

Figures are presented in constant pesos of June 2007.

GFNorte reports Net Income of Ps \$3.29 billion in 1H07: An increase of 12% compared to 1H06

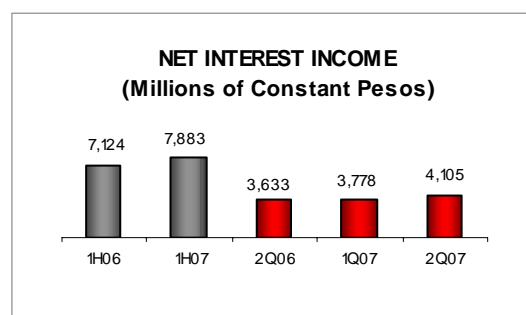
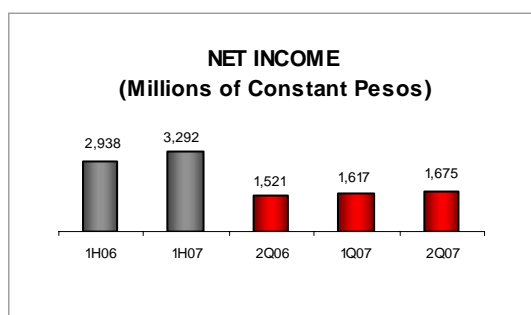
OPERATING RESULTS (Million Pesos)	2Q06	1Q07	2Q07	QoQ	YoY	1H06	1H07	YoY
Net Interest Income	3,633	3,778	4,105	9%	13%	7,124	7,883	11%
Non Interest Income	1,913	2,044	1,888	(8%)	(1%)	4,054	3,932	(3%)
Total Operating Income	5,112	5,504	5,283	(4%)	3%	10,284	10,787	5%
Non Interest Expense	3,177	3,373	3,419	1%	8%	6,288	6,792	8%
Operating Revenue	1,935	2,131	1,864	(13%)	(4%)	3,996	3,995	-
Net Income	1,521	1,617	1,675	4%	10%	2,938	3,292	12%

• Net Income

The increase of 12% in profits during 1H07 YoY was a result of higher Net Interest Income, which was driven by robust growth in the loan portfolio. Net income was also driven by a higher level of loan recoveries.

• Net Interest Income

During 1H07, Net Interest Income increased 11% YoY, as a result of a 28% annual growth in the performing loan portfolio and a 22% increase in traditional deposits. This increase in margins was achieved in spite of a reduction in commissions charged, which according to the new accounting standards have to be deferred throughout the life of the loan.

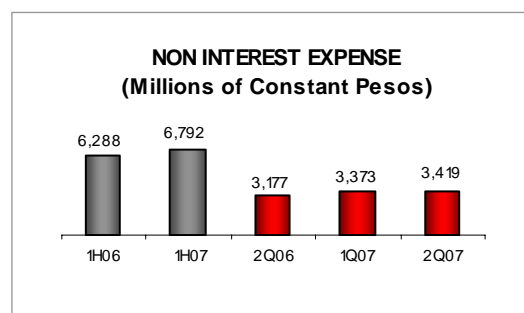
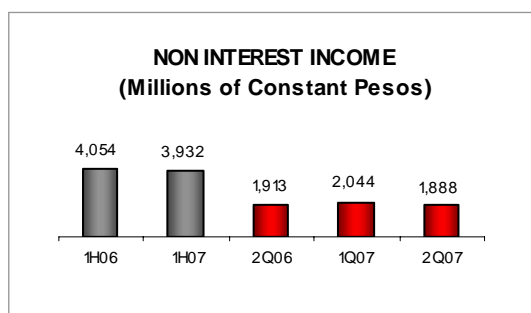


• Non Interest Income

This line decreased by 3% YoY in 1H07 mainly as a consequence of the implementation of new accounting standards in January 2007, which require the reclassification of Recovery Banking Income from Portfolios (Acquired and Proprietary) to the Non Operating Income line item. On a fully comparable basis, Non Interest Income would have grown 13% YoY in 1H07.

• Non Interest Expense

Non Interest Expense increased 8% YoY in 1H07 as a result of an increase in the personnel expenses, and greater administrative and promotional expenses. The efficiency ratio increased to 57% during the first half of the year, affected mostly by a drop in total income derived from the changes in accounting standards. On a fully comparable basis, the efficiency ratio improved to 54%.



Figures are presented in constant pesos of June 2007.

* NOTE: Careful consideration should be taken when comparing 1H07 results vs previous periods as new accounting standards and regulations issued by the National Banking and Securities Commission (CNBV) in 2006 went into effect in January of this year. Reported 1H07 figures are not fully comparable with previous periods. Where applicable, GFNorte has provided pro-forma comparisons.

INCOME STATEMENT AND BALANCE SHEET HIGHLIGHTS – GFNorte (Million Pesos)								
	2Q06	1Q07	2Q07	QoQ	YoY	1H06	1H07	YoY
Income Statement								
NII after REPOMO	3,653	3,715	4,128	11%	13%	7,069	7,843	11%
Non Interest Income	1,913	2,044	1,888	(8%)	(1%)	4,054	3,932	(3%)
Total Operating Income	5,566	5,759	6,016	4%	8%	11,123	11,775	6%
Non Interest Expense	3,177	3,373	3,419	1%	8%	6,288	6,792	8%
Operating Revenue	2,389	2,386	2,597	9%	9%	4,835	4,983	3%
Provisions (1)	454	254	733	188%	62%	839	987	18%
Non Operating Income (Expense)	55	336	595	77%	991%	60	931	1,462%
Taxes	741	900	842	(6%)	14%	1,472	1,742	18%
Subsidiaries & Minority Interest	273	50	58	16%	(79%)	354	108	(70%)
Net Income	1,521	1,617	1,675	4%	10%	2,938	3,292	12%
Balance Sheet								
Assets Under Management	467,893	571,983	582,893	2%	25%	467,893	582,893	25%
Total Assets	212,410	241,707	261,629	8%	23%	212,410	261,629	23%
Performing Loans	129,252	151,248	164,655	9%	27%	129,252	164,655	27%
Past Due Loans	2,045	2,224	2,497	12%	22%	2,045	2,497	22%
Total Loans	131,297	153,472	167,151	9%	27%	131,297	167,151	27%
Total Loans (Net)	131,785	154,226	167,564	9%	27%	131,785	167,564	27%
Total Liabilities	187,280	212,724	230,808	9%	23%	187,280	230,808	23%
Demand Deposits	83,871	92,341	97,701	6%	16%	83,871	97,701	16%
Time Deposits	65,802	77,297	78,135	1%	19%	65,802	78,135	19%
Stockholder's Equity	25,130	28,983	30,822	6%	23%	25,130	30,822	23%

1) The amount of loan loss and sharing provisions created during the 1Q07 are net of the reversal of 4Q06's excess reserves of Ps 464 million derived from the new accounting standards and regulations issued by the National Banking and Securities Commission (CNBV).

FINANCIAL RATIOS - GFNorte								
	2Q06	1Q07	2Q07	QoQ	YoY	1H06	1H07	YoY
Profitability:								
Net Interest Margin (NIM)	7.7%	7.1%	7.5%	0.4 pp	(0.2) pp	7.6%	7.3%	(0.3) pp
NIM after Provisions(2)	6.7%	6.5%	6.2%	(0.3) pp	(0.5) pp	6.6%	6.3%	(0.3) pp
ROE (3)	25.8%	24.0%	23.6%	(0.4) pp	(2.2) pp	25.7%	23.8%	(1.9) pp
ROA (4)	2.9%	2.7%	2.7%	-	(0.2) pp	2.9%	2.7%	(0.2) pp
Operation:								
Efficiency Ratio (5)	57.4%	58.0%	57.0%	(1.4) pp	(0.8) pp	56.3%	57.5%	1.2 pp
Efficiency Ratio (8)	57.4%	53.5%	54.2%	0.7 pp	(3.4) pp	56.3%	53.8%	(2.5) pp
Operating Efficiency Ratio (6)	6.0%	5.6%	5.4%	(0.2) pp	(0.6) pp	6.1%	5.5%	(0.6) pp
Liquidity Ratio (7)	63.3%	59.4%	55.3%	(4.1) pp	(8.0) pp	63.3%	55.3%	(8.0) pp
Asset Quality (9):								
Past Due Loan Ratio (w/o Fobaproa)	1.6%	1.4%	1.5%	0.1 pp	(0.1) pp	1.6%	1.5%	(0.1) pp
Coverage Ratio	174.0%	148.7%	140.7%	(8.0) pp	(33.3) pp	174.0%	140.7%	(33.3) pp

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

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

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

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

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

6) Annualized Administrative and Promotion Expenses / Average Total Assets.

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

8) With out the new accounting standards.

9) The amount of loan loss and sharing provisions created during the 1Q07 are net of the reversal of 4Q06's excess reserves of Ps 464 million derived from the new accounting standards and regulations issued by the National Banking and Securities Commission (CNBV).

I. EXECUTIVE SUMMARY

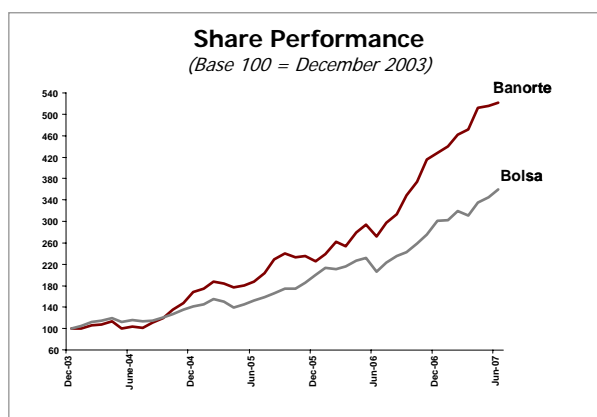
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SUBSIDIARIES (Million Pesos)	2Q06	1Q07	2Q07	QoQ	YoY	1H06	1H07	YoY
Banking Sector	1,150	1,348	1,424	6%	24%	2,317	2,772	20%
Banco Mercantil del Norte (1)	831	1,348	1,424	6%	71%	1,515	2,772	83%
Banco del Centro	320	-	-	-	-	801	-	-
Brokerage House	37	61	62	1%	66%	77	122	59%
Long Term Savings	259	128	122	(5%)	(53%)	408	250	(39%)
Retirement Funds (Afore)	-	25	7	(73%)	N.C.	45	32	(29%)
Insurance	46	45	29	(35%)	(36%)	107	74	(31%)
Annuities	213	57	86	49%	(60%)	256	143	(44%)
Other Finance Companies	71	71	73	4%	3%	130	144	10%
Leasing	33	34	41	22%	24%	63	75	20%
Factoring	27	23	28	22%	6%	50	52	4%
Warehousing	3	4	3	(25%)	(3%)	6	7	26%
Bonding	7	9	-	-	-	12	9	-
Microlending (Pronegocio)	5	(1)	(8)	N.C.	(262%)	9	(9)	(197%)
Holding	(1)	11	2	(80%)	N.C.	(4)	13	N.C.
Total Net Income	1,521	1,617	1,675	4%	10%	2,938	3,292	12%

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

SHARE DATA	2Q06	1Q07	2Q07	QoQ	YoY	1H06	1H07	YoY
Earnings per Share (Pesos)	0.75	0.80	0.83	4%	10%	1.46	1.63	12%
Book Value per Share (1) (Pesos)	11.90	13.62	14.49	6%	22%	11.90	14.49	22%
Shares Outstanding (Millions)	2,018.3	2,018.3	2,018.3	-	-	2,018.3	2,018.3	-
Price (Pesos)	26.25	52.30	49.58	(5%)	89%	26.25	49.58	89%
P/BV (Times)	2.21	3.84	3.42	(11%)	55%	2.21	3.42	55%
Market Cap (Millions of Dollars)	4,660	9,562	9,209	(4%)	98%	4,660	9,209	98%

1) Excluding Minority holdings. 2) The shares outstanding increased from 504.6 millions to 2,018.6 millions in 4Q05 as a result of a stock dividend of 4 new shares for each one outstanding.



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RECENT EVENTS

- **New Mortgage Plan**

In July, Banorte launched a new 20-year plan that offers one of the lowest initial monthly payment scheduled in the market. The initial interest rate on this product is 10.3% and it increases by 0.3% per year, but the monthly payment only increases 3.5% per year during the life of the loan. The loan, which is offered in pesos, is aimed at the traditional home market and low to middle income housing with Infonavit backing, with a minimum value of Ps 350,000. This mortgage offers very attractive conditions versus other mortgage plans in the market, since capital is amortized from the first payment, there is no refinancing of interest, the amount of the loan never exceeds the original amount and the customer knows from day 1 the exact amount of each monthly payment throughout the life of the loan.

- **Banorte – Casas Geo Agreement**

In July, Banorte formalized a commercial alliance with Casas Geo in order to promote the purchase of low, middle income and residential housing throughout the country. The goal is to provide 5,000 new mortgages to Geo clients in the next 12 months using Banorte's special financing conditions through the bank's wide array of mortgage products.

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GRUPO FINANCIERO BANORTE

NET INTEREST INCOME (Million Pesos)	2Q06	1Q07	2Q07	QoQ	YoY	1H06	1H07	YoY
Interest Income	8,459	8,826	9,485	7%	12%	17,390	18,311	5%
Interest Expense	4,986	5,070	5,424	7%	9%	10,540	10,494	-
Loan Fees Charged	199	23	44	93%	(78%)	353	67	(81%)
Fees Paid (2)	39	-	-	-	(100%)	79	-	(100%)
Net Interest Income	3,633	3,778	4,105	9%	13%	7,124	7,883	11%
Average Earning Assets	189,697	212,304	219,978	4%	16%	187,822	217,570	16%
Net Interest Margin (1)	7.7%	7.1%	7.5%	0.4 pp	(0.2) pp	7.6%	7.3%	(0.3) pp

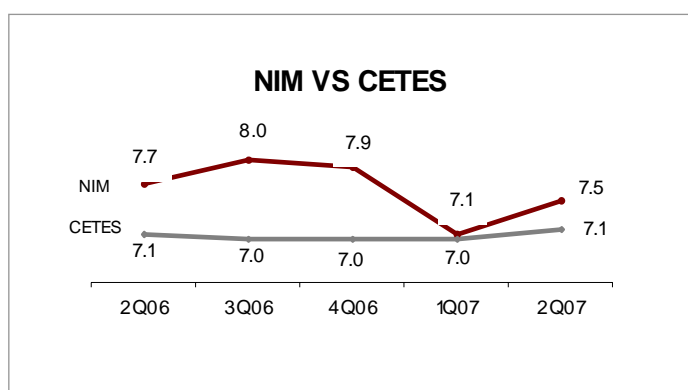
- 1) NIM= Annualized Net Interest Margin before REPOMO / Average Earnings Assets
- 2) Fees Paid, as a result of new accounting standards by the CNByV that went into effect as of January 2007 these fees were reclassified into Other Fees Paid in Non Interest Income.

• Net Interest Income

During 1H07 NII increased 11% YoY, as a result of a 28% YoY growth in the performing loan portfolio excluding the portfolio managed by the Recovery Banking and a 22% increase in traditional deposits. This growth was achieved even considering the negative effects of the new accounting standards, effective as of January 2007, which requires fees charged on loan originations to be deferred during the life of the loan, instead of being fully reflected at the time they are originated. On a comparable basis, NII rose 15% YoY during 1H07. NII also showed an increase of 9% QoQ versus 1Q07, given the solid growth in all the lines of the loan portfolio.

Meanwhile, NIM decreased from 7.6% in 1H06 to 7.3% YoY in 1H07 due to the following factors: 1) Incorporation of the INB portfolio which has a lower margin than Banorte's; 2) Deferral of loan origination fees required by the new accounting regulations; 3) Higher origination of corporate and government loans which have lower margins, but provide new opportunities to cross sell higher margin products in the future; and 4) A 27 basis point reduction in market interest rates (the average Cetes rate decreased from 7.36% in 1H06 to 7.09% in 1H07).

Nevertheless, on a QoQ basis, NIM increased from 7.1% in 1Q07 to 7.5% in 2Q07 mainly due to: 1) More calendar days in 2Q07; 2) Greater volume of earning assets driven by the strength in loan originations during the quarter; and 3) The 25bp increase in Banco de Mexico's funding rate on April 27 which had a positive effect in both, the returns from investing demand deposits as well as higher interest rates charged on variable-rate loans.



II. FINANCIAL INFORMATION



Figures are presented in constant pesos of June 2007.

