



Financial Results

3Q10

November 2010





Summary of Results



- **Net Income grew by 3% QoQ and 20% YoY. Excluding the positive impact of an extraordinary gain during 1Q09 as a result of applying the accounting criteria for valuation of securitizations, recurring net income grew by 17% YoY vs 9M09.**
- **Total accumulated recurrent earnings during the last 12 months amounted to Ps 6.5 billion pesos, 13% higher with respect to the yearly recurrent profits of Ps 5.72 billion accumulated during 2009.**
- **Profitability ratios continue to improve: ROE increases to 15.5% in 9M10, 60 bp higher compared to 9M09, and ROA to 1.1%, 10 bp vs. a year ago.**
- **The bank (excluding the contribution by the Afore) generated net income of Ps 1.38 billion, 81% of total Group's profits; Broker Dealer of Ps 66 million pesos (-12%QoQ), Long Term Savings of Ps 131 million (+53% QoQ) and Leasing & Factoring of Ps 152 million pesos (+32%QoQ).**



- **Growth in lending resumed during the quarter and deposits continue to show positive trends.**
 - **The loan portfolio increased by 5% compared to 2Q10 and 8% compared to 3Q09. This is the first time since 4Q08 that the loan portfolio has shown sequential growth in all of its components, which is evidence of greater loan demand in Mexico, as well as a result of the policies implemented by Banorte to reactivate loan volumes. In the coming months, we anticipate that the favorable trends in loan growth will continue in the banking industry.**
 - **Core deposits grew by 8% annually, driven by growth in demand deposits and retail time deposits. Deposits grew by 1% QoQ.**
 - **Banorte remains as the third largest bank measured by size of deposits and loans according to the information published by the Banking and Securities Commission (CNBV).**



- **Net Interest Income increased by 2% during the quarter, as a result of higher loan origination volumes and an improvement in the portfolio mix. Interest income increases by 2% QoQ, propelled by growth in lending.**
- **Non-Interest Income declined by (6%) during 3Q10, mainly due to a decrease in trading revenues and reduced recoveries of written-off proprietary portfolios.**
- **Provisions for loan losses were Ps 1.90 billion, 42% higher vs. 2Q10. They represented 3.0% of average loans during the quarter an increase of 0.8 percentage points from 2Q10 as a result of greater provisions related to Mexicana, and 2.8% in 9M10.**
 - **The quarterly increase was a result of Ps 616 million in provisions created during the quarter due to a deterioration in the risk rating of the loan to Mexicana de Aviacion.**



- **The bank's fundamentals remain solid.**
 - **Regulatory capital was 16.6% at the end of 3Q10, above the system's average.**
 - **Asset quality continued to improve. The NPL ratio was 2.2% in 3Q10, although it declines to 1.9% considering only loans originated in Mexico, lower than the 2.4% level of 3Q09.**
 - **Reserve coverage increased 11.6 pp QoQ, reaching 136%, but it increases to 154% when excluding US operations.**
 - **The bank has a very solid liquidity ratio of 92% during the first nine months of the year, considerably higher compared to the level of 60% in 9M09.**

Quarterly Summary



MILLION PESOS

	3Q09	2Q10	3Q10	Change	
				QoQ	YoY
Revenues	8,052	8,239	8,215	(0%)	2%
Credit Costs	2,154	1,337	1,905	42%	(12%)
Expenses	4,073	4,391	4,296	(2%)	5%
Reported Net Income	1,428	1,656	1,711	3%	20%
Reported EPS	0.71	0.82	0.85	3%	20%
Book Value per Share	19.86	21.17	21.75	3%	10%
ROE	14.5%	15.6%	15.8%	0.2 pp	1.3 pp
ROA	1.0%	1.1%	1.2%	--	0.2 pp
P/BV	2.28	2.37	2.19	(7%)	(4%)



