



Financial Results

4Q10

April 2011





Summary of Results

Financial Highlights 4Q10



- **Net Income grew by 3% QoQ and 17% YoY vs 4Q09. Excluding the benefits of the recovery related to the Comercial Mexicana loan and the negative impact of fully reserving the Mexicana loan, net income was Ps 7.0 billion during 2010, 20% higher compared to the profits recorded in 2009.**
- **Total accumulated recurrent earnings during 2010 amounted to Ps 6.7 billion pesos, 17% higher with respect to the yearly recurrent profits of Ps 5.72 billion accumulated in 2009, excluding the positive impact of an extraordinary gain during 1Q09 as a result of applying the accounting criteria for valuation of securitizations.**
- **During 2010, profitability ratios improve: ROE increases to 15.5% in 2010, 70 bp higher compared to the 14.9% in 2009, and ROA increases to 1.2%, 10 bp vs. a year ago.**
- **During 4Q10, the subsidiaries generated net income of: the bank (excluding the Afore) generated net income of Ps 1.32 billion, 76% of total Group's profits; Broker Dealer of Ps 184 million pesos (+178% QoQ), Long Term Savings of Ps 103 million (-21% QoQ) and Leasing & Factoring of Ps 128 million pesos (-16%QoQ).**



- **Growth in lending resumed during the quarter and deposits continue to show positive trends.**
 - **The loan portfolio increased by 4% compared to 3Q10 and 10% compared to 4Q09. For the second consecutive quarter, the loan portfolio has shown sequential growth in almost every item (except for credit card), business dynamics not seen since prior to the crisis that began in late 2008. 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 7% annually and QoQ, driven mainly by a 9% growth in Demand Deposits, as well as a 5% in retail Time Deposits; while during the quarter, core deposits increased by 2% due to a 12% increase in Demand Deposits.**

Financial Highlights 4Q10



- **Net Interest Income increased by 8% vs 4Q09 and 6% vs 3Q10, as a result of higher loan origination volumes and an improvement in the portfolio mix coupled with reduced interest expenses resulting from an increase in core deposits.**
- **Non-Interest Income increased by 17% vs 4Q09 and 24% vs 3Q10, as result of recoveries of written-off loans, mainly the loan to Comercial Mexicana and increased service fees.**
- **On a quarterly basis, Non Interest Expenses grew by 12% mainly due to: an increase in personnel expenses due to an adjustment to provisions for bonuses and incentives; to more professional fees related to technological projects and strategic planning, as well as greater portfolio recoveries; and as a result of an increase in administration and promotional expenses related to higher business volumes in credit card.**



- **During the quarter, provisions for loan losses were Ps 1.87 billion, (2%) lower vs. 3Q10 due to a decrease in provisions for the government, mortgage and car loan portfolios.**
- **On a quarterly basis, loan annualized provisions represented 2.8% of the average loan portfolio, a (0.2) pp vs. 3Q10. When excluding the Ps 563 million provisions created to fully reserve the Mexicana loan, provisions represented 2.1% of the average portfolio in 4Q10.**



- **The bank's fundamentals remain solid.**
 - **Regulatory capital was 16.1% at the end of 4Q10; the Tier 1 ratio was 12.1% and 4.1% for Tier 2.**
 - **The PDL ratio was 2.5% in 4Q10, the same level as in 4Q09, and 0.3 percentage points higher than in 3Q10. When considering only loans originated in Mexico, the PDL Ratio was 2.3%.**
 - **Reserve coverage increased 1.3 pp vs. 4Q09, reaching 124%, but it increases to 134% when excluding US operations.**
 - **The bank has a very solid liquidity ratio of 84% during the year, considerably higher compared to the level of 63% in 2009.**

Quarterly Summary



MILLION PESOS

	4Q09	3Q10	4Q10	Change	
				QoQ	YoY
Revenues	8,273	8,215	9,150	11%	11%
Credit Costs	1,782	1,905	1,876	(2%)	5%
Expenses	4,604	4,296	4,815	12%	5%
Reported Net Income ⁽¹⁾	1,502	1,711	1,758	3%	17%
Reported EPS	0.74	0.85	0.87	3%	17%
Book Value per Share ⁽¹⁾	20.49	21.75	22.85	5%	11%
ROE	14.8%	15.8%	15.6%	(0.2) pp	0.9 pp
ROA	1.1%	1.2%	1.2%	(0.0) pp	0.1 pp
P/BV ⁽²⁾	2.33	2.19	2.58	17%	10%