NON INTEREST INCOME (Million Pesos)	2Q06	1Q07	2Q07	QoQ	YoY	1H06	1H07	YoY
Fees charged on Services	1,902	1,733	1,803	4%	(5%)	3,956	3,536	(11%)
Fund Transfers	59	58	56	(4%)	(5%)	113	114	1%
Account Management Fees	241	235	234	-	(3%)	474	469	(1%)
Fiduciary	66	62	63	2%	(4%)	124	125	1%
Income from Real Estate Portfolio (3)	445	112	175	56%	(61%)	1,068	287	(73%)
Electronic Banking Services	201	207	222	7%	11%	383	429	12%
Credit Card Fees	366	464	488	5%	33%	706	952	35%
Fees from IPAB (1)	7	1	-	(100%)	(100%)	16	1	(95%)
Fees charged by Afore	203	262	192	(27%)	(5%)	518	454	(12%)
Other Fees Charged (2)	315	333	372	12%	18%	555	705	27%
Fees Paid on Services	432	242	245	1%	(43%)	850	488	(43%)
Fund transfers	4	5	4	(11%)	5%	8	9	10%
Other Fees Paid	177	238	241	1%	36%	346	479	39%
Expenses from real Estate Portfolio (3)	250	-	-	-	(100%)	496	-	(100%)
Net Fees	1,470	1,491	1,558	5%	6%	3,106	3,048	(2%)
Trading Income	442	553	330	(8%)	(1%)	948	884	(3%)
Foreign Exchange	99	90	132	46%	33%	220	222	1%
Securities – Realized Gains	183	496	(76)	(115%)	(142%)	743	419	(44%)
Securities – Unrealized Gains	160	(33)	275	945%	71%	(15)	242	1,668%
Non Interest Income	1,913	2,044	1,888	(8%)	(1%)	4,054	3,932	(3%)

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

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

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

• Non Interest Income

During 1H07 this line decreased 3% YoY. This change was due to the following factors:

NON INTEREST INCOME (Million Pesos)	2Q06	1Q07	2Q07	QoQ	YoY	1H06	1H07	YoY
Services	1,270	1,378	1,383	-%	9%	2,519	2,760	10%
Recovery	201	113	175	55%	(13%)	587	288	(51%)
Foreign Exchange	99	90	132	46%	33%	220	222	1%
Trading	343	463	198	(57%)	(42%)	727	661	(9%)
Non Interest Income	1,913	2,044	1,888	(8%)	(1%)	4,054	3,932	(3%)

• Service Fees

This line increased 10% YoY in 1H07, driven by 35% YoY growth in Credit Card fees which was mostly volume driven (320,000 cards were placed in 1H07 vs. 179,000 in 1H06). During 1H07, fees from Electronic Banking Services also grew as a result of higher volumes of transactions through ATMs, internet and POS terminals.

• Recovery

During 1H07, this line decreased 51% YoY, mainly impacted by the reclassification of income from Portfolios Acquired from this line item into the Non Operating Income line item, keeping only the Recoveries from Real Estate Portfolios. The decline is also explained by the fact that during 1H07 we no longer recorded Net Fees from the Serfin portfolio, as IPAB sold this portfolio through an auction process carried out in 1Q06. On a quarterly basis, this line grew 55% versus 1Q07 due to the income generated by recoveries in Acquired Real Estate Portfolios.

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- **Foreign Exchange**

During 1H07, FX revenues rose 1% YoY due to more volume of transactions with customers.

- **Trading**

Trading Income fell 9% YoY in 1H07 due to the high comparison base from 1H06, when trading positions and valuations benefitted from a declining interest rate environment. On a QoQ basis, Trading declined 57% when compared to 1Q07, mostly as a result of the unexpected 25bp increase in Banco de Mexico's funding rate on April 27, 2007, which caused a full upward shift in the yield curve, generating losses in money market positions.

Non Interest Expense (Million Pesos)	2Q06	1Q07	2Q07	QoQ	YoY	1H06	1H07	YoY
Personnel Expenses	1,308	1,369	1,377	1%	5%	2,558	2,746	7%
+Professional Fees	202	225	199	(12%)	(2%)	415	425	2%
+Administrative and Promotion Expenses	951	1,068	1,124	5%	18%	1,829	2,191	20%
+Rents, Depreciation & Amortization	422	391	393	-	(7%)	869	784	(10%)
+Taxes other than income tax	125	150	141	(6%)	12%	285	291	2%
+Contributions to IPAB	169	170	186	10%	10%	332	355	7%
= Non Interest Expense	3,177	3,373	3,419	1%	8%	6,288	6,792	8%

- **Non Interest Expense**

The 8% YoY growth of Non Interest Expense during 1H07 was mainly due to a 20% increase in Administration and Promotional Expenses. This increase was the result of higher spending on advertising campaigns related to the promotion of deposit products, and higher expenses stemming from the expansion of the Credit Card business, such as the purchase of cards with safety chips and the costs of point redemptions by our clientele related to our loyalty program. Personnel Expenses rose 7% due to the annual adjustments in employee's salaries of 3.0% in average for the personnel, the staffing of new branches and the extension of service hours in strategic branches. Professional Fees Paid rose 2% due to expenses related to loan collections in legal processes. Leases, Depreciations and Amortizations fell 10% due to the full amortization of the Banorte-Bancrecer integration project. Other Taxes grew 2% given a higher payment of Value Added Tax. Contributions to IPAB increased 7% YoY, driven by the higher level of lending activity.

NON OPERATING INCOME (EXPENSE) (Million Pesos)	2Q06	1Q07	2Q07	QoQ	YoY	1H06	1H07	YoY
Non Operating Income	287	679	666	(2%)	132%	605	1,345	122%
Other Revenues	65	137	193	41%	197%	124	329	165%
Foreign Exchange	-	-	-	-	-	-	-	-
Recoveries	137	429	474	10%	245%	288	903	213%
Repomo - Other Revenues	-	6	(1)	(109%)	120%	4	5	39%
Warehousing	85	107	-	(100%)	(100%)	189	108	(43%)
Non Operating Expense	(233)	(343)	(71)	(79%)	(69%)	(546)	(414)	(24%)
Other Expenses	(153)	(101)	(119)	18%	(22%)	(258)	(219)	(15%)
Foreign Exchange	-	-	-	-	-	-	-	-
Repomo - Other Expenses	5	(135)	49	136%	905%	(100)	(87)	(13%)
Warehousing	(84)	(107)	(1)	(100%)	(100%)	(188)	(108)	(43%)
Non Operating Income (Expense), net	55	336	595	77%	991%	60	931	1,462%

- **Non Operating Income (Expense)**

The amount reported in 1H07 of Ps 931 million compared with Ps 60 million in 1H06 was a result of several factors:

- *Other Revenues*: the increase in this item is mainly due to the reclassification of Ps 280 million from recoveries in Loan Portfolios Acquired that were previously classified as Non Interest Income, the recovery of Ps 310 million in previously written off loans and the cancellation of Ps 55 million of creditors.
- *Other Expenses*: the contraction resulted from lower requirements of contingency reserves and a 43% decline in expenses related to inventories of the Warehousing Company's clients.

On a comparable basis, the Net Non Operating Income dropped 23% YoY during 1H07.

On a QoQ basis, Net Non Operating Income increased by 77% as a result of greater recoveries of written-off loans, as well as the positive impact in REPOMO from having two months of deflation during the quarter.

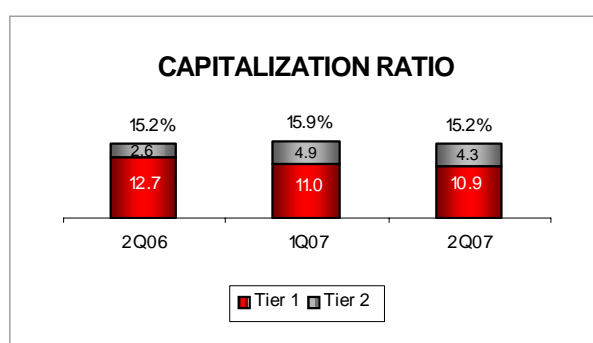
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CAPITALIZATION <i>(Million Pesos)</i>	2Q06	3Q06	4Q06	1Q07	2Q07	QoQ	YoY
Tier 1 Capital	21,153	22,444	21,691	20,813	22,644	9%	7%
Tier 2 capital	4,256	4,124	9,086	9,426	8,984	(5%)	111%
Net Capital	25,409	26,568	30,776	30,239	31,627	5%	24%
Credit risk assets	125,914	126,897	127,981	130,423	145,128	11%	15%
Net Capital/ Credit Risk Assets	20.2%	20.9%	24.0%	23.2%	21.8%	(1.4) pp	1.6 pp
Total risk assets (1)	166,802	178,773	177,384	189,710	207,714	9%	25%
Tier 1	12.7%	12.6%	12.2%	11.0%	10.9%	(0.1) pp	(1.8) pp
Tier 2	2.6%	2.3%	5.1%	4.9%	4.3%	(0.6) pp	1.8 pp
Capitalization Ratio	15.2%	14.9%	17.4%	15.9%	15.2%	(0.7) pp	- pp

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

• Capitalization

The Banking Sector's capitalization ratio for 2Q07 was 15.2% considering credit and market risks, and 21.8% considering only credit risk. The Tier 1 ratio was 10.9% and the Tier 2 ratio was 4.3%. It remained at the same level registered in 2Q06, and 70 bp below the one reported in 1Q07 as a consequence of the growth in Total Risk Assets.



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DEPOSITS (Million Pesos)	2Q06	1Q07	2Q07	QoQ	YoY
Demand Deposits - w/o Interest	30,879	33,966	37,085	9%	20%
Demand Deposits - with Interest (2)	51,887	58,391	60,640	4%	17%
Demand Deposits (1)	82,766	92,357	97,725	6%	18%
Time Deposits – Retail	45,581	55,382	58,241	5%	28%
Core Deposits	128,347	147,740	155,966	6%	22%
Money Market (3)	20,330	22,020	20,150	(8%)	(1%)
Banking Sector's Total Deposits	148,677	169,760	176,116	4%	18%
GFNorte's Total Deposits (4)	148,514	169,627	175,826	4%	18%
Off Balance Trading	139,472	160,671	153,982	(4%)	10%
Assets Under Management	288,149	330,431	330,098	-%	15%

(1) Excludes IPAB cash management checking accounts for loan portfolios managed from Banpais and Bancen. The balances of these accounts in 2Q06, 1Q06 and 2Q07 were Ps 1,160 million, Ps 10 million and Ps 10 million, respectively.

(2) Includes Debit Cards.

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

(4) Includes the eliminations between the subsidiaries (2Q06=163 million, 1Q07=133 million and 2Q07=290 million).

- **Total Deposits**

Total Deposits grew 18% YoY during 2Q07, driven by a 22% growth in Core Deposits and by the incorporation of INB. On a fully comparable basis (ie - excluding deposits from INB), Total Deposits grew by 8% and Core Deposits by 10%.

- **Demand and Time Deposits**

During 1H07 Banorte's deposits grew higher than the industry average as a result of the important promotional campaigns that we implemented aimed at driving growth in both Demand and Time Deposits highlighting the incorporation of new attractive features to our product offering. These initiatives were successful across our deposit product base but especially in our Pagamás promissory note time deposit.

- **Money Market Deposits**

Money Market Deposits declined 1% YoY as a consequence of a shift in demand towards mutual fund products, especially for individuals, as well as lower funding requirements resulting from the liquidation of the IPAB notes.

- **Third Party Deposits**

Third Party Deposits grew 10% YoY during 2Q07.

- **Assets Under Management**

During 1H07, Assets under Management reached a balance of Ps 330 billion, 15% higher than in 2Q06, driven by an increase in deposits.

Figures are presented in constant pesos of June 2007.

PERFORMING LOAN PORTFOLIO (Million Pesos)	2Q06	1Q07	2Q07	QoQ	YoY
Commercial	46,240	59,802	62,580	5%	35%
Consumer	46,087	49,996	54,068	8%	17%
Corporate	22,096	25,347	30,041	19%	36%
Government	13,396	14,818	16,743	13%	25%
Sub Total	127,819	149,963	163,432	9%	28%
Recovery Banking	1,434	1,285	1,223	(5%)	(15%)
Total	129,252	151,248	164,655	9%	27%

PERFORMING CONSUMER PORTFOLIO (Million Pesos)	2Q06	1Q07	2Q07	QoQ	YoY
Mortgages	27,341	27,999	30,242	8%	11%
Car Loans	6,381	6,504	6,720	3%	5%
Credit Cards	7,972	10,477	11,566	10%	45%
Payroll	4,393	5,015	5,540	10%	26%
Consumer Loans	46,087	49,996	54,068	8%	17%

(Million Pesos)	2T06	1T07	2T07	Var. vs 1T07	Var. vs 2T06
IPAB Notes	-	-	-	-	-
Past Due Loans	2,045	2,224	2,497	12%	22%
Loan Loss reserves	3,559	3,308	3,513	6%	(1%)
Acquired Rights	4,046	4,062	3,926	(3%)	(3%)

● Performing Loan Portfolio

The Performing Loan Portfolio increased 27% YoY in 2Q07 from Ps 129,252 million to Ps 164,655 million, and 28% excluding the portfolio managed by the Recovery Banking. All of its components posted vigorous growth, driven by a higher credit demand industrywide and the bank's efforts to improve its array of products. The incorporation of INB's loan portfolio helped offset other one offs that were disclosed in 2006 and are addressed in each relevant category below.

- **Commercial:** This portfolio increased 35% YoY in 2Q07 due to the origination of new loans to SMEs and the incorporation of the INB portfolio in 4Q06. Excluding INB, annual growth was 19%.
- **Consumer:** The 17% YoY growth in 2Q07 of this portfolio was driven by several factors:
 - **Mortgage Loans:** Grew by 11% YoY due to the origination of 16,428 new loans in the last 12 months. Excluding the extraordinary events of 2006, the annual growth rate was 25%. These one offs were: Prepayment by FOVISSSTE of Ps 2.7 billion, securitization of 8% of the total mortgage portfolio of Ps 2 billion and the incorporation of the INB portfolio of Ps 766 million.
 - **Credit Cards:** Loan portfolio expanded by 45% YoY, driven by a greater origination of cards through different distribution channels (telemarketing and direct mail), the branch network and the acquisition of balances through the transfer balance program.
 - **Payroll Loans:** Increased by 26% YoY as a result of 246,881 new loans, which were driven by an expansion in the number of payroll deposit clients in the bank. Personal Loans, which are classified in this line, also had a favorable performance, with 29,346 new loans over the last year.
 - **Car Loans:** Expanded 5% YoY due to the origination of 34,666 new loans, as a result of the new features added to this product in 2006 and the promotional campaigns carried out in order to increase penetration in this segment.
- **Corporate:** The portfolio grew 36% YoY due to new strategies to attract clients, the origination of some large bridge loans during the quarter and a greater demand for this type of loans industrywide.
- **Government:** The portfolio increased 25% YoY, driven by the efforts to attract new customers and the reactivation of credit demand as a result of new federal, state and local administrations taking office.
- **IPAB Notes:** The notes were fully amortized in 2Q06 with the last payment received of P 173 million.

Figures are presented in constant pesos of June 2007.

• Past Due Loans

The PDL ratio in 2Q07 was 1.5%, a slight increase from the 1.4% registered in 1Q07, but lower than the 1.6% of 2Q06. The past due loans was a 22% higher than last year. The spike in delinquencies is a consequence of the strategy to provide loans with higher risk, such as credit cards, which are also more profitable. Despite the increase in credit card delinquencies, asset quality remains contained and the PDL ratio of this segment is among the lowest in the industry.

PAST DUE LOAN VARIATIONS		
Balance as of March 2007		2,233
	Transfer of Performing loans to Past due loans	1,611
	Renewals	(5)
	Cash Collections	(299)
	Discounts	(2)
	Charge Offs	(480)
	Foreclosures	(6)
	Transfer of Past due loans to Performing loans	(551)
	Foreign Exchange Adjustments	(4)
Balance as of June 2007		2,497

RISK RATING OF PERFORMING LOANS – GFNorte					
(Million Pesos)					
CATEGORY	LOANS	LOAN LOSS RESERVES			
		COMMERCIAL	CONSUMER	MORTGAGES	TOTAL
A	50,899	-	109	102	211
A1	61,595	278	-	-	278
A2	40,374	388	-	-	388
B	3,992	-	137	93	230
B1	11,158	197	-	-	197
B2	2,330	110	-	-	110
B3	409	60	-	-	60
C	791	-	263	64	327
C1	356	83	-	-	83
C2	115	47	-	-	47
D	1,076	66	527	172	765
E	523	239	68	213	520
Total	173,618				
Not Classified	(91)				
Exempted	276	-	-	-	
Total	173,803	1,468	1,104	644	3,216
Reserves					3,513
Surplus (Deficit)					297

Notes :

- 1.- The rating of loans and the reserves created correspond to the last day referred in the Balance Sheet up to June 30th, 2007.
- 2.-The loan portfolio is rated according to the rules issued by the Ministry of Finance and Public Credit (SHCP), the methodology established by the CNBV and internal methodologies approved by the CNBV. For Mortgage and Consumer loans, Banorte uses the regulation described in the Official gazette published on December 2, 2005, and for Commercial loans it uses internal methodologies approved by the CNBV.
- 3.- The excess in reserves they were constituted mainly in the UDIs Trusts.
- 4.-Rating of Leasing and Factoring loans are up to March 2007 and reserves up to June, 2007.

Figures are presented in constant pesos of June 2007.

LOAN LOSS RESERVES	
<i>(Million Pesos)</i>	
	2Q07
Previous Period End Balance	3,308
Provision taken in the period	733
UDIS trusts	(20)
Charge offs and discounts:	
Commercial Portfolio	(59)
Consumer Portfolio	(343)
Mortgage Portfolio	(91)
Foreclosed assets	(7)
	(500)
Cost of debtors support programs	(13)
Valuation and Others	5
Loan Loss Reserves at Period End	3,513

- **Loan Loss Reserves**

The balance in this item at the end of 2Q07 was Ps 3.5 billion. The change from 1Q07 is explained by an increase of Ps 733 million in provisions for the period, as well as the use of Ps 500 million in charge-offs and discounts.

