According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

GFNorte reports Net Income of Ps $1.58 billion in 1Q10.

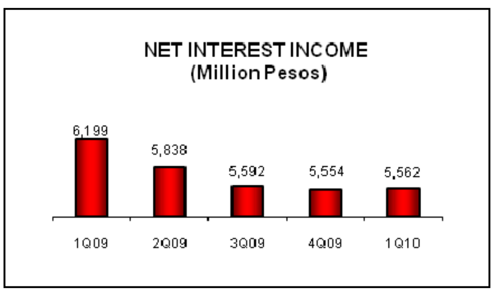
OPERATING RESULTS *(Million Pesos)*	1Q09	4Q09	1Q10	QoQ	YoY
Net Interest Income	6,199	5,554	**5,562**	-%	(10%)
Non Interest Income	2,065	2,719	**2,681**	(1%)	30%
Total Income	8,264	8,273	**8,243**	-%	-%
Non Interest Expense	4,324	4,604	**4,190**	(9%)	(3%)
Provisions	2,162	1,782	**1,772**	(1%)	(18%)
Operating Income	1,778	1,887	**2,281**	21%	28%
Net Income	1,611	1,502	**1,580**	5%	(2%)

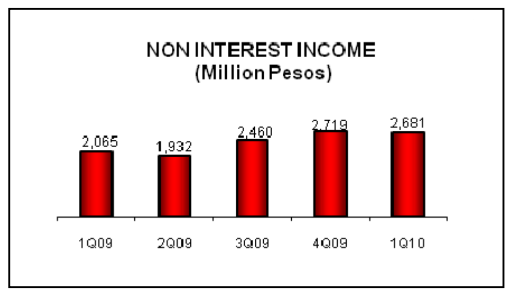
- **Net Interest Income (NII)**

During 1Q10, NII was Ps 5.56 billion, a (10%) YoY reduction, affected mainly by lower loan volumes and a drop in market interest rates. NII remains at practically the same levels as in 4Q09.

- **Non Interest Income**

Non interest income was Ps 2.68 billion in 1Q10, reflecting a 30% YoY increase. The annual growth was due to higher revenues in all items. On a quarterly basis, there was a slight reduction of (1%) as a result of less service fees, which was compensated by an increase in intermediation and recovery revenues.



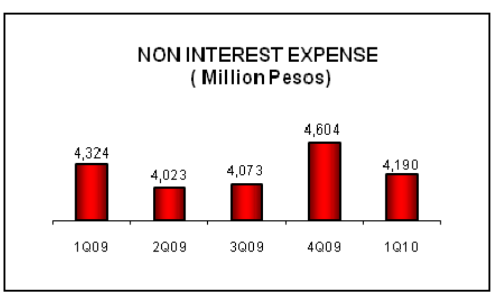


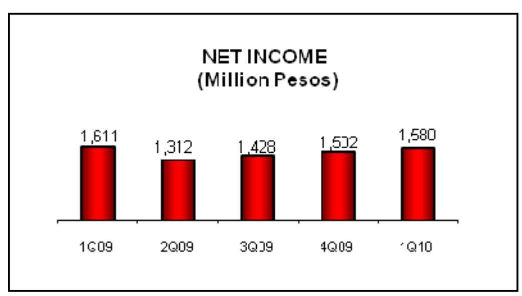
- **Non Interest Expense**

Non Interest Expenses totaled Ps 4.19 billion, declining (3%) YoY and (9%) QoQ compared to 4Q09 due to seasonal effects and efforts to make the operations more efficient, mainly through a considerable reduction in administration and promotional expenses. The Efficiency Ratio of 50.8% compares favorably to the 52.3% level registered in 1Q09 and 55.7% in 4Q09.

- **Provisions**

Provisions in 1Q10 were Ps 1.77 billion, (18%) lower than in 1Q09 and (1%) less than in 4Q09. This decrease was the result of improvement in asset quality, especially in the consumer segment.





- **Net Income**

GFNorte reported *Net Income* of Ps 1.58 billion in 1Q10, growing 5% QoQ, but declining by (2%) YoY. The quarterly increase in net income is due to higher non interest revenues in all items, as well as the cost containment efforts and lower loan loss provisions. The annual reduction was mainly due to an adverse environment of lower market interest rates and reduced loan volumes. Nonetheless, when eliminating in 1Q09 the non-recurring positive impact of applying the accounting criteria for valuation of loan portfolios previously securitized, profits increased by 7% YoY.

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According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

INCOME STATEMENT AND BALANCE SHEET HIGHLIGHTS – *GFNorte* *(Million Pesos)*	**1Q09**	**4Q09**	**1Q10**	**QoQ**	**YoY**
Income Statement					
Net Interest Income	6,199	5,554	**5,562**	-%	(10%)
Non Interest Income	2,065	2,719	**2,681**	(1%)	30%
Total Income	8,264	8,273	**8,243**	-%	-%
Non Interest Expense	4,324	4,604	**4,190**	(9%)	(3%)
Provisions	2,162	1,782	**1,772**	(1%)	(18%)
Operating Income	1,778	1,887	**2,281**	21%	28%
Non Operating Income (Expense)	413	152	**18**	(88%)	(96%)
Taxes and Profit Sharing	574	496	**659**	33%	15%
Subsidiaries & Minority Interest	(6)	(41)	**(60)**	46%	900%
Net Income	1,611	1,502	**1,580**	5%	(2%)
Balance Sheet					
Assets Under Management	589,127	650,278	**666,598**	3%	13%
Total Assets	577,802	567,138	**569,012**	-%	(2%)
Perfoming Loans (a)	236,181	238,953	**237,210**	(1%)	-%
Past Due Loans (b)	5,550	6,154	**6,128**	-%	10%
Total Loans (a+b)	241,731	245,107	**243,338**	(1%)	1%
Total Loans (Net) (d)	235,680	237,572	**235,840**	(1%)	-%
Acquired Collection Rights (e)	2,923	2,548	**2,426**	(5%)	(17%)
Total Loans (d+e)	238,603	240,120	**238,266**	(1%)	-%
Total Liabilities	536,903	522,164	**523,356**	-%	(3%)
Demand Deposits	120,255	137,581	**125,917**	(8%)	5%
Time Deposits	134,964	137,327	**145,358**	6%	8%
Equity	40,899	44,974	**45,655**	2%	12%

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

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

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

SUBSIDIARIES NET INCOME *(Million Pesos)*	1Q09	4Q09	1Q10	QoQ	YoY
Bank	1,347	1,136	**1,283**	13%	(5%)
Banco Mercantil del Norte (1)	1,347	1,136	**1,283**	13%	(5%)
Broker Dealer	40	88	**78**	(12%)	92%
Long Term Savings	119	113	**123**	9%	3%
Retirement Funds (Afore)	30	52	**48**	(7%)	63%
Insurance	77	60	**70**	16%	(10%)
Annuities	12	1	**5**	480%	(59%)
Other Finance Companies	101	114	**106**	(7%)	5%
Leasing & Factoring (2)	94	111	**102**	(8%)	9%
Warehousing	7	3	**3**	18%	(50%)
Microlending (Pronegocio)	6	-	**-**	N.A.	N.A.
G.F. Banorte (Holding Company)	(2)	50	**(9)**	(119%)	N.A.
Total Net Income	1,611	1,502	**1,580**	5%	(2%)

1) Considering a participation of 97.06% in 3Q06. 97.07% in 3Q09. and 92.72% in 4Q09 This figure reflects the investment by the IFC in Banco Mercantil del Norte since the operation was completed on 4Q09. N.A. = Not Applicable.
2) The merger of Leasing and Factoring became effective as of January 31, 2008
3) The merger of Pronegocio became effective as of August 31, 2009

SHARE DATA	1Q09	4Q09	1Q10	QoQ	YoY
Earnings per Share (Pesos)	0.80	0.74	**0.78**	5%	(3%)
Dividends per Share (Pesos)	-	0.18 **(2)**	**0.17 (2)**	(6%)	100%
Dividend Payout (Recurring net income)	-	15%	**15%**	-	-
Book Value per Share (1) (Pesos)	19.26	20.49	**20.80**	1%	8%
Total Shares Outstanding (million shares)	2,018.3	2,017.8	**2,018.3**	-%	-%
Stock Price *(Pesos)*	18.83	47.84	**54.57**	14%	190%
P/BV *(Times)*	0.98	2.33	**2.62**	12%	167%
Market *Capitalization (Million Dollars)*	2,651	7,390	**8,928**	21%	237%
Market *Capitalization (Million Pesos)*	38,005	96,534	**110,141**	14%	190%

1) Excluding Minority Interest.
2) Corresponds to the first and second of three payments that will be made to cover the amount of Ps 0.52 pesos per share. The next payment for Ps 0.17 per share will be made in May 2010.

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

RECENT EVENTS

- **Designation of New Members to GFNorte's Board of Directors**

Everardo Elizondo, former Deputy Governor of Banco de Mexico (central bank) and Patricia Armendariz, former Vice-president of the CNBV (National Banking and Securities Commission), were appointed as Independent Members of Grupo Financiero Banorte's Board of Directors during the Annual General Shareholders' Meeting held last April 23. Their talent, trajectory and reputation in the financial system is of the highest calibre. With these appointments Banorte increases the number of Independent Members to 8, which is more than 50% of the total Board members. This places Banorte as one of the leading companies in adopting the best international practices regarding Corporate Governance.

- **GFNorte's Shareholders approve the payment of a cash divided**

Grupo Financiero Banorte informed that the Extraordinary Shareholders' Meeting held in February approved the payment of a cash dividend of Ps 0.17 per share in circulation. Additionaly, the Annual General Shareholders' Assembly which was held in April authorized an additional payment of Ps 0.17 per share to be disbursed in May. These two payments correspond to the second and third payments in order to cover the amount of Ps 0.52 pesos per share, equivalent to the total cash dividend decreed by the Board of Directors in October 2009.

- **CONDUSEF rates Banorte as the bank with the most transparent payroll account**

The financial ombudsman, CONDUSEF, ranked Banorte as the bank with the most transparent payroll account, assigning the product with a grade of 10, the highest granted by that Commission. The bank stood out for the transparency in contracts, internet sites, covers and account statements issued by the institution.

- **Ranks among the top ten companies in "A Great Place to Work" survey.**

In its debut in the "Great Place to Work" ranking, Banorte was considered amongst the top ten companies to work that employ 5,000 or more people. As part of the certification process, the "Great Place to Work Institute" in Mexico conducted a survey among the employees of the 400 participating companies, as well as an analysis of human resources' practices.

- **Recognized as "Best Financial Group in Mexico 2010" by World Finance.**

In April, Grupo Financiero Banorte was awarded "Best Financial Group in Mexico 2010" by "World Finance" magazine for a second consecutive occasion. This recognition is granted to leading companies in the financial sector. The main selection criteria was: excellence in client service, value added and transparency to investors, innovation and flexibility, ability to remain ahead of the competition, evidence of greater market penetration, market transformations, leadership and geographical scope.

- **Moody's modifies the rating of the Tier 1 subordinated debt issued during 2006 in the international financial markets.**

Moody's informed during the month of February its decision to reduce in two notches, from Baa2 to Ba1, the rating of the bank's subordinated debt issued in the international markets in 2006 which are eligible as Tier 1 capital. The downgrade is a result of changes in Moody's methodology for rating hybrid instruments and subordinated debt which was published in November 2009. The rating agency also mentioned that the outlook for these instruments is stable and that other bank ratings were not affected by the change in methodology.

- **Organizational Appointments.**

On February 1st, 2010, and with the prior approval from the Audit and Corporate Practices' Committee, José Daniel Oviedo Tobias was appointed as Managing Director of Internal Audit. On January 31st, 2010, José Armando Rodal Espinosa was named Managing Director of Corporate and Commercial Banking.

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

GRUPO FINANCIERO BANORTE

NET INTEREST INCOME *(Million Pesos)*	1Q09	4Q09	1Q10	QoQ	YoY
Interest Income	13,141	10,105	**9,927**	(2%)	(24%)
Interest Expense	7,094	4,681	**4,496**	(4%)	(37%)
Loan Origination Fees	153	149	**159**	7%	4%
Fees Paid	-	19	**28**	45%	100%
Net Interest Income	6,199	5,554	**5,562**	-%	(10%)
Average Interest Earning Assets	540,851	530,470	**531,052**	-%	**(2%)**
Net Interest Margin (1)	4.6%	4.2%	**4.2%**	- pp	(0.4 pp)

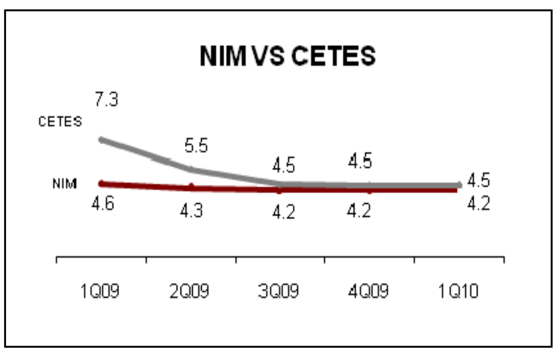
1) NIM = Annualized Net Interest Margin / Average Earnings Assets

- **Net Interest Income**

In 1Q10, *Net Interest Income* declined (10%) YoY to Ps 5.56 billion, as a result of a (24%) decrease in interest revenues due to a decline in market interest rates and lower loan originations, which was partially offset by lower funding costs derived from a 5% annual growth in deposits. On a quarterly basis, net interest income remained at the same level as in 4Q09 due to stable funding costs and a slower rate of decline in interest revenues.

The average *Net Interest Margin (NIM)* was 4.2% in 1Q10, (0.4) percentage points (pp) lower compared to the level registered in 1Q09, affected by a drop of 3.1 percentage points in average market interest rates. On a quarterly basis, NIM remains at the same level compared to 4Q09 as a result of stable NII and average productive assets.

Average NIM adjusted for Credit Risks was 2.9% in 1Q10, a (0.1) pp decline YoY, but 0.1 pp higher QoQ. The annual decrease is due to the impact of lower market interest rates while the quarterly increase is due to a decrease of a (1%) in provisions and stable net interest income. In this respect, provisions represented 31.9% of net interest income in 1Q10, a lower level compared to the 32.1% registered in 4Q09 and 34.9% in 1Q09, as a result of an improvement in asset quality.



According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

NON INTEREST INCOME (Million Pesos)	1Q09	4Q09	1Q10	QoQ	YoY
Fees charged on Services	1,915	2,408	**2,192**	(9%)	14%
Fund Transfers	60	64	**57**	(11%)	(4%)
Account Management Fees	230	246	**224**	(9%)	(3%)
Fiduciary	51	74	**65**	(12%)	28%
Income from Real Estate Portfolios	137	287	**195**	(32%)	42%
Electronic Banking Services	250	271	**263**	(3%)	5%
Credit Card Fees	590	629	**616**	(2%)	4%
Fees from IPAB (1)	-	-	**-**	-	-
Fees charged by Afore	231	311	**292**	(6%)	26%
Other Fees Charged (2)	366	525	**479**	(9%)	31%
Fees Paid on Services	330	359	**382**	6%	16%
Fund transfers	6	5	**7**	29%	11%
Other Fees Paid	324	354	**375**	6%	16%
Expenses from Real Estate Portfolios	-	-	**-**	-	-
Net Fees	1,585	2,048	**1,810**	(12%)	14%
Trading Income	246	421	**585**	39%	138%
Other Operating Income (Expenses) (3)	235	250	**286**	14%	21%
Non Interest Income	2,065	2,719	**2,681**	(1%)	30%

1) Includes Fees received by Recovery Banking and by the Bank.
2) It includes fees from letters of credit, from transactions with pension funds, wharehousing services, financial advisory services and securities trading by the Brokerage House, among others.
3) As of April 2009, the CNBV issued changes to the main accouting criteria that require recording this ítem under Non Interest Income.

- **Non Interest Income**

In 1Q10, *Non Interest Income* grew 30% YoY driven by growth in all items. The slight (1%) QoQ decline was attributed to lower service fees and recoveries in real estate portfolios related to investment projects, which was partially offset by higher intermediation revenues and recoveries of proprietary portfolios.

NON INTEREST INCOME (Million Pesos)	1Q09	4Q09	1Q10	QoQ	YoY
Services	1,447	1,761	**1,614**	(8%)	12%
Recovery	137	287	**195**	(32%)	42%
Trading	246	421	**585**	39%	138%
Other Operating Income (Expense)	235	250	**286**	14%	21%
Non Interest Income	**2,065**	2,719	**2,681**	**(1%)**	**30%**

- **Service Fees**

In 1Q10 *Service Fees* reached Ps 1.61 billion, a 12% YoY increase due to higher Afore, credit card and other fees generated mainly from letters of credit, insurance, as well as transactions with Telecomm and the reclassification of Uniteller remittance fees to this item. There was an (8%) QoQ decline in all the items due to seasonal effects.

- **Recoveries**

Non Interest Income from *Recoveries* rose 29% YoY in 1Q10 due to higher recoveries of previously written-off loans classified as Other Operating Income (Expense) and increased revenues related to investment projects. The (10%) QoQ decline is due to a reduction in revenues from real estate portfolios and investment projects as a result of lower activity at the beginning of the year due to seasonality. The amount invested at closing of 1Q10 in these projects was Ps 4.78 billion pesos, reflecting a 51% YoY and 12% QoQ increase; the portfolio continues to show adequate geographical, project and industry diversification.

- **Intermediation**

Intermediation revenues registered a 138% YoY increase, mainly due to favorable dynamics in securites trading, as well as a gain from the sale of the remaining shares of Mastercard. The 39% QoQ growth was due to favorable results in FX, securities trading, and the sale of the remaining Mastercard shares.

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

Non Interest Expense (Million Pesos)	1Q09	4Q09	1Q10	QoQ	YoY
+ Personnel	1,699	1,817	**1,736**	(4%)	2%
+ Professional Fees	334	483	**308**	(36%)	(8%)
+ Administrative and Promotional	1,163	1,090	**967**	(11%)	(17%)
+ Rents, Depreciation & Amortization	452	436	**494**	14%	9%
+ Taxes other than income tax	209	335	**212**	(37%)	2%
+ Contributions to IPAB	267	270	**263**	(3%)	(2%)
+ Employee Profit Sharing (PTU) (1)	199	174	**210**	20%	5%
= Non Interest Expense	4,324	4,604	**4,190**	**(9%)**	**(3%)**

1) As of april 2009, the Banking and Securities Commission (CNBV) issued accounting changes that require recording this ítem as Non Interest Expense.

- **Non Interest Expense**

Non Interest Expenses in 1Q10 declined (3%) YoY, resulting from a (17%) reduction in Administration and Promotional Expenses mainly due to less advertising, a decline in purchases of credit card inputs and the cancellation of some suppliers linked to that business, as well as changes in the provisioning guidelines for Banorte's points in its rewards loyalty program since the beginning of 2010. Professional Fees Paid declined by (8%) YoY mainly due to less consulting services and also because in 1Q09 the expenses linked to the micro-lending unit (Pronegocio) were recognized, and they currently register a lower level compared to a year ago. The reduction in these expenses were partially off-set by growth in some items, such as a 9% increase in Rents, Depreciations and Amortizations related to depreciation of furniture and computer equipment, as well as amortization of installation expenses and capitalized projects. Personnel Expenses increased by 2% as a result of updating the compensations actuarial opinion.

Compared to 4Q09, expenses declined (9%) QoQ mainly due to a (36%) reduction in Professional Fees Paid related to projects that have concluded, less legal and extrajudicial loan recovery services, as well as a reduction in credit bureau inquiries. Administration and Advertising Expenses declined by (11%) due to the one time recognition in 4Q09 of fines imposed by the tax authorities related to Derivatives' transactions carried out during the fiscal years of 2004-2009, as well as a (37%) decline in Other Taxes as a result of an increase in non-deductibles during 4Q09 caused by recording non retained income tax to foreign counterparties related to the Derivatives' transactions previously mentioned.

The efficiency ratio was 50.8% in 1Q10, which compares favorably by 1.5 percentage points (pp) with the 52.3% level registered in 1Q09 and by 4.9 pp compared to 4Q09.

- **Provisions**

Provisions charged against results during 1Q10 were Ps 1.77 billion, an (18%) YoY decline due mainly to lower requirements in all segments of the consumer portfolio and mortgage loans. On a quarterly basis, there was a slight (1%) QoQ decline as a result of lower requirements from credit cards and payroll loans.

Annualized loan loss provisions for 1Q10 represented 3% of the average loan portfolio, an increase of 0.1 percentage points compared to 4Q09, but a decline of 0.6 percentage points compared to 1Q09.

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

NON OPERATING INCOME (EXPENSE) NET (Million Pesos)	1Q09	4Q09	1Q10	QoQ	YoY
Non Operting Income	649	658	**196**	(70%)	(70%)
Other Revenues	388	233	**100**	(57%)	(74%)
Foreign Exchange	-	-	**-**	-	-
Recoveries	181	83	**71**	(15%)	(61%)
Repomo - Other Revenues	-	-	**-**	-	-
Warehousing	81	342	**25**	(93%)	(69%)
Non Operating Expense	(235)	(506)	**(178)**	(65%)	(24%)
Other Expenses	(155)	(171)	**(156)**	(9%)	1%
Foreign Exchange	-	-	**-**	-	-
Repomo - Other Expenses	-	-	**-**	-	-
Warehousing	(80)	(335)	**(22)**	(93%)	(73%)
Non Operating Income (Expense), net	**413**	152	**18**	(88%)	(96%)

- **Non Operating Income**

In 1Q10, *"Net Other Income and Expenses "* reached Ps 18 million, a (96%) YoY drop due to the recording during 1Q09 of an extraordinary gain of Ps 224 million as Other Income resulting from the changes in the accounting criteria related to the valuation of benefits to be received from the placement of BOHRIS (securitization of mortgage and government loans), as well as lower revenues from acquired loan portfolios, a reduction in the cancellation of provisions and liberation of contingencies, and reduced revenues linked to the commercialization of Warehouse inventories. Other Expenses declined by 24% annually due to lower expenses related to the commercialization of Warehouse inventories and higher estimates for items with more than 90 days overdue.

This item declined by (88%) QoQ due to a drop in Other Income resulting from lower sundry creditors and a clean-up of liabilities, as well as a reduction in recoveries of acquired portfolios and less revenues related to the commercialization of Warehouse inventories. Other Expenses declined due to the reduction in provisions related to FOVI guarantees and reduced expenses for the commercialization of Warehouse inventories.

- **Taxes**

Income Taxes in 1Q10 totaled Ps 659 million, 15% higher YoY due to a higher income tax rate as a result of the new fiscal dispositions effective as of January 2010, and 33% more QoQ due to a higher profit level and increased tax rate. The effective tax and profit sharing rate for 1Q10 was 34.6%, higher compared to the 32.4% of 1Q09 and the 30.3% of 4Q09.

- **Subsidiaries and Minority Interest**

During 1Q10, *Subsidiaries and Minority Interest* registered a loss of Ps (60) million, which compares unfavorably with the Ps (6) million loss registered in 1Q09. The higher loss is a consequence of lower profits in the Insurance and Annuities subsidiaries, as well as a stronger impact from the minority interest of the IFC investment in Banco Mercantil del Norte, and Generali in the Afore. On a quarterly basis, this item also compares unfavorably to the Ps (41) million loss in 4Q09, affected mainly by a bigger impact from the minority interest linked to the IFC investment in Banco Mercantil del Norte.