Financial Performance

Income Statement



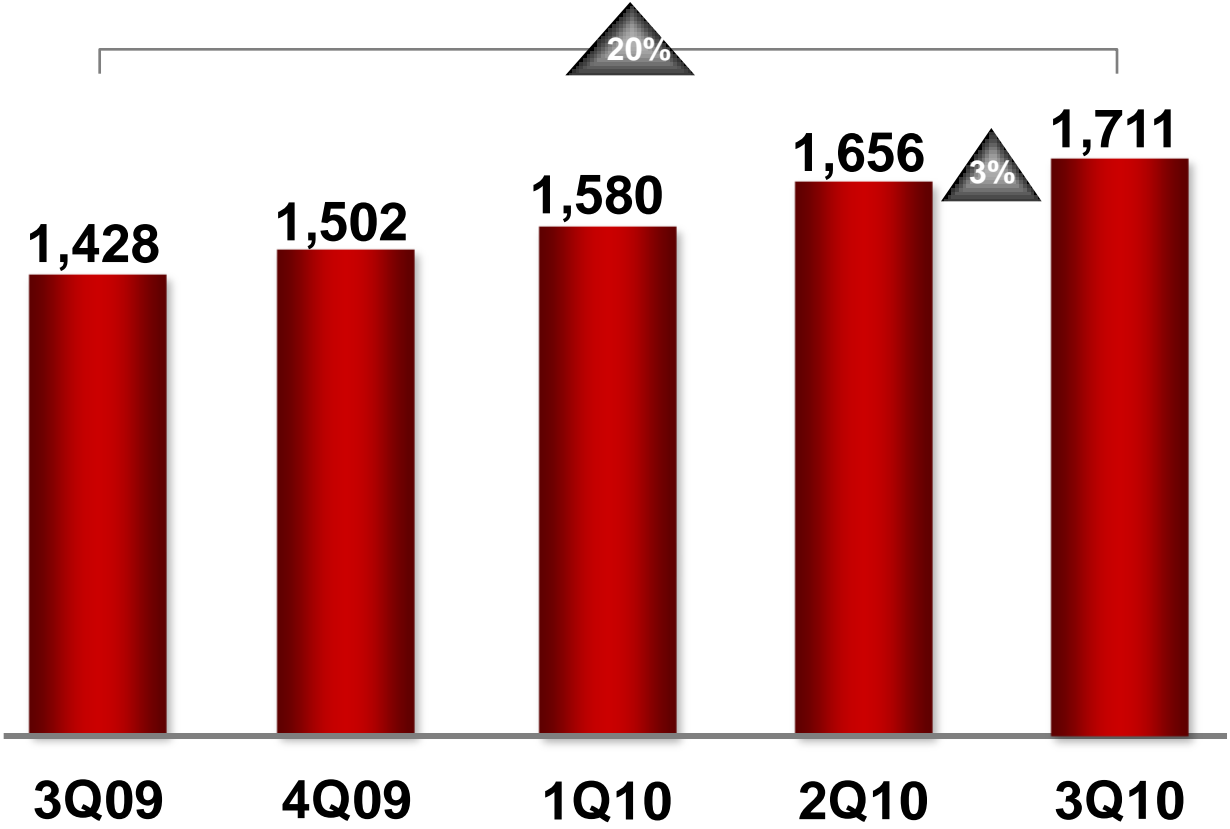
MILLION PESOS

	3Q09	2Q10	3Q10	Change	
				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%)
	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 & Comerc	1,428	1,656	1,955	18%	37%



