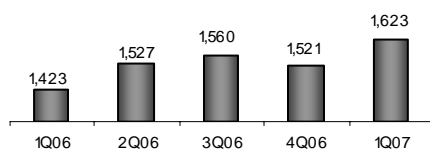
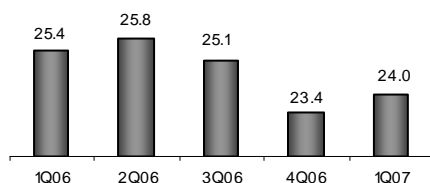


***GFNORTE's net profit in 1Q07 was Ps 1,623 million, a 14% increase compared to 1Q06.***

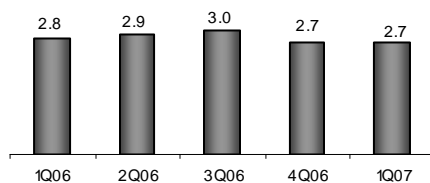
**GFNORTE's NET INCOME**  
(Millions of Pesos)



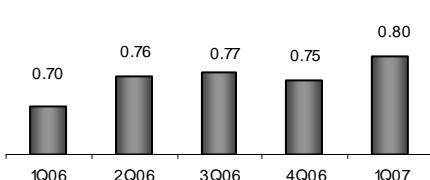
**GFNORTE % ROE**



**GFNORTE % ROA**



**GFNORTE EPS**



#### GRUPO FINANCIERO BANORTE \*

- GFNorte generated a **net profit** of Ps 1,623 million in 1Q07, 14% higher than in 1Q06, with an annualized **ROE** of 24.0% and **ROA** of 2.7%. The Banking Sector (excluding the Afore Pension Fund) contributed with Ps 1,353 million to the Group's net income.
- Performing Loans** grew 24% compared to 1Q06. Commercial and Consumer loans were the most dynamic, with growth rates of 45% and 18%, respectively. The past-due loan ratio evolved favorably from 1.6% in 1Q06 to 1.4% in 1Q07, while the reserve coverage decreased from 171% to 149% in the same period as a result of the new accounting rules published by the Banking and Securities Commission (CNBV) that came into effect as of January 2007, which establish the obligation for banks to use part of their excess reserves.

#### BANKING SECTOR

- During 1Q07, Grupo Financiero Banorte provided approximately Ps 4.0 billion in new loans to States and Municipalities, including a Ps 1.5 billion loan to the State of Aguascalientes, which will be destined to the construction of 5 major public works projects with a total investment of Ps 2.164 billion.

#### OTHER SECTORS

- On March 30, 2007 Grupo Financiero Banorte announced the spin-off of **Fianzas Banorte**, the Group's bonding company, previously authorized in an extraordinary shareholders' meeting, in order to proceed to its sale.

*\* NOTE: Careful consideration should be taken when comparing 1Q07 results vs previous quarters as new accounting standards and regulations issued by the National Banking and Securities Commission (CNBV) in 2006 went into effect in January of this year. Reported 1Q07 figures are not fully comparable with previous quarters. Where applicable, GFNorte has provided pro-forma comparisons across quarters.*

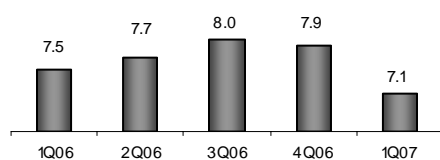
#### Contacts:

David Ricardo Suarez (México) (5255) 5268 16 80  
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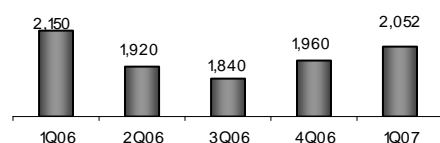
E-mail: [investor@banorte.com](mailto:investor@banorte.com)  
web page: [www.banorte.com](http://www.banorte.com)  
web cast: [www.banorte.com/ri](http://www.banorte.com/ri)

## Highlights

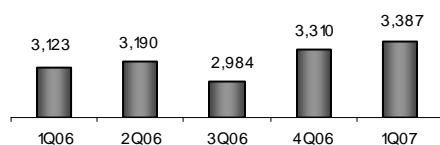
### NIM



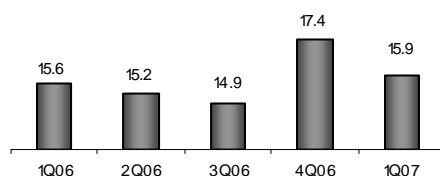
### NOT INTEREST INCOME (Millions of Pesos)



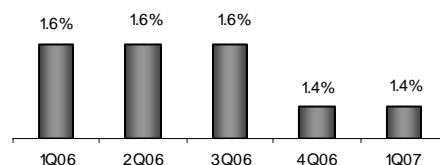
### NON INTEREST EXPENSE (Millions of Pesos)



### CAPITALIZATION RATIO



### PAST DUE LOAN RATIO



## Grupo Financiero Banorte

### Net income

GFNorte reported net profit of Ps 1,623 million in 1Q07, 14% greater than in 1Q06. This growth is mainly attributable to an 8.2% increase in net interest income and solid growth in service fees and trading income.

### Net Interest Margin

Net Interest Margin declined from 7.5% in 1Q06 to 7.1% in 1Q07. The contraction is mainly attributable to the impact of new accounting standards which require the deferral of loan fees over the life of the loan, the incorporation of INB's lower yielding loan portfolio and a significant amount of new government loans at lower yields and spreads. On a fully comparable basis, NIM would have remained stable compared to 1Q06.

### Non Interest Income

Non Interest Income for 1Q07 was 5% lower than in 1Q06 mainly as a result of the reclassification of recovery banking income, which must now be accounted under "Non Operating Income". This resulted in a 71% decline in recovery banking income, which was partly offset by an increase of 21% in Trading Income and 10% in service fees, the latter driven by Electronic Banking, Credit Card Fees and Other Commissions.

### Non Interest Expense

Non Interest Expense rose 8% with respect to 1Q06, driven by growth in expenses associated with the Group's infrastructure expansion plan and promotional efforts aimed at increasing product placement.

### Capitalization

The capitalization ratio at the end of 1Q07 stood at 15.9% vs. 15.6% in 1Q06. This increase was driven by higher net income and the placement of subordinated debt during 2006.

### Loan portfolio

Performing Loans, excluding Recovery Banking portfolio, finished the quarter with a balance of Ps 150,580 million; a 24% real increase with respect to 1Q06. This robust growth is a consequence of the favorable evolution in Commercial and Consumer loans, which posted YoY growth rates of 45% and 18%, respectively, driven both by new originations and also by the incorporation of the INB portfolio in 4Q06.

### Asset Quality

Past-due loans finished the quarter with a balance of Ps 2,233 million; 13.9% higher than in 1Q06. Worth highlighting is the fact that PDL's are growing at a slower rate than performing loans despite the fact that consumer loans are the fastest growing segment of our portfolio. The past due loan ratio improved from 1.6% to 1.4%, while the reserve coverage ratio ended the quarter at 149% as a consequence of the new regulations issued by the CNBV that went into effect in January 2007, requiring banks to use part of their excess loans loss reserves.

## Executive Summary

**Grupo Financiero Banorte** published financial results as of the end of 1Q07, reporting a net profit of Ps 1,623 million, which is 14% higher than in 1Q06. GFNorte's annualized return on capital was 24.0%, while return on assets was 2.7%.

The Banking Sector contributed with 83% of the Group's profits in 1Q07, or Ps 1,353 million, which is 16% higher than in 1Q06. Recurrent revenues from traditional banking activities continued to improve, as a result of robust growth in the loan portfolio along with an improving asset mix and higher service fee income.

GFNorte's net interest margin declined from 7.5% in 1Q06 to 7.1% in 1Q07. The contraction is partially attributable to the impact of new accounting standards which require the deferral of loan fees over the life of the loan. In addition, NIM was also impacted by a 60 basis point decline in market interest rates, the incorporation of INB's lower yielding the loan portfolio and a significant amount of new government loans at lower yields. On a fully comparable basis, net interest margin would have remained flat.

Despite the volatile conditions in financial markets during the first two months of the year, GFNorte's trading income was 21% higher than 1Q06, as our treasury and money market desks were able to position themselves adequately to take advantage of the flattening of the yield curve.

Non interest expense rose 8% vs. 1Q06, mainly as a result of higher professional consulting fees and an increase in administrative and promotional expenses. The reported efficiency ratio increased from 55% in 1Q06 to 58% in 1Q07. This increase is mainly explained by the adverse impact on non-interest income resulting from the application of the new accounting standards which require the consolidation of Solida Administradora de Portafolios and the reclassification of some Non Interest Income as Non Operating Income. On a fully comparable basis, the efficiency ratio remained at 55%.

Total deposits, excluding third-party accounts, closed 1Q07 with a balance of Ps 170,326 million, a 17% increase vs. 1Q06. Demand Deposits grew 18% and Term Deposits 26%. Growth in deposits was driven by more placement of accounts and by the incorporation of INB at the end of 2006.

The loan portfolio –excluding IPAB and recovery- continues to show positive trends. At the end of 1Q07, performing loans grew by 24% with respect to 1Q06, reaching a balance of Ps 150,580 million. Growth was driven by a 45% increase in Commercial loans to Ps 60,048 and 16% growth in Corporate loans to Ps 25,451 million. Government loans declined 1% on a YoY basis to Ps 14,879 million but grew 36% QoQ.

Consumer loans continued their robust trend during the period, representing 33% of the total performing loans. Growth was driven by a 50% surge in Credit Card loans, reaching a balance of Ps 10,520 million, bolstered by the success of the 'Ya Bajale' balance transfer program and the incorporation of new attributes. Payroll loans (Credinómina) rose 27% to Ps 5,036 million (including Ps 1,061 million in personal loans). Meanwhile, Car Loans reached a balance of Ps 6,531 million, while mortgage loans continued to trend upwards, reaching a balance of Ps 28,114 million, equivalent to a 12% real annual increase. On a fully comparable basis (i.e. excluding the prepayments of Fovissste, the securitization of a portion of the portfolio and the incorporation of INB's portfolio), mortgage loans increased 28%.

Past-due loans ended the quarter with a balance of Ps 2,233 million; 14% higher than in 1Q06. Worth highlighting is the fact that PDL's are growing at a slower rate than performing loans despite the fact that consumer loans are the fastest growing segment of our portfolio. The past due loan ratio improved from 1.6% to 1.4%, while the reserve coverage ratio ended the quarter at 149% vs. 171% at the end of 1Q06 as a consequence of the new regulations issued by the CNBV that went into effect in January 2007, requiring banks to reverse part of their excess provisions.

The Long-term Saving Sector, made up of the Afore Pension Fund, Insurance and Annuities companies, posted a profit of Ps 128 million for the Group in 1Q07.

The Auxiliary Sector companies contributed with Ps 71 million to the Group's profits in 1Q07, 19% higher than in 1Q06. In 1Q07, the bonding company was sold, generating a total profit of Ps 31 million after taxes which was registered at the Holding. The Brokerage Sector posted a Ps 61 million profit in the same period, 52% higher than in 1Q06.

**Grupo Financiero Banorte**

Subsidiaries Earnings (Millions of Pesos)	QUARTER			% CHANGE	
	1Q06	4Q06	1Q07	1Q06	4Q06
Banco Mercantil del Norte (1)	687	1,382	1,353	97%	(2%)
Banco del Centro	484	-	-	-	-
<b>Banking Sector</b>	<b>1,171</b>	<b>1,382</b>	<b>1,353</b>	<b>16%</b>	<b>(2%)</b>
<b>Brokerage Sector (Brokerage House)</b>	<b>40</b>	<b>75</b>	<b>61</b>	<b>52%</b>	<b>(19%)</b>
Afore	45	(13)	25	(44%)	298%
Insurance	61	31	45	(26%)	45%
Annuities	43	(14)	58	34%	521%
<b>Long – Term Saving Sector</b>	<b>150</b>	<b>5</b>	<b>128</b>	<b>(14%)</b>	<b>2,539%</b>
Leasing	30	25	34	15%	35%
Factoring	23	22	23	2%	8%
Warehousing	3	3	4	63%	38%
Bonding	4	8	9	102%	8%
<b>Auxiliary Organization Sector</b>	<b>60</b>	<b>58</b>	<b>71</b>	<b>19%</b>	<b>22%</b>
<b>Créditos Pronegocio</b>	<b>5</b>	<b>4</b>	<b>(1)</b>	<b>(128%)</b>	<b>(135%)</b>
<b>G. F. Banorte [holding]</b>	<b>(3)</b>	<b>(3)</b>	<b>11</b>	<b>N.C.</b>	<b>N.C.</b>
<b>Total</b>	<b>1,423</b>	<b>1,521</b>	<b>1,623</b>	<b>14%</b>	<b>7%</b>

1) 96.11% owned by GFNorte as of 2Q06. Since 3Q06 97.06% owned by GFNorte. On August of 2006 Banorte merged Bancen. N.C. = Not Comparable

Group's Balance Sheet Highlights (Millions of Pesos)	1Q06	4Q06	1Q07	% CHANGE	
				VS 1Q06	VS 4Q06
Performing loans excluding IPAB (1)	122,455	143,670	151,871	24%	6%
IPAB loans	173	-	-	(100%)	-
Past Due Loans	1,960	2,084	2,233	14%	7%
Loan Portfolio	124,588	145,754	154,104	24%	6%
Loan Loss Reserves (4)	3,357	3,576	3,321	(1%)	(7%)
Net Loan Portfolio	121,231	142,178	150,783	24%	6%
Acquired collection rights	3,902	3,661	4,078	5%	11%
Total Net Loan Portfolio	125,133	145,839	154,862	24%	6%
Total Assets	209,552	237,250	242,702	16%	2%
Total Deposits (3)	146,356	171,572	170,336	16%	(1%)
Equity	24,301	27,835	29,102	20%	5%
Assets under Management (2)	457,568	531,864	574,337	26%	8%

1) Excludes Fobaproa-IPAB notes and loans to IPAB that are accounted under loans to Government Entities.

2) Includes Deposits, On behalf of Third Parties Deposits, Banking Sector Mutual Funds, Portfolio under custody of the Brokerage House & Assets under Management in the Afore.

3) Excludes IPAB cash management checking accounts for loan portfolios managed from Banpais and Bancen. The balances of these accounts in 1Q06, 4Q06 and 1Q07 were Ps 675 million, Ps 533 million and Ps 10 million, respectively.

4) The balance of loan loss provisions decreases due to the reversal of 4Q06's excess reserves required by the new accounting standards.

GFNorte Share Data	1Q06	4Q06	1Q07	% CHANGE	
				VS 1Q06	VS 4Q06
Net Income per Share (2) (Pesos)	0.70	0.75	0.80	14%	7%
Dividends per Share (2) (Pesos)	-	0.375	-	-	-
Dividend Payout Ratio (Recurrent net income)	-	15%	-	-	-
Book Value per Share (1 (2)) (Pesos)	11.49	13.08	13.67	19%	4%
Shares Outstanding (2) (Millions of Shares)	2,018.3	2,018.3	2,018.3	-	-
Price (Pesos)	25.89	42.25	52.30	102%	24%
P/BV (Times)	2.25	3.23	3.83	70%	19%
Market Cap (Millions of Dollars)	4,794	7,858	9,562	100%	22%

1) Excluding Minority holdings. 2) The shares outstanding increased from 504.6 millions to 2,018.6 millions in 4Q05.

Group's Financial Ratios	QUARTER				
	1Q06	2Q06	3Q06	4Q06	1Q07
<b>Profitability</b>					
NIM before Repomo (1)	7.5%	7.7%	8.0%	7.9%	7.1%
NIM adjusted for Credit Risk (2)	6.5%	6.7%	7.0%	6.9%	6.5%
ROA (3)	2.8%	2.9%	3.0%	2.7%	2.7%
ROE (4)	25.4%	25.8%	25.1%	23.4%	24.0%
<b>Operation</b>					
Efficiency Ratio (5)	55.2%	57.3%	52.2%	55.5%	58.0%
Efficiency Ratio (8)	55.2%	57.3%	52.2%	55.5%	54.6%
Operating Efficiency Ratio (6)	6.1%	6.0%	5.6%	5.9%	5.6%
Liquidity Ratio (7)	71.5%	63.3%	60.5%	63.2%	59.4%
<b>Asset Quality</b>					
% Past Due Loans w/o Fobaproa	1.6%	1.6%	1.6%	1.4%	1.4%
Loan Loss Reserves to past Due Loans	171.3%	174.0%	171.6%	171.6%	148.7%

1) NIM= Annualized Net Interest Margin before REPOMO / 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 of quarterly assets over the period.

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

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

6) Annualized Administrative and Promotion Expenses / 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.

8) With out the new accounting standards.

GFNorte Income Statement (Millions of Pesos)	QUARTER			% CHANGE	
	1Q06	4Q06	1Q07	1Q06	4Q06
<b>Net Interest Income after Repomo</b>	<b>3,430</b>	<b>3,833</b>	<b>3,729</b>	<b>9%</b>	<b>(3%)</b>
<b>- Loan Loss and Loss Sharing Provisions</b>	<b>386</b>	<b>333</b>	<b>255</b>	<b>(34%)</b>	<b>(23%)</b>
• Service	1,254	1,388	1,383	10%	-
• Recovery	388	133	113	(71%)	(15%)
• Foreign Exchange	122	122	91	(26%)	(26%)
• Trading (Securities- Realized and unrealized gains)	386	316	465	21%	47%
<b>+ Non Interest Income</b>	<b>2,150</b>	<b>1,960</b>	<b>2,052</b>	<b>(5%)</b>	<b>5%</b>
<b>= Total Operating Income</b>	<b>5,193</b>	<b>5,460</b>	<b>5,526</b>	<b>6%</b>	<b>1%</b>
- Non Interest Expense	3,123	3,310	3,387	8%	2%
<b>= Net Operating Income</b>	<b>2,070</b>	<b>2,150</b>	<b>2,138</b>	<b>3%</b>	<b>(1%)</b>
- Non Operating Income (Expense) Net	5	(11)	339	6,605%	3,086%
<b>= Pre-Tax Income</b>	<b>2,075</b>	<b>2,139</b>	<b>2,477</b>	<b>19%</b>	<b>16%</b>
- Income Tax & profit sharing	733	737	903	23%	23%
<b>= Net Income before Subsidiaries</b>	<b>1,341</b>	<b>1,402</b>	<b>1,574</b>	<b>17%</b>	<b>12%</b>
+ Undistrib. Earnings of Subsid, Extraord. Items & Minority Income	81	119	50	(38%)	(58%)
<b>=Net Income</b>	<b>1,423</b>	<b>1,521</b>	<b>1,623</b>	<b>14%</b>	<b>7%</b>

1) The amount of loan loss and sharing provisions created during the quarter are net of the reversal of 4Q06's excess reserves.  
N.C. = Not Comparable

## Net Interest Income

Net Interest Income (Millions of Pesos)	QUARTER			% CHANGE	
	1Q06	4Q06	1Q07	1Q06	4Q06
Interest Income	8,968	9,079	8,861	(1%)	(2%)
Interest Expense	5,576	5,236	5,091	(9%)	(3%)
Loan Fees Charged	155	200	23	(85%)	(89%)
Fees Paid	41	42	-	(100%)	(100%)
<b>Net Interest Income before Repomo</b>	<b>3,505</b>	<b>4,003</b>	<b>3,793</b>	<b>8%</b>	<b>(5%)</b>
Average Earning Assets	186,732	203,367	213,173	14%	5%
<b>NIM before REPOMO (1)</b>	<b>7.5%</b>	<b>7.9%</b>	<b>7.1%</b>		

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

2) Fees Paid, as a result of new accounting standards by the CNByV that went into effect as of January 2007 these fees were reclassified into Other Fees Paid in Non Interest Income.

During 1Q07, Net Interest Income before Repomo rose by 8% with respect to 1Q06, while Net Interest Margin decreased from 7.5 to 7.1% due to various factors:

### Increased:

- Improved loan mix, especially in consumer and commercial loans.
- The depreciation of the peso vs. the dollar; the average exchange rate rose from 10.60 pesos/dollar in 1Q06 to 11.08 pesos/dollar in 1Q07. This FX movement increases the interest income of the dollar denominated portfolio.

### Decreased:

- The incorporation of INB's lower-yielding loan portfolio.
- A drop in market interest rates. The 28-day Cete fell from 7.64% in 1Q06 to 7.04% in 1Q07, while the TIIE dropped from 8.03% to 7.44% in the same period.
- An 85% reduction in Loan Fees Charged as a consequence of the new accounting standards effective as of January 2007 which require that when the loans are originated, the fees must be deferred over the life of the loan and not reflected directly in the P&L as they are collected, as was the case until December 2006.

On a QoQ basis, Net Interest Margin contracted from 7.9% in 4Q06 to 7.1% in 1Q07 as a result of the following:

- The above-mentioned impact from the deferral of Loan Fees Charged.
- A lower number of working days during the quarter.
- A 36% QoQ increase in government loans, which produce lower yields.
- The incorporation of INB's lower-yielding loan portfolio for the full quarter vs. only one month in 4Q06.

