BANORTE

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

GFNorte reports Net Income of Ps $3.74 billion in 1H08:

a 10% increase compared to 1H07

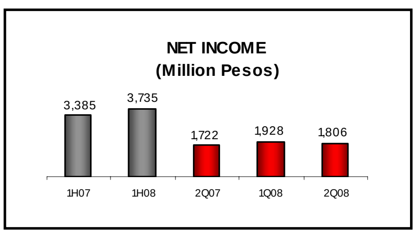
OPERATING RESULTS *(Million Pesos)*	2Q07	1Q08	2Q08	QoQ	YoY	1H07	1H08	YoY
Net Interest Income	4,223	5,179	**5,232**	1%	24%	8,109	**10,411**	28%
Non Interest Income	1,943	1,961	**1,989**	1%	2%	4,047	**3,949**	(2%)
Total Income	6,166	7,140	**7,221**	1%	17%	12,156	**14,360**	18%
Non Interest Expense	3,516	3,799	**3,903**	3%	11%	6,984	**7,702**	10%
Operating Income	1,920	2,336	**2,063**	(12%)	7%	4,115	**4,399**	7%
Net Income	1,722	1,928	**1,806**	(6%)	5%	3,385	**3,735**	10%

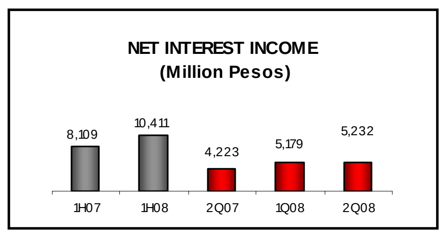
- **Net income**

During 1H08, GFNorte reported a Net Income of Ps $3.74 billion, a 10% increase compared to 1H07, as a result of higher *Net Interest Income*, which was mainly driven by a growth of 29% in performing loans excluding the loan portfolio managed by Recovery Banking. Net Income also benefited from higher fee revenues as a consequence of an increase in the number of banking customers, which has translated into a greater number of transactions. The bottom line was also influenced by a non-recurring after tax gain of Ps $237 million in 1Q08 from the sale of a portion of Banorte's stake in VISA as part of its IPO and Ps $4 million in 2Q08, and a Ps $60 million after-tax gain in 2Q08 from the sale of INDEVAL shares as part of the Mexican Stock Exchange IPO. These transactions resulted in higher non-operating revenues.

- **Net Interest Income**

During 1H08 *Net Interest Income* grew 28% YoY, as a result of a 22% increase in Interest Income, driven by the 29% annual growth in the performing loan portfolio and higher interest rates given a more restrictive monetary policy since 2Q07. NII was also positively impacted by the annual growth in core deposits, and greater loan origination fees, resulting from increased volumes over the last 12 months and the amortization of deferred fees from loans originated in 2007.



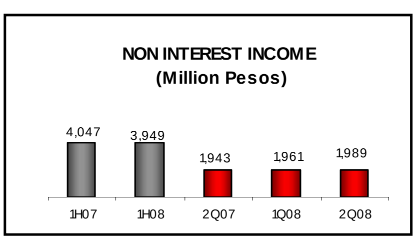


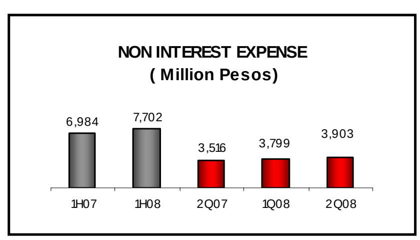
- **Non Interest Income**

This line decreased 2% YoY due to lower trading income, given an increasingly difficult situation in local fixed income financial markets since the second half of 2007, which negatively impacted valuations and trading income. The lower market related income has been offset by a 16% YoY growth in service fees as a result of larger product base and higher transaction volumes, as well as the favorable dynamics in revenues from real estate portfolios associated with investment projects.

- **Non Interest Expense**

During 1H08, *Non interest Expense* grew 10% YoY compared to 1H07, as a result of an increase in headcount, and higher Administration and Promotional Expenses related to the expansion in the infrastructure network and the campaigns to promote products. The cost to income ratio decreased to 54% vs. 57% registered in the 1H07.





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

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

INCOME STATEMENT AND BALANCE SHEET HIGHLIGHTS – *GFNorte* (Million Pesos)	2Q07	1Q08	2Q08	QoQ	YoY	1H07	1H08	YoY
Income Statement								
Net Interest Income after REPOMO	4,247	5,179	**5,232**	1%	23%	8,068	**10,411**	29%
Non Interest Income	1,943	1,961	**1,989**	1%	2%	4,047	**3,949**	(2%)
Total Income	6,190	7,140	**7,221**	1%	17%	12,115	**14,360**	19%
Non Interest Expense	3,516	3,799	**3,903**	3%	11%	6,984	**7,702**	10%
Provisions	754	1,005	**1,255**	25%	66%	1,015	**2,259**	123%
Operating Income	1,920	2,336	**2,063**	(12%)	7%	4,115	**4,399**	7%
Non Operating Income (Expense)	612	702	**551**	(21%)	(10%)	958	**1,253**	31%
Taxes and Profit Sharing	867	1,075	**751**	(30%)	(13%)	1,793	**1,826**	2%
Subsidiaries & Minority Interest	57	(34)	**(57)**	68%	(200%)	106	**(91)**	(186%)
Net Income	1,722	1,928	**1,806**	(6%)	5%	3,385	**3,735**	10%
Balance Sheet								
Assets Under Management	600,322	634,873	**649,832**	2%	8%	600,322	**649,832**	8%
Total Assets	269,452	301,526	**323,611**	7%	20%	269,452	**323,611**	20%
Perfoming Loans (a)	169,578	199,875	**217,544**	9%	28%	169,578	**217,544**	28%
Past Due Loans (b)	2,571	3,189	**3,225**	1%	25%	2,571	**3,225**	25%
Total Loans (a+b)	172,149	203,065	**220,769**	9%	28%	172,149	**220,769**	28%
Total Loans (Net) (d)	168,531	199,017	**216,552**	9%	28%	168,531	**216,552**	28%
Acquired Collection Rights (e)	4,043	3,538	**3,375**	(5%)	(17%)	4,043	**3,375**	(17%)
Total Loans (d+e)	172,574	202,554	**219,927**	9%	27%	172,574	**219,927**	27%
Total Liabilities	237,709	265,888	**285,174**	7%	20%	237,709	**285,174**	20%
Demand Deposits	100,622	103,263	**106,693**	3%	6%	100,622	**106,693**	6%
Time Deposits	80,471	93,830	**114,557**	22%	42%	80,471	**114,557**	42%
Equity	31,743	35,638	**38,437**	8%	21%	31,743	**38,437**	21%

FINANCIAL RATIOS - *GFNorte*	2Q07	1Q08	2Q08	QoQ	YoY	1H07	1H08	YoY
Profitability:								
NIM before REPOMO (1)	7.5%	7.9%	**7.5%**	(0.4) pp	- pp	7.2%	**7.7%**	0.5 pp
NIM after Provisions(2)	6.2%	6.4%	**5.7%**	(0.7) pp	(0.5) pp	6.3%	**6.0%**	(0.3) pp
ROE (3)	23.6%	23.2%	**20.5%**	(2.7) pp	(3.1) pp	23.8%	**21.8%**	(2.0) pp
ROA (4)	2.7%	2.6%	**2.3%**	(0.3) pp	(0.4) pp	2.7%	**2.5%**	(0.2) pp
Operation:								
Efficiency Ratio (5)	57.0%	53.2%	**54.1%**	0.9 pp	(2.1) pp	57.5%	**53.6%**	(3.8) pp
Operating Efficiency Ratio (6)	5.4%	5.2%	**5.0%**	(0.2) pp	(0.4) pp	5.5%	**5.1%**	(0.4) pp
Liquidity Ratio (7)	55.3%	49.9%	**55.9%**	6.0 pp	0.6 pp	55.3%	**55.9%**	0.6 pp
Asset Quality:								
Past Due Loan Ratio	1.5%	1.6%	**1.5%**	(0.1) pp	- pp	1.5%	**1.5%**	- pp
Coverage Ratio	140.7%	126.9%	**130.8%**	3.9 pp	(9.9) pp	140.7%	**130.8%**	(9.9) pp

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

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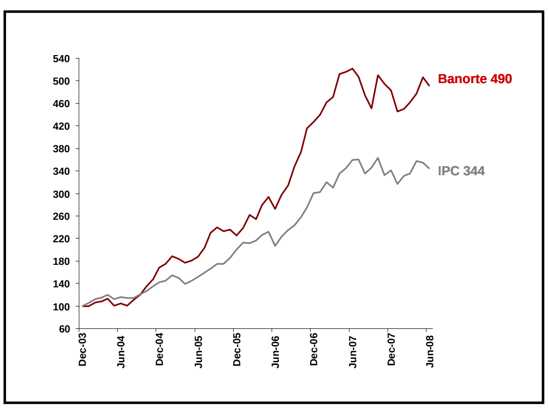
SUBSIDIARIES *(Million Pesos)*	2Q07	1Q08	2Q08	QoQ	YoY	1H07	1H08	YoY
Banking	1,463	1,718	**1,522**	(11%)	4%	2,848	**3,240**	14%
Banco Mercantil del Norte (1)	1,463	1,718	**1,522**	(11%)	4%	2,848	**3,240**	14%
Brokerage House	63	71	**143**	102%	126%	126	**214**	70%
Long Term Savings	125	79	**63**	(20%)	(50%)	257	**143**	(45%)
Retirement Funds (Afore)	7	33	**6**	(83%)	(20%)	33	**38**	17%
Insurance	30	39	**58**	50%	91%	77	**96**	26%
Annuities	88	8	**-**	(101%)	(100%)	147	**8**	(95%)
Other Finance Companies	76	71	**85**	19%	11%	150	**155**	3%
Leasing & Factoring (2)	73	66	**78**	18%	7%	133	**144**	8%
Warehousing	3	5	**7**	38%	98%	8	**11**	47%
Bonding (3)	-	-	**-**	-	-	9	**-**	-
Microlending (Pronegocio)	(8)	(9)	**(7)**	(24%)	(14%)	(9)	**(16)**	71%
Holding Company	2	(2)	**1**	134%	(70%)	13	**(1)**	(110%)
Total Net Income	1,722	1,928	**1,806**	(6%)	5%	3,385	**3,735**	10%

1) 96.11% owned by GFNorte as of 2Q06. Since 3Q06 97.06% owned by GFNorte. On August of 2006 Banorte merged Bancen. N.C. = Non Comparable.
2) The merger of Leasing and Factoring became effective as of January 31, 2008
3) The Bonding Company was spun off from Grupo Financiero on march 30, 2007.

SHARE DATA	2Q07	1Q08	2Q08	QoQ	YoY	1H07	1H08	YoY
Earnings per Share (Pesos)	0.85	0.96	**0.89**	(6%)	6%	1.68	**1.85**	10%
Book Value per Share (1) (Pesos)	14.92	16.78	**18.12**	8%	25%	14.92	**18.12**	25%
Total Shares Outstanding (million shares)	2,018.3	2,018.3	**2,018.3**	-%	-%	2,018.3	**2,018.3**	-%
Srock Price *(Pesos)*	49.58	46.14	**48.47**	5%	(2%)	49.58	**48.47**	(2%)
P/BV *(Times)*	3.32	2.75	**2.68**	(3%)	(22%)	3.32	**2.68**	(22%)
Market Cap *(Million Dollars)*	9,209	8,753	**9,498**	9%	3%	9,209	**9,498**	3%

1) Excluding Minority Holdings.



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RECENT EVENTS

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

On July 24, GFNORTE's Board of Directors unanimously ratified Alejandro Valenzuela as Chief Executive Officer, eliminating the interim status which he had assumed since April of this year.

- **Euromoney recognized Banorte as the best bank of the year in Mexico and Latin America.**

Last July 10, Euromoney recognized Banorte, the banking subsidiary of Grupo Financiero Banorte, with the 2008 awards for "Best Bank of the Year in Mexico" and "Best Bank of the Year in Latin America". These awards, among the most prestigious recognitions by the global financial media, were granted after an intensive selection process headed by a group of highly specialized banking and finance editors. The process involved some of the most important financial institutions in Mexico and Latin America.

- **Banorte issued Ps $2,750 million in subordinated debt in the Mexican Stock Market.**

On June 30, 2008, GFNorte, through its banking subsidiary Banorte, successfully issued Ps $2.75 billion in Subordinated Debentures in the local market which contribute to strengthen the bank's capital. The transaction consisted of Preferred, Non Convertible Subordinated Debentures (BANORTE 08-2) with a 10-year term and an interest rate of TIIE + 77 basis points. Moody's rated the securities as Aaa.mx. The first securities issued under this program were placed in March 2008 for approximately Ps $5.00 billion, also in the local markets.

- **Merger of Banco Mercantil del Norte S.A., Institución de Banca Múltiple's, real estate companies.**

Banorte announced on June 17, 2008, the resolutions taken during the Extraordinary Shareholders' Meeting held on June 16, 2008 by Banco Mercantil del Norte, S.A, Institución de Banca Múltiple, Grupo Financiero Banorte (BANORTE), specifically the merger of the Company as the merging entity with Inmobiliaria Bancrecer, S.A. de C.V, Inmobiliaria Innova, S.A. de C.V., Inmobiliaria Banormex, S.A. de C.V., Inmuebles de Tijuana, S.A. de C.V., Inmobiliaria Banorte, S.A. de C.V., Constructora Primero, S.A. de C.V., Inmuebles de Occidente, S.A., Inmobiliaria Finsa, S.A. de C.V., and Inmobiliaria Bra, S.A. de C.V., as the merged entities. This merger will be based using BANORTE'S Balance Sheet as of May 31, 2008.

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GRUPO FINANCIERO BANORTE

NET INTEREST INCOME *(Million Pesos)*	2Q07	1Q08	2Q08	QoQ	YoY	1H07	1H08	YoY
Interest Income	9,760	11,320	**11,681**	3%	20%	18,840	**23,001**	22%
Interest Expense	5,582	6,249	**6,569**	5%	18%	10,799	**12,818**	19%
Loan Origination Fees	45	107	**121**	13%	167%	69	**228**	231%
Fees Paid (1)	-	-	**-**	n.a.	n.a.	-	**-**	n.a.
Net Interest Income before REPOMO	**4,223**	**5,179**	**5,232**	**1%**	**24%**	**8,109**	**10,411**	**28%**
Average Earning Assets	226,555	261,871	**278,644**	6%	23%	224,075	**271,453**	21%
Net Interest Margin before REPOMO (2)	7.5%	7.9%	**7.5%**	(0.4) pp	- pp	7.2%	**7.7%**	0.5 pp

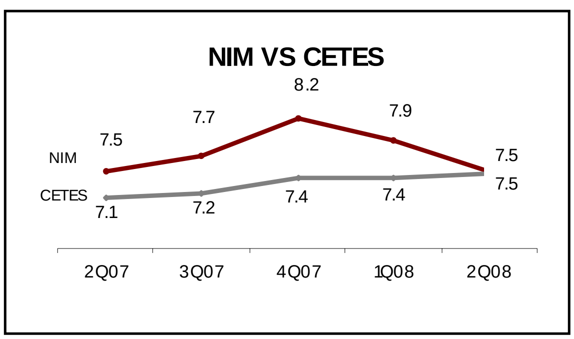
1) Fees Paid, As a result of new accounting standards by the CNByV that went into effect as of January 2007 these fees were reclasificated into Other Fees Paid in Non Interest Income.
2) NIM = Annualized Net Interest Margin before REPOMO / Average Earnings Assets

- **Net Interest Income**

During 1H08 *Net Interest Income* grew by 28% YoY, as a result of a 22% increase in Interest Income which were driven by a 29% annual growth in the performing loan portfolio excluding the loan portfolio managed by Recovery Banking and an increase in market interest rates, combined with solid growth in core deposits. *Net Interest Income* also benefited from significant growth in origination fees, resulting from higher loan origination volumes over the past year and the amortization of the deferred fees from loans placed throughout 2007. On a quarterly basis, *Net Interest Income* rose 1% vs. 1Q08, driven by a 3% increase in interest revenues and 13% in fees, which fully offset a 5% increase in interest expenses resulting from higher funding costs due to the combination of: i) greater expansion of the loan portfolio vis a vis core deposits and ii) a loans to deposits ratio that surpassed 100%.

The average *NIM* rose from 7.2% in 1H07 to 7.7% in 1H08 as a consequence of: 1) growth in Net Interest Income (28%) above the increase in Average Earning Assets (21%); and 2) the positive effect on floating rate loans of higher benchmark rates due to a 50 bp increase in the funding rate during 2007 and to a lesser extent a 25 bp in June 2008, as a result of a more restrictive monetary policy by the Central Bank (Banxico). The average Interbanking Equilibrium Rate (TIIE) in 1H08 was 7.9425% vs. 7.5306% in 1H07.

On a QoQ basis, the *NIM* declined to 7.5% in 2Q08 from 7.9% in 1Q08 as a result of: 1) higher growth in lower yielding corporate and government loans compared to other higher yielding assets, and 2) an increase in funding costs which translated into higher growth in Interest Expense (5%) with respect to Interest Income (3%), coupled with greater growth of Average Earning Assets (6%) with respect to *Net Interest Income* (1%). During 2Q08, the Interbanking Equilibrium Rate (TIIE) averaged 7.9574% vs. 7.9280% in 1Q08, barely reflecting the last funding rate hike by Banxico's which happened until the end of June 2008.



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NON INTEREST INCOME *(Million Pesos)*	2Q07	1Q08	2Q08	QoQ	YoY	1H07	1H08	YoY
Fees charged on Services	1,856	2,045	**2,121**	4%	14%	3,640	**4,165**	14%
Fund Transfers	58	54	**56**	5%	(2%)	117	**110**	(6%)
Account Management Fees	241	235	**250**	6%	3%	483	**485**	-
Fiduciary	65	69	**76**	11%	17%	129	**145**	12%
Income from Real Estate Portfolios (1)	180	190	**117**	(38%)	(35%)	296	**307**	4%
Electronic Banking Services	229	234	**249**	6%	9%	441	**483**	9%
Credit Card Fees	503	581	**621**	7%	24%	980	**1,203**	23%
Fees from IPAB (2)	-	-	**-**	72%	100%	1	**-**	(80%)
Fees charged by Afore	197	256	**260**	2%	32%	467	**516**	11%
Other Fees Charged (3)	383	424	**491**	16%	28%	726	**917**	26%
Fees Paid on Services	253	282	**292**	3%	15%	502	**574**	14%
Fund transfers	4	5	**5**	(7%)	12%	9	**10**	10%
Other Fees Paid	249	277	**287**	4%	15%	494	**564**	14%
Expenses from Real Estate Portfolios (1)	-	-	**-**	-	-	-	**-**	-
Net Fees	1,603	1,763	**1,829**	4%	14%	3,138	**3,591**	14%
Trading Income	339	198	**159**	(20%)	(53%)	909	**357**	(61%)
Foreign Exchange	142	128	**135**	5%	(5%)	255	**263**	3%
Securities – Realized Gains	(86)	153	**19**	(88%)	122%	404	**171**	(58%)
Securities – Unrealized Gains	283	(83)	**6**	107%	(98%)	249	**(77)**	(131%)
Non Interest Income	1,943	1,961	**1,989**	1%	2%	4,047	**3,949**	(2%)

1) Since 1Q07, it only reflects Income from recoveries and amortizations of Real Estate Portfolios. Up to 4Q06, it also included Income from recoveries and amortization of Acquired Portfolios.
2) Includes Fees received by Recovery Banking and by the Bank.
3) It includes fees from letters of credit, from transactions with pension funds, warehousing services, financial advisory services and securities trading by the Brokerage House, among other.