(1) Pesos

(2) Times



Financial Performance

Income Statement



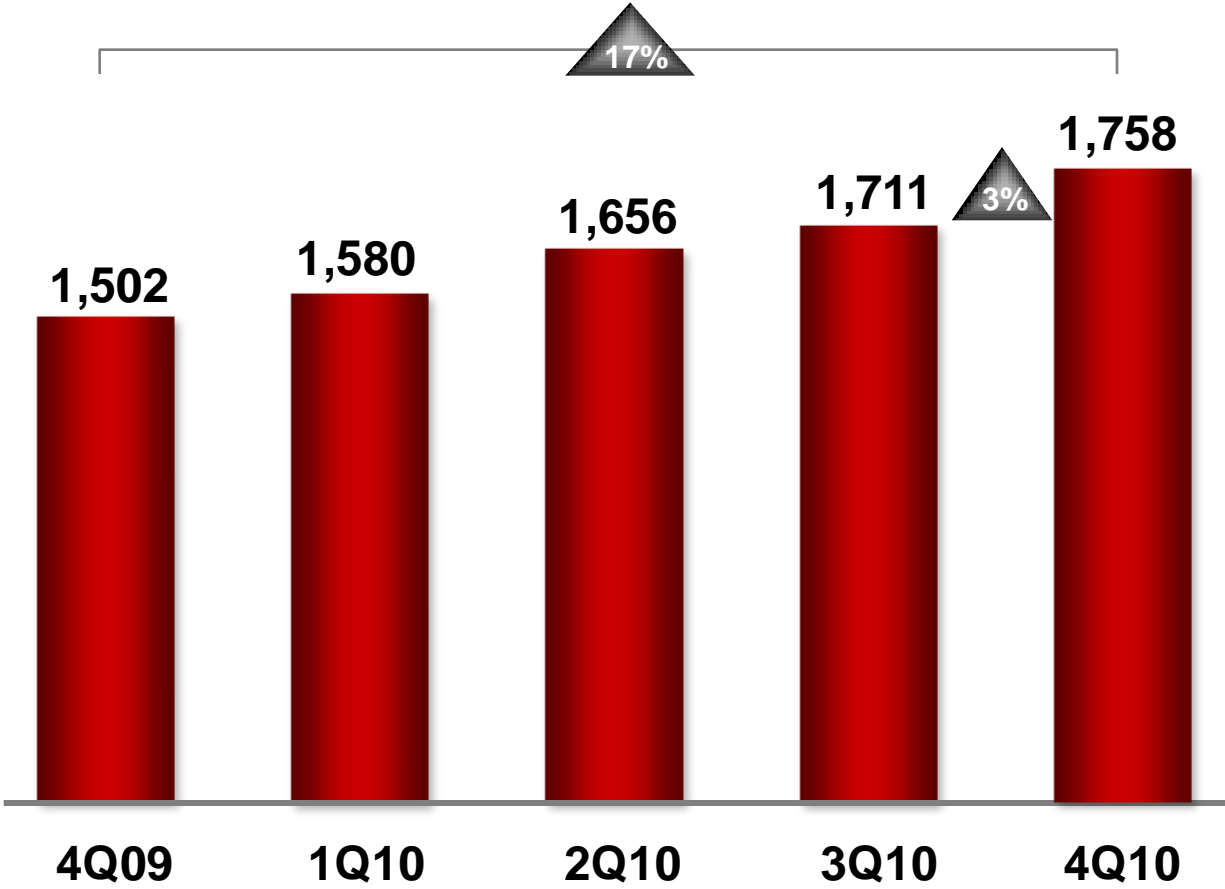
MILLION PESOS

	4Q09	3Q10	4Q10	Change	
				QoQ	YoY
Net Interest Income	5,554	5,661	5,976	6%	8%
Non Interest Income	2,719	2,554	3,174	24%	17%
<i>Service Fees</i>	1,761	1,717	1,824	6%	4%
<i>Recoveries</i>	287	260	227	(13%)	(21%)
<i>FX & Trading</i>	421	331	193	(42%)	(54%)
<i>Other Income (expenses)</i>	250	246	930	277%	272%
Total Income	8,273	8,215	9,150	11%	11%
Non Interest Expense	(4,604)	(4,296)	(4,815)	12%	5%
Net Operating Income	3,669	3,919	4,335	11%	18%
Provisions	(1,782)	(1,905)	(1,876)	(2%)	5%
Non Operating Income	152	395	147	(63%)	(3%)
Income Tax	(496)	(628)	(720)	15%	45%
Subs & Minority Interest	(41)	(70)	(128)	82%	211%
Net Income	1,502	1,711	1,758	3%	17%



