







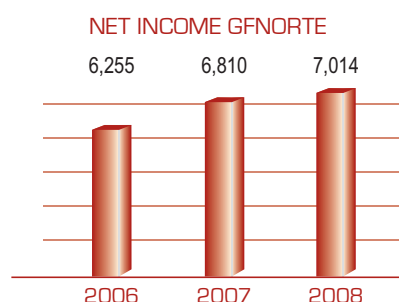
**Highlights**

# Highlights

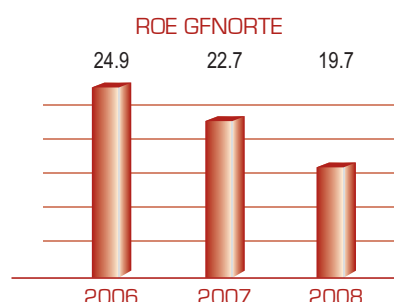
<b>GRUPO FINANCIERO BANORTE</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Total assets	250,990	287,283	577,025
Deposits	175,860	203,307	260,769
Loan Portfolio	147,104	196,532	245,246
Past due loan ratio	1.5	1.5	2.0
Reserve Coverage	146.9	130.8	135.2
Stockholders' equity <sup>(1)</sup>	26,580	32,489	37,802
Net income (according to participation)	6,255	6,810	7,014
ROE	24.9	22.7	19.7
ROA	2.8	2.6	1.9
Number of shares (thousands)	2,018,348	2,018,348	2,018,348
Book value per share (pesos)	13.4	16.4	18.7
Net income per share (pesos)	3.1	3.4	3.5
Dividends per share (pesos)	0.38	0.45	0.47
Number of branches <sup>(2)</sup>	994	1,054	1,118
Full-time employees	15,929	17,348	19,997
<b>BANKING SECTOR</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>BANCO MERCANTIL DEL NORTE</b>			
Total assets	242,056	274,936	563,111
Stockholders' equity	24,675	30,912	36,042
Net income <sup>(3)</sup>	5,466	6,151	6,543
<b>BANCO DEL CENTRO <sup>(4)</sup></b>			
Total assets	8,717		
Stockholders' equity	6,051		
Net income	967		
<b>LONG TERM SAVINGS SECTOR</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>AFORE BANORTE GENERALI (PENSION FUNDS) <sup>(5)</sup></b>			
Total assets	1,092	1,102	1,218
Stockholders' equity	1,016	963	1,052
Net income	104	165	189
<b>PENSIONES BANORTE GENERALI (ANNUITIES)</b>			
Total assets	8,862	11,083	14,719
Stockholders' equity	978	1,121	985
Net income	633	266	33
<b>SEGUROS BANORTE GENERALI (INSURANCE)</b>			
Total assets	8,232	10,864	11,273
Stockholders' equity	1,611	1,827	2,130
Net income	330	334	476
<b>BROKERAGE SECTOR</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>CASA DE BOLSA (BROKERAGE HOUSE)</b>			
Total assets	944	1,260	1,550
Stockholders' equity	735	1,016	1,142
Net income	191	284	183



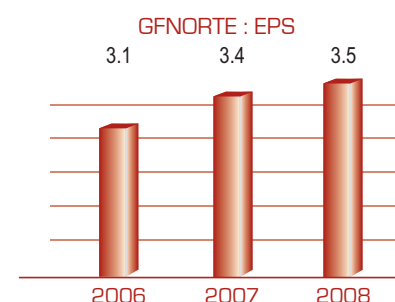
OTHER FINANCE COMPANIES	2006	2007	2008
<b>ARRENDADORA Y FACTOR BANORTE (LEASING AND FACTORING)</b>			
Total assets	3,407	4,821	14,001
Stockholders' equity	421	500	1,184
Net income	122	140	313
<b>FACTOR BANORTE (FACTORING) <sup>(6)</sup></b>			
Total assets	4,449	7,626	
Stockholders' equity	445	491	
Net income	92	107	
<b>ALMACENADORA BANORTE (WAREHOUSING)</b>			
Total assets	172	140	318
Stockholders' equity	121	101	122
Net income	11	15	23
<b>FIANZAS BANORTE (BONDING)</b>			
Total assets	517		
Stockholders' equity	144		
Net income	30		
<b>CRÉDITOS PRONEGOCIO (MICROLENDING)</b>			
Total assets	683	653	433
Stockholders' equity	70	51	48
Net income	11	(30)	(120)



Million pesos.



Average Stockholders' Equity ex-Minority Interest.



Pesos.

	Majority net income 2008	GFNorte ownership in subsidiaries
<b>BANK</b>	\$6,257	97%
<b>BROKER DEALER</b>	\$183	100%
<b>LONG TERM - SAVINGS</b>	\$354	
Afore (Retirement Pension Fund) <sup>(5)</sup>	\$94	51%
Seguros Banorte Generali (Insurance)	\$243	51%
Pensiones (Annuities)	\$17	51%
<b>OTHER FINANCE COMPANIES</b>	\$216	
Arrendadora y Factor Banorte (Factoring and Leasing)	\$313	100%
Almacenadora Banorte (Warehousing)	\$23	100%
Créditos Pronegocio (Microlending)	(\$120)	100%
<b>HOLDING</b>	\$5	100%
<b>TOTAL</b>	<b>\$7,014</b>	

Million pesos.

(1) Without minority interest.

(2) Includes bank modules and excludes agencies operating abroad.

(3) Includes Banco del Centro's merger as of August of 2006. Includes Afore and Banorte USA majority interest.

(4) Merged with Banorte, as of August, 2006.

(5) Subsidiary of Banco Mercantil del Norte.

(6) On February 2008, merged with Arrendadora y Factor Banorte.



## Message from the Chairman of the Board of Directors

2008 was a positive year for Banorte's performance. The financial group was able to achieve record results once again, translating into a 3% improvement in net income despite an extremely difficult environment that was filled with complex challenges. Deposits and loans grew substantially, enabling us to increase our market share. We also expanded our branch network to more than 1,100, and our ATM's surpassed 4,100, making us the fourth most important network in the country.

At the beginning of 2008, global economic growth showed signs of weakness due to less credit availability and more risk aversion, but no one could anticipate the magnitude of the troubles that we are now experiencing, and it is uncertain how long they will last.

During the first months of 2008, many years of excessive liquidity and little financial supervision in developed countries ended abruptly when we learnt about the problems that some of the largest and most traditional global financial institutions faced. The economic and financial environment deteriorated very quickly when the severity of the capitalization and asset quality problems of these institutions surfaced. In the remainder of the year, we witnessed the unfolding of one of the worst financial crises that the world has experienced since the Great Depression. Stock markets around the world began to collapse, currencies of many countries suffered strong depreciations, and financial institutions from all over the world began to face liquidity, and in some instances, even solvency problems. This financial crisis quickly contaminated the real economy, leading to a collapse in manufacturing activity and a massive loss of employment in many countries of the world.

In order to reach a comprehensive and sustainable solution, it will be necessary to redefine the role of the financial system, seeking to reactivate economic activity and avoid the collapse of industries or strategic companies. This is why it is necessary to discuss new regulations for the world financial system, as well as the monitoring of risks taken by financial institutions, the coordination of policies at least at the G-20 level and the strengthening of multilateral institutions' roles, such as the International Monetary Fund and

the World Bank, seeking to close the gap between developed and emerging countries.

In the case of Mexico, it is encouraging to see that many of the difficult measures adopted during the crisis of the mid 1990's, together with the recent decisions taken to adequately deal with the economic and financial situation, are today bearing fruit. Banks in Mexico are well capitalized, risk management systems are advanced and bank products have financial characteristics that adapt to the profile and needs of their clientele more than ever.

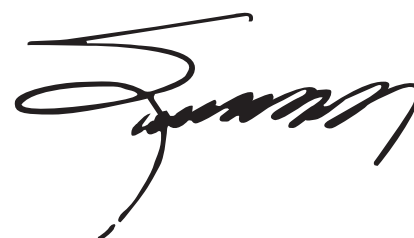
On the other hand, to avoid contagion from the world economic crisis, President Calderón and his economic team, as well as the central bank, announced a series of measures to propel economic growth and employment, promote greater investment in infrastructure and ensure that credit continues flowing to productive activities at reasonable interest rates, especially small and medium sized companies (SME's) and agriculture. To implement these measures, the government took the decision to temporarily incur in a larger public deficit without affecting the stability of the country, thus improving its capacity to better respond during these critical times.

In the banking system, diverse institutions have launched innovative measures to support clients in these difficult times, especially those who have willingness to fulfill their payment obligations, but face problems meeting their commitments as a consequence of the economic crisis. In Banorte's case, at the end of 2008, we were one of the first banks to successfully launch programs to restructure credit card debt that considered a 50% reduction in the interest rate and the possibility of amortizing the debt over a term of 60 months. During 2009, we will continue with the same commitment to provide financial solutions for our clients in order to consolidate a mutually beneficial relationship in the long term.

Looking into the future, at Banorte we are aware that Mexico continues to be a country of opportunities in spite of the current setbacks, which is why we will continue investing resources to continue offering innovative products and improve our services.

We are convinced that this country requires a stronger banking presence, and for that reason, we reaffirm our commitment to work closely with all Mexicans to be a part of their success stories. We have the financial soundness and a great team of individuals in different areas to achieve this goal.

Finally, as it is customary every year, I would like to take the opportunity to thank the members of the Board of Directors, Shareholders, Executives, Employees and Clients of Banorte for all their enthusiasm and dedication during this very difficult year. Thanks to their continuous efforts and perseverance, Banorte was recognized as the "Best Bank of the Year in Mexico and in Latin America 2008" by the prestigious magazine Euromoney, and also as the "Best Bank of the Year in Mexico 2008" by The Banker, another prestigious publication. Both awards are a reflection of the talent that nurtures our institution, as well as of the positive results that we have obtained throughout the years, which is why we reinforce our commitment to continue improving each day and strengthen the bank with a long term vision.

