



GFNORTE

3Q10 Results

Conference Call

October 27, 2010.



Material Events



- **Proposal to designate Guillermo Ortiz Martínez as Independent Board Member and President of the Board.** The Board of Directors approved the designation of Guillermo Ortiz Martinez, former Governor of the Central Bank, as Board Member and President of the Board as of March 2011, taking into consideration his professional trajectory, recognition and potential contribution to the Board. This change will strengthen the Institution's corporate governance, adhering to the best corporate practices worldwide and thus maintaining certainty in GFNORTE's future strategic development. The proposal was consulted with the Audit and Corporate Practices and the Risk Policies Committees, which signed it off. According to the current legal framework and GFNORTE's bylaws, in order for these changes to become effective, they will require the approval of the General Shareholders Assembly.
- **Payment of cash dividend.** GFNorte's General Ordinary Shareholders' Meeting held on October 4th, 2010 decreed the payment of a cash dividend of Ps 0.17 pesos per share corresponding to the profits of 2009, which was paid on October 15th, 2010 and corresponds to the first of three payments to cover a total amount of Ps 0.52 pesos per share, which is the amount approved by the Board of Directors in the meeting held on July 22nd. The total dividend payout is equivalent to 18.3%, higher than the 15% minimum established in GFNorte's current dividend policy which was approved in the Shareholders' Meeting held on April 29th, 2003. Additional payments of Ps 0.35 pesos per share which will be covered by two partial payments of Ps 0.17 pesos and Ps 0.18 pesos in February and May of 2011, respectively, will be proposed to the respective Shareholders' Meetings for approval.



- **Mexicana de Aviacion Exposure.** The Mexican airline Compañía Mexicana de Aviación, S.A. de C.V. (“Mexicana”) filed for bankruptcy and ceased operations in August 2010. Banorte’s outstanding loan to Mexicana totaled Ps.1,576 million at the time of the bankruptcy filing. Since the loan was secured by the present and future collection rights from the sale of airline tickets with Mexican and U.S. credit cards, it has been partially amortized through the use of resources coming from some of these guarantees. The outstanding loan amount is currently Ps.1,377 million. As of September 30, 2010, Banorte had constituted a total of Ps.689 million in provisions to cover potential losses from this loan, which represents 50% of the total loan outstanding. Additional reserves will be constituted during the fourth quarter of 2010 to cover at least 60% of the outstanding loan amount. Since the inception of the loan, the collection rights from the sale of tickets have been voluntarily and irrevocably transferred by Mexicana to the Administration and Payment Trust (the “Trust”) managed by HSBC in Mexico, as well as to escrow accounts in banks in the U.S. Between August 3, 2010 and August 12, 2010, in the absence of any judicial or legal impediments to the contrary, Banorte withdrew Ps.182 million from the Trust. Since August 23, 2010, when judicial precautionary measures were issued, Banorte has not withdrawn any funds from the Trust or from the escrow accounts in the U.S.



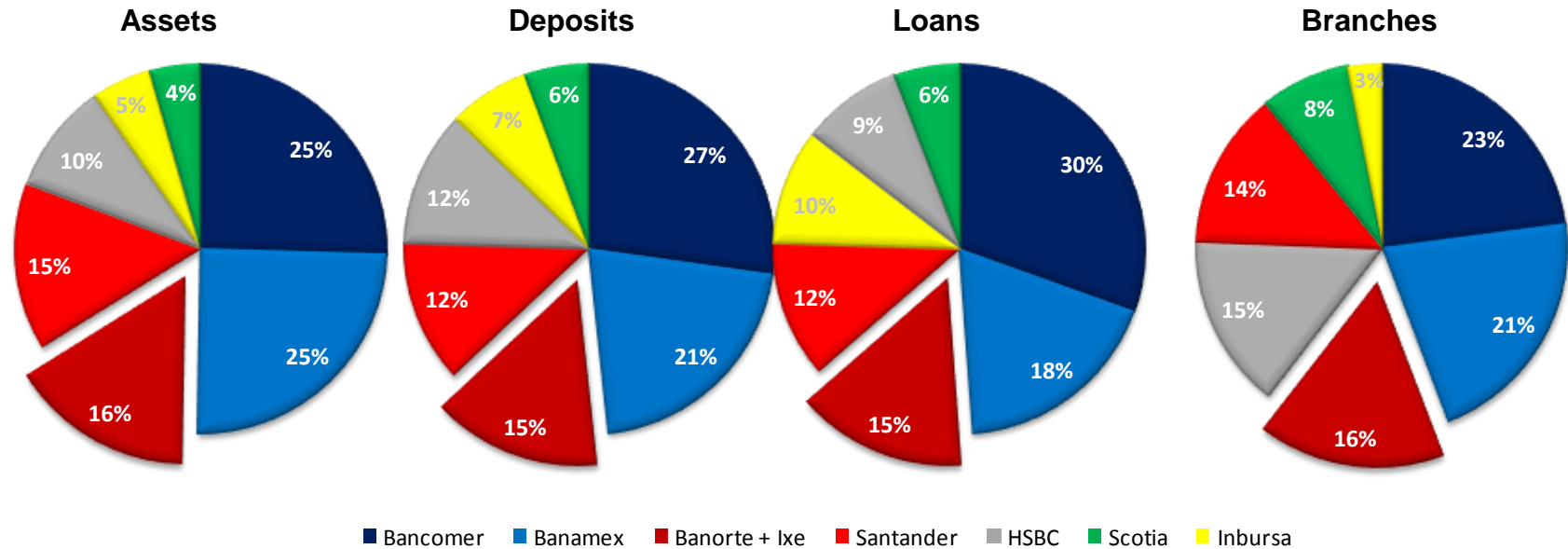
- **Grupo Financiero Banorte and Ixe Grupo Financiero reached a non-binding agreement for a merger or integration mechanism.** On October 19th, GFNorte announced that after a preliminary review of IXE Grupo Financiero's S.A.B de C.V ("IXE") (BMV: IXEGFO) operations, both institutions have reached a non-binding agreement to pursue a merger or analyze other integration mechanisms. According to the agreement, the parties have established a legally binding exclusivity period to complete the due diligence process and finalize negotiations. Upon completion and conclusion of this process, a definitive agreement will be formalized, subject to the approval of the corresponding Board of Directors and authorities. GFNORTE believes that there are significant synergies between both institutions' business platforms that will translate into increased profitability and strengthened market presence nationwide. GFNORTE is convinced that both platforms are highly complementary in terms of brands, business lines, client segments and geographical footprint. Additionally, the combined financial strength ensures a better competitive position for the new institution. Banorte and Ixe's operations will be integrated as Grupo Financiero Banorte, becoming the third largest financial institution in Mexico, measured in terms of assets, loans, deposits, and distribution network, and the only one controlled by Mexican shareholders. The combined entity will benefit from having a leading retail network in Mexico, being the only institution with two differentiated branch networks by market segment; the strongest in northern Mexico, combined with Ixe's successful niche franchise with important presence in Mexico City and its metropolitan area.



