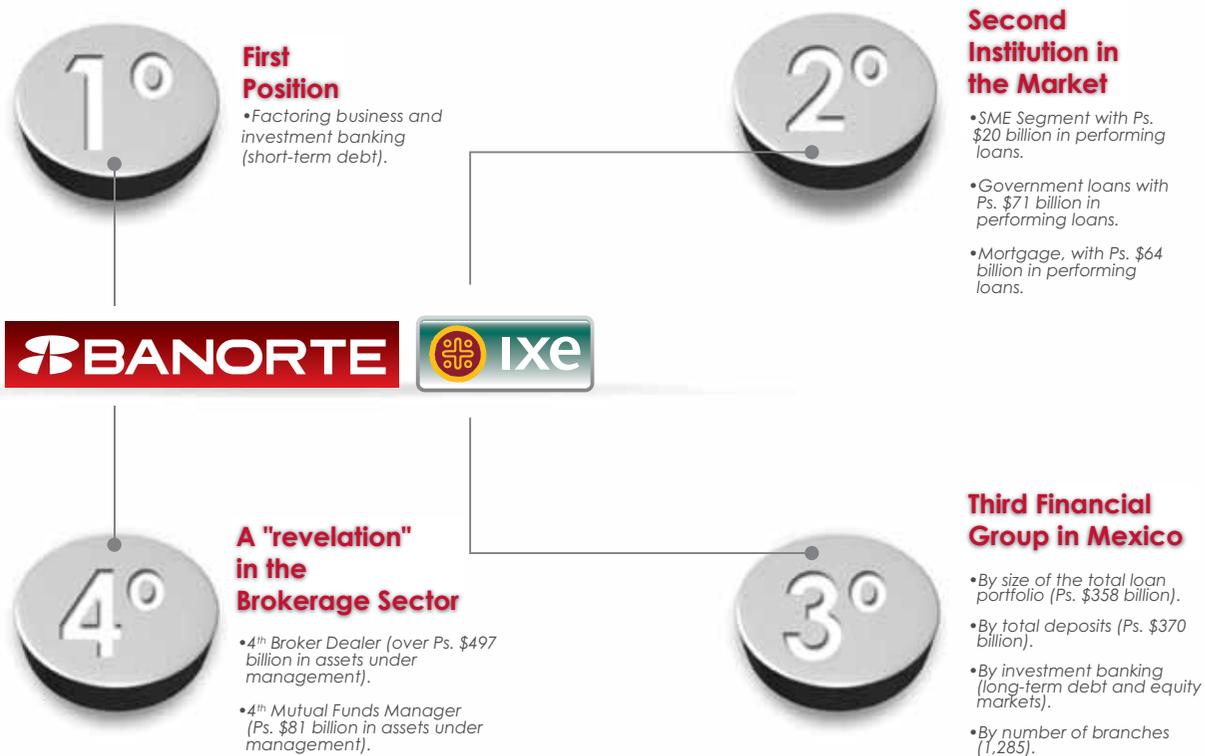
During 2012, the development and improvement of the Financial Group's business platform will continue in order to consolidate the Institution as a national leader and to face the growing competition in the sector.

Results of the Banorte-Ixe merger

In spite of the complexity of the integration project and an extremely volatile economic environment, achievements in 2011 surpassed all expectations.

- The Institution demonstrated the capacity to face the challenges as the third largest financial group in Mexico.
- The necessary scale was achieved to enhance future development.
- The following merger objectives are close to being fulfilled:
 - Establish the Group's strategy to implement a differentiated value proposal to our clients.
 - Ensure the retention of talent.
 - Maximize value for our shareholders.

The new Financial Group is much more than just the sum of its parts and is better prepared to face current and future challenges.



Perceptions about the Banorte-Ixe merger

The results of the initiatives undertaken show a very positive perception from our clients of having met their expectations regarding the Banorte-Ixe merger, since each institution provides attributes and values which combined, provide unique results.

On another positive note, the Group's clients perceived a strengthening of the position of Mexican Banks compared to foreign-owned Banks operating in Mexico, thus providing a sense of belonging and national pride, in addition to an increased sense of security that a solid and reliable institution is safeguarding their assets.

Challenges and next steps

The year 2012 will be characterized by realizing the synergies and enhancing the capabilities that will improve the Group's value proposal with clear objectives:

- Reach the synergies to achieve the Ixe merger's profitability goals.
- Achieve a better relationship with our clients through the use of technological channels, allowing us to offer a greater number of products and services according to our clients' needs.
- Design strategies to achieve a unique back-office, while at the same time maintaining Ixe's independently operating branch network.
- Strengthen Ixe's network in areas where Ixe has no presence.
- Complete the integration of credit cards and conclude the creation of one control model.
- Become the reference in the Mexican market.

For 2012 GFNorte expects to provide loans for different home acquisition modalities and to launch new products in order to maintain its leadership in this sector.

Payroll Loans

The Payroll Loan product was constantly advertised through seasonal campaigns and promotions such as "Duplica tu Crédito" ("Double Your Credit"), through segmented strategies of pre-authorizing loans and by enabling ATMs to directly consult the Credit Bureau in order to provide personalized offers.