## Non Interest Income

Non Interest Income (Millions of Pesos)	QUARTER			% CHANGE	
	1Q06	4Q06	1Q07	1Q06	4Q06
+ Fund Transfers	54	61	58	8%	(5%)
+ Account Management Fees	234	253	236	1%	(7%)
+ Fiduciary	58	74	62	8%	(16%)
+ Income From Real Estate Portfolio (3)	626	263	112	(82%)	(57%)
+ Electronic Banking Services	183	221	207	13%	(6%)
+ Credit Card Fees	341	437	465	37%	6%
+ Fees from IPAB (1)	9	2	1	(91%)	(50%)
+ Fees charged by Afore	316	187	263	(17%)	41%
+ Other Fees Charged (2)	241	350	334	39%	(5%)
<b>Fees charged on services:</b>	<b>2,062</b>	<b>1,849</b>	<b>1,740</b>	<b>(16%)</b>	<b>(6%)</b>
+ Fund Transfers	4	4	5	15%	25%
+ Other Fees Paid	169	192	239	41%	24%
+ Expenses From Real Estate Portfolio (3)	247	133	-	(100%)	(100%)
<b>Fees paid on services:</b>	<b>420</b>	<b>328</b>	<b>243</b>	<b>(42%)</b>	<b>(26%)</b>
<b>=Net Fees</b>	<b>1,642</b>	<b>1,521</b>	<b>1,496</b>	<b>(9%)</b>	<b>(2%)</b>
+ Foreign Exchange	122	122	91	(26%)	(26%)
+ Securities- Realized gains	562	404	498	(12%)	23%
+ Securities- Unrealized gains	(176)	(87)	(33)	(82%)	(63%)
<b>Trading Income</b>	<b>508</b>	<b>439</b>	<b>556</b>	<b>9%</b>	<b>27%</b>
<b>= Non Interest Income</b>	<b>2,150</b>	<b>1,960</b>	<b>2,052</b>	<b>(5%)</b>	<b>5%</b>

1) Includes Fees received by Recovery Banking and by the Bank.

2) It includes fees from letters of credit, from transactions with pension funds, warehousing services, financial advisory services and securities trading by the Brokerage House, among other.

3) Since 1Q07, it only reflects Income from recoveries and amortizations of Real Estate Portfolio. Up to 4Q06, it also included Income from recoveries and amortization of Acquired Portfolios.

Non interest income in 1Q07 declined 5% compared to 1Q06, mainly as a consequence of a steep decline in Recovery Fees purely as a result of accounting changes issued by the CNBV which are explained in more detail below. On a fully comparable basis Non interest income would have increased 2% on a yearly basis.

Non Interest Income (Millions of Pesos)	QUARTER			% CHANGE	
	1Q06	4Q06	1Q07	1Q06	4Q06
Service	1,254	1,388	1,383	10%	-
Recovery	388	133	113	(71%)	(15%)
Foreign Exchange	122	122	91	(26%)	(26%)
Trading (Securities- Realized and unrealized gains)	386	316	465	20%	47%
<b>= Non Interest Income</b>	<b>2,150</b>	<b>1,960</b>	<b>2,052</b>	<b>(5%)</b>	<b>5%</b>

## Service Fees

Service Fees in 1Q07 rose 10% vs. 1Q06, showing an increase in almost every item, with the most relevant being a 37% growth in Credit Card fees, 13% in Electronic Banking Services and 8% in Fiduciary and Transfer of Funds, the latter driven mainly by greater transactionality in ATM's, internet and POS's.

## Recovery:

Non Interest Income (Millions of Pesos)	QUARTER			% CHANGE	
	1Q06	4Q06	1Q07	1Q06	4Q06
<b>SERFIN</b>					
Income from Acquired Portfolios	409	-	-	(100%)	(100%)
- Expense from Acquired Portfolios	124	-	-	(100%)	(100%)
<b>= Net Fees from Serfin Portfolio</b>	<b>285</b>	<b>-</b>	<b>-</b>	<b>(100%)</b>	<b>(100%)</b>
<b>REAL ESTATE PORTFOLIO</b>					
Income from Real Estate Portfolios	228	263	112	(51%)	(57%)
- Expense from Real Estate Portfolios	127	133	-	(100%)	(100%)
<b>= Net Fees from real estate portfolios (**)</b>	<b>101</b>	<b>130</b>	<b>112</b>	<b>11%</b>	<b>(14%)</b>
<b>IPAB FEES</b>					
Fees charged by IPAB (*)	9	2	1	(91%)	(61%)
<b>= IPAB Fees</b>	<b>9</b>	<b>2</b>	<b>1</b>	<b>(91%)</b>	<b>(61%)</b>
<b>Non Interest Income – Recovery Bank</b>	<b>388</b>	<b>133</b>	<b>113</b>	<b>(71%)</b>	<b>(15%)</b>

(\*) Includes only the fees received by Recovery Banking.

(\*\*) As of 1Q07, it only includes Income from recoveries and amortizations of the Real Estate Portfolio. Up until 4Q06, it also included the net income from Loan Portfolios.

Non interest income in the quarter for loan Recoveries was 71% lower than in 1Q06, as a consequence of the new accounting standards effective as of January 2007 which require that the Income from Loan Recoveries be regrouped into "Non Operating Income", keeping only the Recoveries from Real Estate Portfolios under Net Income from Acquired Portfolios. In addition, the Net Fees from the Serfin portfolio dropped by 100% vs. 1Q06 since last year there was a non recurrent gain from the sale of this portfolio through an auction process carried out by the IPAB.

### **Foreign Exchange**

Foreign exchange revenues in 1Q07 decreased by 26% vs. 1Q06 as a result of the negative impact of peso depreciation on currency valuation and lower proprietary position gains.

### **Trading:**

Despite the volatile conditions in the financial markets during the first two months of the year, GFNorte's trading income was 21% greater than in 1Q06, mainly as a result of the adequate positioning of the money market desk and the bank's treasury to take advantage of the movements in the yield curve.

### **Non Interest Expense**

<b>Non Interest Expense</b> <i>(Millions of Pesos)</i>	<b>QUARTER</b>			<b>% CHANGE</b>	
	<b>1Q06</b>	<b>4Q06</b>	<b>1Q07</b>	<b>1Q06</b>	<b>4Q06</b>
Personnel Expenses	1,255	1,240	1,374	10%	9%
+Professional Fees	213	245	226	6%	(8%)
+Administrative and Promotion Expenses	883	1,053	1,073	22%	2%
+Rents, Depreciation & Amortization	449	440	393	(13%)	(11%)
+Taxes other than income tax	161	164	151	(6%)	(8%)
+Contributions to IPAB	163	167	170	4%	2%
<b>= Non Interest Expense</b>	<b>3,123</b>	<b>3,310</b>	<b>3,387</b>	<b>8%</b>	<b>2%</b>

Non interest expense rose 8% in 1Q07 in relation to 1Q06, mainly due to higher personnel and administration & promotional expenses. The reported efficiency ratio increased from 55% in 1Q06 to 58% in 1Q07. Without the effects of the new accounting standards, the efficiency ratio would have remained at 55%. Personnel Expenses increased 10% as a result of the extension of branch's opening hours and the branch expansion program. Professional fees paid rose 6% due to consulting services associated with the development of new lines of business. Administration and Promotional Expenses increased by 22% given higher expenses in advertising campaigns to increase positioning of diverse products such as term deposits, "suma" and "sumanómina" and "credit card", and the expenses associated with greater volumes of operations. Rents, Depreciations and Amortizations declined slightly with respect to 1Q06. Other Taxes fell by 6% as there were fewer investments and purchases in the quarter. The IPAB Contributions increased by 4% with respect to 1Q06 as a result of an increase in deposits.

### **Non Operating Income (Expense) Net**

<b>Non Operating Income (Expense)</b> <i>(Millions of Pesos)</i>	<b>QUARTER</b>			<b>% CHANGE</b>	
	<b>1Q06</b>	<b>4Q06</b>	<b>1Q07</b>	<b>1Q06</b>	<b>4Q06</b>
+Other Revenues	60	118	138	130%	17%
+Foreign Exchange	-	-	-	-	-
+Recoveries	152	84	431	184%	416%
+Repomo-other revenues	4	10	6	43%	(41%)
+Warehousing	104	-	108	4%	100%
<b>=Non Operating Income</b>	<b>319</b>	<b>212</b>	<b>683</b>	<b>114%</b>	<b>222%</b>
-Other Expenses	(105)	(63)	(100)	(5%)	59%
-Foreign Exchange	-	-	-	-	-
- Repomo-other expenses	(105)	(161)	(136)	30%	(16%)
- Warehousing	(104)	-	(108)	4%	100%
<b>=Non Operating Expense</b>	<b>(314)</b>	<b>(223)</b>	<b>(344)</b>	<b>10%</b>	<b>54%</b>
<b>= Non Operating Income (Expense) Net</b>	<b>5</b>	<b>(11)</b>	<b>339</b>	<b>6,605%</b>	<b>3,086%</b>

The net Result of Other Products and Expenses for 1Q07 was a Ps \$339 million gain, which compares favorably to the Ps \$5 million gain in 1Q06 due to the following:



**Other Products:**

- An increase in Other Income due to the recovery of Ps 199 million in written off loans and the recovery of Ps 145 million of loan portfolios that were previously grouped in Non Interest Income.

**Other Expenses**

- An increase of 30% in Repomo due to a higher inflation vs. 1Q06 (3.5% in 1Q07 vs. 3.2% in 1Q06).
- The Warehousing Company's client inventory remained at the same levels of 1Q06.

**Taxes**

Taxes and Profit Sharing (PTU) in 1Q07 were 23% higher than in 1Q06, mainly due to an increase of 19% in pre-tax income. The effective tax and profit sharing scheme rate in 1Q07 was 37% vs. 35% in 1Q06.

**Loan Portfolio**

<b>PERFORMING LOAN PORTFOLIO</b>						
<i>(Millions of Pesos)</i>	1Q06	4Q06	1Q07	% CHANGE VS 1Q06	% CHANGE VS 4Q06	
Commercial	41,505	59,268	60,048	45%	1%	
Consumer	42,405	47,783	50,202	18%	5%	
Corporate	21,992	24,362	25,451	16%	4%	
Government	15,069	10,912	14,879	(1%)	36%	
<b>Sub Total</b>	<b>120,970</b>	<b>142,326</b>	<b>150,580</b>	<b>24%</b>	<b>6%</b>	
Recovery Banking	1,486	1,343	1,290	(13%)	(4%)	
<b>Total</b>	<b>122,456</b>	<b>143,669</b>	<b>151,870</b>	<b>24%</b>	<b>6%</b>	

<b>PERFORMING CONSUMER</b>						
<i>(Millions of Pesos)</i>	1Q06	4Q06	1Q07	% CHANGE VS 1Q06	% CHANGE VS 4Q06	
Mortgages	25,203	26,821	28,114	12%	5%	
Automobile	6,211	6,415	6,531	5%	2%	
Credit Card	7,035	9,596	10,520	50%	10%	
Electronic Payroll	3,957	4,953	5,036	27%	2%	
<b>Total Consumer</b>	<b>42,405</b>	<b>47,783</b>	<b>50,202</b>	<b>18%</b>	<b>5%</b>	

<i>(Millions of Pesos)</i>	1Q06	4Q06	1Q07	% CHANGE VS 1Q06	% CHANGE VS 4Q06	
IPAB Loans	173	-	-	-	-	
Past Due Loans	1,960	2,084	2,233	14%	7%	
Loan Loss Reserves	3,357	3,576	3,321	(1%)	(7%)	
Derechos de Cobro Adquiridos	3,902	3,661	4,078	5%	11%	

Total Performing Loans increased 24% on an annual basis from Ps 122,456 to Ps 151,870 million, and an equivalent growth rate excluding the loan portfolio managed by Recovery Banking. The evolution of each item in the loan portfolio was as follows:

- Commercial Loans rose 45% mainly as a result of new loans originated to medium and small businesses, as well as the incorporation of the INB loan book in 4Q06. Excluding the latter, the real annual growth rate was 26%.
- Consumer Loans rose 18%, with a 12% increase in the Mortgage Loan Portfolio and the origination of 16,210 new mortgage loans over the last 12 months. Excluding the prepayments of the Fovissste, the placement of MBS and the incorporation of INB's portfolio, mortgage loans would have increased by 28% on a yearly basis. The Credit Card portfolio increased by 50% due to promotional programs to attract new customers (including the balance transfer program called "ya bájale con Banorte"); as well as to higher usage by clients. Payroll loans grew by 27% with 241,217 new loans originated and Car Loans rose by 5% with 35,099 new loans placed. Personal Loans, which are grouped with Credinómina, reached a balance of Ps 1,061 million, with 23,791 loans originated over the last 12 months.
- Corporate Loans increased by 16% as a result of new-loan placement strategies.

- Government Loans dropped by 1% as a result of the prepayments received by the States of Nuevo Leon and Veracruz during 2006 .
- The balance of Ps 173 million in IPAB promissory notes was paid in full since 2Q06.

Past-due Loans increased by 14% with respect to 1Q06 as a result of the significant growth in the loan portfolio, especially consumer loans which tend to have higher delinquency ratios. In spite of this, past-due loans closed the quarter with a balance of Ps 2,233 million, equivalent to a past due loan ratio of 1.4% which is lower than the 1.6% registered in 1Q06.

### Past Due Loans Variations as of 1Q07

Past Due Loans	
Balance as of December 2006	2,055
Transfer of Performing loans to Past due loans	1,336
Renewals	(11)
Cash Collections	(246)
Discounts	(3)
Charge Offs	(395)
Foreclosures	(1)
Transfer of Past due loans to Performing loans	(509)
Foreign Exchange Adjustments	7
Balance as of March 2007	2,233

### Risk Rating of Performing Loans

Millions of Pesos		LOAN LOSS RESERVES			
Category	LOANS	COMMERCIAL	CONSUMER	MORTGAGE	TOTAL
A	47,250	-	100	95	195
A1	57,844	266	-	-	266
A2	36,725	351	-	-	351
B	3,823	-	132	93	225
B1	9,063	149	-	-	149
B2	2,773	131	-	-	131
B3	970	111	-	-	111
C	723	-	253	48	301
C1	353	82	-	-	82
C2	112	46	-	-	46
D	918	56	439	157	652
E	519	242	59	215	516
<b>Total</b>	<b>161,073</b>				
Not Classified	(13)				
Exempted	401				
<b>Total</b>	<b>161,461</b>	<b>1,434</b>	<b>983</b>	<b>608</b>	<b>3,024</b>
<b>Reserves</b>					<b>3,321</b>
<b>Excess / (Deficit)</b>					<b>298</b>

**Notes :**

- 1.- The rating of loans and the reserves created correspond to the last day referred in the Balance Sheet up to March 31<sup>st</sup>, 2007.
- 2.-The loan portfolio is rated according to the rules issued by the Ministry of Finance and Public Credit (SHCP), the methodology established by the CNBV and internal methodologies approved by the CNBV. For Mortgage and Consumer loans, Banorte uses the regulation described in the Official gazette published on December 2, 2005, and for Commercial loans it uses internal methodologies approved by the CNBV.
- 3.- The excess in reserves they were constituted mainly in the UDIs Trusts.
- 4.-Rating of Leasing and Factoring loans are up to December 2006 and reserves up to March, 2007.

The balance of Loan Loss Reserves reached Ps 3,321 billion at the end of the quarter, and excess reserves amounted to Ps 298 million.

<b>Loan Loss Reserves</b> <i>(Millions of Pesos)</i>	<b>1Q07</b>
	<b>Total</b>
<b>PREVIOUS PERIOD END BALANCE</b>	<b>3,576</b>
Provision taken in the period	<b>255</b>
UDIS trusts	<b>(43)</b>
Charge offs and discounts:	
Commercial Portfolio	(29)
Consumer Portfolio	(291)
Mortgage Portfolio	(101)
Foreclosed assets	(5)
	<b>(426)</b>
Cost of debtors support programs	<b>(17)</b>
Valuation and Others	<b>(23)</b>
<b>LOAN LOSS RESERVES AT PERIOD END</b>	<b>3,321</b>

The balance of loan loss reserves at the end of 1Q07 was Ps 3,321 million pesos, which is Ps 255 million lower than the one registered in 4Q06. This variation is explained by an increase of Ps 255 million in the balance of provisions taken in the period, and the use of Ps 426 million in charge offs and discounts, and Ps 83 million for other concepts.

It is worth mentioning that the requirements for loan loss reserves during the quarter amounted to Ps 708 million, of which Ps 210 million correspond to provisions resulting from new loan originations and Ps 498 million to requirements of non performing loans. Also, a total of Ps 464 million for the creation of the quarterly reserves came from the use of excess reserves of 4Q06, which was one of the guidelines published under the new accounting standards issued by the CNBV.

## Deposits

<b>Deposits</b> <i>(Millions of Pesos)</i>	<b>1Q06</b>	<b>4Q06</b>	<b>1Q07</b>	<b>%</b>	<b>%</b>
				<b>CHANGE</b>	<b>CHANGE</b>
				<b>VS 1Q06</b>	<b>VS 4Q06</b>
Demand Deposits-w/o Interest	30,184	36,344	34,106	13%	(6%)
Demand Deposits -with Interest (2)	48,661	59,693	58,631	20%	(2%)
<b>Demand Deposits (1)</b>	<b>78,845</b>	<b>96,037</b>	<b>92,737</b>	<b>18%</b>	<b>(3%)</b>
Time Deposits – Retail	43,983	54,565	55,610	26%	2%
<b>Core Deposits</b>	<b>122,828</b>	<b>150,602</b>	<b>148,348</b>	<b>21%</b>	<b>(1%)</b>
Money Market (3)	23,022	20,502	22,111	(4%)	8%
<b>Banking Sector's Total Deposits</b>	<b>145,850</b>	<b>171,104</b>	<b>170,459</b>	<b>17%</b>	-
<b>GFNorte's Total Deposits (4)</b>	<b>145,681</b>	<b>171,039</b>	<b>170,326</b>	<b>17%</b>	-
Off Balance Trading	136,045	134,919	161,333	19%	20%
<b>Assets Under Management</b>	<b>281,894</b>	<b>306,024</b>	<b>331,791</b>	<b>18%</b>	<b>8%</b>

(1) Excludes IPAB cash management checking accounts for loan portfolios managed from Banpais and Bancen. The balances of these accounts in 1Q06, 4Q06 and 1Q07 were Ps 675 million, Ps 533 million and Ps 10 million, respectively.

(2) Includes Debit Cards.

(3) Includes Bank Bonds, both clients and Financial Intermediaries.

(4) Includes the eliminations between the subsidiaries (1Q06=169 million, 4Q06=64 million and 1Q07=132 million).

Total Deposits amounted to Ps 170,326 million at the end of 1Q07, 17% higher than in 1Q06, with a 21% increase in Core Deposits. Excluding the incorporation of INB deposits, the growth rates were 7% and 9%, respectively. Demand Deposits increased by 18% and Time Deposits by 26% as a result of the strong promotion of products such as: Banorte Fácil, Mujer Banorte and Paga Más. Money Market deposits have been gradually replaced by growth in low-cost deposits, especially in the Enlace Global account and mutual funds. Third-Party Accounts grew by 19% with respect to 1Q06. Funds under Management totaled Ps 331,791 million, 18% higher than in 1Q06.

### Banking Sector Capitalization

<b>Capitalization</b> <i>(Millions of Pesos)</i>	<b>1Q06</b>	<b>2Q06</b>	<b>3Q06</b>	<b>4Q06</b>	<b>1Q07</b>
Tier 1 Capital	20,585	21,240	22,534	21,779	20,898
Tier 2 Capital	4,078	4,274	4,141	9,123	9,465
<b>Net Capital</b>	<b>24,663</b>	<b>25,514</b>	<b>26,675</b>	<b>30,901</b>	<b>30,363</b>
Credit risk assets	114,836	126,431	127,407	128,504	130,940
<b>Net Capital/ Credit Risk Assets</b>	<b>21.5%</b>	<b>20.2%</b>	<b>20.9%</b>	<b>24.0%</b>	<b>23.2%</b>
Total risk assets (1)	157,652	167,488	179,491	177,832	190,437
Tier 1	13.1%	12.7%	12.6%	12.2%	11.0%
Tier 2	2.6%	2.6%	2.3%	5.1%	4.9%
<b>Capitalization Ratio</b>	<b>15.6%</b>	<b>15.2%</b>	<b>14.9%</b>	<b>17.4%</b>	<b>15.9%</b>

(1) Includes Market Risks. Without inter-company eliminations.

(\*) The capitalization ratio of the last period reported is estimated.

At the close of 1Q07, the Banking Sector's capitalization ratio was 15.9% if credit and market risks are considered, and 23.2% if only credit risk is contemplated. The Tier 1 ratio was 11.0% and the Tier 2 ratio was 4.9%.

The capitalization ratio increased with respect to 1Q06 due to the combined effects of the profits generated in the period and the issuance of Subordinated Obligations.

