According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

GFNorte reports Net Income of Ps 1,928 million in 1Q08: A 16% increase compared to 1Q07

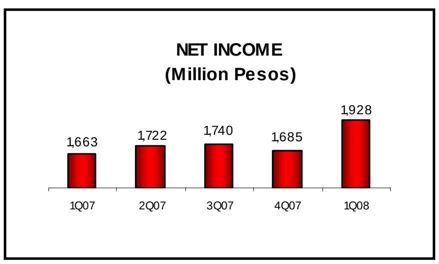
OPERATING RESULTS *(Million Pesos)*	1Q07	4Q07	1Q08	QoQ	YoY
Net Interest Income	3,886	5,065	**5,179**	2%	33%
Non Interest Income	2,104	1,914	**1,961**	2%	(7%)
Total Income	5,925	6,795	**7,140**	5%	21%
Non Interest Expense	3,469	3,841	**3,799**	(1%)	10%
Operating Income	2,194	2,033	**2,336**	15%	6%
Net Income	1,663	1,685	**1,928**	14%	16%

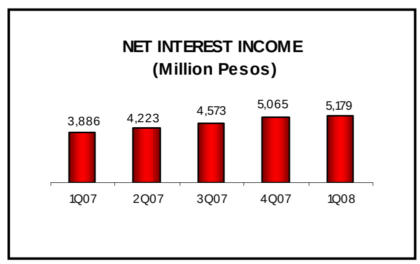
- **Net Income**

During 1Q08, GFNorte reported *Net Income* of Ps 1,928 million, 16% higher than in 1Q07, as a result of higher *Net Interest Income*, which was mainly driven by 29% growth in performing loans, coupled with a better mix of earning assets and one of the lowest funding costs in the industry. Net Income was also driven by higher service fee revenues given the growth in the number of banking customers, which has translated in a greater number of transactions. Net Income also benefited from a non-recurring after tax gain of Ps 237 million from the sale of shares of VISA Inc as part of it's IPO, translating into higher non-operating income.

- **Net Interest Income**

During 1Q08 *Net Interest Income* before inflation adjustments (REPOMO) increased 33% YoY, as a result of a 25% increase in interest income, driven by the 29% annual growth in the performing loan portfolio, as well as higher market interest rates as a consequence of a more restrictive monetary policy since 2Q07. NII also increased as a result of significant growth in loan origination fees, driven by higher loan volumes and the amortization of deferred origination fees from loans generated during 2007.



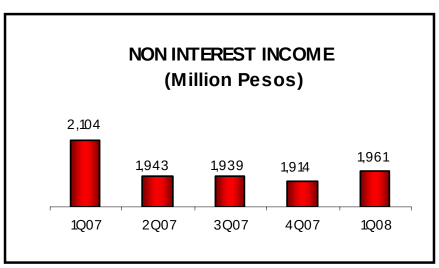


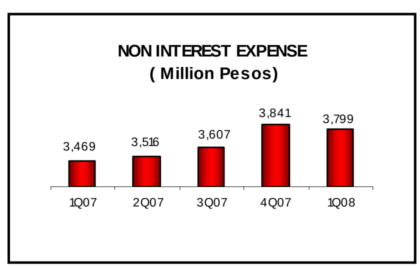
- **Non Interest Income**

This line decreased 7% YoY due to lower trading income as a result of a difficult trading environment since the second half of 2007, having a negative impact in valuation and trading income. This was partially offset by growth in service fees resulting from an increase in the number of products and transaction volumes, as well as an increase in net revenues of real estate portfolios associated with investment projects.

- **Non Interest Expense**

Non interest Expense rose 10% YoY in 1Q08 as a result of an increase in headcount, administrative and promotional expenses derived from the infrastructure network expansion. During 1Q08, the efficiency ratio was 53%, which compares favorably to 58% registered in 1Q07.





According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

** NOTE: Careful consideration should be taken when comparing 2008 results vs. figures of previous quarters since the financial norm NIF B10 "Inflation Effects" went into effect in January of this year. This norm indicates that the economic environment is non-inflationary when the accumulated inflation rate over the last three years is less than 26%. Under this context, as of January 2008, it is no longer necessary to re-express financial statements to consider inflationary effects. Reported 1Q08 figures are not fully comparable with previous quarters, since the results for year 2007and previous years are expressed in pesos of December 2007.*

INCOME STATEMENT AND BALANCE SHEET HIGHLIGHTS – *GFNorte* *(Million Pesos)*	1Q07	4Q07	1Q08	QoQ	YoY
Income Statement					
Net Interest Income after REPOMO	3,821	4,881	**5,179**	6%	36%
Non Interest Income	2,104	1,914	**1,961**	2%	(7%)
Total Income	5,925	6,795	**7,140**	5%	21%
Non Interest Expense	3,469	3,841	**3,799**	(1%)	10%
Provisions	261	921	**1,005**	9%	284%
Operating Income	2,194	2,033	**2,336**	15%	6%
Non Operating Income (Expense)	345	382	**702**	84%	103%
Taxes and Profit Sharing	926	694	**1,075**	55%	16%
Subsidiaries & Minority Interest	49	(36)	**(34)**	(5%)	(170%)
Net Income	1,663	1,685	**1,928**	14%	16%
Balance Sheet					
Assets Under Management	589,098	596,287	**634,873**	6%	8%
Total Assets	248,939	287,283	**301,526**	5%	21%
Perfoming Loans (a)	155,774	193,638	**199,875**	3%	28%
Past Due Loans (b)	2,291	2,893	**3,189**	10%	39%
Total Loans (a+b)	158,064	196,531	**203,065**	3%	28%
Total Loans (Net) (d)	154,658	192,745	**199,017**	3%	29%
Acquired Collection Rights (e)	4,183	3,660	**3,538**	(3%)	(15%)
Total Loans (d+e)	158,841	196,406	**202,554**	3%	28%
Total Liabilities	219,089	253,127	**265,888**	5%	21%
Demand Deposits	95,104	111,080	**103,263**	(7%)	9%
Time Deposits	79,610	92,227	**93,830**	2%	18%
Equity	29,850	34,156	**35,638**	4%	19%

FINANCIAL RATIOS - *GFNorte*	1Q07	4Q07	1Q08	QoQ	YoY
Profitability:					
NIM before REPOMO (1)	7.1%	8.2%	**7.9%**	(0.3) pp	0.8 pp
NIM after Provisions(2)	6.5%	6.4%	**6.4%**	- pp	(0.1) pp
ROE (3)	24.0%	20.8%	**23.2%**	2.4 pp	(0.8) pp
ROA (4)	2.7%	2.4%	**2.6%**	0.2 pp	(0.1) pp
Operation:					
Efficiency Ratio (5)	57.9%	55.0%	**53.2%**	(1.8) pp	(4.7) pp
Operating Efficiency Ratio (6)	5.6%	5.4%	**5.2%**	(0.2) pp	(0.4) pp
Liquidity Ratio (7)	59.4%	49.0%	**49.9%**	0.9 pp	(9.5) pp
Asset Quality:					
Past Due Loan Ratio	1.4%	1.5%	**1.6%**	0.1 pp	0.2 pp
Coverage Ratio	148.7%	130.9%	**126.9%**	(4.0) pp	(21.8) pp

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 quarterly equity over the period.
4) Annualized earnings as a percentage of the average quarterly assets over the period.
5) Non Interest Expense / (Total Operating Income – Repomo Margin + Loan Loss Provisions)
6) Annualized Non Interest Expense / Average Total Assets.
7) Liquid Assets / Liquid Liabilities (Liquid Assets = Cash and due from Banks + Negotiable Instruments + Securities held for sale, Liquid Liabilities = Demand Deposits + Loans from banks and other organizations with immediate call option + short term loans from banks.

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

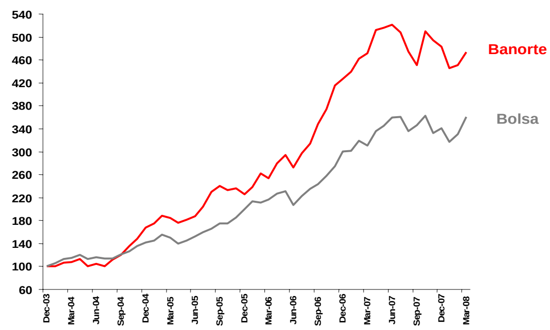
SUBSIDIARIES *(Million Pesos)*	1Q07	4Q07	1Q08	QoQ	YoY
Banking	1,385	1,496	**1,718**	15%	24%
Banco Mercantil del Norte (1)	1,385	1,496	**1,718**	15%	24%
Brokerage House	63	90	**71**	(22%)	13%
Long Term Savings	132	65	**79**	22%	(40%)
Retirement Funds (Afore)	26	21	**33**	59%	27%
Insurance	46	49	**39**	(22%)	(17%)
Annuities	59	(5)	**8**	N.C.	(87%)
Other Finance Companies	74	66	**71**	8%	(4%)
Leasing & Factoring (2)	60	62	**66**	7%	9%
Warehousing	4	4	**5**	24%	8%
Bonding (3)	9	-	**-**	-	-
Microlending (Pronegocio)	(1)	(23)	**(9)**	N.C.	N.C.
Holding Company	11	(9)	**(2)**	N.C.	(118%)
Total Net Income	1,663	1,685	**1,928**	14%	16%

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. = Non Comparable.
2) The merger of Leasing and Factoring became effective as of January 31, 2008
3) The Bonding Company was spun off from Grupo Financiero on march 30, 2007.

SHARE DATA	1Q07	4Q07	1Q08	QoQ	YoY
Earnings per Share (Pesos)	0.82	0.83	**0.96**	14%	17%
Dividends per Share (Pesos)	-	0.45	**-**	-	-
Dividend Payout (Recurrent net income)	-	15%	**-**	-	-
Book Value per Share (1) *(Pesos)*	14.03	16.10	**16.79**	4%	20%
Shares Outstanding *(Millions)*	2,018.3	2,018.3	**2,018.3**	-	-
Price *(Pesos)*	52.30	45.08	**46.14**	2%	(12%)
P/BV *(Times)*	3.73	2.80	**2.75**	(2%)	(26%)
Market Cap *(Millions of Dollars)*	9,562	8,341	**8,753**	5%	(8%)

1) Excluding Minority Holdings.

SHARE PERFORMANCE
(Base 100 = December 2003)



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RECENT EVENTS

- **Alejandro Valenzuela is appointed as acting CEO of Grupo Financiero Banorte.**

On April 14 2008, the Board of Directors of Grupo Financiero Banorte accepted the resignation of Luis Peña as Banorte's CEO .The Board of Directors appointed Alejandro Valenzuela del Río as acting CEO of Banorte. Mr. Valenzuela has a long and successful career of over 20 years in both the public and private financial sector, holding various relevant positions, such as: Director of International and External Relations at the Central Bank (Banco de México); Economic Spokesman and Chief of Staff for the Minister of Finance; Managing Director of International Treasury Affairs; Director of Public Debt and Director of Foreign Investment and Trade at the Ministry of Finance (Secretaría de Hacienda y Crédito Público), among others. During the 5 years that he has been with Banorte, Mr. Valenzuela's most recent position was Senior Managing Director of Treasury Operations and Investor Relations and CEO of the Broker Dealer, previously he was Managing Director of Investor and Institutional Relations.

- **Comercial Mexicana and Banorte establish strategic alliance to provide financial services to the retailer's customers.**

On February 25, Comercial Mexicana and Banorte signed a Letter of Intent to establish a strategic alliance to offer financial services on an exclusive manner to the customers of Mega, Comercial Mexicana, Bodega Comercial Mexicana, Sumesa, Alprecio and City Market formats. The completion of this agreement depends on the termination of the current partnership between Comercial Mexicana and Cetelem, as well as the approval by the Ministry of Finance (Secretaría de Hacienda y Crédito Público – SHCP) and other relevant authorities. Comercial Mexicana and Banorte intend to create a new company under the legal denomination of a Regulated Multipurpose Financial Institution (SOFOM). Comercial Mexicana will have a 51% equity stake in the new company, and Banorte the remaining 49%, nonetheless economics will be shared on a 50/50 basis. The SOFOM is expected to start operations in the second half of 2008.

- **Banorte issued subordinated debt for a total of Ps 5.0 billion; the largest transaction of its kind in the Mexican Debt Market.**

The transaction consisted of two simultaneous issues of Subordinated Debentures which will strengthen Banorte's capitalization. The Non-Preferred, Non-Convertible Subordinated Debentures (BANORTE 08) amounted to Ps 3.0 billion with a 10-year term and an interest rate of TIIE 28 + 60 basis points. The Preferred, Non-Convetible Subordinated Debentures (BANORTE 08U) denominated in UDIS (inflation linked units) amounted to Ps 2.0 billion with a 20-year term and a 4.95% fixed real rate paid every 182 days. Moody's rated both issues Aaa.mx. This transaction constitutes the first step of an innovative 5 year program to issue up to Ps 15 billion in Preferred and Non-Preferred Non-Convertible Subordinated Debentures, which compute as Regulatory Capital. The objective is to strengthen Banorte's current and future growth capacity.

- **Merger of Arrendadora and Factor Banorte, S. A. de C. V., Multipurpose Financial Institution, Regulated Entity, Grupo Financiero Banorte with Arrendadora Banorte, S.A. de C.V., Multipurpose Financial Institution, Regulated Entity, Grupo Financiero Banorte.**

The Ministry of Finance (Secretaría de Hacienda y Crédito Público) approved the merger of Arrendadora and Factor Banorte, S. A. de C. V., Regulated Multipurpose Financial Institution of Grupo Financiero Banorte with Arrendadora Banorte, S.A. de C.V., Regulated Multipurpose Financial Institution of Grupo Financiero Banorte, with the latter as the merged company and the former as the surviving merging company. The merging company adopted the company name of the merged company, Arrendadora y Factor Banorte, S. A. de C. V., Regulated Multipurpose Financial Institution of Grupo Financiero Banorte. The merger became effective as of January 31, 2008.

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

GRUPO FINANCIERO BANORTE

NET INTEREST INCOME *(Million Pesos)*	1Q07	4Q07	1Q08	QoQ	YoY
Interest Income	9,080	11,105	**11,320**	2%	25%
Interest Expense	5,217	6,140	**6,249**	2%	20%
Loan Origination Fees	23	99	**107**	8%	356%
Fees Paid (1)	-	-	**-**	-	-
Net Interest Income before REPOMO	3,886	5,065	**5,179**	2%	33%
Average Earning Assets	218,650	248,252	**261,871**	5%	20%
Net Interest Margin before REPOMO (2)	7.1%	8.2%	**7.9%**	(0.3) pp	0.8 pp

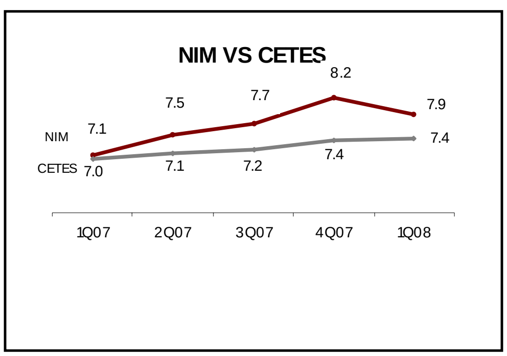
1) Fees Paid, As a result of new accounting standards by the CNByV that went into effect as of January 2007 these fees were reclasificated into Other Fees Paid in Non Interest Income.
2) NIM = Annualized Net Interest Margin before REPOMO / Average Earnings Assets

- **Net Interest Income**

During 1Q08 *Net Interest Income* before inflation adjustments (REPOMO) increased 33% YoY, as a result of a 25% increase in interest income, driven by a 29% annual growth in performing loans (excluding the Recovery Banking portfolio) and higher market interest rates, in addition to an expansion in core deposits and a better asset mix. *Net Interest Income* also benefited from significant growth in loan origination fees, driven by higher new loan volumes and the amortization of deferred origination fees from loans generated during 2007. On a QoQ basis, *Net Interest Income* before inflation adjustments (REPOMO) rose 2% vs. 4Q07 due to a 3% growth in performing loans, especially consumer, as well as higher origination fees driven by new loans and the amortization of deferred origination fees from loans generated in 2007.

The average *NIM* rose from 7.1% in 1Q07 to 7.9% in 1Q08 due to the following factors: 1) Higher growth in *NII* before inflationary adjustments (33%) with respect to the increase in productive assets (20%); and 2) The positive effect on variable rate loans of higher market rates due to the 50 bp increase in Banxico's funding rate in 2007. The average Interbank Equilibrium Rate (TIIE) for 1Q08 was 7.9280% vs. 7.4386% in 1Q07.

On a quarterly basis, the *NIM* fell from 8.2% in 4Q07 to 7.9% in 1Q08 as a result of: 1) fewer calendar days during 1Q08 vs. 4Q07; and 2) Faster growth of productive assets relative to the *NII* before inflationary adjustments. The average Interbank Equilibrium Rate (TIIE) during 1Q08 was 7.9280% vs. 7.8632% in 4Q07.



According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

NON INTEREST INCOME *(Million Pesos)*	1Q07	4Q07	1Q08	QoQ	YoY
Fees charged on Services	**1,784**	**2,140**	**2,045**	**(4%)**	**15%**
Fund Transfers	60	56	**54**	**(3%)**	(10%)
Account Management Fees	242	254	**235**	**(7%)**	(3%)
Fiduciary	64	74	**69**	**(7%)**	7%
Income from Real Estate Portfolios (1)	116	160	**190**	**18%**	64%
Electronic Banking Services	213	258	**236**	**(8%)**	11%
Credit Card Fees	477	599	**581**	**(3%)**	22%
Fees from IPAB (2)	1	4	**-**	**(98%)**	(93%)
Fees charged by Afore	270	253	**256**	**1%**	(5%)
Other Fees Charged (3)	342	482	**424**	**(12%)**	24%
Fees Paid on Services	**250**	**309**	**282**	**(9%)**	**13%**
Fund transfers	5	4	**5**	**24%**	8%
Other Fees Paid	245	305	**277**	**(9%)**	13%
Expenses from Real Estate Portfolios (1)	-	-	**-**	**-**	-
Net Fees	**1,534**	**1,831**	**1,763**	**(4%)**	**15%**
Trading Income	**569**	**83**	**198**	**139%**	**(65%)**
Foreign Exchange	93	125	**106**	**(15%)**	14%
Securities – Realized Gains	510	(38)	**175**	**564%**	(66%)
Securities – Unrealized Gains	(33)	(4)	**(83)**	**1,845%**	148%
Non Interest Income	**2,104**	**1,914**	**1,961**	**2%**	**(7%)**

1) Since 1Q07, it only reflects Income from recoveries and amortizations of Real Estate Portfolios. Up to 4Q06, it also included Income from recoveries and amortization of Acquired Portfolios.
2) Includes Fees received by Recovery Banking and by the Bank.
3) 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.

- **Non Interest Income**

Non Interest Income decreased 7% YoY in 1Q08, affected mainly by lower trading gains since the comparison base for 1Q07 was high due to the favorable market environment in the first quarter of last year. The main variations by item are explained as follows:

NON INTEREST INCOME *(Million Pesos)*	1Q07	4Q07	1Q08	QoQ	YoY
Services	1,418	1,666	**1,573**	(6%)	11%
Recovery	116	164	**190**	16%	64%
Foreign Exchange	93	125	**106**	(15%)	14%
Trading (Securities – Realized and Unrealized Gains)	476	(42)	**92**	N.A.	(81%)
Non Interest Income	**2,104**	**1,914**	**1,961**	**2%**	**(7%)**

- **Service Fees**

Service Fees increased 11% YoY, growing in various items, such as Other Fees Charged (24%), Credit Card fees (22%) which were driven mainly by greater card placements (185 thousand in 1Q08 vs. 147 thousand in 1Q07), and Electronic Banking Services (11%) as a result of the enhancements to the IT infrastructure network, especially an 18% increase in the number of ATMs, as well as higher transactions through all the electronic channels (ATM's, internet and POS terminals).