**Roberto González Barrera**

Chairman of the Board of Directors of Grupo  
Financiero Banorte



# Message from the CEO

## of Grupo Financiero Banorte

The year 2008 was undoubtedly one of the most challenging years in the history of the global financial system. The problem that initially seemed confined to the subprime mortgage sector in the United States, progressively contaminated markets and institutions everywhere. For many years, risk increased exponentially through very complex instruments and structures, created by an excess of global liquidity, excessive leverage, lax regulation and the increasing need to obtain higher yields.

The financial bubble created during the past fifteen years finally burst at the beginning of 2008, with the insolvency and subsequent rescue of Bear Stearns. This incident evidenced the capitalization, liquidity and solvency problems faced by many other institutions that were exposed to a series of toxic assets created during the period of financial excess. The subsequent problems faced by AIG and the mortgage agencies Fannie Mae and Freddie Mac, generated high uncertainty and volatility in financial markets worldwide. Nonetheless, it was the unexpected bankruptcy of Lehman Brothers in September that triggered an unparalleled crisis in the financial markets. As a consequence, most of the governments and central banks had to act with a series of measures never seen before to support their financial systems. In spite of these efforts, greater risk aversion worldwide detonated a severe adjustment in the global financial markets during the fourth quarter of 2008.

Mexico was also affected by these turbulences. After several years of relative strength, our exchange rate suffered a heavy depreciation during the last months of 2008, with the parity surpassing 14 pesos per US dollar. Also, interest rates for debt securities were highly volatile and liquidity in these markets dried up. On the other hand, some large Mexican companies announced losses with derivatives instruments, putting their future viability in jeopardy and significantly increasing Mexico's country risk.

Economic growth during the fourth quarter of 2008 registered a sharp downturn, not seen since the beginning of the decade. Employment also suffered a marked decline, and all the employment generated throughout the year was lost during the month of December.

In spite of this difficult situation, Grupo Financiero Banorte posted a record year in operations and profitability. In 2008, the Group registered Net Income of Ps 7.01 billion, 3% higher than last year,

with a 20% return on capital, in spite of the Ps 1 billion in extraordinary provisions created to deal with one troubled corporate loan.

One of the main drivers of these positive results was the vigorous growth of loans and deposits, which increased by 24% and 28% respectively.

In terms of lending activity, there was an important 50% increase in performing government loans, as well as a 26% increase in mortgages, 24% in commercial, 23% in corporate, 24% in SMEs and 25% in new loans to agriculture/farming activities. These results show Banorte's firm commitment to promote the development of Mexico, even in times of uncertainty.

Demand deposits grew 16%, while time deposits increased 18%, driven by the Pagamás and Ganamás promotional strategy. The payroll sector grew by 13% in volume.

Another important driving force behind our results was the expansion of our network. In 2008, we opened 64 new branches throughout the country of which more than 30% were in Mexico City; making us the fourth most important network nationwide. We also expanded our ATM network, activated a total of 13,362 POS terminals and opened 2 bank branches in the USA; one in Laredo and another one in Brownsville, Texas.

The most significant challenge Banorte faced this past year was the increase in loan loss reserves. On the one hand, the credit card portfolio deterioration resulted in greater than expected provisions. Also, extraordinary events like the provisions created to cover one large Mexican corporate troubled loan, as well as new regulations for credit card reserves requirements with no missed payments, had an adverse impact in our results.

Pre-provisions Net Interest Income grew 30% in 2008, driven by an adequate loan and deposit mix, as well as the positive impact from rising market interest rates. The Net Interest Margin (NIM) averaged 7.7% throughout the year, a higher level compared to the previous year.

Non Interest Income grew 6% in the year, driven by greater recoveries from the real estate portfolios, higher foreign exchange revenues and greater service fees.



Non Interest Expenses also increased by 10%, driven by personnel expenses related to the branch expansion program, promotional expenses for deposit and loan products, as well as increased investments in technological projects. In spite of higher operating expenses, total revenues grew at a faster pace, translating into positive operating leverage and an efficiency ratio of 51%, lower than in 2007.

Although the PDL ratio suffered a slight deterioration compared to 2007, it finished the year at 2% and continues to be the lowest among the 6 major Mexican banks.

Regarding capitalization, the bank ended 2008 with a regulatory ratio of 15.0%, one of the highest among the major banks, reflecting the efforts made throughout the year to strengthen its capitalization levels. To that end, during the first half of the year, the bank issued more than Ps 7.5 billion in subordinated debt that computes as regulatory capital.

Results obtained by the different business sectors:

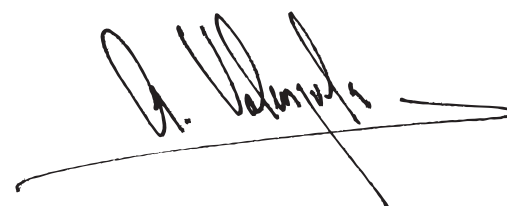
1. Inter National Bank posted historical results. Performing loans increased by 15%, net interest income by 12%, non interest income by 37% and net income by 15%, totalling \$27.3 million dollars during the year. The bank's return on capital was over 20%, the efficiency ratio was 42% and the PDL ratio stood at 2%.
2. Recovery Bank registered net income of over Ps \$700 million, driven by recoveries of acquired real estate portfolios, as well as investment projects. At closing of 2008, this business unit had over Ps 61 billion in assets under management, of which more than half have been acquired. The Recovery Bank has more than Ps 3 billion invested in housing and infrastructure projects, which generate one third of the total profits.
3. Long Term Savings presented positive results, as a result of the improvements in its different business areas. The AFORE's net income grew by 14%, while the insurance company's profits rose 42%.
4. Results of the Brokerage House declined compared to 2007, mainly due to some capital losses given the highly volatile financial environment. In spite of these adverse conditions, investment

banking results were positive, driven by the participation in several State government related transactions.

5. Leasing and Factoring (SOFOM) reported net income growth of 27%, driven by 14% growth in the loan portfolio; while profits at the Warehouse grew by 55% due to an increase in managed inventories.
6. The Microlending unit (Pronegocio) registered a second year of losses, which prompted the decision to merge its operations with the bank and gradually reduce the exposure to this business.

In spite of the difficult environment that the bank faced during 2008, a cash dividend of Ps 0.47 per share was paid out to shareholders, equivalent to 15% of the recurring profits registered in 2007, representing a yield of over 2%. Once again, this demonstrates Banorte's continued commitment to creating Shareholder Value.

Finally, on behalf of the team that works at Banorte, I would like to express profound appreciation to our more than 12 million clients who continue to place their trust in this great institution. I would also like to thank our more than 20 thousand colleagues for their excellent work and dedication, our Shareholders for their trust and our Directors for their invaluable support and direction. Each day we work together in a shared effort to transform Banorte into Mexico's best banking institution.



**Alejandro Valenzuela**  
CEO of Grupo Financiero Banorte





**Transactions and Results**



# Banking Sector

Undoubtedly, 2008 was a very difficult year worldwide, given the complex economic environment coupled with the bankruptcy of some of the most important financial companies in the world. Mexico was not the exception: we witnessed how well-known companies from diverse sectors registered significant losses and how many other organizations began efficiency processes that, in some cases, included massive lay-offs. Clearly, this complicated the economic and financial situation even further.

Despite this complex environment, GFNorte was able to post historical a net income of Ps 7.01 billion in 2008, 3% greater than the previous year. Banorte was also recognized as "Bank of the Year in Mexico 2008" by the Financial Times Group through its specialized publication "The Banker", standing out for its innovation, service to clients, prudence in risk taking and adequate management practices.

Although 2008 was certainly a good year for Banorte, there are still many challenges ahead that need to be overcome in future years. This is one of the reasons why each employee's effort is so important in order to continue meeting our customers' needs satisfactorily through a wide range of products and financial services.

Presented below are the various companies that form Grupo Financiero Banorte:

## Results

The Banking Sector 2008's net income (100%, including the Afore through the participation method) totaled Ps 6.54 billion, 6% higher than the previous year, driven mainly by higher revenues and controlled expenses.

During 2008, net interest income – before Repomo – grew 27% compared to 2007, driven by higher market interest rates, a 25% growth in loans, increased revenues from service fees for loan placements and an important increase in demand deposits. This resulted in a net interest margin (NIM) of 6.7% at year end.

Non Interest Income totaled Ps 6.59 billion, 11% higher than in 2007. This growth was due to favorable business dynamics in most of the business sectors:

- Service fees: rose to Ps 4.98 billion, 12% higher than in 2007, given good performance in credit card, fiduciary and electronic banking.
- Portfolio recoveries: posted revenues of Ps 735 million for the year, 27% more than in 2007 due to a high level of transactions.
- Foreign Exchange (FX): generated Ps 779 million, 54% more than in the previous year, driven by the bank's adequate risk management of its FX positions to take advantage of volatility in the foreign exchange markets.
- Trading: accumulated revenues in 2008 were Ps 99 million, a 75% annual decrease, affected by the negative impact on debt instruments due to the volatility in financial markets, especially during the last months of the year.

Non interest expenses grew 10% compared to 2007 due mainly to the branch expansion program (during the last 12 months 64 branches were added nationwide), increased business volumes and greater professional fees related to technological developments.

The efficiency ratio improved during the period, going from 56% in 2007 to 50% in 2008, driven by growth in revenues at double the rate of growth in expenses.





## Deposits

At the end of 2008, total deposits were Ps 260 billion, 28% higher YoY, driven by an important 16% increase in core deposits, which includes the 32% rise in non interest bearing demand deposits.

Time deposits grew 18% as a result of the successful campaign conducted at branch level to place 7, 14 and 28 day "Pagamas" and "Ganamas" promissory notes.

As a result of continuous efforts, Banorte's core deposits' market share (among the 6 largest banks) rose from 11% in 2007 to 12.4%..

The 100% YoY growth in money market deposits was mainly driven by higher balances in institutional customer accounts (companies, states and municipalities) and better servicing of our clientele.

