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

GFNorte Reports Net Income of Ps 3.24 billion in 1H10.

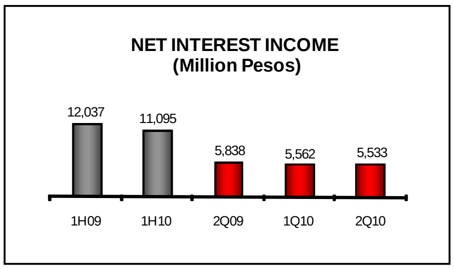
Operating Results (Million Pesos)	2Q09	1Q10	2Q10	Change QoQ	Change YoY	1H09	1H10	Change YoY
Net Interest Income	5,838	5,562	**5,533**	(1%)	(5%)	12,037	**11,095**	(8%)
Non Interest Income	1,932	2,681	**2,706**	1%	40%	3,998	**5,387**	35%
Total Income	7,770	8,243	**8,239**	(0%)	6%	16,035	**16,482**	3%
Non Interest Expense	4,023	4,189	**4,391**	5%	9%	8,347	**8,581**	3%
Provisions	2,188	1,772	**1,337**	(25%)	(39%)	4,350	**3,109**	(29%)
Operating Income	1,559	2,281	**2,511**	10%	61%	3,338	**4,792**	44%
Net Income	1,312	1,580	**1,656**	5%	26%	2,923	**3,236**	11%

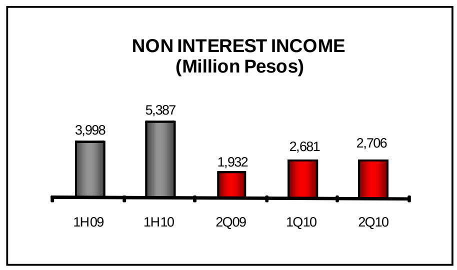
- **Net Interest Income**

During 1H10, *Net Interest Income* was Ps 11.09 billion, an (8%) YoY decline, affected mainly by a lower level of average market interest rates compared to the same period last year. Net interest income remains practically at the same level compared to 1Q10.

- **Non Interest Income**

Non Interest Income totaled Ps 5.39 billion during 1H10, reflecting a 35% YoY growth, driven by positive performance in all items. On a quarterly basis, there was a slight increase of 1% as a result of more service fees and recovery related revenues.



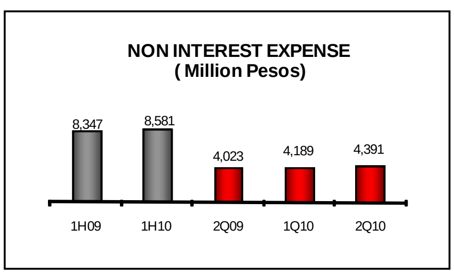


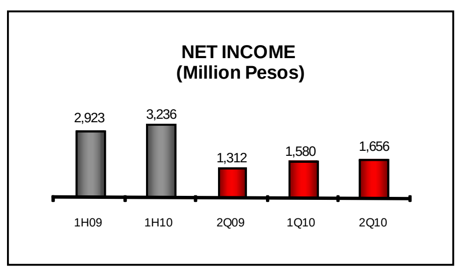
- **Non Interest Expenses**

Non Interest Expense were Ps 8.58 billion, increasing 3% YoY and 5% QoQ vs. 1Q10. The annual increase is due to higher Personnel Expenses, Rents, Depreciations and Amortizations and Employee Profit Sharing (PTU), while the quarterly rise is a result of greater Professional Fees Paid and Administration and Promotional Expenses. The Efficiency Ratio for 1H10 was 52%, remaining at the same level compared to last year.

- **Provisions**

Loan Loss Provisions totaled Ps 3.11 billion in 1H10, reflecting a (29%) YoY and a (25%) QoQ decline, due to an improvement in asset quality, especially in the consumer segment.





- **Net Income**

GFNorte reported *Net Income* of Ps 3.27 billion during 1H10, growing 11% YoY and 5% QoQ. The annual growth was driven by lower loan loss provisions. Also, when eliminating the non-recurring positive impact in 1Q09 of applying the accounting criteria for valuation of securitizations, profits increased by 16% YoY. On a quarterly basis, net income increases due to favorable dynamics in all items of non interest income and reduced loan loss provisions.

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BANORTE

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

Income Statement and Balance Sheet Highlights-GFNorte (Million Pesos)	2Q09	1Q10	2Q10	Change QoQ	Change YoY	1H09	1H10	Change YoY
Income Statement-GFNorte								
Net Interest Income	5,838	5,562	**5,533**	(1%)	(5%)	12,037	**11,095**	(8%)
Non Interest Income	1,932	2,681	**2,706**	1%	40%	3,998	**5,387**	35%
Total Income	7,770	8,243	**8,239**	(0%)	6%	16,035	**16,482**	3%
Non Interest Expense	4,023	4,189	**4,391**	5%	9%	8,347	**8,581**	3%
Provisions	2,188	1,772	**1,337**	(25%)	(39%)	4,350	**3,109**	(29%)
Operating Income	1,559	2,281	**2,511**	10%	61%	3,338	**4,792**	44%
Non Operating Income (Expense), net	168	18	**21**	19%	(87%)	582	**39**	(93%)
Net Income Before taxes	1,728	2,299	**2,532**	10%	47%	3,919	**4,831**	23%
Taxes	429	659	**798**	21%	86%	1,004	**1,457**	45%
Subsidiaries & Minority Interest	14	(61)	**(77)**	28%	(654%)	8	**(138)**	(1856%)
Net Income	1,312	1,580	**1,656**	5%	26%	2,923	**3,236**	11%
Balance Sheet								
Asset Under Management	608,399	666,598	**664,659**	(0%)	9%	608,399	**664,659**	9%
Total Assets	581,922	569,012	**601,140**	6%	3%	581,922	**601,140**	3%
Performing Loans (a)	235,342	237,210	**241,948**	2%	3%	235,342	**241,948**	3%
Past Due Loans (b)	6,299	6,128	**5,630**	(8%)	(11%)	6,299	**5,630**	(11%)
Total Loans (a+b)	241,641	243,337	**247,578**	2%	2%	241,641	**247,578**	2%
Total Loans Net (d)	235,216	235,840	**240,566**	2%	2%	235,216	**240,566**	2%
Acquired Collection Rights (e)	2,804	2,426	**2,311**	(5%)	(18%)	2,804	**2,311**	(18%)
Total Loans (d+e)	238,020	238,266	**242,877**	2%	2%	238,020	**242,877**	2%
Total Liabilities	541,330	523,356	**554,662**	6%	2%	541,330	**554,662**	2%
Demand Deposits	123,755	125,917	**133,849**	6%	8%	123,755	**133,849**	8%
Time Deposits	141,608	145,358	**144,653**	(0%)	2%	141,608	**144,653**	2%
Equity	40,592	45,655	**46,479**	2%	15%	40,592	**46,479**	15%

Financial Ratios GFNorte	2Q09	1Q10	2Q10	Change QoQ	Change YoY	1H09	1H10	Change YoY
Profitability:								
NIM (1)	4.3%	4.2%	**4.1%**	(0.1 pp)	(0.2 pp)	4.4%	**4.1%**	(0.3 pp)
NIM after Provisions (2)	2.7%	2.9%	**3.1%**	0.2 pp	0.4 pp	2.8%	**3.0%**	0.1 pp
ROE (3)	13.5%	15.2%	**15.6%**	0.5 pp	2.2 pp	15.2%	**15.4%**	0.2 pp
ROA (4)	0.9%	1.1%	**1.1%**	0.0 pp	0.2 pp	1.0%	**1.1%**	0.1 pp
Operation:								
Efficiency Ratio (5)	51.8%	50.8%	**53.3%**	2.5 pp	1.5 pp	52.1%	**52.1%**	0.0 pp
Operating Efficiency Ratio (6)	2.8%	2.9%	**3.0%**	0.1 pp	0.2 pp	2.9%	**3.0%**	0.1 pp
Liquidity Ratio (7)	63.1%	83.1%	**103.8%**	20.7 pp	40.8 pp	63.1%	**103.8%**	40.8 pp
Asset Quality:								
Past Due Loan Ratio	2.6%	2.5%	**2.3%**	(0.2 pp)	(0.3 pp)	2.6%	**2.3%**	(0.3 pp)
Coverage Ratio	102.0%	122.4%	**124.6%**	2.2 pp	22.6 pp	102.0%	**124.6%**	22.6 pp
Past Due Loan Ratio w/o Banorte USA	2.6%	2.1%	**2.0%**	(0.1 pp)	(0.6 pp)	2.6%	**2.0%**	(0.6 pp)
Coverage Ratio w/o Banorte USA	104.2%	145.4%	**141.7%**	(3.8 pp)	37.5 pp	104.2%	**141.7%**	37.5 pp

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

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

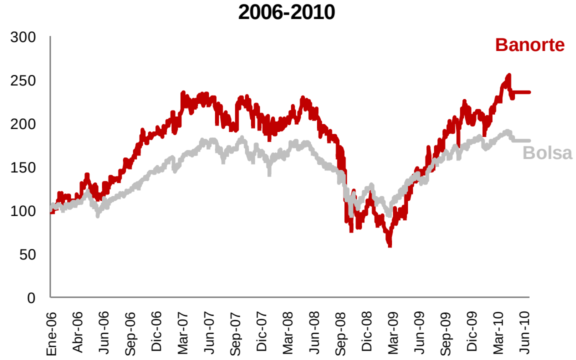
Subsidiaries Net Income (Million Pesos)	2Q09	1Q10	2Q10	Change QoQ	Change YoY	1H09	1H10	Change YoY
Banking Sector	1,104	1,283	1,388	8%	26%	2,451	2,671	9%
Banco Mercantil del Norte (1)	1,104	1,283	1,388	8%	26%	2,451	2,671	9%
Broker Dealer	32	78	75	(3%)	133%	73	153	110%
Long Term Savings	60	123	86	(30%)	44%	179	209	17%
Retirement Funds (Afore)	21	48	38	(22%)	79%	51	86	70%
Insurance	43	70	53	(24%)	23%	121	123	2%
Annuities	(4)	5	(4)	(193%)	5%	8	0	(95%)
OtherFinanceCompanies	113	106	115	9%	2%	214	221	3%
Leasing and Factoring (2)	106	102	103	1%	(2%)	200	206	3%
Warehousing	7	3	12	237%	75%	14	15	11%
Microlending-Pronegocio (3)	6	-	-	-	-	12	-	-
G. F. Banorte (Holding	(3)	(9)	(8)	(15%)	186%	(4)	(18)	298%
Total Net Income	1,312	1,580	1,656	5%	26%	2,923	3,236	11%

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

Share Data	2Q09	1Q10	2Q10	Change QoQ	Change YoY	1H09	1H10	Change YoY
Earnings per share (Pesos)	0.65	0.78	0.82	5%	26%	1.45	1.60	11%
Dividend per Share (Pesos)	0.00	0.17	0.17	0%	-	0.00	0.34	-
Dividend Payout (Recurring Net Income)	0.0%	15.0%	15.0%	0%	-	0.0%	15.0%	-
Book Value per Share (1) (Pesos)	19.30	20.80	21.17	2%	10%	19.30	21.17	10%
Total Shares Outstanding (Million Shares)	2,018.3	2,018.3	2,018.2	(0%)	(0%)	2,018.3	2,018.2	(0%)
Stock Price (Pesos)	32.05	54.57	50.14	(8%)	56%	32.05	50.14	56%
P/BV (Times)	1.66	2.62	2.37	(10%)	43%	1.66	2.37	43%
Market Capitalization (Million Dollars)	4,911	8,928	7,879	(12%)	60%	4,911	7,879	60%
Market Capitalization (Million Pesos)	64,688	110,141	101,192	(8%)	56%	64,688	101,192	56%

1) Excluding Minority Interest.

SHARE PERFORMANCE 2006-2010



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RECENT EVENTS

- **Banorte and 7-Eleven, first in Mexico to offer financial services in convenience stores**

On July 15th, Banorte and 7-Eleven Mexico received the CNBV's authorization to operate under a third party correspondent agreement in order to provide financial services to more Mexicans in a network of over 1,150 7-Eleven stores throughout the country. Through this agreement, deposits can be made to Banorte accounts in these stores, as well as payments to Banorte credit cards and other services in extended hours which include Saturdays, Sundays and official holidays.

- **Grupo Financiero Banorte launched the "Payroll Advance"**

On July 19, Banorte launched "Payroll Advance" which is a credit line in cash for up to 10 thousand pesos available 24 hours a day at any of Banorte´s ATM´s through with our online banking. This form of credit will be available nationwide and, unlike any other traditional payroll loans, provides cash for emergencies or for unpredicted events. This product represents a breakthrough, aimed to satisfy the needs of our customers. This new product benefits both employees and businesses that pay their staff through Payroll Banorte. Thus, Banorte will continue to promote this type of programs, as a continued commitment to Mexico and its people.

- **Campaign for Re-launching Credit Card**

In order to reposition Banorte's credit card as a product that offers a solid platform of benefits and promotions, an advertising campaign was started on May 19th and will last until the end of July to communicate to clients and non-clients that Banorte's credit card offering is more than just financing, since it also offers a platform of benefits such as an excellent rewards program, travel advisory and packages with exclusive benefits, personalized promotions in the best restaurants, deferred purchases with interest-free monthly installments, discounts and raffles throughout the year, among others.

- **Senior Debt Issued in International Markets**

On July 14th, Banco Mercantil del Norte (BANORTE), a subsidiary of the Group, successfully concluded the issuance of Non-Guaranteed Senior Debt Notes in the international markets for a total amount of US 300 million dollars with maturity of 5 years and a rate of 4.437% (UST+ 262.5 bps). The rating assigned to these securities by Standard and Poor's was BBB -, while Moody's rating was A3. The proceeds from this issuance will be used for general corporate purposes.

- **GFNORTE ADRs begin trading in the OTCQX International Premier platform**

On July 15th, the American Depositary Receipts program (ADR's) Level 1 (ticker: GBOOY) was authorized to list and operate in OTCQX International Premier, the market´s highest tier "Over the Counter" (OTC). Through this listing, GFNorte and OTCQX offer investors transparency, better information, and a level of service formerly available only through a US stock exchange. GBOOY was allowed to list in OTCQX International Premier as a result, among other things, of Banorte's adoption of modern corporate practices and it's strict adherence to the Mexican Stock Exchange's (BMV) disclosure requirements; thus allowing GFNorte to meet all the requirements by the US authorities to operate in OTCQX. Through this listing, GFNorte is seeking greater penetration of its ADR's in global investment portfolios. Bank of New York Mellon (BNYM), the depositary bank for GFNorte's ADR program will serve as the Principal American Liaison ("PAL") on the OTCQX market.

- **Organizational Changes**

On July 22nd, after the Audit Committee and Corporate Practices' approval, Benjamin Vidargas was appointed Managing Director of Internal Audit.

- **Organizational Changes in Government Banking**

On July 15th, Carlos Eduardo Martínez was appointed as Managing Director of Government Banking. Also, in order to create an organizational structure that responds to the commercial strategy of generating synergies with government banking, the Leasing, Factoring and Warehouse areas, headed by Gerardo Zamora, were integrated as of June 15th into Government Banking.

- **Organizational Changes in Treasury and Capital Markets (Broker Dealer)**

On June 30th, Alfredo Thorne was appointed as Managing Director of Global Markets, coordinating Corporate and Investor Relations, Broker Dealer, Private Banking, and Treasury.

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

GRUPO FINANCIERO BANORTE

Net Interest Income (Million Pesos)	2Q09	1Q10	2Q10	Change QoQ	Change YoY	1H09	1H10	Change YoY
Interest Income	11,355	9,919	**10,173**	3%	(10%)	24,494	**20,092**	(18%)
Interest Expense	5,656	4,492	**4,746**	6%	(16%)	12,750	**9,238**	(28%)
Loan Origination Fees	143	163	**140**	(14%)	(2%)	297	**302**	2%
Fees Paid	4	28	**34**	21%	814%	4	**61**	1566%
Net Interest Income	**5,838**	**5,562**	**5,533**	**(1%)**	**(5%)**	**12,037**	**11,095**	**(8%)**
Average Interest Earning Assets	542,444	531,052	**545,542**	3%	1%	542,359	**540,560**	(0%)
Net Interest Margin (1)	4.3%	4.2%	**4.1%**	(0.1 pp)	(0.2 pp)	4.4%	**4.1%**	(0.3 pp)

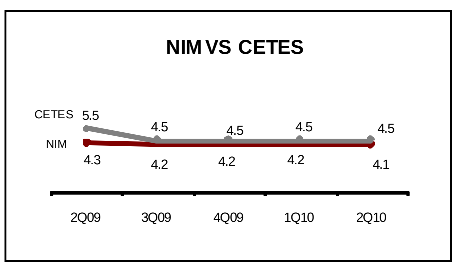
1) NIM = Annualized Net Interest Margin / Average Earnings Assets

- **Net Interest Income**

During 1H10, Net Interest Income declined (8%) YoY going from Ps 12.04 billion to Ps 11.09 billion, as a result of an (18%) decrease in interest revenues caused by lower market interest rates, which was partially off-set by greater loan volumes and reduced funding costs as a result of a 7% YoY expansion in core deposits. On a quarterly basis, Net Interest Income remains practically at the same level compared to 1Q10 due to higher cost of funding derived from greater competition for deposits, which was off-set by growth in interest revenues from greater loan volumes and the positive impact from an additional day during the quarter.

Net Interest Margin (NIM) averaged 4.1% during 1H10, showing a decrease of (0.3) percentage points (pp) less than the average NIM registered in 1H09, affected by a 2 percentage point decline in average market interest rates. On a QoQ basis, NIM dropped by (0.1) percentage points compared to 1Q10 due to a reduction in net interest income, combined with growth in performing assets.

Average NIM adjusted for provisions was 3% for 1H10, a YoY increase of 0.1 pp compared to 1H09. In 2Q10, it averaged 3.1%, 0.2 pp higher than in 1Q10. In both cases, the increase was due to lower Loan Loss Provisions, which fully off-set the decline in Net Interest Income. Provisions represented 24.2% of Net Interest Income during 2Q10, a lower level compared to 31.9% registered in 1Q10 and 37.5% in 2Q09, as a result of asset quality improvements.



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

Non Interest Income (Million Pesos)	2Q09	1Q10	2Q10	Change QoQ	Change YoY	1H09	1H10	Change YoY
Fees Charged on Services	**1,917**	**2,192**	**2,210**	**1%**	**15%**	**3,832**	**4,402**	**15%**
Fund Transfers	61	57	**63**	11%	4%	121	**121**	(0%)
Account Management Fees	237	224	**236**	5%	(1%)	467	**460**	(2%)
Fiduciary	68	65	**73**	11%	7%	119	**138**	16%
Income from Real Estate Portfolios	164	195	**224**	15%	37%	302	**419**	39%
Electronic Banking Services	256	263	**238**	(9%)	(7%)	506	**501**	(1%)
Credit Card Fees	520	616	**617**	0%	19%	1,110	**1,233**	11%
Fees from IPAB (1)	0	0	**0**	88%	(47%)	1	**0**	(51%)
Fees charged by Afore	246	292	**292**	0%	19%	477	**584**	23%
Other Fees Charged (2)	365	479	**467**	(3%)	28%	731	**946**	29%
Fees Paid on Services	**306**	**382**	**361**	**(6%)**	**18%**	**636**	**743**	**17%**
Fund transfers	5	7	**6**	(11%)	21%	11	**13**	16%
Other Fees Paid	301	375	**355**	(5%)	18%	625	**730**	17%
Expenses from Real Estate Portfolios	-	-	**-**	-	-	-	**-**	-
Net Fees	**1,611**	**1,810**	**1,849**	**2%**	**15%**	**3,195**	**3,659**	**15%**
Trading Income	**167**	**585**	**580**	**(1%)**	**248%**	**413**	**1,165**	**182%**
Other Operating Income (Expenses) (3)	**154**	**286**	**277**	**(3%)**	**79%**	**390**	**563**	**44%**
Non Interest Income	**1,932**	**2,681**	**2,706**	**1%**	**40%**	**3,998**	**5,387**	**35%**

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

- **Non Interest Income**

In 1H10, Non Interest Income grew by 35% YoY driven by positive dynamics in all items. Growth of 1% compared to 1Q10 was driven by increased service fees and revenues from recoveries of real estate portfolios and investment projects.

Non Interest Income (Million Pesos)	2Q09	1Q10	2Q10	Change QoQ	Change YoY	1H09	1H10	Change YoY
Services	1,447	1,614	**1,625**	1%	12%	2,894	**3,240**	12%
Recovery	164	195	**224**	15%	37%	302	**419**	39%
Trading	167	585	**580**	(1%)	248%	413	**1,165**	182%
Other Operating Income (Expense)	154	286	**277**	(3%)	79%	390	**563**	44%
Non Interest Income	**1,932**	**2,681**	**2,706**	**1%**	**40%**	**3,998**	**5,387**	**35%**

- **Service Fees**

In 1H10, *Service fees* totaled Ps 3.24 billion, a 12% YoY growth driven by higher fees from the Afore, credit cards, fiduciary and other service fees. Growth of 1% QoQ was a result of an improvement in fund transfers, account management, fiduciary services, as well as a reduction in fees paid as a consequence of new regulation for ATMs fees.

