



Financial Results

1Q10

June 2010





Summary of Results

Financial Highlights 1Q10



- **1Q10 Net Income of Ps 1.58 billion; EPS of Ps 0.78 per share; Revenues of Ps 8.24 billion.**
- **Net Income grew 5% QoQ and declined (2%) YoY. Excluding the positive impact of an extraordinary gain during 1Q09 as a result of applying the accounting criteria for valuation of loan securitizations, recurring profits grew by 7% YoY.**
- **Total accumulated recurrent earnings during the last 12 months amounted to Ps 5.82 billion pesos, 2% higher with respect to the yearly profits of Ps 5.72 billion accumulated during the last quarter.**
- **Profitability ratios improved during the quarter: ROE increased to 15.2% in 1Q10 compared to 14.8% in 4Q09.**
- **Results of the subsidiaries were positive. The bank (excluding the contribution by the Afore) generated net income of Ps 1.28 billion, 81% of total profits; Broker Dealer of Ps 78 million pesos (+92% YoY), Long Term Savings of Ps 123 million (+3% YoY) and Leasing & Factoring of Ps 106 million pesos (+5% YoY).**

Financial Highlights 1Q10



- **Intermediation results increased during the quarter by 138% YoY to Ps 585 million, while recoveries of proprietary loans and investment projects grew by 29% annually to Ps 481 million pesos.**
- **Provisions for loan losses declined to Ps 1.77 billion, (18%) lower compared to 1Q09 and (1%) vs. 4Q09.**
 - **Provisions for consumer loans represented 55% of the total created during the quarter, a lower level compared to the 70% registered in 1Q09.**
 - **Charge offs for consumer loans represented 86% of the total during the quarter, less than the 89% of a year ago.**
 - **New past due loans from the consumer segment represented 67% of total new NPLs, lower in relation to the 92% registered in 1Q09.**

Financial Highlights 1Q10



- **The bank's fundamentals remained solid.**
 - **Regulatory capital was 16.8% at the end of 1Q10.**
 - **Asset quality continued to improve. The NPL ratio was 2.5% at the end of the quarter, although it declines to 2.1% considering only loans originated in Mexico, lower than the 2.4% level of 1Q09.**
 - **Reserve coverage remained at 122%, but it increases to 145% when the US operations are excluded.**
- **Core deposits grew by 5% YoY, driven by demand and time deposits.**
- **The loan portfolio remained stable compared to 1Q09. The main drivers of the loan book were government loans (+43%), mortgages (+9%) and payroll loans (+8%).**
- **Banorte remains as the third largest bank measured by size of deposits and loans according to the information published by the CNBV.**

Quarterly Summary



MILLION PESOS

	1Q09	4Q09	1Q10	Change	
				QoQ	YoY
Revenues	8,264	8,273	8,243	(0%)	(0%)
Credit Costs	2,162	1,782	1,772	(1%)	(18%)
Expenses	4,324	4,604	4,190	(9%)	(3%)
Reported Net Income	1,611	1,502	1,580	5%	(2%)
Recurring Net Income	1,477	1,502	1,580	5%	7%
Reported EPS	0.80	0.74	0.78	5%	(3%)
ROE	16.8%	14.8%	15.2%	0.4 pp	(1.6 pp)
ROA	1.1%	1.1%	1.1%	--	--