Quarterly Net Income

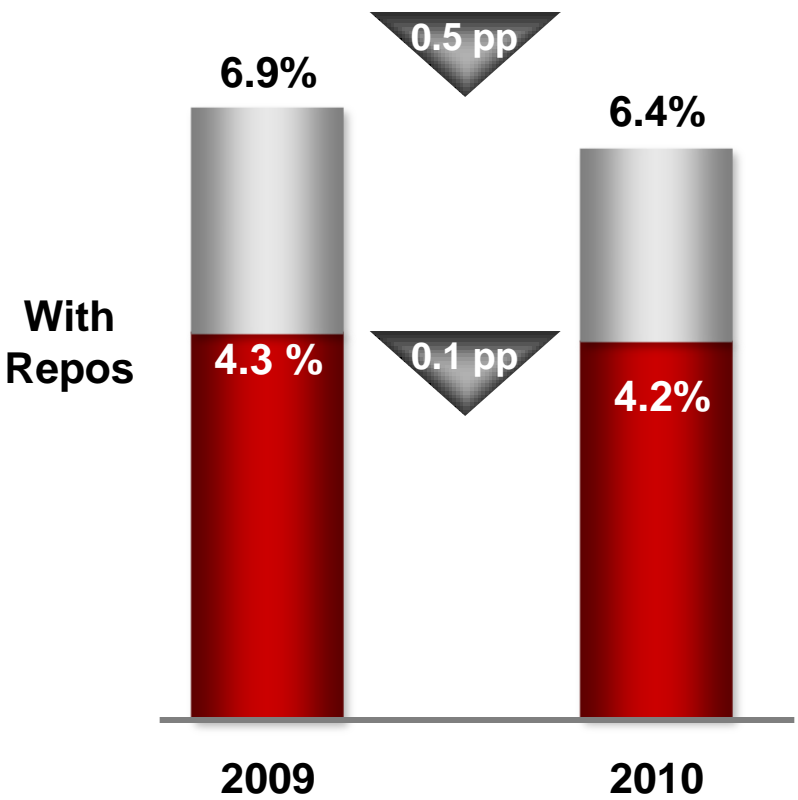
MILLION PESOS



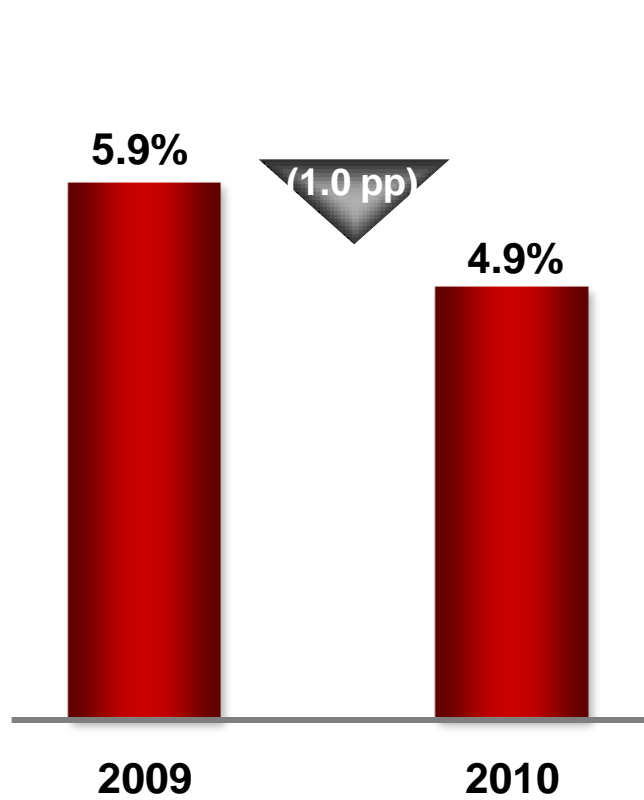
Net Interest Margin



Average NIM



Average TIIE





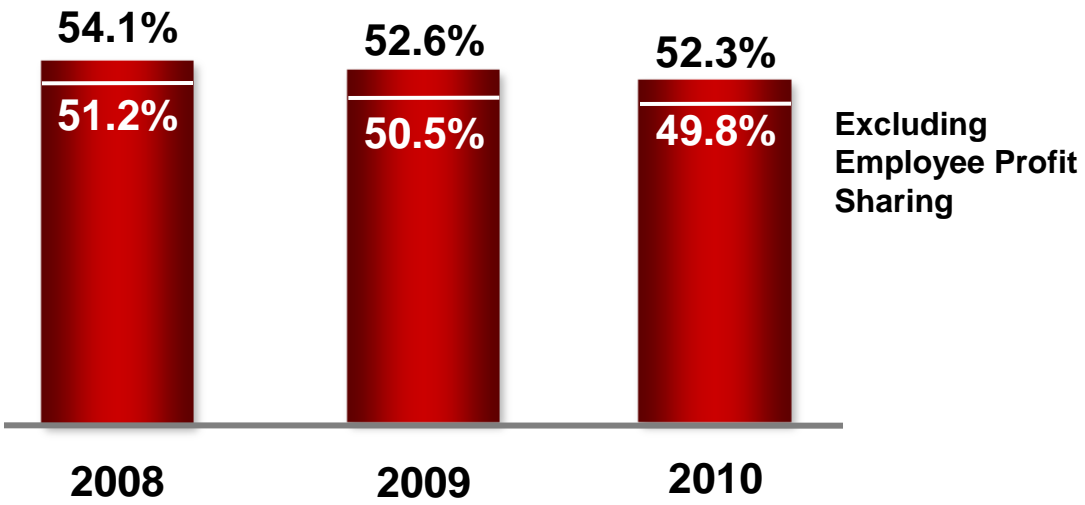
Non Interest Expense

BILLION PESOS

	2009	2010
Total Expense	17.0	17.7

▲ 4%

EFFICIENCY RATIO





Deposits

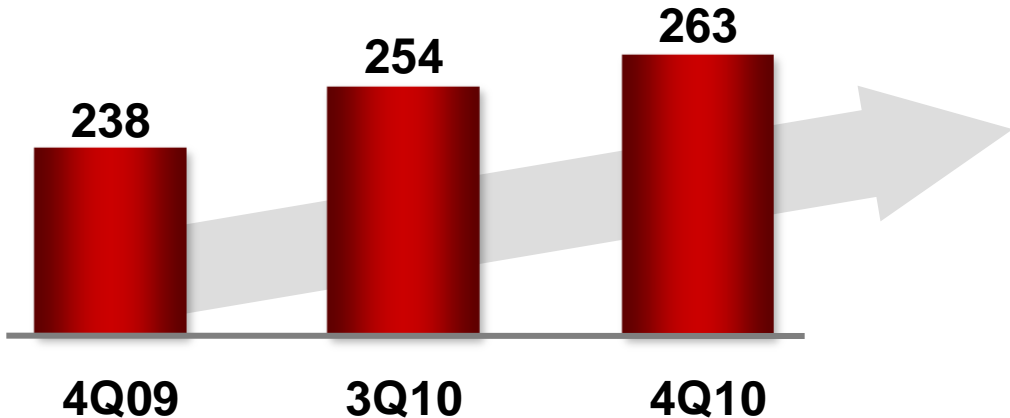
BILLION PESOS

Deposits	4Q08		4Q09		4Q10
Demand	128	▲ 7%	138	▲ 9%	150
Time	75	▲ 13%	85	▲ 5%	89
Core Deposits	203	▲ 9%	222	▲ 7%	239
Mix					
Demand	63%		62%		63%
Time	37%		38%		37%
	100%		100%		100%



Performing Loan Portfolio

BILLION PESOS

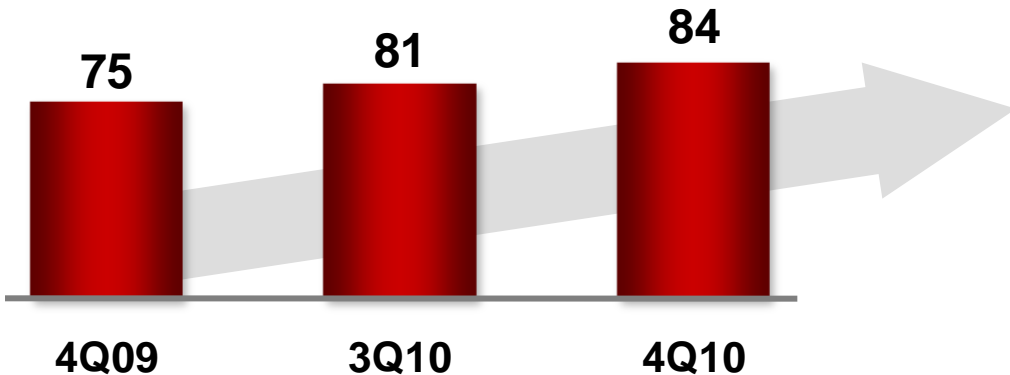


	4Q09	3Q10	4Q10	Change	
				QoQ	YoY
Consumer	75	81	84	3%	11%
Commercial	84	85	88	4%	4%
Corporate	40	44	44	2%	10%
Government	39	44	48	7%	22%
Total	238	254	263	4%	10%



Performing Consumer Loan Portfolio

BILLION PESOS

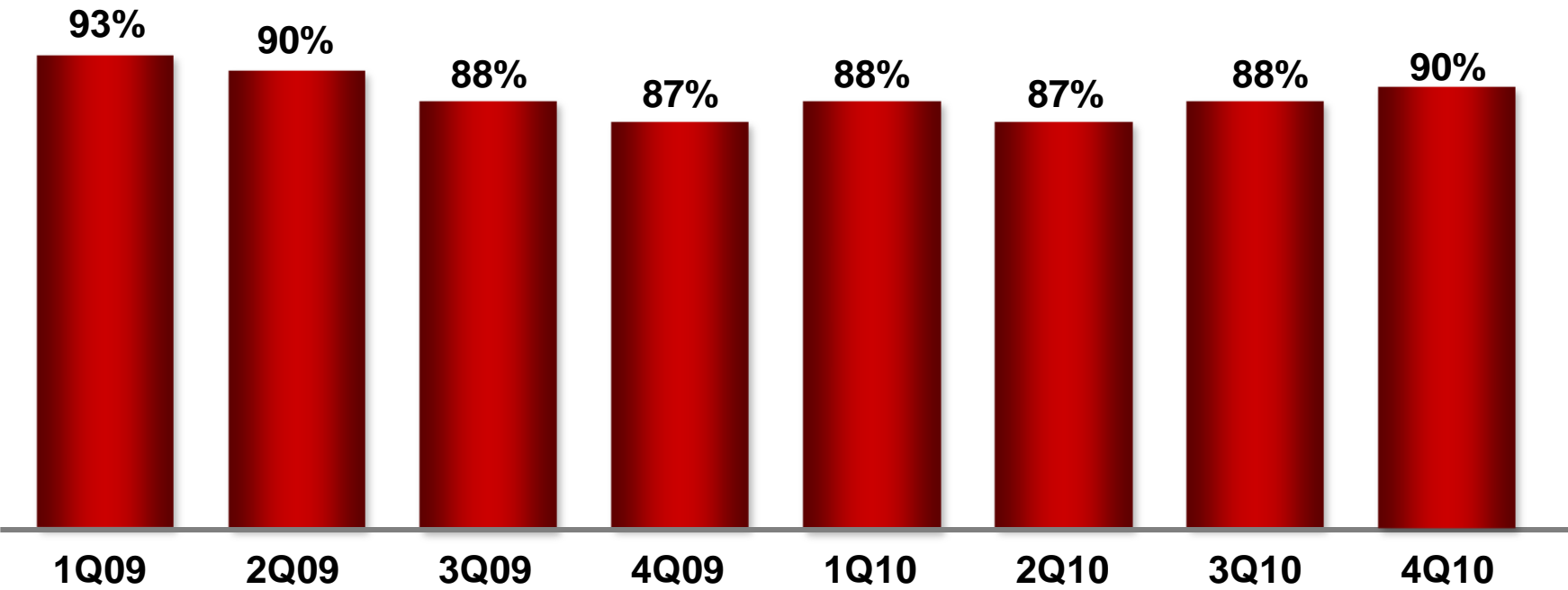


	4Q09	3Q10	4Q10	Change	
				QoQ	YoY
Mortgage	49	54	56	4%	13%
Car	7	8	8	3%	11%
Credit Card	12	11	11	0%	(5%)
Payroll	7	8	9	6%	30%
Consumer	75	81	84	3%	11%



