



GRUPO FINANCIERO
BANORTE

Annual Report 2010

About this Report

- This report deals with the results of actions carried out in the area of social responsibility by Grupo Financiero Banorte in 2010 and has been drawn up in accordance with the methodology of the Global Reporting Initiative 3.0 for sustainability reports (GRI G3). The reporting cycle is annual.

In order to determine the contents of this report, information was gathered on relevant actions undertaken during 2009 and interviews were conducted with personnel from various departments of GFNorte.



Philosophy

■ Our Mission

- To meet our customers' financial needs through high-quality customized services rendered with kindness and efficiency
- To preserve the integrity and quality of all of our operations, particularly in managing the Group's deposits and equity
- To increase the yield levels which will backup depositors and shareholders, and will also work as the Group's reinvestment basis
- To act with responsibility, both as citizens and as an institution; to become leaders in the communities we serve
- To be, as a company, a reliable and fair source of employment, in order to treat each of our employees with the highest sense of equality and equity. Accordingly, our mission is subject to continuous update, so that it can adapt to a society and markets in constant evolution

■ Our Values

■ Ethics

To behave, at all times, in adherence to our code of conduct.

■ Responsibility

To act responsibly in everything related to our business, and co-responsibly in those aspects influencing our operation and which may have a positive impact in the country.

■ Reliability

To provide our customers and employees with hope and security, based on the institution's professionalism.

■ Teamwork

To create companionship and mutual agreement, working together to accomplish GFNorte's vision.

■ Spirit of Service

To be willing to provide pleasant treatment, unconditional support, quality, efficiency and timely response.

■ Honesty

To act smartly and with responsibility in using the information and the material and financial resources.

■ Justice

To give everyone what he or she deserves based on reason and truth.

■ Austerity

To reasonably use both human and economic resources, with a sense of sobriety and moderation.

■ Profitability

To seek, on an ongoing basis, benefits for our customers and for GFNorte.

■ Integrity

To work, live, and talk with honesty, respect, and congruence in every sense, and in every level in GFNorte.

■ Sustainability

Working today to prevail tomorrow, promoting harmonic development in the economic, social, and environmental spheres.

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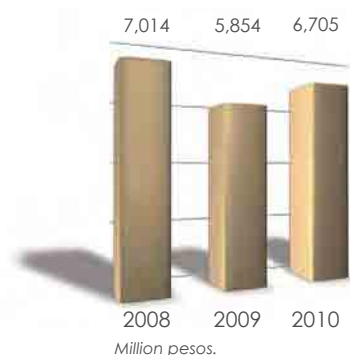


Relevant Figures

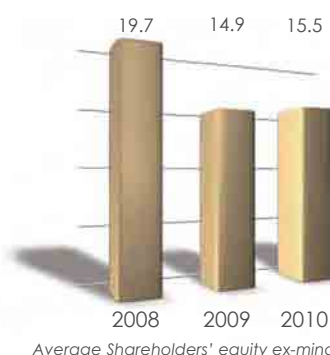
Relevant Figures

GRUPO FINANCIERO BANORTE	2008	2009	2010
Total assets	577,025	567,138	590,558
Deposits	260,769	274,908	292,615
Loan portfolio	245,246	245,108	270,214
Past due loan ratio (%)	2.0	2.5	2.5
Reserve coverage (%)	135.2	122.4	123.7
Shareholders' equity ⁽¹⁾	37,802	41,366	46,117
Net income (according to participation)	7,014	5,854	6,705
ROE (%)	19.7	14.9	15.5
ROA (%)	1.9	1.0	1.2
Shares outstanding (thousands)	2,014,000	2,017,800	2,018,348
Book value pershare (pesos)	18.8	20.5	22.8
Earnings pershare (pesos)	3.5	2.9	3.32
Dividends pershare (pesos)	0.47	0.52	0.52
Number of branches ⁽²⁾	1,117	1,088	1,134
Full-time employees	19,997	19,311	19,747
BANKING	2008	2009	2010
BANCO MERCANTIL DEL NORTE			
Total assets	563,111	549,430	565,555
Shareholders' equity	36,042	41,006	45,188
Net income ⁽³⁾	6,543	5,132	6,035
LONG TERM SAVINGS	2008	2009	2010
AFORE BANORTE GENERALI (PENSION FUNDS) ⁽⁴⁾			
Total assets	1,218	1,557	2,096
Shareholders' equity	1,052	1,340	1,780
Net income	189	288	440
PENSIONES BANORTE GENERALI (ANNUITIES)			
Total assets	14,719	18,212	25,478
Shareholders' equity	985	1,016	1,028
Net income	33	31	12
SEGUROS BANORTE GENERALI (INSURANCE)			
Total assets	11,273	12,259	13,398
Shareholders' equity	2,130	2,371	2,436
Net income	476	438	451
BROKERAGE	2008	2009	2010
BROKERAGE HOUSE			
Total assets	1,550	5,273	10,169
Shareholders' equity	1,142	1,396	1,883
Net income	183	203	403
OTHER FINANCE COMPANIES	2008	2009	2010
ARRENDADORA Y FACTOR BANORTE (LEASING AND FACTORING)			
Total assets	14,001	13,434	15,679
Shareholders' equity	1,184	1,486	1,930
Net income	313	403	443
ALMACENADORA BANORTE (WAREHOUSING)			
Total assets	318	203	777
Shareholders' equity	122	149	206
Net income	23	35	57
MICROLENDING ⁽⁵⁾			
Total assets	433		
Shareholders' equity	48		
Net income	(120)		

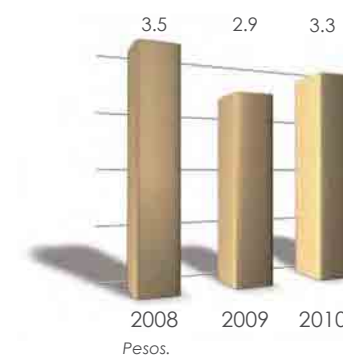
NET INCOME GFNORTE



ROE GFNORTE



GFNorte EPS



	Majority net income 2010	GFNorte ownership in subsidiaries
BANKING	Ps. \$ 5,387	92.72%
BROKERAGE	Ps. \$ 403	99.99%
LONG TERM SAVINGS	Ps. \$ 444	
Afore Banorte Generali (Pension Fund) ⁽⁴⁾	Ps. \$ 208	51.00%
Seguros Banorte Generali (Insurance)	Ps. \$ 230	51.00%
Pensiones Banorte Generali (Annuities)	Ps. \$ 6	51.00%
OTHER FINANCE COMPANIES	Ps. \$ 500	
Arrendadora y Factor Banorte (Leasing and Factoring)	Ps. \$ 443	99.99%
Almacenadora Banorte (Warehousing)	Ps. \$ 57	99.99%
Microlending	Ps. \$ 0	99.99%
HOLDING	(Ps. \$ 29)	100.00%
TOTAL	Ps. \$ 6,705	

Economic Aspects	2008	2009	2010
Direct employment (number of employees)	19,997	19,311	19,747
Indirect employment (millions of Mexican pesos)	387,354	386,134	407,273
Investment (millions of Mexican pesos)	931	2,918	1,273
Taxes paid (ISR + PTU)	3,400	2,724	3,642
Number of employees trained	11,116	11,957	13,502
Direct economic value created	63,979	58,940	56,022
Distributed economic value	56,868	53,063	48,978
Retained economic value	7,111	5,877	7,044
Social Aspects	2008	2009	2010
Social investment (millions of Mexican pesos)	31,590	40,600	62,048
Number of institutions supported	61	105	117
Number of persons benefited	1,000,000	537,631	1,360,000
Environmental Aspects	2008	2009	2010
Environmental investment (millions of Mexican pesos) ⁽⁶⁾	74,916	88,292	76,099
Number of environmental programs implemented	2	3	4

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 August 31st, 2009, merged with Banco Mercantil del Norte.

(6) Numbers on environment performance represent real investment in the correspondent year, while numbers in the Social Responsibility Report 2009 consider the amounts of investment establish on fact sheets.



Message from the Chairman of the Board of Directors

In 2010, we experienced an economic recovery in Mexico and most of the world. The fiscal and monetary policies implemented to face the deep financial and economic crisis of 2009 had positive results, stabilizing the international financial system and boosting global manufacturing activity.

Despite all the advances of 2010, we cannot be overly confident. Many challenges and problems persist globally and in Mexico, such as fiscal and debt imbalances in countries like the United States, Japan (now exacerbated) and some European states. Additionally, consumption is still depressed in most developed countries and the housing and real estate markets registers the lowest activity levels in several decades. Small and medium sized companies, as well as families, have limited access to credit, while unemployment remains a chronic global problem. All these aspects, including the fight against poverty, represent important challenges for the future.

On the other hand, after the coordinated efforts implemented by the main monetary authorities in 2009 to overcome the effects of the crisis, in 2010, the monetary policies of some countries started to diverge. This resulted in exchange rate misalignments for many currencies, generating conflicts among countries whose development depends on the foreign trade.

Also in 2010 we witnessed an important increase in commodity prices, especially in agricultural products, which will create future inflationary pressures. This will undoubtedly represent one of the most important challenges globally in future years, since many economies are still working to consolidate their recoveries, increasing the risk of stagflation.

As far as the international financial system is concerned, it is encouraging to see that the fundamentals of many banks affected by the 2008 crisis are now improving, showing better profitability, capitalization and liquidity levels. The Basel III rules will be implemented over the next years and this will help avoid some of the mistakes made in the past. Despite that, some banking systems, mainly European, are still showing structural weaknesses and lack of resolution to face their problems proactively, which could result in a resurgence of uncertainty.

In Mexico we had a relatively positive year, but we also faced important challenges. In the economic front, our GDP grew by 5.5%, a level originally forecasted by the bank, driven by the manufacturing and agricultural sectors, as well as an improvement in services. Loans to the private sector recovered substantially in the second half of the year, becoming once again a one of the engines of economic growth. BANORTE was recognized for the support offered to small and medium sized Mexican companies (PyMES), state and municipality governments, and Mexican families through mortgages and consumer credit.

In the political and social arenas, we witnessed competed local elections, which translated into a new political order in some regions of the country. On the other hand, the war against drugs and organized crime continued nationwide with some notable advances, and society as a whole has come together in order to face this problem, which also demands international cooperation.

In this complex environment, Banorte's results for 2010 were favorable. Net income reached Ps. \$ 6.71 billion, which represents a 15% increase compared to 2009. We were able to consolidate various strategic initiatives to increase our market presence, especially by reaching a binding agreement to merge with Ixe Grupo Financiero, the country's leader in Premium Banking. As a result of this merger, Banorte will become the third most important financial institution in the country and the leading one controlled by Mexican shareholders.

In 2010, there was a recovery in our Performing Loan Portfolio in most segments, growing by 10% during this period, while Core Deposits also had a positive performance. We registered important growth in our commercial network and all our business lines, allowing us to increase our reach with our current and potential clients via traditional and alternate channels.

The Bank also improved its profitability, loan portfolio quality and capitalization ratios. The higher level of profits was also driven by extraordinary events, such as the recovery of Comercial Mexicana's loan, which also allowed us to face certain contingencies, especially the losses derived from Mexicana de Aviación's bankruptcy.

The loan portfolio quality had an important recovery during the year in almost all of its segments. Credit card loans, our main problem area during the crisis, registered an important decrease in its delinquency rate at the end of the year, compared to its peak in mid-2009. The rest of the consumer loan portfolio, mortgages and small and medium sized company (PyMES) loans showed a decreasing trend in their PDL ratios. The Reserve Coverage Ratio was 124% by the end of the year.

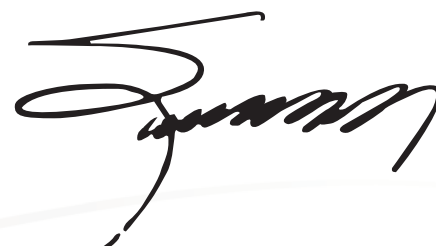
This year there were also significant infrastructure investments. We finished 2010 with one of the most important branch and ATM networks in Mexico and started joint operations with 7-Eleven Mexico as a third party correspondent nationwide. These actions will help us reach the non-banked population. We also made substantial advances in mobile and online banking, integrating more clients to these platforms. Banorte Móvil was awarded the "E-Commerce Awards Mexico 2010" prize as an acknowledgement, one of the most prestigious prizes in the technology and innovation fields.

Summarizing, we are ready to face new challenges and capitalize new opportunities within and beyond our borders.

This time, I want to emphasize the fact that, for the first time, we are submitting our Social Responsibility Annual Report included in this annual report. Since its inception, Banorte has had a permanent commitment with our community, our environment, our clients, our shareholders and Mexicans' overall well being. This commitment is deeply rooted in our essence and our daily work to support all Mexicans and participate in our country's sustainable development. In 2010, Fundación Banorte and all the members of the Banorte family contributed, within our means, to help those

affected by the natural disasters that happened in different regions of our country, especially in the North and Southeast. We also give continuous support to causes such as health, disabilities, addictions, social work, education, human rights, environment and institutional build up, among others. We will keep reinforcing our commitment as a Socially Responsible Company in the future, as a way of giving back to Mexico a part of what the country has provided us.

Finally, I would like to take this opportunity to thank our Shareholders, the Members of the Board of Directors, Executives, Employees and Clients of Banorte for their continuous commitment. Once again, our dedication and efforts were recognized in Mexico and internationally as Banorte was awarded, for the second year in a row, the prize as the "Best Bank of the Year in Mexico 2010" by the prestigious magazine World Finance.



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



Message from the CEO

of Grupo Financiero Banorte

The environment in which Banorte operated during 2010 was characterized by an important economic recovery. The Mexican economy grew 5.5%, one of the highest growth rates of the last decade, mainly driven by the economic recovery in the United States, our main export partner, and by an increasing domestic demand driven by a recovery in employment, a reactivation of credit and increasing dynamism in foreign trade. On the other hand, inflation continued decreasing to 4.4% at year's end, while interest rates remained in historic low levels, generating a positive environment to foster greater credit demand.

Despite such favorable environment, Mexico faced important challenges during the year, which limited its economic growth capacity, such as the natural disasters suffered in different regions of the country, as well as the escalating insecurity problems. The banking industry also faced equally important challenges, such as a greater competition and regulatory changes to implement new measures related to credit provisions and elimination of fees. Although these measures represented immediate costs, they will undoubtedly help strengthen the Mexican financial system.

Grupo Financiero Banorte took advantage of the improved economic environment to consolidate its expansion strategy in order to serve more Mexicans as the best banking franchise in the country. In November, we reached a binding agreement with Ixe Grupo Financiero to merge with Grupo Financiero Banorte, which was approved by the General Shareholders' Assembly at the end of March 2011 after obtaining the necessary regulatory approvals. As soon as this merger is finalized, Banorte will consolidate its position as the leading financial institution controlled by Mexican shareholders, with its decision center based in Mexico, and the third most important financial institution in the country. This merger will be the largest transaction in Mexico's banking sector for nearly a decade, strengthening the presence of Mexican capital in the Mexican banking system. The integration of Ixe in Banorte's platform will allow us to improve the quality of the services we offer to our clients, such as increased coverage in regions where Banorte has been increasing its presence, like Mexico City, and in market segments that needed reinforcement, such as Premium Banking and Wholesale Banking. The merger with Ixe will be concluded at the beginning of April 2011, once all the corresponding approvals are obtained.

The strengthening of Banorte during 2010 was also the result of important investments which were concentrated on its four strategic cornerstones: human resources, infrastructure, client-oriented service and social responsibility.

Banorte continued investing in training and personnel development in 2010; as a result, there was an improvement in the organizational environment of all working areas throughout the institution. Human capital development advanced in many areas: enhancement of leadership skills through

executive training programs; results oriented management by increasing the number of personnel certified in products offered to clients through the commercial network; development of capabilities by closing knowledge gaps; and standardization of client-service in the branch network. The Group also fostered a culture of innovation by awarding the first edition of the "Ingenio Banorte" prize, which recognized creativity and the drive for innovative ideas that contributed to improve operations and client service. This year, the winner was the "Banorte Móvil" tool developed by Ricardo Granados Treviño, who received the award from Mario Molina, Ph.D., Chemistry Nobel Prize winner. All of these efforts and additional ones made in order to develop and retain our personnel, were acknowledged by the "Great Place to Work Institute" which ranked Banorte as one of the top ten "Best Companies to Work in Mexico" and was also recognized by "Expansion" magazine as one of the best companies to start a professional career.

In terms of infrastructure, we opened 46 new branches, installed 526 new ATM's and activated 10,792 new POS terminals throughout the country during 2010; as a result, by year end, our network was comprised of 1,134 branches, 5,004 ATM's and 58,336 POS terminals. We also started joint operations with 7-Eleven Mexico as third party correspondents, offering financial services such as cash deposits, payment services and Banorte credit card payments in more than 1,170 7-Eleven convenience stores in 7 states of the Republic. This expansion resulted in a 10% increase in banking operations compared to 2009, totaling 461 million transactions; half of which were made using ATMs.

