

GFNORTE REPORTS NET INCOME OF Ps 1.58 BILLION PESOS (0.78 PER SHARE) WITH REVENUES OF Ps 8.24 BILLION PESOS

- Net Income grows 5% QoQ and declines (2%) YoY. Excluding the positive impact of an extraordinary gain during 1Q09 as a result of applying the accounting criteria for valuation of loan securitizations, recurring net income grew by 7% YoY. Total accumulated recurrent earnings during the last 12 months amounted to Ps 5.82 billion pesos, 2% higher with respect to the yearly profits of Ps 5.72 billion accumulated during the last quarter.
- Profitability ratios improve during the quarter: ROE increases to 15.2% in 1Q10 compared to 14.8% in 4Q09.
- Results of the subsidiaries are positive. The bank (excluding the contribution by the Afore) generated net income of Ps 1.28 billion, 81% of total profits; Broker Dealer of Ps 78 million pesos (+92% YoY), Long Term Savings of Ps 123 million (+3% YoY) and Leasing & Factoring of Ps 106 million pesos (+5% YoY).
- Intermediation results increased during the quarter by 138% YoY to Ps 585 million, while recoveries of proprietary loans and investment projects grew by 29% annually to Ps 481 million pesos.
- Provisions for loan losses declined to Ps 1.77 billion, (18%) lower compared to 1Q09 and (1%) vs. 4Q09.
 - ✓ Provisions for consumer loans represented 55% of the total created during the quarter, a lower level compared to the 70% registered in 1Q09.
 - ✓ Charge offs for consumer loans represented 86% of the total during the quarter, less than the 89% of a year ago.
 - ✓ New past due loans from the consumer segment represented 67% of total new NPLs, lower in relation to the 92% registered in 1Q09.
- The bank's fundamentals remain solid.
 - ✓ Regulatory capital was 16.8% at the end of 1Q10, one of the highest in the sector.
 - ✓ Asset quality continued to improve. The NPL ratio was 2.5% at the end of the quarter, although it declines to 2.1% considering only loans originated in Mexico, lower than the 2.4% level of 1Q09.
 - ✓ Reserve coverage remained at 122%, but it increases to 145% when the US operations are excluded.
- Core deposits grew by 5% YoY, driven by demand and time deposits.
- The loan portfolio remained stable compared to 1Q09. The main drivers of the loan book were government loans (+43%), mortgages (+9%) and payroll loans (+8%).
- Banorte remains as the third largest bank measured by size of deposits and loans according to the information published by the Banking and Securities Commission (CNBV).

Monterrey, N. L., April 29th, 2010. Grupo Financiero Banorte announced today its operating results for the first quarter of 2010 (1Q10), reporting a quarterly net income of Ps 1.58 billion, a 5% QoQ increase compared to 4Q09 and (2%) lower compared to 1Q10. During 1Q09, GFNorte reported an extraordinary gain of Ps 134 million as a result of applying the accounting criteria that became effective during that period for the valuation of loan securitizations. If this one off effect is excluded from the 1Q09 results, comparable net income grows by 7% annually. EPS in 1Q10 was 0.78 pesos vs. 0.80 pesos during 1Q09.

The return on annualized equity of GFNorte increased from 14.8% to 15.2% on a quarterly basis, and the return on assets (ROA) remained at 1.1%.

Alejandro Valenzuela, CEO of GFNorte mentioned that “the operating and financial ratios continue to improve, and the bank’s balance sheet is strengthening. Past due loans in Mexico are declining, as well as loan loss provisions, which reduced to 3% of average loans from an average of 3.5% in 2009, while the capitalization ratio is solid at 16.8%. Nonetheless, we are still cautious in light of an environment that continues to be challenging. We will continue to be careful on the quality of origination and will only grow in market segments that represent low risk. Going forward, growth in the loan portfolio and the improvement in asset quality will follow the rate of expansion in the economy”.

Mr. Valenzuela remarked “the Mexican banking system continues to operate in a complicated environment of low interest rates and stricter regulations that seriously affect the results of banking institutions. The CNBV established the creation of additional reserves for leasing and factoring operations, and similar regulations for mortgages will come into effect towards the third quarter of the year.

In spite of this, the Mexican economy is showing signs of recovery, in a country that offers important opportunities to the banking system due to a level of penetration that barely exceeds 15% of GDP. In this difficult environment, Banorte has evolved with agility and strength as a truly Mexican bank, escalating its market position to the third most important institution in the country. In the coming years, Banorte is resolved to continue along the same path, maintaining solid capital levels, ensuring the quality of its assets and growing in importance as a financial intermediary”.