- **Requirements for Loan Loss Reserves**

The increased Requirements for Loan Loss Reserves was driven by a higher growth in the loan book given the initial reserves required by the authorities for these loans. Also, there has been an increase of past due loan of the consumer loan portfolio, particularly in credit cards, which has negatively impacted the level of provisions. Nonetheless, the evolution in the credit card portfolio remains within acceptable risk parameters for this product.

Figures are presented in constant pesos of June 2007.

BANKING SECTOR

INCOME STATEMENT & BALANCE SHEET HIGHLIGHTS – Banking Sector								
<i>(Million Pesos)</i>								
	2Q06	1Q07	2Q07	QoQ	YoY	1H06	1H07	YoY
Income Statement								
Net Interest Income after Repomo	3,530	3,699	3,941	7%	12%	6,884	7,640	11%
Loan Losses and Loss Sharing Provisions (1)	448	243	721	197%	61%	830	964	16%
Non Interest Income	1,514	1,484	1,505	1%	(1%)	3,162	2,989	(5%)
Non Interest Expense	2,799	3,027	3,063	1%	9%	5,582	6,090	9%
Non Operating Income (Expense), Net	58	313	612	96%	950%	55	925	1,586%
Pre-Tax Income	1,855	2,225	2,275	2%	23%	3,689	4,500	22%
Net Income	1,184	1,415	1,474	4%	25%	2,423	2,889	19%
Balance Sheet								
Performing Loan Portfolio	124,914	146,143	159,090	9%	27%	124,914	159,090	27%
Deposits	149,843	169,769	176,126	4%	18%	149,769	176,126	18%

1) The amount of loan loss and sharing provisions created during the 1Q07 are net of the reversal of 4Q06's excess reserves of Ps 464 million derived from the new accounting standards and regulations issued by the National Banking and Securities Commission (CNBV).

- **Net Interest Income**

Net Interest Income increased 11% YoY with respect to 1H06 due to the 27% growth in total performing loans and a 22% increase in traditional deposits. This increase in margins was achieved in spite of a reduction in commissions charged, which according to the new accounting standards have to be deferred throughout the life of the loan.

- **Non Interest Income**

Non Interest Income dropped 5% YoY in 1H07 due to a 51% reduction in Recovery Banking Fees resulting from a reclassification of recoveries from acquired portfolios to Non Operating Income of recoveries from loan portfolios acquired according to the new accounting standards that came into effect in January 2007.

- **Non Interest Expense**

Non Interest Expenses increased 9% versus 1H06 due to the following factors: higher Personnel, Promotion and Advertising Expenses, as a result of the branch expansion program and the extension of service hours in some branches; an increase in the volume of transactions and the marketing efforts carried out in order to place a larger number of products.

- **Non Operating Income**

Non Operating Income increased YoY in 1H07 due mainly to the reclassification of recoveries from acquired loan portfolios from Non-Interest Income to Non-Operating Income according to new accounting standards that came into effect in January 2007.

- **Net Income**

The Banking Sector's accumulated profits (including the Afore Pension Fund through participation method) totaled Ps 2.9 billion in 1H07, 19% higher YoY, driven mainly by the expansion in interest margins.

- **Loan Loss Reserves**

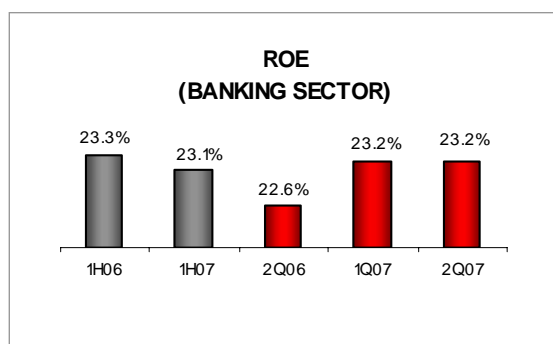
Loan loss provisions were 16% greater YoY in 1H07 as a result of the growth in the loan portfolio and an increase in past-due loans in consumer loans, especially in credit cards.

II. FINANCIAL INFORMATION

Figures are presented in constant pesos of June 2007.

FINANCIAL RATIOS – Banking Sector (Million Pesos)	2Q06	1Q07	2Q07	QoQ	YoY	1H06	1H07	YoY
Profitability								
NIM (1)	7.6%	7.2%	7.4%	0.2 pp	(0.2) pp	7.6%	7.3%	(0.3) pp
ROE (2)	22.6%	23.2%	23.2%	-	0.6 pp	23.3%	23.1%	(0.2) pp
ROA (3)	2.3%	2.4%	2.4%	-	0.1 pp	2.4%	2.4%	-
Operation								
Efficiency Ratio (4)	55.7%	58.0%	56.4%	(1.6) pp	0.7 pp	55.4%	57.2%	1.8 pp
Operation Efficiency Ratio (5)	5.5%	5.3%	5.1%	(0.2) pp	(0.4) pp	5.6%	5.1%	(0.5) pp
Liquidity Ratio (6)	64.2%	60.5%	56.4%	(4.1) pp	(7.8) pp	64.2%	56.4%	(7.8) pp
Asset Quality (10)								
Past Due Loan Ratio (w/o Fobaproa)	1.6%	1.4%	1.5%	0.1 pp	(0.1) pp	1.6%	1.5%	(0.1) pp
Coverage Ratio	175.7%	152.7%	145.6%	(7.1) pp	(30.1) pp	175.7%	145.6%	(30.1) pp
Growths (7)								
Performing Loans (w/o Fobaproa/IPAB) (8)	26%	24%	28%	4.0 pp	2.0 pp	26%	28%	2.0 pp
Traditional Deposits	16%	21%	22%	1.0 pp	6.0 pp	16%	22%	6.0 pp
Total Deposits	13%	17%	18%	1.0 pp	5.0 pp	13%	18%	5.0 pp
Capitalization								
Net Capital/ Credit Risk Assets (9)	20.2%	23.2%	21.8%	(1.4) pp	1.6 pp	20.2%	21.8%	1.6 pp
Total Capitalization Ratio (9)	15.2%	15.9%	15.2%	(0.7) pp	- pp	15.2%	15.2%	- pp

- 1) 1 NIM= Annualized Net Interest Margin before REPOMO / Average Earnings Assets.
- 2) Annualized earnings as a percentage of the average of quarterly equity over the period.
- 3) Annualized earnings as a percentage of the average of 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 organizations with immediate call option + short term loans from banks.
- 7) Growth versus the previous period.
- 8) Does not include Fobaproa / IPAB and Loans managed by Recovery Banking.
- 9) The Banking Sector Ratio is included for information purposes only.
- 10) The amount of loan loss and sharing provisions created during the 1Q07 are net of the reversal of 4Q06's excess reserves of Ps 464 million derived from the new accounting standards and regulations issued by the National Banking and Securities Commission (CNBV).



Figures are presented in constant pesos of June 2007.

RECOVERY BANKING

INCOME STATEMENT HIGHLIGHTS – Recovery Banking (Million Pesos)	1H06	1H07	YoY
Net Interest Income	(46)	(86)	87%
Loan Loss Provisions	(18)	(30)	74%
Non Interest Income	779	727	(3%)
Non Interest Expense	276	369	39%
Non Operating Income (Expense), net	-	226	100%
Pre-tax Income & Subsidiaries	436	468	11%
Income Tax & Profit Sharing	(99)	(155)	57%
Undistributed Earnings of Subsidiaries	69	-	(100%)
Net Income	406	313	(20%)

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

ASSETS UNDER MANAGEMENT (Millones de Pesos)	2Q07	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
Fobaproa-IPAB Portfolios:			
Banking Sector	1,396	Off balance trusts	Fees charged to FOBAPROA
Serfin	-	Serfin Trust	Fiduciary
Reposessed assets	149	Off balance trusts	Fees charged to Fobaproa and Fiduciary
	1,545		
Loans purchased to IPAB and to Other Banks:			
	38,583	Sólida Asset Management and Banorte	Non Interest Income (Banorte)
Banking Sector Portfolio:			
Banking Sector	9,025	Banorte's Portfolio	Net Interest Income
Reposessed assets	7,362	Banorte's Reposessed assets	Other Revenues and Expenses
	16,387		
Total	56,514		

- During 2Q07, there were no asset acquisitions by the Recovery Banking business.

Figures are presented in constant pesos of June 2007.

BROKERAGE SECTOR

BROKERAGE SECTOR <i>(Million Pesos)</i>	2Q06	1Q07	2Q07	QoQ	YoY	1H06	1H07	YoY
Brokerage House								
Net Income	37	61	62	1%	66%	77	122	59%
Stockholder's Equity	629	774	836	8%	33%	629	836	33%
Assets Under Management	130,164	174,380	183,087	5%	41%	130,164	183,087	41%
Total Assets	830	1,036	1,109	7%	34%	830	1,109	34%
ROE	24.3%	32.7%	30.6%	(2.1) pp	6.3 pp	25.7%	31.6%	5.9 pp
Net Capital								
Tier 1 Capital	515	680	737	8%	43%	515	737	43%
Tier 2 Capital	-	-	-	-	-	-	-	-
Net Capital	515	680	737	8%	43%	515	737	43%

• **Brokerage House**

Net Income

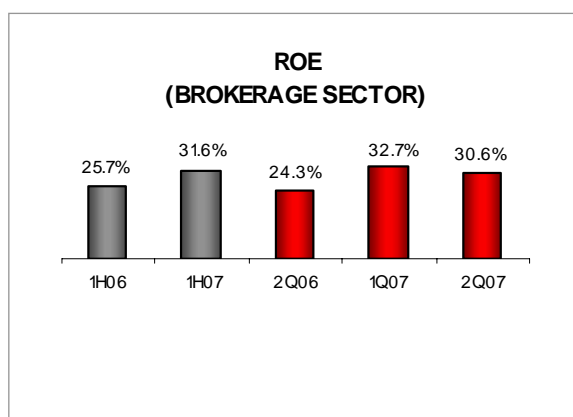
The Brokerage House reported a 59% YoY increase in Net Income to Ps 122 million in 1H07, due to higher client activity, a shift in client portfolios towards higher margin structured products and the positive effect of valuations in the money market desk resulting from the downward shift in the yield curve during May and June. Investment banking income continued to show a favorable performance given Banorte's higher market share in various debt and capital market transactions, especially the issuance and intermediation of derivative products. Also, the equities desk had a favorable performance, driven by the positive evolution of the stock market.

Mutual funds

At the end of the quarter, mutual funds continued to perform positively, driven by attractive returns, strong advertising campaigns and a wider distribution through the bank's network. At the end of 2Q07, AUM of fixed income funds rose 27% YTD, while equities rose 118% YTD.

Portfolio in Custody

At the close of 2Q07, the portfolio under custody reached Ps 183 billion, a 41% YoY increase, as a result of the positive performance of all the the business units in the brokerage house.



Figures are presented in constant pesos of June 2007.

LONG TERM SAVINGS

LONG TERM SAVINGS (Million Pesos)	2Q06	1Q07	2Q07	QoQ	YoY	1H06	1H07	YoY
Afore								
Net Income	(1)	51	14	(73%)	1,685%	88	64	(26%)
Equity	973	1,037	1,051	1%	8%	973	1,051	8%
Total Assets	1,126	1,135	1,152	1%	2%	1,126	1,152	2%
AUM (SIEFORE)	43,172	54,668	55,627	2%	29%	43,172	55,627	29%
ROE	(0.4%)	20.1%	5.2%	(14.9) pp	4.8 pp	18.6%	12.6%	(6.0) pp
Insurance								
Net Income	91	88	58	(35%)	(36%)	211	146	(31%)
Equity	1,417	1,653	1,397	(15%)	(1%)	1,417	1,397	(1%)
Total Assets	7,308	9,675	9,689	-	33%	7,308	9,689	33%
Technical Reserves	4,995	6,775	6,975	3%	40%	4,995	6,975	40%
Premiums sold	1,809	2,803	1,788	(36%)	(1%)	3,674	4,591	25%
ROE	26.2%	22.0%	15.1%	(6.9) pp	(11.1) pp	31.5%	19.0%	(12.5) pp
Annuities								
Net Income	418	113	168	49%	(60%)	502	281	(44%)
Equity	839	1,063	1,111	5%	32%	839	1,111	32%
Total Assets	7,994	9,070	9,818	8%	23%	7,994	9,818	23%
Technical Reserves	7,130	7,844	8,352	6%	17%	7,130	8,352	17%
Premiums sold	268	323	557	72%	108%	442	880	99%
ROE	265.3%	44.8%	126.6%	81.8 pp	(138.7) pp	188.8%	83.7%	(105.1) pp

• Afore

The reduction of 26% in Net Income with respect to 1H07 is explained by the combination of a reduction in commissions and higher cost of sales resulting from a commercial war to attract more balances through transfers.

At the end of 2Q07, there were 3,112,706 affiliates, 1% higher than that of 2Q06, with a market share of 10.6% in certified accounts.

Banorte registered a 34% annual growth rate (between June 2007 and June 2006) in Assets Under Management (AUM), which compares favorably with a 27% increase industrywide, and places Banorte in the top position in terms of annual growth. At the end of June 2007, Banorte's market participation in AUM stood at 7%. Banorte ranks fifth in terms of industry market share measured by AUM.

It is important to note that Banorte carried out four downward adjustments to its commission structure during 2006, effectively reducing fees by 28%. In 2Q07, Afore Banorte made important changes to its commission structure by practically eliminating the commission on bi-monthly inflows into each individual account and increasing the commission on individual balances. This change has been well received by industry regulators which have subsequently announced that starting in March 2008 all Afores must eliminate all commissions on bi-monthly inflows.

• Insurance

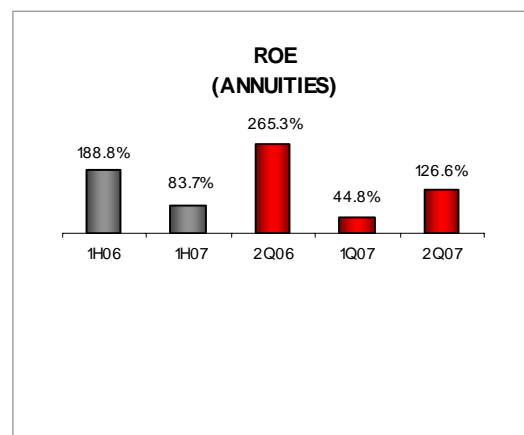
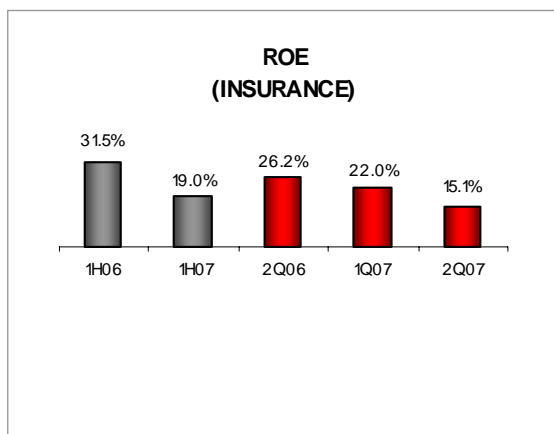
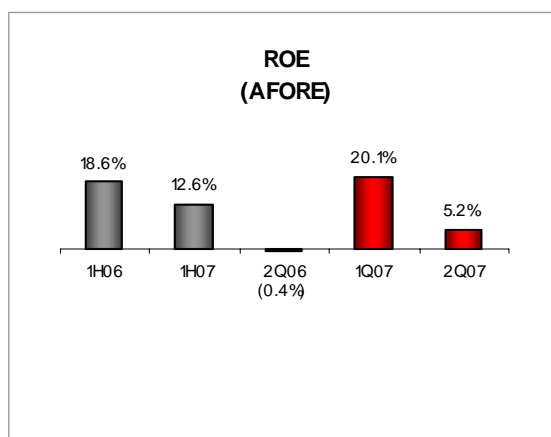
Net profits obtained in 1H07 were Ps 146 million (51% correspond to Banorte), 31% lower than those registered in 1H06. The reduction is explained by a combination of a difficult pricing environment and higher costs of claims.

The premiums underwritten increased by 25% with respect to 1H06, amounting to Ps 4,591 million, as a result of an increase in traditional business lines and the sale of insurance products through the branch network.

Figures are presented in constant pesos of June 2007.

- **Annuities**

Net Income reported for 1H07 was Ps 281 million (51% corresponds to Banorte), 44% lower than 1H06 as a consequence of the gains of Ps 490 million registered in the first half of last year from the sale of positions held to maturity. Profits were also affected by the total use of tax loss credits in 1H06. In 1H07, there were also some gains in the sale of fixed income positions; nonetheless, a total of Ps 196 million of additional income taxes were registered this year.



Figures are presented in constant pesos of June 2007.