- **Recovery**

Income derived from *Real Estate Portfolios* increased 64% vs. 1Q07 and 16% compared to 4Q07, driven by the efforts to optimize the real estate recovery business, lower financing costs and a greater participation in investment projects. At the close of 1Q08, the total amount invested in projects was Ps 2.6 billion. Greater diversification by geography, project, partner and industry has also been achieved in recent months.

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

- **Foreign Exchange**

Foreign Exchange revenues rose by 14% YoY in 1Q08 given the greater volume of transactions. On a quarterly basis, *Foreign Exchange* revenues dropped 15%.

- **Trading:**

Trading income fell 81% YoY in 1Q08 due to a high comparison base given the favorable market environment that persisted during the first quarter of 2007. Nevertheless, on a quarterly basis *Trading* income compares favorably against the loss of 4Q07 due to an improvement in conditions after international volatility and market participant's fears of an increase in inflationary expectations eased. Eventhough in 1Q08 the long end of the yield curve shifted downward, helping valuations, the full yield curve inverted, resulting in a negative carry.

Non Interest Expense *(Million Pesos)*	1Q07	4Q07	1Q08	QoQ	YoY
Personnel Expenses	1,408	1,480	**1,504**	2%	7%
+ Professional Fees	232	292	**227**	(22%)	(2%)
+ Administrative and Promotion Expenses	1,098	1,274	**1,255**	(1%)	14%
+ Rents, Depreciation & Amortization	402	429	**417**	(3%)	4%
+ Taxes other than income tax	155	169	**183**	8%	18%
+ Contributions to IPAB	175	196	**213**	9%	22%
= Non Interest Expense	**3,469**	**3,841**	**3,799**	**(1%)**	**10%**

- **Non Interest Expense**

The 10% YoY growth in N*on Interest Expense* during 1Q08 was mainly due to a 14% increase in Administration and Promotional Expenses, resulting from the expansion of the Credit Card business (telemarketing and costs related to point redemptions in the Banorte Rewards program). Personnel Expenses rose 7% as a result of the staffing of new branches and the extension of service hours in strategic branches; higher medical service expenses given the increase in the number of beneficiaries and adjustments to provisions for tax obligations according to the budget calendar. Last year provisions were done uniformly and this year they must be done according to the calculated amount for the period according to the new tax regulations. Professional fees paid dropped 2% YoY, while Rents, Depreciations and Amortizations rose 4% due to the expansion in the number of branches. Other Taxes rose 18% given a higher payment of Value Added Taxes. Contributions to the IPAB increased 22% YoY driven by the higher level of Deposits.

On a quarterly basis, expenses decreased 1% as promotional expenses were lower in the first quarter relative to the fourth when seasonal institutional campaigns like "Haz que suceda" and "Campañas Navideñas" were launched. Professional Fees dropped 22% vs. 1Q07 as a result of a reduction in fees paid related to loan recoveries at the beginning of the year and the delay in launching new IT projects, and Rents, Depreciations and Amortizations fell 3% due to the accelerated amortization during 4Q08 of expenses related to the relocation of branches.

The efficiency ratio improved from 57.9% in 1Q07 to 53.2% 1Q08 due to higher income and the elimination of REPOMO charges as of 1Q08.

NON OPERATING INCOME (EXPENSE) NET *(Million Pesos)*	1Q07	4Q07	1Q08	QoQ	YoY
Non Operting Income	699	762	**850**	11%	22%
Other Revenues	140	181	**548**	203%	291%
Foreign Exchange	-	-	**-**	-	-
Recoveries	442	530	**267**	(50%)	(40%)
Repomo - Other Revenues	6	7	**-**	-	-
Warehousing	111	44	**35**	(20%)	(68%)
Non Operating Expense	(353)	(380)	**(148)**	(61%)	(58%)
Other Expenses	(103)	(148)	**(114)**	(23%)	11%
Foreign Exchange	-	-	**-**	-	-
Repomo - Other Expenses	(140)	(189)	**-**	-	-
Warehousing	(111)	(44)	**(34)**	(23%)	(69%)
Non Operating Income (Expense), net	345	382	**702**	84%	103%

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

- **Non Operating Income (Expense)**

Non Operating Income amounted to Ps 702 million, a 103% increase over the 1Q07 amount, due to several factors:

> *Other Revenues:* a Ps 394 million non-recurring pre-tax gain from the sale of VISA shares during its IPO (composed of 868,138 million shares at a net price of USD 42.768 and an exchange rate of $10.62 pesos per dollar), the recovery of Ps 103 million in previously written-off proprietary loans and the increase in Other Income resulting from a Ps 19 million gain from sales of proprietary real estate and equipment the corresponding liberation of reserves.

> *Other Expenses* The elimination of the REPOMO charges according to the norm NIFB-10 "Inflation Effects" that came into effect in January of 2008.

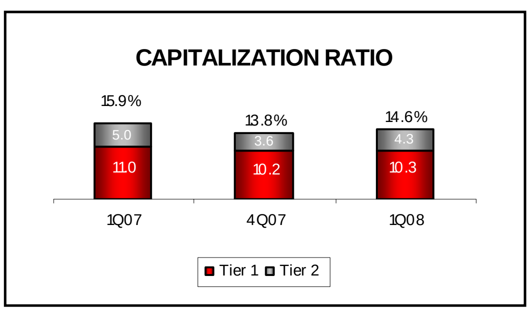
On a QoQ basis, net *Non Operating Income* for 1Q08 was 84% higher than in 4Q07 mainly due to the elimination of REPOMO charges according to accounting norms, which amounted to Ps 189 million in 4Q07 and to the non-recurring gain from the sale of VISA shares. Banorte retained part of its shares in VISA, on April 2008, Banorte will register 676,990 VISA shares that were not sold in the IPO as part of its assets in the line “Investment in Securities”, under “Securities Available for Sale”, with a restriction to keep this position for three years. Shares will be initially recognized with a unit value of USD$1, which will registered in the P&L as “Other Products”. In future valuations, changes in the market value of this asset will be affected against equity.

Capitalization *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	QoQ	YoY
Tier 1 Capital	21,435	23,321	25,578	24,942	**27,527**	10%	28%
Tier 2 capital	9,708	9,252	9,087	8,767	**11,524**	31%	19%
Net Capital	31,144	32,573	34,665	33,710	**39,052**	16%	25%
Credit Risk assets	134,326	149,467	160,954	173,505	**187,467**	8%	40%
Net Capital/ Credit Risk Assets	23.2%	21.8%	21.5%	19.4%	**20.8%**	1.4 pp	(2.4) pp
Total Risk Assets (1)	195,387	213,925	233,094	244,321	**267,136**	9%	37%
Tier 1	11.0%	10.9%	11.0%	10.2%	**10.3%**	0.1 pp	(0.7) pp
Tier 2	5.0%	4.3%	3.9%	3.6%	**4.3%**	0.7 pp	(0.7) pp
Capitalization Ratio	15.9%	15.2%	14.9%	13.8%	**14.6%**	0.8 pp	(1.3) pp

(1) Includes Market Risks. Without inter-company eliminations.
(*) The capitalization ratio of the last period reported is estimated.

- **Capitalization**

At the end of 1Q08, the *Capitalization Ratio* stood at 14.6% taking into account credit and market risk, and 20.8% considering only credit risk. Tier 1 capital ratio was 10.3% and Tier 2 stood at 4.3%. The capitalization ratio for 1Q08 dropped 130 bp compared to 1Q07 due to the 37% growth in Risk Assets, mainly the loan portfolio, and to the pre-payment of Obligations. On a quarterly basis, the *Capitalization Ratio* increased 80 bp with respect to 4Q07, rising from 13.8% in 4Q07 to 14.6% in 1Q08, mainly due to the issuance of Ps $4.52 billion in subordinated non-convertible debentures in March, offsetting the 9% growth in Risk Assets.



DEPOSITS *(Million Pesos)*	1Q07	4Q07	1Q08	QoQ	YoY
Non Interest Bearing Demand Deposits	34,983	43,803	**43,342**	(1%)	24%
Interest Bearing Demand Deposits (1)	60,138	67,303	**59,923**	(11%)	-
Total Demand Deposits (2)	**95,121**	**111,106**	**103,266**	(7%)	9%
Time Deposits – Retail	57,040	63,639	**63,067**	(1%)	11%
Core Deposits	**152,160**	**174,745**	**166,333**	(5%)	9%
Money Market (3)	22,679	28,780	**30,904**	7%	36%
Total Bank Deposits	**174,839**	**203,525**	**197,236**	(3%)	13%
GFNorte's Total Deposits (4)	**174,703**	**203,298**	**197,084**	(3%)	13%
Third Party Deposits	165,479	136,988	**168,131**	23%	2%
Total Assets Under Management	**340,318**	**340,513**	**365,368**	7%	7%

1) Includes Debit Cards.
2) Excludes IPAB cash management checking accounts for loan portfolios managed from Banpaís and Bancen. The balances of these accounts in 1Q07, 4Q07 and 1Q08 were Ps $10 million, Ps $9 million and Ps $8 million, respectively.
3) Includes Bank Bonds, both clients and Financial intermediaries.
4) Includes the eliminations between the subsidiaries (1Q07=136 millions, 4Q07=227 milllons and 1Q08=153 millions).

- **Total Deposits**

Total Deposits at the end of 1Q08 reached Ps 197.1 billion, a 13% YoY increase driven by 9% growth in *Core Deposits,* supported by the opening 64 new branches over the last 12 months. During this period, Banorte's deposits grew above the industry average. On a quarterly basis, Total Deposits fell 3% given the the normal seasonal decline in *Demand Deposits* between 4Q07 and 1Q07.

- **Demand and Time Deposits**

During 1Q08, Banorte's *Demand Deposits* grew 9% and *Time Deposits* increased 11%. This performance can be attributed to the increase in balances of accounts held by individuals and corporates, as well as the continous promotional efforts to place more products which contributed to the growth in the new Enlace checking account for companies, and Suma Ahorro and Banorte Facil savings accounts. *Core Deposit* growth was also supported by the expansion in our distribution network. As a result, more than 500 thousand checking and savings accounts were opened during 1Q08. On a QoQ basis, *Demand Deposits* fell by 7% and *Time Deposits* by 1%, affected by the the seasonal effects that normally happen at the beginning of every year.

- **Money Desk Deposits**

The 36% annual growth was mainly driven by an increase in volumes from corporate and government clients, offsetting a reduction in deposits by individuals that have migrated towards other products, such as mutual funds. On a QoQ basis, this line increased by 7% as a result of successful efforts to attract more funds from our customer base.

- **Third Party Deposits**

Increased by 2% vs. 1Q08 and 23% vs. 4Q07.

- **Assets Under Management**

At the end of 1Q08, *AUM* totaled Ps $365,368 million, 7% higher than in 1Q07 and 4Q07, driven by higher levels of deposits and growth in assets managed by the brokerage house, mutual funds and long-term retirement savings (AFORE).

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

PERFORMING LOAN PORTFOLIO *(Million Pesos)*	1Q07	4Q07	1Q08	QoQ	YoY
Commercial	61,591	74,538	**75,914**	2%	23%
Consumer	51,492	63,320	**66,618**	5%	29%
Corporate	26,105	36,686	**38,696**	5%	48%
Government	15,261	17,948	**17,556**	(2%)	15%
Sub Total	154,450	192,491	**198,784**	3%	29%
Recovery Banking	1,323	1,147	**1,091**	(5%)	(18%)
Total	155,774	193,638	**199,875**	3%	28%

PERFORMING CONSUMER LOAN PORTFOLIO *(Million Pesos)*	1Q07	4Q07	1Q08	QoQ	YoY
Mortgages	28,837	36,096	**37,978**	5%	32%
Car Loans	6,699	7,229	**7,411**	3%	11%
Credit Cards	10,790	13,882	**15,005**	8%	39%
Payroll	5,165	6,113	**6,223**	2%	20%
Consumer Loans	51,492	63,320	**66,618**	5%	29%
(Million Pesos)	**1Q07**	**4Q07**	**1Q08**	**QoQ**	**YoY**
IPAB Loans	-	-	**-**	-	-
Past Due Loans	2,291	2,893	**3,189**	10%	39%
Loan Loss Reserves	3,407	3,786	**4,048**	7%	19%
Acquired Rights	4,183	3,660	**3,538**	(3%)	(15%)

- **Total Performing Loans**

The *Performing Loan Outstandings* increased 28% YoY from Ps 155.8 billion to Ps 199.9 billion, and 29% excluding the loan portfolio managed by Recovery Banking. On a QoQ basis, performing loans rose 3%, driven mainly by the consumer, mortgage and corporate portfolios.

All business segments continue to post vigorouos growth rates, driven by higher overall credit demand, proprietary initiatives to improve our credit product offering and the efforts by the business units to generate more new loans. Growth rates by segment were:

- **Commercial:** Outstandings grew 23% YoY and 2% QoQ, driven by the renewed strategy to penetrate this sector (Empuje Banorte) through comprehensive servicing and a specialized sale force at branch level.

- **Consumer + Mortgage Loans.** This segment grew by 29% YoY and 5% QoQ, driven by higher originations in all of its components:

  - ***Mortgages:*** The 32% YoY and 5% QoQ growth was due to successful commercial initiatives to increase originations such as: the introduction of the “Más por Menos” 20 year product during 2007 and the improvements to its characteristics in 1Q08; the diversification of origination channels, especially through mortgage brokers; the opening of new service centers for home developers (CAP’s); the launch of new products destined to Fovissste benefciaries as part of the agreement signed with that housing agency; the improvements to the PEMEX Program product ofering and the boost to originations resulting from the changes to the Cofinavit mechanism. As a result, 18,827 new loans were generated in the last 12 months and 4,421 in 1Q08.

  - ***Credit Cards:*** Outstandings expanded by 39% YoY and 8% QoQ, driven by an increase in balances transferred through our “Ya Bájale” program, including its expanded reach targeting department store clients; greater originations through alternate channels (telemarketing) and the branch network, and the development of the current client portfolio through activation, usage and retention initiatives. At the close of 1Q08, Banorte had 1.6 million credit cards outstanding.

  - ***Payroll Loans:*** Increased 20% YoY and 2% QoQ as a result of new initiatives such as the automatization of the origination process through the CREa project, the availability of loans through Banorte Virtual on site in companies, the use of direct mailing with pre-authorized loans to recurring customers, the addition of unemployment insurance to this product, the disbursements of loans through ATM’s and the possibility of using the amortized capital. Additionaly, the efforts to attract payrolls from corporate and government clients has increased our pool of potential payroll loan clients, and we have increased our efforts to penetrate our existing client base in payroll deposit accounts. During the last 12 months, 271,307 new payroll loans and 32,235 new personal loans were placed, while 64,988 and 5,605, respectively, were originated during 1Q08.

- ***Car Loans:*** Expanded 11% YoY and 3% QoQ as a consequence of improvements made to the loan origination process, the availability of loans through Banorte Virtual in car delearships, the use of direct mailings to payroll customers and an increase in the sales force. During the last 12 months, 36,765 new loans were placed, while 9,104 were originated during 1Q08.

➢ **Corporate:** The portfolio grew 48% YoY (5% QoQ) due to a sharp pickup in loan demand industrywide and the implementation of new strategies to increase originations.

➢ **Government:** The portfolio increased 15% YoY (-2% QoQ) driven by renewed focus to penetrate this segment by the recently created area for government clients, offering comprehensive solutions to address their financial needs, as well as an increase in credit demand from state and municipalities. The quarterly decrease was mainly due to pre-payments from various clients at the Federal and State levels.

- **Past Due Loans**

At the end of 1Q08, the *Past Due Loan Ratio* (PDL) stood at 1.6%, which is slightly higher from the 1.5% in 4Q07 and 1.4% in 1Q07. PDL's grew 39% YoY and 10% QoQ, mainly as a consequence of the strategy followed by the bank for more of 24 months to increase its presence in the credit card segment. The higher delinquencies are a consequence of the maturation of the 2006 and 2007 credit card vintages, which are the largest in the bank's history. In this respect, the PDL ratio in credit cards increased to 5.9% at the end of 1Q08, which compares favorably to the average for the other major banks in the system.

PAST DUE LOAN VARIATIONS
(Million Pesos)

Balance as of December 2007		**2,893**
	Transfer from Performing Loans to Past Due Loans	2,572
	Renewals	(9)
	Cash Collections	(321)
	Discounts	(5)
	Charge Offs	(688)
	Foreclosures	(121)
	Transfer from Past Due Loans to Performing Loans	(1,137)
	Foreign Exchange Adjustments	6
Balance as of March 2008		**3,189**

RISK RATING OF PERFORMING LOANS – *GFNorte*
(Million Pesos)

		LOAN LOSS RESERVES			
CATEGORY	**LOANS**	**COMMERCIAL**	**CONSUMER**	**MORTGAGES**	**TOTAL**
A	**61,216**	**-**	**130**	**123**	**253**
A1	**87,509**	**391**	**-**	**-**	**391**
A2	**50,896**	**476**	**-**	**-**	**476**
B	**6,007**	**-**	**177**	**155**	**332**
B1	**3,694**	**77**	**-**	**-**	**77**
B2	**987**	**49**	**-**	**-**	**49**
B3	**752**	**85**	**-**	**-**	**85**
C	**967**	**-**	**326**	**75**	**400**
C1	**162**	**34**	**-**	**-**	**34**
C2	**117**	**48**	**-**	**-**	**48**
D	**1,370**	**86**	**697**	**199**	**981**
E	**603**	**254**	**113**	**231**	**598**
Total	**214,279**				
Not Classified	**(163)**				
Exempt	**118**				
Total	**214,235**	**1,500**	**1,443**	**782**	**3,725**
Reserves					**4,048**
Surplus (Deficit)					**323**

Notes:
1.- The rating of loans and the reserves created correspond to the last day referred in the Balance Sheet until March 31st, 2008.
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 that were constituted mainly in UDIs Trusts.
4.-Rating of Leasing and Factoring loans are until December 2007 and reserves until March, 2008.

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

LOAN LOSS RESERVES (Million Pesos)	1Q08
Previous Period Ending Balance	**3,786**
Provisions charged to results	1,005
Other Concepts	(1)
Elimination of Excess Reserves charged to results	-
Charge offs and discounts:	
Commercial Portfolio	(63)
Consumer Portfolio	(543)
Mortgage Portfolio	(107)
Foreclosed assets	(14)
	(727)
Cost of debtors support programs	(18)
Valuation and Others	2
Loan Loss Reserves at Period End	**4,048**

- **Loan Loss Reserves**

At the end of the quarter, the balance of this account was Ps $4.05 billion, slightly higher from the level at the end of 4Q07. The change is explained by a Ps $1,005 million increase in Provisions for Loan Loss Reserves charged against results, as well as the use of Ps $727 million in charge-offs and discounts, and Ps ($17) million in other concepts.

- **Requirements for Loan Loss Reserves**

Loan Loss Reserves for the quarter were Ps $1.0 billion, 284% higher than in 1Q07. However, the figures are not fully comparable as a consequence of a one-time Ps $475 million pretax reversal of excess reserves in 1Q07 in accordance to the new accounting standards which came into effect as of January 2007. On a comparable basis, provisions grew by 37% resulting from higher past due loans in the credit card segment.