Financial Performance

Income Statement



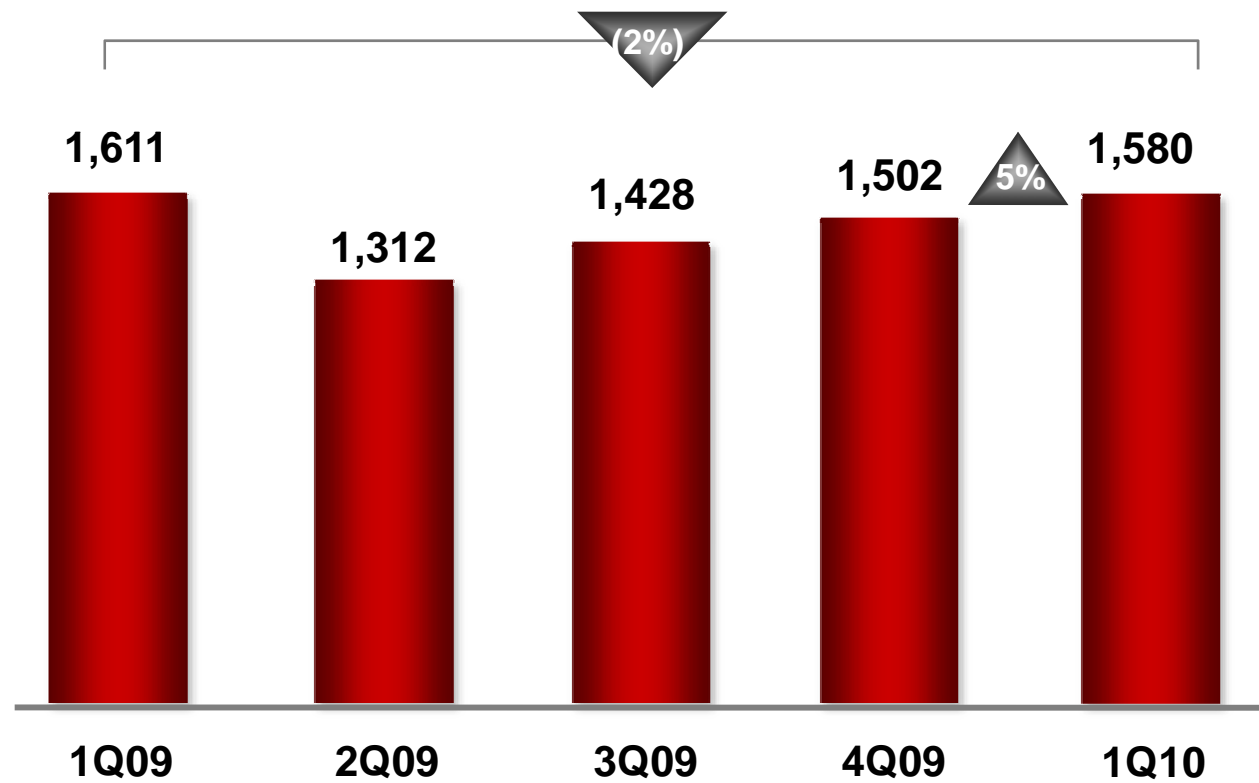
MILLION PESOS

	1Q09	4Q09	1Q10	Change	
				QoQ	YoY
Net Interest Income	6,199	5,554	5,562	0%	(10%)
Non Interest Income	2,065	2,719	2,681	(1%)	30%
<i>Service Fees</i>	1,447	1,761	1,614	(8%)	12%
<i>Recoveries</i>	372	537	481	(10%)	29%
<i>FX & Trading</i>	246	421	585	39%	138%
Total Income	8,264	8,273	8,243	(0%)	(0%)
Non Interest Expense	4,324	4,604	4,190	(9%)	(3%)
Net Operating Income	3,941	3,669	4,053	10%	3%
Provisions	2,162	1,782	1,772	(1%)	(18%)
Non Operating Income	413	152	18	(88%)	(96%)
Income Tax	574	496	659	33%	15%
Subs & Minority Interest	(6)	(41)	(60)	46%	900%
Net Income	1,611	1,502	1,580	5%	(2%)

Quarterly Net Income



MILLION PESOS



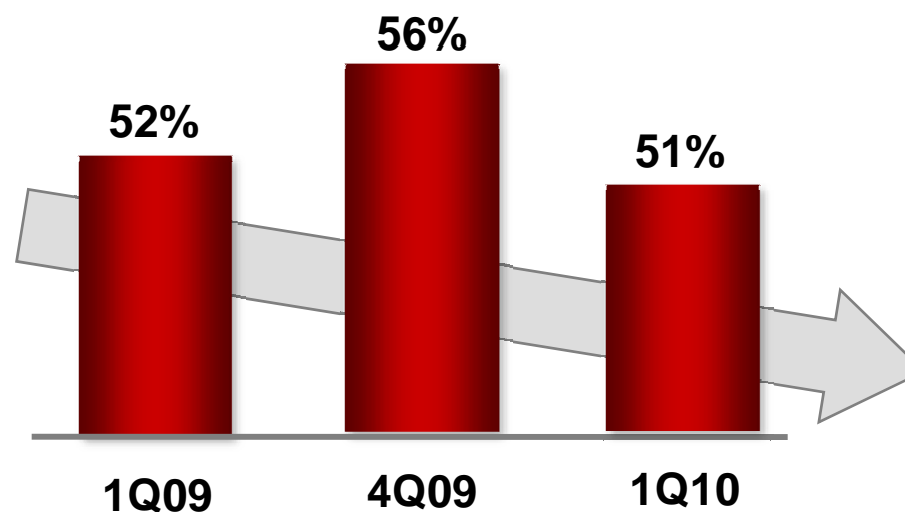
Non Interest Expense



BILLION PESOS

	1Q09	4Q09	1Q10	Change QoQ	YoY
Total Income	8.2	8.2	8.2	-%	-%
Non Interest Expense	4.3	4.6	4.2	(9%)	(3%)

EFFICIENCY RATIO



Deposits



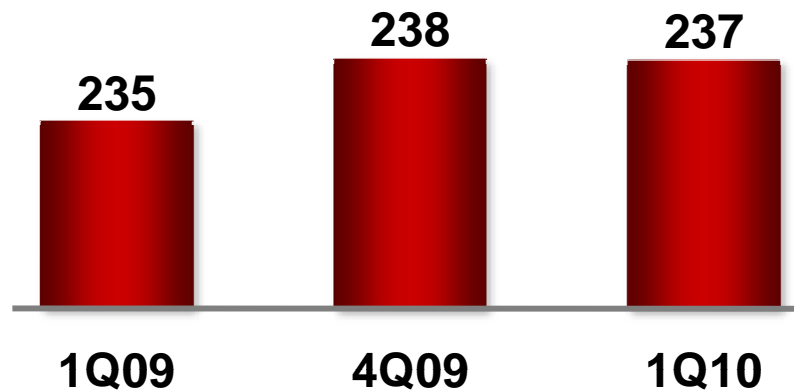
BILLION PESOS

	1Q09	4Q09	1Q10	Change	
				QoQ	YoY
Demand	120	137	126	(8%)	5%
Time	82	85	86	2%	5%
Core Deposits	203	222	212	(5%)	5%
Money Market	53	53	59	13%	12%
Total	255	275	271	(1%)	6%

Performing Loan Portfolio



BILLION PESOS

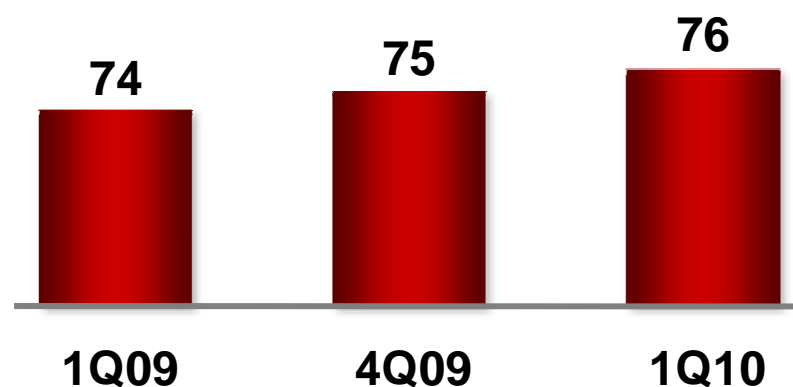


	1Q09	4Q09	1Q10	Change	
				QoQ	YoY
Consumer	74	75	76	2%	3%
Commercial	89	84	80	(5%)	(10%)
Corporate	44	40	39	(3%)	(10%)
Government	29	39	41	5%	43%
Total	235	238	237	(1%)	1%

