

Financial Results

1Q11

May 2011



Summary of Results

Financial Highlights 1Q11

- For a seventh consecutive quarter, GFNorte has increased profits, reaching Ps 1.82 billion, a 15% YoY and 3% QoQ growth.
- On an annual basis, profitability ratios improve: ROE increases to 15.5%, 30 bp higher compared to the 15.2% in 1Q10, and ROA increases to 1.2%, 10 bp vs. a year ago.
- During the quarter, the subsidiaries generated net income of: the bank (excluding the Afore) generated net income of Ps 1.46 billion, 80% of total Group's profits (+14% YoY and +10% QoQ); Broker Dealer of Ps 97 million pesos (+25% YoY and -47% QoQ), Long Term Savings of Ps 128 million (+4% YoY and +24% QoQ) and Other Finance Companies of Ps 150 million pesos (+41% YoY and 17% QoQ).

Financial Highlights 1Q11

- **Growth in lending during the quarter and deposits continue to show positive trends.**
 - **The loan portfolio increased by 14% YoY and 3% QoQ. For the fourth consecutive quarter the loan portfolio shows continuous growth; most of the segments (except for Credit cards) show positive quarterly growth a trend not seen since prior to the crisis that began at the end of 2008. as a result of the bank's strategies to reactivate loan originations and take advantage of a more favorable economic environment.**
 - **Core deposits grew by 10% annually, mainly driven by growth in demand deposits and retail time deposits, increasing from Ps 212 billion in 1Q10 to Ps 234 billion in 1Q11. While core deposits decreased by 2% QoQ due to the (4%) decline in Demand Deposits due to the seasonal effects.**

Financial Highlights 1Q11

- **Net Interest Income increased by 13% YoY and a 5% QoQ driven by growth in loan volumes, especially in segments with more contribution to NII such as payroll loans, as well as a stable funding cost and the favorable impact of consolidating the Insurance and Annuities companies in the financial Group as a result of implementing the new accounting criteria A-2.**
- **Non Interest Income for 1Q11 had a slight (2%) decline vs. 1Q10 and a (21%) QoQ decrease vs. 4Q10. The YoY decline is mainly due to a reduction in Service Fees as a result of the regulatory changes, as well as less Intermediation Revenues due to a more complex market environment. The quarterly decline is due to reduced service fees which were negatively affected by seasonality and the regulatory changes approved in the second half of 2010; also, NII decreases, due to the recovery booked in 4Q10 related to the written off Comercial Mexicana loan.**

Financial Highlights 1Q11

- On a quarterly basis, Non Interest Expenses grew by 11% YoY vs. 1Q10 and decreasing (3%) QoQ vs. 4Q10. The annual growth was mainly due to higher professional fees; administration and promotional expenses; rents, depreciation and amortization, other taxes and employee profit sharing (PTU). The quarterly decline is due to seasonality decline of Administration and promotional expenses due to less advertising and promotional campaigns to sell products.
- During the quarter, provisions for loan losses were Ps 1.34 billion, a (25%) YoY reduction and a (29%) QoQ. The yearly drop was mainly due to lower requirements in the Consumer portfolio, especially in Credit cards, as well as in the Commercial portfolio. On a quarterly basis, provisions dropped due to lower requirements in the Corporate portfolio, since the provisions needed to fully cover the Mexicana de Aviacion loan were created in 4Q10.

Financial Highlights 1Q11

- **The bank's fundamentals remain solid.**
 - **Regulatory capital was 16.1% at the end of 1Q11; the Tier 1 ratio was 12.24% and 3.82% for Tier 2.**
 - **The NPL Ratio was 2.3%, 0.2 percentage points lower than 1Q10 and 4Q10. When excluding the PDL portfolio of INB, the NPL Ratio remains at 2.3%. It is important to emphasize the important decrease of INB's NPL Ratio, which dropped from 11.4% to 4.5% between 1Q10 and 1Q11.**
 - **Reserve coverage increased 16.6 pp vs. 1Q10, reaching 139%, but it increases to 144% when excluding US operations.**
 - **The bank has a very solid liquidity ratio of 95.6% during 1Q11, considerably higher compared to the level of 83.1% in 1Q10.**

Quarterly Summary

MILLION PESOS

	1Q10	4Q10	1Q11	Change	
				QoQ	YoY
Revenues	8,260	9,297	8,909	(4%)	8%
Credit Costs	1,772	1,876	1,338	(29%)	(25%)
Expenses	4,189	4,815	4,653	(3%)	11%
Reported Net Income	1,580	1,758	1,815	3%	15%
Reported EPS ⁽¹⁾	0.78	0.87	0.90	3%	15%
Book Value per Share ⁽¹⁾	20.80	22.85	23.61	3%	14%
ROE	15.2%	15.6%	15.5%	(0.1) pp	0.3 pp
ROA	1.1%	1.2%	1.2%	(0.0) pp	0.1 pp
P/BV ⁽²⁾	2.62	2.58	2.37	(8%)	(10%)