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

BANKING

INCOME STATEMENT & BALANCE SHEET ***HIGHLIGHTS– Banking*** *(Million Pesos)*	1Q07	4Q07	1Q08	QoQ	YoY
Income Statement					
Net Interest Income before Repomo	3,842	4,833	**4,921**	2%	28%
Provisions	249	900	**987**	10%	296%
Non Interest Income	1,527	1,408	**1,551**	10%	2%
Non Interest Expense	3,114	3,408	**3,408**	-	9%
Non Operating Income (Expense), Net	322	411	**731**	78%	127%
Pre-Tax Income	2,289	2,206	**2,808**	27%	23%
Net Income	1,454	1,563	**1,804**	15%	24%
Balance Sheet					
Performing Loans	150,516	185,538	**193,514**	4%	29%
Deposits	174,849	203,534	**197,245**	(3%)	13%

- **Net Interest Margin**

The *Net Interest Margin* before Repomo rose 28% QoQ, driven by a 29% increase in Total Performing Loans and a 13% expansion in Core Deposits. Another positive effect on NII was the increase in market rates due to tighter monetary conditions.

- **Non Interest Income**

Non Interest Income grew by 2% QoQ due to increased product placements during the year and higher transaction volumes, offsetting the decline in Trading Income.

- **Non Interest Expense**

Non Interest Expenses increased 9% versus 1Q07 due to higher Personnel, Promotional and Advertising Expenses, resulting from expenses related to the staffing of the new branch expansion program, extended service hours in some branches andan increase in transactions.

- **Non Operating Income, Net**

Increased 127% vs. 1Q07 driven by non-recurring gains realized from the Visa IPO, as well as from the elimination of REPOMO charges as required by accounting norms which came into effect in January 2008.

- **Net Income**

The bank's accumulated *Net Income* (100% including the Afore through the equity participation method) amounted to Ps $1.8 billion, 24% higher than 1Q07, driven mainly by higher interest margins, non interest income and non-operating income.

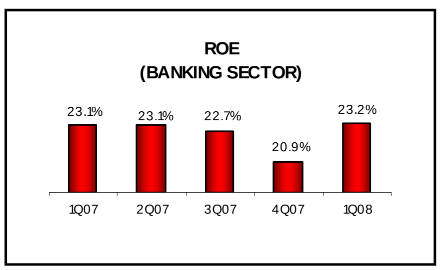
- **Loan Loss Provisions**

Loan Loss Provisions grew by 296% YoY. Nonetheless, this growth rate was 36% if the one-time reversal of excess reserves in 1Q07 is excluded. The increase in provisions was mainly as a result of higher delinquencies in the credit card portfolio.

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

FINANCIAL RATIOS – *Banking Sector* *(Million Pesos)*	1Q07	4Q07	1Q08	QoQ	YoY
Profitability					
NIM (1)	7.2%	**8.1%**	**7.8%**	(0.3) pp	0.6 pp
ROE (2)	23.1%	**20.9%**	**23.2%**	2.3 pp	0.1 pp
ROA (3)	2.4%	**2.3%**	**2.5%**	0.2 pp	0.1 pp
Operation					
Efficiency Ratio (4)	58.0%	**54.6%**	**52.7%**	(1.9) pp	(5.3) pp
Operating Efficiency Ratio (5)	5.3%	**5.0%**	**4.8%**	(0.2) pp	(0.5) pp
Liquidity Ratio (6)	60.5%	**50.7%**	**50.8%**	0.1 pp	(9.7) pp
Asset Quality					
Past Due Loan Ratio	1.4%	**1.5%**	**1.5%**	- pp	0.1 pp
Coverage Ratio	152.7%	**135.1%**	**130.6%**	(4.5) pp	(22.1) pp
Growth (7)					
Performing Loans (8)	24.2%	**31.2%**	**28.7%**	n.a.	n.a.
Core Deposits	20.8%	**13.1%**	**10.6%**	n.a.	n.a.
Total Deposits	16.9%	**16.0%**	**13.0%**	n.a.	n.a.
Capitalization					
Net Capital/ Credit Risk Assets	23.2%	**19.4%**	**20.8%**	1.4 pp	(2.4) pp
Total Capitalization Ratio	15.9%	**13.8%**	**14.6%**	0.8 pp	(1.3) pp

1) NIM= Annualized Net Interest Margin before REPOMO / Average Earnings Assets.
2) Annualized earnings as a percentage of the average quarterly equity over the period.
3) Annualized earnings as a percentage of the average quarterly assets 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 institutions with option to redeem any moment + short term loans from banks.
7) Growth versus the previous period.
8) Does not include Fobaproa / IPAB and loans managed by Recovery Banking.



Banote USA *(Million Pesos)*	1Q07	4Q07	1Q08	QoQ	YoY
Banorte USA					
Net Income	33	17	**46**	171%	39%
Performing Loans	9,828	10,776	**10,884**	1%	11%
Past Due Loans	79	83	**137**	65%	73%
Deposits	15,039	15,318	**15,280**	-	2%
Stockholder's Equity	3,517	3,847	**3,870**	1%	10%

Net Income was Ps 46 million in 1Q08, driven by higher net interest income which was explained by an 11% increase in performing loans. The NIM was 4.2% at the end of 1Q08, the efficiency ratio was 40.3%, ROE was 22.1% and the PDL ratio was 1.2%.

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

RECOVERY BANKING

INCOME STATEMENT HIGHLIGHTS – Recovery Banking *(Million Pesos)*	1Q07	1Q08	YoY
Net Interest Income	(46)	**(54)**	17%
Loan Loss Provisions	8	**34**	325%
Non Interest Income	298	**336**	13%
Non Interest Expense	182	**176**	(3%)
Non Operating Income (Expense), net	135	**169**	25%
Pre-tax Income & Subsidiaries	198	**242**	22%
Income Tax & Profit Sharing	67	**75**	12%
Undistributed Earnings of Subsidiaries	-	**-**	-
Net Income	131	**167**	27%

As of 1Q07, the financial information of Sólida Administradora de Portafolios is consolidated in Banorte according to the new accounting standards that went into effect in January 2007.

ASSETS UNDER MANAGEMENT *(Million Pesos)*	1Q08	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
Fobaproa-IPAB Portfolios:			
Banking Sector	1,436	Off balance trusts	Fees charged to FOBAPROA
Serfin	-	Serfin Trust	Fiduciary
Repossessed assets	70	Off balance trusts	Fees charged to Fobaproa and Fiduciary
	1,506		
Loans purchased to IPAB and to Other Banks:			
	35,599	Sólida Asset Management and Banorte	Non Interest Income (Banorte)
Banking Sector Portfolio:			
Banking Sector	16,758		
Repossessed assets	7,497	Banorte's Portfolio	Net Interest Income
	24,255	Banorte's Repossessed assets	Other Revenues and Expenses
Total	**61,360**		

- During 1Q08, there were no asset acquisitions by the Recovery Banking Unit.
- The amount invested by Sólida in investment projects at the end of 1Q08 amounted to Ps $2.6 billion, a 100% increase from the Ps $1.3 billion at the end of 1Q07. These investments include 24 projects nationwide.

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

BROKERAGE

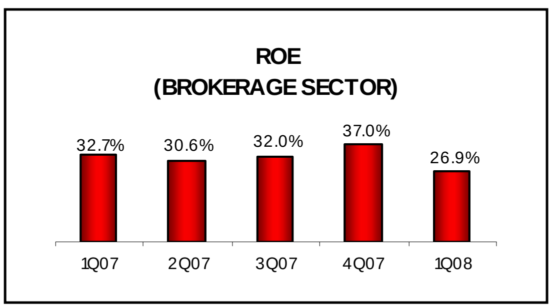
Brokerage *(Million Pesos)*	1Q07	4Q07	1Q08	QoQ	YoY
Brokerage					
Net Income	63	90	**71**	(22%)	13%
Stockholder's Equity	797	1,020	**1,086**	7%	36%
Assets Under Management	179,598	180,972	**185,612**	3%	3%
Total Assets	1,067	1,333	**1,297**	(3%)	22%
ROE	32.7%	37.0%	**26.9%**	(10.1) pp	(5.8) pp
Net Capital					
Net Capital	680	807	**990**	23%	46%

- **Brokerage-Dealer**

Net Income
During 1Q08, *Net Income* was Ps $71 million, a 13% YoY increase, driven by strong growth in mutual funds, higher yields in the treasury assets, the use of fiscal benefits in order to cancel reserves corresponding to profit sharing with employees during 2006 and 2007 and the use of fiscal credits related equities' transactions.

Mutual Funds
At the end of 1Q08, *Mutual Funds* continue to grow in a very robust pace, driven by an improvement in returns, a wider array of available funds, increased promotional campaigns and a broader distribution through the bank's branch network. At the close of 1Q08, AUM were Ps $42,289 million. AUM in Fixed income funds grew by 40% YoY, while AUM in equity funds rose 15% YoY, both rates are above industry's growth.

Total Assets Under Custody
At the end of 1Q08, *Assets Under Custody* reached Ps $185.6 billion or a 3% YoY increase, as a result of solid performance across all the broker-dealer's business segments.



According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

LONG TERM SAVINGS

LONG TERM SAVINGS *(Million Pesos)*	1Q07	4Q07	1Q08	QoQ	YoY
Afore					
Net Income	52	42	**67**	59%	27%
Equity	1,068	963	**1,029**	7%	(4%)
Total Assets	1,169	1,102	**1,143**	4%	(2%)
AUM (SIEFORE)	56,304	58,131	**63,390**	9%	13%
ROE	20.1%	17.7%	**26.7%**	9.0 pp	6.6 pp
Insurance					
Net Income	91	97	**76**	(22%)	(17%)
Equity	1,703	1,827	**1,928**	6%	13%
Total Assets	9,965	10,864	**12,643**	16%	27%
Technical Reserves	6,978	7,612	**9,238**	21%	32%
Premiums sold	2,885	2,076	**2,997**	44%	4%
ROE	22.0%	21.8%	**16.1%**	(5.7) pp	(5.9) pp
Annuities					
Net Income	116	(10)	**15**	247%	(87%)
Equity	1,095	1,121	**1,152**	3%	5%
Total Assets	9,342	11,083	**11,598**	5%	24%
Technical Reserves	8,078	9,767	**10,419**	7%	29%
Premiums sold	333	643	**598**	(7%)	80%
ROE	44.8%	(3.7%)	**5.3%**	9.0 pp	(39.5) pp

- **Afore**

In spite of a difficult competitive environment, the Afore reported *Net Income* of Ps $67 million (51% correspond to GFNorte), a 27% YoY increase, driven by an important reduction in costs, especially administrative and deferred expenses, and greater financial gains resulting from the shift in the yield curve during 1Q08.

At the end of 1Q08, there were a total of 3,328,160 affiliates, representing an 8.58% market share in total number of affiliates and 10.2% in certified accounts.

In spite of increased competition, AUM increased 19% YoY in 1Q08, above the 15% average growth for the industry, ranking third in terms of annual growth among the major AFORES in the system. Banorte-Generali's market share in AUM at the end of 1Q08 was 7.2%, ranking 6th among the competition.

In 2007, a consolidation process began in the industry with acquisitions involving ING-Santander and Metlife-Actinver. Also, in February 2008, new regulations require AFORES to eliminate fees charged on deposits and to exclusively charge fees on assets under management. In anticipation to these changes, Banorte eliminated fees on deposits in late 2007.

- **Insurance**

Net Income was Ps $76 million during 1Q08 (51% correspond to GFNorte), 17% lower than in 1Q07, affected by a combination of more competitive rates, as well as an increase in claim related costs especially in the auto insurance market and in collective life policies. Also, during 1Q07 the company realized a market related gain of Ps $52 million after taxes. Exlcuding this gain, growth in net income was 90%.

Despite this tough environment, the company is consolidating itself as one of the major operators in the market, retaining large clients' accounts and opening new insurance sales channels. Premiums issued rose 4% YoY and 44% QoQ, amounting to Ps 3.0 billion, while accrued premiums were $1.3 billion at the end of 1Q08, an 8% increase vs. 1Q07. Technical reserves reached Ps 9.2 billion, a 32% YoY growth.

- **Annuities**

Net Income was Ps $15 million in 1Q08 (51% correspond to GFNorte), 87% lower than in 1Q07, as a result of a reduction in revenues from the sale of held to maturity positions in fixed income securities booked in 1H07, have not been repeated in 2008, that combined with the depletion of tax-loss carry forwards that were used in order to optimize the returns from these market related transactions. The net income was benefited in respect of 1Q07 by a higher rate of cases.

It is important to point out, that the company has reversed the negative profitability trend, which was recorded during most of the second half of 2007 and once again report a positive ROE in 1Q08. This shift was mainly driven by an increase in the amount of premiums issued, which rose 80% YoY, reaching Ps 598 million. Also, efforts have been made to reduce commercial costs and quality filters have been introduced to increase the value of the company.

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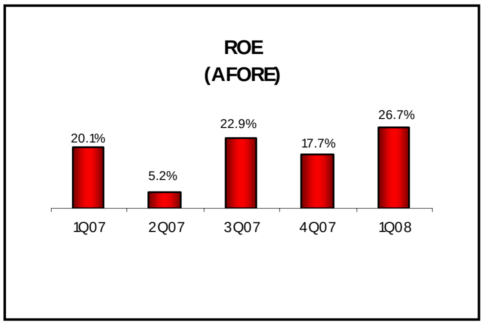

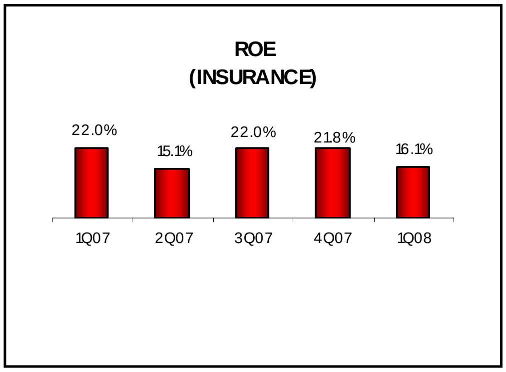

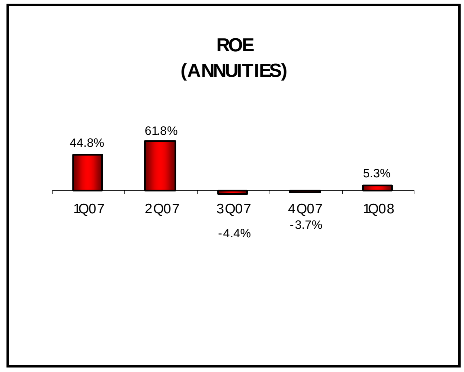

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OTHER FINANCE COMPANIES

OTHER FINANCE COMPANIES (1) *(Million Pesos)*	1Q07	4Q07	1Q08	QoQ	YoY
Leasing and Factoring					
Net Income	60	62	**66**	6%	10%
Equity	925	991	**1,057**	7%	14%
Loan Portfolio (2)	8,045	12,222	**11,212**	(8%)	39%
Past Due Loans	40	37	**33**	11%	(18%)
Loan Loss Reserves	65	33	**38**	15%	(42%)
Total Assets	8,028	12,447	**11,355**	(9%)	41%
ROE	27.1%	25.8%	**25.8%**	- pp	(1.3) pp
Warehousing					
Net Income	4	4	**5**	24%	8%
Equity	126	101	**106**	4%	(16%)
Inventories	-	7	**61**	776%	100%
Total Assets	161	140	**162**	16%	-%
ROE	14.1%	15.1%	**18.3%**	3.2 pp	4.2 pp

(1) When making annual comparisons of other finance companies, it is important to keep in mind that as of March 31 2007, the bonding company was divested from Grupo Financiero Banorte. During 1Q07 it reported a net income of Ps $ 9 million, which is not reflected in the results presented in this report.
(2) Includes the portfolio of assets under pure leasing registered in property, plant and equipment.

- **Leasing and Factoring**

As of January 31, 2008, the Leasing and Factoring companies were merged under the denomination of Multipurpose Financial Institution [Sociedad Financiera de Objeto Múltiple (SOFOM)]. This merger will contribute, among other things, to optimize the use of capital, improve the leverage capacity and possibly increase the new entity's credit rating. Starting this quarter, the results of the combined company will be consolidated under the denomination Arrendadora y Factor Banorte S.A. de C.V. with an equity of Ps $1.057 billion.

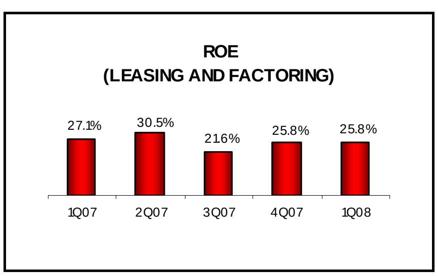
The Leasing and Factoring Company reported net income of Ps $66 million during 1Q08, 10% higher than a year ago. This result was mainly driven by a 39% YoY increase in the loan portfolio and the income resulting from the completion of pure leasing contracts.

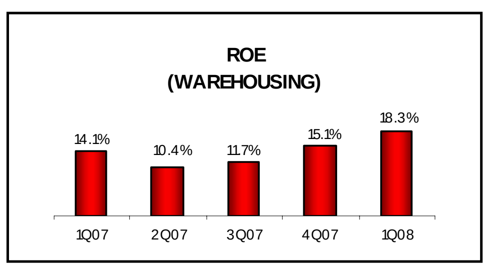
The PDL Ratio was 0.29%. At the end of 1Q08, the Capitalization Ratio was 11.0% considering total risk assets of Ps $9.6 billion.

- **Warehousing**

During 1Q08, *Net Income* was Ps $5 million, 8% higher than 1Q07. This growth was due to an increase in warehousing services, such as warehouse preparation, which in turn opens the window to issue certificates of deposit that are used as guarantees in secured loans, as well as in loans to other financial institutions. It currently ranks 6th among the 20 Leasing Companies in terms of profitability.

At the end of 1Q08, the Capitalization Ratio was 7.7% considering total risk assets of Ps $1.4 billion.





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PRONEGOCIO

MICROLENDING-PRONEGOCIO *(Million Pesos)*	1Q07	4Q07	1Q08	QoQ	YoY
Net Income	(1)	(23)	**(9)**	(61%)	599%
Equity	79	51	**82**	61%	3%
Loan Portfolio	675	585	**493**	(16%)	(27%)
Non Performing Loans	77	112	**112**	-%	45%
Loan Loss Reserves	24	46	**34**	(27%)	39%
Total Assets	720	653	**582**	(11%)	(19%)
ROE	(6.4%)	(146.0%)	**(53.8%)**	47.4 pp	(92.2) pp

- **Pronegocio**

During 1Q08, the microlending unit reported a *Net Loss* of Ps $9 million, higher than the Ps $1 million loss registered in 1Q07, but an improvement from from the Ps $23 million booked in 4Q07. The loss in 1Q08 was mainly due to higher reserve requirements resulting from a deterioration in asset quality, as well as higher expenses associated with the redefinition of the business strategy.

Past Due Loans were Ps $112 million at the end of the quarter, 45% higher that those registered during the previous year, but similar to those recorded at the end of 4Q07; this translates into a PDL Ratio of 22.7%. The deterioration in this indicator in recent quarters has been mainly as a result of the contraction in the size the performing portfolio and not to a greater degree of deterioration. The Reserve Coverage ratio was 30% at the end of 1Q08 (equivalent to 110% considering the 80% guarantee provided by Nafin on these loans). Pronegocio had 97 branches at the end of the quarter.