- **Recoveries**

Non Interest Income from *Recoveries* (including proprietary written-off loans classified as Other Operating Income and Expenses) increased by 42% YoY in 1H10 due to greater recovery of previously written-off and an increase in revenues related to real estate portfolios and investment projects. The 4%QoQ growth compared to 1Q10 was due to increased revenues from real estate portfolios and investment projects as a result of a more favorable economic environment, allowing faster revenue accrual in these projects, as well as higher investments. At closing of 1H10 the amount invested in these projects totaled Ps 4.41 billion, growth of 38%

compared to 2Q09 and 0.1% vs. 1Q10; the portfolio continues to have an appropriate geographical diversification of projects and industries.

- **Intermediation**

Intermediation revenues increased by 182% YoY, mostly due to favorable securities' trading results, combined with non recurring gains from the sale of the remaining MasterCard shares held by the bank. On a quarterly basis, trading declined (1%) due to a slight contraction in revenues from securities' trading.

Non Interest Expense *(Million Pesos)*	2Q09	1Q10	2Q10	Change QoQ	Change YoY	1H09	1H10	Change YoY
Personnel	1,544	1,742	**1,759**	1%	14%	3,243	**3,501**	8%
Professional Fees	340	308	**345**	12%	1%	675	**653**	(3%)
Administrative and Promotional	1,098	960	**1,116**	16%	2%	2,261	**2,076**	(8%)
Rents, Depreciation & Amortization	435	494	**493**	(0%)	13%	887	**987**	11%
Taxes other than income tax	172	212	**192**	(10%)	11%	381	**404**	6%
Contributions to IPAB	265	263	**269**	3%	2%	532	**532**	(0%)
Employee Profit Sharing (PTU) (1)	169	211	**217**	3%	29%	368	**428**	16%
Non Interest Expense	**4,023**	**4,189**	**4,391**	**5%**	**9%**	**8,347**	**8,581**	**3%**

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

- **Non Interest Expense**

During 1H10 *Non Interest Expense* slightly increased by 3% YoY due to higher Personnel related expenses, Rents, Depreciations and Amortizations, and Employee Profit Sharing (PTU). These increases were partially off-set by reductions in some items, such as Administration and Promotional Expenses and Professional Fees Paid.

The 5% QoQ increase is mainly due to the higher Administration and Promotional Expenses, and Professional Fees Paid.

The efficiency ratio was 52% in 1H10, the same level compared to 1H09. On a quarterly basis, the efficiency ratio was 53.3%, increasing by 2.5 pp with respect to 1Q10 due to increased expenses related to the bank's expansion projects and strategies to reactive some deposits and loan products.

- **Provisions**

Provisions charged against results during 1H10 totaled Ps 3.1 billion declining (29%) YoY, due to lower provision requirements in the commercial, corporate, consumer and mortgage portfolios. On a quarterly basis, the (25%) QoQ decline was due to lower credit costs in the corporate and credit card portfolios.

Annualized loan loss provisions accumulated in 1H10 represented 2.6% of the average loan portfolio, declining by 1.1 percentage points compared to 1H09. On a quarterly basis, annualized loan loss provisions represented 2.2% of the average portfolio, a decrease of 0.8 percentage points from 1Q10.

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

Non Operating Income (Expense), net *(Million Pesos)*	2Q09	1Q10	2Q10	Change QoQ	Change YoY	1H09	1H10	Change YoY
Non Operating Income	**690**	**183**	**283**	**55%**	**(59%)**	**1,339**	**466**	**(65%)**
Other Revenues	194	88	**142**	62%	(27%)	581	**230**	(60%)
Foreign Exchange	-	-	**-**	-	-	-	**-**	-
Recoveries	108	71	**57**	(20%)	(48%)	289	**128**	(56%)
Repomo-Other Revenues	-	-	**-**	-	-	-	**-**	-
Warehousing	388	25	**84**	241%	(78%)	468	**109**	(77%)
Non Operating Expense	**(521)**	**(165)**	**(262)**	**59%**	**(50%)**	**(757)**	**(427)**	**(44%)**
Other Expenses	(139)	(143)	**(179)**	25%	29%	(294)	**(322)**	9%
Foreign Exchange	-	-	**-**	-	-	-	**-**	-
Repomo-Other Expenses	-	-	**-**	-	-	-	**-**	-
Warehousing	(383)	(22)	**(83)**	269%	(78%)	(463)	**(106)**	(77%)
Non Operating Income (Expense), net	**168**	**18**	**21**	**19%**	**(87%)**	**582**	**39**	**(93%)**

- **Non Operating Income**

In 1H10, "Other Income and Expenses, net" totaled Ps 39 million, a (93%) YoY decline mainly explained by the booking of a Ps 224 million pre-tax extraordinary gain in Other Income during 1Q09 resulting from the changes in the accounting criteria related with the valuation of trusts of past mortgage securitizations (BOHRIS), as well as reduced revenues from acquired loan portfolios, lower recoveries from sundry debtors and other liabilities, and a reduction in revenues related to Warehouse inventory commercialization. Other Expenses declined annually due to lower expenses related to the commercialization of Warehouse inventories and higher estimates for accounts with more than 90 days overdue.

This item increased 19% QoQ compared to 1Q10 and totaled Ps 21 million due to an increase in Other Products as a result of greater recoveries from sundry debtors and other liabilities, as well as a positive impact from the valuation of trusts related to past mortgage securitizations (BOHRIS) and increased revenues from the commercialization of Warehouse inventories. Other Expenses increased resulting from several items and expenses growth for the commercialization of Warehouse inventories.

- **Taxes**

Income taxes in 1H10 reached Ps 1.46 billion, growing by 45% YoY due to a higher income tax rate as a result of the new fiscal regime effective as of January 2010, and 21% more QoQ due to higher profits compared to 1Q10. The effective tax and employee profit sharing rate for 2Q10 was 36.9%, higher compared to 31.5% in 2Q09 and 34.7% in 1Q10.

- **Subsidiaries and Minority Interest**

During 1H10, subsidiaries and minority interest showed a loss of (Ps 138) million, comparing unfavorably against a profit of Ps 8 million registered in 1H09. This decline is a result of lower profits in the Annuities Subsidiary, as well as a greater minority interest impact from the IFC investment in Banco Mercantil del Norte and Generali in the Afore. On a quarterly basis, it showed a loss of (Ps 77) million, which also compares unfavorably against the loss of (Ps 61) million in 1Q10, affected mainly by lower profits in the Insurance and Annuities Companies, and a greater minority interest impact linked to the IFC investment in Banco Mercantil del Norte.

- **Net Income**

During the first six months of the year, GFNORTE accumulated net income of Ps 3.24 billion, 11% higher than in 1H09, but grew by 16% on a recurring basis when excluding the extraordinary gain of Ps 134 million registered in 1Q09 from the valuation of trusts related to past loan securitization. Moreover, for the fourth consecutive quarter, in 2Q10 GFNORTE increased its profits reporting net income of Ps 1.66 billion (84% originated by the bank), reflecting a 26% YoY and 5% QoQ increase. The return on equity (ROE) of GFNorte during 1H10 was 15.4%, 0.2 pp higher than in 1H09; while the return on assets (ROA) was 1.1%, 0.1 pp higher than the same period in 2009.

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

Capitalization (Million Pesos)	2Q09	3Q09	4Q09	1Q10	2Q10	Change QoQ	Change YoY
Tier 1 Capital	31,598	31,844	35,380	36,023	**36,148**	0%	14%
Tier 2 Capital	14,351	15,054	14,277	13,855	**14,035**	1%	-2%
Net Capital	45,949	46,898	49,657	49,878	**50,184**	1%	9%
Credit Risk Assets	206,135	202,525	203,305	200,487	**207,841**	4%	1%
Net Capital / Credit Risk Assets	22.3%	23.2%	24.4%	24.9%	**24.1%**	(0.7 pp)	1.9 pp
Total Risk Assets (1)	294,272	291,262	296,046	296,284	**300,503**	1%	2%
Tier 1	10.7%	10.9%	12.0%	12.2%	**12.0%**	(0.1 pp)	1.3 pp
Tier 2	4.9%	5.2%	4.8%	4.7%	**4.7%**	(0.0 pp)	(0.2 pp)
Capitalization Ratio	15.6%	16.1%	16.8%	16.8%	**16.7%**	(0.1 pp)	1.1 pp

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

- **Capitalization**

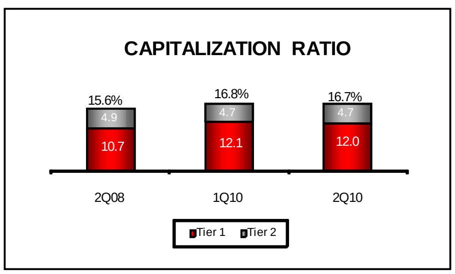
At closing of 2Q10 the Capitalization Ratio (CR) was 16.7% considering credit, market and operational risks, and 24.1% considering only credit risk. The Tier 1 capitalization ratio was 12.0% and Tier 2 was 4.7%.

The Capitalization Ratio declined 0.1 pp QoQ, due to the following effects:

1) Reinvestment of profits generated in 2Q10. CR Impact: + 0.5 pp.
2) Exchange rate effect of dollar denominated obligations. CR Impact: + 0.1 pp.
3) Dividend Payment.CR Impact: (0.1) pp.
4) Valuation of hedging instruments. CR Impact: (0.3) pp.
5) Growth in Risk Assets. Impact: (0.3) pp.

On an annual basis, the capitalization ratio for 2Q10 was 1.1 pp higher compared to2Q09 due to the positive impact of reinvesting profits generated during the last 12 months and the IFC´s investment in Banco Mercantil del Norte's capital, offsetting capital consumption resulting from growth in risk assets during this period, the valuation impact of hedging instruments and dividend payments.

In 2008, the authorities determined that 100% of the capital required to cover operational risk must be fully constituted in a 3 year period in proportional monthly installments. At closing of 2Q10, the period of March 2008 to June 2010 was covered (28/36 months), impacting the capitalization ratio by 1.9 percentage points.



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

Deposits (Million Pesos)	2Q09	1Q10	2Q10	Change QoQ	Change YoY
Non Interest Bearing Demand Deposits	56,382	57,453	**61,258**	7%	9%
Interest Bearing Demand Deposits (1)	67,378	68,497	**72,582**	6%	8%
Total Demand Deposits (2)	123,760	125,950	**133,840**	6%	8%
Time Deposits – Retail	83,068	86,188	**87,075**	1%	5%
Core Deposits	206,828	212,139	**220,916**	4%	7%
Money Market (3)	58,692	59,314	**57,789**	(3%)	(2%)
Total Bank Deposits	**265,520**	**271,452**	**278,705**	3%	5%
GFNorte's Total Deposits (4)	**265,345**	**271,254**	**278,480**	3%	5%
Third Party Deposits	**155,372**	**156,938**	**146,227**	(7%)	(6%)
Total Assets Under Management	**420,892**	**428,390**	**424,932**	(1%)	1%

1) Excludes IPAB cash management checking accounts for loan portfolios managed from Banpaís and Bancen. The balances of these accounts in 2Q09, 1Q10 and 2Q10 were Ps $18 million, Ps $21 million and Ps $22 million, respectively.
2) Includes Debit Cards.
3) Includes Bank Bonds (Customers and Financial intermediaries).
4) Includes the eliminations between the subsidiaries (2Q09=173 millions, 1Q10=197 milllons and 2Q10=220 millions).

- **Total Deposits**

At closing of 2Q10, Total *Deposits* were Ps 278.5 billion, a 5% YoY increase, driven by yearly growth of 8% in Demand Deposits, as well as 5% yearly growth in Retail Time Deposits. Total Deposits increased by 3% QoQ, due to a 6% QoQ rise in Demand Deposits driven by favorable dynamics in interest and non-interest bearing demand deposits.

- **Demand and Time Deposits**

Demand Deposits grew by 8% YoY at closing of 2Q10, driven by growth of 9% YoY in Non-interest bearing Demand Deposits as a consequence of increased balances held in Mujer Banorte and Enlace Global personal and corporate accounts; as well as an 8% increase in Interest Bearing Demand Deposits as a result of higher balances held in Banorte Facil, Sumanomina, Suma, Inversion Vista and Inversión Global Corporate accounts. On a quarterly basis, Demand Deposits grew by 6% QoQ, due to a 7% and 6% QoQ growth in Non-Interest and Interest bearing Demand Deposits, respectively.

Retail Time Deposits grew by 5% YoY as a result of the successful campaign to sell promissory notes through the branch network and an increase in time deposits at Inter National Bank resulting from referral of Banorte´s clients. The 1% QoQ growth was due to higher balances held by clients

As a result of efforts to increase deposits, a total of 496,000 individual accounts were opened during the first six months of the year. Additionally, Banorte has been able to maintain its market share in core deposits during the last 12 months, ranking as the third most important bank in the financial system in terms of total deposits and growth of retail deposits.

- **Money Market Deposits**

The YoY (2%) drop was explained by reduced balances held by retail private banking accounts, and the (3%) QoQ decline was a result of reduced balances held by corporate private banking accounts.

- **Third Party Deposits**

The (6%) YoY decline registered was due to a reduction in clients securities under custody and the (7%) QoQ decrease was a result of a reduction in investment banking transactions on behalf of third parties.

- **Assets Under Management**

At closing of 2Q10, AUMs totaled Ps 424.9 billion, 1% more YoY, due to higher branch deposits. The slight (1%) QoQ decline was mostly from a reduction in money market and third party deposits.

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

Performing Loan Portfolio *(Million Pesos)*	2Q09	1Q10	2Q10	Change QoQ	Change YoY
Commercial	86,357	80,314	**82,305**	2%	(5%)
Consumer	73,626	76,206	**78,500**	3%	7%
Corporate	42,715	39,046	**39,307**	1%	(8%)
Government	31,921	41,000	**41,222**	1%	29%
Sub Total	234,619	236,567	**241,334**	2%	3%
Recovery Bank	722	643	**614**	(5%)	(15%)
Total	235,341	237,210	**241,948**	2%	3%

Performing Consumer Loan Portfolio *(Million Pesos)*	2Q09	1Q10	2Q10	Change QoQ	Change YoY
Mortgages	46,976	50,444	**52,234**	4%	11%
Car Loans	7,394	7,611	**7,787**	2%	5%
Credit Cards	12,913	11,239	**11,079**	(1%)	(14%)
Payroll	6,343	6,912	**7,400**	7%	17%
Consumer Loans	73,626	76,206	**78,500**	3%	7%

(Million Pesos)	2Q09	1Q10	2Q10	Change QoQ	Change YoY
Past Due Loans	6,299	6,128	**5,630**	(8%)	(11%)
Loan Loss Reserves	6,426	7,498	**7,012**	(6%)	9%
Acquired Rights	2,804	2,426	**2,311**	(5%)	(18%)

- **Total Performing Loans**

Total Performing Loans increased by 3% YoY from Ps 234.6 billion at closing of 2Q09 to Ps 241.3 billion in 2Q10, excluding the proprietary portfolio managed by the Recovery Bank. This increase was driven by growthin the Government and Mortgage loan portfolio. Total Performing Loans increased by 2% QoQ driven by all segments of the portfolio, except for Credit Cards.

The most recent trends show an improvement in loan originations in most segments. Going forward, Banorte expects a gradual recovery in loan activity since low levels of credit penetration still prevail in Mexico.Growth of the portfolio by item:

I. Loans to individuals

- Consumer + Mortgage : Increased by 7% YoY and 3% QoQ, driven by the mortgage, payroll and car loan portfolios.

  - ***Mortgage***: Grew by 11% YoY, driven by an increase in mortgage sales for middle home acquisition; as well as a reactivation of mortgage products for liquidity, refinancing, construction, remodeling and liabilities' repayment. The portfolio grew by 4% QoQ as a result of positive dynamics in middle home mortgages, the program established with Pemex, and loans for liquidity, construction, remodeling and liabilities' repayment. In terms of new loans, there was a 48% YoY increase in 1H10, with loan sales of Ps 5.83 billion. Also, 6,669 new mortgages were originated in the first 6 months of the year, 22% more than in 1Q09.

  - ***Credit cards:*** Decreased by (14%) YoY and (1%) QoQ in 2Q10; as a consequence of an (8%) annual reduction in the portfolio of accounts, as well as loan write-offs applied in the last 12 months. Nonetheless, sales of new credit cards have grown by 74% annually and 18% quarterly under more conservative origination and risk management models. On an annual basis, net total billing grew by 11% YoY and 8% QoQ due to successful campaigns that promote credit card usage and promotions for deferred purchases with interest-free monthly installments. At closing of 2Q10, Banorte had 1.06 million accounts, maintaining the same level as in 1Q10.

- ***Payroll and Personnel Loans:*** The portfolio grew by 17% YoY (27% without considering the personal loan portfolio during the year) and 7% QoQ in 2Q10, as a result of campaigns to promote the payroll loan product and the strategy to place more loans to government sector clients. The number of new payroll loans sold in the first six months of the year increased by 49% compared to the same period in 2009.

- ***Car Loans:*** Grew by 5% YoY and 2% QoQ driven by promotional campaigns and increased car sales in the country in the last months. Additionally, a commercial alliance was established with Isuzu Motors to finance their unit sales.

II. Loans to Institutions

- **Commercial:** Decreased by (5%) YoY in 2Q10 mainly due to a decline in the middle market portfolio originated by the bank as a result of lower credit demand. Grew by 2% QoQ driven by an increase in the portfolio of Crediactivo (asset backed SME loans) and the middle market loans originated through the bank, as well as the leasing and factoring company.

- **Corporate**: Declined by (8%) YoY in 2Q10, mainly due pre-payments received from clients as a result of the bank's strategy to reduce the size of some important exposures in this segment; as well as less loan demand in this sector. The loan book increased by 1% QoQ pick up due to a demand in this segment. It is important to emphasize that Banorte's loan portfolio is diversified by sectors and regions, and has a low concentration. The bank´s 20 most important corporate exposures represent only 14% of the bank's total loan portfolio (14% in 1Q10 and 16% in 2Q09). The largest corporate loan represents 1.7% of the total portfolio (1.4% in 1Q10 and 1.7% in the 2Q09), while the 20th smallest represents only 0.4% of the total portfolio (0.4% in 1Q10 and 0.5% in 2Q09).

- **Government:** Grew by 29% YoY and 1% QoQ in 2Q10 as a result of the promotional efforts by the area established to manage government banking relations and its specialization, as well as the design of products and services that offer comprehensive solutions to cover the financial needs of all three levels of government, enabling the bank to strengthen relationships with public officials.

- **Past Due Loans**

At closing of 2Q10, past due loans declined by (11%) YoY and (8%) QoQ due to a reduction in most of the segments.

In 2Q10, the PDL Ratio was 2.3%, declining by 0.3 percentage points compared to 2Q09, and 0.2 percentage points lower than 1Q10. Without the impact of asset quality deterioration in the US operations , the PDL ratio was 2.0%, an improvement of 0.6 pp compared to the same period in 2009.

Most of the portfolio items show asset quality improvements. The NPL ratio for credit cards for this quarter was 10.6%, slightly higher when compared against 10.5% in 1Q10, but much lower compared to 14.4% in 2Q09; an improvement that was achieved despite a contraction in the overall loan portfolio during the last twelve months. On the other hand, the PDL ratio for car loans was 1.3% (vs. 1.4% in 1Q10 and 3.0% in 2Q09), Payroll loans was 1.9% (vs. 2.1% in 1Q10 and 3.0% in 2Q09), Mortgages was 1.7% (vs. 1.7% in 1Q10 and 1.9% in 2Q09), Commercial was 4.1% (vs. 5.0% in 1Q10 and 3.4% in 2Q09, although this ratio declines to 3.7% excluding INB's past due loans), and Corporate was 0.2% (vs. 0.1% in 1Q10 and 0.1% in 2Q09), while Government remained at 0% during the year.

PAST DUE LOAN VARIATIONS *(Million Pesos)*		
Balance as of March 2010		**6,128**
	Transfer from Performing Loans to Past Due Loans	4,054
	Renewals	(223)
	Cash Collections	(616)
	Discounts	(19)
	Charge Offs	(1,570)
	Foreclosures	(532)
	Transfer from Past Due Loans to Performing Loans	(1,653)
	Foreign Exchange Adjustments	61
Balance as of June 2010		**5,630**

During 2Q10, 46% of new past due loans came from credit cards, while 39% of provisions and 39% of write-offs correspond to his segment. Additionally, Commercial loans represented 13% of new NPL formation, 30% of new provisions and 33% of write-offs.

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

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

		LOAN LOSS RESERVES			
CATEGORY	LOANS	COMMERCIAL	CONSUMER	MORTGAGES	TOTAL
A	61,437	0	70	166	236
A1	105,515	520	0	0	520
A2	56,568	512	0	0	512
B	7,206	0	97	215	312
B1	6,686	142	317	0	459
B2	9,191	118	477	0	595
B3	2,735	284	0	0	284
C	2,075	0	681	93	774
C1	1,268	271	0	0	271
C2	979	458	0	0	458
D	2,122	181	1,097	245	1,523
E	1,040	692	296	0	988
Total	**256,822**				
Not Classified	(114)				
Exempt	25				
Total	256,733	3,178	3,035	719	6,932
Reserves					7,012
Excess (Deficit)					80

Notes:
1.- The ratings of loans and reserves created correspond to the last day referred in the Balance Sheet at June 30st, 2010.
2.- The loan portfolio is rated according to the rules issued by the Ministry of Finance and Public Credit (SHCP), the methodology established by the CNBV and internal methodologies approved by the CNBV. For Mortgage and Consumer loans, Banorte uses the regulation described in the Official Gazette published on December 2, 2005, and for Commercial loans it uses internal methodologies approved by the CNBV.
3.- The excess in preventive reserves, follow the rules issued by the CNBV, to regulate support programs, that were constituted mainly in UDIS Trusts.
4.- The Ratings of Leasing and Factoring loans are dated as of March 2010 and Reserves, as of June, 2010.