Assets under management at closing of 2008 totaled Ps 406 billion, a 19% YoY increase.



Deposits	Dec'07	Dec'08	% Change
Non-interest bearing demand deposits	43,803	57,876	32%
Interest bearing demand deposits <sup>(1)</sup>	67,303	70,481	5%
<b>Total Demand deposits<sup>(2)</sup></b>	<b>111,106</b>	<b>128,357</b>	<b>16%</b>
Time deposits - Retail	63,639	75,085	18%
<b>Core Deposits</b>	<b>174,745</b>	<b>203,442</b>	<b>16%</b>
Money Market <sup>(3)</sup>	28,780	57,454	100%
<b>Total Deposits</b>	<b>203,525</b>	<b>260,896</b>	<b>28%</b>
Third Party Deposits	136,988	144,916	6%
<b>Total assets under management</b>	<b>340,513</b>	<b>405,812</b>	<b>19%</b>

Million pesos.

(1) Includes debit cards.

(2) Excludes IPAB cash management checking accounts for loan portfolios managed from Banpais and Bancen. The balances of these accounts in 4Q07 and 4Q08 were Ps \$9 million and Ps \$14 million, respectively.

(3) Includes bank bonds (customers and financial intermediaries).

# Banking Sector

## Loan Portfolio

Total performing loans increased 25% YoY from Ps 184 billion at closing of 2007 to Ps 231 billion in 2008 (excluding loan portfolios managed by Recovery Bank). This growth was driven by all segments in the portfolio, especially corporate, government, commercial and mortgage loans.

During the last months of the year, credit activity began to decline in almost all consumer products, as a result of more stringent origination policies implemented during 4Q08 which were part of the preemptive measures undertaken to face the difficult market situation.

The deceleration in consumer loans is being offset by greater penetration in the commercial and government segments by taking advantage of market opportunities derived from a retrenchment by some of our competitors in those segments.

### Loans to families

Consumer loans including mortgage, credit card, payroll and car loans, grew 18% YoY.

- Mortgages grew 26% YoY driven mainly by more originations through Cofinavit, Cash Back and PEMEX programs. As of October 2008, several adjustments were made to the credit evaluation Model, and in December interest rates were adjusted in accordance to the prevailing economic situation. Furthermore, in an effort to continue having good asset quality, restrictions were imposed on loans destined to liquidity, payment of liabilities, construction and remodeling. Loan sales increased by 11% YoY.
- Credit cards grew by 9% YoY at the close of 4Q08, but declined by 8% QoQ vs. 3Q08. The annual growth is a result of credit card sales during the first half of the year, as well as an increase in existing customers's balances. It is important to emphasize that in response to the liquidity problems that clients are facing as a result of the difficult economic situation, a massive campaign was launched at the end of the year, offering a solution to clients looking to lengthen the term and improve the payment profile of their loans.
- Payroll loans increased 10% YoY, as a result of an aggressive promotional campaign for this product throughout the year and enhanced features to the product - such as extending the term and increasing the months of salary that can be requested for the loan -, automatization of the origination process and more availability of loans.

- Car loans increased 5% YoY, due to the improvements to loan origination processes, such as the availability of loans through Banorte Virtual at car dealerships and offering loans to payroll account customers.

### Loans to institutions

The commercial portfolio grew 26 % YoY, driven by the promotional strategy, Empuje Banorte, targeting SMEs. This offering includes a package of comprehensive solutions (Paquete PYMES and Crediactivo). Growth was also driven by offering this suite of products and services at the branch level through a specialized sales force. Moreover, authorities increased the loan amount that can be originated at the branch level using parametric models, which facilitated access of SMEs to these loans.

Corporate loans grew 22% YoY. Annual growth resulted from favorable industry dynamics, the bank's participation in some major structured loans over the last 12 months and the reduced activity of international players in this sector, given liquidity issues at their headquarters abroad.

### Government

The portfolio in this sector increased 50% YoY, as a result of offering comprehensive solutions to government entities, an increase in loans due to the demand for debt refinancing, and the structuring of loans to finance infrastructure needs of these entities. This year Banorte has participated in refinancing liabilities of several States in Mexico.

The significant performing loan growth in the banking sector resulted in a market share gain from 13.2% in 2007 to 15.1% in 2008, placing Banorte in fourth position among the six main banks in the country.

The past due loan ratio for the Banking Sector was 2% at year end. Although it is one of the lowest ratios in the market, it registered a 0.5 pp YoY growth, driven by deterioration in the consumer portfolio, especially credit cards, and to a lesser degree the commercial portfolio.

It is important to emphasize that Banorte's loan portfolio is widely diversified. The 20 largest borrowers represent just 19% of the total bank portfolio, with the largest corporate loan representing 2.1% of the total portfolio, and the smallest representing only 0.4%.

<b>Loan Portfolio</b>	<b>Dec' 07</b>	<b>Dec' 08</b>	<b>% Change</b>
Mortgage	36,096	45,499	26%
Car Loans	7,224	7,589	5%
Credit card	13,882	15,067	9%
Payroll Loans	6,113	6,707	10%
Consumer	63,315	74,863	18%
Commercial	63,448	80,170	26%
Corporate	39,681	48,597	22%
Government	17,948	26,977	50%
<b>Performing Loans</b>	<b>184,391</b>	<b>230,607</b>	<b>25%</b>
Recovery Banking	1,147	794	(31%)
Past due Loans	2,744	4,836	76%
<b>Total Loan Portfolio</b>	<b>188,282</b>	<b>236,237</b>	<b>25%</b>
<b>% PDL</b>	<b>1.5%</b>	<b>2.0%</b>	

Million pesos.

## Market share



Source: A.B.M. Information of the 6 largest banks in the country.

# Banking Sector

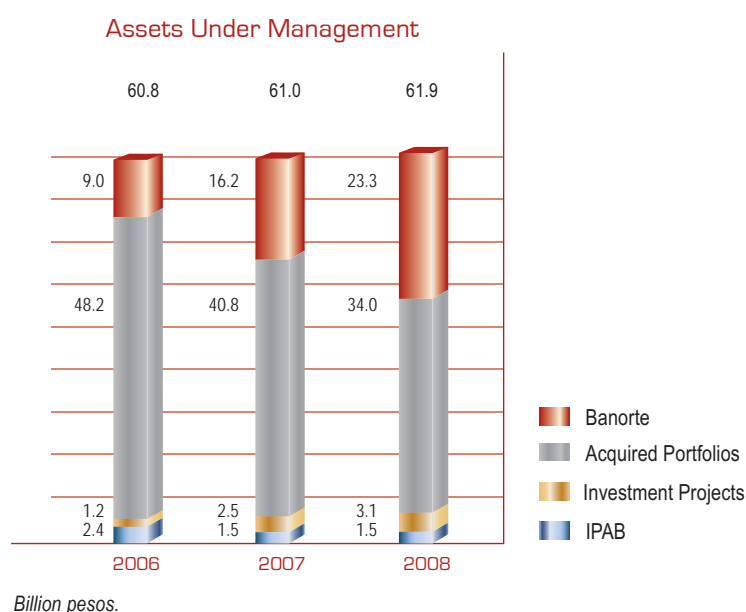
## Asset Recovery

Asset Recovery is responsible for the management, collection and recovery of loans originated by the bank that are delinquent. It is also responsible for the administration and collection of loan and real estate portfolios acquired through public and private auctions. The Asset Recovery unit's participation in real estate development projects grew through diverse association schemes with leading companies of this industry.

At closing of 2008, assets under management were Ps 61.82 billion, of which 33% were Banorte's proprietary assets, compared to only 15% in 2006. This increase is a result of the bank's strategy to the transfer loans for management by the Asset Recovery business since the first missed payment.

During 2008, the Asset Recovery business generated a net income of Ps 701 million. This revenue resulted from a diverse asset mix, with different origination and maturities, which allows the business to maintain a recurring generation of revenues in the short and long term.

Among the main achievements of 2008, this unit obtained the Credit Specialist Financial Assets Administrator AAFC1 (mex) qualification, granted to Banorte's Asset Recovery Unit for having the highest ranking on the scale that Fitch Ratings operates for asset management in Mexico. Additionally, the ISO-9001:2000 certification was ratified, granted by SGS (Société Générale de Surveillance), for maintaining high standards in its processes.



<b>Contribution to net income</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Traditional Banking Net Income	5,540	6,044	6,313
Recovery Banking Net Income	715	766	701
<b>GFNorte Net Income</b>	<b>6,255</b>	<b>6,810</b>	<b>7,014</b>
<b>% of Contribution</b>	<b>11%</b>	<b>11%</b>	<b>10%</b>

*Million pesos.*



## Banorte USA

Through its three business units, Banorte continues to offer basic high quality service to Mexicans living in the USA.

### *Banking Sector*

In 2008, Inter National Bank posted record revenues, achieving an annual growth of 15%. INB also improved its capitalization indicators notably. The leverage ratio increased from 7.4% to 8.0%, while the capitalization ratio improved from 11.3% to 12.5%.

During 2008, Inter National Bank expanded its presence in the Mexico-Texas border through two newly opened branches, one in Brownsville and the other in Laredo, Texas. Including these two new branches, INB now has 20 branches in the Rio Grande Valley, Laredo and El Paso areas.

Banorte and INB have jointly developed different bi-national services and products to benefit their respective clients on both sides of the border which include, among many others: mortgages for American citizens seeking to buy tourism properties in Mexico; no fee charges for clients who use the ATM network of either institution, as well as no fee charges for electronic transfers between the two banks.

### *Family Remittances*

During 2008 Banorte continued pushing its strategy on individual remittances. With the acquisitions of UniTeller and Motran in the USA, Banorte has become the only player with full presence in the value chain of the remittance business, facilitating the process from its origin in the USA, to its reception in Mexico, thus granting users very favorable conditions.