—■ In 2012 Payroll Loans will be distributed through the increased use of electronic channels and by expanding the penetration of new loans, carefully maintaining the portfolio's quality to keep its PDL ratio among the lowest in the market. ■

Operating Performance

Banking Sector

In 2011, Ixe Banco began the integration processes with Grupo Financiero Banorte, recognizing and strengthening its strategy and customer service. Most of the operating processes and customer service were integrated into the Banorte platform, which allowed a significant increase in the expected synergies, while preserving the high standards of quality and customer service that Ixe clients demand.

The main challenge for 2012 will be to conclude satisfactorily with the migration of Ixe's main technological platforms to Banorte, in order to increase the levels of operational efficiency and strengthen the catalogue of products and services that Ixe Banco offers to its clients.

Mortgages

In 2011 new products were launched into the market. The products with the greatest acceptance were: Hipoteca Accesible Banorte (Banorte's Accessible Mortgage) and Hipoteca Elite Banorte (Banorte's Elite Mortgage).

During the year, the following actions were carried out:

- Improvement and automation of operating processes to facilitate steps and ensure greater agility in granting loans.
- Increase in participation in the institutional loan program to Pemex employees, with 76% of loans granted.

**AHORA
 NÓMINA
 BANORTE
 DUPLICA
 TU
 CRÉDITO**

Solicita ya tu Crédito de Nómina
 y al obtenerlo participas automáticamente
 en la promoción mensual para ganar
la misma cantidad del crédito que recibiste.

Así Banorte premia y reconoce la lealtad de los mexicanos.

Cambia tu Nómina a Banorte.

BANORTE
 EL BANCO FUERTE DE MEXICO

www.banorte.com



Credit cards

In 2011 competitiveness improved with innovative products such as the Tarjeta Banorte Infinite (Banorte Infinite Card) and increased placement of the Banorte Platinum Card, in order to strengthen the Group's position in the high-income sector of the population.

—■ The Tarjeta Mujer Banorte (Banorte Woman's Credit Card) strengthened its offering by incorporating attributes related to: ■

- Health and beauty
- Family
- Personal growth
- Sports



The loyalty program "Recompensa Total Banorte" ("Banorte Total Rewards") maintained specialized catalogues by product and incorporated services such as the virtual travel agency "Explora" ("Explore").

The portfolio's position was reinforced through the "Yo Soy" ("I Am") campaign based on the most representative benefits of each product. As part of the strategy to motivate the use of Banorte cards, a campaign was launched at the end of the year "Vive un fin de año inolvidable con tus Tarjetas Banorte" ("Experience an unforgettable New Year's with your Banorte cards") which gave away prizes and trips.

Through its subsidiary, Ixe Tarjetas (Ixe Cards), Ixe Banco placed over 101 thousand new credit cards, more than half the existing Ixe clients, who received an innovative product with huge benefits, such as the year end campaign "De Mí para Mí" ("From Me to Me") and the "Unlimited Awards" rewards program, both of which were unique to the Mexican market for the value granted to cardholders.





attractive products through easily accessible channels and increase the Group's participation in each segment of the population, especially in the higher income sector.

In 2011, Ixe's geographical presence extended to two cities: Celaya and Irapuato, meeting our expectations of extending the deposit base to different regions of Mexico. In 2012, Ixe will maintain diversified growth of its franchise in order to extend the benefits of this unique bank model to more locations.

Demand deposits represented 35% of total deposits, while the remaining 65% was represented by time deposits, complemented by a very attractive catalogue of mutual funds and investment instruments.

At closing of 2011, Ixe Banco's deposits totaled Ps. 49.1 billion, representing a 13.8% YoY growth compared to closing of 2010, a continuation of favorable trends observed in Ixe's deposits over the last few years.



Ixe Cuenta
Lo tiene todo.



Ixe Cuenta Premium
Lo mejor de dos mundos.

The growth in deposits was achieved through the positioning of the Bank's two main products: "Ixe Account" and "Ixe Premium Account", which provide access to a whole range of services and investments to meet the needs of each client.

Business

—■ GFNorte renewed its commitment to Mexico by offering a range of products and services for the growth and development of companies. This commitment was strengthened with the Ixe merger, resulting in an integral offering to the greater benefit of clients.

During the 2011 fiscal year, the placement of the Empuje Negocios Credit Card increased 102%, reaching 18,671 cards.



In 2011 Grupo Financiero Banorte once again achieved a leading position in Mexico, supporting the growth of SMEs through lines of credit for working capital and the acquisition of fixed assets. Banorte's SME loan portfolio balance totaled more than Ps. 20 billion, increasing by 23% in the year compared to 2010.

Crediaactivo Empleo is an innovative financial product that allows for a reduction of 3 percentage points in the interest rate when a microenterprise or SME generates three new formal and permanent jobs. In 2011, the program grew by 21% allowing the Group to participate in the growth of SME's, financing companies who are government suppliers, generators of new jobs, exporters, generators of foreign currency, involved in the construction and tourism industries or those affected by natural disasters in high impact areas. ■



In 2011, the first 250 Banorte-Ixe clients who registered to obtain the ESR (Socially Responsible Business) distinction from CEMEFI (Mexican Center for Philanthropy), obtained a 30% discount on the published fees when their payment was made using the Empuje Negocios or Ixe credit cards.