Quarterly Net Income

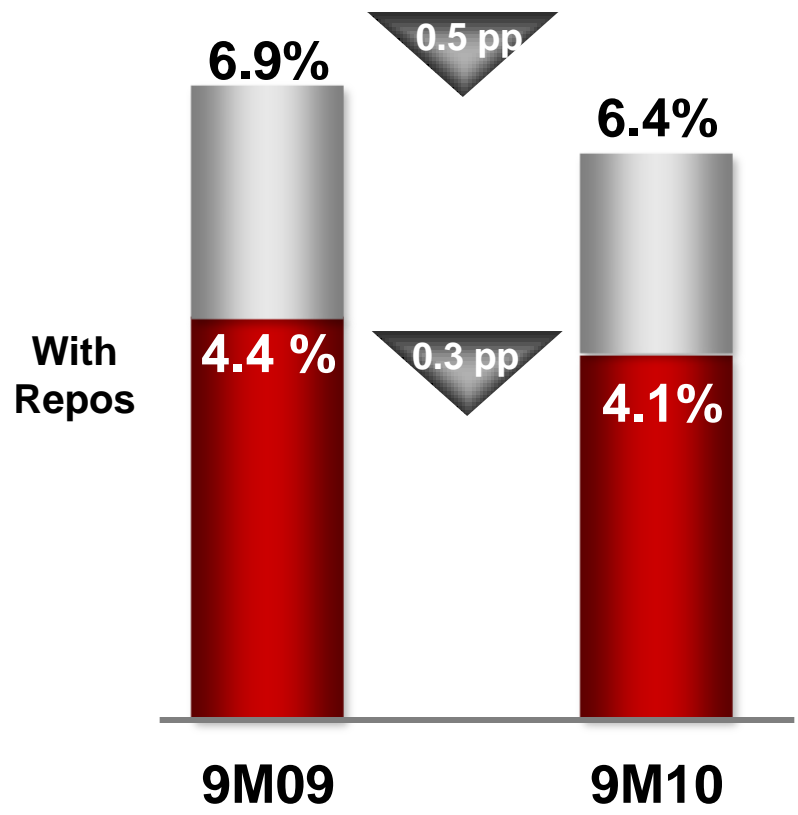
MILLION PESOS



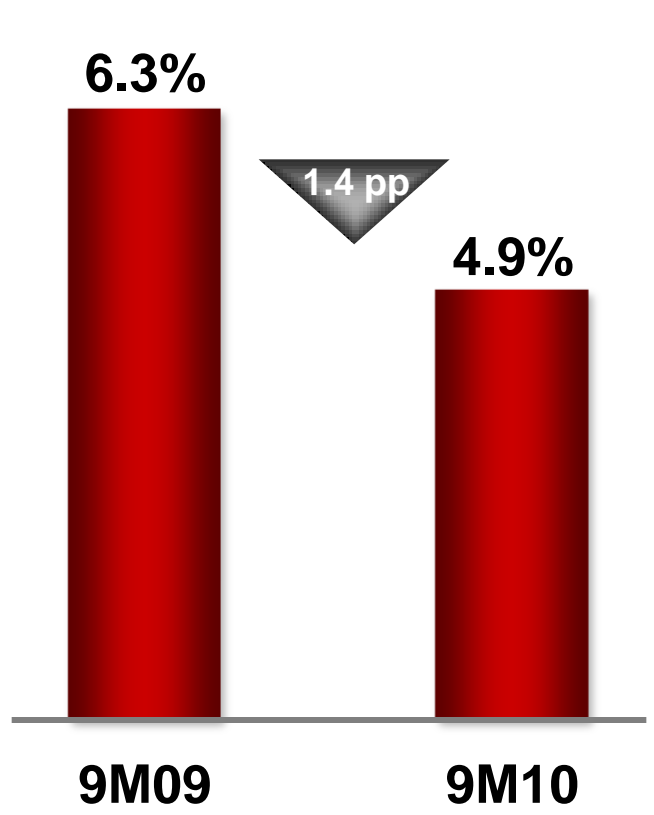
Net Interest Margin



Average NIM



Average TIIE





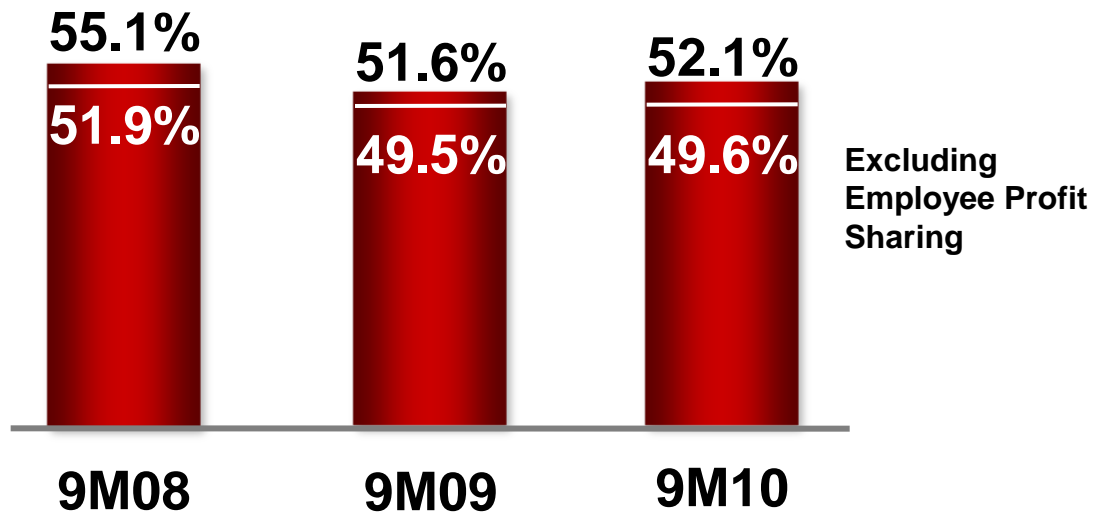
Non Interest Expense

BILLION PESOS

	9M09	9M10
Total Expense	12.4	12.9

4% increase from 9M09 to 9M10

EFFICIENCY RATIO





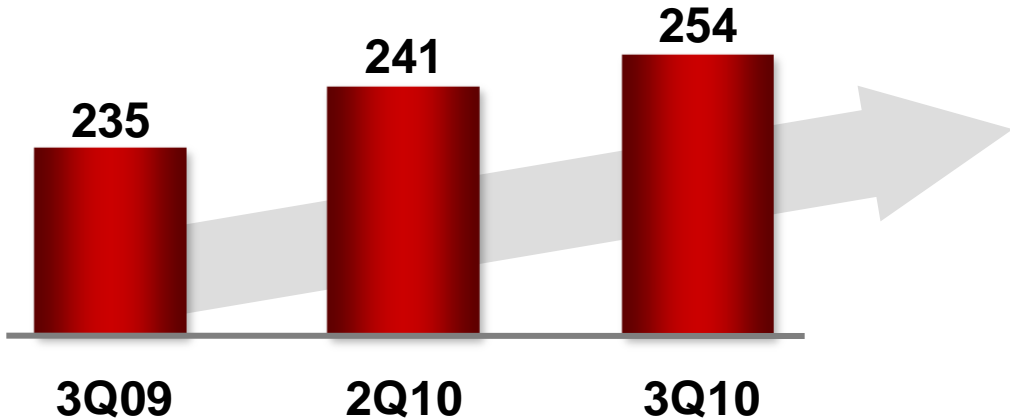
BILLION PESOS

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

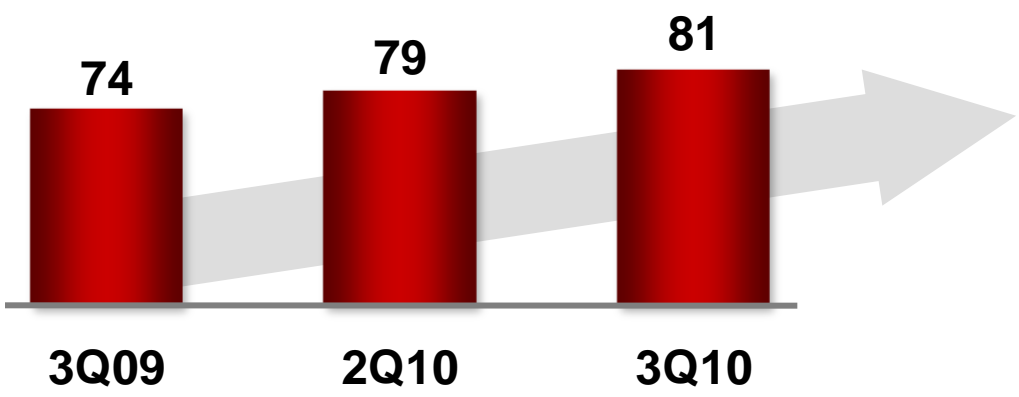


	3Q09	2Q10	3Q10	Change	
				QoQ	YoY
Consumer	74	79	81	3%	9%
Commercial	85	82	85	3%	(1%)
Corporate	41	39	44	11%	5%
Government	34	41	44	8%	32%
Total	235	241	254	5%	8%