Banorte has a network of more than 1,300 UniTeller-Motran agents in 41 states of the USA, from which remittances are generated to more than 17 countries, including Mexico. UniTeller and Motran have a network of more than 12,000 payment points in Latin America and the Philippines.

On the other hand, in Mexico, Banorte continues its consolidation as one of the most important payer of family remittances in the country. Banorte handles more than \$1.6 billion dollars of remittances annually, which represents 7% of the total market.

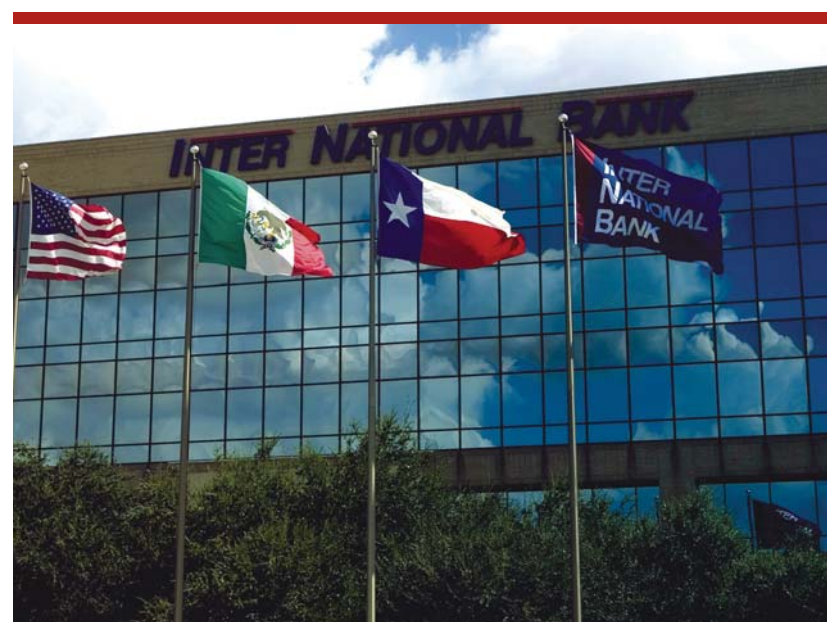
Through Enlace Express, a no commission deposit account, the direct deposits of remittances paid directly to one of these bank accounts in Banorte grew by 21%. This way, Banorte shows its commitment to Mexican families, not only by offering favorable conditions for

their transfers from the United States, but also by offering without cost, both a savings instrument, and a vehicle for reception of their remittances in Mexico.

### *Private Bank*

Banorte Securities International, GFNorte's Broker Dealer headquartered in New York, continues to be an attractive option for Banorte clients who look to diversify their investments through a wide range of instruments and currencies available in global markets.

In an extremely difficult year for the markets, in which many well-known institutions suffered from significant losses, Banorte Securities was able to stand out by maintaining important operational profitability.



# Long Term Savings Sector

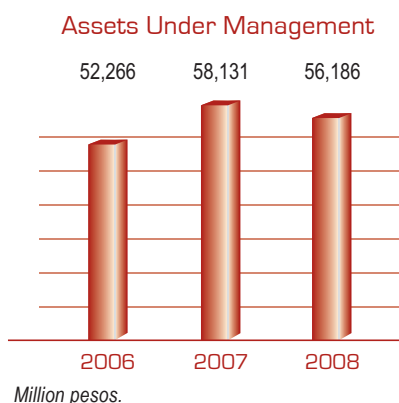
Revenues from this sector were Ps 699 million (51% correspond to GFNorte) in 2008. Also, the Long Term Savings sector continues to increase in terms of importance through an increase of its AUM. By year end, the technical reserves for Insurance, Annuities and Afore's funds amounted to Ps 77.15 billion.

## Afore Banorte Generali

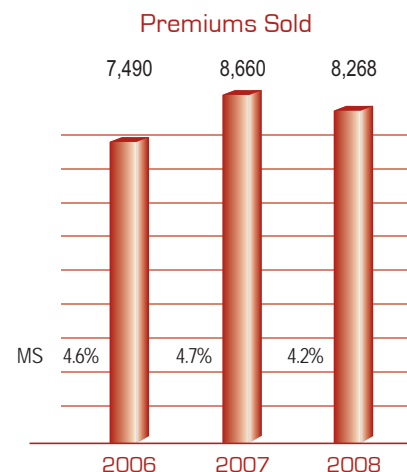
Afore Banorte Generali reported profits of Ps 189 million (51% correspond to GFNorte). It is important to emphasize that transfers in the industry were affected by new regulations that went into effect at the end of March, which base competition on the net yields achieved over the last 36 months. In order to maintain an adequate market participation of Banorte's suite of funds, significant improvements were undertaken in the sales forces, improving retail practices and sales force productivity through more adequate compensation.

At the end of 2008, the AFORE had 3,232,131 affiliates that represent 8% of the industry's total and 10% of certified accounts.

The funds managed by the different Siefores decreased by 3% YoY to over Ps 56 billion. These funds rank seventh in the industry, with a 6.3% market share.



## Banorte Generali Insurance



Million pesos.

Source: AMIS (Asociación Mexicana de Instituciones de Seguros, A. C.).

MS: Market Share

In 2008, the company reported Net Income of Ps 476 million (51% correspond to GFNorte). In light of an adverse international financial environment, revenues and reserves were affected mainly by the negative yield of the "Patrimonio Integral Banorte" savings product during the fourth quarter.

Banorte Insurance ranked eight among all the insurance companies, with premiums equivalent to Ps 8.26 billion in 2008. Operating results exceeded original expectations and were higher by more than Ps 234 million to the reported figure of 2007.

Policies sold through Banorte's branches totaled more than 595,000 units, resulting in a 15% increase in premiums compared to 2007. The Formula Hogar insurance registered the largest increase in premiums sold, growing by more than 52% from the previous year. Life insurance premiums grew 27% in 2008, while car insurance rose by 18% compared to 2007.

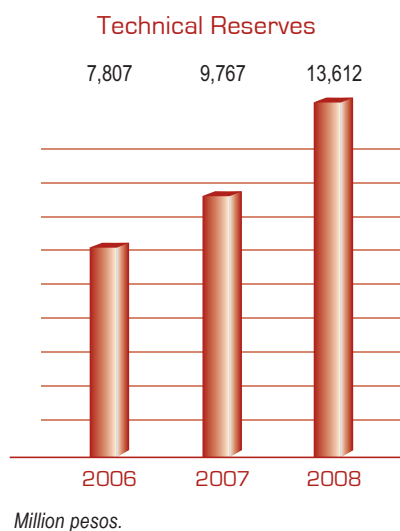


The technical reserves at the fiscal year end of 2008 amounted to over Ps 7.3 billion.

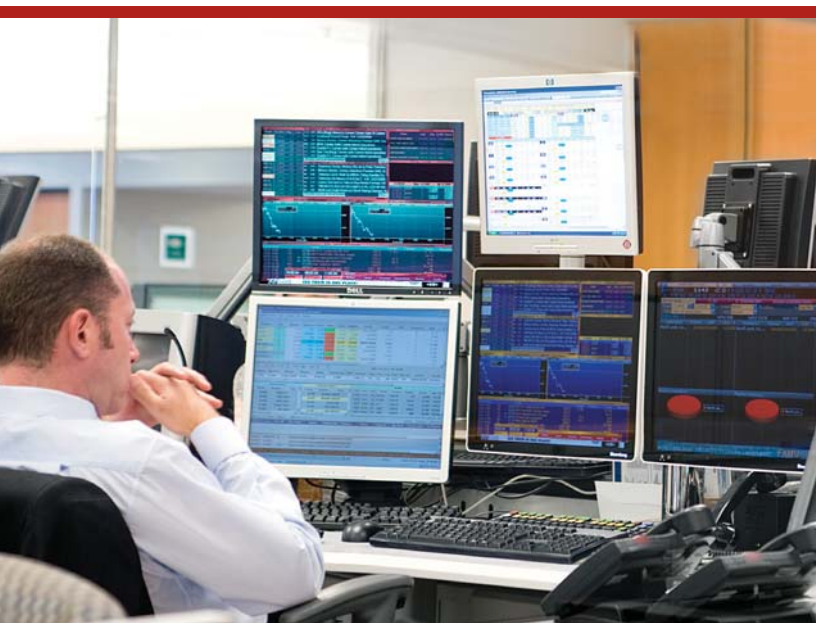
### Banorte Generali Annuities

The net income for 2008 was Ps 33 million (51% correspond to GFNorte). A record amount of Ps 3,488 million was deposited as constitutive amounts (premiums). Of the two companies that currently operate in the market, Pensiones Banorte Generali registered a market participation of 46% in amounts and 52% in number of cases.

Annuities' technical reserves surpassed Ps 13.6 billion in 2008.



# Brokerage Unit



## Broker Dealer

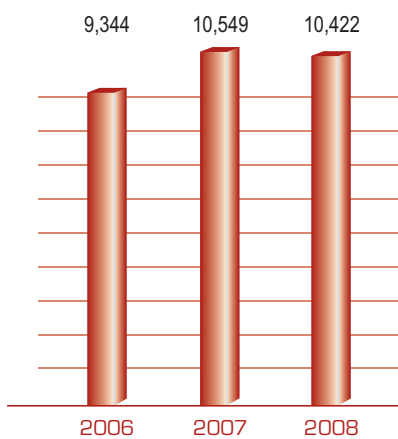
In 2008, the global financial sector experienced one of its worst crises, resulting in the bankruptcy of some major institutions, therefore increasing client's risk aversion, as well as reducing investor confidence.

Under this difficult background, the Broker-Dealer generated net income of Ps 183 million, 36% less YoY. The number of clients grew to 10,422 with a balance of Ps 119.28 billion in assets under management.