Regarding client-oriented service, Grupo Financiero Banorte started building a new Contact Center, with an initial investment of Ps. \$ 600 million. This Center will concentrate 14 call-centers under a more efficient, environmentally-friendly platform and state-of-the-art technology and security systems to standardize and substantially improve service procedures to clients. Likewise, the project created approximately 2,000 new jobs, mostly for students from Nuevo León, offering them the best conditions for their personal and professional development.

In Corporate Social Responsibility, Banorte intensified its efforts to implement a model based on four pillars: environmental responsibility, community commitment,

equality and governance and value chain. Value chain represents the responsibility of providing quality products and services as well as having an impact in the supply chain so that it operates with more sustainable practices. We also increased "Las Acciones Banorte" to foster volunteer work and reinforce the Social Responsibility culture among our co-workers. Banorte supported the victims of natural disasters in the Southeast and North of the Republic, carrying out voluntary donations campaigns and contributing with a significant amount of money to the reconstruction efforts in the affected areas.

Banorte seeks to strengthen profitability and institutional build-up through Social Sustainability and Responsibility, always searching for the appropriate balance between the economic, social and environmental aspects of the company. In order to honor this commitment, as of 2010, the Social Responsibility report will be included with the annual financial report, since the commitment to CSR is already considered an integral part to ensure Banorte's adequate progress.

The set of initiatives implemented were the driving force of this year's favorable operating results. Banorte's Net Income was Ps. \$ 6.71 billion in 2010, 15% more than in 2009, which resulted in a 15.5% return on equity and a 1.2% return on assets, both of them higher compared to previous years. The increase in the Group's profitability was mainly due to a 21% increase in Non Interest Income to Ps. \$ 11.11 billion, driven by an 11% increase in service fees, a 47% increase in recovery of written-off loans and a 36% rise in intermediation revenues. Profitability also increased as a result of positive operating leverage which translated in an efficiency ratio of 52.3%, reflecting Banorte's efforts to control expenses. Loan provisions decreased 17% to Ps. \$ 6.89 billion due to lower requirements for the commercial portfolio, mortgages and consumer loans.

All of the above offset a 2% decrease in Net Interest Income to Ps. \$ 22.73 billion, caused by lower market interest rates compared to the previous year.

In terms of funding, Core Deposits grew by 7% to Ps. \$ 238.64 billion, driven by a 9% increase in Total Demand Deposits and 5% in retail Time Deposits, having a positive impact on Banorte's market share. The Performing Loan Portfolio,

Message from the CEO

of Grupo Financiero Banorte

excluding the Recovery bank, had a 10% annual increase to Ps. \$ 263.09 billion, reverting the declining trend initiated after the 2008 and 2009 crisis.

The Commercial segment remains as the main component of the Performing Loan Portfolio, with a balance of Ps. \$ 87.83 billion, although it had the lowest growth rate during the year of only 4%. Consumer loans, including mortgages, remain as the second most important component of the loan book, growing by 11% to Ps. \$ 83.55 billion, one of the most important growth rates of the portfolio. Government loans became the third most relevant segment of the book during 2010, with a balance of Ps. \$ 47.55 billion, displaying the most dynamic yearly growth rate of 22%. The Corporate portfolio grew to Ps. \$ 44.18 billion, a 10% annual increase.

The PDL Ratio was 2.5%, the same as in 2009, while the balance of Past Due Loans was Ps. \$ 6.66 billion. During the year, one of our most important corporate clients, related to the aviation industry, filed for bankruptcy protection and stopped operations. As a result, and following Banorte's commitment to face problems in a proactive manner, the banks created reserves to fully provision the total outstanding debt of Ps. \$ 1.25 billion and registered it as past-due, which impacted the PDL ratio at the end of the year. Despite this extraordinary event, the Coverage Ratio grew to 124% and write offs of past-due loans diminished to Ps. \$ 2.56 billion.

The Group's subsidiaries also reported better results in 2010. The Long Term Savings Sector registered profits of Ps. \$ 444 million, a 17% increase over 2009. Other Finance Companies generated net income of Ps. \$ 500 million which represented an annual increase of 18%; and the Brokerage sector reported Ps. \$ 403 million in profits, a 98% increase compared to the previous year.

In 2010, Banorte's business in the United States improved their financial profile as a result of the support provided to Inter National Bank by GFNorte, such as the capital injection made at the end of 2009 and the sale of foreclosed assets to Sólida Administradora de Portafolios, S. A. de C. V. in 2010. Likewise, "Sólida USA" was created to help manage foreclosed assets in a more efficient manner, minimize losses and manage other banks' portfolios in order to potentiate this business. An improved business and economic outlook in the United States, as well as a growing hispanic population and an increase in trade relations with this country are the main drivers to keep exploring business alternatives to expand our presence in this important market.

The Group also showed significant progress in other relevant issues during 2010. In relation to corporate practices, the number of independent board members increased to 8 or 53% of the total number of board members, incorporating high-level personalities to the board, like Patricia Armendariz, Ph.D. and Mr. Everardo Elizondo. Also, in February 2011, the Shareholders' Meeting approved the appointment of Mr. Roberto Gonzalez Barrera as Chairman Emeritus of the Board of Directors of the Group and Guillermo Ortiz Martinez as Chairman of the Board of Directors. These changes will undoubtedly strengthen our Institution, as well as the Corporate Governance of Banorte, in compliance with the best corporate practices worldwide and will allow us to maintain certainty in our strategic course. We also have to emphasize the outstanding supervisory work carried out by the Audit and Company Practices' Committee and the Risk Policies' Committee, in accordance with the functions and faculties assigned to them by the Board of Directors. These Committees have been of utmost relevance in order to assist Management in the analysis, identification and mitigation of risks, as well as in verifying compliance with the different aspects of regulation and generation of financial information.

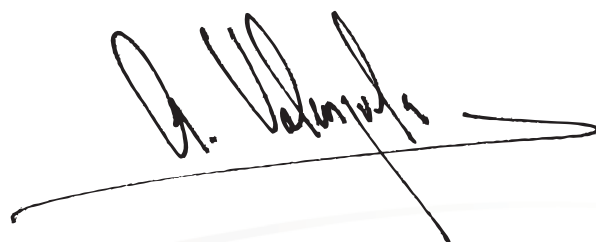
Banorte also worked on innovating and developing new products, such as "Solución Integral PyME" offering clients the possibility of a range of up to 12 products and services under a single contract, or the launch of "Adelanto de Nómina", a line of credit of readily available cash offered through Banorte's ATM network or online banking website.

As part of the Bank's international strategy and in order to improve its funding profile, Banorte concluded the successful issuance of Non-Guaranteed Senior Debt in the amount of US \$ 300 million, obtaining investment grade rating in these securities. The use of funds is for the funding long-term loans in U.S. currency.

All these achievements have made Banorte the subject of various awards. "World Finance" magazine acknowledged us as the "Best Financial Group in Mexico 2010" for the second year in a row. "Banorte Móvil" won the "Mejor Solución dentro de la categoría Mobile" awarded by the Asociación Mexicana de Internet and the Instituto Latinoamericano de Comercio Electrónico, and also received the award "E-Commerce Award Mexico 2010". Likewise, and for the second year in a row, Banorte was the most awarded institution by Nacional Financiera (Nafin) for the support offered to small and medium sized Mexican companies (PyMES) in 2010.

In 2010, the Board of Directors approved a cash dividend of Ps. \$ 0.52 per share in three payments made during 2010 and 2011. This payment is equivalent to 18% of the recurring profits reported in 2009, and demonstrates Banorte's continued commitment to its Shareholders.

Finally, I would like to express our profound appreciation to our more than 16 million clients who have placed their trust in this great institution. I would also like to thank all our colleagues for their work and dedication and to our Shareholders and Board Members for their invaluable support in a shared effort to make Banorte "el Banco Fuerte de México".



Alejandro Valenzuela
CEO of Grupo Financiero Banorte





Business and Results

2010 was a year of a gradual and steady recovery after the severe crisis of 2008 and 2009. Thus, a higher demand of banking products and services was observed, driven by a higher level of investment, economic activity, and employment. Banorte took advantage of this favorable environment and thanks to its strong and sound position, successfully consolidated its expansion and development strategy, and gain market share, in a year that was not free of risks and significant challenges.

During this fiscal year, our infrastructure grew notably, with a significant increase in the number of branch offices, point-of-sale terminals and third party banking correspondents.

—■ Other relevant aspects were the launching of the SME¹ Comprehensive Solution, growth and positioning of payroll services, as well as the increase in car lending and the success of the mobile banking service Banorte Móvil's launched in 2009, which was recognized as the "Best Solution in the Mobile Category" and the "E-Commerce Award México 2010". ■

Likewise, for second consecutive occasion, World Finance Magazine recognized GFNorte as "The Best Financial Group in Mexico in 2010."

Regarding our financial results, net income totaled Ps. \$6.705 billion, growing by 15.0%. ROE was 15.5%, and ROA was 1.2%, both levels higher compared to 14.9% and 1.0% reported in the previous year, respectively, and the capitalization ratio was 16.1%. The efficiency ratio improved from 52.6% in 2009 to 52.3% in 2010.

Below, we will analyze the results obtained by the different subsidiaries integrating Grupo Financiero Banorte.

"2010 was characterized by positive results and our consolidation as "El Banco Fuerte de México.""²

Banking Results

The earnings of the banking division for 2010, including the Afore consolidated by equity participation method, totaled Ps. \$6.035 billion, 18% higher compared with the previous year, mainly resulting from increased non-interest income and reduced provisions. These two effects offset a decline in financial margins.

The financial margins decreased by 3%, mostly due to a lower average interest rate as compared to 2009, which was partially offset by an increase in the performing loan portfolio and higher demand deposits. Net interest margin (NIM) was 4.1%.

Non-interest income amounted to Ps. \$8.910 billion, representing a 24% increase compared to 2009, explained by recovery of written-off loans and higher service fees.

Non-interest expense totaled Ps. \$16.080 billion, 4% higher than in the previous fiscal year, mainly as a result of increased personnel expenses as a result of the expansion in the commercial network, rents, depreciation and amortizations, and employee profit-sharing.

¹ TN: Small and Medium-sized Enterprises (Pequeñas y Medianas Empresas - PyME).

² TN: The bank's slogan: "Mexico's Strong Bank".



Funding

■ Banorte's goal of increasing its deposits was achieved by meeting our customers' needs through comprehensive products and services, attractive returns, enhanced service and an improved and larger physical and technological infrastructure. This resulted in an increase of 6% in total deposits to Ps. \$ 292 billion at closing of 2010.

The increase in our funding resulted from the positive performance of products such as Enlace Global (Global Link), Enlace Fuerte (Strong Link) and Mujer Banorte (Banorte Woman), which derived in growth of 13% in non-interest bearing demand deposits, while interest-earning demand deposits increased by 6%; retail time deposits increased by 5%, and the money market deposits by 3%. ■

Thus, managed resources by the closing of 2010 totaled Ps. \$ 438.382 billion, 1% higher than in 2009.

One million new accounts for individuals in 2010.



Deposits	Dec'08	Dec'09	Dec'10
Non Interest bearing demand deposits	57,876	61,611	69,615
Interest bearing demand deposits ⁽¹⁾	70,481	75,977	80,218
Demand deposits⁽²⁾	128,357	137,588	149,833
Time deposits – retail	75,085	84,808	88,805
Core deposits	203,442	222,396	238,638
Money market ⁽³⁾	57,454	52,646	54,142
Total deposits	260,896	275,042	292,780
Third party deposits	144,916	156,864	145,602
Total assets under management	405,812	431,906	438,382

Million pesos.

(1) IPAB checking accounts in which collections of managed portfolios of Banpais y Bancen deposited in cash are excluded. The balance of these accounts for 2008, 2009 and 2010 were Ps. 14 million, Ps. 20 million and 0 million, respectively.

(2) Includes debit cards.

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

Credit Portfolio

—■ As a result of increased economic activity and the corresponding pick up in demand for credit, we were able to focus our efforts in new loan sales, efficiently satisfying our customers' needs. Thus, 2010 was a year of challenges and the search for new market niches; which represented a point of inflection and growth. ■

Accordingly, the Performing Credit Portfolio, excluding the proprietary portfolio managed by Recovery Banking, amounted to Ps. \$ 251 billion at the closing of 2010, growing by 10% yearly.

Regarding market share for Performing Loans, Banorte increased it from 10.9% in 2009 to 11.4% in 2010, maintaining the 4th position in the market.

The past due loan ratio at closing of the fiscal year was 2.5%, similar to the level in 2009. It is worth noting that in the fourth quarter, a loan of one of our most important clients from the aviation industry was classified as delinquent. Excluding the impact of that loan, the past due loan ratio would have been 2.3%, lower compared to 2009, with an improvement in most of the portfolio segments.

Household Loans

—■ Credit availability for Mexican families is a determining factor for improving their quality of life and well-being, which is one of Banorte's goals. Therefore, we are constantly focused on designing and promoting lending products to meet their requirements from a sustainable perspective, in which a sensible and conservative credit analysis is critical. ■

Family loans—including mortgages, credit cards, payroll and car loans—had a yearly growth of 12%.

- Mortgages grew by 13% compared to 2009, driven by placements in the middle market housing segment and the reactivation of products such as mortgages for liquidity, home improvement, construction, and remodeling. The total number of credits was 14 thousand, growing by 23% compared to 2009.
- With respect to credit cards, this type of loan contracted by 5% this year compared to 2009, a trend that decelerated in recent quarters as a result of properly managing the product's lifecycle, the placement of 306 thousand new credit cards in the course of the year under conservative loan standards, and an annual increase of 13% in total net billing derived from campaigns to promote the use of credit

cards and promotions with interest-free monthly installments. At closing of 2010, there are 1.1 million cards, 6% higher compared to 2009.

- Payroll loans experienced a strong rise of 31% yearly, resulting from a more integrated product which meets customers' requirements in a better way, as well as from successful promotional campaigns of the *Credinómina* product and the strategy to place more loans with government employees. Another factor influencing such performance was the recovery in employment registered in 2010. The production of new loans during the year increased by 48% compared to the amount registered during the previous year.
- Car loans increased by 11% compared to 2009, derived from promotional campaigns and from increased car sales observed this year. Another important factor was the alliance with Isuzu Motors for the financing of units. Thus, in 2010 new car loans grew by 22% compared to the previous year.

Business Loans

Banorte is committed to fostering investment, as well as economic and social development in order to create jobs in Mexico, under a perspective of mutual responsibility and benefits. Under this perspective, we are clearly working to decisively promote business loans.

Corporate loans this year grew by 10% compared to 2009, resulting from the timely response to increased credit demand within this segment, derived in turn from the economic recovery and promotional campaigns implemented.

—■ The important regional and sectorial portfolio dispersion is worth highlighting, as well as the low credit concentration, where the most important borrowers account for 14% of the bank's total portfolio, and within such sample, the largest loan represents 1.8% of the total loan portfolio. ■

Commercial loans increased by 2% in 2010 compared to the previous fiscal year, observing stronger growth in the second half of the year, where loans to Small and Medium-sized Enterprises (SME) grew by 8%, resulting from the efforts in terms of products and initiatives, including the SME Comprehensive Solution, SME Centers and SME Awards. Hence, Nacional Financiera, for a second consecutive year, has recognized Banorte in the areas of "Financing to the SME Segment" and "Leadership in the Productive Chains Program to Promote SME Growth."

Government Loans

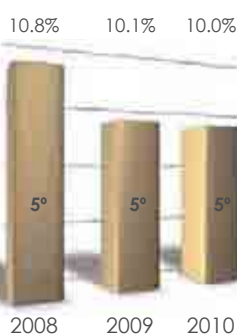
Providing loans to the government sector is an important factor for Mexico's development. Consequently, we maintain our commitment with this segment through specialized staff, customized products, and integral services. The government loan portfolio grew by 22%, driven by loans granted to states, and to a lesser extent, to municipalities and decentralized agencies.

Loan portfolio	Dec' 08	Dec' 09	Dec' 10
Mortgages	45,499	49,221	55,718
Car loans	7,589	7,424	8,208
Credit cards	15,067	11,801	11,159
Payroll	6,707	6,479	8,458
Consumer	74,863	74,924	83,543
Commercial	80,170	72,219	73,524
Corporate	48,597	42,037	46,364
Government	26,977	38,982	47,549
Subtotal	230,607	228,162	250,980
Recovery bank	794	666	454
Performing loans	231,401	228,828	251,434
Past due loans	4,836	6,051	6,523
Total performing loans	236,237	234,879	257,957
% Past due loans	2.0%	2.6%	2.5%

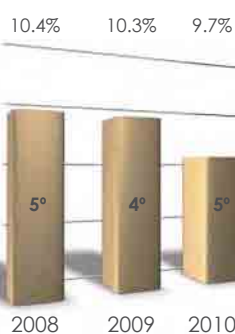
Million pesos.

Market share

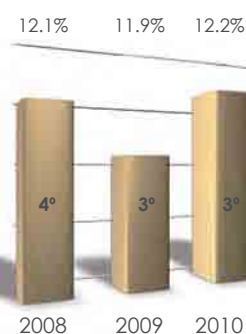
BRANCHES



DEMAND DEPOSITS

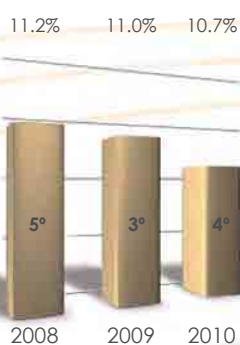


TIME DEPOSITS



Time deposits included + securities issued.