Also in 2011, Ixe's SME initiative continued its consolidation process, increasing the portfolio by Ps. 725 million to a total of over Ps. 3 billion by yearend, a 31.3% YoY growth compared to 2010, with adequate asset quality. Ixe's SME initiative continues to specialize in and favor clients who look for quality and service at competitive rates. 

Government

In 2011 service to Banorte-Ixe clients was strengthened and all of Ixe's government clients were segmented according



Círculo PyME (SME Circle)

 SMEs play an important role in the economic and social development of Mexico, since they are a fundamental source of job creation, contributing to GDP and providing a strong positive impact in communities. During 2011, GFNorte consolidated the Solución Integral PyME (SME Integral Solution program) while the Círculo PyME (SME Circle) program, continued to offer specific products and services to this sector, such as guidelines for adopting more sustainable practices.

Banorte is a bank committed to Mexican SMEs, which is why during the period of November 2010 to September 2011, one of every three pesos lent to SMEs in the country was provided by Banorte.

to Banorte's methodology: federal, state and municipal. The main client groups increased their balances at closing of 2011, important loans were renewed, such as the one with CFE (Federal Electricity Commission) and the restructuring of several important loans was also accomplished, thus maintaining a high level of quality in the portfolio.

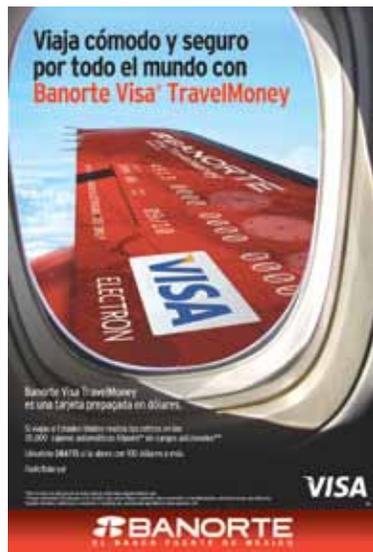
For 2012, the credit lines for Municipalities will be maintained, promoting in both networks the products and services for Government clients, strengthening the synergies with other business areas, generating more cross-selling of products and keeping the commitment to maintain double digit growth rates in the performing loan portfolio and in deposits for this sector.



Banorte USA

Inter National Bank (INB) continues to benefit from existing synergies, and as a result of the Ixe acquisition, it can offer bi-national products and services to an expanded group of clients on both sides of the border, such as: free access to Banorte and Ixe's ATMs in Mexico and over 43,000 ATMs in the US through the All Point network, free electronic transfers and check deposits between accounts of both institutions. INB also provides Banorte-Ixe's individual and corporate clients with diverse financing options.

In 2011, INB reported an important annual increase in profits and maintained a capitalization ratio of 21.9%, above the minimum regulatory level. Also, classified assets as a percentage of capital were reduced to 46%, an acceptable level according to the OCC, the banking regulator for INB in



the United States.

Promotional campaigns were held both to publicize and encourage the opening of Enlace Express accounts, as well as remittance transfers sent from abroad, resulting in continuous growth throughout practically all of 2011.

Due to the decline in individual dollar accounts throughout the border regions, there were permanent promotions displayed in the branches of those regions.

—■ Visa Travel Money added the new benefit of medical assistance when travelling abroad. In the seasonal year-end period, a promotional campaign was also launched to encourage the use of this credit card by rewarding clients with a gift. ■

Private Banking

Banorte and Ixe Securities offer clients a wide range of investment alternatives abroad, mainly for Patrimonial clients in Mexico and for clients shared with INB.

In 2011, Banorte and Ixe Securities managed a portfolio of over Ps. 1.7 billion dollars, made up of Private Banking clients in Mexico and onshore (domestic) clients in the United States.

Family Remittances

—■ Banorte reaffirmed its commitment in 2011 to assist immigrants and their families, not only in Mexico, but in the United States as well.

In Mexico, Banorte continued to stand out as one of the main payers of family remittances. During the year, Banorte and UniTeller processed over US \$2.2 billion dollars, a figure that represents 9.6% of the remittances sent between the United States and Mexico, and a 20% increase in the volume paid during 2011.

Additionally, Banorte continued its commitment to provide banking services to remittance beneficiaries. The Enlace Express account offers a faster, more secure and free remittance payment mechanism, resulting in a 17% increase in the number of Enlace Express accounts in 2011. ■

—■ Through UniTeller, Banorte increased the amount of remittances sent from the United States. Transactions processed by UniTeller in 2011 increased by 66%, making it one of the companies with the most growth in this sector in the United States. ■

—■ As part of this effort, UniTeller signed an important transfer agreement with Wells Fargo in 2011, consolidating a network of eleven institutions with operations in eight countries. This agreement positions UniTeller as one of the most prestigious processing companies in the sector. ■



Asset Recovery

*We have the largest specialized area
 for the recovery of assets with the best
 practices in Mexico*

In 2011, the segment of managed portfolios was further developed, incorporating the assets from the Sociedad Hipotecaria Federal (Federal Mortgage Fund), leading to the management of almost Ps. 6.5 billion of the Sofol Su Casita portfolio. The integration of Ixe's impaired assets was also concluded.