- We also believe that there will be joint business opportunities in SME's, leasing, mutual funds and wholesale banking, as well as opportunities to leverage IT, brokerage and consumer banking platforms. The potential combination is expected to unleash substantial cost, revenue and funding synergies, resulting in future benefits that will essentially finance the entire transaction. These benefits would be channeled to bolstering the business model and leveraging Banorte's mass distribution network; all in the interest of our country, customers and shareholders. To the extent that these synergies are fulfilled, the transaction has the potential to be accretive to investors immediately, generating significant value for both institutions and increasing future earnings above current expectations .

- In order to consolidate Banorte's leadership position as one of the most important institutions in the financial system.
 - A non-binding agreement was reached with Ixe Grupo Financiero to pursue a merger or analyze other integration mechanisms.
 - Establishes a legally binding exclusivity period to complete the due diligence process and finalize negotiations.
 - Definitive agreement will be formalized, subject to the approval of the corresponding Board of Directors, Shareholder Assemblies and authorities.
 - Banorte and Ixe's operations will be integrated as GFNorte.
- There are significant synergies between both institutions' business platforms.
 - Costs, revenues, funding, IT.
 - Both platforms are highly complementary in terms of brands business lines, client segments and geographical footprint.
- This will translate into increased profitability and strengthened market presence nationwide.

- GFNorte will become the third largest financial institution in Mexico:



- Strengthens Banorte's presence in various segments.
 - ✓ Premium banking with more than 200 thousand new customers.
 - ✓ Private Banking, Brokerage and Mutual Funds.
 - ✓ Presence in Mexico City and its Metropolitan Area
- Joint business opportunities: SME's and wholesale banking.



Results 9M10

Yearly Recap GFNorte



Million Pesos

	9M09		9M10
Net Income	4,352	▲ 14%	4,947
Recurring Net Income	4,218	▲ 17%	4,947
ROE	15%		16%
ROA	1.0%		1.1%
Efficiency	51.6%		52.1%
Net Interest Margin	4.4%		4.1%
Performing Loan Growth	2%		8%
Past Due Loan Ratio	2.5%		2.2%
Stock Price (pesos)	45.19	▲ 6%	47.71
Book Value Per Share	19.86	▲ 10%	21.75