DEMAND + TIME DEPOSITS



Financial brokerage not included.

PERFORMING LOAN PORTFOLIO



Source: CNBV (Consolidated Financial Statements with Udis).
Performing loan includes credit card SOFOM of Banamex, Santander and Ixe.

Asset Recovery

Having a specialized asset recovery area, which includes an investment portfolio in real-estate and infrastructure projects through Solida Administradora de Portafolios (Solida Portfolio Management office), provides us with a competitive edge.

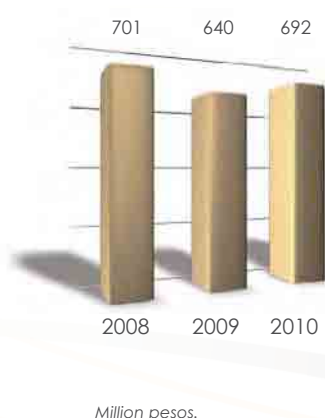
It is important to mention that in addition to recovering Banorte's proprietary assets, impaired assets are acquired from other financial institutions with the purpose of carrying out regularizations and collections.

—■ Our asset recovery approach is to provide assistance and to facilitate the payment by all those willing to fulfill their obligations, under a responsible collection scheme. This task has had a significant impact in the housing sector. ■

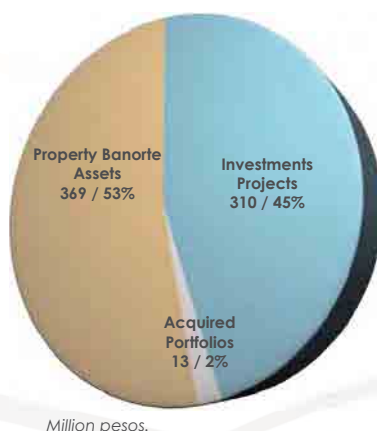
At the closing of 2010, the portfolio of managed assets totaled Ps. \$71 billion, a 7% growth compared to the previous year; the main variations were in the bank's proprietary assets and investment projects, which increased by 16%. It is worth noting that financing of environmentally sustainable projects with DUI³ certificate are included in the investment projects.

Net profit amounted to Ps. \$692 million during 2010, representing 10% of Grupo Financiero Banorte's total profits, and growing by 8% compared to the previous year.

NET INCOME



NET INCOME 2010



MANAGED ASSETS



³ Integral Sustainability Urban Development Certification.

Banorte USA

—■ Through three lines of business developed in the U.S., Banorte fulfills its goal of supporting Latin communities and especially Mexicans residing in this country. ■—

Banking

—■ Banorte and Inter National Bank (INB) have strengthened the synergies and continue to provide bi-national products and services to their customers on both sides of the border that stress free access to the ATM network of Banorte in Mexico and more than 36 thousands ATMs in the U.S. through the All Point's network, as well as wire transfers and check deposits at no cost between account holders of both institutions. ■—

Additionally, INB has a diversity of financing options for individuals and corporations at Banorte customers' disposal.

During 2010, Inter National Bank increased its deposits by 9% annually and maintained a strong capitalization ratio of 18.6%, above the regulatory requirements.

Remittances

—■ In 2010, Banorte continued with its commitment to serve the market of migrants and their families, offering quality service in money transfers both in Mexico and the United States. ■—

—■ In the United States, processed transactions by Uniteller-Motran grew by 27%, placing them as one of the companies with the highest growth rate in the U.S. for this sector. ■—

—■ In Mexico, Banorte continues standing out as one of the most important family remittances processors in the country. During 2010, Banorte and UniTeller processed more than US \$ 1.8 billion dollars, amount representing almost 9% of total money transfers between the U.S. and Mexico. Additionally, and in order to strengthen the bancarization process of remittance beneficiaries, the number of Enlace Express accounts, which allows families in Mexico to save and receive money transfers at no cost, increased by 10%. ■—

Private Banking

Through Banorte Securities International, Banorte offers its customers a range of investment alternatives abroad, primarily to the investor base of Banca Patrimonial of Mexico's Broker Dealer and the shared customers with Inter National Bank in U.S.

Banorte Securities managed a client portfolio of over one billion dollars in 2010 from clients of Private Banking in Mexico and onshore clients in the U.S.



Long Term Savings



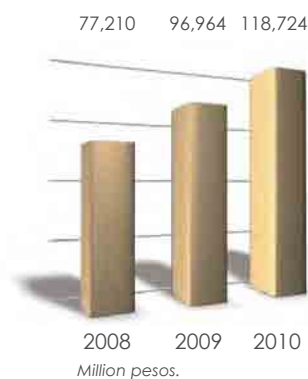
—■ The Long Terms Savings Companies' results were positive for 2010; assets under management, which include technical reserves and resources managed on behalf of Mexican workers, amounted to Ps. \$118.724 billion, 22% higher compared to the previous year, with significant growth in Afore and Annuities. ■

Afore Banorte Generali (Pension Funds)

Managed funds totaled Ps. \$ 86.271 billion, a 19% growth, representing a 6% share in the system's overall managed funds and the 7th position in the market. The number of affiliates totaled 3.9 million, which is 9% of the total affiliates in the system and in certified accounts.

Afore results were positive, reporting profits of Ps. \$ 440 million - of which 51% correspond to Grupo Financiero Banorte- a 53% increase, derived from higher operating and financial revenues, as well as from lower operating expenses and cost of sales, jointly increasing the operating efficiency. ROE was 28.4%, comparing favorably to the 24.4% registered in 2009.

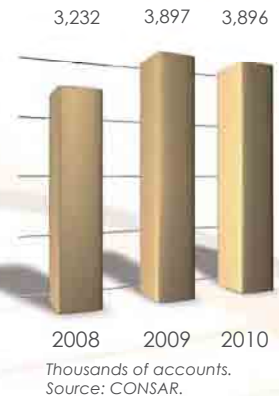
MANAGED ASSETS



MANAGED FUNDS



TOTAL ACCOUNTS



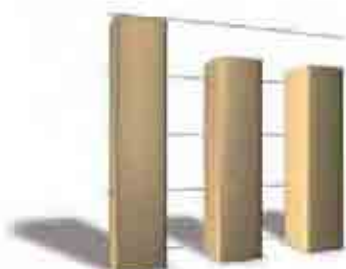
Seguros Banorte Generali (Insurance)

During 2010, issued premiums slightly decreased by 1% to Ps. \$ 7.095 billion, while earned premiums totaled Ps. \$ 5.432 billion, showing a 3% reduction as a result of a very competitive market.

Insurance earnings for this fiscal year totaled Ps. \$ 451 million - of which 51% correspond to Grupo Financiero Banorte - a growth of 3%. This result is explained by containment of damage costs and higher revenues from financial products.

ISSUED PREMIUMS

8,268 7,183 7,095

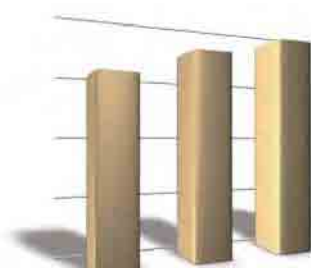


2008 2009 2010

Million pesos.

TECHNICAL RESERVES WITHOUT INTEGRAL WEALTH BANORTE

5,231 5,972 6,498



2008 2009 2010

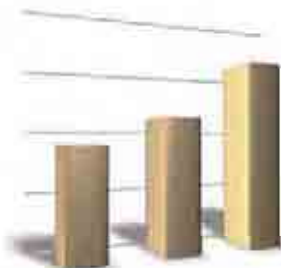
Million pesos.

Pensiones Banorte Generali (Annuities)

For 2010, Annuities reported profits of Ps. \$ 12 million - of which 51% correspond to Grupo Financiero Banorte - a 62% decrease as a result of various factors, including increased expenses associated with annuities as a consequence of a 15% increase in the number of cases, as well as write offs in the investment portfolio, increased technical reserves, and reduced earnings on the interest produced by equity and reserves, all of which reduced profits by Ps. \$ 19 million. Without considering these effects, the profit for this year would be similar compared with the previous fiscal year.

TECHNICAL RESERVES

13,612 16,938 24,134



2008 2009 2010

Million pesos.



Brokerage

Banorte Broker Dealer

The general business atmosphere in the stock exchange improved during 2010 compared to the previous year as a result of a continuous increase in IPC Index of the Mexican Stock Exchange, the reactivation of equity public offerings, and the increase in corporate bond placements resulting from improved economic expectations.

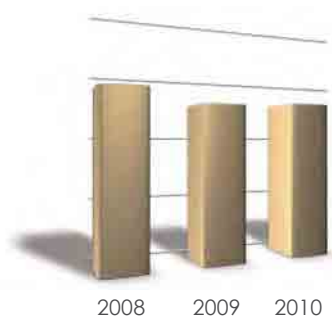
Mutual funds' managed assets posted a 32% growth this year compared to the previous fiscal year, as a result of improved yields and an aggressive promotion. Although debt and equity mutual funds grew at the same pace, debt mutual funds outpaced market growth.

Assets under custody totaled Ps. \$ 174 billion, a 28% annual growth resulting from higher deposits by patrimonial banking customers in mutual funds, money and capital markets, as well as in Banorte Securities.

The profits of Banorte Broker Dealer (Casa de Bolsa) amounted to Ps. \$ 403 million in 2010 98% higher than in the previous year, resulting from higher revenues from mutual funds management service fees and risk and trading positions in money markets. ROE for this fiscal year was 25.1%, above the 16.2% attained in the previous year.

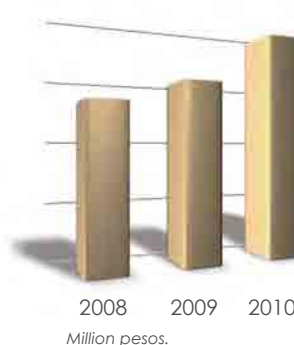
NUMBER OF CLIENTS

10,422 9,573 9,738



ASSETS UNDER MANAGEMENT

119,286 135,621 174,068





Arrendadora y Factor Banorte (Leasing and Factoring)

Banorte Leasing and Factoring division continued to show constant growth, improving leasing revenues by 4% and factoring by 7%.

The profits of this division for 2010 totaled Ps. \$ 443 million, 10% higher than that in the previous year, derived from a 9% increase in the pure and financial leasing portfolio and 22% in the factoring portfolio. The portfolio has increased its yield as a result of greater participation by the factoring product to suppliers and to improved funding costs.

The Past Due Loan Ratio was 0.9%, while the Capitalization Ratio closed at 13%.

Almacén Banorte (Warehousing)

The net income of the Warehousing division was Ps. \$ 57 million for 2010, a 152% increase compared to the previous fiscal year, as a result of greater inventory commercialization, increased property fitting operations and the beginning of logistic services in order to offer a more comprehensive service to our customers.

For this fiscal year, the Capitalization Ratio was 8.5%, considering outstanding risk certificates of Ps. \$ 2.429 billion.

Awards and Recognitions

The awards and recognitions received by GFNorte in 2010 include:

Great Place to Work

Grupo Financiero Banorte was certified as a "Great Place to Work" in Mexico. Over 15 thousand collaborators were surveyed, and it also comprised an analysis of the human capital management policies and practices, and an audit by the institute granting the certification.

In its first year ranked as a "Great Place to Work", GFNorte was positioned among the top ten companies to work for, with 5 thousand workers or more.



Centennial Mexican Company

During the closing ceremony of the 2010 National SME Week, President Felipe Calderón recognized GFNorte as a Centennial Mexican Company which has helped to boost the country's development and economic growth. In this event, our company was also given a Special Mention Award from the Ministry of Economy for its leading position in financing SMEs with programs operating with guarantees provided by this federal agency.



Mexico's Best Financial Group

For a second consecutive occasion, the World Finance magazine recognized GFNorte as "Mexico's Best Financial Group in 2010". According to the magazine, Banorte is distinguished by several strengths, including its constant innovation and originality, its products and services quality, an ongoing market development, its growing share in every segment, and its excellent customer service, among others.



SME Support Leader

For second consecutive year, Nacional Financiera (NAFIN) granted GFNorte two awards for the support given to Small and Medium-sized Enterprises in Mexico. The awards were: "For the financing given to the SME segment", and "For its leadership in the Productive Chain program to promote SMEs' growth."



Banorte Móvil

"El Banco en tu celular" proves its leadership

"Banorte Móvil" was recognized as the "Best Solution in the Mobile category" by the Mexican Internet Association and the E-Commerce Latin American Institute; it also received the "E-Commerce Award México 2010" and the "E-Commerce Award Latin America 2010". With such awards, Banorte proves its technological and innovation leadership in mobile banking.





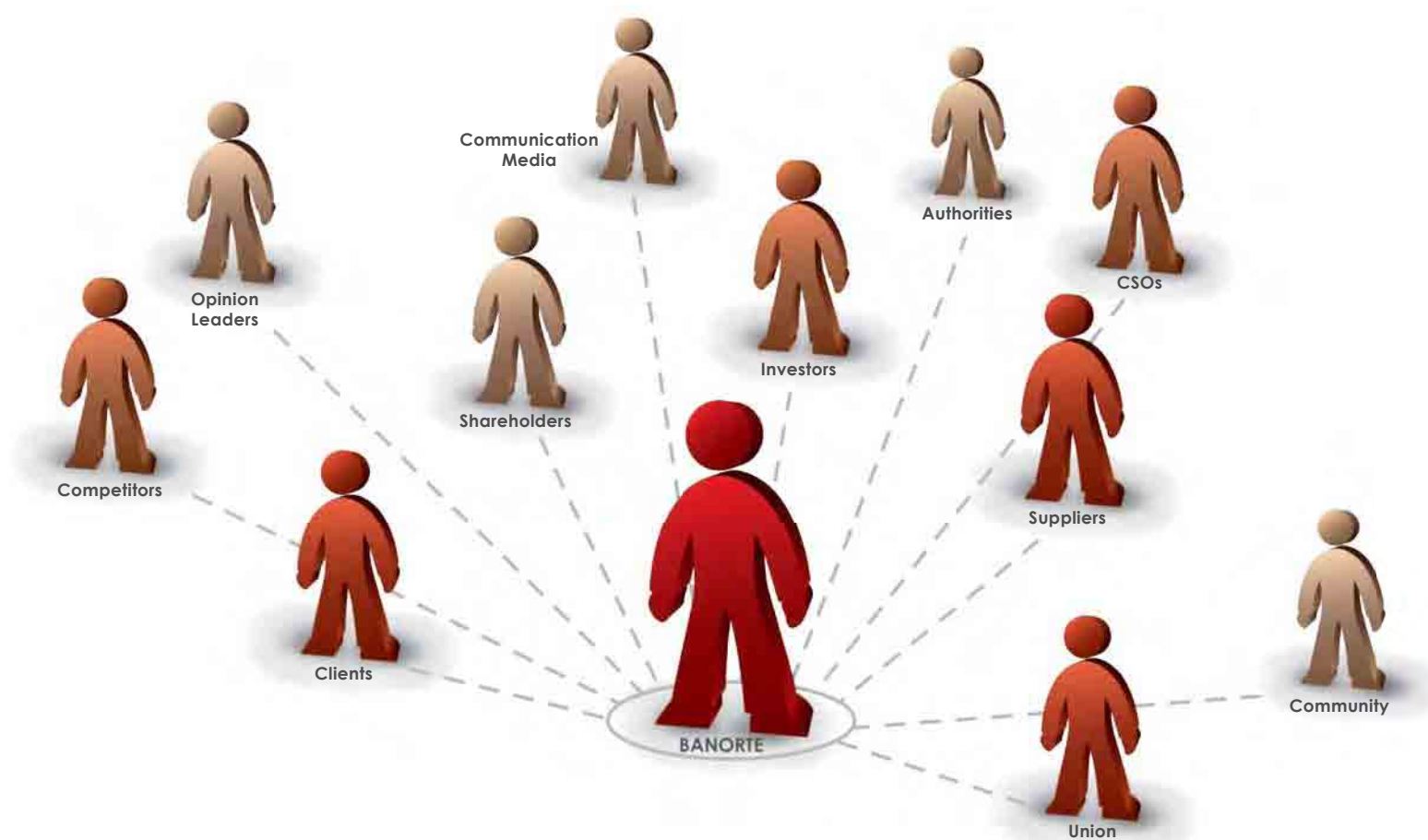


Strategy Implementation

Dialogue with Interest Groups

Providing access to banking and financial services ("bancarization") is one of our institution's commitments to the country. Therefore, we consider at Banorte that since we are a financial services institution for the general public, our customers are our main interest group.

INTEREST GROUPS



This year, as part of our strategy and our path to sustainability, we have redefined the interest groups to which we are linked. Such redefinition has meant broadening coverage of expectations and concerns demanded from us.