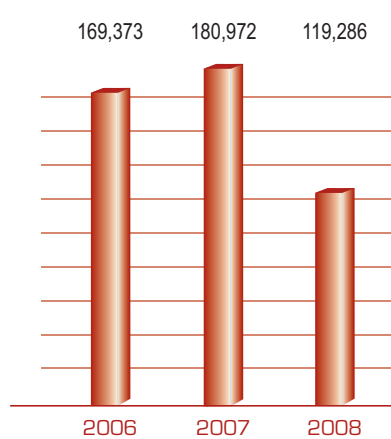
At closing of 2008 Banorte's Broker-Dealer had a 3% market share in terms of portfolio under custody and 5% participation regarding the number of transactions in the capital market.

The Broker will face some serious challenges in 2009 which include: improving efficiency and profitability ratios while maintaining a conservative risk management stance; continue promoting third party trading services in the capital market, money market and mutual funds distribution. The Broker-Dealer's main advantage to improve profitability is taking advantage of existing synergies with GFNorte.

Number of Customers



Assets Under Management



Million pesos.



This sector is made up of companies that contribute to achieve client satisfaction through specialized products and services. These companies are: Leasing and Factoring; Warehousing and Micro Lending (Pronegocio).

## **Banorte Leasing & Factoring**

As of February 2008, the leasing and factoring companies merged as a Sociedad Financiera de Objeto Múltiple (SOFOM), a regulated entity. This merger allows, among other things, to optimize the use of capital, improve the leverage capacity and create the possibility of achieving higher credit ratings for the merged entity. The results of both companies, as of 1Q08, are presented in a consolidated format under the heading of Arrendadora y Factor Banorte, S. A. de C. V.

In 2008 this company generated Net Income of Ps 313 million, reflecting a 27% YoY increase. Profitability was driven mainly by the 14% annual increase of the total loan portfolio. The factoring portfolio to suppliers through productive chains to support SMEs grew by Ps 2,422 million, representing a 119% YoY rise.

## **Banorte Warehousing**

In 2008, this company reported net income of Ps 23 million, a 55% YoY increase, as a result of the increase in fitting of warehouses services in several states, as well as more commercialization of inventories, also achieving high growth in services provided through direct warehousing in response to demands for fiscal and national deposits.

The Warehousing unit generated certificates of deposit amounting to Ps 3.0 billion, compared to Ps 1.37 billion for the previous year, thus improving its market position.

## **Microlending**

At closing of the 2008 fiscal year, the total portfolio was Ps 269 million, reflecting a 54% YoY decline, which is attributable to the loan portfolio cleaning-up process in light of the negative results in this unit and the adverse economic environment, which increases the risk of this sector in particular.

During the month of January of 2009, alternatives were evaluated to improve the operating efficiency of Pronegocio, and the decision was taken to merge the outstanding loan portfolio with Banco Mercantil del Norte.