In 1Q07, the capitalization ratio dropped vs. 4Q06 due to higher growth in risk assets and the acquisition of International Bank.

## Information by Sectors

### 1.- Banking Sector

Income Statement & Balance Sheet <i>(Millions of Pesos)</i>	QUARTER			% CHANGE	
	1Q06	4Q06	1Q07	1Q06	4Q06
<b><u>INCOME STATEMENT</u></b>					
Net Interest Income after Repomo	3,368	3,726	3,713	10%	-
Loan Losses and Loss Sharing Provisions	384	322	244	(37%)	(24%)
Non Interest Income	1,654	1,508	1,490	(10%)	(1%)
Non Interest Expense	2,794	2,889	3,039	9%	5%
Non Operating Income (Expense), Net	(3)	(4)	315	9,131%	7,093%
Pre-Tax Income	1,840	2,019	2,234	21%	11%
Net Income	1,244	1,411	1,420	14%	1%
<b><u>BALANCE SHEET</u></b>					
Performing Loan Portfolio – w/o IPAB	118,633	138,400	146,745	24%	6%
Deposits	146,519	171,636	170,468	16%	(1%)

Banking Sector's Financial Ratios <i>(Millions of Pesos)</i>	QUARTER		
	1Q06	4Q06	1Q07
<b><u>Profitability</u></b>			
NIM (1)	7.5%	7.8%	7.2%
ROA (2)	2.4%	2.6%	2.4%
ROE (3)	24.0%	24.5%	23.2%
<b><u>Operation</u></b>			
Efficiency Ratio (4)	55.0%	53.9%	58.0%
Operating Efficiency Ratio (5)	5.7%	5.4%	5.3%
Liquidity Ratio (6)	72.4%	61.5%	60.5%
<b><u>Asset Quality</u></b>			
% Past Due Loans w/o Fobaproa	1.6%	1.4%	1.4%
Loan Loss Reserves to past Due Loans	172.3%	175.7%	152.7%
<b><u>growths (7)</u></b>			
Loans w/o Fobaproa –IPAB (8)	24.3%	20.0%	24.2%
Traditional Deposits	1.0%	20.6%	20.8%
Total Deposits	1.0%	18.5%	16.9%
<b><u>Capitalization</u></b>			
Net Capital/ Credit Risk Assets (9)	22.0%	24.0%	23.2%
Total Capitalization Ratio (9)	15.6%	17.4%	15.9%

- 1) NIM= Annualized Net Interest Margin before REPOMO / Average Earnings Assets.
- 2) Annualized earnings as a percentage of the average of quarterly assets over the period.
- 3) Annualized earnings as a percentage of the average of quarterly equity over the period
- 4) Non Interest Expense / (Total Operating Income – Repomo Margin + Loan Loss Provisions)
- 5) Annualized Administrative and Promotion Expenses / Average Total Assets.
- 6) 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.
- 7) Growth versus the previous period.
- 8) Does not include Fobaproa / IPAB and Loans managed by Recovery Banking.
- 9) The Banking Sector Ratio is included for information purposes only.

The Banking Sector's accumulated profits for 1Q07 (including the Afore Pension Fund by the participation method) totaled Ps 1,420 million, 14% higher than in the previous year. In spite of lower interest rates, margin income before credit risks increased by 10% with respect to 1Q06, mainly as a result of a 24% growth in the loan book without IPAB and a better asset mix. Provisions for loan losses and IPAB were 34% lower than 1Q06. Non Interest Income decreased by 10% with respect to 1Q06, as a consequence of a reduction of 71% in Recovery Banking Income due to the effects of the new accounting standards effective as of January 2007 that require the booking of some of this income under Non Operating Income. Non Interest Expense increased by 9% with respect to 1Q06 driven mainly by higher personnel expenses due to more volume of operations and also to increased promotional and advertising expenses. Non Operating Income increased by 9,131% with respect to 1Q06 as a result of the effects of the new accounting standards.

## Recovery Banking

Recovery Banking Income Statement (Million Pesos)	ACCUMULATED	
	1Q06	1Q07
Net Interest Income	(21)	(45)
+ REPOMO-margin	-	-
<b>= Net Interest Income After REPOMO</b>	<b>(21)</b>	<b>(45)</b>
- Loan Loss Provisions	19	8
<b>= Net Interest Income After Provisions</b>	<b>(40)</b>	<b>53</b>
+ Fiduciary	286	-
+ Fobaproa Fees (1)	9	1
+ Other Fees	201	290
<b>Non Interest Income</b>	<b>497</b>	<b>291</b>
<b>= Total Operating Income</b>	<b>458</b>	<b>239</b>
Non Interest Expense	134	177
<b>= Net Operating Income</b>	<b>323</b>	<b>61</b>
- Other Revenues and Expenses	-	132
<b>= Pre-tax Income</b>	<b>323</b>	<b>193</b>
- Income Tax & Profit Sharing, Tax on Asset, Def. Inc. Tax & Prof. Sharing	78	65
<b>= Net Income before Subsidiaries</b>	<b>245</b>	<b>128</b>
+ Undistributed Earnings of Subsidiaries	36	-
<b>= Net Income-continuous Operations</b>	<b>281</b>	<b>128</b>
+ Extraordinary Items, net	-	-
- Minority Income	-	-
<b>= Total Net Income</b>	<b>281</b>	<b>128</b>

(1) Net Figures.

(2) Includes Net Income From Loan Portfolios.

(3) As of 1Q07, the financial information of Sólida Administradora de Portafolios is consolidated in Banorte as per the new accounting standards that went into effect in January 2007.

## Asset acquisitions in 1Q07

During 1Q07, no asset were acquired by the Recovery Banking business.

Assets Under Management (Millions of Pesos)	1Q07	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
<b>Fobaproa-IPAB: Portfolios</b>			
Banking Sector (1)	1,403	Off balance trusts	Fees charged to FOBAPROA
Serfin	0	Serfin Trust	Fiduciary
Reposessed assets	129	Off balance trusts	Fees charged to Fobaproa and Fiduciary
	1,532		
<b>Loans purchased to IPAB and to Other Banks:</b>	39,205	Sólida Asset Management and Bancen	Undistributed Earnings from Subsidiaries (Sólida) and Non Interest Income (Bancen)
<b>Banking Sector Portfolio:(2)</b>			
Banking Sector	8,442	Banorte's Portfolio	Net Interest Income
Reposessed assets	6,346	Banorte's Reposessed assets	Other Revenues and Expenses
	14,788		
<b>Total</b>	55,526		

(1) Includes the loan portfolios sold to Fobaproa by Bancen and Banpais.

(2) Includes Ps 1,631 millions of Portfolio managed by the Recovery Bank since 1997, originated from the economic crisis of 1995.

## 2.- Brokerage Sector

Brokerage Sector (Millions of Pesos)	QUARTER			% CHANGE	
	1Q06	4Q06	1Q07	1Q06	4Q06
<b>Brokerage House</b>					
Net Income	40	75	61	52%	(19%)
Equity	594	717	777	31%	8%
Assets under Management	130,892	165,130	175,098	34%	6%
Total Assets	959	946	1,040	8%	10%
ROE	27.4%	43.7%	32.7%		
<b>Net Capital</b>					
Tier 1	506	623	680	34%	9%
Tier 2	-	-	-	-	-
Net Capital	506	623	680	34%	9%

The **Brokerage Sector** (Brokerage House) profit in 1Q07 was Ps 61 million, 52% higher than in 1Q06. In spite of the volatility in the financial markets at the beginning of the year, the money market desk had gains of Ps 49 million as a result of an adequate risk strategy and correct placement throughout the yield curve. Mutual funds also performed positively due to the high yields obtained, as well as a strong advertising campaign and their distribution through the bank's network. The brokerage house showed an important increase of 34% in assets under custody vs. 1Q06.

## 3.-Long Term Savings Sector

Long Term Savings Sector (Millions of pesos)	QUARTER			% CHANGE	
	1Q06	4Q06	1Q07	1Q06	4Q06
<b>Afore</b>					
Net Income	89	(26)	51	(43%)	298%
Equity	978	991	1,042	7%	5%
Total Assets	1,129	1,064	1,140	1%	7%
Assets under Management (SIEFORE)	40,132	50,957	54,893	37%	8%
ROE	38.1%	(10.3%)	20.1%		
<b>Insurance</b>					
Net Income	120	61	89	(26%)	45%
Equity	1,355	1,571	1,660	23%	6%
Total Assets	6,809	8,029	9,715	43%	21%
Technical Reserves	4,317	5,588	6,803	58%	22%
Premiums sold	1,873	1,433	2,814	50%	96%
ROE	37.1%	16.1%	22.0%		
<b>Annuities</b>					
Net Income	85	(27)	113	34%	521%
Equity	421	954	1,067	154%	12%
Total Assets	7,370	8,644	9,108	24%	5%
Technical Reserves	6,929	7,611	7,876	14%	3%
Premiums sold	175	277	325	86%	17%
ROE %	89.1%	(11.1%)	44.8%		

The net profit in 1Q07 for the **Afore Pension Funds** was Ps 51 million (51% corresponds to Banorte), 43% lower than in 1Q06, due to the important increase in the cost of new affiliations and to lower income derived from a reduction in fees charged during 2006. Both elements were a consequence of a more intense competitive environment. While this phenomenon has affected the entire industry, Banorte decided since 2006 to continue investing in this sector to strengthen its market position. The equivalent commission dropped from 3.30% at the beginning of 2006 to 2.36% at the end of that year, and the sales force increased considerably. As a result, at the close of 1Q07, there were a total of 3,288,188 affiliates, 7% more than in 1Q06 and a market share of 11.0% in certified accounts. Assets Managed by the SIEFORE increased by 37% vs. 1Q06 as a result of a greater number of affiliates and the strategy to attract new higher-end customers. Banorte ranks second in the industry in terms of annual growth of managed funds, holding now the 5<sup>th</sup> position versus 7<sup>th</sup> in 1Q06.

The **Insurance Company** registered Ps 89 million in profits in 1Q07 (51% correspond to GFNorte), 26% lower than in 1Q06, affected mainly by a result of higher claims and an increase in the technical reserves from the incorporation of large corporate clients. The premiums issued rose by 50% vs. 1Q06, totaling Ps 2,814 million, driven by an increase in the traditional business lines and a greater amount of sales through the bank's network.

The **Annuities Company** posted a Ps 113 million profit in 1Q07 (51% correspond to GFNorte), 34% greater than in 1Q06, driven mainly by higher business volumes and gains from valuation and trading operations. The premiums issued rose by 86% with respect to 1Q06. The business currently ranks 2nd in the industry in terms of premiums sold.

### 3.- Auxiliary Organizations Sector

Auxiliary Organizations Sector (Millions of Pesos)	QUARTER			% CHANGE	
	1Q06	4Q06	1Q07	1Q06	4Q06
<b>Leasing</b>					
Net Income	30	25	34	15%	35%
Equity	320	411	445	39%	8%
Loan Portfolio	2,958	3,334	3,372	14%	1%
Past Due Loans	21	22	21	4%	(3%)
Loan Loss Reserves	41	42	37	(11%)	(13%)
Total Assets	2,959	3,322	3,360	14%	1%
ROE	38.9%	25.6%	32.1%		
<b>Factoring</b>					
Net Income	23	22	23	2%	8%
Equity	368	434	458	24%	5%
Loan Portfolio	3,345	4,181	4,471	34%	7%
Past Due Loans	32	18	18	(44%)	(1%)
Loan Loss Reserves	48	28	26	(46%)	(6%)
Total Assets	3,328	4,337	4,468	34%	3%
ROE	26.0%	20.5%	21.1%		
<b>Warehousing</b>					
Net Income	3	3	4	63%	38%
Equity	112	119	123	9%	3%
Inventories (*)	82	82	-	-	-
Total Assets	230	169	157	(32%)	(7%)
ROE	9.4%	10.5%	14.1%		
<b>Bonding</b>					
Net Income	4	8	9	102%	8%
Equity	115	141	132	14%	(6%)
Total Assets	469	504	555	18%	10%
Technical Reserves	244	233	267	10%	15%
Premiums sold	95	52	88	(7%)	70%
ROE	15.5%	24.1%	26.1%		

New Accounting Principles : Warehousing, Leasing & Factoring= Circular 1490

(\*) Accounted in Other Assets, Deferred charges and Intangibles account.

(\*\*) Includes the portfolio of assets under pure leasing registered in property, plant and equipment.

The **Leasing Company** posted a profit of Ps 34 million in 1Q07, 15% higher than in 1Q06, mainly as a result of a 14% growth in the loan portfolio vs. 1Q06 and revenue derived from the sale of equipment due to the termination of pure leasing contracts. The past due loan ratio closed at 0.6% in 1Q07, which is reserved at 176%. It currently ranks 2<sup>nd</sup> among the 27 Leasing Companies in terms of the size of the loan portfolio.

The **Factoring company** reported profits of Ps 23 million in 1Q07, 2% higher than in 1Q06, mainly due to growth in the loan portfolio and the release of loan reserves through the collection of past-due loans. The loan portfolio reached a balance of Ps 4,471 million and the past-due portfolio of Ps 18 million, equivalent to a past-due loan ratio of 0.4%. Reserve coverage was 144%. The company currently ranks 1<sup>st</sup> in the industry among 10 factoring companies in terms of the volume of operations.

The **Warehousing company** showed a net profit of Ps 4 million during 1Q07, 63% higher than in 1Q06 due to more warehousing services, such as the habilitation of warehouses that allow the issuance of deposit certificates that are used by Banorte and other domestic and foreign loan institutions, especially in the agricultural sector, as a guarantee in secured loans. Profits were also driven by the full occupation of our warehouses and by yields obtained from managing our resources. It currently ranks 9th among the 20 Warehousing companies in terms of certification volume.

Grupo Financiero Banorte announced to the financial community the decision taken at the extraordinary shareholder's meeting held on December 13, 2006 to spin off **Fianzas Banorte, S.A. de C.V.**, the Group's bonding company, as of March 30 2007, in order to proceed to its sale under favorable terms and conditions for Banorte.



## 5.- Microcredit Sofol

Pronegocio (Millions of Pesos)	QUARTER			% CHANGE	
	1Q06	4Q06	1Q07	1Q06	4Q06
<b>Pronegocio</b>					
Net Income	5	4	(1)	(128%)	(135%)
Equity	61	79	77	26%	(2%)
Loan Portfolio	420	619	658	57%	6%
Past Due Loans	16	58	75	375%	29%
Loan Loss Reserves	9	17	24	176%	37%
Total Assets	428	661	702	64%	6%
ROE	30.6%	18.7%	(6.4%)		

**Pronegocio** reported a loss of Ps 1 million in 1Q07 vs. the Ps 5 million profit registered in 1Q06 (when it started operations), due to higher expenses associated with the expansion of this business unit and a higher-than-expected personnel turnover. It closed the quarter with a past-due portfolio of Ps 75 million, which is equivalent to a past due loan ratio of 11.4%, as well as with a 32% reserve coverage (equivalent to 160%, since Nacional Financiera, a government development bank, guarantees 80% of the loans). At the close of the quarter, it had 90 branches and its operations spread out over 60 cities.



# ANNEXES

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1. GRUPO FINANCIERO – GENERAL INFORMATION
  2. ACCOUNTING CHANGES AND REGULATIONS
  3. LOAN PORTFOLIO SALES TO SOLIDA ADMINISTRADORA DE PORTAFOLIOS
  4. FINANCIAL STATEMENTS
  5. NOTES TO GRUPO FINANCIERO FINANCIAL STATEMENTS
-

## ANNEX 1 .-Grupo Financiero- General Information

### GFNorte Ownership in Subsidiaries

	1Q07
Banco Mercantil del Norte (1)	97.06%
Brokerage House	99.99%
Pension Funds Afore (2)	51.00%
Insurance	51.00%
Annuities	51.00%
Leasing	99.99%
Factoring	99.99%
Warehousing	99.99%
Bonding	99.99%
Inter National Bank (2)	70.00%
Microcredit Sofol	99.99%

(1) As a result of merging Bancen in August, 2006.

(2) Subsidiary of Banco Mercantil del Norte.

### Holding Company Capital Structure

Number of Shares	SERIE O As of March 2007
Number of shares outstanding	2,018,347,548
Shares held on Treasury	0

### Banorte Ratings

International Ratings				
Rating Agency	Rated Institution	Rating	Category	Date
Moody's	Banorte	Stable	Outlook	November 2006
		D+	Modest Financial Strength	
		Baa1	Foreign long - term bank deposits	
		P-2	Foreign short- term bank deposits	
		A-3	Local long - term bank deposits	
Standard & Poors	Banorte	P-2	Local short- term bank deposits	October 2006
		Stable	Outlook	
		BBB-	Long Term foreign issuer credit	
		BBB-	Long Term local currency deposits	
		A-3	Short term foreign issuer credit	
Fitch	Banorte	A-3	Short tem local issuer credit	July 2006
		Positive	Outlook	
		BBB-	Long Term Foreign currency	
		BBB-	Long Term Local currency	
	Grupo Financiero Banorte	Banorte	F2	Short Term Local Currency
			F3	Short Term Foreign Currency
			C	Individual – Foreign Currency
			3	Support Rating
		5	Support Rating	

## Banorte Ratings

Domestic Ratings				
Rating Agency	Rated Institution	Rating	Category	Date
Fitch	Banorte	F1 + (mex)	Short term counterparty risk	July 2006
		AA (mex)	Long term counterparty risk	
		F1 + (mex)	Short term CD's and Term Deposits	
		AA (mex)	Long term CD's and Term Deposits	
Moody's National Scale	Grupo Financiero Banorte	AA (mex)	Medium and Long Term	June, 2004
		F1 + (mex)	Short Term	
Moody's National Scale	Banorte	Aaa.mx	Long Term Deposits	November 2006
		MX-1	ShortTerm Deposits	
		Aa1.mx	Issue Rating in National Scale	
Other Subsidiaries	Arrendadora Banorte	Aa1.mx	Issue Rating in National Scale	July 2004
		Aa1.mx	Issue Rating in National Scale	July 2004
Fitch	Sólida	AAFC1-(mex)	Financial Asset Administrator	January 2007
	Seguros Banorte Generali	AA- (mex)	Insurance Financial Strength	August 2002

## No. of Employees & Distribution Network

EMPLOYEES	1Q06	4Q06	1Q07
Banking Sector (1)	12,740	13,362	13,671
Other Sectors (2)	2,410	2,567	2,672
<b>Total Group</b>	<b>15,150</b>	<b>15,929</b>	<b>16,343</b>
DISTRIBUTION NETWORK			
Banking Branches	971	994	998
-Branches in Process of Opening			27
ATM	2,881	3,140	3,245

(1) Includes INB since 4Q06 and Uniteller since 1Q07.

(2) Includes banking modules and Remote Teller Windows. Excludes 1 branch located in Cayman Island.

## Group Officers

NAME	CURRENT POSITION
Luis Peña Kegel	Chief Executive Officer
<b>LINE</b>	
Manuel Sescosse Varela	Managing Director - Commercial
Jesús Garza Martínez	Managing Director - Consumer
Antonio E. Ortiz Cobos	Managing Director – Corporate & Entrepreneurial
Alejandro Valenzuela del Río	Managing Director – Treasury & Capital Markets
Luis Fernando Orozco	Managing Director – Asset Recovery
Enrique Castellón Vega	Managing Director - Long Term Savings Sector
Carlos Garza	Managing Director - Banorte USA
<b>STAFF</b>	
Sergio García Robles Gil	Managing Director – CFO
Joaquín López Doriga López Ostolaza	Managing Director - Corporate Affairs
Alma Rosa Moreno	Managing Director - Administration
Prudencio Frigolet Gómez	Managing Director - Operations and Technology
Aurora Cervantes Martínez	Managing Director - Legal
Cecilia Miller Suárez	Managing Director - Marketing
Eduardo Sastre de la Riva	Managing Director - Institutional Relations
Román Martínez Méndez	Managing Director - Audit
Gerardo Coindreau Farias	Managing Director - Risk Management

## ANNEX 2 .-Accounting Changes and Regulations

**General provisions applicable to the financial information of the regulating agencies of financial institutions subject to CNByV supervision.-** On April 27, 2005, the CNByV issued general provisions applicable to the financial information of the regulating agencies of financial groups. The purpose is to uniform the type of financial information of the financial groups that the regulating agencies make public in order to make the analysis of their solvency and economic stability easier and serve as a basis for informed decision-making. GFNorte's Financial Statements can be found in GFNorte's website at [www.banorte.com/informacion\\_financiera](http://www.banorte.com/informacion_financiera)

**Provisions for implementation of the new Basel Capital Agreement.-** Last October 3th, 2005, the CNBV (Mexico's National Banking and Securities Commission) published the agreement signed by financial authorities and the Mexican Association of Banks for implementation of the new Capital Agreement, which contains the standards and principles known as Basel II . The agreement establishes the principles and guidelines that enable bank capital to better reflect credit, market and operational risks.