At closing of 2011 AUMs totaled Ps. 88.13 billion, an annual growth of 24% compared to 2010, mainly due to the integration of Ixe's assets and the managed assets. Profits of Ps. 872 million were reported for the 2011 fiscal year, reflecting a growth of 26% YoY compared to 2010.

In 2012, the Group will face difficult challenges, such as continuing with the purchase of deteriorated asset portfolios, attracting new clients for portfolio management and developing segmentation strategies for the different portfolios with improved business process reengineering that will enable the Institution to maintain its leadership in the market.

Brokerage Sector

In 2011, the strategy to develop the business of mutual funds in the Casa de Bolsa Banorte resulted in an 8% growth in the value of clients' assets in custody.

Money market transactions increased by 11% during 2011, while the value of clients' assets under custody in the stock market declined by 11%, affected by the drop in the IPC Index and by clients reducing their positions and moving to less volatile markets. Casa de Bolsa Banorte ended the year with a total of 9,690 investment accounts.

In 2011, Ixe Casa de Bolsa achieved significant growth. Clients' securities under custody increased by 74% YoY; however the unfavorable conditions in the money and stock markets, plus the extraordinary expenses resulting from the Banorte-Ixe merger, affected the final year end results. At closing of 2011, Ixe Casa de Bolsa had a total of 30,737 investment accounts.

Ixe Casa de Bolsa has consolidated itself as one of the most important financial intermediaries and strategic advisors in the Mexican market through its Investment Banking division that includes Corporate Financing, Mergers and Acquisitions.

Corporate Finance, actively participated in debt and capital markets' transactions, maintaining its position as one of the main underwriters of short and long term debt in the local market.

—■ As part of Grupo Financiero Banorte's socially responsible actions, impact investment opportunities in Mexico were sought in 2011. Thus, GFNorte became the sponsor of TONIIC Mexico together with New Ventures Mexico, the U.S. Mexico Foundation and Angel Ventures Mexico. TONIIC is an international impact investment network that promotes a sustainable global economy through cooperative investments, sharing of best practices and educational programs for participating organizations. Impact investment is a strategy that seeks to create environmental and social benefits as well as to improve financial returns. In 2012, Grupo Financiero Banorte will continue to identify new ways to participate in this field. ■



Long Term Savings Sector

Afore XXI Banorte (Pensions Funds)



In 2011 an agreement was reached with the Instituto Mexicano del Seguro Social (Mexican Institute of Social Security) to merge the retirement fund administrators of both companies. Thus, the Afore XXI Banorte was created, the largest in the country with 100% Mexican capital.

Afore XXI Banorte:

- Is the largest Afore in the system according to the total number of accounts managed: 7 million or 17% of the total retirement savings system (Sistema de Ahorro para el Retiro or SAR).
- Is the fourth largest in the system according to the value of funds managed: Ps. 203 billion, or 14% of the total resources managed by all of the Afores.
- Is the second largest Afore in the sector in terms of wage mass managed, controlling the equivalent of 9 million minimum wages or 15% of the total SAR.



- Offers an immediate benefit to the 3.9 million clients of the Afore Banorte Generali, by reducing its commission. ■
- Represents an immediate increase in the number of points of contact for customer service.
- Takes advantage of the complementary capacities of both institutions in the interest of permanence and growth in a highly competitive market that will continue to trend towards further consolidation of Afores.



In 2012 the consolidation of the Afore XXI Banorte merger will be pursued, guaranteeing customer satisfaction in all points of contact

■ For 2012, the Group is committed to offering solid support to clients with the certainty that Banorte-Ixe protects not only their equity, but also their peace of mind. ■

Pensiones Banorte Generali (Annuities)



In 2011 an agreement was reached for the acquisition of Royal & Sun Alliance Annuities, increasing the Institution's technical reserves by over Ps. 350 million while obtaining an unrealized gain in the investment portfolio of over Ps. 35 million.

Plans for 2012 include further development and monitoring of investment strategies to reduce risk and avoid portfolio concentrations. Commercial efforts will be directed to maximizing products and services for clients and adapting strategies to face changes in regulations affecting in this sector.

Seguros Banorte Generali (Insurance)



—■ The central system for insurance continues to be at the forefront of information technology. An electronic insurance office was created to enable clients to access the companies' products and services at anytime from anywhere. ■ —

In a similar fashion, the standardization and strengthening of services for automobile accidents was completed with the launch of distinct customer service centers throughout the country and the expansion of the medical network. In 2011, as part of the integration process, Ixe Banco's network of branches began selling car, life and home insurance, and insurance for integral protection and damages for SMEs.

During 2Q11 the first promotional campaign was launched for Seguros Banorte and Seguros Ixe with the slogan "Vive Seguro y tranquilo con tus Seguros Banorte e Ixe" ("Live safe and calm with Banorte and Ixe Insurance"), providing the benefit of deferring insurance policy payments for 12 months, interest free when using Banorte and Ixe credit cards. The campaign was launched nationally making use of mass media and local support in twelve sites across the country.