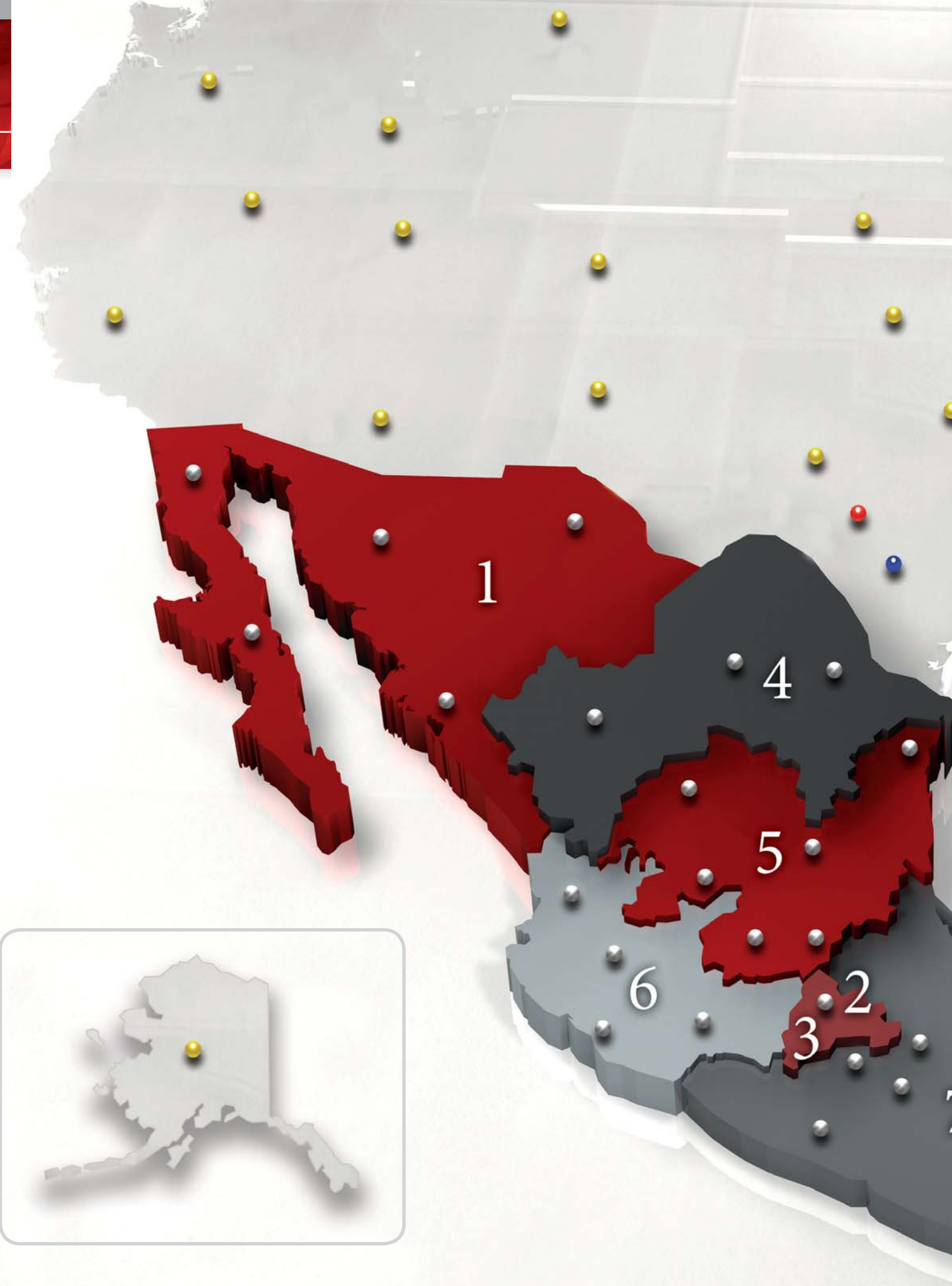
**Strategy Implementation**

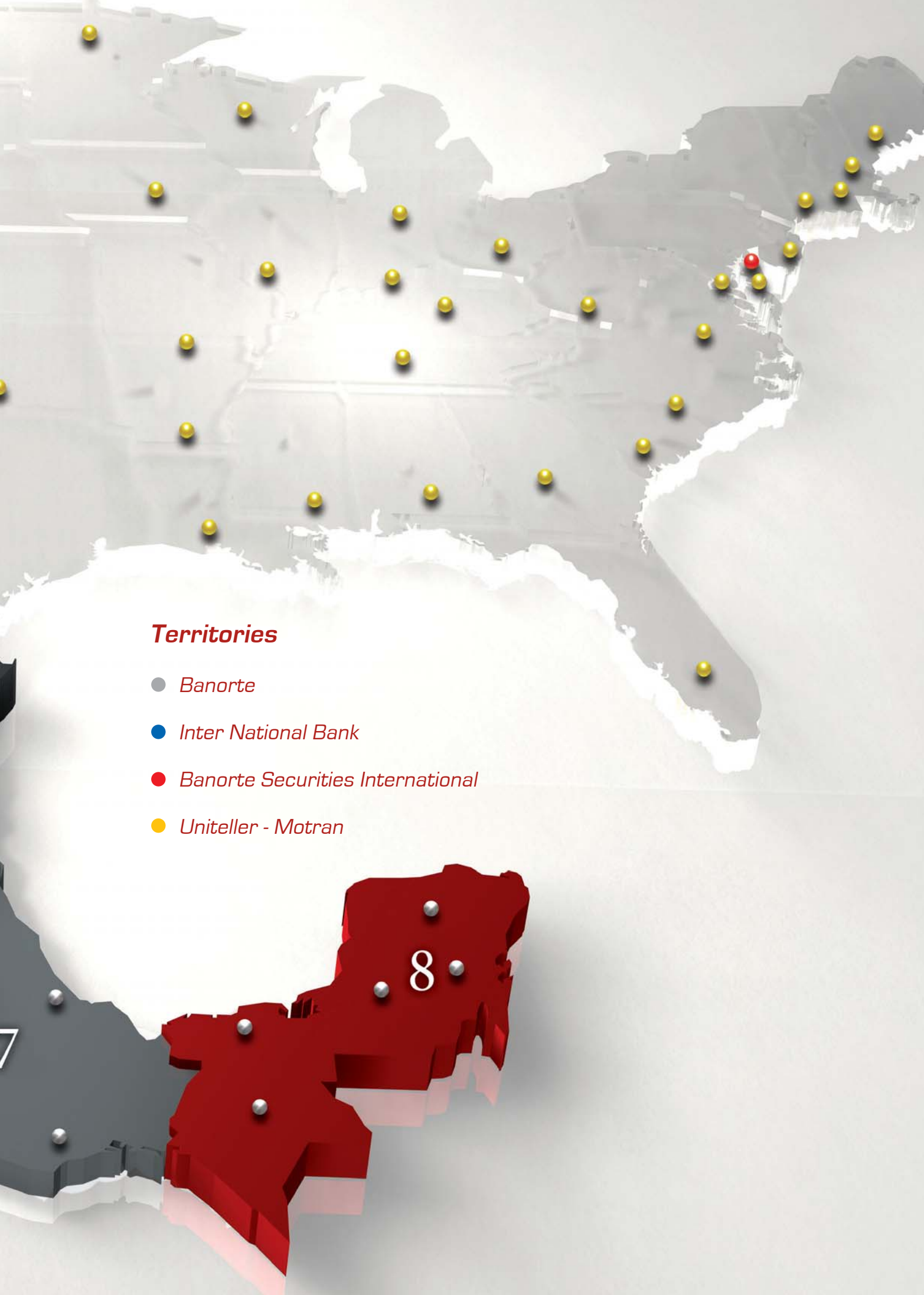
# Banorte's Footprint

Territory	Estate	Branches			ATM's		
		Dec' 07	Dec' 08	% Change	Dec' 07	Dec' 08	% Change
Northwest							
	Baja California Norte	27	29	2	111	124	13
	Baja California Sur	10	10	0	25	25	0
	Chihuahua	34	36	2	243	246	3
	Sinaloa	45	46	1	134	140	6
	Sonora	26	28	2	90	99	9
		142	149	7	603	634	31
Mexico North							
	Distrito Federal	50	50	0	139	174	35
	Estado de México	85	91	6	248	279	31
		135	141	6	387	453	66
Mexico South							
	Distrito Federal	111	122	11	265	328	63
	Estado de México	17	18	1	39	43	4
		128	140	12	304	371	67
North							
	Coahuila	31	32	1	185	199	14
	Durango	17	17	0	41	41	0
	Nuevo León	138	145	7	617	653	36
	Tamaulipas	28	28	0	188	194	6
		214	222	8	1,031	1,087	56
Central							
	Aguascalientes	15	16	1	77	85	8
	Guanajuato	41	43	2	133	142	9
	Jalisco	5	5	0	7	7	0
	Querétaro	12	13	1	56	63	7
	San Luis Potosí	28	29	1	127	141	14
	Tamaulipas	18	21	3	85	98	13
	Zacatecas	20	21	1	74	85	11
		138	147	9	559	621	62
West							
	Colima	7	7	0	27	28	1
	Michoacán	22	22	0	50	58	8
	Nayarit	6	6	0	16	20	4
	Guanajuato	4	4	0	8	9	1
	Jalisco	79	86	7	251	285	34
		118	125	7	352	400	48
South							
	Guerrero	9	10	1	25	28	3
	Hidalgo	7	7	0	15	19	4
	Morelos	9	10	1	24	27	3
	Oaxaca	19	19	0	26	40	14
	Puebla	28	32	4	48	62	14
	Tlaxcala	4	4	0	14	18	4
	Veracruz	26	29	3	61	78	17
		102	111	9	213	272	59
Peninsular							
	Campeche	6	6	0	21	25	4
	Chiapas	30	31	1	78	99	21
	Quintana Roo	13	15	2	63	78	15
	Tabasco	7	7	0	19	28	9
	Veracruz	3	4	1	7	9	2
	Yucatán	17	19	2	37	59	22
		76	82	6	225	298	73
Total		1,054	1,118	67	3,674	4,136	462









## ***Territories***

- *Banorte*
- *Inter National Bank*
- *Banorte Securities International*
- *Uniteller - Motran*

8

“The financial group was once again able to achieve record results, a 3% improvement, in spite of a difficult scenario filled with complex challenges. Deposits and loans grew substantially, resulting in market share gains. We also expanded our footprint to more than 1,100 branches and over 4,100 ATMs, transforming us into the fourth most important network in the country”.

**Roberto González Barrera**

Chairman of the Board of Directors  
of Grupo Financiero Banorte



# Delivery Channels

Banorte has one of the largest financial distribution networks in the country with more than 1,118 branches and over 4,000 ATMs through which it offers quality service to its clients. In addition, Banorte also has one of the most modern and secure Internet services to conduct financial transactions, as well as a world-class Call Center with the support of a sound technological platform.

## Branches

Banorte strengthened its presence in mature and consolidated markets, while at the same time it expanded branch coverage into new markets by opening offices and undertaking strategic relocations. These efforts were specially focused in Mexico City, where 32% of the branch movements were made.

During year 2008, 67 new offices were opened and 3 were closed; 19 offices were relocated and 5 were refurbished; at yeared, there were a total of 1,118 branches. In this respect, 2008 has been the year with the most openings comoared to the last three years.

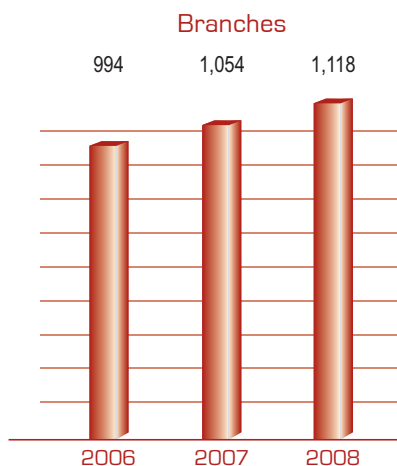
In 2009, Banorte will continue to expand its branch network at a pace in accordance with the economic environment, seeking to increase its penetration in underpenterated markets, placing greater emphais in the Northern and Southern parts of Mexico. At the same time, and in light of the expected economic situation for 2009, Banorte will merge some of its branches to increase efficiency without lowering the quality of service our clients count on.

## ATMs (Automated Teller Machines)

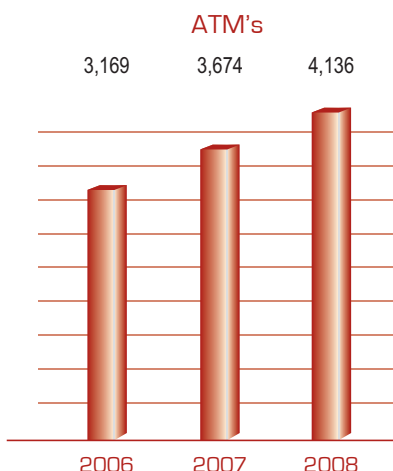
The strategy of increasing the number and quality of clients is accompanied by a growth in the number of ATMs that offer payroll support, especially to Banorte payroll users. At the end of 2008, Banorte had a total of 4,136 ATM units, increasing by 450 units during the last year. Additionally, in accordance with the technological upgrade program, a great number of ATMs were modernized with up-to-date equipment, which improved the quality of service and strengthened this channel that accounts for 45% of bank transactions.

## Banortel Call Center

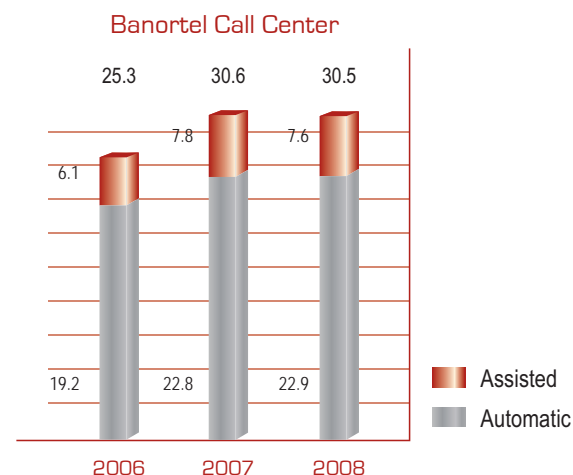
During 2008, Banorte's Call Center answered 30.5 million calls from clients, using a new format that will set our service apart from the competition, achieving a tangible benefit for clients by directing their call to specialized agents for each product. It is also important to point out that during this period, the Call Center's equipment was updated with a modern technological platform, enabling us to provide better service to our clients.



*Includes bank agencies.*



*ATM's.*

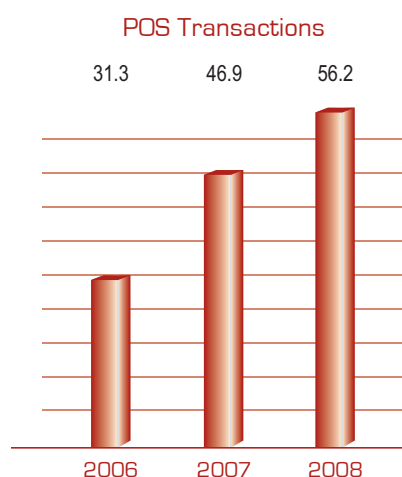


*Millions of calls.*

## Acquired Business (Point of Sale Terminals-POS)

Through this channel, we can offer clients efficient service with terminals using the Internet. We also enable clients to charge credit cards on-site (national and international, Visa, MasterCard or even American Express) with mobile terminals and even through the Internet using the electronic merchant solution.

Currently, we have 35 thousand affiliations, through which 56 million annual transactions were carried out, for a total billing of Ps 37.71 billion in 2008.



Million transactions.

## Internet Banking

With Banorte's internet banking, clients can carry out more than 50 different types of transactions without having to visit a branch office. At the moment, there are almost 300,000 active clients using this option, carrying out over 156 million transactions a year with an average monthly amount of Ps 468 billion.

With the development of the new host-to-host communication system (Conexión Banorte), through which the company's administrative system (ERP) connects directly to the bank's central operations, a massive number of bank transactions can be carried out in less time, without human intervention and with the highest security standards that distinguishes Banorte. This product provides the services required by large corporations as well as government entities to handle large quantities of transactions with the highest levels of service and security.

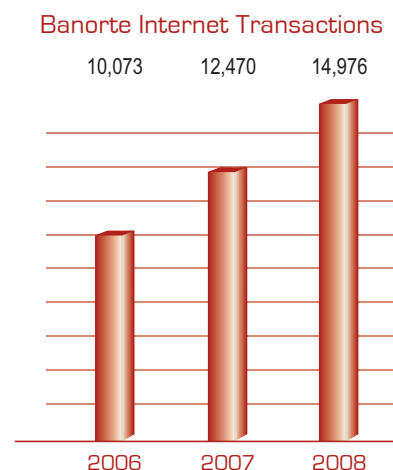
## Innovation in Channels

Given the importance of providing our clients with the necessary tools to avoid the growing number of fraudulent transactions done through electronic trade, and in response to the new nationwide regulations that came into effect which mandate affiliated merchants to absorb disputed charges, Banorte implemented the 3D Secure (3DS) system.