- **Net Income**

GFNorte reported *Net Income* of Ps 1.58 billion during the quarter, growing by 5% QoQ, but lower by (2%) YoY. During 1Q09, profits were Ps 1.61 billion; nonetheless, on a recurring basis excluding a gain of Ps 134 million derived from the application of the new accounting criteria that became effective during 1Q09 related to the valuation of benefits from loan securitizations, the recurring net income was Ps 1.48 billion, and the yearly growth in 1Q10 from this level is 7%. During 1Q10, the banking subsidiary contributed with Ps 1.28 billion to the quarterly profits, 81% of GFNorte's total. The return on equity of GFNorte (ROE) increased from 14.8% in 4Q09 to 15.2% in 1Q10, and the return on assets (ROA) remained at 1.1%.

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

Capitalization *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	4Q09	QoQ	YoY
Tier 1 Capital	29,358	31,598	31,844	35,380	**36,023**	2%	23%
Tier 2 capital	14,840	14,351	15,054	14,277	**13,855**	(3%)	(7%)
Net Capital	44,198	45,949	46,898	49,657	**49,878**	1%	13%
Credit Risk assets	203,501	206,135	202,525	203,305	**200,487**	(1%)	(2%)
Net Capital/ Credit Risk Assets	21.7%	22.3%	23.2%	24.4%	**24.9%**	0.5 pp	3.2 pp
Total Risk Assets (1)	301,905	294,272	291,262	296,046	**296,284**	-%	(2%)
Tier 1	9.7%	10.7%	10.9%	12.0%	**12.1%**	0.1 pp	2.4
Tier 2	4.9%	4.9%	5.2%	4.8%	**4.7%**	(0.1 pp)	(0.2 pp)
Capitalization Ratio	14.6%	15.6%	16.1%	16.8%	**16.8%**	- pp	2.2 pp

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

- **Capitalization**

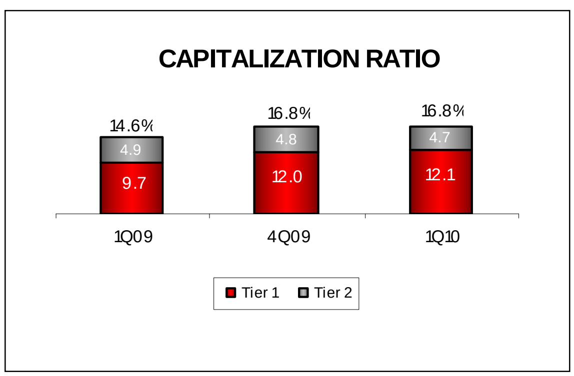
At closing of 1Q10, the Capitalization Ratio (CR) was 16.8% considering credit, market and operational risks, and 24.9% considering only credit risks. The Tier 1 capital ratio was 12.1% and 4.7% for Tier 2.

The Capitalization Ratio does not change compared to 4Q09 due to offsetting positive and negative impacts registered during the quarter:

1) Positive effect of reinvesting the profits generated during 1Q10. CR impact: + 0.4 pp.
2) Revalorization of dollar denominated obligations. CR impact: – 0.1 pp.
3) Dividend payment: CR impact: – 0.1 pp.
4) Valuation of hedging instruments. CR impact: -0.2 pp.

The capitalization ratio for 1Q10 is 2.2 pp higher compared to 1Q09 due to the positive impact of reinvesting the profits generated during the last 12 months, the IFC equity investment in Banco Mercantil del Norte and a (2%) decrease in Total Risk Assets, which fully offset the negative impact in the dollar denominated obligations that compute as regulatory capital resulting from the depreciation in the exchange rate, as well as from the capital contribution to INB carried out in September 2009.

In 2008, the authorities determined that 100% of the capital required to cover operational risk had to be constituted during a 3 year period in proportional monthly allotments. At closing of 1Q10, the period of March 2008 to March 2010 was covered (25/36 months), having an impact of 1.70 pecentage points on the capitalization ratio.



According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

DEPOSITS *(Million Pesos)*	1Q09	4Q09	1Q10	QoQ	YoY
Non Interest Bearing Demand Deposits	54,041	61,611	**57,453**	(7%)	6%
Interest Bearing Demand Deposits (1)	66,213	75,977	**68,497**	(10%)	3%
Total Demand Deposits (2)	120,254	137,588	**125,950**	(8%)	5%
Time Deposits – Retail	82,308	84,808	**86,188**	2%	5%
Core Deposits	202,562	222,396	**212,139**	(5%)	5%
Money Market (3)	52,730	52,646	**59,314**	13%	12%
Total Bank Deposits	**255,292**	**275,042**	**271,452**	(1%)	6%
GFNorte's Total Deposits (4)	**255,203**	**274,888**	**271,254**	(1%)	6%
Third Party Deposits	177,147	156,864	**156,938**	-%	(11%)
Total Assets Under Management	**432,439**	**431,906**	**428,390**	(1%)	(1%)

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 1Q09, 4Q09 and 1Q10 were Ps $16 million, Ps $20 million and Ps $21 million, respectively.
3) Includes Bank Bonds (Customers and Financial intermediaries).
4) Includes the eliminations between the subsidiaries (1Q09=88 millions, 4Q09=154 milllons and 1Q10=198 millions).

- **Total Deposits**

At closing of 1Q10, *Total Deposits* were Ps 271.25 billion, a 6% YoY increase, driven mainly by 5% YoY growth in Demand Deposits and retail Time Deposits. Total Deposits declined slightly (1%) QoQ due to an (8%) quarterly reduction in Demand Deposits as a result of seasonality.

- **Demand and Time Deposits**

Demand Deposits grew by 5% YoY at closing of 1Q10, driven by a 6% YoY growth in Non-Interest bearing Demand Deposits as a result of increased balances held in Mujer Banorte and Enlace Global personal and corporate accounts, as well as a 3% rise in Interest Bearing Demand Deposits due to higher balances held in Banorte Fácil, Sumanómina, Suma, Inversión Vista and Inversión Global corporate accounts. Demand deposits declined (8%) QoQ, due to a (10%) QoQ reduction in Interest Bearing Demand Deposits resulting from lower balances held in Sumanómina and Enlace Global Corporate accounts, as well as a (7%) decline in Non Interest Bearing Demand Deposits due to lower balances in Enlace Global personal and corporate accounts.

Retail Time Deposits grew by 5% YoY and 2% QoQ during 1Q10, as a result of the successful campaign to sell promissory notes through the branches. On an annual basis, growth is also driven by an increase in time deposits at Inter National Bank resulting from referrals of Banorte clients.

As a result of the efforts to increase deposits, a total of 233,000 individual accounts were opened in 1Q10. Additionally, Banorte has been able to maintain its market share in core deposits during the last 12 months, ranking as the third most important bank in the financial system by size of total deposits, and second measured by deposits' growth.

The business segments with the fastest growth in deposits' balances during the last 12 months were commercial and corporate.

- **Money Market Deposits**

The 12% YoY increase was due to growth in the balances managed by private banking institutional clients especially corporates, and federal & municipal governments. The 13% QoQ increase was driven by growth in federal government deposits and broker dealer clients.

- **Third Party Deposits**

Registered an (11%) YoY decline due to a reduction in clients' repos, but remained at the same level compared to 4Q09.

- **Assets under Management**

At closing of 1Q10, AUMs totaled Ps 428.39 billion, a (1%) YoY contraction, due to a reduction in third party deposits. The slight (1%) QoQ decline was mainly from a reduction in demand deposits due to seasonal effects.

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

PERFORMING LOAN PORTFOLIO *(Million Pesos)*	1Q09	4Q09	1Q10	QoQ	YoY
Commercial	89,247	84,118	**80,314**	(5%)	(10%)
Consumer	74,049	74,932	**76,206**	2%	3%
Corporate	43,533	40,245	**39,046**	(3%)	(10%)
Government	28,592	38,993	**41,000**	5%	43%
Sub Total	235,421	238,288	**236,567**	(1%)	-%
Recovery Banking	760	666	**643**	(3%)	(15%)
Total	236,181	238,954	**237,210**	(1%)	-%

PERFORMING CONSUMER LOAN PORTFOLIO *(Million Pesos)*	1Q09	4Q09	1Q10	QoQ	YoY
Mortgages	46,275	49,221	**50,444**	2%	9%
Car Loans	7,521	7,424	**7,611**	3%	1%
Credit Cards	13,837	11,801	**11,239**	(5%)	(19%)
Payroll	6,417	6,487	**6,912**	7%	8%
Consumer Loans	74,049	74,932	**76,206**	2%	3%

(Million Pesos)	1Q09	4Q09	1Q10	QoQ	YoY
IPAB Loans	-	-	**-**	-	-
Past Due Loans	5,550	6,154	**6,128**	-%	10%
Loan Loss Reserves	6,051	7,535	**7,498**	-%	24%
Acquired Rights	2,923	2,548	**2,426**	(5%)	(17%)

- **Total Performing Loans**

Total Performing Loans excluding the portfolio managed by the Recovery Bank grew by more than a billion pesos on a yearly basis from Ps 235.4 billion in 1Q09 to Ps 236.5 billion in 1Q10. This increase was mainly reflected in the Government portfolio. Total Performing Loans declined (1%) QoQ mainly due to a reduction in the Commercial, Corporate and Credit Card portfolios.

The slower growth rate in the loan portfolio over the last 12 months is mainly due to pre-payments from Commercial and Corporate clients, and reduced loan origination as a result of less demand industrywide due to the difficult economic situation, as well as more cautious lending policies implemented by most financial institutions in certain sectors. Nevertheless, the most recent trends show an improvement in new lending in various segments, such as mortgages, payroll & car loans and government. Going forward, Banorte expects a gradual recovery in loan activity as a result of a more positive economic environment.

Loan Portfolio growth by segment:

I. Loans to Individuals

- **Consumer + Mortgage:** Increased by 3% YoY and 2% QoQ. The annual growth in the portfolio was mainly due to an expansion in mortgages and payroll loans. On a quarterly basis, the increase is attributed to growth in the mortgage, payroll and car loan portfolios.

  - ***Mortgages***: Grew by 9% YoY and 2% QoQ, driven by an increase in middle and residential home acquisition mortgages and loans through the program established with Pemex. The number of new loans sold increased by 19% YoY in 1Q10 due to the acceptance of the Anniversary Mortgage product in spite of the industry's sluggish expansion. A total of Ps 2.68 billion pesos of new loans were sold in 1Q10, reflecting a 48% increase compared to the same quarter of last year.

  - ***Credit card:*** Registered a reduction of (19%) YoY and (5%) QoQ at closing of 1Q10, as a consequence of an (11%) annual and (1%) quarterly decline in the portfolio of accounts. Nevertheless, sales of new credit cards grew by 85% annually and 38% quarterly under more conservative origination and risk management models. On an annual basis, net total billing grew by 8% due to the campaigns to promote credit card usage through zero interest deferred purchases with fixed payment plans. On a quarterly basis, the (8%) decline is attributed to seasonality since there is higher credit card usage during the Christmas holidays. At the closing of 1Q10, Banorte registered 1.06 million accounts.

- ***Payroll and Personal loans:*** At closing of 1Q10, the portfolio increased by 8% YoY, as a result of campaigns to promote the payroll loan product and the strategy to place more loans to government sector clients. Excluding the impact of personal loan amortizations, the balance of the payroll loan portfolio grows by 19% YoY and new payroll loans sold increased by 54% compared to the same quarter last year. On a quarterly basis, the combined portfolio for both products increased by 7% QoQ, driven by an 8% QoQ growth in the Payroll loan portfolio.

- ***Car loans:*** The portfolio grew by 1% YoY and 3% QoQ driven by promotional campaigns and increased car sales due to an improvement in economic conditions.

II. Loans to Institutions

- **Commercial:** Declined by (10%) YoY in 1Q10 due to a reduction in the the portfolio originated by the bank to medium sized corporates as a result of lower loan demand, as well as pre-payment activity from clients and SMEs with commercial and business Crediactivo products. The balance of the Commercial portfolio fell by (5%) QoQ due to a reduction in the mid sized corporates' portfolio originated through the bank and leasing company.

- **Corporate**: Declined by (10%) YoY and (3%) QoQ in 1Q10, mainly due to pre-payments received from clients as part of the bank's strategy to reduce the size of some large exposures in this segment, as well as less loan demand. Banorte's loan portfolio is well diversified by sectors and by regions, showing low concentration levels. The bank's 20 most important corporate exposures represent only 14% of the bank's total loan portfolio (14% in 4Q09 and 15% in 1Q09). The largest corporate loan represents 1.4% of the total portfolio (1.4% in 4Q09 and 1.9% in 1Q09), while the 20th largest represents only 0.4% (0.5% in 4Q09 and 0.4% in 1Q09).

- **Government:** Grew by 43% YoY and 5% QoQ in 1Q10 as a result of the promotional efforts by the area established to manage government banking relations, as well as this area's specialization and the design of products and services to offer comprehensive solutions to cover the needs of all three levels of government, enabling the bank to strengthen relationships with public officials and to have more participation in direct and structured loans with these entities.

- **Past Due Loans**

At closing of 1Q10, past due loans grew by 10% YoY as a consequence of a deterioration in the commercial portfolio, especially in the loan book of Inter National Bank in the US, but remained at the same level compared to 4Q09 due to an improvement in asset quality of the Mexican operations which was offset by a deterioration in the commercial loan book of INB.

At closing of 1Q10, the Past Due Loan Ratio was 2.5%, 0.2 percentage points higher compared to 1Q09, and the same level as in 4Q09. Excluding the impact of asset quality deterioration in the US operations, the PDL ratio was 2.1%, an improvement of 0.3 percentage points compared to 1Q09.

All portfolio items showed an improvement in the PDL Ratio except commercial loans. The PDL Ratio for credit cards was 10.5%, which compares favorably against the 12.0% in 4Q09 and the 13.6% in 1Q09, an improvement that was achieved despite a reduction in the total portfolio during the last 12 months. On the other hand, the PDL Ratio for car loans was 1.4% (vs. 2.0% in 4Q09 and 2.5% in 1Q09), Payroll loans was 2.1% (vs. 2.8% en 4Q09 and 2.9% in 1Q09), Mortgages was 1.7% (vs. 2.1% in 4Q09 and 1.7% in 1Q09), Commercial was 5.0% (vs. 4.0% in 4Q09 and 2.6% in 1Q09, although the level in 1Q10 was 4.2% excluding the US portfolio), and Corporate was 0.1% (vs. 0.1% in 4Q09 and 0% in 1Q09). Government remained at 0% throughout the entire year.

PAST DUE LOAN VARIATIONS
(Million Pesos)

Balance as of December 2009		**6,154**
	Transfer from Performing Loans to Past Due Loans	3,704
	Renewals	(50)
	Cash Collections	(463)
	Discounts	(24)
	Charge Offs	(1,374)
	Foreclosures	(91)
	Transfer from Past Due Loans to Performing Loans	(1,669)
	Foreign Exchange Adjustments	(60)
Balance as of March 2010		**6,128**

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

During 1Q10, 51% of new past due loans came from credit cards, while 36% of provisions for loan losses and 57% of write-offs corresponded to this segment. On the other hand, Commercial loans represented 32% of new NPL formation, 21% of provisions and 33% of write-offs.

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

		LOAN LOSS RESERVES			
CATEGORY	LOANS	COMMERCIAL	CONSUMER	MORTGAGES	TOTAL
A	59,940	-	69	161	230
A1	99,576	489	-	-	489
A2	58,110	521	-	-	521
B	6,155	-	73	183	256
B1	7,382	153	303	-	456
B2	8,819	119	483	-	602
B3	2,670	276	-	-	276
C	2,338	-	782	94	876
C1	1,611	326	-	-	326
C2	956	440	-	-	440
D	2,295	247	1,123	268	1,638
E	1,391	1,065	264	-	1,329
Total	251,244				
Not Classified	(122)				
Exempt	69				
Total	251,190	3,636	3,096	706	7,438
Reserves					7,498
Excess (Deficit)					60

Notes:
1.- The ratings of loans and reserves created correspond to the last day referred in the Balance Sheet at March 31st, 2010.
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 preventive reserves, follow the rules issued by the CNBV, to regulate support programs, that were constituted mainly in UDIS Trusts.
4.- The Ratings of Leasing and Factoring loans are dated as of December 2009 and Reserves, as of March, 2010.

LOAN LOSS RESERVES *(Million Pesos)*	1Q10
Previous Period Ending Balance	**7,535**
Provisions charged to results	1,748
Created with profitability margin	15
Other items	(8)
Charge offs and discounts:	
Commercial Loans	(257)
Consumer Loans	(1,198)
Mortgage Loans	(235)
Foreclosed assets	(61)
	(1,751)
Cost of debtors support programs	(10)
Valorization and Others	(32)
Loan Loss Reserves at Period End	**7,498**

- **Loan Loss Reserves**

Loan loss reserves at closing of 1Q10 were Ps 7.49 billion, similar to the level registered at closing of 4Q09. The creation of new provisions charged against results was offset by a similar amount of write-offs and other items.

- **Provisions for Loan Loss Reserves**

Provisions for loan loss reserves charged against results in 1Q10 were Ps 1.77 billion, an (18%) YoY and (1%) QoQ decline, mainly due to lower requirements in the consumer portfolio, especially in credit cards.

The Mexican banking system continues to operate in an environment of tighter regulation. The Banking Commission (CNBV) determined the creation of additional reserves for leasing and factoring operations, and new regulations of the same nature will be implemented for mortgages, becoming effective towards the third quarter of the year.

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

BANKING SECTOR

INCOME STATEMENT & BALANCE SHEET *HIGHLIGHTS– Banking* *(Million Pesos)*	1Q09	4Q09	1Q10	QoQ	YoY
Income Statement					
Net Interest Income	5,965	5,388	**5,348**	(1%)	(10%)
Provisions	2,144	1,757	**1,746**	(1%)	(19%)
Non Interest Income	1,683	2,014	**2,153**	7%	28%
Non Interest Expense	3,976	4,205	**3,795**	(10%)	(5%)
Non Operating Income (Expense), Net	412	155	**18**	(88%)	(96%)
Pre-Tax Income	1,940	1,596	**1,979**	24%	2%
Net Income	1,418	1,266	**1,435**	13%	1%
Balance Sheet					
Performing Loans	228,126	228,827	**227,239**	(1%)	-%
Deposits	255,307	275,062	**271,473**	(1%)	6%

The results of the Banking Sector do not reflect Pronegocio (Micro-Lending) figures from January until August 2009, since the merger with Banco Mercantil del Norte was not effective during that period. Therefore, the banking subsidiary's results for the first three quarters of the year are fully comparable with previous periods, while 4Q09 and 1Q10 are not comparable since the figures include the merged Pronegocio unit.

- **Net Interest Income**

Net Interest Income declined (10%) YoY due to lower market interest rates and loan origination. On a quarterly basis, NII dropped slightly vs. 4Q09 as a result of sluggish lending activity.

- **Provisions for Loan Losses**

Provisions for Loan Losses in 1Q10 declined by (19%) YoY mainly due to lower delinquencies in the consumer, SME and mortgage portfolios. The (1%) QoQ decline results from an improvement in asset quality of most segments.

- **Non Interest Income**

Increased by 28% YoY due to higher revenues in all items. On a quarterly basis, non interest income grew by 7% compared to 4Q09 due to more intermediation revenues and recoveries.

- **Non Interest Expenses**

Declined by (5%) YoY mainly due to lower professional fees, and administrative & promotional expenses. The (10%) QoQ drop from 4Q09 was due to less personnel expenses, professional fees, other taxes and administrative & promotional expenses.

- **Non Operating Income**

Declined by (96%) YoY, due to an extraordinary gain in 1Q09 from the changes in the accounting criteria for the valuation of benefits from securitizations, reduced recoveries of acquired portfolios, and a reduction in the cancellation of provisions and liberation of contingencies. On a quarterly basis, the (88%) decline vs. 4Q09 is due to lower sundry creditors, the clean up of other liabilities, as well as reduced recoveries of acquired portfolios.

- **Net Income**

Accumulated net income of the Banking Sector (100%, including the AFORE by participation method) was Ps 1.43 billion in 1Q10, and increase of 1% YoY and 13% QoQ due to higher non interest income, lower operating expenses, a decline in provisions and growth in the Afore's profits that consolidates with the bank.

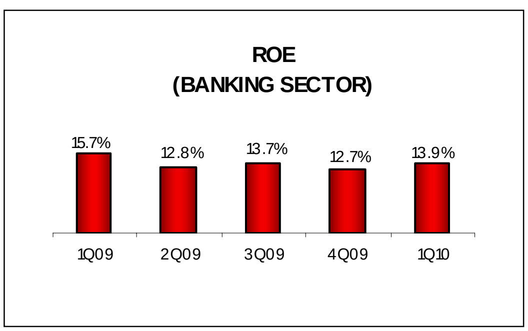
- **Past Due Loan Ratio**

Eventhough the PDL ratio for the banking sector is 2.6%, this figure includes the past due loans for INB. If the delinquent loans form the US operations are excluded, the PDL ratio declines to 2.2%, which compares favorably to 2.3% in 4Q09 and 2.4% in 1Q09.

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

FINANCIAL RATIOS – *Banking Sector* *(Million Pesos)*	1Q09	4Q09	1Q10	QoQ	YoY
Profitability					
NIM (1)	4.5%	4.2%	**4.2%**	- pp	(0.3 pp)
ROE (2)	15.7%	12.7%	**13.9%**	1.2 pp	(1.8 pp)
ROA (3)	1.0%	0.9%	**1.0%**	0.1 pp	- pp
Operation					
Efficiency Ratio (4)	52.0%	56.8%	**50.6%**	(6.2 pp)	(1.4 pp)
Operating Efficiency Ratio (5)	2.8%	3.1%	**2.8%**	(0.3 pp)	- pp
Liquidity Ratio (6)	50.5%	63.6%	**82.4%**	18.8 pp	31.9 pp
Asset Quality					
Past Due Loan Ratio	2.3%	2.6%	**2.6%**	- pp	0.3 pp
Coverage Ratio	109.4%	121.6%	**121.2%**	(0.4 pp)	11.8 pp
Growth (7)					
Performing Loans (8)	18%	(1%)	**-%**	(1 pp)	(18 pp)
Core Deposits	22%	9%	**5%**	(4 pp)	(17 pp)
Total Deposits	29%	5%	**6%**	1 pp	(23 pp)
Capitalization					
Net Capital/ Credit Risk Assets	21.7%	24.4%	**24.9%**	0.5 pp	3.2 pp
Total Capitalization Ratio	14.6%	16.8%	**16.8%**	- pp	2.2 pp

1) NIM = Annualized Net Interest Margin / 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.