FINANCIAL INTERMEDIARIES

OTHER FINANCE COMPANIES (Million Pesos)	2Q06	1Q07	2Q07	QoQ	YoY	1H06	1H07	YoY
Leasing								
Net Income	33	34	41	22%	24%	63	75	20%
Equity	351	443	485	9%	38%	351	485	38%
Loan Portfolio (1)	3,131	3,358	3,454	3%	10%	3,131	3,454	10%
Past Due Loans	20	21	17	(18%)	(12%)	20	17	(12%)
Loan Loss Reserves	44	37	20	(46%)	(55%)	44	20	(55%)
Total Assets	3,130	3,346	3,457	3%	10%	3,130	3,457	10%
ROE	39.8%	31.9%	35.8%	3.9 pp	(4.0) pp	39.3%	33.9%	(5.4) pp
Factoring								
Net Income	27	23	28	22%	6%	50	52	4%
Equity	393	456	484	6%	23%	393	484	23%
Loan Portfolio	3,875	4,453	4,949	11%	28%	3,875	4,949	28%
Past Due Loans	30	18	18	2%	(40%)	30	18	(40%)
Loan Loss Reserves	42	26	24	(7%)	(43%)	42	24	(43%)
Total Assets	3,858	4,449	4,952	11%	28%	3,858	4,952	28%
ROE	28.2%	21.1%	24.2%	3.1 pp	(4.0) pp	27.1%	22.7%	(4.4) pp
Warehousing								
Net Income	3	4	3	(25%)	(3%)	6	7	26%
Equity	115	122	125	3%	9%	115	125	9%
Inventories	-	-	-	-	-	-	-	-%
Total Assets	149	156	156	(1%)	4%	149	156	4%
ROE	11.6%	14.1%	10.3%	(3.8) pp	(1.3) pp	10.5%	12.2%	1.7 pp

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

- **Leasing**

The 20% YoY increase in net profits during 1H07, was mostly due to a 10% growth in the loan portfolio as well as to the sale of equipment derived from the completion of pure leasing contracts.

The Past Due Loan ratio was 0.5% at the end of 2Q07 and the Coverage ratio was 113%. This company currently ranks 2nd out of 27 leasing companies in terms of loan portfolio size.

- **Factoring**

The 4% YoY increase in net income during 1H07 was mainly due to an increase in the loan portfolio and the liberation of reserves from the collection of past-due loans. The balance of its loan portfolio at the end of 2Q07 was MXP 4.9 billions.

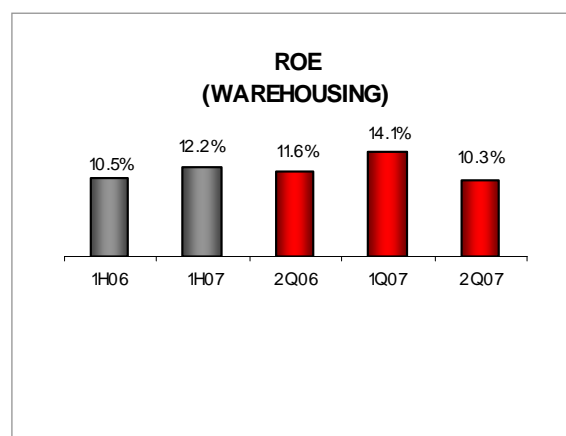
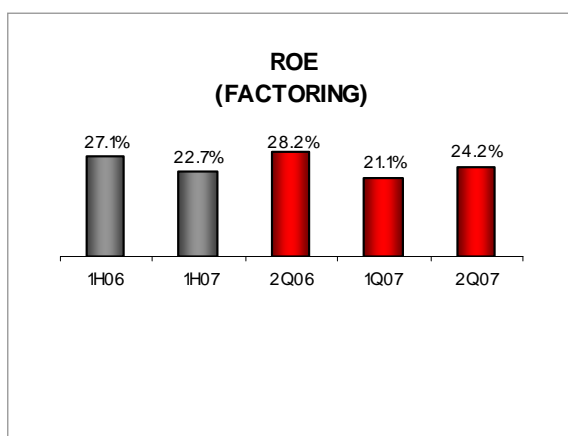
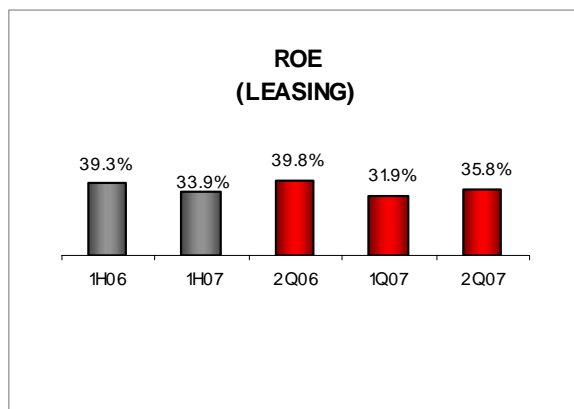
Past Due Loans rose to Ps 18 million, resulting in a ratio of 0.4% and a Coverage ratio of 133% at the end of 2Q07. It currently ranks first out of 10 factoring companies in the industry in terms of volume.

- **Warehousing**

During 1H07 Net Income amounted to Ps 7 million, 26% higher YoY. This growth was due to an increase in warehousing services, which has opened the possibility for Banorte to issue certificates of deposit which are used as guarantees for some loans.

The company currently ranks 9th out of 20 warehousing companies in terms of certification volume.

Figures are presented in constant pesos of June 2007.



Figures are presented in constant pesos of June 2007.

SOFOL PRONEGOCIO

MICROLENDING- PRONEGOCIO <i>(Million Pesos)</i>	2Q06	1Q07	2Q07	QoQ	oY	1H06	1H07	YoY
Net Income	5	(1)	(8)	521%	(262%)	9	(9)	(197%)
Equity	66	77	69	(10%)	6%	66	69	6%
Loan Portfolio	494	655	724	10%	47%	494	724	47%
Non Performing Loans	25	75	101	35%	296%	25	101	296%
Loan Loss Reserves	12	24	31	33%	158%	12	31	158%
Total Assets	500	699	761	9%	52%	500	761	52%
ROE	30.0%	(6.4%)	(42.1%)	(48.5) pp	(72.1) pp	30.3%	(23.9%)	(54.2) pp

- **Pronegocio**

During 1H07 Pronegocio posted a Net Loss of Ps 1 million compared to a Ps 5 million gain in 1H06. The loss is mainly due to the requirement of higher reserves resulting from asset quality deterioration and to higher expenses associated with the expansion of branches, hiring of personnel and the efforts to reduce employee turnover.

The balance of Past Due Loans at the end of 2Q07 was Ps 101 million, which translates into a PDL ratio of 13.9% and a Coverage ratio of 31% (equivalent to 153% due to the 80% guarantee on the value of each loan provided by Nafin). At the end of 2Q07, Pronegocio had 93 branches.

Figures are presented in constant pesos of June 2007.

RATINGS

International Ratings				
Rating Agency	Rated Institution	Rating	Category	Date
Moody's	Banorte	Stable C- Baa1 P-2 A-2 P-1	Outlook Modest Financial Strength Foreign long - term bank deposits Foreign short- term bank deposits Local long - term bank deposits Local short- term bank deposits	May 2007
Standard & Poors	Banorte	Positive BBB- BBB- A-3 A-3	Outlook Long Term foreign issuer credit Long Term local currency deposits Short term foreign issuer credit Short tem local issuer credit	July 2007
Fitch	Banorte Grupo Financiero Banorte	Stable BBB BBB F2 F3 C 3 55	Outlook Long Term Foreign currency Long Term Local currency Short Term Local Currency Short Term Foreign Currency Individual – Foreign Currency Support Rating Support Rating	July 2006

Domestic Ratings				
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	July 2006
	Arrendadora y Factor Banorte	AA (mex) F1 + (mex)	Medium and Long Term Short Term	May 2007
Moody's Escala Nacional	Banorte	Aaa.mx MX-1	Long Term Deposits ShortTerm Deposits	May 2007
	Arrendadora Banorte	Aaa.mx	Issue Rating in National Scale	May 2007
	Factor Banorte	Aaa.mx	Issue Rating in National Scale	May 2007
Other Ratings				
Fitch	Sólida	AAFC1-(mex)	Financial Asset Administrator	January 2007
	Seguros Banorte Generali	AA- (mex)	Insurance Financial Strength	August 2002

Figures are presented in constant pesos of June 2007.

INFRASTRUCTURE

INFRASTRUCTURE	2Q06	1Q07	2Q07
Employees	15,258	16,343	16,552
Banking Sector (1)	12,788	13,671	13,806
Other Sectors	2,470	2,672	2,746
Branches (2)(3)	973	1,001	1,008
INB		18	18
Pronegocio	42	90	93
In Process of Opening			18
ATM	2,967	3,245	3,384

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

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

(3) During 1Q07, the opening of 7 branches was omitted.

- As part of the branch expansion program, 11 new branches were opened during 1H07 nationwide, of which 7 branches are in Mexico City. And 2 relocations and 5 extensions were made.

Figures are presented in constant pesos of June 2007.

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
-

Figures are presented in constant pesos of June 2007.

GROUP'S GENERAL INFORMATION

GFNorte Ownership on Subsidiaries	2Q07
Banco Mercantil del Norte (1)	97.06%
Brokerage House	99.99%
Retirement Funds - Afore(2)	51.00%
Insurance	51.00%
Annuities	51.00%
Leasing	99.99%
Factor	99.99%
Warehouse	99.99%
Microcredit Unit - Pronegocio	99.99%
Banorte USA (2)	100.00%

1) As a result of merging Bancen on August 2006..

2) Subsidiaries of Banco Mercantil del Norte. Banorte USA owns 100% of Uniteller and 70% of INB.

Holding company Capital Structure	
Number of Shares	SERIE O As of June 30, 2007
Number of shares outstanding	2,018,347,548
Shares held on Treasury	0

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

Figures are presented in constant pesos of June 2007.

SUMMARY OF RESULTS

Grupo Financiero Banorte announced its operating results at the close of 2H07, reporting a net profit of Ps 3,292 million, which is 12% higher than in 1H06. GFNorte's annualized Return on Equity for the first half of '07 was 24%, while the Return on Assets was 2.7%.

The Banking Sector contributed with 84% of the Group's profits, amounting to Ps 2,772 million in 1H07; 20% higher than in 1H06. During the period, there was a sustained recovery in recurrent income produced by traditional banking activities, due to the growth in the loan portfolio and deposits, as well as to higher loan recoveries.

During 1H07, Net Interest Income increased 11% vs. 1H06, mainly because of a 28% annual growth in performing loans and a 22% increase in deposits. Net Interest Margin decreased from 7.6% in 1H06 to 7.3% in 1H07 due to several reasons: a 27 bp reduction in market interest rates, the incorporation of the INB portfolio which has a lower margin, an 80% decrease in commissions charged as a consequence of the new accounting standards that took effect in January 2007. Nevertheless, on a quarterly basis, the NIM increased from 7.1% to 7.5% due to a greater volume of productive assets driven by robust loan growth during the quarter and an average increase of 10bp in market rates.

Service fees increased 10% YoY during 1H07, driven by a 35% YoY expansion in Credit Card fees due to a 78% growth in card placements and an increase of 12% in electronic banking services.

The 8% YoY growth of Non Interest Expense during 1H07 was mainly due to the incorporation of INB, the branch expansion program and higher expenses resulting from the expansion of the Credit Card business and the costs of point redemptions related to our loyalty program. The increase in the efficiency ratio from 56% in 1H06 to 57% in 1H07 is explained by the infrastructure expansion program and by the effects of the new accounting standards which, among other things, require the deferral of fees throughout the life of the loan, as well as the consolidation of Solida Administradora de Portafolios and the reclassification of income from portfolios acquired, which was previously recorded in the non interest income line item, to the non operating income line item. On a comparable basis, excluding these effects, the efficiency ratio would have been 54%.

Total deposits, excluding third-party accounts, reported a balance of Ps 175.8 billion for 1H07, an 18% increase YoY which was driven by an 18% increase in Demand Deposits and a 28% increase in Term Deposits. The increases are due to the widespread promotion of deposit products, the incorporation of attractive features to such products and the positive acceptance by our clientele of PagaMás, which offers attractive returns.

The Performing Loan Portfolio had a 28% real growth compared to 1H06 due to the higher credit demand industrywide and the bank's efforts to improve its product offering. Commercial loans increased 35% YoY in 2Q07, amounting to Ps 62.6 billion. Corporate loans reached Ps 30 billion, with a 36% YoY growth, while Government Loans amounted to Ps 16.7 billion, a 25% yearly increase.

Consumer loans represent 33% of the total performing loan portfolio; during the quarter they posted solid growth. Credit cards expanded by 45% YoY, amounting to Ps 11.6 billion. Payroll and personal loans increased by 26% in real terms, reaching a Ps 5.5 billion balance (Ps 1.2 billion correspond to personal loans). Car loans had a balance of Ps 6.7 billion, while mortgage loans increased to Ps 30.2 billion, 11% higher in real terms. Excluding the prepayments of FOVISSSTE, the securitization of the mortgage portfolio on 2006 and the contributions from INB, the expansion was 25%.

Regarding past due loans, the balance reached Ps 2.5 billion, 22% higher than last year. The spike in this line is a consequence of the strategy to provide loans with higher risk, such as credit cards, which are also more profitable. Nonetheless, asset quality indicators remain among the best in the industry. The PDL ratio at the end of 2Q07 was 1.5%, while the coverage ratio was 141%.

The Long Term Savings Sector (Afore, Insurance and Annuities) reported a net income of PS 250 million during 1H07.

Other Finance Companies (Leasing, Factoring and Warehouse) registered profits of Ps 144 million, 10% higher YoY. The Brokerage Sector's a net income amounted to Ps 122 million during 1H07, 59% higher than 1H06.

Figures are presented in constant pesos of June 2007.

HOLDING

Holding – INCOME STATEMENT (Million Pesos)	1Q06	2Q06	Accum. 1H06	3Q06	4Q06	1Q07	2Q07	Accum. 1H07
Income from Subsidiaries and Interest	1,421	1,522	2,943	1,556	1,518	1,607	1,676	3,283
Interest Expense	-	-	-	-	-	-	-	-
Fees & Tariffs	-	-	-	-	-	-	-	-
Trading Income	-	-	-	-	-	-	-	-
REPOMO	(1)	0	(1)	(1)	(1)	-	1	-
Total Operating Income	1,420	1,522	2,942	1,555	1,517	1,606	1,677	3,283
Operation & Administrative Expenses	1	1	2	1	1	1	1	2
Operating Income	1,419	1,522	2,941	1,554	1,516	1,605	1,676	3,281
Non Operating Income	-	-	-	-	-	18	-	18
Non Operating Expense	(1)	-	(1)	(1)	0	(1)	-	-
Non Operating Income	(1)	-	(1)	(1)	0	18	-	18
Pre-tax Income	1,418	1,522	2,939	1,554	1,516	1,623	1,676	3,299
Income Tax & Profit Sharing	1	1	1	1	2	5	1	7
Tax on Assets	-	-	-	-	-	-	-	-
Deferred Income Tax & Profit Sharing	-	-	-	(1)	-	-	-	-
	1	1	2	-	1	6	1	7
Net Income from Continuous Ops.	1,417	1,521	2,938	1,554	1,515	1,617	1,675	3,292
Extraordinary Items, net	-	-	-	-	-	-	-	-
Total Net Income	1,417	1,521	2,938	1,554	1,515	1,617	1,675	3,292

Holding – BALANCE SHEET (Millones de Pesos)	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07
ASSETS						
Cash & Due from Banks	82	41	91	41	55	204
Financial Instruments	-	-	-	-	-	-
Sundry Debtors & Other Assets	11	10	11	12	162	11
Real Estate, Furniture & Equipment, net	-	-	-	-	-	-
Investments in Subsidiaries	22,964	23,923	25,317	26,214	27,236	28,998
Deferred Taxes	-	-	-	-	-	-
Goodwill	39	39	38	36	35	35
Other Assets, Deferred Charges & Intangibles	2	1	-	-	2	1
TOTAL ASSETS	23,097	24,014	25,458	26,304	27,490	29,249
LIABILITIES						
Due to Banks & Correspondents	-	-	-	-	-	-
Income Tax & Profit Sharing	-	-	-	-	-	-
Other Payable Accounts	1	1	1	1	5	4
Other Payable Accounts	1	1	1	1	5	4
Deferred Taxes	-	-	-	-	-	-
TOTAL LIABILITIES	1	1	1	1	5	4
STOCKHOLDER'S EQUITY						
Paid-in Capital	11,675	11,670	11,671	11,671	11,671	11,671
Share subscription Premiums	1,805	1,805	1,809	1,809	1,808	1,809
Subordinated Convertible Debt	-	-	-	-	-	-
Subscribed Capital	13,479	13,474	13,480	13,480	13,479	13,479
Capital reserves	1,773	2,032	2,078	2,078	2,375	2,371
Retained Earnings	17,005	16,711	16,710	15,941	21,649	21,650
Surplus (Deficit) from Securities	-	-	-	-	-	-
Results of Foreign Operations Exchange	-	-	-	-	-	-
Surpluss (Deficir) in Capital Restatement	(6,190)	(6,211)	(6,208)	(6,195)	(6,195)	(6,195)
Non Monetary Assets Results - Fixed Assets	-	-	-	-	-	-
Non Monetary Assets Results – Investment	(4,387)	(4,932)	(5,093)	(5,007)	(5,440)	(5,352)
Adjustment in the Employees Pension	-	-	-	-	-	-
Accumulated Deferred Tax Effect	-	-	-	-	-	-
Net Income	1,417	2,938	4,491	6,006	1,617	3,292
Earned Capital	9,617	10,538	11,977	12,823	14,006	15,766
Total Stockholder's Equity	23,097	24,013	25,457	26,303	27,485	29,245
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	23,097	24,014	25,458	26,304	27,490	29,249

Holding – MEMORANDUM ACCOUNTS (Million Pesos)	1Q06	2Q06	3Q06	4T06	1Q07	2Q07
Client Securities held in Custody	3,856	3,861	3,816	3,746	3,701	3,716
Other Trust Account Items	1	1	1	1	-	1
	3,856	3,862	3,816	3,746	3,702	3,717

Figures are presented in constant pesos of June 2007.