Retail Bank

Results - Retail Bank (Million Pesos)				Change \$		Change %	
	1Q09	4Q09	1Q10	vs 4Q09	vs 1Q09	vs 4Q09	vs 1Q09
Net Interest Income	5,965	5,388	5,348	-40	-617	(1)%	(10)%
Non Interest Income	1,683	2,014	2,153	139	470	7%	28%
Total Income	7,648	7,402	7,501	99	(147)	1%	(2)%
Loan Loss Provisions	2,144	1,757	1,746	(11)	(398)	(1)%	(19)%
Non Interest Expense	3,976	4,205	3,795	(410)	(181)	(10)%	(5)%
Net Income	1,418	1,266	1,435	169	17	13%	1%

Explanation of Results:

Accumulated net income for the Retail Bank (100%, including the AFORE by participation method) was Ps 1.43 billion in 1Q10, an increase of 1% YoY and 13% QoQ due to higher non interest income, lower operating expenses, a decline in provisions and higher earnings in the Afore, a subsidiary that consolidates with the bank.

Total revenues were Ps 7.50 billion pesos, (2%) lower with respect to 1Q09, but recovering 1% vs. 4Q09. The annual reduction was mainly due to a decline of (10%) in Net Interest Income compared to 1Q09 as a result of a decline in market interest rates and lower loan origination volumes. On a quarterly basis, the slight decline vs. 4Q09 was due to sluggish loan origination. On the other hand, Non Interest Income increased by 28% compared to 1Q09 due to higher revenues from service fees, recoveries and intermediation. On a quarterly basis, Non Interest Income increased by 7% vs. 4Q09 as a result of increased intermediation revenues and recoveries from proprietary loans. In spite of this, the positive results in non interest income could not fully compensate the decline in net interest income.

Non Interest Expense declined by (5%) compared to 1Q09 due mainly to lower professional fees, and administration & promotional expenses. On a quarterly basis, expenses fell by (10%) vs. 4Q09 due to lower professional fees, administration & promotional expenses, personnel expenses and other taxes.

Provisions for loan losses in 1Q10 were (19%) lower YoY as a result of a reduction in delinquencies in the consumer, SMEs and mortgage segments. On a quarterly basis, provisions declined by (1%) due to better asset quality in most of the segments in the loan portfolio.

Main Indicators and Business Updates

- The bank has reached a market share of 13.5% in deposits and 13.0% in lending.
- The number of clients grows to 8.10 million.
- The ROE was 13.9% with average capital assigned of \$38.57 billion pesos.
- The loan portfolio was \$227.24 billion pesos, (1%) less with respect to 4Q09 and the same level compared to 1Q09. Growth in the government, mortgage and payroll loan books continues, while commercial loans are still contracting.
- Even though the PDL ratio for the banking sector is 2.6%, this figure includes the past due loans of INB. Excluding the delinquent loans of the US operations, the PDL ratio declines to 2.2%, which compares favorably to 2.3% in 4Q09 and 2.4% in 1Q09.
- The investment portfolio reached \$223.95 billion, 1% more with respect to 4Q09 due to an increase in securities for trading and available for sale, although it declines (4%) compared to 1Q09 as a result of lower securities held to maturity.

Broker Dealer

Results - Broker Dealer <i>(Million Pesos)</i>	1Q09	4Q09	1Q10	Change \$		Change %	
				vs 4Q09	vs 1Q09	vs 4Q09	vs 1Q09
Total Revenues	170	337	224	(113)	54	(34)%	32%
Non Interest Expense	117	180	116	(64)	(1)	(35)%	(1)%
Net Income	40	88	78	(11)	37	(12)%	92%

Explanation of Results:

The Broker Dealer reported net income of Ps 78 million for 1Q10, a 92% YoY increase as a result of higher revenues from financial advisory services, management fees in mutual funds, risk positions & trading in money market, and capital markets brokerage fees, as well as containment in general expenses. Profits declined (12%) QoQ as a result of investment banking advisories collected in 4Q09 that were not generated in 1Q10.

Total revenues were \$224 million pesos, 32% higher compared to 1Q09, due to positive results from money and capital markets, mutual funds and investment banking, although they are (34%) lower with respect to 4Q09 as a result of lower income from capital markets and investment banking.

Expenses decreased by (1%) compared to 1Q09 due mainly to lower personnel expenses. On a quarterly basis, they decline (35%) vs. 4Q09 as a result of less general expenditures.