Performing Consumer Loan Portfolio



BILLION PESOS

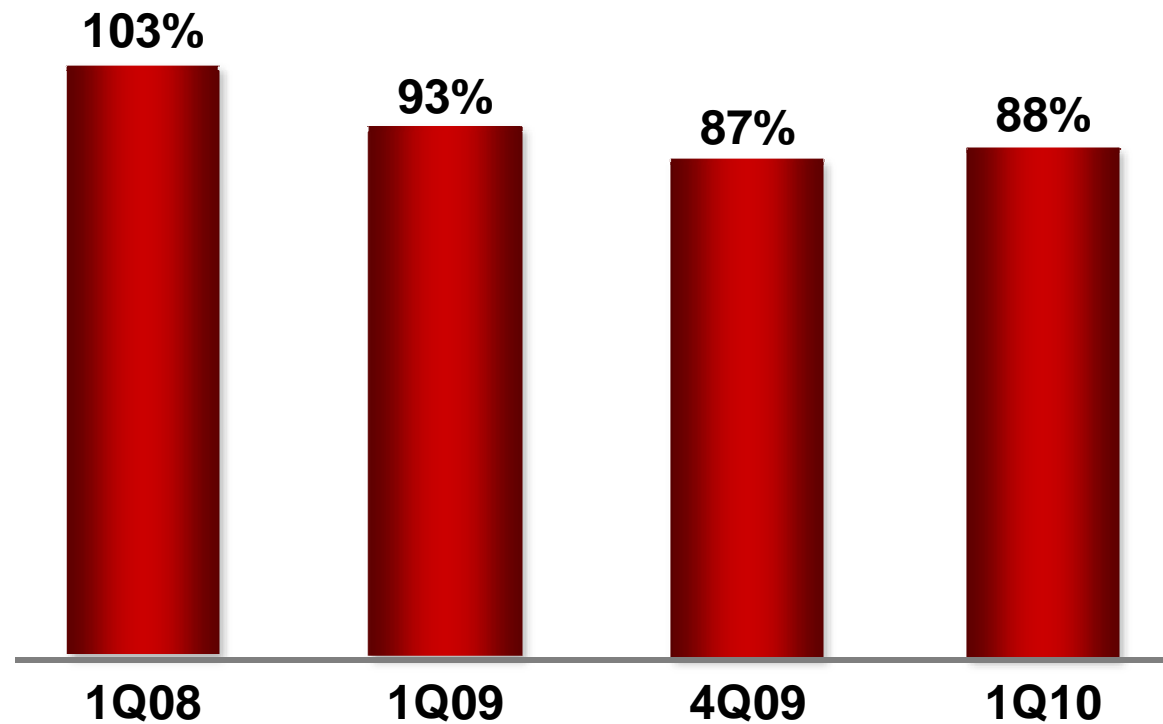


	1Q09	4Q09	1Q10	Change QoQ	YoY
Mortgage	46	49	50	2%	9%
Car	8	7	8	3%	1%
Credit Card	14	12	11	(5%)	(19%)
Payroll / Personal	6	6	7	7%	8%
Consumer	74	75	76	2%	3%