Performing Consumer Loan Portfolio

BILLION PESOS

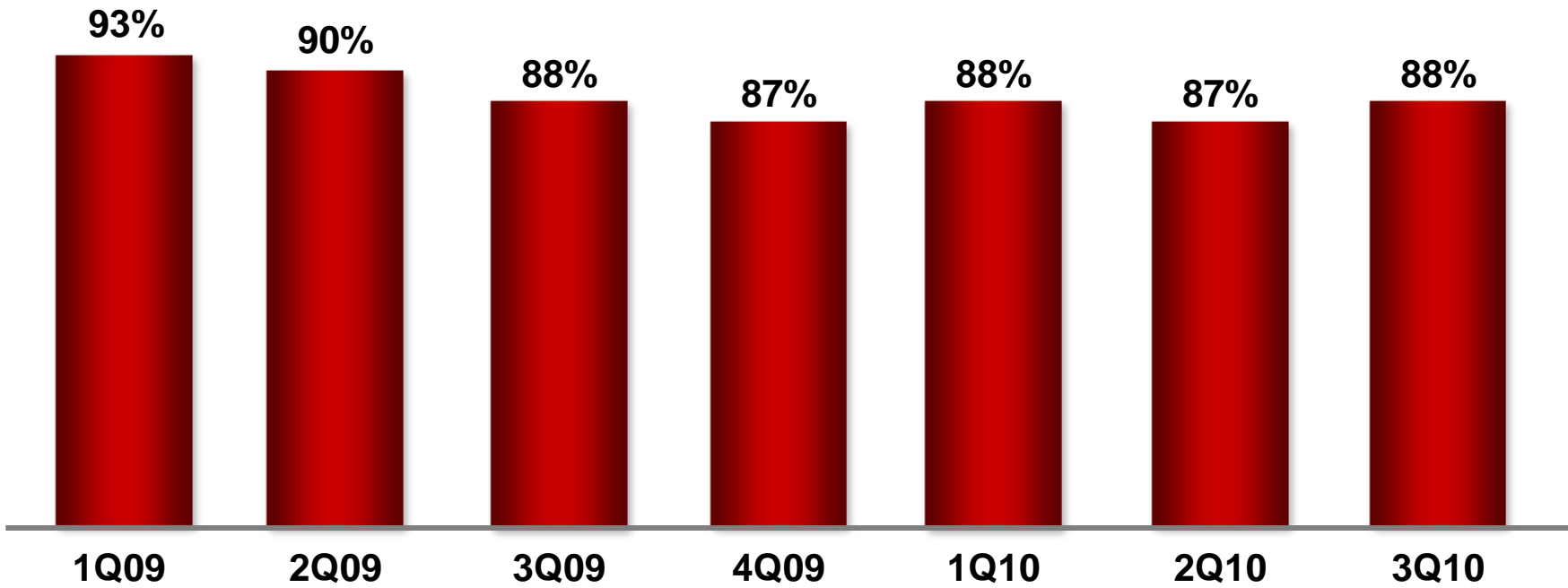


	3Q09	2Q10	3Q10	Change	
				QoQ	YoY
Mortgage	48	52	54	3%	12%
Car	7	8	8	3%	10%
Credit Card	12	11	11	1%	(10%)
Payroll	6	7	8	8%	23%
Consumer	74	79	81	3%	9%