Additionally, another new product was launched, Seguro de Protección Integral Banorte (Banorte Integral Protection

Insurance), using a tactical campaign directed at highlighting the abuse of products and services by third parties.

Plans for 2012 include the implementation of new initiatives to strengthen processes for customer service and the Institution's technological platforms.



Other Finance Companies

During 2012, Arrendadora y Factor Banorte-Ixe (Leasing & Factoring) will maintain their leadership on a national level with increased market penetration and portfolio profitability. Arrendadora and Factor Banorte-Ixe will continue to provide individually customized asset investment strategies for clients.

For its part, at Almacенadora Banorte (Warehousing), the promotion of products under the "Client Vision" strategy will propel growth in revenues derived from increased issuance of Certificates of Deposit and Inventory Commercialization operations.

Corporate Governance

GROUP OFFICERS

MANAGING DIRECTORS

Alejandro Valenzuela del Río

Chief Executive Officer of Grupo Financiero Banorte

Business

Jesús Oswaldo Garza Martínez

Managing Director of Retail Banking

Manuel Antonio Romo Villafuerte

Managing Director of Ixe Banco and Credit Cards

José Marcos Ramírez Miguel

Managing Director of Wholesale Banking

Samuel J. Munafó

Managing Director of INB

Luis Fernando Orozco Mancera

Managing Director of Asset Recovery

Fernando Solís Soberón

Managing Director of Long Term Savings

Enrique Luis Castillo Sánchez Mejorada

Advisor to the Group's CEO

Staff

Rafael Victorio Arana de la Garza

Chief Financial Officer

Sergio García Robles Gil

Chief Corporate Officer

Alejandro Garay Espinosa

Managing Director of Corporate Services

Carla Juan Chelala

Managing Director of Marketing

Héctor Martín Ávila Flores and

Managing Directors of Legal

Armando Jorge Rivero Laing

Benjamín Vidargas Rojas

Managing Director of Audit

Javier Márquez Díez Canedo

Managing Director of Risk Management

Fernando Solís Cámara J. C.

Managing Director of Communication and Corporate Relations

Guillermo Güémez Sarre

Managing Director of Technology

Javier Molinar Horcasitas

Managing Director of Integration

Mayra Hernández González

Corporate Director of Social Responsibility and Sustainability

Territorial Management of Banorte

Arturo Valdés Villaseñor

Northwest

Roberto Francisco Ayala Ramos

Border Regions

Sergio Deschamps Ebergényi

North

María del Socorro Bermudez Ramírez

East

Alfonso Páez Martínez

Central

Juan Carlos Cuéllar Sánchez

West

Humberto Luna Gale

Northern Mexico

Andrés Emmanuel Aymes Ansoleaga

Southern Mexico

Alberto Salvador López

South

Héctor Guijarro Ávila

Isthmus

Jorge Luis Molina Robles

Peninsular

Ixe Banco Officers

Miguel Ángel Martínez Sierna

Deputy Managing Director of Commercial Banking

Gerardo Rodríguez Chabolla

Director of Regional Branches

Francisco José Archivaldo Rodríguez Giacinti

Director of Metropolitan Branches

MEMBERS OF THE BOARD

MEMBERS OF THE BOARD OF DIRECTORS

Roberto González Barrera	Chairman Emeritus
Guillermo Ortiz Martínez	Chairman
Héctor Ávila Flores	Secretary

PROPRIETARY MEMBERS

Roberto González Barrera	Patrimonial
Guillermo Ortiz Martínez	Related
Bertha González Moreno	Patrimonial
David Villarreal Montemayor	Patrimonial
Manuel Saba Ades	Patrimonial
Francisco Alcalá de León	Independent
Herminio Blanco Mendoza	Independent
Everardo Elizondo Almaguer	Independent
Patricia Armendáriz Guerra	Independent
Armando Garza Sada	Independent
Héctor Reyes Retana	Independent
Juan Carlos Braniff Hierro	Independent
Eduardo Livas Cantú	Independent
Enrique Luis Castillo Sánchez Mejorada	Related
Alejandro Valenzuela del Río	Related

ALTERNATE MEMBERS

According to the Corporate Bylaws, the Chairman Emeritus does not have an Alternate.

Roberto González Moreno	Patrimonial
Juan Antonio González Moreno	Patrimonial
José G. Garza Montemayor	Patrimonial
Alberto Saba Ades	Patrimonial
Isaac Becker Kabacnik	Independent
Manuel Aznar Nicolín	Independent
Javier Martínez Ábrego	Independent
Carlos Chavarría Garza	Independent
Ramón A. Leal Chapa	Independent
Julio César Méndez Rubio	Independent
Guillermo Mascareñas Milmo	Independent
Alfredo Livas Cantú	Independent
Javier Molinar Horcasitas	Related
José Marcos Ramírez Miguel	Related

Mexico, D. F., March 28th, 2012

To the Board of Directors of Grupo Financiero Banorte, S. A. B. de C. V.:

In accordance with Article 43 of the Stock Market Law (LMV), the Audit and Corporate Practices' Committee presents its annual report of activities carried out during the 2011 fiscal year.

The contents of this document refer to Grupo Financiero Banorte (GFNorte) and, in some sections, to its relevant entities; companies designated by this Board of Directors based on the relevant criteria that these have in the financial, administrative and legal situation of GFNorte.