In order to determine these groups, as well as the criteria for service and dialogue, and each group's participation frequency, we have worked based on several approaches. The above has resulted in consolidated criteria for the work with groups, as shown in the table below:

Interest Group	Determination	Criteria	Participation Frequency
Customers	<ul style="list-style-type: none"> By identifying the person and based on his/her needs, the individual is offered products and services for his/her segment. 	<ul style="list-style-type: none"> Customized service. Comprehensive Service Model. Channels: branch offices, ATMs, point-of-sale terminals, contact centers, internet, mobile telephone, customer relationship management systems. 	<ul style="list-style-type: none"> Upon demand, and once per month.
Collaborators	<ul style="list-style-type: none"> Our goals are achieved thanks to our collaborators, who are the pillar who allows us to exist. 	<ul style="list-style-type: none"> Constant contact with employees. Banorte Actions Program. The Intranet is used for several purposes associated with employees' benefits. 	<ul style="list-style-type: none"> Every four months.
Union	<ul style="list-style-type: none"> Banorte Union's National Executive Committee is composed by the institution's employees, as established by the 1982 Bank Nationalization Decree. 		
Opinion Leaders	<ul style="list-style-type: none"> Opinion leaders' career and integrity. 	<ul style="list-style-type: none"> Ethics and values. 	<ul style="list-style-type: none"> Participation based on the training and human capital development program needs.
Investors	<ul style="list-style-type: none"> All shareholders. Identified through a quarterly census. In such study, all the asset and mutual fund managers are contacted to determine their shareholdings. They are also determined by the attendance lists to the AGMs and EGMs. 	<ul style="list-style-type: none"> The main selection approach is the shareholding percentage, as well as how interested they are in investing in GFNorte's stock. 	<ul style="list-style-type: none"> Daily.
Communications Media	<ul style="list-style-type: none"> As determined by the General Director of Institutional Relations and the Communications Committee. 		
Authorities	<ul style="list-style-type: none"> Determined as per the obligations established in the Stock Market Law and other legal provisions. 		<ul style="list-style-type: none"> As the need to publish material events arises, as well as other important communications needed, among others.
Suppliers	<ul style="list-style-type: none"> As per the Internal Control System's Regulatory Bulletin 301/2010. 	<ul style="list-style-type: none"> General Material Resources Policies. Supplier Selection process, preference may be given to suppliers distinguished as Socially Responsible Companies or which actively participate in environmental causes. 	<ul style="list-style-type: none"> Daily. Socially Responsible Companies.
Community and CSOs	<ul style="list-style-type: none"> The Banorte Foundation is governed by the Law for Private Charitable Organizations for the State of Nuevo León, under which its corporate purpose is to carry out charity and social welfare activities in favor of underprivileged individuals, sectors, and regions, as well as vulnerable communities and groups. 	<ul style="list-style-type: none"> Corporate bylaws and social purpose of the foundation. 	<ul style="list-style-type: none"> Daily.

For regular communications, we use various channels: branch offices, automatic teller machines, point-of-sale terminals, contact centers, internet, mobile telephones, and customer relationships management systems in the group's different sectors. Market research studies are conducted periodically, as well as a six-monthly customer satisfaction survey. The satisfaction survey applied in 2010 produced the following results:

Outstanding Results:

- Banorte reached the second position as the "Best Bank in Mexico".
- It ranked first as to price-related attributes, such as: "Best Returns", "Lowest Interest Rates".
- Regarding customer empathy and service attributes, it occupied the second position as to:
 - "It fulfills what it tells to its customers".
 - "It is committed and contributes to the society".
 - "It cares for its customers".
 - "It has the kindest and most thoughtful staff".
 - "It is a reliable bank, it does not make mistakes".
 - "It has the highest-quality service".

Infrastructure

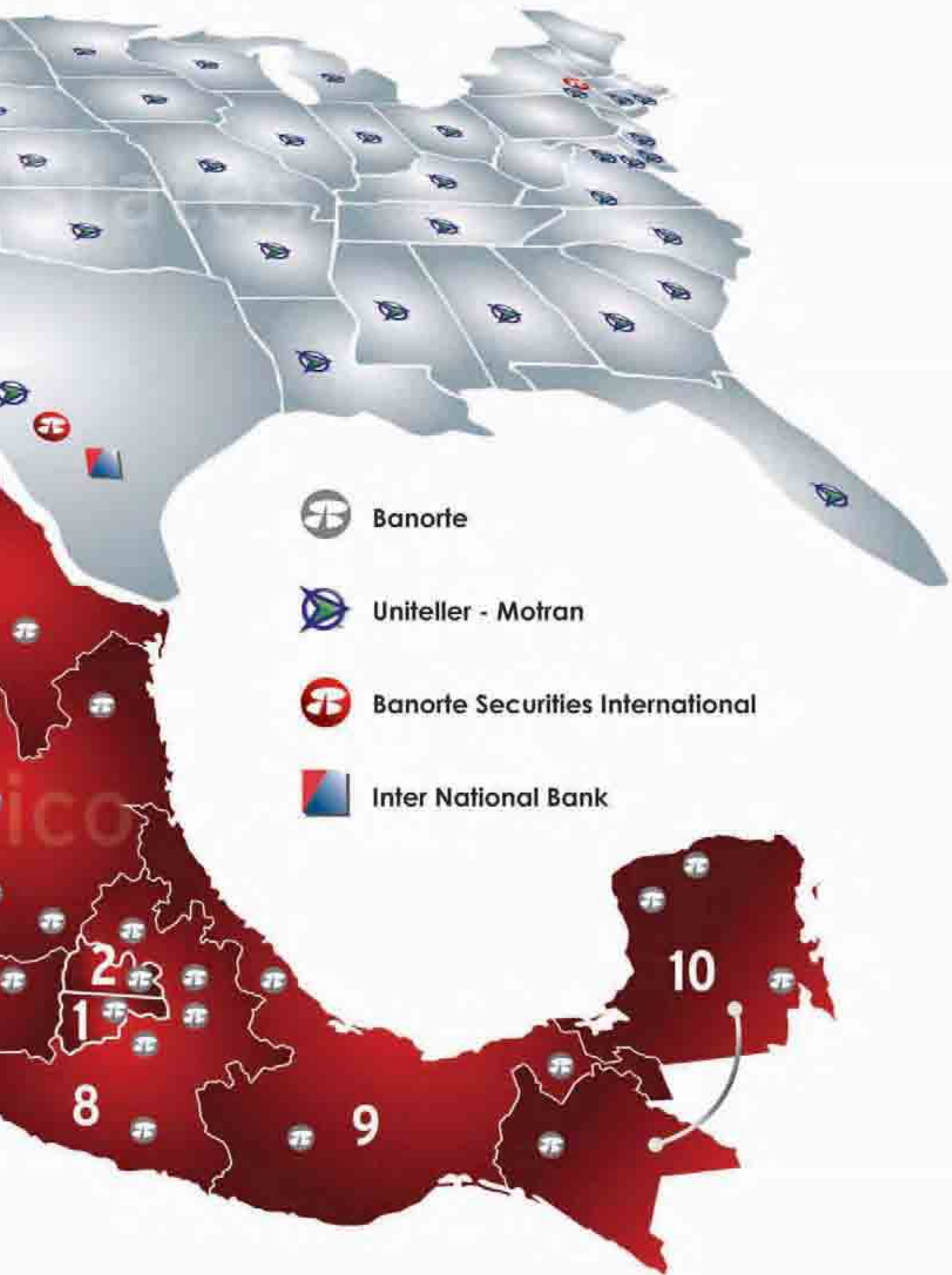
Territory	State	Branches			ATMs		
		Dec' 09	Dec' 10	Change%	Dec' 09	Dec' 10	Change%
Southern Mexico							
	Distrito Federal	124	134	8%	363	416	15%
	State of Mexico	17	18	6%	46	55	20%
		141	152	8%	409	471	15%
Northern Mexico							
	Distrito Federal	45	46	2%	190	207	9%
	State of Mexico	93	94	1%	310	356	15%
		138	140	1%	500	563	13%
North							
	Coahuila	21	22	5%	150	163	9%
	Nuevo Leon	139	140	1%	704	755	7%
	Tamaulipas	26	28	8%	194	202	4%
		186	190	2%	1,048	1,120	7%
Central							
	Aguascalientes	15	16	7%	89	94	6%
	Guanajuato	40	41	2%	147	164	12%
	Jalisco	5	5	0%	7	8	14%
	Queretaro	12	13	8%	72	75	4%
	San Luis Potosi	29	29	0%	157	171	9%
	Tamaulipas	20	20	0%	104	112	8%
	Zacatecas	21	21	0%	89	96	8%
		142	145	2%	665	720	8%
Northwest							
	Baja California Norte	29	30	3%	128	152	19%
	Baja California Sur	13	13	0%	31	38	23%
	Sinaloa	45	48	7%	148	170	15%
	Sonora	26	28	8%	107	121	13%
		113	119	5%	414	481	16%
Border regions							
	Coahuila	9	9	0%	56	61	9%
	Chihuahua	33	34	3%	261	278	7%
	Durango	16	16	0%	43	48	12%
		58	59	2%	360	387	8%
West							
	Colima	7	8	14%	33	36	9%
	Guanajuato	4	4	0%	9	9	0%
	Jalisco	80	83	4%	299	341	14%
	Michoacán	22	22	0%	64	73	14%
	Nayarit	6	7	17%	23	31	35%
		119	124	4%	428	490	14%
South							
	Guerrero	10	10	0%	35	40	14%
	Hidalgo	7	10	43%	21	33	57%
	Morelos	10	11	10%	31	43	39%
	Puebla	31	30	(3%)	67	77	15%
	Tlaxcala	4	6	50%	19	26	37%
		62	67	8%	173	219	27%
Isthmus							
	Chiapas	1	1	0%	0	0	0%
	Oaxaca	20	22	10%	46	61	33%
	Tabasco	7	7	0%	32	36	13%
	Veracruz	33	35	6%	109	124	14%
		61	65	7%	187	221	18%
Peninsular							
	Campeche	5	6	20%	26	28	8%
	Chiapas	30	31	3%	112	128	14%
	Quintana Roo	15	16	7%	85	92	8%
	Yucatan	18	20	11%	71	84	18%
		68	73	7%	294	332	13%
Total		1,088	1,134	4%	4,478	5,004	12%





TERRITORY

- 1 Southern Mexico
- 2 Northern Mexico
- 3 North
- 4 Central
- 5 Northwest
- 6 Border regions
- 7 West
- 8 South
- 9 Isthmus
- 10 Peninsular



■ *Grupo Financiero Banorte (GFNorte) is one of the largest and most important institutions in Mexico, controlled by Mexican Shareholders with its decision center based in Mexico. It has a wide coverage across the country and offices abroad, consolidating its leading position in the Mexican Banking System.*

Its major subsidiary, Banco Mercantil del Norte —known as Banorte— occupies one of the first positions as to profitability among prime domestic banks.

Delivery Channels



We are Mexico's Strong Bank.

- 1,134 branch offices.
- 5,004 ATMs.
- 58,336 POS terminals.
- More than 2,700 correspondent bank locations.
- World-class call center.
- Highly sophisticated online banking.
- The most innovative Mobile Banking service through cell phones.

Branches

—■ In 2010, our expansion strategy consisted in allowing us to access evolving markets, as well as to consolidate our coverage and presence where we have a clear leadership position. During the year we concluded 62 new movements: 46 new branch offices were opened, 12 relocated and 4 refurbishments for a total network of 1,134 branches, distributed in 342 localities. ■

The 6S Quality Model, based on the standardization of premises, personnel image, operational efficiency and sustainability, had significant progress in 2010, achieving an improvement in total certified branches to 87% with 91% of branches operating with this quality model.

The model is based on "Focus based on clients needs". The 6S implemented at the branch network are: select, order, clean, service, standardize and discipline. The correct implementation of the 6S is based on a model that allows the certification of branches.

This model contains:

Service attributes

- Kindness.
- Qualified assessment.
- Personalized attention.
- Quickness with Quality.
- Needs understanding.

Attention Flows

- Precision in attention roles.

Service Indicators

- Client Satisfaction.
- Fidelity.
- Image.

Service protocols

- General.
- Client welcome.
- Client desk reception.
- Account openings.
- Cashier's windows.
- Compliance.

Display

- Planning.
- Scouting.
- Kick off.
- Training 1,2 and 3 S's.
- Implementation 1,2 and 3 S's.
- Verification 1,2 and 3 S's.
- Training 4,5 and 6 S's.
- Implementation 4,5 and 6 S's.
- Verification 4,5 and 6 S's.
- Certification 4,5 and 6 S's.

BRANCHES

1,117 1,088 1,134



2008 2009 2010

Includes bank agencies.

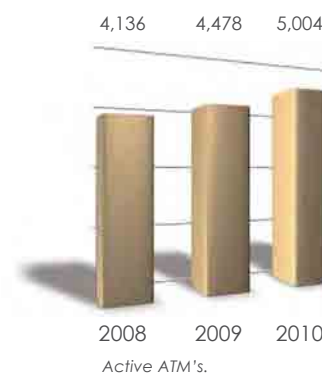


Automated Teller Machines (ATMs)

This year, we made important progress in ATMs' technological enhancement in order to provide the best service and to continue with our leadership in this area.

The number of ATMs increased by 12% compared to the previous year, with coverage of 5,000 at a national level. The importance of ATMs is evident for customers' convenience, given that 47% of their transactions are done through this channel.

AUTOMATED TELLER MACHINES (ATMs)

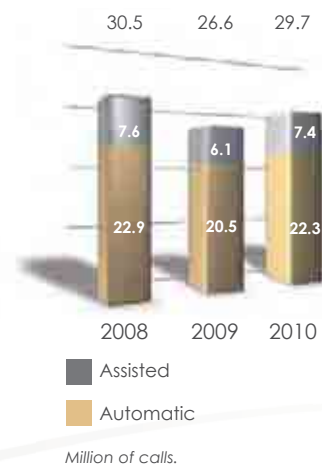


Call Center Banortel

—■ In 2010, our contact center served over 29.7 million calls with high efficiency indexes and service quality; quit rates reduced by 5%, and waiting times by 34 seconds. —■

—■ With an investment of over Ps. \$ 600 million, we are undertaking the construction of a building to host 14 Call Centers in a more efficient and sustainable facility, with the latest technology and security systems. This project will create 2,000 jobs in the State of Nuevo León. —■

CALL CENTER BANORTE



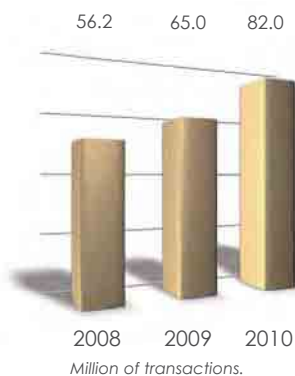
Delivery Channels



POS Terminals / Acquiring Business

In 2010, the number of affiliates totaled 58 thousand, and the number of transactions rose to 82 million, with a billed amount of Ps. \$ 63 billion. Our services for both affiliates and end customers were efficient thanks to the use of internet-based terminals.

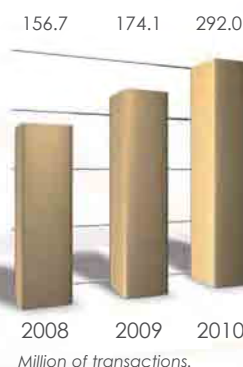
POS'S TRANSACTIONS



Online Banking

—■ In this 2010, 759 thousand customers received and used an efficient, reliable and environmentally-responsible service from the Banca por Internet Banorte, with over 292 million transactions under a menu of 80 operations. To achieve this, we proposed new services through an efficient and reliable technological platform. ■

ONLINE BANKING TRANSACTIONS





Channel Innovation

Correspondent Banking

Telecomm-Telégrafos

—■ At Telecomm-Telégrafos we offer banking services in 1,576 locations with no access or limited reach of banking services. Through this service, we performed 5.5 million operations in 2010, such as deposits to accounts, cash withdrawals, insurance purchase, payment of utility bills and credit cards, and we also managed 7,689 savings accounts. ■

7-Eleven

—■ This year, we initiated operations through third banking correspondents through an agreement with 7-Eleven, one of the largest and fastest-growing convenience store chains in Mexico. This correspondent banking agreement, the first of its kind to be approved by the National Banking and Securities Commission, enabled the expansion of banking services across seven States, in 1,170 7-Eleven stores, where our customers can easily make deposits, pay their Banorte credit card, and also utility bills.

By offering correspondent banking services, we promote bancarization, and most importantly, we provide a service that increases the well-being of thousands of impoverished Mexicans, thus meeting one of our goals as a socially responsible company. ■

Mobile Banorte (Banorte Móvil)

—■ Our banking service via cell phones —Banorte Móvil— was consolidated in 2010 by offering a global, efficient, safe, sustainable, and of course, mobile solution for a wide range of customers, working through a wide range of telephones.

Our mobile solution, which was launched in 2009, was awarded the recognition as the "Best Solution in the Mobile Category", the "E-Commerce Award México 2010" and the "E-Commerce Award Latin America 2010". ■

This year, over 9,870 average monthly downloads were made to low and medium-range equipments of all brands, and 25 thousand direct accesses to iPhones and other mobile devices and telephones with internet.

In 2010, 2.2 million inquiries and 180 thousand monetary transactions were carried out, a growth of 200%, respectively. Providing these excellent services brings us closer to our customers, since we share their modern and active lifestyles.

Thus, Banorte is speeding up and improving its customer service, significantly facilitating the access to banking and financial services.