GRUPO FINANCIERO BANORTE

GFNorte – INCOME STATEMENT <i>(Million Pesos)</i>	1Q06	2Q06	Accum. 1H06	3Q06	4Q06	1Q07	2Q07	Accum. 1H07
Interest Income	8,931	8,459	17,390	8,586	9,043	8,826	9,485	18,311
Interest Expense	5,554	4,986	10,540	4,867	5,215	5,070	5,424	10,494
Loan Fees	154	199	353	188	200	23	44	67
Fees Paid	41	39	79	46	41	-	-	-
Net Interest Income (NII)	3,491	3,633	7,124	3,860	3,987	3,778	4,105	7,883
Repomo - Margin	(75)	20	(55)	(115)	(169)	(64)	23	(40)
NII after Repomo	3,416	3,653	7,069	3,745	3,817	3,715	4,128	7,843
Loan Loss Provisions	367	440	807	372	331	254	733	987
Loss Sharing Provisions	18	14	32	-	-	-	-	-
NII after Provisions	3,031	3,199	6,230	3,373	3,486	3,460	3,395	6,856
Fund Transfers	54	59	113	60	61	58	56	114
Account Management	233	241	474	246	252	235	234	469
Fiduciary	57	66	124	69	74	62	63	125
Income from Loan Portfolios Acquired	623	445	1,068	331	262	112	175	287
Electronic Banking Services	182	201	383	209	220	207	222	429
Credit Cards	340	366	706	374	436	464	488	952
Fees from IPAB	9	7	16	7	2	1	-	1
Other Fees	555	518	1,073	554	535	595	564	1,159
Fees on Services	2,054	1,902	3,956	1,850	1,842	1,733	1,803	3,536
Fund Transfers	4	4	8	4	4	5	4	9
Other Fees	168	177	346	175	191	238	241	479
Expenses from Loan Portfolios Acquired	246	250	496	184	132	-	-	-
Fees Paid	418	432	850	363	327	242	245	488
Total Fees	121	99	220	88	122	90	132	222
Foreign Exchange	560	183	743	256	402	496	(76)	419
Securities - Realized Gains	(176)	160	(15)	2	(87)	(33)	275	242
Market-related Income	506	442	948	345	437	553	330	884
Non-Interest Income	2,141	1,913	4,054	1,833	1,952	2,044	1,888	3,932
Operating Income	5,172	5,112	10,284	5,206	5,438	5,504	5,283	10,787
Personnel	1,250	1,308	2,558	1,030	1,235	1,369	1,377	2,746
Professional Fees	212	202	415	174	244	225	199	425
Administrative and Promotion Expenses	879	951	1,829	1,004	1,049	1,068	1,124	2,191
Rents, Depreciation and Amortization	447	422	869	402	438	391	393	784
Other Taxes (other than Income tax)	160	125	285	136	163	150	141	291
Contributions to IPAB	163	169	332	166	166	170	186	355
Non-Interest Expense	3,111	3,177	6,288	2,972	3,296	3,373	3,419	6,792
Net Operating Income	2,061	1,935	3,996	2,234	2,142	2,131	1,864	3,995
Other Revenues	163	150	313	148	118	244	193	437
Foreign Exchange	-	-	-	-	-	-	-	-
Recoveries	151	137	288	126	83	429	474	903
Repomo - other revenues	4	-	4	4	10	6	(1)	5
Non-Operating Income	318	287	605	278	211	679	666	1,345
Other Expenses	(208)	(237)	(440)	(25)	(62)	(208)	(120)	(327)
Foreign Exchange	-	-	-	-	-	-	-	-
Repomo - otros expenses	(105)	5	(100)	(100)	(160)	(135)	49	(87)
Non-Operating Expense	(313)	(233)	(546)	(125)	(222)	(343)	(71)	(414)
Non Operating Income (Expense), net	5	55	60	154	(11)	336	595	931
Pre-Tax Income	2,067	1,989	4,056	2,388	2,130	2,467	2,459	4,926
Income Tax	467	481	948	732	612	678	658	1,336
Profit Sharing	132	148	279	178	197	235	241	476
Tax on Assets	-	-	-	-	-	-	-	-
Deferred Inc. Tax and Profit Sharing	132	113	244	45	(75)	(13)	(56)	(69)
Taxes	731	741	1,472	955	734	900	842	1,742
Net Income before Subsidiaries	1,336	1,248	2,584	1,433	1,396	1,567	1,617	3,184
Subsidiaries' Net Income	152	306	458	191	154	135	129	264
Net Income form Continuous Operations	1,488	1,554	3,042	1,623	1,551	1,702	1,746	3,448
Extraordinary Items, net	-	-	-	-	-	-	-	-
Minority Interest	71	33	104	70	36	85	71	156
TOTAL NET INCOME	1,417	1,521	2,938	1,554	1,515	1,617	1,675	3,292

III. 2 FINANCIAL STATEMENTS



Figures are presented in constant pesos of June 2007.

GFNORTE – BALANCE SHEET <i>(Millones de Pesos)</i>	1Q06	QT06	3Q06	4Q06	1Q07	2Q07
ASSETS						
Cash and Due from Banks	40,287	40,737	41,978	43,746	41,185	47,498
Negociable Instruments	14,799	15,317	9,016	15,134	7,539	6,520
Securities Held for Sale	5,381	1,271	1,961	6,304	10,098	8,261
Securities Held to Maturity	4,586	4,593	4,508	4,438	732	757
Financial Instruments	24,766	21,181	15,485	25,875	18,369	15,537
Non-assigned Securities to Pay	-	-	-	-	-	-
Repurchase Agreements, net	123	113	112	25	97	130
Operations with Collateral	-	-	-	-	-	-
Futures Receivable, net	-	-	-	-	-	-
Options & Derivatives	570	232	1,167	19	955	282
Repos & Derivatives	693	345	1,279	45	1,052	413
Commercial	60,955	66,361	68,025	80,927	82,755	86,866
Financial Intermediaries	2,324	2,008	2,142	2,392	2,417	5,776
Consumer	17,136	18,750	19,678	20,882	22,000	23,828
Mortgage	26,536	28,737	30,640	28,018	29,258	31,441
Government Entities	15,007	13,397	13,107	10,869	14,818	16,743
IPAB	173	-	-	-	-	-
Fiduciary Collection Rights	-	-	-	-	-	-
Performing Loans	122,131	129,252	133,592	143,087	151,248	164,655
Commercial	725	747	750	736	808	855
Financial Intermediaries	Q	-	-	-	-	-
Consumer	446	526	578	613	700	860
Mortgage	781	Q	790	727	717	783
Government Entities	-	-	-	-	-	-
Past Due Loans	1,952	2,045	2,118	2,076	2,224	2,497
Credit Loans	124,083	131,297	135,710	145,163	153,472	167,151
Preventive Loan Loss Reserves	3,344	3,559	3,634	3,561	3,308	3,513
Net Loan Portfolio	120,740	127,738	132,076	141,602	150,164	163,638
Acquired Collection Rights	3,886	4,046	3,851	3,647	4,062	3,926
Total Loans	124,626	131,785	135,927	145,248	154,226	167,564
Sundry Debtors & Other Assets, net	8,080	8,160	5,435	5,683	9,660	13,555
Foreclosed Assets, net	370	306	281	319	411	417
Real Estate, Furniture & Equipment, net	5,872	5,884	5,956	6,698	6,717	6,690
Investments in Subsidiaries	2,468	2,749	2,958	3,189	2,465	2,356
Deferred Taxes	262	-	-	-	-	-
Goodwill	57	53	48	3,632	4,097	4,164
Intangibles	-	-	-	156	151	154
Other Assets	1,221	1,210	1,104	1,696	3,373	3,281
	18,331	18,362	15,782	21,374	26,875	30,617
TOTAL ASSETS	208,703	212,410	210,450	236,289	241,707	261,629

III. 2 FINANCIAL STATEMENTS



Figures are presented in constant pesos of June 2007.

GFNORTE – BALANCE SHEET (Million Pesos)	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07
LIABILITIES						
Demand Deposits	79,165	83,871	81,556	96,155	92,341	97,701
Time Deposits	66,598	65,802	68,413	74,722	77,297	78,135
Bonds	-	-	-	-	-	-
Deposits	145,763	149,674	149,969	170,877	169,637	175,836
Demand	552	1,629	823	996	-	7,278
Short Term	4,891	5,048	5,119	5,950	6,732	7,612
Long Term	11,451	13,309	12,834	10,037	9,327	9,634
Due to Banks & Correspondents	16,894	19,987	18,775	16,983	16,059	24,524
Non-assigned Securities to Pay	-	-	-	-	-	2,901
Repurchase Agreements, net	427	190	357	237	397	384
Operations with Collateral	-	-	-	-	-	-
Futures Receivable, net	-	-	-	-	-	-
Options and Derivatives, net	534	191	1,109	2	1,764	956
Repos & Derivatives	961	381	1,465	239	2,162	4,241
Income Tax & Profit Sharing	663	683	1,109	1,287	883	1,500
Other Payable Accounts	15,360	11,492	7,510	7,508	11,807	12,695
Other Payable Accounts	16,023	12,175	8,619	8,795	12,690	14,195
Subordinated Non Convertible Debt	4,751	4,798	4,707	11,456	11,596	11,313
Deferred Taxes	-	162	206	145	318	240
Deferred Credits	109	104	80	72	261	458
TOTAL LIABILITIES	184,501	187,280	183,822	208,567	212,724	230,808
STOCKHOLDER'S EQUITY						
Paid-in Capital	11,675	11,670	11,671	11,671	11,671	11,671
Share Subscription Premiums	1,805	1,805	1,809	1,809	1,808	1,809
Subordinated Convertible Debentures	-	-	-	-	-	-
Subscribed Capital	13,479	13,474	13,480	13,480	13,479	13,479
Capital Reserves	1,773	2,032	2,078	2,078	2,375	2,371
Retained Earnings	17,005	16,711	16,710	15,941	21,649	21,650
Surplus (Deficit) from Securities	-	-	-	-	-	-
Results of Foreign Operations Exchange	-	-	-	-	-	-
Results from Coverage Securities Valuation	-	-	-	-	-	-
Surplus (Deficit) in Capital Restatement	(6,190)	(6,211)	(6,208)	(6,195)	(6,195)	(6,195)
Non Monetary Assets Results – Fixed Assets	-	-	-	-	-	-
Non Monetary Assets Results - Investment	(4,387)	(4,932)	(5,093)	(5,007)	(5,440)	(5,352)
Adjustments in the Employee Pension	-	-	-	-	-	-
Accumulated Deferred Tax Effect	-	-	-	-	-	-
Net Income	1,417	2,938	4,491	6,006	1,617	3,292
Earned Capital	9,617	10,538	11,977	12,823	14,006	15,766
Minority Interest	1,106	1,117	1,172	1,419	1,498	1,577
Total Stockholder's Equity	24,202	25,130	26,629	27,722	28,983	30,822
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	208,703	212,410	210,450	236,289	241,707	261,629

III. 2 FINANCIAL STATEMENTS



Figures are presented in constant pesos of June 2007.

GFNORTE– MEMORANDUM ACCOUNTS (Million Pesos)	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07
On behalf of Third Party						
Customer's Banks	13	14	9	11	23	1
Dividends Receivable from Customers	-	-	-	-	-	-
Interest Receivable from Customers	-	-	-	-	-	-
Liquidation of Customer Transactions	727	692	448	422	(311)	(425)
Customer Loans	-	-	-	-	-	-
Liquidation with Foreign Currency of Clients	-	-	-	-	-	-
Margin Accounts in Futures Operations	-	-	-	-	-	-
Other Current Accounts	-	-	-	-	-	-
Customers Current Account	740	706	457	434	(287)	(425)
Client Securities Held in Custody	129,848	129,845	145,503	164,050	173,920	182,607
Securities and Documents Received in Guarantee	-	-	-	-	-	-
Client Securities Abroad	-	-	-	-	-	-
Client Securities	129,848	129,845	145,503	164,050	173,920	182,607
Repurchase Operations for Customers	27,376	34,330	37,395	22,202	27,827	35,955
Clients Securities Loans	-	-	-	-	-	-
Purchase of Futures & Forward Contracts	-	-	-	-	-	-
Sale of Futures and Forward Contracts	-	-	-	-	-	-
Purchasing Operations (Option Price)	117	16	-	-	5	-
Sales Operations (Option Price)	-	-	-	-	-	-
Purchase of Derivative Packages	-	-	-	-	-	-
Sale of Derivative Packages	-	-	-	-	-	-
Administration Trust	2,740	2,651	2,479	2,789	2,741	2,936
Transaction On Behalf of Clients	30,234	36,998	39,875	24,991	30,573	38,891
TOTAL ON EHALF OF THIRD PARTY	160,821	167,549	185,834	189,475	204,205	221,073
Signatura Guarantees Granted	-	-	-	33	-	-
Loan Obligations	2,284	2,189	2,385	3,447	2,348	2,087
Property in Trust and Guardianship	72,558	73,050	76,255	85,021	82,064	84,648
Amounts held in Custody or in Administration	92,028	92,482	93,913	94,116	97,022	100,173
Amounts committed to Operations with Fobaproa	675	1,160	486	530	-	-
In Transit Drafts	-	-	-	-	-	-
Certificates of Deposits in Circulation	473	538	450	1,195	955	815
Secured Credit Cards from the Company	-	-	-	-	-	-
Securities given to the Company in Custody	206	261	243	206	270	289
Government Securities in Custody of th Company	394	147	236	295	285	313
Securities given to the Company on Guarantee	-	-	-	-	-	-
Securities Outside the Country	-	-	-	-	-	-
Liquidations with Foreign Currencies Abroad	-	-	-	-	-	-
Debits to the Contingency Fund	-	-	-	-	-	-
Contingent Assets & Liabilities	267	270	268	Q	261	277
Banking Transactions on Behalf of Third Parties	107,881	111,542	105,002	93,455	100,307	93,774
Uncharged Accrued Interest from Past Due Loans	112	119	136	55	64	75
Investments in Funds for the Retirement Saving	-	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-
Amounts Contracted in Derivatives	-	-	-	-	-	-
Other Trust Account Items	-	-	-	-	-	-
Own Account Operations	276,879	281,758	279,372	278,617	283,576	282,451
Securities to be Received	244,743	236,255	215,987	199,940	211,331	229,731
(Less) Securities to be Delivered	(245,080)	(236,305)	(216,306)	(200,152)	(211,624)	(230,024)
Repurchase Transactions	(337)	(50)	(319)	(212)	(293)	(293)
Securities to be Received	69,406	53,152	33,373	19,672	35,499	34,917
(Less) Securities to be Delivered	(69,372)	(53,178)	(33,299)	(19,672)	(35,506)	(34,878)
	33	(27)	74	1	(7)	39
TOTAL ON OWN ACCOUNT	276,575	281,681	279,127	278,406	283,275	282,198

Figures are presented in constant pesos of June 2007.

GFNORTE - CONSOLIDATED STATEMENT OF CASH FLOW	
APRIL 1, 2007 – JUNE 30, 2007	
<i>(Million Pesos)</i>	
Cash Flow from Operating Activities	
Net Income	3,292
Adjustments to Reconcile Net Income to Net Cash by Operating Activities	
Mark to Market Valuation Results	(162)
Provisions for loan losses	987
Depreciation and amortization	469
Deferred Taxes	(69)
Provisions for Obligations	1,403
Minoritary Interest	156
Undistributed Earnings of Subsidiaries	(264)
	2,520
Cash Flows From Investing Activities:	
Banks Deposits	4,959
Decrease (Increase) loan portfolio	(23,303)
Decrease (Increase) credit assets portfolio	-
Decrease (Increase) treasury operations	10,500
Decrease (Increase) financial instruments	3,634
Loans from banks and other entities	7,541
Decrease (Increase) Deferred taxes	164
Decrease (Increase) in accounts receivable and payable	-
Net Resources provided by operations	3,495
Financial Activities:	
Subordinated Debentures Issue and Interest	(143)
Increase in other payable accounts	3,998
Issuance of stock	(4)
Cash Dividends	-
Net Resources provided by Investing activities	3,851
CASH FLOW FROM FINANCING ACTIVITIES :	
Fixed Assets increase	(323)
Proceeds from issuance of common stock	753
Decrease (Increase) Deferred charges or credits	(1,867)
Decrease (Increase) Foreclosed assets	(98)
Increase in other payable accounts	(7,871)
Net Cash provided by financing activities	(9,406)
Decrease (increase) in cash and due from banks	3,752
Cash and due from banks at the beginning of the year	43,746
Cash and due from banks at the end of the year	47,498

Figures are presented in constant pesos of June 2007.