Main Indicators and Business Updates

- Deposits by retail clients grew by 12% and institutional clients by 16% annually. Of total deposits, 32% comes from retail clients and 68% from institutional.
- Assets managed by mutual funds grew by 40% annually, higher compared to the average growth rate for the market. Banorte's market share in mutual funds is currently 3%.
- The ROE for the Broker Dealer was 21.5% with average capital assigned of \$1.33 billion pesos.
- Assets under custody reached \$151 billion pesos, 54% higher compared to 1Q09 and 11% vs. 4Q09.

Leasing and Factoring

Results - Leasing and Factoring (Million Pesos)				Change \$		Change %	
	1Q09	4Q09	1Q10	vs 4Q09	vs 1Q09	vs 4Q09	vs 1Q09
Total Revenues	194	215	189	(26)	(5)	(12)%	(3)%
Non Interest Expense	104	104	90	(14)	(14)	(13)%	(13)%
Net Income	94	111	102	(9)	8	(8)%	9%

Explanation of Results:

Leasing and Factoring generated profits of Ps \$102 million in 1Q10, a 9% YoY increase due to higher spreads on new loans and a (13%) decline in expenses. The profits of 1Q10 declined (8%) QoQ due to a reduction of (12%) in total revenues and an increase in provisions resulting from applying the risk rating methodology in accordance with the changes to the CNBV criteria.

Main Indicators and Business Updates

- The loan portfolio grew by 3% compared to 1Q09, reaching a balance of Ps 13.18 billion pesos at the end of the quarter.
- At closing of 1Q10, the PDL ratio closed at 0.8%, while the Capitalization Ratio was 12%, considering average risk assets of Ps13.6 billion.
- ROE for the quarter was 26.6%, 4 percentage points (pp) lower compared to 1Q09.
- Arrendadora and Factor Banorte ranked 2nd in terms of portfolio size among the 44 companies of this sector according to the latest publicly available information.

Warehousing

Results - Warehousing (Million Pesos)	1Q09	4Q09	1Q10	Change \$		Change %	
				vs 4Q09	vs 1Q09	vs 4Q09	vs 1Q09
Total Revenues	18	5	9	4	(9)	80%	(50)%
Non Interest Expense	11	4	6	2	(5)	50%	(45)%
Net Income	7	3	3	0	(4)	18%	(50)%

Explanation of Results:

Net income for 1Q10 was Ps 3 million, (50%) lower YoY due mainly to lower volumes of inventory commercialization. On a quarterly basis, net income rose 18% QoQ driven by an 80% increase in revenues.

Main Indicators and Business Updates

- The level of inventories declined 77% compared to 1Q09
- ROE was 9.4% during the quarter, 13 percentage points (pp) lower compared to 1Q09.
- At closing of 1Q10, the Capitalization Ratio was 9.0% considering Ps 1.69 billion in total risk certificates in circulation.
- Almacenadora Banorte ranked 4th among the 20 Warehousing Companies in terms of profits generated.

AFORE

Results - Afore (Million Pesos)	1Q09	4Q09	1Q10	Change \$		Change %	
				vs 4Q09	vs 1Q09	vs 4Q09	vs 1Q09
Total Revenues	237	311	292	(19)	55	(6)%	23%
Non Interest Expense	164	203	189	(14)	25	(7)%	15%
Net Income	60	109	102	(7)	42	(6)%	71%

Explanation of Results:

In 1Q10, the AFORE reported net income of Ps 102 million (51% corresponds to Banorte), a 71% YoY increase due to growth of 23% in operating revenues and 112% in financial products, which grew at a faster rate than expenses given the containment of sales' related costs.

The (6%) QoQ decline is due to a reduction in financial products.

Main Indicators and Business Updates

- At closing of 1Q10, the AFORE's AUMs grew by 34% YoY and 5% QoQ, reaching Ps 75.6 billion.
- ROE was 29.4% during the quarter, 7 percentage points (pp) higher compared to 1Q09.
- Banorte has a 6.2% market share in AUM's, ranking 7th in the market at closing of March 2010.
- At closing of 1Q10, the AFORE had 3,899,615 affiliates, with a 9.8% share of total affiliates in the system and also in certified accounts.

ANNUITIES

Results - Annuities (Million Pesos)				Change \$		Change %	
	1Q09	4Q09	1Q10	vs 4Q09	vs 1Q09	vs 4Q09	vs 1Q09
Total Revenues	276	268	312	44	36	16%	13%
Non Interest Expense	245	262	298	36	53	14%	22%
Net Income	24	2	10	8	(14)	480%	(59)%

Explanation of Results:

Annuities reported net income of Ps 10 million in 1Q10 (51% corresponds to GFNorte), declining (59%) YoY, given a drop in revenues from accrued premiums due to higher reserves and lower financial products resulting from write-offs in some securities of the investment portfolio, as well as a higher expansion in expenses relative to revenues.