- **Non Interest Income**

Non Interest Income fell 2% during 1H08 YoY, affected mainly by lower market related income given the rising rate environment in local fixed income markets. The variations by line are explained as follows:

NON INTEREST INCOME *(Million Pesos)*	2Q07	1Q08	2Q08	QoQ	YoY	1H07	1H08	YoY
Services	1,424	1,573	**1,712**	9%	20%	2,841	**3,285**	16%
Recovery	180	190	**117**	(38%)	(35%)	297	**307**	3%
Foreign Exchange	142	128	**135**	5%	(5%)	255	**263**	3%
Trading (Securities – Realized and Unrealized Gains)	197	70	**25**	(64%)	(87%)	654	**94**	(86%)
Non Interest Income	1,943	1,961	**1,989**	1%	2%	4,047	**3,949**	(2%)

- **Service Fees**

Fees increased 16% YoY in 1H08 due to the positive performance of various items. The best performers were Other Fees Charged (+26%) resulting from higher income in investment banking operations, Credit Card fees (+23%) which were driven by greater card placements (376 thousand in 1H08 vs. 319 thousand in 1H07), trust and fiduciary services (+12%), AFORE (pension fund) fees (+11%) and Electronic Banking Services (+9%) as a result greater scale in Banorte's electronic delivery network, especially in the number of ATMs (+14%), as well as greater transaction volume through ATM's, internet and POS terminals. On a quarterly basis, fees grew 9% with positive performance in most items, as a consequence of favorable dynamics in various business lines.

- **Recovery**

Recovery Income from real estate portfolios for 1H08 was 3% higher YoY, but 38% lower QoQ vs. 1Q08. The annual increase was mainly driven by the efforts to optimize the real estate recovery business, as well as lower financing costs and an increased presence in investment projects. The Total Investment in these projects at the

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end of 2Q08 was Ps $2.65 billion. The portafolio has been diversified by region, project, partner and industry over the past 2 months. On a quarterly basis, revenues dropped due to less activity in recoveries.

- **Foreign Exchange**

In 1H08, Foreign Exchange Revenues were relatively similar to the same period a year ago as transaction volumes remained similar to last year´s. On a quarterly basis, the 5% increase in revenues is explained by a more aggressive position in proprietary FX trading, assumed in order to take advantage of the recent volatility in the market.

- **Trading:**

Trading Income fell 86% YoY in 1H08 and 64% QoQ in 2Q08, due to a highly volatile market environment characterized by a significant increase in market rates which had a negative impact on the valuation of fixed rate securities. Out of the total position, 100% correspond to securities that are used for repo transactions with clients, and 91% are floating rate instruments that normally have less sensitivity to a volatile interest rate environment. Nonetheless, in 2Q08 the increase in primary and secondary market rates was so pronounced, that even the spreads of variable rate instruments were pressured, having a negative impact in the market related results.

Non Interest Expense *(Million Pesos)*	2Q07	1Q08	2Q08	QoQ	YoY	1H07	1H08	YoY
Personnel Expenses	1,416	1,504	**1,522**	1%	7%	2,824	**3,026**	7%
+ Professional Fees	205	227	**236**	4%	15%	437	**463**	6%
+ Administrative and Promotion Expenses	1,155	1,255	**1,303**	4%	13%	2,253	**2,559**	14%
+ Rents, Depreciation & Amortization	403	417	**426**	2%	6%	804	**843**	5%
+ Taxes other than income tax	145	183	**187**	2%	29%	300	**370**	23%
+ Contributions to IPAB	175	213	**228**	7%	19%	366	**441**	21%
= Non Interest Expense	3,516	3,799	**3,903**	3%	11%	6,984	**7,702**	10%

- **Non Interest Expense**

The 10% YoY growth of *Non Interest Expense* during 1H08, was mainly due to a 14% increase in Administration and Promotional Expenses, which were driven by expenses related to growth in the credit card business, such as telemarketing and the costs arising from point redemptions by our clients in the Banorte Rewards program. Personnel Expenses rose 7% due to the annual salary increase, linked to inflation, the staffing of branches related to the footprint expansion program; the adjustments in provisions for bonuses and incentives; the net effect of actuarial updates to retirement and vacation premium obligations and the usage of the company's retirement plan surplus. Professional Fees paid rose 6% YoY. Rents, Depreciations and Amortizations increased 5% due to the transfer of Installation, Depreciation and Amortization Expenses from the real estate companies to Banorte, as a result of the merger in late 2Q08. Other Taxes rose 23% given a higher payment of Value Added Taxes and Payroll Taxes, as a result of the salary increase previously mentioned. Contributions to IPAB increased 21% YoY, driven by a higher level of deposits with respect to last year.

For 2Q08, expenses rose 3% vs. 1Q08 due to a 4% increase in Administration and Promotional Expenses resulting from an expansion in advertising activity related to product placement strategies. Professional Fees rose 4% QoQ due to higher fees related to loan recoveries, while the contributions to IPAB grew by 7% as a result of the growth in deposits during the quarter.

During the first 6 months of the year, the Efficiency Ratio improved from 57% to 54% annually, as a consequence of higher total revenues and the elimination of REPOMO charges in financial revenues since 1Q08. For 2Q08 the Efficiency Ratio reached 54.1% vs. 57% in 2Q07 and 53.2% in 1Q08. The sequential deterioration is mainly a result of the decline in revenues related to market-related income.

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

NON OPERATING INCOME (EXPENSE) NET *(Million Pesos)*	2Q07	1Q08	2Q08	QoQ	YoY	1H07	1H08	YoY
Non Operting Income	685	850	**741**	(13%)	8%	1,384	**1,591**	15%
Other Revenues	199	548	**341**	(38%)	71%	339	**888**	162%
Foreign Exchange	-	-	**-**	-	-	-	**-**	-
Recoveries	488	267	**346**	30%	29%	930	**612**	(34%)
Repomo - Other Revenues	-	-	**-**			5	**-**	
Warehousing	(1)	35	**55**	57%	5,600%	111	**91**	(18%)
Non Operating Expense	(73)	(148)	**(190)**	28%	160%	(426)	**(338)**	21%
Other Expenses	(123)	(114)	**(136)**	19%	11%	(226)	**(249)**	10%
Foreign Exchange	-	-	**-**	-	-	-	**-**	-
Repomo - Other Expenses	50	-	**-**	-	-	(89)	**-**	-
Warehousing	(1)	(34)	**(54)**	59%	(5,300%)	(111)	**(89)**	(20%)
Non Operating Income (Expense), net	612	702	**551**	(21%)	(10%)	958	**1,253**	31%

- **Non Operating Income (Expense), net**

In 1H08, net revenues in this line amounted to Ps $1.25 billion, a 31% increase YoY, driven by:

- *Other Revenues:* a Ps $394 million non-recurring pre-tax gain from the sale of VISA shares (composed of 868,138 shares at a net price of USD $42.768 converted at an exchange rate of PS $10.62 per dollar) and Ps $7 million in 2Q08 and a Ps $91 million non-recurring pre-tax gain corresponding to the sale of INDEVAL shares owned by Banorte's banking subsidiary, the recovery of Ps $234 million in previously written-off proprietary loans and the increase in Other Income, resulting from a Ps $47 million gain from the sale of proprietary real estate, as well as the cancellation of Sundry Creditors for Ps $44 million and reserve liberation from the sale of property and equipment.
- *Other Expenses* The elimination of the REPOMO charges as NIFB-10 "Inflation Effects" became effective.

On a QoQ basis, *Net Non Operating Income* was 21% lower vs. 1Q08 mainly as a result of the extraordinary gain from the sales of VISA shares in 1Q08, which was higher than the extraordinary gain registered in 2Q08 from the sale of INDEVAL shares. In this respect, Banorte registered, in April of this year, 676,990 VISA shares that were not sold in the international public offering as investments under the category of "Negotiable Instruments Available for Sale", with the restriction to keep these securities for three years. For the initial recognition, these shares were registered on the asset side at a unit price of USD $1.00, and their results would be recognized in the P&L under "Non Operating Income". For future valuations purposes, assets will be affected against equity.

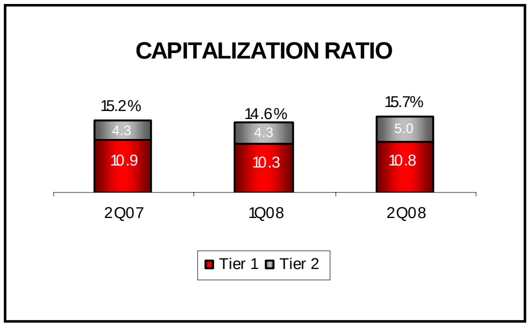
Capitalization *(Million Pesos)*	2Q07	3Q07	4Q07	1Q08	2Q08	QoQ	YoY
Tier 1 Capital	23,321	25,578	24,942	27,527	**29,982**	9%	29%
Tier 2 capital	9,252	9,087	8,767	11,524	**13,806**	20%	49%
Net Capital	32,573	34,665	33,710	39,052	**43,788**	12%	34%
Credit Risk assets	149,467	160,954	173,505	187,467	**194,242**	4%	30%
Net Capital/ Credit Risk Assets	21.8%	21.5%	19.4%	20.8%	**22.5%**	1.7 pp	0.8 pp
Total Risk Assets (1)	213,925	233,094	244,321	267,136	**278,896**	4%	30%
Tier 1	10.9%	11.0%	10.2%	10.3%	**10.8%**	0.4 pp	(0.2) pp
Tier 2	4.3%	3.9%	3.6%	4.3%	**5.0%**	0.6 pp	0.6 pp
Capitalization Ratio	15.2%	14.9%	13.8%	14.6%	**15.7%**	1.1 pp	0.5 pp

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

- **Capitalization**

At the end of 2Q08, the *Capitalization Ratio* stood at 15.7% considering credit and market risks, and 22.5% considering only credit risks. Tier 1 capital ratio was 10.7% while Tier 2 was 5.0%. Despite 30% growth in Total Risk Assets and the pre-payment of Obligations during 2H07, the Capitalization Ratio rose by 50 bp YoY due to the reinvestment of past earnings and the issuance of approximately Ps $7.7 billion in subordinated debt during the first half of 2008. On a quarterly basis, the Capitalization Ratio increased by 110 bp, from 14.6% to 15.7%, driven mainly by the issuance of Ps $2.75 billion in subordinated debentures in June, offseting a 4% quarterly growth rate in Total Risk Assets.

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



DEPOSITS *(Million Pesos)*	**2Q07**	**1Q08**	**2Q08**	**QoQ**	**YoY**
Non Interest Bearing Demand Deposits	38,194	43,342	**45,338**	5%	19%
Interest Bearing Demand Deposits (1)	62,453	59,923	**61,375**	2%	(2%)
Total Demand Deposits (2)	100,647	103,266	**106,713**	3%	6%
Time Deposits – Retail	59,982	63,067	**64,273**	2%	7%
Core Deposits	160,629	166,333	**170,985**	3%	6%
Money Market (3)	20,752	30,904	**50,473**	63%	143%
Total Bank Deposits	181,382	197,236	**221,459**	12%	22%
GFNorte's Total Deposits (4)	181,083	197,084	**221,238**	12%	22%
Third Party Deposits	158,586	168,131	**164,322**	(2%)	4%
Total Assets Under Management	339,968	365,368	**385,781**	6%	13%

1) Includes Debit Cards.
2) Excludes IPAB cash management checking accounts for loan portfolios managed from Banpaís and Bancen. The balances of these accounts in 2Q07, 1Q08 and 2Q08 were Ps $10 million, Ps $8 million and Ps $12 million, respectively.
3) Includes Bank Bonds, both clients and Financial intermediaries.
4) Includes the eliminations between the subsidiaries (2Q07=299 millions, 1Q08=153 milllons and 2Q08=221 millions).

- **Total Deposits**

At the close of 2Q08, Total Deposits amounted to Ps $221 billion, a 22% YoY increase driven by a 6% growth in Core Deposits, including a 12% YoY increase in Non-Interest Bearing Demand Deposits. One of the main drivers of growth in deposits was the expansion of the distribution network, which increased by 65 new branches nationwide over the last 12 months. On a quarterly basis, Total Deposits rose 12%, driven by a 3% increase in Demand Deposits, mainly interest bearing, and 63% growth in Money Market Deposits.

- **Demand and Time Deposits**

Banorte's *Demand Deposits* grew by 6% YoY while *Time Deposits* increased 7% YoY. These growth rates can be attributed to higher balances in most individual and corporate accounts, as well as the continuous promotional campaigns to increase product placements and the growth in Enlace corporate checking account, Suma Ahorro and Banorte Fácil. Core Deposits also benefited from the expansion in the branch network, as well as from higher balances in the medium-term "Pagamás" and short-term "Ganamás" promissory notes. These initiatives resulted in nearly 370,000 net new accounts for individuals during the first six months of 2008 and 9,800 net new corporate accounts. On a quartlery basis, *Demand Deposits* rose 3%, driven by an increase in Interest Bearing Deposits, while *Time Deposits* grew 2%.

- **Money Market Deposits**

The 143% YoY growth was mainly driven by greater business volumes from our corporate and government clients, offsetting a reduction in money market deposits by individuals that have migrated toward other products like mutual funds. On a quarterly basis, this line item increased by 63% as a result of the efforts to attract more funds from our current customers based on attractive yields resulting from a higher interest rate scenario.

- **Third Party Deposits**

This line increased 4% compared to 2Q07 and slightly decreased 2% vs. 1Q08.

- **Assets Under Management**

At the close of 2Q08, *Assets Under Management* totaled Ps $386 billion, a 13% YoY increase and 6% higher QoQ, driven by the increase in bank and money market deposits.

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

PERFORMING LOAN PORTFOLIO *(Million Pesos)*	2Q07	1Q08	2Q08	QoQ	YoY
Commercial	64,451	75,914	**78,857**	4%	22%
Consumer	55,685	66,618	**70,620**	6%	27%
Corporate	30,939	38,696	**42,759**	10%	38%
Government	17,244	17,556	**24,368**	39%	41%
Sub Total	168,319	198,784	**216,602**	9%	29%
Recovery Banking	1,259	1,091	**942**	(14%)	(25%)
Total	169,578	199,875	**217,544**	9%	28%

PERFORMING CONSUMER LOAN PORTFOLIO *(Million Pesos)*	2Q07	1Q08	2Q08	QoQ	YoY
Mortgages	31,146	37,978	**40,242**	6%	29%
Car Loans	6,921	7,411	**7,570**	2%	9%
Credit Cards	11,912	15,005	**16,179**	8%	36%
Payroll	5,706	6,223	**6,628**	7%	16%
Consumer Loans	55,685	66,618	**70,620**	6%	27%
(Million Pesos)	**2Q07**	**1Q08**	**2Q08**	**QoQ**	**YoY**
IPAB Loans	-	-	**-**	-	-
Past Due Loans	2,571	3,189	**3,225**	1%	25%
Loan Loss Reserves	3,618	4,048	**4,217**	4%	17%
Acquired Rights	4,043	3,538	**3,375**	(5%)	(17%)

- **Total Performing Loans**

The *Performing Loan Portfolio* increased 28% YoY from Ps $169.58 billion to Ps $217.54 billion, and 29% excluding the loan portfolio managed by Recovery Banking. On a QoQ basis, Performing Loans grew by 9% vs. 1Q08, driven mainly by the Corporate and Government portfolios.

All of the business segments continue to post robust growth rates, driven by the bank's efforts to improve its loan offering, the efforts by all business units to increase originations and the favorable market conditions, especially in Government and Corporate Loans, which have offset a slowdown in consumer loans. Growth by segments was:

I. Loans to Families

- **Consumer + Mortgage:** The 27% YoY and 6% QoQ growth vs. 1Q08 was driven by a favorable performance in every segment:

  - ***Mortgage Loans:*** The 29% YoY and 6% QoQ growth was driven by commercial initiatives to increase originations, such as the launch of a sliding rate loan named "Más por Menos", the diversification of origination channels (especially through mortgage brokers), the opening of new service centers for home developers (CAP's), the agreements with Fovissste and PEMEX and the changes to the Cofinavit rules that have boosted originations through this mechanism. Over the last 12 months, 19,570 new loans were placed, and 5,195 during 2Q08.

  - ***Credit cards:*** The book expanded by 36% YoY and 8% QoQ, driven by an increase in the balances transferred through the "Ya Bájale" program (including its expansion to target department store clients), greater origination through alternate channels (telemarketing) and the branch network, and the development of the current portfolio through activation, usage and retention initiatives (including promotions and commercial alliances). By the end of the quarter, Banorte had 1.66 million credit cards outstanding and 1.31 million accounts.

  - ***Payroll Loans:*** Increased 16% YoY and 7% QoQ as a result of new initiatives such as the automatization of the origination process, on site availability of loans through Banorte Virtual in company sites, the offering of pre-authorized loans to recurring customers, the addition of unemployment insurance to this product, the possibility to disburse loans through ATM's and to re-use amortized capital. Also, the efforts to attract corporate and government payrolls has increased our pool of potential payroll loan clients, and efforts have been made in order to increase penetration of the existing client base of over 2.5 million payroll deposit accounts. During the last 12 months, 281,137 new payroll loans and 29,853 new personal loans were placed, while 77,328 and 8,760, respectively, were originated during 2Q08.

- ***Car Loans:*** Expanded 9% YoY and 2% QoQ driven by improvements to the loan origination process, the availability of loans through Banorte Virtual in car dealerships, the offering of loans to payroll customers and a slight increase in the sales force. Over the last 12 months, 37,101 new loans were placed and 8,971 during 2Q08.

II. Loans to Institutions

- **Commercial:** The portfolio grew 22% YoY and 4% QoQ due to the reinforcement of our SME strategy (Empuje Banorte), which now includes a comprehensive service package (Paquete PYMES and Crediactivo) as well as the efforts to increase loan originations at the branch level through a specialized sale force. In addition, authorities increased the limits to loans that can be granted using parametric models at the branch level.

- **Corporate:** Grew 38% YoY and 10% QoQ as a result of an industry-wide increase in loan demand.

- **Government:** Outstandings increased 41% YoY and 39% QoQ driven by new loans granted to states and municipalities as a result of strong efforts of the newly created area to establish comprehensive banking relationships with these entities. The substantial quarterly growth was due to Banorte's participation in the debt refinancing of the State of Mexico, and a major structured bridge loan granted to the State of Sonora.

- **Past Due Loans**

At the end of 2Q08, the *Past Due Loan* (PDL) *Ratio* stood at 1.5%, slightly lower from the level registered in 1Q08 (1.6%) and similar to 2Q07(1.5%). At the close of 2Q08, past-due loans increased by 25% YoY and 1% QoQ, both lower than the growth rates of performing loans during those periods. The PDL Ratio decreased during 2Q08 mainly as a result of an improvement in the asset quality in the mortgage portfolio, whose PDL ratio dropped from 2.3% to 1.5%, mainly as a result of charge offs applied to the loans in UDI trusts. On the other hand, the PDL Ratio in credit cards continued to deteriorate due to the maturation of the 2007 and 2006 vintages. At the end of June 2008, the PDL ratio for Credit Cards reached 6.7% vs. 5.9% at the end of 1Q08 but still lower than the industry average.

PAST DUE LOAN VARIATIONS
(Million Pesos)

Balance as of March 2008		**3,190**
	Transfer from Performing Loans to Past Due Loans	3,104
	Renewals	(18)
	Cash Collections	(469)
	Discounts	(12)
	Charge Offs	(1,105)
	Foreclosures	(66)
	Transfer from Past Due Loans to Performing Loans	(1,396)
	Foreign Exchange Adjustments	(1)
Balance as of June 2008		**3,225**

During 2Q08, the Ps $1.105 billion pesos in charge offs include Ps $300 million of restructured mortgage loans that were part of UDI trusts. These loans were fully reserved, and although the authorities allowed Banorte to make the charge offs, the reserves will not be liberated until there are no remaining loans in the trusts.