Loans to Deposits Ratio

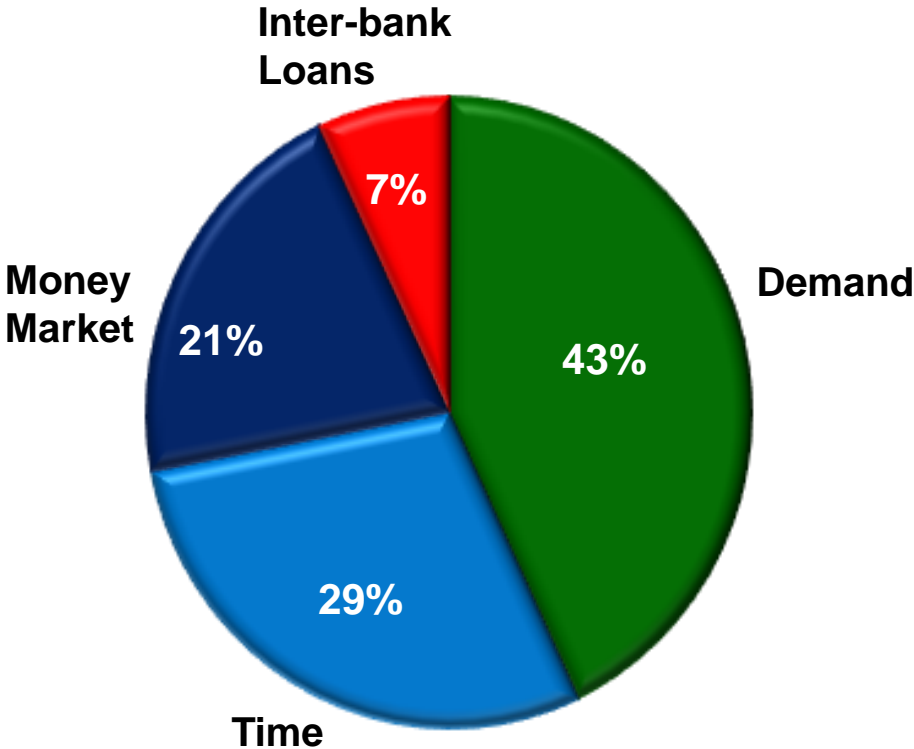
TOTAL LOANS / TOTAL DEPOSITS



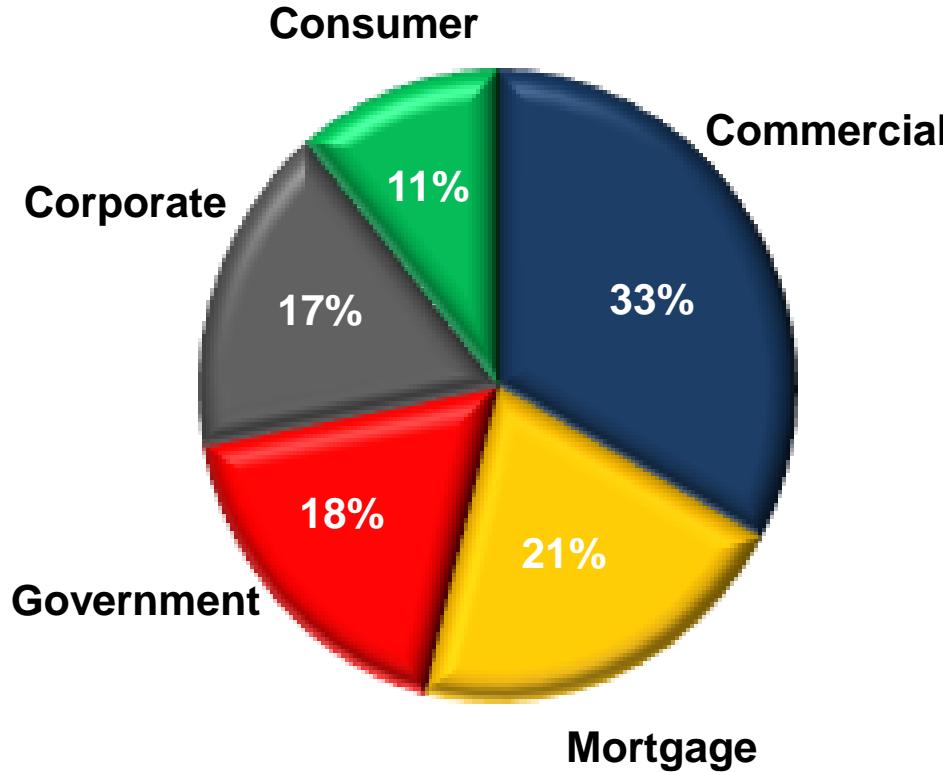


Funding and Loan Portfolio Structure

FUNDING
\$311 Billion Pesos

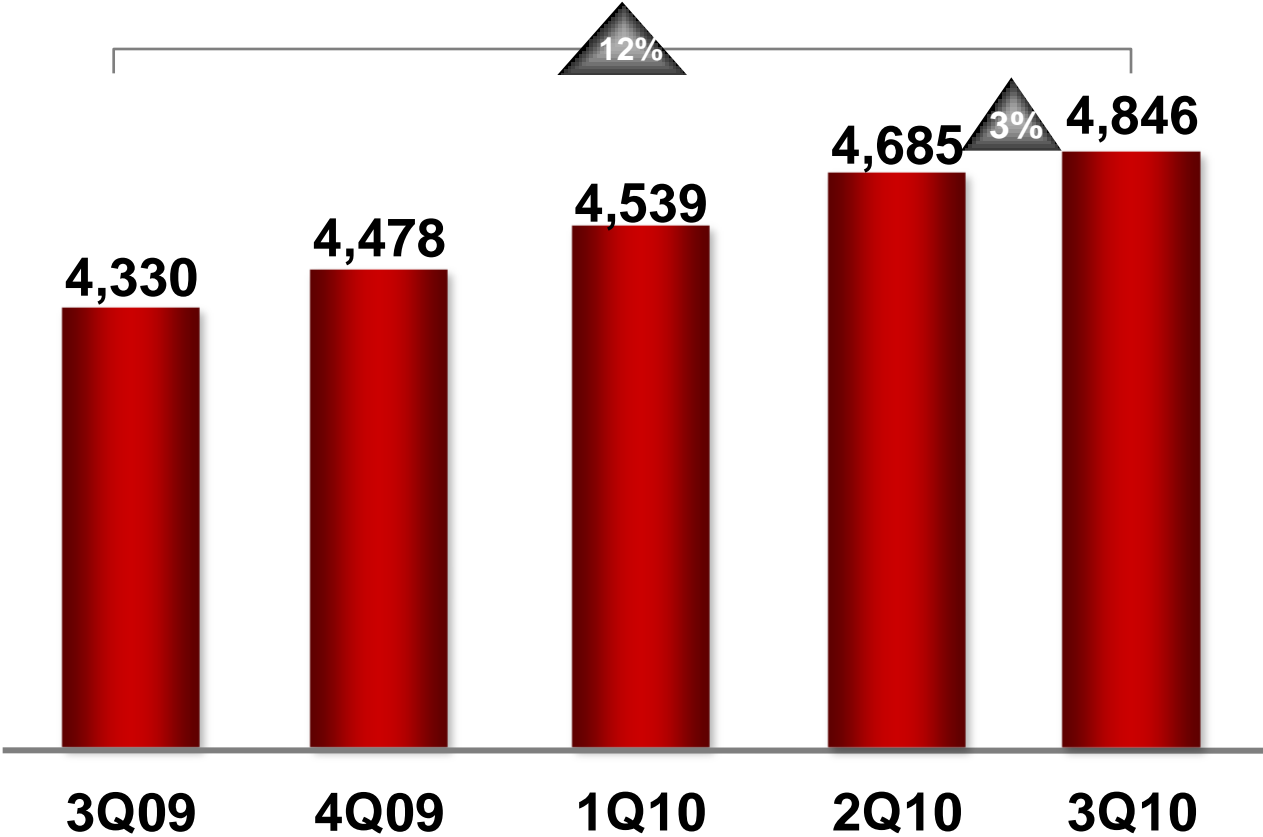


LOAN PORTFOLIO
\$260 Billion Pesos



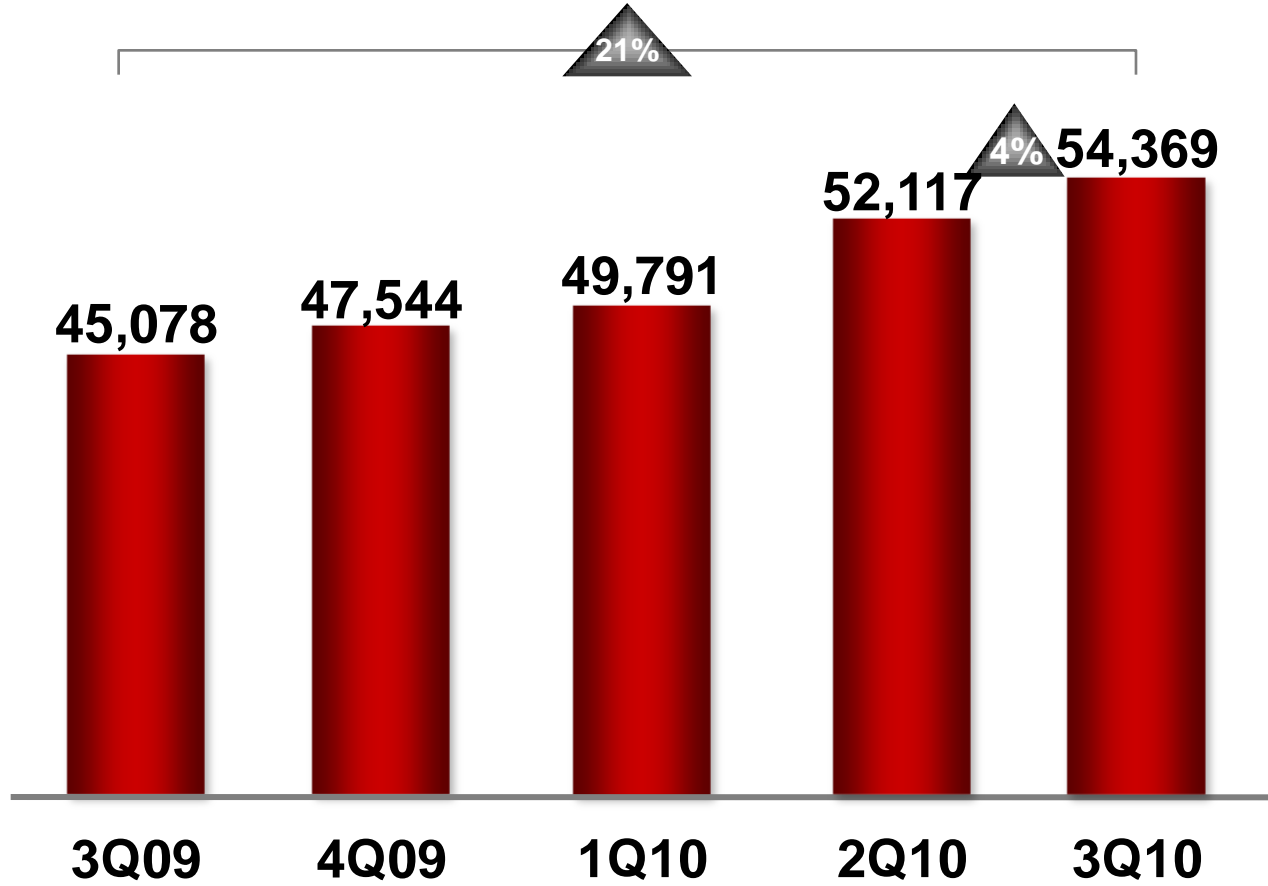


Automated Teller Machines (ATM's)