Products and Services



Households

— **Mortgage loans.-** Banorte continues to support Mexicans through its mortgage loan offering with attributes to help them build a sounder family patrimony. During 2010, some schemes that had been well-accepted by customers were maintained, and some new one were launched to reinforce loan placements. The loan schemes and attributes that resulted as the best market alternatives for our customers were:

- Extension of the Anniversary Mortgage term, whose main attribute is a fixed rate of 11.0% and an opening fee of 1.10%.
- 2.2% discount from the contracted credit amount for timely paying customers, which represents a cash benefit of up to 15% of the loan's monthly installments during the first year.
- Improved operating processes to facilitate customers procedures, facilitating loan originations.
- Increased participation in the Pemex's employee institutional credit program, with 75% of the total financing granted to this decentralized company.

Payroll Credit.- We reiterated our commitment to quality originations by maintaining one of the market's lowest past due loan ratios. We succeeded in positioning the one-of-its-kind, innovative product "Payroll Advance," which allows the disbursement of a short-term loan directly from Banorte ATMs and through online banking, bringing credit solutions closer to the points of interaction with customers in an easy and simple way. This way, we help Mexicans to cover their family expenses.

Crédito Hipotecario Banorte
te invita a

**expo
estrena
casa**

BANORTE

BANORTE
AL SERVICIO SOCIAL DEL ESTADO

Con tu Adelanto de Nómina Banorte cualquier día es quincena.



• Puedes disponer de hasta \$12 mil antes de tu sueldo.
• Las pagos durante los siguientes dos meses.
• Solicítalo cuando quieras pagar.

Además, al ser miembro Banorte puedes obtener y utilizar la primera tarjeta de crédito de la compañía nacional antes de llegar al 15 de cada mes. Adelanto de Nómina Banorte.

• La renovación por \$10 millones. \$10 millones por día.
Un beneficio más de Nómina Banorte. Al ser miembro Banorte, qué esperar para pagar más.

¿Quieres conocer más detalles de Crédito de Nómina Banorte?

CAF Precede 56.9% en IFA

BANORTE
AL SERVICIO SOCIAL DEL ESTADO

Credit Card.- In 2010, the main strategy was to maintain a focus on portfolio quality, specifically in origination and loan placement, without modifying the write off policies and without extraordinary portfolio sales.

—■ The “Basic Card” was launched, a credit card free of fees, focused on supporting Mexicans, and the “Banorte-Tuzos” credit card from the Pachuca Soccer Club was also introduced. As to security matters, we keep working on the best solutions to proactively prevent fraud in our credit cards, without affecting the service we offer to our customers. ■

—■ **Car Loans.-** Autoestrene Banorte is one of the best options for car financing in the market. Given that it is a product with narrow margins, our focus on the portfolio's quality is a differentiating factor that allows us to maintain the best past due loan ratio in the market. We obtained resources from NAFIN for first-loss guarantees to be used in the placement of new loans. The alliance with Isuzu was initiated in 2010, thus becoming its financial arm. ■

Demand Deposit Accounts for Individuals.- In the segment of individuals, “Mexico's Strong Bank” continues to stand out with attractive demand deposit account products. The purpose is to meet the needs of those customers looking for a banking solution to make their processes more simple and efficient.

The Enlace Global PF product is highly consolidated. It is offered in the fixed payment and pay-per transaction scheme. Customers use it mainly to make transactions and it also produces attractive yields through a demand investment.

—■ In order to serve Mexican women, Banorte continues to offer the Cuenta Mujer Banorte (Banorte Woman Account), which in addition to meeting women's financial needs, it has attractive benefits in medical, legal, and household assistance, as well as easy and attractive discounts in various restaurants and commercial establishments in the country. ■

As to package offers, Banorte continues to position the Cuenta Fuerte product (Robust Account) in 2010, launched one year before. Under a multi-product platform with one single contract, the customer has access to a checking account, debit card, demand investment, online banking, Banorte mobile, credit card and life insurance.

—■ Banorte's promotions are permanent. All year long, customers participated in the “Viaja Gratis con Banorte” (Travel for Free with Banorte), where 4 trips were raffled every day to a Mexican beach for the customers of the following products: Enlace Global, Cuenta Mujer, Cuenta Fuerte and Suma. In addition, in security matters Banorte is adopting the CHIP technology in its credit cards in order to increase the security measures and to prevent fraud. ■

Time Investment.- Regarding time deposits, we continue with the strategy of balance attraction and retention.



Products and Services



Business

By launching the Solución Integral PyME (SME Comprehensive Solution), Banorte differentiates again from its competitors. With this new package of 12 financial products and services under one contract, SMEs have flexibility in their financial management through a solution that offers important benefits and meets their most important banking needs in different forms: loans, checks, payroll management, investment, and electronic banking, among others.

The Círculo PyME (SME Circle) was created to offer various financial and non-financial solutions with respect to advisory, training, events, conferences, financing, value chains, etc.

Two Centros PyME (SME Centers) are opened in the State of Mexico, providing customized advisory and specialized service.

Corporate Global Link (Enlace Global Personas Morales).- This product's success lies in that it offers a deposit account in Mexican pesos with a checkbook that also allows free electronic transactions and payroll processing, providing significant savings for our customers.

Business Drive Credit Card (Tarjeta de Crédito Empuje Negocios).- It is a revolving credit facility with amounts of up to Ps. \$ 200 thousand that helps SMEs make their current spending more flexible, by separating personal from business expenses. It is backed by VISA and delivers exclusive service benefits, such as balance transfer, purchase protection insurance, fixed payment program, and point generation through the Recompensa Total Banorte (Banorte Total Rewards) Program.

Immediate Business Drive Credit Card (Tarjeta de Crédito Empuje Negocios Inmediata).- Created to facilitate corporate management through an immediate credit facility of Ps. \$ 30,000 with a preferential interest rate of 15% for the first 60 days.

Agricultural Loan (Crédito Agropecuario).- Banorte holds its position as one of the leaders in the sector through its support programs to parafinancial service companies, irrigation modules, ProÁrbol, Agropymes, traditional loans and loans structured for middle-sized and large agribusinesses.





Government

Our innovations in financial products support productive investment in all of the country's municipalities. Therefore, we have launched the Municipal Global Financing Facility. This credit facility allows structuring, through the State, loans for municipalities that lack the infrastructure to obtain sophisticated loans, obtaining the same conditions as other municipalities and which would not be accessible on an individual basis.

Correspondent Banking

—■ Banorte is positioned as the leading bank in third party correspondent banking since it is the only institution with a comprehensive and competitive offer through Telecomm. In 2010, new correspondent banking locations were opened through the 7-Eleven convenience stores chain, providing customers with 7-day service in ample operating hours, in order to make deposits and payments to their debit and credit accounts, as well as payment of utility bills. ■

All of the above were derived from Banorte's institutional strategy known as VISION 2010, which sought segmented, packaged, customer-oriented offers, that also all enable comprehensive product offerings to establish long term relationships.

Banorte | fácil

Ahora en



Para que realices aquí
tus operaciones bancarias fácilmente.

- Depositar en efectivo a tus cuentas Banorte.
- Pagar en efectivo tus Tarjetas de Crédito Banorte.
- Pago de servicios en efectivo.
- Realiza estas operaciones cualquier día del año.
(De 6 a.m. a 8 p.m. hora del centro de México)

Banorte y 7-Eleven, están donde tú estés.

*Consulta términos, condiciones y comisiones aplicables en www.banorte.com


BANORTE
EL BANCO FUERTE DE MÉXICO

Image



Through time, Banorte has remained positioned as a bank which was born, and has grown and developed in Mexico and for Mexicans.

—■ In 2010, Banorte became the third top brand and consolidated its positive image, ranking second or third audience's top of mind, evidencing the reduction of the gap between Banorte and the other two major banks. ■—

In terms of positioning, Banorte is considered as the bank that

- Best serves women.
- Best serves SMEs.
- Supports Mexicans.
- Contributes to the Community.

Addressing the new responsibilities it has acquired with the Mexican society, its customers, collaborators and the environment, it initiated strategies for business cultural change as a Socially Responsible Enterprise. This strategy is based in 4 pillars: Environmental Protection, Community Support, Ethics and Life Quality in the Company, and Value Chain. An internal campaign was implemented to spread these four pillars and demonstrate that even without previously knowing them, Banorte and its employees have always acted according to such principles.

Banorte's proven soundness and excellent positioning led us to strengthen our products' and services' value proposal in 2010 in target market segments. Therefore, advertising communications reminded the campaigns for Mujer Banorte, Cuenta Fuerte, Nómina Banorte, Vacaciones, and PagaMás.

Such communication was very effective and generated brand image attributes, in particular with the "Bank that Supports Mexicans," "Sound/safe/reliable," and "competitive rates."

In 2010, the supply of consumer loans was very active. The ideal combination of attributes of the Banorte mortgage loan offering, such as having a lower down payment and less proof of income, results in an increased purchase capacity for the customer, so we launched the campaign "For you to buy the house that you really want."



Then, we continued with the "Anniversary Mortgage" product which allows customers to buy a larger house with a smaller down payment that grows with the customer.

Car Lending was boosted by the direct promotion in car dealers and the branch offices network.

The supply of deposit products was reinforced in late 2009 with the launching of the "Cuenta Fuerte Banorte" (Banorte Strong Account), which consolidated in 2010 as a great product that allows customers to meet a great deal of their financial needs in one single visit to the branch office.

—■ As a reward to Mexicans for their saving efforts, we raffled over 800 trips to Mexican beaches. This promotion added the Cuenta Fuerte to the platform of participating products: Suma, Enlace Global and Mujer Banorte.

We reinforced "Mujer Banorte" by renewing its image and increasing promotions and benefits for account holders. We made special alliances, as with the company named BBMundo, through which we added value to current and future mothers, with financial advice for household management and tips to secure the family's future. ■

We maintained an aggressive and constant communication strategy for "Pagaré Banorte" (Banorte Promissory Note) with seasonal campaigns and special promotions —"Ganamás" and "Pagamás"—, through which customers can multiply their investments according to their needs.

—■ With respect to credit card customers, we implemented promotions with interest-free installments, giving the opportunity to pay in up to 20 monthly installments any purchases in Mexico or abroad. This strategy was supplemented with the promotion denominated "When you use your Banorte Credit Card, you get more than you expect," launched in May 2010. Its purpose was to position the Banorte Credit Card as a product that offers something more than just credit. The campaign's main axis included the Card's top benefits: Banorte Total Rewards, promotions in retail stores and restaurants, interest-free installments, discounts, advisory and travel packages with Explora Banorte and raffles all year long.

In order to diversify the product portfolio, in May 2010 we launched a new affinity card, the "Banorte Tuzos Credit Card", designed for the segment of the Pachuca Soccer Club's fans who now enjoy the benefits provided by Banorte Credit Cards plus the exclusive benefits from the Pachuca Club. With this launch, Mexico's Strong Bank and Mexico's Soccer Team ratified their commitment to improve the supply of financial products and services in the country, as well as their collaboration in favor of sports. ■



Image

—■ As part of the Banorte Card positioning strategy, the campaign “Pay and pay again with your Banorte Card” was launched at the end of the year. Our Banorte Debit and Credit Card customers had the opportunity to win prizes of Ps. \$20,000 for using their cards. ■

—■ In Banca PyME (SME Banking) several highly competitive offers were implemented, with added value, oriented to guarantee and increase Banorte’s positioning as the SME Bank, which supports them and helps them to grow and develop. Consequently, two offers were launched: “SME Comprehensive Solution”, “SME Circle”, and two SME centers were opened. ■

In 2010, we continued positioning Nómina Banorte (Banorte Payroll) through the “Double your Salary” promotion. It achieved very good penetration and advertising recall in the market. We maintain an ongoing advertising presence for the “Payroll Credit” product.

We have served BANORTE USA’s market with highly tactical, segmented and regionalized activities such as “Enlace Dólares” (Dollar Link), a campaign conducted in the border strip, which positions us with the local market through a bi-national product. Visa Travel Money has positioned as a prepaid dollar card to facilitate expense control while traveling abroad and maintaining the same exchange rate; during 2010, an effort was made to position it among students in college exchange programs.

INB was positioned with Banorte customers that have bi-national needs and patrimony, providing the service and attention of a foreign bank within the branch offices.

In order to revert the decline in BanorteRemesas (Banorte Remittances) during the course of the year new strategies oriented towards the domestic market were developed. Enlace Express was positioned as the ideal debit card to bancarize, send and receive remittances from any part of the Mexican Republic and abroad.

—■ During the 2010 FIFA World Cup in South Africa, Banorte designed a customer reward program, “Palcos Banorte” (Banorte Boxes) in order to bring the experience of the World Cup to Mexico in a South African atmosphere. To this end, a series of simultaneous events took place in 12 cities in the country, where customers and prospects could have a top experience of the World Cup by following the Mexican Team. ■





We keep increasing our positioning and image of support and commitment to the Mexican countryside, by boosting Agribusinesses in different markets and communicating in Mexican fields that Banorte supports them.

Continuing with the support strategy for household income and the offering of differentiating attributes, Banorte Generali Insurance resumed during the first four months of the year, its promotional campaign "Insure yourself, just pay on time the first 11 monthly installments and we pay the last one." We used regionalized advertising to highlight any special coverage and benefits per geographical zone.

In addition, we launched the advertising campaign Car Insurance USA, whose communication was intended to emphasize the ease of mind and benefits that this insurance offers when traveling by car to the US: "With Banorte Car insurance USA you are in the other side." This campaign received local support in major nearby places and within the Northern border strip, and it was launched matching the celebration of Thanksgiving and the Christmas holidays.

In order to introduce the new Banorte Movil benefits —cell phone banking— during May and June, we launched a campaign in the massive media and websites. To promote the service, we made an internal promotion and 20 iPods were distributed.

Grupo Financiero Banorte fully meets the requirements contained in the applicable legislation, including the Law of Transparency and Regulation of Financial Services, and the Law of Games and Raffles, as well as the provisions laid out by Condusef⁴, the IPAB⁵, CNBV⁶, AMIB⁷, and the AMIS⁸. Year 2010 was reported incident free.

4 Comisión Nacional para la Protección y Defensa de Usuarios de Servicios Financieros (National Commission for the Protection and Defense of Financial Services Users).

5 Instituto para la Protección del Ahorro Bancario (Bank Savings Protection Institute).

6 Comisión Nacional Bancaria y de Valores (National Banking and Securities Commission).

7 Asociación Mexicana de Intermediarios Bursátiles (Mexican Association of Stock Brokers).

8 Asociación Mexicana de Instituciones de Seguros (Mexican Association of Insurance Institutions).





Social Responsibility

Value Chain



Responsibility to provide quality products and services and influence the supply chain so that it adopts more sustainable practices.



In order to extend our culture to the supply chain and thus reinforce our characteristic quality service, the Board of Directors approved in October to update the Internal Control Policies. With regards to Social Responsibility, the policies include:

Internal Control Objectives and Guidelines

- The provision was added that unused assets may be donated to charitable institutions, as required by the internal norms.
- The provision was added that GFNorte must look after the environment in developing its strategies and in the use of resources.

Code of Conduct

- The staff is encouraged to use environmental protection practices in using and acquiring resources.

General Human Resources Policy

- The 4 pillars supporting the Institution as a Socially Responsible Enterprise are added to the mission and the vision: Environmental protection, Community Support, Ethics and Quality of Life, and Value Chain.



Material Resources Policy

- In the Supplier Selection Process, under similar quality and price conditions, preference may be given to suppliers distinguished as a Socially Responsible Enterprise or which are actively involved in environmental preservation.
- This important step in our path to sustainability means that we must improve our relationships with our interest groups, and thus obtain mutual benefits which is intended at all times to meet our purpose of being a socially responsible enterprise which looks after Mexicans' best interests.

We strive to create sustainable and long-term relationships with our suppliers.

Círculo PyME Banorte

On the other hand, we work closely with the SME sector, for whom we have developed innovative products and services that are different from those provided by other institutions because they are comprehensive, fulfill the sector's needs, and are based on Social Responsibility principles.

We believe that incorporating these principles into SMEs gives us the opportunity to embed the culture that we intend to support. Accordingly, the SME Circle website includes a Social Responsibility section where our customers may learn about the benefits of implementing these principles, as well as success stories from other companies.

	2008	2009	2010
DIRECT CREATED ECONOMIC VALUE			
Net Income	Ps. \$ 50,417	Ps. \$ 45,451	Ps. \$ 41,480
Product revenues	2,997	2,438	1,880
Fees	10,320	10,515	12,662
Asset sales	-	-	-
Tax income	245	536	-
Total	Ps. \$ 63,979	Ps. \$ 58,940	Ps. \$ 56,022
DISTRIBUTED ECONOMIC VALUE			
Interest income	Ps. \$ 27,789	Ps. \$ 22,268	Ps. \$ 18,747
Preventive estimation for credit risks	6,896	8,286	6,889
Paid fees and commissions	1,208	1,338	1,548
Management and promotion expenses	16,687	17,024	17,691
Other expenses	1,523	1,566	1,298
Taxes	2,765	2,581	2,805
Social and community investment	-	-	-
Total	Ps. \$ 56,868	Ps. \$ 53,063	Ps. \$ 48,978
WITHHELD ECONOMIC VALUE	Ps. \$ 7,111	Ps. \$ 5,877	Ps. \$ 7,044

Million pesos.
There are minor differences in the financial statements' figures due to rounding practices.