According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

BANORTE USA

I. Banorte USA

INCOME STATEMENT & BALANCE SHEET *HIGHLIGHTS – Banorte USA* *Figures in MEX GAAP (Million Pesos)*	1Q09	4Q09	1Q10	QoQ	YoY
Income Statement					
Net Interest Income	221	199	**207**	4%	(6%)
Non Interest Income	38	56	**65**	15%	69%
Total Income	259	256	**272**	6%	5%
Non Interest Expense	198	205	**173**	(16%)	(13%)
Loan Loss Reserves	9	91	**128**	42%	1,386%
Operating Income	52	(40)	**(29)**	26%	(157%)
Non Operating Income (Expense)	49	49	**12**	(76%)	(76%)
Taxes and Profit Sharing	38	-	**8**	100%	(79%)
Subsidiaries & Minority Interest	24	-	**-**	-	(100%)
Net Income	38	9	**(10)**	(211%)	(126%)

*As of 1Q10 changes were made in the grouping criteria of Uniteller account statements (cuentas contables) when consolidating in Banorte USA, creating variations mainly in items such as Non Interest Expenses and Other Products and Expenses, net.

Under Mexican GAAP (MX GAAP), Banorte USA (subsidiary that owns 100% of Inter National Bank, as well as 100% of Uniteller and Motran, both remittance companies) reported a loss of (Ps 10) million in 1Q10, declining (126%) YoY and (211%) QoQ. This decline is due to an increase of Ps 119 million in INB's loan loss provisions due to asset quality deterioration as a result of the difficult economic environment in the United States.

II. InterNational Bank (US GAAP)

INCOME STATEMENT & BALANCE SHEET *HIGHLIGHTS - InterNational Bank* *Figures in US GAAP (Millon Dollars)*	1Q09	4Q09	1Q10	QoQ	YoY
Income Statement					
Net Interest Income	16	16	**15**	(6%)	(5%)
Non Interest Income	3	5	**4**	(18%)	18%
Total Income	19	20	**19**	(9%)	(1%)
Non Interest Expense	8	12	**12**	(1%)	37%
Loan Loss Reserves	1	7	**11**	47%	1,026%
Operating Income	9	2	**(3)**	(323%)	(137%)
Net Income	6	1	**(2)**	(301%)	(135%)
Balance Sheet					
Investments in Securities	457	504	**589**	17%	29%
Performing Loans	1,136	1,042	**1,009**	(3%)	(11%)
Past Due Loans	27	107	**130**	21%	379%
Demand Deposits	661	687	**716**	4%	8%
Time Deposits	906	1,028	**1,015**	(1%)	12%
Total Deposits	1,566	1,715	**1,731**	1%	11%
Equity	157	406	**402**	(1%)	156%

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

Financial Ratios *INB Figures in US GAAP*	1Q09	4Q09	1Q10	QoQ	YoY
Profitability:					
NIM	3.9%	3.6%	**3.5%**	(0.1)	(0.4)
ROE	16.0%	1.0%	**(2.1%)**	(3.2)	(18.1)
ROA	1.4%	0.2%	**(0.4%)**	(0.6)	(1.8)
Operational:					
Efficiency Ratio	44.8%	57.2%	**61.9%**	4.7	17.1
Asset Quality:					
Past Due Loan Ratio	2.3%	9.3%	**11.4%**	2.1	9.1
Coverage Ratio	54.0%	22.2%	**21.4%**	(0.7)	(32.5)
Capitalization:					
Leverage Ratio	8.2%	9.4%	**9.0%**	(0.4)	0.7
Capitalization Ratio	13.3%	17.4%	**17.4%**	0.0	4.1

Under US GAAP, Inter National Bank's (INB) reported a loss of US $2.1 million in 1Q10, (135%) less compared to the same period of last year, mainly as a result of increased loan loss provisions and higher non interest expenses. On a quarterly basis, net income declined (301%) QoQ due to an increase of US $3.4 million in loan provisions compared to the previous quarter.

INB's investment portfolio is mainly concentrated in mortgage backed securities (MBS), which grew 17% QoQ and 29% YoY. The underlying quality of the mortgages that back these securities are rated AAA, and the portfolio presents an unrealized valuation gain of US $14.1 million at closing of 1Q10. The average weighted life of the portfolio is 4 years.

Total deposits grew by 11% YoY and 1% QoQ driven by higher time deposits from referred Banorte clients. Performing Loans declined (3%) QoQ, while Past Due Loans increased by 21% QoQ, as a result of more delinquencies in real estate backed loans due to the prevailing difficult environment in this sector.

Capitalization and leverage indicators remained strong, and well above the regulatory minimum. The capitalization ratio remained at 17.4%, while the Leverage Ratio declined by (0.4) pp on a quarterly basis to 9.0%. The Past-Due Loan Ratio increased by 2.1 percentage points QoQ to 11.4%.

Regading profitability, ROE declined 3.2 pp QoQ to (2.1%), ROA also declined (0.6) pp QoQ to (0.4%) and the NIM dropped (0.1) pp QoQ to 3.5%. The Efficiency Ratio increased by 4.7 pp QoQ to 61.9%.

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

RECOVERY BANKING

INCOME STATEMENT HIGHLIGHTS – Recovery Banking *(Million Pesos)*	1Q09	1Q10	YoY
Net Interest Income	**(63)**	**(57)**	(10%)
Loan Loss Provisions	**11**	**11**	-%
Non Interest Income	**325**	**450**	39%
Non Interest Expense	**184**	**213**	16%
Non Operating Income (Expense), net	**147**	**88**	(40%)
Pre-tax Income & Subsidiaries	**214**	**257**	20%
Income Tax & Profit Sharing	**68**	**77**	13%
Undistributed Earnings of Subsidiaries	**-**	**-**	-
Net Income	**146**	**180**	23%

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)*	1Q10	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
Fobaproa-IPAB Portfolios:	369	Off balance trusts	Fees charged to Fobaproa and Fiduciary
Loans purchased:	29,249	Sólida Asset Management and Banorte	Non Interest Income and Other Revenues and Expenses (Banorte)
Investment Projects:	4,401	Sólida Asset Management	Non Interest Income
Banking Sector Portfolio:	33,573	Banorte's Portfolio and Repossessed assets	Net Interest Income and Other Revenues and Expenses
Total	67,592		

- At closing of 1Q10, acquired loan portfolios by the Recovery Bank totaled Ps 29.2 billion, broken down as follows: 41% corresponds to mortgages, 39% to corporate and commercial loans, 12% to real estate portfolios and 8% to foreclosed assets. Revenues generated by these portfolios in 1Q10 reached Ps126 million pesos, (13%) less YoY, while net income reached Ps 16 million (58%) less YoY. Also, the percentage of total recovery was 60% during 1Q10, higher compared to the 56% level of 1Q09. The Recovery Bank did not acquire any assets during 1Q10.

- Investments by Solida in projects at closing of 1Q10 reached Ps 4.4 billion, higher than the level reached in 1Q09. The investments cover 41 projects nationwide. Revenues generated by these projects during 1Q10 reached Ps 174 million, 51% higher YoY, while net income was Ps 74 million,196% higher YoY.

- Banorte's proprietary assets managed by the Recovery Bank amounted to Ps 33.6 billion at closing of 1Q10, of which 33% correspond to credit cards, 26% to mortgages, 11% to corporate and commercial loans, 12% to asset backed Crediactivo SME loans, 7% to car loans, 7% to payroll and personal loans, 3% to others and 1% to micro-lending (Pronegocio). Revenues generated by this portfolio in 1Q10 reached Ps 235 million, 7% higher YoY, while profits were Ps 90 million, an 8% YoY increase. The percentage of total recovery was 80% during 1Q10, lower than the 89% registered in 1Q09.

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

BROKERAGE

Brokerage *(Million Pesos)*	1Q09	4Q09	1Q10	QoQ	YoY
Brokerage					
Net Income	40	88	**78**	(12%)	92%
Shareholder's Equity	1,163	1,396	**1,495**	7%	29%
Assets Under Custody	98,072	135,621	**150,985**	11%	54%
Total Assets	1,532	5,273	**7,840**	49%	412%
ROE	14.0%	26.0%	**21.5%**	(4.5 pp)	7.5 pp
Net Capital					
Net Capital	914	1,153	**1,246**	8%	36%

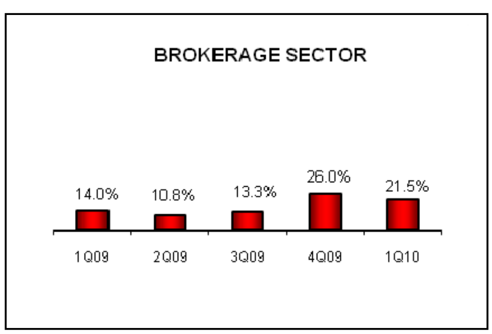
- **Broker-Dealer**

Net Income
The Broker Dealer reported net income of Ps 78 million for 1Q10, a 92% YoY increase as a result of higher revenues from financial advisory services, management fees in mutual funds, risk positions and trading in money market and capital markets' brokerage fees, as well as a containment in general expenses. Profits declined (12%) QoQ due to the high level of investment banking advisories services received during the 4Q09, which fell in 1Q10.

Mutual Funds
In 1Q10, Assets under management grew by 40% annually as a result of the efforts to improve the yields in the family of funds and to promote them among clients. Assets managed in fixed income mutual funds rose to Ps 25.4 billion, while equity mutual funds AUM's were Ps 5.5 billion. At closing of 1Q10, Banorte's market share in mutual funds was 3%.

Assets Under Custody
At closing of 1Q10, assets under custody totaled Ps 151 billion, a 54% YoY increase driven mainly by more deposits from private banking clients in equities, as well as mutual funds, money market and Banorte Securities. The 11% QoQ increase was a result of growth in assets for fixed income and equities' mutual funds, money market and Banorte Securities.

The annual growth in total assets is due mainly to changes in accounting of Repos. The change compared to 4Q09 is due to an increase in the money market desk's positions.



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LONG TERM SAVINGS

LONG TERM SAVINGS *(Million Pesos)*	1Q09	4Q09	1Q10	QoQ	YoY
Afore					
Net Income	60	108	**102**	(6%)	71%
Equity	1,112	1,340	**1,442**	8%	30%
Total Assets	1,220	1,557	**1,609**	3%	32%
AUM (SIEFORE)*	56,333	72,287	**75,623**	5%	34%
ROE	22.1%	33.7%	**29.4%**	(4.3 pp)	7.3 pp
Insurance					
Net Income	152	118	**137**	16%	(10%)
Equity	2,278	2,370	**2,510**	6%	10%
Total Assets	11,374	12,257	**12,260**	-%	8%
Technical Reserves	7,359	7,740	**7,687**	(1%)	4%
Premiums sold	2,080	1,967	**1,919**	(2%)	(8%)
ROE	27.6%	20.4%	**22.5%**	2.1 pp	(5.1 pp)
Annuities					
Net Income	24	2	**10**	480%	(59%)
Equity	1,009	1,016	**1,026**	1%	2%
Total Assets	15,491	18,212	**19,777**	9%	28%
Technical Reserves	14,337	16,938	**18,534**	9%	29%
Premiums sold	672	1,184	**1,300**	10%	93%
ROE	9.4%	0.6%	**3.7%**	3.1 pp	(5.7 pp)

(*)The data for 1Q09 y 4Q09 does not match previous quarterly reports due to changes in the accounting criteria for the valuation of funds managed by the Siefores.

- **Afore**

In 1Q10, the AFORE reported net income of Ps 102 million (51% corresponds to Banorte), a 71% YoY increase and (6%) QoQ reduction. The annual increase is due to higher operating revenues and financial products, which grew at a faster rate than expenses given the containment of sales related costs. The quarterly decline is due to a lower pace of growth in revenues and a reduction in financial products. At closing of 1Q10, the AFORE's AUMs grew by 34% YoY and 5% QoQ, reaching Ps 75.6 billion.

Banorte has a 6.2% market share in AUM's, ranking 7th in the market at closing of March 2010.

At closing of 1Q10, the AFORE had 3,899,615 affiliates, with a 9.8% share of total affiliates in the system and also in certified accounts.

- **Insurance**

Profits were Ps 137 million in 1Q10 (51% corresponds to GFNorte), (10%) less YoY, as a result of lower issued and accrued premiums, reduced financial products and other revenues, as well as higher acquisition costs and reserves for tax contingencies resulting from non-deductibility of damages occurred between 2004 and 2009. Net income increased 16% QoQ, due to lower reserves for fiscal contingencies.

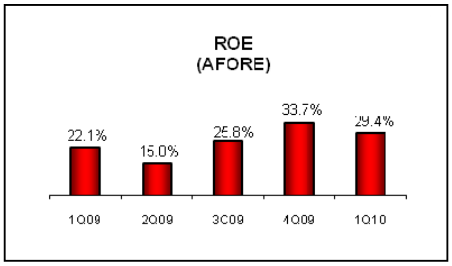
Issued premiums declined by (8%) YoY reaching Ps 1.9 billion, while accrued premiums reduced by (2%) YoY to Ps 1.33 billion at closing of1Q10 due to greater competition in the car and life sectors. As a result of the earthquake registered in the Northwestern region of the country last April, 134 damage claims have been registered for an approximate of Ps 765 million, amount that is adequately reserved.

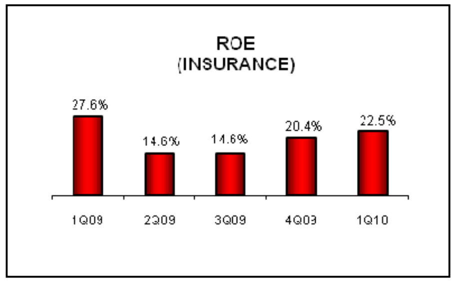
Technical reserves were Ps 7.69 billion, increasing 4% YoY and (1%) QoQ.

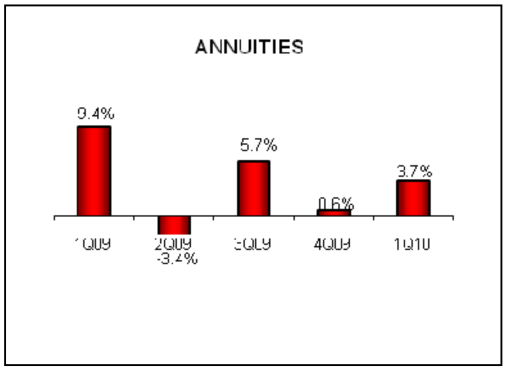
- **Annuities**

Annuities reported net income of Ps 10 million in 1Q10 (51% corresponds to GFNorte), declining (59%) YoY given a drop in revenues from accrued premiums due to higher reserves as well as lower financial products resulting from write-offs in some securities of the investment portfolio and an increase in expenses greater than revenue growth. Profits rose 480% QoQ, due to increased issued and accrued premiums, lower administration expenses, and the positive impact of higher real interest rates than expected and a reduction in the reference rate for auctions.

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.







According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

OTHER FINANCE COMPANIES

OTHER FINANCE COMPANIES (1) *(Million Pesos)*	**1Q09**	**4Q09**	**1Q10**	**QoQ**	**YoY**
Leasing and Factoring					
Net Income	94	111	**102**	(8%)	9%
Equity	1,278	1,486	**1,589**	7%	24%
Loan Portfolio (1)	12,791	13,461	**13,183**	(2%)	3%
Past Due Loans	92	103	**111**	8%	20%
Loan Loss Reserves	88	177	**203**	15%	130%
Total Assets	12,927	13,434	**13,079**	(3%)	1%
ROE	30.6%	31.1%	**26.6%**	(4.5 pp)	(4.0 pp)
Warehousing					
Net Income	7	3	**3**	18%	(50%)
Equity	129	144	**152**	5%	18%
Inventories	479	119	**111**	(7%)	(77%)
Total Assets	621	211	**199**	(6%)	(68%)
ROE	22.3%	8.3%	**9.4%**	1.1 pp	(12.9 pp)

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

- **Leasing and Factoring**

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

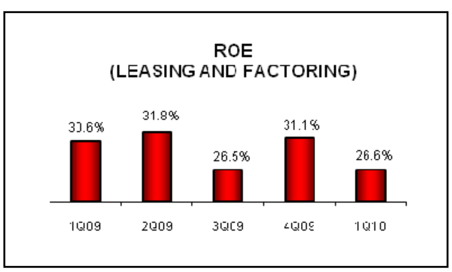
At closing of 1Q10, the PDL ratio closed at 0.8%, while the Capitalization Ratio was 12%, considering average risk assets of Ps13.6 billion.

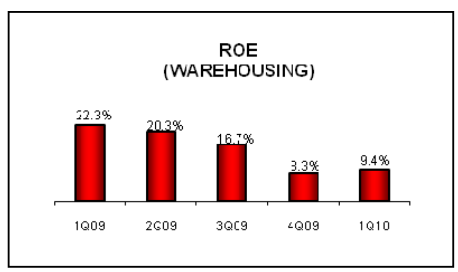
Arrendadora and Factor Banorte ranks 2nd in terms of portfolio size among the 44 companies of this sector according to the latest publicly available information.

- **Warehousing**

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

At closing of 1Q10, the Capitalization Ratio was 9.0% considering Ps 1.69 billion in total risk certificates in circulation. Almacenadora Banorte ranks 4th among the 20 Warehousing Companies in terms of profits generated.





PRONEGOCIO

MICROLENDING PRONEGOCIO *(Million Pesos)*	1Q09	4Q09	1Q10	QoQ	YoY
Net Income	6	-	-	N.A.	N.A.
Equity	54	-	-	N.A.	N.A.
Loan Portfolio	162	-	-	N.A.	N.A.
Non Performing Loans	24	-	-	N.A.	N.A.
Loan Loss Reserves	21	-	-	N.A.	N.A.
Total Assets	266	-	-	N.A.	N.A.
ROE	43.8%	-	-	N.A.	N.A.

- **Pronegocio**

The Board of Directors' Meeting held on January 29th, 2009 approved the merger of Banco Mercantil del Norte as the merging company, with Créditos Pronegocio, S.A. de C.V., as the merged entity. Since this resolution was passed, there has been a gradual transfer of expenses to the bank and the reassignation of the SOFOM's healthy clients to other Banorte products. The final merger agreement was signed on August 31st, 2009, after receiving the necessary authorizations from the regulatory authorities.

The merger process required a specific work plan to reduce the financial impact on Banorte's long term capitalization process, as well as the absorption of recurring losses for several fiscal years.

The work plan concluded in December 2009, including among its objectives the closing of all branches and reduction of the financial impact. In accordance to this plan, all branches were closed at the end of September 2009 and the financial impact was reduced to almost Ps 265 million. This cost could decrease if the loan portfolio is further controlled and the recovery of existing portfolio balances continues.

As of January 2010, the Asset Recovery unit is in charge of monitoring the recovery of the remaining portfolio through third parties.

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

RATINGS

International Ratings				
Rating Agency	**Rated Institution**	**Rating**	**Category**	**Date**
Standard & Poors	Banorte	Stable 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**	January, 2010
Fitch	Banorte Grupo Financiero Banorte	Stable BBB BBB F2 F2 C 2 5	**Outlook** **Long Term Foreign currency** **Long Term Local currency** **Short Term Local Currency** **Short Term Foreign Currency** **Individual - Foreign Currency** **Support Rating** **Support Rating**	February, 2009
Moody's	Banorte	Negative C- Stable Baa1 P-2 A3 P-2	**Outlook BFSR** **Modest Financial Strength** **Outlook GLC** **Foreign long - term bank deposits** **Foreign short- term bank deposits** **Local long - term bank deposits** **Local short - term bank deposits**	February, 2010
Moody's	Banorte	Baa1 Baa2 Baa1 Ba1	**Long term local currency subordinated debt (Tier 2)** **Long term local currency subordinated debt (Tier 1)** **Long term foreign currency subordinated debt (Tier 2)** **Long term foreign currency subordinated debt**	February, 2010
Moody's	Casa de Bolsa Banorte	Stable A3 P-2	**Outlook** **Issue Rating Long Term** **Issue Rating ShortTerm**	October, 2009

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

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**	February, 2009
	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**	October, 2009
	Arrendadora Banorte	Aaa.mx MX-1	**Issue Rating in Domestic Scale Long Term** **Issue Rating in Domestic Scale ShortTerm**	October, 2009
	Factor Banorte	Aaa.mx MX-1	**Issue Rating in Domestic Scale Long Term** **Issue Rating in Domestic Scale ShortTerm**	October, 2009
	Banorte	Aa1.mx	**Long term Mexican National Scale junior subordinated debt**	October, 2009
Other Ratings				
Fitch	Banorte	AAFC1(mex)	**Financial Asset Administrator**	February, 2008
Fitch	Seguros Banorte Generali	AA (mex)	**Insurance Financial Strength**	November, 2008
Fitch	Casa de Bolsa Banorte	Stable F1 + (mex) AA +(mex)	**Outlook** **Short term counterparty risk** **Long term counterparty risk**	March, 2009
Moodys	Casa de Bolsa Banorte	Stable Aaa.mx MX-1	**Outlook** **Issue Rating Long Term** **Issue Rating ShortTerm**	October, 2009

INFRASTRUCTURE

INFRASTRUCTURE	1Q09	4Q09	1Q10
Employees	19,516	19,311	**19,167**
Banking (1)	15,032	15,343	**15,386**
Other	4,484	3,968	**3,781**
Branches (2)(3)	1,074	1,088	**1,098**
INB	20	20	20
Pronegocio	56	0	0
ATM's	4,170	4,478	**4,539**

(1) Includes INB since 4Q06 and Uniteller since 1Q07.
(2) Includes 5 banking modules. Excludes remote teller windows and 1 branch located in Cayman Island.

- During the quarter, 6 new branches were opened and 1 was closed. Total ATM's at the end of the quarter were 4,539, a 9% annual growth. Also 2,139 Point of Sale Terminals were activated during the quarter for a total of 31,178 active POS terminals at quarterend, 15% more compared to a year ago.
- The opening of 40 new branches and 10 relocations or expansions is contemplated for 2010, as well as the installation of 400 ATMs and activation of 3,743 POS terminales.

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

ANNEXES

1. GROUP'S GENERAL INFORMATION

2. SUMMARY OF RESULTS AND FINANCIAL STATEMENTS

3. ACCOUNTING CHANGES AND REGULATIONS

4. LOAN PORTFOLIO SALES TO SOLIDA ADMINISTRADORA DE PORTAFOLIOS

5. NOTES TO THE GROUP'S FINANCIAL STATEMENTS

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

GFNORTE'S GENERAL INFORMATION

GFNorte Ownership of Subsidiaries	1Q10
Banco Mercantil del Norte (1)	**92.72%**
Brokerage House	**99.99%**
Retirement Funds – Afore (2)	**51.00%**
Insurance	**51.00%**
Annuities	**51.00%**
Leasing and Factoring	**99.99%**
Warehouse	**99.99%**
Banorte USA (2)	**100.00%**

1) As a resukt of merging Pronegocio on August 31,2009. Reflects the IFC's investment in Banco Mercantil del Norte because the operation was concluded on 4Q09.
2) Subsidiary of Banco Mercantil del Norte. Banorte USA owns 100% of Uniteller and 100% of INB.