LOAN LOSS RESERVES *(Million Pesos)*	2Q10
Previous Period Ending Balance	**7,498**
Provisions charged to results	1,313
Created with profitability margin	15
Other items	4
Charge offs and discounts:	
Commercial Loans	(726)
Consumer Loans	(877)
Mortgage Loans	(181)
Foreclosed assets	(48)
	(1,833)
Cost of debtor support programs	(10)
Valorization and Others	25
Loan Loss Reserves at Period End	**7,012**

- **Loan Loss Reserves**

Loan loss reserves at closing of 2Q10, were Ps 7.01 billion, (6.5%) less QoQ due to greater write-offs compared to the provisions created against results.

- **Provisions for Loan Loss Reserves**

Total credit costs in 2Q10 were Ps 1.34 billion, a (39%) YoY and a (25%) QoQ decline, due to lower requirements in almost all segments, especially in the credit card and corporate portfolios.

The Mexican banking system continues to operate in an environment of tighter regulation. The Banking Commission (CNBV) determined the creation of additional reserves for leasing and factoring operations, and new regulations of the same nature will be implemented in the near future for mortgages, consumer and commercial segments

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

BANKING SECTOR

Operating Results (Million Pesos)	2Q09	1Q10	2Q10	Change QoQ	Change YoY	1H09	1H10	Change YoY
Net Interest Income	5,578	5,348	**5,281**	(1%)	(5%)	11,543	**10,629**	(8%)
Non Interest Income	1,529	2,153	**2,204**	2%	44%	3,211	**4,357**	36%
Total Income	7,107	7,501	**7,484**	(0%)	5%	14,755	**14,986**	2%
Non Interest Expense	3,597	3,795	**3,983**	5%	11%	7,573	**7,778**	3%
Provisions	2,151	1,746	**1,300**	(26%)	(40%)	4,294	**3,046**	(29%)
Operating Income	1,359	1,961	**2,201**	12%	62%	2,887	**4,161**	44%
Net Income	1,160	1,435	**1,538**	7%	33%	2,578	**2,973**	15%
Balance Sheet								
Performing Loans (a)	226,328	227,239	**231,660**	2%	2%	226,328	**231,660**	2%
Total Deposits	265,538	271,473	**278,727**	3%	5%	265,538	**278,727**	5%

The results of the Banking Sector do not reflect Pronegocio (Micro-Lending) figures from January until August 2009, since the merger with Banco Mercantil del Norte was not effective during that period. Therefore, the banking subsidiary's results for the first three quarters of the year are fully comparable with previous periods, while 4Q09, 1Q10 and 2Q10 are not comparable since the figures include the merged Pronegocio unit.

- **Net Interest Income**

Net Interest Income declined by (8%) YoY compared to 1H09 due to a drop in market interest rates, which was partially offset by higher loan growth and lower cost of funding as a result of a 5% yearly expansion in total deposits. NII declines by (1%) QoQ due to higher cost of funding from an increasingly competitive environment for deposits.

- **Loan Provisions**

Loan Provisions reported in 1H10 were (29%) less YoY mainly due to fewer requirements in the consumer, commercial, corporate and mortgage portfolios. Loan provisions decreased by (26%) QoQ, as a result of fewer requirements in the credit card and corporate portfolios.

- **Non Interest Income**

Increased by 36% YoY compared to 1H09 due to more revenues in all items, and by 2% QoQ as a result of favorable performance in almost all items, except recoveries of proprietary loans.

- **Non Interest Expenses**

Increased by 3% YoY in 1H10 as a result of higher personnel related expenses, as well as rents, depreciations and amortizations. Growth of 5% QoQ was due to more professional fees and administration and promotional expenses.

- **Other Income and Expenses**

Declined by (94%) YoY compared to 1H09 due to an extraordinary gain booked as Other Income in 1Q09 resulting from changes in accounting criteria related to the valuation of mortgage securitizations (BOHRIS), as well as reduced recoveries of acquired portfolios, and a reduction in recoveries of sundry debtors and other liabilities. On a quarterly basis, non operating income declined by (27%) QoQ.

- **Net Income**

Accumulated profits of the Banking Sector (100%, including the Afore by the participation method) was Ps 2.97 billion in 1H10, 15% higher compared to 1H09; and Ps 1.54 billion in 2Q10, growing by 7% QoQ. The increase in both cases was a result of more non interest income and reduced provisions.

- **Past Due Loan Ratio**

Although the NPL Ratio for the banking sector was 2.3%, this percentage includes INB's past due loans. If INB's NPLs are excluded, the NPL ratio drops to 2.1% which compares favorably against 2.2% in 1Q10 and 2.6% in 2Q09.

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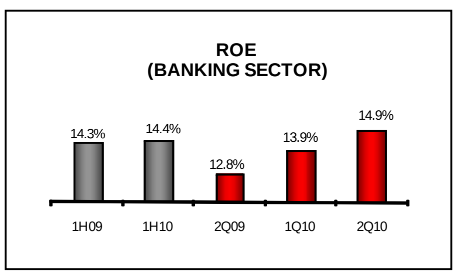
Financial Ratios Banking Sector	2Q09	1Q10	2Q10	Change QoQ	Change YoY	1H09	1H10	Change YoY
Profitability								
NIM (1)	4.2%	4.2%	**4.0%**	(0.1pp)	(0.2 pp)	4.3%	**4.1%**	(0.3 pp)
NIM after Provisions (2)	2.6%	2.8%	**3.0%**	0.2 pp	0.4 pp	2.7%	**2.9%**	0.2 pp
ROE (3)	12.8%	13.9%	**14.9%**	10 pp	2.1pp	14.3%	**14.4%**	0.1pp
ROA (4)	0.8%	10%	**1.1%**	0.1pp	0.3 pp	0.9%	**1.0%**	0.1pp
Operation								
Efficiency Ratio (5)	50.6%	50.6%	**53.2%**	2.6 pp	2.6 pp	513%	**51.9%**	0.6 pp
Operating Efficiency Ratio (6)	2.6%	2.8%	**2.8%**	0.1pp	0.3 pp	2.7%	**2.8%**	0.1pp
Liquidity Ratio (7)	63.2%	82.4%	**100.0%**	17.6 pp	36.8 pp	0.0%	**0.0%**	0.0 pp
Asset Quality								
Past Due Loan Ratio	2.7%	2.6%	**2.3%**	(0.3 pp)	(0.3 pp)	0.0%	**2.3%**	2.3 pp
Coverage Ratio	102.1%	121.2%	**123.3%**	2.1pp	213 pp	0.0%	**123.3%**	123.3 pp
Past Due Loan Ratio w/o Banorte USA	2.6%	2.2%	**2.1%**	(0.1pp)	(0.6 pp)	2.6%	**2.1%**	(0.6 pp)
Coverage Ratio w/o Banorte USA	104.3%	144.6%	**140.7%**	(3.9 pp)	36.4 pp	104.3%	**140.7%**	36.4 pp
Growth (8)								
Performing Loans (9)	7.4%	(0.3%)	**2.4%**	2.8 pp	(5.0 pp)	7.4%	**2.4%**	(5.0 pp)
Core Deposits	210%	4.7%	**6.8%**	2.1pp	(14.2 pp)	210%	**6.8%**	(14.2 pp)
Total Deposits	19.9%	6.3%	**5.0%**	(14 pp)	(14.9 pp)	19.9%	**5.0%**	(14.9 pp)
Capitalization:								
Net Capital/ Credit Risk Assets	22.3%	24.9%	**24.1%**	(0.7 pp)	19 pp	22.3%	**24.1%**	19 pp
Total Capitalization Ratio	15.6%	16.8%	**16.7%**	(0.1pp)	11pp	15.6%	**16.7%**	11pp

1) NIM = Annualized Net Interest Margin / Average Earnings Assets.
2) NIM = Annualized Net Interest Margin adjusted by Credit Risks / 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 + Loan Loss Provisions)
6) Annualized Administrative and Promotion Expenses / Average Total Assets.
7) Liquid Assets / Liquid Liabilities (Liquid Assets = Cash and due from Banks + Negotiable Instruments + Securities held for sale, Liquid Liabilities = Demand Deposits + Loans from banks and other institutions with option to redeem any moment + short term loans from banks.
8) Growth versus the previous period.
9) Does not include Fobaproa / IPAB and loans managed by Recovery Banking.



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

BANORTE USA

I. Banorte USA

INCOME STATEMENT & BALANCE SHEET *HIGHLIGHTS – Banorte USA* *Figures in MEX GAAP (Million Pesos)*	2Q09	1Q10	2Q10	QoQ	YoY	1H09	1H10	YoY
Income Statement								
Net Interest Income	187	207	**162**	(22%)	(13%)	408	369	(10%)
Non Interest Income	31	65	**90**	38%	191%	69	154	124%
Total Income	218	272	**252**	(7%)	16%	477	523	10%
Non Interest Expense	198	173	**182**	6%	(8%)	396	355	(10%)
Loan Loss Reserves	164	128	**(22)**	(117%)	(114%)	172	106	(38%)
Operating Income	(144)	(29)	**92**	412%	164%	(92)	62	168%
Non Operating Income (Expense)	61	12	**7**	(41%)	(89%)	110	18	(83%)
Taxes and Profit Sharing	(30)	(8)	**33**	517%	211%	9	25	190%
Subsidiaries & Minority Interest	(24)	-	**-**	-	100%	-	-	-
Net Income	(29)	(10)	**66**	764%	328%	10	56	474%

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

Under the generally accepted accounting practices in Mexico, net income of Banorte USA (subsidiary that owns 100% of Inter National Bank, as well as 100% of the remittance companies Uniteller and Motran) was Ps 56 million in 1H10, increasing 474% due to higher non-interest income, reduced operating expenses and loan provisions created under MEXGAAP. Net income was Ps 66 million in 2Q10, 764% higher QoQ mainly due to more non interest income and reduced credit costs.

II. InterNational Bank (US GAAP)

INCOME STATEMENT & BALANCE SHEET *HIGHLIGHTS - InterNational Bank* *Figures in US GAAP (Millon Dollars)*	2Q09	1Q10	2Q10	QoQ	YoY	1H09	1H10	YoY
Income Statement								
Net Interest Income	14	15	**14**	(3%)	5%	29	29	0%
Non Interest Income	4	4	**5**	35%	21%	7	9	19%
Total Income	18	19	**19**	4%	9%	36	38	4%
Non Interest Expense	10	11	**13**	10%	29%	18	24	33%
Loan Loss Reserves	13	10	**7**	(35%)	(47%)	14	17	25%
Operating Income	(5)	(3)	**(0.1)**	98%	98%	4	(3)	(178%)
Net Income	(3)	(2)	**0.1**	103%	102%	3	(2)	(166%)
Balance Sheet								
Investments in Securities	486	589	**536**	(9%)	10%	486	536	10%
Performing Loans	1,086	1,009	**991**	(2%)	(9%)	1,086	991	(9%)
Past Due Loans	57	130	**72**	(45%)	26%	57	72	26%
Demand Deposits	730	716	**688**	(4%)	(6%)	730	688	(6%)
Time Deposits	964	1,015	**1,032**	2%	7%	964	1,032	7%
Total Deposits	1,694	1,731	**1,720**	(1%)	2%	1,694	1,720	2%
Equity	367	402	**405**	1%	10%	367	405	10%

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

Financial Ratios *INB* ***Figures in US GAAP***	2Q09	1Q10	2Q10	QoQ	YoY	1H09	1H10	YoY
Profitability:								
NIM	3.3%	3.4%	**3.4%**	(0.1)	0.1	3.6%	3.4%	(0.2)
ROE	(4.6%)	(2.1%)	**0.1%**	2.2	4.6	2.8%	(1.0%)	(3.8)
ROA	(0.6%)	(0.4%)	**0.01%**	0.4	0.6	0.3%	(0.2%)	(0.5)
Operational:								
Efficiency Ratio	55.2%	61.9%	**65.3%**	3.4	10.1	49.9%	63.6%	13.8
Asset Quality:								
Past Due Loan Ratio	4.9%	11.4%	**6.7%**	(4.7)	1.8	4.9%	6.7%	1.8
Coverage Ratio	37.4%	21.4%	**40.8%**	19.3	3.4	37.4%	40.8%	3.4
Capitalization:								
Leverage Ratio	7.8%	9.0%	**9.2%**	0.2	1.4	7.8%	9.2%	1.4
Capitalization Ratio	13.7%	17.4%	**17.7%**	0.3	4.0	13.7%	17.7%	4.0

Under the generally accepted accounting practices in the United States, (US GAAP), profits of Inter National Bank (INB) were $0.1 million US dollars in 2Q10, due to lower loan provisions created in the quarter. During the first six months of the year, the net loss was US $2 million dollars mainly due to an increase in expenses related to management of foreclosed assets.

With regards to INB's assets, INB has an investment portfolio concentrated mainly in mortgage backed securities (MBS), which declined (9%) QoQ and increased 10% YoY. The underlying quality of the mortgages is rated AAA, In 2Q10, the portfolio has unrealized mark to market gains of US $19 million dollars. The expected average weighted maturity of the portfolio is 4 years.

Total deposits declined by (1%) QoQ and increased by 2% YoY, mainly due to growth in time deposits resulting from referral of Banorte clients. Performing loans reduced by (2%) QoQ, while past due loans declined by (45%) QoQ.

The capitalization and leverage ratios continue strengthening and are well above the regulatory minimums. The Capitalization Ratio was 17.7% and the Leverage Ratio was 9.2%, increasing on a quarterly and annual basis. The NPL Ratio declined by (4.7) pp QoQ to 6.7%, as a result of a considerable reduction of US $58 million dollars in overall past due loans.

Regarding profitability ratios, ROE increased by 2.2 pp QoQ to 0.1%, ROA increased by 0.4 pp QoQ to 0.01% and the NIM declined by (0.1) pp QoQ to 3.4%.

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

RECOVERY BANKING

INCOME STATEMENT HIGHLIGHTS – Recovery Banking *(Million Pesos)*	1H09	1H10	YoY
Net Interest Income	**(121)**	**(108)**	(11%)
Loan Loss Provisions	**(26)**	**(14)**	(46%)
Non Interest Income	**596**	**917**	54%
Non Interest Expense (2)	**426**	**449**	5%
Non Operating Income (Expense), net	**279**	**163**	(42%)
Pre-tax Income & Subsidiaries	**301**	**509**	69%
Income Tax & Profit Sharing	**(82)**	**(156)**	90%
Undistributed Earnings of Subsidiaries	**-**	**-**	-
Net Income	**219**	**353**	61%

(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.
(2) As of april 2009, the Banking and Securities Commission (CNBV) issued accounting changes that require recording Employee Profit Sharing (PTU) as Non Interest Expense.

ASSETS UNDER MANAGEMENT *(Million Pesos)*	2Q10	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
Fobaproa-IPAB Portfolios:	**369**	Off balance trusts	Non Interest Income / Fees from IPAB
Loans purchased:	**28,929**	Sólida Asset Management and Banorte	Non Interest Income and Other Revenues and Expenses (Sólida / Banorte)
Investment Projects:	**4,406**	Sólida Asset Management	Non Interest Income
Banking Sector Portfolio:	**35,390**	Banorte's Portfolio and Repossessed assets	Net Interest Income and Other Revenues and Expenses
Total	**69,094**		

- At closing of 2Q10, out of Ps 28.9 billion in portfolios acquired by the Recovery Bank, 40% corresponds to mortgages, 39% to corporate and commercial loans, 13% to real estate portfolios and 8% to foreclosed assets. Revenues generated by these portfolios during 1H10 totaled Ps 247 million, (12%) less YoY, while net income rose to Ps 23 million, (60%) less YoY. The percentage of total recovery was of 59% in 1H10 and there were no assets purchased by the Recovery Bank during the quarter.

- At closing of 2Q10, Solida had invested Ps 4.4 billion in investment projects, 36% higher compared to 2Q09. This amount is invested in 48 projects nationwide. Revenues generated by these projects during 1H10 totaled Ps 353 million, an 48% YoY growth, while profits rose to Ps154 million, a 137% YoY increase.

- Banorte's proprietary assets managed by the recovery banking unit were Ps 35.4 billion at the end of 2Q10, broken down as follows: 32% were credit cards, 27% mortgages, 12% to Crediactivo (asset backed SME loans), 12% corporate and commercial loans, 7% car loans, 7% payroll and personal loans, 1% Pronegocio loans and 2% were various assets.

- Revenues generated during 1H10 by this portfolio were Ps 475 million, 30% higher YoY, while profits were Ps 176 million, an 81% YoY increase. The recovery ratio was 79% during 1H10.

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

BROKERAGE

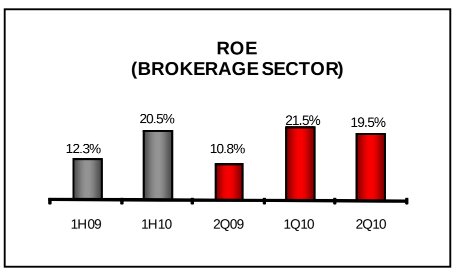
Brokerage *(Million Pesos)*	2Q09	1Q10	2Q10	QoQ	YoY	1H09	1H10	YoY
Brokerage								
Net Income	32	78	**75**	(3%)	133%	73	**153**	110%
Shareholder's Equity	1,223	1,495	**1,579**	6%	29%	1,223	**1,579**	29%
Assets Under Custody	114,776	150,985	**148,598**	(2%)	29%	114,776	**148,598**	29%
Total Assets	5,271	7,840	**13,737**	75%	161%	5,271	**13,737**	161%
ROE	10.8%	21.5%	**19.5%**	(2.0 pp)	8.7 pp	12.3%	**20.5%**	8.2 pp
Net Capital								
Net Capital	984	1,246	**1,320**	6%	34%	984	**1,320**	34%

- **Broker-Dealer**

Net Income
During 1H10, the Brokerage House reported profits of Ps153 million, growing by 110% YoY driven by more revenues for financial advisory services, management fees in mutual funds, risk money market trading positions, coupled with lower operating expenses. On a quarterly basis, net income declined by (3%) QoQ due to less revenues from financial advisory services.

Mutual Funds
At closing of 2Q10, mutual funds' AUMs grew by 27% YoY, driven by an improvement in the funds' returns and promotional efforts with the clientele. Assets managed by fixed income mutual funds totaled Ps 27.3 billion, growing by 20% YoY, while assets managed by equities' funds were Ps 5.5 billion, a 78% YoY increase. As of June 2010, Banorte's market share in mutual funds was 2.9%.

Assets Under Custody
In 2Q10, the balance was Ps 149 billion, an increase of 29% YoY driven by more deposits from private banking clients, mutual funds, money market and Banorte Securities. It declined slightly by (2%) QoQ as a result of fewer deposits by corporate private banking clients.



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LONG TERM SAVINGS

LONG TERM SAVINGS *(Million Pesos)*	2Q09	1Q10	2Q10	QoQ	YoY	1H09	1H10	YoY
Afore								
Net Income	42	102	**79**	(22%)	87%	102	**182**	77%
Equity	1,154	1,442	**1,521**	6%	32%	1,154	**1,521**	32%
Total Assets	1,286	1,609	**1,748**	9%	36%	1,286	**1,748**	36%
AUM (SIEFORE)*	62,785	75,623	**78,748**	4%	25%	62,785	**78,748**	25%
ROE	15.0%	29.4%	**21.5%**	(7.9 pp)	6.5 pp	18.5%	**25.3%**	6.8 pp
Insurance								
Net Income	85	137	**104**	(24%)	23%	236	**241**	2%
Equity	2,365	2,510	**2,611**	4%	10%	2,365	**2,611**	10%
Total Assets	12,181	12,260	**13,429**	10%	10%	12,182	**13,429**	10%
Technical Reserves	7,536	7,687	**8,700**	13%	15%	7,531	**8,700**	15%
Premiums sold	1,717	1,919	**1,681**	(12%)	(2%)	3,797	**3,599**	(5%)
ROE	14.6%	22.5%	**16.2%**	(6.1 pp)	1.7 pp	20.9%	**19.3%**	(1.6 pp)
Annuities								
Net Income	(8)	10	**(9)**	(193%)	5%	15	**1**	(95%)
Equity	1,001	1,026	**1,017**	(1%)	2%	1,001	**1,017**	2%
Total Assets	16,257	19,777	**21,346**	8%	31%	16,257	**21,346**	31%
Technical Reserves	15,100	18,534	**19,930**	8%	32%	15,100	**19,930**	32%
Premiums sold	791	1,300	**1,643**	26%	108%	1,462	**2,942**	101%
ROE	(3.4%)	3.7%	**(3.5%)**	(7.2 pp)	(0.1 pp)	3.0%	**0.1%**	(2.9 pp)

- **Afore**

During 1H10, the Afore pension fund management company reported net income of Ps 182 million (51% corresponds to Banorte), growing by 77% YoY, but declining by (22%) QoQ. The annual increase was due to higher operating income and financial products, which grew at a higher rate than expenses due to containment of sales related costs. The quarterly decline is due to reduction in financial products resulting from declines in financial markets. At closing of 2Q10, the Afore posted a 25% YoY and 4% QoQ increase in managed funds, totaling Ps 78.7 billion.