Loans to Deposits Ratio



TOTAL LOANS / TOTAL DEPOSITS

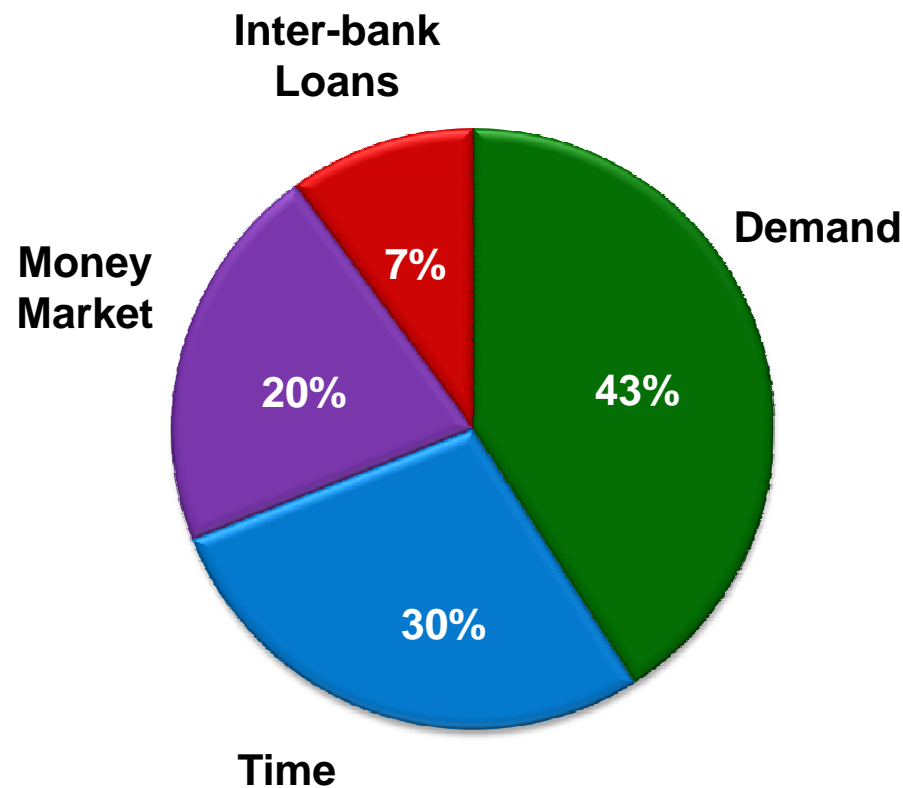


Funding and Loan Portfolio Structure



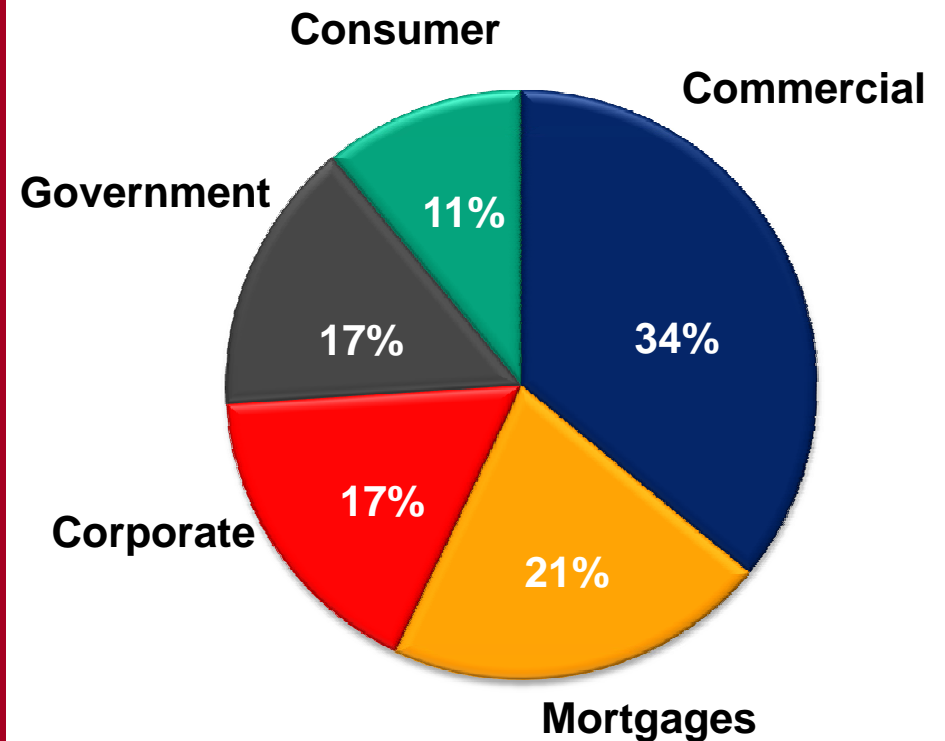
FUNDING

\$292 Billion Pesos



LOAN PORTFOLIO

\$243 Billion Pesos

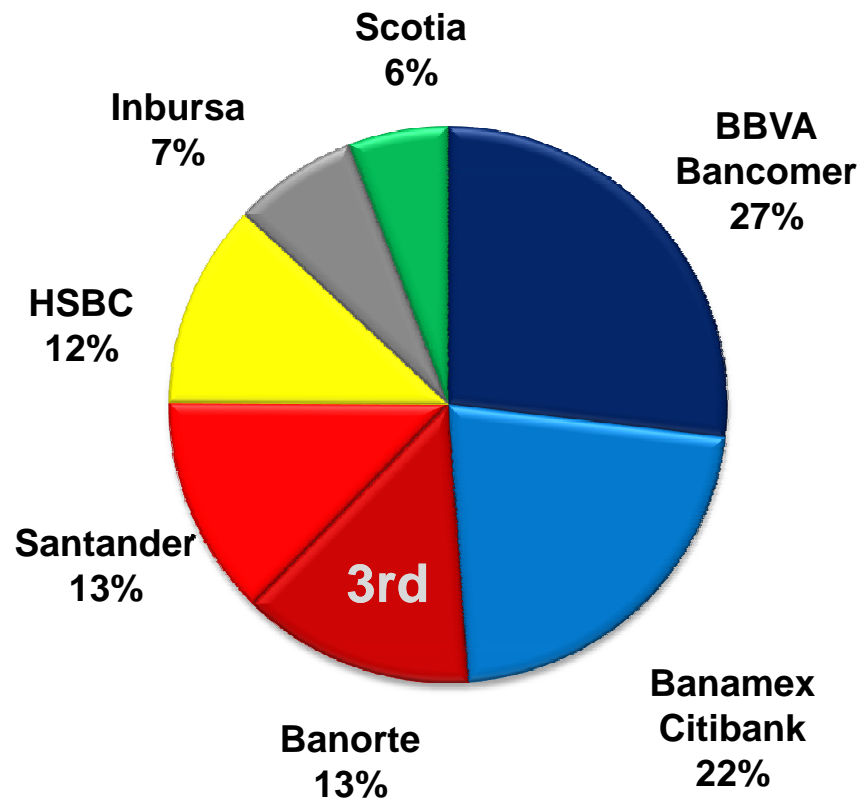


Market Share