Holding Company Capital Structure	
Number of Shares	**SERIE O As of march 31, 2010**
Number of Shares Outstanding	2,018,347,548
Shares held in the bank's Treasury	-

Group Officers	
NAME	**CURRENT POSITION**
Alejandro Valenzuela del Río	Chief Executive Officer
BUSINESS UNITS	
Carlos Garza	Managing Director – Banorte USA
Fernando Solís Soberón	Managing Director – Long Term Savings
Jesús Garza Martínez	Managing Director – Retail and Commercial Banking
José Armando Rodal Espinosa	Managing Director – Corporate Banking
Luis Fernando Orozco	Managing Director – Asset Recovery
Manuel Sescosse Varela	Managing Director – Government Banking
Ricardo Acevedo Garay	Managing Director – Brokerage House
STAFF	
Alejandro Garay Espinosa	Managing Director – Corporate Services
Alfredo Thorne Vetter	Chief Corporate and Investor Relations Officer
Aurora Cervantes Martínez	Managing Director - Legal
Carla Juan Chelala	Managing Director - Marketing
Javier Márquez Diez-Canedo	Managing Director - Risk
José Daniel Oviedo Tobias	Managing Director - Audit
Prudencio Frigolet Gómez	Managing Director –Technology
Sergio García Robles Gil	Chief Financial Officer

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

SUMMARY OF RESULTS

Monterrey, N. L., April 29th, 2010. Grupo Financiero Banorte announced today its operating results for the end of the first quarter of 2010 (1Q10), reporting a quarterly net income of Ps 1.58 billion, a 5% QoQ increase and comparable net income grows by 7% annualy. The bank contributed with 81% of these profits, reaching Ps 1.28 billion.

Deposits and Net Interest Income

Deposits grew by 5% driven by demand and retail time deposits, from Ps 203 billion in 1Q09 to Ps 212 billion in 1Q10.During this first quarter, net interest income remained practically at the same level compared to the previous quarter, reaching Ps 5.56 billion.

Loan Portfolio

At closing of 1Q10, Performing Loans remained at the same level compared to a year ago, reaching a balance of Ps 236.56 billion. This sluggish performance is the result of the bank's cautious approach to an adverse economic environment, ensuring the quality of loan originations while at the same time taking advantage of market opportunities, especially in sectors such as government, mortgages and payroll.

The Government portfolio increased 43% YoY reaching Ps 41 billion, being the main driver of loan growth over the last 12 months. Commercial and Corporate loans' balances declined in 1Q10 due to pre-payment activity. Commercial loans totaled Ps 80.31 billion and the corporate portfolio totaled Ps 39.05 billion.

Consumer loans posted a 3% YoY. Mortgages continued to trend upwards in 1Q10, reaching a balance of Ps 50.44 billion, 9% more than in 1Q09, thus consolidating Banorte as the number one mortgage bank in the country in the first quarter of 2010.

In 1Q10, there was an improvement in asset quality of most segments of the portfolio, and the PDL Ratio was 2.5% at the end of the quarter, one of the lowest in the banking system. Grupo Financiero Banorte closed 1Q10 with past due loans of Ps 6.13 billion.

The loan loss reserve coverage for the Group was 122%, an improvement from the 109% one of a year ago. .

Efficiency Ratio

The efficiency ratio at closing of 1Q10 was 51%, improving by 1 percentage points (pp) when compared to the registered in 1Q09 Non interest expenses for the quarter declined 3% YoY as a result of the bank's efforts to contain expenses.

Capitalization Ratio

The capitalization ratio was 16.8% in the first quarter of 2010, one of the highest in the system. This indicator demonstrates Banorte's financial strength and investors' confidence in its ability to take advantage of growth opportunities under a sound footing.

Other Susidiaries

Long Term Savings' contribution to profits, which includes the AFORE, Insurance and Annuities companies, was Ps 123 million in 1Q10, 3% YoY. During 1Q10, Other Finance Companies which includes the Factoring & Leasing Company and Warehouse, posted profits of Ps 106 million, 5% higher YoY, while the Broker Dealer reported profits of Ps 78 million, 92% higher YoY.

Important Events during the Quarter:

In 1Q10, Banorte continued with the efforts of the past year to strengthen its fundamentals and emerge from the economic crisis as stronger institution. These efforts are reflected in the following important events:

1. Everardo Elizondo former Deputy Governor of Banco de Mexico and Patricia Armendáriz, former Vice-president of the Comisión Nacional Bancaria y de Valores (National Bank and Securities Commission), were appointed as Independent Members of Grupo Financiero Banorte's Board of Directors. With these appointments Banorte increased the number of Independent Members to over 50% of the total Board members, making this institution one of the leading companies in Corporate Governance Practices in Mexico.

2. In its first year in the "Great Place to Work" ranking and based on a survey applied to employees of the 400 participating companies, Banorte was rated one of the top ten companies with 5,000 or more employees to work for.
3. Banorte was recognized as the bank with the most transparent payroll accounts by CONDUSEF, awarding the bank with a grade of 10, the highest granted by that Commission.
4. For the second consecutive year, Grupo Financiero Banorte was recognized as “Best Financial Group in Mexico 2010” by World Finance magazine; this prestigious award is granted to leading companies in the financial sector.
5. In February, Grupo Financiero Banorte paid shareholders a dividend of Ps 0.17 for each share in circulation. This is the second of three payments to cover the amount of Ps 0.52 per share which was approved in October 2009. The final payment will be made in May 2010.

The Mexican banking system continues to operate in a complicated environment of low interest rates and stricter regulations that seriously affect the results of banking institutions. In spite of this, the Mexican economy has already begun to show signs of recovery, in a country with that offers important opportunities to the bankig system due to a level of penetration that barely exceeds 15% of GDP. In this difficult environment, Banorte has evolved with agility and strength as a truly Mexican bank, escalating its market position to the third most important institution in the country. Looking forward, Banorte is resolved to continue along the same path, maintaining solid capital levels, ensuring the quality of its assets and growing in importance as a financial intermediary.

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

HOLDING

Holding – INCOME STATEMENT *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	Accum. 2009	1Q10	2Q10	3Q10	4Q10	Accum. 2010
Income Subsidiaries & Other	1,613	1,315	1,429	1,452	5,809	1,589				1,589
Interest Income	1	2	2	2	7	2				2
Interest Expense	-	-	-	-	-	-				-
Fees & Tariffs	-	-	-	-	-	-				-
Trading Income	-	-	-	-	-	-				-
Monetary Position REPOMO	-	-	-	-	-	-				-
Total Operating Income	1,614	1,317	1,431	1,454	5,815	**1,591**				**1,591**
Admin & Promotion Expense	1	3	2	4	11	3				3
Operating Income	1,612	1,314	1,429	1,450	5,805	**1,588**				**1,588**
Non Operating Income	2	-	-	-	-	-				-
Non Operating Expense	-	-	-	-	-	-				-
Non Operating Income, net	2	-	-	-	2	**-**				**-**
Pre-tax Income	1,614	1,314	1,429	1,450	5,806	**1,588**				**1,588**
Income Tax & Profit Sharing	1	(1)	-	-	-	-				-
Tax on Assets	-	-	-	-	-	-				-
Deferred Income Tax & PS	2	3	-	(1)	4	-				-
	3	2	-	(1)	4	-				-
Profit from Cont Ops	1,611	1,312	1,428	1,450	5,802	**1,588**				**1,588**
Extraordinary Items, net	-	-	-	-	-	-				-
Total Net Income	1,611	1,312	1,428	1,450	5,802	**1,588**				**1,588**

Holding – BALANCE SHEET *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
ASSETS								
Cash & Due from Banks	63	150	254	127	145			
Margin Accounts	-	-	-	-	-			
Investment in Securities	-	-	-	-	-			
Sundry Debtors & Other Accts Receivable, net	2	3	104	9	8			
Real Estate, Furniture & Equipment, net	-	-	-	-	-			
Investments in Subsidiaries	39,186	39,455	40,655	42,156	42,806			
Deferred Taxes	3	1	1	1	1			
Goodwill	34	31	31	30	33			
Other Assets, Deferred Charges & Intangibles	-	-	-	-	-			
TOTAL ASSETS	**39,288**	**39,640**	**41,044**	42,323	**42,993**			
LIABILITIES								
Due to Banks & Correspondents	-	-	-	-	-			
Income Tax & Profit Sharing	-	-	-	-	-			
Other Accounts Payable	1	1	1	5	1			
Deferred Taxes	-	-	-	-	-			
TOTAL LIABILITIES	**1**	**1**	**1**	5	**1**			
STOCKHOLDER´S EQUITY								
Paid-in Capital	12,007	12,020	12,020	12,018	12,020			
Premium of Share Subscription & Issuance	1,859	1,853	1,852	2,246	2,246			
Subordinated Convertible Debt	-	-	-	-	-			
Subscribed Capital	**13,866**	**13,873**	**13,871**	**14,263**	**14,266**			
Capital Reserves	2,748	3,173	3,175	3,154	3,178			
Retained Earnings	23,965	23,459	21,228	20,681	26,153			
Surplus (Deficit) from Valuation of Securities	(1,315)	(867)	452	428	521			
Mark To Market of Securities	-	(1,342)	(1,547)	(1,369)	(1,766)			
Results from Conversions of Foreign Ops	1,244	(1,580)	(488)	(641)	(946)			
Surpluss (Deficit) in Capital Restatement	-	-	-	-	-			
Results of Non Monetary Fixed Assets	-	-	-	-	-			
Results of Non Monetary Investment Assets	(2,833)	-	-	-	-			
Adjustmens in the Employees' Liabilities	-	-	-	-	-			
Net Income	1,611	2,923	4,352	5,802	1,588			
Earned Capital	**25,421**	**25,767**	**27,172**	**28,055**	**28,727**			
Total Stockholder´s Equity	**39,287**	**39,640**	**41,043**	**42,318**	**42,993**			
TOTAL LIABILITIES & EQUITY	**39,288**	**39,640**	**41,044**	**42,323**	**42,993**			

Holding – MEMORANDUM ACCOUNTS *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
Securities held under Custody	3,716	3,716	3,716	3,716	3,716			
Other Registration Accounts	1	1	1	1	1			
	3,717	3,717	3,717	3,717	**3,717**			

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

GRUPO FINANCIERO BANORTE

GFNorte **– INCOME STATEMENT** *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	Accum. 2009	1Q10	2Q10	3Q10	4Q10	Accum. 2010
Interest Income	13,141	11,358	10,269	10,105	44,873	9,927				9,927
Interest Expense	7,094	5,656	4,803	4,681	22,235	4,496				4,496
Loan Fees Charged	153	139	137	149	578	159				159
Fees Paid	-	4	11	19	33	28				28
Net Interest Income (NII)	6,199	5,838	5,592	5,554	23,183	**5,562**				**5,562**
Preventive Provisions for Loan Losses	2,162	2,188	2,154	1,782	8,286	1,772				1,772
Loan Loss Sharing Provisions Fobaproa	-	-	-	-	-	-				-
NII Adjusted for Credit Risk	4,037	3,650	3,438	3,772	14,897	**3,790**				**3,790**
Fund Transfers	60	61	63	64	248	57				57
Account Management	230	237	233	246	946	224				224
Fiduciary	51	68	62	74	254	65				65
Income from Real Estate Portfolios	137	164	229	287	818	195				195
Electronic Banking Services	250	256	253	271	1,030	263				263
Credit Card Fees	590	520	571	629	2,310	616				616
Fees Charged to IPAB	-	-	-	-	1	-				-
Other Fees	597	612	641	836	2,683	771				771
Fees Charged on Services	1,915	1,917	2,052	2,408	8,291	**2,192**				**2,192**
Fund Transfers	6	5	5	5	21	7				7
Other Fees	324	301	338	354	1,317	375				375
Expenses from Real Estate Portfolios	-	-	-	-	-	-				-
Fees Paid on Services	330	306	343	359	1,339	**382**				**382**
Foreign Exchange	360	162	199	155	875	189				189
Securities - Realized Gains	17	92	179	234	522	265				265
Securities - Unrealized Gains	(131)	(86)	32	32	(153)	131				131
Market Related Income	246	167	411	421	1,244	**585**				**585**
Other Operating Income (Expense)	235	154	340	250	980	**286**				**286**
Non-Interest Income	2,065	1,932	2,460	2,719	9,177	**2,681**				**2,681**
Total Operating Income	6,102	5,582	5,898	6,491	24,074	**6,471**				**6,471**
Personnel	1,699	1,544	1,704	1,817	6,763	1,736				1,736
Profit Sharing	199	169	136	174	679	210				210
Professional Fees Paid	334	340	307	483	1,465	308				308
Administrative and Promotional Expenses	1,163	1,099	1,102	1,090	4,452	967				967
Rents, Depreciation and Amortization	452	435	404	436	1,727	494				494
Other Taxes (other than Income tax)	209	172	149	335	865	212				212
Contributions to IPAB	267	265	271	270	1,073	263				263
Non-Interest Expense	4,324	4,023	4,073	4,604	17,024	**4,190**				**4,190**
Net Operating Income	1,778	1,559	1,825	1,887	7,050	**2,281**				**2,281**
Other Revenues	468	581	289	575	1,914	125				125
Changes in Foreign Exchange Valuation	-	-	-	-	-	-				-
Recoveries	181	108	152	83	525	71				71
Repomo - Other revenues	-	-	-	-	-	-				-
Non-Operating Income	649	690	442	658	2,438	**196**				**196**
Other Expenses	(235)	(521)	(304)	(506)	(1,566)	(178)				(178)
Foreign Exchange	-	-	-	-	-	-				-
Repomo - Other (creditor balance)	-	-	-	-	-	-				-
Non-Operating Expense	(235)	(521)	(304)	(506)	(1,566)	**(178)**				**(178)**
Non Operating Income (Expense), net	413	168	138	152	872	**18**				**18**
Pre-Tax Income	2,192	1,728	1,964	2,039	7,922	**2,299**				**2,299**
Income Tax	258	413	765	1,146	2,581	578				578
Profit Sharing	-	-	-	-	-	-				-
Tax on Assets	-	-	-	-	-	-				-
Deferred Income Tax	317	17	(220)	(650)	(536)	80				80
Taxes	574	429	545	496	2,045	**659**				**659**
Net Income before Subsidiaries	1,617	1,298	1,418	1,543	5,877	**1,640**				**1,640**
Subsidiaries' Net Income	89	45	85	94	312	95				95
Net Income form Continuos Operations	1,706	1,343	1,503	1,637	6,190	**1,735**				**1,735**
Extraordinary Items, net	-	-	-	-	-	-				-
Minority Interest	95	31	75	135	336	155				155
TOTAL NET INCOME	1,611	1,312	1,428	1,502	5,854	**1,580**				**1,580**

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

GFNORTE – BALANCE SHEET *(Millions Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
ASSETS								
Cash and Due from Banks	56,303	56,918	55,439	59,268	**58,325**			
Margin Accounts	14	17	20	18	**46**			
Negotiable Instruments	5,172	25,672	18,439	24,460	44,335			
Securities Available for Sale	11,870	11,566	13,268	11,701	12,836			
Securities Held to Maturity	217,922	210,702	201,066	190,332	173,072			
Investment in Securities	234,965	247,940	232,774	226,493	**230,243**			
Non-assigned Securities for Settlement	-	-	-	-	-			
Debtor Balance in Repo Trans, net	1,620	16	6	4	3			
Securities lending	-	-	-	-	-			
For trading purposes	6,406	5,525	5,381	4,824	4,963			
For hedging purposes	2,529	1,142	1,313	1,056	762			
Transactions with Derivatives	8,936	6,667	6,694	5,880	5,725			
Operations w/ Derivatives & Securities	10,556	6,684	6,700	5,884	**5,728**			
Commercial Loans	122,563	120,617	118,508	117,237	113,274			
Financial Intermediaries' Loans	10,229	8,462	8,214	7,131	6,091			
Consumer Loans	27,775	26,651	26,177	25,712	25,759			
Mortgage Loans	47,023	47,691	48,792	49,881	51,082			
Government Entities' Loans	28,592	31,921	33,738	38,993	41,003			
IPAB Loans	-	-	-	-	-			
Performing Loans	236,181	235,342	235,429	238,953	**237,210**			
Commercial PDL's	2,181	2,796	2,914	3,163	3,703			
Financial Intermediaries PDL's	3	-	-	-	-			
Consumer PDL's	2,541	2,584	2,195	1,942	1,565			
Mortgage PDL's	825	919	994	1,049	860			
Government Entities PDL's	-	-	-	-	-			
Past Due Loans	5,550	6,299	6,103	6,154	**6,128**			
Gross Loan Portfolio	241,731	241,641	241,532	245,107	**243,338**			
Preventive Loan Loss Reserves	6,051	6,426	7,547	7,535	7,498			
Net Loan Portfolio	235,680	235,215	233,985	237,573	**235,840**			
Acquired Collection Rights	2,923	2,804	2,705	2,548	2,426			
Total Credit Portfolio	238,603	238,019	236,690	240,121	**238,266**			
Benef.receivab.securitization transactions	699	557	465	433	406			
Sundry Debtors & Other Accs Rec, net	13,769	10,771	15,719	11,324	12,288			
Inventories	479	312	427	119	111			
Foreclosed Assets, net	841	800	870	928	911			
Real Estate, Furniture & Equipment, net	8,459	8,419	8,535	8,623	8,678			
Investments in Subsidiaries	2,668	2,896	2,940	3,036	3,222			
Deferred Taxes, net	147	141	759	1,411	1,287			
Goodwill and Intangibles	5,799	4,330	4,638	4,214	4,418			
Other Assets Short and Long Term	4,499	4,119	4,371	5,270	5,081			
Other Assets	-	-	-	-	-			
	37,361	32,345	38,724	35,356	**36,403**			
TOTAL ASSETS	577,802	581,922	570,347	567,138	**569,012**			

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

***GFNORTE* – BALANCE SHEET** *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
LIABILITIES								
Demand Deposits	120,255	123,755	122,312	137,581	125,917			
Time Deposits	134,964	141,608	147,447	137,327	145,358			
Bank Bonds	-	-	-	-	-			
Deposits	255,219	265,363	269,759	274,908	**271,275**			
Immediate Redemption Loans	4,180	501	2,711	21	1			
Short Term Loans	25,322	25,057	19,266	13,385	13,037			
Long Term Loans	10,723	9,727	9,648	7,562	7,524			
Due to Banks & Correspondents	40,225	35,285	31,626	20,968	**20,562**			
Non-assigned Securities for Settlement	420	540	-	159	268			
Creditor Balance in Repo Trans, net	191,479	200,933	185,203	185,480	191,073			
Secs to be received in Repo Trans, net	-	-	-	-	-			
Repo Transactions with Collateral	304	-	1	2	**-**			
For trading purposes	6,300	5,219	5,079	4,553	4,773			
For hedging purposes	5,345	3,976	4,446	3,822	3,423			
Transactions with Derivatives	11,646	9,195	9,524	8,376	8,196			
Operations w/ Derivatives & Securities	203,849	210,668	194,727	194,017	199,537			
Income Tax Payable	211	170	496	617	443			
Profit Sharing Payable	285	371	505	675	249			
Creditors for settlement of transactions	6,832	1,709	2,264	2,224	2,523			
Other Creditors & Accounts Payable	10,894	8,516	9,108	8,968	9,329			
Other Payable Accounts	18,222	10,767	12,373	12,485	**12,544**			
Subordinated Non Convertible Debt	18,053	17,783	18,505	18,168	17,838			
Deferred Taxes	-	-	-	-	-			
Deferred Credits	1,336	1,464	1,568	1,619	1,600			
TOTAL LIABILITIES	536,903	541,330	528,558	522,164	**523,356**			
EQUITY								
Paid-in Capital	11,932	11,945	11,945	11,956	11,961			
Share Subscription Premiums	1,530	1,247	966	1,526	1,545			
Subordinated Convertible Debentures	-	-	-	-	-			
Subscribed Capital	13,462	13,192	12,911	13,481	**13,506**			
Capital Reserves	2,748	3,173	3,175	3,154	3,178			
Retained Earnings	23,965	23,459	21,228	20,681	26,188			
Surplus (Deficit) of Secs Available for Sale	(1,315)	(866)	452	206	233			
Results from Valuation of Hedging Secs	-	(1,342)	(1,547)	(1,369)	(1,766)			
Results from Conversions	1,244	(1,580)	(488)	(641)	(946)			
Surplus (Deficit) in Capital Restatement	-	-	-	-	-			
Results of Non Monetary Fixed Assets	-	-	-	-	-			
Results of Non Monetary –Investment Assets	(2,833)	-	-	-	-			
Adjustments in the Employee's Pensions	-	-	-	-	-			
Accumulated Effect of Deferred Liabilities	-	-	-	-	-			
Net Income	1,611	2,923	4,352	5,854	1,580			
Earned Capital	25,421	25,767	27,172	27,885	**28,466**			
Minority Interest	2,016	1,633	1,706	3,608	3,683			
Total Equity	40,899	40,592	41,789	44,974	**45,655**			
TOTAL LIABILITIES & EQUITY	577,802	581,922	570,347	567,138	**569,012**			

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

***GFNORTE* – MEMORANDUM ACCOUNTS** *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
On behalf of Third Parties								
Customer's Banks	30	7	4	**4**	12			
Dividends Receivable from Customers	-	-	-	**-**	-			
Interest Receivable from Customers	-	-	-	**-**	-			
Settlement of Customer Transactions	246	118	(196)	**(80)**	18			
Customer Premiums	-	-	-	-	-			
Settlement with Clients' Foreign Currency	-	-	-	-	-			
Margin Accounts in Futures' Operations	-	-	-	-	-			
Other Current Accounts	-	-	-	-	-			
Customers' Current Account	**276**	**125**	**(192)**	**(75)**	**30**			
Client Securities Received in Custody	97,315	113,978	130,648	**134,480**	150,022			
Securities and Documents Received in Guarantee	-	-	-	**-**	-			
Client Securities Abroad	-	-	-	**-**	-			
Clients' Securities	**97,315**	**113,978**	**130,648**	**134,480**	**150,022**			
Clients' Repurchase Operations	30,925	27,617	32,058	**35,680**	30,034			
Clients' Repo Transactions w/ Securities	-	-	-	**-**	-			
Purchase of Futures & Forward Contracts notional	-	-	-	**-**	-			
Sale of Futures and Forward Contracts, notional	-	-	-	**-**	-			
Clients' Option Purchase Operations	281	-	-	**-**	-			
Clients' Option Sales Operations	-	-	-	**-**	-			
Purchase of Derivatives' Packages	-	-	-	**-**	-			
Sale of Derivatives' Packages	-	-	-	**-**	-			
Trusts Ander Administration	2,244	3,422	3,702	**4,641**	4,099			
Transactions On Behalf of Clients	**33,450**	**31,039**	**35,760**	**40,321**	**34,133**			
TOTAL ON BEHALF OF THIRD PARTIES	**131,042**	**145,142**	**166,215**	**174,726**	**184,185**			
Loan Obligations	3,129	2,503	2,135	**2,271**	2,421			
Trusts	88,471	98,397	104,565	**110,795**	113,540			
Mandates	2,161	1,924	2,107	**2,147**	2,097			
Properties in Trusts and Warrant	90,632	100,321	106,673	**112,942**	115,637			
Properties in Custody or Administration	150,235	161,005	169,018	**158,547**	210,338			
Collaterals Received	31,156	24,990	31,716	**33,464**	34,792			
Collaterals Received or sold	-	26,794	42,144	**43,165**	36,082			
Amounts committed to Operations with Fobaproa	-	-	-	**-**	-			
Drafts in Transit	-	-	-	**-**	-			
Certificates of Deposits in Circulation	2,825	2,013	1,538	**1,632**	1,632			
Letters of Credit to the Corporation as Guarantee	-	-	-	**-**	-			
Securities to the Corporation for Custody	900	-	-	**-**	-			
Government Secs of the Corp under Custody	100	-	-	**-**	-			
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	264	267	266	**273**	272			
Investment bank Trans on Behalf of Third Parties	91,943	87,165	84,921	**74,646**	72,539			
Uncollected Accrued Interest from Past Due Loans	181	220	203	**198**	161			
Investments of Retirement Savings Funds	-	-	-	-	-			
Integration of the Credit Portfolio	-	-	-	-	-			
Amounts Contracted in Derivatives	-	-	-	-	-			
Other Registration Accounts	-	-	-	-	-			
Proprietary Transactions	**371,364**	**405,279**	**438,613**	**427,139**	**473,874**			
Repo Securities to be Received	31,324	-	-	**-**	-			
(Minus) Repurchase Creditors	(31,414)	-	-	**-**	-			
Repurchase Transactions	**(90)**	**-**	**-**	**-**	**-**			
Repurchase Debtors	27,757	-	-	**-**	-			
(Minus) Repo Securities to be Delivered	(27,663)	-	-	**-**	-			
Repurchase Transactions	**93**	**-**	**-**	**-**	**-**			
TOTAL PROPRIETARY	**371,367**	**405,279**	**438,613**	**427,139**	**473,874**			