Income Statement



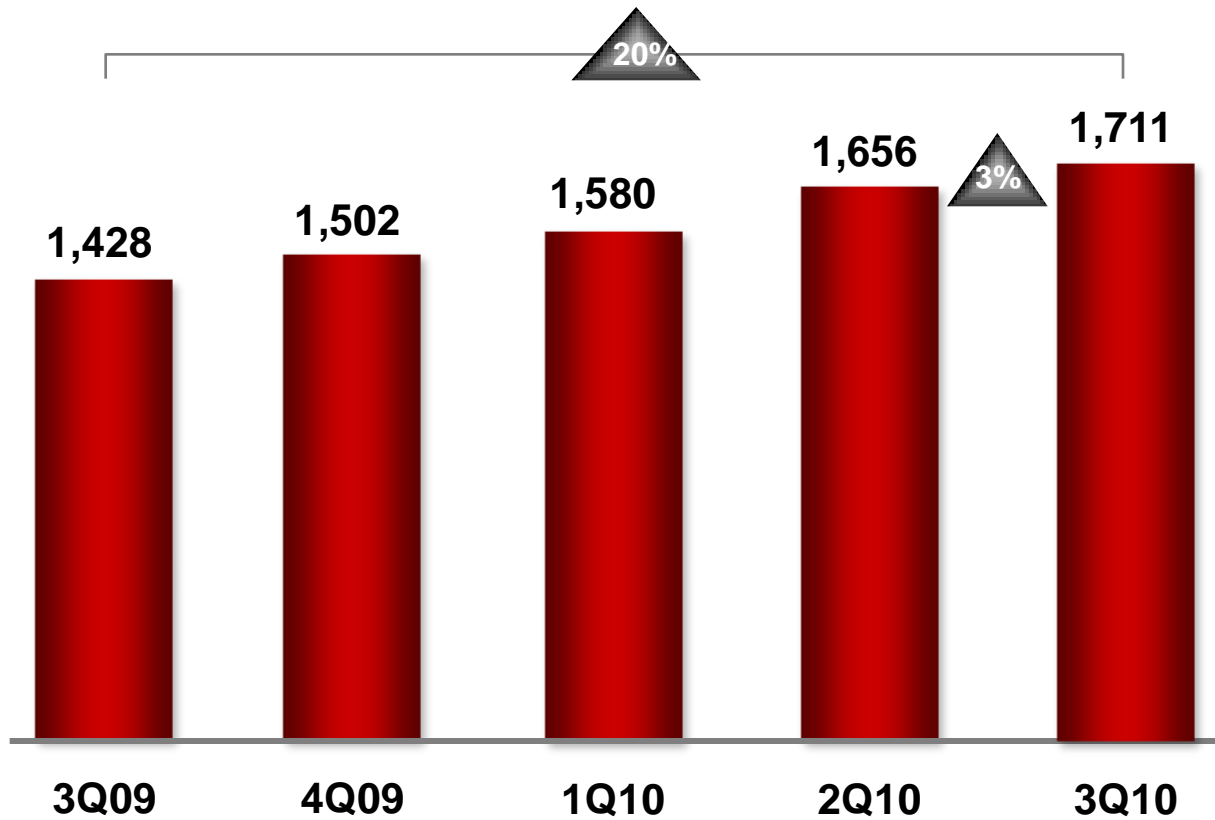
Million Pesos

	Million Pesos			Change	
	3Q09	2Q10	3Q10	QoQ	YoY
Net Interest Income	5,592	5,533	5,661	2%	1%
Non Interest Income	2,460	2,706	2,554	(6%)	4%
<i>Service Fees</i>	1,480	1,625	1,717	6%	16%
<i>Recoveries</i>	229	224	260	16%	14%
<i>FX & Trading</i>	411	580	331	(43%)	(19%)
<i>Other Income (expenses)</i>	340	277	246	(11%)	(28%)
Total Income	8,052	8,239	8,215	0%	2%
Non Interest Expense	(4,073)	(4,391)	(4,296)	(2%)	5%
Net Operating Income	3,979	3,848	3,919	2%	(2%)
Provisions	(2,154)	(1,337)	(1,905)	42%	(12%)
Non Operating Income	138	21	395	1753%	186%
Income Tax	(545)	(798)	(628)	(21%)	15%
Subs & Minority Interest	10	(77)	(70)	(9%)	(821%)
Net Income	1,428	1,656	1,711	3%	20%
NI w/out Mexicana & Comerci	1,428	1,656	1,955	18%	37%