**New rules for banking institutions' capital requirements.-** On December 28, 2005, Secretaria de Hacienda y Credito Publico (SHCP), issued new regulations for capital requirements in which new ranges and higher capital requirements are established. These new regulations came into effect as of January, 2006.

**Changes to accounting criteria.-** In September 2006, the National Banking and Securities Commission (CNBV) issued changes to accounting standard to make them consistent with financial information reporting standards (IFRS) established both in Mexico and internationally, in order to facilitate the comparability of the information that Banking institutions disclose to the authorities, the public and the markets in general. Such changes became effective as of January 1, 2007. The most relevant changes are listed below:

Companies that are not part of the financial system are included for financial statement consolidation.

Reposessed assets will be revalued with the adjustment of the UDI (CPI unit of account), which was generating an expense in Repomo as it was considered a monetary asset.

The fees charged for new loans will be deferred over the life of the loan in the income statement instead of being fully reflected at the time they are originated.

The loan loss reserves in excess of the amount required by the classification method will be credited against the P&L results of the following quarterly risk rating.

The recoveries from previously written off loans will be recognized directly in the P&L results.

**B-11 Bulletin.-** The investments in collection rights, will recognize their income and amortizations according to established in the B-11 criteria of the CNBV, having used some of the three different methods established in this criteria for such effect.

### ANNEX 3 .-Loan Portfolio sales to Sólida Administradora de Portafolios

On February, 2003 Banorte sold Ps 1.9 billion (Ps 1.861 billion in Past-due loans & Ps 64 million in Performing loans) of its own portfolio (including interests) to its subsidiary Sólida Administradora de Portafolios, S.A. de C.V. for Ps 378 million. As the transaction was based on the August 2002 figures, the final figure that affected the February balance was Ps 1.856 billion, once considered the collections made since August 2002. Along with the past-due portfolio, Ps 1.577 billion in associated loan reserves were cancelled.

As instructed by the CNBV, we show the integration of the loan portfolio sold in 1Q03 by Banorte to its subsidiary Sólida Administradora de Portafolios, S.A. de C.V. The Purpose of this sale was to concentrate the portfolio in this specialized recovery unit as it had been managing the collections of this loans since before. This was a one time operation and is not a recurrent procedure to transfer loans to Sólida.

(Millions of Nominal Pesos)	Local Currency (2)			Foreign Currency (USD) (3)			Total		
	Aug'02	Dec'06	Mar'07	Aug'02	Dec'06	Mar'07	Aug'02	Dec'06	Mar'07
<b>Performing Loans</b>									
Commercial	5	1	-	5	-	-	10	1	-
Consumer	-	-	-	-	-	-	-	-	-
Mortgage	54	89	90	-	-	-	54	89	90
<b>Total</b>	59	90	90	5	-	-	64	90	90
<b>Non Performing Loans</b>									
Commercial	405	385	388	293	126	128	698	511	516
Consumer	81	74	73	-	-	-	81	74	73
Mortgage	1,112	504	490	-	-	-	1,112	504	490
<b>Total</b>	1,598	963	951	293	126	128	1,891	1,089	1,079
<b>TOTAL LOANS</b>	1,657	1,053	1,041	298	126	128	1,955	1,179	1,169
<b>Loan Loss Reserves (1)</b>									
Commercial	326	368	371	246	120	123	572	488	494
Consumer	77	74	73	-	-	-	77	74	73
Mortgage	669	468	459	-	-	-	669	468	459
<b>Total</b>	1,072	910	903	246	120	123	1,318	1,030	1,026

(1) Reserve requirements using the same classification method used for the bank.

(2) Includes UDIS.

(3) The dollar portfolio and reserves are re-expressed in pesos.

Note 1.- There was a Reserve deficit of Ps 88 million as of March 2007.

Note 2.- Banorte has a 99.99% stake in Sólida.

In 1Q07 the Loan portfolio showed changes due to: collections for Ps 19 million, re-structures for Ps 3 million, repossessed assets for Ps 24 millions and Ps 9 million in charge-offs and discounts. In the Loan loss provisions there were charge-offs and discounts for Ps 5 million and repossessed assets for Ps 5 million. There were transfers from performing loans to past due loans for Ps 3 million and transfers from past due loans to performing loans for Ps 9 million.

**BANORTE'S LOAN PORTFOLIO INCLUDING LOANS SOLD TO SÓLIDA**

<b>(Millions of Nominal Pesos)</b>	<b>Local Currency <sup>(1)</sup></b>		<b>Foreign Currency (USD) <sup>(2)</sup></b>		<b>Total</b>	
	<b>Dec'06</b>	<b>Mar'07</b>	<b>Dec'06</b>	<b>Mar'07</b>	<b>Dec'06</b>	<b>Mar'07</b>
<b>Performing Loans</b>						
Commercial	69,922	75,832	18,281	12,855	88,203	88,687
Consumer	20,570	21,935	145	-	20,715	21,935
Mortgage	27,128	28,761	760	-	27,888	28,761
Fobaproa / IPAB	-	-	-	-	-	-
<b>Performing Loans</b>	<b>117,620</b>	<b>126,528</b>	<b>19,186</b>	<b>12,855</b>	<b>136,806</b>	<b>139,383</b>
<b>Non Performing Loans</b>						
Commercial	986	974	200	167	1,186	1,141
Consumer	682	775	1	-	683	775
Mortgage	1,221	1,204	4	-	1,225	1,204
<b>Non Performing Loans</b>	<b>2,889</b>	<b>2,953</b>	<b>205</b>	<b>167</b>	<b>3,094</b>	<b>3,120</b>
<b>TOTAL LOANS</b>	<b>120,509</b>	<b>129,481</b>	<b>19,391</b>	<b>13,022</b>	<b>139,900</b>	<b>142,503</b>
<b>Loan Loss Reserves</b>	<b>3,861</b>	<b>3,794</b>	<b>616</b>	<b>280</b>	<b>4,477</b>	<b>4,074</b>
<b>Net Loan Portfolio</b>	<b>116,648</b>	<b>125,687</b>	<b>18,775</b>	<b>12,742</b>	<b>135,423</b>	<b>138,429</b>
<b>Loan Loss Reserves</b>					<b>144.7%</b>	<b>130.6%</b>
<b>% Past Due Loans</b>					<b>2.2%</b>	<b>2.2%</b>

(1) Includes UDIS.

(2) The dollar portfolio and reserves are re-expressed in pesos.



### ANNEX 4 .- Financial Statements

#### HOLDING –Income Statement *(Millions of Pesos)*

	1Q06	2Q06	3Q06	4Q06	ACUM	1Q07	2Q07	3Q07	4Q07	ACUM
Income from Subsidiaries and Interest	1,427	1,529	1,562	1,525	6,042	1,613				1,613
Interest Expense	-	-	-	-	-	-				-
Trading Income	-	-	-	-	-	-				-
Fees & Tarifs	-	-	-	-	-	-				-
REPOMO	(1)	-	(1)	(1)	(3)	-				-
<b>Total Operating Income</b>	<b>1,426</b>	<b>1,529</b>	<b>1,561</b>	<b>1,523</b>	<b>6,039</b>	<b>1,612</b>				<b>1,612</b>
Operation & Administrative expenses	1	1	1	1	4	1				1
<b>Operating Income</b>	<b>1,425</b>	<b>1,528</b>	<b>1,560</b>	<b>1,522</b>	<b>6,035</b>	<b>1,611</b>				<b>1,611</b>
Non Operating Income	-	-	-	-	-	18				18
Non Operating Expense	(1)	-	(1)	-	(2)	(1)				(1)
<b>Non Operating Income</b>	<b>(1)</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>(2)</b>	<b>18</b>				<b>18</b>
<b>Pre-tax Income</b>	<b>1,423</b>	<b>1,528</b>	<b>1,560</b>	<b>1,522</b>	<b>6,034</b>	<b>1,629</b>				<b>1,629</b>
Income Tax & Profit Sharing	1	1	1	2	3	5				5
Tax on Assets	-	-	-	-	-	-				-
Deferred Inc. Tax and Profit sharing	-	-	(1)	-	-	-				-
	<b>1</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>3</b>	<b>6</b>				<b>6</b>
<b>Net income from Continuos</b>	<b>1,423</b>	<b>1,527</b>	<b>1,560</b>	<b>1,521</b>	<b>6,030</b>	<b>1,623</b>				<b>1,623</b>
Extraordinary Items, net	-	-	-	-	-	-				-
<b>Total Net Income</b>	<b>1,423</b>	<b>1,527</b>	<b>1,560</b>	<b>1,521</b>	<b>6,030</b>	<b>1,623</b>				<b>1,623</b>

#### HOLDING -BALANCE SHEET *(Millions of Pesos)*

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07
Cash and due from Banks	82	41	91	41	55			
Financial Instruments:								
Sundry debtors and other assets, net	11	10	11	12	163			
Real Estate, Furniture & Equipment, net	-	-	-	-	-			
Investments in subsidiaries	23,057	24,020	25,420	26,321	27,348			
Deferred taxes	-	-	-	-	-			
Goodwill	39	39	38	36	35			
Other Assets, Deferred charges, intang	2	1	-	-	2			
<b>TOTAL ASSETS</b>	<b>23,191</b>	<b>24,112</b>	<b>25,561</b>	<b>26,411</b>	<b>27,603</b>			
LIABILITIES								
<b>Due to banks and correspondents</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			
Income Tax & Profit Sharing	-	-	-	-	-			
Other Payable accounts	1	1	1	1	5			
<b>Other payable accounts</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>5</b>			
<b>Deferred taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			
<b>TOTAL LIABILITIES</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>5</b>			
STOCKHOLDER 'S EQUITY								
Paid-in Capital	11,722	11,717	11,719	11,719	11,719			
Share subscription premiums	1,812	1,812	1,816	1,816	1,816			
Subordinated Convertible Debentures	-	-	-	-	-			
<b>Subscribed Capital</b>	<b>13,534</b>	<b>13,529</b>	<b>13,534</b>	<b>13,534</b>	<b>13,535</b>			
Capital Reserves	1,780	2,041	2,086	2,087	2,385			
Retained Earnings	17,074	16,779	16,778	16,006	21,738			
Surplus (Deficit) from securities	-	-	-	-	-			
Results of foreign operations exchange	-	-	-	-	-			
Excess (Insuf.) in capital restatement	(6,215)	(6,236)	(6,233)	(6,220)	(6,221)			
Non Mon assets results Fixed Assets	-	-	-	-	-			
Non Mon assets results Investm	(4,405)	(4,952)	(5,114)	(5,027)	(5,463)			
Adjustment in the employees pension	-	-	-	-	-			
Accumulated Deferred tax effect	-	-	-	-	-			
Net Income	1,423	2,950	4,510	6,030	1,623			
<b>Earned Capital</b>	<b>9,657</b>	<b>10,581</b>	<b>12,026</b>	<b>12,875</b>	<b>14,063</b>			
<b>Total Stockholder 's Equity</b>	<b>23,191</b>	<b>24,110</b>	<b>25,561</b>	<b>26,410</b>	<b>27,598</b>			
<b>TOTAL LIABILITIES &amp;</b>	<b>23,191</b>	<b>24,112</b>	<b>25,561</b>	<b>26,411</b>	<b>27,603</b>			

#### MEMORANDUM ACCOUNTS OF HOLDING *(Millions of Pesos)*

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07
Client securities held in custody	3,872	3,877	3,831	3,761	3,716			
Other trust account items	1	1	1	1	1			
	<b>3,872</b>	<b>3,878</b>	<b>3,832</b>	<b>3,761</b>	<b>3,717</b>			

**GRUPO FINANCIERO BANORTE—CONSOLIDATED INCOME STATEMENT** *(Millions of Pesos)*

	1Q06	2Q06	3Q06	4Q06	ACUM	1Q07	2Q07	3Q07	4Q07	ACUM
Interest Income	8,968	8,493	8,621	9,079	35,161	8,861				8,861
Interest Expense	5,576	5,006	4,887	5,236	20,706	5,091				5,091
Loan Fees	155	200	189	201	745	23				23
Fees Paid	41	39	47	42	168	-				-
<b>Net Interest Income (NII)</b>	<b>3,505</b>	<b>3,648</b>	<b>3,876</b>	<b>4,003</b>	<b>15,032</b>	<b>3,793</b>				<b>3,793</b>
Repomo-Margin	(76)	20	(115)	(170)	(340)	(64)				(64)
<b>NII after Repomo</b>	<b>3,430</b>	<b>3,668</b>	<b>3,761</b>	<b>3,833</b>	<b>14,692</b>	<b>3,729</b>				<b>3,729</b>
Loan Loss Provisions	368	442	374	333	1,516	255				255
Loss Sharing Provisions	18	14	-	-	32	-				-
<b>NII after Provisions</b>	<b>3,044</b>	<b>3,212</b>	<b>3,387</b>	<b>3,500</b>	<b>13,143</b>	<b>3,473</b>				<b>3,473</b>
Fund transfers	54	60	60	61	235	58				58
Account management	234	242	247	253	976	236				236
Fiduciary	58	66	69	74	267	62				62
Income From Real Property Portfolio	626	446	332	263	1,668	112				112
Electronic Banking Services	183	202	210	221	816	207				207
Credit Card	341	368	376	437	1,522	465				465
Fees from IPAB	9	7	7	2	26	1				1
Other fees	557	520	556	537	2,170	597				597
<b>Fees on services,</b>	<b>2,062</b>	<b>1,910</b>	<b>1,858</b>	<b>1,849</b>	<b>7,679</b>	<b>1,740</b>				<b>1,740</b>
Fund transfers	4	4	4	4	15	5				5
Other fees	169	178	176	192	715	239				239
Expense From Real Property Portfolio	247	251	185	133	816	-				-
<b>Fees paid,</b>	<b>420</b>	<b>433</b>	<b>364</b>	<b>328</b>	<b>1,546</b>	<b>243</b>				<b>243</b>
Foreign exchange	122	99	88	122	431	91				91
Securities –Realized gains	562	184	257	404	1,407	498				498
Securities- Unrealized gains	(176)	161	2	(87)	(101)	(33)				(33)
<b>Market-related Income</b>	<b>508</b>	<b>444</b>	<b>347</b>	<b>439</b>	<b>1,737</b>	<b>556</b>				<b>556</b>
<b>Total Non Interest Income</b>	<b>2,150</b>	<b>1,920</b>	<b>1,840</b>	<b>1,960</b>	<b>7,870</b>	<b>2,052</b>				<b>2,052</b>
<b>Total Operating Income</b>	<b>5,193</b>	<b>5,133</b>	<b>5,227</b>	<b>5,460</b>	<b>21,013</b>	<b>5,526</b>				<b>5,526</b>
Personnel	1,255	1,313	1,034	1,240	4,842	1,374				1,374
Professional Fees	213	203	175	245	836	226				226
Administrative and Promotion Expenses	883	955	1,069	1,053	3,959	1,073				1,073
Rents, depreciation and amortization	449	424	403	440	1,716	393				393
Taxes, other than income tax	161	126	136	164	587	151				151
Contributions to IPAB	163	170	167	167	667	170				170
<b>Non-Interest Expense</b>	<b>3,123</b>	<b>3,190</b>	<b>2,984</b>	<b>3,310</b>	<b>12,607</b>	<b>3,387</b>				<b>3,387</b>
<b>Operating Income</b>	<b>2,070</b>	<b>1,942</b>	<b>2,243</b>	<b>2,150</b>	<b>8,406</b>	<b>2,138</b>				<b>2,138</b>
Other Revenues	164	151	149	118	581	246				246
Foreign exchange	-	-	-	-	-	-				-
Recoveries	152	138	127	84	500	431				431
Repomo-other revenues	4	-	4	10	18	6				6
<b>Non Operating Income</b>	<b>319</b>	<b>288</b>	<b>280</b>	<b>212</b>	<b>1,099</b>	<b>683</b>				<b>683</b>
Other Expense	(209)	(238)	(25)	(63)	(535)	(208)				(208)
Foreign exchange	-	-	-	-	-	-				-
Repomo-other Expenses	(105)	5	(101)	(161)	(361)	(136)				(136)
<b>Non Operating Expense</b>	<b>(314)</b>	<b>(234)</b>	<b>(125)</b>	<b>(223)</b>	<b>(897)</b>	<b>(344)</b>				<b>(344)</b>
<b>Non Operating Income (Expense), net</b>	<b>5</b>	<b>55</b>	<b>154</b>	<b>(11)</b>	<b>203</b>	<b>339</b>				<b>339</b>
<b>Pre-tax Income</b>	<b>2,075</b>	<b>1,997</b>	<b>2,397</b>	<b>2,139</b>	<b>8,609</b>	<b>2,477</b>				<b>2,477</b>
Income Tax	469	482	735	614	2,301	681				681
Profit sharing	132	148	179	197	657	235				235
Tax on Assets	-	-	-	-	-	-				-
Deferred Inc. Tax and Profit sharing	132	113	46	(75)	216	(13)				(13)
<b>Net Income before subsidiaries</b>	<b>734</b>	<b>744</b>	<b>959</b>	<b>737</b>	<b>3,174</b>	<b>903</b>				<b>903</b>
<b>Net Income before subsidiaries</b>	<b>1,341</b>	<b>1,253</b>	<b>1,438</b>	<b>1,402</b>	<b>5,435</b>	<b>1,574</b>				<b>1,574</b>
Subsidiaries' net income	153	307	192	155	807	135				135
<b>Net Income from continuous operations</b>	<b>1,494</b>	<b>1,560</b>	<b>1,630</b>	<b>1,557</b>	<b>6,242</b>	<b>1,708</b>				<b>1,708</b>
Extraordinary items, net	-	-	-	-	-	-				-
Minority Interest	72	33	70	36	211	85				85
<b>TOTAL NET INCOME</b>	<b>1,423</b>	<b>1,527</b>	<b>1,560</b>	<b>1,521</b>	<b>6,030</b>	<b>1,623</b>				<b>1,623</b>

**GRUPO FINANCIERO BANORTE— CONSOLIDATED BALANCE SHEET** *(Millions of Pesos)*

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07
<b>Cash and due from Banks</b>	<b>40,451</b>	<b>40,903</b>	<b>42,148</b>	<b>43,924</b>	<b>41,354</b>			
Negotiable Instruments	14,860	15,379	9,052	15,195	7,570			
Securities held for sale	5,403	1,277	1,969	6,329	10,139			
Securities held to maturity	4,604	4,612	4,526	4,456	735			
<b>Financial Instruments:</b>	<b>24,867</b>	<b>21,268</b>	<b>15,547</b>	<b>25,981</b>	<b>18,444</b>			
Non-assigned securities to pay	-	-	-	-	-			
Repurchase agreements, net	123	114	112	25	97			
Operations with collateral	-	-	-	-	-			
Futures receivable, net	-	-	-	-	-			
Options and derivatives, net	573	233	1,172	20	959			
<b>Repos &amp; Derivatives :</b>	<b>696</b>	<b>347</b>	<b>1,284</b>	<b>45</b>	<b>1,057</b>			
Commercial	61,203	66,631	68,302	81,256	83,096			
Financial Intermediaries	2,334	2,016	2,151	2,402	2,427			
Consumer	17,205	18,826	19,758	20,967	22,091			
Mortgage	26,644	28,853	30,764	28,132	29,378			
Government Entities	15,069	13,451	13,161	10,913	14,879			
IPAB	173	-	-	-	-			
Fiduciary collection rights	-	-	-	-	-			
<b>Performing Loans</b>	<b>122,628</b>	<b>129,778</b>	<b>134,136</b>	<b>143,670</b>	<b>151,871</b>			
Commercial	728	750	753	739	811			
Financial Intermediaries	-	-	-	-	-			
Consumer	448	529	580	616	703			
Mortgage	784	775	793	730	720			
Government Entities	-	-	-	-	-			
<b>Past Due Loans</b>	<b>1,960</b>	<b>2,053</b>	<b>2,127</b>	<b>2,084</b>	<b>2,233</b>			
<b>Credit Loans</b>	<b>124,588</b>	<b>131,832</b>	<b>136,262</b>	<b>145,754</b>	<b>154,104</b>			
Preventive loan loss reserves	3,357	3,573	3,649	3,576	3,321			
<b>Net Loan Portfolio</b>	<b>121,231</b>	<b>128,258</b>	<b>132,613</b>	<b>142,178</b>	<b>150,783</b>			
Acquired collection rights	3,902	4,063	3,867	3,661	4,078			
<b>Total Loans</b>	<b>125,133</b>	<b>132,321</b>	<b>136,480</b>	<b>145,839</b>	<b>154,742</b>			
Sundry debtors and other assets, net	8,113	8,193	5,457	5,707	9,700			
Foreclosed assets, net	371	308	283	320	413			
Real Estate, Furniture & Equipment, net	5,896	5,908	5,980	6,725	6,745			
Investments in subsidiaries	2,478	2,760	2,970	3,202	2,475			
Deferred taxes	263	-	-	-	-			
GoodWill	57	53	48	3,647	4,114			
Intangible	-	-	-	156	152			
Other Assets	1,226	1,215	1,108	1,703	3,387			
<b>Other Assets</b>	<b>18,406</b>	<b>18,437</b>	<b>15,846</b>	<b>21,461</b>	<b>26,986</b>			
<b>TOTAL ASSETS</b>	<b>209,552</b>	<b>213,274</b>	<b>211,306</b>	<b>237,250</b>	<b>242,702</b>			