Point of Sale Terminals (POS's)





Asset Quality, Capitalization and Funding

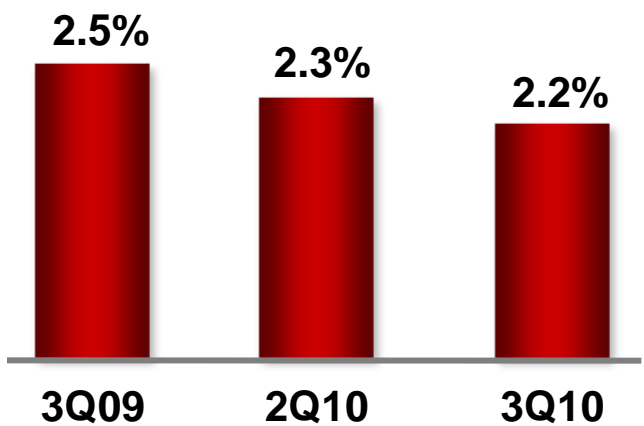


Asset Quality

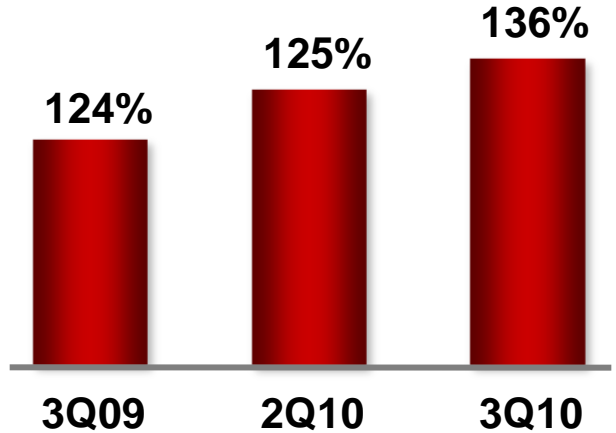
Billion pesos

	3Q09	2Q10	3Q10
Total Loan Portfolio	241	248	260
Past Due Loans	6.1	5.6	5.6
Loan Loss Reserves	7.5	7.0	7.6