Loans to Deposits Ratio

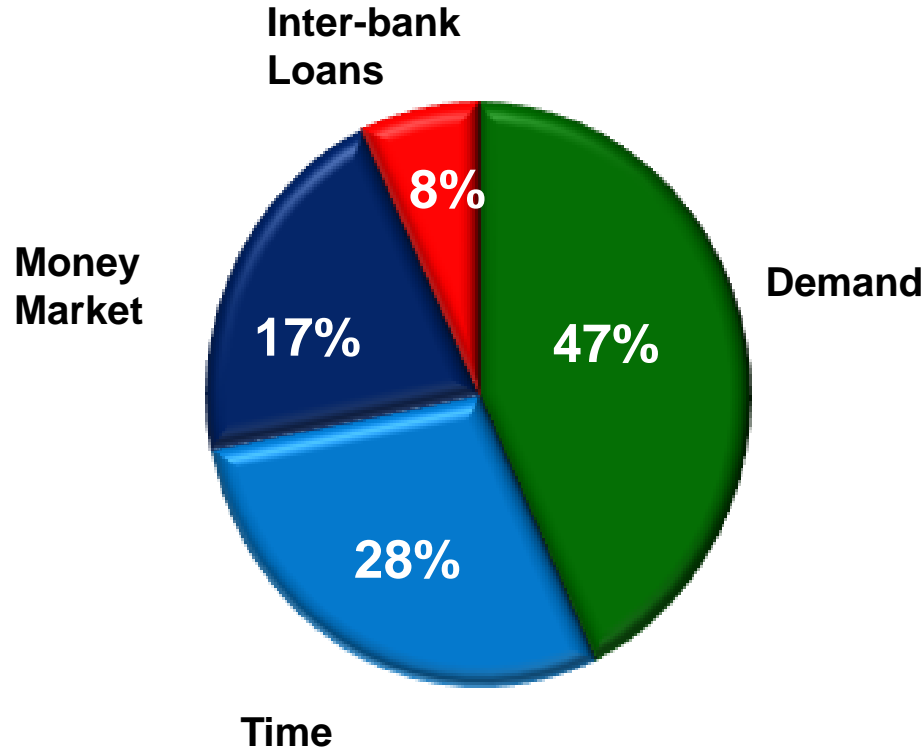
TOTAL NET LOANS / TOTAL DEPOSITS



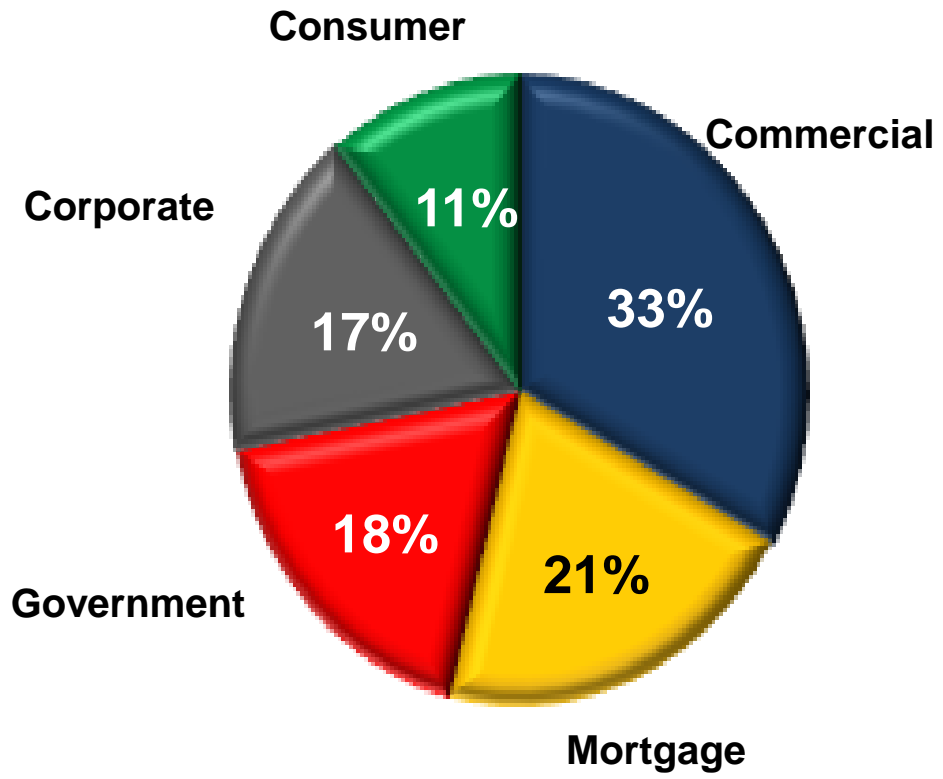


Funding and Loan Portfolio Structure

FUNDING
\$319 Billion Pesos

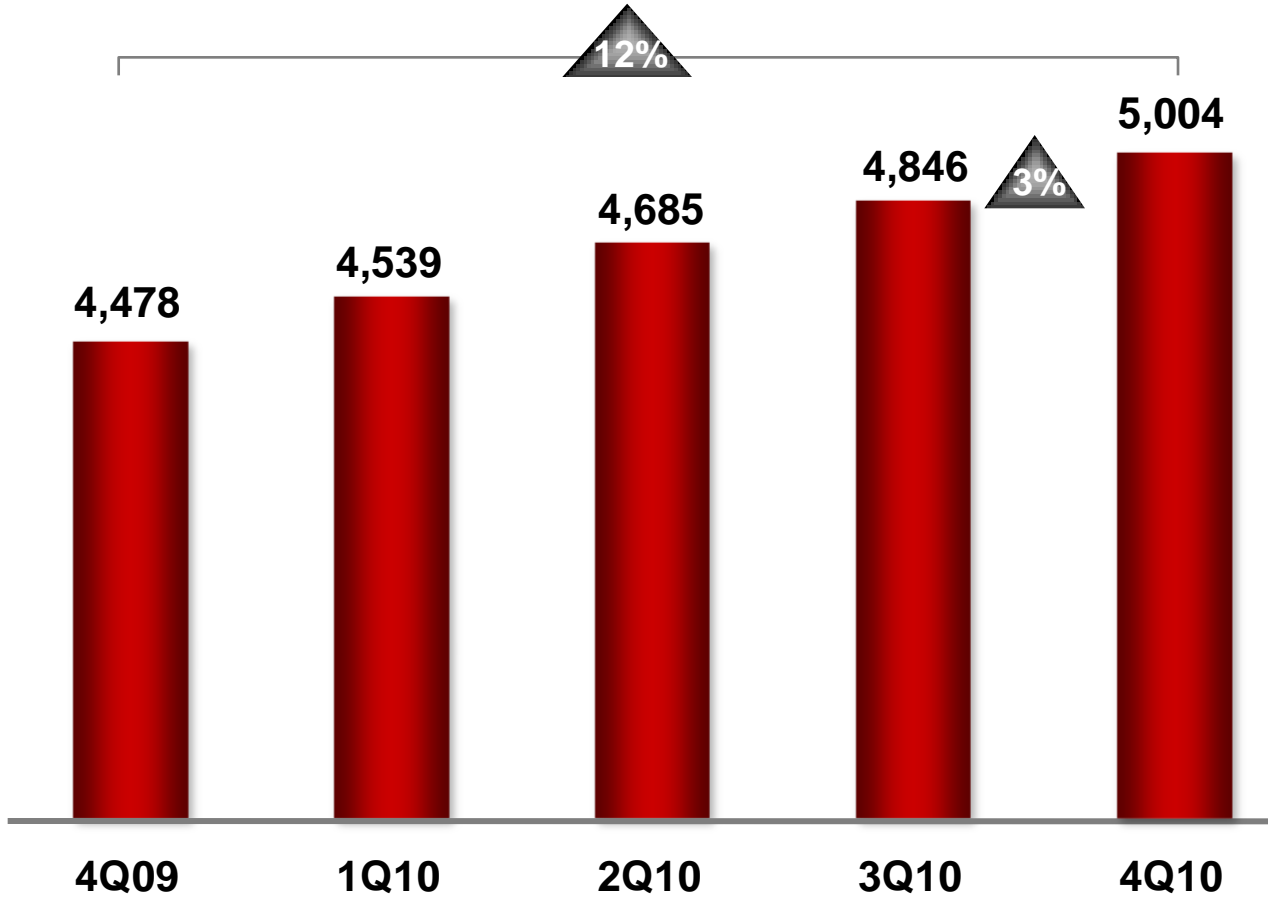


LOAN PORTFOLIO
\$270 Billion Pesos





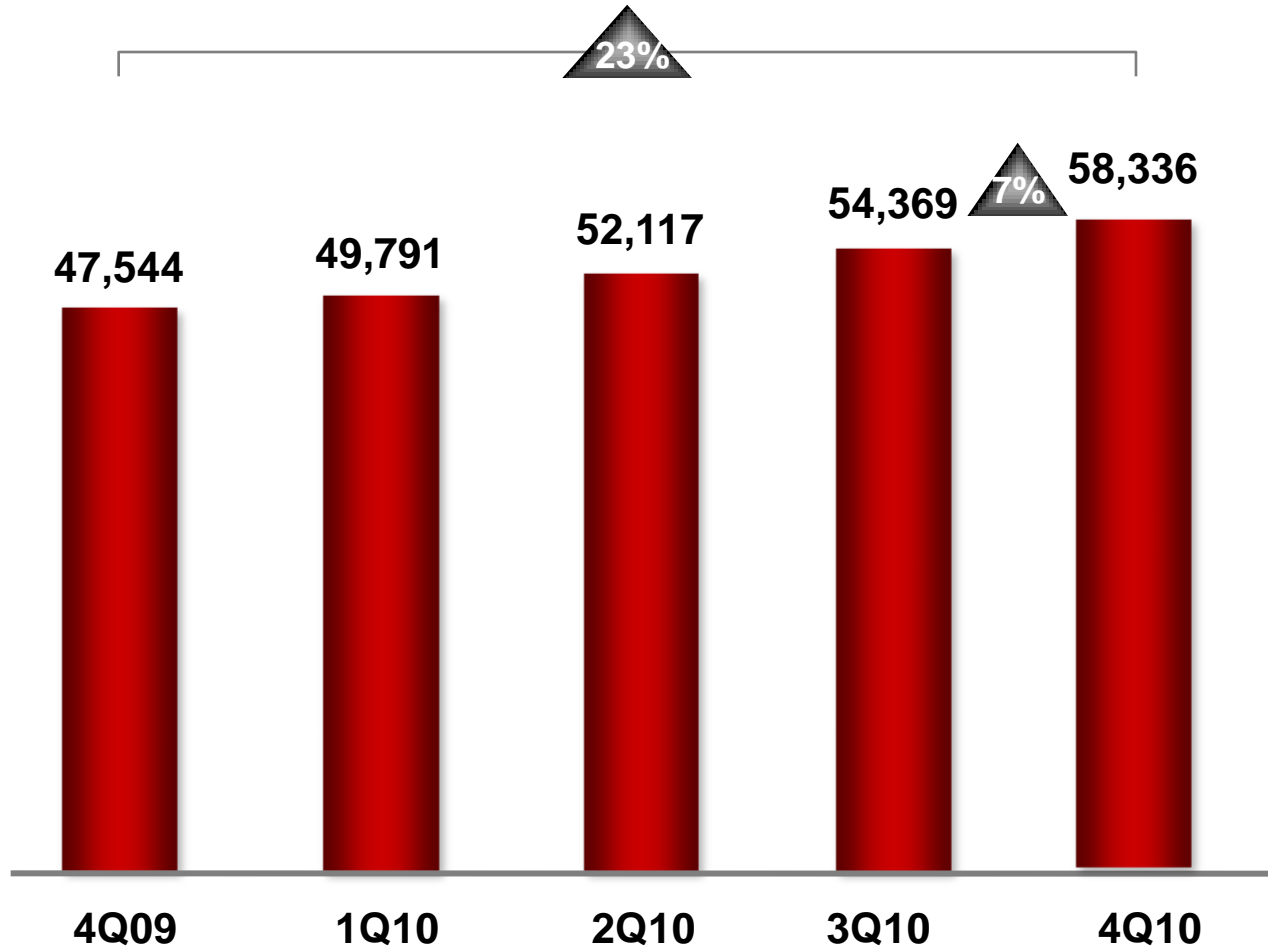
Automated Teller Machines (ATM's)



- Banorte's ATM expansion outgrew the 7% growth in the banking system, and Banorte ATM's transactions grew by 15% annually.