Banorte has 6.1% market share in managed funds, ranking 7th in the market as of June 2010.

At closing of 2Q10, the Afore had a total of 3.89 million affiliates, with a 9.6% share of total affiliates in the system and 9.5% in certified accounts.

- **Insurance**

Reported profits of Ps 241 million in 1H10 (51% corresponds to GFNorte), a 2% YoY increase, due to containment of damage costs, which offset reduced revenues and financial products. On a quarterly basis, net income declined by (24%) QoQ due to less operating revenues and financial products.

Issued premiums declined by (5%) YoY totaling Ps 3.6 billion, while accrued premiums were Ps 2.7 billion, reducing by (11%) YoY due to more competition. As a result of Hurricane "Alex", a total of 330 claims have been filed for cars damages and 90 for home damages. The estimated amount in claims will fluctuate between Ps 20 and Ps 35 million, with an estimated cost to the company of Ps 9.8 million. This impact has already been registered in the quarter's results.

Technical reserves were Ps 8.7 billion, increasing by 15% YoY and 13% QoQ.

- **Annuities**

Reported net income of Ps 1 million in 1H10 (51% corresponds to GFNorte), declining (95%) YoY due to an increase in annuities' payments. Revenues declined by (193%) QoQ, as a result of increased annuities' payments and administration and sales costs, as well as a reduction in financial products.

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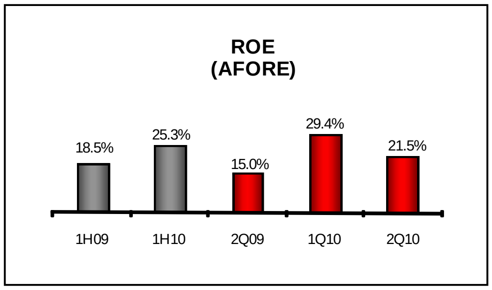

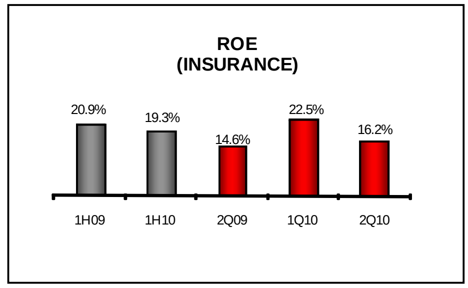

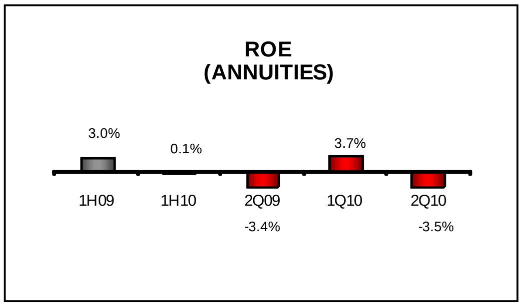

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OTHER FINANCE COMPANIES

OTHER FINANCE COMPANIES (1) *(Million Pesos)*	2Q09	1Q10	2Q10	QoQ	YoY	1H09	1H10	YoY
Leasing and Factoring								
Net Income	106	102	**103**	1%	(2%)	200	**206**	3%
Equity	1,384	1,589	**1,692**	7%	22%	1,384	**1,692**	22%
Loan Portfolio (1)	13,457	13,183	**13,558**	3%	1%	13,457	**13,558**	1%
Past Due Loans	117	111	**136**	22%	16%	117	**136**	16%
Loan Loss Reserves	119	203	**237**	17%	100%	119	**237**	100%
Total Assets	13,521	13,079	**13,380**	2%	(1%)	13,521	**13,380**	(1%)
ROE	31.8%	26.6%	**25.2%**	(1.5 pp)	(6.6 pp)	31.2%	**25.9%**	(5.3 pp)
Warehousing								
Net Income	7	3	**12**	237%	75%	14	**15**	11%
Equity	136	152	**163**	7%	20%	136	**163**	20%
Inventories	312	111	**35**	(68%)	(89%)	312	**35**	(89%)
Total Assets	439	199	**190**	(5%)	(57%)	439	**190**	(57%)
ROE	20.3%	9.4%	**29.8%**	20.4 pp	9.6 pp	21.2%	**19.9%**	(1.3 pp)

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

- **Leasing and Factoring**

Leasing and Factoring generated profits of Ps 206 million in 1H10, 3% higher YoY compared to 1H09 due to an increase in factoring volumes. Net income grew only by 1% QoQ due to the impact of higher reserve requirements resulting from changes in the loan portfolio rating methodology.

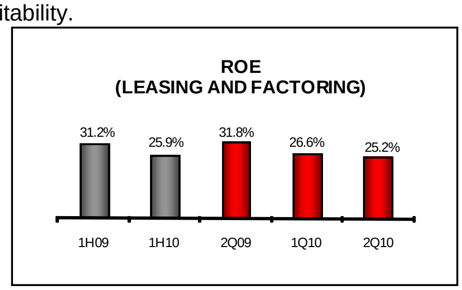
In 2Q10, the PDL Ratio was 1%, while the Capitalization Ratio was 13.01% considering total risk weighted assets of Ps 13.51 billion.

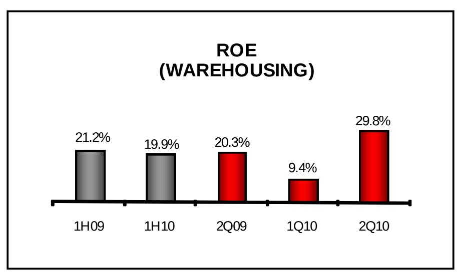
Arrendadora and Factor Banorte ranks 2nd place in terms of portfolio size among the 44 companies of this sector according to the information available to date.

- **Warehousing**

The warehouse reported net income of Ps15 million during 1H10, 11% higher compared to 1H09, and Ps12 million in 2Q10, growing by 237% QoQ due to a greater level of inventory commercialization.

At closing of 2Q10, the Capitalization Ratio was 10.9% considering total certificates at risk issued of Ps 1.49 billion. Almacenadora Banorte ranks 4th among the 20 warehouse companies of this sector in terms of profitability.





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PRONEGOCIO

MICROLENDING PRONEGOCIO *(Million Pesos)*	2Q09	1Q10	2Q10	QoQ	YoY	1H09	1H10	YoY
Net Income	6	-	-	N.A.	N.A.	12	-	N.A.
Equity	60	-	-	N.A.	N.A.	60	-	N.A.
Loan Portfolio	102	-	-	N.A.	N.A.	102	-	N.A.
Non Performing Loans	13	-	-	N.A.	N.A.	13	-	N.A.
Loan Loss Reserves	11	-	-	N.A.	N.A.	11	-	N.A.
Total Assets	197	-	-	N.A.	N.A.	197	-	N.A.
ROE	44.1%	-	-	N.A.	N.A.	43.9%	-	N.A.

- **Pronegocio**

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

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

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

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

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

RATINGS

International Ratings				
Rating Agency	**Rated Institution**	**Rating**	**Category**	**Date**
Standard & Poors	Banorte	Stable BBB- BBB- A-3 A-3 BBB-	**Outlook** **Counterparty credit - Long term foreign currency** **Counterparty credit - Long term local currency Short term Counterparty credit – Short term foreign currency** **Counterparty credit - Short tem local currency** Senior Unsecured Notes	July , 2010
Fitch	Banorte Grupo Financiero Banorte	Stable BBB BBB F2 F2 C 2 5	**Outlook** **Long Term Foreign currency** **Long Term Local currency** **Short Term Local Currency** **Short Term Foreign Currency** **Individual - Foreign Currency** **Support Rating** **Support Rating**	July, 2010
Moody's	Banorte	Negative C- Stable Baa1 P-2 A3 P-2	**Outlook BFSR** **Modest Financial Strength** **Outlook GLC** **Foreign long - term bank deposits** **Foreign short- term bank deposits** **Local long - term bank deposits** **Local short - term bank deposits**	February, 2010
Moody's	Banorte	Baa1 Baa2 Baa1 Ba1	**Long term local currency subordinated debt (Tier 2)** **Long term local currency subordinated debt (Tier 1)** **Long term foreign currency subordinated debt (Tier 2)** **Long term foreign currency subordinated debt**	February, 2010
Moody's	Banorte	A3	**Senior Notes**	July, 2010
Moody's	Casa de Bolsa Banorte	Stable A3 P-2	**Outlook** **Issue Rating Long Term** **Issue Rating ShortTerm**	October, 2009

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

Domestic Ratings				
Rating Agency	Rated Institution	Rating	Category	Date
Fitch	Banorte	F1 + (mex) AA +(mex) F1 + (mex) AA +(mex) AA (mex)	Short term counterparty risk Long term counterparty risk Short term CD's and Term Deposits Long term CD's and Term Deposits Long Term National Scale Subordinated Debt	July, 2010
	Arrendadora y Factor Banorte	AA + (mex) F1 + (mex)	Medium and Long Term Short Term	May, 2007
Moody's Domestic Scale	Banorte	Aaa.mx MX-1	Long Term Deposits ShortTerm Deposits	October, 2009
	Arrendadora Banorte	Aaa.mx MX-1	Issue Rating in Domestic Scale Long Term Issue Rating in Domestic Scale ShortTerm	October, 2009
	Factor Banorte	Aaa.mx MX-1	Issue Rating in Domestic Scale Long Term Issue Rating in Domestic Scale ShortTerm	October, 2009
	Banorte	Aa1.mx	Long term Mexican National Scale junior subordinated debt	October, 2009
Other Ratings				
Fitch	Banorte	AAFC1(mex)	Financial Asset Administrator	February, 2008
Fitch	Seguros Banorte Generali	AA (mex)	Insurance Financial Strength	November, 2008
Fitch	Casa de Bolsa Banorte	Stable F1 + (mex) AA +(mex)	Outlook Short term counterparty risk Long term counterparty risk	March, 2009
Moodys	Casa de Bolsa Banorte	Stable Aaa.mx MX-1	Outlook Issue Rating Long Term Issue Rating ShortTerm	October, 2009

INFRASTRUCTURE

INFRASTRUCTURE	2Q09	1Q10	2Q10
Employees	19,679	19,167	**19,340**
Banking (1)	15,043	15,386	**15,553**
Other	4,636	3,781	**3,787**
Branches (2)(3)	1,076	1,098	**1,102**
INB	20	20	20
Pronegocio	14	0	0
ATM's	4,247	4,539	**4,685**

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

- During the quarter, 6 branches were opened and 2 were closed as per the request of the lessee. Total ATM's amounted to 4,685, an annual growth of 10%. Also, 2,326 Point of Sale Terminals were activated during the quarter, reaching a total of 52,117 POS's at the end of June, 23% more than one year ago.

- For 2010, 38 new branches will be opened, and 12 will be relocated or expanded. Also, an additional effort is being made to open 25 new points of service. A total of 584 ATMs and 9,150 POS's will be installed.

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

ANNEXES

1. GROUP'S GENERAL INFORMATION

2. SUMMARY OF RESULTS AND FINANCIAL STATEMENTS

3. ACCOUNTING CHANGES AND REGULATIONS

4. LOAN PORTFOLIO SALES TO SOLIDA ADMINISTRADORA DE PORTAFOLIOS

5. NOTES TO THE GROUP'S FINANCIAL STATEMENTS

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

GFNORTE'S GENERAL INFORMATION

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

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

Holding Company Capital Structure	
Number of Shares	**SERIE O As of june 30, 2010**
Number of Shares Outstanding	2,018,197,548
Shares held in the bank's Treasury	(150,000)

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

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

SUMMARY OF RESULTS

July 22nd, 2010, Mexico D.F. Grupo Financiero Banorte (GFNORTE) announced today its operating results as of June 2010. For the fourth consecutive quarter, profits increased, reaching Ps 1.66 billion, a 26% increase compared to 2Q09 and a 5% QoQ increase. The bank contributed 84%, Ps 1.388 billion. During 1S10, the net income was Ps 3.236 billion, a 16% YoY growth. The return on equity (ROE) during 1S10 was 15.4% and the return on assets (ROA) was 1.1%.

Deposits and Net Interest Income

Core Deposits grew 7% annually, driven by demand deposits and time deposits, from Ps 207 billion at close of2Q09 to Ps 221 billion in 2Q10. During 2Q10, net interest income remained practically the same as in the previous quarter, at Ps 5.533 billion.

Performing Loans

At closing of 2Q10, performing loans grew by 3% YoY, reaching a Ps 241.334 billion balance. Most segments showed a positive quarterly growth as a result of the bank´s efforts to promote a greater loan penetration and to take advantage of a more favorable economic environment.

Over the last twelve months, **government loans** grew 29%, to Ps 41.222 billion, being the sector with highest growth. Commercial and Corporate loan balances declined in 2Q10 compared to 2Q09 but are already showing an upturn compared to 1Q10. **Commercial loans** totaled Ps 82.305 billion with a 2% QoQ growth; and the **corporate portfolio** was Ps 39.307 billion, a 1% higher compared to 1Q10.

Consumer loans were 7% higher compared to 2H10. Mortgages totaled Ps 52.234 billion, maintaining an upward trend through the end of 2Q10, growing by 11% YoY growth; thus, Banorte has become the bank with the greatest growth in placements for this sector in the first six months of 2010. On the other hand, Payroll Loans registered a balance of Ps 7.205 billion, reflecting a 17% YoY increase over 2Q09.

During 2Q10, the bank showed asset quality improvement in most items; reflected in a reduction in the PDL Ratio from 2.5% to 2.3% - one of the lowest in the financial system. Grupo Financiero Banorte closed 2Q10 with a PDL balance of Ps 5.630 billion, an (11%) YoY and (8%) QoQ decrease. The coverage ratio was 125%, higher than the 102% registered during 2Q09.

Efficiency Ratio

The Efficiency Ratio was 52% during 1H10, maintaining the same level as in 1H09; however it shows an improvement compared to 57% in 1S08.

Capitalization Ratio

At closing 2Q10, the Capitalization Ratio was 16.7%, a higher level compared to the average of the banking system; reflecting Banorte's financial strength and its ability to continue growing with quality.

Other Subsidiaries

Long Term Savings´ profits, which includes Afore, Insurance and Annuities companies, was Ps 209 million during 1H10, 17% higher than in 1H09. During 1H10, other Finance companies, which includes the Factoring & Leasing Company and Warehouse, registered profits of Ps 221 million, a 3% growth compared to 1H09. The Broker Dealer (Brokerage House) reported profits Ps153 million, a 110% increase compared to 1H09.

Recent Events

In 2Q10, Banorte continued with the efforts of the past year to strengthen its fundamentals and emerge from the economic crisis as a stronger institution; in order to take advantage of banking penetration opportunities. These efforts are reflected in the following events:

1. **Senior Debt Issued in International Markets**
   On July 14th, Banco Mercantil del Norte (BANORTE), a subsidiary of the Group, successfully concluded the issuance of Non-Guaranteed Senior Debt Notes in the international markets for a total amount of US 300 million dollars with maturity of 5 years and a rate of 4.437% (UST+ 262.5 bps). The rating assigned to these securities by Standard and Poor's was BBB -, while Moody's rating was A3. The proceeds from this issuance will be used for general corporate purposes.

2. **Banorte and 7-Eleven, first in Mexico to offer financial services in convenience stores**
   On July 15th, Banorte and 7-Eleven Mexico received the CNBV's authorization to operate under a third party correspondent agreement in order to make financial services available to more Mexicans in a network of over 1,150 7-Eleven stores throughout the country.

3. **ADRs begin trading in the OTCQX International Premier.**
   On July 15th, the American Depositary Receipts program (ADR's) Level 1 (ticker: GBOOY) was authorized to list and operate in OTCQX International Premier, the market´s highest tier "Over the Counter" (OTC). Through this listing, GFNorte and OTCQX offer investors transparency, better information, and a level of service formerly available only through a US stock exchange.

4. **Grupo Financiero Banorte launched the "Payroll Advance"**
   On July 19, Banorte launched "Payroll Advance" which is a credit line in cash for up to 10 thousand pesos available 24 hours a day at any of Banorte´s ATM´s or with our online banking. This form of credit will be available nationwide and, unlike any other traditional payroll loans, this credit line provides cash for emergencies or for the unpredicted. This product represents a breakthrough, aimed to satisfy the needs of our customers. This new product benefits both employees and businesses that pay their staff through payroll Banorte. Thus, Banorte will continue to support programs like this, as a continued commitment to Mexico and its people.

BANORTE

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

HOLDING

Holding – INCOME STATEMENT*(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	Accum. 2009	1Q10	2Q10	3Q10	4Q10	Accum. 2010
Income Subsidiaries & Other	1,613	1,315	1,429	1,452	5,809	1,589	**1,664**			3,254
Interest Income	1	2	2	2	7	2	2			3
Interest Expense	-	-	-	-	-	-	-			-
Fees & Tariffs	-	-	-	-	-	-	-			-
Trading Income	-	-	-	-	-	-	-			-
Monetary Position REPOMO	-	-	-	-	-	-	-			-
Total Operating Income	1,614	1,317	1,431	1,454	5,815	1,591	**1,666**			**3,257**
Admin & Promotion Expense	1	3	2	4	11	3	4			7
Operating Income	1,612	1,314	1,429	1,450	5,805	1,588	**1,662**			**3,250**
Non Operating Income	2	-	-	-	-	-	-			-
Non Operating Expense	-	-	-	-	-	-	-			-
Non Operating Income, net	2	-	-	-	2	-	**-**			**-**
Pre-tax Income	1,614	1,314	1,429	1,450	5,806	1,588	**1,662**			**3,250**
Income Tax & Profit Sharing	1	(1)	-	-	-	-	**-**			-
Tax on Assets	-	-	-	-	-	-	**-**			-
Deferred Income Tax & PS	2	3	-	(1)	4	-	**-**			-
	3	2	-	(1)	4	-	**-**			-
Profit from Cont Ops	1,611	1,312	1,428	1,450	5,802	1,588	**1,663**			**3,250**
Extraordinary Items, net	-	-	-	-	-	-	**-**			-
Total Net Income	1,611	1,312	1,428	1,450	5,802	1,588	**1,663**			**3,250**

Holding – BALANCE SHEET *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
ASSETS								
Cash & Due from Banks	63	150	254	127	145	147		
Margin Accounts	-	-	-	-	-	-		
Investment in Securities	-	-	-	-	-	-		
Sundry Debtors & Other Accts Receivable, net	2	3	104	9	8	7		
Real Estate, Furniture & Equipment, net	-	-	-	-	-	-		
Investments in Subsidiaries	39,186	39,455	40,655	42,156	42,806	43,521		
Deferred Taxes	3	1	1	1	1	2		
Goodwill	34	31	31	30	33	31		
Other Assets, Deferred Charges & Intangibles	-	-	-	-	-	-		
TOTAL ASSETS	**39,288**	**39,640**	**41,044**	**42,323**	**42,993**	**43,708**		
LIABILITIES								
Due to Banks & Correspondents	-	-	-	-	-	-		
Income Tax & Profit Sharing	-	-	-	-	-	-		
Other Accounts Payable	1	1	1	5	1	8		
Deferred Taxes	-	-	-	-	-	-		
TOTAL LIABILITIES	**1**	**1**	**1**	**5**	**1**	**8**		
STOCKHOLDER´S EQUITY								
Paid-in Capital	12,007	12,020	12,020	12,018	12,020	12,019		
Premium of Share Subscription & Issuance	1,859	1,853	1,852	2,246	2,246	2,246		
Subordinated Convertible Debt	-	-	-	-	-	-		
Subscribed Capital	**13,866**	**13,873**	**13,871**	**14,263**	**14,266**	**14,266**		
Capital Reserves	2,748	3,173	3,175	3,154	3,178	3,172		
Retained Earnings	23,965	23,459	21,228	20,681	26,153	25,817		
Surplus (Deficit) from Valuation of Securities	(1,315)	(867)	452	428	521	532		
Mark To Market of Securities	-	(1,342)	(1,547)	(1,369)	(1,766)	(2,628)		
Results from Conversions of Foreign Ops	1,244	(1,580)	(488)	(641)	(946)	(710)		
Surpluss (Deficit) in Capital Restatement	-	-	-	-	-	-		
Results of Non Monetary Fixed Assets	-	-	-	-	-	-		
Results of Non Monetary Investment Assets	(2,833)	-	-	-	-	-		
Adjustmens in the Employees' Liabilities	-	-	-	-	-	-		
Net Income	1,611	2,923	4,352	5,802	1,588	3,250		
Earned Capital	**25,421**	**25,767**	**27,172**	**28,055**	**28,727**	**29,434**		
Total Stockholder´s Equity	**39,287**	**39,640**	**41,043**	**42,318**	**42,993**	**43,699**		
TOTAL LIABILITIES & EQUITY	**39,288**	**39,640**	**41,044**	**42,323**	**42,993**	**43,708**		