Environmental Protection



Responsibility to act with environmental awareness, preserving the resources used by the company and undertaking actions to produce social environmental awareness.



In Banorte, we believe that in order to live in a harmonic and integral environment, we must intensify our actions in favor of the environment.

During 2010, we conducted several actions to reduce energy and paper use, as well as CO2 emissions. Also, through Acciones Banorte we promoted environmental volunteering initiatives.

Energy

The Integral Energy Control System (SICE – Sistema Integral de Control de Energía) aims to reduce energy consumption in corporate office and branches' equipment. This system has two aspects:

- Implementing a SICE automated charge control system for lighting, light signs, and air conditioning equipment. Such system uses 4 digital relays controlled by the digital security system (SD), a master station, and four remote modules.
- Replacing air conditioning equipment, enhancing its efficiency with new technologies, and improving the equipment's conditions.

In 2010, we achieved estimated savings of 3,991,356 Kw-hr and 2,793.9 tons of CO2 were not emitted.

Year	Savings (kW/hr)	Savings (\$/year)	Investment \$	Tons of CO2 not emitted
2004	194,436	\$281,932	\$14,591,090	136.1
2005	397,554	\$576,454	\$972,671	278.3
2006	465,877	\$675,521	\$6,883,846	326.1
2007	929,132	\$1,347,242	\$37,091,000	650.4
2008	1,879,170	\$2,724,797	\$70,598,890	1,315.4
2009	2,935,943	\$4,257,117	\$75,294,344	2,055.2
2010	3,991,356	\$7,671,386	\$70,627,000	2,793.9
Total	10,793,468	\$17,534,449	\$276,058,841	7,555.4

*Figures in thousand pesos.

Other initiatives have been implemented for electric power efficient use:

- Automated lamps have been installed in toilets and parking areas, as well as office lighting per sections.
- Emergency plants have been refurbished with fuel-efficient, high technology equipment.
- Servers in the Tlalpan computer center have been consolidated and virtualized.

Emissions

We have various communication channels that help us make our daily activities more efficient and, at the same time, reduce the negative environmental footprint caused by staff airplane travel to the different territories where we are present, as well as the intensive use of paper, toners, and other resources.



Environmental Protection

Videoconference Systems

The videoconference system currently has:

- 74 VCO rooms, mainly in corporate buildings
- 5 link points with the USA
- Presence in executive rooms and auditoriums
- Coverage in all ten territories
- "Self Service" or assisted system
- Possibility of videoconference and BTV connection

In 2010, around 18,204 videoconferences were held, with a significant increase compared to 2009 (11,712) and an important reduction in the number of both staff travel and non-emitted CO2 emissions.

Paper

"Paperless", our paper reduction policy, seeks to reduce the use of paper in financial operations, delivery of reports and communications channels with collaborators and customers.

For this purpose, we have various internal communications channels:

I. BANORTV System:

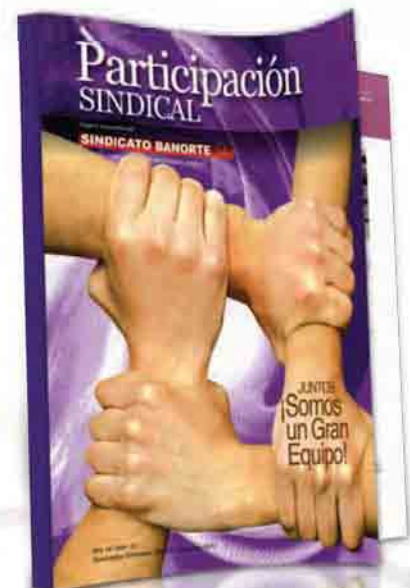
- Real-time and deferred learning and communication for receivers.
- Wide coverage in the entire network; 320 reception points.
- Simultaneous broadcast to all reception rooms; 115 reception rooms with capacity for 10 to 80 people.
- 719 LCD and DVD equipments in branch offices.

II. Electronic Media

a) Electronic Magazines and Bulletins:

Articles that enable employees to identify product updates, sales tips, format changes, advertising campaigns, official communications from the CEO's office, etc.

Ej: Banortips, enterprise infotips and the union participation "Participación SINDICAL" magazine.





b) Electronic Postcards:

Creative visual messages in interactive formats delivered by e-mail to support official messages, product updates, or regulatory and/or legal provisions.

c) Websites:

Branch office network and corporate intranet portal.

d) Electronic Banners:

Creative visual messages in formats inserted in the intranet or delivered by e-mail.

e) Podcast:

Multimedia files to supplement educational materials or to be inserted in the e-learning courses.

III. E-learning production

Also, several initiatives have been implemented, resulting in a considerable reduction in paper use:

- Credit files digitalization project, saving 210 thousand bond paper sheets.
- For fraud reports, an electronic file is opened. With this option, monitoring a report is easier, saving 55 thousand bond paper sheets.
- To make our clarification system more efficient and environmentally friendly, we implemented the SAP workflow, which resulted in significant savings of 8.5 thousand bond paper sheets.
- Electronic Account Statement: during 2010, 1,018,039 electronic account statements were delivered instead of a physical document.
- Printers were replaced with double-sided print outs, which also allows to record the number of printed sheets per area.
- We maintain our paper recycling policy. During the year, 336,832 kilograms of recycled paper were collected and turned into paper scrap for reuse.

Environmental Protection



Water

Ecological Toilets Project

In order to find alternatives to save water, the ecological toilets project was developed. In the first stage, 22 dry urinals were installed in the Santa Fe Corporate Offices.

Dry urinals use gravity to discharge liquids into the sewage system, and have a valve that allows to pass fluids but not air, thus preventing the transfer of odors from the sewage system. The project is being thoroughly monitored in order to prove its effectiveness and benefits.

Environmental Education

Green Office Program

Green Office is an initiative that is part of Acciones Banorte and seeks to work in preserving natural resources. This year, in addition to the delivery of electronic postcards to collaborators, signs have been placed in restrooms, printing areas, the use of natural lighting was promoted in private offices, and two "sheriffs" have been appointed to turn off monitors at lunch time. Thanks to this action, we saved 15,250 liters of water and achieved a significant reduction of electric power use.

Recommendations

ELECTRIC POWER SAVING

- Try to use natural light before you turn on the light.
- Once your cell phone charge is complete, unplug the charger.
- Turn your computer equipment off once you complete your work, or at least the monitor screen.

Everyday we use 1,000,000 watts of electric power, the quantity required to serve 500 middle-level households.

PAPER USE OPTIMIZATION

- Avoid unnecessary printouts, print by two sides (if that's the case), apply the guidelines located next to the printer.
- Reuse paper sheets printed on one single side.
- Deposit the entire sheet in the boxes for this purpose and do not tear it out.

With the paper collection program, approximately 15 tons have been recycled in 3 months.



Voluntary Service

PARTICIPATING TO GROW, Come together by sharing, Plant a tree

Reforestation sessions have been taking place; one of them on February 27 in "La Parroquia" and "Francisco de Montejó III" parks, with the participation of collaborators and some families. Participants said:

"We got dirty, we worked hard, we had fun; children were running from one side to the other, and it became an unforgettable activity. The most important thing is that besides planting trees, we planted a seed of awareness and environmental interest in our children."

As a result of this activity, we planted 1,500 trees and the commitment to protect an area of over 2.5 hectares for over 2 years.

PET Collection

Another activity that is part of Acciones Banorte is a national PET collection campaign. To this end, we contacted ECOCE, a company that collects PET bottles. The company delivered a container which was installed in an administrative area in the corporate headquarters. The staff was invited through electronic postcards to participate in the event. ECOCE collected 6 containers for a total of 103 kilograms in the Santa Fe Headquarters. At a national level, 1,228 kg were collected.

Some participants shared their opinion:

"With this contribution we are a part of Mexicans who are more environmentally aware."

"We were part of the CHALLENGE for a cleaner Mexico and a healthier environment."



Community Support



Responsibility to interact and support the community's growth by acting according to the company's and the community's interest.



- 4,500 families benefited from grocery packs and minor appliances.
- 2,000 families received cookware.
- 50 families benefited from the construction of a house through the program "A roof for my country".
- 270,000 individual nutritional packages were delivered of NutreMás.
- 18 points of tortilla distribution.

Through the Banorte Foundation we continue supporting a large number of organizations oriented to serve or mitigate the hardships faced by several groups or communities in underprivileged conditions.

To this end, the Banorte Foundation serves Civil Society Organizations that require resources, and also proposes and supports those organizations that are conducting extraordinary and recognized work.

In order to select, distribute resources and follow up on the work of these organizations, we use the following methodology:

- Inspection visit and document evaluation.
- Completing the application.
- Collecting signatures as required by regulations.
- Complying with legal requirements (SHCP registration, deductible receipt, Tax code, charter and bylaws, letter of commitment).
- Donation Utilization Report.

Resources are granted once per year, and efforts are made to give opportunities to new institutions. Special attention is given to first timers and in regions where support is not easily available. This marks a huge difference, since we receive applications from throughout the country.

Actions in 2010

Natural Disasters

2010 was a year with a large number of meteorological phenomena that severely affected different States, leaving a large number of victims. As a way to solve this difficult situation and offer long-term support, we allocated Ps. \$ 150 million to rebuild houses in the states of Nuevo León, Coahuila, and Tamaulipas.

Immediately after the floods, we made donations directly to the following municipalities:

Nuevo León:

- Anáhuac
- San Pedro Garza García
- San Nicolás de los Garza
- Linares
- Villa de Santiago
- Santa Catarina
- Montemorelos
- Allende

Coahuila

- Ciudad Acuña
- Sabinas
- San Juan de Sabinas
- Piedras Negras

This benefited 1'429,000 people.

With these resources, the states have been developing reconstruction plans, which will be executed in several stages, always looking to provide these communities with proper housing.



Community Support



In addition, thanks to the generosity of a large number of customers, we collected Ps. \$ 6.5 million which were directly made available to victims in Nuevo León through the Patronato para el Fomento Educativo y Asistencia de Cerralvo, A.B.P.

We delivered grocery packs and minor appliances to 4,500 families, benefiting; another 2,000 families received kitchenware, 50 other families were favored with new houses through the Program “Un techo para mi país” and 270,000 individual packages of NutreMás, a food supplement that helps fight malnutrition. Tortillas were distributed for 2 month in shelters and needy zones.

Other collections helped victims of the disasters in Veracruz and Baja California.

Mexicans' union is greater than any adversity.

Health

Nutre-Fácil Maseca is a program developed jointly with Fundación Gruma, A.C., which consists in supporting children with high degrees of malnutrition in the states of Guerrero, Oaxaca, Veracruz, Yucatán, Puebla, Chiapas, Tabasco, and Nuevo León through a donation of a food supplement made of cornmeal in a glass of water. Using it helps to fight child malnutrition.

In this collaboration agreement, Banorte provides the financing for distributing the product, while the state DIF⁹ offices are in charge of the distribution and monitoring.

On average, the envelope is given to 1,200 children every day. Results are already being collected regarding the impact on the children population and the reduction of malnutrition rates.

Education

Education is another vital topic for us. Through the Bécals program, we grant scholarships so that a larger number of young people may access middle high and higher education. Also thanks to this program, we reinforce elementary school teachers' training, thus improving the country's quality of education. We also support other higher education institutions.

Service to Elder People

Elder people are a socially neglected group. Accordingly, through the “Adopt a grandparent, and adopt a child” program, over 10,000 items were delivered including furniture, clothing, food, medicines, and toys to different asylums, shelter homes, orphanages, and hospitals.

Our support is also focused on disability projects, working with homeless children and youth, with health, addictions, and human rights issues.

⁹ Desarrollo Integral de la Familia (Family Comprehensive Development).

Institutional Strengthening

For Fundación Banorte, institutional strength is a very important aspect. We consider that to the extent that the organization grows stronger, the quality of work with and for the communities will improve. Therefore, we offer training for funding- Scholarships and courses are given through cooperation networks and there is constant participation in several forums: seminars and congresses. In this sense, there is a constant approach with young people to arise their interest in community work and social responsibility.

Volunteer Work

Acciones Banorte is the program developed for the institution's collaborators that aims to integrate the staff, and also to work in favor of communities and the environment.

In the Program, employees and their families (if desired) participate in four-monthly activities, which means that in a typical year they participate for 4 months in a group of activities. When a new committee is created, the staff participates in the next 4 months in another group of activities.

The staff's integration activities derived from this Program are aligned with the governing principles set forth by the Social Responsibility and Marketing areas, and are supported by all the Managing Directors' Offices of Grupo Financiero Banorte.

Acciones Banorte has a Governance model composed by an Activity Organizational Committee and a Consultation Committee.

When the activity to be organized impacts a community, the members of the Committee and the Consultation Committee agree on which underprivileged group will be supported. This way, asylums, public children hospitals, orphanages, and public schools have been assisted.

The important actions carried out this year include:

"Playing, playing and with Banorte helping¹⁰" is the toy collection campaign, with the participation of 303 volunteers, out of which 291 were employees and 12 employee relatives, 7579 new toys were collected across the country, donated to 31 Public Children Hospitals on the Three Kings Day (January 6).

Culture

We support and promote culture and bring it closer to Mexicans through co-sponsorships with state governments. In 2010, we sponsored concerts involving important international artists:

- Plácido Domingo at México City.
- Elton John in San Cristóbal, Guanajuato.

**WITH THESE ACTIONS, WE CONTINUE
TO DEMONSTRATE OUR COMMITMENT
WITH MEXICO.**

10 TN: "Jugando, jugando y con Banorte ayudando".



Ethics and Quality of Life in the Company



Responsibility to provide favorable work conditions under ethical standards in order to encourage both personal and professional development in and out of the work environment.

Our collaborators are GFNorte's reason to exist. We work to offer the best conditions for their personal development and to ensure a healthy and cordial environment according with institutional values during their permanence in the institution.

Employment

The total number of collaborators in 2010 was 19,747, a 2% increase compared to 2009.

The number of collaborators per organizational level in the year was:

Directors	334
Under-directors	1,111
Managers	2,822
Employees	14,987
Number of employees under a collective labor agreement	4,781*

(*) Employees with Union representation, only in Banorte.
It does not include employees in Uniteller, Banorte Securities and INB.



The collective agreement is revised as established in article 399 or 399 bis of the Federal Labor Law, 60 days prior to the expiration of the existing collective agreement.

To hire new staff, we take into consideration a series of factors, such as:

- Having the required skills, knowledge and experience, as determined through evaluations applied.
- Affinity with the institutions' values regardless of the race, religion or sexual orientation.
- High sense of motivation to belong to the Group.
- Being a responsible citizen, this is, to look after one's health as well as the relationship with the family and the community.
- Integrity with the family and social environment.

Healthy Participation Practices

We have implemented a process of internal invitations to promote participation and openness. The process is automated and open to our entire staff. Invitations for manager, under-director, and director positions consider the position's profile, objective, and challenges, and are published in the Group's intranet banner. Thus, our collaborators may check the open invitations and decide to participate if they meet the required skills and abilities. In this sense, participation is more open since they do not need to be proposed by the head of their working area.

The staffing process involves the evaluation by a superior, an interview and a questionnaire on technical skills. In the case of invitations for director positions, a panel with staff from 5 different areas—including human resources and the area where the prospect works—is integrated. The participant submits an essay and defends it.

For the final decision, career, competencies, the superior's evaluation results, the outcome of confidence tests are all considered; a list of finalists is prepared, who are interviewed by the panel. Then, the position's winner is selected.

Since this process is not discretionary, it is a proof of transparency, clarity, access and stimulus for our collaborators. It has also allowed the identification of staff with knowledge and skills who, for different reasons have other roles, and for whom new growth opportunities are opened. Also, the participants that are not selected for the position receive general feedback, detecting the factors that need to be improved in order to have better opportunities in future invitations.

The information provided by such feedback has given us ideas on competencies in order to restructure areas, align and match different profiles, and design our career development plans.



Ethics and Quality of Life in the Company

Compensations and Benefits

In addition to promoting competitiveness in terms of work offers and seeking internal equality, we compensate the staff with wages and benefits which are higher than those set by law, including:

- Integral health service. It was created after a fee reversion agreement with the Mexican Institute of Social Security (IMSS). Medical care is provided in private health institutions and extended to the collaborators' family members. Unlike conventional medical expense insurance, the service is free of cost since it is fully paid by the institution.
- Profit-sharing. We are the company in the sector that supports this practice the most.
- Vacation premium.
- Annual bonus.
- Life insurance.
- Savings fund.

We also provide our collaborators with a health and well-being package that includes a prevention program with emphasis in nutrition and physical activity.

On the other hand, quality in GFNorte's dining rooms was standardized, and the dining room at the Santa Fe Headquarters was certified with the H Award for hygienic practices in handling of food.