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RATINGS

International Ratings				
Rating Agency	**Rated Institution**	**Rating**	**Category**	**Date**
Moody's	Banorte	Stable C- Baa1 P-2 A-2 P-1	**Outlook** **Modest Financial Strength** **Foreign long - term bank deposits** **Foreign short- term bank deposits** **Local long - term bank deposits** **Local short - term bank deposits**	December, 2007
Standard & Poors	Banorte	Positive BBB- BBB- A-3 A-3	**Outlook** **Long term foreign issuer credit** **Long term local currency deposits** **Short term foreign issuer credit** **Short tem local issuer credit**	September, 2007
Fitch	Banorte Grupo Financiero Banorte	Stable BBB BBB F2 F3 C 3 55	**Outlook** **Long Term Foreign currency** **Long Term Local currency** **Short Term Local Currency** **Short Term Foreign Currency** **Individual - Foreign Currency** **Support Rating** **Support Rating**	September, 2007

Domestic Ratings				
Rating Agency	**Rated Institution**	**Rating**	**Category**	**Date**
Fitch	Banorte	F1 + (mex) AA (mex) F1 + (mex) AA (mex)	**Short term counterparty risk** **Long term counterparty risk** **Short term CD's and Term Deposits** **Long term CD's and Term Deposits**	September, 2007
	Arrendadora y Factor Banorte	AA (mex) F1 + (mex)	**Medium and Long Term** **Short Term**	May, 2007
Moody's Domestic Scale	Banorte	Aaa.mx MX-1	**Long Term Deposits** **ShortTerm Deposits**	May, 2007
	Arrendadora Banorte	Aaa.mx	**Issue Rating in Domestic Scale**	May, 2007
	Factor Banorte	Aaa.mx	**Issue Rating in Domestic Scale**	May, 2007
Other Ratings				
Fitch	Banorte	AAFC1-(mex)	**Financial Asset Administrator**	February, 2008
	Seguros Banorte Generali	AA- (mex)	**Insurance Financial Strength**	August, 2002

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INFRASTRUCTURE

INFRASTRUCTURE	1Q07	4Q07	1Q08
Employees	16,343	17,348	**17,428**
Banking (1)	13,671	14,344	**14,459**
Other	2,672	3,004	**2,969**
Branches (2)(3)	998	1,051	**1,062**
INB	18	18	18
Pronegocio	90	97	97
ATM's	3,245	3,674	**3,812**

(1) Includes INB since 4Q06 and Uniteller since 1Q07.
(2) Includes banking modules and remote teller windows. Excludes 1 branch located in Cayman Island.

- During 1Q08, 11 new branches were opened as part of the branch expansion program, 4 of which were located in Mexico City. In addition, 3 relocations were carried out during the same period. Over the past 12 months, 64 new branches have been opened nationwide.
- Also, a total of 138 new ATM's and 3,408 POS terminals were installed in 1Q08.
- The expansion program for 2008 contemplates 80 new branches, as well as 20 refurbishments and relocations. Additionally, 600 new ATMs will be installed, while 330 more will be replaced. A total of approximately 12,000 new POS terminals will be activated.

ANNEXES

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

GROUP'S GENERAL INFORMATION

GFNorte Ownership of Subsidiaries	1Q08
Banco Mercantil del Norte (1)	97.06%
Brokerage House	99.99%
Retirement Funds – Afore (2)	51.00%
Insurance	51.00%
Annuities	51.00%
Leasing	99.99%
Factor	99.99%
Warehouse	99.99%
Mcrocredit Unit - Pronegocio	99.99%
Banorte USA (2)	100.00%

1) As a resukt of merging Bancen on August 2006.
2) Subsidiary of Banco Mercantil del Norte. Banorte USA owns 100% of Uniteller and 70% of INB.

Holding Company Capital Structure	
Number of Shares	**SERIE O As of March 31, 2007**
Number of Shares Outstanding	2,018,347,548
Shares held in the bank's Treasury	(400,000)

Group Officers *	
NAME	**CURRENT POSITION**
Alejandro Valenzuela del Río	Acting Chief Executive Officer
BUSINESS UNITS	
Luis Fernando Orozco	Managing Director – Asset Recovery
Carlos Garza	Managing Director – Banorte USA
Jesús Garza Martínez	Managing Director – Commercial Banking
Antonio Ortiz Cobos	Managing Director – Corporations and SMEs
Miguel Javier Huller Grignola	Managing Director – Consumer Products
Manuel Sescosse Varela	Managing Director – Government Banking
Fernando Solís Soberón	Managing Director – Long Term Savings
Ricardo Acevedo Garay	Managing Director – Brokerage House
STAFF	
Alma Rosa Moreno	Managing Director - Administration
Román Martínez Méndez	Managing Director - Audit
Joaquín López Doriga López Ostolaza	Chief Corporate Officer
Sergio García Robles Gil	Chief Financial Officer
Vacant	Managing Director – Institutional Relations
Aurora Cervantes Martínez	Managing Director - Legal
Carla Juan Chelala	Managing Director - Marketing
Prudencio Frigolet Gómez	Managing Director – Operations and Technology
Gerardo Coindreau Farías	Managing Director – Risk Management

* On April 14, 2008, Luis Peña Kegel resigned as CEO, and Alejandro Valenzuela took over as Acting CEO. In addition, Ricardo Acevedo Garay was appointed as Managing Director of the Brokerage House.

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SUMMARY OF RESULTS

Grupo Financiero Banorte announced its results for 1Q08, reporting a *Net Profit* of Ps 1.9 billion, a 16% increase from 1Q07. GFNorte's annualized *ROE* for the period was 23%, while the *ROA* was 2.6%.

The *Bank* contributed with 89% of the Group's profits, totaling Ps 1.7 billion in 1Q08, 24% higher than in 1Q07. During the period, there was a continued improvement in core recurring income from traditional banking activities, due to an improvement in the loan portfolio mix and deposits.

The *Net Interest Margin* (NIM) increased to 7.9% in 1Q08 from 7.1% in 1Q07, mainly as a result of a greater growth (33%) in the Net Interest Income before monetary adjustments (REPOMO). The growth was driven by higher yielding productive assets (20%) and the positive effect on variable rate loans of higher market rates, resulting from the 50 bp increase in the benchmark funding rate during 2007. During 1Q08, the Interbanking Equilibrium Rate (TIIE) averaged 7.93% vs. 7.44% in 1Q07.

Non Interest Income decreased 7% YoY, mainly due to lower securities-trading income, given the difficult market environment prevalent since 2H07, which impacted the valuation of instruments and trading income. This was partially offset by an increase in service fees related to a higher number of products and transaction volumes, as well as in net revenues from real estate portfolios associated with investment projects.

Non Interest Expenses increased 10% YoY, mainly due to higher Personnel, Promotional and Advertising Expenses, resulting from expenses related to the branch expansion program and extended service hours, as well as the efforts to place a larger number of products, such as credit cards, expenses associated with our rewards program and the increase in medical expenses given the larger number of beneficiaries. The efficiency ratio was 53% at the end of 1Q08, better than the 58% registered in 1Q07, given a higher level of Total Income, as well as to the elimination of Repomo as of January 2008.

Total deposits, excluding third-party accounts, reported a balance of Ps 197.1 billion at the end of 1Q08, a 13% YoY increase, driven by a 9% increase in Demand Deposits and 11% in Time Deposits. This growth was a result of opening 64 new branches over the last 12 months and the higher number of products placed.

Loans continue to show very robust growth, driven by higher credit demand industry-wide and the bank's efforts to improve its array of products. At the close of 1Q08, performing loans grew 29% YoY with a balance of Ps $198.8 billion. Commercial loans increased 23% in the last twelve months to Ps $75.9 billion. Corporate Loans reached Ps $38.7 billion for a 48% increase, while Government Loans increased 15% YoY.

Consumer and mortgage loans continued to grow steadily during the period. This segment represents 34% of total performing loans. Credit Card loans rose 39% in the last twelve months, reaching a balance of Ps $151 billion. Payroll and Personal Loans grew 20% in real terms with a balance of Ps $6.2 billion, of which Ps $1.3 billion correspond to Personal Loans. Car Loans closed with a balance of Ps $7.4 billion, while Mortgage Loans continued to trend upward, reaching a balance of Ps $38 billion, equivalent to a 32% YoY increase.

Past Due Loans at the end of 1Q08 amounted to Ps $3.2 billion, a 39% YoY increase. The PDL Ratio increased from 1.4% in 1Q07 to 1.6% in 1Q08 which compares favorably to the average for the other major banks in the system, while the Loan Loss Reserve Coverage was 127%.

The Long-term Savings Sector, consisting of the Afore, the Insurance and Annuities Companies, reported a profit of Ps $79 million in 1Q08. Other Finance Companies, which consist of Leasing, Factoring and Warehousing Companies, reported profits of Ps $71 million, while the Brokerage House posted a Ps $71 million profit during 1Q08, a 13% increase from 1Q07.

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HOLDING

Holding – INCOME STATEMENT *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	Accum. 2007	1Q08	2Q08	3Q08	4Q08	Accum. 2008
Income Subsidiaries & Other	1,652	1,720	1,740	1,694	6,806	1,930				**1,930**
Interest Income	1	4	6	5	15	3				**3**
Interest Expense	-	-	-	-	-	-				**-**
Fees & Tariffs	-	-	-	-	-	-				**-**
Trading Income	-	-	-	-	-	-				**-**
Monetary Position REPOMO	-	1	(3)	(5)	(8)	-				**-**
Total Operating Income	**1,652**	**1,725**	**1,742**	**1,694**	**6,813**	**1,933**				**1,933**
Admin & Promotion Expense	1	1	1	3	7	2				**2**
Operating Income	**1,651**	**1,724**	**1,741**	**1,691**	**6,806**	**1,932**				**1,932**
Non Operating Income	19	-	-	-	19	-				**-**
Non Operating Expense	(1)	-	(1)	(1)	(2)	-				**-**
Non Operating Income, net	18	-	(1)	(1)	17	-				**-**
Pre-tax Income	**1,669**	**1,724**	**1,741**	**1,690**	**6,823**	**1,932**				**1,932**
Income Tax & Profit Sharing	6	1	1	5	13	3				**3**
Tax on Assets	-	-	-	-	-	-				**-**
Deferred Income Tax & PS	1	-	(1)	-	-	-				**-**
	6	1	1	5	13	3				**3**
Profit from Cont Ops	**1,663**	**1,722**	**1,740**	**1,685**	**6,810**	**1,928**				**1,928**
Extraordinary Items, net	-	-	-	-	-	-				**-**
Total Net Income	**1,663**	**1,722**	**1,740**	**1,685**	**6,810**	**1,928**				**1,928**

Holding – BALANCE SHEET *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
ASSETS								
Cash & Due from Banks	57	210	451	188	**131**			
Investment in Securities	-	-	-	-	-			
Sundry Debtors & Other Accts Receivable, net	167	11	11	11	11			
Real Estate, Furniture & Equipment, net	-	-	-	-	-			
Investments in Subsidiaries	28,051	29,865	31,744	32,912	34,345			
Deferred Taxes	-	-	1	-	-			
Goodwill	36	36	35	34	36			
Other Assets, Deferred Charges & Intangibles	2	1	-	-	-			
TOTAL ASSETS	**28,312**	**30,123**	**32,242**	**33,144**	**34,524**			
LIABILITIES								
Due to Banks & Correspondents	-	-	-	-	-			
Income Tax & Profit Sharing	-	-	-	-	-			
Other Accounts Payable	5	4	5	10	5			
Deferred Taxes	-	-	-	-	-			
TOTAL LIABILITIES	**5**	**4**	**5**	**10**	**5**			
STOCKHOLDER´S EQUITY								
Paid-in Capital	12,020	12,020	12,016	12,020	12,018			
Premium of Share Subscription & Issuance	1,863	1,863	1,863	1,863	1,863			
Subordinated Convertible Debt	-	-	-	-	-			
Subscribed Capital	**13,882**	**13,882**	**13,878**	**13,882**	**13,881**			
Capital Reserves	2,446	2,442	2,407	2,452	2,446			
Retained Earnings	22,297	22,297	22,296	21,379	21,376			
Surplus (Deficit) from Valuation of Securities	-	-	-	-	-			
Results from Conversions of Foreign Ops	-	-	-	-	-			
Surpluss (Deficit) in Capital Restatement	(6,378)	(6,375)	(6,376)	(6,380)	-			
Results of Non Monetary Fixed Assets	-	-	-	-	-			
Results of Non Monetary Investment Assets	(5,603)	(5,512)	(5,094)	(5,009)	(5,113			
Adjustmens in the Employees' Liabilities	-	-	-	-	-			
Net Income	1,663	3,385	5,125	6,810	1,928			
Earned Capital	**14,425**	**16,237**	**18,359**	**19,252**	**20,638**			
Total Stockholder´s Equity	**28,307**	**30,119**	**32,237**	**33,135**	**34,519**			
TOTAL LIABILITIES & EQUITY	**28,312**	**30,123**	**32,242**	**33,144**	**34,524**			

Holding – MEMORANDUM ACCOUNTS *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
Securities held under Custody	3,812	3,827	3,780	3,716	**3,716**			
Other Registration Accounts	1	1	1	1	**1**			
	3,812	**3,828**	**3,780**	**3,717**	**3,717**			

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GRUPO FINANCIERO BANORTE

GFNorte – INCOME STATEMENT *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	Accum. 2007	1Q08	2Q08	3Q08	4Q08	Accum. 2008
Interest Income	9,080	9,760	10,391	11,105	40,336	11,320				11,320
Interest Expense	5,217	5,582	5,898	6,140	22,838	6,249				6,249
Loan Fees Charged	23	45	80	99	248	107				107
Fees Paid	-	-	-	-	-	-				-
Net Interest Income (NII)	**3,886**	**4,223**	**4,573**	**5,065**	**17,747**	**5,179**				**5,179**
Monetary Adjustment (Repomo) to margins	(65)	24	(138)	(184)	(363)	-				-
NII after Repomo	**3,821**	**4,247**	**4,435**	**4,881**	**17,384**	**5,179**				**5,179**
Preventive Provisions for Loan Losses	261	754	709	921	2,645	1,005				1,005
Loan Loss Sharing Provisions Fobaproa	-	-	-	-	-	-				-
NII Adjusted for Credit Risk	**3,559**	**3,493**	**3,726**	**3,960**	**14,738**	**4,174**				**4,174**
Fund Transfers	60	58	55	56	229	54				54
Account Management	242	241	239	254	976	235				235
Fiduciary	64	65	67	74	270	69				69
Income from Real Estate Portfolios	116	180	120	160	575	190				190
Electronic Banking Services	213	229	245	258	944	236				236
Credit Card Fees	477	503	553	599	2,132	581				581
Fees Charged to IPAB	1	-	(1)	4	4	-				-
Other Fees	612	580	636	735	2,564	680				680
Fees Charged on Services	**1,784**	**1,856**	**1,913**	**2,140**	**7,693**	**2,045**				**2,045**
Fund Transfers	5	4	4	4	17	5				5
Other Fees	245	249	271	305	1,069	277				277
Expenses from Real Estate Portfolios	-	-	-	-	-	-				-
Fees Paid on Services	**250**	**253**	**274**	**309**	**1,086**	**282**				**282**
Foreign Exchange	93	136	94	125	448	106				106
Securities - Realized Gains	510	(79)	124	(38)	517	175				175
Securities - Unrealized Gains	(33)	283	82	(4)	327	(83)				(83)
Market Related Income	**569**	**339**	**300**	**83**	**1,292**	**198**				**198**
Non-Interest Income	**2,104**	**1,943**	**1,939**	**1,914**	**7,899**	**1,961**				**1,961**
Total Operating Income	**5,663**	**5,436**	**5,665**	**5,874**	**22,637**	**6,134**				**6,134**
Personnel	1,408	1,416	1,418	1,480	5,723	1,504				1,504
Professional Fees Paid	232	205	215	292	944	227				227
Administrative and Promotional Expenses	1,098	1,155	1,215	1,274	4,742	1,255				1,255
Rents, Depreciation and Amortization	402	403	402	429	1,636	417				417
Other Taxes (other than Income tax)	155	145	144	169	613	183				183
Contributions to IPAB	175	191	212	196	774	213				213
Non-Interest Expense	**3,469**	**3,516**	**3,607**	**3,841**	**14,432**	**3,799**				**3,799**
Net Operating Income	**2,194**	**1,920**	**2,057**	**2,033**	**8,205**	**2,336**				**2,336**
Other Revenues	250	198	287	225	960	583				583
Changes in Foreign Exchange Valuation	-	-	-	-	-	-				-
Recoveries	442	488	397	530	1,857	267				267
Repomo - Other revenues	6	(1)	5	7	18	-				-
Non-Operating Income	**699**	**685**	**689**	**762**	**2,835**	**850**				**850**
Other Expenses	(214)	(123)	(44)	(192)	(573)	(148)				(148)
Foreign Exchange	-	-	-	-	-	-				-
Repomo - Other (creditor balance)	(140)	50	(118)	(189)	(396)	-				-
Non-Operating Expense	**(353)**	**(73)**	**(162)**	**(380)**	**(969)**	**(148)**				**(148)**
Non Operating Income (Expense), net	**345**	**612**	**527**	**382**	**1,867**	**702**				**702**
Pre-Tax Income	**2,540**	**2,532**	**2,585**	**2,415**	**10,072**	**3,038**				**3,038**
Income Tax	698	677	728	812	2,915	799				799
Profit Sharing	242	248	189	186	865	233				233
Tax on Assets	-	-	-	-	-	-				-
Deferred Income Tax and Profit Sharing	(13)	(58)	(111)	(304)	(487)	44				44
Taxes	**926**	**867**	**806**	**694**	**3,293**	**1,075**				**1,075**
Net Income before Subsidiaries	**1,614**	**1,665**	**1,779**	**1,721**	**6,779**	**1,963**				**1,963**
Subsidiaries' Net Income	136	129	50	43	357	77				77
Net Income form Continuos Operations	**1,750**	**1,795**	**1,828**	**1,764**	**7,136**	**2,040**				**2,040**
Extraordinary Items, net	-	-	-	-	-	-				-
Minority Interest	87	72	89	79	326	111				111
TOTAL NET INCOME	**1,663**	**1,722**	**1,740**	**1,685**	**6,810**	**1,928**				**1,928**

