

110 años
BANORTE

 GRUPO FINANCIERO
BANORTE

Annual Report
2009

BANCO MERCANTIL

Mission

- Satisfy the financial needs of our clients through high quality personalized service, provided in a friendly and efficient manner.
- Preserve the integrity and quality of our operations, especially when handling the Group's deposits and capital.
- Increase profitability levels to back our depositors and shareholders, and generate a base of reinvestment for the Group.
- To be responsible citizens and as an institution, aspiring to become leaders in the communities that we serve.
- To be a serious and fair source of employment, treating our employees with the highest degree of equality and respect.

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Highlights



Highlights

Highlights

GRUPO FINANCIERO BANORTE	2007	2008	2009
Total assets	287,283	577,025	567,138
Deposits	203,307	260,769	274,908
Loan Portfolio	196,532	245,246	245,108
Past due loan ratio (%)	1.5	2.0	2.5
Reserve coverage (%)	130.8	135.2	122.4
Shareholders' equity ⁽¹⁾	32,489	37,802	41,366
Net income (according to participation)	6,810	7,014	5,854
ROE (%)	22.7	19.7	14.9
ROA (%)	2.6	1.9	1.0
Shares outstanding (thousands)	2,018,348	2,014,000	2,017,800
Book value per share (pesos)	16.4	18.8	20.5
Earnings per share (pesos)	3.4	3.5	2.9
Dividends per share (pesos)	0.45	0.47	0.52
Number of branches ⁽²⁾	1,053	1,117	1,088
Full-time employees	17,348	19,997	19,311

BANKING SECTOR	2007	2008	2009
BANCO MERCANTIL DEL NORTE			
Total assets	274,936	563,111	549,430
Shareholders' equity	30,912	36,042	41,006
Net income ⁽³⁾	6,151	6,543	5,132

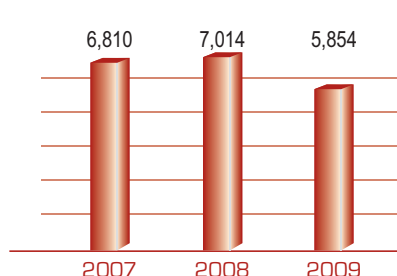
LONG TERM SAVINGS SECTOR	2007	2008	2009
AFORE BANORTE GENERALI (PENSION FUNDS) ⁽⁴⁾			
Total assets	1,102	1,218	1,557
Shareholders' equity	963	1,052	1,340
Net income	165	189	288
PENSIONES BANORTE GENERALI (ANNUITIES)			
Total assets	11,083	14,719	18,212
Shareholders' equity	1,121	985	1,016
Net income	266	33	31
SEGUROS BANORTE GENERALI (INSURANCE)			
Total assets	10,864	11,273	12,257
Shareholders' equity	1,827	2,130	2,370
Net income	334	476	438

BROKERAGE SECTOR	2007	2008	2009
BROKERAGE HOUSE			
Total assets	1,260	1,550	5,273
Shareholders' equity	1,016	1,142	1,396
Net income	284	183	203

SPECIALIZED ENTITIES SECTOR

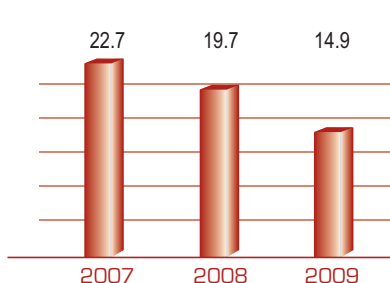
	2007	2008	2009
ARRENDADORA Y FACTOR BANORTE (LEASING AND FACTORING)			
Total assets	4,821	14,001	13,434
Shareholders' equity	500	1,184	1,486
Net income	140	313	403
FACTOR BANORTE (FACTORING) ⁽⁵⁾			
Total assets	7,626		
Shareholders' equity	491		
Net income	107		
ALMACENADORA BANORTE (WAREHOUSING)			
Total assets	140	318	211
Shareholders' equity	101	122	144
Net income	15	23	22
MICROLENDING ⁽⁶⁾			
Total assets	653	433	
Shareholders' equity	51	48	
Net income	(30)	(120)	

NET INCOME GFNORTE



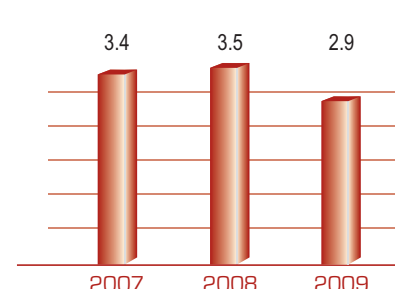
Million pesos.

ROE GFNORTE



Average Shareholders' equity ex-minority interest.

GFNORTE EPS



Pesos.

	Majority net income 2009	GFNorte ownership in subsidiaries
BANKING SECTOR	\$4,786	92.72%
BROKERAGE SECTOR	\$203	100%
LONG TERM SAVINGS SECTOR	\$380	
Afore Banorte Generali (Pension Fund) ⁽⁵⁾	\$141	51%
Seguros Banorte Generali (Insurance)	\$224	51%
Pensiones Banorte Generali (Annuities)	\$16	51%
SPECIALIZED ENTITIES SECTOR	\$440	
Arrendadora y Factor Banorte (Leasing and Factoring)	\$403	100%
Almacenadora Banorte (Warehousing)	\$22	100%
Microlending	\$15	100%
HOLDING	\$45	100%
TOTAL	\$5,854	

Million pesos.

(1) Without minority interest.

(2) Includes bank modules and excludes foreign branches.

(3) Includes majority participation of Afore and Banorte USA.

(4) Subsidiary of Banco Mercantil del Norte.

(5) As of January 31st, 2008 merged with Banorte Leasing.

(6) As of August 31st, 2009 merged with Banco Mercantil del Norte.



Message from the Chairman of the Board of Directors

Throughout my years of experience, 2009 proved to be without a doubt the most complicated in the economic history of the past few decades. We began the year immersed in the most severe international financial and banking crisis since the Great Depression. The intervention of governments to bolster the financial system was unprecedented. Fiscal and monetary stimuli provided jointly by authorities of several countries and international organizations around the world to prevent the recession from turning into a depression is establishing an important milestone in the modern era. However, the quantitative monetary easing has left many doubts about the long term inflationary impact and possible bubbles that could affect asset prices in various markets, although given the severity of the economic crisis; there seems to be no other viable alternative to this situation.

It is possible that the drivers of the global economy will be the large emerging countries, but it will be difficult to have a long term sustainable growth rate without a higher growth in the developed economies, especially Europe and Japan.

As a result, doubts prevail regarding the sustainability of the current recovery, since some of the world economies have weak fiscal positions and high levels of indebtedness. However, there are elements and facts that show improving trends:

1. The measures adopted to date have achieved their immediate objective of containing the severity of the crisis and seeking a gradual recovery in economic activity.

In the United States, this resulted in an annualized economic growth rate of 5.6% during the fourth quarter of 2009, the highest in several years.

2. There was a clear recovery in commodities' prices during 2009, as a result of demand from Asian countries, particularly China, whose economy has been the most dynamic over the past decade; as well as the economic recovery in the United States.

3. For its part, Brazil continues to be the main focus of attention in the region. The speed in which they overcame the crisis and their growing influence in global issues, is still surprising everyone.

In terms of geopolitics, 2009 was a year of tensions. Many of the relevant topics in the international agenda continue to be unresolved, while others have become even more complicated, such as the Afghan war or the tensions with Iran. Other problems also surfaced, such as the reconstruction of Haiti, and more recently Chile, as a result of the devastating earthquakes that shook those countries.

The events that took place in Mexico in 2009 demonstrated that the country has the strength to face enormous challenges. Four events marked the country's direction: the increasing insecurity, the swine flu epidemic, the global economic recession and the severe drought that the country suffered.

The strategies implemented by the government to fight the insecurity that affects Mexicans is brave and will gradually achieve better living standards for future generations. On the other hand, in the face of uncertainty generated by the swine flu epidemic, the authorities adopted series of responsible and adequate measures, along with an exemplary response from the Mexican population.

In 2009, Mexico registered the most significant economic contraction of the last decades, with a decline of 6.5% in the Gross Domestic Product, generating a high unemployment rate. Contrary to other crises, on this occasion the contraction was caused by external factors. In spite of this adverse environment, a recovery began in the second half of the year in manufacturing activity and exports, making us optimistic about our expectations for the future.

Under this context, Banorte's performance in 2009 was satisfactory considering the difficult environment faced by most of the world's

financial institutions. In spite of all this, the return on equity was almost 15%, and net income generated was Ps 5.85 billion pesos, consolidating its position as a solid institution in the Mexican financial market.

Throughout the year, the bank continued to focus on strengthening its fundamentals. Delinquent loans were cleaned up, clients facing an adverse situation were given the possibility to restructure their loans, reserves were increased for loans with a higher level of risk, the capitalization index rose to 16.8% and funding sources were improved through strategies to increase deposits.

Finally, I want to take this opportunity to reiterate my thanks to our clients, employees, board members and shareholders for their trust and commitment.



Roberto González Barrera
Chairman of the Board of Directors
of Grupo Financiero Banorte



Message from the CEO

of Grupo Financiero Banorte

In 2009, Mexico suffered the most severe economic contraction since the Great Depression of the 1930's, with a 6.5% drop in the Gross Domestic Product. A process of global deleveraging was also registered as a result of the mortgage crisis in the United States, affecting the growth of most of the world's economies. In spite of the rescue of many financial institutions by their governments and the extraordinary measures adopted to avoid a financial and economic collapse, the recovery process will be a slow one, taking several years to repair the balance sheets of families and companies.