These entities are: Banco Mercantil del Norte, S. A.; Ixe Banco, S. A.; Casa de Bolsa Banorte, S. A. de C. V.; Ixe Casa de Bolsa, S. A. de C. V.; Arrendadora y Factor Banorte, S. A. de C. V. SOFOM ER; Banorte-Ixe Tarjetas, S. A. de C. V. SOFOM ER; Ixe Automotriz, S. A. de C. V. SOFOM ER; Fincasa Hipotecaria, S. A. de C. V. SOFOM ER; Ixe Soluciones, S. A. de C. V. SOFOM ER; Seguros Banorte Generali, S. A. de C. V.; Pensiones Banorte Generali, S. A. de C. V.; Banorte Generali Afore, S. A. de C. V.; Sólida Administradora de Portafolios, S. A. de C. V. and Inter National Bank.

In January 2012 Ixe Casa de Bolsa merged with Casa de Bolsa Banorte and Banorte Generali Afore merged with the Afore XXI, S. A. de C. V. Afore.

I. With regard to Audit:

a) With regard to the status of the Internal Control System (SCI) of GFNorte and its relevant entities; and the description of its deficiencies and deviations, this Committee took into consideration the following elements:

1. Revision of annual reports on activities regarding Internal Control of the aforementioned relevant entities, are prepared by their respective CEOs.
2. The reports of GFNorte's Internal Comptroller and its relevant entities as well as the Internal Comptrollers of Seguros Banorte Generali, Pensiones Banorte Generali and Banorte Generali Afore.
3. Opinions about the state of the Internal Control System of the relevant entities, issued by the Internal Audit, the CEO and Comptrollers.
4. Observations on control deficiencies or deviations of GFNorte and its subsidiaries, presented on a regular basis by Internal Audit during this Committee's sessions, covering all relevant entities and a follow-up on the corrective measures undertaken.
5. External Auditors' reports of observations about the

state of Internal Control, and follow-up of the corrective measures taken with respect to the areas of opportunity identified in such reports; as well as the audited the financial statements of GFNorte and its subsidiaries.

6. Reports on inspection visits by the corresponding regulator and follow-up on the implementation of the pertinent corrective measures.
7. Internal Audit's management reports on the execution and fulfillment of the work program approved by this Committee and reports of the results of its program for quality assurance and improvement.
8. The Commissioner's reports of the relevant entities corresponding to the 2011 fiscal year.

Taking the previous elements into consideration, and as a result of the surveillance work carried out by this Committee in sessions held throughout the year with the participation of those responsible for surveillance delegated by the SCI, such as the CEO, External Audit, Internal Audit, Comptroller and Commissaries of relevant entities, we are able to state that the SCI of GFNorte, its subsidiaries and the Internal Audit function, work appropriately and provide a reasonable degree of assurance regarding the achievement of objectives related to the effectiveness and efficiency of operations, dependability of financial information released, execution of applicable norms, and that no deficiencies or deviations were detected that could significantly affect them.

We can report that Internal Audit has maintained independence in its operations with a mandate that defines its authority and responsibilities, complied reasonably with its approved work program, applying adequate standards of quality, supervising the efficient implementation of actions to correct identified areas of opportunity in support of this Committee and also has a program for quality assurance and improvement.

- b) It can be reported that no significant possible non-fulfillment of operational guidelines and policies and accounting registries were detected for GFNorte and its relevant entities, and that identified areas of opportunity have been reported to the responsible persons/entities who have taken corrective measures, which have been incorporated into a follow-up system to ensure their implementation. The homologation of policies and practices of GFNorte and Ixe continue in order to achieve a convergence of their business models.
- c) Regarding the evaluation of the company's performance provided by external audit services, it can be reported that the firm of Galaz, Yamazaki, Ruiz Urquiza, S. C. (member of Deloitte Touche Tohmatsu), as well as the designated

Auditor, have provided the highest caliber of service in the execution of their duties and in the relationship with management and the Committee, applying criteria and work methodologies in accordance with the best international practices, adequately complying with the applicable regulations.

It is also our consideration that their conclusions and reports are valuable and useful in supporting the activities of this Committee, and that it should be noted that their results and opinions do not present discrepancies with management.

- d) With respect to the description and valorization of additional or complementary services to the audit of financial statements performed by the External Auditor, we can inform that during the fiscal year the necessary services were hired for Banco Mercantil del Norte's debt issuance abroad under Rule 144A of the Securities' Act; the review of the transfer price of Royal & Sun Alliance shares purchased by Seguros Banorte Generali and Pensiones Banorte Generali, and consultancy services whose objective was to harmonize remuneration packages and personnel benefits of relevant entities.

The Board of Directors approved this Committee's proposal to hire these services, after verifying that no conflict of interest existed; and which were developed throughout 2011.

The services of other independent experts were hired to conduct loan deterioration tests for Banorte USA and its subsidiaries, evaluate the quality of important clients in the loan portfolio of some relevant entities and review technical aspects of integral risk management.