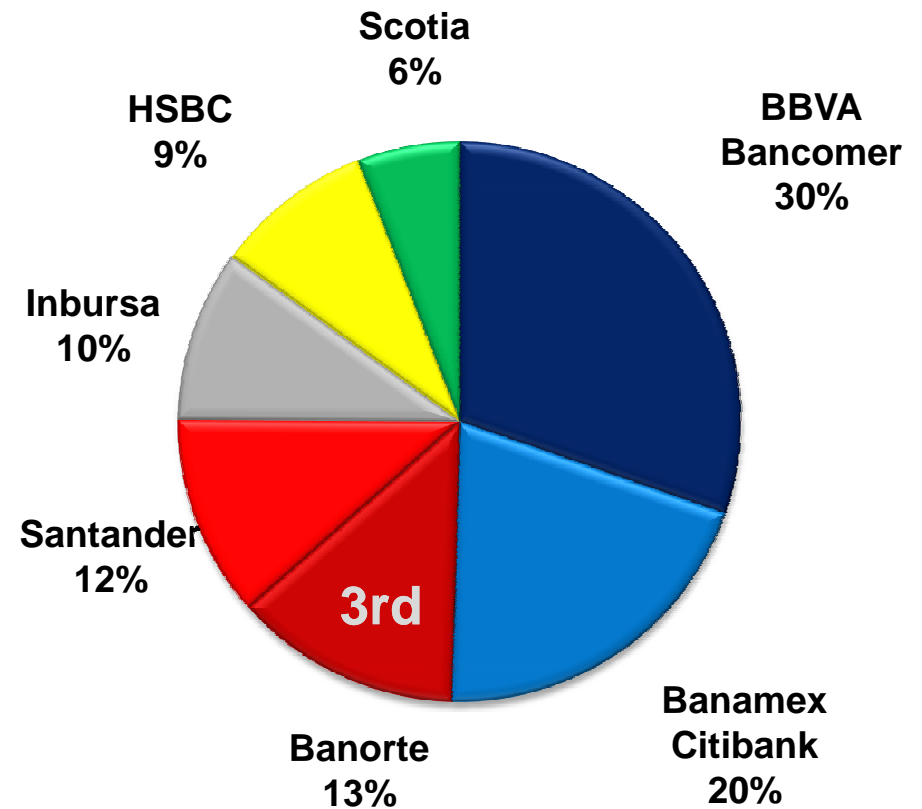


March 2010

CORE DEPOSITS



PERFORMING LOANS





Asset Quality and Capitalization

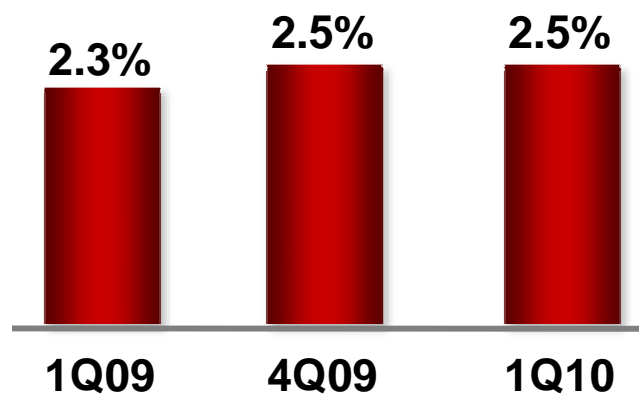
Asset Quality



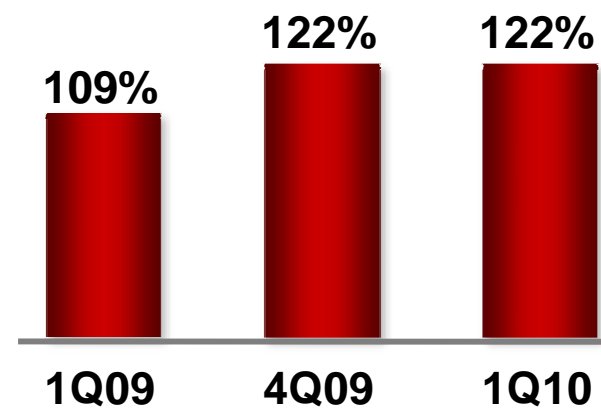
BILLION PESOS

	1Q09	4Q09	1Q10
Total Loan Portfolio	239	240	238
Past Due Loans	5.6	6.2	6.1
Loan Loss Reserves	6.1	7.5	7.5