Quarterly Net Income



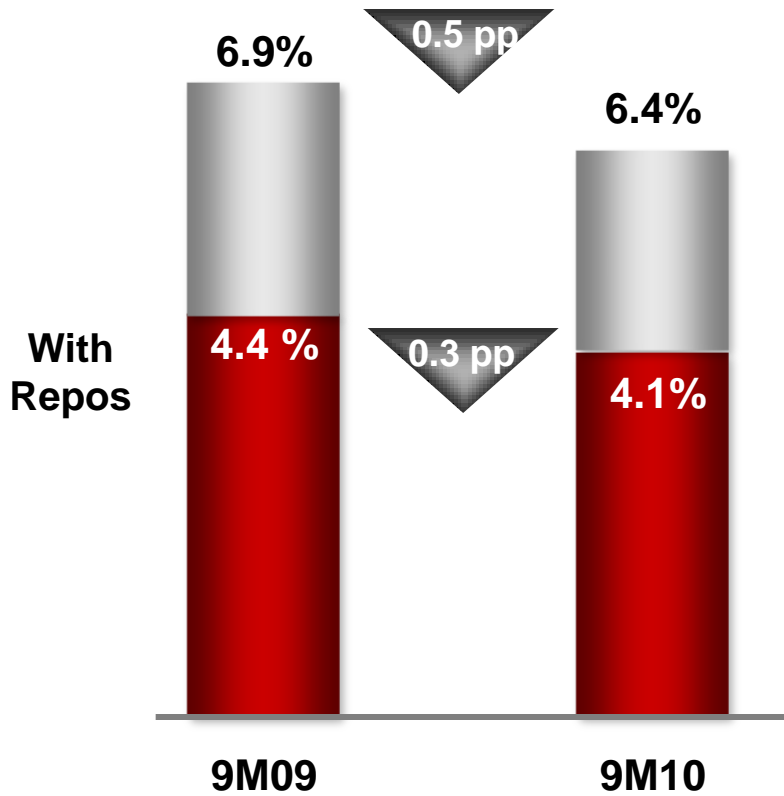
Million Pesos



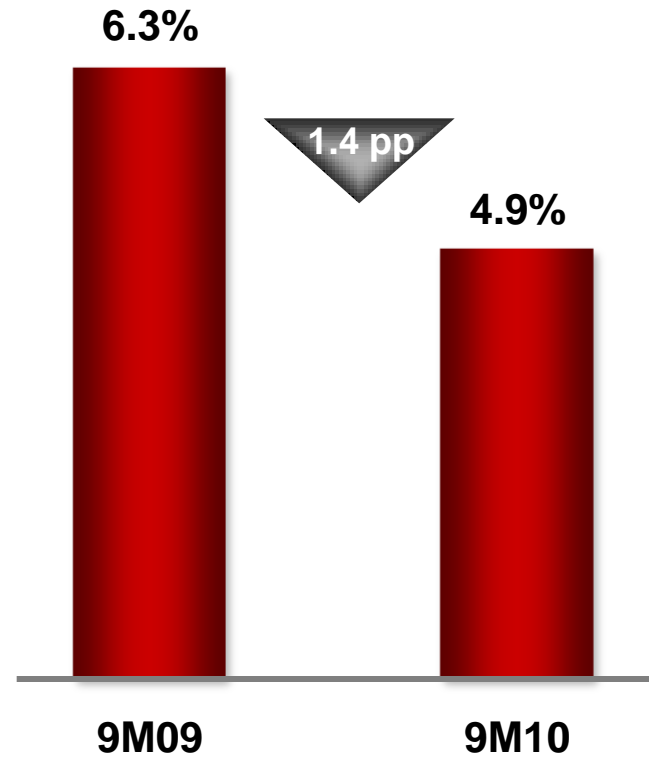
Net Interest Margin



Average NIM



Average TIIE



Non Interest Expense

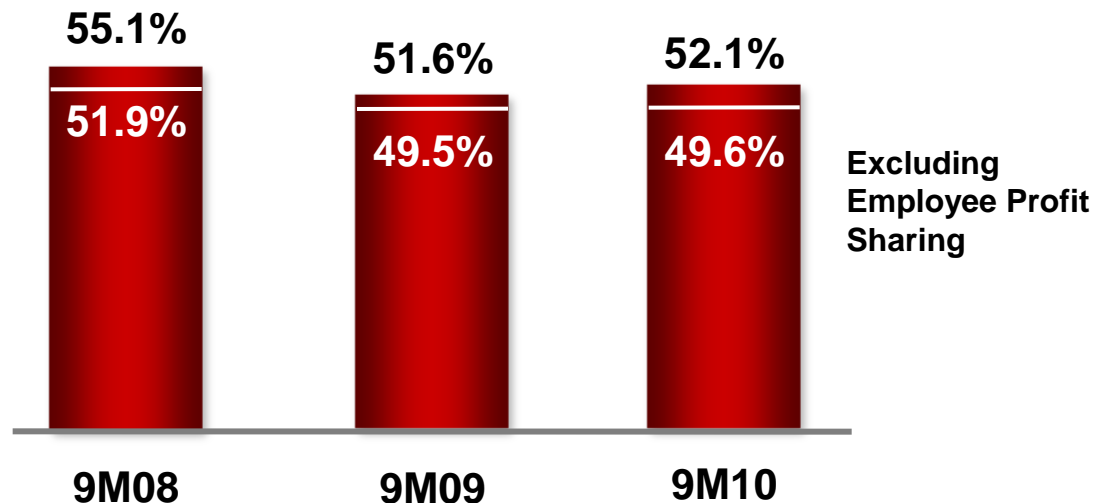


Billion Pesos

	9M09	9M10
Total Expense	12.4	12.9

▲ 4%

EFFICIENCY RATIO



Deposits



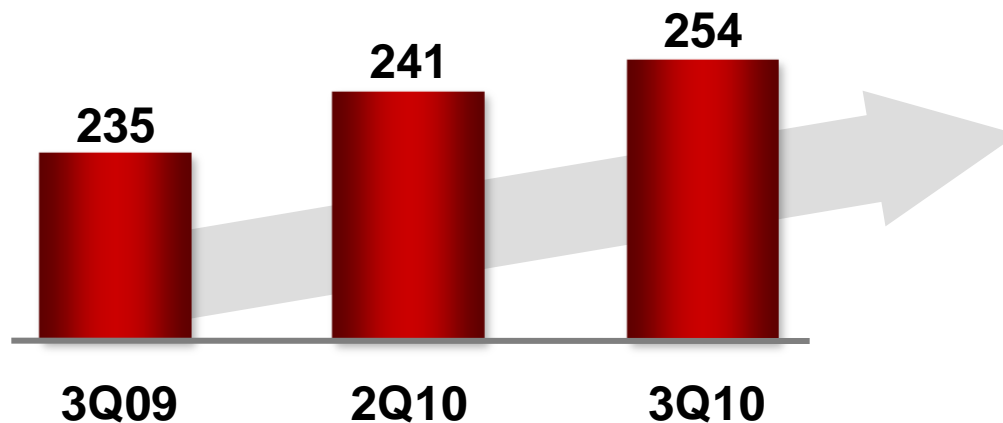
Billion Pesos

Deposits	3Q08		3Q09		3Q10
Demand	108	▲ 13%	122	▲ 9%	134
Time	67	▲ 25%	84	▲ 6%	89
Core Deposits	174	▲ 18%	206	▲ 8%	223
Mix					
Demand	62%		59%		60%
Time	38%		41%		40%
	100%		100%		100%

Performing Loan Portfolio



Billion Pesos

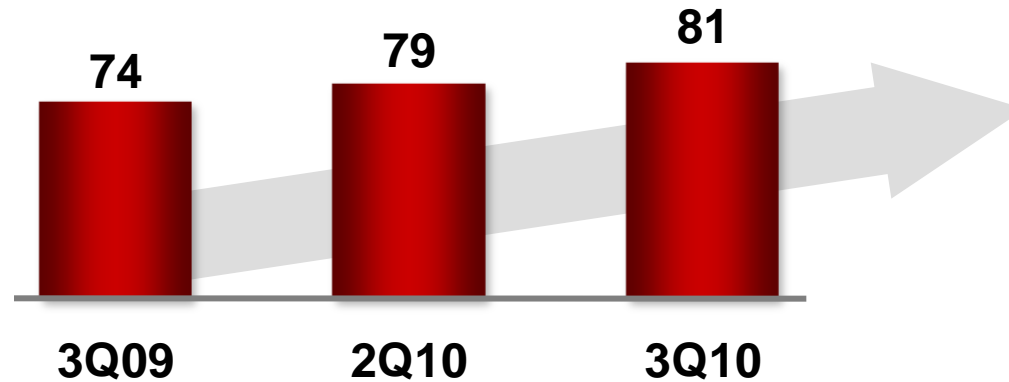


	3Q09	2Q10	3Q10	Change	
				QoQ	YoY
Consumer	74	79	81	3%	9%
Commercial	85	82	85	3%	(1%)
Corporate	41	39	44	11%	5%
Government	34	41	44	8%	32%
Total	235	241	254	5%	8%