GFNORTE – CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY		
APRIL 1, 2007 – JUNE 30, 2007.		
<i>(Million Pesos)</i>		
CONTRIBUTED CAPITAL		
	Capital Social	Prima en Venta de Acciones
Balance as of December 31,2006	11,671	1,808
Stock Changes		
Issuance of stock	-	-
Profits Capitalization	-	-
Provisions Created	-	-
Increments in Capital	-	-
Total	-	-
Total Income		
Total Income:		
Net Income	-	-
Results of assets holdings	-	-
Minority Interest	-	-
Total	-	-
Balance as of June 30,2007	11,671	1,808

EARNED CAPITAL							
	Reservas de Capital	Resultado de Ejercicio Anterior	Exceso o Insuf. en la Actualización	Resultado por Tenencia de Activos	Resultado Neto	Interés Minoritario	Total Capital Contable
Balance as of December 31,2006	2,078	15,941	(6,195)	(5,006)	6,006	1,419	27,722
Stock Changes							
Issuance of stock	(4)	-	-	-	-	-	(4)
Profits Application	-	6,006	-	-	(6,006)	-	-
Provisions created	297	(297)	-	-	-	-	-
Cash Dividends							
Increments in Capital							
Total	293	5,709	-	-	(6,006)	-	(4)
Total Income							
Total Income:							
Net Income	-	-	-	-	3,292	-	3,292
Results of assets holdings	-	-	-	(346)	-	-	(346)
Total	-	-	-	(346)	3,292	-	2,946
Minority Interest	-	-	-	-	-	158	158
Balance as of June 30,2007	2,371	21,650	(6,195)	(5,352)	3,292	1,577	30,822

Figures are presented in constant pesos of June 2007.

BANKING SECTOR

BANKING SECTOR* – INCOME STATEMENT <i>(Million Pesos)</i>	1Q06	2Q06	Accum. 1H06	3Q06	4Q06	1Q07	2Q07	Accum. 1H07
Interest Income	8,621	8,068	16,689	8,121	8,496	8,530	9,078	17,609
Interest Expense	5,326	4,714	10,040	4,595	4,818	4,818	5,192	10,010
Loan Fees	149	194	343	182	194	22	42	65
Fees Paid	36	34	70	40	37	-	-	-
Net Interest Income (NII)	3,409	3,513	6,922	3,667	3,835	3,735	3,929	7,664
Repomo - Margin	(55)	17	(38)	(89)	(124)	(37)	12	(24)
NII after Repomo	3,354	3,530	6,884	3,578	3,711	3,699	3,941	7,640
Loan Loss Provisions	364	434	798	372	321	243	721	964
Loss Sharing Provisions	18	14	32	-	-	-	-	-
NII after Provisions	2,973	3,082	6,054	3,206	3,390	3,456	3,220	6,676
Fund Transfers	54	59	113	60	61	58	56	114
Account Management	233	241	474	246	252	235	234	469
Fiduciary	57	66	124	69	74	62	63	125
Income from Loan Portfolios Acquired	623	445	1,068	331	262	112	175	287
Electronic Banking Services	182	201	383	209	220	207	222	429
Credit Cards	340	366	706	374	436	464	488	952
Fees from IPAB	9	7	16	7	2	1	-	1
Other Fees	128	166	293	130	160	206	222	428
Fees on Services	1,627	1,550	3,177	1,427	1,467	1,344	1,461	2,805
Fund Transfers	4	4	8	4	4	5	4	9
Other Fees	162	172	333	166	187	220	226	446
Expenses from Loan Portfolios Acquired	246	250	496	184	132	-	-	-
Fees Paid	412	426	837	354	323	225	230	455
Total Fees	140	132	272	108	134	109	138	247
Foreign Exchange	481	96	577	223	307	282	(125)	157
Securities - Realized Gains	(188)	162	(26)	4	(83)	(27)	262	235
Market-related Income	432	390	823	335	359	365	275	639
Non-Interest Income	1,648	1,514	3,162	1,407	1,502	1,484	1,505	2,989
Operating Income	4,619	4,596	9,216	4,613	4,892	4,940	4,726	9,665
Personnel	1,202	1,266	2,468	1,001	1,197	1,327	1,337	2,664
Professional Fees	192	179	372	151	212	220	193	413
Administrative and Promotion Expenses	718	736	1,454	800	813	875	915	1,790
Rents, Depreciation and Amortization	375	349	724	328	357	312	320	632
Other Taxes (other than Income tax)	133	99	232	100	131	123	112	235
Contributions to IPAB	163	169	332	166	166	170	186	355
Non-Interest Expense	2,783	2,799	5,582	2,545	2,877	3,027	3,063	6,090
Net Operating Income	1,836	1,797	3,634	2,068	2,015	1,912	1,663	3,575
Other Revenues	63	81	144	167	137	127	211	339
Foreign Exchange	-	-	-	-	-	-	-	-
Recoveries	141	126	267	124	75	415	463	878
Repomo - other revenues	1	-	1	1	2	1	-	1
Non-Operating Income	205	207	412	293	213	544	674	1,218
Other Expenses	(105)	(153)	(258)	(23)	(61)	(98)	(109)	(208)
Foreign Exchange	-	-	-	-	-	-	-	-
Repomo - otros expenses	(104)	5	(98)	(98)	(157)	(133)	48	(85)
Non-Operating Expense	(208)	(148)	(357)	(121)	(218)	(231)	(61)	(292)
Non Operating Income (Expense), net	(3)	58	55	172	(4)	313	612	925
Pre-Tax Income	1,833	1,855	3,689	2,240	2,010	2,225	2,275	4,500
Income Tax	402	446	848	697	573	610	599	1,209
Profit Sharing	129	142	271	175	183	226	232	458
Tax on Assets	-	-	-	-	-	-	-	-
Deferred Inc. Tax and Profit Sharing	139	120	258	46	(75)	(15)	(41)	(56)
Taxes	670	708	1,377	917	682	821	790	1,611
Net Income before Subsidiaries	1,163	1,148	2,311	1,323	1,329	1,404	1,485	2,889
Subsidiaries' Net Income	76	36	112	76	83	30	10	40
Net Income from Continuous Operations	1,239	1,184	2,423	1,399	1,412	1,434	1,495	2,929
Extraordinary Items, net	-	-	-	-	-	-	-	-
Minority Interest	-	-	-	-	7	19	21	39
TOTAL NET INCOME	1,239	1,184	2,423	1,399	1,405	1,415	1,474	2,889

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

Figures are presented in constant pesos of June 2007.

BANKING SECTOR – BALANCE SHEET (Million Pesos)	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07
ASSETS						
Cash and Due from Banks	40,050	40,468	41,724	43,415	40,914	47,232
Negotiable Instruments	14,381	14,905	8,531	14,632	6,980	5,915
Securities Held for Sale	5,381	1,271	1,961	6,304	10,098	8,261
Securities Held to Maturity	4,586	4,593	4,508	4,438	732	757
Financial Instruments	24,348	20,769	15,000	25,374	17,810	14,933
Non-assigned Securities to Pay	-	-	-	-	-	-
Repurchase Agreements, net	105	98	33	14	59	80
Operations with Collateral	-	-	-	-	-	-
Futures Receivable, net	-	-	-	-	-	-
Options & Derivatives	363	215	1,167	19	927	282
Repos & Derivatives	467	313	1,201	33	985	361
Commercial	55,162	59,797	61,127	73,815	75,301	78,800
Financial Intermediaries	4,346	4,265	4,447	4,273	4,775	8,282
Consumer	17,135	18,748	19,676	20,879	21,997	23,825
Mortgage	26,536	28,737	30,640	28,018	29,258	31,441
Government Entities	14,972	13,368	13,086	10,856	14,811	16,742
IPAB	173	-	-	-	-	-
Fiduciary Collection Rights	-	-	-	-	-	-
Performing Loans	118,324	124,914	128,976	137,839	146,143	159,090
Commercial	657	672	656	638	694	718
Financial Intermediaries	-	-	-	-	-	-
Consumer	446	526	578	613	700	860
Mortgage	781	772	790	727	717	783
Government Entities	-	-	-	-	-	-
Past Due Loans	1,884	1,970	2,024	1,978	2,110	2,360
Credit Loans	120,208	126,884	131,000	139,817	148,253	161,450
Preventive Loan Loss Reserves	3,246	3,461	3,540	3,474	3,221	3,438
Net Loan Portfolio	116,963	123,423	127,460	136,343	145,032	158,012
Acquired Collection Rights	3,886	4,046	3,851	3,647	4,062	3,926
Total Loans	120,848	127,469	131,311	139,990	149,093	161,938
Sundry Debtors & Other Assets, net	7,814	7,880	5,181	5,459	9,279	13,268
Foreclosed Assets, net	365	306	281	319	411	417
Real Estate, Furniture & Equipment, net	5,132	5,127	5,181	5,855	5,857	5,813
Investments in Subsidiaries	1,402	1,422	1,473	1,572	901	888
Deferred Taxes	341	-	-	-	-	-
Goodwill	18	14	10	3,596	4,061	4,129
Intangibles	-	-	-	156	151	154
Other Assets	814	885	789	1,294	3,091	3,004
	15,886	15,635	12,915	18,249	23,752	27,673
TOTAL ASSETS	201,600	204,654	202,151	227,061	232,554	252,138

III. 2 FINANCIAL STATEMENTS



Figures are presented in constant pesos of June 2007.

BANKING SECTOR – BALANCE SHEET						
<i>(Million Pesos)</i>						
	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07
LIABILITIES						
Demand Deposits	79,195	83,929	81,599	96,178	92,367	97,735
Time Deposits	66,730	65,914	68,576	74,763	77,402	78,391
Bonds	-	-	-	-	-	-
Deposits	145,925	149,843	150,174	170,941	169,769	176,126
Demand	552	1,629	823	996	-	7,278
Short Term	2,851	2,675	2,480	2,495	3,451	3,964
Long Term	10,021	11,837	11,356	8,579	8,037	8,316
Due to Banks & Correspondents	13,423	16,141	14,659	12,069	11,488	19,558
Non-assigned Securities to Pay	-	-	-	-	-	2,901
Repurchase Agreements, net	413	178	281	222	362	337
Operations with Collateral	-	-	-	-	-	-
Futures Receivable, net	-	-	-	-	-	-
Options and Derivatives, net	327	174	1,108	2	1,737	956
Repos & Derivatives	740	352	1,390	224	2,099	4,193
Income Tax & Profit Sharing	583	580	979	1,165	778	1,357
Other Payable Accounts	14,984	11,056	7,102	7,111	11,393	12,225
Other Payable Accounts	15,566	11,637	8,081	8,276	12,171	13,582
Subordinated Non Convertible Debt	4,751	4,798	4,707	11,456	11,596	11,313
Deferred Taxes	-	91	136	76	249	185
Deferred Credits	70	56	36	44	215	400
TOTAL LIABILITIES	180,475	182,918	179,182	203,088	207,585	225,356
STOCKHOLDER'S EQUITY						
Paid-in Capital	10,433	10,434	10,434	10,434	10,637	10,637
Share Subscription Premiums	1,120	1,120	1,120	1,120	831	831
Subordinated Convertible Debentures	-	-	-	-	-	-
Subscribed Capital	11,553	11,554	11,553	11,553	11,468	11,468
Capital Reserves	3,307	3,555	3,555	3,511	3,291	3,291
Retained Earnings	8,397	7,779	7,779	6,988	10,838	10,838
Surplus (Deficit) from Securities	89	(94)	(231)	(30)	40	434
Results of Foreign Operations Exchange	-	-	-	-	(503)	(651)
Results from Coverage Securities Valuation	-	-	-	36	9	16
Surplus (Deficit) in Capital Restatement	(2,692)	(2,699)	(2,699)	(2,702)	(1,883)	(1,882)
Non Monetary Assets Results – Fixed Assets	13	13	13	13	-	-
Non Monetary Assets Results - Investment	(467)	(480)	(509)	(545)	30	96
Adjustments in the Employee Pension	-	-	-	-	-	-
Accumulated Deferred Tax Effect	(316)	(316)	(316)	(316)	-	-
Net Income	1,239	2,423	3,822	5,226	1,415	2,889
Earned Capital	9,571	10,182	11,415	12,182	13,236	15,030
Minority Interest	1	1	1	238	264	283
Total Stockholder's Equity	21,125	21,737	22,969	23,974	24,968	26,781
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	201,600	204,654	202,151	227,061	232,554	252,138

BANKING SECTOR – MEMORANDUM ACCOUNTS						
<i>(Million Pesos)</i>						
	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07
Signature Guarantees Granted	-	-	-	33	-	-
Contingent Assets & Liabilities	267	270	268	264	261	277
Irrevocable Lines of Credit	2,284	2,189	2,385	3,447	2,348	2,087
Assets held in Trust and Mandate	72,558	73,050	76,255	85,021	82,064	84,648
Assets held in custody or in administration	88,172	88,620	90,097	90,370	93,303	96,426
Investment banking transactions for third parties, net	107,881	111,542	105,002	93,455	100,307	93,774
Uncharged accrued interest from past-due loans	111	116	133	50	57	67
Engaged amounts in fobaproa operations	675	1,160	486	530	-	-
Investment of retirement saving funds	-	-	-	-	-	-
Integration of loan portfolio	-	-	-	-	-	-
Received amounts in derivative instruments	-	-	-	-	-	-
Fobaproa trusts	-	-	-	-	-	-
Securities to be received	215,134	200,884	171,339	173,070	183,172	193,773
(Less) payable for reversal	(215,474)	(200,939)	(171,590)	(173,274)	(183,456)	(194,032)
Receivables for reversal	53,720	30,552	9,940	13,861	15,432	10,878
(Less) securities to be delivered	(53,688)	(30,576)	(9,937)	(13,864)	(15,453)	(10,876)
Other control accounts	-	-	-	-	-	-
	271,640	276,868	274,377	272,963	278,036	277,023

Figures are presented in constant pesos of June 2007.

BANORTE USA

BANORTE USA – INCOME STATEMENT <i>(Million Pesos)</i>	2Q07	1H07
Interest Income	277	579
Interest Expense	140	286
Loan Fees	-	-
Fees Paid	-	-
Net Interest Income (NII)	137	293
Repomo-Margin	(1)	(1)
NII after Repomo	136	292
Loan Loss Provisions	27	43
Loss Sharing Provisions	-	-
NII after Provisions	109	250
Fund transfers	-	-
Account management	-	-
Fiduciary	-	-
Income from Loan Portfolios Acquired	-	-
Electronic Banking Services	-	-
Credit Card	-	-
Fees from IPAB	-	-
Other fees	25	49
Fees on services,	25	49
Fund transfers	-	-
Other fees	-	-
Expenses from Loan Portfolios Acquired	-	-
Fees paid,	-	-
Foreign exchange	-	-
Securities –Realized gains	-	-
Securities- Unrealized gains	-	-
Market-related Income	-	-
Total Non Interest Income	25	49
Total Operating Income	133	298
Personnel	51	101
Professional Fees	7	13
Administrative and Promotion Expenses	61	111
Rents, depreciation and amortization	9	20
Taxes, other than income tax	-	-
Contributions to IPAB	-	-
Non-Interest Expense	128	245
Operating Income	5	53
Other Revenues	41	69
Foreign exchange	-	-
Recoveries	1	2
Repomo-other revenues	-	-
Non Operating Income	42	71
Other Expense	-	-
Foreign exchange	-	-
Repomo-other Expenses	(3)	(3)
Non Operating Expense	(3)	(3)
Non Operating Income (Expense), net	39	68
Pre-tax Income	44	122
Income Tax	(15)	(41)
Profit sharing	-	-
Tax on Assets	-	-
Deferred Inc. Tax and Profit sharing	-	-
	(15)	(41)
Net Income before subsidiaries	30	81
Subsidiaries' net income	-	-
Net Income from continuous operations	30	81
Extraordinary items, net	-	-
Minority Interest	(21)	(39)
TOTAL NET INCOME	9	42

Figures are presented in constant pesos of June 2007.

BANORTE USA – BALANCE SHEET		2Q07
<i>(Million Pesos)</i>		
ASSETS		
Cash and due from Banks		395
Negotiable Instruments		-
Securities held for sale		3,861
Securities held to maturity		11
Financial Instruments:		3,872
Non-assigned securities to pay		-
Repurchase agreements, net		-
Operations with collateral		-
Futures receivable, net		-
Options and derivatives, net		-
Repos & Derivatives :		-
Commercial		9,252
Financial Intermediaries		-
Consumer		154
Mortgage		703
Government Entities		-
IPAB		-
Fiduciary collection rights		-
Performing Loans		10,109
Commercial		48
Financial Intermediaries		-
Consumer		-
Mortgage		10
Government Entities		-
Past Due Loans		58
Total Loans		10,167
Preventive loan loss reserves		208
Net Loan Portfolio		9,959
Credit Assets Portfolio		-
Sundry debtors and other assets, net		14
Foreclosed assets, net		15
Real Estate, Furniture & Equipment, net		553
Investments in subsidiaries		7
Deferred taxes		-
Risk Coverage for Mortgage		-
GoodWill		2,571
Intangible		154
Otros Assets		404
Other Assets		3,718
TOTAL ASSETS		17,943

Figures are presented in constant pesos of June 2007.