3DS is a new service which provides additional security for purchases made through the Internet, using a password linked to the customer's card (electronic signature). Under the acceptance of VISA and MasterCard cards, the basic concept of 3DS is to ensure the validity of the transaction by means of an on-line authentication (verification), protecting the cardholder from future fraud, as well as the merchant from reversed charges resulting from a fraudulent transaction.

The main attribute of this service is the change of responsibility. This means that if a merchant is protected by the 3DS service and the customer's credit card is not registered with Verified by VISA or MasterCard Secure Code, the issuing bank is responsible for the reversed charges and not the merchant, thereby greatly reducing the possibility of disputed charges against the merchant.

This new service provides our merchants with better security and assurance in their sales, being beneficial to the acquirer (merchants with a change of responsibility), as well as to the issuing bank.



December thousand transactions.

# Image

Banorte has always been characterized by its ability to identify the specific needs of Mexicans in every moment. Year 2008 was a clear example of that: in Banorte's products and services offering we find an intelligent variety that exemplifies Banorte's support for Mexicans, which is so necessary in these difficult times.

*"Banorte encourages Mexican families to save".*

Given the 2008's global economic conditions, savings became a key issue for Banorte, so the bank began a campaign to promote to Mexican families the importance of savings, using successful schemes like the Vacations campaign, as well as the value offering of the Pagamás and Ganamás products.

The Vacations campaign was launched half-way through 2008, aimed to increase savings, uniting efforts and including, under the same media concept, the Suma Ahorro, Enlace Global and Mujer Banorte products. The Vacations promotion offers daily prizes of all-inclusive trips for 4 people to Mexican beaches, and is targeted to clients who increase their monthly balance or who open an account with participating products. Results have been excellent and have transformed the Vacations campaign into a permanent offer to incite Mexicans to save.

To reinforce the saving's concept, Banorte continued to push the 28 day promissory note offer through its Pagamás promotion, which offers a bonus of 4 months' of additional yield for every 6 months of permanency. Additionally, in July of 2008, the 28 day Ganamás product was launched, which offers a preferential rate for clients

seeking a short term investment. And towards the end of the year, in the face of the financial markets' volatility, the Ganamás campaign launched 7 day and 14 day terms in addition to the 28 day option, with the intention to attract investors who are seeking for attractive yields with short maturities that ensure their liquidity needs. This product offering has enabled Banorte to grow term deposits faster than the market, as well as increase its market share in this segment.

Banorte also found a way to recognize and acknowledge the good faith and responsibility of clients who meet their financial commitments in spite of the difficult economic situation which began in 2008. With the creation and launching of the Cliente Cumplido (Responsible Client) campaign, and the credit card restructuring program towards the end of the year, Banorte reaffirmed the commitment with its clients.

*"Banorte recognizes and supports Mexicans who make an effort to meet their commitments".*

The Cliente Cumplido promotion is profiled as a permanent campaign. Launched in the last quarter of 2008, it rewards clients who maintain their credit card balances current, with the opportunity to participate in monthly raffles for important cash prizes.

In a situation where increasing past due loans became a topic of concern for everyone, as a Mexican bank, Banorte assumed the necessary leadership by offering clients an unprecedented program to restructure credit card debt under excellent terms and conditions. The credit card restructuring program, named 50/48, offers cardholders a discount of up to 50% on the interest rate and up to 48 months

Invierte tu dinero a la segura con **GANAMÁS+** y obtén una **tasa preferencial a 7, 14 ó 28 días**

O, si lo prefieres, mantenlo 6 meses y recibe un bono de 4 meses más de rendimiento con **PAGAMÁS+\***

**BANORTE**  
EL BANCO FUERTE DE MÉXICO

Ahorra y viaja gratis con Banorte

Gana: • Durante **TODO** el año  
• **2 VIAJES** todos los días  
• Para **4 PERSONAS**  
• **TODO** pagado

Abre una cuenta Suma Ahorro, Enlace Global o Mujer Banorte o incrementa tu saldo y por cada \$1,000 pesos participas en los sorteos quincenales. Puedes ganar una y otra vez.

**BANORTE**  
EL BANCO FUERTE DE MÉXICO

Paga a tiempo tu Tarjeta de Crédito Banorte y gana.

Ahora son **70** premios mensuales de **\$20,000 pesos**

En Banorte premiamos tu puntualidad.

**BANORTE**  
EL BANCO FUERTE DE MÉXICO



to pay. The response was rapid, and from the first day cardholders reacted favorably, resulting in extraordinary efficiency ratios. Shortly after launching it into the market, the program was relaunched the following January due to the clients' request to extend the payment term to 60 months. This concept was received favorably by the public and the authorities, setting Banorte as the role model for Mexican banking.

Banorte's commitment to Mexico is also reflected in the enthusiasm put forth each day in offering innovative products that support key sectors of our country. Banorte is proud of its SME Package, Payroll and products specifically developed to support agriculture, because they strategically meet the needs of those sectors that are the pillars of our economy.

In 2008 the SMEs Package evolved in its positioning and offering: by transforming from a single product to an integral offer that resolves credit needs through: Crediactivo Empresarial and Comercial; the new Empuje Negocios credit card; bancarization; technology with BEM (Banorte in your Company); Payroll and Investment. This new comprehensive offering was announced and promoted massively nationwide through advertising and promotional campaigns, with presence in more than 35 municipalities, developing events with current and prospective clients to generate positioning and sales.

As recognition to its constant innovation and drive, for a second consecutive year, the Ministry of Economy recognized Banorte as the leading SME originator, and Nacional Financiera, a government development bank, did it for the first time.

In year 2008 a new platform of Nómina Banorte (Banorte Payroll) was launched in the market, as a result of technological developments and competitive features that are above and beyond those offered in the Mexican financial system. The long term vision is to position Nómina Banorte as an integral offer of products and services for the company and the payroll clients. To achieve this, an aggressive promotional campaign was implemented. This new program is continuous and unique to the market since it recognizes and rewards client loyalty. In this sense, and in anticipation to the market communication strategies,



**50%**  
de descuento  
en la tasa

Banorte le brinda un fuerte apoyo  
a todos sus clientes de **Tarjeta de Crédito**.

**y 48** meses  
para pagar

Llama ahora mismo al  
**01 800 560 4444** y compruébalo.

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EL BANCO FUERTE DE MÉXICO

En Banorte apoyamos  
a las empresas mexicanas  
para que sigan creciendo.

**3 MESES GRATIS**  
del Paquete PyMES

**Promoción Otoño PyMES**

Contrata hoy tu Paquete PyMES y comienza  
a pagar a partir del cuarto mes y obtén:

- Cuenta de cheques Entice Global
- Nómina Banorte
- Banca por Internet
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Visita a cualquiera de las más de 1000 sucursales Banorte  
y aprovecha las promociones.  
En Banorte creemos en México porque somos mexicanos.

**BANORTE**  
EL BANCO FUERTE DE MÉXICO

En Banorte creemos en México  
y apoyamos los proyectos de sus empresas.

**FINANCIAMIENTO**

**Crediactivo Banorte**  
El crédito que tu empresa requiere para crecer y consolidarse.

- > Financiamiento hasta **13 millones** de pesos
- > Te damos hasta **10 años** para pagar\*

Acércate a las más de 1000 sucursales Banorte y solicítalo ya.  
[www.banorte.com](http://www.banorte.com)  
\*Dependiendo del crédito que solicites.

**BANORTE**  
EL BANCO FUERTE DE MÉXICO

# Image



*"Banorte has always supported the two sectors that are the economic pillars of our country: SMEs and agriculture".*

an important campaign was launched: "Nomina Banorte doubles your salary during one year", with presence in more than 35 municipalities nationwide. From the first month it opened on December 2008, the campaign became the leader in recognition by clients.

In the agricultural sector, Banorte maintained its communication strategies for this segment with promotional events in 25 key municipalities in order to attract new clients and strengthen the loyalty of current clients. In this sense, a massive TV campaign was launched for the first time, aimed to consolidate our positioning as a leading supporter in Mexican rural areas.

Within Grupo Financiero Banorte's strategies, one of the main objectives has always been to remain close to all the Mexicans, wherever they may be. A clear example is our alliance with Telecomm. Through this channel, Banorte has been able to reach nearly 500 unbanked communities; 500 small populations where these services are very limited. Since year 2006, Banorte was given the task of going beyond our borders to turn the dream of providing service to Mexicans living in the USA into a reality, and the bank is now providing high quality financial services through Inter National Bank.

## Special Events

Banorte gave a special stimulus to certain active and carefully selected events that given their special features leave an important mark in the daily life of Mexicans. This is one way in which Banorte

*"One of Banorte's main priorities is to be accessible to all Mexicans wherever they may be".*

can reaffirm its commitment and alliance with its connationals and go beyond its image of a financial institution, by promoting cultural development in the country.

"Mexico's 300 Most Influential Leaders" is an annual event headed by the President of Mexico. This is a highly rated, prestigious and public relationships forum, through which prominent leaders from diverse sectors exchange ideas and establish the guidelines for the development of the country. Banorte is, without a doubt, one of the most important participants in its category, recognizing the potential and talent that drives development for the improvement the country.

Each year Banorte participates in the "Business Summit", a forum attended by world leaders, in which conferences are given to leading executive-level businessmen. This summit is an important event on a global scale with the outstanding participation of Roberto González Barrera, who as leader of two large corporations, Gruma and Grupo Financiero Banorte, promotes the importance of driving Mexican companies to continue seeking important achievements.

Banorte also sponsored the "Ashes and Snow" exhibition by the artist Gregory Colbert cultural event, which was also promoted by the Government of Mexico City.. This project entwines photographs, movies, artistic facilities and even an epistolary novel. An original and imposing structure was mounted in the Constitutional Square of Mexico City, known as the Nomadic Museum. The exhibition has been visited by more than nine million spectators in the entire world and, in Mexico was seen by more than two million visitors.