Point of Sale Terminals (POS's)



- POS billing grew by 26% annually, outgrowing the banking system's 11% expansion.



Asset Quality, Capitalization and Funding

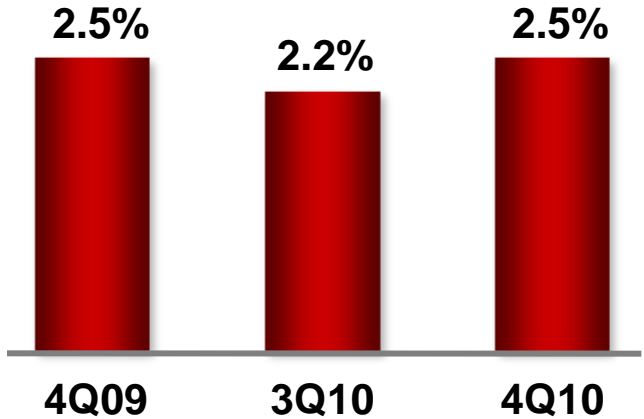


Asset Quality

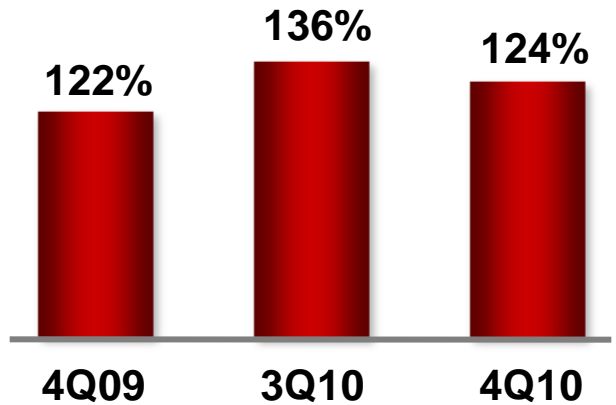
Billion pesos

	4Q09	3Q10	4Q10
Total Loan Portfolio	245	260	270
Past Due Loans	6.2	5.6	6.7
Loan Loss Reserves	7.5	7.6	8.2