PAST DUE LOAN RATIO

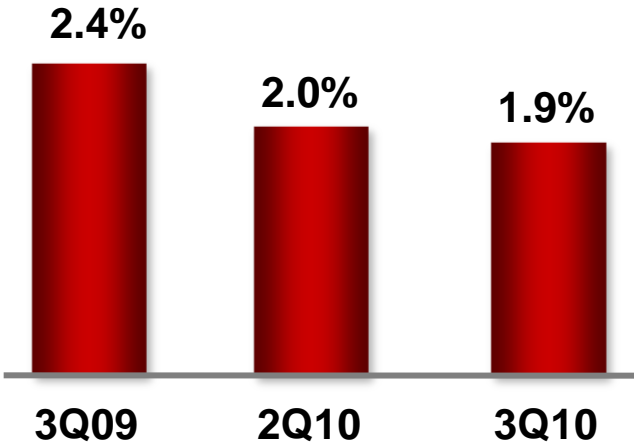


RESERVE COVERAGE RATIO

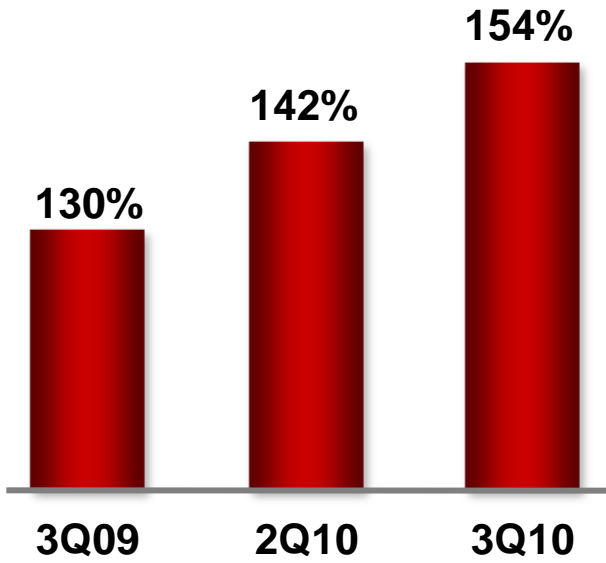




PAST DUE LOAN RATIO



RESERVE COVERAGE RATIO





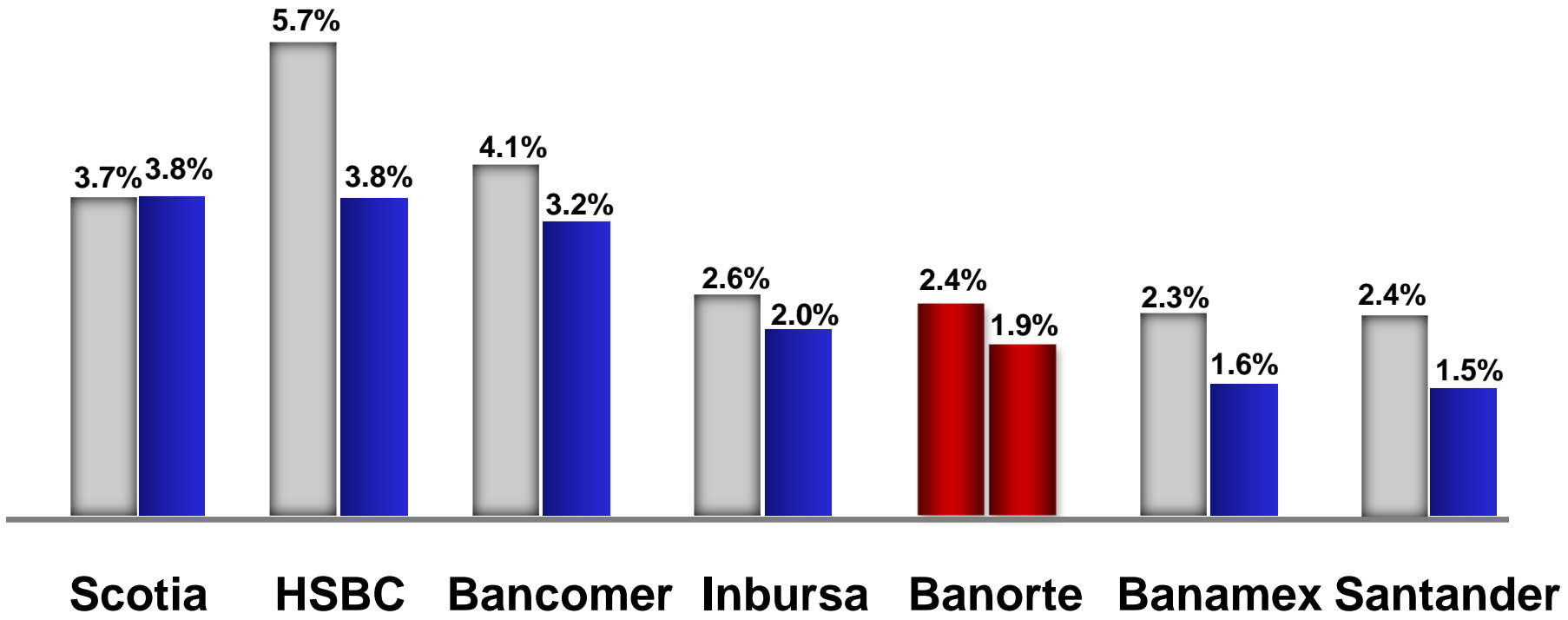
Past Due Loan Ratios

	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%



Industry NPL Ratios

■ Sep 2009 ■ August 2010



Source: CNBV. Banorte does not include INB. Data as of September 2010.



	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



MILLION PESOS

	9M09	9M10
Total	402	534

▲ 33%

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%



ASSETS UNDER MANAGEMENT Billion pesos

	3Q09	2Q10	3Q10	Change YoY
AFORE	68.1	78.7	85.0	25%
Insurance	11.6	13.4	13.7	18%
Annuities	16.9	21.3	23.1	36%
Total	96.6	113.4	121.8	26%



Subsidiaries Net Income

MILLION PESOS

	3Q09	2Q10	3Q10	Change	
				QoQ	YoY
Banking Sector	1,199	1,388	1,387	-%	16%
Broker Dealer	42	75	66	(12%)	56%
Long Term Savings	88	86	131	53%	49%
Other Finance Co.	97	115	152	32%	56%
G. F. Banorte (Holding)	(1)	(8)	(26)	216%	3,052%
Total Net Income	1,428	1,656	1,711	3%	20%



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%



	3Q09	4Q09	1Q10	2Q10	3Q10
Leverage	9.4%	9.3%	9.0%	9.2%	9.4%
Capitalization Ratios					
Tier 1	15.8%	15.9%	16.1%	16.4%	17.0%
Tier 2	1.3%	1.3%	1.3%	1.3%	1.3%
Total	17.1%	17.1%	17.4%	17.7%	18.2%
% Tier 1	92.6%	92.6%	92.7%	92.8%	93.0%