**GRUPO FINANCIERO BANORTE – CONSOLIDATED BALANCE SHEET** *(Millions of Pesos)*

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07
Demand Deposits	79,487	84,212	81,888	96,546	92,721			
Time Deposits	66,869	66,070	68,691	75,026	77,615			
Bonds	-	-	-	-	-			
<b>Deposits</b>	<b>146,356</b>	<b>150,282</b>	<b>150,579</b>	<b>171,572</b>	<b>170,336</b>			
Demand	554	1,636	826	1,000	-			
Short term	4,911	5,069	5,140	5,974	6,760			
Long term	11,497	13,363	12,886	10,078	9,366			
<b>Due to banks and correspondents</b>	<b>16,962</b>	<b>20,068</b>	<b>18,852</b>	<b>17,052</b>	<b>16,126</b>			
Non-assigned securities to pay	-	-	-	-	-			
Repurchase agreements, net	428	191	358	238	399			
Operations with collateral	-	-	-	-	-			
Futures receivable, net	-	-	-	-	-			
Options and derivatives, net	537	192	1,113	2	1,772			
<b>Repos &amp; Derivatives:</b>	<b>965</b>	<b>383</b>	<b>1,471</b>	<b>240</b>	<b>2,171</b>			
Income Tax & Profit Sharing	666	686	1,113	1,292	887			
Other Payable accounts	15,422	11,538	7,541	7,539	11,856			
<b>Other payable accounts</b>	<b>16,089</b>	<b>12,224</b>	<b>8,654</b>	<b>8,831</b>	<b>12,742</b>			
Subordinated non Convertible Debenture	4,770	4,817	4,726	11,503	11,644			
Deferred Taxes	-	163	207	146	320			
Deferred credits	110	104	80	72	262			
<b>TOTAL LIABILITIES</b>	<b>185,252</b>	<b>188,042</b>	<b>184,569</b>	<b>209,415</b>	<b>213,599</b>			
<b>STOCKHOLDER'S EQUITY</b>								
Paid-in Capital	11,722	11,717	11,719	11,719	11,719			
Share subscription premiums	1,812	1,812	1,816	1,816	1,816			
Subordinated Convertible Debentures	-	-	-	-	-			
<b>Subscribed Capital</b>	<b>13,534</b>	<b>13,529</b>	<b>13,534</b>	<b>13,534</b>	<b>13,535</b>			
Capital Reserves	1,780	2,041	2,086	2,087	2,385			
Retained Earnings	17,074	16,779	16,778	16,006	21,738			
Surplus (Deficit) from securities	-	-	-	-	-			
Results of foreign operations exchange	-	-	-	-	-			
Result from coverage securities valuation	-	-	-	-	-			
Excess (Insuf.) in capital restatement	(6,215)	(6,236)	(6,233)	(6,220)	(6,221)			
Non Mon assets results Fixed Assets	-	-	-	-	-			
Non Mon assets results Investm	(4,405)	(4,952)	(5,114)	(5,027)	(5,463)			
Adjustment in the employees pension	-	-	-	-	-			
Accumulated Deferred tax effect	-	-	-	-	-			
Net Income	1,423	2,950	4,510	6,030	1,623			
<b>Earned Capital</b>	<b>9,657</b>	<b>10,581</b>	<b>12,026</b>	<b>12,875</b>	<b>14,063</b>			
Minority Holdings	1,110	1,122	1,176	1,425	1,504			
<b>Total Stockholder's Equity</b>	<b>24,301</b>	<b>25,232</b>	<b>26,737</b>	<b>27,835</b>	<b>29,102</b>			
<b>TOTAL LIABILITIES &amp;</b>	<b>209,552</b>	<b>213,274</b>	<b>211,306</b>	<b>237,250</b>	<b>242,702</b>			

**MEMORANDUM ACCOUNTS OF GRUPO FINANCIERO BANORTE CONSOLIDATED**

<i>(Millions of Pesos)</i>	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07
<b>ON BEHALF OF THIRD PARTY</b>								
Customers' banks	13	14	9	12	24			
Dividends receivable from customers	-	-	-	-	-			
Interest receivable from customers	-	-	-	-	-			
Liquidation of customer transactions	729	695	450	424	(312)			
Customer loans	-	-	-	-	-			
Liquidation with foreign currencies of	-	-	-	-	-			
Margin accounts in futures operations	-	-	-	-	-			
Other current accounts	-	-	-	-	-			
<b>CUSTOMERS CURRENT ACCOUNT</b>	<b>743</b>	<b>709</b>	<b>459</b>	<b>436</b>	<b>(288)</b>			
Client securities held in custody	130,376	130,374	146,095	164,717	174,636			
Securities and documents received in	-	-	-	-	-			
Client securities abroad	-	-	-	-	-			
<b>CLIENT SECURITIES</b>	<b>130,376</b>	<b>130,374</b>	<b>146,095</b>	<b>164,717</b>	<b>174,636</b>			
Repurchase operations for customers	27,488	34,470	37,547	22,292	27,941			
Clients securities loans	-	-	-	-	-			
Purchase of Futures & forward contracts	-	-	-	-	-			
Sale of futures and forward contracts	-	-	-	-	-			
Purchasing operations (option price)	117	16	-	-	5			
Sales operations (option price)	-	-	-	-	-			
Purchase of derivative packages	-	-	-	-	-			
Sale of derivative packages	-	-	-	-	-			
Administration trusts	2,751	2,662	2,489	2,801	2,752			
<b>TRANSACTIONS ON BEHALF CLIENT</b>	<b>30,357</b>	<b>37,148</b>	<b>40,037</b>	<b>25,093</b>	<b>30,698</b>			
<b>TOTAL ON BEHALF OF THIRD PARTY</b>	<b>161,475</b>	<b>168,231</b>	<b>186,590</b>	<b>190,246</b>	<b>205,046</b>			
Signature guarantees granted	-	-	-	34	-			
Loan Obligations	2,293	2,198	2,395	3,461	2,357			
Property in trust and guardianship	72,854	73,348	76,565	85,367	82,402			
Assets held in custody or in administration	92,402	92,858	94,295	94,499	97,421			
Amounts committed to operations with	678	1,165	487	533	-			
In Transit drafts	-	-	-	-	-			
Certificates of Deposit in circulation	475	540	452	1,200	959			
Secured Credit Cards from the company	-	-	-	-	-			
Securities given to the company in custody	207	262	244	207	271			
Government securities in custody of the	396	148	237	296	286			
Securities given to the company on	-	-	-	-	-			
Securities outside the country	-	-	-	-	-			
Liquidations with foreign currencies abroad	-	-	-	-	-			
Debits to the contingency fund	-	-	-	-	-			
Contingen	269	271	269	265	262			
Banking transactions on behalf of third-	108,320	111,996	105,429	93,835	100,720			
Uncharged accrued interest from past-	113	119	136	55	64			
due loans								
Investments in funds for the retirem.saving	-	-	-	-	-			
Integration of the credit portfolio	-	-	-	-	-			
Amounts contracted in derivative	-	-	-	-	-			
Other trust account items	-	-	-	-	-			
<b>OWN ACCOUNT OPERATIONS</b>	<b>278,005</b>	<b>282,904</b>	<b>280,509</b>	<b>279,750</b>	<b>284,743</b>			
Repurchase agreements								
Securities to be received	245,739	237,216	216,866	200,753	212,201			
(Less) Securities to be delivered	(246,077)	(237,267)	(217,186)	(200,966)	(212,495)			
<b>REPURCHASE TRANSACTIONS-</b>	<b>(338)</b>	<b>(50)</b>	<b>(321)</b>	<b>(213)</b>	<b>(294)</b>			
Securities to be received	69,688	53,368	33,509	19,752	35,645			
(Less) securities to be delivered	(69,654)	(53,395)	(33,434)	(19,752)	(35,652)			
<b>REPURCHASE TRANSACTIONS- SOLD</b>	<b>34</b>	<b>(27)</b>	<b>75</b>	<b>1</b>	<b>(7)</b>			
<b>TOTAL ON OWN ACCOUNT</b>	<b>277,700</b>	<b>282,827</b>	<b>280,263</b>	<b>279,538</b>	<b>284,442</b>			

**GRUPO FINANCIERO BANORTE CONSOLIDATED STATEMENT OF CASH FLOW**  
 JANUARY 1, 2007- MARCH 31, 2007  
 (Millions of Pesos)

<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>	
<b>Net Income</b>	<b>1,623</b>
<b>Adjustments to Reconcile Net Income to Net Cash by Operating Activities</b>	
Mark to Market Valuation Results	53
Provisions for loan losses	255
Depreciation and amortization	240
Defferred Taxes	(13)
Provisions for Obligations	820
Minoritary Interest	86
Undistributed Earnings of Subsidiaries	(135)
	<b>1,306</b>
<b>Cash Flows From Investing Activities:</b>	
Banks Deposits	(1,239)
Decrease (Increase) loan portfolio	(9,275)
Decrease (Increase) credit assets portfolio	-
Decrease (Increase) treasury operations	7,484
Decrease (Increase) financial instruments	919
Loans from banks and other entities	(927)
Decrease (Increase) Deferred taxes	187
Decrease (Increase) in accounts receivable and payable	-
<b>Net Resources provided by operations</b>	<b>(2,851)</b>
<b>Financial Activities:</b>	
Subordinated Debentures Issue and Interest	141
Increase in other payable accounts	3,091
Issuance of stock	-
Cash Dividends	-
<b>Net Resources provided by Investing activities</b>	<b>3,232</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>	
Fixed Assets increase	(193)
Proceeds from issuance of common stock	420
Decrease (Increase) Deferred charges or credits	(2,022)
Decrease (Increase) Foreclosed assets	(92)
Increase in other payable accounts	(3,994)
<b>Net Cash provided by financing activities</b>	<b>(5,881)</b>
<b>Decrease (increase) in cash and due from banks</b>	<b>(2,571)</b>
<b>Cash and due from banks at the beginning of the year</b>	<b>43,925</b>
<b>Cash and due from banks at the end of the year</b>	<b>41,354</b>

**GRUPO FINANCIERO BANORTE**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**JANUARY 1, 2007- MARCH 31, 2007.**  
(Millions of Pesos)

	<b>CONTRIBUTED CAPITAL</b>		
	Fixed Paid-in Capital Variable	Paid-in Capital Premium, Bonds	& oth. Securities
<b>Balance as of December 31,2006</b>	<b>11,719</b>	<b>-</b>	<b>1,816</b>
<b>Stock Changes</b>			
Issuance of stock	-	-	-
Profits Capitalization	-	-	-
Provisions Created	-	-	-
Increments in Capital	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Income</b>			
Total Income:			
Net Income	-	-	-
Results of assets holdings	-	-	-
Minority Interest	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as of March 31,2007</b>	<b>11,719</b>	<b>-</b>	<b>1,816</b>

	<b>EARNED CAPITAL</b>						<b>Total Stockholder s' Equity</b>
	Capital Reserve s	Retained earnings	Excess if Insuf. Capital Restatement	Non Monetary Assets Results (Investment)	Net Income of the year	Minorit ary Interes t	
<b>Balance as of December 31,2006</b>	<b>2,087</b>	<b>16,006</b>	<b>(6,221)</b>	<b>(5,027)</b>	<b>6,030</b>	<b>1,425</b>	<b>27,835</b>
<b>Stock Changes</b>							
Issuance of stock	-	-	-	-	-	-	-
Profits Application	-	6,030	-	-	(6,030)	-	-
Provisions created	298	(298)	-	-	-	-	-
Cash Dividends	-	-	-	-	-	-	-
Increments in Capital	-	-	-	-	-	-	-
<b>Total</b>	<b>298</b>	<b>5,732</b>	<b>-</b>	<b>-</b>	<b>(6,030)</b>	<b>-</b>	<b>-</b>
<b>Total Income</b>							
Total Income:							
Net Income	-	-	-	-	1,623	-	<b>1,623</b>
Results of assets holdings	-	-	-	(436)	-	-	<b>(436)</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(436)</b>	<b>1,623</b>	<b>-</b>	<b>1,187</b>
Minority Interest	-	-	-	-	-	79	<b>79</b>
<b>Balance as of March 31,2007</b>	<b>2,385</b>	<b>21,738</b>	<b>(6,221)</b>	<b>(5,463)</b>	<b>1,623</b>	<b>1,504</b>	<b>29,101</b>

**BANKING SECTOR- INCOME STATEMENT (\*)** (Millions of Pesos)

NET INTEREST INCOME	1Q06	2Q06	3Q06	4Q06	ACUM	1Q07	2Q07	3Q07	4Q07	ACUM	% 1Q07 VS 4Q06
Interest Income	8,656	8,100	8,154	8,531	33,441	8,564				8,564	-
Interest Expense	5,348	4,733	4,614	4,838	19,533	4,837				4,837	-
Loan Fees	150	195	183	195	722	22				22	(88%)
Fees Paid	36	35	40	38	149	-				-	(100%)
<b>Net Interest Income (NII)</b>	<b>3,423</b>	<b>3,527</b>	<b>3,682</b>	<b>3,851</b>	<b>14,482</b>	<b>3,750</b>				<b>3,750</b>	<b>(3%)</b>
Repomo-Margin	(55)	17	(89)	(125)	(252)	(37)				(37)	(70%)
<b>NII after Repomo</b>	<b>3,368</b>	<b>3,544</b>	<b>3,593</b>	<b>3,726</b>	<b>14,230</b>	<b>3,713</b>				<b>3,713</b>	<b>-</b>
Loan Loss Provisions	366	436	373	322	1,497	244				244	(24%)
Loss Sharing Provisions	18	14	-	-	32	-				-	-
<b>NII after Provisions</b>	<b>2,984</b>	<b>3,095</b>	<b>3,219</b>	<b>3,404</b>	<b>12,701</b>	<b>3,469</b>				<b>3,469</b>	<b>2%</b>
Fund transfers	54	60	60	61	235	58				58	(5%)
Account management	234	242	247	253	976	236				236	(7%)
Fiduciary	58	66	69	74	267	62				62	(16%)
Income From Real Property Portfolio	626	446	332	263	1,668	112				112	(57%)
Electronic Banking Services	183	202	210	221	816	207				207	(6%)
Credit Card	341	368	376	437	1,522	465				465	6%
Fees from IPAB	9	7	7	2	26	1				1	(61%)
Other fees	128	166	131	160	586	207				207	29%
<b>Fees on services,</b>	<b>1,634</b>	<b>1,556</b>	<b>1,432</b>	<b>1,473</b>	<b>6,095</b>	<b>1,349</b>				<b>1,349</b>	<b>(8%)</b>
Fund transfers	4	4	4	4	15	5				5	19%
Other fees	162	172	167	188	689	221				221	18%
Expense From Real Property Portfolio	247	251	185	133	816	-				-	(100%)
<b>Fees paid,</b>	<b>413</b>	<b>428</b>	<b>355</b>	<b>325</b>	<b>1,521</b>	<b>226</b>				<b>226</b>	<b>(30%)</b>
Foreign exchange	140	133	109	135	517	110				110	(19%)
Securities –Realized gains	483	97	224	309	1,112	283				283	(8%)
Securities- Unrealized gains	(189)	163	4	(84)	(107)	(27)				(27)	(68%)
<b>Market-related Income</b>	<b>434</b>	<b>392</b>	<b>336</b>	<b>360</b>	<b>1,522</b>	<b>366</b>				<b>366</b>	<b>2%</b>
<b>Total Non Interest Income</b>	<b>1,654</b>	<b>1,520</b>	<b>1,413</b>	<b>1,508</b>	<b>6,096</b>	<b>1,490</b>				<b>1,490</b>	<b>(1%)</b>
<b>Total Operating Income</b>	<b>4,638</b>	<b>4,615</b>	<b>4,632</b>	<b>4,912</b>	<b>18,797</b>	<b>4,959</b>				<b>4,959</b>	<b>1%</b>
Personnel	1,207	1,271	1,005	1,202	4,685	1,332				1,332	11%
Professional Fees	193	180	151	213	738	221				221	4%
Administrative and Promotion	721	739	803	817	3,080	879				879	6%
Rents, depreciation and amortization	377	350	329	359	1,415	314				314	(13%)
Taxes, other than income tax	133	100	100	131	464	124				124	(6%)
Contributions to IPAB	163	170	167	167	667	170				170	2%
<b>Non-Interest Expense</b>	<b>2,794</b>	<b>2,810</b>	<b>2,556</b>	<b>2,889</b>	<b>11,049</b>	<b>3,039</b>				<b>3,039</b>	<b>5%</b>
<b>Operating Income</b>	<b>1,844</b>	<b>1,804</b>	<b>2,077</b>	<b>2,023</b>	<b>7,748</b>	<b>1,919</b>				<b>1,919</b>	<b>(5%)</b>
Other Revenues	64	81	168	137	450	128				128	7%
Foreign exchange	-	-	-	-	-	-				-	100%
Recoveries	141	126	125	76	468	418				418	452%
Repomo-other revenues	1	-	1	2	4	1				1	(9%)
<b>Non Operating Income</b>	<b>206</b>	<b>207</b>	<b>294</b>	<b>214</b>	<b>922</b>	<b>547</b>				<b>547</b>	<b>155%</b>
Other Expense	(105)	(154)	(23)	(61)	(343)	(98)				(98)	62%
Foreign exchange	-	-	-	-	-	-				-	-
Repomo-other Expenses	(104)	5	(99)	(158)	(356)	(134)				(134)	(15%)
<b>Non Operating Expense</b>	<b>(209)</b>	<b>(149)</b>	<b>(122)</b>	<b>(219)</b>	<b>(699)</b>	<b>(232)</b>				<b>(232)</b>	<b>6%</b>
<b>Non Operating Income (Expense),</b>	<b>(3)</b>	<b>59</b>	<b>172</b>	<b>(4)</b>	<b>223</b>	<b>315</b>				<b>315</b>	<b>7,093%</b>
<b>Pre-tax Income</b>	<b>1,840</b>	<b>1,863</b>	<b>2,249</b>	<b>2,019</b>	<b>7,971</b>	<b>2,234</b>				<b>2,234</b>	<b>11%</b>
Income Tax	404	447	699	575	2,126	613				613	6%
Profit sharing	129	143	175	184	631	227				227	23%
Tax on Assets	-	-	-	-	-	-				-	-
Deferred Inc. Tax and Profit sharing	139	120	46	(75)	230	(15)				(15)	(80%)
	<b>672</b>	<b>710</b>	<b>921</b>	<b>684</b>	<b>2,988</b>	<b>825</b>				<b>825</b>	<b>20%</b>
<b>Net Income before subsidiaries</b>	<b>1,168</b>	<b>1,153</b>	<b>1,328</b>	<b>1,334</b>	<b>4,983</b>	<b>1,409</b>				<b>1,409</b>	<b>6%</b>
Subsidiaries' net income	77	36	76	84	272	30				30	(64%)
<b>Net Income from continuos</b>	<b>1,244</b>	<b>1,188</b>	<b>1,404</b>	<b>1,418</b>	<b>5,255</b>	<b>1,439</b>				<b>1,439</b>	<b>1%</b>
Extraordinary items, net	-	-	-	-	-	-				-	-
Minority Interest	-	-	-	7	7	19				19	160%
<b>TOTAL NET INCOME</b>	<b>1,244</b>	<b>1,188</b>	<b>1,404</b>	<b>1,411</b>	<b>5,248</b>	<b>1,420</b>				<b>1,420</b>	<b>1%</b>

(\*)Afore is included in the Subsidiaries' net income.