The Mexican economy was severely affected in spite of its solid economic fundamentals, as a series of events in 2009 produced a perfect storm. First, the crisis that the world's main financial institutions experienced at the end of 2008 affected financing channels, limiting access to credit. The markets were unusually volatile as a consequence of the uncertainty produced by the financial and foreign exchange movements. Secondly, the swine flu outbreak paralyzed the Mexican economy for practically one month, seriously affecting manufacturing, trade, transportation, tourism, services and SMEs, among others. And third, the droughts registered particularly in the summer crop affected the agricultural sector of the country. The sum of these shocks, added to the decline in exports particularly to the United States, affected employment, consumption and investments.

In response to this unprecedented situation, authorities implemented various programs and measures. The Bank of Mexico relaxed its monetary policy, lowering the funding rate to historical levels, following the position that other central banks in the world were forced to adopt. Together with the Ministry of Finance and Public Credit, series of measures were put in effect in order to reactivate liquidity and reduce volatility in the financial markets. The Federal Government also implemented different fiscal stimuli and sectorial support through development banks in order to reactivate investment and maintain the availability of financing to companies.

Regarding the Mexican financial system, the reforms and adjustments carried out as a result of the 1995 crisis which sought to consolidate solid fundamentals and best practices, allowed the Mexican banking system to survive the crisis without the need of government intervention. The main factors behind this were that Mexican banks had high levels of capitalization and liquidity, conservative leverage and stable funding sources. Also, exposure to US and other developed country toxic assets was null. Thus, in contrast to other crisis, this time around Mexican banks remained and even became a relevant actor to ease the problems generated by the crisis, especially through loan restructuring programs that were implemented proactively throughout the year.

The problems mentioned above limited the growth capacity of different business areas. Also, market interest rates had a marked downward trend, with Banxico's reference rate declining from 8.25% in January 2009 to 4.50% at closing of 2009, impacting net interest income strongly especially because of reduced loan demand. On the other hand, financial authorities orchestrated a series of regulatory measures for credit card provisions and commissions that will surely strengthen the banking system in the medium term, but implied an important cost during a difficult economic environment. Finally, the asset quality problems that began at the end of 2007, worsened in the first half of 2009. The PDL ratio in the consumer, mortgage and commercial portfolios increased credit costs, producing an unparalleled level of write-offs for Banorte.

In spite of this adverse environment, the results reported by Grupo Financiero Banorte in 2009 were encouraging.

Accumulated net income for the financial group in 2009 was Ps 5.85 billion pesos, 17% less than in 2008. This was affected by declining interest rates and greater loan loss reserves due to deterioration in the portfolio. It is important to emphasize that profits only registered a sequential decline between the first and

second quarter of the year, and then posted quarterly increases of 9% from 2Q09 to 3Q09 and 5% from 3Q09 to 4Q09. In this respect, net income in the fourth quarter was Ps 1.50 billion pesos, resulting in a YoY increase of 18% compared to 4Q08.

During 2009, the return on equity (ROE) of the group was 15%, lower from the 19.7% level registered in 2008, while return on assets (ROA) rose to 1%.

On the other hand, and in spite of the significant decline in market interest rates and reduced loan portfolio volumes, net interest income increased by 3% in 2009 compared to the previous year, reaching Ps 23.18 billion pesos. This is mainly due to lower funding costs as a result of the 9% YoY growth in deposits, driven by a 7% increase in demand deposits and a 13% increase in retail term deposits, significantly increasing Banorte's market share in this segment.

At closing of 2009, the loan portfolio registered a 1% YoY reduction. Government loans, the main driver of the loan portfolio during the year, rose 44% to Ps 38.99 billion at year end. Commercial loans were Ps 84.15 billion, a 9% YoY drop, while Corporate loans experienced an 11% YoY decline ending the year at Ps 40.24 billion. It is important to highlight that the decline in the commercial and corporate portfolios was due mainly to prepayments received by clients during the course of the year, as well as to the bank's decision to reduce concentrations in sectors that represented potential high risk.

Consumer loans remained the same as in 2008, driven by the mortgage portfolio, which offset declines in other items. Mortgages were Ps 49.22 billion at year end, an 8% YoY increase, consolidating Banorte as one of the most important mortgage banks in the country. Car loans fell 2% due to lower car sales during the year, while Payroll loans declined 3% YoY due to the amortization of Personal loans which are part of this loan item; and Credit cards

reduced by almost 22% as a consequence of stricter origination policies in this sector, as well as lower demand for this product.

The PDL ratio increased to 2.5%. In spite of this, it was still one of the lowest in the Mexican financial system. Also its peak was registered in the second quarter of 2009, and then began to improve in most of the segments; credit cards were not the exception. Total past due loans were Ps 6.15 billion at year end, while the reserve coverage was 122%.

The efficiency ratio was 53% for 2009 with moderate yearly growth, although when including the PTU (employee profit sharing) to the 2008 figures in accordance with the accounting changes which became effective as of April 2009, it shows a small improvement. Non-interest expenses increased 8% during the year and 2% in comparable terms, less than the 3.6% inflation rate, reflecting Banorte's efforts to contain expenses.

Results presented by the financial group's subsidiaries were positive considering the difficult environment. Net income of Long Term Savings Sector (Afore, Insurance and Annuities), was Ps 380 million, an 8% YoY increase. Other Finance Companies (Leasing and Factoring, and Warehouse), reported profits of Ps 425 million, a 27% YoY increase. Finally, the Broker Dealer reported net income of Ps 203 million in 2009, an 11 % YoY increase.

Throughout the year there were series of positive events which supported the business and that will create a more solid platform for Banorte's future growth.

First, we materialized an investment of 150 million USD by the Corporación Financiera Internacional (IFC), a member of the World Bank, in Banco Mercantil del Norte's capital. This sent a positive signal of confidence in our financial situation. It also bolstered our capitalization levels allowing us to end 2009 as one of the best capitalized institutions in the Mexican financial system.

Message from the CEO

of Grupo Financiero Banorte

This partnership will also give Banorte access to the IFC's experience in the development of corporate practices, models of environmental and social responsibility, and collaboration in expansion programs in sectors with high potential to foster social and economic sustainable development in Mexico. Also, as a sign of Banorte's financial strength, the subordinated debt issued in 2003 in the international markets for an amount of US 300 million was pre-paid, even though many global financial institutions were choosing not to exercise this optionality in order to retain liquidity.

On the other hand, we increased our participation in the Afores' sector through strategic acquisitions. In 2Q09, we acquired the client and asset portfolio of Afore IXE and Afore Ahorra Ahora, and in 4Q09, we acquired the assets of Afore Argos. Through these acquisitions, we became the fourth most important retirement savings fund in the market in terms of number of affiliates.

We continue innovating with a greater variety of products and services; introducing the savings account Cuenta Fuerte, the first bundled account that offers 6 different products and services under one single contract. We also launched Hipoteca Aniversario mortgage, a product that fulfills the needs of clients looking to acquire their first home, with the most competitive terms and conditions in the market. We broke new ground in Mexico by introducing the first tool for mobile banking (Banca Móvil) that works with all the mobile phone service companies. Banorte became the first bank to receive authorization by the CNBV to operate through third party correspondents, offering jointly with Telecomm-telegraph company financial services nationally in areas with little or no bank presence.

In 2Q09, to increase our presence in the market for clients with financial needs on both sides of the border, we acquired the remaining 30% of Inter National Bank's shares. In spite of the difficult situation facing the US economy, this transaction provides a platform of growth inside the important US market. To strengthen INB's financial position and face asset quality deterioration as a result of the very complex environment in

that country, Banorte injected USD 30 million additional capital to INB, increasing its capitalization ratio to 17.4% towards the end of 2009 and raising its leverage over the minimum required by the US authorities. Another important event for INB in 2009 was the initiation of a formal agreement with the Office of the Comptroller of Currency (OCC), the regulator of this bank. The implementation of recommendations by the regulator will strengthen the loan origination process, credit follow-ups, risk management systems of the portfolio and better corporate governance in that institution.

The year 2009 was also important in broadening the horizons for Grupo Financiero Banorte's shares. In June 2009, a sponsored level 1 ADR program was launched in the United States with the Ticker GBOOY. Also in June, ordinary shares of GFNorte began trading in the Latin American Stock Market of Madrid's Stock Exchange through "LATIBEX" with the Ticker XNOR. These two initiatives sought to diversify our investor base, offering them investment options in the group's shares in dollars, as well as in Euros.

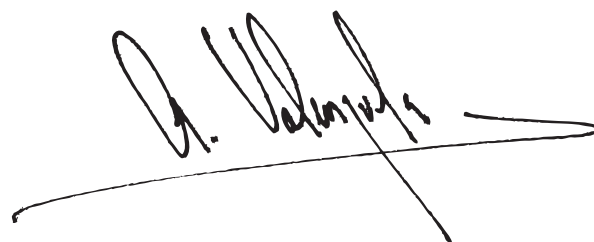
All these positive developments enabled Grupo Financiero Banorte to become the third most important bank in the Mexican financial system in terms of deposits and loans from its previous fifth place, in accordance with CNBV information. This achievement was of significant importance in such a special year for Banorte, since we celebrated 110 years of serving Mexicans during 2009.

Our commitment of continuously seeking to improve service and the quality of our products has resulted in prestigious recognitions, such as "Best Financial Group of 2009 in Mexico" from World Finance and for fourth occasion in the last five years as "Bank of the Year in Mexico 2009" from the Financial Times Group, through their specialized publication "The Banker."