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

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

		LOAN LOSS RESERVES			
CATEGORY	**LOANS**	**COMMERCIAL**	**CONSUMER**	**MORTGAGES**	**TOTAL**
A	64,902	-	204	131	**335**
A1	93,689	425	-	-	**425**
A2	57,504	547	-	-	**547**
B	6,214	-	271	161	**432**
B1	3,391	68	-	-	**68**
B2	859	43	-	-	**43**
B3	783	88	-	-	**88**
C	1,521	-	628	87	**715**
C1	138	29	-	-	**29**
C2	128	52	-	-	**52**
D	1,072	109	503	148	**760**
E	438	335	98	-	**434**
Total	**230,640**				
Not Classified	(145)				
Exempt	137				
Total	**230,631**	**1,695**	**1,704**	**527**	**3,926**
Reserves					**4,217**
Surplus (Deficit)					**291**

Notes:
1.- The ratings of loans and reserves created correspond to the last day referred in the Balance Sheet at June 30st, 2008.
2.- The loan portfolio is rated according to the rules issued by the Ministry of Finance and Public Credit (SHCP), the methodology established by the CNBV and internal methodologies approved by the CNBV. For Mortgage and Consumer loans, Banorte uses the regulation described in the Official Gazette published on December 2, 2005, and for Commercial loans it uses internal methodologies approved by the CNBV.
3.- The excess in preventive reserves, follow the rules issued by the CNBV, to regulate support programs, that were constituted mainly in UDIS Trusts.
4.- The Ratings of Leasing and Factoring loans are dated as of March 2008 and Reserves, as of June, 2008.

LOAN LOSS RESERVES *(Million Pesos)*	**2Q08**
Previous Period Ending Balance	**4,048**
Provisions charged to results	1,245
Other Concepts	112
Elimination of Excess Reserves charged to results	(15)
Charge offs and discounts:	
Commercial Portfolio	(48)
Consumer Portfolio	(654)
Mortgage Portfolio	(434)
Foreclosed assets	(16)
	(1,152)
Cost of debtors support programs	(17)
Valuation and Others	(5)
Loan Loss Reserves at Period End	**4,217**

- **Loan Loss Reserves**

At the end of the quarter, the balance of this account was Ps $4.22 billion vs. Ps $4.05 billion at the end of 1Q08. The change is explained by the creation of Ps $1.25 billion of Provisions for Loan Loss Reserves against results during 2Q08, and the use of Ps $1.15 billion in charge-offs and discounts and Ps $75 million in other concepts.

- **Requirements for Loan Loss Reserves**

Loan Loss Reserves for 2Q08 were Ps $1.25 billion, 66% higher than in 2Q07 and 25% above 1Q08. The increase in Loan Loss Provisions during the second quarter, was mainly driven by the creation of reserves due to higher delinquency in Credit Card Loans.

On the other hand, as a follow up to the recommendation of the National Banking and Securities Commission (CNBV) and in order to set conservative and prudential criteria using the provisioning factors established by the Banker's Association (ABM) and authorized by the CNBV, Banorte created Ps $102.9 million of additional reserves related to credit card loans at the close of June 2008. These reserves were charged against the bank's equity until a new regulation is issued or until Banorte certifies its internal models.

In addition, the CNBV is about to issue new rules on the creation of initial reserve requirements for credit card outstandings with zero missed payments. The new measures, which will be implemented during 3Q08 establish that initial reserve requirements for performing credit card loans with zero missed payments will increase from the current level of 0.5% to 2.5%, and will be charged against equity (retained earnings), and not results.

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

BANKING SECTOR

INCOME STATEMENT & BALANCE SHEET *HIGHLIGHTS– Banking* *(Million Pesos)*	2Q07	1Q08	2Q08	QoQ	YoY	1H07	1H08	YoY
Income Statement								
Net Interest Income before Repomo	4,042	4,921	**5,065**	3%	25%	7,883	**9,986**	27%
Provisions	742	987	**1,234**	25%	66%	991	**2,221**	124%
Non Interest Income	1,550	1,551	**1,428**	(8%)	(8%)	3,077	**2,978**	(3%)
Non Interest Expense	3,151	3,408	**3,494**	3%	11%	6,265	**6,901**	10%
Non Operating Income (Expense), Net	630	730	**523**	(28%)	(17%)	951	**1,254**	32%
Pre-Tax Income	2,342	2,808	**2,288**	(19%)	(2%)	4,631	**5,096**	10%
Net Income	1,514	1,804	**1,573**	(13%)	4%	2,968	**3,378**	14%
Balance Sheet								
Performing Loans	163,846	193,514	**211,003**	9%	29%	163,846	**211,003**	29%
Deposits	181,392	197,245	**221,471**	12%	22%	181,392	**221,471**	22%

- **Net Interest Income**

For 1H08, *Net Interest Margin* before inflation adjustments (Repomo), rose 27% YoY, driven by growth of 29% in Total Performing Loans and an increase in Loan Origination Fees, coupled with the positive effects of higher market rates given the hikes in the funding rate during 2007 (50 bp) and the first half of 2008 (25 bp). On a quarterly basis, NII for 2Q08, rose 3% vs. 1Q08 due to higher interest income, as well as an increase in revenues from origination fees due to higher new loan volumes and the amortization of fees for loans originated in 2007.

- **Non Interest Income**

For 1H08, *Non Interest Income* dropped 3% YoY due to a reduction in market related income resulting from a complex and volatile environment in the local fixed income markets. On a quarterly basis, Non Interest Income declined 8% vs. 1Q08 mainly as a result of lower trading income. During 2Q08 we witnessed a material increase in inflationary expectations, which put significant upward pressure in secondary market interest rates, affecting valuations of fixed rate securities.

- **Non Interest Expense**

During 1H08*, Non Interest Expense* increased 10% YoY due to higher Personnel, Promotional and Advertising Expenses, related to the branch expansion program, extended service hours in some branches and promotional efforts to increase product volumes. On a quarterly basis, Non Interest Expense increased 3% vs. 1Q08 as a result of higher Personnel Expenses associated with the opening of new branches, and higher Advertising Expenses aimed at increasing product volumes.

- **Non-Operating Income (Expense), Net**

Non Operating Income grew 32% YoY during 1H08, bolstered by the non-recurring gains from the VISA IPO during 1Q08, and another non-recurring gain related to the Mexican Stock Exchange IPO and restructuring during 2Q08.. On a quarterly basis, this line item declined 28% vs. 1Q08 as the magnitude of the gains related to the VISA IPO was significantly larger than the extraordinary gain from the Mexican Stock Exchange IPO and restructuring.

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- **Net Income**

The bank's *Net Income* for 1H08 (100% including the Afore through the equity participation method) amounted to Ps $3.38 billion, a 14% increase vs. 1H07, driven by higher interest income and non operating income. On a quarterly basis, *Net income* in 2Q08 fell 13% vs. 1Q08 due to an increase in provisions, lower market related income, higher non Interest expense and a decline in non recurring income.

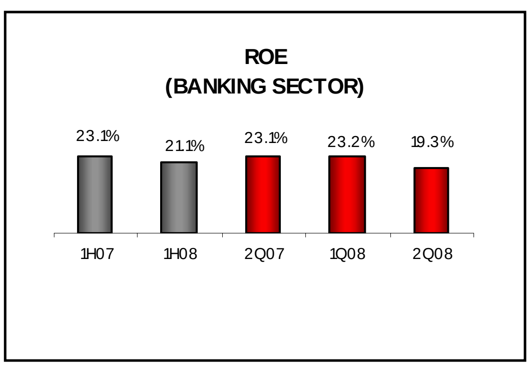
- **Loan Loss Reserves**

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

Loan Loss Provisions grew 124% YoY, although the figures are non-comparable due to the reversal of most excess reserves during 1Q08 as per the new accounting standards that went into effect on January 2007. Excluding this one off, the growth rate was 55%, mainly resulting from higher requirements by the credit card business. The 25% QoQ growth vs. 1Q08 was also driven by higher delinquencies in the Credit Card portfolio.

FINANCIAL RATIOS – *Banking Sector* *(Million Pesos)*	2Q07	1Q08	2Q08	QoQ	YoY	1H07	1H08	YoY
Profitability								
NIM (1)	7.3%	7.8%	**7.5%**	(0.3) bp	0.2 bp	7.2%	**7.6%**	0.4 bp
ROE (2)	23.1%	23.2%	**19.3%**	(3.8) bp	(3.9) bp	23.1%	**21.1%**	(2.0) bp
ROA (3)	2.4%	2.5%	**2.1%**	(0.4) bp	(0.3) bp	2.4%	**2.3%**	(0.1) bp
Operation								
Efficiency Ratio (4)	56.3%	52.7%	**53.8%**	1.1 bp	(2.5) bp	57.2%	**53.2%**	(4.0) bp
Operating Efficiency Ratio (5)	5.0%	4.8%	**4.6%**	(0.2) bp	(0.4) bp	5.1%	**4.7%**	(0.4) bp
Liquidity Ratio (6)	56.4%	50.8%	**56.9%**	6.1 bp	0.5 bp	56.4%	**56.9%**	0.5 bp
Asset Quality								
Past Due Loan Ratio	1.5%	1.5%	**1.4%**	(0.1) bp	(0.1) bp	1.5%	**1.4%**	(0.1) bp
Coverage Ratio	145.6%	130.6%	**135.6%**	5.0 bp	(10.0) bp	145.6%	**135.6%**	(10.0) bp
Growth (7)								
Performing Loans (8)	28%	29%	**29%**	0 bp	1.0 bp	28%	**29%**	1.0 bp
Core Deposits	22%	11%	**6%**	(5.0) bp	(16.0) bp	22%	**6%**	(16.0) bp
Total Deposits	18%	13%	**22%**	9.0 bp	4.0 bp	18%	**22%**	4.0 bp
Capitalization								
Net Capital/ Credit Risk Assets	21.8%	20.8%	**22.5%**	1.7 bp	0.7 bp	21.8%	**22.5%**	0.8 bp
Total Capitalization Ratio	15.2%	14.6%	**15.7%**	1.1 bp	0.5 bp	15.2%	**15.7%**	0.5 bp

1) NIM = Annualized Net Interest Margin before REPOMO / Average Earnings Assets.
2) Annualized earnings as a percentage of the average quarterly equity over the period.
3) Annualized earnings as a percentage of the average quarterly assets over the period.
4) Non Interest Expense / (Total Operating Income – Repomo Margin + Loan Loss Provisions)
5) Annualized Administrative and Promotion Expenses / Average Total Assets.
6) Liquid Assets / Liquid Liabilities (Liquid Assets = Cash and due from Banks + Negotiable Instruments + Securities held for sale, Liquid Liabilities = Demand Deposits + Loans from banks and other institutions with option to redeem any moment + short term loans from banks.
7) Growth versus the previous period.
8) Does not include Fobaproa / IPAB and loans managed by Recovery Banking.



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

Banorte USA *(Million Pesos)*	2Q07	1Q08	2Q08	QoQ	YoY	1H07	1H08	YoY
Banorte USA								
Net Income	9	46	**30**	(35%)	233%	42	**76**	81%
Performing Loans	10,410	10,884	**10,683**	(2%)	3%	10,410	**10,683**	3%
Past Due Loans	60	137	**79**	(42%)	32%	60	**79**	32%
Deposits	14,229	15,280	**14,618**	(4%)	3%	14,229	**14,618**	3%
Stockholder's Equity	3,674	3,870	**3,698**	(4%)	1%	3,674	**3,698**	1%

Banorte USA's *Net Profit* in 1H08 reached Ps $76 million, an 81% YoY increase, driven by 25% growth in risk adjusted net interest income, and a low comparison base related to an adjustment in profits during 1H07 to reflect higher reserve requirements. At the close of the first half of this year, InterNational Bank's NIM was 4.2%, the Efficiency Ratio 42.1%, ROE 20.3% and the PDL Ratio 0.73%.

The quarterly drop of 2% in performing loans vs. 1Q08 was a consequence of the Mexican peso's strength vis a vis the US dollar during the quarter. Past Due Loans decreased by 42% as a result of a 53% quarterly drop in delinquent commercial loans.

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

RECOVERY BANKING

INCOME STATEMENT HIGHLIGHTS – Recovery Banking *(Million Pesos)*	1H07	1H08	YoY
Net Interest Income	(89)	**(97)**	9%
Loan Loss Provisions	(31)	**(13)**	(58)%
Non Interest Income	749	**552**	(26)%
Non Interest Expense	380	**407**	7%
Non Operating Income (Expense), net	233	**428**	84%
Pre-tax Income & Subsidiaries	482	**463**	(4)%
Income Tax & Profit Sharing	(160)	**(145)**	(9)%
Undistributed Earnings of Subsidiaries	-	**-**	-
Net Income	322	**318**	(1)%

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

ASSETS UNDER MANAGEMENT *(Million Pesos)*	2Q08	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
Fobaproa-IPAB Portfolios:	**1,428**	Off balance trusts	Fees charged to Fobaproa and Fiduciary
Loans purchased:	**38,679**	Sólida Asset Management and Banorte	Non Interest Income and Other Revenues and Expenses (Banorte)
Investment Projects:	**2,649**	Sólida Asset Management	Non Interest Income
Banking Sector Portfolio:	**19,210**	Banorte's Portfolio and Repossessed assets	Net Interest Income and Other Revenues and Expenses
Total	**61,966**		

- At the close of 2Q08, 45% of all acquired portfolios were Corporate and Commercial Loans, 40% were Mortgage Loans, 10% were Real Estate Loans and 5% were foreclosed loans and surrenders. Revenues from these portfolios during 1H08 were Ps $446 million, while profits amounted to Ps $135 million, a 13% YoY decrease. In 2Q08, the Recovery Banking did not purchase any assets.

- Regarding investment projects, the amount invested by Sólida at the end of 2Q08 was Ps $2.65 billion, a 100% increase from the Ps $1.32 billion invested in 2Q07. The investments were distributed among 34 projects nationwide. The revenues generated by these portfolios during 1H08 amounted to Ps $198 million, while profits were Ps $67 million, 103% higher than a year ago.

- Banorte's proprietary loan portfolio at the Recovery Bank at the close of 2Q08 was divided as follows: 32% Mortgage Loans, 26% Credit Cards, 18% Corporate and Commercial Loans, 11% Car Loans, 8% Payroll and Personal Loans, and 5% Real Estate and Equipment. Revenues generated by this protafolio during 1H08 amounted to Ps $346 million, while profits were Ps $116 million, 14% lower compared to the same quarter of last year.

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BROKERAGE

Brokerage *(Million Pesos)*	2Q07	1Q08	2Q08	QoQ	YoY	1H07	1H08	YoY
Brokerage								
Net Income	63	71	**143**	102%	126%	126	**214**	70%
Stockholder's Equity	861	1,086	**1,176**	8%	37%	861	**1,176**	37%
Assets Under Management	188,682	185,612	**186,513**	1%	(1%)	188,682	**186,513**	(1%)
Total Assets	1,143	1,297	**1,483**	14%	30%	1,143	**1,483**	30%
ROE	30.6%	26.9%	**50.6%**	23.7 pp	20.0 pp	31.6%	**39.1%**	7.5 pp
Net Capital								
Net Capital	737	990	**936**	(6%)	27%	737	**936**	27%

- **Broker-Dealer**

Net Income

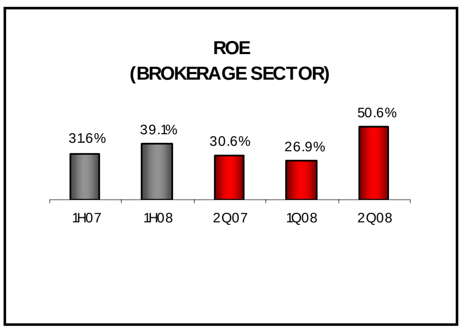
During 1H08, *Net Income* was Ps $214 million, a 70% YoY increase, driven by an increase in Assets Under Management in mutual funds, an adequate treasury trading strategy, tax benefits from eliminating provisions for employee profit sharing (for 2006 and 2007) and the tax effect of using market-related losses in equities' transactions. In addition, *Net Income* was boosted by a Ps $29 million after-tax cash gain and a Ps $9 million non-cash gain related to the Mexican Stock Exchange IPO and restructuring. On a quarterly basis, 2Q08 profits increased by 102% vs. 1Q08, as a result of the above-mentioned non-recurring gain from the Mexican Stock Exchange IPO and restructuring as well as higher revenues from investment banking advisory services.

Mutual Funds

At the end of 2Q08, *Mutual Funds* continued to grow at a robust pace with respect to a year ago, driven by a larger mutual fund family offering, combined with a strong promotional campaign and the distribution of funds through the bank's branch network. At the close of 2Q08, AUM were Ps $41.8 billion. Fixed income funds grew 32% YoY, while equity funds declined 10% YoY, both figures are above the industry average.

Assets Under Management

At the end of 2Q08, *AUM* reached Ps $186.5 billion, a 1% YoY drop.



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LONG TERM SAVINGS

LONG TERM SAVINGS *(Million Pesos)*	2Q07	1Q08	2Q08	QoQ	YoY	1H07	1H08	YoY
Afore								
Net Income	14	67	**11**	(83%)	(20%)	66	**78**	17%
Equity	1,082	1,029	**1,040**	1%	(4%)	1,082	**1,040**	(4%)
Total Assets	1,186	1,143	**1,174**	3%	(1%)	1,186	**1,174**	(1%)
AUM (SIEFORE)	57,290	63,390	**56,578**	(11%)	(1%)	57,290	**56,578**	(1%)
ROE	5.2%	26.7%	**4.3%**	(22.4) pp	(0.9) pp	12.6%	**15.4%**	2.8 pp
Insurance								
Net Income	59	76	**113**	50%	91%	150	**189**	26
Equity	1,439	1,928	**2,016**	5%	40%	1,439	**2,016**	40%
Total Assets	9,979	12,643	**12,585**	(1%)	26%	9,979	**12,585**	26%
Technical Reserves	7,184	9,238	**9,337**	1%	30%	7,184	**9,337**	30%
Premiums sold	1,841	2,997	**2,002**	(33%)	9%	4,726	**4,999**	6%
ROE	15.1%	16.1%	**23.0%**	6.9 pp	7.9 pp	19.0%	**19.7%**	0.7 pp
Annuities								
Net Income	173	15	**-**	(101%)	(100%)	289	**15**	(95%)
Equity	1,145	1,152	**1,136**	(1%)	(1%)	1,145	**1,136**	(1%)
Total Assets	10,111	11,598	**12,522**	8%	24%	10,111	**12,522**	24%
Technical Reserves	8,601	10,419	**11,343**	9%	32%	8,601	**11,343**	32%
Premiums sold	573	598	**932**	56%	63.0%	906	**1,531**	69%
ROE	61.8	5.3%	**-**	(5.3) pp	(61.8) pp	53.9%	**2.6%**	(51.3) pp

- **Afore**

In spite of a complex competitive environment and difficult market conditions, the Afore reported a *Net Income* of Ps $78 million (51% correspond to Banorte) during 1H08, a 17% YoY increase, driven by a change in the fee structure and lower expenses. On a quarterly basis, profits in 2Q08 declined 85% vs. 1Q08 as a result of an important reduction in Non Interest Income derived from the negative impact of higher inflation expectations on fixed rate instruments.

At the end of 2Q08, there were a total of 3,279,139 affiliated workers, representing an 8.44% share of total affiliates in the system and 9.93% of certified accounts. The annual growth of Banorte's AUM at the end of 2Q08 was 2%, and the market share was 6.9%, ranking 6th in market position at the end of June 2008.

As of February 2008, new regulations require AFORES to eliminate fees charged on deposits and to exclusively charge fees on AUM. In anticipation to these changes, Banorte eliminated the fees on deposits in late 2007. As a consequence of the new rules for transferring funds from other AFORES and the negative impact on the valuation of the managed funds from higher short-term and long-term interest rates in the second quarter, Banorte lost 65,902 accounts and 4% of AUM during 1H08. It is important to point out that all the AFORES in the industry are facing this complex environment, and in a single month the positive annual returns accumulated year-to-date were wiped out in nearly all the institutions as a result of pressures in the yield curve.

Banorte Generalli is striving to increase its sale force's productivity and improve its Siefores' positioning in the industry's returns table in order to regain the profitability of the AFORE.

- **Insurance**

Net Income for 1H08 was Ps $189 million (51% correspond to GFNorte), 26% higher than in 1H07, driven by an increase in accrued premiums, which translated into an important YoY increase of 20% in total revenues. On a quarterly basis, profits were 50% higher in 2Q08 vs. 1Q08 as a result of the elimination of the REPOMO charge of Ps $32 million in 2Q08 and 91% vs. 2Q07 due to a larger number of premiums sold.

The growth in production during the first half was driven by an increase in bank assurance business. Also, car insurance casualty rates remain under control and a new education insurance product sold at Banorte branches was launched in 2Q08.