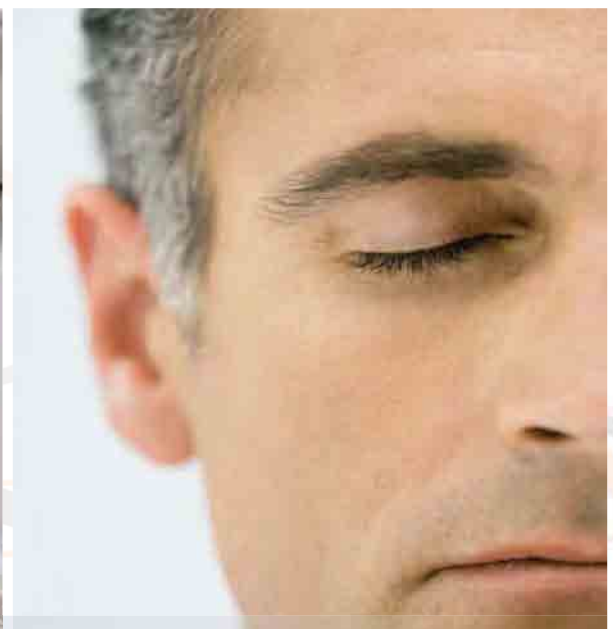
Retirement Plans

In Grupo Financiero Banorte, retirement plans are based on the number of service years, wages, and collaborators' age. Specifically, we have two different retirement plans: defined benefit and defined contribution.

In turn, the defined benefit plan operates based on two schemes; traditional and special.

Traditional Scheme

- The pension is determined based on the average wage in the last two service years, including the Christmas bonus, and is increased every year at the rates resulting from specific calculations.
- Life insurance equals 30 months of pension (if the retiree's entry date is prior to December 18 1984) or 20 months (if entry is after December 18, 1984).
- Support for retiree's funerary expenses equals 17 months of pension, capped at 40 times the minimum wage for banking employees.



Special Scheme

- The pension is determined based on the average wage in the last 12 service months, including the Christmas bonus, and is increased in direct proportion to the increase of the minimum wage.
- Support for the retiree's funerary expenses equals 17 months of pension, capped at 40 times the minimum wage for banking employees.
- In case of death of the retiree's spouse, the retiree receives support for funerary expenses equal to 8.5 months of pension, capped at 20 times the minimum wage of banking employees.

Insure your Future

The contribution plan known as "Insure your Future" was established in January 2001. It consists of a percentage of individual savings determined by Banorte in order to constitute each employee's retirement fund until the labor termination date. This plan starts with an initial individual contribution, equivalent to the pension benefits for past services accumulated to such date. The maximum monthly contribution is 10% of the payroll's gross salary (5% provided by the employee and 5% by the institution).

For the defined benefit plan, amounts are determined based on actuarial calculations, while in the defined contribution plan, it is based on the employees' and the institution's contributions.

With regards to the institution's contributions to the retirement fund, at the closing of 2010 the defined benefit plan's fund totaled Ps. \$ 595 million, while the defined contribution pension plan reserve was Ps. \$1,283 million.

Turnover

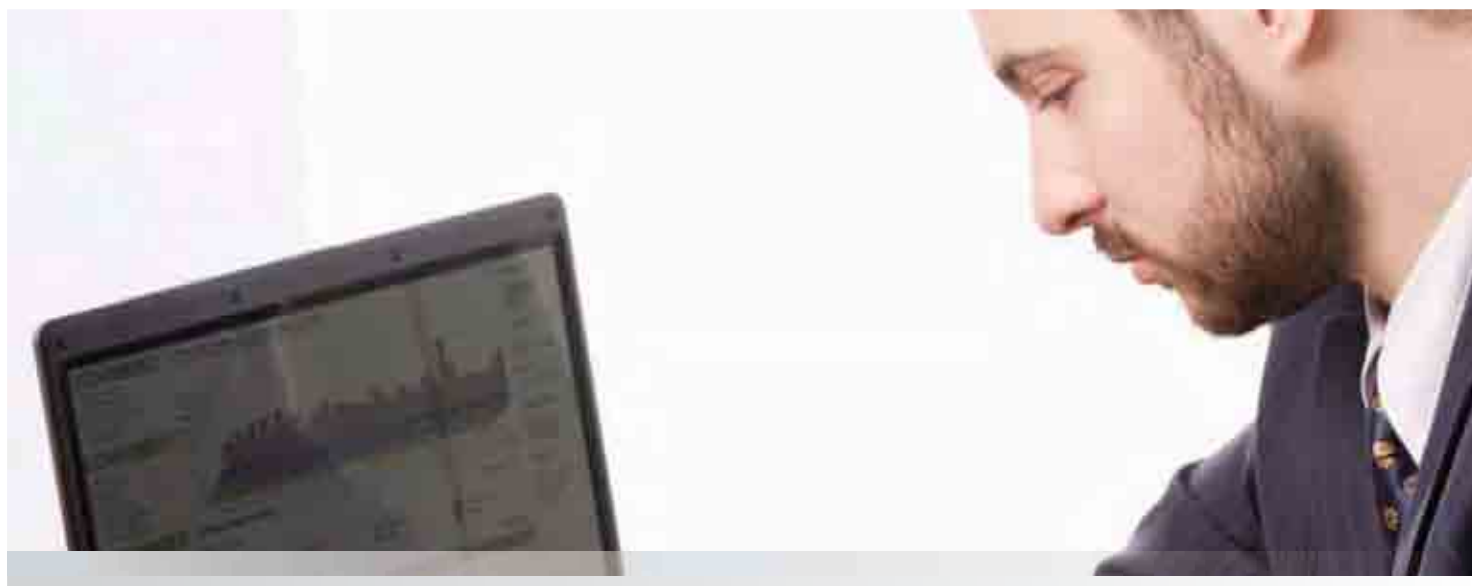
The total number of workers who quit their job during the period was 3,687. The institution's low turnover is a sample of our interest in creating a work atmosphere of healthy competition where achievements are acknowledged.

	2009	2010	Change %
	5,578	3,687	(34%)
Total Workers who Quit by Age and Gender Groups (2010)			
Women		1,740	
Men		1,947	
Under 25		933	
25 to 40		2,101	
41 to 50		493	
Older than 51		160	

Numbers refers only to employees at Banorte.



Ethics and Quality of Life in the Company



Ethics

Since it is an institution that looks after Mexicans' patrimony, we are bound to meet the strictest guidelines regarding ethical matters, as established in our Code of Conduct.

Ethics Point, Banorte's reporting system, allows employees to make anonymous complaints or reports without fearing any repercussions on the employee's labor status. This tool is managed by external staff to provide a high degree of reliability and transparency to collaborators. This year, there was a reinforcement campaign to encourage the staff to use such tool.

All complaints and reports are served, and have received a timely response. When elements have been found, the resolution has resulted in the person's dismissal, since we believe in GFNorte that certain practices are not justifiable and are against our institutional philosophy.

Promoter Certification

In 2010 a product certification process was applied to all banking promoters, consisting of a knowledge test of 10 product families offered in branch offices. Promoters needed to demonstrate their detailed knowledge on the products and services, as well as their selling skills. Based on the results, three awards were given: Gold, Silver and Bronze Prizes. Winners were certified and received a pin identifying them with customers as qualified advisors.

A new certification was conducted, and 4 promoters obtained the diamond rank. In one case, the promoter was promoted from junior executive to the branch office's head.

Health and Safety

Our line of business and our customers' trust oblige us to take care of safety aspects.

We have formal health and safety committees to coordinate the Group's labor safety programs. These committees have representatives from management and employees, with a 2.7% representation of the total staff.

Health care programs extended to workers and their families include topics such as education, advise, risk control and control, and disease treatment. Actions in this regard include campaigns and courses to prevent and inform employees on what to do in case of a viral epidemic, as was the case with the swine flu. Information is also provided through preventive medicine bulletins, health capsules, and vaccination campaigns, including vaccination for children. In the last quarter of 2010, in collaboration with the Mayo Clinic, a healthcare manual was compiled to be delivered to all collaborators, including retirees.

In the institution there are no jobs that pose a high index or risk of contracting specific diseases.



Training

In GFNorte we know that by having highly trained staff, we will be able to continue offering our characteristic quality service. Therefore, we offer a large number of courses within our three broad programs:

- Entry Program.
- Knowledge Standardization.
- Management Skills Development.

In 2010, the number of trained employees increased from 11,957 in 2009 to 13,502. A total of Ps. \$ 42 million were invested and 465 courses were provided to benefit 13,502 persons.

Total number of trained employees
per professional category

Professional Categories	Number of Trained Employees
Directors	135
Under-directors	579
Managers	1,363
Employees	11,425
Total	13,502

Training is extended to topics such as corruption prevention: our staff is certified on a yearly basis on money laundering prevention and terrorism funding.

Age and Gender Indicators

Percentage of men and women
in each of the following characteristics

Men under 30	23%
Women under 30	19%
Men from 31 to 40	18%
Women from 31 to 40	14%
Men from 41 to 50	7%
Women from 41 to 50	12%
Men older than 50	2%
Women older than 50	5%





Corporate Governance

Corporate Governance

GROUP OFFICERS

MANAGING DIRECTORS

Alejandro Valenzuela del Río

Chief Executive Officer of Grupo Financiero Banorte

Business

Jesús Oswaldo Garza Martínez

Managing Director of Banking

José Armando Rodal Espinosa

Managing Director of Corporate Banking

Carlos Eduardo Martínez González

Managing Director of Government Banking

Luis Fernando Orozco Mancera

Managing Director of Asset Recovery

Fernando Solís Soberón

Managing Director of Long Term Savings

Carlos Garza

Managing Director of Banorte USA

Alfredo Eduardo Thorne Vetter

Managing Director of Global Markets

Staff

Sergio García Robles Gil

Chief Financial Officer

Marcos Ramírez Miguel

Chief Corporate

Alejandro Garay Espinosa

Managing Director of Corporate Services

Carla Juan Chelala

Managing Director of Marketing

Héctor Martín Ávila Flores

Managing Director of Legal

Benjamín Vidargas Rojas

Managing Director of Audit

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

Carlos de la Fuente Hernández

Southern Mexico

Rodolfo Cacho Cuéllar Sánchez

Northern Mexico

Juan Carlos Cuéllar Sánchez

West

Alfonso Paéz Martínez

Central

Arturo Valdés Villaseñor

Northwest

Jorge Luis Molina Robles

Peninsular

Alberto Salvador López

South

Roberto Francisco Ayala Ramos

Border Regions

Héctor Guíjarro Ávil

Isthmus

MEMBERS OF THE BOARD

BOARD MEMBERS

Roberto González Barrera	President
Rodolfo Barrera Villareal	Vicepresident
José Luis Lozano Aguilar	Prosecretary

REGULAR MEMBERS

Roberto González Barrera	Patrimonial
Rodolfo Barrera Villareal	Patrimonial
Bertha González Moreno	Patrimonial
José G. Garza Montemayor	Patrimonial
David Villareal Montemayor	Patrimonial
Francisco Alcalá de León	Independent
Eduardo Livas Cantú	Related
Eugenio Clariond Reyes-Retana	Independent
Herminio Blanco Mendoza	Independent
Manuel Aznar Nicolin	Independent
Jacobo Zaidenweber Cvilich	Independent
Alejandro Valenzuela del Río	Related
Isaac Hamui Mussali	Independent
Everardo Elizondo Almaguer	Independent
Patricia Armendáriz Guerra	Independent

ALTERNATE MEMBERS

Roberto González Moreno	Patrimonial
Jesús L. Barrera Lozano	Patrimonial
Juan González Moreno	Patrimonial
Javier Martínez Ábrego	Patrimonial
Carlos Chavarría Garza	Patrimonial
Luis Manuel Merino de Villasante	Independent
Alfredo Livas Cantú	Related
Benjamín Clariond Reyes-Retana	Independent
Simón Nizri Cohen	Independent
César Verdes Quevedo	Independent
Isaac Becker Kabacnik	Independent
Sergio García Robles Gil	Related

Audit and Corporate Practices'

Committee Report

Mexico,D.F., March 31st, 2011.

To the Board of Directors of Grupo Financiero Banorte,
S. A. B. de C. V.

In accordance with Article 43 of the Stock Market Law (LMV), the Audit and Corporate Practices' Committee presents its annual report of activities carried out during the fiscal year of 2010.

The contents of this document will refer to Grupo Financiero Banorte (GFNorte) and in some sections to relevant entities, companies designated by this Board of Directors based on the relevant criteria that these have in the financial, administrative and legal situation of GFNorte. These relevant companies are: Banco Mercantil del Norte, S. A.; Casa de Bolsa Banorte, S. A. de C. V. (Broker Dealer); Arrendadora and Factor Banorte, S. A. de C. V. (Leasing and Factoring); Seguros Banorte Generali, S. A. de C. V. (Insurance); Banorte Generali, S. A. de C. V. AFORE; Sólida Administradora de Portafolios, S. A. de C. V. and Inter National Bank.

I. Regarding Audit:

a) On the state of the Internal Control System (SCI) and Internal Audit of GFNorte and its relevant entities, and the description of their deficiencies and deviations, this Committee took into consideration the following elements:

1. Revision of annual Internal Control reports about activities of the afore-mentioned relevant entities, prepared by their respective Managing Directors, as well as the opinion emitted by Internal Audit.
2. This Committee reviewed the reports on the revision of the Internal Accounting Control of Banco Mercantil del Norte, S. A., Casa de Bolsa Banorte, S. A. de C. V., and Banorte Generali, S. A. de C. V. AFORE, Internal Control observation reports prepared by the External Auditor, and the follow-up of corrective measures taken with regard to areas of opportunity detected and identified in these reports; as well as the opinion of the financial statements of GFNorte and its subsidiaries.
3. Observations on control deficiencies or deviations of GFNorte and its subsidiaries, presented by Internal Audit in the sessions of this Committee, including the relevant entities and the follow-up of corrective measures taken.
4. Reports of inspection visits by competent supervising authorities, and the follow-up on the implementation of pertinent corrective measures.

5. Controllershship reports of Banco Mercantil del Norte, S. A. and Casa de Bolsa Banorte, S. A. de C. V.; as well as reports of the Controllershships of Seguros Banorte Generali, S. A. de C. V., and Banorte Generali, S. A. de C. V. AFORE.

6. The opinion about the situation of the System of Internal Control of the relevant entities emitted by Internal Audit.

In relation to Inter National Bank (INB), we can inform the permanent follow-up to the fulfillment of the commitments regarding the Formal Agreement with the Office of the Comptroller of Currency (OCC), INB's regulator, through which commitments were assumed to strengthen INB's loan portfolio's management processes, management of critical assets and revision of loans, as well as the establishment of a program to ensure adequate reserves for leases and loans, and the formulation of a strategic plan. In 2010 the annual revision was made by these authorities, they state the fulfillment of the commitments and take the decision of maintaining the Formal Agreement while it comes the moment of a new revision of the actions' results, actions that require a longer time of implementation and maturation.

Taking these elements into consideration, and as a result of the surveillance carried out by this Committee in sessions throughout the year with the participation of SCI third parties such as the External Auditor, Internal Audit and the Controllershship, we can report that the SCI of GFNorte and its subsidiaries and the Internal Audit work appropriately, providing a reasonable degree of security regarding the achievement of objectives related to effectiveness and efficiency of operations, reliability of financial information issued and fulfillment of applicable norms, and that deficiencies or deviations were not detected that could significantly affect them.

- b) In relation to possible significant nonfulfillment of operations and accounting registration policies, we can report that none were detected; and that the identified areas of opportunity have been reported to those responsible, and measures have been taken to correct these, as well as implement them in the follow-up system.
- c) Regarding the performance evaluation of the individual providing the external audit services, we can report that in the pursuit of his activities and in his relationship with the administration and the Committee, the firm of Galaz, Yamazaki, Ruiz Urquiza, S. C (member of Deloitte

Touche Tohmatsu) was verified to have provided quality performance; as well as the Auditor in charge, who has applied work methodologies according to the international best practices that adequately fulfill the applicable regulation properly.

We also consider that the content of their reports and findings are of quality and useful in supporting the activities of this Committee, pointing out that their results and opinions do not present discrepancies with management.

- d) On the description of services provided by the External Auditor in addition to the auditing of financial statements, we can inform that at the beginning of the fiscal year, they were hired to make a diagnosis on the execution of applicable norms and best practices with regards to corporate governance; necessary requirements for the issuance of debt abroad by Banco Mercantil del Norte under the rule 144A of the Securities Act, and the registration of GFNorte shares in North America's Financial Market, as well as the revision of procedures previously agreed on IXE Grupo Financiero (IXE) Financial Statements and the review of the financial information Pro Forma on the effect of the merger between GFNorte and IXE which was added in the brochure regarding the corporate restructuring for GFNorte shareholders, in compliance with the provisions applicable to securities issuers.

The Board of Directors approved the proposal of this Committee to hire these services, after verifying that no conflict of interest existed; and the services were conducted throughout 2010. The services of other independent experts were hired to evaluate the quality of Banorte's most important borrowers that form the loan portfolio and to evaluate the reach of Internal Audit revisions on aspects of Information Technology.