In 2009, the Board of Directors approved the payment of a cash dividend equivalent to Ps 0.52 per share in three installments in 2009 and 2010, payable once approved by the corresponding

Shareholders' Meetings. This payment is equivalent to 15% of the net recurrent profits registered in 2008, demonstrating Banorte's continued commitment to its shareholders.

Lastly, I would like to express our deep gratitude to our more than 15 million clients for their trust in this great institution. I would also like to express our appreciation to our 20,000 co-workers whose effort and dedication enables Banorte to succeed every day, as well as to our shareholders and board members for their invaluable support in consolidating Banorte as "The Strong Bank of Mexico".



Alejandro Valenzuela
CEO of Grupo Financiero Banorte

Business Sectors and Results



Business Sectors and Results

Banking Sector

2009 was a difficult year for the international economy, and our country was not exempt. The financial sector suffered from a general decline in demand for banking products and services. In spite of this adverse environment, Banorte was able to strengthen its financial position, by improving in various indicators.

One of the key contributing factors to obtaining positive results was that in Banorte decisions are made in Mexico in an agile manner and with a wide knowledge of the market. This way, Grupo Financiero Banorte was able to overcome economic setbacks and transform 2009 into a good fiscal year, reaching net accumulated profits of Ps 5.85 billion, ROE of 14.9% and a capitalization ratio of 16.8%.

The achievements of our institution earned us the recognition as “Bank of the Year in Mexico 2009” from the Financial Times Group in their specialized publication, The Banker, for outstanding innovation, service to clients, prudence in risk taking and appropriate management.

The following is a report with the results obtained by each one of the sectors of Grupo Financiero Banorte financial Group.



Results

Accumulated profits in 2009 for the Banking Sector (100%, including the Afore through the participation method) totaled Ps 5.12 billion, 22% below the previous year, due to lower growth in net interest income as a result of lower interest rates, as well as an increase in loan loss provisions and non interest expenses.

Net interest income increased by 3% in the year, driven by lower funding costs as a result of the 7% growth in demand deposits. This offset the decline in interest income caused by reduced market interest rates. The net interest margin (NIM) was 4.2% at year end.

Non interest income was Ps 7.18 billion, reflecting a 10% YoY increase. This growth was a result of increased intermediation revenues and the reclassification of revenues from recoveries of proprietary portfolios previously written-off in the “Other income and operating expenses” line in accordance with the new accounting criteria which came into effect in April 2009.

Non interest expenses grew 9% compared to 2008 mainly due to the accounting reclassification of the PTU (employee profit sharing) as an expense, also as a result of accounting criteria which came into effect in April 2009, which added to the increase in personnel expenses, higher paid professional fees and contributions to IPAB.

The efficiency ratio increased slightly in the period from 50% in 2008 to 52% in 2009, mainly due to the reclassification of PTU (employee profit sharing). When excluding this impact, the efficiency ratio was 50% in 2009, the same as in 2008.

Deposits

In 2009 the group's management team focused its service strategy on the Client Vision initiative (Visión Cliente) whose objective is to provide quality services that provide value to clients by satisfying their financial needs. This strategy is reflected in different aspects of the bank such as deposits, loan portfolios, services and delivery methods. This way, we present to our clients products and innovative services that increased our total deposits, closing the year with more than Ps 275 billion, a 5% YoY growth. Deposits were driven significantly by the 13% growth of time deposits as a result of the successful campaign to promote bank CD's sold in the branches and an increase in INB's time deposits as part of the strategy to reference Banorte clients to our US subsidiary.

Demand deposits grew by 7%, due to the 6% increase in non interest bearing demand deposits resulting from higher balances in Mujer Banorte and Enlace Global personal accounts.

Also, interest bearing demand deposits grew by 8% as a result of important growth in the balances of Banorte Fácil, Sumanómina, Suma, Inversión Vista, personal Enlace Individual and Corporate Inversión Global accounts.

Money market deposits declined by 8% in the year, explained by lower balances of commercial, municipal and Broker Dealer clients.

Total assets under management reached Ps 431.9 billion at closing of 2009, 6% higher from the level registered in the previous year.

Thanks to successful efforts to increase deposits, Banorte was ranked as the third most important bank in the financial system in terms of demand + time deposits with a share of 11.4% according to CNBV's official figures. In the 2008 fiscal year, Banorte ranked fifth.

Deposits	Dec' 07	Dec' 08	Dec' 09
Non interest bearing demand deposits	43,803	57,876	61,611
Interest bearing demand deposits ⁽¹⁾	67,303	70,481	75,977
Demand deposits ⁽²⁾	111,106	128,357	137,588
Time deposits – retail	63,639	75,085	84,808
Core deposits	174,745	203,442	222,396
Money market ⁽³⁾	28,780	57,454	52,646
Total deposits	203,525	260,896	275,042
Third party deposits	136,988	144,916	156,864
Total assets under management	340,513	405,812	431,906

Million pesos.

(1) Includes debit cards.

(2) IPAB checking accounts in which collections of managed portfolios of Banpais and Bancen deposited in cash are excluded. The balances of these accounts for 2007, 2008 and 2009 were Ps 9 million, Ps 14 million and Ps 20 million, respectively.

(3) Includes bank bonds. Comprised of clients and financial Intermediaries.



Banking Sector

Loan portfolio

As a result of lower lending activity industrywide during 2009, Banorte implemented loan restructuring programs in a proactive manner and focused in sectors representing adequate risk adjusted profitability and low capital consumption.

Last year was also characterized by pre-payments made by corporate and commercial clients as well as more cautious origination policies implemented by most financial institutions. Consequently, Banorte's total performing loans declined by 1%, going from Ps 231 billion in 2008 to Ps 228 billion in 2009 (excluding the proprietary portfolio administered by Recovery Bank). Although the balance declined slightly, its composition is different than in 2008, while the commercial, corporate and credit card portfolios decreased, mortgage and government increased significantly.

Due to the efforts of our branch network and specialized areas, as well as adequate knowledge of our clients' needs, Banorte was able to take advantage of market opportunities that arose during the year. Some of these were a result of a reduced presence of competitors in several segments, which enabled Banorte to remain as the fourth most important institution in the market in terms of performing loans, with a share of 10.9%.

At closing of 2009, the Banking sector's PDL ratio was 2.6%, which compares favorably with the average for the market of 3.1%.

Loans to families

Loans to Mexican families remained at practically the same level as in 2008. However, the composition differed due to a reduction in credit card balances which was compensated with an increase in the mortgage portfolio.

During 2009, Banorte made adjustments to loan evaluation models in order to contain risk, the reason why there were fewer new loans compared to last year, but with better quality.

- Mortgages increased by 8%, a result of almost 12,000 new loans originated. It is worth emphasizing that Banorte is one of the main promoters of mortgages in the market and continues to be one of the most important banks in the country in this product.

- Sale of new credit cards decreased substantially due to reduced market demand, combined with stricter origination policies to ensure better asset quality. This resulted in a contraction of 22% in the loan portfolio compared to the previous year.
- Reduced demand of loans as a result of more unemployment, especially in the first half of the year, resulted in a decline of 3% in the loan portfolio balance. However Banorte promoted and strengthened payroll products in order to make them competitive, resulting in a 20% yearly increase in new loans compared to 2008.
- Car loans fell by 2%, which is small compared to the decline in new car sales. Banorte acted decisively in granting car loans in specific market segments, thus allowing it to maintain a healthy portfolio.

Loans to institutions

Banorte firmly supported Mexico's business sector. During 2009, loan to many companies were restructured with better terms and conditions, while many others were granted loans with competitive terms, enabling them to continue operating normally.

It is important to mention that in Banorte, the loan portfolio for companies is diversified by sectors and regions, which translates into a low concentration. The bank's 20 main corporate borrowers represented 14% of the bank's total portfolio, which compares favorably with 20% of the previous year.

Banorte's support of SMEs in 2009 was characterized by active restructuring of loans and to a lesser degree, new originations in light of reduced demand. The commercial portfolio fell by 10% in the year.

Corporate loans declined by 13%, due mainly to pre-payments received from clients and lower demand due to the difficult economic environment.