Performing Consumer Loan Portfolio



Billion Pesos

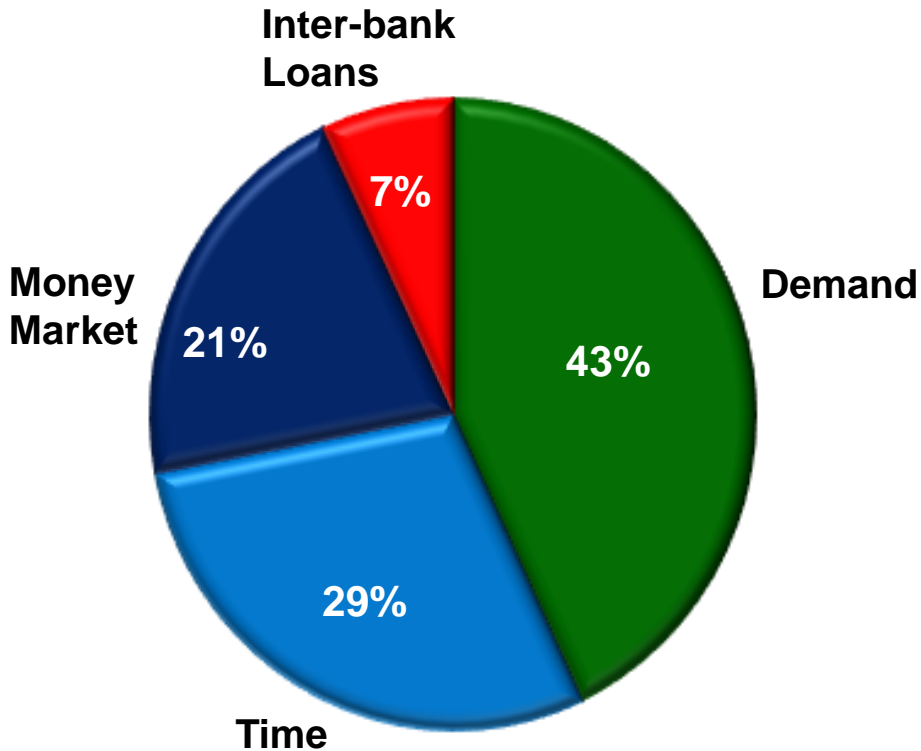


	3Q09	2Q10	3Q10	Change	
				QoQ	YoY
Mortgage	48	52	54	3%	12%
Car	7	8	8	3%	10%
Credit Card	12	11	11	1%	(10%)
Payroll	6	7	8	8%	23%
Consumer	74	79	81	3%	9%