PAST DUE LOAN RATIO



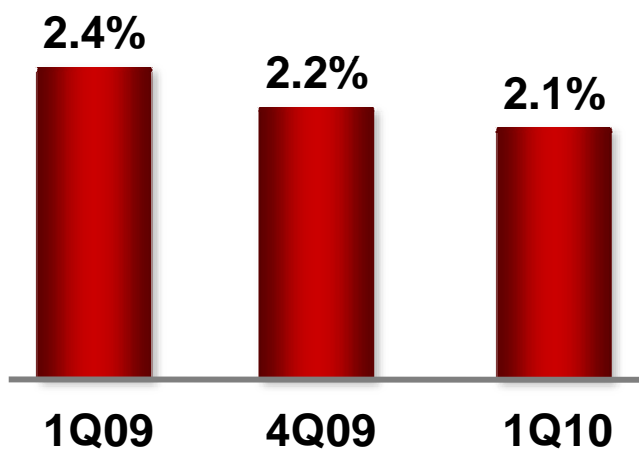
RESERVE COVERAGE RATIO



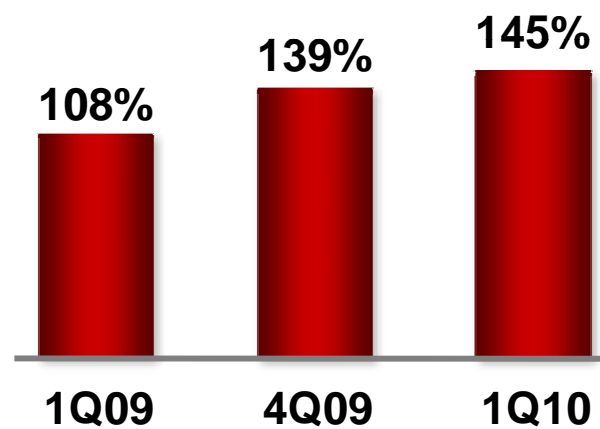
Asset Quality without INB



**PAST DUE LOAN
RATIO**



**RESERVE
COVERAGE RATIO**



Past Due Loan Ratios



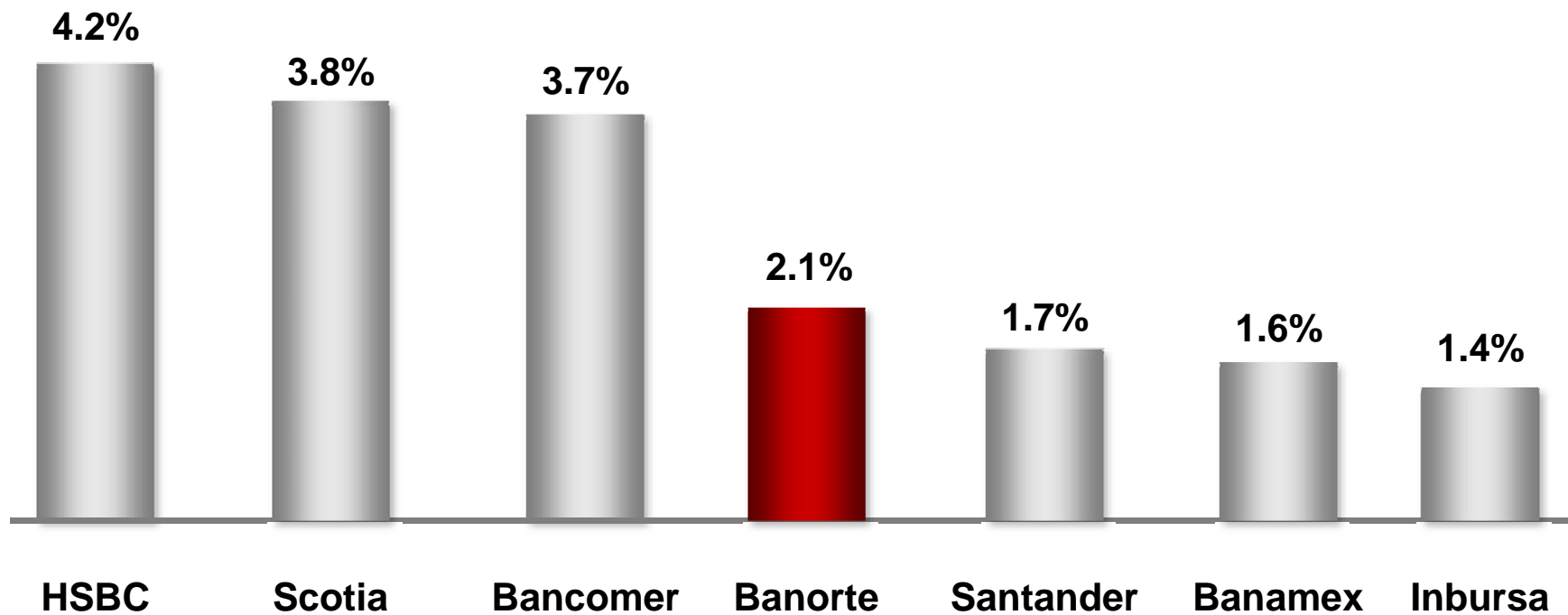
	1Q09	2Q09	3Q09	4Q09	1Q10	
Credit Cards	13.6%	14.4%	12.7%	12.0%	10.5%	↓
Payroll	2.9%	3.0%	2.8%	2.8%	2.1%	↓
Car	2.5%	3.0%	2.7%	2.0%	1.4%	↓
Mortgage	1.7%	1.9%	2.0%	2.1%	1.7%	↓
Commercial	2.6%	3.4%	3.6%	4.0%	5.0%	↑
Corporate	0%	0.1%	0.1%	0.1%	0.1%	—
Government	0%	0%	0%	0%	0%	—
	2.3%	2.6%	2.5%	2.5%	2.5%	

- Excluding INB, the NPL ratio for Commercial Loans declines to 4.2% and to 1.3% for mortgage loans.

Industry PDL Ratios



March 2010



Source: CNBV. Banorte does not include INB.