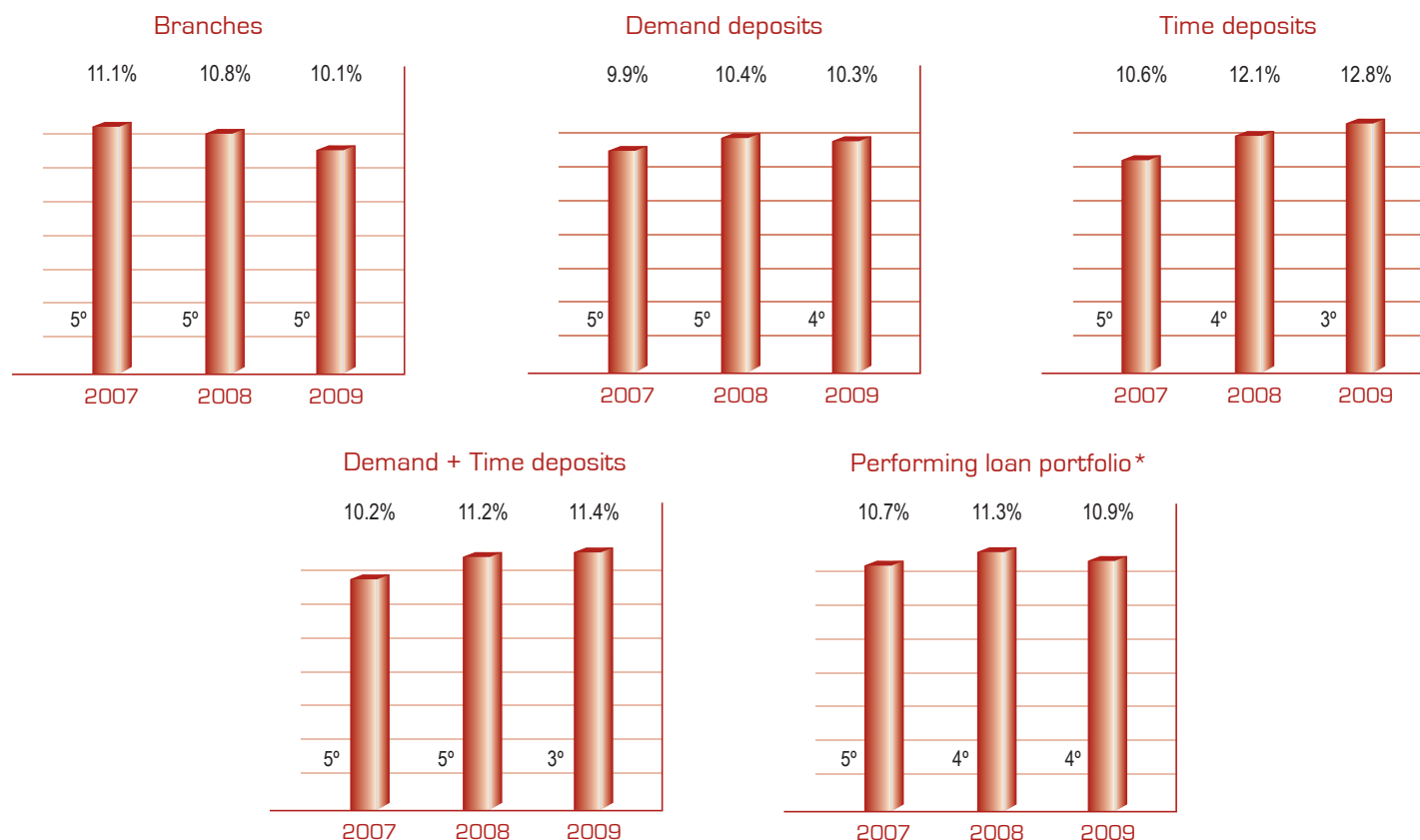
Government

Banorte's commitment to support the development of Mexico is demonstrated with the reinforcement of the area specialized in government banking, having better trained officials and a comprehensive product and service offering designed according to their financial needs. This strategy has allowed the bank to establish important relationships with state and municipal governments, providing direct loans and structured finance for their investment needs. As a result, 2009 was a year of consolidation with growth of 45% in the portfolio.

Loan portfolio	Dec' 07	Dec' 08	Dec' 09
Mortgages	36,096	45,499	49,221
Car loans	7,224	7,589	7,424
Credit cards	13,882	15,067	11,801
Payroll	6,113	6,707	6,479
Consumer	63,315	74,863	74,924
Commercial	63,448	80,170	72,219
Corporate	39,681	48,597	42,037
Government	17,948	26,977	38,982
Performing loans	184,391	230,607	228,162
Recovery bank	1,147	794	666
Past due loans	2,744	4,836	6,051
Total performing loans	188,282	236,237	234,879
% Past due loans	1.5%	2.0%	2.6%

Million pesos.

Market share



Source: CNBV (Consolidated Financial Statements with Udis)

* Performing loan includes credit card SOFOM of Banamex, Santander and Ixe.

Banking Sector

Asset Recovery

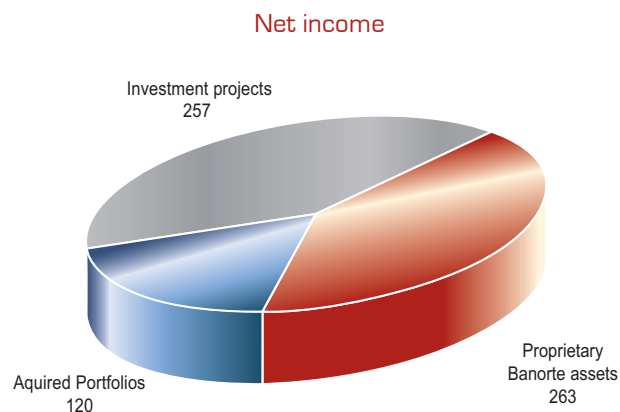
Banorte distinguishes itself for having an area specialized in recovery of Banorte's proprietary portfolios or portfolios acquired to third parties at public and private auctions. Through Sólida Portfolio Management, Banorte also possesses an ample portfolio of investment projects in real estate development and infrastructure under diverse partnership mechanisms with leading companies in the industry, posting significant growth in the past years.

Even in this adverse economic environment, especially during the first semester, Asset Recovery generated a net profit of Ps 640 million in 2009, broken down as follows: 41% from proprietary loans, 40% from investment projects and 19% from acquired assets. This profit represents 10.9% of Grupo Financiero Banorte's net income, slightly higher compared to the contribution registered in 2008.

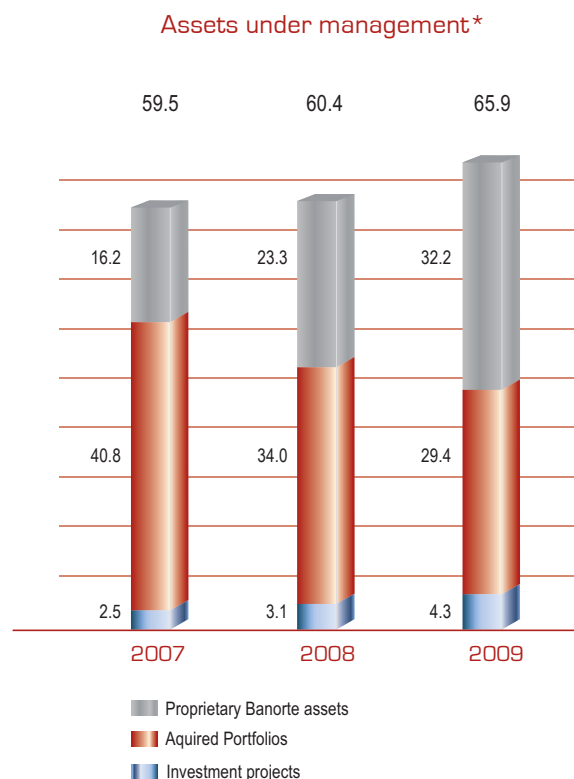
Assets under management increased by 9% YoY, reaching close to Ps 66 billion at closing of 2009.

- Proprietary Banorte assets increased by 38%.
- Investment projects increased by 39%, growing in the real estate sector with an appropriate geographical diversification, of projects, partners and industries.
- In contrast with the two previous business lines, assets in acquired portfolios diminished by 14% in the same period.

One of the most important achievements of 2009 was maintaining the AAFC1 (mex) rating in Asset Recovery. This is the highest rating in Fitch's scale for asset management in Mexico.



Million pesos.



Billion pesos.

* Excludes IPAB loans.

Banorte USA

To fulfill the banking and financial needs of Mexicans living in the United States, Banorte has developed three important businesses:

Banking Sector

Banorte and Inter National Bank have joined forces to offer services and products to their respective clients on both sides of the border. Among the most relevant are: free access to Banorte ATMs in Mexico and to more than 36,000 ATMs in the USA through the Allpoint network; free electronic transfers and check deposits between account holders of both institutions, as well as mortgages for American citizens seeking to purchase touristic properties in Mexico.

In 2009, Inter National Bank improved its capitalization indicators notably. The leverage ratio grew from 8.0% to 9.4%, while the capitalization ratio improved from 12.5% to 17.4%.

Family Remittances

In 2009, Banorte continued with its commitment to offer quality service in money wires in a network of almost 1,800 Uniteller - Motran agents in the USA, through which remittances are sent to more than 16 countries including Mexico. Also, UniTeller and Motran have a network of over 23,000 payment points in Latin America and the Philippines.

In Mexico, Banorte stands out as one of the most important payers of family remittances. In 2009, it operated more than \$1.9 billion US dollars in transactions, which represents 9% of the market. Associated with this service, the number of Enlace Express accounts increased by 19%. Through this account, clients in Mexico save and receive money wires cost and commission free.

Private Banking

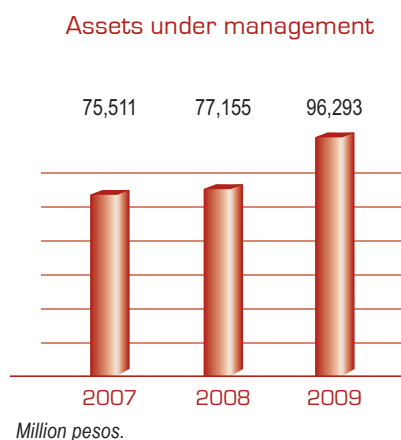
Banorte Securities International, GFNorte's Broker Dealer with headquarters in New York, offers clients, the opportunity to diversify their investments in international markets through its two markets (Private Banking and Onshore - USA) with personalized service and support of specialists in both Mexico and the United States.

In an extremely difficult year for markets, Banorte Securities' portfolio grew by 28% YoY.



Long Term Savings Sector

Long Term Savings Sector grew in importance by increasing assets under management. At closing of 2009, AUMs totaled Ps 96.29 billion, a 25% YoY growth. This increase was favored by the acquisition of other companies' portfolios.