(1) Pesos

(2) Times



Financial Performance

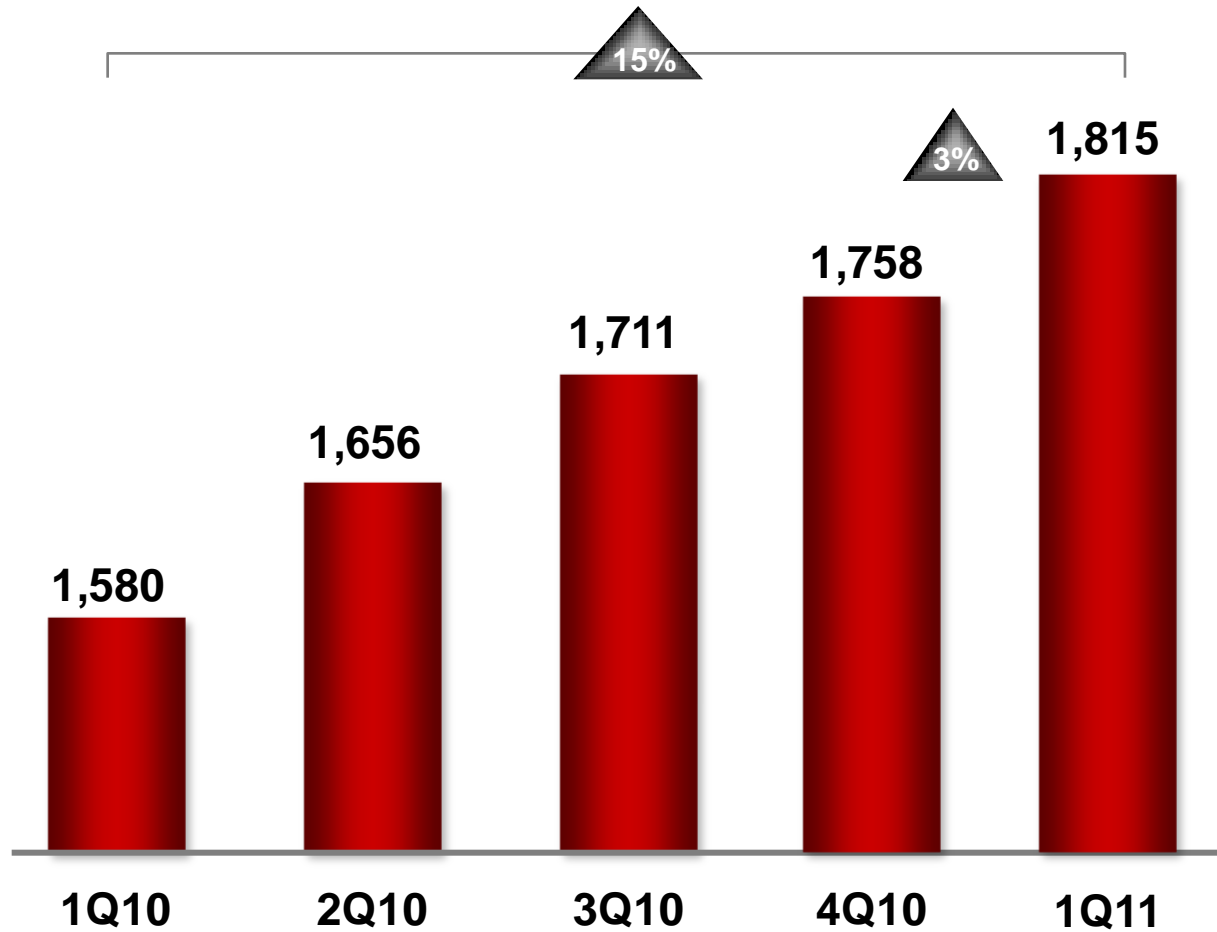
Income Statement

Million Pesos

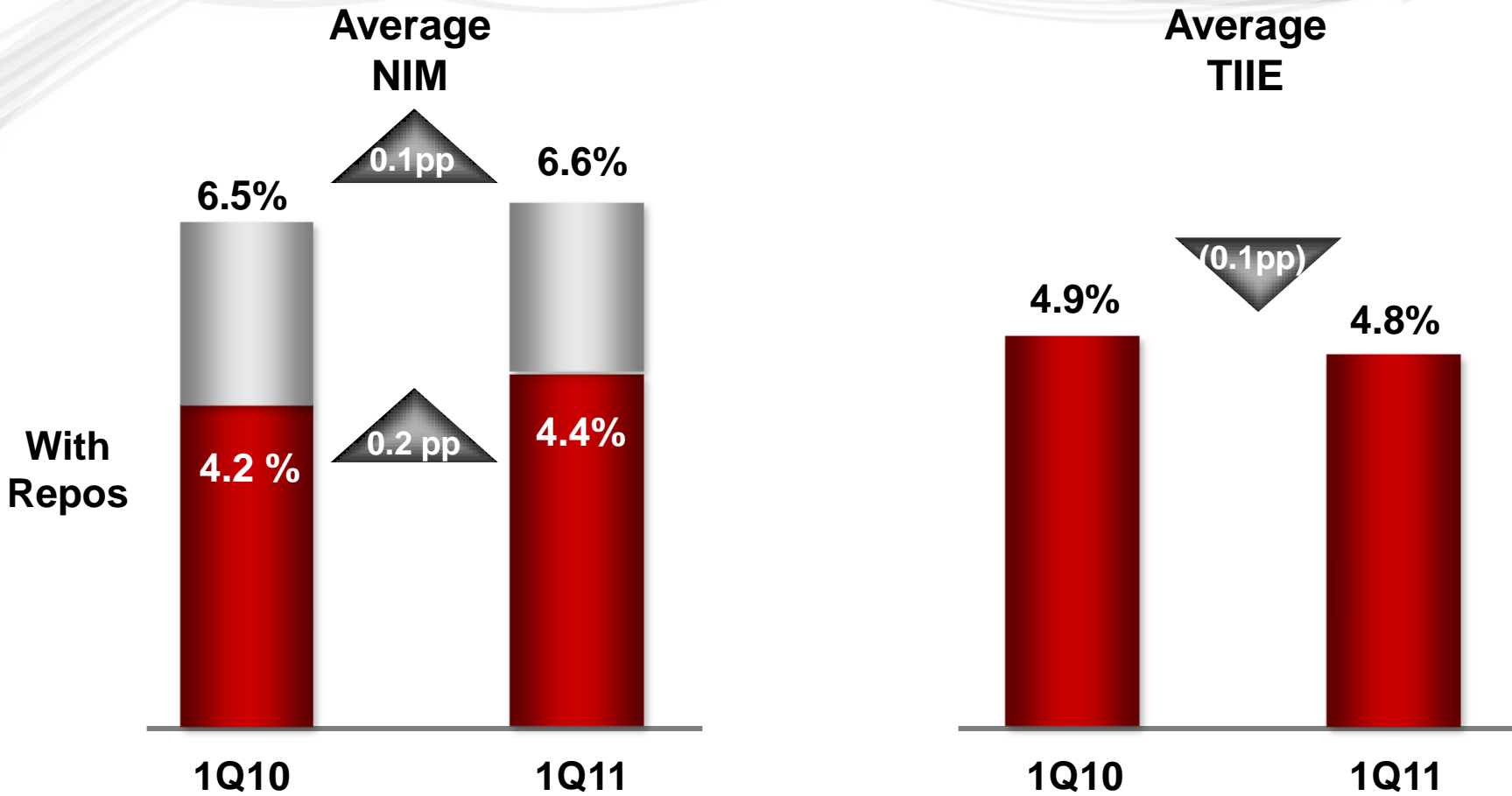
	1Q10	4Q10	1Q11	Change QoQ	YoY
Net Interest Income	5,562	5,976	6,277	5%	13%
Non Interest Income	2,698	3,321	2,632	(21%)	(2%)
<i>Service Fees</i>	1,614	1,824	1,469	(19%)	(9%)
<i>Recoveries</i>	195	227	220	(3%)	13%
<i>FX & Trading</i>	585	193	517	167%	(12%)
<i>Other Income (expenses)</i>	304	1,076	427	(60%)	41%
Total Income	8,260	9,297	8,909	(4%)	8%
Non Interest Expense	4,189	4,815	4,653	(3%)	11%
Net Operating Income	4,071	4,482	4,256	(5%)	5%
Provisions	1,772	1,876	1,338	(29%)	(25%)
Income Tax	659	720	847	18%	29%
Subs & Minority Interest	(61)	(128)	(257)	101%	324%
Net Income	1,580	1,758	1,815	3%	15%