Premiums issued rose 6% YoY and 9% QoQ vs. 1Q08, amounting to Ps $5.0 billion, while accrued premiums were Ps $2.82 billion at the end of 2Q08, a 25% YoY increase. Technical reserves reached Ps $9.34 billion, growing 30% with respect to last year.

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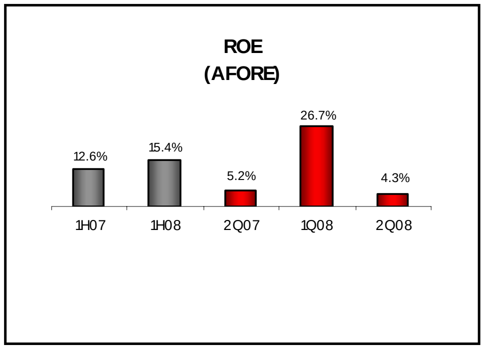
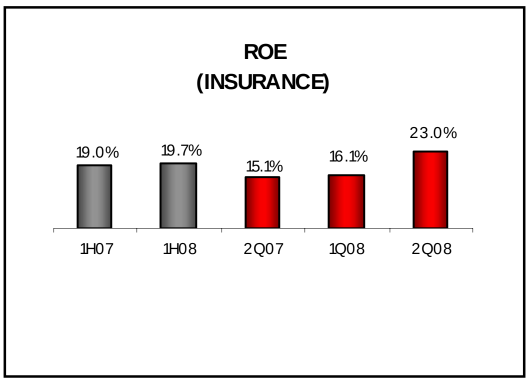
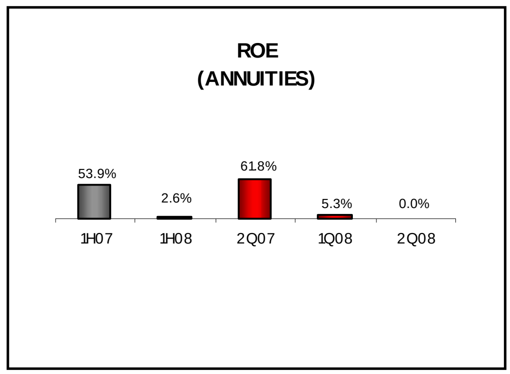
- **Annuities**

Net Income was Ps $15 million in 1H08 (51% correspond to GFNorte), 95% lower than in 1H07, affected by a difficult comparison base, due to the booking of unrealized gains in fixed rate instruments during the first half of 2007, which have not been replicated in 2008, as well as a decrease in accrued premiums, higher expenses associated with payments made to beneficiaries. During 2Q08, profits were 100% lower than 1Q08, affected by the impact on the price vector of the yield curve movements. Issued premiums rose 69% YoY, amounting to Ps $1.53 billion, while technical reserves grew 32% YoY to Ps $11.34 billion.







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OTHER FINANCE COMPANIES

OTHER FINANCE COMPANIES (1) *(Million Pesos)*	2Q07	1Q08	2Q08	QoQ	YoY	1H07	1H08	YoY
Leasing and Factoring								
Net Income	73	66	**78**	18%	7%	133	**144**	8%
Equity	998	1,057	**1,135**	7%	14%	998	**1,135**	14%
Loan Portfolio (2)	8,655	11,212	**11,385**	2%	32%	8,655	**11,385**	32%
Past Due Loans	37	33	**55**	65%	49%	37	**55**	49%
Loan Loss Reserves	45	40	**30**	(26%)	(33%)	45	**30**	(33%)
Total Assets	8,660	11,355	**11,532**	2%	33%	8,660	**11,532**	33%
ROE	30.5%	25.8%	**28.5%**	2.7 pp	(2.0) pp	22.8%	**27.1%**	4.3 pp
Warehousing								
Net Income	3	5	**7**	38%	98%	8	**11**	47%
Equity	129	106	**112**	6%	(13%)	129	**112**	(13%)
Inventories	-	61	**77**	27%	100%	-	**77**	100%
Total Assets	160	162	**217**	34%	35%	160	**217**	35%
ROE	10.4%	18.3%	**24.0%**	5.7 pp	13.6 pp	12.2%	**21.2%**	9.0 pp

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

- **Leasing and Factoring**

As of January 31, 2008, the Leasing and Factoring companies were merged under the legal denomination of a Multipurpose Financial Institution [Sociedad Financiera de Objeto Múltiple – SOFOM]. This merger will contribute, among other things, to optimize the use of capital, improve the leverage capacity and possibly increase the new entity's credit ratings. The results of the combined company will be consolidated under the denomination Arrendadora y Factor Banorte S.A. de C.V.

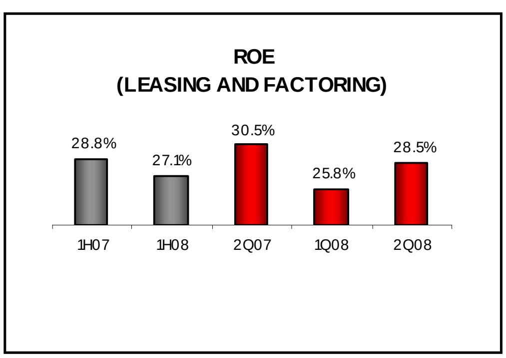
The Leasing and Factoring Company reported a *Net Income* of Ps $144 million during 1H08, a 8% increase from a year ago. This result was driven by a 32% YoY increase in the loan portfolio and the income resulting from the completion of pure leasing contracts.

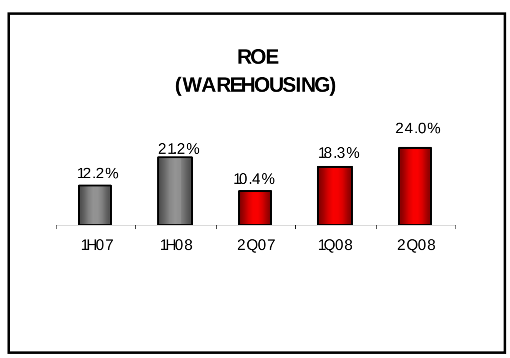
At the end of 2Q08, the Capitalization Ratio was 11.1% considering Total Risk Assets of Ps $10.2 billion.

- **Warehousing**

Net Income in 1H08 was Ps $11 million, 47% higher than 1H07. This growth was due to an increase in warehousing services, such as warehouse preparation, which in turn opens the possibility for Banorte to issue certificates of deposit that are used as guarantees in secured loans, as well as in loans to other financial institutions. The company currently ranks 6th among 20 Leasing Companies in terms of profitability.

At the end of 2Q08, the Capitalization Ratio was 6.6% considering Total Certificates of Ps 1.7 billion.





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PRONEGOCIO

MICROLENDING PRONEGOCIO *(Million Pesos)*	2Q07	1Q08	2Q08	QoQ	YoY	1H07	1H08	YoY
Net Income	(8)	(9)	**(7)**	(24%)	(14%)	(9)	**(16)**	71%
Equity	72	82	**75**	(8%)	5%	72	**75**	5%
Loan Portfolio	745	493	**421**	(15%)	(44%)	745	**421**	(44%)
Non Performing Loans	104	112	**107**	(5%)	3%	104	**107**	3%
Loan Loss Reserves	32	34	**34**	2%	6%	32	**34**	6%
Total Assets	784	582	**535**	(8%)	(32%)	784	**535**	(32%)
ROE	(42.1%)	(53.8%)	**(34.8%)**	19.0 pp	7.3 pp	(23.9%)	**(45.5%)**	(21.6) pp

- **Pronegocio**

During 1H08, the Microlending Unit reported a *Net Loss* of Ps $16 million vs. a Ps $9 million loss reported in 1H07. The lack of profitability in this business was mainly due to higher reserve requirements resulting from the charge-offs that have been applied to the loan portfolio. The quarterly loss reported in 2Q08 was Ps $7 million, 24% lower than in 1Q08.

Past Due Loans were Ps $107 million at the end of the quarter, 3% higher than the year before and 5% lower to those recorded at the end of 1Q08. The PDL Ratio stood at 25.4%. It is important to note that the deterioration in the delinquency ratio in recent quarters has been mainly a result of the contraction in the size of the performing portfolio and not to a higher level of deterioration. The Reserve Coverage Ratio was 32% (equivalent to 112% considering the guarantee provided by Nafin of up to 80% on these loans). The number of Pronegocio's branches remained at 97 at the end of the quarter.

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RATINGS

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

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

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INFRASTRUCTURE

INFRASTRUCTURE	2Q07	1Q08	2Q08
Employees	16,552	17,428	**19,516**
Banking (1)	13,806	14,459	**14,659**
Other	2,746	2,969	**4,857**
Branches (2)(3)	1,008	1,062	**1,073**
INB	18	18	20
Pronegocio	93	97	97
ATM's	3,384	3,812	**3,985**

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

- As part of the branch expansion program, during 2Q08, 11 new branches were opened, out of which 5 were located in Mexico City. Additionally, 2 relocations were carried out during the same period. Over the past 12 months, 65 new branches have been opened nationwide.

- In order to have greater presence in one of the main corridors along the US-Mexico border, and to satisfy the financial needs of its clients, InterNational Bank opened 2 new branches during May of this year. Through these openings, the bank increases its reach to Laredo and Brownsville, Texas.

- A total of 173 new ATM's and 3,630 POS terminals were installed during 2Q08.

- The branch expansion program for 2008 contemplates 80 new branches, as well as 20 refurbishments and relocations. Furthermore, 600 new ATMs will be installed, while 330 more will be replaced. A total of approximately 12,000 new POS terminals will be activated.

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

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

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GROUP'S GENERAL INFORMATION

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

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

Holding Company Capital Structure	
Number of Shares	**SERIE O As of June 30, 2008**
Number of Shares Outstanding	2,018,347,548
Shares held in the bank's Treasury	-

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

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SUMMARY OF RESULTS

Grupo Financiero Banorte announced its results for 1H08, reporting a *Net Profit* of Ps $3.74 billion, a 10% increase from 1H07. GFNorte's annualized *ROE* for the period was 22%, while the *ROA* was 2.5%.

The *Bank* contributed with 87% of the Group's profits, amounting to Ps $3.24 billion in 1H08; 14% higher than in 1H07. During the period, there was a continued improvement in core recurring income from traditional banking activities, due to an increase in the loan portfolio and in core deposits.

Net Interest Income (NII) increased 28% YoY in 1H08, mainly as a result of 28% annual growth in the performing loan portfolio and a 6% increase in core deposits. The *Net Interest Margin* (NIM) rose from 7.3% in 1H07 to 7.7% in 1H08 as a result of a better asset mix, as well as a 21% increase in Interest Earning Assets due to a greater loan origination and the positive effects of a 50 bp increase in the benchmark funding rate during 2007 and an additional 25 bp hike at the end of the first half of 2008.

As a result of the substantial increase in transaction volumes and new product placements, fee revenues rose 16% YoY. There was a 26% increase in "Other Fees" associated with various business lines: 23% in Credit Card Fees due to the placements of more cards, 12% in Fiduciary Services, 11% in AFORE fees, and 9% in Electronic Banking Services.

Non Interest Expense, during 1H07, increased 10% YoY, mainly driven by the increase in headcount in order to cover the new branches being opened, as well as expenses related to efforts for increasing the number of products originated, especially in credit cards. The Efficiency Ratio improved during the period from 57% in 1H07 to 54% at the end of 1H08, given a greater expansion of revenues vis a vis expenses.

Total Deposits, excluding third-party accounts, amounted to Ps $221.46 billion at the end of 2Q08, a 22% YoY increase, driven by a 6% increase in Demand Deposits and 7% in Time Deposits. This growth was driven by the opening of 65 new branches over the past 12 months, the constant promotional campaigns for deposit products, the incorporation of attractive features to the product offering and to customers' acceptance of the "PagaMás" product. Money Market Deposits grew by 143% YoY.

Loans continue to show a robust growth rate, driven by higher credit demand industrywide and the bank's efforts to improve its array of products. At the close of 2Q08, *Performing Loans* grew 28% YoY, reaching a balance of Ps $217.54 billion. *Commercial Loans* increased by 22% over the last twelve months to Ps $78.86 billion. *Corporate Loans* grew 38% to Ps $42.76 billion, while *Government Loans* increased 41% to Ps $24.37 billion.

Consumer and *Mortgage Loans* continued to grow steadily during the quarter. This segment represents 32% of the total performing loans. *Credit Card Loans* rose 36% in the last twelve months, reaching a balance of Ps $16.18 billion. *Payroll* and *Personal Loans* grew 16% in real terms to Ps $6.63 billion. *Car Loans* ended the quarter at Ps $7.57 billion, a 9% YoY increase, while *Mortgage Loans* continued trending upwards, reaching a balance of Ps $40.24 billion, equivalent to a 29% YoY increase.

The PDL Ratio for 2Q08 was 1.5%, one of the best in the industry. At the end of 2Q08, *Past Due Loans* amounted to Ps $3.23 billion, 25% higher YoY driven by the strategy to increase the bank's reach into segments with less banking penetration. The bank's *Loan Loss Reserve Coverage* finished the quarter at 131%, an improvement over 1Q08.

The *Long-Term Saving Sector* (Afore, Insurance and Annuities Companies), posted a profit of Ps $143 million; *Other Finance Companies* (Leasing, Factoring and Warehousing Companies), reported profits of Ps $155 million, while the *Broker Dealer* posted a Ps 214 million profit during 1H08, a 70% increase from 1H07.

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HOLDING

Holding – INCOME STATEMENT *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	Accum. 2007	1Q08	2Q08	3Q08	4Q08	Accum. 2008
Income Subsidiaries & Other	1,652	1,720	1,740	1,694	6,806	1,930	1,806			**3,736**
Interest Income	1	4	6	5	15	3	3			**6**
Interest Expense	-	-	-	-	-	-	-			**-**
Fees & Tariffs	-	-	-	-	-	-	-			**-**
Trading Income	-	-	-	-	-	-	-			**-**
Monetary Position REPOMO	-	1	(3)	(5)	(8)	-	-			**-**
Total Operating Income	**1,652**	**1,725**	**1,742**	**1,694**	**6,813**	**1,933**	**1,809**			**3,742**
Admin & Promotion Expense	1	1	1	3	7	2	1			**3**
Operating Income	**1,651**	**1,724**	**1,741**	**1,691**	**6,806**	**1,932**	**1,808**			**3,739**
Non Operating Income	19	-	-	-	19	-	-			**-**
Non Operating Expense	(1)	-	(1)	(1)	(2)	-	-			**-**
Non Operating Income, net	18	-	(1)	(1)	17	-	-			**-**
Pre-tax Income	**1,669**	**1,724**	**1,741**	**1,690**	**6,823**	**1,932**	**1,808**			**3,739**
Income Tax & Profit Sharing	6	1	1	5	13	3	1			**4**
Tax on Assets	-	-	-	-	-	-	-			**-**
Deferred Income Tax & PS	1	-	(1)	-	-	-	-			**1**
	6	1	1	5	13	3	1			**4**
Profit from Cont Ops	**1,663**	**1,722**	**1,740**	**1,685**	**6,810**	**1,928**	**1,806**			**3,735**
Extraordinary Items, net	-	-	-	-	-	-	-			**-**
Total Net Income	**1,663**	**1,722**	**1,740**	**1,685**	**6,810**	**1,928**	**1,806**			**3,735**

Holding – BALANCE SHEET *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
ASSETS								
Cash & Due from Banks	57	210	451	188	131	204		
Investment in Securities	-	-	-	-	-	-		
Sundry Debtors & Other Accts Receivable, net	167	11	11	11	11	11		
Real Estate, Furniture & Equipment, net	-	-	-	-	-	-		
Investments in Subsidiaries	28,051	29,865	31,744	32,912	34,345	36,964		
Deferred Taxes	-	-	1	-	-	-		
Goodwill	36	36	35	34	36	35		
Other Assets, Deferred Charges & Intangibles	2	1	-	-	-	-		
TOTAL ASSETS	**28,312**	**30,123**	**32,242**	**33,144**	**34,524**	**37,214**		
LIABILITIES								
Due to Banks & Correspondents	-	-	-	-	-	-		
Income Tax & Profit Sharing	-	-	-	-	-	-		
Other Accounts Payable	5	4	5	10	5	3		
Deferred Taxes	-	-	-	-	-	**1**		
TOTAL LIABILITIES	**5**	**4**	**5**	**10**	**5**	**3**		
STOCKHOLDER´S EQUITY								
Paid-in Capital	12,020	12,020	12,016	12,020	12,018	12,020		
Premium of Share Subscription & Issuance	1,863	1,863	1,863	1,863	1,863	1,863		
Subordinated Convertible Debt	-	-	-	-	-	-		
Subscribed Capital	**13,882**	**13,882**	**13,878**	**13,882**	**13,881**	**13,882**		
Capital Reserves	2,446	2,442	2,407	2,452	2,446	2,807		
Retained Earnings	22,297	22,297	22,296	21,379	21,376	21,035		
Surplus (Deficit) from Valuation of Securities	-	-	-	-	-	-		
Results from Conversions of Foreign Ops	-	-	-	-	-	-		
Surpluss (Deficit) in Capital Restatement	(6,378)	(6,375)	(6,376)	(6,380)	-	-		
Results of Non Monetary Fixed Assets	-	-	-	-	-	-		
Results of Non Monetary Investment Assets	(5,603)	(5,512)	(5,094)	(5,009)	(5,113)	(4,250)		
Adjustmens in the Employees' Liabilities	-	-	-	-	-	-		
Net Income	1,663	3,385	5,125	6,810	1,928	3,735		
Earned Capital	**14,425**	**16,237**	**18,359**	**19,252**	**20,638**	**23,328**		
Total Stockholder´s Equity	**28,307**	**30,119**	**32,237**	**33,135**	**34,519**	**37,210**		
TOTAL LIABILITIES & EQUITY	**28,312**	**30,123**	**32,242**	**33,144**	**34,524**	**37,214**		