- e) A revision of the financial statements of GFNorte and its subsidiaries for the fiscal year ending December 31st, 2011 was carried out; as well as the External Auditor's final report before its release which did not present any exceptions; with the participation of management, the External Auditor, the Comptrollership and Internal Audit, having found that they were prepared in accordance with regulations and the applicable accounting practices. Therefore, we recommend that the Board of Directors approve these financial statements. Additionally, this Committee conducts a periodic revision of quarterly financial statements.
- f) Main changes to policies and accounting criteria adopted by GFNorte and its subsidiaries during the 2011 fiscal year were diverse modifications that resulted as a consequence of changes in the applicable regulations,

as well as accounting policies for the capitalization of expenses and write-offs for delinquent credit cards, all of which is detailed in Note 4 "Main Accounting Policies" of GFNorte's financial statements, which contain a detailed explanation of the afore-mentioned modifications and their effects.

- g) There were no relevant observations for the fiscal year from shareholders, members of the Board of Directors, managers, employees or any third parties, regarding accounting, internal controls or topics related with either the internal or external audits, or from accusations of irregularities. In accordance with the best international practices, one of the institutional channels of communication is a system of anonymous accusations. Reports received through this channel are directed to members of this Committee and diverse managers of the organization, for their information and attention. This Committee follows up on the resolution of such accusations.
- h) Regarding the resolutions of Shareholders' Meetings or Board of Directors, there were no requests to these committees to follow-up on the agreements adopted by these corporate organs.
- i) Other relevant activities carried out by this Committee include reviewing aspects of the merger and integration with Ixe Grupo Financiero such as the alignment of SCI policies, structural changes in the organization, the integration of Internal Control and Internal Audit functions, homologation of the release process for financial information and the registration of the goodwill and identification of areas of opportunity to ensure attention to them. Improvements to loan processes were analyzed to improve efficiency, paying special attention to loan processes for state and municipal governments, evaluating results of reviews of loans to main clients in some relevant entities and norms were approved for these types of reviews. The areas of Internal Audit and Information technology were evaluated with the support of independent experts and the updating of some of the methodologies was approved, taking as a reference the best practices in that area.

Regarding Inter National Bank (INB), we report that the ongoing monitoring of compliance with the commitments made in the Formal Agreement with the Office of the Comptroller of the Currency (OCC), the agency that regulates and supervises INB; the commitments assumed focused on strengthening the processes of loan portfolio administration, handling of critical assets and adequacy of reserves, and revision of loans, as well as the formulation of a strategic plan. During 2011 the OCC conducted its annual review, which found compliance with the

commitments made and decided to keep the Formal Agreement pending a follow up on the results obtained by reviewing the actions that require more time to mature.

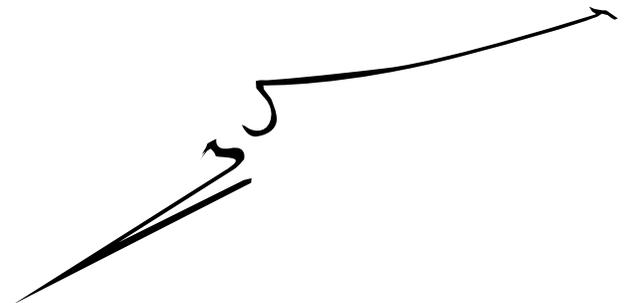
II. With regard to Corporate Practices:

- a) With respect to observations regarding the performance of relevant officers of GFNorte and its subsidiaries, management has defined those relevant officers that by specific regulation applicable to them require that the respective authority must be informed of their recruitment. We can report that for the 2011 fiscal year, there were no cases in which officers acted outside of established policies.
- b) For operations with related parties, this Committee verified that these transactions were approved by the Board of Directors in accordance with the applicable regulations, and verified that as of December 31st, 2011, the amount of loans granted to related individuals through Banco Mercantil del Norte was Ps. 12.732 billion, less than the limit of net capital for these types of loans established by the corresponding regulation. Inter-company operations were carried out at market prices, which were verified by the External Auditor who reported no relevant transactions to the date of this report.

We can report that during the 2011 fiscal year, there were no unusual or recurring operations that required the approval from the Board of Directors. Because of their relevance, the association with the IMSS and the merger of Afore Banorte Generali with the Afore XXI were approved by this Board of Directors.

- c) With regard to compensation packages of relevant Officers; we can report that management has defined the policies for the Remuneration System in accordance with the applicable dispositions, dividing remuneration into ordinary (i) and extraordinary (ii), the latter subject to a deferment plan linked to the risk indicators established for each position's profile, and a medium term incentive plan (iii) through an option to purchase shares for some Directors in accordance with programs approved by the Human Resources Committee.
- d) Finally, we can report that during the 2011 fiscal year, the Board of Directors did not grant preferential treatment to members of the Board or relevant directors or managers to take advantage of business opportunities.

Sincerely,



Francisco J. Alcalá de León
President of the Audit and Corporate Practices' Committee
of Grupo Financiero Banorte

Independent Auditors' Report

Deloitte.