Profits rose 480% QoQ, due to increased issued and accrued premiums, lower expansion of expenses relative to revenues, the positive impact of higher real interest rates than expected and a reduction in the reference rate for auctions.

Main Indicators and Business Updates

- The Annuities Company had a 93% YoY expansion in premiums issued during 1Q10 to \$1.30 billion pesos.
- ROE was 3.7% during the quarter, 6 percentage points (pp) lower compared to 1Q09.

INSURANCE

Results - Insurance (Million Pesos)	1Q09	4Q09	1Q10	Change \$		Change %	
				vs 4Q09	vs 1Q09	vs 4Q09	vs 1Q09
Total Revenues	1,884	1,524	1,554	30	(330)	2%	(18)%
Non Interest Expense	1,661	1,348	1,360	12	(301)	1%	(18)%
Net Income	152	118	137	19	(15)	16%	(10)%

Explanation of Results:

Profits were Ps 137 million in 1Q10 (51% corresponds to GFNorte), (10%) less YoY, as a result of lower issued and accrued premiums, reduced financial products and other revenues, as well as higher acquisition costs and reserves for tax contingencies resulting from non-deductibility of damages occurred between 2004 and 2009.

Net income increased 16% QoQ, due to a higher rate of expansion in revenues relative to expenses and lower reserves for fiscal contingencies.

Main Indicators and Business Updates

- Issued premiums declined by (8%) YoY reaching Ps 1.9 billion, while accrued premiums reduced by (2%) YoY to Ps 1.33 billion at closing of 1Q10 due to greater competition in the car and life insurance segments.
- As a result of the earthquake registered in the Northwestern region of the country last April, 134 damage claims have been registered for an approximate of Ps 765 million, amount that is adequately reserved.
- Technical reserves were Ps 7.69 billion, increasing 4% YoY and (1%) QoQ.
- ROE was 22.5% during the quarter, 5 percentage points (pp) lower compared to 1Q09.

BANORTE USA

Results - Banorte USA- US GAAP (Million dollars)				Change \$		Change %	
	1Q09	4Q09	1Q10	vs 4Q09	vs 1Q09	vs 4Q09	vs 1Q09
Total Revenues	19	20	19	(2)	(0)	(9)%	(1)%
Non Interest Expense	8	12	12	(0)	3	(1)%	37%
Net Income	6	1	-2	(3)	(8)	(301)%	(135)%

Explanation of Results:

Under US GAAP, Inter National Bank's (INB) reported a loss of US \$2 million in 1Q10, (135%) less compared to the profits generated during the same period of last year, mainly as a result of increased loan loss provisions and higher non interest expenses.

On a quarterly basis, net income declined (301%) QoQ due to an increase of US \$3 million in loan provisions compared to the previous quarter.

Main Indicators and Business Updates

- Investment Portfolio: It is mainly concentrated in mortgage backed securities (MBS), which grew 17% QoQ and 29% YoY for a total amount of US 589 million dollars. The underlying quality of the mortgages that back these securities is rated AAA, and the portfolio presents an unrealized valuation gain of US \$14.1 million at closing of 1Q10. The average weighted life of the portfolio is 4 years.
- Total deposits grew to US 1.73 billion in 1Q10, an 11% YoY and 1% QoQ increase driven by higher time deposits from referred Banorte clients. Performing Loans declined (3%) QoQ, while Past Due Loans increased by 21% QoQ, as a result of more delinquencies in real estate backed loans due to the prevailing difficult environment in this sector.
- Capitalization and leverage indicators remained strong, and well above the regulatory minimum. The capitalization ratio remained at 17.4%, while the Leverage Ratio declined by (0.4) pp on a quarterly basis to 9.0%.
- The Past-Due Loan Ratio increased by 2.1 percentage points QoQ to 11.4%.
- ROE declined 3.2 pp QoQ to (2.1%), ROA also declined (0.6) pp QoQ to (0.4%) and the NIM dropped (0.1) pp QoQ to 3.5%. The Efficiency Ratio increased by 4.7 pp QoQ to 61.9.