Quarterly Net Income

Million Pesos



Net Interest Margin

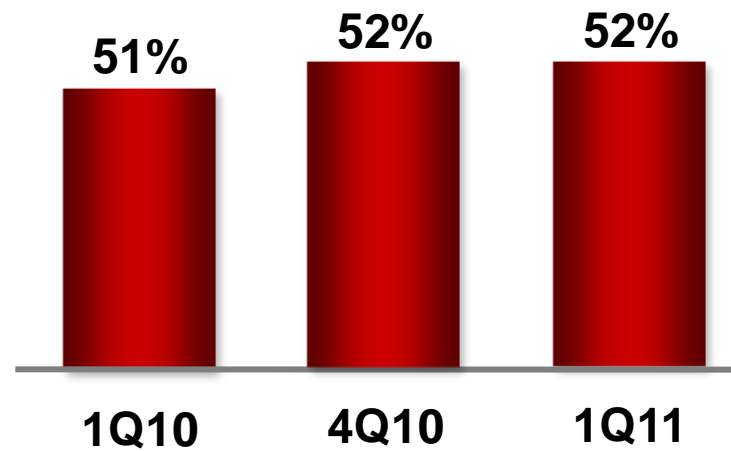


Non Interest Expense

Billion Pesos

	1Q10		1Q11
Total Expense	4.2	▲ 11%	4.7

EFFICIENCY RATIO



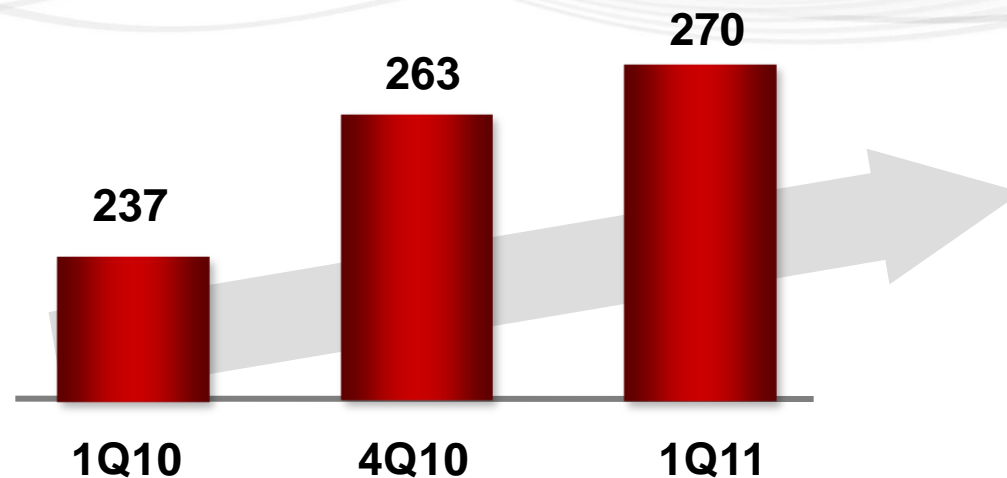
Deposits

Billion Pesos

Deposits	1Q09		1Q10		1Q11
Demand	120	▲ 5%	126	▲ 15%	145
Time	82	▲ 5%	86	▲ 4%	90
Core Deposits	203	▲ 5%	212	▲ 10%	234
Mix					
Demand	59%		59%		62%
Time	41%		41%		38%
	100%		100%		100%

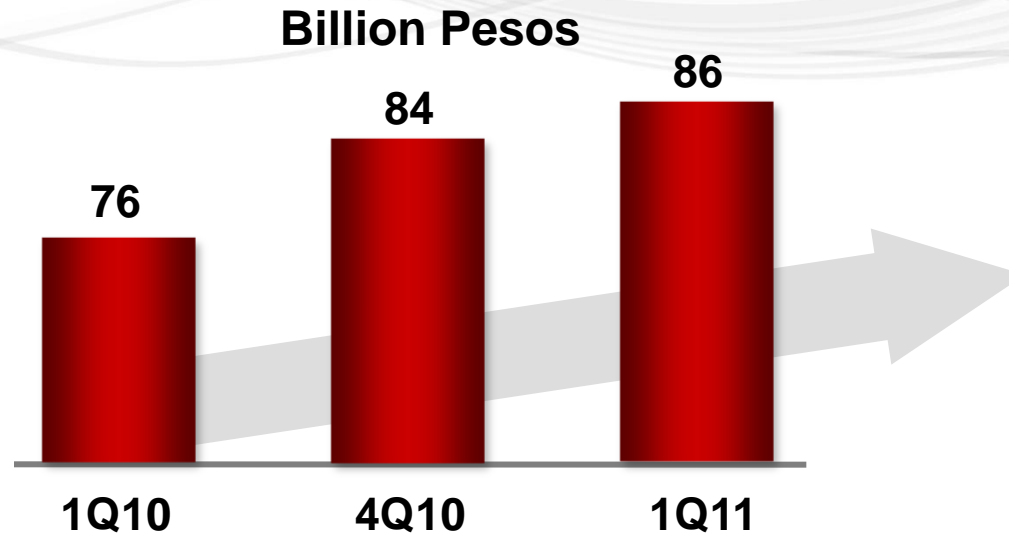
Performing Loan Portfolio

Billion Pesos



	1Q10	4Q10	1Q11	Change	
				QoQ	YoY
Consumer	76	84	86	3%	13%
Commercial	80	88	87	(0%)	9%
Corporate	39	44	46	3%	17%
Government	41	48	51	8%	25%
Total	237	263	270	3%	14%

Performing Consumer Loan Portfolio

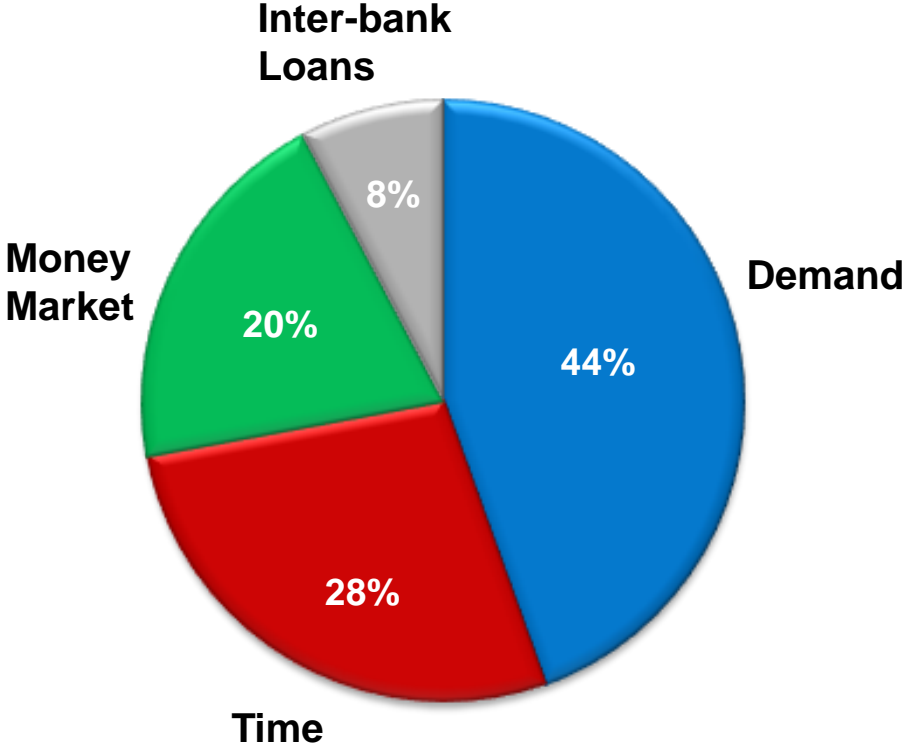


	1Q10	4Q10	1Q11	Change	
				QoQ	YoY
Mortgage	50	56	57	2%	13%
Car	8	8	8	3%	12%
Credit Card	11	11	11	(2%)	(3%)
Payroll	7	9	9	11%	36%
Consumer	76	84	86	3%	13%

