

**FOR THE SEVENTH CONSECUTIVE QUARTER, GFNORTE'S  
NET INCOME INCREASE, GROWING BY 15% YoY AT  
CLOSING 1Q11.**

- GFNorte's quarterly Net Income reached Ps. 1.82 billion in 1Q11.
- Core deposits grew by 10% YoY, mainly driven by demand and retail time deposits.
- The loan portfolio increased by 14% annually, driven by 36% annual in payroll loans, 25% in government loans, 13% in mortgage and 17% in corporate loans.
- Non Performing Loan ratio was 2.3% at the end of the quarter, one of the lowest in the financial system.
- Reserve coverage increased from 122% to 139% compared to the same period last year.
- The Capitalization Ratio (IC) at closing of 1Q11 was 16.1%, one of the highest in the industry, showing Banorte's financial strength.
- The merger between Grupo Financiero Banorte and Ixe Grupo Financiero takes effect.
- Roberto Gonzalez Barrera is appointed Chairman Emeritus and Guillermo Ortiz Martinez as Chairman of GFNorte's Board of Directors.
- Banorte formalizes strategic alliance with Cardtronics to add 2,000 ATMs in its existing network.
- Gruma sales stake in GFNorte.

**Mexico D.F. April 28th, 2011.** Grupo Financiero Banorte (GFNORTE) announced today its operating results to closing of March 2011. For a seventh consecutive quarter, GFNORTE has increased its Net Income, reaching Ps 1.82 billion, a 15% YoY. The bank contributed 80% of these profits, reaching Ps 1.46 billion.

The return on equity (ROE) for 1Q11 was 15.5% and the return on assets (ROA) 1.2%, higher compared to the 15.2% and 1.1% reported a year ago, respectively.

#### **Deposits and Net Interest Income**

Core deposits grew by 10% YoY, mainly driven by growth in demand deposits and retail time deposits, increasing from Ps 212 billion in 1Q10 to Ps 234 billion in 1Q11.

In 1Q11 the consolidation of Insurance and Annuities companies came into effect. As a result, during the first quarter of this year, Net Interest Income increased to Ps 6.28 billion, a 13% YoY increase.

#### **Loan Portfolio**

At closing of 1Q11, Performing Loans increased by 14% YoY reaching a balance of Ps 270.2 billion. For the fourth consecutive quarter the loan portfolio shows continuous growth since most of the segments show positive quarterly growth, as a result of the bank's strategies to reactivate loan originations and take advantage of a more favorable economic environment. In following months, the favorable trends of credit growth in the banking industry are expected to continue.

Government loans increased by 25% YoY reaching Ps 51.3 billion being the main driver of loan growth during the last 12 months. Commercial loans totaled Ps 87.4 billion, a 9% YoY increase driven by growth in the placement of business loans, as well as in the SME sector. The Corporate portfolio was Ps 45.7 billion, a 17% YoY growth due to the reactivation of loans in this sector. Consumer loans increased by 13% YoY. It is noteworthy to mention that

Mortgages maintained its favorable trends, finishing the quarter with a balance of Ps 57.0 billion, a 13% YoY increase, which consolidates Banorte as the number two bank with the most important growth in new volumes for this segment. Payroll loans reached a balance of Ps 9.4 billion, a growth of 36% YoY, Car loans increased by 12% YoY, as a result of promotional campaigns for the product and a recovery in car sales in the country. Credit cards reached a balance of Ps 10.9 billion, at closing of 1Q11.

The Group continues to show improvement in asset quality, by showing a reduction of the NPL Ratio from 2.5% to 2.3% annually, one of the lowest in the financial system. Grupo Financiero Banorte ended 1Q11 with an NPL balance of Ps 6.5 billion, 6% higher than in 1Q10.

The Group's reserve coverage was 139% at closing of 1Q11, higher compared to the 122% of 1Q10.

### **Efficiency**

The Efficiency Ratio for 1Q11 was 52.2%, higher than the level registered last year due to a greater pace of growth in expenses compared to growth in Total Income.

### **Capitalization**

The Capitalization Ratio was 16.1% at closing of 1Q11, with a Tier 1 ratio of 12.2%. This solid level of capital will allow Banorte to take advantage of quality growth opportunities.