Capitalization

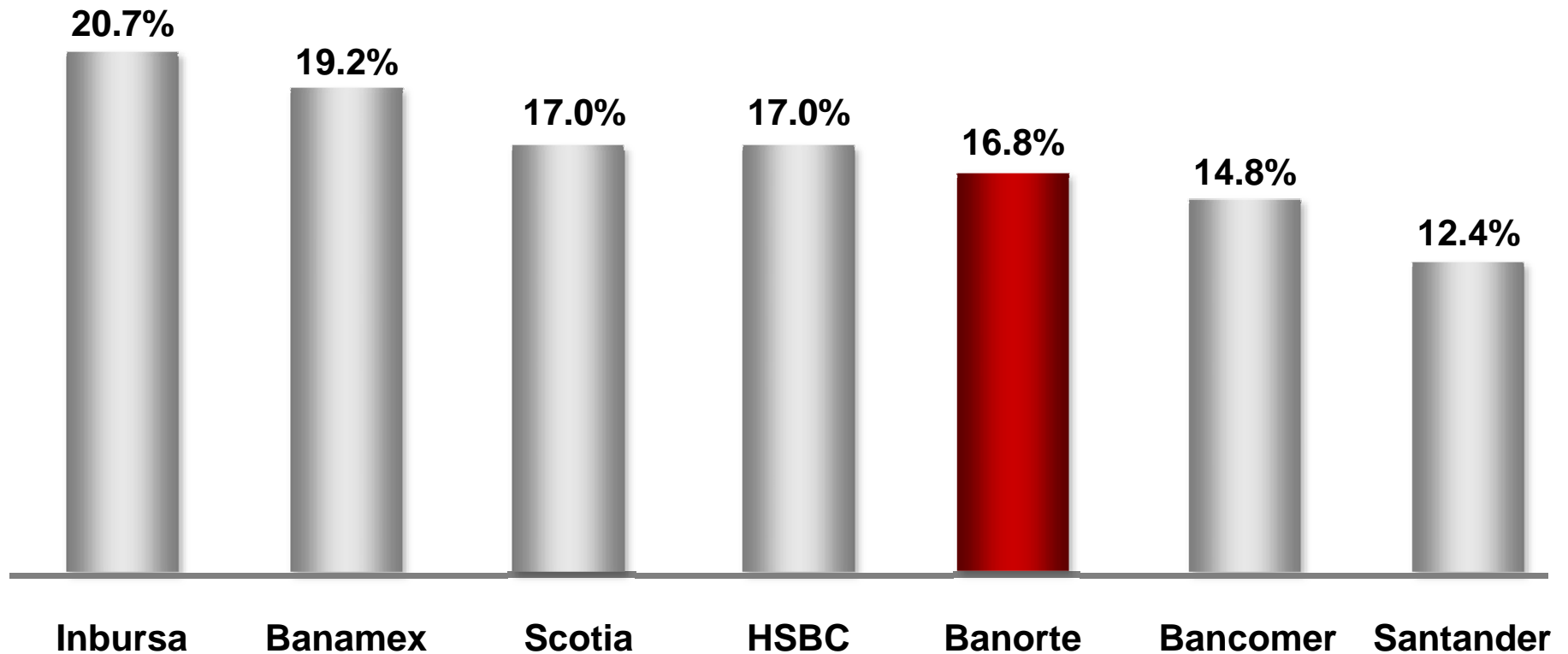


	1Q09	2Q09	3Q09	4Q09	1Q10
Tier 1	9.7%	10.7%	10.9%	12.0%	12.1%
Tier 2	4.9%	4.9%	5.2%	4.8%	4.7%
TOTAL	14.6%	15.6%	16.1%	16.8%	16.8%
% Tier 1	66%	69%	68%	71%	72%

Industry Capitalization Ratios



February 2010



Source: CNBV. Banorte's ratio corresponds to March 2010.



Subsidiaries

Retail Bank



Results - Retail Bank (Million Pesos)				Change \$		Change %	
	1Q09	4Q09	1Q10	vs 4Q09	vs 1Q09	vs 4Q09	vs 1Q09
Net Interest Income	5,965	5,388	5,348	-40	-617	(1)%	(10)%
Non Interest Income	1,683	2,014	2,153	139	470	7%	28%
Total Income	7,648	7,402	7,501	99	(147)	1%	(2)%
Loan Loss Provisions	2,144	1,757	1,746	(11)	(398)	(1)%	(19)%
Non Interest Expense	3,976	4,205	3,795	(410)	(181)	(10)%	(5)%
Net Income	1,418	1,266	1,435	169	17	13%	1%

Main Indicators and Business Updates

- The ROE was 13.9% with average capital assigned of \$38.57 billion pesos.
- The bank reached a market share of 13.5% in deposits and 13.0% in lending. The number of clients grows to 8.10 million.
- The PDL ratio excluding INB was 2.2%, which compares favorably to 2.3% in 4Q09 and 2.4% in 1Q09.

Recovery Bank



MILLION PESOS

	1Q09	1Q10
Net Income	146	180
		23%

AUM
BILLION PESOS

	1Q09	4Q09	1Q10	Change YoY
Proprietary Assets	26	32	34	28%
Acquired Assets	33	29	29	(10%)
Investment Projects	3	4	4	38%
IPAB	2	0.4	0.4	(73%)
Total	64	66	68	6%



Results - Afore (Million Pesos)				Change \$		Change %	
	1Q09	4Q09	1Q10	vs 4Q09	vs 1Q09	vs 4Q09	vs 1Q09
Total Revenues	237	311	292	(19)	55	(6)%	23%
Non Interest Expense	164	203	189	(14)	25	(7)%	15%
Net Income *	60	109	102	(7)	42	(6)%	71%

* 51% corresponds to Banorte.

Main Indicators and Business Updates

- ROE was 29.4% during the quarter, 7 percentage points (pp) higher compared to 1Q09.
- AFORE's AUMs grew by 34% YoY and 5% QoQ, reaching Ps 75.6 billion.
- Banorte has a 6.2% market share in AUM's, ranking 7th in the market at closing of March 2010.
- The AFORE had 3,899,615 affiliates, with a 9.8% share of total affiliates in the system and also in certified accounts.

Insurance



Results - Insurance (Million Pesos)				Change \$		Change %	
	1Q09	4Q09	1Q10	vs 4Q09	vs 1Q09	vs 4Q09	vs 1Q09
Total Revenues	1,884	1,524	1,554	30	(330)	2%	(18)%
Non Interest Expense	1,661	1,348	1,360	12	(301)	1%	(18)%
Net Income *	152	118	137	19	(15)	16%	(10)%

* 51% corresponds to Banorte.

Main Indicators and Business Updates

- ROE was 22.5% during the quarter, 5 percentage points (pp) lower compared to 1Q09.
- Issued premiums declined by (8%) YoY reaching Ps 1.9 billion, while accrued premiums reduced by (2%) YoY to Ps 1.33 billion at closing of 1Q10 due to greater competition in the car and life insurance segments.
- As a result of the earthquake registered in the Northwestern region of the country last April, 134 damage claims have been registered for an approximate of Ps 765 million, amount that is adequately reserved.
- Technical reserves were Ps 7.69 billion, increasing 4% YoY and (1%) QoQ.

Annuities



Results - Annuities <i>(Million Pesos)</i>				Change \$		Change %	
	1Q09	4Q09	1Q10	vs 4Q09	vs 1Q09	vs 4Q09	vs 1Q09
Total Revenues	276	268	312	44	36	16%	13%
Non Interest Expense	245	262	298	36	53	14%	22%
Net Income *	24	2	10	8	(14)	480%	(59)%
* 51% corresponds to Banorte.							

Main Indicators and Business Updates

- ROE was 3.7% during the quarter, 6 percentage points (pp) lower compared to 1Q09.
- The Annuities Company had a 93% YoY expansion in premiums issued during 1Q10 to \$1.30 billion pesos.