Funding and Loan Portfolio Structure

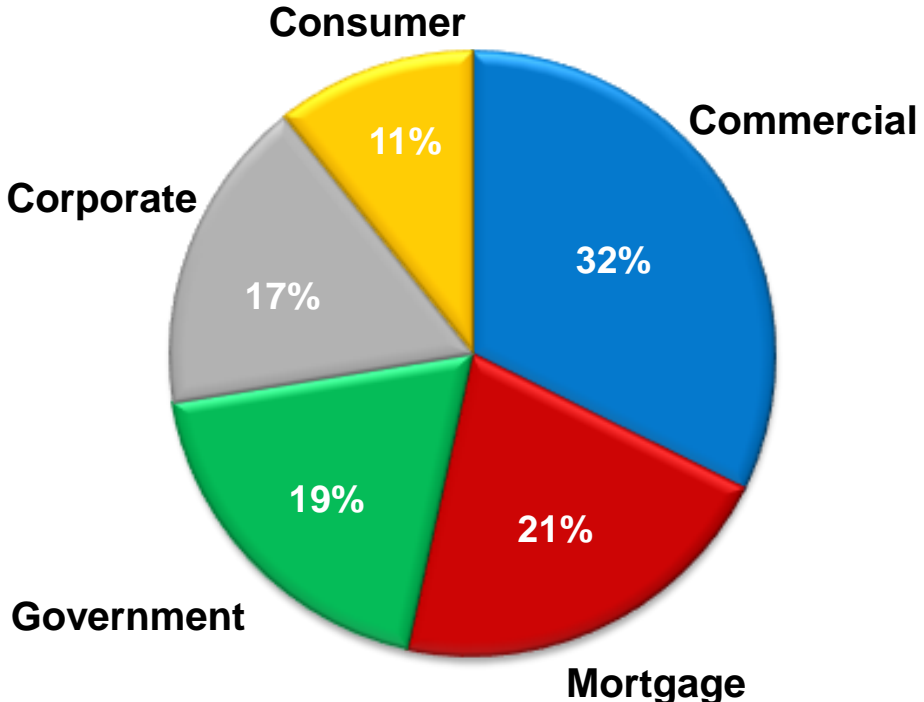
FUNDING

\$325 Billion Pesos



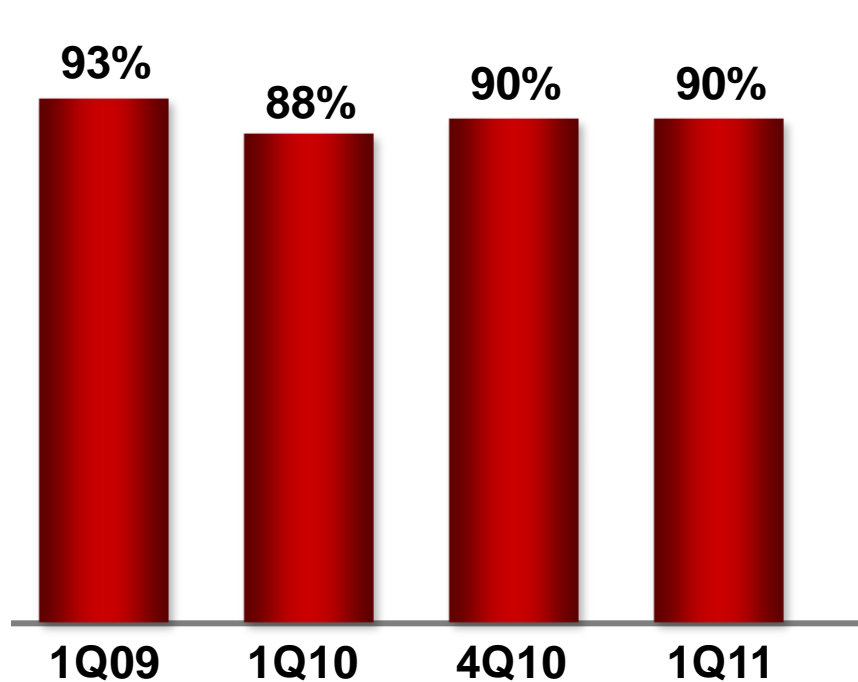
LOAN PORTFOLIO

\$277 Billion Pesos

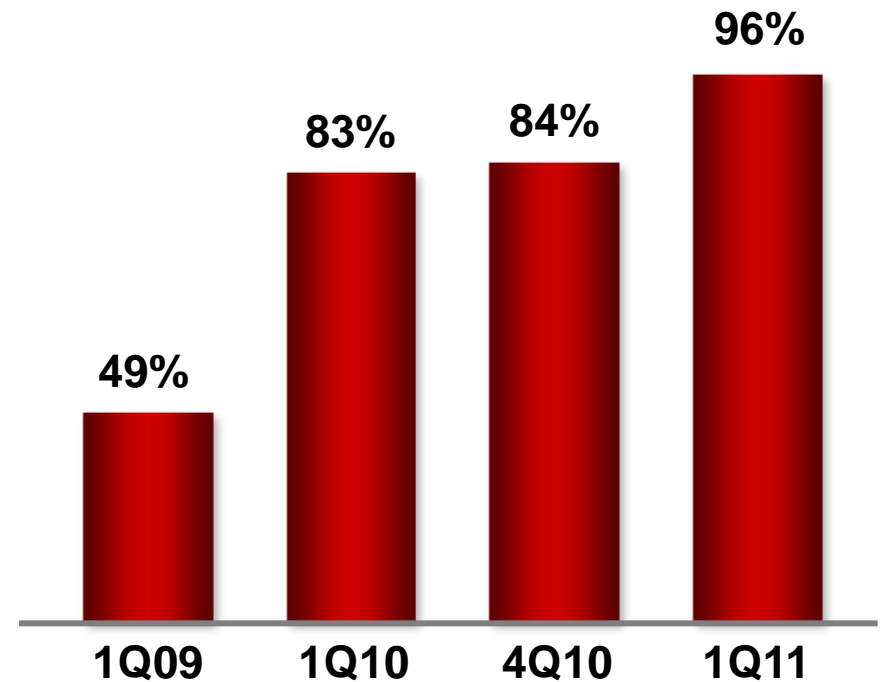


Funding and Liquidity

**TOTAL NET LOANS / TOTAL DEPOSITS
(%)**



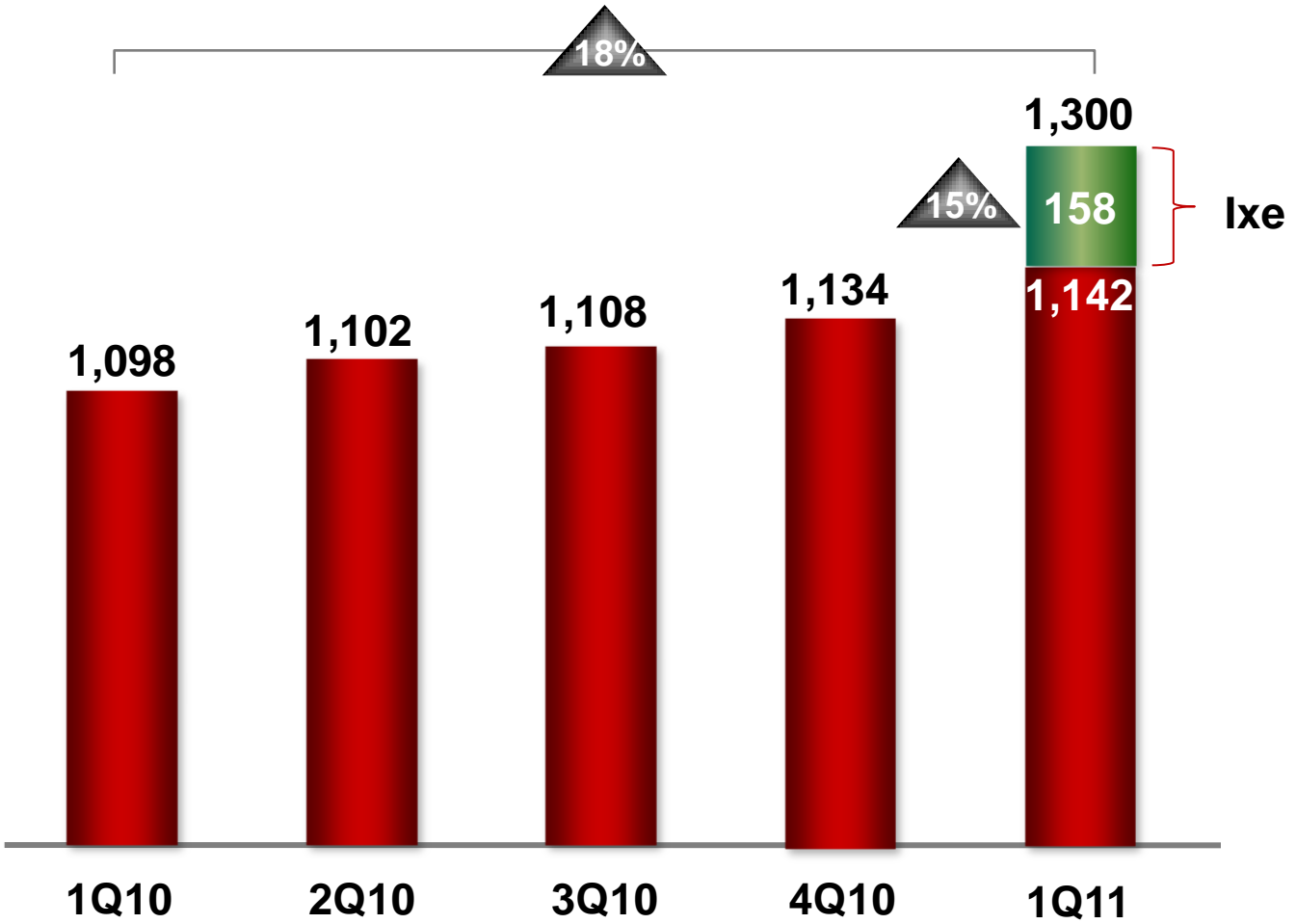
**LIQUIDITY
(%)**



New Distribution Network

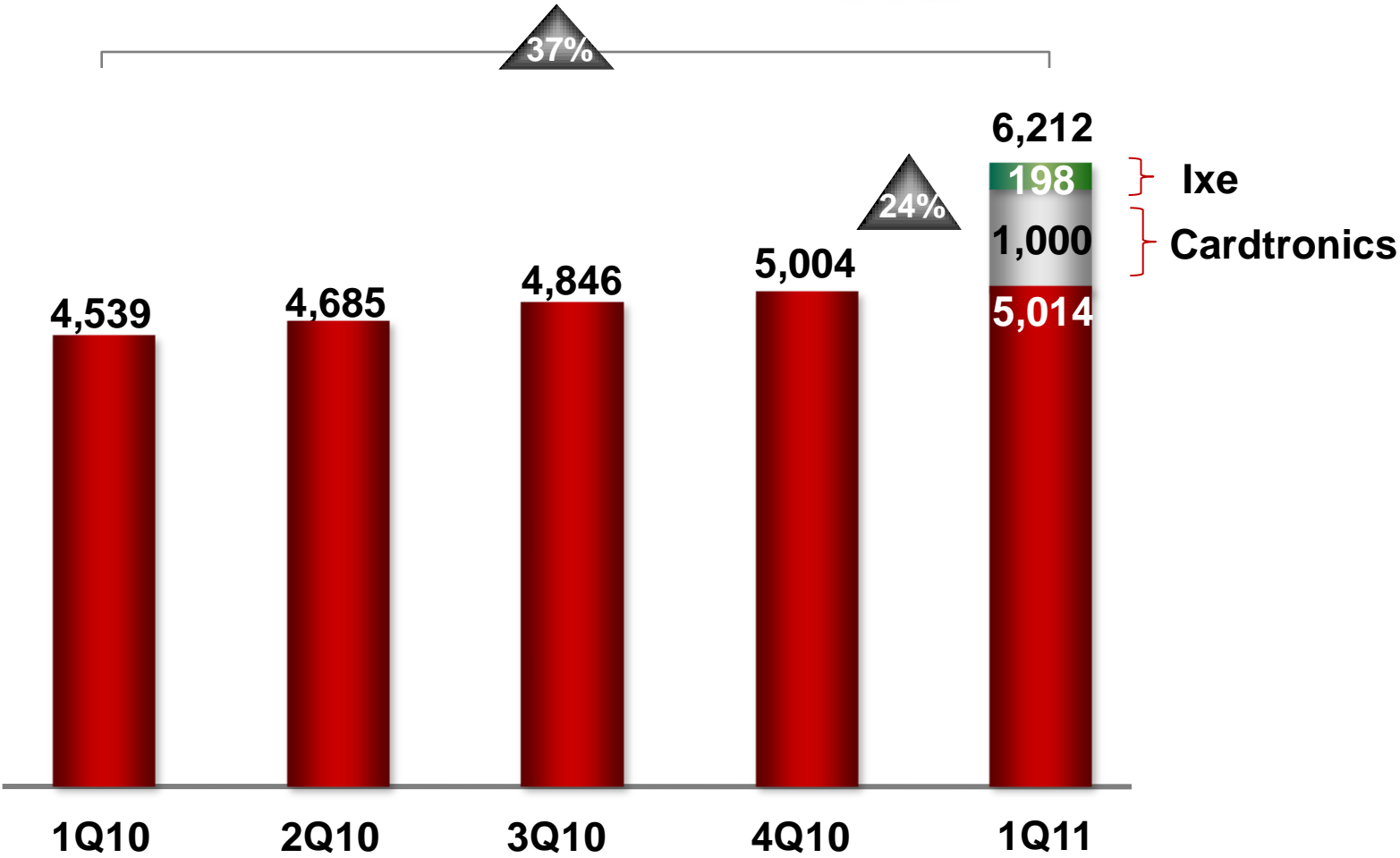
Distribution Network

Branches



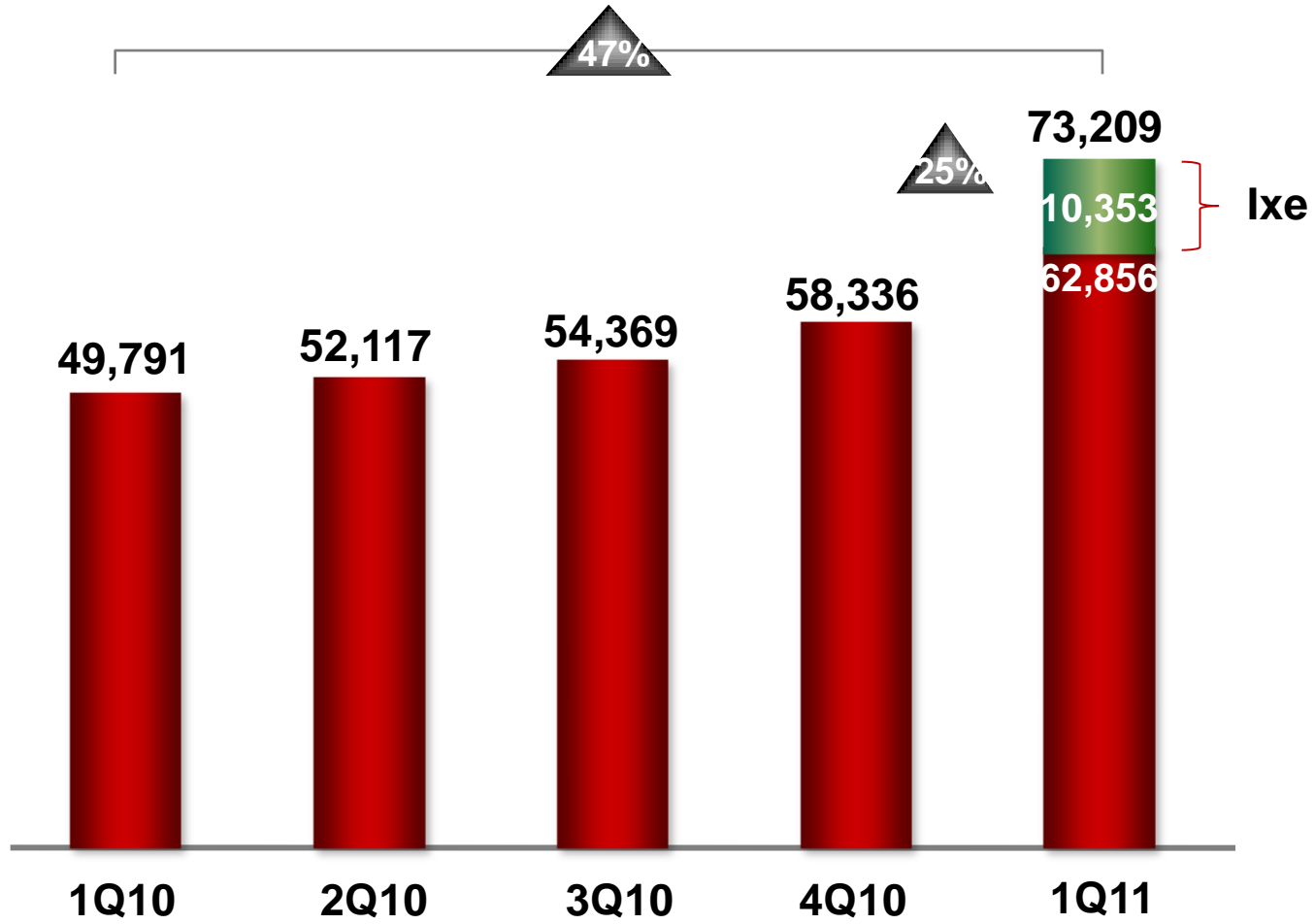
Distribution Network

Automated Teller Machines (ATM's)



Distribution Network

Point of Sale Terminals (POS's)