N.C.= Not comparable



**BANKING SECTOR -BALANCE SHEET (\*) (Millions of Pesos)**

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	% 1Q07
<b>Cash and due from Banks</b>	<b>40,213</b>	<b>40,633</b>	<b>41,894</b>	<b>43,592</b>	<b>41,082</b>				<b>(6%)</b>
Negotiable Instruments	14,440	14,965	8,566	14,692	7,009				(52%)
Securities held for sale	5,403	1,277	1,969	6,329	10,139				60%
Securities held to maturity	4,604	4,612	4,526	4,456	735				(84%)
<b>Financial Instruments:</b>	<b>24,447</b>	<b>20,854</b>	<b>15,061</b>	<b>25,477</b>	<b>17,883</b>				<b>(30%)</b>
Non-assigned securities to pay	-	-	-	-	-				-
Repurchase agreements, net	105	99	33	14	59				319%
Operations with collateral	-	-	-	-	-				-
Futures receivable, net	-	-	-	-	-				-
Options and derivatives, net	364	215	1,172	20	930				4,659%
<b>Repos &amp; Derivatives :</b>	<b>469</b>	<b>314</b>	<b>1,206</b>	<b>34</b>	<b>989</b>				<b>2,846</b>
Business or commercial activities	55,386	60,040	61,376	74,115	75,611				2%
Financial Intermediaries	4,363	4,282	4,465	4,290	4,795				12%
Consumer	17,205	18,824	19,756	20,964	22,087				5%
Mortgage	26,644	28,853	30,764	28,132	29,378				4%
Government Entities	15,033	13,423	13,140	10,900	14,872				36%
IPAB	173	-	-	-	-				-
Fiduciary collection rights	-	-	-	-	-				-
<b>Performing Loans</b>	<b>118,806</b>	<b>125,422</b>	<b>129,501</b>	<b>138,400</b>	<b>146,745</b>				<b>6%</b>
Business or commercial activities	660	674	659	640	697				9%
Financial Intermediaries	-	-	-	-	-				(100%)
Consumer	448	529	580	616	703				14%
Mortgage	784	775	793	730	720				(1%)
Government Entities	-	-	-	-	-				-
<b>Past Due Loans</b>	<b>1,892</b>	<b>1,978</b>	<b>2,032</b>	<b>1,986</b>	<b>2,119</b>				<b>7%</b>
<b>Credit Loans</b>	<b>120,697</b>	<b>127,400</b>	<b>131,533</b>	<b>140,386</b>	<b>148,863</b>				<b>6%</b>
Preventive loan loss reserves	3,259	3,475	3,554	3,488	3,235				(7%)
<b>Net Loan Portfolio</b>	<b>117,438</b>	<b>123,925</b>	<b>127,979</b>	<b>136,898</b>	<b>145,629</b>				<b>6%</b>
Acquired collection rights	3,902	4,063	3,867	3,661	4,078				11%
<b>Total Loans</b>	<b>121,340</b>	<b>127,988</b>	<b>131,845</b>	<b>140,559</b>	<b>149,707</b>				<b>6%</b>
Sundry debtors and other assets, net	7,846	7,912	5,202	5,481	9,317				70%
Foreclosed assets, net	367	307	282	320	413				29%
Real Estate, Furniture & Equipment, net	5,153	5,148	5,202	5,879	5,881				-
Investments in subsidiaries	1,408	1,428	1,479	1,578	905				(43%)
Deferred taxes	342	-	-	-	-				-
GoodWill	18	14	11	3,611	4,078				13%
Intangible	-	-	-	156	152				(3%)
Otros assets	817	889	792	1,299	3,104				139%
<b>Other Assets</b>	<b>15,951</b>	<b>15,658</b>	<b>12,968</b>	<b>18,324</b>	<b>23,850</b>				<b>30%</b>
<b>TOTAL ASSETS</b>	<b>202,420</b>	<b>205,487</b>	<b>202,974</b>	<b>227,985</b>	<b>233,511</b>				<b>2%</b>

**BANKING SECTOR-BALANCE SHEET (\*) (Millions of Pesos)**

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	% 1Q07 VS 4Q06
Demand Deposits	79,518	84,271	81,930	96,569	92,747				(4%)
Time Deposits	67,001	66,182	68,855	75,067	77,721				4%
Bonds	-	-	-	-	-				-
<b>Deposits</b>	<b>146,519</b>	<b>150,453</b>	<b>150,785</b>	<b>171,636</b>	<b>170,468</b>				<b>(1%)</b>
Demand	554	1,636	826	1,000	-				(100%)
Short term	2,863	2,686	2,490	2,505	3,465				38%
Long term	10,061	11,886	11,402	8,614	8,070				(6%)
<b>Due to banks and correspondents</b>	<b>13,478</b>	<b>16,207</b>	<b>14,718</b>	<b>12,118</b>	<b>11,535</b>				<b>(5%)</b>
Non-assigned securities to pay	-	-	-	-	-				-
Repurchase agreements, net	414	179	282	223	364				63%
Operations with collateral	-	-	-	-	-				-
Futures receivable, net	-	-	-	-	-				-
Options and derivatives, net	328	175	1,113	2	1,744				92,750%
<b>Repos &amp; Derivatives:</b>	<b>743</b>	<b>354</b>	<b>1,395</b>	<b>225</b>	<b>2,108</b>				<b>836%</b>
Income Tax & Profit Sharing	585	583	983	1,170	781				(33%)
Other Payable accounts	15,045	11,101	7,130	7,140	11,440				60%
<b>Other payable accounts</b>	<b>15,629</b>	<b>11,684</b>	<b>8,114</b>	<b>8,310</b>	<b>12,221</b>				<b>47%</b>
Subordinated non Convertible Debenture	4,770	4,817	4,726	11,503	11,644				1%
Deferred Taxes	-	91	137	77	250				226%
Deferred loans and advance collection	70	56	36	44	215				385%
<b>TOTAL LIABILITIES</b>	<b>181,209</b>	<b>183,662</b>	<b>179,911</b>	<b>203,914</b>	<b>208,440</b>				<b>2%</b>
<b>STOCKHOLDER'S EQUITY</b>									
Paid-in Capital	10,476	10,477	10,476	10,476	10,681				2%
Share subscription premiums	1,124	1,124	1,124	1,124	834				(26%)
Subordinated Convertible Debentures	-	-	-	-	-				-
<b>Subscribed Capital</b>	<b>11,600</b>	<b>11,601</b>	<b>11,600</b>	<b>11,600</b>	<b>11,515</b>				<b>(1%)</b>
Capital Reserves	3,321	3,570	3,570	3,525	3,305				(6%)
Retained Earnings	8,431	7,811	7,811	7,016	10,882				55%
Surplus (Deficit) from securities	89	(95)	(232)	(30)	40				233%
Result from coverage securities valuation	-	-	-	-	(505)				(100%)
Results of foreign operations exchange	-	-	-	36	9				(75%)
Excess (Insuf.) in capital restatement	(2,703)	(2,710)	(2,710)	(2,713)	(1,890)				(30%)
Non Mon assets results Fixed Assets	13	13	13	13	-				(100%)
Non Mon assets results Investm	(469)	(482)	(511)	(547)	30				105%
Adjustment in the employees pension	-	-	-	-	-				-
Accumulated Deferred tax effect	(317)	(317)	(317)	(317)	-				100%
Net Income	1,244	2,433	3,837	5,248	1,420				(73%)
<b>Earned Capital</b>	<b>9,610</b>	<b>10,223</b>	<b>11,461</b>	<b>12,231</b>	<b>13,291</b>				<b>9%</b>
Minority Holdings	1	1	1	239	265				11%
<b>Total Stockholder's Equity</b>	<b>21,211</b>	<b>21,825</b>	<b>23,063</b>	<b>24,071</b>	<b>25,071</b>				<b>4%</b>
<b>TOTAL LIABILITIES &amp;</b>	<b>202,420</b>	<b>205,487</b>	<b>202,974</b>	<b>227,985</b>	<b>233,511</b>				<b>2%</b>

**MEMORANDUM ACCOUNTS OF BANKING SECTOR (Millions of Pesos)**

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	% 1Q07 VS 4Q06
Signature guarantees granted	-	-	-	34	-				(100%)
Contingent assets and liabilities	269	271	269	265	262				(1%)
Irrevocable lines of credit	2,293	2,198	2,395	3,461	2,357				(32%)
Assets held in trust and mandate	72,854	73,348	76,565	85,367	82,402				(3%)
Assets held in custody or in	88,531	88,981	90,463	90,738	93,687				3%
Investment banking transactions for third	108,320	111,996	105,429	93,835	100,720				7%
Uncharged accrued interest from past-due loans	111	117	133	50	57				14%
Engaged amounts in fobaproa operations	678	1,165	487	533	-				(100%)
Investment of retirement saving funds	-	-	-	-	-				-
Integration of loan portfolio	-	-	-	-	-				-
Received amounts in derivative	-	-	-	-	-				-
Fobaproa trusts	-	-	-	-	-				-
Securities to be received	216,009	201,701	172,036	173,774	183,926				6%
(Less) payable for reversal	(216,351)	(201,757)	(172,288)	(173,979)	(184,211)				6%
Receivables for reversal	53,939	30,676	9,981	13,917	15,496				11%
(Less) securities to be delivered	(53,906)	(30,700)	(9,977)	(13,921)	(15,516)				11%
Other control accounts	-	-	-	-	-				-
	<b>272,745</b>	<b>277,995</b>	<b>275,494</b>	<b>274,073</b>	<b>279,180</b>				<b>2%</b>

**BANORTE USA- INCOME STATEMENT (\*)** (Millions of Pesos)

<b>NET INTEREST INCOME</b>	<b>1Q07</b>
Interest Income	302
Interest Expense	146
Loan Fees	-
Fees Paid	-
<b>Net Interest Income (NII)</b>	<b>156</b>
Repomo-Margin	-
<b>NII after Repomo</b>	<b>156</b>
Loan Loss Provisions	15
Loss Sharing Provisions	-
<b>NII after Provisions</b>	<b>141</b>
Fund transfers	-
Account management	-
Fiduciary	-
Income from Loan Portfolios Acquired	-
Electronic Banking Services	-
Credit Card	-
Fees from IPAB	-
Other fees	24
<b>Fees on services,</b>	<b>24</b>
Fund transfers	-
Other fees	-
Expenses from Loan Portfolios Acquired	-
<b>Fees paid,</b>	<b>-</b>
Foreign exchange	-
Securities –Realized gains	-
Securities- Unrealized gains	-
<b>Market-related Income</b>	<b>-</b>
<b>Total Non Interest Income</b>	<b>24</b>
<b>Total Operating Income</b>	<b>165</b>
Personnel	50
Professional Fees	6
Administrative and Promotion Expenses	50
Rents, depreciation and amortization	11
Taxes, other than income tax	-
Contributions to IPAB	-
<b>Non-Interest Expense</b>	<b>117</b>
<b>Operating Income</b>	<b>48</b>
Other Revenues	28
Foreign exchange	-
Recoveries	1
Repomo-other revenues	-
<b>Non Operating Income</b>	<b>29</b>
Other Expense	-
Foreign exchange	-
Repomo-other Expenses	-
<b>Non Operating Expense</b>	<b>-</b>
<b>Non Operating Income (Expense), net</b>	<b>29</b>
<b>Pre-tax Income</b>	<b>77</b>
Income Tax	(26)
Profit sharing	-
Tax on Assets	-
Deferred Inc. Tax and Profit sharing	-
<b>Net Income before subsidiaries</b>	<b>51</b>
Subsidiaries' net income	-
<b>Net Income from continuous operations</b>	<b>51</b>
Extraordinary items, net	-
Minority Interest	(18)
<b>TOTAL NET INCOME</b>	<b>33</b>

**BANORTE USA -BALANCE SHEET (\*) (Millions of Pesos)**

	<b>1Q07</b>
<b>Cash and due from Banks</b>	<b>1,466</b>
Negotiable Instruments	-
Securities held for sale	3,989
Securities held to maturity	11
<b>Financial Instruments:</b>	<b>4,000</b>
Non-assigned securities to pay	-
Repurchase agreements, net	-
Operations with collateral	-
Futures receivable, net	-
Options and derivatives, net	-
<b>Repos &amp; Derivatives :</b>	<b>-</b>
Commercial	8,723
Financial Intermediaries	-
Consumer	153
Mortgage	707
Government Entities	-
IPAB	-
Fiduciary collection rights	-
<b>Performing Loans</b>	<b>9,583</b>
Commercial	71
Financial Intermediaries	-
Consumer	1
Mortgage	5
Government Entities	-
<b>Past Due Loans</b>	<b>77</b>
<b>Total Loans</b>	<b>9,660</b>
Preventive loan loss reserves	187
<b>Net Loan Portfolio</b>	<b>9,474</b>
Credit Assets Portfolio	-
Sundry debtors and other assets, net	-
Foreclosed assets, net	20
Real Estate, Furniture & Equipment, net	554
Investments in subsidiaries	7
Deferred taxes	-
Risk Coverage for Mortgage	-
GoodWill	2,576
Intangible	152
Otros Assets	434
<b>Other Assets</b>	<b>3,162</b>
<b>TOTAL ASSETS</b>	<b>18,682</b>

**BANORTE USA-BALANCE SHEET (\*) (Millions of Pesos)**

	<b>1Q07</b>
Demand Deposits	8,017
Time Deposits	6,646
Bonds	-
<b>Deposits</b>	<b>14,663</b>
Demand	-
Short term	-
Long term	86
<b>Due to banks and correspondents</b>	<b>86</b>
Non-assigned securities to pay	-
Repurchase agreements, net	-
Operations with collateral	-
Futures receivable, net	-
Options and derivatives, net	-
<b>Repos &amp; Derivatives:</b>	<b>-</b>
Income Tax & Profit Sharing	32
Other Payable accounts	214
<b>Other payable accounts</b>	<b>246</b>
Subordinated non Convertible Debenture	227
Deferred Taxes	30
Deferred credits	-
<b>TOTAL LIABILITIES</b>	<b>15,253</b>
<b>STOCKHOLDER 'S EQUITY</b>	
Paid-in Capital	3,055
Share subscription premiums	-
Subordinated Convertible Debentures	-
<b>Subscribed Capital</b>	<b>3,055</b>
Capital Reserves	-
Retained Earnings	10
Surplus (Deficit) from securities	22
Results of foreign operations exchange	49
Excess (Insuf.) in capital restatement	-
Non Mon assets results Fixed Assets	-
Non Mon assets results Investm	-
Adjustment in the employees pension	-
Accumulated Deferred tax effect	-
Net Income	33
<b>Earned Capital</b>	<b>114</b>
Minority Holdings	260
<b>Total Stockholder 's Equity</b>	<b>3,429</b>
<b>TOTAL LIABILITIES &amp;</b>	<b>18,682</b>

**MEMORANDUM ACCOUNTS OF BANORTE USA (Millions of Pesos)**

	<b>1Q07</b>
Signature guarantees granted	-
Other contingent obligations	18
Irrevocable lines of credit	-
Assets held in trust and mandate	-
Assets held in custody or in	-
Investment banking transactions for third	-
Engaged amounts in fobaproa operations	-
Investment of retirement saving funds	-
Integration of loan portfolio	-
Received amounts in derivative	-
Fobaproa trusts	-
Securities to be received	-
(Less) payable for reversal	-
Receivables for reversal	-
(Less) securities to be delivered	-
Other control accounts	-
	<b>18</b>

**Annex 5. Notes to Grupo Financiero Banorte Financial Statements**
**Financial Instruments and Valuation Effects 1Q07**
*(Millions of Pesos)*

	BOOK VALUE	INTEREST	MARKET VALUE	UNREALIZED GAIN (LOSS)
<b>NEGOTIABLE INSTRUMENTS</b>				
Government Securities	(500)	9	(489)	2
Banking Securities	7,739	34	7,771	(1)
Private	182	4	202	16
Banks paper	-	-	-	-
Treasury Bonds	-	-	-	-
UMS	-	-	-	-
Commercial Paper	4	-	4	-
Shares listed in the SIC	6	-	6	-
Guarantee (collateral) for futures	4	-	4	-
Mutual Funds	72	-	72	-
Swap of Coverage purposes	-	-	-	-
<b>Total</b>	<b>7,507</b>	<b>46</b>	<b>7,570</b>	<b>17</b>
<b>SECURITIES HELD FOR SALE</b>				
Government Securities	4,035	18	3,987	(65)
Mexican Government Securities (UMS)	1,665	18	1,692	9
Treasury Bonds	(1)	1	-	-
Bonds public company	19	-	72	53
Eurobonds	2	-	2	-
Banks paper	-	-	-	-
Structured note	-	-	-	-
PEMEX	4,242	120	4,365	3
Subordinate securities	21	-	21	-
Swap of Coverage purposes	-	-	-	-
<b>Total</b>	<b>9,983</b>	<b>156</b>	<b>10,139</b>	<b>-</b>
<b>SECURITIES HELD TO MATURITY</b>				
Special Cetes	613	7	620	-
Trust Bonds	-	-	-	-
Fiduciary Rights	34	-	8	(26)
Bonds	-	-	-	-
Mexican Government Securities (UMS)	-	-	-	-
Government securities	11	-	11	-
PEMEX (dills)	-	-	-	-
Bonos Strip	20	-	20	-
Subordinate securities	76	-	76	-
<b>Total</b>	<b>754</b>	<b>7</b>	<b>735</b>	<b>(26)</b>
<b>TOTAL</b>	<b>18,244</b>	<b>209</b>	<b>18,444</b>	<b>(9)</b>

**Repurchase Agreement Operations 1Q07**
*(Millions of Pesos)*

SALES	MARKET VALUE			FINANCIAL STATEMENT INDIVIDUAL COMPENSATION	
	RECEIVABLES ON REPURCHASE AGREEMENT	SECURITIES TO BE DELIVERED	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE
Government Securities	186,676	186,914	(238)	57	295
Banking Securities	16,876	16,927	(51)	8	59
Private Securities	8,649	8,654	(5)	5	10
<b>Total</b>	<b>212,201</b>	<b>212,495</b>	<b>(294)</b>	<b>70</b>	<b>364</b>

Figures are presented in constant pesos set at the close of March, 2007

PURCHASE	MARKET VALUE			FINANCIAL STATEMENT INDIVIDUAL COMPENSATION	
	SECURITIES TO BE RECEIVED	PAYABLES ON REPURCHASE AGREEMENT	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE
Government Securities	33,102	33,110	8	27	35
Banking Securities	2,368	2,367	(1)	1	-
Private Securities	175	175	-	-	-
<b>Total</b>	<b>35,645</b>	<b>35,652</b>	<b>7</b>	<b>28</b>	<b>35</b>
			Balance	97	399

### Derivative Financial Instruments Operations 1Q07

(Millions of Pesos)

INSTRUMENT			
	TO RECEIVE	TO DELIVER	NET
<b>FORWARDS</b>			
Over INPC	-	-	-
<b>FORWARD CONTRACT WITH FOREIGN CURRENCIES</b>			
Market Value	1,681	2,181	3,862
Agreed Price	1,677	2,178	3,856
<b>Coverage</b>			
Market Value	2,821	-	2,821
Agreed Price	2,857	-	2,857
<b>SWAPS</b>			
Capital	10,578	(10,687)	(108)
Interest rate	306	(328)	(22)
Valuation	1,572	(1,573)	-
	12,457	(12,588)	(131)
<b>Coverage</b>			
Capital	14,616	(14,946)	(329)
Interest rate	270	(143)	127
Valuation	2,502	(3,090)	(588)
	17,388	(18,178)	(790)
<b>OPTIONS WITH FOREIGN CURRENCIES</b>			
<b>Actives</b>			
Swaptions	6	(1)	5
Rate Options	534	385	919
Index Options (ipc)	57	(28)	29
	597	356	953
<b>Passives</b>			
Swaptions	(9)	6	(3)
Currency Options	-	-	-
Rate Options	(426)	(358)	(783)
Index Options (ipc)	(45)	17	(28)
	(480)	(334)	(814)
<b>Debt Balance</b>			959
<b>Creditor Balance</b>			(1,772)

### NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 1Q07

(Millions of Pesos)

PRODUCT	KIND	UNDERLYING	CURRENCY	POSITION
Forwards of Foreign Currency	Purchases	Exchange Rate (Dolar)	MXN	1,677
Forwards of Foreign Currency	Sells	Exchange Rate (Dolar)	MXN	5,058
				6,734
Options with Foreign Currency	Purchases	Exchange Rate (Dolar)	MXN	-
Options with Foreign Currency	Sells	Exchange Rate (Dolar)	MXN	29
				29
Rate Options	Purchases	TIIIE	MXN	1,796,900
Rate Options	Sells	TIIIE	MXN	1,773,206
				3,570,106
Swaps with Rate	USLI/IRS	TIIIE	MXN	17,650
Swaps with Rate	TIIIE/IRS	TIIIE	MXN	600
				18,250
Swaps with Rate	USLI/IRS	LIBOR	MXN	331
Swaps with Rate	TIIIE/IRS	TIIIE	MXN	82,151
				82,482
Swaps with Rate	CETE-US/CS	CETE	MXN	4,744
Swaps with Foreign Currency	TIIIE-EU/CS	TIIIE	MXN	555
Swaps with Foreign Currency	MXP-US/CSF	FIX/FIX	MXN	14,616
Swaps with Foreign Currency	TIIIE-US/BS	TIIIE/LIBOR	MXN	-
Swaps with Foreign Currency	TIIIE-US/CS	TIIIE	MXN	5,280
Swaps with Foreign Currency	IMPL-US/CS	IMPLICIT	MXN	-
				25,195
Forwards in MEXDER	Purchases	TIIIE	MXN	76,273
Forwards in MEXDER	Sells	TIIIE	MXN	-
				76,273
Forwards in MEXDER	Purchases	CETE	MXN	-
Forwards in MEXDER	Sells	CETE	MXN	100
				100
Forwards in MEXDER	Purchases	M10	MXN	-
Forwards in MEXDER	Sells	M10	MXN	-
				-

### Non-governmental Financial Instruments above by 5% of Net Capital 1Q07

(Millions of Pesos)

INDUSTRY	INVESTMENT INSTRUMENT	AMOUNT	% NET CAPITAL
BANSAN	Term Deposits	6,023	20.0%



## Loan Portfolio

(Million of Pesos)	LOCAL CURRENCY(*)		FOREIGN CURRENCY		TOTAL	
	1Q06	1Q07	1Q06	1Q07	1Q06	1Q07
<b>Performing Loans</b>						
Commercial	51,465	61,118	9,737	21,977	61,203	83,096
Financial Intermediaries	1,520	2,211	814	216	2,334	2,427
Consumer	17,205	21,938	-	153	17,205	22,091
Mortgages	26,644	28,671	-	707	26,644	29,378
Government Entities	14,559	14,473	510	406	15,069	14,879
Fobaproa	173	-	-	-	173	-
<b>Total</b>	<b>111,566</b>	<b>128,412</b>	<b>11,062</b>	<b>23,459</b>	<b>122,628</b>	<b>151,871</b>
<b>Past Due Loans</b>						
Commercial	651	700	77	111	728	811
Financial Intermediaries	-	-	-	-	-	-
Consumer	448	702	-	1	448	703
Mortgages	784	714	-	5	784	720
Government Entities	-	-	-	-	-	-
<b>Total</b>	<b>1,883</b>	<b>2,116</b>	<b>77</b>	<b>117</b>	<b>1,960</b>	<b>2,233</b>
<b>Total Proprietary Loans</b>	<b>113,449</b>	<b>130,528</b>	<b>11,139</b>	<b>23,575</b>	<b>124,588</b>	<b>154,104</b>

(\*) Includes valued UDIS

Note: There is no scheme for Mortgage Earnings.