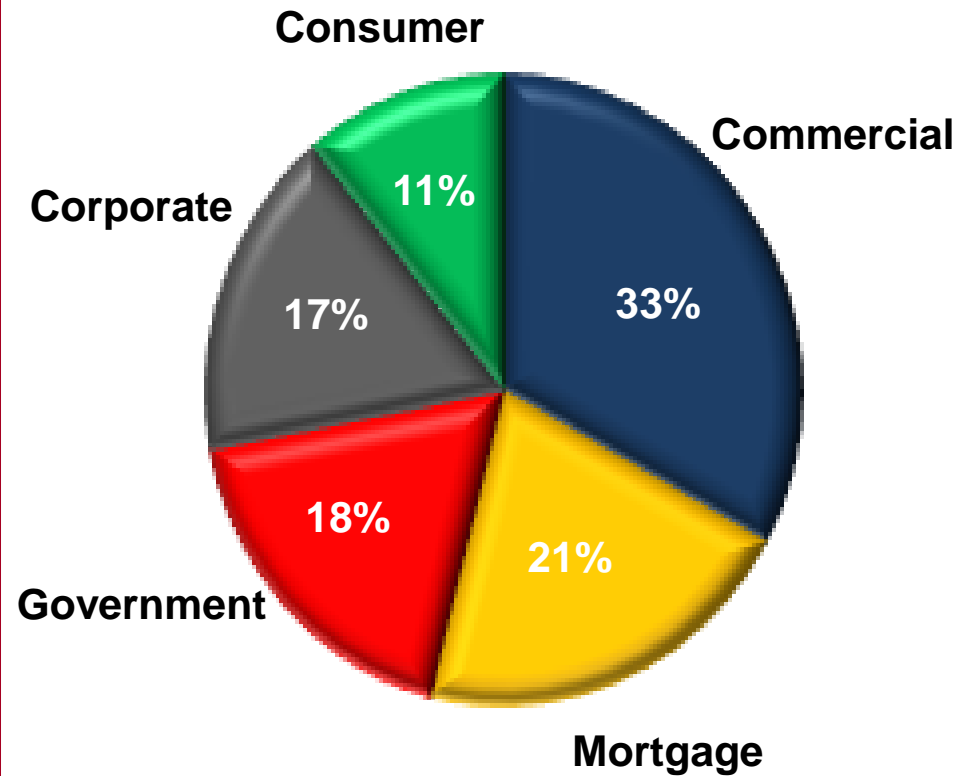
Funding and Loan Portfolio Structure



FUNDING
\$311 Billion Pesos



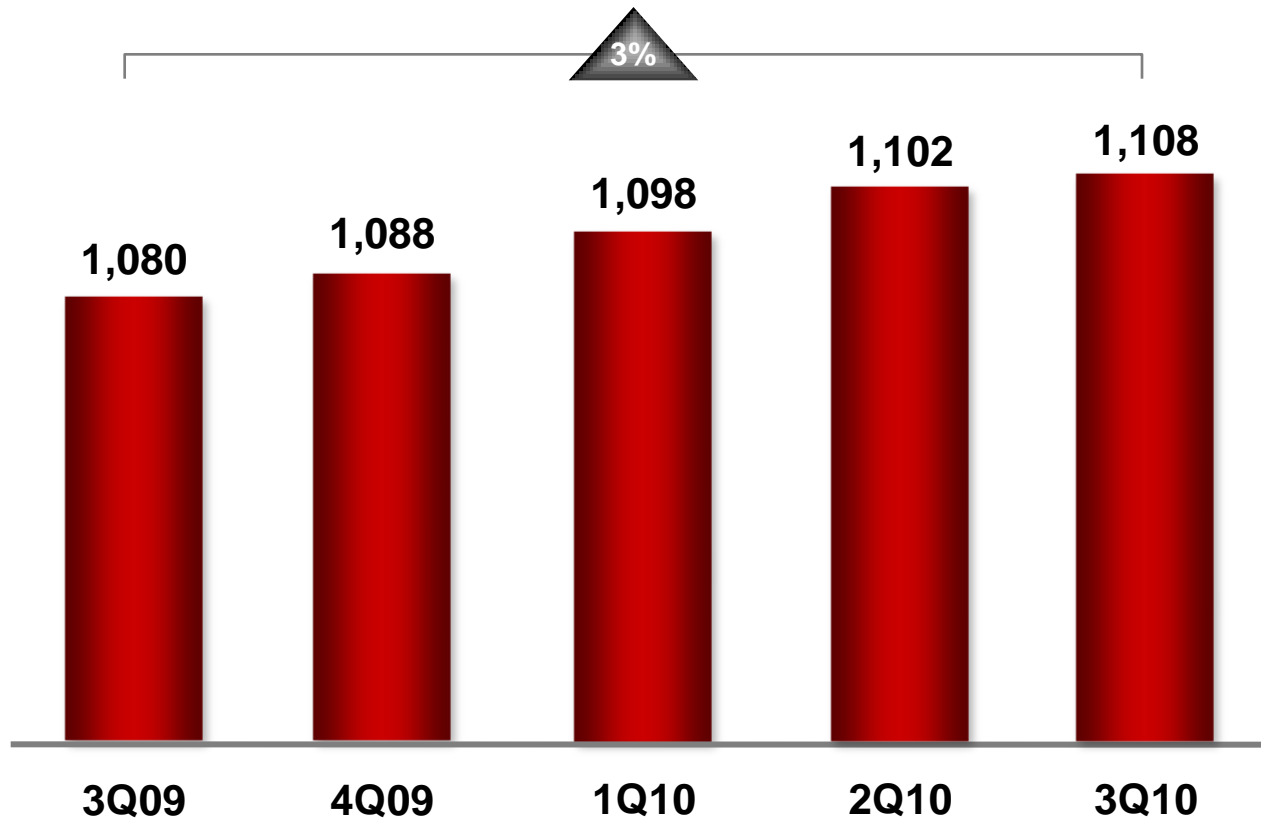
LOAN PORTFOLIO
\$260 Billion Pesos



Distribution Network



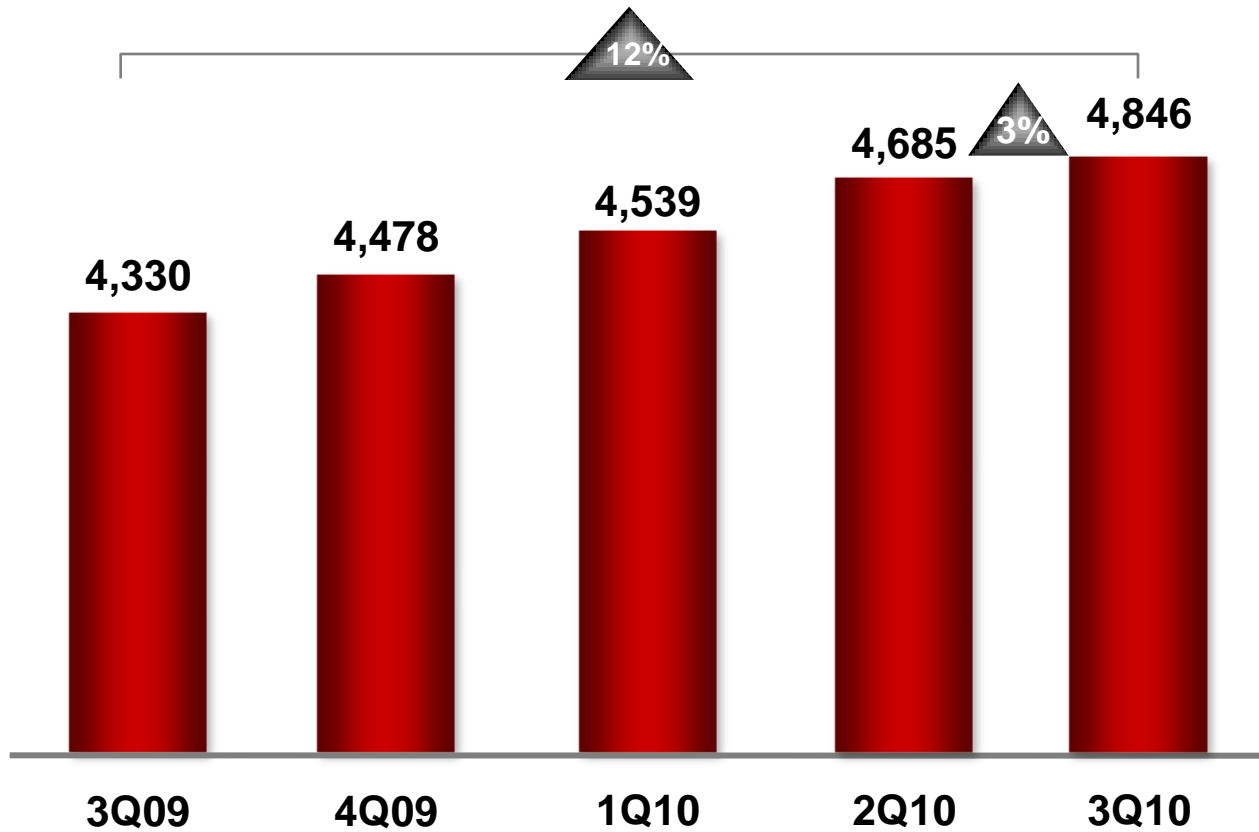
Branches



Distribution Network



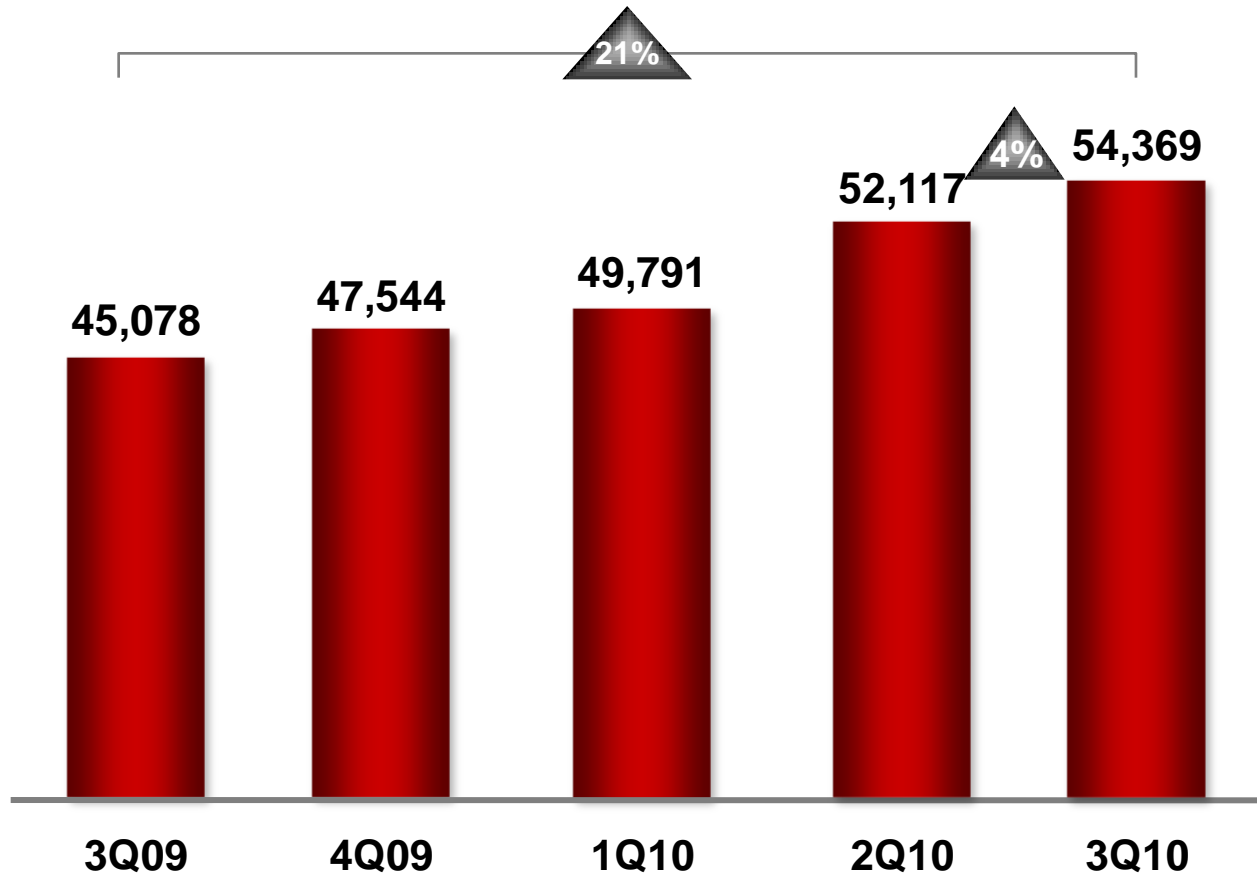
Automated Teller Machines (ATM's)



Distribution Network



Point of Sale Terminals (POS's)



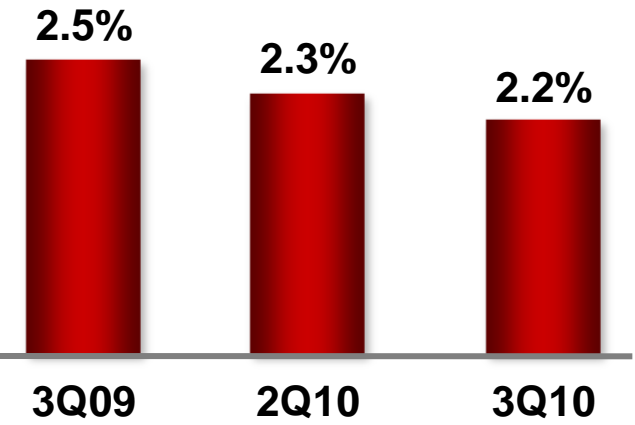