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

BANORTE

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

GRUPO FINANCIERO BANORTE

Income Statement and Balance Sheet Highlights-GFNorte *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	Accum. 09	Accum. 10
Interest Income	13,139	11,355	10,265	10,099	9,919	10,173	-	-	44,858	20,092
Interest Expense	7,094	5,656	4,803	4,681	4,492	4,746	-	-	22,235	9,238
Loan Origination Fees	154	143	141	155	163	140	-	-	593	302
Fees Paid	-	4	11	19	28	34	-	-	33	61
Net Interest Income (NII)	**6,199**	**5,838**	**5,592**	**5,554**	**5,562**	**5,533**	**-**	**-**	**23,183**	**11,095**
Preventive Provisions for Loan Losses	2,162	2,188	2,154	1,782	1,772	1,337	-	-	8,286	3,109
Loan Losses Sharing Provisions Fobaproa	-	-	-	-	-	-	-	-	-	-
Net Interest Income Adjusted for Credit Risk	**4,037**	**3,650**	**3,438**	**3,772**	**3,790**	**4,196**	**-**	**-**	**14,897**	**7,986**
Fund Transfers	60	61	63	64	57	63	-	-	248	121
Account Management Fees	230	237	233	246	224	236	-	-	946	460
Fiduciary	51	68	62	74	65	73	-	-	254	138
Income from Real Estate Portfolios	137	164	229	287	195	224	-	-	818	419
Electronic Banking Services	250	256	253	271	263	238	-	-	1,030	501
Credit Card Fees	590	520	571	629	616	617	-	-	2,310	1,233
Fees from IPAB	0	0	0	0	0	0	-	-	1	0
Other Fees	597	611	640	836	771	759	-	-	2,683	1,530
Fees Charged on Services	**1,915**	**1,917**	**2,052**	**2,408**	**2,192**	**2,210**	**-**	**-**	**8,291**	**4,402**
Fund transfers	6	5	5	5	7	6	-	-	21	13
Other Fees	324	301	338	354	375	355	-	-	1,317	730
Expenses from Real Estate Portfolios	-	-	-	-	-	-	-	-	-	-
Fees Paid on Services	**330**	**306**	**343**	**359**	**382**	**361**	**-**	**-**	**1,339**	**743**
Foreign Exchange	360	162	199	155	189	193	-	-	875	383
Securities-Realized Gains	17	92	179	234	265	188	-	-	522	453
Securities-Unrealized Gains	(131)	(86)	32	32	131	199	-	-	(153)	330
Trading Income	**246**	**167**	**411**	**421**	**585**	**580**	**-**	**-**	**1,244**	**1,165**
Other Operating Income (Expenses)	235	154	340	250	286	277	-	-	980	563
Non Interest Income	**2,065**	**1,932**	**2,460**	**2,719**	**2,681**	**2,706**	**-**	**-**	**9,177**	**5,387**
Total Opearting Income	**6,102**	**5,582**	**5,898**	**6,491**	**6,471**	**6,902**	**-**	**-**	**24,074**	**13,373**
Personnel	1,699	1,544	1,704	1,817	1,742	1,759	-	-	6,763	3,501
Professional Fees	334	340	307	483	308	345	-	-	1,465	653
Administrative and Promotional Expenses	1,163	1,098	1,101	1,090	960	1,116	-	-	4,452	2,076
Rents, Depreciation & Amortization	452	435	404	436	494	493	-	-	1,727	987
Taxes other than income tax	209	172	149	335	212	192	-	-	865	404
Contributions to IPAB	267	265	271	270	263	269	-	-	1,073	532
Employee Profit Sharing (PTU)	199	169	136	174	211	217	-	-	679	428
Non Interest Expense	**4,324**	**4,023**	**4,073**	**4,604**	**4,189**	**4,391**	**-**	**-**	**17,024**	**8,581**
Operating Income	**1,778**	**1,559**	**1,825**	**1,887**	**2,281**	**2,511**	**-**	**-**	**7,050**	**4,792**
Other Revenues	468	581	289	575	112	226	-	-	1,914	339
Changes in Foreign Exchange Valuation	-	-	-	-	-	-	-	-	-	-
Recoveries	181	108	152	83	71	57	-	-	525	128
Repomo-Other Revenues	-	-	-	-	-	-	-	-	-	-
Non Operating Income	**649**	**690**	**442**	**658**	**183**	**283**	**-**	**-**	**2,438**	**466**
Other Expenses	(235)	(521)	(304)	(506)	(165)	(262)	-	-	(1,566)	(427)
Foreign Exchange	-	-	-	-	-	-	-	-	-	-
Repomo-Other Expenses	-	-	-	-	-	-	-	-	-	-
Non Operating Expense	**(235)**	**(521)**	**(304)**	**(506)**	**(165)**	**(262)**	**-**	**-**	**(1,566)**	**(427)**
Non Operating Income (Expense), net	**413**	**168**	**138**	**152**	**18**	**21**	**-**	**-**	**872**	**39**
Pre-Tax Income	**2,192**	**1,728**	**1,964**	**2,039**	**2,299**	**2,532**	**-**	**-**	**7,922**	**4,831**
Income Tax	258	413	765	1,146	578	888	-	-	2,581	1,466
Profit Sharing	-	-	-	-	-	-	-	-	-	-
Tax on Assets	-	-	-	-	-	-	-	-	-	-
Deferred Income Tax	317	17	(220)	(650)	80	(89)	-	-	(536)	(9)
Taxes	**574**	**429**	**545**	**496**	**659**	**798**	**-**	**-**	**2,045**	**1,457**
Net Income before Subsidiaries	**1,617**	**1,298**	**1,418**	**1,543**	**1,640**	**1,734**	**-**	**-**	**5,877**	**3,374**
Subsidiaries' Net Income	89	45	85	94	95	74	-	-	312	168
Net Income from Continuos Operations	**1,706**	**1,343**	**1,503**	**1,637**	**1,735**	**1,808**	**-**	**-**	**6,190**	**3,543**
Extraordinary Items, net	-	-	-	-	-	-	-	-	-	-
Minority Interest	95	31	75	135	155	151	-	-	336	307
Net Income	**1,611**	**1,312**	**1,428**	**1,502**	**1,580**	**1,656**	**-**	**-**	**5,854**	**3,236**

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

GFNorte - Balance Sheet (Million Pesos)	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
ASSETS								
Cash and Due from Banks	**56,303**	**56,918**	**55,439**	**59,268**	**58,325**	**59,003**		
Margin Accounts	**14**	**17**	**20**	**18**	**46**	**90**		
Negotiable Instruments	5,172	25,672	18,439	24,460	44,335	81,412		
Securities Available for Sale	11,870	11,566	13,268	11,701	12,836	12,376		
Securities Held to Maturity	217,922	210,702	201,066	190,332	173,072	156,368		
Investment in Securities	**234,965**	**247,939**	**232,774**	**226,493**	**230,243**	**250,155**		
Non-assigned Securities for Settlement	**-**	**-**	**-**	**-**	**-**	**-**		
Debtor Balance in Repo Trans,net	**1,620**	**16**	**6**	**4**	**3**	**2**		
Securities Lending	**-**	**-**	**-**	**-**	**-**	**-**		
For trading purposes	6,406	5,525	5,381	4,824	4,963	7,695		
For hedging purposes	2,529	1,142	1,313	1,056	762	775		
Transactions with Derivatives	**8,936**	**6,667**	**6,694**	**5,880**	**5,725**	**8,470**		
Operations w/ Derivatives & Securities	**10,556**	**6,684**	**6,700**	**5,884**	**5,728**	**8,471**		
Commercial Loans	122,563	120,616	118,508	117,237	113,274	116,765		
Financial Intermediaries´Loans	10,229	8,462	8,214	7,131	6,091	4,850		
consumer Loans	27,775	26,651	26,177	25,712	25,759	26,267		
Mortgage Loans	47,023	47,691	48,792	49,881	51,082	52,843		
Government Entities´Loans	28,592	31,921	33,738	38,993	41,003	41,222		
IPAB Loans	-	-	-	-	-	-		
Performing Loans	**236,181**	**235,342**	**235,429**	**238,953**	**237,210**	**241,948**		
Commercial PDL´s	2,181	2,796	2,914	3,163	3,703	3,185		
Financial Intermediaries PDL´s	3	-	-	-	-	-		
Consumer PDL´s	2,541	2,584	2,195	1,942	1,565	1,551		
Mortgage PDL´s	825	919	994	1,049	860	894		
Government Entities PDL´s	-	-	-	-	-	-		
Past Due Loans	**5,550**	**6,299**	**6,103**	**6,154**	**6,128**	**5,630**		
Gross Loan Portfolio	**241,731**	**241,641**	**241,532**	**245,107**	**243,337**	**247,578**		
Preventive Loan Loss Reserves	6,051	6,426	7,547	7,535	7,498	7,012		
Net Loan Portfolio	**235,680**	**235,216**	**233,985**	**237,572**	**235,840**	**240,566**		
Acquired Collection Rights	2,923	2,804	2,705	2,548	2,426	2,311		
Total Credit Portfolio	**238,603**	**238,020**	**236,690**	**240,120**	**238,266**	**242,877**		
Benef.receivab.securization transactions	699	557	465	433	406	411		
Sundry Debtors & Other Accs Rec, Net	13,769	10,770	15,719	11,324	12,288	15,527		
Inventories	479	312	427	119	111	35		
Foreclosed Assets, Net	841	800	870	928	911	1,413		
Real Estate, Furniture & Equipment, Net	8,459	8,419	8,535	8,623	8,678	8,873		
Investment in Subsidiaries	2,668	2,896	2,940	3,036	3,222	3,283		
Deferred Taxes, Net	147	141	759	1,411	1,287	1,377		
Goodwill and Intangibles	5,799	4,330	4,638	4,214	4,418	4,476		
Other Assets Short and Long Term	4,499	4,119	4,371	5,270	5,081	5,150		
Other Assets	-	-	-	-	-	-		
	37,361	32,345	38,724	35,356	36,403	40,545		
TOTAL ASSETS	**577,802**	**581,922**	**570,347**	**567,138**	**569,012**	**601,140**		

BANORTE

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

GFNorte - Balance Sheet (Million Pesos)	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
LIABILITIES								
Demand Deposits	120,255	123,755	122,312	137,581	125,917	133,849		
Time Deposits	134,964	141,608	147,447	137,327	145,358	144,653		
Bank Bonds	-	-	-	-	-	-		
Deposits	**255,219**	**265,363**	**269,759**	**274,908**	**271,275**	**278,502**		
Immediate Redemption Loans	4,180	501	2,711	21	1	2,516		
Short Term Loans	25,322	25,057	19,266	13,385	13,037	10,795		
Long Term Loans	10,723	9,727	9,648	7,562	7,524	7,408		
Due to Banks & Correspondents	**40,225**	**35,285**	**31,626**	**20,968**	**20,562**	**20,719**		
Non-assigned Securities for Settlement	**420**	**540**	**-**	**159**	**268**	**3,781**		
Creditor Balance in Repo Trans, Net	**191,479**	**200,933**	**185,203**	**185,480**	**191,073**	**202,328**		
Secs to be received in Repo Trans, Net	**-**	**-**	**-**	**-**	**-**	**-**		
Repo Transactions with Collateral	**304**	**0**	**1**	**2**	**0**	**0**		
For Trading purposes	6,300	5,219	5,079	4,553	4,773	7,552		
For Hedging purposes	5,345	3,976	4,446	3,822	3,423	4,738		
Transactions with Derivatives	**11,646**	**9,195**	**9,524**	**8,376**	**8,196**	**12,291**		
Operations w/ Derivatives & Securities	**203,849**	**210,668**	**194,727**	**194,017**	**199,537**	**218,400**		
Income Tax Payable	211	170	496	617	443	828		
Profit Sharing Payable	285	371	505	675	249	436		
Creditors for settlement of transactions	6,832	1,709	2,264	2,224	2,523	6,146		
Other Creditors & Accounts Payable	10,894	8,516	9,108	8,968	9,329	9,930		
Other Payable Accounts	**18,222**	**10,767**	**12,373**	**12,485**	**12,544**	**17,340**		
Subordinated Non Convertible Debt	18,053	17,783	18,505	18,168	17,838	18,039		
Deferred Taxes	-	-	-	-	-	-		
Deferred Credits	1,336	1,464	1,568	1,619	1,600	1,662		
TOTAL LIABILITIES	**536,903**	**541,330**	**528,559**	**522,164**	**523,356**	**554,662**		
EQUITY								
Paid-in Capital	11,932	11,945	11,945	11,956	11,961	11,959		
Share Subscription Premiums	1,530	1,247	966	1,526	1,545	1,534		
Subordinated Convertible Debentures	-	-	-	-	-	-		
Subscribed Capital	**13,462**	**13,192**	**12,911**	**13,481**	**13,506**	**13,493**		
Capital Reserves	2,748	3,173	3,175	3,154	3,178	3,172		
Retained Earnings	23,965	23,459	21,228	20,681	26,188	25,852		
Surplus (Deficit) of Secs Available for Sale	(1,315)	(867)	452	206	233	304		
Results from Valuation of Hedging Secs	-	(1,342)	(1,547)	(1,369)	(1,766)	(2,628)		
Results from Conversions	1,244	(1,580)	(488)	(641)	(946)	(710)		
Surplus (Deficit) in Capital Restatement	(0)	(0)	0	-	0	-		
Results of Non Monetary Fixed Assets	-	-	-	-	-	-		
Resultos of Non Monetary - Investment Assets	(2,833)	-	-	-	-	-		
Adjustments in the Employee´s Pensions	-	-	-	-	-	-		
Accumulated Effect of Deferred Liabilities	-	-	-	-	-	-		
Net Income	1,611	2,923	4,352	5,854	1,580	3,236		
Earned Capital	**25,421**	**25,767**	**27,172**	**27,885**	**28,466**	**29,226**		
Minority Interest	2,016	1,633	1,706	3,608	3,683	3,759		
Total Equity	**40,899**	**40,592**	**41,789**	**44,974**	**45,655**	**46,479**		
TOTAL LIABILITIES & EQUITY	**577,802**	**581,922**	**570,347**	**567,138**	**569,012**	**601,140**		

BANORTE

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

GFNORTE – MEMORANDUM ACCOUNTS *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
On behalf of Third Parties								
Customer's Banks	30	7	4	4	12	39		
Dividends Receivable from Customers	-	-	-	-	-	-		
Interest Receivable from Customers	-	-	-	-	-	-		
Settlement of Customer Transactions	246	118	(196)	(80)	18	(376)		
Customer Premiums	-	-	-	-	-	-		
Settlement with Clients' Foreign Currency	-	-	-	-	-	-		
Margin Accounts in Futures' Operations	-	-	-	-	-	-		
Other Current Accounts	-	-	-	-	-	-		
Customers' Current Account	**276**	**125**	**(192)**	**(75)**	**30**	**(337)**		
Client Securities Received in Custody	97,315	113,978	130,648	134,480	150,022	147,609		
Securities and Documents Received in Guarantee	-	-	-	-	-	-		
Client Securities Abroad	-	-	-	-	-	-		
Clients' Securities	**97,315**	**113,978**	**130,648**	**134,480**	**150,022**	**147,609**		
Clients' Repurchase Operations	30,925	27,617	32,058	35,680	30,034	41,531		
Clients' Repo Transactions w/ Securities	-	-	-	-	-	-		
Purchase of Futures & Forward Contracts notional	-	-	-	-	-	-		
Sale of Futures and Forward Contracts, notional	-	-	-	-	-	-		
Clients' Option Purchase Operations	281	-	-	-	-	-		
Clients' Option Sales Operations	-	-	-	-	-	-		
Purchase of Derivatives' Packages	-	-	-	-	-	-		
Sale of Derivatives' Packages	-	-	-	-	-	-		
Trusts Ander Administration	2,244	3,422	3,702	4,641	4,099	4,087		
Transactions On Behalf of Clients	**33,450**	**31,039**	**35,760**	**40,321**	**34,133**	**45,618**		
TOTAL ON BEHALF OF THIRD PARTIES	**131,042**	**145,142**	**166,215**	**174,726**	**184,185**	**192,890**		
Loan Obligations	3,129	2,503	2,135	2,271	2,421	3,899		
Trusts	88,471	98,397	104,565	110,795	113,540	108,022		
Mandates	2,161	1,924	2,107	2,147	2,097	2,185		
Properties in Trusts and Warrant	90,632	100,321	106,673	112,942	115,637	110,208		
Properties in Custody or Administration	150,235	161,005	169,018	158,547	210,338	212,782		
Collaterals Received	31,156	24,990	31,716	33,464	34,792	69,187		
Collaterals Received or sold	-	26,794	42,144	43,165	36,082	45,596		
Amounts committed to Operations with Fobaproa	-	-	-	-	-	-		
Drafts in Transit	-	-	-	-	-	-		
Certificates of Deposits in Circulation	2,825	2,013	1,538	1,632	1,632	1,491		
Letters of Credit to the Corporation as Guarantee	-	-	-	-	-	-		
Securities to the Corporation for Custody	900	-	-	-	-	-		
Government Secs of the Corp under Custody	100	-	-	-	-	-		
Securities of the Corp given as Guarantee	-	-	-	-	-	-		
Securities of the Corp Abroad	-	-	-	-	-	-		
Settlement with FX of the Corp Abroad	-	-	-	-	-	-		
Debts with the Contingency Fund	-	-	-	-	-	-		
Contingent Assets & Liabilities	264	267	266	273	272	264		
Investment bank Trans on Behalf of Third Parties	91,943	87,165	84,921	74,646	72,539	76,771		
Uncollected Accrued Interest from Past Due Loans	181	220	203	198	161	152		
Investments of Retirement Savings Funds	-	-	-	-	-	-		
Integration of the Credit Portfolio	-	-	-	-	-	-		
Amounts Contracted in Derivatives	-	-	-	-	-	-		
Other Registration Accounts	-	-	-	-	-	-		
Proprietary Transactions	**371,364**	**405,279**	**438,613**	**427,139**	**473,874**	**520,350**		
Repo Securities to be Received	31,324	-	-	-	-	-		
(Minus) Repurchase Creditors	(31,414)	-	-	-	-	-		
Repurchase Transactions	**(90)**	**-**	**-**	**-**	**-**	**-**		
Repurchase Debtors	27,757	-	-	-	-	-		
(Minus) Repo Securities to be Delivered	(27,663)	-	-	-	-	-		
Repurchase Transactions	**93**	**-**	**-**	**-**	**-**	**-**		
TOTAL PROPRIETARY	**371,367**	**405,279**	**438,613**	**427,139**	**473,874**	**520,350**		

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

***GFNORTE* - CONSOLIDATED STATEMENT OF CASH FLOW**
JANUARY 1, 2010 –JUNE 30, 2010
(Million Pesos)

Cash Flow from Operating Activities	
Net Income	**3,236**
Items charged to results that do not generate or require use of resources	
Provisions for loan losses	3,109
Estimate for non recovery or difficult collection	145
Depreciation and amortization	562
Provisions for obligations	200
Effective and deffered taxes on profits	1,457
Minority Interest	139
	5,612
	8,848
Change in items related to operations:	
Change in Margin Accounts	(72)
Change in Invesment in Securities	(23,750)
Change in repo debtors	2
Change in derivatives (assets)	(2,870)
Changesin Loan Portfolio	(6,359)
Change in purchased receivables	237
Change in benefits to receive from securitizations	22
Change in foreclosed assets	(488)
Change in other operating assets	(5,580)
Change in core deposits	3,973
Change in interbank loans and other entities	(249)
Change in repo creditors	20,470
Change in collateral pledged sold	(2)
Change in derivatives (liability)	2,999
Change in subordinated debt with characteristics of liabilities	(124)
Change in other operating liabilities	3,226
Change in hedging instruments (the related hedged transaction activities)	1,196
Net cash generated or used from operations	1,479
Investment Activities:	
Charges for disposal of property, furniture and equipment	122
Payments for acquisition of property, furnitute and equipment	(946)
Subsidiaries and associated acquisitions payment	(243)
Charges for other permanent investments	1
Charges for cash dividends	22
Net cash generated or used from investment activities	**(1,044)**
Financing Activities :	
Payments of cash dividends	(686)
Payments assopciated with the repurchase of proprietary shares	6
	(680)
Net Cash Increase (decrease)	**(245)**
Cash flow adjusmtents given exchage rate or inflation variations	**(20)**
Cash and cash equivalents at beginning of period	**59,268**
Cash and cash equivalents at end of period	**59,003**

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

GFNORTE – CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER´S EQUITY
JANUARY 1, 2010 – JUNE 30, 2010.
(Million Pesos)

	CONTRIBUTED CAPITAL	
	Fixed Paid-in Capital	**Premium from sale of securities**
Balance as of December 31,2009	**11,956**	**1,525**
Changes stemming from stockholder's decisions		
Stock repurchases	**3**	8
Capitalization of profits	-	-
Dividends declared by the General Assembly of Shareholders on February 15, 2010 and April 23, 2010	-	-
Total	**3**	**8**
Changes stemming from profits		
Total profits:		
Net Income	-	-
Effect of subsidiaries	-	1
Result from valuation of instruments of cash flow hedges	-	-
Total	**-**	**1**
Balance as of March 31,2010	**11,959**	**1,534**

	EARNED CAPITAL							
	Capital Reser-ves	**Retained earnings**	**Valuation Effects of Securities Available for**	**Results from val of instrum Cash flow hedges**	**Results from Conversions**	**Net Income**	**Minority Interest**	**Total Stockholders´ Equity**
Balance as of December 31,2009	**3,154**	**20,681**	**206**	**(1,369)**	**(641)**	**5,854**	**3,608**	**44,974**
Changes stemming from stockholder's decisions								
Stock repurchases	18	(17)	(6)	-	-	-	-	6
Application of profits	-	5,854	-	-	-	(5,854)	-	-
Dividends declared by the General Assembly of Shareholders on February 15, 2010 and April 23, 2010	-	(686)	-	-	-	-	-	(686)
Total	**18**	**5,151**	**(6)**	**-**	**-**	**(5,854)**	**-**	**(680)**
Changes stemming from profits								
Total profits:								
Net Income	-	-	-	-	-	3,236	-	**3,236**
Result from valuation of securities available for sale	-	-	104	-	-	-	-	**104**
Effect of subsidiaries	-	20	-	-	(69)	-	-	**(48)**
Result from valuation of instruments of cash flow hedges	-	-	-	(1,259)	-	-	-	**(1,259)**
Total	**-**	**20**	**104**	**(1,259)**	**(69)**	**3,236**	**-**	**2,033**
Recognition of minority interest	-	-	-	-	-	-	151	**151**
Balance as of March 31,2010	**3,172**	**25,852**	**304**	**(2,628)**	**(710)**	**3,236**	**3,759**	**46,478**