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

***GFNORTE* – BALANCE SHEET** *(Millions Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
ASSETS								
Cash and Due from Banks	**42,417**	**48,918**	**39,871**	**41,610**	**39,804**			
Negotiable Instruments	7,765	6,715	9,517	7,754	8,148			
Securities Available for Sale	10,400	8,508	10,814	10,948	15,636			
Securities Held to Maturity	754	779	764	760	749			
Investment in Securities	**18,918**	**16,002**	**21,095**	**19,462**	**24,533**			
Non-assigned Securities for Settlement	-	-	-	-	-			
Debtor Balance in Repo Trans, net	100	134	95	58	92			
Repo Transactions with Collateral	-	-	-	-	-			
Secs to be received in Repo Trans, net	-	-	-	-	-			
Transactions with Derivatives	984	291	1,742	2,302	2,368			
Operations w/ Derivatives & Securities	**1,084**	**425**	**1,837**	**2,361**	**2,460**			
Commercial Loans	85,231	89,464	88,854	98,091	101,040			
Financial Intermediaries' Loans	2,489	5,948	9,810	13,158	13,592			
Consumer Loans	22,658	24,541	25,822	27,225	28,642			
Mortgage Loans	30,133	32,381	34,276	37,216	39,046			
Government Entities' Loans	15,262	17,244	17,868	17,948	17,556			
IPAB Loans	-	-	-	-	-			
Performing Loans	**155,774**	**169,578**	**176,631**	**193,638**	**199,875**			
Commercial PDL's	832	880	884	927	1,089			
Financial Intermediaries PDL's	-	-	-	-	-			
Consumer PDL's	721	885	1,015	1,109	1,208			
Mortgage PDL's	738	806	840	858	893			
Government Entities PDL's	-	-	-	-	-			
Past Due Loans	**2,291**	**2,571**	**2,739**	**2,893**	**3,189**			
Gross Loan Portfolio	**158,064**	**172,149**	**179,369**	**196,531**	**203,065**			
Preventive Loan Loss Reserves	3,407	3,618	3,624	3,786	4,048			
Net Loan Portfolio	**154,658**	**168,531**	**175,745**	**192,745**	**199,017**			
Acquired Collection Rights	4,183	4,043	3,861	3,660	3,538			
Total Credit Portfolio	**158,841**	**172,574**	**179,60**	**196,406**	**202,554**			
Sundry Debtors & Other Accs Rec, net	9,950	13,960	18,788	7,617	12,459			
Inventories	-	-	9	7	61			
Foreclosed Assets, net	423	430	296	385	506			
Real Estate, Furniture & Equipment, net	6,918	6,890	6,874	8,098	7,959			
Investments in Subsidiaries	2,539	2,426	2,569	2,590	2,685			
Deferred Taxes, net	-	-	-	215	148			
Goodwill	4,220	4,289	4,217	4,134	4,034			
Intangibles	156	158	209	249	238			
Other Assets	3,474	3,379	3,876	4,151	4,085			
	27,679	**31,533**	**36,839**	**27,445**	**32,175**			
TOTAL ASSETS	**248,939**	**269,452**	**279,248**	**287,283**	**301,526**			

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

***GFNORTE* – BALANCE SHEET** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
LIABILITIES								
Demand Deposits	95,104	100,622	96,824	111,080	103,263			
Time Deposits	79,610	80,471	86,011	92,227	93,830			
Bank Bonds	-	-	-	-	-			
Deposits	**174,71 3**	**181,094**	**182,834**	**203,307**	**197,092**			
Immediate Redemption Loans	-	7,495	2,454	871	5,615			
Short Term Loans	6,934	7,840	9,108	11,057	18,538			
Long Term Loans	9,606	9,922	10,495	10,796	10,178			
Due to Banks & Correspondents	**16,540**	**25,258**	**22,056**	**22,723**	**34,332**			
Non-assigned Securities for Settlement	-	2,988	9,114	10	1,745			
Creditor Balance in Repo Trans, net	409	396	518	515	291			
Repo Transactions with Collateral	-	-	-	-	-			
Secs to be received in Repo Trans, net	-	-	-	-	-			
Transactions with Derivatives	1,817	984	2,297	2,435	3,157			
Operations w/ Derivatives & Securities	**2,226**	**4,368**	**11,929**	**2,960**	**5,192**			
Income Tax & Profit Sharing Payable	909	1,545	1,909	2,212	1,197			
Other Creditors & Accounts Payable	12,160	13,075	14,176	10,888	12,538			
Other Payable Accounts	**13,070**	**14,620**	**16,086**	**13,100**	**13,734**			
Subordinated Non Convertible Debt	11,943	11,651	11,734	10,210	14,561			
Deferred Taxes	328	247	143	-	-			
Deferred Credits	269	472	616	827	977			
TOTAL LIABILITIES	**219,089**	**237,709**	**245,399**	**253,127**	**265,888**			
EQUITY								
Paid-in Capital	12,020	12,020	12,016	11,965	11,965			
Share Subscription Premiums	1,863	1,863	1,863	1,272	1,275			
Subordinated Convertible Debentures	-	-	-	-	-			
Subscribed Capital	**13,882**	**13,882**	**13,878**	**13,882**	**13,239**			
Capital Reserves	2,446	2,442	2,407	2,452	2,446			
Retained Earnings	22,297	22,297	22,296	21,379	21,376			
Surplus (Deficit) of Secs Available for Sale	-	-	-	-	-			
Results from Conversions of Foreign Ops	-	-	-	-	-			
Results from Valuation of Hedging Secs	-	-	-	-	-			
Surplus (Deficit) in Capital Restatement	(6,378)	(6,375)	(6,376)	(6,380)	-			
Results of Non Monetary Fixed Assets	-	-	-	-	-			
Results of Non Monetary –Investment Assets	(5,603)	(5,512)	(5,094)	(5,009)	(5,113)			
Adjustments in the Employee's Pensions	-	-	-	-	-			
Accumulated Effect of Deferred Liabilities	-	-	-	-	-			
Net Income	1,663	3,385	5,125	6,810	1,928			
Earned Capital	**14,425**	**16,237**	**18,359**	**19,252**	**20,638**			
Minority Interest	1,543	1,624	1,612	1,667	1,761			
Total Equity	**29,850**	**31,743**	**33,849**	**34,156**	**35,638**			
TOTAL LIABILITIES & EQUITY	**248,939**	**269,452**	**279,248**	**287,283**	**301,526**			

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

***GFNORTE* – MEMORANDUM ACCOUNTS** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
On behalf of Third Parties								
Customer's Banks	24	1	4	11	12			
Dividends Receivable from Customers	-	-	-	-	-			
Interest Receivable from Customers	-	-	-	-	-			
Settlement of Customer Transactions	(320)	(438)	89	58	37			
Customer Premiums	-	-	-	-	-			
Settlement with Clients' Foreign Currency	-	-	-	-	-			
Margin Accounts in Futures' Operations	-	-	-	-	-			
Other Current Accounts	-	-	-	-	-			
Customers' Current Account	**(296)**	**(437)**	**93**	**69**	**49**			
Client Securities Received in Custody	179,124	188,067	185,223	180,385	185,033			
Securities and Documents Received in Guarantee	-	-	-	-	-			
Client Securities Abroad	-	-	-	-	-			
Clients' Securities	**179,124**	**188,067**	**185,223**	**180,385**	**185,033**			
Clients' Repurchase Operations	28,659	37,030	35,295	21,803	23,511			
Clients' Repo Transactions w/ Securities	-	-	-	-	-			
Purchase of Futures & Forward Contracts notional	-	-	-	-	-			
Sale of Futures and Forward Contracts, notional	-	-	-	-	-			
Clients' Option Purchase Operations	5	-	-	145	144			
Clients' Option Sales Operations	-	-	-	-	-			
Purchase of Derivatives' Packages	-	-	-	-	-			
Sale of Derivatives' Packages	-	-	-	-	-			
Trusts Ander Administration	2,823	3,024	2,912	3,048	2,360			
Transactions On Behalf of Clients	**31,487**	**40,054**	**38,207**	**24,997**	**26,015**			
TOTAL ON BEHALF OF THIRD PARTIES	**210,315**	**227,683**	**223,522**	**205,451**	**211,096**			
Endorsement Guarantees Granted	-	-	-	-	-			
Loan Obligations	2,418	2,149	2,687	2,365	2,846			
Properties in Trusts and Warrant	84,520	87,179	100,223	101,632	108,959			
Properties in Custody or Administration	99,925	103,169	110,368	117,167	122,793			
Amounts committed to Operations with Fobaproa	-	-	-	-	-			
Drafts in Transit	-	-	-	-	-			
Certificates of Deposits in Circulation	984	840	1,396	1,541	1,377			
Letters of Credit to the Corporation as Guarantee	-	-	-	-	-			
Securities to the Corporation for Custody	278	297	538	610	698			
Government Secs of the Corp under Custody	294	322	84	147	56			
Securities of the Corp given as Guarantee	-	-	-	-	-			
Securities of the Corp Abroad	-	-	-	-	-			
Settlement with FX of the Corp Abroad	-	-	-	-	-			
Debts with the Contingency Fund	-	-	-	-	-			
Contingent Assets & Liabilities	269	285	284	278	265			
Investment bank Trans on Behalf of Third Parties	103,308	96,577	103,823	91,329	101,754			
Uncollected Accrued Interest from Past Due Loans	66	77	99	101	111			
Investments of Retirement Savings Funds	-	-	-	-	-			
Integration of the Credit Portfolio	-	-	-	-	-			
Amounts Contracted in Derivatives	-	-	-	-	-			
Other Registration Accounts	-	-	-	-	-			
Proprietary Transactions	**292,061**	**290,897**	**319,501**	**315,172**	**338,858**			
Repo Securities to be Received	217,654	236,600	234,956	216,233	226,589			
(Minus) Repurchase Creditors	(217,95	(236,902	(235,416	(216,708)	(226,813			
Repurchase Transactions	**(302)**	**(301)**	**(460)**	**(475)**	**(224)**			
Repurchase Debtors	36,561	35,961	38,359	21,503	23,194			
(Minus) Repo Securities to be Delivered	(36,568)	(35,921)	(38,322)	(21,484)	(23,169)			
Repurchase Transactions	**(7)**	**40**	**37**	19	**25**			
TOTAL PROPRIETARY	**291,752**	**290,635**	**319,078**	**314,715**	**338,658**			

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

GFNORTE - CONSOLIDATED STATEMENT OF CASH FLOW JANUARY 1, 2008 – MARCH 31, 2008 *(Million Pesos)*	
Cash Flow from Operating Activities	
Net Income	**1,928**
Items charged to results that do not generate or require use of resources	
Results of valuation at reasonable value	(25)
Provisions for loan losses	1,005
Depreciation and amortization	246
Defferred taxes	44
Provisions for obligations	(821)
Minoritary interest	111
Undistribuated earnings of subsidiaries	(77)
	2,411
Change in items related to operations:	
Decrease (Increase) Deposits	(6,215)
Decrease (Increase) loan portfolio	(7,153)
Decrease (Increase) in portfolios of credit assets	-
Decrease (Increase) treasury operations (investment in securities)	(5,046)
Decrease (Increase) financial instruments for sale	2,133
Loans from banks and other institutions	11,609
Decrease (Increase) Deferred taxes	22
Net cash generated or used from operations	**(2,239)**
Financing Activities:	
Issue of subordinated debentures outstanding	4,351
Increase in other payable accounts	1,456
Stock repurchases	(4)
Net cash generated or used from financing activities	**5,803**
Investment Activities :	
Decrease in fixed assets	(79)
Decrease in permanent investments in shares	(572)
Decrease (Increase) in deferred charges or credits	244
Decrease (Increase) foreclosed assets	(121)
Increase in other accounts receivable	(4,842)
Net cash generated or used from investment activities	**(5,370)**
Decrease (increase) in cash and equivalents	**(1,806)**
Cash and due from banks at the beginning of the year	**41,610**
Cash and due from banks at the end of the year	**39,804**

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

GFNORTE – CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER´S EQUITY
JANUARY 1, 2008 – MARCH 31, 2008.
(Million Pesos)

	CONTRIBUTED CAPITAL	
	Fixed Paid-in Capital	**Premium form sale of securities**
Balance as of December 31,2007	**11,965**	**1,272**
Changes stemming from stockholder's decisions		
Stock repurchases	-	2
Capitalization of profits	-	-
Provisions Created	-	-
Increase in Capital	-	-
Total	**-**	**2**
Changes stemming from profits		
Total profits:		
Net Income	-	-
Non Monetary Assets Results	-	-
Recognition of minority interest	-	-
Total	**-**	**-**
Balance as of March 31,2008	**11,965**	**1,274**

	EARNED CAPITAL						
	Capital Reserves	**Retained earnings**	**Surpls or Deficit in Capital Restatement**	**Results from Non Monetary Assets (Investments)**	**Net Income**	**Minoritary Interest**	**Total Stockholders´ Equity**
Balance as of December 31,2007	**2,452**	**21,379**	**(6,380)**	**(5,009)**	**6,810**	**1,667**	**34,156**
Changes stemming from stockholder's decisions							
Stock repurchases	(6)	-	-	-	-	-	**(4)**
Application of profits	-	6,810	-	-	(6,810)	-	**-**
Provisions created	-	-	-	-	-	-	**-**
Cash Dividends	-	-	-	-	-	-	**-**
Increase in Capital	-	-	-	-	-	-	**-**
Total	**(6)**	**6,810**	**-**	**-**	**(6,810)**	**-**	**(4)**
Changes stemming from profits							
Total profits:							
Net Income	-	-	-	-	1,928	-	**1,928**
Non Monetary Assets Results	-	-	-	(537)	-	-	**(537)**
Change to Accounting Criteria (NIF B-10)	-	(6,813)	6,380	433	-	-	**-**
Total	**-**	**(6,813)**	**6,380**	**(104)**	**1,928**	**-**	**1,391**
Recognition of minority interest	-	-	-	-	-	94	**94**
Balance as of March 31,2008	**2,446**	**21,376**	**-**	**(5,113)**	**1,928**	**1,761**	**35,637**

BANORTE

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

BANKING SECTOR

BANKING SECTOR* - INCOME STATEMENT *(Million Pesos)*	**1Q07**	**2Q07**	**3Q07**	**4Q07**	**Accum. 2007**	**1Q08**	**2Q08**	**3Q08**	**4Q08**	**Accum. 2008**
Interest Income	8,776	9,341	9,983	10,606	38,707	10,786				**10,786**
Interest Expense	4,957	5,343	5,624	5,869	21,793	5,967				**5,967**
Loan Fees Charged	23	44	77	96	239	103				**103**
Fees Paid	-	-	-	-	-	-				**-**
Net Interest Income (NII)	**3,842**	**4,042**	**4,436**	**4,833**	**17,152**	**4,921**				**4,921**
Monetary Adjustment (Repomo) to margins	(38)	13	(103)	(137)	(265)	-				**-**
NII after Repomo	**3,804**	**4,054**	**4,334**	**4,695**	**16,888**	**4,921**				**4,921**
Preventive Provisions for Loan Losses	249	742	696	900	2,588	987				**987**
Loan Loss Sharing Provisions Fobaproa	-	-	-	-	-	-				**-**
NII Adjusted for Credit Risk	**3,555**	**3,313**	**3,637**	**3,795**	**14,300**	**3,934**				**3,934**
Fund Transfers	60	58	55	56	229	54				**54**
Account Management	242	241	239	254	976	235				**235**
Fiduciary	64	65	67	74	270	69				**69**
Income from Real Estate Portfolios	116	180	120	160	575	190				**190**
Electronic Banking Services	213	229	245	258	944	236				**236**
Credit Cards Fees	477	503	553	599	2,132	581				**581**
Fees Charged to IPAB	1	-	(1)	4	4	-				**-**
Other Fees	211	228	218	254	911	251				**251**
Fees Charged on Services	**1,383**	**1,504**	**1,495**	**1,658**	**6,041**	**1,616**				**1,616**
Fund Transfers	5	4	4	4	17	5				**5**
Other Fees	227	233	246	288	993	261				**261**
Expenses from Real Estate Portfolios	-	-	-	-	-	-				**-**
Fees Paid on Services	**232**	**237**	**250**	**292**	**1,010**	**266**				**266**
Foreign Exchange	113	142	116	135	506	128				**128**
Securities - Realized Gains	290	(129)	3	(97)	67	158				**158**
Securities - Unrealized Gains	(27)	270	79	4	325	(85)				**(85)**
Market Related Income	**376**	**283**	**198**	**42**	**898**	**201**				**201**
Non-Interest Income	**1,527**	**1,550**	**1,443**	**1,408**	**5,929**	**1551**				**1551**
Total Operating Income	**5,082**	**4,863**	**5,080**	**5,204**	**20,228**	**5,485**				**5,485**
Personnel	1,365	1,376	1,399	1,441	5,581	1,45				**1,457**
Professional Fees Paid	227	198	210	273	908	219				**219**
Administrative and Promotional Expenses	900	941	1,014	1,049	3,903	1,03				**1,036**
Rents, Depreciation and Amortization	321	329	323	313	1,286	332				**332**
Other Taxes (other than Income tax)	127	115	114	137	493	151				**151**
Contribuitons to IPAB	175	191	212	196	774	213				**213**
Non-Interest Expense	**3,114**	**3,151**	**3,272**	**3,408**	**12,945**	**3,408**				**3,408**
Net Operating Income	**1,968**	**1,712**	**1,808**	**1,796**	**7,284**	**2,077**				**2,077**
Other Revenues	130	216	286	197	830	576				**576**
Foreign Exchange	-	-	-	-	-	-				**-**
Recoveries	428	477	396	526	1,826	265				**265**
Repomo - other revenues	2	-	1	1	3	-				**-**
Non-Operating Income	**560**	**693**	**683**	**724**	**2,659**	**841**				**841**
Other Expenses	(101)	(113)	(28)	(132)	(374)	(110)				**(110)**
Changes in Foreign Exchange Valuation	-	-	-	-	-	-				**-**
Repomo - other expenses (creditor balance)	(137)	50	(114)	(182)	(383)	-				**-**
Non-Operating Expense	**(238)**	**(63)**	**(142)**	**(313)**	**(756)**	**(110)**				**(110)**
Non Operating Income (Expense), net	**322**	**630**	**541**	**411**	**1,903**	**731**				**731**
Pre-Tax Income	**2,289**	**2,342**	**2,349**	**2,206**	**9,187**	**2,808**				**2,808**
Income Tax	628	616	659	744	2,647	732				**732**
Profit Sharing	232	239	184	206	862	232				**232**
Tax on Assets	-	-	-	-	-	-				**-**
Deferred Income Tax and Profit Sharing	(15)	(43)	(94)	(298)	(450)	48				**48**
Taxes	**845**	**813**	**749**	**651**	**3,058**	**1,011**				**1,011**
Net Income before Subsidiaries	**1,444**	**1,529**	**1,601**	**1,555**	**6,129**	**1,796**				**1,796**
Subsidiaries' Net Income	28	6	32	20	87	34				**34**
Net Income form Continuos Operations	**1,473**	**1,535**	**1,633**	**1,575**	**6,216**	**1,830**				**1,830**
Extraordinary Items, net	-	-	-	-	-	-				**-**
Minority Interest	19	21	13	12	64	25				**25**
TOTAL NET INCOME	**1,454**	**1,514**	**1,621**	**1,563**	**6,151**	**1,804**				**1,804**