PAST DUE LOAN RATIO

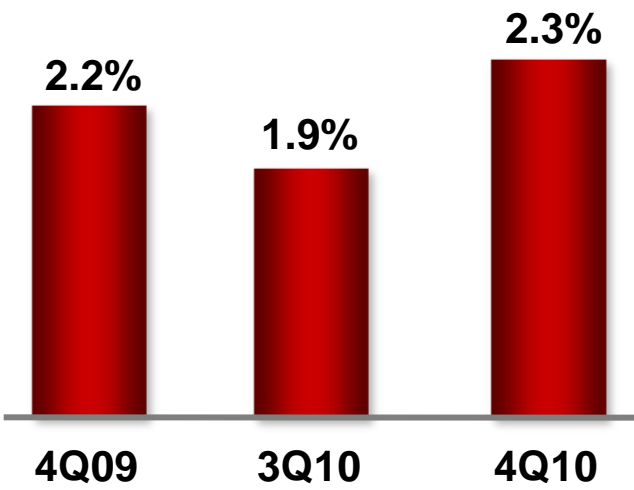


RESERVE COVERAGE RATIO

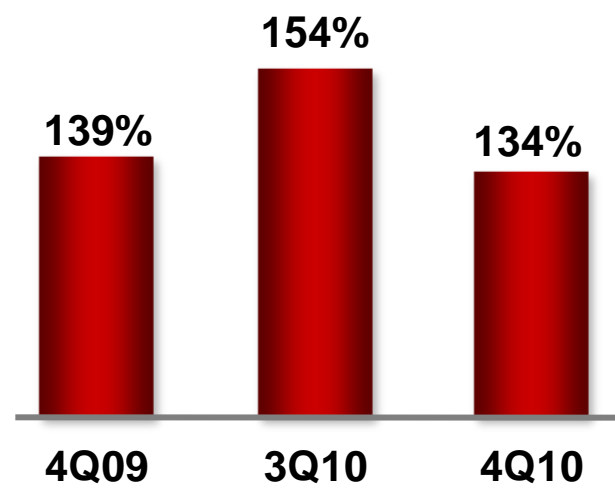




PAST DUE LOAN RATIO



RESERVE COVERAGE RATIO





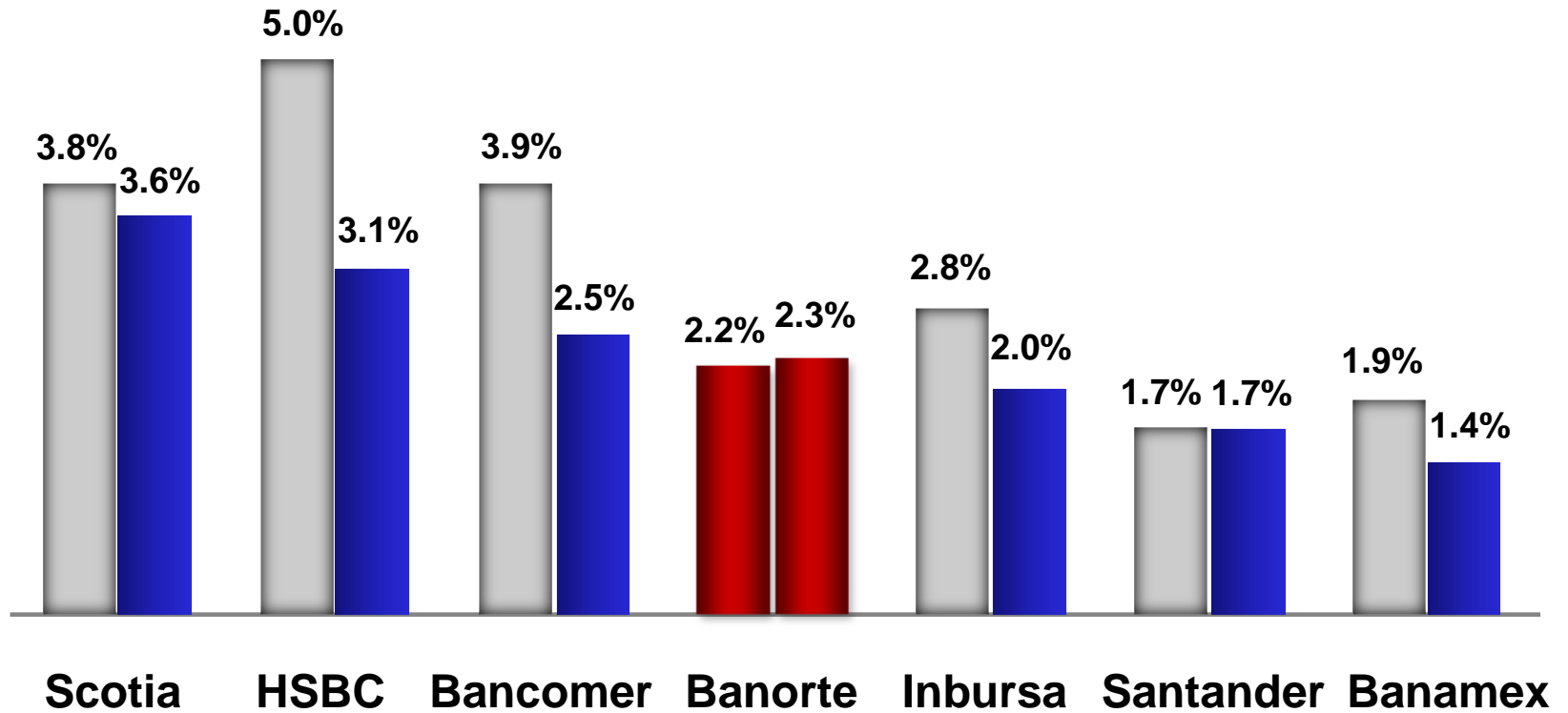
Past Due Loan Ratios

	4Q09	1Q10	2Q10	3Q10	4Q10	
Credit Cards	12.0%	10.5%	10.6%	9.3%	8.5%	↓
Payroll	2.8%	2.1%	1.9%	1.9%	1.8%	↓
Car	2.0%	1.4%	1.3%	1.4%	1.0%	↓
Mortgage	2.1%	1.7%	1.7%	1.9%	1.7%	↓
Commercial	4.0%	5.0%	4.1%	4.1%	3.9%	↓
Corporate	0.1%	0.1%	0.2%	0.1%	2.5%	↑
Government	0%	0%	0%	0%	0%	▬
	2.5%	2.5%	2.3%	2.2%	2.5%	

Industry NPL Ratios



Dec 2009 Dec 2010





	4Q09	1Q10	2Q10	3Q10	4Q10
Tier 1	12.0%	12.1%	12.0%	12.1%	12.1%
Tier 2	4.8%	4.7%	4.7%	4.5%	4.0%
TOTAL	16.8%	16.8%	16.7%	16.6%	16.1%
% Tier 1	71%	72%	72%	73%	75%



Rating Agency	Rating	Outlook	Date
Standard & Poor's	BBB-	Stable	Jul-10
Fitch	BBB	Stable	Ago-10
Moody's	Baa1	Stable	Ago-10