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

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GFNorte – INCOME STATEMENT *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	Accum. 2007	1Q08	2Q08	3Q08	4Q08	Accum. 2008
Interest Income	9,080	9,760	10,391	11,105	40,336	11,320	11,681			23,001
Interest Expense	5,217	5,582	5,898	6,140	22,838	6,249	6,569			12,818
Loan Fees Charged	23	45	80	99	248	107	121			228
Fees Paid	-	-	-	-	-	-	-			-
Net Interest Income (NII)	**3,886**	**4,223**	**4,573**	**5,065**	**17,747**	**5,179**	**5,232**			**10,411**
Monetary Adjustment (Repomo) to margins	(65)	24	(138)	(184)	(363)	-	-			-
NII after Repomo	**3,821**	**4,247**	**4,435**	**4,881**	**17,384**	**5,179**	**5,232**			**10,411**
Preventive Provisions for Loan Losses	261	754	709	921	2,645	1,005	1,255			2,259
Loan Loss Sharing Provisions Fobaproa	-	-	-	-	-	-	-			-
NII Adjusted for Credit Risk	**3,559**	**3,493**	**3,726**	**3,960**	**14,738**	**4,174**	**3,978**			**8,151**
Fund Transfers	60	58	55	56	229	54	56			110
Account Management	242	241	239	254	976	235	250			485
Fiduciary	64	65	67	74	270	69	76			145
Income from Real Estate Portfolios	116	180	120	160	575	190	117			307
Electronic Banking Services	213	229	245	258	944	236	249			483
Credit Card Fees	477	503	553	599	2,132	581	621			1,203
Fees Charged to IPAB	1	-	(1)	4	4	-	-			-
Other Fees	612	580	636	735	2,564	680	751			1,433
Fees Charged on Services	**1,784**	**1,856**	**1,913**	**2,140**	**7,693**	**2,045**	**2,121**			**4,165**
Fund Transfers	5	4	4	4	17	5	5			10
Other Fees	245	249	271	305	1,069	277	287			564
Expenses from Real Estate Portfolios	-	-	-	-	-	-	-			-
Fees Paid on Services	**250**	**253**	**274**	**309**	**1,086**	**282**	**292**			**574**
Foreign Exchange	93	136	94	125	448	106	121			227
Securities - Realized Gains	510	(79)	124	(38)	517	175	32			208
Securities - Unrealized Gains	(33)	283	82	(4)	327	(83)	6			(77)
Market Related Income	**569**	**339**	**300**	**83**	**1,292**	**198**	**159**			**357**
Non-Interest Income	**2,104**	**1,943**	**1,939**	**1,914**	**7,899**	**1,961**	**1,989**			**3,949**
Total Operating Income	**5,663**	**5,436**	**5,665**	**5,874**	**22,637**	**6,134**	**5,966**			**12,101**
Personnel	1,408	1,416	1,418	1,480	5,723	1,504	1,522			3,026
Professional Fees Paid	232	205	215	292	944	227	236			463
Administrative and Promotional Expenses	1,098	1,155	1,215	1,274	4,742	1,255	1,303			2,559
Rents, Depreciation and Amortization	402	403	402	429	1,636	417	426			843
Other Taxes (other than Income tax)	155	145	144	169	613	183	187			370
Contributions to IPAB	175	191	212	196	774	213	228			441
Non-Interest Expense	**3,469**	**3,516**	**3,607**	**3,841**	**14,432**	**3,799**	**3,903**			**7,702**
Net Operating Income	**2,194**	**1,920**	**2,057**	**2,033**	**8,205**	**2,336**	**2,063**			**4,399**
Other Revenues	250	198	287	225	960	583	396			979
Changes in Foreign Exchange Valuation	-	-	-	-	-	-	-			-
Recoveries	442	488	397	530	1,857	267	346			612
Repomo - Other revenues	6	(1)	5	7	18	-	-			-
Non-Operating Income	**699**	**685**	**689**	**762**	**2,835**	**850**	**741**			**1,591**
Other Expenses	(214)	(123)	(44)	(192)	(573)	(148)	(190)			(338)
Foreign Exchange	-	-	-	-	-	-	-			-
Repomo - Other (creditor balance)	(140)	50	(118)	(189)	(396)	-	-			-
Non-Operating Expense	**(353)**	**(73)**	**(162)**	**(380)**	**(969)**	**(148)**	**(190)**			**(338)**
Non Operating Income (Expense), net	**345**	**612**	**527**	**382**	**1,867**	**702**	**551**			**1,253**
Pre-Tax Income	**2,540**	**2,532**	**2,585**	**2,415**	**10,072**	**3,038**	**2,614**			**5,652**
Income Tax	698	677	728	812	2,915	799	687			1,485
Profit Sharing	242	248	189	186	865	233	233			465
Tax on Assets	-	-	-	-	-	-	-			-
Deferred Income Tax and Profit Sharing	(13)	(58)	(111)	(304)	(487)	44	(169)			(125)
Taxes	**926**	**867**	**806**	**694**	**3,293**	**1,075**	**751**			**1,826**
Net Income before Subsidiaries	**1,614**	**1,665**	**1,779**	**1,721**	**6,779**	**1,963**	**1,863**			**3,826**
Subsidiaries' Net Income	136	129	50	43	357	77	22			99
Net Income form Continuos Operations	**1,750**	**1,795**	**1,828**	**1,764**	**7,136**	**2,040**	**1,885**			**3,925**
Extraordinary Items, net	-	-	-	-	-	-	-			-
Minority Interest	87	72	89	79	326	111	79			190
TOTAL NET INCOME	**1,663**	**1,722**	**1,740**	**1,685**	**6,810**	**1,928**	**1,806**			**3,735**

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***GFNORTE* – BALANCE SHEET** *(Millions Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
ASSETS								
Cash and Due from Banks	**42,417**	**48,918**	**39,871**	**41,610**	**39,804**	**41,694**		
Negotiable Instruments	7,765	6,715	9,517	7,754	8,148	**10,938**		
Securities Available for Sale	10,400	8,508	10,814	10,948	15,636	**15,082**		
Securities Held to Maturity	754	779	764	760	749	**742**		
Investment in Securities	**18,918**	**16,002**	**21,095**	**19,462**	**24,533**	**26,762**		
Non-assigned Securities for Settlement	-	-	-	-	-	**-**		
Debtor Balance in Repo Trans, net	100	134	95	58	92	**90**		
Repo Transactions with Collateral	-	-	-	-	-	**-**		
Secs to be received in Repo Trans, net	-	-	-	-	-	**-**		
Transactions with Derivatives	984	291	1,742	2,302	2,368	**4,525**		
Operations w/ Derivatives & Securities	**1,084**	**425**	**1,837**	**2,361**	**2,460**	**4,615**		
Commercial Loans	85,231	89,464	88,854	98,091	101,040	**107,097**		
Financial Intermediaries' Loans	2,489	5,948	9,810	13,158	13,592	**14,531**		
Consumer Loans	22,658	24,541	25,822	27,225	28,642	**30,380**		
Mortgage Loans	30,133	32,381	34,276	37,216	39,046	**41,170**		
Government Entities' Loans	15,262	17,244	17,868	17,948	17,556	**24,367**		
IPAB Loans	-	-	-	-	-	**-**		
Performing Loans	**155,774**	**169,578**	**176,631**	**193,638**	**199,875**	**217,544**		
Commercial PDL's	832	880	884	927	1,089	**1,135**		
Financial Intermediaries PDL's	-	-	-	-	-	**-**		
Consumer PDL's	721	885	1,015	1,109	1,208	**1,471**		
Mortgage PDL's	738	806	840	858	893	**619**		
Government Entities PDL's	-	-	-	-	-	**-**		
Past Due Loans	**2,291**	**2,571**	**2,739**	**2,893**	**3,189**	**3,225**		
Gross Loan Portfolio	**158,064**	**172,149**	**179,369**	**196,531**	**203,065**	**220,769**		
Preventive Loan Loss Reserves	3,407	3,618	3,624	3,786	4,048	**4,217**		
Net Loan Portfolio	**154,658**	**168,531**	**175,745**	**192,745**	**199,017**	**216,552**		
Acquired Collection Rights	4,183	4,043	3,861	3,660	3,538	**3,375**		
Total Credit Portfolio	**158,841**	**172,574**	**179,60**	**196,406**	**202,554**	**219,927**		
Sundry Debtors & Other Accs Rec, net	9,950	13,960	18,788	7,617	12,459	**10,431**		
Inventories	-	-	9	7	61	**77**		
Foreclosed Assets, net	423	430	296	385	506	**653**		
Real Estate, Furniture & Equipment, net	6,918	6,890	6,874	8,098	7,959	**8,058**		
Investments in Subsidiaries	2,539	2,426	2,569	2,590	2,685	**2,632**		
Deferred Taxes, net	-	-	-	215	148	**304**		
Goodwill	4,220	4,289	4,217	4,134	4,034	**3,953**		
Intangibles	156	158	209	249	238	**219**		
Other Assets	3,474	3,379	3,876	4,151	4,085	**4,286**		
	27,679	**31,533**	**36,839**	**27,445**	**32,175**	**30,612**		
TOTAL ASSETS	**248,939**	**269,452**	**279,248**	**287,283**	**301,526**	**323,611**		

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***GFNORTE* – BALANCE SHEET** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
LIABILITIES								
Demand Deposits	95,104	100,622	96,824	111,080	103,263	**106,693**		
Time Deposits	79,610	80,471	86,011	92,227	93,830	**114,557**		
Bank Bonds	-	-	-	-	-	**-**		
Deposits	**174,713**	**181,094**	**182,834**	**203,307**	**197,092**	**221,250**		
Immediate Redemption Loans	-	7,495	2,454	871	5,615	**3,136**		
Short Term Loans	6,934	7,840	9,108	11,057	18,538	**11,375**		
Long Term Loans	9,606	9,922	10,495	10,796	10,178	**10,070**		
Due to Banks & Correspondents	**16,540**	**25,258**	**22,056**	**22,723**	**34,332**	**24,581**		
Non-assigned Securities for Settlement	-	2,988	9,114	10	1,745	**1,570**		
Creditor Balance in Repo Trans, net	409	396	518	515	291	**605**		
Repo Transactions with Collateral	-	-	-	-	-	**-**		
Secs to be received in Repo Trans, net	-	-	-	-	-	**-**		
Transactions with Derivatives	1,817	984	2,297	2,435	3,157	**4,443**		
Operations w/ Derivatives & Securities	**2,226**	**4,368**	**11,929**	**2,960**	**5,192**	**6,619**		
Income Tax & Profit Sharing Payable	909	1,545	1,909	2,212	1,197	**1,340**		
Other Creditors & Accounts Payable	12,160	13,075	14,176	10,888	12,538	**13,306**		
Other Payable Accounts	**13,070**	**14,620**	**16,086**	**13,100**	**13,734**	**14,646**		
Subordinated Non Convertible Debt	11,943	11,651	11,734	10,210	14,561	**16,932**		
Deferred Taxes	328	247	143	-	-	**-**		
Deferred Credits	269	472	616	827	977	**1,146**		
TOTAL LIABILITIES	**219,089**	**237,709**	**245,399**	**253,127**	**265,888**	**285,174**		
EQUITY								
Paid-in Capital	12,020	12,020	12,016	11,965	11,965	**11,968**		
Share Subscription Premiums	1,863	1,863	1,863	1,272	1,275	**1,273**		
Subordinated Convertible Debentures	-	-	-	-	-	**-**		
Subscribed Capital	**13,882**	**13,882**	**13,878**	**13,882**	**13,239**	**13,241**		
Capital Reserves	2,446	2,442	2,407	2,452	2,446	**2,807**		
Retained Earnings	22,297	22,297	22,296	21,379	21,376	**21,035**		
Surplus (Deficit) of Secs Available for Sale	-	-	-	-	-	**-**		
Results from Conversions of Foreign Ops	-	-	-	-	-	**-**		
Results from Valuation of Hedging Secs	-	-	-	-	-	**-**		
Surplus (Deficit) in Capital Restatement	(6,378)	(6,375)	(6,376)	(6,380)	-	**-**		
Results of Non Monetary Fixed Assets	-	-	-	-	-	**-**		
Results of Non Monetary –Investment Assets	(5,603)	(5,512)	(5,094)	(5,009)	(5,113)	**(4,250)**		
Adjustments in the Employee's Pensions	-	-	-	-	-	**-**		
Accumulated Effect of Deferred Liabilities	-	-	-	-	-	**-**		
Net Income	1,663	3,385	5,125	6,810	1,928	**3,735**		
Earned Capital	**14,425**	**16,237**	**18,359**	**19,252**	**20,638**	**23,328**		
Minority Interest	1,543	1,624	1,612	1,667	1,761	**1,868**		
Total Equity	**29,850**	**31,743**	**33,849**	**34,156**	**35,638**	**38,437**		
TOTAL LIABILITIES & EQUITY	**248,939**	**269,452**	**279,248**	**287,283**	**301,526**	**323,611**		

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***GFNORTE* – MEMORANDUM ACCOUNTS** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
On behalf of Third Parties								
Customer's Banks	24	1	4	11	12	16		
Dividends Receivable from Customers	-	-	-	-	-	-		
Interest Receivable from Customers	-	-	-	-	-	-		
Settlement of Customer Transactions	(320)	(438)	89	58	37	44		
Customer Premiums	-	-	-	-	-	-		
Settlement with Clients' Foreign Currency	-	-	-	-	-	-		
Margin Accounts in Futures' Operations	-	-	-	-	-	-		
Other Current Accounts	-	-	-	-	-	-		
Customers' Current Account	**(296)**	**(437)**	**93**	**69**	**49**	**60**		
Client Securities Received in Custody	179,124	188,067	185,223	180,385	185,033	185,766		
Securities and Documents Received in Guarantee	-	-	-	-	-	-		
Client Securities Abroad	-	-	-	-	-	-		
Clients' Securities	**179,124**	**188,067**	**185,223**	**180,385**	**185,033**	**185,766**		
Clients' Repurchase Operations	28,659	37,030	35,295	21,803	23,511	32,360		
Clients' Repo Transactions w/ Securities	-	-	-	-	-	-		
Purchase of Futures & Forward Contracts notional	-	-	-	-	-	-		
Sale of Futures and Forward Contracts, notional	-	-	-	-	-	-		
Clients' Option Purchase Operations	5	-	-	145	144	481		
Clients' Option Sales Operations	-	-	-	-	-	-		
Purchase of Derivatives' Packages	-	-	-	-	-	-		
Sale of Derivatives' Packages	-	-	-	-	-	-		
Trusts Ander Administration	2,823	3,024	2,912	3,048	2,360	2,602		
Transactions On Behalf of Clients	**31,487**	**40,054**	**38,207**	**24,997**	**26,015**	**35,443**		
TOTAL ON BEHALF OF THIRD PARTIES	**210,315**	**227,683**	**223,522**	**205,451**	**211,096**	**221,269**		
Endorsement Guarantees Granted	-	-	-	-	-	-		
Loan Obligations	2,418	2,149	2,687	2,365	2,846	2,530		
Properties in Trusts and Warrant	84,520	87,179	100,223	101,632	108,959	108,574		
Properties in Custody or Administration	99,925	103,169	110,368	117,167	122,793	152,541		
Amounts committed to Operations with Fobaproa	-	-	-	-	-	-		
Drafts in Transit	-	-	-	-	-	-		
Certificates of Deposits in Circulation	984	840	1,396	1,541	1,377	1,692		
Letters of Credit to the Corporation as Guarantee	-	-	-	-	-	-		
Securities to the Corporation for Custody	278	297	538	610	698	856		
Government Secs of the Corp under Custody	294	322	84	147	56	88		
Securities of the Corp given as Guarantee	-	-	-	-	-	-		
Securities of the Corp Abroad	-	-	-	-	-	-		
Settlement with FX of the Corp Abroad	-	-	-	-	-	-		
Debts with the Contingency Fund	-	-	-	-	-	-		
Contingent Assets & Liabilities	269	285	284	278	265	262		
Investment bank Trans on Behalf of Third Parties	103,308	96,577	103,823	91,329	101,754	109,570		
Uncollected Accrued Interest from Past Due Loans	66	77	99	101	111	104		
Investments of Retirement Savings Funds	-	-	-	-	-	-		
Integration of the Credit Portfolio	-	-	-	-	-	-		
Amounts Contracted in Derivatives	-	-	-	-	-	-		
Other Registration Accounts	-	-	-	-	-	-		
Proprietary Transactions	**292,061**	**290,897**	**319,501**	**315,172**	**338,858**	**376,217**		
Repo Securities to be Received	217,654	236,600	234,956	216,233	226,589	238,589		
(Minus) Repurchase Creditors	(217,95	(236,902	(235,416	(216,708)	(226,813	(239,160		
Repurchase Transactions	**(302)**	**(301)**	**(460)**	**(475)**	**(224)**	**(571)**		
Repurchase Debtors	36,561	35,961	38,359	21,503	23,194	36,249		
(Minus) Repo Securities to be Delivered	(36,568)	(35,921)	(38,322)	(21,484)	(23,169)	(36,193)		
Repurchase Transactions	**(7)**	**40**	**37**	**19**	**25**	**56**		
TOTAL PROPRIETARY	**291,752**	**290,635**	**319,078**	**314,715**	**338,658**	**375,702**		

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

GFNORTE - CONSOLIDATED STATEMENT OF CASH FLOW JANUARY 1, 2008 – JUNE 30, 2008 *(Million Pesos)*	
Cash Flow from Operating Activities	
Net Income	**3,735**
Items charged to results that do not generate or require use of resources	
Results of valuation at reasonable value	6
Provisions for loan losses	2,259
Depreciation and amortization	523
Defferred taxes	(125)
Provisions for obligations	(549)
Minoritary interest	190
Undistribuated earnings of subsidiaries	(99)
	5,940
Change in items related to operations:	
Decrease (Increase) Deposits	17,943
Decrease (Increase) loan portfolio	(25,781)
Decrease (Increase) in portfolios of credit assets	-
Decrease (Increase) treasury operations (investment in securities)	(7,306)
Decrease (Increase) financial instruments for sale	1,405
Loans from banks and other institutions	1,857
Decrease (Increase) Deferred taxes	35
Net cash generated or used from operations	**(5,907)**
Financing Activities:	
Issue of subordinated debentures outstanding	6,722
Increase in other payable accounts	19
Stock repurchases	2,095
Net cash generated or used from financing activities	**8,836**
Investment Activities :	
Decrease in fixed assets	(424)
Decrease in permanent investments in shares	395
Decrease (Increase) in deferred charges or credits	267
Decrease (Increase) foreclosed assets	(269)
Increase in other accounts receivable	(2,814)
Net cash generated or used from investment activities	**(2,845)**
Decrease (increase) in cash and equivalents	**84**
Cash and due from banks at the beginning of the year	**41,610**
Cash and due from banks at the end of the year	**41,694**

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

GFNORTE – CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER´S EQUITY
JANUARY 1, 2008 – JUNE 30, 2008.
(Million Pesos)

	CONTRIBUTED CAPITAL	
	Fixed Paid-in Capital	**Premium form sale of securities**
Balance as of December 31,2007	**11,965**	**1,272**
Changes stemming from stockholder's decisions		
Stock repurchases	**3**	1
Capitalization of profits	**-**	**-**
Provisions Created	**-**	**-**
Increase in Capital	**-**	**-**
Total	**3**	**1**
Changes stemming from profits		
Total profits:		
Net Income	**-**	**-**
Non Monetary Assets Results	**-**	**-**
Recognition of minority interest	**-**	**-**
Total	**-**	**-**
Balance as of June 30,2008	**11,968**	**1,273**

	EARNED CAPITAL						
	Capital Reserves	**Retained earnings**	**Surpls or Deficit in Capital Restatement**	**Results from Non Monetary Assets (Investments)**	**Net Income**	**Minoritary Interest**	**Total Stockholders´ Equity**
Balance as of December 31,2007	**2,452**	**21,379**	**(6,380)**	**(5,009)**	**6,810**	**1,667**	**34,156**
Changes stemming from stockholder's decisions							
Stock repurchases	15	-	-	-	-	-	**19**
Application of profits	-	6,810	-	-	(6,810)	-	**-**
Provisions created	340	(340)	-	-	-	-	**-**
Cash Dividends	-	-	-	-	-	-	**-**
Increase in Capital	-	-	-	-	-	-	**-**
Total	**355**	**6,470**	**-**	**-**	**(6,810)**	**-**	**19**
Changes stemming from profits							
Total profits:							
Net Income	-	-	-	-	3,735	-	**3,735**
Non Monetary Assets Results	-	-	-	326	-	-	**326**
Change to Accounting Criteria (NIF B-10)	-	(6,813)	6,380	433	-	-	**-**
Total	**-**	**(6,813)**	**6,380**	**759**	**3,735**	**-**	**4,061**
Recognition of minority interest	-	-	-	-	-	201	**201**
Balance as of June 30,2008	**2,807**	**21,036**	**-**	**(4,250)**	**3,735**	**1,868**	**38,437**