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

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

***BANKING SECTOR* – BALANCE SHEET** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
ASSETS								
Cash and Due from Banks	**42,138**	**48,644**	**39,677**	**41,363**	**39,471**			
Negotiable Instruments	7,189	6,092	8,891	6,992	7,390			
Securities Available for Sale	10,400	8,508	10,814	10,948	15,636			
Securities Held to Maturity	754	779	764	760	749			
Investment in Securities	**18,343**	**15,379**	**20,469**	**18,700**	**23,775**			
Non-assigned Securities pending Settlement	-	-	-	-	-			
Debtor Balance in Repo Trans, net	60	82	44	31	49			
Repo Transactions with Collateral	-	-	-	-	-			
Secs to be received in Repo Trans, net	-	-	-	-	-			
Transactions with Derivatives	954	290	1,742	2,302	2,368			
Operations w/ Derivatives & Securities	**1,015**	**372**	**1,786**	**2,332**	**2,417**			
Commercial Loans	77,555	81,156	79,795	87,001	90,957			
Financial Intermediaries' Loans	4,918	8,529	11,814	16,153	17,329			
Consumer Loans	22,655	24,538	25,819	27,220	28,626			
Mortgage Loans	30,133	32,381	34,276	37,216	39,046			
Government Entities' Loans	15,255	17,243	17,868	17,948	17,556			
IPAB Loans	-	-	-	-	-			
Performing Loans	**150,516**	**163,846**	**169,573**	**185,538**	**193,514**			
Commercial PDL's	714	740	756	777	944			
Financial Intermediaries PDL's	-	-	-	-	-			
Consumer PDL's	721	885	1,015	1,109	1,208			
Mortgage PDL's	738	806	840	858	893			
Government Entities PDL's	-	-	-	-	-			
Past Due Loans	**2,173**	**2,431**	**2,611**	**2,743**	**3,044**			
Gross Loan Portfolio	**152,689**	**166,277**	**172,184**	**188,282**	**196,558**			
Preventive Loan Loss Reserves	3,318	3,541	3,554	3,707	3,976			
Net Loan Portfolio	**149,371**	**162,737**	**168,630**	**184,574**	**192,582**			
Acquired Collection Rights	4,183	4,043	3,861	3,660	3,538			
Total Credit Portfolio	**153,555**	**166,780**	**172,491**	**188,235**	**196,120**			
Sundry Debtors & Other Accs Rec, net	9,557	13,665	18,469	7,137	12,132			
Foreclosed Assets, net	423	430	296	385	506			
Real Estate, Furniture & Equipment, net	6,033	5,987	6,009	6,380	6,344			
Investments in Subsidiaries	928	915	832	839	871			
Deferred Taxes, net	-	-	-	237	177			
Goodwill	4,183	4,253	4,182	4,100	4,000			
Intangibles	156	158	209	249	238			
Other Assets	3,184	3,094	3,504	4,395	4,376			
	24,462	**28,501**	**33,502**	**23,731**	**28,645**			
TOTAL ASSETS	**239,512**	**259,677**	**267,924**	**274,361**	**290,428**			

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

***BANKING SECTOR* – BALANCE SHEET** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
LIABILITIES								
Demand Deposits	95,131	100,657	96,844	111,115	103,274			
Time Deposits	79,719	80,735	86,496	92,419	93,971			
Bank Bonds	-	-	-	-	-			
Deposits	**174,849**	**181,392**	**183,340**	**203,534**	**197,245**			
Immediate Redemption Loans	-	7,495	2,454	871	5,615			
Short Term	3,554	4,083	4,059	4,895	14,225			
Long Term	8,277	8,565	9,030	8,328	7,912			
Due to Banks & Correspondents	**11,831**	**20,143**	**15,543**	**14,094**	**27,752**			
Non-assigned Securities for Settlement	-	2,988	9,114	10	1,745			
Creditor Balance in Repo Trans, net	373	347	473	489	252			
Repo Transactions with Collateral	-	-	-	-	-			
Secs to be received in Repo Trans, net	-	-	-	-	-			
Transactions with Derivatives	1,789	984	2,297	2,435	3,156			
Operations w/ Derivatives & Securities	**2,162**	**4,319**	**11,884**	**2,934**	**5,153**			
Income Tax & Profit Sharing Payable	801	1,398	1,703	1,995	1,121			
Other Creditors & Accounts Payable	11,734	12,590	13,647	10,371	11,973			
Other Payable Accounts	**12,535**	**13,988**	**15,350**	**12,366**	**13,094**			
Subordinated Non Convertible Debt	11,943	11,651	11,734	10,210	14,561			
Deferred Taxes	256	191	105	-	-			
Deferred Credits	221	412	556	784	923			
TOTAL LIABILITIES	**213,797**	**232,095**	**238,512**	**243,921**	**258,727**			
STOCKHOLDER´S EQUITY								
Paid-in Capital	10,955	10,955	10,955	10,955	10,955			
Share Subscription Premiums	856	856	856	856	856			
Subordinated Convertible Debentures	-	-	-	-	-			
Subscribed Capital	**11,811**	**11,811**	**11,810**	**11,811**	**11,811**			
Capital Reserves	3,390	3,390	3,389	3,390	3,390			
Retained Earnings	11,162	11,162	11,161	10,536	14,749			
Results from Valuation of Secs Available for Sale	41	447	466	396	392			
Results from Valuation of Hedging Secs	(518)	(671)	(499)	(320)	(833)			
Results from Conversions of Foreign Ops	9	16	20	15	(33)			
Surplus (Deficit) in Capital Restatement	(1,936)	(1,931)	(1,932)	(1,938)	-			
Results of Non Monetary Fixed Assets	-	-	-	-	-			
Results of Non Monetary –Investment Assets	31	99	102	91	86			
Adjustments in the Employee's Pensions	-	-	-	-	-			
Accumulated Effect of Deferred Liabilities	-	-	-	-	-			
Net Income	1,454	2,968	4,589	6,151	1,804			
Earned Capital	**13,632**	**15,479**	**17,297**	**18,319**	**19,554**			
Minority Interest	272	292	305	310	335			
Total Stockholder´s Equity	**25,715**	**27,582**	**29,412**	**30,440**	**31,700**			
TOTAL LIABILITIES & STOCKHOLDER´S EQUITY	**239,512**	**259,677**	**267,924**	**274,361**	**290,428**			

***BANKING SECTOR* – MEMORANDUM ACCOUNTS** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
Endorsement Guarantees Granted	-	-	-	-	-			
Contingent Assets & Liabilities	269	285	284	278	265			
Irrevocable Lines of Credit	2,418	2,149	2,687	2,365	2,846			
Assets held in Trusts or Mandate	84,520	87,179	100,223	101,632	108,959			
Assets held in custody or in administration	96,095	99,309	106,546	113,408	119,021			
Investment banking transactions for third parties, net	103,308	96,577	103,823	91,329	101,754			
Uncharged accrued interest from past - due loans	59	70	92	94	105			
Amounts committed to fobaproa operations	-	-	-	-	-			
Investment of retirement saving funds	-	-	-	-	-			
Integration of loan portfolio	-	-	-	-	-			
Amounts received in derivative instruments	-	-	-	-	-			
Fobaproa trusts	-	-	-	-	-			
Repurchase securities to be received	188,653	199,567	198,072	194,429	202,305			
(Less) creditors from repos	(188,945)	(199,834	(198,497)	(194,886)	(202,496)			
Debtors from repos	15,894	11,203	13,004	7,198	9,583			
(Less) Repurchase securities to be delivered	(15,915)	(11,201)	(13,009)	(7,199)	(9,595)			
Other control accounts	-	-	-	-	-			
	286,355	**285,306**	**313,225**	**308,649**	**332,747**			

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements.
Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

BANORTE USA

BANORTE USA – INCOME STATEMENT *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	2007	1Q08
Interest Income	302	277	296	319	1,195	299
Interest Expense	146	140	148	156	591	140
Loan Fees Charged	-	-	-	-	-	-
Fees Paid	-	-	-	-	-	-
Net Interest Income (NII)	**156**	**137**	**148**	**163**	**604**	**159**
Monetary Adjustment (Repomo) to margins	-	(1)	-	(2)	(3)	-
NII after Repomo	**156**	**136**	**148**	**161**	**601**	**159**
Preventive Provisions for Loan Losses	15	27	(20)	38	61	(7)
Loss Sharing Provisions	-	-	-	-	-	-
NII Adjusted for Credit Risk	**141**	**109**	**168**	**123**	**540**	**166**
Fund transfers	-	-	-	-	-	-
Account management	-	-	-	-	-	-
Fiduciary	-	-	-	-	-	-
Income from Loan Portfolios Acquired	-	-	-	-	-	-
Electronic Banking Services	-	-	-	-	-	-
Credit Card Fees	-	-	-	-	-	-
Fees Charged to IPAB	-	-	-	-	-	-
Other fees	24	25	25	27	101	24
Fees Charged on Services,	**24**	**25**	**25**	**27**	**101**	**24**
Fund transfers	-	-	-	-	-	-
Other fees	-	-	-	-	-	-
Expenses from Loan Portfolios Acquired	-	-	-	-	-	-
Fees Paid on Services	**-**	**-**	**-**	**-**	**-**	**-**
Foreign exchange	-	-	-	-	-	-
Securities –Realized gains	-	-	-	-	-	-
Securities- Unrealized gains	-	-	-	-	-	-
Market Related Income	**-**	**-**	**-**	**-**	**-**	**-**
Total Non Interest Income	**24**	**25**	**25**	**27**	**101**	**24**
Total Operating Income	**165**	**133**	**193**	**150**	**641**	**190**
Personnel	50	51	53	59	213	57
Professional Fees Paid	6	7	7	8	29	7
Administrative and Promotional Expenses	50	61	65	74	250	70
Rents, depreciation and amortization	11	9	9	10	39	9
Taxes, other than income tax	-	-	-	-	-	-
Contributions to IPAB	-	-	-	-	-	-
Non-Interest Expense	**117**	**128**	**135**	**151**	**531**	**143**
Operating Income	**48**	**5**	**58**	**(1)**	**110**	**48**
Other Revenues	28	41	40	48	157	59
Foreign exchange	-	-	-	-	-	-
Recoveries	1	1	1	1	5	1
Repomo-other revenues	-	-	-	-	-	-
Non Operating Income	**29**	**42**	**41**	**49**	**162**	**60**
Other Expenses	-	-	-	-	-	-
Changes in Foreign Exchange Valuation	-	-	-	-	-	-
Repomo-other expenses (creditor balance)	-	(3)	-	(3)	(6)	-
Non Operating Expense	**-**	**(3)**	**-**	**(3)**	**(6)**	**-**
Non Operating Income (Expense), net	**29**	**39**	**41**	**46**	**156**	**60**
Pre-tax Income	**77**	**44**	**99**	**45**	**266**	**108**
Income Tax	(26)	(15)	(33)	(16)	(90)	(36)
Profit sharing	-	-	-	-	-	-
Tax on Assets	-	-	-	-	-	-
Deferred Income Tax and Profit sharing	-	-	-	-	-	-
	(26)	**(15)**	**(33)**	**(16)**	**(90)**	**(36)**
Net Income before subsidiaries	**51**	**30**	**66**	**29**	**176**	**71**
Subsidiaries' net income	-	-	-	-	-	-
Net Income from continuos operations	**51**	**30**	**66**	**29**	**176**	**71**
Extraodinary items, net	-	-	-	-	-	-
Minority Interest	(18)	(21)	(13)	(12)	(64)	(25)
TOTAL NET INCOME	**33**	**9**	**53**	**17**	**112**	**46**

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

BANORTE USA – BALANCE SHEET *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08
ASSETS					
Cash and due from Banks	**1,503**	**407**	**283**	**570**	**347**
Negotiable Instruments	-	-	-	-	-
Securities available for sale	4,091	3,976	4,663	4,635	5,312
Securities held to maturity	11	11	10	11	10
Investment in Securities	**4,103**	**3,988**	**4,673**	**4,646**	**5,322**
Non-assigned securities pending Settlement	-	-	-	-	-
Debtor Balance in Repo Trans, net	-	-	-	-	-
Repo Transactions with Collateral	-	-	-	-	-
Secs to be received in Repo Trans, net	-	-	-	-	-
Transactions with derivatives	-	-	-	-	-
Operations w/ Derivatives & Securities	**-**	**-**	**-**	**-**	**-**
Commercial Loans	8,947	9,528	9,617	8,909	9,063
Financial Intermediaries' Loans	-	-	-	-	-
Consumer Loans	157	159	171	175	180
Mortgage Loans	725	724	795	1,691	1,641
Goverment Entities' Loans	-	-	-	-	-
IPAB Loans	-	-	-	-	-
Fiduciary Collection Rights	-	-	-	-	-
Performing Loans	**9,828**	**10,410**	**10,582**	**10,776**	**10,884**
Commercial PDL's	73	50	40	66	120
Financial Intermediaries' PDL's	-	-	-	-	-
Consumer PDL's	1	-	-	-	1
Mortgage PDL's	5	10	6	16	16
Goverment Entities PDL's	-	-	-	-	-
Past Due Loans	**79**	**60**	**46**	**83**	**137**
Gross Loan Portfolio	**9,908**	**10,470**	**10,628**	**10,858**	**11,021**
Preventive loan loss reserves	192	215	125	131	119
Net Loan Portfolio	**9,717**	**10,255**	**10,504**	**10,727**	**10,902**
Credit Assets Portfolio	-	-	-	-	-
Sundry debtors and other accs rec,net	-	14	7	-	-
Foreclosed assets, net	20	15	17	25	152
Real Estate, Furniture & Equipment, net	569	570	585	585	580
Investments in subsidiaries	7	7	7	7	7
Deferred taxes, net	-	-	-	-	-
Risk Coverage for Mortgage	-	-	-	-	-
GoodWill	2,642	3,254	2,582	2,575	2,512
Intangible	156	159	148	139	126
Otros Assets	445	416	433	565	485
Other Assets	**3,243**	**3,829**	**3,164**	**3,278**	**3,123**
TOTAL ASSETS	**19,161**	**18,478**	**19,241**	**19,838**	**20,434**

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

BANORTE USA – BALANCE SHEET *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08
LIABILITIES					
Demand Deposits	8,222	7,645	6,901	7,741	7,909
Time Deposits	6,816	6,585	7,172	7,577	7,372
Bank Bonds	-	-	-	-	-
Deposits	**15,039**	**14,229**	**14,074**	**15,318**	**15,280**
Immediate Redemption Loans	-	-	-	-	-
Short term	-	111	60	-	768
Long term	88	85	916	264	77
Due to banks and correspondents	**88**	**195**	**976**	**264**	**844**
Non-assigned securities pending settlement	-	-	-	-	-
Cerditor Balance in Repo Trans, net	-	-	-	-	-
Repo transactions with collateral	-	-	-	-	-
Securities to be received in Repo Trans, net	-	-	-	-	-
Transactions with derivatives, net	-	-	-	-	-
Operations w/ Derivatives & Securities	**-**	**-**	**-**	**-**	**-**
Income Tax & Profit Sharing Payable	33	-	-	-	2
Other creditors & accounts payable	220	122	117	135	141
Other payable accounts	**252**	**122**	**117**	**135**	**143**
Subordinated non Convertible Debenture	233	230	229	225	220
Deferred Taxes	31	7	17	19	44
Deferred credits	-	19	24	30	33
TOTAL LIABILITIES	**15,645**	**14,803**	**15,438**	**15,991**	**16,564**
STOCKHOLDER´S EQUITY					
Paid-in Capital	3,131	3,350	3,331	3,344	3,344
Share subscription premiums	-	-	-	-	-
Subordinated Convertible Debentures	-	-	-	-	-
Subscribed Capital	**3,133**	**3,350**	**3,331**	**3,344**	**3,344**
Capital Reserves	-	-	-	-	-
Retained Earnings	10	10	10	11	122
Results from Valuation of Secs Available for Sale	22	2	40	57	105
Results from Conversions of Foreign Ops	50	(25)	20	15	(81)
Surplus (Deficit) in capital restatement	-	-	-	-	-
Results of Non Monetary fixed assets	-	-	-	-	-
Results on non monetary - investment assets	-	-	-	-	-
Adjustment in employees' pensions	-	-	-	-	-
Accumulated effect of Deferred Liabilities	-	-	-	-	-
Net Income	34	44	97	112	46
Earned Capital	**117**	**30**	**168**	**194**	**192**
Minority Holdings	266	296	304	309	334
Total Stockholder´s Equity	**3,517**	**3,674**	**3,803**	**3,847**	**3,870**
TOTAL LIABILITIES & STOCKHOLDER´S CAPITAL	**19,161**	**18,478**	**19,241**	**19,838**	**20,434**

BANORTE USA – MEMORANDUM ACCOUNTS *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08
Endorsement guarantees granted	-	-	-	-	-
Other contingent obligations	-	-	-	-	-
Irrevocable lines of credit	-	-	-	-	-
Credit commitments	18	21	14	14	23
Assets held in trusts or mandate	-	-	-	-	-
Assets held in custody or in administration	-	-	-	-	-
Investment banking transactions for third parties, net	-	-	-	-	-
Amounts committed to fobaproa operations	-	-	-	-	-
Investment of retirement saving funds	-	-	-	-	-
Integration of loan portfolio	-	-	-	-	-
Amounts received in derivative instruments	-	-	-	-	-
Fobaproa trusts	-	-	-	-	-
Repurchase securities to be received	-	-	-	-	-
(Less) creditors from repos	-	-	-	-	-
Debitors from repos	-	-	-	-	-
(Less) Repurchase securities to be delivered	-	-	-	-	-
Other control accounts	-	-	-	-	-
Endorsement guarantees granted	**18**	**21**	**14**	**14**	**23**

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

ACCOUNTING CHANGES AND REGULATIONS

- **General guidelines applicable to the financial information of holding companies of financial institutions subject to supervision by the National Banking and Securities Commission (CNBV.)**

On April 27, 2005, the CNBV issued general provisions applicable to the financial information of the controlling companies of financial groups in order to homologate the information that financial groups issue to the public for the analysis of their solvency and economic stability. This is done in order to facilitate savings and investment decision-making. GFNorte's Financial Statements can be found in our website at www.banorte.com/informacion_financiera

- **Provisions for implementation of the new Basel Capital Agreement.**

On October 3th, 2005, the CNBV published the agreement signed by financial authorities and the Mexican Banker's Association in order to implement the new capital guidelines that contain the standards and principles known as Basel II that will enable the bank's capital to reflect with greater precision the credit, market and operational risks.

- **New rules for banking institutions' capital requirements.**

On December 28, 2005, the Ministry of Finance(Secretaria de Hacienda y Credito Publico (SHCP)), issued new regulations for capital requirements, establishing a greater number of of bands and higher capital requirements. These new regulations came into effect on January, 2006.

- **Changes to accounting criteria.**

In September 2006, the CNBV issued changes to accounting standards in order to to make them consistent with reporting standards established both in Mexico and internationally. This will facilitate comparisons 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.

- Repossessed assets will be revalued with the adjustment of the UDI (CPI unit of account); previously they generated a monetary expense in Repomo since they were 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 income and amortizations from investments in collection rights will be recognized according to according to the rules established in the B-11 critera of the CNBV using one of the three different methods established in this critera for that effect.

- **B-10 Bulletin "Inflation Effects".**

Careful consideration should be taken when comparing 2008 results vs. reported figures for previous periods since they are not fully comparable, as a result of the NIF B10 "Inflation Effects" norm taking effect in January of this year. This norm indicates that the economic environment is non-inflationary when the accumulated inflation rate over the last three years is less than 26%. Under this context, it is not necessary to re-express financial statements as of January 2008. For the purpose of comparisons, 2007 and previous year's results are expressed in pesos of December 2007.

- **Elimination in 4Q07 of the share plan granted to employees.**

In 4Q07, an elimination of the share plan given to employees was added. This elimination affected GFNorte's balance sheet as follows: Other Assets $ 645 million, Equity $ 55 million and Premium in Shares Sold $ 590 million.

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

LOAN PORTFOLIO SALES TO SOLIDA 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. The transaction was done based on August 2002 figures, and therefore the final figure that affected the February balance was Ps $1.856 billion, once the collections made since August 2002 are considered. The past-due portfolio as well as 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 previously. This was a one time operation and is not a recurrent procedure to transfer loans to Sólida.