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

GFNORTE - CONSOLIDATED STATEMENT OF CASH FLOW JANUARY 1, 2010 –MARCH 31, 2010 *(Million Pesos)*	
Cash Flow from Operating Activities	
Net Income	**1,580**
Items charged to results that do not generate or require use of resources	
Provisions for loan losses	1,772
Estimate for non recovery or difficult collection	64
Depreciation and amortization	276
Provisions for obligations	(587)
Effective and deffered taxes on profits	659
Minority Interest	60
	2,244
Change in items related to operations:	
Change in Margin Accounts	(29)
Change in Invesment in Securities	(4,180)
Change in repo debtors	1
Change in derivatives (assets)	(139)
Changesin Loan Portfolio	(855)
Change in purchased receivables	122
Change in benefits to receive from securitizations	26
Change in foreclosed assets	(12)
Change in other operating assets	(1,513)
Change in core deposits	(2,366)
Change in interbank loans and other entities	(402)
Change in repo creditors	5,702
Change in collateral pledged sold	(2)
Change in derivatives (liability)	219
Change in subordinated debt with characteristics of liabilities	(314)
Change in other operating liabilities	54
Change in hedging instruments (the related hedged transaction activities)	(105)
Net cash generated or used from operations	**31**
Investment Activities:	
Charges for disposal of property, furniture and equipment	178
Payments for acquisition of property, furnitute and equipment	(548)
Subsidiaries and associated acquisitions payment	(168)
Charges for other permanent investments	1
Payment s for purchase of other invesments	-
Charges for cash dividends	-
Net cash generated or used from investment activities	(537)
Financing Activities :	
Payments of cash dividends	(343)
Payments assopciated with the repurchase of proprietary shares	(35)
	(378)
Net Cash Increase (decrease)	**(884)**
Cash flow adjusmtents given exchange rate or inflation variations	**(59)**
Cash and cash equivalents at beginning of period	**59,268**
Cash and cash equivalents at end of period	**58,325**

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

***GFNORTE* – CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER´S EQUITY JANUARY 1, 2010 – MARCH 31, 2010.** *(Million Pesos)*	CONTRIBUTED CAPITAL	
	Fixed Paid-in Capital	**Premium from sale of securities**
Balance as of December 31,2009	**11,956**	**1,525**
Changes stemming from stockholder's decisions		
Stock repurchases	**5**	19
Capitalization of profits	**-**	**-**
Dividends declared by the General Assembly of Shareholders on February 15, 2010	**-**	**-**
Total	**5**	**19**
Changes stemming from profits		
Total profits:		
Net Income	**-**	**-**
Effect of subsidiaries	**-**	**1**
Changes in accounting policies	**-**	**-**
Total	**-**	**1**
Balance as of March 31,2010	11,961	1,545

	EARNED CAPITAL							
	Capital Reser-ves	**Retained earnings**	**Valuation Effects of Securities Available for**	**Results from val of instrum Cash flow hedges**	**Results from Conversions**	**Net Income**	**Minority Interest**	**Total Stockholders´ Equity**
Balance as of December 31,2009	**3,154**	**20,681**	**206**	**(1,369)**	**(641)**	**5,854**	**3,608**	**44,974**
Changes stemming from stockholder's decisions								
Stock repurchases	24	(17)	(66)	-	-	-	-	(35)
Application of profits	-	5,854	-	-	-	(5,854)	-	-
Dividends declared by the General Assembly of Shareholders on February 15, 2010	-	(343)	-	-	-	-	-	(343)
Total	**24**	**5,494**	**(66)**	**-**	**-**	**(5,854)**	**-**	**(378)**
Changes stemming from profits								
Total profits:								
Net Income	-	-	-	-	-	1,580	-	**1,580**
Result from valuation of securities available for sale	-	-	93	-	-	-	-	**93**
Effect of subsidiaries	-	13	-	-	(305)	-	-	**(291)**
Result from valuation of instruments of cash flow hedges	-	-	-	(397)	-	-	-	**(397)**
Total	**-**	**13**	**93**	**(397)**	**(305)**	**1,580**	**-**	**985**
Recognition of minority interest	-	-	-	-	-	-	75	**75**
Balance as of March 31,2010	**3,178**	**26,188**	**233**	**(1,766)**	**(946)**	**1,580**	**3,683**	**45,656**

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

BANKING SECTOR

BANKING SECTOR - INCOME STATEMENT (Million Pesos)*	1Q09	2Q09	3Q09	4Q09	Accum. 2009	1Q10	2Q10	3Q10	4Q10	Accum. 2010
Interest Income	12,688	10,899	9,920	9,779	43,286	9,571				
Interest Expense	6,873	5,455	4,669	4,521	21,517	4,354				
Loan Fees Charged	149	137	136	149	571	159				
Fees Paid	-	4	11	19	33	28				
Net Interest Income (NII)	**5,965**	**5,578**	**5,376**	**5,388**	**22,307**	**5,348**				
Preventive Provisions for Loan Losses	2,144	2,151	2,113	1,757	**8,164**	1,746				
Loan Loss Sharing Provisions Fobaproa	-	-	-	-	-	-				
NII Adjusted for Credit Risk	**3,822**	**3,427**	**3,263**	**3,632**	**14,143**	**3,602**				
Fund Transfers	60	61	63	64	**248**	57				
Account Management	230	237	233	246	**946**	224				
Fiduciary	51	68	62	74	**254**	65				
Income from Real Estate Portfolios	137	164	229	287	**818**	195				
Electronic Banking Services	250	256	253	271	**1,030**	263				
Credit Cards Fees	590	520	571	629	**2,310**	616				
Fees Charged to IPAB	-	-	-	-	**1**	-				
Other Fees	225	226	195	223	**868**	305				
Fees Charged on Services	**1,543**	**1,532**	**1,606**	**1,795**	**6,476**	**1,726**				
Fund Transfers	6	5	5	5	**21**	7				
Other Fees	293	282	310	330	**1,215**	357				
Expenses from Real Estate Portfolios	-	-	-	-	-	-				
Fees Paid on Services	**300**	**287**	**315**	**335**	**1,237**	**364**				
Foreign Exchange	360	162	199	155	**875**	189				
Securities - Realized Gains	(25)	36	94	131	**237**	184				
Securities - Unrealized Gains	(133)	(73)	32	16	**(158)**	133				
Market Related Income	**202**	**125**	**324**	**302**	**953**	**506**				
Other Operating Income (Expenses)	**237**	**159**	**339**	**252**	**987**	**285**				
Non-Interest Income	**1,683**	**1,529**	**1,955**	**2,014**	**7,181**	**2,153**				
Total Operating Income	**5,504**	**4,956**	**5,218**	**5,645**	**21,323**	**5,756**				
Personnel	1,571	1,376	1,544	1,664	**6,156**	1,590				
Profit sharing	197	167	134	170	**668**	208				
Professional Fees Paid	330	335	285	474	**1,425**	292				
Administrative and Promotional Expenses	1,065	991	973	976	**4,005**	850				
Rents, Depreciation and Amortization	355	337	299	338	**1,329**	404				
Other Taxes (other than Income tax)	191	126	127	313	**756**	188				
Contribuitons to IPAB	267	265	271	270	**1,073**	263				
Non-Interest Expense	**3,976**	**3,597**	**3,633**	**4,205**	**15,412**	**3,795**				
Net Operating Income	**1,528**	**1,359**	**1,585**	**1,440**	**5,912**	**1,961**				
Other Revenues	393	186	130	241	**950**	102				
Foreign Exchange	-	-	-	-	-	-				
Recoveries	175	102	149	83	**509**	71				
Repomo - other revenues	-	-	-	-	-	-				
Non-Operating Income	**568**	**288**	**279**	**324**	**1,459**	**173**				
Other Expenses	(156)	(141)	(142)	(169)	**(607)**	(154)				
Changes in Foreign Exchange Valuation	-	-	-	-	-	-				
Repomo - other expenses (creditor balance)	-	-	-	-	-	-				
Non-Operating Expense	**(156)**	**(141)**	**(142)**	**(169)**	**(607)**	**(154)**				
Non Operating Income (Expense), net	**412**	**147**	**137**	**155**	**852**	**18**				
Pre-Tax Income	**1,940**	**1,506**	**1,722**	**1,596**	**6,763**	**1,979**				
Income Tax	209	380	712	1,049	**2,350**	507				
Profit Sharing	-	-	-	-	-	-				
Deferred Income Tax and Profit Sharing	318	17	(222)	(657)	**(543)**	85				
Taxes	**527**	**398**	**490**	**392**	**1,807**	**592**				
Net Income before Subsidiaries	**1,413**	**1,108**	**1,232**	**1,204**	**4,956**	**1,387**				
Subsidiaries' Net Income	29	27	42	62	**161**	49				
Net Income form Continuos Operations	**1,442**	**1,135**	**1,274**	**1,266**	**5,117**	**1,435**				
Extraordinary Items, net	-	-	-	-	-	-				
Minority Interest	24	(24)	-	-	-	-				
TOTAL NET INCOME	1,418	1,159	1,274	1,266	5,117	1,435				

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

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

***BANKING SECTOR* – BALANCE SHEET** *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
ASSETS								
Cash and Due from Banks	55,776	56,598	55,106	58,876	**57,827**			
Margin Accounts	14	12	16	18	46			
Negotiable Instruments	4,629	21,375	15,806	20,131	37,673			
Securities Available for Sale	12,163	12,074	13,983	12,538	13,674			
Securities Held to Maturity	217,573	210,345	200,703	189,964	172,599			
Investment in Securities	234,365	243,793	230,492	222,633	**223,947**			
Non-assigned Securities pending Settlement	-	-	-	-	-			
Debtor Balance in Repo Trans, net	1,502	8	3	2	2			
Securities lending	-	-	-	-	-			
For trading purposes	6,406	5,525	5,381	4,824	4,963			
For hedging purposes	2,529	1,142	1,313	1,056	762			
Transactions with Derivatives	8,936	6,667	6,694	5,880	5,725			
Operations w/ Derivatives & Securities	10,437	6,676	6,697	5,882	**5,727**			
Commercial Loans	111,385	108,861	107,070	105,338	101,489			
Financial Intermediaries' Loans	13,374	11,224	9,958	8,923	7,918			
Consumer Loans	27,770	26,646	26,171	25,704	25,754			
Mortgage Loans	47,023	47,691	48,792	49,881	51,082			
Government Entities' Loans	28,574	31,906	33,725	38,982	40,995			
IPAB Loans	-	-	-	-	-			
Performing Loans	228,126	226,328	225,716	228,827	**227,239**			
Commercial PDL's	2,065	2,666	2,815	3,060	3,592			
Financial Intermediaries PDL's	3	-	-	-	-			
Consumer PDL's	2,540	2,584	2,195	1,942	1,565			
Mortgage PDL's	825	919	994	1,049	860			
Government Entities PDL's	-	-	-	-	-			
Past Due Loans	5,434	6,169	6,004	6,051	**6,017**			
Gross Loan Portfolio	233,560	232,496	231,720	234,878	**233,255**			
Preventive Loan Loss Reserves	5,942	6,295	7,390	7,358	7,295			
Net Loan Portfolio	227,628	226,201	224,329	227,520	**225,961**			
Acquired Collection Rights	2,923	2,804	2,705	2,548	2,426			
Total Credit Portfolio	230,541	229,005	227,034	230,068	**228,387**			
Benef.receivab.securitization transactions	699	557	465	433	406			
Sundry Debtors & Other Accs Rec, net	13,361	10,385	15,268	11,005	12,071			
Foreclosed Assets, net	841	801	870	928	911			
Real Estate, Furniture & Equipment, net	6,654	6,610	6,780	7,083	7,296			
Investments in Subsidiaries	977	1,128	1,169	1,230	1,369			
Deferred Taxes, net	138	150	817	1,470	1,374			
Goodwill and Intangibles	5,766	4,132	4,454	4,025	4,230			
Other Assets Short and Long Term	4,190	3,775	3,985	4,909	4,700			
Other Assets	-	-	-	-	-			
	32,625	27,537	33,808	31,083	**32,356**			
TOTAL ASSETS	563,758	563,620	553,153	548,560	**548,290**			

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

***BANKING SECTOR* – BALANCE SHEET** *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
LIABILITIES								
Demand Deposits	120,269	123,778	122,445	137,608	125,971			
Time Deposits	135,038	141,760	147,601	137,454	145,502			
Bank Bonds	-	-	-	-	-			
Deposits	255,307	265,538	270,046	275,062	**271,473**			
Immediate Redemption Loans	4,180	501	2,711	21	1			
Short Term	19,223	18,289	11,775	6,207	6,495			
Long Term	8,193	7,253	7,150	5,058	4,814			
Due to Banks & Correspondents	31,596	26,043	21,637	11,286	**11,310**			
Non-assigned Securities for Settlement	420	540	-	159	268			
Creditor Balance in Repo Trans, net	191,36	197,102	183,139	181,959	185,135			
Repo Transactions with Collateral	304	1	1	2	-			
Secs to be received in Repo Trans, net	-	-	-	-	-			
For trading purposes	6,300	5,219	5,079	4,553	4,773			
For hedging purposes	5,345	3,976	4,446	3,822	3,423			
Transactions with Derivatives	11,646	9,195	9,524	8,376	8,196			
Operations w/ Derivatives & Securities	203,733	206,837	192,664	190,497	**193,599**			
Income Tax Payable	141	122	416	473	379			
Profit Sharing Payable	285	369	502	672	247			
Creditors for settlement of transactions	6,832	1,709	2,263	2,223	2,523			
Other Creditors & Accounts Payable	10,180	7,817	8,360	8,265	8,642			
Other Payable Accounts	17,437	10,017	11,541	11,633	**11,791**			
Subordinated Non Convertible Debt	18,053	17,783	18,505	18,168	17,838			
Deferred Taxes	-	-	-	-	-			
Deferred Credits	1,275	1,400	1,508	1,566	1,536			
TOTAL LIABILITIES	527,402	527,617	515,901	508,212	**507,547**			
STOCKHOLDER¨S EQUITY								
Paid-in Capital	10,955	10,955	11,151	11,488	11,488			
Share Subscription Premiums	852	850	848	2,490	2,490			
Subordinated Convertible Debentures	-	-	-	-	-			
Subscribed Capital	11,807	11,805	11,998	13,977	**13,978**			
Capital Reserves	4,005	4,659	4,659	4,659	4,659			
Retained Earnings	19,988	19,346	18,505	18,339	23,109			
Results from Valuation of Secs Available for Sale	(999)	(329)	330	315	386			
Results from Valuation of Hedging Secs	(1,637)	(1,383)	(1,594)	(1,404)	(1,832)			
Results from Conversions of Foreign Ops	1,274	(682)	(522)	(679)	(1,003)			
Surplus (Deficit) in Capital Restatement	-	-	-	-	-			
Results of Non Monetary Fixed Assets	-	-	-	-	-			
Results of Non Monetary –Investment Assets	87	-	-	-	-			
Adjustments in the Employee's Pensions	-	-	-	-	-			
Accumulated Effect of Deferred Liabilities	-	-	-	-	-			
Net Income	1,418	2,577	3,866	5,132	1,435			
Earned Capital	24,135	24,188	25,244	26,361	**26,755**			
Minority Interest	415	10	10	10	10			
Total Stockholder´s Equity	36,356	36,003	37,252	40,348	**40,743**			
TOTAL LIABILITIES & STOCKHOLDER´S EQUITY	563,758	563,620	553,153	548,560	**548,290**			

***BANKING SECTOR* – MEMORANDUM ACCOUNTS** *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
Endorsement Guarantees Granted	-	-	-	-	**-**			
Contingent Assets & Liabilities	264	267	266	273	**272**			
Irrevocable Lines of Credit	3,129	2,503	2,135	2,271	**2,421**			
Trust	88,471	98,397	104,565	110,795	**113,540**			
Mandate	2,161	1,924	2,107	2,147	**2,097**			
Assets held in Trusts or Mandate	90,632	100,321	106,673	112,942	**115,637**			
Assets held in custody or in administration	146,493	157,269	165,302	154,831	**206,262**			
Investment banking transactions for third parties, net	91,943	87,165	84,921	74,646	**72,539**			
Uncharged accrued interest from past - due loans	180	220	203	198	**161**			
Collaterals Received	31,156	24,990	31,716	33,464	**34,792**			
Amounts committed to fobaproa operations	-	-	-	-	**-**			
Collateral received or sold or delivered as guarantee by the entirty	-	2,999	9,520	11,097	**12,043**			
Integration of loan portfolio	-	-	-	-	**-**			
Amounts received in derivative instruments	-	-	-	-	**-**			
Fobaproa trusts	-	-	-	-	**-**			
Repurchase securities to be received	-	-	-	-	**-**			
(Less) creditors from repos	-	-	-	-	**-**			
Debtors from repos	-	-	-	-	**-**			
(Less) Repurchase securities to be delivered	-	-	-	-	**-**			
Other control accounts	-	-	-	-	**-**			
	363,798	**375,735**	**400,735**	**389,723**	**444,487**			

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

BANORTE USA

***BANORTE USA* – INCOME STATEMENT** *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Interest Income	379	340	364	328	1,411	326				
Interest Expense	158	153	145	129	586	119				
Loan Fees Charged	-	-	-	-	-	-				
Fees Paid	-	-	-	-	-	-				
Net Interest Income (NII)	**221**	**187**	**218**	**199**	**825**	**207**				
Preventive Provisions for Loan Losses	9	164	115	91	378	128				
Loss Sharing Provisions	-	-	-	-	-	-				
NII Adjusted for Credit Risk	**212**	**23**	**103**	**109**	**448**	**78**				
Fund transfers	-	-	-	-	-	-				
Account management	-	-	-	-	-	-				
Fiduciary	-	-	-	-	-	-				
Income from Loan Portfolios Acquired	-	-	-	-	-	-				
Electronic Banking Services	-	-	-	-	-	-				
Credit Card Fees	-	-	-	-	-	-				
Fees Charged to IPAB	-	-	-	-	-	-				
Other fees	34	32	34	32	133	64				
Fees Charged on Services,	**34**	**32**	**34**	**32**	**133**	**64**				
Fund transfers	-	-	-	-	-	-				
Other fees	-	-	-	-	-	-				
Expenses from Loan Portfolios Acquired	-	-	-	-	-	-				
Fees Paid on Services	-	-	-	-	-	-				
Foreign exchange	-	-	-	-	-	-				
Securities –Realized gains	-	-	-	-	-	-				
Securities- Unrealized gains	-	-	-	-	-	-				
Market Related Income	**4**	**10**	**13**	**27**	**54**	**33**				
Other Operating Income (Expenses)	**(1)**	-	**(28)**	**(2)**	**(31)**	**(5)**				
Total Non Interest Income	**38**	**42**	**19**	**56**	**155**	**65**				
Total Operating Income	**250**	**66**	**122**	**165**	**603**	**143**				
Personnel	71	64	65	65	265	70				
Profit Sharing	-	-	-	-	-	-				
Professional Fees Paid	11	13	13	18	55	17				
Administrative and Promotional Expenses	111	116	70	117	414	68				
Rents, depreciation and amortization	6	5	5	5	21	17				
Taxes, other than income tax	-	-	-	-	-	-				
Contributions to IPAB	-	-	-	-	-	-				
Non-Interest Expense	**198**	**198**	**153**	**205**	**755**	**173**				
Operating Income	**51**	**(132)**	**(31)**	**(40)**	**(152)**	**(29)**				
Other Revenues	48	48	50	47	193	12				
Foreign exchange	-	-	-	-	-	-				
Recoveries	1	2	2	1	6	-				
Repomo-other revenues	-	-	-	-	-	-				
Non Operating Income	**50**	**50**	**52**	**49**	**199**	**12**				
Other Expenses	-	-	-	-	-	-				
Changes in Foreign Exchange Valuation	-	-	-	-	-	-				
Repomo-other expenses (creditor balance)	-	-	-	-	-	-				
Non Operating Expense	-	-	-	-	-	-				
Non Operating Income (Expense), net	**50**	**50**	**52**	**49**	**199**	**12**				
Pre-tax Income	**101**	**(83)**	**20**	**9**	**48**	**(18)**				
Income Tax	(38)	30	(5)	-	(14)	8				
Profit sharing	-	-	-	-	-	-				
Tax on Assets	-	-	-	-	-	-				
Deferred Income Tax and Profit sharing	-	-	-	-	-	-				
	(38)	**30**	**(5)**	-	**(14)**	**8**				
Net Income before subsidiaries	**62**	**(53)**	**15**	**9**	**34**	**(10)**				
Subsidiaries' net income	-	-	-	-	-	-				
Net Income from continuos operations	**62**	**(53)**	**15**	**9**	**34**	**(10)**				
Extraodinary items, net	-	-	-	-	-	-				
Minority Interest	(24)	24	-	-	-	-				
TOTAL NET INCOME	**38**	**(29)**	**15**	**9**	**34**	**(10)**				