Subsidiaries



Subsidiaries Net Income

MILLION PESOS

	4Q09	3Q10	4Q10	Change	
				QoQ	YoY
Banking Sector	1,136	1,387	1,329	(4%)	17%
Broker Dealer	88	66	184	178%	108%
Long Term Savings	113	131	103	(21%)	(9%)
Other Finance Co.	114	152	128	(16%)	12%
G. F. Banorte (Holding)	50	(26)	14	(156%)	(71%)
Total Net Income	1,502	1,711	1,758	3%	17%



MILLION PESOS

	2009	2010
Total	640	692

▲ 8%

ASSETS UNDER MANAGEMENT BILLION PESOS

	4Q09	4Q10	Change YoY
Proprietary Assets	32	37	16%
Acquired Assets	29	28	(4%)
Investment Projects	4	5	18%
IPAB	0.4	0.0	(100%)
Total	66	71	7%



ASSETS UNDER MANAGEMENT Billion pesos

	4Q09	3Q10	4Q10	Change YoY
AFORE	72.3	85.0	86.3	19%
Insurance	12.3	13.7	13.4	9%
Annuities	18.2	23.1	25.5	40%
Total	102.8	121.8	125.2	22%


MILLION DOLLARS

	2009		2010
Earnings before loan loss provisions	37.0		19.3
Loan Loss Reserves	24.0		23.2
Net Income	8.9		(2.1)
NIM	3.6%		3.2%
ROE	3.0%		(0.5%)
ROA	0.4%		(0.1%)
Efficiency	51.3%		78.4%
Total Deposits	1,715	▲ 9%	1,861
Performing Loans	1,042	▼ 13%	903
PDL Ratio	9.3%		8.8%
Coverage Ratio	22.2%		30.7%



	4Q09	1Q10	2Q10	3Q10	4Q10
Leverage	9.3%	9.0%	9.2%	9.4%	9.0%
Capitalization Ratios					
Tier 1	15.9%	16.1%	16.4%	17.0%	17.3%
Tier 2	1.3%	1.3%	1.3%	1.3%	1.3%
Total	17.1%	17.4%	17.7%	18.2%	18.6%
% Tier 1	92.6%	92.7%	92.8%	93.0%	93.2%