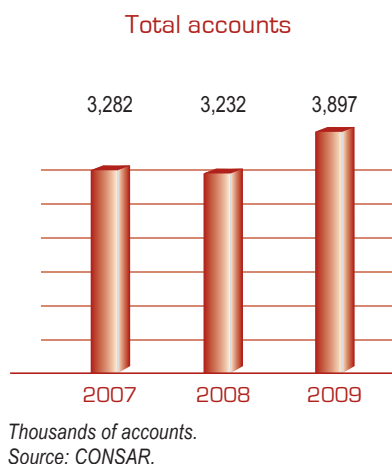


Afore Banorte Generali (Pension Funds)

At closing of 2009, Afore Banorte Generali obtained a favorable profit of Ps 288 million (of which 51% belongs to Grupo Financiero Banorte). During the year, the assets of Ixe, Ahorra Ahora and Argos were acquired, translating into an increase of Ps 7.28 billion in the fund's assets and 697,049 additional accounts.

As a result of the acquisition of these portfolios, the number of total affiliates increased significantly to 3,896,563 accounts by year-end. This volume represents 9.9% of the industry and ranks fourth in number of affiliates.

Afore AUMs totaled Ps 71.62 billion on December 31st, 2009, registering a 27% YoY increase.



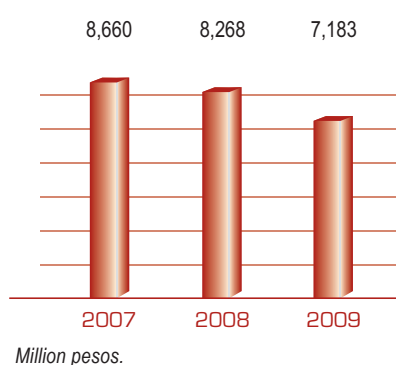
Seguros Banorte Generali (Insurance)

Banorte has been distinguished for designing insurance products to meet the different needs of clients; for car, home and life insurance. In 2009 more than \$7.18 billion pesos in premiums were issued, positioning Banorte in the ninth position among the insurance companies of the country.

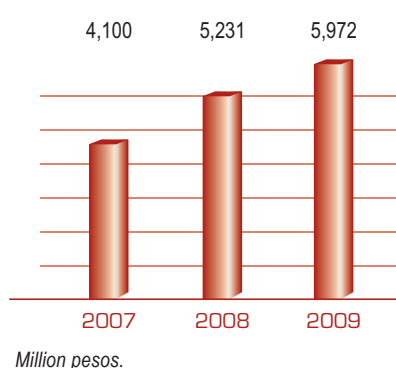
At closing of the fiscal year, accumulated technical reserves totaled Ps 7.74 billion. Excluding Patrimonio Integral Banorte (PIB), reserves were Ps 5.97 billion, which reflects a YoY growth of 14%.

The insurance company registered Ps 438 million in profits for 2009 (of which 51% belongs to Grupo Financiero Banorte).

Premiums sold



Technical reserves without PIB

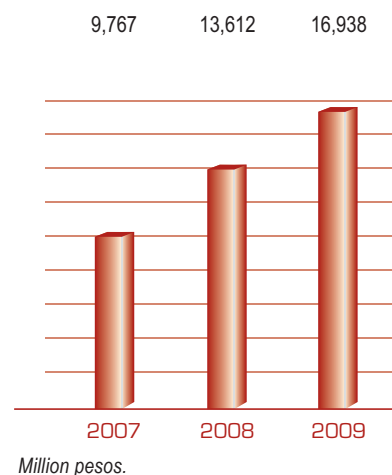


Pensiones Banorte Generali (Annuities)

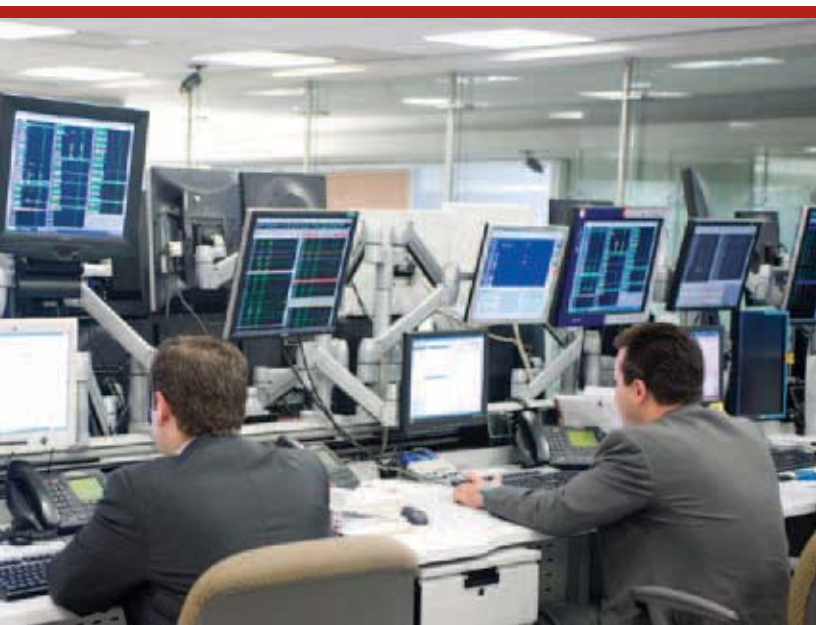
As a result of the international financial crisis and the new operating rules of the Comisión Nacional de Seguros y Fianzas, several companies ceased offering products and remained on the sidelines. However, at year end, Banorte Generali Annuities obtained a high market participation: 37% for constituted amounts (premiums), amounting to \$3.12 billion pesos, and 40% for number of cases.

Technical reserves in December 31st, 2009 reached Ps 16.9 billion, which represents a YoY increase of 24%. Net income for the fiscal year was Ps 31 million (of which 51% belongs to Grupo Financiero Banorte), a 7% YoY reduction.

Technical reserves



Brokerage Sector

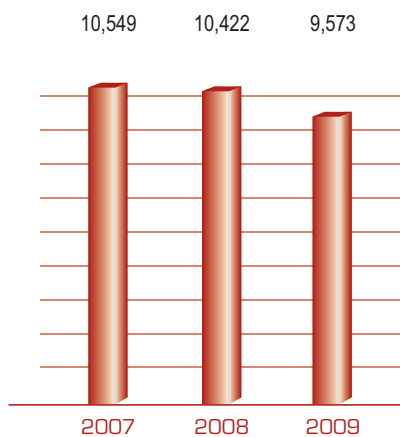


Banorte Broker Dealer

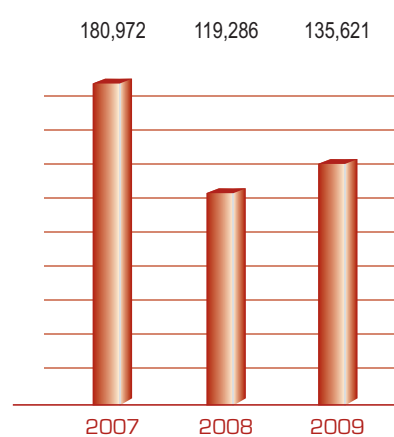
Even though the worst crisis in the world's financial history was confirmed during the first quarter of 2009 - which in the case of Mexico translated into an annual decline of 6.5% of the GDP - Banorte Broker Dealer maintained the growth in all of its deposit products and generated net income of Ps 203 million, an 11% YoY increase. The number of clients rose to 9,573 and the assets under management was Ps 135.62 billion.

The Broker Dealer faces great challenges in 2010, among others: sales of new products; cross selling to take advantage of synergies with important high net worth clients of Grupo Financiero Banorte; relocating and remodeling new offices in accordance with the strategic plan for greater and better contact with the targeted market.

Number of clients



Assets under management



Million pesos.

This sector is made up of companies that contribute to achieve client satisfaction through products and specialized services. The companies that make up this sector are Banorte Leasing and Factoring and Banorte Warehousing.

Arrendadora y Factor Banorte (Leasing and Factoring)

In 2009, Banorte Leasing Factoring was consolidated as one of the main companies on a national level, ranking second in terms of loan portfolio from among 42 companies of this sector. Also, the strong support it has provided to Mexican companies was rewarded when it received Nacional Financiera's award in November 2009 for leadership in the Cadena Productiva (Productive Chain) to support SMEs.

Leasing and Factoring generated profits of Ps 403 million in the year, a 29% YoY growth.

Past due loans closed at 0.8%, while the capitalization ratio ended the year at 11%, considering total average assets at risk of Ps 13.66 billion.

Banorte Warehousing

Warehousing reported net income for Ps 22 million for 2009, similar to 2008. Its efficient management with high level processes and systems has enabled it to be ranked 4th in terms of profits generated from among the 20 warehouses that make up the sector.

At year end, the capitalization ratio was 8.7%, including risk certificates in circulation of Ps 1.63 billion.

Microlending

In the Board Directors' meeting held on January 29th, 2009 the merger of Banco Mercantil del Norte (as the merging company) with Créditos Pronegocio, S. A. de C. V. (as the absorbed entity) was approved. Operations from this sector have been gradually transferred to the bank, and the healthy clientele of SOFOM have migrated towards other Banorte products.

Once authorization was obtained from the corresponding regulators of this business, the definitive merger was done in August 31st, 2009. As a result of the merger, all branches were closed in September of 2009 and as of January 2010, the Asset Recovery unit is responsible to recover the remaining loan portfolio through third parties.