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

BANKING SECTOR

BANKING SECTOR* - INCOME STATEMENT *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	Accum. 2007	1Q08	2Q08	3Q08	4Q08	Accum. 2008
Interest Income	8,776	9,341	9,983	10,606	38,707	10,786	11,254			**22,040**
Interest Expense	4,957	5,343	5,624	5,869	21,793	5,967	6,305			**12,272**
Loan Fees Charged	23	44	77	96	239	103	116			**219**
Fees Paid	-	-	-	-	-	-	-			**-**
Net Interest Income (NII)	**3,842**	**4,042**	**4,436**	**4,833**	**17,152**	**4,921**	**5,065**			**9,986**
Monetary Adjustment (Repomo) to margins	(38)	13	(103)	(137)	(265)	-	-			**-**
NII after Repomo	**3,804**	**4,054**	**4,334**	**4,695**	**16,888**	**4,921**	**5,065**			**9,986**
Preventive Provisions for Loan Losses	249	742	696	900	2,588	987	1,234			**2,221**
Loan Loss Sharing Provisions Fobaproa	-	-	-	-	-	-	-			**-**
NII Adjusted for Credit Risk	**3,555**	**3,313**	**3,637**	**3,795**	**14,300**	**3,934**	**3,831**			**7,765**
Fund Transfers	60	58	55	56	229	54	56			**110**
Account Management	242	241	239	254	976	235	250			**485**
Fiduciary	64	65	67	74	270	69	76			**145**
Income from Real Estate Portfolios	116	180	120	160	575	190	117			**307**
Electronic Banking Services	213	229	245	258	944	234	249			**483**
Credit Cards Fees	477	503	553	599	2,132	581	621			**1,203**
Fees Charged to IPAB	1	-	(1)	4	4	-	-			**-**
Other Fees	211	228	218	254	911	253	264			**516**
Fees Charged on Services	**1,383**	**1,504**	**1,495**	**1,658**	**6,041**	**1,616**	**1,633**			**3,249**
Fund Transfers	5	4	4	4	17	5	5			**10**
Other Fees	227	233	246	288	993	261	275			**537**
Expenses from Real Estate Portfolios	-	-	-	-	-	-	-			**-**
Fees Paid on Services	**232**	**237**	**250**	**292**	**1,010**	**266**	**280**			**546**
Foreign Exchange	113	142	116	135	506	128	135			**263**
Securities - Realized Gains	290	(129)	3	(97)	67	158	(68)			**91**
Securities - Unrealized Gains	(27)	270	79	4	325	(85)	7			**(78)**
Market Related Income	**376**	**283**	**198**	**42**	**898**	**201**	**74**			**275**
Non-Interest Income	**1,527**	**1,550**	**1,443**	**1,408**	**5,929**	**1,551**	**1,428**			**2,978**
Total Operating Income	**5,082**	**4,863**	**5,080**	**5,204**	**20,228**	**5,485**	**5,259**			**10,744**
Personnel	1,365	1,376	1,399	1,441	5,581	1,45	1,472			**2,929**
Professional Fees Paid	227	198	210	273	908	219	230			**449**
Administrative and Promotional Expenses	900	941	1,014	1,049	3,903	1,03	1,084			**2,120**
Rents, Depreciation and Amortization	321	329	323	313	1,286	332	328			**661**
Other Taxes (other than Income tax)	127	115	114	137	493	151	151			**302**
Contribuitons to IPAB	175	191	212	196	774	213	228			**441**
Non-Interest Expense	**3,114**	**3,151**	**3,272**	**3,408**	**12,945**	**3,408**	**3,494**			**6,901**
Net Operating Income	**1,968**	**1,712**	**1,808**	**1,796**	**7,284**	**2,077**	**1,765**			**3,842**
Other Revenues	130	216	286	197	830	576	324			**900**
Foreign Exchange	-	-	-	-	-	-	-			**-**
Recoveries	428	477	396	526	1,826	265	333			**597**
Repomo - other revenues	2	-	1	1	3	-	-			**-**
Non-Operating Income	**560**	**693**	**683**	**724**	**2,659**	**841**	**656**			**1,497**
Other Expenses	(101)	(113)	(28)	(132)	(374)	(111)	(133)			**(244)**
Changes in Foreign Exchange Valuation	-	-	-	-	-	-	-			**-**
Repomo - other expenses (creditor balance)	(137)	50	(114)	(182)	(383)	-	-			**-**
Non-Operating Expense	**(238)**	**(63)**	**(142)**	**(313)**	**(756)**	**(111)**	**(133)**			**(244)**
Non Operating Income (Expense), net	**322**	**630**	**541**	**411**	**1,903**	**731**	**523**			**1,254**
Pre-Tax Income	**2,289**	**2,342**	**2,349**	**2,206**	**9,187**	**2,808**	**2,288**			**5,096**
Income Tax	628	616	659	744	2,647	732	627			**1,358**
Profit Sharing	232	239	184	206	862	232	232			**464**
Tax on Assets	-	-	-	-	-	-	-			**-**
Deferred Income Tax and Profit Sharing	(15)	(43)	(94)	(298)	(450)	48	(157)			**(109)**
Taxes	**845**	**813**	**749**	**651**	**3,058**	**1,011**	**702**			**1,713**
Net Income before Subsidiaries	**1,444**	**1,529**	**1,601**	**1,555**	**6,129**	**1,796**	**1,586**			**3,382**
Subsidiaries' Net Income	28	6	32	20	87	34	14			**48**
Net Income form Continuos Operations	**1,473**	**1,535**	**1,633**	**1,575**	**6,216**	**1,830**	**1,600**			**3,430**
Extraordinary Items, net	-	-	-	-	-	-	-			**-**
Minority Interest	19	21	13	12	64	25	27			**53**
TOTAL NET INCOME	**1,454**	**1,514**	**1,621**	**1,563**	**6,151**	**1,804**	**1,573**			**3,378**

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

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

***BANKING SECTOR* – BALANCE SHEET** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
ASSETS								
Cash and Due from Banks	**42,138**	**48,644**	**39,677**	**41,363**	**39,471**	**41,284**		
Negotiable Instruments	7,189	6,092	8,891	6,992	7,390	9,989		
Securities Available for Sale	10,400	8,508	10,814	10,948	15,636	15,082		
Securities Held to Maturity	754	779	764	760	749	742		
Investment in Securities	**18,343**	**15,379**	**20,469**	**18,700**	**23,775**	**25,814**		
Non-assigned Securities pending Settlement	-	-	-	-	-	-		
Debtor Balance in Repo Trans, net	60	82	44	31	49	34		
Repo Transactions with Collateral	-	-	-	-	-	-		
Secs to be received in Repo Trans, net	-	-	-	-	-	-		
Transactions with Derivatives	954	290	1,742	2,302	2,368	4,523		
Operations w/ Derivatives & Securities	**1,015**	**372**	**1,786**	**2,332**	**2,417**	**4,557**		
Commercial Loans	77,555	81,156	79,795	87,001	90,957	97,022		
Financial Intermediaries' Loans	4,918	8,529	11,814	16,153	17,329	18,070		
Consumer Loans	22,655	24,538	25,819	27,220	28,626	30,376		
Mortgage Loans	30,133	32,381	34,276	37,216	39,046	41,170		
Government Entities' Loans	15,255	17,243	17,868	17,948	17,556	24,366		
IPAB Loans	-	-	-	-	-	-		
Performing Loans	**150,516**	**163,846**	**169,573**	**185,538**	**193,514**	**211,003**		
Commercial PDL's	714	740	756	777	944	973		
Financial Intermediaries PDL's	-	-	-	-	-	-		
Consumer PDL's	721	885	1,015	1,109	1,208	1,471		
Mortgage PDL's	738	806	840	858	893	619		
Government Entities PDL's	-	-	-	-	-	-		
Past Due Loans	**2,173**	**2,431**	**2,611**	**2,743**	**3,044**	**3,063**		
Gross Loan Portfolio	**152,689**	**166,277**	**172,184**	**188,282**	**196,558**	**214,066**		
Preventive Loan Loss Reserves	3,318	3,541	3,554	3,707	3,976	4,153		
Net Loan Portfolio	**149,371**	**162,737**	**168,630**	**184,574**	**192,582**	**209,913**		
Acquired Collection Rights	4,183	4,043	3,861	3,660	3,538	3,375		
Total Credit Portfolio	**153,555**	**166,780**	**172,491**	**188,235**	**196,120**	**213,288**		
Sundry Debtors & Other Accs Rec, net	9,557	13,665	18,469	7,137	12,132	9,992		
Foreclosed Assets, net	423	430	296	385	506	653		
Real Estate, Furniture & Equipment, net	6,033	5,987	6,009	6,380	6,344	6,339		
Investments in Subsidiaries	928	915	832	839	871	839		
Deferred Taxes, net	-	-	-	237	177	325		
Goodwill	4,183	4,253	4,182	4,100	4,000	3,920		
Intangibles	156	158	209	249	238	217		
Other Assets	3,184	3,094	3,504	4,395	4,376	4,638		
	24,462	**28,501**	**33,502**	**23,731**	**28,645**	**26,924**		
TOTAL ASSETS	**239,512**	**259,677**	**267,924**	**274,361**	**290,428**	**311,867**		

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

***BANKING SECTOR* – BALANCE SHEET** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
LIABILITIES								
Demand Deposits	95,131	100,657	96,844	111,115	103,274	106,725		
Time Deposits	79,719	80,735	86,496	92,419	93,971	114,746		
Bank Bonds	-	-	-	-	-	-		
Deposits	**174,849**	**181,392**	**183,340**	**203,534**	**197,245**	**221,471**		
Immediate Redemption Loans	-	7,495	2,454	871	5,615	3,136		
Short Term	3,554	4,083	4,059	4,895	14,225	6,836		
Long Term	8,277	8,565	9,030	8,328	7,912	7,718		
Due to Banks & Correspondents	**11,831**	**20,143**	**15,543**	**14,094**	**27,752**	**17,691**		
Non-assigned Securities for Settlement	-	2,988	9,114	10	1,745	1,570		
Creditor Balance in Repo Trans, net	373	347	473	489	252	553		
Repo Transactions with Collateral	-	-	-	-	-	-		
Secs to be received in Repo Trans, net	-	-	-	-	-	-		
Transactions with Derivatives	1,789	984	2,297	2,435	3,156	4,443		
Operations w/ Derivatives & Securities	**2,162**	**4,319**	**11,884**	**2,934**	**5,153**	**6,566**		
Income Tax & Profit Sharing Payable	801	1,398	1,703	1,995	1,121	1,209		
Other Creditors & Accounts Payable	11,734	12,590	13,647	10,371	11,973	12,694		
Other Payable Accounts	**12,535**	**13,988**	**15,350**	**12,366**	**13,094**	**13,902**		
Subordinated Non Convertible Debt	11,943	11,651	11,734	10,210	14,561	16,932		
Deferred Taxes	256	191	105	-	-	-		
Deferred Credits	221	412	556	784	923	1,088		
TOTAL LIABILITIES	**213,797**	**232,095**	**238,512**	**243,921**	**258,727**	**277,650**		
STOCKHOLDER´S EQUITY								
Paid-in Capital	10,955	10,955	10,955	10,955	10,955	10,955		
Share Subscription Premiums	856	856	856	856	856	856		
Subordinated Convertible Debentures	-	-	-	-	-	-		
Subscribed Capital	**11,811**	**11,811**	**11,810**	**11,811**	**11,811**	**11,811**		
Capital Reserves	3,390	3,390	3,389	3,390	3,390	4,005		
Retained Earnings	11,162	11,162	11,161	10,536	14,749	14,039		
Results from Valuation of Secs Available for Sale	41	447	466	396	392	749		
Results from Valuation of Hedging Secs	(518)	(671)	(499)	(320)	(833)	58		
Results from Conversions of Foreign Ops	9	16	20	15	(33)	(258)		
Surplus (Deficit) in Capital Restatement	(1,936)	(1,931)	(1,932)	(1,938)	-	-		
Results of Non Monetary Fixed Assets	-	-	-	-	-	-		
Results of Non Monetary –Investment Assets	31	99	102	91	86	71		
Adjustments in the Employee's Pensions	-	-	-	-	-	-		
Accumulated Effect of Deferred Liabilities	-	-	-	-	-	-		
Net Income	1,454	2,968	4,589	6,151	1,804	3,378		
Earned Capital	**13,632**	**15,479**	**17,297**	**18,319**	**19,554**	**22,042**		
Minority Interest	272	292	305	310	335	364		
Total Stockholder´s Equity	**25,715**	**27,582**	**29,412**	**30,440**	**31,700**	**34,216**		
TOTAL LIABILITIES & STOCKHOLDER´S EQUITY	**239,512**	**259,677**	**267,924**	**274,361**	**290,428**	**311,867**		

***BANKING SECTOR* – MEMORANDUM ACCOUNTS** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
Endorsement Guarantees Granted	-	-	-	-	-	-		
Contingent Assets & Liabilities	269	285	284	278	265	262		
Irrevocable Lines of Credit	2,418	2,149	2,687	2,365	2,846	2,530		
Assets held in Trusts or Mandate	84,520	87,179	100,223	101,632	108,959	108,574		
Assets held in custody or in administration	96,095	99,309	106,546	113,408	119,021	148,763		
Investment banking transactions for third parties, net	103,308	96,577	103,823	91,329	101,754	109,570		
Uncharged accrued interest from past - due loans	59	70	92	94	105	99		
Amounts committed to fobaproa operations	-	-	-	-	-	-		
Investment of retirement saving funds	-	-	-	-	-	-		
Integration of loan portfolio	-	-	-	-	-	-		
Amounts received in derivative instruments	-	-	-	-	-	-		
Fobaproa trusts	-	-	-	-	-	-		
Repurchase securities to be received	188,653	199,567	198,072	194,429	202,305	205,840		
(Less) creditors from repos	(188,945)	(199,834	(198,497)	(194,886)	(202,496)	(206,363)		
Debtors from repos	15,894	11,203	13,004	7,198	9,583	5,768		
(Less) Repurchase securities to be delivered	(15,915)	(11,201)	(13,009)	(7,199)	(9,595)	(5,764)		
Other control accounts	-	-	-	-	-	-		
	286,355	**285,306**	**313,225**	**308,649**	**332,747**	**369,279**		

BANORTE

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

BANORTE USA

***BANORTE USA* – INCOME STATEMENT** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	2007	1Q08	2Q08	6M08
Interest Income	302	277	296	319	1,195	299	293	592
Interest Expense	146	140	148	156	591	140	130	270
Loan Fees Charged	-	-	-	-	-	-	-	-
Fees Paid	-	-	-	-	-	-	-	-
Net Interest Income (NII)	**156**	**137**	**148**	**163**	**604**	**159**	**163**	**322**
Monetary Adjustment (Repomo) to margins	-	(1)	-	(2)	(3)	-	-	-
NII after Repomo	**156**	**136**	**148**	**161**	**601**	**159**	**163**	**322**
Preventive Provisions for Loan Losses	15	27	(20)	38	61	(7)	17	9
Loss Sharing Provisions	-	-	-	-	-	-	-	-
NII Adjusted for Credit Risk	**141**	**109**	**168**	**123**	**540**	**166**	**147**	**313**
Fund transfers	-	-	-	-	-	-	-	-
Account management	-	-	-	-	-	-	-	-
Fiduciary	-	-	-	-	-	-	-	-
Income from Loan Portfolios Acquired	-	-	-	-	-	-	-	-
Electronic Banking Services	-	-	-	-	-	-	-	-
Credit Card Fees	-	-	-	-	-	-	-	-
Fees Charged to IPAB	-	-	-	-	-	-	-	-
Other fees	24	25	25	27	101	24	24	48
Fees Charged on Services,	**24**	**25**	**25**	**27**	**101**	**24**	**24**	**48**
Fund transfers	-	-	-	-	-	-	-	-
Other fees	-	-	-	-	-	-	-	-
Expenses from Loan Portfolios Acquired	-	-	-	-	-	-	-	-
Fees Paid on Services	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Foreign exchange	-	-	-	-	-	-	-	-
Securities –Realized gains	-	-	-	-	-	-	-	-
Securities- Unrealized gains	-	-	-	-	-	-	-	-
Market Related Income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Non Interest Income	**24**	**25**	**25**	**27**	**101**	**24**	**24**	**48**
Total Operating Income	**165**	**133**	**193**	**150**	**641**	**190**	**170**	**361**
Personnel	50	51	53	59	213	57	60	117
Professional Fees Paid	6	7	7	8	29	7	7	14
Administrative and Promotional Expenses	50	61	65	74	250	70	75	145
Rents, depreciation and amortization	11	9	9	10	39	9	9	18
Taxes, other than income tax	-	-	-	-	-	-	-	-
Contributions to IPAB	-	-	-	-	-	-	-	-
Non-Interest Expense	**117**	**128**	**135**	**151**	**531**	**143**	**152**	**294**
Operating Income	**48**	**5**	**58**	**(1)**	**110**	**48**	**19**	**66**
Other Revenues	28	41	40	48	157	59	53	113
Foreign exchange	-	-	-	-	-	-	-	-
Recoveries	1	1	1	1	5	1	1	2
Repomo-other revenues	-	-	-	-	-	-	-	-
Non Operating Income	**29**	**42**	**41**	**49**	**162**	**60**	**55**	**115**
Other Expenses	-	-	-	-	-	-	-	-
Changes in Foreign Exchange Valuation	-	-	-	-	-	-	-	-
Repomo-other expenses (creditor balance)	-	(3)	-	(3)	(6)	-	-	-
Non Operating Expense	**-**	**(3)**	**-**	**(3)**	**(6)**	**-**	**-**	**-**
Non Operating Income (Expense), net	**29**	**39**	**41**	**46**	**156**	**60**	**55**	**115**
Pre-tax Income	**77**	**44**	**99**	**45**	**266**	**108**	**73**	**181**
Income Tax	(26)	(15)	(33)	(16)	(90)	(36)	(25)	(61)
Profit sharing	-	-	-	-	-	-	-	-
Tax on Assets	-	-	-	-	-	-	-	-
Deferred Income Tax and Profit sharing	-	-	-	-	-	-	-	-
	(26)	**(15)**	**(33)**	**(16)**	**(90)**	**(36)**	**(25)**	**(61)**
Net Income before subsidiaries	**51**	**30**	**66**	**29**	**176**	**71**	**48**	**120**
Subsidiaries' net income	-	-	-	-	-	-	-	-
Net Income from continuos operations	**51**	**30**	**66**	**29**	**176**	**71**	**48**	**120**
Extraodinary items, net	-	-	-	-	-	-	-	-
Minority Interest	(18)	(21)	(13)	(12)	(64)	(25)	(19)	(44)
TOTAL NET INCOME	**33**	**9**	**53**	**17**	**112**	**46**	**30**	**76**

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

BANORTE USA – BALANCE SHEET *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08
ASSETS						
Cash and due from Banks	**1,503**	**407**	**283**	**570**	**347**	**459**
Negotiable Instruments	-	-	-	-	-	-
Securities available for sale	4,091	3,976	4,663	4,635	5,312	5,487
Securities held to maturity	11	11	10	11	10	10
Investment in Securities	**4,103**	**3,988**	**4,673**	**4,646**	**5,322**	**5,497**
Non-assigned securities pending Settlement	-	-	-	-	-	-
Debtor Balance in Repo Trans, net	-	-	-	-	-	-
Repo Transactions with Collateral	-	-	-	-	-	-
Secs to be received in Repo Trans, net	-	-	-	-	-	-
Transactions with derivatives	-	-	-	-	-	-
Operations w/ Derivatives & Securities	**-**	**-**	**-**	**-**	**-**	**-**
Commercial Loans	8,947	9,528	9,617	8,909	9,063	8,834
Financial Intermediaries' Loans	-	-	-	-	-	-
Consumer Loans	157	159	171	175	180	166
Mortgage Loans	725	724	795	1,691	1,641	1,683
Goverment Entities' Loans	-	-	-	-	-	-
IPAB Loans	-	-	-	-	-	-
Fiduciary Collection Rights	-	-	-	-	-	-
Performing Loans	**9,828**	**10,410**	**10,582**	**10,776**	**10,884**	**10,683**
Commercial PDL's	73	50	40	66	120	57
Financial Intermediaries' PDL's	-	-	-	-	-	-
Consumer PDL's	1	-	-	-	1	1
Mortgage PDL's	5	10	6	16	16	21
Goverment Entities PDL's	-	-	-	-	-	-
Past Due Loans	**79**	**60**	**46**	**83**	**137**	**79**
Gross Loan Portfolio	**9,908**	**10,470**	**10,628**	**10,858**	**11,021**	**10,762**
Preventive loan loss reserves	192	215	125	131	119	128
Net Loan Portfolio	**9,717**	**10,255**	**10,504**	**10,727**	**10,902**	**10,634**
Credit Assets Portfolio	-	-	-	-	-	-
Sundry debtors and other accs rec,net	-	14	7	-	-	-
Foreclosed assets, net	20	15	17	25	152	313
Real Estate, Furniture & Equipment, net	569	570	585	585	580	572
Investments in subsidiaries	7	7	7	7	7	7
Deferred taxes, net	-	-	-	-	-	-
Risk Coverage for Mortgage	-	-	-	-	-	-
GoodWill	2,642	2,648	2,582	2,575	2,512	2,431
Intangible	156	159	148	139	126	114
Otros Assets	445	416	433	565	485	685
Other Assets	**3,243**	**3,223**	**3,164**	**3,278**	**3,123**	**3,229**
TOTAL ASSETS	**19,161**	**18,478**	**19,241**	**19,838**	**20,434**	**20,712**