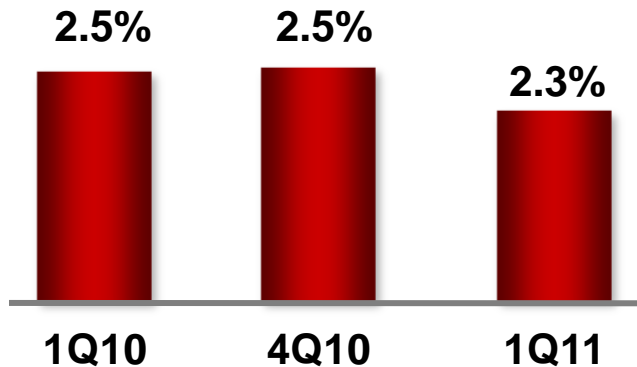
Asset Quality and Capitalization

Asset Quality

Billion Pesos

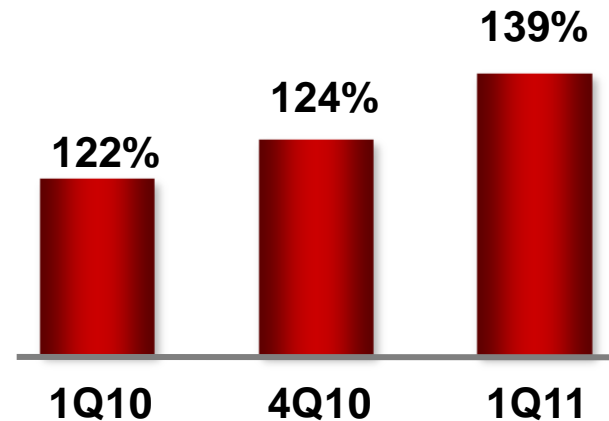
	1Q10	4Q10	1Q11
Total Loan Portfolio	243	270	277
Past Due Loans	6.1	6.7	6.5
Loan Loss Reserves	7.5	8.2	9.0

PAST DUE LOAN RATIO



W/out INB 1Q11: 2.3%

RESERVE COVERAGE RATIO



W/out INB 1Q11: 144%

Past Due Loan Ratios

	1Q10	2Q10	3Q10	4Q10	1Q11
Credit Cards	10.5%	10.6%	9.3%	8.5%	9.1%
Payroll	2.1%	1.9%	1.9%	1.8%	1.5%
Car	1.4%	1.3%	1.4%	1.0%	0.8%
Mortgage	1.7%	1.7%	1.9%	1.7%	1.2%
Commercial	5.0%	4.1%	4.1%	3.9%	4.1%
Corporate	0.1%	0.2%	0.1%	2.5%	2.4%
Government	0%	0%	0%	0%	0%
	2.5%	2.3%	2.2%	2.5%	2.3%

Capitalization

	1Q10	2Q10	3Q10	4Q10	1Q11
Tier 1	12.2%	12.0%	12.1%	12.1%	12.2%
Tier 2	4.6%	4.7%	4.5%	4.0%	3.9%
TOTAL	16.8%	16.7%	16.6%	16.1%	16.1%
% Tier 1	72%	72%	73%	75%	76%

Ratings

Rating Agency	Rating	Outlook	Date
Standard & Poor's	BBB-	Stable	Mar-11
Fitch	BBB	Stable	Apr-11
Moody's	Baa1	Stable	Aug-10

Subsidiaries

Subsidiaries Net Income

Million Pesos

	1Q10	4Q10	1Q11	Change	
				QoQ	YoY
Banking Sector	1,283	1,329	1,459	10%	14%
Broker Dealer	78	184	97	(47%)	25%
Long Term Savings	123	103	128	24%	4%
Other Finance Co.	106	128	150	17%	41%
G. F. Banorte (Holding)	(9)	14	(20)	(236%)	108%
Total Net Income	1,580	1,758	1,815	3%	15%