	Local Currency (2)			Foreign Currency (USD) (3)			Total		
(Millions of Nominal Pesos)	Aug'02	Dec'07	Mar'08	Aug'02	Dec'07	Mar'08	Aug'02	Dec'07	Mar'08
Performing Loans									
Commercial	5	-	-	5	-	-	10	-	-
Consumer	-	-	-	-	-	-	-	-	-
Mortgage	54	77	70	-	-	-	54	77	70
Total	**59**	**77**	**70**	**5**	**-**	**-**	**64**	**77**	**70**
Non Performing Loans									
Commercial	405	375	372	293	112	110	698	487	482
Consumer	81	73	73	-	-	-	81	73	73
Mortgage	1,112	458	445	-	-	-	1,112	458	445
Total	**1,598**	**906**	**890**	**293**	**112**	**110**	**1,891**	**1,018**	**1,000**
TOTAL LOANS	**1,657**	**983**	**960**	**298**	**112**	**110**	**1,955**	**1,095**	**1,070**
Loan Loss Reserves (1)									
Commercial	326	363	360	246	112	110	572	475	470
Consumer	77	73	73	-	-	-	77	73	73
Mortgage	669	433	422	-	-	-	669	433	422
Total	**1,072**	**869**	**855**	**246**	**112**	**110**	**1,318**	**981**	**965**

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 68 million as of March 2008.
Note 2.- Banorte has a 99.99% stake in Sólida.

In 1Q08 the Loan portfolio showed changes due to: collections for Ps $10 million, restructures for Ps $3 million, repossessed assets for Ps $6 millon and Ps $24 million in charge-offs and discounts. In the Loan loss provisions, there were charge-offs and discounts for Ps $6 million. There were transfers from performing loans to past due loans for Ps $6 million and transfers from past due loans to performing loans for Ps $4 million.

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

	Local Currency (1)		Foreign Currency (USD)(2)		Total	
(Millions of Nominal Pesos)	Dec'07	Mar'08	Dec'07	Mar'08	Dec'07	Mar'08
Performing Loans						
Commercial	99,311	103,698	15,281	15,199	114,592	118,897
Consumer	27,045	28,446	-	-	27,045	28,446
Mortgage	35,602	37,475	-	-	35,602	37,475
Fobaproa / IPAB	-	-	-	-	-	-
Performing Loans	**161,958**	**169,619**	**15,281**	**15,199**	**177,239**	**184,818**
Non Performing Loans						
Commercial	1,060	1,172	138	134	1,198	1,306
Consumer	1,182	1,280	-	-	1,182	1,280
Mortgage	1,299	1,321	-	-	1,299	1,321
Non Performing Loans	**3,541**	**3,773**	**138**	**134**	**3,679**	**3,907**
TOTAL LOANS	**165,499**	**173,392**	**15,419**	**15,333**	**180,918**	**188,725**
Loan Loss Reserves	**4,319**	**4,584**	**238**	**239**	**4,557**	**4,823**
Net Loan Portfolio	**161,180**	**168,808**	**15,181**	**15,094**	**176,361**	**183,902**
Loan Loss Reserves					**123.87%**	**123.45%**
% Past Due Loans					**2.03%**	**2.07%**

1) Includes UDIS.
2) The dollar portfolio and reserves are re-expressed in pesos.

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

NOTES TO FINANCIAL STATEMENTS

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 1Q08
(Million Pesos)

NEGOTIABLE INSTRUMENTS	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Goverment Securities	291	-	-	291
Banking Securities	6,091	21	(7)	6,105
Private	1,309	6	25	1,339
Bank Paper	-	-	-	-
Treasury Bonds	-	-	-	-
PEMEX	-	-	-	-
UMS	-	-	-	-
Commercial Paper	169	-	-	169
Shares listed in the SIC	-	-	-	-
Guarantee (collateral) for futures	4	-	-	4
Mutual Funds	-	-	-	-
Subordinated Securities	236	-	2	239
Total	**8,100**	**27**	**21**	**8,148**
SECURITIES HELD FOR SALE				
Goverment Securities	5,211	26	75	5,312
Mexican Government Securities (UMS)	2,160	26	70	2,255
Treasury Bonds	171	3	(1)	173
Public company bonds	-	-	-	-
Bonds	3,246	49	(40)	3,255
Eurobonds	426	19	(12)	433
Bank Paper	-	-	-	-
Structured notes	-	-	-	-
PEMEX	3,739	78	83	3,900
Subordinated securities	21	-	287	307
Swaps for hedging purposes	-	-	-	-
Total	**14,974**	**200**	**462**	**15,637**
SECURITIES HELD TO MATURITY				
Special Cetes	653	7	-	660
Securities affected as collateral	-	-	-	-
Fiduciary Rights	33	-	(25)	8
Bonds	-	-	-	-
Mexican Government Securities (UMS)	-	-	-	-
Government securities	10	-	-	10
PEMEX (USD)	-	-	-	-
Strip Bonds	-	-	-	-
Subordinated securities	71	-	-	71
Total	**767**	**7**	**(25)**	**749**
TOTAL	**23,841**	**234**	**458**	**24,533**

SECURITIES ASSIGNED FOR SETTLEMENT 1Q08
(Million Pesos)

SECURITIES ASSIGNED FOR SETTLEMENT	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Government securities	1,752	8	(15)	1,745
Banking securities	-	-	-	-
Private	-	-	-	-
Bank Paper	-	-	-	-
Treasury Bonds	-	-	-	-
UMS	-	-	-	-
Commercial Paper	-	-	-	-
Shares listed in the SIC	-	-	-	-
Guarantee (collateral) for futures	-	-	-	-
Mutual Funds	-	-	-	-
Swaps for Hedging Purposes	-	-	-	-
Total	**1,752**	**8**	**(15)**	**1,745**

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

REPURCHASE AGREEMENT OPERATIONS 1Q08
(Million Pesos)

SALES	MARKET VALUE			FINANCIAL STATEMENT INDIVIDUAL COMPENSATION	
	RECEIVABLES ON REPURCHASE AGREEMENT	SECURITIES TO BE DELIVERED	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE
Goverment Securities	186,465	186,664	(199)	32	231
Banking Securities	22,511	22,539	(27)	14	41
Private Securities	17,612	17,610	2	3	1
Total	226,589	226,813	(224)	49	273

PURCHASES	MARKET VALUE			FINANCIAL STATEMENT INDIVIDUAL COMPENSATION	
	RECEIVABLES ON REPURCHASE AGREEMENT	SECURITIES TO BE DELIVERED	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE
Goverment Securities	18,656	18,620	(36)	42	7
Banking Securities	1,338	1,338	-	-	-
Private Securities	3,200	3,211	11	-	11
Total	23,194	23,169	(25)	43	18
				92	291

BANORTE

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

DERIVATIVE FINANCIAL INSTRUMENTS OPERATIONS 1Q08

(Million Pesos)

INSTRUMENT	TO RECEIVE	TO DELIVER	NET	DEBTOR BALANCE	CREDITOR BALANCE
FUTURES					
Over Inflation (INPC)	9	(9)	-	-	-
					-
FORWARD FX CONTRACTS	AGREED PRICE	MARKET VALUE	VALUATION		
Negotiable					
Purchases	472	465	(7)		
Sells	541	548	7		
Total	1,013	1,013	-	7	7
					-
Hedging					
Purchases	-	-	-		
Sells	-	-	-		
Total	-	-	-	-	-
					-
SWAPS	TO RECEIVE	TO DELIVER	NET		
Cross Currency	-	-	-		
Valuation	-	-	-		
Total	-	-	-	-	-
					-
Negotiable					
Capital	17,944	(18,010)	(65)		
Interest rate	578	(571)	7		
Valuation	35,453	(35,363)	90		
Subtotal	53,974	(53,943)	31	1,958	1,927
					31
Hedging					
Capital	16,492	(16,706)	(214)		
Interest rate	275	(204)	71		
Valuation	3,846	(4,545)	(699)		
Subtotal	20,612	(21,455)	(843)	308	1,151
					(843)
OPTIONS	Initial Premium	Valuation	Valued Premium		
Negociable-Assets					
Swaptions	17	1	18		
Rate Options	128	(89)	39		
Index Options (ipc)	-	-	-		
Total	145	(88)	57	57	-
Hedging -Assets					
Swaptions	-	-	-		
Rate Options	163	(124)	38		
Index Options (ipc)	-	-	-		
Total	163	(124)	38	38	-
Negociable-Liability					
Swaptions	(32)	(9)	(41)		
FX	-	-	-		
Rate Options	(111)	80	(31)		
Index Options (ipc)	-	-	-		
Total	(143)	71	(72)	-	(72)
Debtor Balance				2,368	
Creditor Balance					3,157

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 1Q08
(Millones de Pesos)

PRODUCT	KIND	UNDERLYING	CURRENCY	POSITION
FX Forwards	Purchases	Exchange Rate (Dollar)	MXN	472
FX Forwards	Sales	Exchange Rate (Dollar)	MXN	541
				1,013
FX Options	Purchases	Exchange Rate (Dollar)	MXN	-
FX Options	Sales	Exchange Rate (Dollar)	MXN	4
				4
Interest Rate Options	Purchases	TIIE	MXN	101,912
Interest Rate Options	Sells	TIIE	MXN	85,060
				186,972
Interest Rate Swaptionse	USLI/IRS	TIIE	MXN	3,250
Interest Rate Swaptions	TIIE/IRS	TIIE	MXN	13,400
				16,650
Interest Rate Swaps	USLI/IRS	LIBOR	MXN	2,673
Interest Rate Swaps	TIIE/IRS	TIIE	MXN	132,821
				135,493
FX Swaps	CETE-US/CS	CETE	MXN	4,578
FX Swaps	TIIE-EU/CS	TIIE	MXN	891
FX Swaps	MXP-US/CSF	FIX/FIX	MXN	17,829
FX Swaps	TIIE-US/BS	TIIE/LIBOR	MXN	4,214
FX Swaps	TIIE-US/CS	TIIE	MXN	6,916
				34,428
Futures in MEXDER	Purchases	TIIE	MXN	1,900
Futures in MEXDER	Sales	TIIE	MXN	2,700
				4,600
Futures in MEXDER	Purchases	CETE	MXN	-
Futures in MEXDER	Sales	CETE	MXN	50
				50
Futures in MEXDER	Purchases	M10	MXN	-
Futures in MEXDER	Sales	M10	MXN	-
				-

INVESTMENT IN NON GOVERNMENTAL FINANCIAL INSTRUMENTS THAT RESPRESENT MORE THAN 5% NET CAPITAL 1Q08
(Million Pesos)

INDUSTRY	INVESTMENT INSTRUMENT	AMOUNT	% NET CAPITA
BACOMER	Banking Bond	3,648	9.3%

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

LOAN PORTFOLIO
(Million Pesos)

	Local Currency		UDIS		Foreign Currency		Total	
	1Q07	1Q08	1Q07	1Q08	1Q07	1Q08	1Q07	1Q08
Performing Loans								
Commercial	62,391	75,800	298	291	22,542	24,948	85,231	101,040
Financial Intermediaries	2,268	12,435	-	-	221	1,157	2,489	13,592
Consumer	22,411	28,367	90	94	157	180	22,658	28,642
Mortgages	28,165	36,388	1,243	1,017	725	1,641	30,133	39,046
Goverment Entities	14,845	17,252	-	-	416	305	15,262	17,556
Fobaproa	-	-	-	-	-	-	-	-
Total	**130,081**	**170,242**	**1,631**	**1,403**	**24,061**	**28,230**	**155,774**	**199,875**
Past Due Loans								
Commercial	710	940	9	6	114	144	832	1,089
Financial Intermediaries	-	-	-	-	-	-	-	-
Consumer	720	1,207	341	336	1	1	721	1,208
Mortgages	392	540	-	-	5	16	738	893
Goverment Entities	-	-	-	-	-	-	-	-
Total	**1,821**	**2,687**	**350**	**342**	**120**	**161**	**2,291**	**3,189**
Total Propietary Loans	**131,902**	**172,929**	**1,981**	**1,744**	**24,181**	**28,391**	**158,064**	**203,065**

COST OF BALANCES OF FINAPE, FOPIME, MORTGAGE UDIS AND MORTGAGE FOVI LOAN PORTFOLIOS AS OF 1Q08
()Million Pesos)

	TOTAL	
	PERIOD COST	BALANCE OF LOAN PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	10	99
Mortgage FOVI	-	19
	11	**118**

Quarter ending balance of Ps 118 million pesos in debtors support programs with a cost for the period of Ps 11 million.

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

- **Distressed Portfolio**

The National Banking and Securities Commission (CNBV) accepted the Proposal of the Bankers Association of Mexico (ABM) to consider as a Distressed Portfolio the D and E risk levels of the portfolio classification. The following table shows the distressed portfolio.

(Million Pesos)	**Total**
Distressed Portfolio	1,973
Total Loans	203,065
Distressed Portfolio / Total Loans	**1.0%**

DEFERRED TAXES *(Million Pesos)*			
ASSETS	**INCOME TAX**	**PROFIT SHARING**	**NET**
Tax losses pending amortization	7	-	7
Unrealized loss from Securities held for sale	(15)	-	(15)
Provisions for possible loss in loans	41	-	41
Earnings per Society	2	-	2
Deferred compensation	3	-	3
Non deductible provisions and cumulative income	284	97	381
Net operating loss carryforward – Uniteller and Banorte USA corp.	7	-	7
State Tax on Assets Deferred	2	-	2
Excess of accounting value over fiscal value on Reposessed Assets	311	55	366
Diminishable profit sharing	236	84	320
Past-due loan reserves	16	-	16
Anticipated Income and Expenses	235	83	317
Installation expenses	9	-	9
Tax on Assets to recover	1	-	1
Other	1	-	1
Total Assets	**1,137**	**319**	**1,456**
LIABILITIES			
Accrued interest and inflationary component of Fixed Assets, Foreclosed, Intangible & Others	(87)	(29)	(115)
Pension Funds Contribution	(140)	(50)	(190)
Loan Portfolio Acquisitions	(579)	(68)	(646)
Projects to be capitalized	(124)	(44)	(168)
Income tax to pay on UDIS Trust funds	(37)	-	(37)
Book value depreciation	(41)	-	(41)
Dividends Federal Home Loan Bank	(1)	-	(1)
Intangibles' amortizations	(38)	-	(38)
Anticipated Expenses	(2)	-	(2)
Expenses paid in advance	(4)	-	(4)
Effects of other accounts	(1)	-	(1)
Effects of other accounts	(2)	-	(2)
Reversal of Sale Costs	(10)	-	(10)
Organization and Recording Expenses & Installation Expenses	(5)	-	(5)
Unrealized capital gain from investments in Siefore	(47)	-	(47)
Total liabilities	**(1,116)**	**(191)**	**(1,307)**
Assets (Liabilities) Accumulated Net	**20**	**128**	**148**

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

LONG TERM DEBT AS OF 1Q08
(Million Pesos)

TYPE OF DEBT	CURRENCY	DATE OF ISSUE	AMOUNT (Pesos)	ORIGINAL AMOUNT (Million Ps, Dlls or UDIS)	TERM	INTEREST RATE	MATURITY	INTEREST PAYMENT
CD's- Banorte U01001	UDIs	Jan 11 '01	361	90	10 years	8.13%	Dec 30 '10	E/182 days
Step-Up Subordinated Callable Notes Due 2014	USD	Feb 17 '04	3,194	300	10 years	5.875%	Feb 17 '14	E/ 180 days
Non Convertible Subordinated Bonds 2006	USD	Oct 13 '06	4,259	400	1 year	6.135%	Oct 13 '16	E/ 180 days
Non Convertible Subordinated Bonds 2006	USD	Oct 13 '06	2,130	200	15 years	6.862%	Oct 13 '21	E/ 180 days
Non Convertible Subordinated Bonds Q Banorte 08	MXN	11-Mar-08	3,000	3,000	10 years	TIIE + 0.60%	27-Feb-18	E/ 28 days
Non Convertible Subordinated Bonds Q Banorte 08U	UDIs	11-Mar-08	1,527	383	20 years	TIIE + 0.60%	27-Feb-18	E/ 182 days

BANK AND OTHER ENTITIES LOANS' AS OF 1Q08
(Million Pesos)

	LOCAL CURRENCY	INTEREST RATE	TERM (DAYS)	FOREIGN CURRENCY	INTEREST RATE	TERM (DAYS)	TOTAL
LOANS FROM LOCAL BANKS	-	-	-	1,314	4.04%	1,095	1,314
LOANS FROM FOREIGN BANKS GENERATED IN THE COUNTRY	-	-	-	861	L+0.9	1,024	861
LOANS FROM FOREIGN BANK GENERATED FROM CAYMAN	-	-	-	3,911	5.32%	663	3,911
LOANS FROM DEVELOPMENT BANKS	4,799	6.6%	690	800	9.78%	548	5,599
LOANS FROM PUBLIC FUNDS	7,685	7.08%	506	108	4.28%	849	7,793
LOANS FROM BANKS	12,294	8.31	106	-	-	-	12,294
CALL MONEY	1,810	7.50%	3	-	-	-	1,810
LOANS FROM FIDUCIARY FUNDS	586	8.07%	4,853	-	-	-	586
PROVISIONS FOR INTEREST	163	N.A.	N.A.	-	-	-	163
	27,337			**6,994**			**34,332**

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

TRADING INCOME 1Q08 *(Million Pesos)*	
VALUATION EFFECTS	
Negotiable Instruments	(4)
Securities Held to Maturity	-
Repurchase Agreements	53
Derivative instruments	(132)
Futures	(1)
From repo trasactions	-
Range	-
Inflation Adjustment	-
Total	**(83)**
RESULTS FORM BUYING AND SELLING	
Negotiable Instruments	69
Securities Held for Sell	22
Hedging Derivatives	84
Inflation Adjustment	-
Total of Buying and Selling Instruments	**175**
FX Spot	108
FX Forwards	-
FX Futures	-
FX Futures TIIE	-
FX Hedging	-
Changes in FX Valuation	(5)
Intermediation of metals	1
Changes in valuation of Metals	2
Total Foreign Exchange	**106**
Inflation Adjustment	**-**
Total of Buying and Selling	**281**
TOTAL TRADING INCOME	**198**

- **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, 2008, the Banco Mercantil del Norte total portfolio was Ps 188,148 million. The expected loss represents 1.8% and the unexpected loss is 3.3% with respect to the total portfolio. The average expected loss is 1.8% during the period between January and March 2008.

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

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, 2007	$24,942
I. Financings whose individual amount represents more than 10% of the basic capital:	
Credit operations	
– Number of financings	1
– Total amount of financings	$3,008
– % vs. basic capital	12%
Money Market operations	
– Number of financings	3
– Total amount of financings	$10,928
– % vs. basic capital	44%
Transactions in overnight	
– Number of financings	3
– Amount of financings taken as a whole	$9,112
– % in relation to basic capital	37%

*Investments with Banks in checking accounts

II. Maximum amount of financing with the 3 major Common Risk debtors and groups	$18,816

In compliance with the risk diversification rules for asset and liability transactions, the following information is provided below regarding ProNegocio (Millions of pesos):

Basic capital as of December 31, 2007	$51
III. Financing whose individual amount represents more than 10% of basic capital:	
Credit transactions	
– Number of financings	0
– Amount of financings taken as a whole	$0
– % in relation to basic capital	0%

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

Money market transactions

- Number of financings 0
- Amount of financings taken as a whole $13*
- % in relation to basic capital 26%

*Investments with Banks in checking accounts

IV. Maximum amount of financing with the 3 largest debtors and Common Risk groups $13*

*98.85% of this amount corresponds to checking account investments with Banks

- **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.

Million Pesos	1Q07	2Q07	3Q07	4Q07	1Q08
Total Var *	1,648	1,748	1,715	1,891	***2,230**
Net Capital ***	31,043	32,364	34,809	34,517	**40,041**
VaR/Net Capital	5.31%	5.40%	4.93%	5.48%	**5.57%**

* 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 2008 is shown below:

Risk Factor	VaR
Domestic interest rate	2,281
Foreign interest rate	95
Exchange rate	149
Capitals	21
Bond Prices in Foreign Currency	233
Total VaR of Bank and Brokerage House	**2,230**

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.