In the same way, Mexico's "Strong Bank" sponsored another of the most important artistic events of the year: a gala concert held in the Chichen Itzá ruins with the great tenor, Plácido Domingo and the famous Yucatecan composer, Armando Manzanero. Banorte's participation in this gala event marks the beginning of a program aimed to support national talent, especially through the great cultural wealth that exists in our country, displaying it to Mexicans and to the world.



## Acknowledgements

For Banorte, 2008 was also a year of celebration, especially because the hard work and dedicated enthusiasm of its work team bore fruit. Banorte received various international awards, from diverse prestigious institutions in the industry such as:

- For the fourth time, Banorte received The Banker award as "Bank of the Year in Mexico 2008".
- Euromoney recognized Banorte, as "Best Bank in Mexico and Latin America".
- World Finance named Banorte as the "Best Financial Group in Mexico".

This is how Banorte affirms its commitment with all sectors of the Mexican population, to continue to be an innovative, transparent bank, as well as an institution for everyone.





# Products and Services



Today, Banorte is one of the leading banks in mortgage, commercial, corporate and government sectors, through an attractive line of products and services. It is important to point out that in spite of stricter origination standards industrywide, Banorte continues supporting families, companies and government entities with innovative loan and financial services.

## Family Loans

**Mortgage Loans.-** Banorte is the second most important bank in terms of mortgages sold, placing approximately one of every five loans granted by the six major banks in the country. This was achieved while at the same time ensuring the quality of the loans originated, as well as the levels of quality in service to individual clients and to housing developers.

During 2008, Banorte launched several products and innovations:

- Launched the new Alia2 and Respaldar2 products, co-financed with the ISSSTE Housing Fund, for loans of at least Ps 300,000 and maturities between 5 and 30 years.
- Launched loans with the support of Genworth Mortgage Insurance, which enabled clients to purchase a home with up to 100% financing.

- Undertook the "Mortgage 2% Reimbursement" campaign.
- Presented the discount plan for timely payment with terms over 15 and up to 30 years.

**Credit cards.-** Banorte has a wide product offering that was strengthened in 2008 through new products targeted to specific sectors, like the Platinum and Empuje Negocios credit cards. The product offering was also complemented through an alliance with American Express in order to jointly promote the Corporate Card.

In order to ensure better asset quality of the portfolio, towards the year end, more conservative origination policies were taken, as well as stricter measures in balance transfers and cash withdrawals. Additionally, a campaign was carried out that offered clients alternatives to pay balances with longer terms and discounts on the interest rates.

**Payroll Loans.-** New loan placements grew by 6%. The year was characterized by the strong promotion of this product, improving its features, such as: extended terms and number of months of wages to disburse; efficient origination process; the quick availability of loans, in some cases without even having to go into a branch. Additionally unemployment insurance was included, providing Banorte's clients with an extremely sound product.

**Deposit products for individuals.-** Banorte has highly competitive products, with more simplified characteristics, but with a tender of high value for the client. Mexican families were encouraged to save with the launching of the "Save and Travel Free with Banorte" campaign, which raffled 2 trips daily to a Mexican beach destination for clients who opened an account or increased their account balance. As a result of the campaigns to promote products such as Enlace Global PF, Suma and Banorte Fácil to individuals, 655,000 new accounts were opened during 2008.

**Time Deposits.-** Banorte continued offering the successful Pagamás concept which rewards long term investing with special features. The new Ganamás product for 7, 14 and 28 days was also promoted, targeting clients who are seeking short term investments through which they can obtain preferential rates. With this new offer, Banorte consolidated itself as a leading bank in time deposits.

## Corporate

**Empuje Negocios Credit card.-** This credit card was included in the platform of comprehensive services for SMEs. It is a loan product for corporations that bill a minimum of Ps 25,000 per month. Using this card, SMEs have access to exclusive services that include free strategic orientation in the: legal, fiscal, accounting, mercantile, labor, civil and penal areas via telephone or Internet. SMEs can also obtain authorization for a credit line up to Ps 200,000 in a maximum of 72 hours.

**Crediactivo.-** In November 2008, the Ministry of the Economy granted Banorte with the SME Award as the leading originator bank for the National System of Guarantees for SMEs. The following month, Nacional Financiera recognized Banorte as the leader in the operation of the SME Program. Both distinctions corroborate Banorte's leadership in this sector. In 2008 the SMEs loan portfolio grew 24% YoY, ending the year with a balance of Ps 18,349 million.

**Agricultural Loans.-** During 2008, Ps 30,500 million were placed in this sector, a 25% YoY increase, ratifying once again Banorte's leadership in support of the development of Mexican agriculture, by promoting the primary activity and agricultural chain of more than 180,000 producers that operate approximately 765,000 hectares.

**Enlace Global PM.-** Banorte attends all corporate needs through this product which has multiple features and has demonstrated its success through the opening of almost 18,000 accounts during the year. With the objective of making this product more attractive, as of 2008, corporations can disperse a payroll of up to 1,200 employees for the same monthly fee.

**Payroll.-** In 2008, Banorte pushed payroll products for companies, corporate and government entities, having made important improvements to these payroll dispersing products, to the benefit of companies and employees who receive deposits under this system. These improved products, coupled with the advertising campaigns, made 2008 a record year record for Banorte in the number of companies that hired this service.

## Government

Based on the experience acquired during the last few years, Banorte continued to improve its service throughout 2008 to the three government levels: federal, state and municipal, achieving a significant market share gain in this important sector.

Through the use of the state-of-the-art technology that Banorte developed, the bank was able to consolidate itself as one of the leading banks in meeting governments' needs for banking products and services, loans and technological services nationwide through securitizations, payroll services, collections and factoring, among others.



# Human Resources and Technologies

Full-time employees	2006	2007	2008
Banking Unit <sup>(1)</sup>	13,362	14,211	15,109
Long Term Savings Unit	1,822	2,106	3,837
Brokerage Unit	183	188	195
Other Finance Companies <sup>(2)</sup>	562	710	742
Remittances		133	114
<b>GFNorte</b>	<b>15,929</b>	<b>17,348</b>	<b>19,997</b>

(1) In 2006, includes 326 INB employees.

(2) Includes: Arrendadora y Factor Banorte, Almacenadora Banorte and Créditos Pronegocio.

## The Human Factor

In 2008, Banorte maintained its position as a world-class financial institution, as a result of its employees and the teamwork that has always characterized us. Working together towards the same goal is the Group's philosophy.

With the objective of strengthening communication channels with personnel, the technological infrastructure was improved, facilitating the communication of results, commercial strategies, product upgrades, training and management of human resources.

In a desire to maintain high standards of productivity, efficiency and labor satisfaction, organizational surveys are conducted to better understand the perception of all the employees and to take actions that will contribute to continuous improvement.

An Integral Training Program was implemented for branches and business areas, based on a comprehensive evaluation of personnel, which allowed placing participants in a formation plan. The main objective is to focus the program on each individual employee's needs.

Banorte is recognized as an attractive institution within the labor market, due to the fact that we maintain a competitive permanent compensation and benefits package that allows us to remunerate in an appropriate way each one of the almost 20,000 people that assist Banorte clients routinely.

## Technology

The volume of transactions conducted by our different channels of service increased 13% YoY, for a total of 778 million transactions at closing of 2008 and a level of service superior to the one agreed with the business areas.

Investing in technologies and methods of monitoring transactions permits a high availability of services, and at the same time a quick response to any event related with the transaction or security in order to have continuity.

Renegotiation of contracts with the main technology suppliers, as well as the different efforts to optimize software applications and infrastructure, have generated efficiencies which make it possible to absorb new investment expenses and become a lower portion of the business' organic growth.

With the objective of continuing to improve efficiency, the area of operations reengineered processes, such as transfer of values, credit





card transactions, corporate and commercial Banking, to name a few. The application of techniques from Lean Banking has improved the efficiency of processes and has supported the volume growth in client transactions.

With respect to the channels of distribution, Internet services were transferred to a new technological platform that has better functional capacities and a larger scale to respond to the growing demand for electronic services, where more than 60% of the amounts annually transacted are generated. Banorte's technological infrastructure was also replaced with the technologies used by the best global contact centers.

Certain important adaptations to the central operation systems and the delivery channels were made in accordance with the regulations established by the "Law for Transparency and Classification of Financial Services" as well as for the "Tax Law for Cash Deposits".

Banorte clients can be assured that the best technology is used in the management of their financial needs and in order to provide high quality service.







**Group Officers and Members of the Board of Directors**



## MANAGING DIRECTORS

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Chief Executive Officer of Grupo Financiero Banorte

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Managing Director of Commercial Banking

Sergio García Robles Gil  
Chief Financial Officer

Antonio Emilio Ortiz Cobos  
Managing Director of Corporate and Commercial Banking

Joaquin Lopez Doriga Lopez Ostolaza  
Chief Corporate Officer

Manuel Sescosse Varela  
Managing Director of Government Banking

Alma Rosa Moreno Razo  
Managing Director of Administration

Ricardo Acevedo de Garay  
Managing Director Brokerage

Carla Juan Chelala  
Managing Director of Marketing

Luis Fernando Orozco Mancera  
Managing Director of Asset Recovery

Aurora Cervantes Martínez  
Managing Director of Legal

Fernando Solís Soberón  
Managing Director of Long Term Savings

Roman Martinez Mendez  
Managing Director of Audit

Carlos Garza  
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Gerardo Coindreau Farías  
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Miguel Javier Huller Grignola  
Managing Director of Consumer Products

Prudencio Frigolet Gómez  
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Central

Marcelo Guajardo Vizcaya  
Southern Mexico

Juan Antonio de la Fuente Arredondo  
Northwest

Juan Carlos Cuéllar Sánchez  
Northern Mexico

Alberto Salvador López  
Peninsular

Juan Manuel Faci Casillas  
West

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David Villarreal Montemayor Shareholder	Isaac Hamui Mussali Independent
Magdalena García de Martínez Chavarría Shareholder	Carlos Chavarría Garza Shareholder
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