Net Income in Million Pesos

	1Q10		1Q11
Total	180	▲ 4%	187

AUM BILLION PESOS

	1Q10	1Q11	Change YoY
Proprietary Assets	33.6	38.9	16%
Acquired Assets	29.2	28.6	(2%)
Assets "Su Casita"	0.0	7.2	N.A.
Investment Projects	4.4	5.5	25%
Total	67.2	80.2	19%

Long Term Savings

ASSETS UNDER MANAGEMENT Billion pesos

	1Q10	4Q10	1Q11	Change YoY
AFORE	75.6	86.3	85.6	13%
Insurance	12.3	13.4	13.9	13%
Annuities	19.8	25.5	27.3	38%
Total	107.7	125.2	126.8	18%

Inter National Bank

Million Dollars

	1Q10		1Q11
Pre-Tax Net Income	7.0		5.9
Net Income	(2.1)		(3.0)
NIM	3.4%		3.1%
ROE	(2.1%)		(3.1%)
ROA	(0.4%)		(0.5%)
Efficiency	61.9%		67.6%
Total Deposits	1,731	▲ 10%	1,903
Performing Loans	1,009	▼ 16%	849
PDL Ratio	11.4%		4.5%
Coverage Ratio	21.4%		60.0%

Capitalization Indicators

	1Q10	2Q10	3Q10	4Q10	1Q11
Leverage	9.0%	9.2%	9.4%	9.0%	8.4%
Capitalization Ratios					
Tier 1	16.1%	16.4%	17.0%	17.3%	18.6%
Tier 2	1.3%	1.3%	1.3%	1.3%	1.3%
Total	17.4%	17.7%	18.2%	18.6%	19.8%
% Tier 1	92.7%	92.8%	93.0%	93.2%	93.6%