Leasing and Factoring



Results - Leasing and Factoring (Million Pesos)				Change \$		Change %	
	1Q09	4Q09	1Q10	vs 4Q09	vs 1Q09	vs 4Q09	vs 1Q09
Total Revenues	194	215	189	(26)	(5)	(12)%	(3)%
Non Interest Expense	104	104	90	(14)	(14)	(13)%	(13)%
Net Income	94	111	102	(9)	8	(8)%	9%

Main Indicators and Business Updates

- ROE for the quarter was 26.6%, 4 percentage points (pp) lower compared to 1Q09.
- The loan portfolio grew by 3% compared to 1Q09, reaching a balance of Ps 13.18 billion pesos at the end of the quarter.
- At closing of 1Q10, the PDL ratio closed at 0.8%, while the Capitalization Ratio was 12%, considering average risk assets of Ps13.6 billion.
- Arrendadora and Factor Banorte ranked 2nd in terms of portfolio size among the 44 companies of this sector according to the latest publicly available information.

Warehousing



Results - <i>Warehousing</i> (Million Pesos)				Change \$		Change %	
	1Q09	4Q09	1Q10	vs 4Q09	vs 1Q09	vs 4Q09	vs 1Q09
Total Revenues	18	5	9	4	(9)	80%	(50)%
Non Interest Expense	11	4	6	2	(5)	50%	(45)%
Net Income	7	3	3	0	(4)	18%	(50)%

Main Indicators and Business Updates

- ROE was 9.4% during the quarter, 13 percentage points (pp) lower compared to 1Q09.
- The level of inventories declined 77% compared to 1Q09
- At closing of 1Q10, the Capitalization Ratio was 9.0% considering Ps 1.69 billion in total risk certificates in circulation.
- Almacén Banorte ranked 4th among the 20 Warehousing Companies in terms of profits generated.

Broker Dealer



Results - Broker Dealer (Million Pesos)				Change \$		Change %	
	1Q09	4Q09	1Q10	vs 4Q09	vs 1Q09	vs 4Q09	vs 1Q09
Total Revenues	170	337	224	(113)	54	(34)%	32%
Non Interest Expense	117	180	116	(64)	(1)	(35)%	(1)%
Net Income	40	88	78	(11)	37	(12)%	92%

Main Indicators and Business Updates

- The ROE was 21.5% with average capital assigned of \$1.33 billion pesos.
- The investment portfolio reached \$223.95 billion, 1% more with respect to 4Q09 due to an increase in securities for trading and available for sale, although it declined (4%) compared to 1Q09 as a result of lower securities held to maturity.
- Deposits by retail clients grew by 12% and institutional clients by 16% annually. Of total deposits, 32% comes from retail clients and 68% from institutional.
- Mutual funds' AUMs grew by 40% annually, higher compared to the average growth rate of the market. Banorte's market share in mutual funds is currently 3%.
- Assets under custody reached \$151 billion pesos, 54% higher compared to 1Q09 and 11% vs. 4Q09.



Results - Banorte USA- US GAAP (Million dollars)				Change \$		Change %	
	1Q09	4Q09	1Q10	vs 4Q09	vs 1Q09	vs 4Q09	vs 1Q09
Total Revenues	19	20	19	(2)	(0)	(9)%	(1)%
Non Interest Expense	8	12	12	(0)	3	(1)%	37%
Net Income	6	1	-2	(3)	(8)	(301)%	(135)%

Main Indicators and Business Updates

- ROE declined 3.2 pp QoQ to (2.1%), ROA also declined (0.6) pp QoQ to (0.4%) and the NIM dropped (0.1) pp QoQ to 3.5%. Efficiency increased by 4.7 pp QoQ to 61.9.
- Total deposits grew by 11% YoY and 1% QoQ driven by time deposits from referred Banorte clients. Performing Loans declined (3%) QoQ, while Past Due Loans increased by 21% QoQ, as a result of more delinquencies in real estate loans due to the difficult environment in this sector. The PDL Ratio increased to 11.4%.
- The investment portfolio is mainly concentrated in MBS's, which grew 17% QoQ and 29% YoY to US\$589 million dollars. The underlying quality of the mortgages is rated AAA, and the portfolio presents an unrealized valuation gain of US \$14.1 million at closing of 1Q10. The average weighted life of the portfolio is 4 years.



	1Q09	4Q09	1Q10
Leverage	8.2%	9.3%	9.0%
Capitalization			
Tier 1	12.1%	15.9%	16.1%
Tier 2	1.2%	1.3%	1.3%
Total	13.3%	17.1%	17.4%
Percentage Tier 1	90.7%	92.6%	92.7%



Social Responsibility



Strategies & Initiatives:

- Banorte is implementing a Social Responsibility Model in order to meet and exceed the international best practices in this matter.
- The model has already been designed. More than 60 initiatives are either being implemented, or they will begin to be implemented soon.
- These initiatives are divided into four core areas: Equality & Governance, Community Commitment, Environmental Responsibility and Value Chain.
- Following Banorte's mission statement that includes good corporate citizenship as one of its principles, environmental policies for the bank were approved and credit manuals are being revised in order to reflect these changes.
- Banorte's first Social Responsibility Annual Report (GRI certified) is being drafted, and will be published in 2010.



Partnership with IFC:

- The strategic partnership with IFC gives Banorte access to training and best practices' information in both environmental and social responsibility.
- Banorte is in the process of implementing a SEMS plan that meets and could exceed IFC's best practices.
- The bank is in the process of being compliant with the Equator Principles.
- IFC has access to Banorte's distribution network in order to take joint actions regarding alternative energy, SEMS, educational and other high social impact financial products.
- Banorte and IFC are working in several initiatives and investment opportunities.