### **Other Subsidiaries**

The contribution to profits from the **Long Term Savings** sector, which includes the AFORE, Insurance and Annuities companies, was of Ps 128 million for 1Q11, a 4% YoY increase. In 2011, **Other Finance Companies** comprised of Factoring & Leasing as well as Warehousing, registered profits of Ps 150 million, a 41% increase YoY. The **Broker Dealer** (Brokerage House) Sector reported profits in 1Q11 of Ps 97 million, a 25% YoY growth.

### **Material Events of the Quarter**

In 1Q11, Banorte continued its efforts to strengthen its fundamentals and emerge a more solid institution that will take advantage of growth opportunities under a more favorable economic environment despite growing competition. These efforts are reflected in the following events:

#### **1. Merger between Grupo Financiero Banorte and Ixe Grupo Financiero (Ixe).**

During the quarter, we obtained authorization to carry out the merger with Ixe by the National Banking and Securities Commission (CNBV), the Shareholders' Assemblies, the Ministry of Finance and Public Credit (SHCP) and the Antitrust Commission (COFECO).

#### **2. Banorte formalizes strategic alliance with Cardtronics to add 2,000 ATMs in its existing network.**

On March 30th, Banorte and Cardtronics reached an agreement in order to integrate 2,000 ATMs into GFNorte's existing network. With this strategic alliance, and the merger of Ixe in GFNorte, it will have one of the largest ATM networks in Mexico, offering clients from Banorte and Ixe access to more than 7,000 ATMs free of service fees, by yearend.

#### **3. Roberto Gonzalez Barrera was appointed as Chairman Emeritus and Guillermo Ortiz Martinez as Chairman of Grupo Financiero Banorte's Board of Directors.**

On February 18th, the Shareholders' Assembly approved to appoint Roberto Gonzalez Barrera as Chairman Emeritus of the Group and Guillermo Ortiz Martinez as Chairman of the Board of Directors. These changes are part of the institutionalization of the Group and its corporate organs.

#### **4. Sale of Gruma's Stock in GFNorte.**

On February 14th, GFNorte announced the sale of 161.4 million shares, at a price of Ps \$ 52.0 per common share by the selling shareholder Gruma S.A.B. de C.V. GFNorte also informed that the Mexican and International underwriters decided to exercise the over-allotment option fully, as a result of this, all of the 177.5 million shares included in the

Global Offering were settled on February 15th, 2011. Consequently, after this offering Gruma no longer owns any of GFNorte's share capital.

**5. Fund Pro awards the best investment funds in Mexico in 2010.**

On March 16th, Fund Pro Platinum Performance Award 2010 recognized NTEGUB as one of the best Debt Mutual Funds in the category of Non Taxable Short Term Debt. Once again Banorte demonstrates its commitment to clients by offering competitive products and services.

**6. Standard & Poor's ratified Banorte's rating.**

On March 22nd, 2011 the rating agency Standard and Poor's ("S&P") affirmed its rating for Banorte with a "Stable" outlook, and affirmed the BBB- / A-3 global scale counterparty credit in local and foreign currencies and certificate of deposit ratings. It also affirmed the BBB- rating of Banorte's Senior Unsecured Debt. In relation to the merger with Ixe, S&P estimates that Banorte's above-average business profile and its increasing market position with a penetration strategy, will provide the merged bank with more geographical and customer diversification.

**7. Fitch confirmed its rating for GFNorte and upgrades ratings of Ixe Grupo Financiero and its subsidiaries.**

In April, Fitch confirmed GFNorte's with a "Stable" outlook ratifying the rating of "BBB". The shares exchange mechanism to carry out the transaction with Ixe Grupo Financiero (Ixe GF) is the reasoning for this rating's affirmation. Fitch also upgraded Ixe GF's national scale rating from "A-(mex) to AA+" and those of its subsidiaries to align them with the GFNorte's ratings.

The Mexican banking system operates in a complex environment of low interest rates and stricter regulations that impacts in an important way the results of banks. Notwithstanding, the Mexican economy shows signs of recovery in a country that offers significant opportunities to the financial sector even with a low level of banking penetration compared to other countries. In this context, Banorte has evolved with agility and strength as a Mexican bank resolved to continue along the same path, maintaining a solid capital base, ensuring the quality of assets, service to families and Mexican companies and growing in importance as a financial intermediary in the market.