Strategy Implementation



Strategy Implementation

Infrastructure

Territory	State	Branches			ATMs		
		Dec' 08	Dec' 09	Change%	Dec' 08	Dec' 09	Change%
Southern Mexico							
	Distrito Federal	122	124	2%	328	363	11%
	State of Mexico	18	17	(6%)	43	46	7%
		140	141	1%	371	409	10%
Northern Mexico							
	Distrito Federal	50	45	(10%)	174	190	9%
	State of Mexico	91	93	2%	279	310	11%
		141	138	(2%)	453	500	10%
North							
	Coahuila	22	21	(5%)	139	150	8%
	Nuevo Leon	145	139	(4%)	653	704	8%
	Tamaulipas	28	26	(7%)	194	194	0%
		195	186	(5%)	986	1,048	6%
Central							
	Aguascalientes	16	15	(6%)	85	89	5%
	Guanajuato	43	40	(7%)	142	147	4%
	Jalisco	5	5	0%	7	7	0%
	Queretaro	13	12	(8%)	63	72	14%
	San Luis Potosi	28	29	4%	141	157	11%
	Tamaulipas	21	20	(5%)	98	104	6%
	Zacatecas	21	21	0%	85	89	5%
		147	142	(3%)	621	665	7%
Northwest							
	Baja California Norte	29	29	0%	124	128	3%
	Baja California Sur	10	13	30%	25	31	24%
	Sinaloa	46	45	(2%)	140	148	6%
	Sonora	28	26	(7%)	99	107	8%
		113	113	0%	388	414	7%
Border regions							
	Coahuila	10	9	(10%)	60	56	(7%)
	Chihuahua	36	33	(8%)	246	261	6%
	Durango	17	16	(6%)	41	43	5%
		63	58	(8%)	347	360	4%
West							
	Colima	7	7	0%	28	33	18%
	Guanajuato	4	4	0%	9	9	0%
	Jalisco	86	80	(7%)	285	299	5%
	Michoacan	22	22	0%	58	64	10%
	Nayarit	6	6	0%	20	23	15%
		125	119	(5%)	400	428	7%
South							
	Guerrero	10	10	0%	28	35	25%
	Hidalgo	7	7	0%	19	21	11%
	Morelos	10	10	0%	27	31	15%
	Puebla	32	31	(3%)	62	67	8%
	Tlaxcala	4	4	0%	18	19	6%
		63	62	(2%)	154	173	12%
Isthmus							
	Chiapas	1	1	0%	0	0	0%
	Oaxaca	19	20	5%	40	46	15%
	Tabasco	7	7	0%	28	32	14%
	Veracruz	33	33	0%	87	109	25%
		60	61	2%	155	187	21%
Peninsular							
	Campeche	6	5	(17%)	25	26	4%
	Chiapas	30	30	0%	99	112	13%
	Quintana Roo	15	15	0%	78	85	9%
	Yucatan	19	18	(5%)	59	71	20%
		70	68	(3%)	261	294	13%
Total		1,117	1,088	(3%)	4,136	4,478	8%





“When we first started out, we were just a small bank in the northern part of the country, but even then we believed that we would become one of the most solid institutions in Mexico, we believed in the Mexican people and worked for them. Thanks to the efforts of many people, in 2009 we celebrated our first 110 years of being The Strong Bank of Mexico.

As always, we appreciate the trust that our shareholders and clients have placed in us. Without their support, the bank would not have been able to celebrate these first 110 years”.

Roberto González Barrera

Chairman of the Board of Directors
of Grupo Financiero Banorte

Delivery Channels

Banorte is distinguished as having one of the best delivery networks nationwide. It currently consists of 1,088 branches, more than 4,400 ATMs, a world-class call center, one of the most modern and safest Internet banking services, as well as an innovative mobile banking platform available through mobil phones.

Branches

In 2009, as part of the strategy to make branches more efficient, the current network was consolidated by merging 51 offices and reinforcing the infrastructure with 22 new branches opened in mature markets of Mexico City and its suburbs. To complement this effort and with the objective of standardizing and improving the quality of Banorte's service on a national level, the 6 's model of quality was implemented throughout the year.

For 2010 and subsequent years, the institution will continue with its growth strategy and will focus mainly on providing quality services and penetrating markets where it doesn't yet have any presence. At the same time, it will continue to reinforce areas where it currently shows a leadership position.

ATMs (Automated Teller Machines)

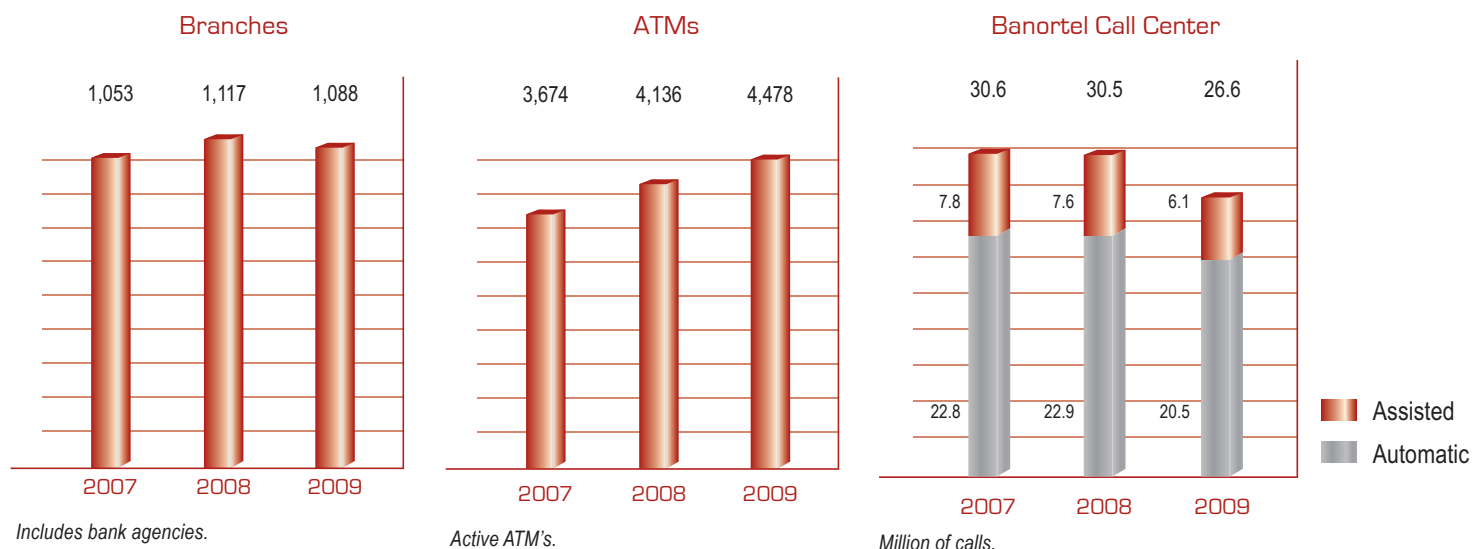
Banorte increased its ATM network to a total of 4,478, which represents an increase of 342 active units during the last year. This was one of the most important growth rates among

financial institutions in Mexico. Additionally, in accordance with the technology upgrade program, many ATMs were renovated with more modern equipment, improving the quality of service significantly. In this way, this channel was reinforced through which 45% of the bank's total transactions occur.

Banortel Call Center

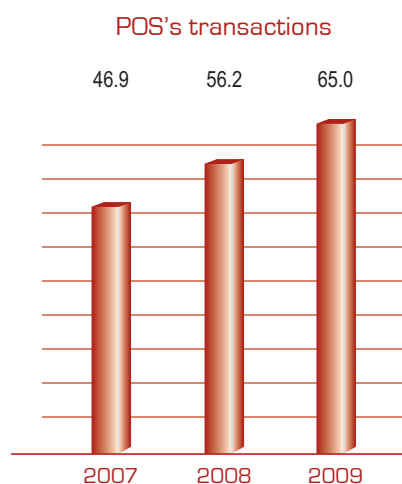
In 2009, Banorte achieved the best service indicators with high efficiency ratios. To achieve this, various improvements were carried out, focused mainly on implementing a new operation model and installing state-of-the-art technology for call centers. Hang-up ratios were reduced (89%) and clients' time on hold declined (77%).

Throughout the year, Banortel received a total of 26.6 million calls, 23% of which were answered by an executive, which demonstrates a good level of automation without losing the quality in service that Banorte clients receive.



Acquiring Business (POS's)

Banorte ended the year with 39,000 affiliations, through which 65 million annual transactions were conducted and a total of Ps 44.09 billion was billed. In this way, Banorte offers efficient service to its clientele with POS's through the Internet. We also continue to enable clients to make on-site credit card sales using mobile terminals and even through our electronic commerce solution.

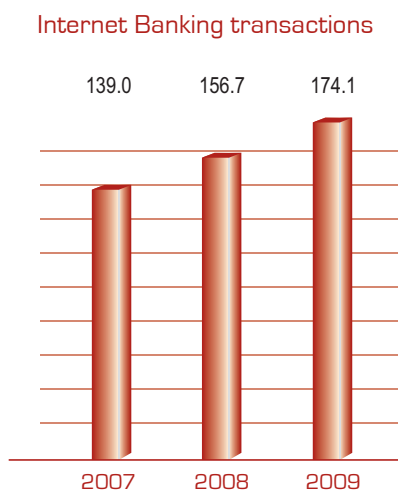


Million of transactions.