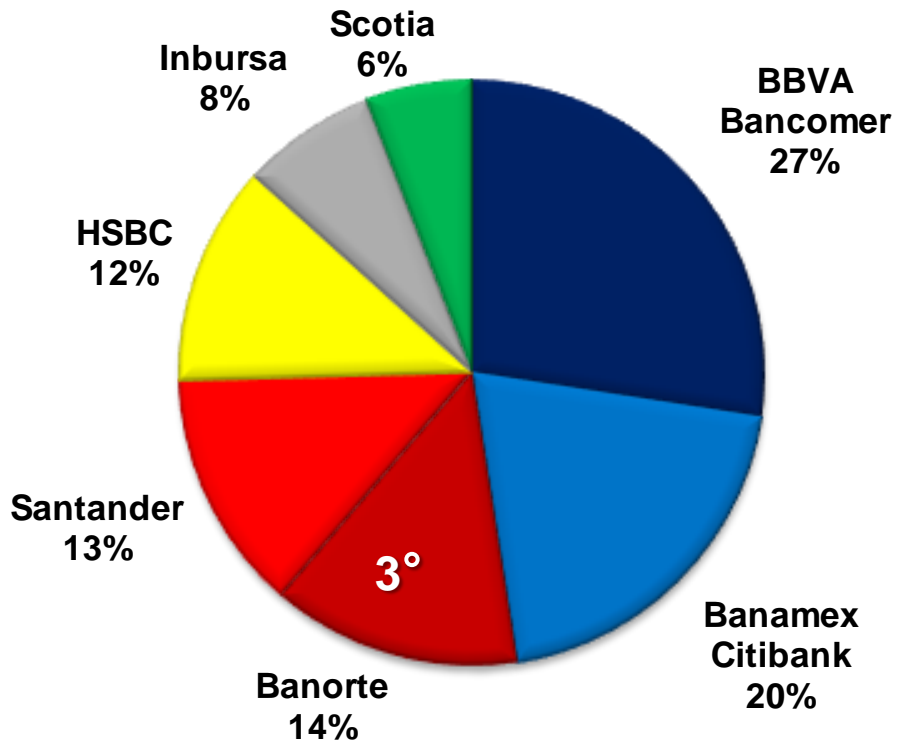
Industry Trends

Market Share

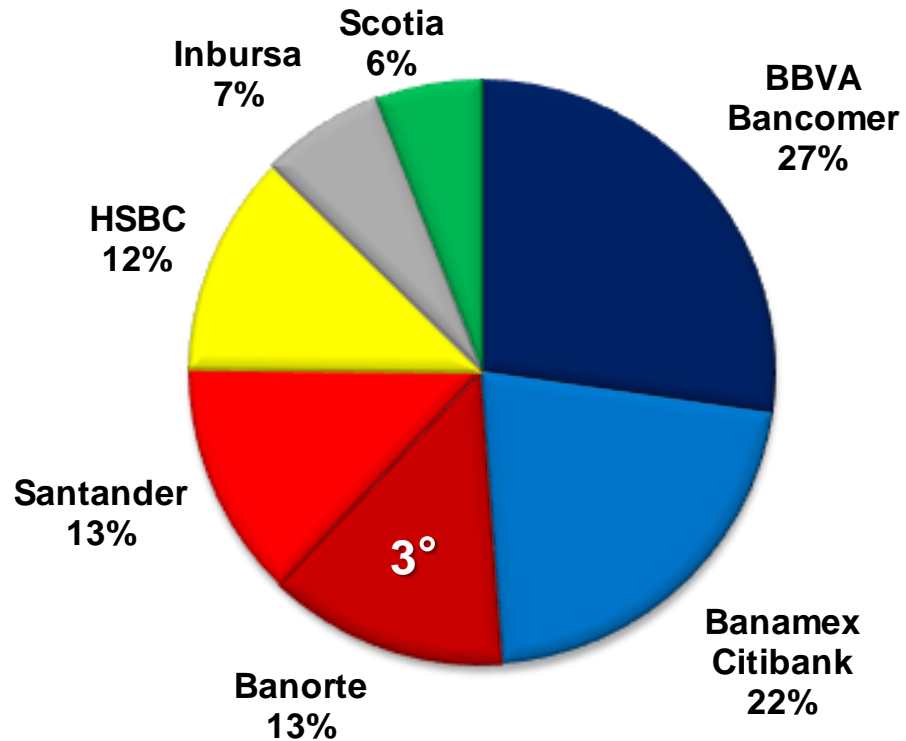


DEPOSITS

September 2009



September 2010

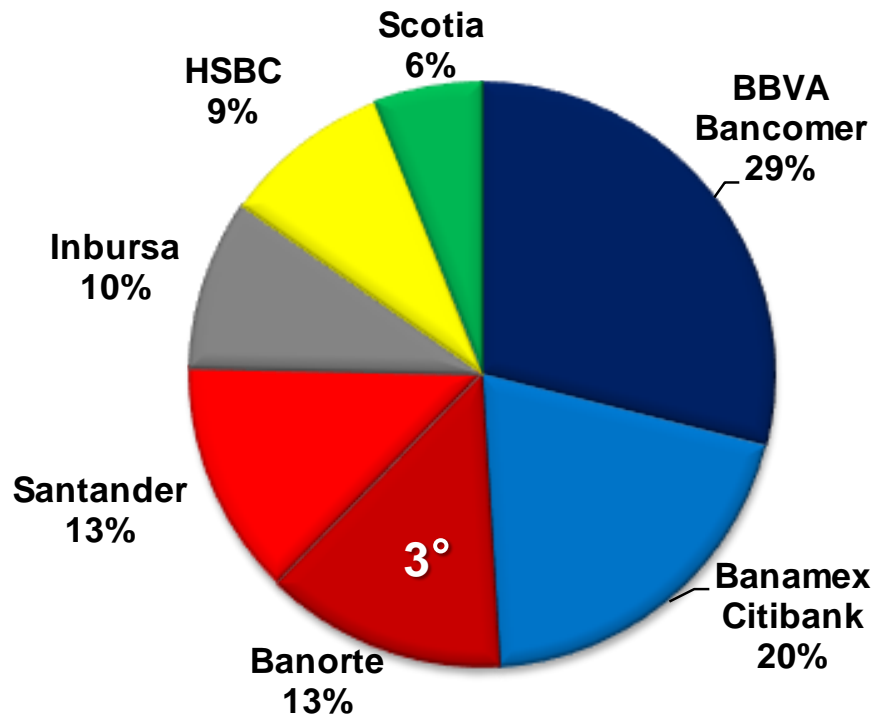


Market Share

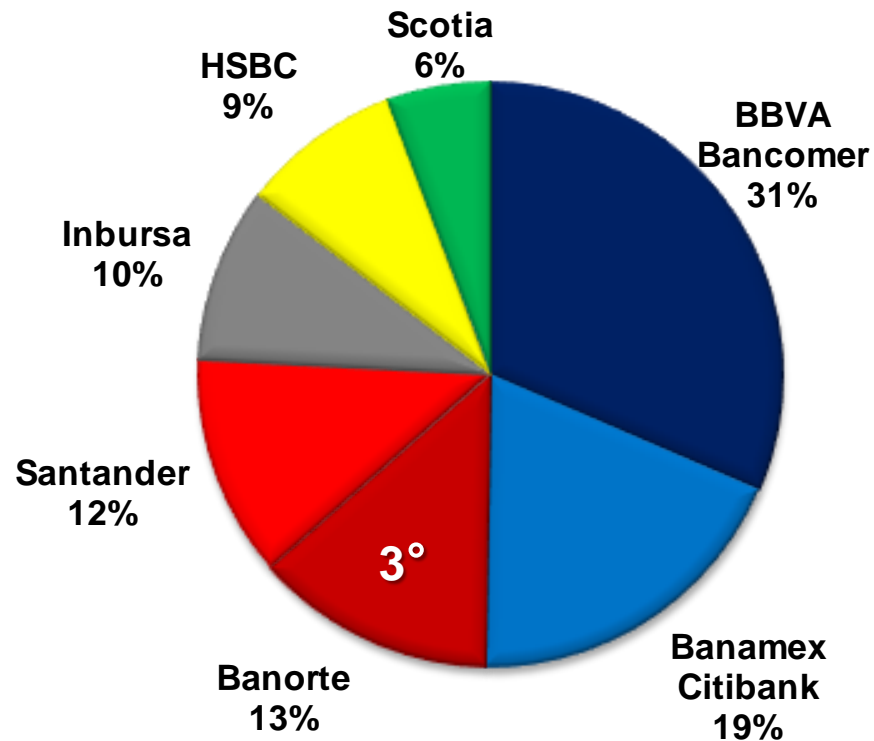


LOANS

September 2009



September 2010





BANORTE
EL BANCO FUERTE DE MEXICO