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

BANKING SECTOR

Income Statement and Balance Sheet Highlights-Banking Sector (Million Pesos)	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	Accum. 09	Accum. 10
Interest Income	12,687	10,896	9,916	9,773	9,563	**9,721**	-	-	43,271	19,284
Interest Expense	6,873	5,455	4,669	4,521	4,350	**4,546**	-	-	21,517	8,897
Loan Origination Fees	151	141	139	155	163	**140**	-	-	586	302
Fees Paid	-	4	11	19	28	**34**	-	-	33	61
Net Interest Income (NII)	**5,965**	**5,578**	**5,375**	**5,388**	**5,348**	**5,281**	-	-	**22,307**	**10,629**
Preventive Provisions for Loan Losses	2,144	2,151	2,113	1,757	1,746	**1,300**	-	-	8,164	3,046
Loan Losses Sharing Provisions Fobaproa	-	-	-	-	-	**-**	-	-	-	-
Net Interest Income Adjusted for Credit Risk	**3,822**	**3,427**	**3,263**	**3,632**	**3,602**	**3,980**	-	-	**14,143**	**7,583**
Fund Transfers	60	61	63	64	57	**63**	-	-	248	121
Account Management Fees	230	237	233	246	224	**236**	-	-	946	460
Fiduciary	51	68	62	74	65	**73**	-	-	254	138
Income from Real Estate Portfolios	137	164	229	287	195	**224**	-	-	818	419
Electronic Banking Services	250	256	253	271	263	**238**	-	-	1,030	501
Credit Card Fees	590	520	571	629	616	**617**	-	-	2,310	1,233
Fees from IPAB	0	0	0	0	0	**0**	-	-	1	0
Other Fees	225	226	195	223	305	**311**	-	-	868	616
Fees Charged on Services	**1,543**	**1,532**	**1,606**	**1,795**	**1,726**	**1,762**	-	-	**6,476**	**3,488**
Fund transfers	6	5	5	5	7	**6**	-	-	21	13
Other Fees	293	282	310	330	357	**342**	-	-	1,215	699
Expenses from Real Estate Portfolios	-	-	-	-	-	**-**	-	-	-	-
Fees Paid on Services	**300**	**287**	**315**	**335**	**364**	**348**	-	-	**1,237**	**712**
Foreign Exchange	360	162	199	155	189	**193**	-	-	875	383
Securities-Realized Gains	(25)	36	94	131	184	**126**	-	-	237	310
Securities-Unrealized Gains	(133)	(73)	32	16	133	**193**	-	-	(158)	326
Trading Income	**202**	**125**	**324**	**302**	**506**	**512**	-	-	**953**	**1,018**
Other Operating Income (Expenses)	237	159	339	252	285	**277**	-	-	987	563
Non Interest Income	**1,683**	**1,529**	**1,955**	**2,014**	**2,153**	**2,204**	-	-	**7,181**	**4,357**
Total Opearting Income	**5,504**	**4,956**	**5,218**	**5,645**	**5,756**	**6,184**	-	-	**21,323**	**11,939**
Personnel	1,571	1,376	1,544	1,664	1,590	**1,604**	-	-	6,156	3,194
Professional Fees	330	335	285	474	292	**330**	-	-	1,425	622
Administrative and Promotional Expenses	1,065	991	973	977	850	**988**	-	-	4,005	1,838
Rents, Depreciation & Amortization	355	337	299	338	404	**406**	-	-	1,329	810
Other Taxes (other than income tax	191	126	127	313	188	**170**	-	-	756	359
Contributions to IPAB	267	265	271	270	263	**269**	-	-	1,073	532
Employee Profit Sharing (PTU)	197	167	134	170	208	**215**	-	-	668	423
Non Interest Expense	**3,976**	**3,597**	**3,633**	**4,205**	**3,795**	**3,983**	-	-	**15,412**	**7,778**
Operating Income	**1,528**	**1,359**	**1,584**	**1,440**	**1,961**	**2,201**	-	-	**5,912**	**4,161**
Other Revenues	393	186	130	241	89	**143**	-	-	950	232
Changes in Foreign Exchange Valuation	-	-	-	-	-	**-**	-	-	-	-
Recoveries	175	102	149	83	71	**49**	-	-	509	120
Repomo-Other Revenues	-	-	-	-	-	**-**	-	-	-	-
Non Operating Income	**568**	**288**	**279**	**324**	**160**	**192**	-	-	**1,459**	**352**
Other Expenses	(156)	(141)	(142)	(169)	(142)	**(178)**	-	-	(607)	(320)
Foreign Exchange	-	-	-	-	-	**-**	-	-	-	-
Repomo-Other Expenses	-	-	-	-	-	**-**	-	-	-	-
Non Operating Expense	**(156)**	**(141)**	**(142)**	**(169)**	**(142)**	**(178)**	-	-	**(607)**	**(320)**
Non Operating Income (Expense), net	**412**	**147**	**137**	**155**	**18**	**13**	-	-	**852**	**32**
Pre-Tax Income	**1,940**	**1,506**	**1,721**	**1,596**	**1,979**	**2,214**	-	-	**6,763**	**4,193**
Income Tax	209	380	712	1,049	507	**812**	-	-	2,350	1,319
Profit Sharing	-	-	-	-	-	**-**	-	-	-	-
Tax on Assets	-	-	-	-	-	**-**	-	-	-	-
Deferred Income Tax	318	17	(222)	(657)	85	**(92)**	-	-	(543)	(7)
Taxes	**527**	**398**	**490**	**392**	**592**	**720**	-	-	**1,807**	**1,313**
Net Income before Subsidiaries	**1,413**	**1,108**	**1,231**	**1,204**	**1,387**	**1,494**	-	-	**4,956**	**2,881**
Subsidiaries' Net Income	29	27	42	62	49	**44**	-	-	161	93
Net Income from Continuos Operations	**1,442**	**1,136**	**1,274**	**1,266**	**1,435**	**1,538**	-	-	**5,117**	**2,973**
Extraordinary Items, net	-	-	-	-	-	**-**	-	-	-	-
Minority Interest	24	(24)	-	-	-	**-**	-	-	-	-
Net Income	**1,418**	**1,160**	**1,274**	**1,266**	**1,435**	**1,538**	-	-	**5,117**	**2,973**

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

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

Banking Sector - Balance Sheet *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
ASSETS								
Cash and Due from Banks	55,776	56,598	55,106	58,876	57,827	58,372		
Margin Accounts	14	12	16	18	46	90		
Negotiable Instruments	4,629	21,375	15,806	20,131	37,673	68,872		
Securities Available for Sale	12,163	12,074	13,983	12,538	13,674	13,169		
Securities Held to Maturity	217,573	210,344	200,703	189,964	172,599	155,889		
Investment in Securities	234,365	243,793	230,492	222,633	223,947	237,930		
Non-assigned Securities for Settlement	-	-	-	-	-	-		
Debtor Balance in Repo Trans,net	1,502	8	3	2	2	0		
Securities Lending	-	-	-	-	-	-		
For trading purposes	6,406	5,525	5,381	4,824	4,963	7,695		
For hedging purposes	2,529	1,142	1,313	1,056	762	775		
Transactions with Derivatives	8,936	6,667	6,694	5,880	5,725	8,470		
Operations w/ Derivatives & Securities	10,437	6,676	6,697	5,882	5,727	8,470		
Commercial Loans	111,385	108,861	107,070	105,338	101,489	104,667		
Financial Intermediaries´Loans	13,374	11,224	9,958	8,923	7,918	6,677		
consumer Loans	27,770	26,647	26,171	25,704	25,754	26,258		
Mortgage Loans	47,023	47,691	48,792	49,881	51,082	52,843		
Government Entities´Loans	28,574	31,906	33,725	38,982	40,995	41,216		
IPAB Loans	-	-	-	-	-	-		
Performing Loans	228,126	226,328	225,716	228,827	227,239	231,660		
Commercial PDL´s	2,065	2,666	2,815	3,060	3,592	3,049		
Financial Intermediaries PDL´s	3	-	-	-	-	-		
Consumer PDL´s	2,540	2,584	2,195	1,942	1,565	1,551		
Mortgage PDL´s	825	919	994	1,049	860	894		
Government Entities PDL´s	-	-	-	-	-	-		
Past Due Loans	5,434	6,169	6,004	6,051	6,017	5,494		
Gross Loan Portfolio	233,560	232,496	231,720	234,878	233,255	237,154		
Preventive Loan Loss Reserves	5,942	6,295	7,390	7,358	7,295	6,775		
Net Loan Portfolio	227,618	226,201	224,329	227,520	225,961	230,379		
Acquired Collection Rights	2,923	2,804	2,705	2,548	2,426	2,311		
Total Credit Portfolio	230,541	229,005	227,034	230,068	228,387	232,690		
Benef.receivab.securization transactions	699	557	465	433	406	411		
Sundry Debtors & Other Accs Rec, Net	13,361	10,385	15,268	11,005	12,071	15,321		
Inventories	-	-	-	-	-	-		
Foreclosed Assets, Net	841	800	870	928	911	1,413		
Real Estate, Furniture & Equipment, Net	6,654	6,610	6,780	7,083	7,296	7,458		
Investment in Subsidiaries	977	1,128	1,169	1,230	1,369	1,401		
Deferred Taxes, Net	138	150	817	1,470	1,374	1,469		
Goodwill and Intangibles	5,766	4,132	4,454	4,025	4,230	4,289		
Other Assets Short and Long Term	4,190	3,775	3,985	4,909	4,700	4,765		
Other Assets	-	-	-	-	-	-		
	32,625	27,537	33,808	31,083	32,356	36,526		
TOTAL ASSETS	563,758	563,620	553,153	548,560	548,290	574,077		

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

Banking Sector - Balance Sheet *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
LIABILITIES								
Demand Deposits	120,269	123,778	122,445	137,608	125,971	**133,863**		
Time Deposits	135,038	141,760	147,600	137,454	145,502	**144,865**		
Bank Bonds	-	-	-	-	-	**-**		
Deposits	**255,307**	**265,538**	**270,046**	**275,062**	**271,473**	**278,727**		
Immediate Redemption Loans	4,180	501	2,711	21	1	**2,516**		
Short Term Loans	19,223	18,289	11,775	6,207	6,495	**4,033**		
Long Term Loans	8,193	7,253	7,150	5,058	4,814	**4,720**		
Due to Banks & Correspondents	**31,596**	**26,043**	**21,637**	**11,286**	**11,310**	**11,269**		
Non-assigned Securities for Settlement	**420**	**540**	**-**	**159**	**268**	**3,781**		
Creditor Balance in Repo Trans, Net	**191,364**	**197,102**	**183,139**	**181,959**	**185,135**	**190,766**		
Secs to be received in Repo Trans, Net	**-**	**-**	**-**	**-**	**-**	**-**		
Repo Transactions with Collateral	**304**	**0**	**1**	**2**	**0**	**0**		
For Trading purposes	6,300	5,219	5,079	4,553	4,773	**7,552**		
For Hedging purposes	5,345	3,976	4,446	3,822	3,423	**4,738**		
Transactions with Derivatives	**11,646**	**9,195**	**9,524**	**8,376**	**8,196**	**12,291**		
Operations w/ Derivatives & Securities	**203,733**	**206,837**	**192,664**	**190,497**	**193,599**	**206,838**		
Income Tax Payable	141	122	416	473	379	**721**		
Profit Sharing Payable	285	369	502	672	247	**434**		
Creditors for settlement of transactions	6,832	1,709	2,263	2,223	2,523	**5,932**		
Other Creditors & Accounts Payable	10,180	7,817	8,360	8,265	8,642	**9,274**		
Other Payable Accounts	**17,437**	**10,017**	**11,541**	**11,633**	**11,791**	**16,362**		
Subordinated Non Convertible Debt	18,053	17,783	18,505	18,168	17,838	**18,039**		
Deferred Taxes	-	-	-	-	-	**-**		
Deferred Credits	1,275	1,400	1,508	1,566	1,536	**1,593**		
TOTAL LIABILITIES	**527,402**	**527,617**	**515,901**	**508,212**	**507,547**	**532,828**		
EQUITY								
Paid-in Capital	10,955	10,955	11,151	11,488	11,488	**11,488**		
Share Subscription Premiums	852	850	848	2,490	2,490	**2,491**		
Subordinated Convertible Debentures	-	-	-	-	-	**-**		
Subscribed Capital	**11,807**	**11,805**	**11,998**	**13,977**	**13,978**	**13,978**		
Capital Reserves	4,005	4,659	4,659	4,659	4,659	**5,172**		
Retained Earnings	19,988	19,346	18,505	18,339	23,109	**22,235**		
Surplus (Deficit) of Secs Available for Sale	(999)	(329)	330	315	386	**393**		
Results from Valuation of Hedging Secs	(1,637)	(1,382)	(1,594)	(1,404)	(1,832)	**(2,762)**		
Results from Conversions	1,274	(682)	(522)	(679)	(1,003)	**(751)**		
Surplus (Deficit) in Capital Restatement	(0)	(0)	-	-	(0)	**-**		
Results of Non Monetary Fixed Assets	-	-	-	-	-	**-**		
Resultos of Non Monetary - Investment Assets	87	-	-	-	-	**-**		
Adjustments in the Employee´s Pensions	-	-	-	-	-	**-**		
Accumulated Effect of Deferred Liabilities	-	-	-	-	-	**-**		
Net Income	1,418	2,578	3,866	5,132	1,435	**2,973**		
Earned Capital	**24,135**	**24,189**	**25,244**	**26,361**	**26,755**	**27,261**		
Minority Interest	415	10	10	10	10	**10**		
Total Equity	**36,356**	**36,003**	**37,252**	**40,348**	**40,743**	**41,249**		
TOTAL LIABILITIES & EQUITY	**563,758**	**563,620**	**553,153**	**548,560**	**548,290**	**574,077**		

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

***BANKING SECTOR* – MEMORANDUM ACCOUNTS** *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
Endorsement Guarantees Granted	-	-	-	-	-	-		
Contingent Assets & Liabilities	264	267	266	273	272	264		
Irrevocable Lines of Credit	3,129	2,503	2,135	2,271	2,421	3,899		
Trust	88,471	98,397	104,565	110,795	113,540	108,022		
Mandate	2,161	1,924	2,107	2,147	2,097	2,185		
Assets held in Trusts or Mandate	90,632	100,321	106,673	112,942	115,637	110,207		
Assets held in custody or in administration	146,493	157,269	165,302	154,831	206,262	209,066		
Investment banking transactions for third parties, net	91,943	87,165	84,921	74,646	72,539	76,771		
Uncharged accrued interest from past - due loans	180	220	203	198	161	152		
Collaterals Received	31,156	24,990	31,716	33,464	34,792	39,211		
Amounts committed to fobaproa operations	-	-	-	-	-	-		
Collateral received or sold or delivered as guarantee by the entirty	-	2,999	9,520	11,097	12,043	15,687		
Integration of loan portfolio	-	-	-	-	-	-		
Amounts received in derivative instruments	-	-	-	-	-	-		
Fobaproa trusts	-	-	-	-	-	-		
Repurchase securities to be received	-	-	-	-	-	-		
(Less) creditors from repos	-	-	-	-	-	-		
Debtors from repos	-	-	-	-	-	-		
(Less) Repurchase securities to be delivered	-	-	-	-	-	-		
Other control accounts	-	-	-	-	-	-		
	363,798	**375,735**	**400,735**	**389,723**	**444,487**	**455,257**		

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

BANORTE USA

***BANORTE USA* – INCOME STATEMENT** *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Interest Income	379	340	364	328	**1,411**	326	270			**593**
Interest Expense	158	153	145	129	**586**	119	113			**232**
Loan Fees Charged	-	-	-	-	**-**	-	5			**8**
Fees Paid	-	-	-	-	**-**	-	-			**-**
Net Interest Income (NII)	**221**	**187**	**218**	**199**	**825**	**207**	**162**			**369**
Preventive Provisions for Loan Losses	9	164	115	91	**378**	128	(22)			**106**
Loss Sharing Provisions	-	-	-	-	**-**	-	-			**-**
NII Adjusted for Credit Risk	**212**	**23**	**103**	**109**	**448**	**78**	**184**			**263**
Fund transfers	-	-	-	-	**-**	-	-			**-**
Account management	-	-	-	-	**-**	-	-			**-**
Fiduciary	-	-	-	-	**-**	-	-			**-**
Income from Loan Portfolios Acquired	-	-	-	-	**-**	-	-			**-**
Electronic Banking Services	-	-	-	-	**-**	-	-			**-**
Credit Card Fees	-	-	-	-	**-**	-	-			**-**
Fees Charged to IPAB	-	-	-	-	**-**	-	-			**-**
Other fees	34	32	34	32	**133**	64	77			**141**
Fees Charged on Services,	**34**	**32**	**34**	**32**	**133**	**64**	**77**			**141**
Fund transfers	-	-	-	-	**-**	-	-			**-**
Other fees	-	-	-	-	**-**	27	29			**56**
Expenses from Loan Portfolios Acquired	-	-	-	-	**-**	-	-			**-**
Fees Paid on Services	**-**	**-**	**-**	**-**	**-**	**27**	**29**			**56**
Foreign exchange	-	-	-	-	**-**	-	-			**-**
Securities –Realized gains	-	-	-	-	**-**	-	-			**-**
Securities- Unrealized gains	-	-	-	-	**-**	-	-			**-**
Market Related Income	**4**	**10**	**13**	**27**	**54**	**33**	**28**			**61**
Other Operating Income (Expenses)	**(1)**	**-**	**(28)**	**(2)**	**(31)**	**(5)**	**13**			**9**
Total Non Interest Income	**38**	**42**	**19**	**56**	**155**	**65**	**90**			**154**
Total Operating Income	**250**	**66**	**122**	**165**	**603**	**143**	**274**			**417**
Personnel	71	64	65	65	**265**	70	69			**138**
Profit Sharing	-	-	-	-	**-**	-	-			**-**
Professional Fees Paid	11	13	13	18	**55**	17	19			**36**
Administrative and Promotional Expenses	111	116	70	117	**414**	68	77			**145**
Rents, depreciation and amortization	6	5	5	5	**21**	17	18			**35**
Taxes, other than income tax	-	-	-	-	**-**	-	-			**-**
Contributions to IPAB	-	-	-	-	**-**	-	-			**-**
Non-Interest Expense	**198**	**198**	**153**	**205**	**755**	**173**	**182**			**355**
Operating Income	**51**	**(132)**	**(31)**	**(40)**	**(152)**	**(29)**	**92**			**62**
Other Revenues	48	48	50	47	**193**	12	9			**21**
Foreign exchange	-	-	-	-	**-**	-	-			**-**
Recoveries	1	2	2	1	**6**	-	-			**-**
Repomo-other revenues	-	-	-	-	**-**	-	-			**-**
Non Operating Income	**50**	**50**	**52**	**49**	**199**	**12**	**9**			**21**
Other Expenses	-	-	-	-	**-**	-	(2)			**(2)**
Changes in Foreign Exchange Valuation	-	-	-	-	**-**	-	-			**-**
Repomo-other expenses (creditor balance)	-	-	-	-	**-**	-	-			**-**
Non Operating Expense	**-**	**-**	**-**	**-**	**-**	**-**	**(2)**			**(3)**
Non Operating Income (Expense), net	**50**	**50**	**52**	**49**	**199**	**12**	**7**			**18**
Pre-tax Income	**101**	**(83)**	**20**	**9**	**48**	**(18)**	**99**			**81**
Income Tax	(38)	30	(5)	-	**(14)**	8	(33)			**(25)**
Profit sharing	-	-	-	-	**-**	-	-			**-**
Tax on Assets	-	-	-	-	**-**	-	-			**-**
Deferred Income Tax and Profit sharing	-	-	-	-	**-**	-	-			**-**
	(38)	**30**	**(5)**	**-**	**(14)**	**8**	**(33)**			**(25)**
Net Income before subsidiaries	**62**	**(53)**	**15**	**9**	**34**	**(10)**	**66**			**56**
Subsidiaries' net income	-	-	-	-	**-**	-	-			**-**
Net Income from continuos operations	**62**	**(53)**	**15**	**9**	**34**	**(10)**	**66**			**56**
Extraodinary items, net	-	-	-	-	**-**	-	-			**-**
Minority Interest	(24)	24	-	-	**-**	-	-			**-**
TOTAL NET INCOME	**38**	**(29)**	**15**	**9**	**34**	**(10)**	**66**			**56**