BANORTE USA – BALANCE SHEET		2Q07
<i>(Million Pesos)</i>		
LIABILITIES		
Demand Deposits		7,423
Time Deposits		6,394
Bonds		-
Deposits		13,817
Demand		-
Short term		108
Long term		83
Due to banks and correspondents		190
Non-assigned securities to pay		-
Repurchase agreements, net		-
Operations with collateral		-
Futures receivable, net		-
Options and derivatives, net		-
Repos & Derivatives:		-
Income Tax & Profit Sharing		-
Other Payable accounts		119
Other payable accounts		119
Subordinated non Convertible Debenture		223
Deferred Taxes		7
Deferred credits		19
TOTAL LIABILITIES		14,375
STOCKHOLDER'S EQUITY		
Paid-in Capital		3,253
Share subscription premiums		-
Subordinated Convertible Debentures		-
Subscribed Capital		3,253
Capital Reserves		-
Retained Earnings		10
Surplus (Deficit) from securities		2
Results of foreign operations exchange		(25)
Excess (Insuf.) in capital restatement		-
Non Mon assets results Fixed Assets		-
Non Mon assets results Investm subsidiaries		-
Adjustment in the employees pension funds		-
Accumulated Deferred tax effect		-
Net Income		42
Earned Capital		29
Minority Holdings		287
Total Stockholder's Equity		3,568
TOTAL LIABILITIES & STOCKHOLDER'S CAPITAL		17,943

BANORTE USA – MEMORANDUM ACCOUNTS		2Q07
<i>(Million Pesos)</i>		
Signature guarantees granted		-
Other contingent obligations		-
Irrevocable lines of credit		-
Credit commitments		21
Assets held in trust and mandate		-
Assets held in custody or in administration		-
Investment banking transactions for third parties, net		-
Engaged amounts in fobaproa operations		-
Investment of retirement saving funds		-
Integration of loan portfolio		-
Received amounts in derivative instruments		-
Fobaproa trusts		-
Securities to be received		-
(Less) payable for reversal		-
Receivables for reversal		-
(Less) securities to be delivered		-
Other control accounts		-
Signature guarantees granted		21

Figures are presented in constant pesos of June 2007.

ACCOUNTING CHANGES AND REGULATIONS

- **General provisions applicable to the financial information of the regulating agencies of financial institutions subject to CNByV supervision.**

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

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

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

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

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

- **Changes to accounting criteria.**

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

The most relevant changes are listed below:

- Companies that are not part of the financial system are included for financial statement consolidation.
- Repossessed assets will be revalued with the adjustment of the UDI (CPI unit of account), which was generating an expense in Repomo as it was considered a monetary asset.
- The fees charged for new loans will be deferred over the life of the loan in the income statement instead of being fully reflected at the time they are originated.
- The loan loss reserves in excess of the amount required by the classification method will be credited against the P&L results of the following quarterly risk rating.
- The recoveries from previously written off loans will be recognized directly in the P&L results.

- **B-11 Bulletin.**

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

Figures are presented in constant pesos of June 2007.

LOAN PORTFOLIO SALES TO SOLIDA ADMINISTRADORA DE PORTAFOLIOS

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

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

	Local Currency (2)			Foreign Currency (USD)(3)			Total		
	Aug'02	Mar'07	Jun'07	Aug'02	Mar'07	Jun'07	Aug'02	Mar'07	Jun'07
(Millions of Nominal Pesos)									
Performing Loans									
Commercial	5	-	-	5	-	-	-	-	-
Consumer	-	-	-	-	-	-	-	-	-
Mortgage	54	90	81	-	-	-	54	90	81
Total	59	90	81	5	-	-	64	90	81
Non Performing Loans									
Commercial	405	388	385	293	128	126	698	516	511
Consumer	81	73	73	-	-	-	81	73	73
Mortgage	1,112	490	485	-	-	-	1,112	490	485
Total	1,598	951	943	293	128	126	1,891	1,079	1,069
TOTAL LOANS	1,657	1,041	1,024	298	128	126	1,955	1,169	1,150
Loan Loss Reserves (1)									
Commercial	326	371	368	246	123	120	572	494	488
Consumer	77	73	73	-	-	-	77	73	73
Mortgage	669	459	454	-	-	-	669	459	454
Total	1,072	903	895	246	123	120	1,318	1,026	1,015

(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 83 million as of June 2007.

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

In 2Q07 the Loan portfolio showed changes due to: collections for Ps 12 million, re-structures for Ps 2 million, repossessed assets for Ps 0.4 millions and Ps 20 million in charge-offs and discounts. In the Loan loss provisions there were charge-offs and discounts for Ps 2 million and repossessed assets for Ps 5 million. There were transfers from performing loans to past due loans for Ps 9 million and transfers from past due loans to performing loans for Ps 3 million.

III. 4 LOAN PORTFOLIO SALES TO SOLIDA



Figures are presented in constant pesos of June 2007.

(Millions of Nominal Pesos)	Local Currency ⁽¹⁾		Foreign Currency (USD) ⁽²⁾		Total	
	Dec'06	Jun'07	Dec'06	Jun'07	Dec'06	Jun'07
Performing Loans						
Commercial	75,832	82,112	12,855	14,136	88,687	96,248
Consumer	21,935	23,671	-	-	21,935	23,671
Mortgage	28,761	30,819	-	-	28,761	30,819
Fobaproa / IPAB	-	-	-	-	-	-
Performing Loans	126,528	136,602	12,855	14,136	139,383	150,738
Non Performing Loans						
Commercial	974	1,022	167	160	1,141	1,182
Consumer	775	932	-	-	775	932
Mortgage	1,204	1,258	-	-	1,204	1,258
Non Performing Loans	2,953	3,212	167	160	3,120	3,372
TOTAL LOANS	129,481	139,814	13,022	14,296	142,503	154,110
Loan Loss Reserves	3,794	3,986	280	259	4,074	4,245
Net Loan Portfolio	125,687	135,828	12,742	14,037	138,429	149,865
Loan Loss Reserves					130.58%	125,.89%
% Past Due Loans					2.2%	2.2%

(1) Includes UDIS.

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

Figures are presented in constant pesos of June 2007.

NOTES TO FINANCIAL STATEMENTS

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 2Q07				
<i>(Million Pesos)</i>				
NEGOTIABLE INSTRUMENTS	BOOK VALUE	INTEREST	MARKET VALUE	UNREALIZED GAIN (LOSS)
Government Securities	667	-	669	2
Banking Securities	5,441	10	5,463	12
Private	179	3	208	26
Banks paper	-	-	-	-
Treasury Bonds	-	-	-	-
UMS	-	-	-	-
Commercial Paper	154	-	144	(10)
Shares listed in the SIC	1	-	1	-
Guarantee (collateral) for futures	2	-	2	-
Mutual Funds	21	-	33	12
Swap of Coverage purposes	-	-	-	-
Total	6,465	14	6,520	41
SECURITIES HELD FOR SALE				
Government Securities	3,954	16	3,859	(110)
Mexican Government Securities (UMS)	519	13	530	(3)
Treasury Bonds	(1)	1	2	2
Bonds public company	19	-	71	52
Eurobonds	2	-	2	-
Banks paper	-	-	-	-
Structured note	-	-	-	-
PEMEX	3,441	45	3,462	(24)
Subordinate securities	21	-	335	315
Swap of Coverage purposes	-	-	-	-
Total	7,955	75	8,261	231
SECURITIES HELD TO MATURITY				
Special Cetes	628	7	635	-
Trust Bonds	-	-	-	-
Fiduciary Rights	34	-	8	(25)
Bonds	-	-	-	-
Mexican Government Securities (UMS)	-	-	-	-
Government securities	10	-	11	-
PEMEX (dlls)	-	-	-	-
Bonos Strip	23	-	23	-
Subordinate securities	80	-	80	-
Total	775	7	757	(25)
TOTAL	15,195	95	15,537	247

ASSIGNED VALUES FOR SETTLEMENT 2Q07				
<i>(Million Pesos)</i>				
ASSIGNED VALUES FOR SETTLEMENT	BOOK VALUE	INTEREST	MARKET VALUE	UNREALIZED GAIN (LOSS)
Government securities	2,912	8	2,901	3
Banking securities	-	-	-	-
Private	-	-	-	-
Banks paper	-	-	-	-
Treasury Bonds	-	-	-	-
UMS	-	-	-	-
Commercial Paper	-	-	-	-
Shares listed in the SIC	-	-	-	-
Guarantee (collateral) for futures	-	-	-	-
Mutual Funds	-	-	-	-
Swap of Coverage Purposes	-	-	-	-
Total	2,912	8	2,901	3

III. 5 NOTES TO FINANCIAL STATEMENTS



Figures are presented in constant pesos of June 2007.

REPURCHASE AGREEMENT OPERATIONS 2Q07 (Million Pesos)					
SALES	MARKET VALUE			FINANCIAL STATEMENT	
	RECEIVABLES ON REPURCHASE AGREEMENT	SECURITIES TO BE DELIVERED	GLOBAL POSITION	INDIVIDUAL COMPENSATION	
				ASSET BALANCE	LIABILITY BALANCE
Government Securities	195,742	196,043	(301)	46	346
Banking Securities	17,962	17,945	17	27	10
Private Securities	16,027	16,036	(9)	6	15
Total	229,731	230,024	(293)	78	371

REPURCHASE AGREEMENT OPERATIONS 2Q07 (Million Pesos)					
PURCHASE	MARKET VALUE			FINANCIAL STATEMENT	
	RECEIVABLES ON REPURCHASE AGREEMENT	SECURITIES TO BE DELIVERED	GLOBAL POSITION	INDIVIDUAL COMPENSATION	
				ASSET BALANCE	LIABILITY BALANCE
Government Securities	27,592	27,563	(30)	40	10
Banking Securities	1,924	1,922	(2)	2	-
Private Securities	5,401	5,394	(7)	10	3
Total	34,917	34,878	(39)	53	14
			Balance	130	384

DERIVATIVE FINANCIAL INSTRUMENTS OPERATIONS 2Q07 (Million Pesos)			
INSTRUMENT	TO RECEIVE	TO DELIVER	NET
FORWARDS			
Over INPC	-	-	-
forward contract with foreign currencies			
Market Value			
Agreed Price	1,084	1,590	2,673
Coverage	1,101	1,576	2,677
Market Value			
Agreed Price	2,832	-	2,832
SWAPS	2,796	-	2,796
Capital			
Interest rate			
Valuation	18,015	(18,037)	(22)
	527	(523)	4
Coverage	20,749	(20,636)	112
Capital	39,291	(39,196)	94
Interest rate			
Valuation	13,066	(13,520)	(454)
	204	(115)	89
OPTIONS WITH FOREIGN CURRENCIES	2,149	(2,714)	(565)
Actives	15,419	(16,349)	(931)
Swaptions			
Rate Options			
Index Options (ipc)	8	(4)	3
	755	(624)	131
Passives	23	(23)	1
Swaptions	786	(651)	135
Currency Options			
Rate Options	(12)	7	(5)
Index Options (ipc)	-	-	-
	(647)	631	(17)
Debt Balance	(659)	(638)	(22)
Creditor Balance			
FORWARDS	29	(29)	-
Over INPC	-	-	-
FORWARD CONTRACT WITH FOREIGN CURRENCIES	64	(47)	17
Market Value	-	-	-
Agreed Price	93	(76)	17
Coverage			282
Market Value			(956)

Figures are presented in constant pesos of June 2007.

NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 2Q07				
<i>(Millones de Pesos)</i>				
PRODUCT	KIND	UNDERLYING	CURRENCY	POSITION
Forwards of Foreign Currency	Purchases	Exchange Rate (Dollar)	MXN	1,122
Forwards of Foreign Currency	Sells	Exchange Rate (Dollar)	MXN	4,465
				5,587
Options with Foreign Currency	Purchases	Exchange Rate (Dollar)	MXN	-
Options with Foreign Currency	Sells	Exchange Rate (Dollar)	MXN	4
				4
Rate Options	Purchases	TIIE	MXN	1,799,400
Rate Options	Sells	TIIE	MXN	1,773,406
				3,572,806
Swaps with Rate	USLI/IRS	TIIE	MXN	17,800
Swaps with Rate	TIIE/IRS	TIIE	MXN	1,425
				19,225
Swaps with Rate	USLI/IRS	LIBOR	MXN	162
Swaps with Rate	TIIE/IRS	TIIE	MXN	87,710
				87,872
Swaps with Rate	CETE-US/CS	CETE	MXN	4,642
Swaps with Foreign Currency	TIIE-EU/CS	TIIE	MXN	846
Swaps with Foreign Currency	MXP-US/CSF	FIX/FIX	MXN	14,403
Swaps with Foreign Currency	TIIE-US/BS	TIIE/LIBOR	MXN	4,242
Swaps with Foreign Currency	TIIE-US/CS	TIIE	MXN	6,939
Swaps with Foreign Currency	IMPL-US/CS	IMPLICIT	MXN	-
				31,071
Forwards in MEXDER	Purchases	TIIE	MXN	85,561
Forwards in MEXDER	Sells	TIIE	MXN	-
				85,561
Forwards in MEXDER	Purchases	CETE	MXN	300
Forwards in MEXDER	Sells	CETE	MXN	-
				300
Forwards in MEXDER	Purchases	M10	MXN	-
Forwards in MEXDER	Sells	M10	MXN	20
				20

NON GOVERNMENTAL FINANCIAL INSTRUMENTS ABOVE BY 5% OF NET CAPITAL 2Q07			
<i>(Million Pesos)</i>			
INDUSTRY	INVESTMENT INSTRUMENT	AMOUNT	% NET CAPITAL
BANCOMER	Banking Bond	3,640	11.5%

Figures are presented in constant pesos of June 2007.

LOAN PORTFOLIO						
<i>(Million Pesos)</i>						
	Local Currency		Foreign Currency		Total	
	2Q06	2Q07	2Q06	2Q07	2Q06	2Q07
Performing Loans						
Commercial	54,884	63,402	11,477	23,465	66,361	86,866
Financial Intermediaries	1,125	4,863	883	913	2,008	5,776
Consumer	18,750	23,674	-	155	18,750	23,828
Mortgages	28,737	30,738	-	703	28,737	31,441
Government Entities	12,870	16,346	526	397	13,397	16,743
Fobaproa	-	-	-	-	-	-
Total	116,365	139,022	12,887	25,632	129,252	164,655
Past Due Loans						
Commercial	666	772	81	82	747	855
Financial Intermediaries	-	-	-	-	-	-
Consumer	526	859	-	-	526	860
Mortgages	772	773	-	10	772	783
Government Entities	-	-	-	-	-	-
Total	1,964	2,404	81	92	2,045	2,497
Total Proprietary Loans	118,329	141,426	12,968	25,725	131,297	167,151

(*) Includes valued UDIs
 Note: There is no écheme for Mortgage Earnings.

COST OF BALANCES OF FINAPE, FOPIME, MORTGAGE UDIS AND MORTGAGE FOVI LOAN PORTFOLIOS AS OF 2Q07		
<i>(Million Pesos)</i>		
	TOTAL	
	PERIOD COST	BALANCE OF LOAN PORTFOLIO
FINAPE	0.2	0.2
FOPYME	-	-
Mortgage UDIS	20.6	38.2
Mortgage FOVI	9.8	10.0
	30.6	48.4

The quarter ending with a balance of Ps 48.4 million pesos in debtors support programs with a cost of the period of Ps 30.6 million. The 99% of this portfolio are concentrated in Banorte.

Figures are presented in constant pesos of June 2007.

- **Troubled Portfolio**

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

<i>(Million Pesos)</i>	Total
Troubled Portfolio	1,599
Total Loans	167,151
Troubled Portfolio / Total Loans	1.0%

DEFERRED TAXES			
<i>(Million Pesos)</i>			
ASSETS	INCOME TAX	PROFIT SHARING	NET
Taxes losses pending amortization	36	-	36
Unrealized loss from Securities held for sale	39	-	39
Provisions for possible loss in loans	34	-	34
Deferred compensation	4	-	4
Non deductible provisions and accumulative income	165	57	222
Excess of accounting value over fiscal value on Repossessed Assets	325	65	390
Diminishable profit sharing	171	-	171
Past-due loan reserves	16	-	16
Anticipated Income and Expenses	1	-	1
Installation expenses	8	-	8
Tax on Assets to recover	2	-	2
Total Assets	801	122	923
LIABILITIES			
Accrued interest and inflationary component of Fixed Assets, Foreclosed, Intangible & Others	(204)	-	(204)
Loan Portfolio Acquisitions	(609)	(88)	(697)
Capitalizable projects	(4)	(2)	(6)
Income tax to pay on UDIS Trust funds	(36)	-	(36)
Book value depreciation	(31)	-	(31)
Dividends Federal Home loan Bank	(4)	-	(4)
Intangibles amortizations	(49)	-	(49)
Expenses paid in advance	(3)	-	(3)
Effects of other accounts	(2)	(1)	(2)
Effects of other accounts	(2)	(4)	(6)
Sale Cost Revers	(13)	-	(13)
Organization and Recording Expenses & Installation Expenses	(15)	-	(15)
Unrealized capital gain from investments in siefore	(43)	-	(43)
Trust Revenue "Meseta"	(56)	-	(56)
Total liabilities	(1,069)	(94)	(1,163)
Assets (Liabilities) Accumulated Net	(268)	28	(240)

III. 5 NOTES TO FINANCIAL STATEMENTS



Figures are presented in constant pesos of June 2007.