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BANORTE USA – BALANCE SHEET *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08
LIABILITIES						
Demand Deposits	8,222	7,645	6,901	7,741	7,909	7,269
Time Deposits	6,816	6,585	7,172	7,577	7,372	7,349
Bank Bonds	-	-	-	-	-	-
Deposits	**15,039**	**14,229**	**14,074**	**15,318**	**15,280**	**14,618**
Immediate Redemption Loans	-	-	-	-	-	845
Short term	-	111	60	-	768	1,040
Long term	88	85	916	264	77	71
Due to banks and correspondents	**88**	**195**	**976**	**264**	**844**	**1,956**
Non-assigned securities pending settlement	-	-	-	-	-	-
Cerditor Balance in Repo Trans, net	-	-	-	-	-	-
Repo transactions with collateral	-	-	-	-	-	-
Securities to be received in Repo Trans, net	-	-	-	-	-	-
Transactions with derivatives, net	-	-	-	-	-	-
Operations w/ Derivatives & Securities	**-**	**-**	**-**	**-**	**-**	**-**
Income Tax & Profit Sharing Payable	33	-	-	-	2	-
Other creditors & accounts payable	220	122	117	135	141	141
Other payable accounts	**252**	**122**	**117**	**135**	**143**	**141**
Subordinated non Convertible Debenture	233	230	229	225	220	213
Deferred Taxes	31	7	17	19	44	52
Deferred credits	-	19	24	30	33	34
TOTAL LIABILITIES	**15,645**	**14,803**	**15,438**	**15,991**	**16,564**	**17,014**
STOCKHOLDER´S EQUITY						
Paid-in Capital	3,131	3,350	3,331	3,344	3,344	3,346
Share subscription premiums	-	-	-	-	-	-
Subordinated Convertible Debentures	-	-	-	-	-	-
Subscribed Capital	**3,133**	**3,350**	**3,331**	**3,344**	**3,344**	**3,346**
Capital Reserves	-	-	-	-	-	-
Retained Earnings	10	10	10	11	122	122
Results from Valuation of Secs Available for Sale	22	2	40	57	105	(2)
Results from Conversions of Foreign Ops	50	(25)	20	15	(81)	(199)
Surplus (Deficit) in capital restatement	-	-	-	-	-	-
Results of Non Monetary fixed assets	-	-	-	-	-	-
Results on non monetary - investment assets	-	-	-	-	-	-
Adjustment in employees' pensions	-	-	-	-	-	-
Accumulated effect of Deferred Liabilities	-	-	-	-	-	-
Net Income	34	44	97	112	46	76
Earned Capital	**117**	**30**	**168**	**194**	**192**	**(3)**
Minority Holdings	266	296	304	309	334	354
Total Stockholder´s Equity	**3,517**	**3,674**	**3,803**	**3,847**	**3,870**	**3,698**
TOTAL LIABILITIES & STOCKHOLDER´S CAPITAL	**19,161**	**18,478**	**19,241**	**19,838**	**20,434**	**20,712**

***BANORTE USA* – MEMORANDUM ACCOUNTS** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08
Endorsement guarantees granted	-	-	-	-	-	-
Other contingent obligations	-	-	-	-	-	-
Credit commitments	18	21	14	14	23	26
Irrevocable lines of credit	-	-	-	-	-	-
Assets held in trusts or mandate	-	-	-	-	-	-
Assets held in custody or in administration	-	-	-	-	-	-
Investment banking transactions for third parties, net	-	-	-	-	-	-
Amounts committed to fobaproa operations	-	-	-	-	-	-
Investment of retirement saving funds	-	-	-	-	-	-
Integration of loan portfolio	-	-	-	-	-	-
Amounts received in derivative instruments	-	-	-	-	-	-
Fobaproa trusts	-	-	-	-	-	-
Repurchase securities to be received	-	-	-	-	-	-
(Less) creditors from repos	-	-	-	-	-	-
Debitors from repos	-	-	-	-	-	-
(Less) Repurchase securities to be delivered	-	-	-	-	-	-
Other control accounts	-	-	-	-	-	-
Endorsement guarantees granted	**18**	**21**	**14**	**14**	**23**	**26**

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- **Information by Segments**

GFNORTE – BALANCE SHEET 2Q08 (Million Pesos)	Holding	Banorte	Brokerage	Leasing & Factoring	Warehouse	Pronegocio	Total	Eliminations	Final Balance
Interest Income	6	22,054	1,054	682	1	97	23,894	(893)	23,001
Interest Expense	-	12,272	1,023	352	-	21	13,668	(850)	12,818
Loan Fees	-	219	-	-	-	9	228	-	228
Net Interest Income (NII)	**6**	**10,000**	**31**	**330**	**1**	**85**	**10,454**	**(43)**	**10,411**
Repomo-Margin	-	-	-	-	-	-	-	-	-
NII after Repomo	**6**	**10,000**	**31**	**330**	**1**	**85**	**10,454**	**(43)**	**10,411**
Loan Loss & Loss Sharing Provisions	-	2,221	-	13	-	26	2,259	-	2,259
NII after Provisions	**6**	**7,779**	**31**	**317**	**1**	**60**	**8,194**	**(43)**	**8,151**
Fees on services,	-	3,765	423	8	20	3	4,219	(54)	4,165
Fees paid,	-	558	-	6	-	10	575	(1)	574
Market-related Income	-	275	82	-	-	-	357	-	357
Total Non Interest Income	**-**	**3,482**	**505**	**2**	**20**	**(7)**	**4,001**	**(55)**	**3,948**
Total Operating Income	**6**	**11,261**	**537**	**319**	**21**	**52**	**12,196**	**(96)**	**12,101**
Non-Interest Expense	**3**	**7,282**	**313**	**177**	**9**	**85**	**7,869**	**(167)**	**7,702**
Operating Income	**3**	**3,979**	**224**	**142**	**12**	**(33)**	**4,327**	**71**	**4,395**
Non Operating Income	-	1,497	48	14	91	12	1,663	(72)	1,591
Non Operating Expense	-	244	-	4	89	1	338	-	338
Non Operating Income (Expense)NET	**-**	**1,254**	**48**	**10**	**2**	**11**	**1,325**	**(71)**	**1,253**
Pre-tax Income	**3**	**5,233**	**272**	**153**	**13**	**(22)**	**5,652**	**-**	**5,652**
Tax and Profit sharing	**4**	**1,744**	**73**	**9**	**2**	**(6)**	**1,826**	**-**	**1,826**
Net Income before subsidiaries	**(1)**	**3,489**	**199**	**144**	**11**	**(16)**	**3,826**	**-**	**3,826**
Subsidiaries´ net income	3,736	(20)	15	-	-	-	3,731	(3,632)	99
Net Inc. from continuos operations	**3,735**	**3,469**	**214**	**144**	**11**	**(16)**	**7,557**	**(3,632)**	**3,925**
Extraodinary items, net	-	-	-	-	-	-	-	-	-
Minority Interest	-	(91)	-	-	-	-	(91)	(99)	(190)
TOTAL NET INCOME	**3,735**	**3,378**	**214**	**144**	**11**	**(16)**	**7,466**	**(3,731)**	**3,735**

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

GFNORTE – BALANCE SHEET AS OF 2Q08
(Million Pesos)

ASSETS	Holding	Banorte	Brokerage	Leasing & Factoring	Warehouse	Pronegocio	Total	Eliminations	Final balance
Cash and due from Banks	**204**	**41,684**	**1**	**6**	**43**	**33**	**41,971**	**(277)**	**41,694**
Negotiable Instruments	-	9,989	948	-	-	-	10,938	-	**10,938**
Securities held for sale	-	15,082	-	-	-	-	15,082	-	**15,082**
Securities held to maturity	-	742	-	-	-	-	742	-	**742**
Financial Instruments:	**-**	**25,814**	**948**	**-**	**-**	**-**	**26,762**	**-**	**26,762**
Non-assigned securities to pay	-	-	-	-	-	-	-	-	**-**
Futures receivable, net	-	34	56	-	-	-	90	-	**90**
Options and derivatives, net	-	4,523	2	-	-	-	4,525	-	**4,525**
Repos & Derivatives :	**-**	**4,557**	**58**	**-**	**-**	**-**	**4,615**	**-**	**4,615**
Commercial	-	97,022	-	9,760	-	314	107,097	-	**107,097**
Financial Intermediaries	-	18,070	-	65	-	-	18,134	(3,604)	**14,531**
Consumer	-	30,376	-	4	-	-	30,380	-	**30,380**
Mortgage	-	41,170	-	-	-	-	41,170	-	**41,170**
Goverment Entities	-	24,366	-	2	-	-	24,367	-	**24,367**
Fobaproa	-	-	-	-	-	-	-	-	**-**
Performing Loans	**-**	**211,003**	**-**	**9,830**	**-**	**314**	**221,148**	(3,604)	**217,544**
Commercial	-	973	-	55	-	107	1,135	-	**1,135**
Financial Intermediaries	-	-	-	-	-	-	-	-	**-**
Consumer	-	1,471	-	-	-	-	1,471	-	**1,471**
Mortgage	-	619	-	-	-	-	619	-	**619**
Goverment Entities	-	-	-	-	-	-	-	-	**-**
Past Due Loans	**-**	**3,063**	**-**	**55**	**-**	**107**	**3,225**	**-**	**3,225**
Total Credit	**-**	**214,066**	**-**	**9,886**	**-**	**421**	**224,373**	**(3,604)**	**220,769**
Preventive loan loss reserves	-	4,153	-	30	-	34	4,217	-	**4,217**
Net Loan Portfolio	**-**	**209,913**	**-**	**9,856**	**-**	**387**	**220,156**	**(3,604)**	**216,552**
Acquired collection rights	-	3,375	-	-	-	-	3,375	-	**3,375**
Total Loans	**-**	**213,288**	**-**	**9,856**	**-**	**387**	**223,531**	**(3,604)**	**219,927**
Sundry debtors and other	11	10,031	150	148	33	8	10,380	50	**10,431**
Merchandise Inventory	-	-	-	-	77	-	77	-	**77**
Foreclosed assets, net	-	653	-	-	-	-	653	-	**653**
Real Estate, Furniture & Equipment,	-	6,420	12	1,499	59	68	8,058	-	**8,058**
Investments in subsidiaries	36,964	950	74	-	-	-	37,988	-	**35,357**
Deferred taxes	-	296	-	-	-	24	320	(16)	**304**
GoodWill	33	3,920	-	-	-	-	3,953	-	**3,953**
Intangible	2	217	-	-	-	-	219	-	**219**
Otros Assets	-	4,650	239	23	5	16	4,933	(647)	**4,286**
Total Other Assets	**37,010**	**27,137**	**475**	**1,670**	**174**	**116**	**66,581**	**(35,969)**	**30,612**
TOTAL ASSETS	**37,214**	**312,480**	**1,483**	**11,532**	**217**	**535**	**363,461**	**(39,850)**	**323,611**

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

GFNORTE – BALANCE SHEET AS OF 2Q08
(Million Pesos)

LIABILITIES	Holding	Banorte	Brokerage	Leasing & Factoring	Warehouse	Pronegocio	Total	Eliminations	Final balance
Demand Deposits	-	106,724	-	-	-	-	106,724	(32)	106,693
Time Deposits	-	114,746	-	-	-	-	114,746	(188)	114,557
Bonds	-	-	-	-	-	-	-	-	-
Deposits	**-**	**221,470**	**-**	**-**	**-**	**-**	**221,470**	**(220)**	**221,250**
Demand	-	3,136	-	-	-	-	3,136	-	3,316
Short term	-	6,836	-	7,629	85	427	14,978	(3,604)	11,375
Long term	-	7,718	-	2,352	-	-	10,070	-	10,070
Due to banks & corresp.	**-**	**17,691**	**-**	**9,981**	**85**	**427**	**28,184**	**(3,604)**	**24,581**
Assigned securities to pay	**-**	**1,570**	**-**	**-**	**-**	**-**	**1,570**	**-**	**1,570**
Non-assigned securities to pay	-	-	-	-	-	-	-	-	-
Futures receivable, net	-	553	53	-	-	-	605	-	605
Options and derivatives, net	-	4,443	-	-	-	-	4,443	-	4,443
Repos & Derivatives:	**-**	**4,966**	**53**	**-**	**-**	**-**	**5,049**	**-**	**5,049**
Income Tax & Profit Sharing	-	1,252	83	6	-	-	1,340	-	1,340
Other Payable accounts	3	12,756	169	355	7	23	13,313	(7)	13,306
Other payable accounts	**3**	**14,007**	**252**	**361**	**7**	**23**	**14,653**	**(7)**	**14,646**
Subordinated non Convertible Debenture	-	16,932	-	-	-	-	16,932	-	16,932
Deferred Taxes	1	-	3	-	12	-	16	(16)	-
Deferred credits	-	1,088	-	54	-	9	1,152	(6)	1,146
TOTAL LIABILITIES	**3**	**277,754**	**307**	**10,397**	**104**	**460**	**289,026**	**(3,852)**	**285,174**
STOCKHOLDER´S EQUITY									
Paid-in Capital	12,020	10,955	540	306	87	118	24,026	(12,059)	11,968
Share subscription premiums	1,863	856	-	-	-	-	2,718	(1,445)	1,273
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-	-
Subscribed Capital	**13,882**	**11,811**	**540**	**306**	**87**	**118**	**26,745**	**13,503**	**13,241**
Capital Reserves	2,807	4,005	72	164	15	-	7,063	(4,255)	2,807
Retained Earnings	21,035	14,039	353	522	(1)	(27)	35,921	(14,886)	21,035
Surplus (Deficit) from securities	-	749	-	-	-	-	749	(749)	-
Results from coverage securities valuation	-	58	-	-	-	-	58	(58)	-
Results of foreign operations exchange	-	(258)	(3)	-	-	-	-261	261	-
Excess (Insuf.) in capital restatement	-	-	-	-	-	-	-	-	-
Non Mon assets results Fixed Assets	-	-	-	-	-	-	-	-	-
Non Mon assets results Investm subsidiaries	(4,250)	71	-	-	-	-	(4,179)	(71)	(4,250)
Adjustment in the employees pension funds	-	-	-	-	-	-	-	-	-
Net Income	3,735	3,378	214	144	11	(16)	7,466	(3,731)	3,735
Earned Capital	**23,328**	**22,042**	**636**	**829**	**25**	**(43**	**46,817**	**(23,489)**	**23,328**
Minority Holdings	-	873	-	-	-	-	873	995	1,868
Total Stockholder´s Equity	**37,210**	**34,726**	**1,176**	**1,135**	**112**	**75**	**74,435**	**(35,998)**	**38,437**
TOT. LIAB. & STOCKHOL. EQUITY	**37,214**	**312,480**	**1,483**	**11,532**	**217**	**535**	**363,461**	**(39,850)**	**323,611**

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

ACCOUNTING CHANGES AND REGULATIONS

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

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

• Provisions for implementation of the new Basel Capital Agreement.

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

• New rules for banking institutions' capital requirements.

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

• Changes to accounting criteria.

In September 2006, the CNBV issued changes to accounting standards in order to to make them consistent with reporting standards established both in Mexico and internationally. This will facilitate comparisons of the information that banking institutions disclose to the authorities, the public and the markets in general. Such changes became effective as of January 1, 2007.

The most relevant changes are listed below:

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

- Repossessed assets will be revalued with the adjustment of the UDI (CPI unit of account); previously they generated a monetary expense in Repomo since they were considered a monetary asset.

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

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

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

• B-11 Bulletin.

The income and amortizations from investments in collection rights will be recognized according to according to the rules established in the B-11 critera of the CNBV using one of the three different methods established in this critera for that effect.

• B-10 Bulletin "Inflation Effects".

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

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

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

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

LOAN PORTFOLIO SALES TO SOLIDA ADMINISTRADORA DE PORTAFOLIOS

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

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

	Local Currency (2)			Foreign Currency (USD) (3)			Total		
(Millions of Nominal Pesos)	Aug'02	Mar'08	Jun'08	Aug'02	Mar'08	Jun'08	Aug'02	Mar'08	Jun'08
Performing Loans									
Commercial	5	-	-	5	-	-	10	-	-
Consumer	-	-	-	-	-	-	-	-	-
Mortgage	54	70	52	-	-	-	54	70	52
Total	**59**	**70**	**52**	**5**	**-**	**-**	**64**	**70**	**52**
Non Performing Loans									
Commercial	405	372	372	293	110	93	698	482	465
Consumer	81	73	73	-	-	-	81	73	73
Mortgage	1,112	445	440	-	-	-	1,112	445	440
Total	**1,598**	**890**	**885**	**293**	**110**	**93**	**1,891**	**1,000**	**978**
TOTAL LOANS	**1,657**	**960**	**937**	**298**	**110**	**93**	**1,955**	**1,070**	**1,030**
Loan Loss Reserves (1)									
Commercial	326	360	359	246	110	93	572	470	452
Consumer	77	73	73	-	-	-	77	73	73
Mortgage	669	422	417	-	-	-	669	422	417
Total	**1,072**	**855**	**849**	**246**	**110**	**93**	**1,318**	**965**	**942**

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

In 2Q08 the Loan portfolio showed changes due to: collections for Ps $9 million, restructures for Ps $2 million, repossessed assets for Ps $4 millon and Ps $29 million in charge-offs and discounts. In the Loan loss provisions, there were charge-offs and discounts for Ps $6 million. There were transfers from performing loans to past due loans for Ps $6 million and transfers from past due loans to performing loans for Ps $2 million.