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

BANORTE USA – BALANCE SHEET *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
ASSETS								
Cash and due from Banks	492	1,426	1,407	1,538	685	1,926		
Negotiable Instruments	-	-	-	-	-	-		
Securities available for sale	6,484	6,411	7,583	6,603	7,276	6,893		
Securities held to maturity	13	12	13	12	11	12		
Investment in Securities	6,498	6,423	7,596	6,616	7,287	6,905		
Non-assigned securities pending Settlement	-	-	-	-	-	-		
Debtor Balance in Repo Trans, net	-	-	-	-	-	-		
Repo Transactions with Collateral	-	-	-	-	-	-		
Secs to be received in Repo Trans, net	-	-	-	-	-	-		
Transactions with derivatives	-	-	-	-	-	-		
Operations w/ Derivatives & Securities	-	-	-	-	-	-		
Commercial Loans	13,495	11,866	12,269	11,391	10,393	10,312		
Financial Intermediaries' Loans	-	-	-	-	-	-		
Consumer Loans	239	199	195	179	186	182		
Mortgage Loans	2,732	2,690	2,755	2,530	2,317	2,365		
Goverment Entities' Loans	-	-	-	-	-	-		
IPAB Loans	-	-	-	-	-	-		
Fiduciary Collection Rights	-	-	-	-	-	-		
Performing Loans	16,466	14,755	15,219	14,100	12,897	12,859		
Commercial PDL's	172	411	498	798	1,055	705		
Financial Intermediaries' PDL's	-	-	-	-	-	-		
Consumer PDL's	-	1	1	1	-	-		
Mortgage PDL's	30	35	104	248	207	204		
Goverment Entities PDL's	-	-	-	-	-	-		
Past Due Loans	202	447	603	1,047	1,263	910		
Gross Loan Portfolio	16,668	15,201	15,822	15,147	14,160	13,769		
Preventive loan loss reserves	266	327	426	416	422	325		
Net Loan Portfolio	16,402	14,874	15,397	14,731	13,738	13,443		
Credit Assets Portfolio	-	-	-	-	-	-		
Sundry debtors and other accs rec,net	643	602	622	607	641	626		
Foreclosed assets, net	452	409	471	527	484	989		
Real Estate, Furniture & Equipment, net	760	695	705	684	639	646		
Investments in subsidiaries	9	9	9	8	8	8		
Deferred taxes, net	-	21	5	2	-	-		
Risk Coverage for Mortgage	-	-	-	-	-	-		
GoodWill and Intangibles	3,476	3,234	3,308	3,199	3,257	3,307		
Other Assets	269	225	319	508	213	224		
Other Assets	3,746	3,460	3,627	3,706	3,470	3,531		
TOTAL ASSETS	29,001	27,919	29,838	28,420	26,951	28,074		

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

BANORTE USA – BALANCE SHEET *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
LIABILITIES								
Demand Deposits	9,348	9,613	9,947	8,971	8,819	8,807		
Time Deposits	12,814	12,696	13,705	13,427	12,515	13,256		
Bank Bonds	-	-	-	-	-	-		
Deposits	**22,162**	**22,309**	**23,652**	**22,398**	**21,334**	**22,063**		
Immediate Redemption Loans	-	-	-	-	-	-		
Short term	814	5	-	-	66	130		
Long term	88	79	78	73	-	1		
Due to banks and correspondents	**903**	**84**	**78**	**73**	**66**	**131**		
Non-assigned securities pending settlement	-	-	-	-	-	-		
Cerditor Balance in Repo Trans, net	-	-	-	-	-	39		
Repo transactions with collateral	-	-	-	-	-	-		
Securities to be received in Repo Trans, net	-	-	-	-	-	-		
Transactions with derivatives, net	-	-	-	-	-	-		
Operations w/ Derivatives & Securities	-	**-**	**-**	**-**	-	**39**		
Income Tax & Profit Sharing Payable	-	-	-	-	-	4		
Other creditors & accounts payable	179	212	214	217	165	123		
Other payable accounts	**179**	**212**	**214**	**217**	**165**	**126**		
Subordinated non Convertible Debenture	292	272	278	269	254	265		
Deferred Taxes	9	-	-	-	8	11		
Deferred credits	48	41	37	32	27	25		
TOTAL LIABILITIES	**23,592**	**22,917**	**24,259**	**22,989**	**21,855**	**22,660**		
STOCKHOLDER´S EQUITY								
Paid-in Capital	3,346	4,266	4,668	4,668	4,668	4,668		
Share subscription premiums	-	-	-	-	-	-		
Subordinated Convertible Debentures	-	-	-	-	-	-		
Subscribed Capital	**3,346**	**4,266**	**4,668**	**4,668**	**4,668**	**4,668**		
Capital Reserves	-	-	-	-	-	-		
Retained Earnings	284	284	284	284	304	304		
Results from Valuation of Secs Available for Sale	122	59	87	104	101	133		
Results from Conversions of Foreign Ops	1,213	383	514	341	34	253		
Surplus (Deficit) in capital restatement	-	-	-	-	-	-		
Results of Non Monetary fixed assets	-	-	-	-	-	-		
Results on non monetary - investment assets	-	-	-	-	-	-		
Adjustment in employees' pensions	-	-	-	-	-	-		
Accumulated effect of Deferred Liabilities	-	-	-	-	-	-		
Net Income	38	10	25	34	(10)	56		
Earned Capital	**1,657**	**736**	**911**	**763**	**429**	**746**		
Minority Holdings	405	-	-	-	-	-		
Total Stockholder´s Equity	**5,409**	**5,002**	**5,578**	**5,431**	**5,097**	**5,414**		
TOTAL LIABILITIES & STOCKHOLDER´S CAPITAL	**29,001**	**27,919**	**29,838**	**28,420**	**26,951**	**28,074**		

BANORTE USA **– MEMORANDUM ACCOUNTS** *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
Endorsement guarantees granted	-	-	-	-	-	-		
Other contingent obligations	-	-	-	-	-	-		
Credit commitments	42	29	33	31	22	22		
Irrevocable lines of credit	-	-	-	-	-	-		
Assets held in trusts or mandate	-	-	-	-	-	-		
Assets held in custody or in administration	-	-	-	-	-	-		
Investment banking transactions for third parties, net	-	-	-	-	-	-		
Amounts committed to fobaproa operations	-	-	-	-	-	-		
Investment of retirement saving funds	-	-	-	-	-	-		
Integration of loan portfolio	-	-	-	-	-	-		
Amounts received in derivative instruments	-	-	-	-	-	-		
Fobaproa trusts	-	-	-	-	-	-		
Repurchase securities to be received	-	-	-	-	-	-		
(Less) creditors from repos	-	-	-	-	-	-		
Debitors from repos	-	-	-	-	-	-		
(Less) Repurchase securities to be delivered	-	-	-	-	-	-		
Other control accounts	-	-	-	-	-	-		
Endorsement guarantees granted	**23**	**26**	**33**	**31**	**22**	**22**		

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

- **Information by Segments**

GFNORTE – INCOME STATEMENT 2Q10
(Million Pesos)

	Holding	Banorte	Brokerage	Leasing & Factoring	Warehouse	Total	Eliminations	Final Balance
Interest Income	3	19,304	828	752	1	20,888	(796)	20.092
Interest Expense	-	8,958	804	318	1	10,081	(782)	9,299
Loan Fees	-	302	-	-	-	302	-	302
Net Interest Income (NII)	**3**	**10,648**	**24**	**434**	**-**	**11,109**	**(14)**	**11,095**
Loan Loss & Loss Sharing Provisions	-	3,046	-	63	-	3,109	-	3,109
NII after Provisions	**3**	**7,602**	**24**	**371**	**-**	**8,000**	**(14)**	**7,986**
Fees on services,	-	4,072	306	6	19	4,403	(1)	4,402
Fees paid,	-	724	30	10	-	764	(21)	743
Market-related Income	-	1,018	147	-	-	1,165	-	1,165
Other Operating Income (Expenses)	-	563	(2)	2	-	563	-	563
Total Non Interest Income	**-**	**4,929**	**421**	**(2)**	**19**	**5,367**	**20**	**5,387**
Total Operating Income	**3**	**12,531**	**445**	**369**	**19**	**13,367**	**6**	**13,373**
Non-Interest Expense	**7**	**8,162**	**226**	**178**	**13**	**8,586**	**(5)**	**8,581**
Operating Income	**(4)**	**4,369**	**219**	**191**	**6**	**4,781**	**11**	**4,792**
Non Operating Income	-	352	7	16	116	491	(25)	466
Non Operating Expense	-	320	-	2	106	428	(1)	427
Non Operating Income	**-**	**32**	**6**	**15**	**10**	**63**	**(24)**	**39**
Pre-tax Income	**(4)**	**4,401**	**226**	**206**	**16**	**4,845**	**(13)**	**4,831**
Tax and Profit sharing	**-**	**1,384**	**73**	**-**	**1**	**1,457**	**-**	**1,457**
Net Income before subsidiaries	**(4)**	**3,017**	**153**	**206**	**15**	**3,388**	**(13)**	**3,374**
Subsidiaries´ net income	3,254	45	-	-	-	3,299	(3,13	168
Net Inc. from continuos	**3,250**	**3,062**	**153**	**206**	**15**	**6,686**	**(3,144)**	**3,543**
Extraodinary items, net	-	-	-	-	-	-	-	-
Minority Interest	-	(89)	-	-	-	(89)	(218)	(307)
TOTAL NET INCOME	**3,250**	**2,973**	**153**	**206**	**15**	**6,597**	**(3,361)**	**3,236**

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

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

ASSETS	Holding	Banorte	Brokerage	Leasing & Factoring	Warehouse	Total	Eliminations	Final balance
Cash and due from Banks	**147**	**58,978**	**3**	**11**	**88**	**59,227**	**(224)**	**59,003**
Margin Accounts	-	90	-	-	-	90	-	**90**
Negotiable Instruments	-	68,872	12,54	-	-	81,412	-	**81,412**
Securities held for sale	-	13,169	286	-	-	13,455	(1,080)	**12,376**
Securities held to maturity	-	155,889	479	-	-	156,368	-	**156,368**
Financial Instruments:	**-**	**237,930**	**13,30**	**-**	**-**	**251,235**	**(1,080)**	**250,155**
Non-assigned securities to pay	-	-	-	-	-	-	-	**-**
Futures receivable, net	-	-	1	-	-	2	-	**2**
For trading purposes	-	7,695	-	-	-	7,695	-	**7,695**
For hedging purposes	-	775	-	-	-	775	-	**775**
Repos & Derivatives :	**-**	**8,470**	**1**	**-**	**-**	**8,471**	**-**	**8,471**
Commercial	-	104,667	-	12,099	-	116,765	-	**116,765**
Financial Intermediaries	-	6,677	-	13	-	6,690	(1,840)	**4,850**
Consumer	-	26,258	-	9	-	26,267	-	**26,267**
Mortgage	-	52,843	-	-	-	52,843	-	**52,843**
Goverment Entities	-	41,216	-	7	-	41,222	-	**41,222**
Fobaproa	-	-	-	-	-	-	-	**-**
Performing Loans	**-**	**231,660**	**-**	**12,128**	**-**	**243,788**	**(1,840)**	**241,948**
Commercial	-	3,049	-	136	-	3,185	-	**3,185**
Financial Intermediaries	-	-	-	-	-	-	-	**-**
Consumer	-	1,551	-	-	-	1,551	-	**1,551**
Mortgage	-	894	-	-	-	894	-	**894**
Goverment Entities	-	-	-	-	-	-	-	**-**
Past Due Loans	**-**	**5,494**	**-**	**136**	**-**	**5,630**	**-**	**5,630**
Total Credit	**-**	**237,154**	**-**	**12,264**	**-**	**249,418**	**(1,840)**	**247,578**
Preventive loan loss reserves	-	6,775	-	237	-	7,012	-	**7,012**
Net Loan Portfolio	**-**	**230,379**	**-**	**12,027**	**-**	**242,405**	**(1,840)**	**240,566**
Acquired collection rights	-	2,311	-	-	-	2,311	-	**2,311**
Total Loans	**-**	**232,690**	**-**	**12,027**	**-**	**244,716**	**(1,840)**	**242,877**
Benef.receivab.securitization	-	411	-	-	-	411	-	**411**
Sundry debtors and other assets,net	7	15,382	119	27	5	15,540	(13)	**15,527**
Merchandise Inventory	-	-	-	-	35	35	-	**35**
Foreclosed assets, net	-	1,413	-	-	-	1,413	-	**1,413**
Real Estate, Furniture & Equipment,	-	7,526	7	1,295	45	8,873	-	**8,873**
Investments in subsidiaries	43,521	1,413	20	-	-	44,953	(41,670)	**3,283**
Deferred taxes	2	1,471	-	-	-	1,473	(96)	**1,377**
GoodWill	29	3,039	-	-	-	3,068	-	**3,068**
Intangible	3	1,249	156	-	-	1,408	-	**1,408**
Other Assets Short and Long Term	-	4,987	126	20	17	5,150	-	**5,150**
Total Other Assets	**43,561**	**36,891**	**428**	**1,342**	**102**	**82,324**	**(41,779)**	**40,545**
TOTAL ASSETS	**43,708**	**575,048**	**13,737**	**13,380**	**190**	**646,062**	**(44,922)**	**601,140**

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

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

LIABILITIES	Holding	Banorte	Brokerage	Leasing & Factoring	Warehouse	Total	Eliminations	Final balance
Demand Deposits	-	133,857	-	-	-	133,857	(8)	133,849
Time Deposits	-	144,865	-	-	-	144,865	(212)	144,653
Bonds	-	-	-	-	-	-	-	-
Deposits	**-**	**278,722**	**-**	**-**	**-**	**278,722**	**(220)**	**278,502**
Demand	-	2,516	-	-	-	2,516	-	2,516
Short term	-	4,033	-	8,589	13	12,635	(1,840)	10,795
Long term	-	4,720	-	2,688	-	7,408	-	7,408
Due to banks & corresp.	**-**	**11,269**	**-**	**11,277**	**13**	**22,558**	**(1,840)**	**20,719**
Assigned securities to pay	**-**	**3,781**	**-**	**-**	**-**	**3,781**	**-**	**3,781**
Futures receivable, net	-	190,766	11,562	-	-	202,328	-	202,328
Collateral sold	-	-	-	-	-	-	-	-
For trading purposes	-	7,552	-	-	-	7,552	-	7,552
For hedging purposes	-	4,738	-	-	-	4,738	-	4,738
Repos & Derivatives:	**-**	**203,057**	**11,562**	**-**	**-**	**214,619**	**-**	**214,619**
Income Tax	-	805	22	-	-	828	-	828
Profit Sharing	-	434	2	-	-	436	-	436
Creditors for settlement of transactions	-	5,932	214	-	-	6,146	-	6,146
Other Creditors & Accounts Payable	8	9,422	268	341	7	10,047	(118)	9,930
Other payable accounts	**8**	**16,592**	**507**	**341**	**8**	**17,457**	**(118)**	**17,340**
Subordinated non Convertible Debenture	-	18,039	-	-	-	18,039	-	18,039
Deferred Taxes	-	-	90	-	6	96	(96)	-
Deferred credits	-	1,593	-	69	-	1,662	-	1,662
TOTAL LIABILITIES	**8**	**533,054**	**12,158**	**11,688**	**27**	**556,935**	**(2,273)**	**554,662**
STOCKHOLDER´S EQUITY								
Paid-in Capital	12,019	11,488	540	306	87	24,440	(12,481)	11,959
Share subscription premiums	2,246	2,491	-	-	-	4,737	(3,203)	1,534
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	**14,266**	**13,978**	**540**	**306**	**87**	**29,177**	**(15,684)**	**13,493**
Capital Reserves	3,172	5,172	91	235	21	8,692	(5,519)	3,172
Retained Earnings	25,817	22,235	630	945	40	49,667	(23,815)	25,852
Surplus (Deficit) from securities	532	393	150	-	-	1,075	(771)	304
Results from coverage securities valuation	(2,628)	(2,762)	-	-	-	(5,390)	2,762	(2,628)
Results of foreign operations exchange	(710)	(751)	15	-	-	(1,446)	736	(710)
Excess (Insuf.) in capital restatement	-	-	-	-	-	-	-	-
Non Mon assets results Fixed Assets	-	-	-	-	-	-	-	-
Non Mon assets results Investm subsidiaries	-	-	-	-	-	-	-	-
Adjustment in the employees pension funds	-	-	-	-	-	-	-	-
Net Income	3,250	2,973	153	206	15	6,597	(3,361)	3,236
Earned Capital	29,434	27,261	1,039	**1,386**	**76**	**59,195**	**(29,969)**	**29,226**
Minority Holdings	-	755	-	-	-	755	3,004	3,759
Total Stockholder´s Equity	**43,699**	**41,995**	**1,579**	**1,692**	**163**	**89,128**	**(42,649)**	**46,479**
TOT. LIAB. & STOCKHOL. EQUITY	**43,708**	**575,048**	**13,737**	**13,380**	**190**	**646,062**	**(44,922)**	**601,140**

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

ACCOUNTING CHANGES AND REGULATIONS

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

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

• Provisions for implementation of the new Basel Capital Agreement.

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

• New rules for banking institutions' capital requirements.

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

• B-11 Bulletin.

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

• B-10 Bulletin "Inflation Effects".

When comparing 2008 results vs. reported figures for previous periods are not fully comparable, as a result of the NIF B10 "Inflation Effects" norm taking effect in January of this year. This norm indicates that the economic environment is non-inflationary when the accumulated inflation rate over the last three years is less than 26%. Under this context, it is not necessary to re-express financial statements as of January 2008.

• Change in rules for loan loss reserves requirements

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

• Repo Transactions and reclassification of investments in securities

NEW ACCOUNTING CRITERIA

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

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

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

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

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

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

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

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

PREVIOUS ACCOUNTING CRITERIA
Repurchase or Resale Agreement Operations

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

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

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

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

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

a. Reclassification of Securities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- **Main changes to accounting criteria**

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

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

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

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

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

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

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

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

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

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

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

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

BANORTE

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

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

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

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

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

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

- **Changes in accounting rules**

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

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

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

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

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

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

In the consolidated financial statements with the Group's subsidiaries, the items recognized in its banking subsidiary derived from the recognition and valuation of the share plans granted have been eliminated through consolidation movements of Ps 103 million. In this sense, an expense incurred by the Financial Group of up to Ps 52 million has been recognized, which results at 4Q09 in a net positive effect in the financial statements of the holding Company of Ps 51 million. At 1Q10 results in a net negative effect in the financial statements of the holding Company of Ps (8) million. At 2Q10 results in a net negative effect in the financial statements of the holding Company of Ps (6) million.

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

LOAN PORTFOLIO SALES TO SOLIDA ADMINISTRADORA DE PORTAFOLIOS

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

As instructed by the CNBV in the document 601-II-323110, we show the integration of the loan portfolio sold in 1Q03 by Banorte to its subsidiary Sólida Administradora de Portafolios, S.A. de C.V. The Purpose of this sale was to concentrate the portfolio in this specialized recovery unit as it had been managing the collections of this loans previously. This was a one time operation.

	Local Currency (2)			Foreign Currency (USD) (3)			Total		
(Millions of Nominal Pesos)	**Aug'02**	**Mar'10**	**Jun'10**	**Aug'02**	**Mar'10**	**Jun'10**	**Aug'02**	**Mar'10**	**Jun'10**
Performing Loans									
Commercial	5	-	-	5	-	-	10	-	-
Consumer	-	-	-	-	-	-	-	-	-
Mortgage	54	25	24	-	-	-	54	25	24
Total	**59**	**25**	**24**	**5**	**-**	**-**	**64**	**25**	**24**
Non Performing Loans									
Commercial	405	340	340	293	103	108	698	443	448
Consumer	81	72	72	-	-	-	81	72	72
Mortgage	1,112	344	339	-	-	-	1,112	344	339
Total	**1,598**	**756**	**751**	**293**	**103**	**108**	**1,891**	**859**	**859**
TOTAL LOANS	**1,657**	**781**	**775**	**298**	**103**	**108**	**1,955**	**884**	**883**
Loan Loss Reserves (1)									
Commercial	326	327	327	246		108	572	430	435
Consumer	77	72	72	-	-	-	77	72	72
Mortgage	669	330	326	-	-	-	669	330	326
Total	**1,072**	**729**	**725**	**246**	**103**	**108**	**1,318**	**832**	**833**

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

In 2Q10 the Loan portfolio showed changes due to: collections for Ps $4 million, restructures for Ps $2 million, repossessed assets for Ps $1 millon and Ps $22 million in charge-offs and discounts. In the Loan loss provisions, there were charge-offs and discounts for Ps $9 million. There were transfers from performing loans to past due loans for Ps $1 million and transfers from past due loans to performing loans for Ps $1 million.