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

BANORTE USA – BALANCE SHEET *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
ASSETS								
Cash and due from Banks	492	1,426	1,407	1,538	685			
Negotiable Instruments	-	-	-	-	-			
Securities available for sale	6,484	6,411	7,583	6,603	7,276			
Securities held to maturity	13	12	13	12	11			
Investment in Securities	6,498	6,423	7,596	6,616	7,287			
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	13,495	11,866	12,269	11,391	10,393			
Financial Intermediaries' Loans	-	-	-	-	-			
Consumer Loans	239	199	195	179	186			
Mortgage Loans	2,732	2,690	2,755	2,530	2,317			
Goverment Entities' Loans	-	-	-	-	-			
IPAB Loans	-	-	-	-	-			
Fiduciary Collection Rights	-	-	-	-	-			
Performing Loans	16,466	14,755	15,219	14,100	12,897			
Commercial PDL's	172	411	498	798	1,055			
Financial Intermediaries' PDL's	-	-	-	-	-			
Consumer PDL's	-	1	1	1	-			
Mortgage PDL's	30	35	104	248	207			
Goverment Entities PDL's	-	-	-	-	-			
Past Due Loans	202	447	603	1,047	1,263			
Gross Loan Portfolio	16,668	15,201	15,822	15,147	14,160			
Preventive loan loss reserves	266	327	426	416	422			
Net Loan Portfolio	16,402	14,874	15,397	14,731	13,738			
Credit Assets Portfolio	-	-	-	-	-			
Sundry debtors and other accs rec,net	643	602	622	607	641			
Foreclosed assets, net	452	409	471	527	484			
Real Estate, Furniture & Equipment, net	760	695	705	684	639			
Investments in subsidiaries	9	9	9	8	8			
Deferred taxes, net	-	21	5	2	-			
Risk Coverage for Mortgage	-	-	-	-	-			
GoodWill and Intangibles	3,476	3,234	3,308	3,199	3,257			
Other Assets	269	225	319	508	213			
Other Assets	3,746	3,460	3,627	3,706	3,470			
TOTAL ASSETS	29,001	27,919	29,838	28,420	26,951			

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

BANORTE USA – BALANCE SHEET *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
LIABILITIES								
Demand Deposits	9,348	9,613	9,947	8,971	8,819			
Time Deposits	12,814	12,696	13,705	13,427	12,515			
Bank Bonds	-	-	-	-	-			
Deposits	**22,162**	**22,309**	**23,652**	**22,398**	**21,334**			
Immediate Redemption Loans	-	-	-	-	-			
Short term	814	5	-	-	66			
Long term	88	79	78	73	-			
Due to banks and correspondents	**903**	**84**	**78**	**73**	**66**			
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	-	-	-	-	-			
Other creditors & accounts payable	179	212	214	217	165			
Other payable accounts	**179**	**212**	**214**	**217**	**165**			
Subordinated non Convertible Debenture	292	272	278	269	254			
Deferred Taxes	9	-	-	-	8			
Deferred credits	48	41	37	32	27			
TOTAL LIABILITIES	**23,592**	**22,917**	**24,259**	**22,989**	**21,855**			
STOCKHOLDER´S EQUITY								
Paid-in Capital	3,346	4,266	4,668	4,668	4,668			
Share subscription premiums	-	-	-	-	-			
Subordinated Convertible Debentures	-	-	-	-	-			
Subscribed Capital	**3,346**	**4,266**	**4,668**	**4,668**	**4,668**			
Capital Reserves	-	-	-	-	-			
Retained Earnings	284	284	284	284	304			
Results from Valuation of Secs Available for Sale	122	59	87	104	101			
Results from Conversions of Foreign Ops	1,213	383	514	341	34			
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	38	10	25	34	(10)			
Earned Capital	**1,657**	**736**	**911**	**763**	**429**			
Minority Holdings	405	-	-	-	-			
Total Stockholder´s Equity	**5,409**	**5,002**	**5,578**	**5,431**	**5,097**			
TOTAL LIABILITIES & STOCKHOLDER´S CAPITAL	**29,001**	**27,919**	**29,838**	**28,420**	**26,951**			

BANORTE USA **– MEMORANDUM ACCOUNTS** *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
Endorsement guarantees granted	-	-	-	-	-			
Other contingent obligations	-	-	-	-	-			
Credit commitments	42	29	33	31	22			
Irrevocable lines of credit	-	-	-	-	-			
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	**23**	**26**	**33**	**31**	**22**			

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

- **Information by Segments**

GFNORTE – INCOME STATEMENT 1Q10
(Million Pesos)

	Holding	Banorte	Brokerage	Leasing & Factoring	Warehouse	Total	Eliminations	Final Balance
Interest Income	2	9,578	388	369	-	10,336	(410)	9,927
Interest Expense	-	4,382	389	152	-	4,924	(400)	4,524
Loan Fees	-	159	-	-	-	159	-	159
Net Interest Income (NII)	**2**	**5,355**	**(2)**	**217**	**-**	**5,572**	**(10)**	**5,562**
Loan Loss & Loss Sharing Provisions	-	1,746	-	26	-	1,772	-	1,772
NII after Provisions	**2**	**3,610**	**(2)**	**191**	**-**	**3,800**	**(10)**	**3,790**
Fees on services,	-	2,017	162	3	10	2,192	-	2,192
Fees paid,	-	371	15	6	-	392	(10)	382
Market-related Income	-	506	79	-	-	585	-	585
Other Operating Income (Expenses)	-	285	(1)	1	-	286	-	286
Total Non Interest Income	**-**	**2,437**	**225**	**(2)**	**10**	**2,671**	**10**	**2,681**
Total Operating Income	**2**	**6,047**	**224**	**189**	**9**	**6,471**	**-**	**6,471**
Non-Interest Expense	**3**	**3,978**	**116**	**90**	**6**	**4,194**	**(4)**	**4,190**
Operating Income	**(2)**	**2,069**	**108**	**98**	**3**	**2,277**	**4**	**2,281**
Non Operating Income	-	173	5	5	25	208	(12)	196
Non Operating Expense	-	154	-	1	23	178	-	178
Non Operating Income	**-**	**18**	**5**	**4**	**2**	**29**	**(11)**	**18**
Pre-tax Income	**(2)**	**2,088**	**113**	**102**	**6**	**2,306**	**(7)**	**2,299**
Tax and Profit sharing	**-**	**622**	**35**	**-**	**2**	**659**	**-**	**659**
Net Income before subsidiaries	**(2)**	**1,466**	**78**	**102**	**3**	**1,648**	**(7)**	**1,640**
Subsidiaries´ net income	1,589	20	-	-	-	1,609	(1,51	95
Net Inc. from continuos	**1,588**	**1,485**	**78**	**102**	**3**	**3,257**	**(1,522)**	**1,735**
Extraodinary items, net	-	-	-	-	-	-	-	-
Minority Interest	-	(50)	-	-	-	(50)	(105)	(155)
TOTAL NET INCOME	**1,588**	**1,435**	**78**	**102**	**3**	**3,207**	**(1,627)**	**1,580**

BANORTE

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

GFNORTE – BALANCE SHEET AS OF 1Q10
(Million Pesos)

ASSETS	Holding	Banorte	Brokerage	Leasing & Factoring	Warehouse	Total	Eliminations	Final balance
Cash and due from Banks	**145**	**58,321**	**2**	**58**	**3**	**58,528**	**(203)**	**58,325**
Margin Accounts	-	46	-	-	-	46	-	**46**
Negotiable Instruments	-	37,673	6,662	-	-	44,335	-	**44,335**
Securities held for sale	-	13,674	278	-	-	13,952	(1,116)	**12,836**
Securities held to maturity	-	172,599	473	-	-	173,072	-	**173,072**
Financial Instruments:	**-**	**223,947**	**7,413**	**-**	**-**	**231,359**	**(1,116)**	**230,243**
Non-assigned securities to pay	-	-	-	-	-	-	-	**-**
Futures receivable, net	-	2	1	-	-	3	-	**3**
For trading purposes	-	4,963	-	-	-	4,963	-	**4,963**
For hedging purposes	-	762	-	-	-	762	-	**762**
Repos & Derivatives :	**-**	**5,727**	**1**	**-**	**-**	**5,728**	**-**	**5,728**
Commercial	-	101,489	-	11,784	-	113,274	-	**113,274**
Financial Intermediaries	-	7,918	-	15	-	7,933	(1,842)	**6,091**
Consumer	-	25,754	-	5	-	25,759	-	**25,759**
Mortgage	-	51,082	-	-	-	51,082	-	**51,082**
Goverment Entities	-	40,995	-	8	-	41,003	-	**41,003**
Fobaproa	-	-	-	-	-	-	-	**-**
Performing Loans	**-**	**227,239**	**-**	**11,813**	**-**	**239,051**	**(1,842)**	**237,210**
Commercial	-	3,592	-	111	-	3,703	-	**3,703**
Financial Intermediaries	-	-	-	-	-	-	-	**-**
Consumer	-	1,565	-	-	-	1,565	-	**1,565**
Mortgage	-	860	-	-	-	860	-	**860**
Goverment Entities	-	-	-	-	-	-	-	**-**
Past Due Loans	**-**	**6,017**	**-**	**111**	**-**	**6,128**	**-**	**6,128**
Total Credit	**-**	**233,256**	**-**	**11,924**	**-**	**245,179**	**(1,842)**	**243,338**
Preventive loan loss reserves	-	7,295	-	203	-	7,498	-	**7,498**
Net Loan Portfolio	**-**	**225,961**	**-**	**11,721**	**-**	**237,682**	**(1,842)**	**235,840**
Acquired collection rights	-	2,426	-	-	-	2,426	-	**2,426**
Total Loans	**-**	**228,387**	**-**	**11,721**	**-**	**240,108**	**(1,842)**	**238,266**
Benef.receivab.securitization	-	406	-	-	-	406	-	**406**
Sundry debtors and other assets,net	8	12,120	115	23	33	12,300	(12)	**12,288**
Merchandise Inventory	-	-	-	-	111	111	-	**111**
Foreclosed assets, net	-	911	-	-	-	911	-	**911**
Real Estate, Furniture & Equipment,	-	7,365	8	1,260	45	8,678	-	**8,678**
Investments in subsidiaries	42,806	1,399	20	-	-	44,225	(41,003)	**3,222**
Deferred taxes	1	1,373	-	-	-	1,375	(87)	**1,287**
GoodWill	29	2,918	-	-	-	2,947	-	**2,947**
Intangible	4	1,312	155	-	-	1,471	-	**1,471**
Other Assets Short and Long Term	-	4,931	126	17	7	5,081	-	**5,081**
Total Other Assets	**42,849**	**32,329**	**424**	**1,300**	**196**	**77,098**	**(41,102)**	**35,997**
TOTAL ASSETS	**42,993**	**549,163**	**7,840**	**13,079**	**199**	**613,274**	**(44,263)**	**569,012**

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

GFNORTE – BALANCE SHEET AS OF 1Q10
(Million Pesos)

LIABILITIES	Holding	Banorte	Brokerage	Leasing & Factoring	Warehouse	Total	Eliminations	Final balance
Demand Deposits	-	125,970	-	-	-	125,970	(53)	125,917
Time Deposits	-	145,502	-	-	-	145,502	(144)	145,358
Bonds	-	-	-	-	-	-	-	-
Deposits	**-**	**271,472**	**-**	**-**	**-**	**271,472**	**(197)**	**271,275**
Demand	-	1	-	-	-	1	-	1
Short term	-	6,495	-	8,355	29	14,879	(1,842)	13,037
Long term	-	4,814	-	2,710	-	7,524	-	7,524
Due to banks & corresp.	**-**	**11,310**	**-**	**11,064**	**29**	**22,403**	**(1,842)**	**20,562**
Assigned securities to pay	**-**	**268**	**-**	**-**	**-**	**268**	**-**	**268**
Futures receivable, net	-	185,135	5,938	-	-	191,073	-	191,073
Collateral sold	-	-	-	-	-	-	-	-
For trading purposes	-	4,773	-	-	-	4,773	-	4,773
For hedging purposes	-	3,423	-	-	-	3,423	-	3,423
Repos & Derivatives:	**-**	**193,331**	**5,938**	**-**	**-**	**199,270**	**-**	**199,270**
Income Tax	-	418	25	-	1	443	-	443
Profit Sharing	-	247	2	-	-	249	-	249
Creditors for settlement of transactions	-	2,523	-	-	-	2,523	-	2,523
Other Creditors & Accounts Payable	1	8,770	302	362	8	9,443	(114)	9,329
Other payable accounts	**1**	**11,959**	**328**	**362**	**8**	**12,658**	**(114)**	**12,544**
Subordinated non Convertible Debenture	-	17,838	-	-	-	17,838	-	17,838
Deferred Taxes	-	-	79	-	9	87	(87)	-
Deferred credits	-	1,536	-	64	-	1,600	-	1,600
TOTAL LIABILITIES	**1**	**507,713**	**6,345**	**11,490**	**47**	**525,596**	**(2,240)**	**523,356**
STOCKHOLDER´S EQUITY								
Paid-in Capital	12,020	11,488	540	306	87	24,440	(12,479)	11,961
Share subscription premiums	2,246	2,490	-	-	-	4,736	(3,192)	1,545
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	**14,266**	**13,978**	**540**	**306**	**87**	**29,177**	**(15,671)**	**13,506**
Capital Reserves	3,178	4,659	81	235	21	8,174	(4,996)	3,178
Retained Earnings	26,153	23,109	640	945	41	50,889	(24,701)	26,188
Surplus (Deficit) from securities	521	386	144	-	-	1,051	(818)	233
Results from coverage securities valuation	(1,766)	(1,832)	-	-	-	(2.598)	(1,822)	(1,766)
Results of foreign operations exchange	(946)	(1,003)	12	-	-	(1,937)	991	(946)
Excess (Insuf.) in capital restatement	-	-	-	-	-	-	-	-
Non Mon assets results Fixed Assets	-	-	-	-	-	-	-	-
Non Mon assets results Investm subsidiaries	-	-	-	-	-	-	-	-
Adjustment in the employees pension funds	-	-	-	-	-	-	-	-
Net Income	1,588	1,435	78	102	3	3,207	(1,627)	1,580
Earned Capital	**42,993**	**40,733**	**1,495**	**1,589**	**152**	**86,962**	**(44,990)**	**41,972**
Minority Holdings	-	716	-	-	-	716	2,967	3,683
Total Stockholder´s Equity	**42,993**	**41,450**	**1,495**	**1,589**	**152**	**87,678**	**(42,023)**	**45,655**
TOT. LIAB. & STOCKHOL. EQUITY	**42,993**	**549,163**	**7,840**	**13,079**	**199**	**613,274**	**(44,263)**	**569,012**

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

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.

- **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".**

When comparing 2008 results vs. reported figures for previous periods 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.

- **Change in rules for loan loss reserves requirements**

According to the new provisions of the CNBV published on August 22, 2008 in the DOF regarding the percentage of credit card reserves when there are no delinquent payments, and according to the second transitory article which makes it possible to make such adjustments by October, the impact of the change will be gradual. The percentage applied to reserves for zero delinquent payments for september is 1.72%, and at the close of October the change will be completed by applying a 2.5% reserve percentage for zero delinquent payments.

- **Repo Transactions and reclassification of investments in securities**

NEW ACCOUNTING CRITERIA

On October 14, 2008 the CNBV published a series of changes to its accounting criteria in the Official Gazette of the Federation (DOF). Such changes became effective the following day. The most important changes include:

- *Criterion B-3 "Repurchasing and Sales Agreements"*

Repurchase or Resale Agreement operations will be recorded according to the financial substance of the operation itself which is financing with collateral, in which the purchaser of securities gives cash as financing in exchange for financial assets that serve as protection in case of default.

Financial assets given as collateral by the purchaser of securities, pursuant to criterion C-1 are still recognized in the balance sheet provided that the risks, benefits and control of the same are kept.

On the repurchase and sale operation contract date, the entity acting as the purchaser of securities should record the incoming cash or a debt-liquidating account as well as an account payable at a reasonable value at the initially agreed price, which represents the obligation to return such cash to the purchaser of securities.

Throughout the life of the repurchasing and sale agreement, the account payable mentioned above will be valued at its reasonable value by acknowledging the interest on the repurchasing and sale agreement in the period's results as accrued, according to the effective interest method that affects such account payable.

On the repurchase and sale agreement operation contract date, the entity acting as the purchaser of securities should record the outlay of availabilities or a creditor-liquidating account, as well as an account receivable at a reasonable value, at initially the agreed price, which represents the right to recover the cash.

Throughout the life of the repurchasing and sale agreement, the account receivable mentioned above will be valued at its reasonable value by acknowledging the interest on the repurchase and sale agreement in the period's results as accrued, according to the effective interest method that affects such account receivable.

PREVIOUS ACCOUNTING CRITERIA
Repurchase or Resale Agreement Operations

Represent the temporary purchase or sale of certain financial instruments in exchange for an established premium with the obligation to resell or repurchase such securities in the future.

When the Institution acts as the seller of securities, the net position represents the difference between the fair value of the securities covered by the repurchase agreement (asset position) which, in turn, represents the securities to be received through the transaction, valued according to the investment valuation methods established for trading securities, and the value of the present value of the price at maturity (liability position).

When the Institution acts as the purchaser of securities, the net position represents the difference between the present value of the price at maturity (asset position) and the fair value of the securities received under the repurchase agreement (liability position) which are valued according to the method discussed in the preceding paragraph.

The debit or credit balance resulting from transactions involving repurchase agreements is presented under assets or liabilities in the consolidated balance sheet under the heading "Securities and derivative financial instruments".

For repurchase transactions entered into for periods exceeding three business days, a guarantee must be provided to mitigate market and counterpart risks. Guarantees received for repurchase transactions not involving the transfer of ownership are recognized in memoranda accounts and are considered as restricted assets.

a. Reclassification of Securities

In view of the current economic situation and considering the worldwide financial system crisis, the CNBV has adjusted various criteria, especially those relative to Repurchase or Resale Agreement operations, to allow reporting debt securities independently of the category in which they are found, within the "Investment in Securities" line item. This is to avoid restricting financial market liquidity and volatility securities' prices. Furthermore, the Commission authorized the Institution, by means of Document No. 100-035/2008 issued on October 16, 2008 and Document No. 100-042/2008 issued on November 10, 2008, to reclassify the investment-in-securities holding position and the position of receivable securities in Repurchase or Resale Agreement operations, pursuant to the rules set forth in such documents.

Therefore, during October, the Institution reclassified from the "Negotiable Securities" item to "Securities-held-to-maturity" item a total of 6,035,947,400 titles whose book value at the reclassification date was Ps 12,803. Additionally, from the "Securities available for sale" item the Institution reclassified to "Securities-held-to-maturity" a total of 560,523,193 instruments whose book value was USD 553 million and € 20 million.

The above reclassification was due to the valuation loss that negotiable securities were showing when valuated at a reasonable value, caused by market volatility. By December 31, 2008 the position in securities-held-to-maturity has not shown indications of permanent deterioration.

The effect of the valuation at reasonable value that would have been acknowledged if the above reclassification had not been made, would have shown up in the period results Ps (20) million and in shareholders' equity Ps (710) million.

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

- **Main changes resulting from new accounting criteria and norms.**

Among the main changes resulting from the new measures and norms issued or modified by the Commission and CINIF that became effective as of January 1st, 2009 are:

The C-2 criteria, "Securitizations", establishes that in this type of transaction, the assigner can decide to transfer the risks and benefits and/or control of financial assets or not to the assignee.

It establishes that the benefits from the asignee's surplus will be recognized as "benefits to be received in securitization transactions" and remain valued since its initial registration, at a reasonable value, with any valuation adjustments recognized in the results of the exercise. This valuation must be consistent with “Entity with a Specific Purpose”, Entidad de Propósito Especifico (EPE) accounting policies established as the securitization medium.

If an assigner provides administrative services for transferred assets, an asset or liability must be registered initially from management of assets and liabilities, at its reasonable value according to the C-1 measure as follows:

a) An asset is registered if payment exceeds the cost and expenses incurred in providing the service; to the contrary a liability is registered.

b) Later, such asset or liability will be valued at a reasonable value, registering the effects of its valuation in the results of the exercise.

Benefits of the remaining balances of securitization operations and the asset from management of financial assets transferred will be exhibited under the heading "Benefits to be received in securitization operations".

The valuation of benefits to be received, as well as the asset or liability from management will be exhibited under the heading of "Other products" or "Other expenses", as appropriate.

The effects of said measure, in the event of having been applied to securitizations effective December 31st, 2008 are detailed as follows:

In realized securitization operations, the financial assets were eliminated from the balance sheet based on the effective accounting measures to date, C-1 "Transfer of financial assets" and C-2 "Securitization". Given that the new accounting measures that substitute the previous ones are applied prospectively, no retroactive recording will apply for operations performed prior to applying this measure, which is why the re-valuation of financial asset transfers previously registered is not required.

Notwithstanding, in accordance with these new accounting measures, securitized loans for mortgage, state and municipal government portfolios that Banorte carried out during 2006 and 2007, respectively, did not fulfill the requirements of the new accounting measures for elimination from the balance sheet, given that in both operations most of the inherent risks and/or benefits are retained.

The C-5 measure "Consolidation of Entities with a Specific Purpose" defines the particular norms related to the consolidation of EPEs. It establishes that an entity must consolidate an EPE when the economic substance of the relationship between both entities indicates that it controls said EPE.

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

- **Main changes to accounting criteria**

On April 27 and May 28, 2009, the National Banking and Securities Commission issued changes in accounting criteria applicable to credit institutions and the financial groups' holdings companies, to make them consistent with financial reporting standards set out in Mexico and abroad, while at the same time facilitate the comparison of the information provided to authorities, public and the markets. Such changes were adopted and applied since April 2009. The most relevant changes are listed below:

Adjustments were made to the conceptual outline of the accounts, eliminating the concept of "rules of general application" which were substituted by "Standards and criteria for recognition."

With regard to the criteria B-2 "Investments in Securities" , the securities value impairment was extended in regards to their identification and treatment. As of now, it also includes securities available for sale and not just the securities held to maturity, as previously considered. The new criteria requires that in case that there is objective evidence of events subsequent to the initial recognition that have a negative impact on the expected cash flow, such deterioration must be booked in the value of that security.

The accrued interest from debt securities must be determined in accordance to the effective interest method regardless of the category in which these securities are registered. Previously, the straight line method was used to recognize such interests.

Regarding criteria B-5 "Derivatives and hedging transactions", the leasing contracts and the common buy-sell and supply of assets, on those underlyng derivatives' financial instruments that institutions are allowed to trade must be analyzed, with the aim of evaluating whether it complies with the definition of embedded derivative and if it may have an impact on results. Also, the NIF C-10 substitution is eliminated.

Regarding criteria B-6 "Loan Portfolio", the costs and expenses arising from initial loan placements are registered as deferred charges, and must be amortized against interest expense during the life of the loan.

The annual or renewal fees charged on credit cards will be registered as a deferred loan and will be amortized during a 12 month period.

As a result of the accounting criteria changes to the diverse Income Statement line items, the Income Statement has been adapted to reflect these modifications. The changes basically consist on the following:

The Balance Sheet includes new lines like: margin accounts, repo debtors, securities lending, hedging and trading derivatives' details, adjustments to hedging securities mark to market valuations, benefits to receive from securitizations, long term securities available for sale and mandates in securitization transactions, among others. In memo accounts, the received collaterals by entity and the received and sold or delivered collaterals as guarantee by the entity are included in this line item.

In the Income Statement, the Profit Sharing line is included within the Administrative and Promotional Expenses. Also, the net interest income adjusted for credit risk and the trading income details are included, as well as other operating income (expenses) which includes, among other things, loan recoveries arising from the sale or disposal of the loan portfolio, the impairment loss or reversal of assets other than investments in securities and the mark to valuation results in awarded property.