HIGHLIGHTS – GFNorte <i>(Million Pesos)</i>	1Q09	4Q09	1Q10	QoQ	YoY
Income Statement					
Net Interest Income	6,199	5,554	5,562	-%	(10%)
Non Interest Income	2,065	2,719	2,681	(1%)	30%
Total Income	8,264	8,273	8,243	-%	-%
Non Interest Expense	4,324	4,604	4,190	(9%)	(3%)
Provisions	2,162	1,782	1,772	(1%)	(18%)
Operating Income	1,778	1,887	2,281	21%	28%
Non Operating Income (Expense)	413	152	18	(88%)	(96%)
Taxes and Profit Sharing	574	496	659	33%	15%
Subsidiaries & Minority Interest	(6)	(41)	(60)	46%	900%
Net Income	1,611	1,502	1,580	5%	(2%)
Balance Sheet					
Assets Under Management	589,127	650,278	666,598	3%	13%
Total Assets	577,802	567,138	569,012	-%	(2%)
Performing Loans (a)	236,181	238,953	237,210	(1%)	-%
Past Due Loans (b)	5,550	6,154	6,128	-%	10%
Total Loans (a+b)	241,731	245,107	243,338	(1%)	1%
Total Loans (Net) (d)	235,680	237,572	235,840	(1%)	-%
Acquired Collection Rights (e)	2,923	2,548	2,426	(5%)	(17%)
Total Loans (d+e)	238,603	240,120	238,266	(1%)	-%
Total Liabilities	536,903	522,164	523,356	-%	(3%)
Demand Deposits	120,255	137,581	125,917	(8%)	5%
Time Deposits	134,964	137,327	145,358	6%	8%
Equity	40,899	44,974	45,655	2%	12%
SUBSIDIARIES NET INCOME					
Bank	1,347	1,136	1,283	13%	(5%)
Broker Dealer	40	88	78	(12%)	92%
Long Term Savings	119	113	123	9%	3%
Other Finance Companies	101	114	106	(7%)	5%
Microlending (Pronegocio)	6	-	-	N.A.	N.A.
G.F. Banorte (Holding Company)	(2)	50	(9)	(119%)	N.A.
Total Net Income	1,611	1,502	1,580	5%	(2%)
SHARE DATA					
Earnings per Share (Pesos)	0.80	0.74	0.78	5%	(3%)
Dividends per Share (Pesos)	-	0.18	0.17	(6%)	100%
Dividend Payout (Recurring net income)	-	15%	15%	-	-
Book Value per Share (1) (Pesos)	19.26	20.49	20.80	1%	8%
Total Shares Outstanding (million shares)	2,018.3	2,017.8	2,018.3	-%	-%
Stock Price (Pesos)	18.83	47.84	54.57	14%	190%
P/BV (Times)	0.98	2.33	2.62	12%	167%
Market Capitalization (Million Dollars)	2,651	7,390	8,928	21%	237%
Market Capitalization (Million Pesos)	38,005	96,534	110,141	14%	190%

FINANCIAL RATIOS - GFNorte	1Q09	4Q09	1Q10	QoQ	YoY
Profitability:					
NIM (1)	4.6%	4.2%	4.2%	- pp	(0.4 pp)
NIM after Provisions (2)	3.0%	2.8%	2.9%	0.1 pp	(0.1 pp)
ROE (3)	16.8%	14.8%	15.2%	0.4 pp	(1.6 pp)
ROA (4)	1.1%	1.1%	1.1%	- pp	- pp
Operation:					
Efficiency Ratio (5)	52.3%	55.7%	50.8%	(4.9 pp)	(1.5 pp)
Operating Efficiency Ratio (6)	3.0%	3.2%	2.9%	(0.3 pp)	(0.1 pp)
Liquidity Ratio (7)	49.0%	63.2%	83.1%	19.9 pp	34.1 pp
Asset Quality:					
Past Due Loan Ratio	2.3%	2.5%	2.5%	- pp	0.2 pp
Coverage Ratio	109.0%	122.4%	122.4%	- pp	13.4 pp
Past Due Loan Ratio w/o Banorte USA	2.4%	2.2%	2.1%	(0.1 pp)	(0.3 pp)
Coverage Ratio w/o Banorte USA	108.2%	139.4%	145.4%	6.0 pp	37.2 pp

1) NIM= Annualized Net Interest Margin / Average Earnings Assets.

2) NIM= Annualized Net Interest Margin adjusted by Loan Loss Provisions / Average Earnings Assets.

3) Annualized earnings as a percentage of the average quarterly equity over the period.

4) Annualized earnings as a percentage of the average quarterly assets over the period.

5) Non Interest Expense / (Total Operating Income – Repomo Margin + Loan Loss Provisions)

6) Annualized Non Interest Expense / Average Total Assets.

7) Liquid Assets / Liquid Liabilities (Liquid Assets = Cash and due from Banks + Negotiable Instruments + Securities held for sale) / (Liquid Liabilities = Demand Deposits + Loans from banks and other organizations with immediate call option + Short term loans from banks).