- e) Revision of the financial statements of GFNorte and its subsidiaries for the year ending December 31st, 2010 were carried out; as well as the External Auditor's findings before their publication; with the participation of management, the External Auditor, the Commissary, Internal Audit and the Controllershship, having found that they were prepared in accordance with the regulations and applicable accounting practices, and therefore, we recommend that the Board of Directors approve these financial statements. Additionally, this Committee conducts a periodic revision of the intermediate financial statements on a quarterly basis.

- f) On the main modifications to accounting policies and criteria adopted by GFNorte and its subsidiaries during the 2010 fiscal year, various modifications were carried out as a consequence of changes in the applicable regulations and the criteria for charge offs in the commercial portfolio, which are described thoroughly in Note 4 "Main Accounting Policies" of GFNorte's financial statements in which a detailed explanation of these modifications can be found.

- g) There were no relevant observations in the actions exercised by shareholders, consultants, directors, employees or a third party regarding the accounting, internal control or topics related to the internal or external audits, or from accusations on irregularities. We can report that according to international best practices, one of the institutional channels of communication is anonymous accusations done through EthicsPoint. Reports received through this tool are directed to the members of this Committee and to diverse directors of the organization, for their knowledge and attention. This Committee follows up on the resolution of the accusations.

- h) With regards to the resolutions approved by the Shareholders' Meetings and the Board of Directors, none of these organisms requested that this Committee follow up on the adopted resolutions.

- i) Among other activities carried out by the Committee is the revision of results of independent experts' recommendations hired to evaluate the quality of the loan portfolio's main clients and the coverage of Internal Audit's works on critical aspects of information technology. The Committee also reviewed the methodologies used by branches to selfevaluate operational risk and its compliance, the individual rating of the loan portfolio and Internal Audit of specific loans. Attention was also given to the recommendations resulting from the diagnosis of corporate governance practices.

II. Regarding Corporate Practices:

- a) With respect to observations regarding the performance of relevant managers, we can report that management has defined relevant Directors of GFNorte and its subsidiaries to be those officials that the bank must inform the respective authorities when they are hired because of the specific regulation that applies to them.

With regard to the performance of relevant management during the 2010 fiscal year, this Committee reports that there were no cases in which managers acted outside of the established policies and procedures.

Audit and Corporate Practices'

Committee Report

b) With respect to operations with related parties, this Committee verified that as of December 31st, 2010, the amount of the loans granted to related parties was Ps 8.77 billion which is lower than the limits established by the corresponding regulation, and that these transactions were approved by the Board of Directors for those cases where approval was required in accordance with the applicable regulations. Inter-company transactions were conducted at market prices, which were verified by the External Auditor in the revisions that it conducted.

We can also report that during the 2010 fiscal year, there were no unusual non recurring operations or that due to the importance of their amount required approval from the Board of Directors.

c) With regard to the compensation of relevant directors, we can report that management defined the appointment policies and the comprehensive retribution packages for relevant officers which include: (i) a fixed compensation; (ii) a bonus plan based mainly on the fulfillment of the profits estimated; and (iii) a long term incentive plan providing some Directors an option to purchase shares in accordance with programs approved by this Committee. During the next fiscal year these policies will be revised in coordination with the Remuneration Committee considering the new arrangements applicable to the fact.

d) Finally, we can report that during the 2010 fiscal year, the Board of Directors did not grant waivers to board members or top managers to take advantage of business opportunities.

Sincerely,



Francisco J. Alcalá de León
President of the Audit and Corporate Practices'
Committee of GFNorte

Deloitte.

February 21, 2011

Galaz, Yamazaki, Ruiz Urquiza, S. C.
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Residencial San Agustín
66260 Garza García, N. L., México.
Tel: +52 (81) 8133 7300
Fax: +52 (81) 8133 7383
www.deloitte.com/mx

We have audited the accompanying consolidated balance sheets of Grupo Financiero Banorte, S. A. B. de C. V. and Subsidiaries (the "Financial Group") as of December 31, 2010 and 2009, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Financial Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Mexico, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and that they are prepared in conformity with the accounting practices prescribed by the Mexican National Banking and Securities Commission (the "Commission"). An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting practices used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Note 1 to the accompanying consolidated financial statements describes the Financial Group's operations. Note 4 describes the accounting criteria established by the Commission in the "General Provisions Applicable to Banking Institutions", which the Financial Group adheres to for the preparation of its financial information. Note 5 describes the main differences between the accounting practices prescribed by the Commission and Mexican Financial Reporting Standards commonly applied in the preparation of financial statements for other types of unregulated entities in Mexico. As explained in Note 12 in August 2009 the Commission issued modifications to the consumer loan rating methodology allowing financial institutions to record the initial cumulative effect derived from applying the corresponding loan rating methodology to credit card transactions either

directly to retained earnings within stockholders' equity or in results of operations over a 24-month period. The Financial Group decided to record the cumulative effect of the change in methodology directly to retained earnings within stockholders' equity, which totaled Ps. 683 million, net of deferred taxes.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Grupo Financiero Banorte, S.A.B. de C.V., and Subsidiaries as of December 31, 2010 and 2009, and the results of their operations, changes in their stockholders' equity and cash flows for the years then ended, in conformity with the accounting practices prescribed by the Commission.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu Limited



C. P. C. Fernando Noguera Conde
Recorded in the General Administration
of Federal Tax Audit Number 13204

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3.2	Date of most recent previous report.	Fold out
3.3	Reporting cycle.	Fold out
3.4	Contact point for questions regarding the report or its contents.	Fold out
<i>Report Scope and Boundary</i>		
3.5	Process for defining report content.	Fold out
3.6	Boundary of the report.	Fold out
3.7	State any specific limitations on the scope or boundary of the report.	Fold out
3.8	Basis for reporting on joint ventures.	Fold out
3.9	Data measurement techniques and the bases of calculations.	Fold out
3.10	Explanation of the effect of any restatements of information provided in earlier reports.	Fold out
<i>GRI Contents Index</i>		
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fold out
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Results of the independent review of the 2010 Annual Report of Grupo Financiero Banorte.

The Scope of Our Work

This independent verification consists of a review of the contents and performance indicators presented in the *2010 Annual Report* of Grupo Financiero Banorte.

Our review is based on International Standard on Assurance Engagements 3000 (ISAE 3000) and the methodology of the Global Reporting Initiative 3.0 for sustainability reports (GRI G3).

Verification Process

The responsibility of Redes Sociales LT, S.A. de C.V. has been to review the contents of the document, to which end we conducted interviews with members of the different departments of the Institution that participated in preparing 2010 Annual Report. Various kinds of analytic procedures and sample testing, described below, were also performed:

- Analysis of information-gathering and validation processes.
- Verification of the principal indicators contained in the report.
- Meetings with personnel responsible for preparing the report, with a view to understanding the principles, business model, sustainability model, working methods, and management of programs related to sustainability.
- Report consistency according to 2009 Report
- Verification of quantitative and qualitative information based on a selection of GRI indicators.

Conclusions

Based on our review, we are aware of no aspect that leads us to believe that:

- *2010 Annual Report* has not been prepared in accordance with the Guidelines of the Global Reporting Initiative 3.0 for sustainability reports (GRI G3).
- The information included in this report, relative to the indicators reviewed and the sustainability processes and actions of the institution, contains significant errors.

The review process demonstrates that in this report Grupo Financiero Banorte presents the performance indicators selected for verification in a balanced and appropriate manner. By presenting its first integrated report, Grupo Financiero Banorte is being a pioneer in the global reporting tendencies.

2010 Annual Report of Grupo Financiero Banorte was prepared in accordance with Guidelines of the Global Reporting Initiative version 3.0 for sustainability reports (GRI G3), with a level of application of B+.

Recommendations

As a result of our review, we make the following recommendations:

- Concrete a sustainability model.
- Include deeper measurement of environmental impact.
- Include a deeper explanation of social actions' impact.




Lourdes Yañez
Redes Sociales



Organizations supported on 2010

- Albergue Infantil los Pinos, A.C.
- Aldeas Infantiles y Juveniles SOS México, I.A.P.
- Alimento para Todos, I.A.P.
- Alzheimer de México, I.A.P.
- Angelitos de Cristal, I.A.P.
- Asilo San Juan Diego, A.C.
- Asociación de Asilos y Casas de Retiro del Estado de Nuevo León, A.C.
- Banco Nacional de México Fideicomiso Fondo Financiero DIF 14773 5
- Canica, Centro de Apoyo al Niño de la Calle de Oaxaca, A.C.
- Cáritas de Saltillo, A.C.
- Casa de la Amistad para Niños con Cáncer, I.A.P.
- Casa de las Mercedes, I.A.P.
- Casa de Reposo Rodrigo Gómez G., A.B.P.
- Casa para Ancianos Monte Carmelo, A.C.
- Casa Paterna La Gran Familia, A.C.
- Casa Simón de Betania, A.C.
- Casa Yoliguani, I.A.P.
- Centro de Apoyo al Menor Trabajador de la Central de Abasto, I.A.P.
- Centro de Asistencia Social, A.C.
- Centro de Atención Infantil Piña Palmera, A.C.
- Centro de Ayuda para la Mujer Latinoamericana, A.C.
- Centro de Estudios Superiores del Golfo, S.C.
- Centro de Rehabilitación para Adictos Proyecto Ave Fénix 2000, A.C.
- Centro Mexicano para la Filantropía, A.C.
- Centro para el Desarrollo del Potencial Humano, A.C.
- Centro Terapéutico de Apoyo a la Mujer, A.C.
- Ciudad de los Niños de Monterrey, A.B.P.
- Creeser, A.B.P.
- Cruz Roja Mexicana, I.A.P.
- Dispensario Médico Tonantzin, A.C.
- Drogadictos Anónimos, A.C.
- Ednica, I.A.P.
- Efecto Creativo, A.C.
- El Pobrecillo de Asis, I.A.P.
- Escuela para Entrenamiento de Perros Guía para Ciegos, I.A.P.
- Escuela para Niñas Ciegas de Guadalajara, A.C.
- Ezer, A.B.P.
- Filios, A.B.P.
- Fondo Córdoba, A.C.
- Fondo para la Paz, I.A.P.
- Fumet, I.A.P.
- Fundación Adelaida Lafon, A.C.
- Fundación Azteca, I.A.P.
- Fundación Camino a Casa, A.C.
- Fundación Candy, A.C.
- Fundación Cáritas San Marón, I.A.P.
- Fundación Clara Moreno y Miramón, I.A.P.
- Fundación de Neurociencias para el Desarrollo Integral del Individuo, A.C.
- Fundación de Protección y Asistencia para Ancianas Desvalidas, I.A.P.
- Fundación de Reintegración Social del Estado de México, A.C.
- Fundación Diarq, I.A.P.
- Fundación Dolores Sanz de Lavie, I.A.P.
- Fundación el Pueblito de los Abuelos, I.A.P.
- Fundación Gruma, A.C.
- Fundación IMSS, A.C.
- Fundación Infantil Ronald McDonald, A.C.
- Fundación John Langdon Down, A.C.
- Fundación Mariana B., A.C.
- Fundación Mexicana de Reintegración Social, Reintegra, A.C.
- Fundación Mexicana del Riñón, A.C.
- Fundación Sólo por Ayudar, I.A.P.
- Fundación Todos en Cree-cimiento, A.B.P.
- Fundación UNAM, A.C.
- Fundación Vamos México, A.C.
- Fundación Zoma, A.C.
- Grupo de Apoyo a Personas con Cáncer de Piedras Negras, A.C.
- Grupo para Promover la Educación y el Desarrollo Sustentable, Grupedsac, A.C.
- Hospital Infantil de México Federico Gómez
- Institución Renace, A.B.P.
- Instituto de Atención Integral al Discapacitado Retos, A.B.P.
- Instituto de Pensamiento Estratégico Ágora, A.C.
- Instituto Mexicano de la Audición y el Lenguaje, A.C.
- Instituto Municipal de las Mujeres de Guadalajara, A.P.D
- Instituto Nacional de Salud Pública
- Instituto para la Asistencia Pública del Estado de Puebla, A.C.
- Instituto Tecnológico y de Estudios Superiores de Monterrey
- Junta de Asistencia Privada de Sinaloa
- La Casa de la Sal, A.C.
- Misión del Nayar, A.B.P.
- Movimiento de Apoyo a Menores Abandonados, Mama, A.C.
- Municipio de Acuña, Coah.
- Municipio de Allende, N.L.
- Municipio de Anáhuac, N.L.
- Municipio de Linares, N.L.
- Municipio de Morelos, N.L.
- Municipio de Piedras Negras, Coah.
- Municipio de Sabinas, Coah.
- Municipio de Salvador Alvarado, Sin.
- Municipio de San Juan de Sabinas, Coah.
- Municipio de San Nicolás de los Garza, N.L.
- Municipio de San Pedro Garza García, N.L.
- Municipio de Santa Catarina, N.L.
- Municipio de Santiago, N.L.
- Municipio de Tecomán, Col.
- Museo Interactivo de Tijuana, A.C.
- Niños con Ilusión y Esperanza de Vivir, A.C.
- Nuevo Mundo en Educación Especial Querétaro, I.A.P.
- Patronato del Museo de San Carlos, A.C.
- Promotora Superchicos, A.B.P.
- Proyecto Háblame, A.C.
- Quiera Fundación de la Asociación de Bancos México, A.C.
- Ser Humano, A.C.
- Servicios de Salud del Estado de Colima
- Sistema para el Desarrollo Integral de la Familia Tonalá
- Sistema para el Desarrollo Integral de la Familia Veracruz
- Sistema para el Desarrollo Integral de la Familia Yucatán
- Sistema para el Desarrollo Integral de la Familia Manzanillo
- Sistema para el Desarrollo Integral de la Familia Tabasco
- Unión de Empresarios para la Tecnología en la Educación, A.C.
- Universidad Autónoma de Nuevo León
- Universidad de Monterrey
- Universidad Veracruzana
- Viccali, A.C.
- Vifac Aguascalientes, A.C.
- Voluntariado del Instituto de Salud del Estado de México, A.C.
- Voluntariado del Poder Judicial, A.C.
- Voluntarios en Equipo Trabajando por la Superación con Amor, A.C.

Applications Level Table

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures. 	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17		Same as requirement for Level B.	
	G3 Management Approach Disclosures. 	Not Required.	Report Externally Assured	Management Approach Disclosures for each Indicator Category.	Report Externally Assured	Management Approach Disclosures for each Indicator Category.	Report Externally Assured
	G3 Performance Indicators & Sector Supplement Performance Indicators. 	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

*Sector supplement in final version.

ABM

Asociación de Bancos de México.

AFP

Association of Fundraising Professionals.

AHP

Association of Healthcare Philanthropy.

AMIB

Asociación Mexicana de Intermediarios Bursátiles.

AMIS

Asociación Mexicana de Instituciones de Seguros.

Basel Accords

The Basic Principles of Efficient Banking Supervision, developed by the Basel Banking Supervision Committee, are the standard for the proper regulation and prudential supervision of banks.

Capitalization

Operation consisting of adding interest to capital. Capitalization of liabilities refers to the process of creditors buying into a company by paying in capital through the liabilities in their favor.

Capturing

Process whereby the financial system gathers resources from the public through savings and uses them as a source of funds in the financial market.

Capitalization ratio

Proportion of long-term debt to total long-term financing, determined by dividing long-term liabilities by the sum of these same liabilities plus equity.

Carbon footprint

Measurement of an organization's claim to social responsibility. It seeks to quantify greenhouse gas emissions, measured in the equivalent of CO₂ emissions, released into the atmosphere by the daily activities of an institution or the commercialization of a product.

CEMEFI

Centro Mexicano para la Filantropía.

CNBV

Comisión Nacional Bancaria y de Valores.

Condusef

Comisión Nacional para la Defensa de los Usuarios de las Instituciones Financieras.

CON SAR

Comisión Nacional del Sistema de Ahorro para el Retiro.

Distintivo H

Distinction granted by the Mexican Ministry of Tourism (SECTUR) to food and beverage suppliers that maintain high standards of hygiene and meet the requirements established by the Mexican norm NMX-F-605-NORMEX-2004 which regulates hygienic handling of food.

Equator Principles

A series of guidelines voluntarily adopted in accord with the policies of the International Finance Corporation to ensure that social and environmental factors are given due weight in the process of financing an institution's projects.

EthicsPoint System

A system that allows an institution's employees to communicate with management safely and honestly, and at the same time anonymously and confidentially, about problems or concerns related to unethical or illegal conduct.

Global Compact

An initiative proposed by the United Nations in the aim of obtaining from entities a voluntary commitment in social responsibility through the implementation of 10 basic principles in the areas of human rights, labor rights, environmental protection, and the fight against corruption.

GRI

Global Reporting Initiative, created in 1997 with the mission of improving the quality, rigor, and utility of sustainability reports based on the implementation of a triple equilibrium: economic, social, and environmental.

IFC

International Finance Corporation.

ILO

International Labour Organization.

IPAB

Instituto de Protección al Ahorro Bancario.

ROA

Return on Assets.

ROE

Return on Equity.

Closing Message

- 
- *As the Strong Bank of Mexico, we are committed to the sustainable development of our country and support a wide range of initiatives undertaken on behalf of wellbeing and in response to our stakeholders, by means of four pillars: ethics and quality of life in the company, value chain, community support, and protection of the environment. Through the formation of a social responsibility committee we have consolidated ourselves as a sustainable institution.*