- The D-4 criteria is reestructured and contemplates changes in substance between the State of Changes in Financial Position and the Cash Flow Statement. This was done because the first one showed the changes in the financial structure of the entity, which may or may not identify the generation or application of resources in the period, while the second shows the cash flows that represent the creation or application of cash of the entity during the period

For comparison purposes, financial information is presented for the first quarter of 2009, based on accounting criteria contained in the resolution amending the general provisions applicable to financial reporting by companies of financial groups subject to supervision of the National Banking and Securities Commission issued on May 28, 2009.

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

***GFNorte* – INCOME STATEMENT** *(Million Pesos)*	1Q09 Previous criteria	Reclassifications	Current criteria	Adjustments to current criteria	1Q09 reprocessed criteria	2Q09	1H09 Reprocessed to current criteria
Interest Income	**13,141**	**-**	**13,141**	-	**13,141**	11,358	**24,499**
Interest Expense	**7,094**	**-**	**7,094**	3	**7,097**	5,656	**12,753**
Loan Fees	**153**	**-**	**153**	-	**153**	139	**292**
Fees Paid	**-**	**-**	**-**	-	**-**	4	**4**
Net Interest Income (NII)	**6,199**	**-**	**6,199**	**(3)**	**6,197**	**5,838**	**12,034**
Preventive Provision for Loan Losses	**2,162**	**-**	**2,162**	-	**2,162**	2,188	**4,350**
Loan Loss Provisions Fobaproa	**-**	**-**	**-**	-	**-**	-	**-**
NII Adjusted for Credit Risk	**4,037**	**-**	**4,037**	**(3)**	**4,034**	**3,650**	**7,684**
Fund Trasnfers	**60**	**-**	**60**	-	60	61	**121**
Account Management	**230**	**-**	**230**	-	230	237	**467**
Fiduciary	**51**	**-**	**51**	-	51	68	**119**
Income from Real Estate Portfolios	**137**	**-**	**137**	-	137	164	**302**
Electronic Banking Services	**250**	**-**	**250**	-	250	256	**506**
Credit Card Fees	**590**	**-**	**590**	(56)	534	520	**1,054**
Fees Charged to IPAB	**-**	**-**	**-**	-	-	-	**-**
Other Fees	**596**	**-**	**596**	-	-	606	**1,202**
Fees Charged on Services	**1,914**	**-**	**1,914**	**(56)**	**1,858**	**1,912**	**3,770**
Fund Trasnfers	**6**	**-**	**6**	-	**6**	5	**11**
Other Fees	**305**	**-**	**305**	-	**305**	289	**594**
Real Estate Portfolios	**-**	**-**	**-**	-	**-**	-	**-**
Fees Paid on Services	**312**	**-**	**312**	**-**	**312**	**294**	**605**
FX	**356**	**-**	**356**	-	356	163	**518**
Securities –realized gains	**19**	**-**	**19**	17	36	79	**115**
Securities –unrealized gains	**(133)**	**-**	**(133)**	-	(133)	(85)	**(218)**
Market Related Income	**241**	**-**	**241**	**17**	**259**	**157**	**416**
Other Operating Income (expenses)	**-**	**226**	**226**	**-**	**226**	**147**	**373**
Non Interest Income	**1,844**	**226**	**2,070**	**(39)**	**2,032**	**1,922**	**3,954**
Total Operating Income	**5,881**	**226**	**6,107**	**(41)**	**6,066**	**5,572**	**11,638**
Personnel	**1,692**	**-**	**1,693**	-	1,693	1,523	**3,216**
Profit Sharing	**-**	**199**	**199**	-	199	169	**368**
Profesional Fees Paid	**334**	**-**	**334**	-	334	340	**675**
Admin. And Promotional Expenses	**1,186**	**-**	**1,186**	(36)	1,150	1,132	**2,282**
Rents, Depreciation and Amortization	**452**	**-**	**452**	-	452	435	**887**
Other Taxes	**209**	**-**	**209**	-	209	172	**381**
Contributions to IPAB	**267**	**-**	**267**	-	267	265	**532**
Non Interest Expense	**4,142**	**199**	**4,341**	**(36)**	**4,304**	**4,037**	**8,341**
Operating Income	**1,739**	**27**	**1,767**	**(5)**	**1,762**	**1,535**	**3,297**
Other Products	**502**	**(33)**	**469**	-	**469**	595	**1,064**
Changes in FX valuation	**-**	**-**	**-**	-	**-**	-	**-**
Recoveries	**403**	**(207)**	**196**	-	**196**	122	**318**
Repomo – ohters(creditor balance)	**-**	**-**	**-**	-	**-**	-	**-**
Non-Operating Income	**904**	**(240)**	**665**	**-**	**665**	**717**	**1,382**
Other Expenses	**(253)**	**13**	**(240)**	-	**(240)**	(525)	**(764)**
Changes in FX valuation	**-**	**-**	**-**	-	**-**	-	**-**
Repomo - other (debtor balance)	**-**	**-**	**-**	-	**-**	-	**-**
Non-Operating Expenses	**(253)**	**13**	**(240)**	**-**	**(240)**	**(525)**	**(764)**
Non Operating Income (Expense), net	**652**	**(226)**	**425**	**-**	**425**	**193**	**618**
Pre-tax Income	**2,391**	**(199)**	**2,192**	**(5)**	**2,187**	**1,728**	**3,915**
Income tax	**258**	**-**	**258**	-	**258**	413	**670**
Profit Sharing	**199**	**-**	**-**	-	**-**	-	**-**
Tax on Assets	**-**	**-**	**-**	-	**-**	-	**-**
Deffered Income Tax	**317**	**-**	**317**	-	**317**	17	**334**
Taxes	**774**	**199**	**574**	**-**	**574**	**429**	**1,004**
Net Income before Subsidiaries	**1,617**	**-**	**1,617**	**(5)**	**1,613**	**1,298**	**2,911**
Subsidiaries' Net Income	**89**	**-**	**89**	-	**89**	45	**134**
Net Income from Continous Operations	**1,706**	**-**	**1,706**	**(5)**	**1,701**	**1,343**	**3,045**
Extraordinary items, net	**-**	**-**	**-**	-	**-**	-	**-**
Minority Interest	**95**	**-**	**95**	-	**95**	31	**126**
Net Income	**1,611**	**-**	**1,611**	**(5)**	**1,607**	**1,312**	**2,919**

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

GFNORTE – BALANCE SHEET *(Millones Pesos)*	1Q09 Previous criteria	Reclassifi cations	Current criteria	Adjustm ents to current criteria	1Q09 reprocessed criteria	2Q09
ASSETS						
Cash and Due from Banks	56,317	(14)	56,303	-	56,303	56,918
Margin Accounts	-	14	14	-	14	17
Negotiable Instruments	5,172	-	5,172	-	5,172	25,672
Securities Available for Sale	11,870	-	11,870	-	11,870	11,566
Securities Held to Maturity	217,922	-	217,922	-	217,922	210,702
Investment in Securitiees	234,965	-	234,965	-	234,965	247,940
Non-assigned Sec for Settlement	-	-	-	-	-	-
Debtor balance in repo trans, (net)	1,620	-	1,620	-	1,620	16
Securities Lending	-	-	-	-	-	-
For trading	-	6,406	6,406	-	6,406	5,525
For hedging	-	2,529	2,529	-	2,529	1,142
Derivatives	8,936	(8,936)	-	-	-	-
Operations w/ Derivatives & Securities	8,936	-	8,936	-	8,936	6,667
Commercial Loans	122,563	-	122,563	-	122,563	120,616
Financial INtermediaries' Loans	10,229	-	10,229	-	10,229	8,462
Consumer Loans	27,775	-	27,775	-	27,775	26,651
Mortgage Loans	47,023	-	47,023	-	47,023	47,691
Government Entities' Loans	28,592	-	28,592	-	28,592	31,921
IPAB Loans	-	-	-	-	-	-
Performing Loans	236,181	-	236,181	-	236,181	235,342
Commercial Loans	2,187	(6)	2,181	-	2,181	2,796
Financial Intermediaries' Loans	3	-	3	-	3	-
Consumer Loans	2,541	-	2,541	-	2,541	2,584
Mortgage Loans	825	-	825	-	825	919
Government Entities' Loans	-	-	-	-	-	-
Past due Loans	5,556	(6)	5,550	-	5,550	6,299
Gross Loan Portfolio	241,737	(6)	241,731	-	241,731	241,641
Preventive Loan Loss Reserves	6,051	-	6,051	-	6,051	6,426
Net Loan Portfolio	235,686	(6)	235,680	-	235,680	235,216
Acquired Collection Rights	2,923	-	2,923	-	2,923	2,804
Total Loan Portfolio	238,609	(6)	238,603	-	238,603	238,020
Benef.receivab.securitiz. transactions	699	-	699		699	557
Sundry Debtors & Other Accs Rec, net	13,764	6	13,769	-	13,769	10,770
Inventories	479	-	479	-	479	312
Foreclosed Assets, net	841	-	841	-	841	800
Real Estate, Furniture & Equipment, net	8,459	-	8,459	-	8,459	8,419
Investments in Subsidiaries	2,668	-	2,668	-	2,668	2,896
Deferred Taxes, net	147	-	147	-	147	141
Deferred charges,and intangibles	-	5,799	5,799	-	5,799	4,330
Other short and long term assets	-	4,499	4,499	35	4,534	4,119
Other assets	5,506	(5,506)	-	-	-	-
Intangibles	293	(293)	-	-	-	-
Other Assets	4,499	(4,499)	-	-	-	-
	10,298	-	10,298	35	10,333	32,345
Total Assets	577,802	-	577,802	35	577,837	581,922

BANORTE

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

GFNORTE – BALANCE SHEET (Millones Pesos)	1Q09 Previous criteria	Reclassifications	Current criteria	Adjustments to	1Q09 reprocessed	2Q09
LIABILITIES						
Demand Deposits	120,255	-	120,255	-	120,255	123,755
Time Deposits	134,964	-	134,964	-	134,964	141,608
Bank Bonds	-	-	-	-	-	-
Deposits	255,219	-	255,219	-	255,219	265,363
Immediate Redemption Loans	4,180	-	4,180	-	4,180	501
Short Term Loans	25,322	-	25,322	-	25,322	25,057
Long Term Loans	10,723	-	10,723	-	10,723	9,727
Due to Banks & Correspondents	40,225	-	40,225	-	40,225	35,285
Assigned securities to settle	420	-	420	-	420	540
Creditor Balances in Repo Trans, net	191,479	-	191,479	-	191,479	200,933
Securities Lending	-	-	-	-	-	-
Repo Transactions with Collateral	304	-	304	-	304	-
Trading	-	6,300	6,300	(18)	6,282	5,219
Hedging	-	5,345	5,345	-	5,345	3,976
Transactions with Derivatives	11,646	(11,646)	-	-	-	
	11,646	-	11,646	(18)	11,628	9,195
Operations w/ derivatives and Securities	203,849	-	203,849	(18)	203,831	210,668
Income Tax payable	496	(285)	211	-	211	170
Profit Sharing .	-	285	285	-	285	371
Creditor for settlement of transactions	-	6,832	6,832	-	6,832	1,709
Other loans and accounts payable	17,726	(6,832)	10,894	-	10,894	8,516
Other Payable accounts	18,222	-	18,222	-	18,222	10,767
Subordinated Debentures	18,053	-	18,053	-	18,053	17,783
Deferred Taxes	-	-	-	-	-	-
Deferred Credits	1,336	-	1,336	58	1,393	1,464
TOTAL LIABILITIES	536,903	-	536,903	40	536,943	541,330
EQUITY						
Paid-in Capital	11,932	-	11,932	-	11,932	11,945
Share Subscription Premiums	1,530	-	1,530	-	1,530	1,247
Subordinated Convertible Debentures	-	-	-	-	-	-
Subscribed Capital	13,462	-	13,462	-	13,462	13,192
Capital Reserves	2,748	-	2,748	-	2,748	3,173
Retained earnings	23,965	-	23,965	-	23,965	23,459
Results from sec available for sale	(1,315)	-	(1,315)	-	(1,315)	(867)
Results from valuation of securities	-	-	-	-	-	(1,342)
Resuls from Conversion of Foreign Ops	1,244	-	1,244	-	1,244	(1,580)
Surplus (deficit) in capital restatement	-	-	-	-	-	-
Results of Non Monetary Fixed Assets	-	-	-	-	-	-
Results of Non Monetary Invesment Assets	(2,833)	-	(2,833)	-	(2,833)	-
Adjusments in the Employees' Pension	-	-	-	-	-	-
Accumulated Effect or Deferred Liabilites	-	-	-	-	-	-
Net Income	1,611	-	1,611	(5)	1,607	2,923
Minority Interest	2,016	-	2,016	-	2,016	1,633
Earned Capital	27,437	-	27,437	(5)	27,432	27,400
Total Equity	40,899	-	40,899	(5)	40,894	40,592
TOTAL LIABILITIES AND EQUITY	577,802	-	577,802	35	577,837	581,922

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

- **Changes in accounting rules**

On July 30 2009, the National Banking and Securities Commission (CNBV) issued changes to accounting criteria applicable, among others, to auxiliary credit institutions, financial companies of limited scope and regulated financial companies of multiple scope; also on August 31 2009, it issued changes in accounting criteria applicable to mutual funds. These changes were done to make them consistent with the financial information norms established in Mexico and abroad. They are similar to the changes recently implemented for Credit Institutions and Broker Dealers in 2Q09.

- **D-8 Bulletin: Stock based compensation**

Banorte grants GFNORTE shares to its executives through different structured payments plans based on those shares. These plans are managed by trusts that Banorte constitutes and gives the necessary resources so that at the beginning of each plan, they can purchase directly in the financial markets the shares needed to fulfill these stock based plans.

The Financial Norm D-8, Stock based Payments, which is effective for fiscal exercises that begin as of January 2009, requires those entities that grant stock based payment plans to recognize an expense for the services received by the executives that are beneficiaries of the plans.

When a subsidiary grants stock plans of its holding Company, the NIF D-8 establishes that the accounting recognition of the expenditure must be made as if the plan was settled in cash at reasonable value, each period that the financial information is presented along with the assumptions known at that date.

On the other hand, the Holding must recognize such expenditure as if the plan was to be settled with shares. Under this scheme, the plan is valued in the beginning at the Holding level and must be later revalued.

In the consolidated financial statements with the Group's subsidiaries, the items recognized in its banking subsidiary derived from the recognition and valuation of the share plans granted have been eliminated through consolidation movements of Ps 103 million. In this sense, an expense incurred by the Financial Group of up to Ps 52 million has been recognized, which results at 4Q09 in a net positive effect in the financial statements of the holding Company of Ps 51 million. At 1Q10 results in a net negative effect in the financial statements of the holding Company of Ps (8) million .

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

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 in the document 601-II-323110, 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.

	Local Currency (2)			Foreign Currency (USD) (3)			Total		
(Millions of Nominal Pesos)	Aug'02	Dec'09	Mar'10	Aug'02	Dec'09	Mar'10	Aug'02	Dec'09	Mar'10
Performing Loans									
Commercial	5	-	-	5	-	-	10	-	-
Consumer	-	-	-	-	-	-	-	-	-
Mortgage	54	27	25	-	-	-	54	27	25
Total	**59**	**27**	**25**	**5**	**-**	**-**	**64**	**27**	**25**
Non Performing Loans									
Commercial	405	361	340	293	110	103	698	471	443
Consumer	81	72	72	-	-	-	81	72	72
Mortgage	1,112	350	344	-	-	-	1,112	350	344
Total	**1,598**	**783**	**756**	**293**	**110**	**103**	**1,891**	**893**	**859**
TOTAL LOANS	**1,657**	**810**	**781**	**298**	**110**	**103**	**1,955**	**920**	**884**
Loan Loss Reserves (1)									
Commercial	326	349	327	246	110	103	572	459	430
Consumer	77	72	72	-	-	-	77	72	72
Mortgage	669	336	330	-	-	-	669	336	330
Total	**1,072**	**757**	**729**	**246**	**110**	**103**	**1,318**	**867**	**832**

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 34 mllion as of March 2010.
Note 2.- Banorte has a 99.99% stake in Sólida.

In 1Q10 the Loan portfolio showed changes due to: collections for Ps $6 million, restructures for Ps $3 million, repossessed assets for Ps $18 millon and Ps $34 million in charge-offs and discounts. In the Loan loss provisions, there were charge-offs and discounts for Ps $10 million. There were transfers from performing loans to past due loans for Ps $1 million and transfers from past due loans to performing loans for Ps $1 million.

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

As instructed by the CNBV in the document 601-II-323110 for purposes of determining financial indicators and a general disclosure referred to regulations, we show the integration of the Banorte's portfolio including the portfolio which was sold to Sólida Administradora de Portafolios, S.A. de C.V..

	Local Currency (1)		Foreign Currency (USD)(2)		Total	
(Millions of Nominal Pesos)	**Dec'09**	**Mar'10**	**Dec'09**	**Mar'10**	**Dec'09**	**Mar'10**
Performing Loans						
Commercial	133,823	133,800	11,316	9,668	145,139	143,468
Consumer	25,525	25,568	-	-	25,525	25,568
Mortgage	47,378	48,790	-	-	47,378	48,790
Fobaproa / IPAB	-	-	-	-	-	-
Performing Loans	**206,726**	**208,158**	**11,316**	**9,668**	**218,042**	**217,826**
Non Performing Loans						
Commercial	2,583	2,837	150	142	2,733	2,979
Consumer	2,014	1,637	-	-	2,014	1,637
Mortgage	1,151	996	-	-	1,151	996
Non Performing Loans	**5,748**	**5,470**	**150**	**142**	**5,898**	**5,612**
TOTAL LOANS	**212,474**	**213,628**	**11,466**	**9,810**	**223,940**	**223,438**
Loan Loss Reserves	**7,425**	**7,295**	**384**	**409**	**7,809**	**7,704**
Net Loan Portfolio	**205,049**	**206,333**	**11,082**	**9,401**	**216,131**	**215,734**
Loan Loss Reserves					**132.40%**	**137.28%**
% Past Due Loans					**2.63%**	**2.51%**

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 accounting no longer applies for re-expressing financial statements.

NOTES TO FINANCIAL STATEMENTS

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 1Q10
(Million Pesos)

NEGOTIABLE INSTRUMENTS	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Goverment Securities	36,116	19	(14)	36,121
Unrestricted	109	-	1	110
Cetes	109	-	1	110
Bonds	-	-	-	-
Bondes	-	-	-	-
Bpas	-	-	-	-
Restricted	36,007	19	(14)	36,011
Cetes	1,032	-	-	1,032
Bonds	7,644	7	4	7,655
Bondes	3,541	-	-	3,542
Bpas	23,754	12	(18)	23,747
Brems	-	-	-	-
UMS	-	-	-	-
Udibonds	15	-	-	15
Stock Certificates	20	-	-	20
Banking Securities	5,401	-	3	5,401
Unrestricted	2,334	-	3	2,337
Notes	2,334	-	3	2,337
Cedes	-	-	-	-
Bonds	-	-	-	-
Stock Certificates	-	-	-	-
Other Banking Securities	-	-	-	-
Restricted	3,067	-	-	3,068
Notes	3,067	-	-	3,068
Private	2,731	2	(2)	2,732
Unrestricted				
Commercial Paper Pesos	-	-	-	-
Commercial Paper U.S. Dollars	-	-	-	-
PEMEX	-	-	-	-
EUROBONDS	-	-	-	-
Stock Certificates	45	-	-	45
Subordinated paper	-	-	-	-
Other securities	-	-	-	-
Restricted	2,686	2	(2)	2,686
Stock Certificates	2,686	2	(2)	2,686
Foreign Goverment	-	-	-	-
Treasury Bonds	-	-	-	-
Treasury Bill	-	-	-	-
Treasury Notes	-	-	-	-
Other securities	-	-	-	-
Shares listed in the SIC	17	-	-	17
Guarantee (collateral) for futures	-	-	-	-
Mutual Funds	61	-	-	61
Total	**44,327**	**21**	**(2)**	**44,335**

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 1Q10
(Million Pesos)

Securities Held to Maturity	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Cetes	727	3	-	731
Affected papers as collateral	-	-	-	-
Fiduciary duties	-	-	-	-
Goverment Securities	127,342	80	-	127,422
Restricted	126,981	77	-	127,058
Cetes	-	-	-	-
Bonds	610	(1)	-	609
Bondes	33,032	8	-	33,039
Bpas	91,330	46	-	91,375
Brems	-	-	-	-
UMS	2,006	24	-	2,031
Udibonds	3	-	-	3
Stock Certificates	-	-	-	-
Unrestricted	361	3	-	364
Bonds	-	-	-	-
Bondes	-	-	-	-
Bpas	70	-	-	70
UMS	265	3	-	268
Stock Certificates	27	-	-	27
Banking Securities	26,058	63	-	26,121
Restricted	16,645	9	-	16,653
Notes	-	-	-	-
Cedes	9,019	8	-	9,027
Bonds	-	-	-	-
Stock Certificates	7,625	1	-	7,626
Other Banking Securities	-	-	-	-
Unrestricted	9,414	55	-	9,468
Bonds	2,550	-	-	2,550
Stock Certificates	5,606	31	-	5,637
Other Banking Securities	1,258	24	-	1,281
Private	18,677	110	-	18,787
Restricted	12,698	78	-	12,775
Commercial Paper Pesos	-	-	-	-
Commercial Paper U.S. Dollars	-	-	-	-
PEMEX	4,341	77	-	4,418
EUROBONDS	-	-	-	-
Stock Certificates	8,357	1	-	8,358
Sructured Notes	-	-	-	-
Unrestricted	5,979	32	-	6,012
Stock Certificates	5,732	22	-	5,754
Bonds	-	-	-	-
PEMEX	247	10	-	257
Sructured Notes	-	-	-	-
Other Unrestricted	-	-	-	-
Other Debt Securities	-	-	-	-
U.S. Government Securities	11	-	-	11
Subordinated paper	-	-	-	-
Total	**172,816**	**267**	**-**	**173,072**

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

SECURITIES HELD FOR SALE 1Q10
(Million Pesos)

SECURITIES HELD FOR SALE	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Unrestricted	10,039	79	210	10,328
Goverment Securities	7,074	27	174	7,276
Mexican Government Securities (UMS)	191	3	(8)	186
Treasury Bonds	-	-	-	-
Private company bonds	479	-	(1)	479
Private company bonds	-	-	-	-
GFNorte's Stock	-	-	-	-
BMV's Stock	234	-	44	278
Bonds	1,491	26	47	1,564
Eurobonds	489	20	(46)	463
Bank Paper	-	-	-	-
Structured notes	-	-	-	-
PEMEX	80	2	83	-
Other	-	-	-	-
Restricted	2,380	31	97	2,508
Mexican Government Securities (UMS)	152	3	5	160
Treasury Bonds	-	-	-	-
Bonds	984	14	25	1,023
Eurobonds	434	6	22	462
PEMEX	809	8	45	862
Total	**12,419**	**110**	**307**	**12,836**

SECURITIES ASSIGNED FOR SETTLEMENT 1Q10
(Million Pesos)