Asset Quality and Capitalization

Asset Quality

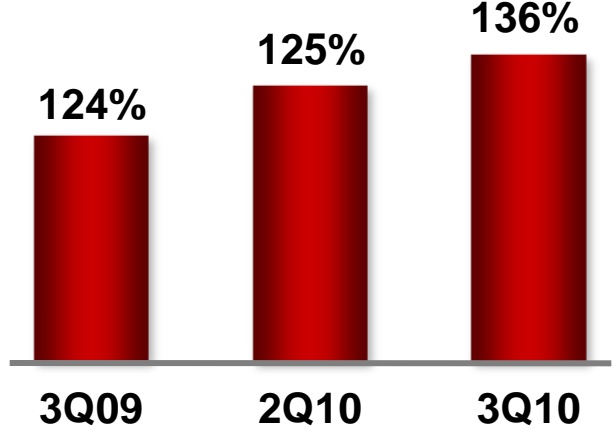


PAST DUE LOAN RATIO



W/out INB 3Q10: 1.9%

RESERVE COVERAGE RATIO



W/out INB 3Q10: 154%

Past Due Loan Ratios



	3Q09	4Q09	1Q10	2Q10	3Q10
Credit Cards	12.7%	12.0%	10.5%	10.6%	9.3%
Payroll	2.8%	2.8%	2.1%	1.9%	1.9%
Car	2.7%	2.0%	1.4%	1.3%	1.4%
Mortgage	2.0%	2.1%	1.7%	1.7%	1.9%
Commercial	3.6%	4.0%	5.0%	4.1%	4.1%
Corporate	0.1%	0.1%	0.1%	0.2%	0.1%
Government	0%	0%	0%	0%	0%
	2.5%	2.5%	2.5%	2.3%	2.2%