February 24, 2012

Galaz, Yamazaki, Ruiz Urquiza, S. C.
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We have audited the accompanying consolidated balance sheets of Grupo Financiero Banorte, S. A. B. de C. V. and Subsidiaries (the Financial Group) as of December 31, 2011 and 2010, and the related consolidated income statements, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Financial Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Mexico, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and that they are prepared in conformity with the accounting practices prescribed by the Mexican National Banking and Securities Commission (the Commission). An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting practices used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Note 1 to the consolidated financial statements describes the Financial Group's operations and the regulating conditions that affect them. Note 4 describes the accounting criteria established by the Commission in the accounting provisions it issues, which the Financial Group adheres to for the preparation of its financial information. Note 5 describes the main differences between the accounting practices prescribed by the Commission and Mexican Financial Reporting Standards commonly applied in the preparation of financial statements for other types of unregulated entities. As explained in Note 4, during the year ended December 31,

2011, the Financial Group modified the valuation method for its investments in subsidiary insurance and annuities' companies, which up through December 31, 2010 were reported using the equity method and as of 2011 they are consolidated with the Financial Group. Pursuant to the Commission's accounting criteria, the Financial Group's Management did not apply this change retrospectively in the 2010 consolidated financial statements because it was deemed impractical. Therefore the 2011 and 2010 consolidated financial statements are not comparable regarding this accounting change. Furthermore, as explained in Note 12, during 2011 and 2010, the Commission issued modifications to the accounting criteria and to the methodologies for rating state and municipal loans, non-revolving consumer loans as well as mortgage loans. The Commission's criteria stipulates that the effect of the change in the methodology for commercial, non-revolving consumer and mortgage loans was recorded under "Earnings from previous years" in stockholders' equity in the amount of Ps. 350 million, net of deferred taxes, and the change in the methodology for rating state and municipal government loans by Ps. 87 million was recorded in the consolidated income statement.

Note 2b to the consolidated financial statements indicates that the Extraordinary Stockholders' Meeting held on March 30, 2011 approved the merger of Ixe Grupo Financiero, S. A. B. de C. V. and Grupo Financiero Banorte, S. A. B. de C. V. The merger became effective on April 15, 2011 when the relevant authorization and agreements were registered in the Public Registry of Commerce of Monterrey, Nuevo León. The Financial Group subsisted as the merging entity. Prior to this merger, the Financial Group increased the variable portion of its capital stock by Ps. 1,078 million by issuing 308,010,234 ordinary, nominal Series "O" shares, which were exchanged for the shares of Ixe Grupo Financiero, S. A. B. de C. V., which ceased to exist as a legal entity after the merger.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Grupo Financiero Banorte, S. A. B. de C. V. and Subsidiaries as of December 31, 2011 and 2010, and the results of their operations and changes in their stockholders' equity and their cash flows for the years then ended, in conformity with the accounting practices prescribed by the Commission.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu Limited



CPC Fernando Noguera Conde
Recorded in the General Administration
of Federal Tax Audit Number 13204

Verification Letter



Results of the independent review of the *2011 Annual Report* of Grupo Financiero Banorte.

The scope of our work

This independent verification consists of a review of the contents and performance indicators presented in the *2011 Annual Report* of Grupo Financiero Banorte.

Our review is based on International Standard on Assurance Engagements (IASE 3000) and the methodology of the Global Reporting Initiative 3.1 for sustainability reports (GRI G3.1).

Verification process

The responsibility of Redes Sociales en LT, S.A. de C.V. has been to review the contents of the document, to which end we conducted interviews with members of the different departments of the Institution that participated in preparing this Report. Also, different kinds of analytic procedures and sample screening tests were implemented, which are described below:

- Verification of the main indicators contained in the Report.
- *2011 Annual Report* consistency according with *2010 Annual Report*, about indicators presented, programs' follow-ups, details of information and increasing the number of indicators.
- Verification of quantitative and qualitative information based on a selection of GRI indicators.
- Follow-up the last verifications' recommendations.

Conclusions

Based on our review, we confirm that:

- The *2011 Annual Report* of Grupo Financiero Banorte has been prepared in accordance with the Guidelines of the Global Reporting Initiative 3.1 for sustainability reports (GRI G3.1).

- There was no evidence of any errors contained in the information included in this Report, relative to the indicators reviewed and the sustainability processes and actions of the Institution.

The review process demonstrates that this Report presents the performance indicators selected for verification in a balanced and appropriate manner.

The *2011 Annual Report* of Grupo Financiero Banorte was prepared in accordance with Guidelines of the Global Reporting Initiative 3.1 for sustainability reports (GRI G3.1) with a level of application of B+.

Recommendations

As a result of our review, we make the following recommendations:

- Create a sustentability model that demonstrates its actions.
- Show the impact of community commitment and corporate volunteering' actions.
- Include more indicators referring to Human Rights.

Lic. Martha Amaya Noguez
Redes Sociales

The external verification of the contents of this Sustainability Report corresponds to a review, and it should not be taken as an audit report. Redes Sociales is not responsible for the systems, management and internal control processes which generated the information. The self-declaration of the application level of GRI 3.1 is responsibility of Grupo Financiero Banorte.

Redes Sociales en Línea Timberland, S.A. de C.V. is part of the GRI'OS network which allows this company to participate in verification processes of Sustainability Reports of any institution that requires it.

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Responsabilidad Social Banorte - Ixe



Para hacer más fuerte a México