Internet Banking

The option to be able to conduct over 50 different transactions with a high level of security from any computer with Internet access, is highly valued by almost 400,000 Banorte e-banking clients.

The 174 million transactions conducted per year confirms the trust that our clients place in our technological services.



Million of transactions.

Innovations

Banorte Móvil

Another outstanding Banorte innovation launched in 2009, was Banorte Móvil, a strategic mobile concept which allows clients to carry out electronic banking transactions from a mobil phones. This tool is easily installed into the client's mobil phones and works regardless of the service company, model technology or equipment that provides service. In this way, Banorte universally assists clients with high range telephones such as BlackBerry and iPhone, as well as those with lower ranges. In the specific case of iPhones, a special version was created with functions and image in accordance with the applications for that equipment.

Banorte's mobile banking has all the security elements required by authorities, so much so that it offers reliability and simplicity in conducting transactions. More than 73,000 downloads were done to half and low range name brand telephones and 26,000 direct accesses from iPhones and other mobile devices using the Internet. At closing of 2009, there were close to 460,000 inquiry operations and approximately 60,000 monetary transactions which had been carried out through other channels such as branches, ATM's or Internet banking before this service existed.

Third Party Correspondents with Telecomm-Telegraph

Banorte strengthened its leadership in the bancarization required by the country by being the first institution to receive authorization from the CNBV (the National Banking and Securities Commission) to operate under a third party correspondent system. Banorte is the only bank that, as of November 19th, 2009, offers management of debit accounts with the product Banorte Fácil in the 1,575 offices of Telecomm-Telegraph.

The 12,000 savings accounts managed through Telecomm-Telegraph in 2009 are part of a total of 3 million operations carried out in the course of the year that include deposits to accounts, cash withdrawals, payments to credit cards and other services, as well as insurance acquisition. It is worth noting that 36% of the transactions were carried out in areas lacking banking services.

Today, Banorte is a company whose proven solidity and excellent positioning has enabled it to face the difficult global economic situation that has affected other financial institutions in various developed countries, particularly in 2009.

Banorte's solidity is the reason it has been able to celebrate its 110th anniversary - 110 years of continuously renewing an unrelenting commitment to the country, so much so that it is better known as "The Strong Bank of Mexico", a concept that projects trust in our nation and our fellow countrymen, as well as belief in ourselves.

The successful campaign of "Como un mexicano no hay dos" (there are no two like a Mexican) was a clear example of this; in which communication was regionalized for each state of the Republic and the values and particular prides that identified the people of each region were extolled. Through this campaign, we motivated the fighting spirit that has always characterized us so that today, in face of the adverse situations that we suffer, it is necessary to be stronger than ever. "Como un mexicano no hay dos", endorsed Banorte's position as a Mexican bank committed to its country, who believes in it and supports it as well as its people.

In line with this same commitment, Grupo Financiero Banorte seeks to learn the best way to reach a client. Evidence of this effort is the menu of products through which we seek to fully meet the financial needs of each client.

As an example of the support to Banorte credit card holders, the bank offers programs to restructure credit, with reductions of up to 50% in the interest rate paid or, increasing payment terms of up to 60 months.

For clients with lower incomes, Banorte Fácil, the most inexpensive credit card on the market (validated by Condusef), was introduced. To continue stimulating timely payment of Banorte credit cards, the "Cliente Cumplido" (Timely Client) campaign was launched, which awarded cash prizes to over 600 clients. Additionally, the Explora Banorte program was relaunched, a travel platform exclusively for Banorte credit card holders, through which very competitive rates can be obtained and clients enjoy the benefit of either paying with points accumulated from the Recompensa Total Banorte (Total Reward Banorte) program, with their credit card, or a combination of both. Explora Banorte relies on two channels for promotion and sale: the call center and the website at www.explorabanorte.com.

Throughout 2009, Banorte maintained its mortgage program open, as another example of its commitment, leadership and understanding that in spite of the crisis, the construction of the personal and family patrimony is fundamental. In April, "Banorte abre la puerta a miles de mexicanos para comprar su casa" (Banorte opens the door to thousands of Mexicans to purchase their home) program was initiated, which refunds 15% of the monthly mortgage installment for the first year.





To celebrate Banorte's 110th anniversary, the Hipoteca de Aniversario (Anniversary Mortgage) was launched in the 2Q09 with an 11.0% interest rate and 1.10% commission to open the mortgage. Many developers agreed that this was the best offer on the market, driving us to achieve our loan placement goals of 2009.

In terms of deposits, two successful programs directed at stimulating savings and investments are noteworthy. The first of these, "Vámonos de Vacaciones con Banorte" (Let's Go on Vacation with Banorte) focused on savings by rewarding four clients daily with an all-paid trip for their families to different beach or city destinations in Mexico. Ganamás and Pagamás, (Win More and Pay More) are the products which make up the second program, by which investors are rewarded with short and medium term promissory notes with the best yields in the market.

Cuenta Fuerte Banorte (Strong Account Banorte) is a package of services created for individuals with middle incomes, which was introduced in September. For a monthly fee, the account holder enjoys an attractive variety of services and financial products that include a checking account, Internet Banking, Banorte Móvil, life

insurance, investments and even the option to obtain a credit card. It is important to highlight the qualities of Banorte Móvil, a service that enables clients to check balances, make transfers, credit card payments, purchase of more minutes for their mobile phones, pay other services and many more benefits - all through mobile devices that either have Internet connection through GPRS (in the case of mobile phones) or are linked to the wireless WI-FI network.

Payroll launched a "Duplica tu Sueldo" (Double your salary) campaign in 2009 to recognize the length and loyalty of account holders, which awards two prizes daily, one consisting of one month's salary and the other of an annual salary. At the same time, it continued promoting diverse payroll loan options, to stimulate the personal and family development of its clients.

In the SMEs sector, Banorte solidified its leadership by offering support for growth and liquidity. We created an ambitious loan restructuring plan with new payment terms of up to seven years. We also contributed to relieve the effects of the influenza epidemic, by joining forces with Nafin to offer a financing program with preferential rates and terms.



Banorte Generali Insurance joined in the effort to support Mexican families through a car insurance program “Just pay the first 11 installments on time and the last one is on us”. No other competitor could match this offer, which was offered on a regional basis in order to highlight exclusive benefits according to the geographical area of the country.

Another important and innovative product developed in 2009 was the life insurance and repatriation (Seguro de Vida y Repatriación Banorte), which was promoted among the border states as well as in the main areas receiving remittances. Competitive advantages make it a unique program by offering a life insurance with repatriation services without any additional cost for the insured person's death in the USA or Canada to any destination in Mexico. This program has been warmly received not only by the general population, but also by the government because it combines the benefit of economic security with repatriation of citizens' remains.

In May 2009, International Banking selected the northern border areas to launch the Enlace Dollars account debit card. This way we perfected the checking account by facilitating access to dollars both nationally and abroad. In this same region, campaigns were conducted to promote Banorte Visa Travel Money during specific periods such as Holy Week (promotional offers in exchange rates); in the summer through Cash Back for using the debit card (with refunds up to \$100 US dollars), as well as using the product in November and December.

In the remittance market, we launched a campaign to promote foreign remittances sent through Uniteller and Motran. As a result of this campaign we gave away 60 cash prizes to participants, having extremely positive results in this business sector.

In the agricultural sector we continue to support the market, communicating our continuous support and credibility, maintaining campaigns throughout the year in the media and during selected time periods.

Apart from all the innovations that Grupo Financiero Banorte introduced to support its clients in a difficult year such as 2009, it sponsored cultural events and participated in others, such as: the exhibition “Footprints of Life” in Mexico City's main square, Plácido Domingo concerts in Zacatecas and Tampico, as well as that of Sarah Brightman in Chichen Itzá.



The values, strength and capacity for innovation demonstrated by Banorte, were distinguished in 2009 with various international recognitions, specifically:

- “The Bank of the Year in Mexico 2009” award by the British specialty magazine The Banker.
- “Best Financial Group in Mexico 2009” granted by World Finance.
- “Best Structured Financing in America: Sonora”, also granted by The Banker magazine.



Products and Services



In 2009 Banorte affirmed its commitment to support families, companies and government organizations through products and innovative services backed by a work team committed to Mexico.

Families

Mortgages.- Banorte continued granting mortgages while maintaining the quality of origination, maintaining delinquency levels under 2%, well below those reported by the market.

Banorte also affirmed its commitment to Mexicans by offering products that helped families build their wealth, and also helped to pay their monthly expenses. Two examples of this are:

- A campaign was implemented to discount 2.2% of the total mortgage, which represents a cash refund of up to 15% of the monthly mortgage installment.
- Banorte launched a new product called Hipoteca de Aniversario (Anniversary Mortgage), making it the first bank to lower rates to a fixed nominal rate of 11.0% for the duration of the mortgage, as well as reducing the opening commission to 1.10%. Based on these benefits it was possible to offer our clients the lowest initial payment on the market.

Payroll.- Banorte introduced Anticipo de Nómina (Payroll Advance) another innovative product designed to support clients through a

short term credit. This product can be acquired at any moment from more than 4,400 ATMs without the need of any new paperwork, a unique feature among its type in the market. New payroll loan sales showed a solid 20% growth, positioning us very close to the third position in market share. Complementing our offer, Banorte incorporated a new loan evaluation model that is much more efficient, providing better origination quality.