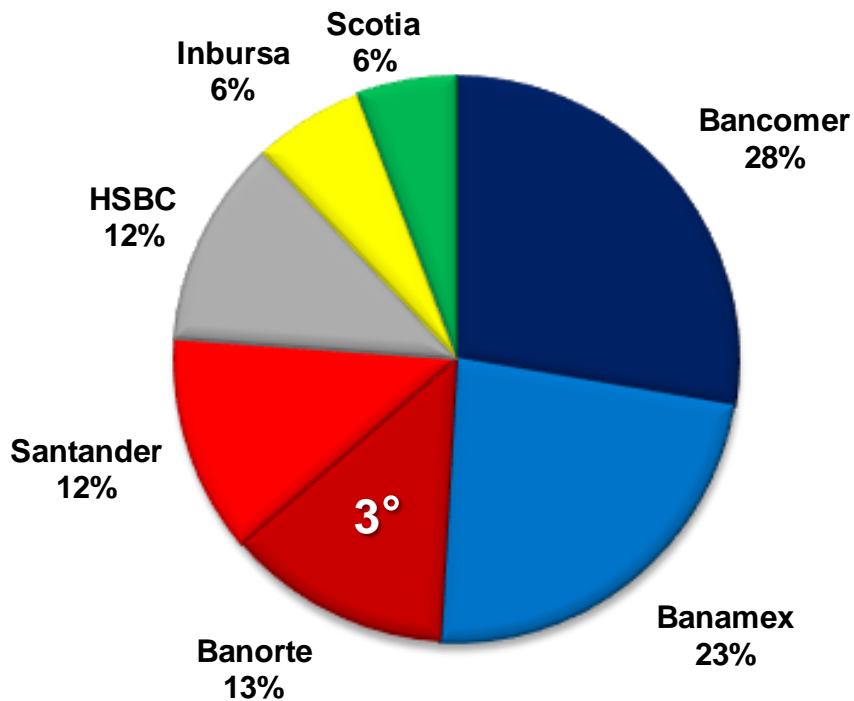
Industry Trends

Market Share

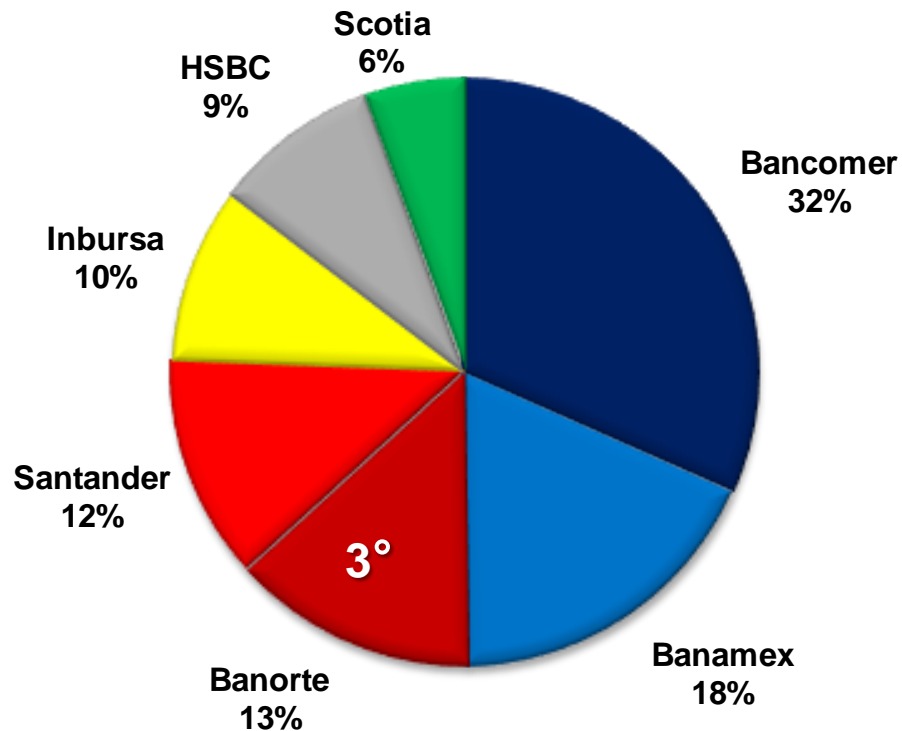


DEPOSITS

December 2009



December 2010

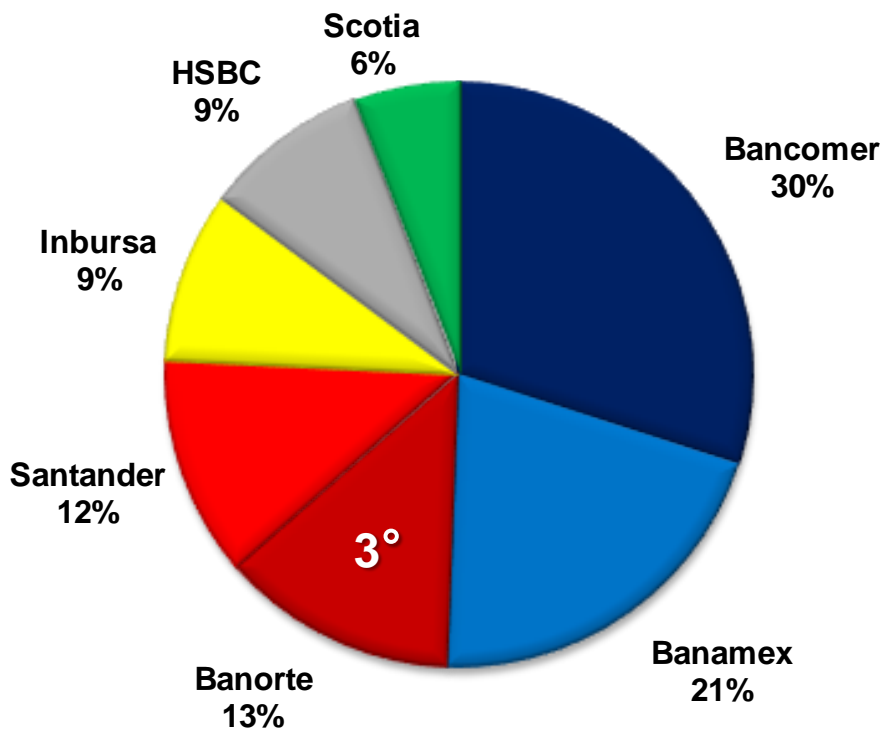


Market Share

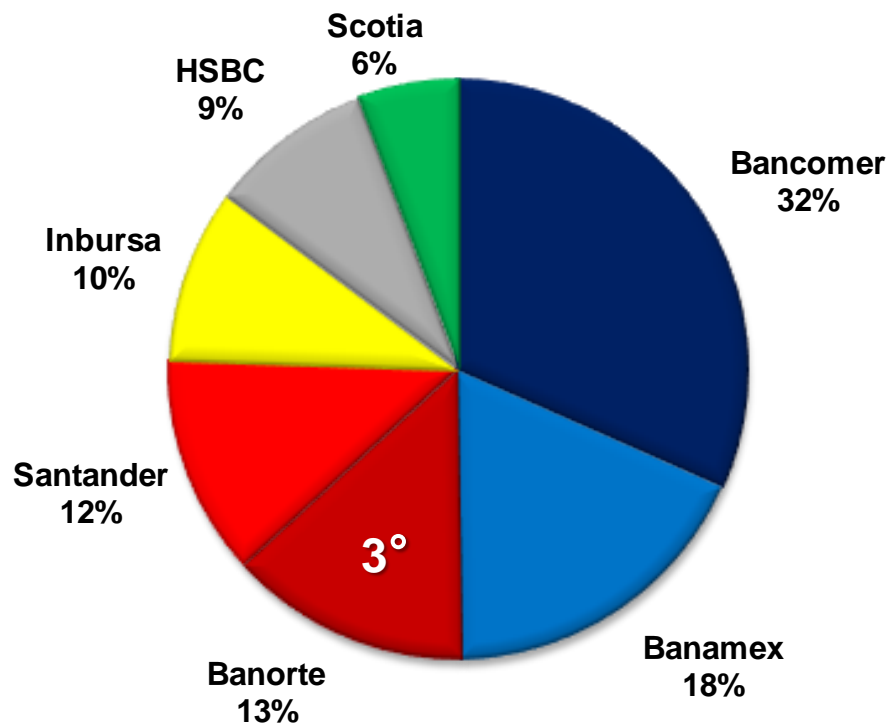


LOANS

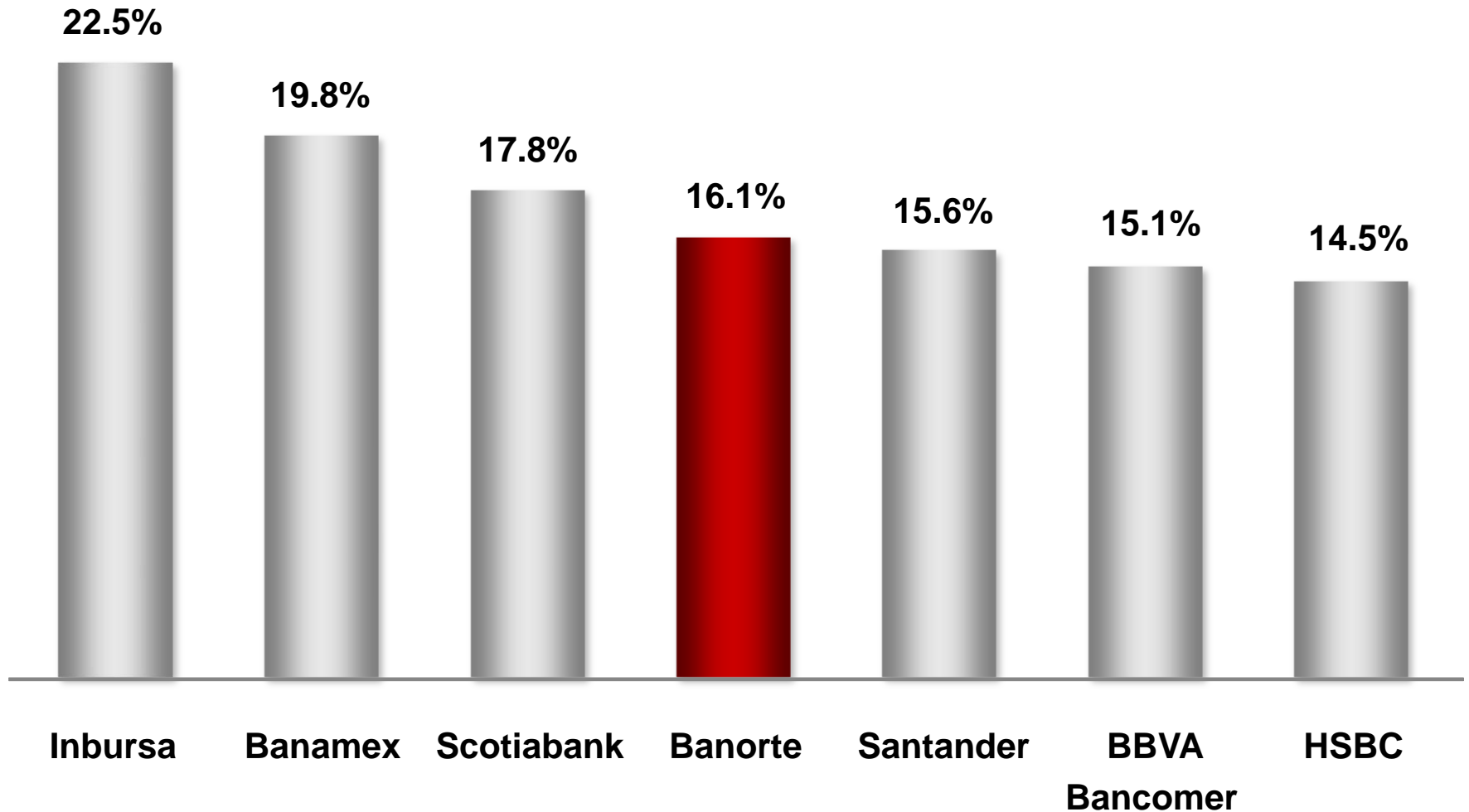
December 2009



December 2010



Industry's Capitalization





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