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

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

	Local Currency (1)		Foreign Currency (USD)(2)		Total	
(Millions of Nominal Pesos)	**Mar'08**	**Jun'08**	**Mar'08**	**Jun'08**	**Mar'08**	**Jun'08**
Performing Loans						
Commercial	103,698	118,907	15,199	14,122	118,897	133,029
Consumer	28,446	30,210	-	-	28,446	30,210
Mortgage	37,475	39,539	-	-	37,475	39,539
Fobaproa / IPAB	-	-	-	-	-	-
Performing Loans	**169,619**	**188,656**	**15,199**	**14,122**	**184,818**	**202,778**
Non Performing Loans						
Commercial	1,172	1,264	134	117	1,306	1,381
Consumer	1,280	1,543	-	-	1,280	1,543
Mortgage	1,321	1,038	-	-	1,321	1,038
Non Performing Loans	**3,773**	**3,845**	**134**	**117**	**3,907**	**3,962**
TOTAL LOANS	**173,392**	**192,501**	**15,333**	**14,239**	**188,725**	**206,740**
Loan Loss Reserves	**4,584**	**4,749**	**239**	**218**	**4,823**	**4,967**
Net Loan Portfolio	**168,808**	**187,752**	**15,094**	**14,021**	**183,902**	**201,773**
Loan Loss Reserves					**123.45%**	**125.37%**
% Past Due Loans					**2.07%**	**1.92%**

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

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

NOTES TO FINANCIAL STATEMENTS

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 2Q08
(Million Pesos)

NEGOTIABLE INSTRUMENTS	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Goverment Securities	1,384	-	(2)	1,382
Banking Securities	5,090	15	(1)	5,103
Private	1,089	42	(15)	1,116
Bank Paper	-	-	-	-
Treasury Bonds	-	-	-	-
PEMEX	-	-	-	-
UMS	-	-	-	-
Commercial Paper	3,093	-	-	3,093
Shares listed in the SIC	-	-	-	-
Guarantee (collateral) for futures	4	-	-	4
Mutual Funds	-	-	-	-
Subordinated Securities	236	-	4	241
Total	**10,896**	**57**	**(15)**	**10,938**
SECURITIES HELD FOR SALE				
Goverment Securities	5,529	23	(65)	5,487
Mexican Government Securities (UMS)	1,213	32	6	1,251
Treasury Bonds	21	-	-	21
Public company bonds	7	-	596	603
Bonds	3,142	47	(157)	3,032
Eurobonds	412	9	(2)	419
Bank Paper	-	-	-	-
Structured notes	-	-	-	-
PEMEX	3,866	81	44	3,992
Subordinated securities	21	-	259	279
Swaps for hedging purposes	-	-	-	-
Total	**14,212**	**191**	**680**	**15,082**
SECURITIES HELD TO MATURITY				
Special Cetes	665	6	-	672
Securities affected as collateral	-	-	-	-
Fiduciary Rights	-	-	-	-
Bonds	-	-	-	-
Mexican Government Securities (UMS)	-	-	-	-
Government securities	10	-	-	10
PEMEX (USD)	-	-	-	-
Strip Bonds	-	-	-	-
Subordinated securities	61	-	-	61
Total	**736**	**7**	**-**	**742**
TOTAL	**25,844**	**255**	**665**	**26,762**

SECURITIES ASSIGNED FOR SETTLEMENT 2Q08
(Million Pesos)

SECURITIES ASSIGNED FOR SETTLEMENT	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Government securities	1,560	9	(20)	1,549
Banking securities	-	-	-	-
Private	-	-	-	-
Bank Paper	-	-	-	-
Treasury Bonds	21	-	-	21
UMS	-	-	-	-
Commercial Paper	-	-	-	-
Shares listed in the SIC	-	-	-	-
Guarantee (collateral) for futures	-	-	-	-
Mutual Funds	-	-	-	-
Swaps for Hedging Purposes	-	-	-	-
Total	**1,581**	**9**	**(20)**	**1,570**

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

REPURCHASE AGREEMENT OPERATIONS 2Q08

(Million Pesos)

SALES	MARKET VALUE			FINANCIAL STATEMENT INDIVIDUAL COMPENSATION	
	RECEIVABLES ON REPURCHASE AGREEMENT	SECURITIES TO BE DELIVERED	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE
Goverment Securities	200,472	201,041	(569)	16	585
Banking Securities	22,697	22,697	1	15	14
Private Securities	15,419	15,422	(3)	-	3
Total	238,589	239,160	(571)	31	602

PURCHASES	MARKET VALUE			FINANCIAL STATEMENT INDIVIDUAL COMPENSATION	
	RECEIVABLES ON REPURCHASE AGREEMENT	SECURITIES TO BE DELIVERED	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE
Goverment Securities	33,001	32,945	(56)	59	3
Banking Securities	3,248	3,248	-	-	-
Private Securities	-	-	-	-	-
Total	36,249	36,193	(56)	59	3
				90	605

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

DERIVATIVE FINANCIAL INSTRUMENTS OPERATIONS 2Q08
(Million Pesos)

INSTRUMENT	TO RECEIVE	TO DELIVER	NET	DEBTOR BALANCE	CREDITOR BALANCE
FUTURES					
Over Inflation (INPC)	-	-	-	-	-
					-
FORWARD FX CONTRACTS	AGREED PRICE	MARKET VALUE	VALUATION		
Negotiable					
Purchases	266	258	(8)		
Sells	232	238	6		
Total	498	497	(2)	6	8
					(2)
Hedging					
Purchases	-	-	-		
Sells	-	-	-		
Total	-	-	-	-	-
					-
SWAPS	TO RECEIVE	TO DELIVER	NET		
Cross Currency	-	-	-		
Valuation	-	-	-		
Total	-	-	-	-	-
					-
Negotiable					
Capital	17,659	(17,651)	8		
Interest rate	764	(762)	2		
Valuation	44,637	(44,620)	17		
Subtotal	63,060	(63,033)	27	3,201	3,174
					27
Hedging					
Capital	15,687	(15,762)	(75)		
Interest rate	205	(232)	(27)		
Valuation	4,538	(4,810)	(272)		
Subtotal	20,429	(20,803)	(374)	722	1,096
					(374)
OPTIONS	Initial Premium	Valuation	Valued Premium		
Negociable-Assets					
Swaptions	33	8	41		
Rate Options	62	62	124		
Index Options (ipc)	1	-	1		
Total	2	-	2		
	98	70	168	168	-
Hedging -Assets					
Swaptions	-	-	-		
Rate Options	197	231	427		
Index Options (ipc)	-	-	-		
Total	197	231	427	427	-
Negociable-Liability					
Swaptions	(20)	(27)	(46)		
FX	(2)	1	(1)		
Rate Options	(72)	(46)	(118)		
Index Options (ipc)	-	-	-		
Total	(93)	(72)	(165)	-	165
Debtor Balance				4,525	
Creditor Balance					4,443

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

NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 2Q08
(Millones de Pesos)

PRODUCT	KIND	UNDERLYING	CURRENCY	NOTIONAL
FX Forwards	Purchases	Exchange Rate (Dollar)	MXN	26
FX Forwards	Sales	Exchange Rate (Dollar)	MXN	23
FX Options	Purchases	Exchange Rate (Dollar)	MXN	187
FX Options	Sales	Exchange Rate (Dollar)	MXN	495
Interest Rate Options	Purchases	TIIE	MXN	30,412
Interest Rate Options	Sells	TIIE	MXN	7,934
Interest Rate Swaptionse	USLI/IRS	TIIE	MXN	5,350
Interest Rate Swaptions	TIIE/IRS	TIIE	MXN	5,050
Interest Rate Swaps	USLI/IRS	LIBOR	MXN	2,412
Interest Rate Swaps	TIIE/IRS	TIIE	MXN	162,828
FX Swaps	CETE-US/CS	CETE	MXN	4,432
FX Swaps	TIIE-EU/CS	TIIE	MXN	879
FX Swaps	MXP-US/CSF	FIX/FIX	MXN	17,024
FX Swaps	TIIE-US/BS	TIIE/LIBOR	MXN	4,147
FX Swaps	TIIE-US/CS	TIIE	MXN	6,864
Futures in MEXDER	Purchases	TIIE	MXN	-
Futures in MEXDER	Sales	TIIE	MXN	1,800
Futures in MEXDER	Purchases	CETE	MXN	-
Futures in MEXDER	Sales	CETE	MXN	1,900
Futures in MEXDER	Purchases	M10	MXN	-
Futures in MEXDER	Sales	M10	MXN	20

INVESTMENT IN NON GOVERNMENTAL FINANCIAL INSTRUMENTS THAT RESPRESENT MORE THAN 5% NET CAPITAL 2Q08
(Million Pesos)

INDUSTRY	INVESTMENT INSTRUMENT	AMOUNT	% NET CAPITAL
BANCOMER	Banking Bond	3,310	8%

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

LOAN PORTFOLIO
(Million Pesos)

	Local Currency		UDIS		Foreign Currency		Total	
	2Q07	2Q08	2Q07	2Q08	2Q07	2Q08	2Q07	2Q08
Performing Loans								
Commercial	65,002	82,603	295	291	24,167	24,204	89,464	107,097
Financial Intermediaries	5,008	14,000	-	-	940	530	5,948	14,531
Consumer	24,290	30,116	91	96	159	166	24,541	30,380
Mortgages	30,496	38,527	1,162	960	724	1,683	32,381	41,170
Goverment Entities	16,835	24,072	-	-	409	295	17,244	24,367
Fobaproa	-	-	-	-	-	-	-	-
Total	**141,631**	**189,320**	**1,548**	**1,346**	**26,399**	**26,878**	**169,578**	**217,544**
Past Due Loans								
Commercial	787	1,049	9	6	85	80	880	1,135
Financial Intermediaries	-	-	-	-	-	-	-	-
Consumer	885	1,470	-	-	-	1	885	1,471
Mortgages	444	551	352	47	10	21	806	619
Goverment Entities	-	-	-	-	-	-	-	-
Total	**2,115**	**3,070**	**361**	**52**	**95**	**102**	**2,571**	**3,225**
Total Propietary Loans	**143,746**	**192,390**	**1,909**	**1,399**	**26,494**	**26,980**	**172,149**	**220,769**

COST OF BALANCES OF FINAPE, FOPIME, MORTGAGE UDIS AND MORTGAGE FOVI LOAN PORTFOLIOS AS OF 2Q08
()Million Pesos)

	TOTAL	
	PERIOD COST	BALANCE OF LOAN PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	20	117
Mortgage FOVI	-	19
	20	**137**

Quarter ending balance of Ps 137 million pesos in debtors support programs with a cost for the period of Ps 20 million.

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

- **Distressed Portfolio**

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

(Million Pesos)	**Total**
Distressed Portfolio	1,510
Total Loans	220,769
Distressed Portfolio / Total Loans	**0.7%**

DEFERRED TAXES *(Million Pesos)*			
ASSETS	**INCOME TAX**	**PROFIT SHARING**	**NET**
Tax losses pending amortization	10	-	10
Provisions for possible loss in loans	47	-	47
Earnings per Society	-	-	-
Deferred compensation	3	-	3
Non deductible provisions and cumulative income	287	97	384
Net operating loss carryforward – Uniteller and Banorte USA corp.	10	-	10
State Tax on Assets Deferred	2	-	2
Excess of accounting value over fiscal value on Reposessed Assets	238	54	292
Diminishable profit sharing	236	84	320
Past-due loan reserves	11	-	11
Anticipated Income and Expenses	293	104	396
Installation expenses	9	-	9
Effects from valuation of instruments	2	-	2
Other	-	-	-
Total Assets	**1,147**	**339**	**1,486**
LIABILITIES			
Accrued interest and inflationary component of Fixed Assets, Foreclosed, Intangible & Others	(167)	(59)	(226)
Pension Funds Contribution	(140)	(50)	(190)
Loan Portfolio Acquisitions	(486)	(66)	(552)
Projects to be capitalized			
Income tax to pay on UDIS Trust funds	(37)	-	(37)
Book value depreciation	(41)	-	(41)
Dividends Federal Home Loan Bank	(1)	-	(1)
Intangibles' amortizations	(34)	-	(34)
Unrealized loss from Securities held for sale	(39)	-	(39)
Expenses paid in advance	(1)	-	(1)
Effects of other accounts	(1)	-	(1)
Effects from valuation of instruments	(5)	-	(5)
Reversal of Sale Costs	(6)	-	(6)
Organization and Recording Expenses & Installation Expenses	(3)	-	(3)
Unrealized capital gain from investments in Siefore	(47)	-	(47)
Total liabilities	**(1,007)**	**(175)**	**(1,182)**
Assets (Liabilities) Accumulated Net	**140**	**164**	**304**

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

LONG TERM DEBT AS OF 2Q08
(Million Pesos)

TYPE OF DEBT	CURRENCY	DATE OF ISSUE	AMOUNT (Pesos)	ORIGINAL AMOUNT (Million Ps, Dlls or UDIS)	TERM	INTEREST RATE	MATURITY	INTEREST PAYMENT
CD's- Banorte U01001	UDIs	Jan 11 '01	363	90	10 years	8.13%	Dec 30 '10	E/182 days
Step-Up Subordinated Callable Notes Due 2014	USD	Feb 17 '04	3,092	300	10 years	5.875%	Feb 17 '14	E/ 180 days
Non Convertible Subordinated Bonds 2006	USD	Oct 13 '06	4,123	400	1 year	6.135%	Oct 13 '16	E/ 180 days
Non Convertible Subordinated Bonds 2006	USD	Oct 13 '06	2,061	200	15 years	6.862%	Oct 13 '21	E/ 180 days
Non Convertible Subordinated Bonds Q Banorte 08	MXN	11-Mar-08	3,000	3,000	10 years	TIIE + 0.60%	27-Feb-18	E/ 28 days
Non Convertible Subordinated Bonds Q Banorte 08U	UDIs	11-Mar-08	1,769	441	20 years	4.95%	27-Feb-18	E/ 182 days
Non Convertible Subordinated Bonds Q Banorte 08-2	MXN	27-Jun-08	2,473	2,473	10 years	TIIE + 0.77%	15-Jun-18	E/ 28 days

BANK AND OTHER ENTITIES LOANS' AS OF 2Q08
(Million Pesos)

	LOCAL CURRENCY	INTEREST RATE	TERM (DAYS)	FOREIGN CURRENCY	INTEREST RATE	TERM (DAYS)	TOTAL
LOANS FROM LOCAL BANKS	-	-	-	720	8.81%	1,485	720
LOANS FROM FOREIGN BANKS GENERATED IN THE COUNTRY	-	-	-	788	L+0.9	1,053	788
LOANS FROM FOREIGN BANK GENERATED FROM CAYMAN	-	-	-	5,182	3.93%	622	5,182
LOANS FROM DEVELOPMENT BANKS	4,412	5.92%	658	1,161	3.6%	30	5,573
LOANS FROM PUBLIC FUNDS	7,741	6.88%	488	207	4.28%	849	7,948
LOANS FROM BANKS	728	7.75	1	-	-	-	3,663
CALL MONEY	2,935	7.65%	1	-	-	-	
LOANS FROM FIDUCIARY FUNDS	566	5.97%	4,762	-	-	-	566
PROVISIONS FOR INTEREST	139	N.A.	N.A.	-	-	-	139
	16,521			**8,058**			**24,580**

BANORTE

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TRADING INCOME 2Q08 *(Million Pesos)*	
VALUATION EFFECTS	
Negotiable Instruments	(2)
Securities Held to Maturity	-
Repurchase Agreements	61
Derivative instruments	(134)
Futures	(1)
From repo trasactions	-
Range	-
Inflation Adjustment	-
Total	**(77)**
RESULTS FORM BUYING AND SELLING	
Negotiable Instruments	22
Securities Held for Sell	28
Hedging Derivatives	122
Inflation Adjustment	-
Total of Buying and Selling Instruments	**171**
FX Spot	267
FX Forwards	-
FX Futures	-
FX Futures TIIE	-
FX Hedging	-
Changes in FX Valuation	(8)
Intermediation of metals	3
Changes in valuation of Metals	2
Total Foreign Exchange	**263**
Inflation Adjustment	**-**
Total of Buying and Selling	**434**
TOTAL TRADING INCOME	**357**

- **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 four million investment units on the qualification date.

Portfolio Credit Risk

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

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

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

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

The *classification of the debtor*, based on the Merton model, associates the debtor's future behavior to loan and market factors on which his "credit health" depends, as determined by statistical techniques.

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

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

By June 30, 2008, the Banco Mercantil del Norte total portfolio was Ps 206,131 million. The expected loss represents 1.8% and the unexpected loss is 3.3% with respect to the total portfolio. The average expected loss is 1.8% during the period between April and June 2008.

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

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

Basic capital by March 31, 2007	$27,527
I. Financings whose individual amount represents more than 10% of the basic capital:	
Credit operations	
– Number of financings	3
– Total amount of financings	$10,566
– % vs. basic capital	38%
Money Market operations	
– Number of financings	2
– Total amount of financings	$8,290
– % vs. basic capital	30%
Transactions in overnight	
– Number of financings	2
– Amount of financings taken as a whole	$6,893
– % in relation to basic capital	25%

*Investments with Banks in checking accounts

II. Maximum amount of financing with the 3 major Common Risk debtors and groups	$19,019

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

Basic capital as of December 31, 2007	$82
III. Financing whose individual amount represents more than 10% of basic capital:	
Credit transactions	
– Number of financings	0
– Amount of financings taken as a whole	$0
– % in relation to basic capital	0%

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Money market transactions

– Number of financings	1
– Amount of financings taken as a whole	$33*
– % in relation to basic capital	40%

*Investments with Banks in checking accounts

IV. Maximum amount of financing with the 3 largest debtors and Common Risk groups $33*

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

➢ Market Risk

• ***Value at Risk***

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

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

Million Pesos	2Q07	3Q07	4Q07	1Q08	2Q08
Total Var *	1,748	1,715	1,891	2,230	**2,298**
Net Capital **	32,364	34,809	34,517	40,041	**44,724**
VaR/Net Capital	5.40%	4.93%	5.48%	5.57%	**5.14%**

* 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 2008 is shown below:

Risk Factor	VaR
Domestic interest rate	2,340
Foreign interest rate	122
Exchange rate	86
Capitals	8
Bond Prices in Foreign Currency	158
Total VaR of Bank and Brokerage House	**2,298**

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.

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- ***Backtesting Analysis***

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

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

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

➢ **Liquidity Risk and Balance**

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

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

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

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

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

➢ **Operational Risk**

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

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

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

Pillars of Operational Risk Management

I. Policies, Objectives and Guidelines

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

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

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

II. Quantitative and Qualitative Measuring Tools

Operating Losses Database

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

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

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

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

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

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

- ***Risk Management Model***

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

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

III. Required Capital Calculation

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

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IV. Information and Reporting

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

- **Technology risk**

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

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

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

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

- **Legal risk**

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

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

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

- **Internal Control**

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

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

A. Board of Directors with the support of the Risk Policies Committee and the Audit and Corporate Practices Committee (CAPS).
B. CEO and the direct reports, such as the Risk Management Unit (UAIR), Legal and Controlling Departments who are responsible for enforcing the proper control and risk levels in the Group's operations.
C. Internal Audit, External Audit and Commissary (The Commissary applies only to GFNorte subsidiaries) as additional support structures to check how the Internal Control System functions and provide reasonable assurance regarding the reliability of the generated data.
D. Documents that establish the general control criteria that should be followed in the operation and reporting of transactions; in optimizing human, material and technological resources; in the use, security, timeliness and reliability of the information; and in the due compliance with the external and internal regulations, as well as Code of Conduct that regulates the behavior expected from every advisor, officer, or employee of the Group in the performance of his/her activities.
E. Policies and procedures manuals that regulate the operations that the Institution carries out and establish the control points to observe as well as who is responsible for their enforcement.

During 2Q08, SCI continued to work properly developing activities associated with strengthening risk control, assessment and management, establishing and monitoring controls, and insuring information quality.

A. The various Corporate Governance Committees have had the required financial, economic, accounting and/or legal information for proper decision-making.
B. The policy and procedure manuals have been updated as per the changes in external regulations, new products, and changes in the Institution's processes or improvements to internal controls. Additionally, there has been continuous follow-up of the improvement actions regarding the observations made by the different members of the SCI.
C. The Supervisory Authorities' requirements have been addressed and the information required by the external regulations has been submitted.

- **Treasury Policy**

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

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

- **Internal and External Liquidity Sources**

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

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

Another alternative for getting resources is by issuing capital shares.

- **Dividend Policy**

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

- **Related Parties Loans**

At GFNorte, the amount of the loans performed with related individuals and companies, does not exceed the established limit of 75% of the Tier 1 capital. As of June 30, 2008 and March 31, 2007, the loans granted to related parties totaled Ps $6,333 million and Ps $5,508 million, respectively.

- **People in Charge**

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

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

Ing. Sergio García Robles Gil
Chief Financial Officer

C.P. Román Martínez Méndez
Managing Director Audit

Lic. Jorge Eduardo Vega Camargo
Executive Director Comptrollership

C.P. Nora Elia Cantú Suárez
Executive Director Accounting

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

- **Basis for submitting Financial Statements**

Grupo Financiero Banorte (GFNorte) issues consolidated financial statements with its Subsidiaries in accordance with the General Provisions Applicable to Financial Information of the Regulating Agencies of Financial Groups Subject to Supervision by the National Banking and Securities Commission (CNByV) published in the Official Gazette of the Federation on April 27, 2005 and modified on August 11, 2006, August 14, 2006, December 19,2006 and January 8,2007. As a result of the norm NIF B10 “Inflation Effects” taking effect and according to INIF 9 “Presentation of comparable financial statements as a consequence of NIF B-10 taking effect”, which mentions that the economic enviornment is non inflationary when accumulated inflation for the last three years is lees than 26%. Under this context, it is not necessary to re-express financial statements as of January 2008 and for comparison pruposes, figures for 2007 and previous years are expressed in December 2007 pesos.

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

Banking Sector (Banorte) Issues consolidated financial statements with trust funds in udis and its subsidiaries in conformity with the General Provisions for Financial Information of Credit Institutions in effect as published on December 2, 2006 and modified on March 3, 2006, March 28, 2006, September 15, 2006, December 6,2006, December 8, 2006 and January 12, 2007 . As a result of the norm NIF B10 “Inflation Effects” taking effect and according to INIF 9 “Presentation of comparable financial statements as a consequence of NIF B-10 taking effect”, which mentions that the economic enviornment is non inflationary when accumulated inflation for the last three years is lees than 26%. Under this context, it is not necessary to re-express financial statements as of January 2008 and for comparison pruposes, figures for 2007 and previous years are expressed in December 2007 pesos.

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

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