Capitalization



	3Q09	4Q09	1Q10	2Q10	3Q10
Tier 1	10.9%	12.0%	12.1%	12.0%	12.1%
Tier 2	5.2%	4.8%	4.7%	4.7%	4.5%
TOTAL	16.1%	16.8%	16.8%	16.7%	16.6%
% Tier 1	68%	71%	72%	72%	73%



Subsidiaries

Recovery Bank



Net Income in Million Pesos

	9M09		9M10
Total	402	▲ 33%	534

AUM BILLION PESOS

	3Q09	3Q10	Change YoY
Proprietary Assets	30.9	36.9	19%
Acquired Assets	30.0	29.1	(3%)
Investment Projects	3.1	4.3	38%
IPAB	0.4	0.0	(100%)
Total	64.5	70.3	9%

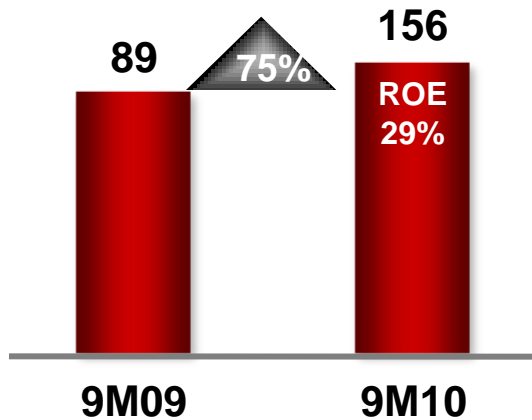
Long Term Savings



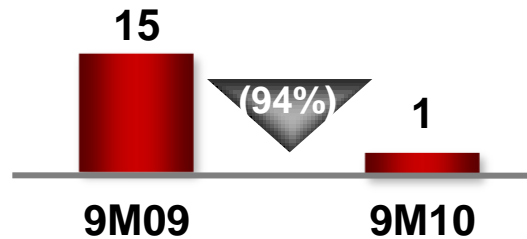
Net Income in Million Pesos

	9M09		9M10
Total	267	▲ 28%	341

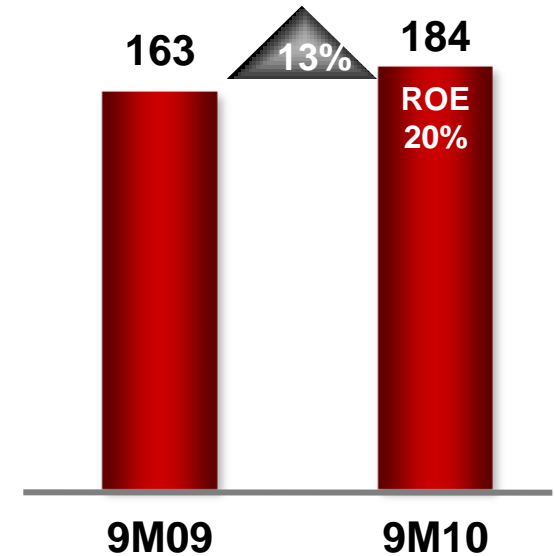
AFORE



ANNUITIES



INSURANCE

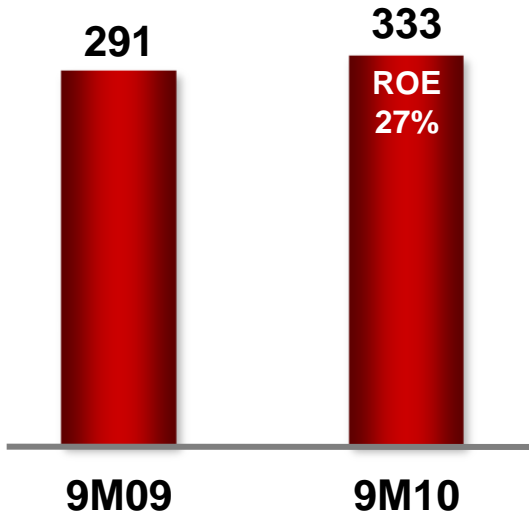


Subsidiaries

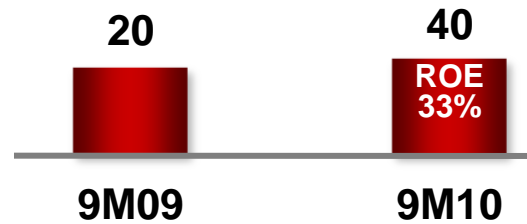


Net Income in Million Pesos

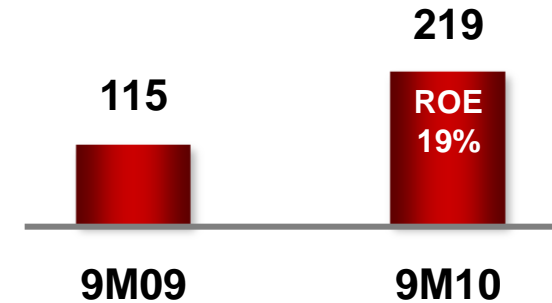
LEASING AND FACTORING



WAREHOUSING



BROKER DEALER





Million Dollars

	9M09	9M10
Earnings before loan loss provisions	28.4	18.1
Loan Loss Reserves	16.8	19.8
Net Income	7.8	(0.8)
NIM	3.6%	3.4%
ROE	3.9%	(0.3%)
ROA	0.5%	(0.1%)
Efficiency	49.1%	67.6%
Total Deposits	1,753	1,702
Performing Loans	1,073	915
PDL Ratio	7.6%	8.2%
Coverage Ratio	25.3%	35.1%



BANORTE
EL BANCO FUERTE DE MEXICO