SECURITIES ASSIGNED FOR SETTLEMENT	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Government securities	587	11	1	575
Cetes	76	1	-	76
Bonds	476	11	1	464
Bondes	-	-	-	-
Bpas	-	-	-	-
Brems	-	-	-	-
UMS	-	-	-	-
UdiBonds	15	-	-	15
2U CBIC	-	-	-	-
Stock Certificates	-	-	-	-
Bank Paper	-	-	-	-
Private	-	-	-	-
Foreign Goverment	(307)	(1)	-	(308)
Total	**281**	**10**	**1**	**268**

REPURCHASE AGREEMENT OPERATIONS 1Q10
(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	-	160,304	(160,304)	-	160,304
Banking Securities	-	19,724	(19,724)	-	19,724
Private Securities	-	11,046	(11,046)	-	11,046
Total	-	191,073	(191,073)	-	191,073

PURCHASES	MARKET VALUE			FINANCIAL STATEMENT INDIVIDUAL COMPENSATION	
	RECEIVABLES ON REPURCHASE AGREEMENT	SECURITIES TO BE DELIVERED	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE
Goverment Securities	34,716	34,714	(2)	2	-
Banking Securities	580	580	-	-	-
Private Securities	859	858	(1)	1	-
Total	36,155	36,152	(3)	3	-
				3	191,073

BANORTE

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

DERIVATIVE FINANCIAL INSTRUMENTS OPERATIONS 1Q10

(Million Pesos)

INSTRUMENT	TO RECEIVE	TO DELIVER	NET	DEBTOR BALANCE	CREDITOR BALANCE
FUTURES					
Over Inflation (INPC)	-	-	-	-	-
					-
FORWARD FX CONTRACTS	AGREED PRICE	MARKET VALUE	VALUATION		
Negotiable					
Purchases	979	(1,034)	(55)		
Sells	(886)	981	95		
Total	93	(54)	40	80	40
					40
Hedging					
Purchases	-	-	-		
Sells	-	-	-		
Total	-	-	-	-	-
SWAPS	TO RECEIVE	TO DELIVER	NET		
Negotiable					
Capital	10,344	(10,289)	55		
Interest rate	671	(673)	(2)		
Valuation	58,998	(58,957)	41		
Subtotal	70,012	(69,919)	94	4,744	4,650
					94
Hedging					
Capital	13,481	(14,217)	(736)		
Interest rate	250	(357)	(107)		
Valuation	9,379	(11,294)	(1,916)		
Subtotal	23,110	(25,868)	(2,759)	665	3,423
					(2,759)
OPTIONS					
Negociable-Assets					
Swaptions	4	1	5		
Rate Options	142	(10)	132		
Fx	1	1	2		
Index Options (ipc)	-	-	-		
Total	147	(8)	140	140	-
Hedging -Assets					
Swaptions	-	-	-		
Rate Options	193	(96)	97		
Index Options (ipc)	-	-	-		
Total	193	(96)	97	97	-
Negociable-Liability					
Swaptions	(17)	11	(6)		
FX	(2)	(2)	(4)		
Rate Options	(146)	74	(72)		
Index Options (ipc)	-	-	-		
Total	(165)	82	(83)	-	83
Debtor Balance				5,725	
Creditor Balance					8,196

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 1Q10
(Mililon Pesos)

PRODUCT	TYPE	UNDERLYING	CURRENCY	NOTIONAL
FX Forwards	Purchases	Exchange Rate (Dollar)	MXN	979
FX Forwards	Sales	Exchange Rate (Dollar)	MXN	886
FX Options	Purchases	Exchange Rate (Dollar)	MXN	125
FX Options	Sales	Exchange Rate (Dollar)	MXN	290
Interest Rate Options	Purchases	TIIE	MXN	33,604
Interest Rate Options	Sells	TIIE	MXN	9,161
Interest Rate Options	Purchases	TIIE	MXN	213
Interest Rate Options	Sells	LIBOR	MXN	216
Interest Rate Options	Swaption	LIBOR	MXN	11,700
Interest Rate Swaps	USLI/IRS	LIBOR	MXN	20,265
Interest Rate Swaps	TIIE/IRS	TIIE	MXN	238,400
FX Swaps	CS EURMXN	FIX/FIX	MXN	968
FX Swaps	CS USDCETE	CETE	MXN	1,233
FX Swaps	CS USDMXN	FIX/FIX	MXN	21,624

INVESTMENT IN NON GOVERNMENTAL FINANCIAL INSTRUMENTS THAT RESPRESENT MORE THAN 5% OF NET CAPITAL 1Q10
(Million Pesos)

INDUSTRY	INVESTMENT INSTRUMENT	AMOUNT	% NET CAPITAL
BANCOMER	Banking Bond	7,803	16%

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

LOAN PORTFOLIO
(Million Pesos)

	Local Currency		UDIS		Foreign Currency		Total	
	1Q09	1Q10	1Q09	1Q10	1Q09	1Q10	1Q09	1Q10
Performing Loans								
Commercial	92,361	91,604	297	299	29,905	21,371	122,563	113,274
Financial Intermediaries	10,119	5,707	-	-	109	385	10,229	6,091
Consumer	27,448	25,513	88	59	239	186	27,775	25,759
Mortgages	43,449	48,050	842	715	2,732	2,317	47,023	51,082
Goverment Entities	28,303	40,852	-	-	289	151	28,592	41,003
Fobaproa	-	-	-	-	-	-	-	-
Total	**201,681**	**211,727**	**1,228**	**1,073**	**33,273**	**24,410**	**236,181**	**237,210**
Past Due Loans								
Commercial	1,908	2,602	6	6	268	1,095	2,181	3,703
Financial Intermediaries	3	-	-	-	-	-	-	-
Consumer	2,540	1,565	-	-	-	-	2,540	1,565
Mortgages	749	603	47	50	30	207	825	860
Goverment Entities	-	-	-	-	-	-	-	-
Total	**5,200**	**4,769**	**53**	**56**	**298**	**1,302**	**5,550**	**6,128**
Total Propietary Loans	**206,881**	**216,496**	**1,280**	**1,129**	**33,570**	**25,713**	**241,731**	**243,337**

COST OF BALANCES OF FINAPE, FOPIME, MORTGAGE UDIS AND MORTGAGE FOVI LOAN PORTFOLIOS AS OF 1Q10
()Million Pesos)

	TOTAL	
	PERIOD COST	BALANCE OF LOAN PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	7	69
Mortgage FOVI	-	-
	7	**69**

Quarter ending balance of Ps 69 million pesos in debtors support programs with a cost for the period of Ps 7 million.

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

- **Distressed Portfolio**

Based on criterion B6 Credit Portfolio of the CNBV, a Distressed Portfolio is defined as those commercial loans that are unlikely to be recovered fully, including both the principal and the interest pursuant to the terms and conditions originally agreed. Such determination is made based on actual information and data and on the loan revision process. Performing loans and past-due loans are susceptible to being identified as Distressed Portfolios. The D and E risk degrees of the commercial loan rating are as follows:

(Million Pesos)	**Total**
Distressed Portfolio	1,312
Total Loans	243,337
Distressed Portfolio / Total Loans	**0.5%**

DEFERRED TAXES 1Q10

(Million Pesos)

ASSETS	INCOME TAX	PROFIT SHARING	NET
Tax losses pending amortization	1	-	1
Provisions for possible loss in loans	123	-	123
Earnings per Society	1	-	1
Excess of preventive reserves accounts over the fiscal limit	1,332	476	1,808
Non deductible provisions and cumulative income	395	124	519
State Tax on Assets Deferred	6	-	6
Excess of accounting value over fiscal value on Reposessed Assets	330	45	375
Diminishable profit sharing	266	89	355
Past-due loan reserves	-	-	-
Anticipated Income and Expenses	-	-	-
Installation expenses	-	-	-
Effects from valuation of instruments	1	-	1
Other	23	-	23
Total Assets	**2,478**	**733**	**3,212**
LIABILITIES			
Accrued interest and inflationary component of Fixed Assets, Foreclosed, Intangible & Others	(14)	10	(4)
Pension Funds Contribution	(420)	(150)	(570)
Loan Portfolio Acquisitions	(668)	(112)	(778)
Projects to be capitalized	(223)	(74)	(298)
Income tax to pay on UDIS Trust funds	(41)	-	(41)
Dividends Federal Home Loan Bank	(1)	-	(1)
Intangibles' amortizations	(27)	-	(27)
Unrealized loss from Securities held for sale	(61)	-	(61)
Effects from valuation of instruments	(1)	-	(1)
Effects of other accounts	(101)	-	(101)
Reversal of Sale Costs	(4)	-	(4)
Unrealized gains from investments in Siefore	(37)	-	(37)
Total liabilities	**(1,596)**	**(327)**	**(1,924)**
Assets (Liabilities) Accumulated Net	**881**	**406**	**1,287**

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

LONG TERM DEBT AS OF 1Q10
(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	402	90	10 years	8.13%	Dec 30 '10	E/182 days
Non Convertible Subordinated Bonds 2006	USD	Oct 13 '06	4,932	400	10 years	6.135%	Oct 13 '16	E/ 180 days
Non Convertible Subordinated Bonds 2006	USD	Oct 13 '06	2,466	200	15 years	6.862%	Oct 13 '21	E/ 180 days
Non Convertible Subordinated Bonds Q Banorte 08	MXN	Mar 11 '08	3,000	3,000	10 years	TIIE + 0.60%	Feb 27 '18	E/ 28 days
Non Convertible Subordinated Bonds Q Banorte 08U	UDIs	Mar 11 '08	1,985	447	20 years	4.95%	Feb 15 '28	E/ 182 days
Non Convertible Subordinated Bonds Q Banorte 08-2	MXN	Jun 27 '08	2,750	2,750	10 years	TIIE + 0.77%	Jun 15 '18	E/ 28 days
Non Convertible Subordinated Bonds Q Banorte 09	MXN	Mar 30 '09	2,200	2,200	10 years	TIIE + 2.00%	Mar 18 '19	E/ 28 days

BANK AND OTHER ENTITIES LOANS' AS OF 1Q10
(Million Pesos)

	LOCAL CURRENCY	INTEREST RATE	TERM (DAYS)	FOREIGN CURRENCY	INTEREST RATE	TERM (DAYS)	TOTAL
LOANS FROM LOCAL BANKS	-	-	-	608	2.73%	1,234	608
LOANS FROM FOREIGN BANKS GENERATED IN THE COUNTRY	-	-	-	1,245	1.60%	439	1,245
LOANS FROM DEVELOPMENT BANKS	7,297	3.76%	508	1,534	2.74%	844	8,831
LOANS FROM PUBLIC FUNDS	5,264	5.90%	571	390	1.61%	438	5,654
CALL MONEY & LOANS FROM BANKS	5,558	3.85%	273	-	-	-	5,558
LOANS FROM FIDUCIARY FUNDS	437	16.56%	4,313	-	-	-	437
PROVISIONS FOR INTEREST	71	N.A.	N.A.	-	-	-	71
	18,627			**3,777**			**22,404**
Eliminations							(1,842)
Total							**20,562**

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

TRADING INCOME 1Q10 *(Million Pesos)*	
VALUATION EFFECTS	
Negotiable Instruments	(5)
Securities Held to Maturity	-
Repurchase Agreements	-
Derivative instruments	136
Futures	-
From repo trasactions	-
Range	-
Inflation Adjustment	-
Total	**131**
Dividends Received	**-**
RESULTS FORM BUYING AND SELLING	
Negotiable Instruments	240
Securities Held for Sell	6
Hedging Derivatives	-
Securities Held to Maturity	-
Derivative Operations	20
Inflation Adjustment	-
Total of Buying and Selling Instruments	**265**
FX Spot	184
FX Forwards	12
FX Futures	-
FX Futures TIIE	-
FX Hedging	-
Changes in FX Valuation	(6)
Intermediation of metals	-
Changes in valuation of Metals	-
Total Foreign Exchange	**189**
Inflation Adjustment	**-**
Total of Buying and Selling	**454**
TOTAL TRADING INCOME	**585**

- **Risk Management**

  - **Credit Risk**

It is a risk that clients, issuers or counterparts do not fulfill their payment obligations therefore, proper management is essential to maintain the loan quality of the 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.

Individual risk for companies is identified within the portfolio, measured and controlled by means of Objective Markets, the Criteria for Risk Acceptance, Early Alerts and Banorte's Internal Risk Rating (CIR Banorte).

The Objective Markets, Criteria for Risk Acceptance and the Early Alerts are tools that, together with the Internal Risk Rating are part of GFNorte's Loan Strategy and support the estimated level of credit risk.

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.

Early Alerts are a set of criteria based on borrower information and indicators and their conditions that were established as a mechanism for the timely prevention and identification of a probable deterioration in the loan portfolio, thereby enabling the institution to take prompt preventive actions to mitigate the credit risk..

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 four million 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 GFNorte, 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, 2010, the Banco Mercantil del Norte total portfolio was Ps 222,554 million. The expected loss represents 2.3% and the unexpected loss is 4.0% with respect to the total portfolio. The average expected loss is 2.3% during the period between January and March 2010.

The Brokerage House, the credit exposure of investments is Ps 6,560 milion and the expected loss represents 0.0106% of the exposure. The average expected loss is 0.0163% between January and March 2010.

The total operating portfolio of Arrendadora and Factor is Ps 13.184 billion. Prospective losses represent 0.9% and unforeseen losses 3.2% of the total operating portfolio. The prospective loss average represents 0.9% in the period of January to March 2010.

- **Credit Risks of Financial Instruments**

To identify, measure, supervise and control loan risks of financial instruments there are defined policies for Origination, Analysis, Authorization and Administration.

Origination policies define the types of financial instruments, as well as the method of evaluating the credit risk of the different types of originators / issuers and counterparts. Credit risk is assigned by means of a rating obtained with an internal methodology, through evaluations of external rating agencies or a combination of both. Maximum parameters of operation are also defined depending on the type of originator / issuer or counterpart, rating and type of operation.

Analysis policies include the type of information and the variables considered to analyze operations with financial instruments when they are presented for authorization to the corresponding committee, including information on the originator or counterpart, financial instrument, destination of the operation inside the group and market information.

The Loan Committee authorizes operation lines with financial instruments in accordance with Authorization policies. The request for authorization is submitted to the business sector and other sectors involved in the operation, with all the relevant information for analysis by the Committee who, if considered appropriate, issues its authorization.

Administration policies for transactions with financial instruments consider procedures of Admission, Instrumentation, Compliance with Regulations, Review, Consumption Monitoring, Administration of Lines and Responsibility by the areas and organisms involved in the operation with financial instruments.

Credit risk is measured by by means of the rating associated with the issuer, emission or tally, which has assigned a level of risk based on two fundamentals:
1) The probability of nonfulfillment of the originator, emission or tally, which is expressed as a percentage between 0% and 100% where the better the rating, the lower the probability of nonfulfillment and vice versa.
2) The severity of the loss that could be experienced with regard to the total of the operation in the event of nonfulfillment, is expressed as a percentage between 0% and 100% where the better the guarantees or credit structures, the smaller the severity of the loss and vice versa.

As of March 31st, 2010, exposure to credit risk for Securities Investments of Banco Mercantil del Norte was Ps 214.789 billion, of which 99.4% is rated higher or similar to A -(mex) on a local scale, placing them in investment grade and the 3 main originators other than the Federal Government, State Governments and National Financial Institutions represent 18% of the Basic Capital to December 2009. Additionally, the exposure of investments with the same originator other than the Federal Government that represents a higher or similar concentration to 5% of the Net Capital to December 2009 has a higher or similar rating to AA+ (mex) and is made up of (averge considered term, amount in millions of pesos and rate): Bancomer market certificates for 1 year and 2 months for Ps 14,063 at 5.0%; market certificates and Pemex bonds for 5 years and 3 months for Ps 8,345 at 4.3%; Sociedad Hipotecaria Federal deposit certificates for 3 months for Ps 5,014 at 4.7%; State and Municipal Government loan securitization certificates for 27 years for Ps 3,767 at 5.0%; and Banobras market certificates and bonds for 5 months for Ps4,045 at 4.6%.

The exposure of Derivatives is Ps -2.794 billion, of which 99.9% has a rating higher or equal to A-(mex) on local level, placing them in investment grade and the 3 main counterparts other than then Federal or State Governments and National Financial Institutions represent 3% of the Basic Capital to December 2009.

Credit risk exposure of the Broker-Dealer, for Securities Investments is Ps 6.6 billion, with 100% rated higher or equal to A-(mex) on a local scale, placing them in investment grade, the three major originator other than the Federal or State Governments or Financial National Institutions represents 18% of Equity to December 2009. Additionally, the exposure of investments with the same originator other than the Federal Government represents 5% or more of the Equity to December 2009 has a rating higher or equal to AA+(mex) and is a promissory note with Banco Inbursa with an average considered term of 49 days for Ps 1.168 billion at a considered average interest rate of 4.7% and international investment for Deutsche Bank to three years for $ 255 million at 8.1%. There are no operations with Derivatives.

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

On December 2005, the CNBV issued "General Rules Applied to Credit Institutions in relation to Risk Diversification".

These guidelines state that the Banks must carry out an analysis of their borrowers and/or loans to determine the the amount of "Common Risk"; also, the Banks must have the necessary information and documentation to prove that the persono or group of persons represent common risk in accordance with the assumptions established in those rules.

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, 2009	35,380

I. Loans with individual amounts that represent more than 10% of the basic capital:

Loan Transactions	
– Number of operations	1
– Total amount of the financings	$4,531
– % relative to basic capital	13%
Money Market Transactions	
– Number operations	1
– Total amount of the financings	$3,767
– % relative to basic capital	11%
Overnight Transactions	
– Number of operations	1
– Total amount of the financings	$5,672
– % relative to basic capital	16%
II. Maximum amount of financing with the 3 largest borrowers and Common Risk groups	$17,425

In compliance with the rules of diversification of risks in active and passive operations, the following information corresponds to Leasing and Factoring (Arrendadora y Factor Banorte) in millions of pesos:

Basic Capital to December 31st, 2009	$1,486

I. Financings with individual amounts that represent more than 10% of the basic capital:

Loan Transactions

– Number of operations	15
– Total amount of the financings	$5,308
– % relative to basic capital	357%

III. Maximum amount of financing with the 3 largest borrowers and Common Risk groups $2,224

- **Market Risk**

- ***Value at Risk***

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

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

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

The average VaR for the January – March 2010 quarter for the portfolio is Ps 3,469 million.

Million Pesos	1Q09	2Q09	3Q09	4Q09	1Q10
Total Var *	2,376	2,887	3,154	2,616	**3,469**
Net Capital **	45,113	46,933	47,972	50,831	**51,124**
VaR/Net Capital	5.27%	6.15%	6.57%	5.15%	**6.79%**

* 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 2010 is shown below:

Risk Factor	VaR
Domestic interest rate	3,591
Foreign interest rate	568
Exchange rate	133
Capitals	135
Total VaR of Bank and Brokerage House	3,469

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).

The structural risk of the Balance is evaluated using the analysis of balance simulation, among others, which allows the evaluation of future static or dynamic behavior in the Balance Sheet. It analyzes sensitivity to movements in domestic, foreign and real rates obtaining the impact that they have on the Economic Value and on the Net Interest Income. Likewise, tests are conducted under extreme conditions wherein the result of extreme changes is evaluated on rates, funding and exchange rates.

Projections are periodically compared with real data as a measure of evaluation of the effectiveness of the simulation model. These tests make it possible to evaluate the suppositions and methodology used, and if necessary, adjust them.

With the objective of strengthening follow-up of risk, early detection alarms have been determined, which allow the anticipation of problems and if necessary, put contingency plans into action.

- **Operational Risk**

GFNorte has a formal Operational Risk department pertaining to the "Executive Management of Credit and Operational Risk Administration", which reports to General Management of Risk Administration.

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.

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

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:

Types of Events	Description
Internal Fraud	Losses derived from a type of action intended to defraud, unlawfully take goods or sidestep regulations, laws or company policies (excluding diversity/discrimination events) in which at least one company party is involved.
External Fraud	Losses derived from a type of action intended to defraud, unlawfully take goods or sidestep the laws, caused by a third party.
Labor Relations and Safety in the Workplace	Losses caused by acts that are incompatible with the legislation or labor agreements regarding hygiene or safety, the payment of personal damage claims, or cases associated with diversity/discrimination.
Customers, Products & Business Practices	Losses caused by involuntary noncompliance or negligence of a professional obligation to specific customers (including fiduciary and adjustment requirements), or due to the nature or design of a product.
Natural Disasters and Other Events	Losses caused by damage or harm to material assets as a consequence of natural disasters or other events.
Incidences in the Business and Systems Failures	Losses caused by incidences in the business and systems failures
Process Execution, Delivery and Management	Losses caused by errors in operations processing or management, as well as the relations with commercial counterparties and providers.

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
In accordance with the Capitalization for Operational Risk Regulations in effect, the institution has adopted the Basic Model, which is calculated and reported periodically to the authorities; assets subject to operational risk are identified in the note in accordance with the Regulations for capitalization requirements.

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 operating risks, which are analyzed in order to eliminate or mitigate them in an attempt to reduce or limit their future occurrence or impact.

- **Internal Control**

The companies that make up GFNorte have 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 areas that support, 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, as well as regulatory compliance.
C. Internal Audit, External Audit and Commissary (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. The Internal Audit Department reports to the Audit and Corporate Practices Committee (CAPS) and maintains complete independence from the administrative areas.
D. The Executive Group as those mainly responsible for SCI assurance according to the functions and responsibilities assigned to them. In addition to promoting the enforcement of the regulations established for the Institution and the strategies set forth by the CEO GFNorte.
E. 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. Code of Conduct that regulates the behavior that each advisor, officer or employee of the Group should assume while performing their activities.
F. Policy and procedure manuals that regulate documentation, recording and liquidation operations that the Institution carries out and establish the control points that should be observed, assuring the separation of functions, clear assigning of responsibilities, safekeeping of information and prevention of unlawful acts.

In 1Q10, activities related to strengthening control, risk evaluation and administration, establishment and monitoring of controls, and assurance of quality information continued to be developed; highlighting the following:

A. The various Corporate Governance Committees have had the required financial, economic, accounting and/or legal information for proper decision-making.
B. 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.
C. 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 least 15% of the Partnership's net recurring profit, providing that there is no legal impediment and that market conditions and the Partnership's financial situation allow it.

- **Related Parties Loans**

At GFNorte, the amount of the loans performed with related individuals and companies, does not exceed the established limit of 50% of the Tier 1 capital. As of March 31, 2010 and December 31, 2009, the loans granted to related parties totaled Ps $7,465 million and Ps $7,362 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
Chief Executive Officer of Grupo Financiero Banorte, S. A. B. de C. V.

Ing. Sergio García Robles Gil
Chief Financial Officer

C.P. José Daniel Oviedo Tobias
Managing Director Audit

Lic. Jorge Eduardo Vega Camargo
Executive Director Comptrollership

C.P. Nora Elia Cantú Suárez
Executive Director Accounting

- **Basis for submitting Financial Statements**

Grupo Financiero Banorte (GFNorte). issues consolidated financial statements with its Subsidiaries in accordance with the General Provisions Applicable to Financial Information of the Regulating Agencies of Financial Groups Subject to Supervision by the National Banking and Securities Commission (CNByV) published in the Official Gazette of the Federation on April 27, 2005 and modified on August 11, 2006, August 14, 2006, December 19,2006 and January 8,2007. 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.

In 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.

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.