- ***Sensitivity Analysis and Extreme Conditions Test***

To enrich the analysis and to obtain the desired impact that movements on risk factors may have on positions, sensitivity analizes and tests under extreme conditions are periodically implemented. These analizes prevent the Institution from negative situations that could arise in which extraordinary losses result from the valuation of financial instruments in position.

- **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**

As of January 2003, GFNorte established a formal operational risk department called the "Operational Risk Management Department" (ARO) within the General Directorship of Risk Management.

Our institution defines Operational Risk as the potential loss due to failures or deficiencies in the internal controls, errors in operation processing and storing or in data transmitting, as well as to adverse administrative and judicial rulings, fraud or theft (this definition includes Technological and Legal risk).

The objectives of the Operational Risk Management are: a) To allow and support the organization to reach its institutional objectives through the prevention and management of operational risks; b) To insure that the existing operational risks and the required controls are duly identified, assessed and in line with the risk strategy established by the organization; and c) To insure that the operational risks are duly quantified in order to make the proper capital allocation per operational risk.

Pillars of Operational Risk Management

I. Policies, Objectives and Guidelines

As part of the institutional regulations, there are documented policies, objectives, guidelines, methodologies and responsible areas in Operating Risk management.

The Operating Risk Directorship maintains close communication and coordination with the Regulatory Comptrollership in order to facilitate effective Internal Control in which the proper procedures and controls are established that will mitigate Operating Risk in the processes, and provide follow up through the Internal Audit Department.

The Regulatory Comptrollership, as part of the Internal Control System, carries out the following activities to mitigate risk: a) Internal control validations; b) Institutional regulations management and control; c) Monitoring of operating processes' internal control by means of control indicators reports, that are reported by the process comptrollers in the various areas; d) Money Laundering Prevention process management; e) Control and follow up of the regulatory provisions; f) Analysis and assessment of the operating processes and projects with the participation of the responsible directors of each process in order to insure adequate internal control.

II. Quantitative and Qualitative Measuring Tools

Operating Losses Database

To record operating loss events, a system has been developed internally known as the "Operating Loss and Events Capture System" (SCERO). This system enables the central information supplier areas to directly record such events online, which are classified by Type of Event in accordance with the following categories (in line with those proposed by the Basle II Agreement):

Types of Events	Description
Internal Fraud	Acts entended 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, entended to defraud, usurp the property or avoid the law.
Labor Relations	Acts that are 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 designo f 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.

This historical Database provides the statistics of the operating events in which the institution has incurred so as to be able to determine their trends, frequencies, impact and distribution. Moreover, the Database will make it possible in the future to have enough information to calculate the capital requirements per Advances Models.

- ***Legal and Fiscal Contingencies Database***

For the recording and follow-up of legal, administrative and tax issues that may arise from adverse unappealable ruling, an internal system called "Legal Risk Issues Monitoring System" (SMARL) was developed. This system enables the central data supplying areas to record such events directly and on-line, which are then classified by company, sector and legal issue, among others.

As part of GFNorte's legal risk management, legal and fiscal contingencies are estimated by the attorneys that process the issues based on an internal methodology. This makes it possible to create the necessary book reserve to face such estimated contingencies.

- ***Risk Management Model***

GFNorte has defined objectives, which are achieved through different plans, programs and projects. Compliance with such objectives may be adversely affected due to operating risks, for which reason a methodology must be in place to manage them within the organization. Consequently, operating risk management is now an institutional policy defined and supported by senior management.

To perform Operating Risk Management, each of the operating risks involved in the processes must be identified in order to analyze them. In this regard, the risks identified by the Regulatory Comptrollership are recorded in a risk matrix and processed in order to eliminate or mitigate them (seeking to reduce their severity or frequency) by defining tolerance levels, as the case may be. At present, work is being done on developing a new Institution Operating Risk Management Model and the technological tools needed to implement it.

III. Required Capital Calculation

As of November 2007, the Official Gazette of the Federation published the Capitalization Rules for Operation Risk, establishing the use of a Basic Model. The capital requirement for Operational Risk calculation is currently being done and reported to the authority using the new methodology.

IV. Information and Reporting

The information generated by the Database and the Management Model is processes periodically to report to the Risk Policies Committee and the Board of Directors regarding the main operating events that were detected, the trends, identified risks (risk matrix) and their mitigating strategies. Reporting is also done on the status of the main Operating Risk mitigation initiatives implemented by the various areas of the organization.

- **Technology risk**

Technological Risk is defined in our institution as all potential losses from damage, interruption, alteration or failures derived from the use of or dependence on hardware, software, systems, applications, networks and any other information distribution channel in the rendering of banking services to the customers.. This risk forms an inherent part of Operating Risk, which is why its management is handled collectively throughout the entire organization.

To address the Operating Risk associated with information integrity, and “Integrity Committee” has been created. Its objectives are to align security and information control efforts under a prevention focus, to define new strategies, policies, processes or procedures and to provide solutions to information security issues that affect or may affect the Institutional patrimony.

The functions established by the CNBV or Technology Risk Management are performed by the Institution under institution regulatory and Integrity Committee guidelines.

To address the Operating Risk caused by high impact external events, GFNorte has a Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) based on a same-time data replication system at an alternate computer site. All the above cover the back up and recovery of the Institution’s critical applications in the event or any relevant operating contingency.

- **Legal risk**

Legal Risk is defined as the potential loss from failure to comply with the applicable legal and administrative provisions, the issuance of indisputable unfavorable court rulings and the application of penalties regarding the operations that the institution performs.

The Legal Risk must be measured as an inherent part of Operating Risk in order to understand and estimate its impact. Therefore, those legal issues which result in actual operating losses of the SMARL system are later recorded in the SCERO in accordance with a predetermined classification.

Based on the statistics of the current legal issues and real loss events, the Institution can identify specific legal or

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- **Information by Segments**

***GFNORTE* – BALANCE SHEET 1Q08** *(Million Pesos)*									
	Holding	Banorte	Brokerage	Leasing & Factoring	Warehouse	Pronegocio	Total	Eliminations	Final Balance
Interest Income	3	10,792	545	328	-	52	11,720	(399)	11,320
Interest Expense	-	5,967	477	172	-	11	6,627	(379)	6,249
Loan Fees	-	103	-	-	-	4	107	-	107
Net Interest Income (NII)	**3**	**4,928**	**68**	**156**	**-**	**45**	**5,199**	**(21)**	**5,179**
Repomo-Margin	-	-	-	-	-	-	-	-	-
NII after Repomo	**3**	**4,928**	**68**	**156**	**-**	**45**	**5,199**	**(21)**	**5,179**
Loan Loss & Loss Sharing Provisions	-	987	-	6	-	12	1,005	-	1,005
NII after Provisions	**3**	**3,941**	**68**	**150**	**-**	**33**	**4,194**	**(21)**	**4,174**
Fees on services,	-	1,872	182	4	10	1	2,070	(25)	2,045
Fees paid,	-	274	-	2	-	6	282	-	282
Market-related Income	-	201	(3)	-	-	-	198	-	198
Total Non Interest Income	**-**	**1,799**	**179**	**2**	**10**	**(5)**	**1,986**	**(25)**	**1,961**
Total Operating Income	**3**	**5,740**	**246**	**152**	**10**	**28**	**6,180**	**(45)**	**6,134**
Non-Interest Expense	**2**	**3,596**	**158**	**80**	**4**	**39**	**3,879**	**(81)**	**3,799**
Operating Income	**1**	**2,144**	**88**	**72**	**6**	**(11)**	**2,300**	**35**	**2,336**
Non Operating Income	-	841	2	6	35	2	885	(35)	850
Non Operating Expense	-	110	-	2	34	1	148	-	148
Non Operating Income (Expense)NET	**-**	**731**	**2**	**4**	**1**	**1**	**738**	**(35)**	**702**
Pre-tax Income	**1**	**2,874**	**90**	**76**	**7**	**(10)**	**3,038**	**-**	**3,038**
Tax and Profit sharing	**3**	**1,039**	**22**	**10**	**2**	**(1)**	**1,075**	**-**	**1,075**
Net Income before subsidiaries	**(2)**	**1,835**	**67**	**66**	**5**	**(9)**	**1,963**	**-**	**1,963**
Subsidiaries´net income	1,930	27	3	-	-	-	1,961	(1,884)	77
Net Inc. from continuos operations	**1,928**	**1,863**	**71**	**66**	**5**	**(9)**	**3,924**	**-**	**2,040**
Extraodinary items, net	-	-	-	-	-	-	-	-	-
Minority Interest	-	(58)	-	-	-	-	(58)	(53)	(111)
TOTAL NET INCOME	**1,928**	**1,804**	**71**	**66**	**5**	**(9)**	**3,866**	**(1,937)**	**1,928**

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

GFNORTE – BALANCE SHEET AS OF 1Q08
(Million Pesos)

ASSETS	Holding	Banorte	Brokerage	Leasing & Factoring	Warehouse	Pronegocio	Total	Eliminations	Final balance
Cash and due from Banks	131	39,792	1	12	8	13	39,958	(154)	39,804
Negotiable Instruments	-	7,390	758	-	-	-	8,148	-	8,148
Securities held for sale	-	15,636	-	-	-	-	15,636	-	15,636
Securities held to maturity	-	749	-	-	-	-	749	-	749
Financial Instruments:	-	23,775	758	-	-	-	24,533	-	24,533
Non-assigned securities to pay	-	-	-	-	-	-	-	-	-
Futures receivable, net	-	49	43	-	-	-	92	-	92
Options and derivatives, net	-	2,368	-	-	-	-	2,368	-	2,368
Repos & Derivatives :	-	2,417	43	-	-	-	2,460	-	2,460
Commercial	-	90,957	-	9,702	-	381	101,040	-	101,040
Financial Intermediaries	-	17,329	-	67	-	-	17,396	(3,804)	13,592
Consumer	-	28,626	-	16	-	-	28,642	-	28,642
Mortgage	-	39,046	-	-	-	-	39,046	-	39,046
Goverment Entities	-	17,556	-	-	-	-	17,556	-	17,556
Fobaproa	-	-	-	-	-	-	-	-	-
Performing Loans	-	193,514	-	9,785	-	381	203,680	(3.804)	199,875
Commercial	-	944	-	33	-	112	1,089	-	1,089
Financial Intermediaries	-	-	-	-	-	-	-	-	-
Consumer	-	1,208	-	-	-	-	1,208	-	1,208
Mortgage	-	893	-	-	-	-	893	-	893
Goverment Entities	-	-	-	-	-	-	-	-	-
Past Due Loans	-	3,044	-	33	-	112	3,189	-	3,189
Total Credit	-	196,558	-	9,818	-	493	206,869	(3,804)	203,064
Preventive loan loss reserves	-	3,976	-	38	-	34	4,048	-	4,048
Net Loan Portfolio	-	192,582	-	9,780	-	459	202,821	(3,804)	199,017
Acquired collection rights	-	3,538	-	-	-	-	3,538	-	3,538
Total Loans	-	196,120	-	9,780	-	459	206,359	(3,804)	202,554
Sundry debtors and other	11	12,154	124	138	29	9	12,464	(5)	12,459
Merchandise Inventory	-	-	-	-	61	-	61	-	61
Foreclosed assets, net	-	506	-	-	-	-	506	-	506
Real Estate, Furniture & Equipment,	-	6,424	14	1,394	59	68	7,959	-	7,959
Investments in subsidiaries	34,345	1,045	70	-	-	-	35,460	(32,775)	2,685
Deferred taxes	-	143	-	3	-	19	165	(16)	148
GoodWill	33	4,000	-	-	-	-	4,034	-	4,034
Intangible	-	238	-	-	-	-	238	-	238
Otros Assets	3	4,398	288	28	5	15	4,736	(651)	4,085
Total Other Assets	34,392	28,908	495	1,563	154	110	65,622	(33,446)	32,175
TOTAL ASSETS	34,524	291,011	1,297	11,355	162	582	338,931	(37,405)	301,526

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

GFNORTE – BALANCE SHEET AS OF 1Q08
(Million Pesos)

LIABILITIES	Holding	Banorte	Brokerage	Leasing & Factoring	Warehouse	Pronegocio	Total	Eliminations	Final balance
Demand Deposits	-	103,273	-	-	-	-	103,273	(11)	103,263
Time Deposits	-	93,971	-	-	-	-	93,971	(141)	93,830
Bonds	-	-	-	-	-	-	-	-	-
Deposits	**-**	**197,244**	**-**	**-**	**-**	**-**	**197,244**	**(152)**	**197,092**
Demand	-	5,615	-	-	-	-	5,615	-	5,615
Short term	-	14,225	-	7,625	35	457	22,342	(3,804)	18,538
Long term	-	7,912	-	2,266	-	-	10,178	-	10,178
Due to banks & corresp.	**-**	**27,752**	**-**	**9,891**	**35**	**457**	**38,136**	**(3,804)**	**34,332**
Assigned securities to pay	**-**	**1,745**	**-**	**-**	**-**	**-**	**1,745**	**-**	**1,745**
Non-assigned securities to pay	-	-	-	-	-	-	-	-	-
Futures receivable, net	-	252	39	-	-	-	291	-	291
Options and derivatives, net	-	3,156	-	-	-	-	3,157	-	3,157
Repos & Derivatives:	**-**	**3,408**	**39**	**-**	**-**	**-**	**3,448**	**-**	**3,448**
Income Tax & Profit Sharing	2	1,154	32	7	1	-	1,197	-	1,197
Other Payable accounts	3	12,020	137	348	-	32	12,545	(7)	12,538
Other payable accounts	**5**	**13,174**	**169**	**355**	**7**	**32**	**13,742**	**(7)**	**13,734**
Subordinated non Convertible Debenture	-	14,561	-	-	-	-	14,561	-	14,561
Deferred Taxes	-	-	2	-	14	-	16	(16)	-
Deferred credits	-	923	-	52	-	11	986	(9)	977
TOTAL LIABILITIES	**5**	**258.807**	**211**	**10.297**	**56**	**500**	**269.876**	**(3.988)**	**265,888**
STOCKHOLDER´S EQUITY									
Paid-in Capital	12,018	10,955	540	306	87	118	24,025	(12,060)	11,965
Share subscription premiums	1,863	856	-	-	-	-	2,718	(1,444)	1,275
Subordinated Convertible Debentures	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Subscribed Capital	**13,881**	**11,811**	**540**	**306**	**87**	**118**	**26,743**	**(13,504)**	**13,239**
Capital Reserves	2,446	3,390	58	164	15	-	6,072	(3,626)	2,446
Retained Earnings	21,376	14,749	418	522	(1)	(27)	37,035	(15,659)	21,376
Surplus (Deficit) from securities	-	392	-	-	-	-	392	(392)	-
Results from coverage securities valuation	-	(833)	-	-	-	-	(833)	833	-
Results of foreign operations exchange	-	(33)	-	-	-	-	(33)	33	-
Excess (Insuf.) in capital restatement	-	-	-	-	-	-	-	-	-
Non Mon assets results Fixed Assets	-	-	-	-	-	-	-	-	-
Non Mon assets results Investm subsidiaries	(5,113)	86	-	-	-	-	(5,027)	(86)	(5,113)
Adjustment in the employees pension funds	-	-	-	-	-	-	-	-	-
Net Income	1,928	1,804	71	66	5	(9)	3,866	(1,937)	1,928
Earned Capital	**20,638**	**19,554**	**546**	**751**	**19**	**(36**	**41,472**	**(20,834)**	**20,638**
Minority Holdings	-	840	-	-	-	-	840	921	1,761
Total Stockholder´s Equity	**34,519**	**32,205**	**1,086**	**1,057**	**106**	**82**	**69,055**	**(33,416)**	**35,638**
TOT. LIAB. & STOCKHOL. EQUITY	**34,524**	**291,011**	**1,297**	**11,355**	**162**	**582**	**338,931**	**(37,405)**	**301,526**

- **Internal Control**

The companies that make up GFNorte has an Internal Control System (SCI) that has been structured according to the guidelines set forth by its Board of Directors and that addresses the requirements indicated by the regulating authorities.

The SCI's mission is to help in the operation of an adequate internal control in the operation and in data generating and recording. It is made up of various elements:

A. Board of Directors with the support of the Risk Policies Committee and the Audit and Corporate Practices Committee (CAPS).

B. CEO and the direct reports, such as the Risk Management Unit (UAIR), Legal and Controlling Departments who are responsible for enforcing the proper control and risk levels in the Group's operations.

C. Internal Audit, External Audit and Commissary (As of 4Q06, the Commissary applies only to GFNorte subsidiaries) as additional support structures to check how the Internal Control System functions and provide reasonable assurance regarding the reliability of the generated data.

D. Documents that establish the general control criteria that should be followed in the operation and reporting of transactions; in optimizing human, material and technological resources; in the use, security, timeliness and reliability of the information; and in the due compliance with the external and internal regulations, as well as Code of Conduct that regulates the behavior expected from every advisor, officer, or employee of the Group in the performance of his/her activities.

E. Policies and procedures manuals that regulate the operations that the Institution carries out and establish the control points to observe as well as who is responsible for their enforcement.

During 1Q08, SCI continued to work properly developing activities associated with strengthening risk control, assessment and management, establishing and monitoring controls, and insuring information quality.

A. The relevant entities of GFNorte (Bank, Arrendadora y Factoraje, Pronegocio, INB, Seguros Recuperación de Activos and Afore) submitted their annual report to the CAPS regarding the operability and status of their Internal Control system and the performance of their functions in this matter. These reports will be taken as a basis so that the CAPS can report to the Board of Directors about the Controllership SCI's status in 2Q08, as stipulated in the Stock Market Law.

B. The various Corporate Governance Committees have had the required financial, economic, accounting and/or legal information for proper decision-making.

C. The policy and procedure manuals have been updated as per the changes in external regulations, new products, and changes in the Institution's processes or improvements to internal controls. Additionally, there has been continuous follow-up of the improvement actions regarding the observations made by the different members of the SCI.

D. The Supervisory Authorities' requirements have been addressed and the information required by the external regulations has been submitted.

- **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 leas 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, 2008 and December 31, 2007, the loans granted to related parties totaled Ps $5,508 million and Ps. $5,041 million, respectively.

- **People 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.

Dr. Alejandro Valenzuela del Río
Acting Chief Executive Officer of Grupo Financiero Banorte, S. A. B. 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

According to the new criteria effective as of January 2008, inflationary accouting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

- **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. As a result of the norm NIF B10 "Inflation Effects" taking effect and according to INIF 9 "Presentation of comparable financial statements as a consequence of NIF B-10 taking effect", which mentions that the economic enviornment is non inflationary when accumulated inflation for the last three years is lees than 26%. Under this context, it is not necessary to re-express financial statements as of January 2008 and for comparison pruposes, figures for 2007 and previous years are expressed in December 2007 pesos.

n order to comply with the new general provisions applicable to the financial information of holding companies, since 2Q05, the Quarterly Report provides consolidated information for the financial group.

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 . As a result of the norm NIF B10 "Inflation Effects" taking effect and according to INIF 9 "Presentation of comparable financial statements as a consequence of NIF B-10 taking effect", which mentions that the economic enviornment is non inflationary when accumulated inflation for the last three years is lees than 26%. Under this context, it is not necessary to re-express financial statements as of January 2008 and for comparison pruposes, figures for 2007 and previous years are expressed in December 2007 pesos.

Grupo Financiero Banorte (GFNorte) and Banking Sector (Banorte) 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.