## Cost and Balances of FINAPE, FOPIME, Mortgage UDIS and Mortgage FOVI loan portfolios as of 1Q07

(Millions of Pesos)	TOTAL	
	PERIOD COST	BALANCE LOAN PORTFOLIO
FINAPE	0.1	1.0
FOPYME	-	0.4
Mortgage UDIS	11.0	109.7
Mortgage FOVI	6.0	62.3
	<b>17.1</b>	<b>173.3</b>

The quarter ending with a balance of Ps 173.3 million pesos in debtors support programs with a cost of the period of Ps 17.1 million. The 99% of this portfolio are concentrated in Banorte.

## Troubled Portfolio 1Q07

The National Banking and Securities Commission (CNByV) accepted the Proposal of the Bankers Association of Mexico (ABM), to consider as a Troubled Portfolio the D and E risk grades of the portfolio classification. The following table shows the troubled portfolio.

(Millions of Pesos)	TOTAL
Troubled Portfolio	1,437
Total Loans	154,104
Troubled Portfolio / Total Loans	<b>0.9%</b>

## Deferred Taxes 1Q07

<i>(Millions of Pesos)</i>			
<b>ASSETS</b>	<b>INCOME TAX</b>	<b>PROFIT SHARING</b>	<b>NET</b>
Taxes losses pending amortization	64	-	64
Unrealized loss from Securities held for sale	23	-	23
Provisions for possible loss in loans	32	-	32
Intangibles amortizations			
Deferred compensation	5	-	5
Non deductible provisions and accumulative income	177	61	237
Excess of accounting value over fiscal value on Repossessed Assets	337	69	406
Diminishable profit sharing	171	-	171
Past-due loan reserves	14	-	14
Installation expenses	9	-	9
Effects of financial instrument valuation	2	1	2
Tax on Assets to recover	2	-	2
<b>Total Assets</b>	<b>835</b>	<b>130</b>	<b>966</b>
<b>LIABILITIES</b>			
Accrued interest and inflationary component of Fixed Assets, Foreclosed, Intangible & Others	(197)	-	(197)
Loan Portfolio Acquisitions	(632)	(87)	(719)
Capitalizable projects	(91)	(33)	(124)
Income tax to pay on UDIS Trust funds	(36)	-	(36)
Depreciation			
Book value depreciation	(34)	-	(34)
Dividends Federal Home loan Bank	(4)	-	(4)
Intangibles amortizations	(52)	-	(52)
Expenses paid in advance	(4)	-	(4)
Effects of other accounts	(16)	(6)	(22)
Sale Cost Revers	(13)	-	(13)
Organization and Recording Expenses & Installation Expenses	(20)	-	(20)
Unrealized capital gain from investments in siefore	(40)	-	(40)
Trust Revenue "Meseta"	(21)	-	(21)
<b>Total liabilities</b>	<b>(1,159)</b>	<b>(126)</b>	<b>(1,285)</b>
<b>Assets (Liabilities) Accumulated Net</b>	<b>(324)</b>	<b>4</b>	<b>(320)</b>

## Long term debt as of 1Q07

<b>TYPE OF DEBT</b>	<b>CURRE NCY</b>	<b>DATE OF ISSUE</b>	<b>AMOUNT (Ps)</b>	<b>ORIGINAL AMOUNT (Millions Ps, Dls o UDIS)</b>	<b>TERM</b>	<b>INTEREST RATE</b>	<b>MATURITY</b>	<b>INTEREST PAYMENT</b>
<b>BANORTE</b>								
CD's- Banorte U01001	UDIs	11-Ene-01	347	90	10 years	8.13%	30-Dic-10	E/182 days
Non Convertible Subordinate Bonds QBanorte 02D	Ps	28-Nov-02	1,234	1,136	10 years	8.00%	28-Nov-12	E/182 days
Step-Up Subordinated Callable Notes Due 2014	Dls	17-Feb-04	3,310	300	10 years	5.875 %	17-Feb-14	E/180 days
Non Convertible Subordinate Bonds 2006	Dls	13-Oct-06	4,413	400	10 years	6.135%	13-Apr-16	E/180 days
Non Convertible Subordinate Bonds 2006	Dls	13-Oct-06	2,206	200	15 years	6.862%	13-Apr-21	E/180 days

### Bank and Other entities loans as of 1Q07

<i>(Millions of Pesos)</i>	LOCAL CURRENCY	INTEREST RATE	TERM (DAYS)	FOREIGN CURRENCY	INTEREST RATE	TERM (DAYS)	TOTAL
LOANS FROM LOCAL BANKS		-	-	296	L+6	364	296
LOANS FROM FOREIGN BANK CONCERNED FROM THE COUNTRY		-	-	479	L+1.2	1,101	479
LOANS FROM FOREIGN BANK CONCERNED FROM CAYMAN		-	-	1,576	5.86	821	1,576
LOANS FROM DEVELOPING BANKS	3,417	9.21%	760	733	10.31%	914	4,150
LOANS FROM PUBLIC FUNDS	8,575	6.78%	602	75	5.05%	760	8,650
LOANS FROM BANKS	-	-	-	-	-	-	219
CALL MONEY	219	7.00%	3	-	-	-	-
LOANS FROM FIDUCIARY FUNDS	75	10.24%	5,220	-	-	-	75
PROVISIONS FOR INTEREST	72	N.A	N.A	-	-	-	72
	<b>12,358</b>			<b>3,159</b>			<b>15,517</b>

### Trading Income 1Q07

*(Millions of Pesos)*

VALUATION EFFECTS	NET
Negotiable Instruments	(4)
Securities Held to Maturity	-
Repurchase	5
Derived instruments	(34)
Futures	-
Securities loans	-
Range	-
Inflation Adjustment	-
<b>Total</b>	<b>(33)</b>
RESULTS FROM BUYING AND SELLING	
Negotiable Instruments	438
Securities Held for Sell	(9)
Derived for coverage purposes	70
Inflation Adjustment	-
<b>Total of Buying and Selling Instruments</b>	<b>498</b>
FX Spot	89
FX Forwards	-
FX Futures	-
FX Futures TIIE	-
Forwards	-
Trading currencies securitization	(2)
Gain from metal intermediation	1
Metals Valuation	2
<b>Total of Foreign Exchange</b>	<b>90</b>
Inflation Adjustment	-
<b>Total of Buying and Selling</b>	<b>589</b>
<b>TOTAL TRADING INCOME</b>	<b>556</b>

## Risk Management

### Credit risk

Credit risk is the risk of clients failing to meet their payments. Therefore, it is essential to correctly manage such a risk in order to maintain a quality loan portfolio.

The objectives of credit risk management at GFNorte are:

- Improve the quality, diversification and composition of the loan portfolio in order to optimize the risk-performance (yield) ratio
- Provide Executive Management with reliable, timely information to assist decision making regarding loans.
- Provide the Business Areas with clear and sufficient tools to support loan placement and follow-up.
- Create economic value for shareholders by efficient loan risk management.
- Comply with the information requirements that the authorities set forth regarding loan risk management.
- Perform risk management in accordance with the best practices, implementing models, methodologies, procedures and systems based on the main advances worldwide.

### Individual Credit risk

The Bank of the Group separate the loan portfolio into two large groups: consumer loans and company loans.

The individual loan risk for consumer loans is identified, measured and controlled by a parametric system (scoring) that includes origination and behavior models for each of the consumer products: mortgage, car, payroll loans and credit cards.

The individual risk for company loans is identified, measures and controlled by the Target Markets, Risk Acceptance Criteria and Banorte's Internal Risk Qualification (CIR).

The Target Markets and Risk Acceptance Criteria are tools that, along with the Internal Risk Qualification, are part of GFNorte's Loan Strategy and give support to loan risk level estimation.

The Target Markets are activities selected by region and economic activity – backed by economic research and loan behavior analysis – where Banorte is interested in placing loans.

The Risk Acceptance Criteria are parameters that describe the risk identified by the industry, which makes it possible to estimate the risk involved for the bank when granting a loan to customer on the bases of their economic activity. The types of risk contemplated in the Risk Acceptance Criteria are financial risk, operation risk, market risk, company life cycle, legal, regulatory, loan experience and management quality.

Banorte's CIR aligns with the "general PROVISIONS applicable to the loan qualification method of loan institution" issued by the CNByV on December 2, 2005. Banorte's CIR was certified by the CNBV and by an international external auditor in 2001.

Banorte's CIR is applied to commercial loans equal to or greater than an amount in Mexican pesos equivalent to nine hundred thousand investment units on the qualification date.

### Portfolio Credit risk

GFNorte has designed a portfolio credit risk method that, besides contemplating the major and latest international practices in identification, measurement, control and follow-up, has been adapted to work within the context of the Mexican Financial System.

This credit risk methodology makes it possible to know the current value of the portfolio loans of the Banks (including Banco Mercantil del Norte and Banco del Centro), that is, *the loan exposure*, allowing surveillance of the risk concentration levels per risk qualification, geographical regions, economic activities, currency and type of product in order to know the portfolio's profile and take action to direct it toward a diversification which will maximize profitability with the lowest risk.

Calculating loan exposure implies generating a cash flow of each one of the loans, of both capital and interest to discount it later. This exposure is sensible to changes in the market, thereby facilitating calculations under different economic scenarios.

The method, in addition to contemplating loan exposure, takes into consideration the probability of non-compliance, the recovery level associated to each client and the classification of the debtor based on the Merton model. The *probability of non-compliance* is the probability that the debtor will not meet his/her debt obligation with the bank according to the originally agreed terms and conditions. The probability of non-compliance is based on the transition matrixes that the Banks calculate from the migration of the debtors through different risk qualification levels. The *recovery ratio* is the percentage of total exposure that is estimated to be recovered if the debtor fails to comply. The *classification of the debtor*, based on the Merton model, associates the debtor's future behavior to loan and market factors on which his "credit health" depends, as determined by statistical techniques.

The results are risk measures such as the expected and unexpected loss at a one-year horizon. The expected loss is the credit portfolio's loss distribution average, which is used to measure the following year's expected loss due to non-compliance or variations in debtors' credit quality. This unexpected loss is an indicator of the loss that could be expected in extreme scenarios and is measured as the difference between the maximum loss given the distribution of losses, at a specific reliability level that in the case of the Banking Sector is 95%, and the expected loss.

The results obtained are used as a tool for better decision-making in granting loans and in the diversification of the portfolio, according to the Banks' global strategy. The individual risk identification tools and the portfolio credit risk methodology are periodically checked and updated to allow the application of new techniques that may support or strengthen them.

By March 31, 2007, the Banco Mercantil del Norte total portfolio was Ps 141,162 million. The expected loss represents 1.7% and the unexpected loss is 3.2% with respect to the total portfolio. The average expected loss is 1.7% during the period between January 2007 and March 2007.

#### ***General rules for risk diversification in asset and liability operations applicable to loan institutions***

In December 2005, the COMMISSION issued the "General Rules for Risk Diversification in asset and liability operations applicable to loan institutions".

According to these provisions, the Banks shall make an analysis of the debtors and/or financings they have to determine the amount of their "Common Risk". Additionally, the Banks should have the necessary information and documentation to prove that a person or group of persons represents a common risk as per the cases referred to in the aforementioned Rules.

Upon granting financings to the same person or group of persons that represent a "Common Risk", the banks shall adjust to the maximum Financing limit that is the result of applying to the basic capital a factor that is associated with the Banks' capitalization level.

On the other hand, regarding public deposits, the Banking Sector shall diversify its risks, trying to make a proper integration of its liabilities in terms of the placement of the deposited funds.

In compliance with the risk diversification rules in asset and liability operations, Banco Mercantil del Norte submits the following information:

Basic capital by December 31, 2006	<u>\$21,521</u>
------------------------------------	-----------------

I. Financings whose individual amount represents more than 10% of the basic capital:

#### Credit operations

– Number of financings	0
– Total amount of financings	<u>\$0</u>
– % vs. basic capital	0%

#### Money Market operations

– Number of financings	3
– Total amount of financings	<u>\$12,086</u>
– % vs. basic capital	56%

Figures are presented in constant pesos set at the close of March, 2007

II. Maximum amount of financing with the 3 major

Common Risk debtors and groups

\$12,514

### Market Risk

#### Value at Risk

The exposure to market risk is determined through the calculation of the Value at Risk ("VaR"). The meaning of the VaR under this method is the potential loss which could be generated in the valuation of the portfolios at a given date. This methodology is used both for the calculation of market risk and for the establishment and control of internal limits.

In order to calculate the Value at Risk (VaR), the Institution applies the nonparametric historical simulation method, considering for such purpose a 99% confidence level, using the 500 immediate historical scenarios, multiplying the result by a security factor that fluctuates between 3 and 4 depending on the annual Back Testing results calculated up to the previous quarter, also considering 10 days to break up the risk portfolio in question. These measures make it possible to insure considering unforeseen volatilities in the main risk factors that affect such portfolios.

Such methodology is applied to all financial instrument portfolios within and beyond the balance, including money market and treasury transactions, capital, foreign-exchange and derivatives held for trading and hedging purposes, which are exposed to variations in their value due to changes in the risk factors affecting their market valuation (domestic and foreign interest rates, exchange rates and indexes, among others).

The average VaR for the January - March 2007 quarter for the portfolio is Ps 316 million.

Millions of Pesos	1Q06	2Q06	3Q06	4Q06	1Q07
Total VaR*	1,342	1,020	1,043	1,499	1,648
Net Capital **	23,675	24,455	26,405	31,151	31,043
VaR / Net Capital	5.67%	4.17%	3.95%	4.81%	5.31%

\* Quarter Average of Bank and Brokerage House

\*\* Net capital of the Banking Sector is the arithmetic sum of the net capitals of Bank and Brokerage House.

Moreover, the average Value at Risk per risk factor of the portfolio of instruments described for the Bank and Brokerage House, during the first quarter of 2007 is shown below:

#### Millions of Pesos

Risk Factor	VaR
Domestic interest rate	1,752
Foreign interest rate	156
Exchange rate	207
Capitals	11
Prices of Bonds in Foreign Currency	159
Total VaR of Bank and Brokerage House	1,648

The VaR for each of the risk factors shown is determined by simulating 500 historical scenarios of the variables that make up each of such factors, maintaining constant the variables that affect the other risk factors mentioned above. Similarly, the consolidated Value at Risk for the Bank and Brokerage House considers the correlations of all the risk factors that affect portfolio valuation. That is why the arithmetic sum of the Value at Risk per Risk Factor does not match.

#### Backtesting Analysis

In order to validate the daily VaR calculation measurement effectiveness, as a measure of market risk, the Backtesting analysis is updated weekly. This analysis makes it possible to compare the results estimated by VaR with the actual results.

## Liquidity Risk and Balance

In response to the Banking Sector's need to measure Liquidity Risk and to have consistent follow-up, the Banks us financial ratios, such as the Liquidity Ratios (Liquid Assets / Liquid Liabilities). Liquid Assets include availabilities, securities to negotiate and securities available for sale. Liquid Liabilities include demand deposits, demand interbanking loans and short-term interbanking loans.

For liquidity risk quantification and follow-up, the Banking Sector uses for the dollar portfolios, the criteria that the Bank of Mexico established for developing the Liquidity Coefficient, which makes it possible to evaluate the differentials between asset and liability flows in different periods of time. This promotes a healthier distribution of terms for these assets.

Moreover, to prevent the risk of concentrating terms and re-appreciation date for each of the Banks in the Banking Sector, a Gap Analysis is made to face the resources with sources of funding, detecting any concentration in advance. These analyses are made separately per currency (domestic, foreign, and udis).

Additionally a balance simulation analysis is made for each of the Banks in the Banking Sector. It is used to evaluate the future behavior of the Balance Sheet in a statistic and dynamic manner. An analysis of sensitivity to changes in domestic, foreign and actual rates is made on the base scenario. Tests are also made under extreme condition to evaluate the result of extreme changes in rates, funding and the exchange rate.

As a measure of the evaluation effectiveness of the simulation model, projections are periodically compared with actual data. These tests make it possible to evaluate the assumptions and the method used, and to make any necessary adjustments.

## Operational Risk

In January 2003, the Bank Sector of Grupo Financiero Banorte created a formal Operational Risk Department, known as Operational Risk Management Office (ARO for its acronym in Spanish), as part of the Risk Management Office. The latter department developed a master implementation plan (2004 – 2007) pursuant to local authority requirements, and the plan was approved by the Risk Policy Committee (CPR for its acronym in Spanish). In general, the plan covers institutional management of Operational Risk, records dealing with losses and calculation of Operational Risk capital requirements.

The master plan consists of the following phases:

- a. Close coordination with Comptrollership, Internal Audit and Risk generating areas,
- b. Identification of main sources of information,
- c. Creation of database,
- d. Definition of the type of software for Operational Risk Management and for calculating Op VaR,
- e. Acquisition or development of software,
- f. Implementation of software and testing, and
- g. Development of reports through the Managerial Information System.

As the cornerstone of Operational Risk Management, and considering the II Agreement of Basel, events that imply an actual or potential economic loss are being recorded in order to have the bases to calculate the Op VaR according to the Advanced Method (AMA) recommended in Basel II.

The Operational Risk Office works together with the Internal Audit and Comptrollership Offices in order to promote and provide assistance on achieving the goals of the former two, to wit: having effective Internal Controls that establish process procedures and ensure process compliance, and ongoing Audit oversight. Moreover, the ARO works closely with the Business, Systems and Operations Departments to develop strategies that mitigate operational risk.

### ***Management Model***

The banks of Grupo Financiero Banorte have well-defined objectives that are reached through different plans, programs and projects. Reaching these objectives may be affected by operating risks. Therefore it is necessary to have a methodology to manage them within the organization and the operational risk management is now a definite institution policy that has top management backing.

To carry out Operational Risk Management, it is essential to identify each of the operating risks in the processes in order to

analyze them properly. Thus, the identified risks are managed in order to eliminate or mitigate them (trying to reduce their severity or frequency) and defining the corresponding tolerance levels. At present, the development of an Institutional Operational Risk Management Model is underway. The first step is to record operational risk events.

### **Record of Events**

Given the nature of Operational Risk, it is necessary to have an historical Database that contains operating events in which the institution has incurred to be able to determine the trends, frequency, impact and distribution.

To record operating loss events, an in-house system was developed. It is called the "Operating Loss Events Recording System" (SCERO). This system enables the central information supplying areas to record these events directly and on-line. The events are classified per Type of Event according to the following categories (in keeping with those proposed by Basel II):

Types of Events	Description
Internal Fraud	Acts intended to defraud, usurp the property or avoid the regulation, law or policies of the Institution that involve at least one internal party.
External Fraud	Acts, by a third party, Acts intended to defraud, usurp the property or avoid the law.
Labor Relations	Acts that inconsistent with the laws or agreements of employment, health or safety, or that result in payment of claims for personal damage or regarding discrimination issues.
Practices with Clients	Negligent or unintentional faults that hinder compliance with the professional obligations with clients, or faults derived from the nature or design of a product or service.
Damage to Assets	Loss or damage to physical assets due to natural disasters or other events.
System Failures	Interruption of business activities because of information system failures.
Execution, Delivery & Processes	Failures in processing transactions or in process management and in relationships with counterparts and suppliers.

### **Technological Risk**

As Technological Risk is an inherent part of Operational Risk, they are managed together. The area of Technology and Operations performs the functions established by the CNBV for Technological Risk Management issues associated with the establishment of controls, vulnerability evaluation and contingency plans.