LONG TERM DEBT AS OF 2Q07								
<i>(Million Pesos)</i>								
TYPE OF DEBT	CURR ENCY	DATE OF ISSUE	AMOUNT (Pesos)	ORIGINAL AMOUNT (Million Ps, Dlls or UDIS)	TERM	INTEREST RATE	MATURITY	INTEREST PAYMENT
CD's- Banorte U01001	UDIs	11-Jan-01	344	90	10 años	8.13%	30-Dec-10	E/182 days
Non Convertible Subordinate Bonds QBanorte 02D	Ps	28-Nov-02	1,208	1,136	10 años	8.00%	28-Nov-12	E/182 days
Step-Up Subordinated Callable Notes Due 2014	Dlls	17-Feb-04	3,283	300	10 años	5.875%	17-Feb-14	E/ 180 days
Non Convertible Subordinate Bonds 2006	Dlls	13-Oct-06	4,376	400	10 años	6.135%	13-Apr-16	E/ 180 days
Non Convertible Subordinate Bonds 2006	Dlls	13-Oct-06	2,188	200	15 años	6.862%	13-Apr-21	E/ 180 days

BANK AND OTHER ENTITIES LOANS AS OF 2Q07							
<i>(Million Pesos)</i>							
	LOCAL CURRENCY	INTER EST RATE	TERM (DAYS)	FOREIGN CURRENCY	INTEREST RATE	TERM (DAYS)	TOTAL
LOANS FROM LOCAL BANKS	-	-	-	879	5.32%	260	879
LOANS FROM FOREIGN BANK CONCERTED FROM THE COUNTRY	-	-	-	683	L+0.9	1,096	683
LOANS FROM FOREIGN BANK CONCERTED FROM CAYMAN	-	-	-	2,133	5.84%	807	2,133
LOANS FROM DEVELOPING BANKS	3,828	9.11%	789	349	10.30%	2800	4,177
LOANS FROM PUBLIC FUNDS	8,408	7.16%	597	85	5.89%	695	8,493
LOANS FROM BANKS	-	-	-	-	-	-	-
CALL MONEY	7,433	7.24%	3	-	-	-	7,433
LOANS FROM FIDUCIARY FUNDS	658	2.72%	5,129	-	-	-	658
PROVISIONS FOR INTEREST	68	N.A	N.A	-	-	-	68
	20,395			4,129			24,524

Figures are presented in constant pesos of June 2007.

TRADING INCOME 2Q07	
<i>(Million Pesos)</i>	
VALUATION EFFECTS	
Negotiable Instruments	5
Securities Held to Maturity	-
Repurchase	119
Derived instruments	118
Futures	1
Securities loans	-
Range	-
Inflation Adjustment	-
Total	243
RESULTS FORM BUYING AND SELLING	
Negotiable Instruments	386
Securities Held for Sell	(59)
Derived for coverage purposes	93
Inflation Adjustment	-
Total of Buying and Selling Instruments	420
FX Spot	228
FX Forwards	-
FX Futures	-
FX Futures TIIE	-
Forwards	-
Trading currencies securitization	(6)
Gain from metal intermediation	1
Metals Valuation	-
Total of Foreign Exchange	223
Inflation Adjustment	2
Total of Buying and Selling	641
TOTAL TRADING INCOME	884

Figures are presented in constant pesos of June 2007.

- **Risk Management**

- **Credit Risk**

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

The objectives of credit risk management at GFNorte are:

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

- **Individual Credit Risk**

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

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

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

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

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

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

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

- **Portfolio Credit Risk**

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

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

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

Figures are presented in constant pesos of June 2007.

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 June 30, 2007, the Banco Mercantil del Norte total portfolio was Ps 152,911 million. The expected loss represents 1.8% and the unexpected loss is 3.4% with respect to the total portfolio. The average expected loss is 1.8% during the period between April 2007 and June 2007.

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

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

Basic capital by March 31, 2007	<u>\$20,898</u>
I. Financings whose individual amount represents more than 10% of the basic capital:	
Credit operations	
– Number of financings	0
– Total amount of financings	<u>\$0</u>
– % vs. basic capital	0%
Money Market operations	
– Number of financings	3
– Total amount of financings	<u>\$8,665</u>
– % vs. basic capital	41%
II. Maximum amount of financing with the 3 major Common Risk debtors and groups	
	<u>\$12,398</u>

Figures are presented in constant pesos of June 2007.

➤ 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 April - June 2007 quarter for the portfolio is Ps 1,748 million.

Million Pesos	2Q06	3Q06	4Q06	1Q07	2Q07
Total Var *	1,020	1,043	1,499	1,648	1,748
Net Capital ***	24,455	26,405	31,151	31,043	32,364
VaR/Net Capital	4.17%	3.95%	4.81%	5.31%	5.40%

* 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 Second quarter of 2007 is shown below:

Risk Factor	VaR
Domestic interest rate	2,044
Foreign interest rate	145
Exchange rate	113
Capitals	16
Prices of Bonds in Foreign Currency	130
Total VaR of Bank and Brokerage House	1,748

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.

Figures are presented in constant pesos of June 2007.

• **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 analyzes and tests under extreme conditions are periodically implemented. These analyzes 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 use financial ratios, such as the Liquidity Ratios (Liquid Assets / Liquid Liabilities). Liquid Assets include availabilities, securities to negotiate and securities available for sale. Liquid Liabilities include demand deposits, demand interbanking loans and short-term interbanking loans.

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

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

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

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

➤ **Operational Risk**

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

In our institution, Operational Risk is defined as the risk of loss from a lack of appropriateness in or failure of the processes, personnel, internal systems or external events. This definition includes Technological and Legal risk.

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

Pillars of Operational Risk Management

I. Policies, Objectives and Guidelines

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

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

Figures are presented in constant pesos of June 2007.

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

II. Quantitative and Qualitative Measuring Tools

Operating Losses Database

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

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

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

- **Legal and Fiscal Contingencies Database**

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

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

- **Risk Management Model**

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

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

III. Required Capital Calculation

The capital requirement calculation is currently done under the Basic Model proposed by Basle II. We are waiting for the new provisions the local regulator will issue.

Figures are presented in constant pesos of June 2007.

IV. Information and Reporting

The information generated by the Database and the Management Model is processed 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 penalties derived from a failure to comply with the legal and administrative provisions, as well as the issuance of indisputable unfavorable court rulings.

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.

III. 5 NOTES TO FINANCIAL STATEMENTS



Figures are presented in constant pesos of June 2007.

- Information by Segments

GFNORTE – BALANCE SHEET 2Q07										
<i>(Million Pesos)</i>										
	Holding	Banorte	Brokerage	Leasing	Factoring	Wareh ouse	Pronego cio	Total	Eliminatio ns	Final Balance
Interest Income	4	17,622	993	259	218	2	129	19,227	(916)	18,311
Interest Expense	-	10,010	1,076	105	131	-	23	11,345	(850)	10,494
Loan Fees	-	65	-	-	-	-	2	67	-	67
Net Interest Income (NII)	4	7,677	83	154	87	2	109	7,949	(66)	7,883
Repomo-Margin	-	(30)	(3)	(2)	(5)	1	(1)	(40)	-	(40)
NII after Repomo	5	7,647	(86)	152	82	2	108	7,909	(66)	7,843
Loan Loss & Loss Sharing Provisions	-	964	-	-	3	-	20	987	-	987
NII after Provisions	5	6,683	(86)	152	79	2	88	6,921	(66)	6,856
Fees on services,	-	3,259	306	-	6	16	-	3,587	(51)	3,536
Fees paid,	-	466	-	-	8	-	14	489	(1)	488
Market-related Income	-	639	244	-	-	-	-	884	-	884
Total Non Interest Income	-	3,432	550	-	(2)	16	(14)	3,982	(52)	3,932
Total Operating Income	5	10,114	464	152	77	19	74	10,904	(116)	10,787
Non-Interest Expense	2	6,474	271	98	14	10	84	6,953	(161)	6,792
Operating Income	2	3,641	193	54	63	8	(11)	3,950	45	3,995
Non Operating Income	18	1,218	4	23	14	111	3	1,390	(45)	1,345
Non Operating Expense	-	292	9	1	1	109	2	414	-	414
Non Operating Income (Expense)NET	18	931	(6)	22	13	3	1	983	(45)	931
Pre-tax Income	20	4,566	187	76	76	11	(9)	4,926	-	4,926
Tax and Profit sharing	7	1,638	69	-	24	4	-	1,742	-	1,742
Net Income before subsidiaries	13	2,928	118	75	52	7	(9)	3,184	-	3,184
Subsidiaries' net income	3,279	32	5	-	-	-	-	3,316	(3,052)	264
Net Inc. from continuous operations	3,292	2,960	122	75	52	7	(9)	6,500	(3,052)	3,448
Extraordinary items, net	-	-	-	-	-	-	-	-	-	-
Minority Interest	-	(71)	-	-	-	-	-	(71)	(85)	(156)
TOTAL NET INCOME	3,292	2,889	122	75	52	7	(9)	6,429	(3,137)	3,292

III. 5 NOTES TO FINANCIAL STATEMENTS



Figures are presented in constant pesos of June 2007.

GFNORTE – BALANCE SHEET AS OF 2Q07										
<i>(Million Pesos)</i>										
ASSETS	Holding	Banorte	Brokers ge	Leasing	Factorin g	Wareh ouse	Pronego cio	Total	Eliminatio ns	Final balance
Cash and due from Banks	204	47,492	1				1	47,771	(273)	47,498
Negotiable Instruments	-	5,915	604				-	6,520	-	6,520
Securities held for sale	-	8,261	-				-	8,261	-	8,261
Securities held to maturity	-	757	-				-	757	-	757
Financial Instruments:	-	14,933	604				-	15,537	-	15,537
Non-assigned securities to pay	-	-	-				-	-	-	-
Futures receivable, net	-	80	51				-	130	-	130
Options and derivatives, net	-	282	1				-	282	-	282
Repos & Derivatives :	-	361	51				-	413	-	413
Commercial	-	78,800	-	2,513			623	86,866	-	86,866
Financial Intermediaries	-	8,282	-	290	-	-	-	8,571	(2,796)	5,776
Consumer	-	23,825	-	3	-	-	-	23,828	-	23,828
Mortgage	-	31,441	-	-	-	-	-	31,441	-	31,441
Government Entities	-	16,742	-	-	-	-	-	16,743	-	16,743
Fobaproa	-	-	-	-	-	-	-	-	-	-
Performing Loans	-	159,090	-				623	167,450	(2,796)	164,655
Commercial	-	718	-				101	855	-	855
Financial Intermediaries	-	-	-				-	-	-	-
Consumer	-	860	-				-	860	-	860
Mortgage	-	783	-				-	783	-	783
Government Entities	-	-	-				-	-	-	-
Past Due Loans	-	2,360	-				101	2,497	-	2,497
Total Credit	-	161,450	-				724	169,947	-	167,152
Preventive loan loss reserves	-	3,438	-				31	3,513	-	3,513
Net Loan Portfolio	-	158,012	-				692	166,434	(2,796)	163,638
Acquired collection rights	-	3,926	-	-			-	3,926	-	3,926
Total Loans	-	161,938	-				692	170,360	(2,796)	167,564
Sundry debtors and other assets, net	11	13,361	116	20	-	37	10	13,555	-	13,555
Merchandise Inventory	-	-	-	-	-	-	-	-	-	-
Foreclosed assets, net	-	417	-	-	-	-	-	417	-	417
Real Estate, Furniture & Equipment, net	-	5,937	19	630	1	55	49	6,690	-	6,690
Investments in subsidiaries	28,998	1,012	64	-	-	-	-	30,075	(27,719)	2,356
Deferred taxes	-	-	-	-	5	-	9	14	(14)	-
GoodWill	35	4,129	-	-	-	-	-	4,164	-	4,164
Intangible	-	154	-	-	-	-	-	154	-	154
Otros Assets	1	3,018	253	-	-	-	-	3,287	(6)	3,281
Total Other Assets	29,045	28,029	453				68	58,536	(27,739)	30,617
TOTAL ASSETS	29,249	252,753	1,109	3,457	4,95	156	761	292,437	(30,808)	261,629

III. 5 NOTES TO FINANCIAL STATEMENTS



Figures are presented in constant pesos of June 2007.

GFNORTE – BALANCE SHEET AS OF 2Q07										
<i>(Million Pesos)</i>										
LIABILITIES	Holding	Banorte	Brokerage	Leasing	Factoring	Wareho use	Prone- gocio	Total	Eliminati ons	Final balance
Demand Deposits	-	97,734	-	-	-	-	-	97,734	(33)	97,701
Time Deposits	-	78,391	-	-	-	-	-	78,391	(256)	78,135
Bonds	-	-	-	-	-	-	-	-	-	-
Deposits	-	176,124	-	-	-	-	-	176,124	(288)	175,836
Demand	-	7,278	-	-	-	-	-	7,278	-	7,278
Short term	-	3,964	-	1,406	4,379	-	652	10,401	(2,789)	7,612
Long term	-	8,316	-	1,244	74	-	-	9,634	-	9,634
Due to banks & corresp.	-	19,558	-	2,650	4,453	-	652	27,313	(2,789)	24,524
Non-assigned securities to pay	-	-	-	-	-	-	-	-	-	-
Futures receivable, net	-	337	47	-	-	-	-	384	-	384
Options and derivatives, net	-	956	-	-	-	-	-	956	-	956
Repos & Derivatives:	-	1,292	47	-	-	-	-	1,340	-	1,340
Income Tax & Profit Sharing	3	1,388	98	-	8	1	1	1,500	-	1,500
Other Payable accounts	1	12,251	120	270	7	13	26	12,687	8	12,695
Other payable accounts	4	13,639	218	270	15	14	27	14,187	8	14,195
Subordinated non Convertible Debenture	-	11,313	-	-	-	-	-	11,313	-	11,313
Deferred Taxes	-	229	8	-	-	16	-	254	(14)	240
Deferred credits	-	400	-	52	-	-	12	464	(6)	458
TOTAL LIABILITIES	4	225,457	274	2,972	4,468	30	691	233,896	(3,089)	230,808
STOCKHOLDER'S EQUITY										
Paid-in Capital	11,671	10,637	524	161	136	85	76	23,290	(11,619)	11,671
Share subscription premiums	1,809	831	-	-	-	-	-	2,639	(831)	1,809
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-	-	-
Subscribed Capital	13,479	11,468	524	161	136	85	76	25,930	(12,450)	13,479
Capital Reserves	2,371	3,291	56	77	58	13	-	5,867	(3,495)	2,371
Retained Earnings	21,650	10,838	662	368	324	82	2	33,926	(12,276)	21,650
Surplus (Deficit) from securities	-	434	-	-	-	-	-	434	(434)	-
Results from coverage securities valuation	-	(651)	-	-	-	-	-	(651)	651	-
Results of foreign operations exchange	-	16	2	-	-	-	-	17	(17)	-
Excess (Insuf.) in capital restatement	(6,195)	(1,882)	(514)	(197)	(85)	(3)	-	(8,877)	2,681	(6,195)
Non Mon assets results Fixed Assets	-	-	1	-	-	-	-	1	(1)	-
Non Mon assets results Investm subsidiaries	(5,352)	96	(17)	-	-	(60)	-	(5,333)	(19)	(5,352)
Adjustment in the employees pension funds	-	-	-	-	-	-	-	-	-	-
Net Income	3,292	2,889	122	75	52	7	(9)	6,429	(3,137)	3,292
Earned Capital	15,766	15,030	312	323	348	41	(7)	31,813	(16,047)	15,766
Minority Holdings	-	798	-	-	-	-	-	798	778	1,577
Total Stockholder's Equity	29,245	27,296	836	485	484	125	69	58,541	(27,719)	30,822
TOT. LIAB. & STOCKHOL. EQUITY	29,249	252,753	1,109	3,457	4,952	156	761	292,437	(30,808)	261,629

Figures are presented in constant pesos of June 2007.

● Internal Control

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

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

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

During 2Q07, SCI continued working to develop activities associated with strengthening risk control, assessment and management, establishing and monitoring controls and insuring information quality.

● Treasury Policy

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

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

● Internal and External Liquidity Sources

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

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

Figures are presented in constant pesos of June 2007.

- **Dividend Policy**

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

- **Related Parties Loans**

At GFNorte, the amount of the loans performed with related individuals and companies, does not exceed the established limit of 75% of the Tier 1 capital. As of June 30, 2007 and March 31, 2007, the loans granted to related parties totaled Ps 4,480 million and Ps. 5,626 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.

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

Ing. Sergio García Robles Gil
Chief Financial Officer

C.P. Román Martínez Méndez
Managing Director Audit

Lic. Jorge Eduardo Vega Camargo
Executive Director Comptrollership

C.P. Nora Elia Cantú Suárez
Executive Director Accounting

Figures are presented in constant pesos of June 2007.

- **Basis for submitting Financial Statements**

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

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

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

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

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