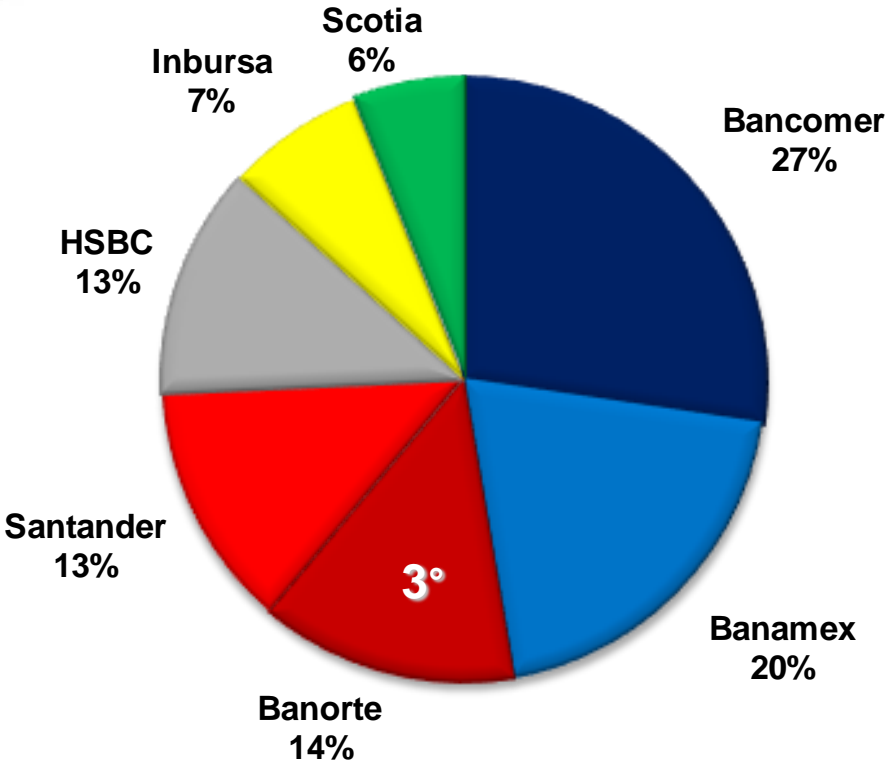


Industry Trends

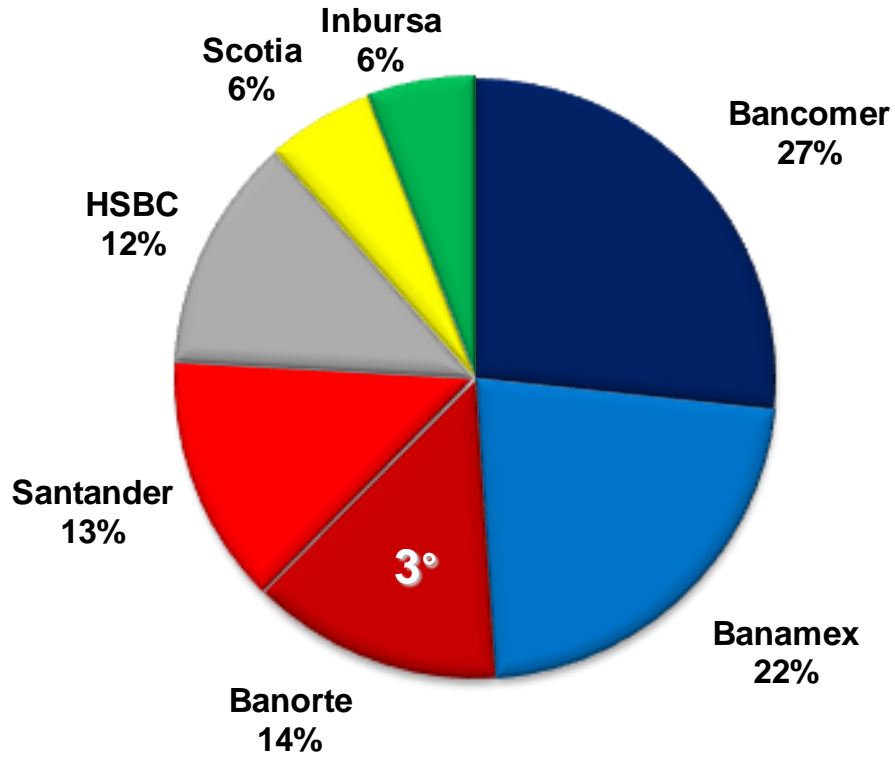
Market Share

DEPOSITS

February 2010



February 2011



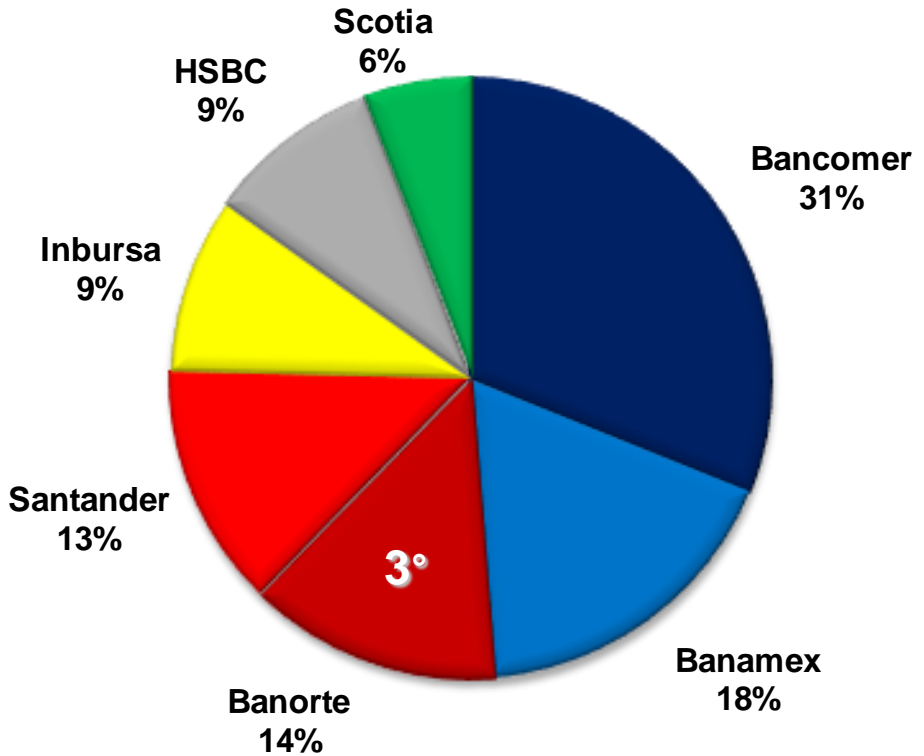
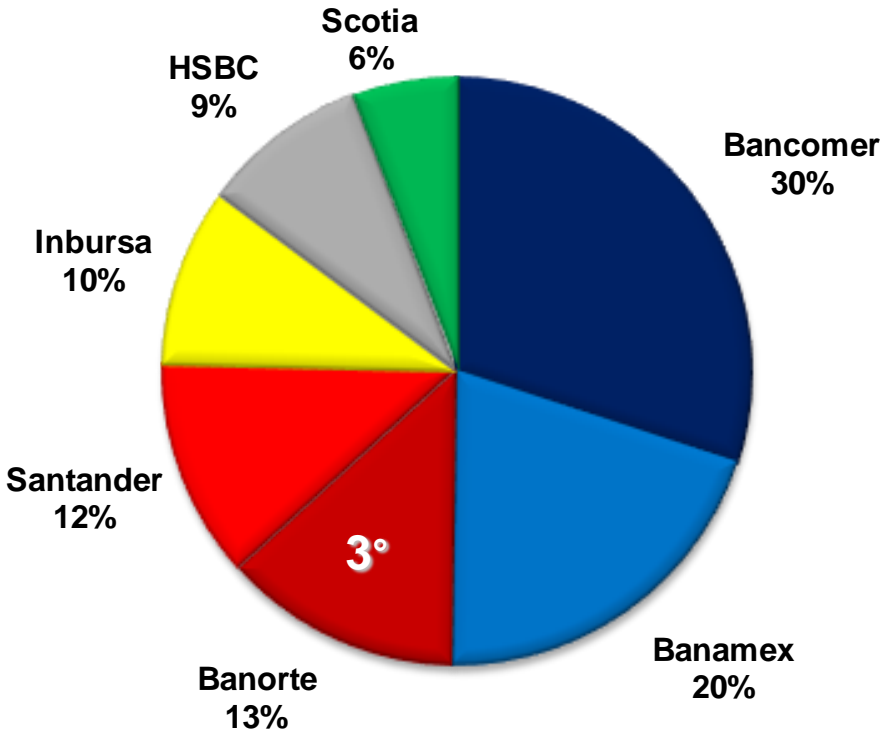
Source: CNBV.

Market Share

LOANS

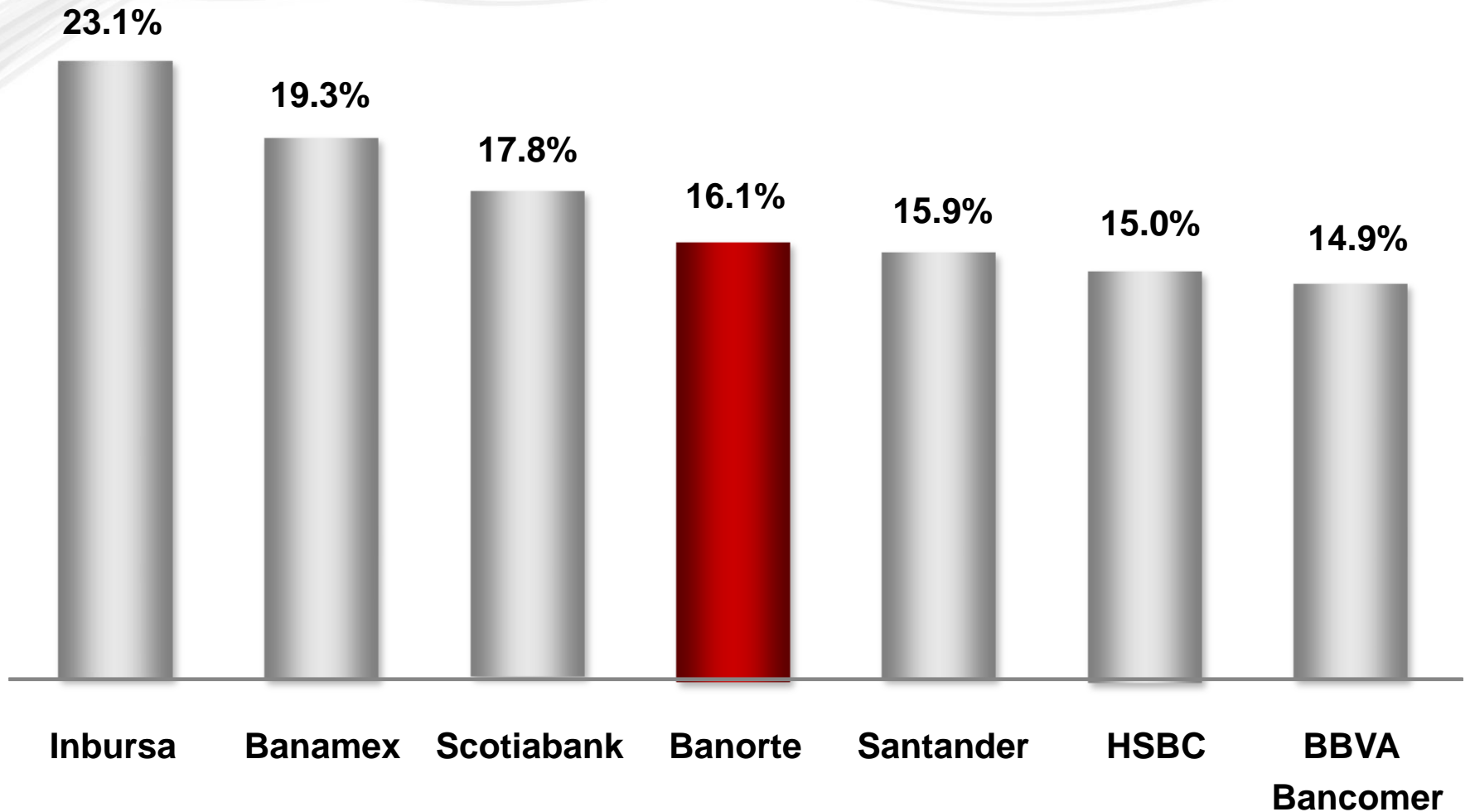
February 2010

February 2011



Source: CNBV.

Industry's Capitalization



Source: CNBV as of February 2011. Information for Banorte as of March 2011.

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BANORTE

EL BANCO FUERTE DE MEXICO