To face Operational Risk caused by high-impact external events, the banks of Grupo Financiero Banorte are working on a project to enhance their Business Continuity Plan (BCP) and their Business Recovery Plan (BRP). The project leader is the Executive Directorship of Comptrollership because of its relationship with processes, procedures and compliance. However, other fundamental areas participate: Technology and Operations, Business, and the ARO Directorship. Despite the above, we still have the services of an outside provider, of international renown, to backup the business' critical systems, guaranteeing operation continuity in the event of contingency or disaster.

### **Legal Risk**

As part of the Legal Risk management, a detailed record is kept on judicial, administrative and fiscal issues (in favor of or against) the Institution. This record includes the attorneys' estimation of the contingencies based on their knowledge of each case. This makes it possible to create the necessary accounting reserves to face such contingencies.

It is essential to measure the Legal Risk as part of Operational Risk in order to understand and estimate its impact. Therefore, the legal issues that result in actual operating losses are recorded in the SCERO, according to a predefined taxonomy.

Based on the statistics of the legal issues underway and the actual loss events, it is possible to identify specific legal or operating risks, which are analyzed to eliminate them or mitigate (reduce or limit future occurrence) their impact.



## Information by Segments

## GFNORTE –INCOME STATEMENT AS OF 1Q07 (Millions of Pesos)

	Holding	Banorte	Brokerage	Leasing	Factoring	Warehousing	Pronegio	Total	Eliminations	Final Balance
Interest Income	1	8,568	403	128	99	1	62	9,261	(401)	8,861
Interest Expense	-	4,837	496	53	59	-	11	5,456	(365)	5,091
Loan Fees	-	22	-	-	-	-	-	23	-	23
<b>Net Interest Income (NII)</b>	<b>1</b>	<b>3,753</b>	<b>(93)</b>	<b>75</b>	<b>40</b>	<b>1</b>	<b>52</b>	<b>3,828</b>	<b>(35)</b>	<b>3,793</b>
Repomo-Margin	-	(46)	(5)	(4)	(7)	-	(1)	(64)	-	(64)
<b>NII after Repomo</b>	<b>-</b>	<b>3,707</b>	<b>(98)</b>	<b>71</b>	<b>32</b>	<b>1</b>	<b>51</b>	<b>3,764</b>	<b>(35)</b>	<b>3,729</b>
Loan Loss & Loss Sharing Provisions	-	244	-	-	3	-	8	255	-	255
<b>NII after Provisions</b>	<b>-</b>	<b>3,463</b>	<b>(98)</b>	<b>71</b>	<b>29</b>	<b>1</b>	<b>43</b>	<b>3,509</b>	<b>(35)</b>	<b>3,473</b>
Fees on services,	-	1,613	140	-	3	9	-	1,765	(25)	1,740
Fees paid,	-	233	-	-	3	-	8	244	-	243
Market-related Income	-	366	189	-	-	-	-	556	-	556
<b>Total Non Interest Income</b>	<b>-</b>	<b>1,746</b>	<b>329</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>(8)</b>	<b>2,076</b>	<b>(24)</b>	<b>2,052</b>
<b>Total Operating Income</b>	<b>-</b>	<b>5,209</b>	<b>231</b>	<b>71</b>	<b>29</b>	<b>10</b>	<b>35</b>	<b>5,585</b>	<b>(59)</b>	<b>5,526</b>
<b>Non-Interest Expense</b>	<b>1</b>	<b>3,233</b>	<b>131</b>	<b>49</b>	<b>7</b>	<b>5</b>	<b>39</b>	<b>3,466</b>	<b>(79)</b>	<b>3,387</b>
<b>Operating Income</b>	<b>(1)</b>	<b>1,976</b>	<b>100</b>	<b>21</b>	<b>22</b>	<b>5</b>	<b>(4)</b>	<b>2,119</b>	<b>19</b>	<b>2,138</b>
Non Operating Income	18	547	1	13	11	109	3	702	(19)	683
Non Operating Expense	1	232	2	-	1	108	1	344	-	344
<b>Non Operating Income (Expense)NET</b>	<b>18</b>	<b>315</b>	<b>(1)</b>	<b>13</b>	<b>10</b>	<b>1</b>	<b>3</b>	<b>358</b>	<b>(19)</b>	<b>339</b>
<b>Pre-tax Income</b>	<b>17</b>	<b>2,290</b>	<b>99</b>	<b>34</b>	<b>32</b>	<b>6</b>	<b>(2)</b>	<b>2,477</b>	<b>-</b>	<b>2,477</b>
<b>Tax and Profit sharing</b>	<b>5</b>	<b>863</b>	<b>37</b>	<b>-</b>	<b>7</b>	<b>2</b>	<b>1</b>	<b>916</b>	<b>-</b>	<b>916</b>
<b>Net Income before subsidiaries</b>	<b>11</b>	<b>1,444</b>	<b>58</b>	<b>34</b>	<b>23</b>	<b>4</b>	<b>(1)</b>	<b>1,574</b>	<b>-</b>	<b>1,574</b>
Subsidiaries' net income	1,612	19	4	-	-	-	-	1,635	(1,500)	135
<b>Net Inc. from continuous operations</b>	<b>1,623</b>	<b>1,464</b>	<b>61</b>	<b>34</b>	<b>23</b>	<b>4</b>	<b>(1)</b>	<b>3,209</b>	<b>(1,500)</b>	<b>1,708</b>
Extraordinary items, net	-	-	-	-	-	-	-	-	-	-
Minority Interest	-	(44)	-	-	-	-	-	(44)	(42)	(85)
<b>TOTAL NET INCOME</b>	<b>1,623</b>	<b>1,420</b>	<b>61</b>	<b>34</b>	<b>23</b>	<b>4</b>	<b>(1)</b>	<b>3,165</b>	<b>(1,542)</b>	<b>1,623</b>

**GFNORTE - BALANCE SHEET AS OF 1Q07 (Millions of Pesos)**

	Holding	Banorte	Brokerage	Leasing	Factoring	Wareho using	Pronego cio	Total	Eliminations	Final Balance
<b>Cash and due from Banks</b>	<b>55</b>	<b>41,327</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>77</b>	<b>11</b>	<b>41,482</b>	<b>(128)</b>	<b>41,354</b>
Negotiable Instruments	-	7,009	561	-	-	-	-	7,570	-	7,570
Securities held for sale	-	10,139	-	-	-	-	-	10,139	-	10,139
Securities held to maturity	-	735	-	-	-	-	-	735	-	735
<b>Financial Instruments:</b>	<b>-</b>	<b>17,883</b>	<b>561</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,444</b>	<b>-</b>	<b>18,444</b>
Non-assigned securities to pay	-	-	-	-	-	-	-	-	-	-
Futures receivable, net	-	59	38	-	-	-	-	97	-	97
Options and derivatives, net	-	930	29	-	-	-	-	959	-	959
<b>Repos &amp; Derivatives :</b>	<b>-</b>	<b>989</b>	<b>67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,057</b>	<b>-</b>	<b>1,057</b>
Commercial	-	75,611	-	2,448	4,454	-	583	83,096	-	83,096
Financial Intermediaries	-	4,795	-	273	-	-	-	5,068	(2,642)	2,427
Consumer	-	22,087	-	3	-	-	-	22,091	-	22,091
Mortgage	-	29,378	-	-	-	-	-	29,378	-	29,378
Government Entities	-	14,872	-	7	-	-	-	14,879	-	14,879
Fobaproa	-	-	-	-	-	-	-	-	-	-
<b>Performing Loans</b>	<b>-</b>	<b>146,745</b>	<b>-</b>	<b>2,731</b>	<b>4,454</b>	<b>-</b>	<b>583</b>	<b>154,512</b>	<b>(2,642)</b>	<b>151,871</b>
Commercial	-	697	-	21	18	-	75	811	-	811
Financial Intermediaries	-	-	-	-	-	-	-	-	-	-
Consumer	-	703	-	-	-	-	-	703	-	703
Mortgage	-	720	-	-	-	-	-	720	-	720
Government Entities	-	-	-	-	-	-	-	-	-	-
<b>Past Due Loans</b>	<b>-</b>	<b>2,119</b>	<b>-</b>	<b>21</b>	<b>18</b>	<b>-</b>	<b>75</b>	<b>2,233</b>	<b>-</b>	<b>2,233</b>
<b>Total Credit</b>	<b>-</b>	<b>149,707</b>	<b>-</b>	<b>2,716</b>	<b>4,445</b>	<b>-</b>	<b>634</b>	<b>157,503</b>	<b>(2,642)</b>	<b>154,861</b>
Preventive loan loss reserves	-	3,235	-	37	26	-	24	3,321	-	3,321
<b>Net Loan Portfolio</b>	<b>-</b>	<b>146,472</b>	<b>-</b>	<b>2,679</b>	<b>4,419</b>	<b>-</b>	<b>614</b>	<b>154,182</b>	<b>(2,642)</b>	<b>151,540</b>
Acquired collection rights	-	4,078	-	-	-	-	-	4,078	-	4,078
<b>Total Loans</b>	<b>-</b>	<b>150,550</b>	<b>-</b>	<b>2,679</b>	<b>4,419</b>	<b>-</b>	<b>614</b>	<b>158,260</b>	<b>(2,642)</b>	<b>155,618</b>
Sundry debtors and other	163	9,401	90	21	-	19	6	9,700	-	9,700
Foreclosed assets, net	-	413	-	-	-	-	-	413	-	413
Real Estate, Furniture &	-	6,007	21	619	1	53	44	6,745	-	6,745
Investments in subsidiaries	27,348	1,022	62	-	-	-	-	28,432	(25,957)	2,475
Deferred taxes	-	-	-	-	5	-	6	11	(11)	-
GoodWill	36	4,078	-	-	-	-	-	4,114	-	4,114
Intangible	-	152	-	-	-	-	-	152	-	152
Otros Assets	1	3,140	237	-	10	7	-	3,396	(9)	3,387
Total Other Assets	<b>27,548</b>	<b>24,213</b>	<b>410</b>	<b>640</b>	<b>16</b>	<b>79</b>	<b>56</b>	<b>52,963</b>	<b>(25,977)</b>	<b>26,986</b>
<b>TOTAL ASSETS</b>	<b>27,603</b>	<b>234,119</b>	<b>1,040</b>	<b>3,360</b>	<b>4,468</b>	<b>157</b>	<b>702</b>	<b>271,448</b>	<b>(28,747)</b>	<b>242,702</b>

**GFNORTE -BALANCE SHEET AS OF 1Q07 (Millions of Pesos)**

	Holding	Banorte	Brokerage	Leasing	Factoring	Wareho using	Pronego cio	Total	Elimination s	Final Balance
Demand Deposits	-	92,745	-	-	-	-	-	92,745	(25)	92,721
Time Deposits	-	77,721	-	-	-	-	-	77,721	(106)	77,615
Bonds	-	-	-	-	-	-	-	-	-	-
<b>Deposits</b>	<b>-</b>	<b>170,467</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>170,467</b>	<b>(131)</b>	<b>170,336</b>
Demand	-	-	-	-	-	-	-	-	-	-
Short term	-	3,465	-	1,421	3,931	-	577	9,394	(2,634)	6,760
Long term	-	8,070	-	1,222	74	-	-	9,366	-	9,366
Due to banks & corresp.	-	<b>11,535</b>	-	<b>2,643</b>	<b>4,005</b>	-	<b>577</b>	<b>18,760</b>	<b>(2,634)</b>	<b>16,126</b>
Non-assigned securities to pay	-	-	-	-	-	-	-	-	-	-
Futures receivable, net	-	364	35	-	-	-	-	399	-	399
Options and derivatives, net	-	1,744	28	-	-	-	-	1,772	-	1,772
Repos & Derivatives:	-	<b>2,108</b>	<b>63</b>	-	-	-	-	<b>2,171</b>	-	<b>2,171</b>
Income Tax & Profit Sharing	4	806	68	-	3	4	1	887	-	887
Other Payable accounts	1	11,469	113	222	2	13	40	11,860	(4)	11,856
Other payable accounts	<b>5</b>	<b>12,275</b>	<b>181</b>	<b>222</b>	<b>5</b>	<b>18</b>	<b>41</b>	<b>12,747</b>	<b>(4)</b>	<b>12,742</b>
Subordinated non Convertible	-	11,644	-	-	-	-	-	11,644	-	11,644
Deferred Taxes	-	294	20	-	-	17	-	331	(11)	320
Deferred credits	-	215	-	50	-	-	6	271	(9)	262
<b>TOTAL LIABILITIES</b>	<b>5</b>	<b>208,537</b>	<b>263</b>	<b>2,915</b>	<b>4,010</b>	<b>34</b>	<b>624</b>	<b>216,389</b>	<b>(2,790)</b>	<b>213,599</b>
<b>STOCKHOLDER'S EQUITY</b>										
Paid-in Capital	11,719	10,681	526	162	136	85	76	23,386	(11,667)	11,719
Share subscription premiums	1,816	834	-	-	-	-	-	2,650	(834)	1,816
Subordinated Convertible	-	-	-	-	-	-	-	-	-	-
<b>Subscribed Capital</b>	<b>13,535</b>	<b>11,515</b>	<b>526</b>	<b>162</b>	<b>136</b>	<b>85</b>	<b>76</b>	<b>26,036</b>	<b>(12,501)</b>	<b>13,535</b>
Capital Reserves	2,385	3,305	47	77	58	13	-	5,885	(3,500)	2,385
Retained Earnings	21,738	10,882	674	369	325	83	2	34,074	(12,336)	21,738
Surplus (Deficit) from securities	-	40	-	-	-	-	-	40	(40)	-
Results from coverage securities	-	(505)	-	-	-	-	-	(505)	505	-
Results of foreign operations	-	9	3	-	-	-	-	12	(12)	-
Excess (Insuf.) in capital	(6,221)	(1,890)	(516)	(198)	(86)	(3)	-	(8,913)	2,692	(6,221)
Non Mon assets results Fixed	-	-	1	-	-	-	-	1	(1)	-
Non Mon assets results Investm	(5,463)	30	(18)	-	-	(60)	-	(5,511)	49	(5,463)
Adjustment in the employees	-	-	-	-	-	-	-	-	-	-
Net Income	1,623	1,420	61	34	23	4	(1)	3,165	(1,542)	1,623
<b>Earned Capital</b>	<b>14,063</b>	<b>13,291</b>	<b>251</b>	<b>283</b>	<b>321</b>	<b>38</b>	<b>1</b>	<b>28,248</b>	<b>(14,185)</b>	<b>14,063</b>
Minority Holdings	-	776	-	-	-	-	-	776	729	1,504
<b>Total Stockholder's Equity</b>	<b>27,598</b>	<b>25,581</b>	<b>777</b>	<b>445</b>	<b>458</b>	<b>123</b>	<b>77</b>	<b>55,059</b>	<b>(25,957)</b>	<b>29,102</b>
<b>TOT. LIAB. &amp; STOCKHOLD.</b>	<b>27,603</b>	<b>234,119</b>	<b>1,040</b>	<b>3,360</b>	<b>4,468</b>	<b>157</b>	<b>702</b>	<b>277,448</b>	<b>(28,747)</b>	<b>242,702</b>

## Internal Control

The companies that make up GFNorte have an Internal Control System (SCI) that complies with the guidelines established by both the Board of Directors and the regulatory authorities.

The mission of the Internal Control structure is to help ensure the proper working order of adequate internal control of its operations. Said structure is made up of several components:

- A. The Board of Directors with the support of the Risk Policy Committee and the Audit Committee and Company Practices (The company practice functions, that are established in the new Stock Market Law, were incorporated in the Audit Committee in 4Q06).
- B. General Management and its support areas, to wit the Comprehensive Risk Management Unit (UAIR), and the Legal and Comptrollership Departments, which are in charge of ensuring that adequate control and risk levels are maintained in the Group's operations.
- C. Internal Audit, External Audit and the Statutory Accountant (As of 4Q06, the Commissary only applies to the GFNorte subsidiaries), as structures of additional support to watch over the proper working order of the Internal Control System and to provide reasonable certainty as to the reliability of the information generated.
- D. Documents that specify the general control criteria which must be followed to operate and register transactions; to put our human, material and technological resources to good use; to ensure proper usage, security, timeliness and reliability of information; due compliance with external and internal rules and regulations; and a Code of Conduct that regulates the conduct of all Group directors, officers and employees during the performance of their activities.
- E. Manuals of policies and procedures that regulate the operations undertaken by the institution and that establish the points of control to be observed and the parties responsible for compliance thereof.

During 1Q07, the main aspects regarding Internal Control were:

- A. General IT Security policies were checked and revised, as authorized by the Integrity Committee.
- B. During the period, the information systems worked properly and transactions were duly recorded.

SCI continued to work properly developing activities associated with strengthening risk control, assessment and management, establishing and monitoring controls, and insuring information quality.

## Treasury Policy

GFNorte's Banking Sector Treasury is the central unit in charge of balancing its resource needs, monitoring and managing the regulatory levels, eliminating the rate risk of fixed-rate placement operations by using coverage and implementing arbitrage strategies.

The cash currencies and investment in securities are in Mexican pesos and U.S. dollars.

## Internal and External Liquidity Sources

The internal liquidity sources, in local as well as foreign currency, come from the various deposit products that the institution offers its customers, that is checking accounts and term deposits. Another source is the sales of the institution's assets.

External liquidity sources include various mechanisms to access the debt and capital markets. For instance, issuing credit titles, loans from other institution including the Central Bank and international agencies, as well as issuing subordinate debts. This concept also considers the liquidity that the bank obtains by reporting the securities the institution has that are feasible for this type of operation.

Another alternative for getting resources is by issuing capital shares.

### **Dividend Policy**

During the April 30, 2003 session, the Board of Directors approved a dividend payment policy in which it will propose to the General Ordinary Stockholders' Meeting a dividend payment consisting of at least 15% of the Partnership's net recurring profit, providing that there is no legal impediment and that market conditions and the Partnership's financial situation allow it.

### **Related parties loans**

At GFNorte, the amount of the loans performed with related individuals and companies, does not exceed the established limit of 75% of the Tier 1 capital. As of March 31, 2007 and December 31, 2006, the loans granted to related parties totaled Ps 5,326 million and Ps. 5,619 million, respectively.

### **Persons In Charge**

The undersigned represent under oath that, within the scope of our respective functions, we have drawn up the information relative to Grupo Financiero Banorte contained in this report, which, to the best of our knowledge, reasonably reflects its situation.

Ing. Luis Peña Kegel  
Chief Executive Officer of Grupo Financiero Banorte, S. A. de C. V.

Ing. Sergio García Robles Gil  
Chief Financial Officer

C.P. Román Martínez Méndez  
Managing Director Audit

Lic. Jorge Eduardo Vega Camargo  
Executive Director Comptrollership

C.P. Nora Elia Cantú Suárez  
Executive Director Accounting

### **Basis for submitting Financial Statements**

**Grupo Financiero Banorte (GFNorte)** Issues consolidated financial statements with its Subsidiaries in accordance with the General Provisions Applicable to Financial Information of the Regulating Agencies of Financial Groups Subject to Supervision by the National Banking and Securities Commission (CNByV) published in the Official Gazette of the Federation on April 27, 2005 and modified on August 11, 2006, August 14, 2006, December 19, 2006 and January 8, 2007. The figures are expressed in pesos at the close of all the periods being reported as per Bulletin B-9 "Financial Information on Intermediate Dates" of the Norms of Financial Information (**Normas de Información Financiera NIF**). The value of the UDI is used at the end of each period in conformity with Criterion A-2 .

in order to comply with the new general provisions applicable to the financial information of the holding companies, since last 2Q05 its Quarterly Report with information Consolidated at the Financial Group level.

**Banking Sector (Banorte)** Issues consolidated financial statements with trust funds in udis and its subsidiaries in conformity with the General Provisions for Financial Information of Credit Institutions in effect as published on December 2, 2006 and modified on March 3, 2006, March 28, 2006, September 15, 2006, December 6, 2006, December 8, 2006 and January 12, 2007 . The figures are expressed in pesos at the close of all the periods being reported as per Bulletin B-9 "Financial Information on Intermediate Dates" of the Norms of Financial Information (**Normas de Información Financiera NIF**). The value of the UDI is used at the end of each period in conformity with Criterion A-2, Annex 33 .

**Grupo Financiero Banorte (GFNorte) and Banking Sector (Banorte & Bancen)** The financial information contained in this document has been developed according to the regulations issued by the CNByV for the regulating agency and the financial entities that make up the Financial Group and to Norms of Financial Information (**Normas de Información Financiera NIF**), emitted by the Mexican Council for the Investigation and Development of Norms of Financial Information, A.C. (CINIF). The regulations of the CNByV and the NIF mentioned above differ given the specialized operations of the Credit Institutions. Moreover, there is a difference in the generally accepted accounting principles of the United States (US GAAP) and the regulations and principles established by the American authorities for this type of financial entities. In order to present the information contained herein in an international format, the classification format and the presentation of certain financial information differ from the format used for the financial information published in Mexico.

The information contained in this document is based on the non-audited financial information of each of the entities to which it refers.