Credit Cards.- In 2009, the main strategies were focused in improving the quality of the portfolio, resulting in the reduction of past due loans by 25% compared to 2008. This decline was the second most significant in the market and was possible without changes to our charge off policies or extraordinary portfolio sales. During the year, more than 155,000 new cards were placed, supported by the launch of Tarjeta de Crédito Banorte Fácil (Easy Credit Card), which offers a low interest rate and fees, with the aim of supporting Mexicans. Regarding innovation and dependability in the use of credit cards, Banorte was able to replace 82% of active clients' cards with CHIP technology, with the objective of improving security measures and preventing fraud.

Individual Demand Deposits.- In order to present an innovative and competitive offer that simplifies and makes processes more efficient, we introduced the Cuenta Fuerte (Strong Account). This account provides a package of products that lets the client begin a relationship with Banorte through simple processes, offering a checking account, debit card, demand and time investment, Internet banking, mobile banking, credit card and life insurance. The Cuenta Fuerte has positioned Banorte as the leader in offering packaged products.

In the same way, we continued improving our service to Mexican women with the Mujer Banorte product that incorporated new modalities in 2009, reinforcing the attractive benefits offered by this product. The appealing promotion "Travel Free with Banorte" increased to 4 the number of trips to Mexican beaches awarded daily for clients that opened an account or increased their balance. The use of debit cards was also rewarded through innovative campaigns.

Time Investments.- Through benefits such as payment of an additional bonus and attractive interest rates paid by Pagamás, it was possible to attract new clients and maintain balances in other investments. Through Pagamás, clients have an attractive investment, because they have certainty of the yield that they will receive when the product matures. With this and other efforts, Banorte has increased its market share in time investments, from 11.7% to 12.7%.

Businesses

With the launching of Oferta Integral PyME (SMEs Comprehensive Offer), Banorte stands out again among its competitors. This package provides SMEs with more flexible financial management through a solution that offers important benefits and covers their main banking needs: credit, checks, payroll management, investments and electronic banking.

Corporate Enlace Global.- During 2009, 51,486 accounts were opened, achieving a 4.8% YoY growth compared to 2008. The success of this product resides in offering a savings account in national currency with a checkbook, free electronic transactions and payroll disbursements, which translates into important savings for clients.

Empuje Negocios Credit Card (Impulse Business Credit Card).- It is a line of revolving credit of up to Ps 200,000 that enables SMEs to manage daily disbursements by separating personal and business expenses. It is backed by VISA and offers exclusive service benefits such as balance transfers, purchase protection insurance, a program of fixed payments and points through the Recompensa Total Banorte program.

Crediactivo Loans.- In 2009, Nacional Financiera recognized Banorte with three awards for: 1) SMEs loans, 2) supporting SMEs in the Emergency Economic Program implemented during the influenza epidemic and, 3) leadership in the Productive Chains Program. These distinctions demonstrate Banorte's leadership and commitment in this sector. To support a larger number of SMEs affected by the crisis, Banorte designed and implemented the most important restructuring campaign in its history, increasing restructurings six-fold between January and October of 2009, compared to the same period of the previous year.

Agricultural Credit.- Through the support offered in different products and programs of national reach, Banorte ratified its enthusiastic participation to propel and develop the Mexican agricultural sector, highlighting its leadership by enabling over 521,000 hectares and promoting the primary activity as well as production chains of more than 120,000 producers.

Governments

In 2009 Banorte consolidated its growth in this segment by becoming one of the main banks to provide financial services to all levels of government, based on effective service models, an organization with national coverage, focus on service and business development through a better segmentation of the market.

In recent years and particularly in 2009, Banorte supported the development of infrastructure through financing to states and municipalities, decentralized organisms as well as the federal government. The emphasis on the development of new technologies allowed it to provide more service with greater benefits such as management and optimization of resources, efficiency in collections, payments, factoring to suppliers at all levels of government and payroll services. It was a record year for payroll account openings and consequently the cross sale of consumer products, in particular, payroll, car, mortgage loans and family insurance.



Human Resources and Technologies



The Human Factor

In 2009, Human Resources realigned their tactical strategy and internal operation focusing on Client Vision (Visión Cliente), a program devised by top management to offer quality services that add value to clients.

As one of its initiatives, a program to reinforce leadership was implemented, targeting key personnel in high level positions with the objective of complementing the development of key competencies required to achieve optimal management and develop human talent involving high performance work teams.

To ensure effective communication among co-workers, the satellite transmission equipment was upgraded, currently with 305 reception points of BanorTV, which allows personnel to stay in contact throughout the entire country.

In order to have qualified personnel providing comprehensive service to clients, an evaluation of the sales force was done to certify "Product Domain." This process identified areas of opportunity and provided necessary training.

The 6 's model of quality was also implemented in branches, based on the Japanese methodology of 5's that covers the aspects of: selection, order, cleanliness, standardization and discipline, adding the concept of quality in service, seeking to homogenize client service nationwide.

To remain an attractive employer, a competitive compensation plan and benefits package was maintained to remunerate personnel adequately. Additionally, a new variable remuneration package was created to retain key staff, offering attractive long term benefits.

Full-time employees

	2007	2008	2009
Banking Sector	14,211	15,109	15,242
Long Term Savings Sector	2,106	3,837	3,718
Brokerage Sector	188	195	198
Specialized Entities Sector ⁽¹⁾	710	742	52
Remittances	133	114	101
Grupo Financiero Banorte	17,348	19,997	19,311

(1) Includes: Banorte leasing and factoring, Banorte warehousing and microlending.

Technology

In line with the business strategy to face a complex financial environment, higher standards of availability and reliability of IT were established, contributing to a 10% YoY increase in the volume of transactions. To support and sustain business growth, the central technological and telecommunications infrastructure of the group was strengthened. With these changes, Banorte is prepared to sustain this rhythm of expansion for the next 3 years.

Also, the infrastructure that supports Internet banking services was also strengthened. This, together with the implementation of technologies for mobile banking services, will contribute to increase clients' trust in Banorte's technological services.

Technological capacities and processes to analyze and exploit information were improved, enabling business lines to transform information into knowledge.

By paying attention to the importance of communications and teamwork, during 2009 technological resources that support

personnel collaboration, in particular videoconferencing, were extended and improved. The use of this tool increased 40% in relation to the previous year, and it was possible to convert this resource into a means of conducting daily work in a more productive manner.

Also during the year, a wide variety of projects to provide more and better services to clients was negotiated and technologically enabled, among others: Debit Card in Dollars, Banorte Fácil Credit Card, Cuenta Fuerte Banorte account, 110th Anniversary Mortgage and SMEs Packages.

At the same time and in order to continue offering clients more secure services, systems for fraud prevention were renewed and technological security in branches was strengthened.

This was all implemented with the objective of enhancing clients' trust in our technological services.



Group Officers and Members of the Board



Group Officers and Members of the Board



Group Officers

MANAGING DIRECTORS

Alejandro Valenzuela del Río
Chief Executive Officer of Grupo Financiero Banorte

Business Staff

Jesús Oswaldo Garza Martínez Managing Director of Banking	Sergio García Robles Gil Chief Financial Officer
José Armando Rodal Espinosa Managing Director of Corporate Banking	Alfredo Eduardo Thorne Vetter Chief Corporate and Investor Relations Officer
Manuel Sescosse Varela Managing Director of Government Banking	Alejandro Garay Espinosa Managing Director of Corporate Services
Ricardo Acevedo de Garay Managing Director of Brokerage House	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	José Daniel Oviedo Tobías Managing Director of Audit
Carlos Garza Managing Director of Banorte USA	Javier Márquez Díez Canedo Managing Director of Risk Management
	Fernando Solís Cámara J. C. Managing Director of Communication and Corporate Relations
	Prudencio Frigolet Gómez Managing Director of Technology

Territorial Management

Sergio Deschamps Ebergenyi North	Arturo Valdés Villaseñor Northwest
Carlos Eduardo Martínez González Southern Mexico	Jorge Luis Molina Robles Peninsular
Juan Carlos Cuéllar Sánchez Northern Mexico	Alberto Salvador López South
Juan Manuel Faci Casillas West	Roberto Francisco Ayala Ramos Border regions
Alfonso Páez Martínez Central	Héctor Guijarro Ávila Isthmus

BOARD MEMBERS

Roberto González Barrera President	Rodolfo Barrera Villarreal Vicepresident
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Aurora Cervantes Martínez Secretary	José Luis Lozano Aguilar Prosecretary
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Regular Members Alternate Members

Roberto González Barrera Patrimonial	Jesús L. Barrera Lozano Patrimonial
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Rodolfo Barrera Villarreal Patrimonial	Juan González Moreno Patrimonial
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Bertha González Moreno Patrimonial	Javier Martínez Ábrego Patrimonial
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José G. Garza Montemayor Patrimonial	Javier Márquez Díez Canedo Related
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David Villarreal Montemayor Patrimonial	Carlos Chavarría Garza Patrimonial
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Magdalena García de Martínez Chavarría Patrimonial	Luis Manuel Merino de Villasante Independent
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Francisco Alcalá de León Independent	Alfredo Livas Cantú Related
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Eduardo Livas Cantú Related	Benjamín Clariond Reyes-Retana Independent
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Eugenio Clariond Reyes-Retana Independent	Simón Nizri Cohen Independent
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Herminio Blanco Mendoza Independent	Jesus O. Garza Martínez Related
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Manuel Sescosse Varela Related	César Verdes Quevedo Independent
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Manuel Aznar Nicolin Independent	Isaac Becker Kabacnik Independent
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Jacobo Zaidenweber Cvilich Independent	Sergio García Robles Gil Related
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Alejandro Valenzuela del Río Related	Patricia Armendariz Guerra Independent
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Isaac Hamui Mussali Independent	
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