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

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

	Local Currency (1)		Foreign Currency (USD)(2)		Total	
(Millions of Nominal Pesos)	Mar'10	Jun10	Mar'10	Jun10	Mar'10	Jun10
Performing Loans						
Commercial	133,800	134,214	9,668	10,822	143,468	145,036
Consumer	25,568	26,076	-	-	25,568	26,076
Mortgage	48,790	50,502	-	-	48,790	50,502
Fobaproa / IPAB	-	-	-	-	-	-
Performing Loans	**208,158**	**210,792**	**9,668**	**10,822**	**217,826**	**221,614**
Non Performing Loans						
Commercial	2,837	2,605	142	187	2,979	2,792
Consumer	1,637	1,622	-	-	1,637	1,622
Mortgage	996	1,029	-	-	996	1,029
Non Performing Loans	**5,470**	**5,256**	**142**	**187**	**5,612**	**5,443**
TOTAL LOANS	**213,628**	**216,048**	**9,810**	**11,009**	**223,438**	**227,057**
Loan Loss Reserves	**7,295**	**6,994**	**409**	**289**	**7,704**	**7,283**
Net Loan Portfolio	**206,333**	**206,333**	**9,401**	**10,720**	**215,734**	**219,774**
Loan Loss Reserves					**137.28%**	**133.80%**
% Past Due Loans					**2.51%**	**2.40%**

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

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

NOTES TO FINANCIAL STATEMENTS

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 2Q10
(Million Pesos)

NEGOTIABLE INSTRUMENTS	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Goverment Securities	63,093	285	177	63,554
Unrestricted	315	-	(4)	312
Cetes	-	-	-	-
Bonds	-	-	-	-
Bondes	115	-	(4)	112
Bpas	200	-	-	200
Restricted	62,777	285	180	63,243
Cetes	10,532	-	1	10,533
Bonds	10,128	13	12	10,153
Bondes	3,472	1	8	3,482
Bpas	38,646	271	159	39,075
Brems	-	-	-	-
UMS	-	-	-	-
Udibonds	-	-	-	-
Stock Certificates	-	-	-	-
Banking Securities	14,927	-	6	14,933
Unrestricted	8,708	-	6	8,714
Notes	8,708	-	6	8,714
Cedes	-	-	-	-
Bonds	-	-	-	-
Stock Certificates	-	-	-	-
Other Banking Securities	-	-	-	-
Restricted	6,219	-	-	6,219
Notes	5,724	-	(1)	5,723
Stock Certificates	495	-	1	496
Private	2,771	11	36	2,819
Unrestricted	124	2	1	128
Commercial Paper Pesos	-	-	-	-
Commercial Paper U.S. Dollars	-	-	-	-
PEMEX	79	2	1	82
EUROBONDS	-	-	-	-
Stock Certificates	45	-	-	45
Subordinated paper	-	-	-	-
Other securities	-	-	-	-
Restricted	2,647	10	35	2,692
Stock Certificates	2,647	10	35	2,692
Foreign Goverment	-	-	-	-
Treasury Bonds	-	-	-	-
Treasury Bill	-	-	-	-
Treasury Notes	-	-	-	-
Other securities	-	-	-	-
Shares listed in the SIC	43	-	(1)	42
Guarantee (collateral) for futures	-	-	-	-
Mutual Funds	63	-	-	63
Total	**80,898**	**297**	**218**	**81,412**

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

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 2Q10
(Million Pesos)

Securities Held to Maturity	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Cetes	737	3	-	740
Affected papers as collateral	-	-	-	-
Fiduciary duties	-	-	-	-
Goverment Securities	117,367	558	-	117,925
Restricted	116,995	550	-	117,545
Cetes	-	-	-	-
Bonds	590	27	-	617
Bondes	33,018	61	-	33,080
Bpas	81,293	406	-	81,699
Brems	-	-	-	-
UMS	2,091	56	-	2,147
Udibonds	3	-	-	3
Stock Certificates	-	-	-	-
Unrestricted	372	8	-	380
Bonds	-	-	-	-
Bondes	-	-	-	-
Bpas	70	-	-	70
UMS	276	7	-	283
Stock Certificates	26	1	-	27
Banking Securities	18,861	96	-	18,957
Restricted	9,445	34	-	9,479
Notes	-	-	-	-
Cedes	1,850	1	-	1,851
Bonds	-	-	-	-
Stock Certificates	7,595	33	-	7,628
Other Banking Securities	-	-	-	-
Unrestricted	9,416	62	-	9,478
Bonds	2,550	-	-	2,550
Stock Certificates	5,605	33	-	5,638
Other Banking Securities	1,261	30	-	1,291
Private	18,585	150	-	18,734
Restricted	12,709	111	-	12,820
Commercial Paper Pesos	-	-	-	-
Commercial Paper U.S. Dollars	-	-	-	-
PEMEX	4,500	88	-	4,588
EUROBONDS	-	-	-	-
Stock Certificates	8,209	23	-	8,232
Sructured Notes	-	-	-	-
Unrestricted	5,875	39	-	5,914
Stock Certificates	5,642	26	-	5,668
Bonds	-	-	-	-
PEMEX	233	13	-	247
Sructured Notes	-	-	-	-
Other Unrestricted	12	-	-	12
Other Debt Securities	-	-	-	-
U.S. Government Securities	12	-	-	12
Subordinated paper	-	-	-	-
Total	**155,560**	**807**	**-**	**156,368**

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

SECURITIES HELD FOR SALE 2Q10
(Million Pesos)

SECURITIES HELD FOR SALE	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Unrestricted	9,361	72	339	9,772
Goverment Securities	6,627	25	241	6,893
Mexican Government Securities (UMS)	159	6	1	166
Treasury Bonds	-	-	-	-
Private company bonds	-	-	-	-
Private company bonds	-	-	-	-
GFNorte's Stock	-	-	-	-
BMV's Stock	234	-	52	286
Bonds	1,553	22	43	1,619
Eurobonds	510	13	(4)	519
Bank Paper	-	-	-	-
Structured notes	-	-	-	-
PEMEX	279	5	4	289
Other	-	-	-	-
Restricted	2,463	32	108	2,604
Mexican Government Securities (UMS)	260	8	8	276
Treasury Bonds	-	-	-	-
Bonds	1,025	11	25	1,061
Eurobonds	452	4	40	496
PEMEX	726	9	36	770
Total	**11,825**	**104**	**447**	**12,376**

SECURITIES ASSIGNED FOR SETTLEMENT 2Q10
(Million Pesos)

SECURITIES ASSIGNED FOR SETTLEMENT	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Government securities	3,785	1	3	3,781
Cetes	3,394	-	1	3,393
Bonds	445	-	-	445
Bondes	-	-	-	-
Bpas	-	-	-	-
Brems	-	-	-	-
UMS	(54)	1	2	(56)
UdiBonds	-	-	-	-
2U CBIC	-	-	-	-
Stock Certificates	-	-	-	-
Bank Paper	-	-	-	-
Private	-	-	-	-
Foreign Goverment	-	-	-	-
Total	**3,785**	**1**	**3**	**3,781**

REPURCHASE AGREEMENT OPERATIONS 1Q10
(Million Pesos)

SALES	MARKET VALUE			FINANCIAL STATEMENT INDIVIDUAL COMPENSATION	
	RECEIVABLES ON REPURCHASE AGREEMENT	SECURITIES TO BE DELIVERED	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE
Goverment Securities	-	175,742	(175,742)	-	175,742
Banking Securities	-	15,705	(15,705)	-	15,705
Private Securities	-	10,881	(10,881)	-	10,881
Total	-	202,328	(202,328)	-	202,328

PURCHASES	MARKET VALUE			FINANCIAL STATEMENT INDIVIDUAL COMPENSATION	
	RECEIVABLES ON REPURCHASE AGREEMENT	SECURITIES TO BE DELIVERED	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE
Goverment Securities	11,930	11,929	(2)	2	-
Banking Securities	2,999	2,999	-	-	-
Private Securities	747	747	-	-	-
Total	15,676	15,674	(2)	2	-
				2	202,328

BANORTE

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

DERIVATIVE FINANCIAL INSTRUMENTS OPERATIONS 2Q10 *(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	312	(245)	67		
Sells	(520)	530	10		
Total	(208)	285	77	96	19
					77
Hedging					
Purchases	-	-	-		
Sells	-	-	-		
Total	-	-	-	-	-
SWAPS	TO RECEIVE	TO DELIVER	NET		
Negotiable					
Capital	10,538	(10,483)	55		
Interest rate	813	(801)	12		
Valuation	65,624	(65,595)	29		
Subtotal	76,974	(76,878)	96	7,459	7,363
					96
Hedging					
Capital	13,552	(14.575)	(1,023)		
Interest rate	188	(380)	(192)		
Valuation	9,433	(12,237)	(2,804)		
Subtotal	23,173	(27,192)	(4,019)	719	4,738
					(4,019)
OPTIONS					
Negociable-Assets					
Swaptions	16	(2)	14		
Rate Options	214	(91)	123		
Fx	2	-	2		
Index Options (ipc)	-	-	-		
Total	233	(93)	139	139	-
Hedging -Assets					
Swaptions	-	-	-		
Rate Options	184	(129)	56		
Index Options (ipc)	-	-	-		
Total	184	(129)	56	56	-
Negociable-Liability					
Swaptions	(39)	13	(27)		
FX	(4)	-	(4)		
Rate Options	(293)	153	(140)		
Index Options (ipc)	-	-	-		
Total	(336)	166	(170)	-	170
Debtor Balance				8,470	
Creditor Balance					12,291

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

NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 2Q10
(Mililon Pesos)

PRODUCT	TYPE	UNDERLYING	CURRENCY	NOTIONAL
FX Forwards	Purchases	Exchange Rate (Dollar)	MXN	120
FX Forwards	Sales	Exchange Rate (Dollar)	MXN	136
FX Options	Purchases	Exchange Rate (Dollar)	MXN	150
FX Options	Sales	Exchange Rate (Dollar)	MXN	193
Interest Rate Options	Purchases	TIIE	MXN	36,608
Interest Rate Options	Sells	TIIE	MXN	12,355
Interest Rate Options	Purchases	LIBOR	MXN	449
Interest Rate Options	Sells	LIBOR	MXN	863
Interest Rate Options	Swaption Purchases	TIIE	MXN	12,400
Interest Rate Options	Swaption Sells	TIIE	MXN	22,800
Interest Rate Swaps	USLI/IRS	LIBOR	MXN	31,506
Interest Rate Swaps	TIIE/IRS	TIIE	MXN	262,682
FX Swaps	CS EURMXN	FIX/FIX	MXN	949
FX Swaps	CS USDCETE	CETE	MXN	1,284
FX Swaps	CS USDMXN	FIX/FIX	MXN	21,857

INVESTMENT IN NON GOVERNMENTAL FINANCIAL INSTRUMENTS THAT RESPRESENT MORE THAN 5% OF NET CAPITAL 2Q10
(Million Pesos)

INDUSTRY	INVESTMENT INSTRUMENT	AMOUNT	% NET CAPITAL
BANCOMER	Banking Bond	7,839	16%
INBURSA	Banking Bond	6,213	12%

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

LOAN PORTFOLIO (Million Pesos)	Local Currency		UDIS		Foreign Currency		Total	
	2Q09	2Q10	2Q09	2Q10	2Q09	2Q10	2Q09	2Q10
Performing Loans								
Commercial	93,551	94,145	296	293	26,770	22,326	120,616	116,765
Financial Intermediaries	8,362	4,316	-	-	100	535	8,462	4,850
Consumer	26,369	26,036	83	50	199	182	26,651	26,267
Mortgages	44,195	49,795	806	683	2,690	2,365	47,691	52,843
Goverment Entities	31,653	41,065	-	-	269	158	31,921	41,222
Fobaproa	-	-	-	-	-	-	-	-
Total	**204,129**	**215,356**	**1,185**	**1,026**	**30,028**	**25,566**	**235,342**	**241,948**
Past Due Loans								
Commercial	2,338	2,394	6	6	452	785	2,796	3,185
Financial Intermediaries	-	-	-	-	-	-	-	-
Consumer	2,583	1,550	-	-	1	-	2,584	1,551
Mortgages	835	649	49	41	35	204	919	894
Goverment Entities	-	-	-	-	-	-	-	-
Total	**5,756**	**4,593**	**55**	**47**	**488**	**989**	**6,299**	**5,630**
Total Propietary Loans	**209,885**	**219,949**	**1,240**	**1,073**	**30,516**	**26,555**	**241,641**	**247,578**

COST OF BALANCES OF FINAPE, FOPIME, MORTGAGE UDIS AND MORTGAGE FOVI LOAN PORTFOLIOS AS OF 2Q10 ()Million Pesos)	TOTAL	
	PERIOD COST	BALANCE OF LOAN PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	12.9	25.3
Mortgage FOVI	-	-
	12.9	**25.3**

Quarter ending balance of Ps 25 million pesos in debtors support programs with a cost for the period of Ps 13 million.

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

- **Distressed Portfolio**

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

(Million Pesos)	**Total**
Distressed Portfolio	873
Total Loans	242,877
Distressed Portfolio / Total Loans	**0.4%**

DEFERRED TAXES 2Q10 *(Million Pesos)*			
ASSETS	**INCOME TAX**	**PROFIT SHARING**	**NET**
Tax losses pending amortization	2	-	2
Provisions for possible loss in loans	134	-	134
Earnings per Society	2	-	2
Excess of preventive reserves accounts over the fiscal limit	7	-	7
Non deductible provisions and cumulative income	486	151	638
State Tax on Assets Deferred	1,332	476	1,808
Excess of accounting value over fiscal value on Reposessed Assets	339	49	387
Diminishable profit sharing	264	88	353
Past-due loan reserves	-	-	-
Anticipated Income and Expenses	-	-	-
Installation expenses	-	-	-
Effects from valuation of instruments	-	-	-
Other	16	-	16
Total Assets	**2,582**	**764**	**3,346**
LIABILITIES			
Accrued interest and inflationary component of Fixed Assets, Foreclosed, Intangible & Others	(12)	7	(6)
Pension Funds Contribution	(420)	(150)	(570)
Loan Portfolio Acquisitions	(672)	(113)	(785)
Projects to be capitalized	(228)	(76)	(303)
Income tax to pay on UDIS Trust funds	(41)	-	(41)
Dividends Federal Home Loan Bank	(2)	-	(2)
Intangibles' amortizations	(26)	-	(26)
Unrealized loss from Securities held for sale	(84)	-	(84)
Effects from valuation of instruments	(3)	-	(3)
Effects of other accounts	(103)	-	(103)
Reversal of Sale Costs	(4)	-	(4)
Unrealized gains from investments in Siefore	(41)	-	(41)
Total liabilities	**(1,636)**	**(333)**	**(1,968)**
Assets (Liabilities) Accumulated Net	**946**	**431**	**1,377**

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

LONG TERM DEBT AS OF 2Q10
(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	399	90	10 years	8.13%	Dec 30 '10	E/182 days
Non Convertible Subordinated Bonds 2006	USD	Oct 13 '06	5,138	400	10 years	6.135%	Oct 13 '16	E/ 180 days
Non Convertible Subordinated Bonds 2006	USD	Oct 13 '06	2,569	200	15 years	6.862%	Oct 13 '21	E/ 180 days
Non Convertible Subordinated Bonds Q Banorte 08	MXN	Mar 11 '08	3,000	3,000	10 years	TIIE + 0.60%	Feb 27 '18	E/ 28 days
Non Convertible Subordinated Bonds Q Banorte 08U	UDIs	Mar 11 '08	1,973	447	20 years	4.95%	Feb 15 '28	E/ 182 days
Non Convertible Subordinated Bonds Q Banorte 08-2	MXN	Jun 27 '08	2,750	2,750	10 years	TIIE + 0.77%	Jun 15 '18	E/ 28 days
Non Convertible Subordinated Bonds Q Banorte 09	MXN	Mar 30 '09	2,200	2,200	10 years	TIIE + 2.00%	Mar 18 '19	E/ 28 days

BANK AND OTHER ENTITIES LOANS' AS OF 2Q10
(Million Pesos)

	LOCAL CURRENCY	INTEREST RATE	TERM (DAYS)	FOREIGN CURRENCY	INTEREST RATE	TERM (DAYS)	TOTAL
LOANS FROM LOCAL BANKS	-	-	-	709	2.85%	1,061	709
LOANS FROM FOREIGN BANKS GENERATED IN THE COUNTRY	-	-	-	1,354	1.59%	439	1,354
LOANS FROM DEVELOPMENT BANKS	7,164	3.73%	478	1,454	2.71%	753	8,618
LOANS FROM PUBLIC FUNDS	5,194	5.78%	559	339	1.80%	478	5,533
CALL MONEY & LOANS FROM BANKS	5,849	5.73%	219	-	-	-	5,849
LOANS FROM FIDUCIARY FUNDS	419	-2.09%	4,222	-	-	-	419
PROVISIONS FOR INTEREST	77	N.A.	N.A.	-	-	-	77
	18,703			**3,856**			**22,559**
Eliminations							(1,840)
Total							**20,719**

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

TRADING INCOME 2Q10 (Million Pesos)	
VALUATION EFFECTS	
Negotiable Instruments	127
Securities Held to Maturity	-
Repurchase Agreements	-
Derivative instruments	202
Futures	-
From repo trasactions	-
Range	-
Inflation Adjustment	-
Total	**330**
Dividends Received	**-**
RESULTS FORM BUYING AND SELLING	
Negotiable Instruments	368
Securities Held for Sell	74
Hedging Derivatives	-
Securities Held to Maturity	-
Derivative Operations	10
Inflation Adjustment	-
Total of Buying and Selling Instruments	**453**
FX Spot	378
FX Forwards	(2)
FX Futures	(1)
FX Futures TIIE	-
FX Hedging	-
Changes in FX Valuation	1
Intermediation of metals	1
Changes in valuation of Metals	5
Total Foreign Exchange	**383**
Inflation Adjustment	**-**
Total of Buying and Selling	**835**
TOTAL TRADING INCOME	**1,165**

- **Risk Management**

Credit Risk

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

The objectives of credit risk management at GFNorte are:

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

Individual Credit Risk

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

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

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

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

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

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

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

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

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

Portfolio Credit Risk

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

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

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

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

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

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

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

By June 30, 2010, the Banco Mercantil del Norte total portfolio was Ps 226,174 million. The expected loss represents 2.2% and the unexpected loss is 4.0% with respect to the total portfolio. The average expected loss is 2.2% during the period between April and June 2010.

The Brokerage House, the credit exposure of investments is Ps 12,598 milion and the expected loss represents 0.0136% of the exposure. The average expected loss is 0.0148% between April and June 2010.

The total operating portfolio of Arrendadora and Factor is Ps 13,559 billion. Prospective losses represent 0.9% and unforeseen losses 3.1% of the total operating portfolio. The prospective loss average represents 0.9% in the period of April and June 2010.

- **Credit Risks of Financial Instruments**

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

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

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

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

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

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

As of June 30, 2010, exposure to credit risk for Securities Investments of Banco Mercantil del Norte was Ps 226.469 billion, of which 99.4% is rated higher or similar to A -(mex) on a local scale, placing them in investment grade and the 3 main originators other than the Federal Government, State Governments and National Financial Institutions represent 19% of the Basic Capital to March 2010. Additionally, the exposure of investments with the same originator other than the Federal Government that represents a higher or similar concentration to 5% of the Net Capital to March 2010 has a higher or similar rating to AA+ (mex) and is made up of (averge considered term, amount in millions of pesos and rate): Bancomer market certificates for 11 months for Ps 14,107 at 5.0%; Inbursa Certificates for 1 month for Ps 9,247 at 4.6%, market certificates and Pemex bonds for 5 years for Ps 8,581 at 4.2%; and State and Municipal Government loan securitization certificates for 27 years for Ps 4,235 at 5.0%.

The exposure of Derivatives is Ps -4.030 billion, of which 99.9% has a rating higher or equal to A-(mex) on local level, placing them in investment grade and the 3 main counterparts other than then Federal or State Governments and National Financial Institutions represent 3% of the Basic Capital to March 2010.

Credit risk exposure of the Broker-Dealer, for Securities Investments is Ps 12.6 billion, with 100% rated higher or equal to A-(mex) on a local scale, placing them in investment grade, the three major originator other than the Federal or State Governments or Financial National Institutions represents 18% of Equity to March 2010. Additionally, the exposure of investments with the same originator other than the Federal Government represents 5% or more of the Equity to March 2010 has a rating higher or equal to AA+(mex) and is a promissory note with Banco Inbursa with an average considered term of 2 months for Ps 2.953 billion at a considered average interest rate of 4.7%, Stock certificates of Banco Santander tem of 2 years and 10 months for Ps 496 at 5.0% and international investment for Deutsche Bank to two years and ten months for $ 276 million at 13.4%; and Sociedad Hipotecaria Federal deposit certificates for 26 dayss for Ps 150 at 4.7%. There are no operations with Derivatives.

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

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

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

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

Basic Capital by March 31, 2010	**36,023**

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

Loan Transactions	
– Number of operations	1
– Total amount of the financings	$4,435
– % relative to basic capital	12%
Money Market Transactions	
– Number operations	2
– Total amount of the financings	$8,905
– % relative to basic capital	25%
Overnight Transactions	
– Number of operations	1
– Total amount of the financings	$5,763
– % relative to basic capital	16%
II. Maximum amount of financing with the 3 largest borrowers and Common Risk groups	$17,066

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

Basic Capital to March 31st, 2010	$1,589

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

Loan Transactions

- Number of operations 11
- Total amount of the financings $4,574
- % relative to basic capital 288%

III. Maximum amount of financing with the 3 largest borrowers and Common Risk groups $2,434

- **Market Risk**

• ***Value at Risk***

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

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

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

The average VaR for the April-June 2010 quarter for the portfolio is Ps 2,716 million.

Million Pesos	2Q09	3Q09	4Q09	1Q10	2Q10
Total Var *	2,887	3,154	2,616	**3,469**	**2,716**
Net Capital **	46,933	47,972	50,831	**51,124**	**51,503**
VaR/Net Capital	6.15%	6.57%	5.15%	**6.79%**	**5.27%**

* 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 2010 is shown below:

Risk Factor	VaR
Domestic interest rate	2,653
Foreign interest rate	417
Exchange rate	178
Capitals	117
Total VaR of Bank and Brokerage House	2,716

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

- ***Backtesting Analysis***

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

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

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

- **Liquidity Risk and Balance**

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

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

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

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

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

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

- **Operational Risk**

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

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

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

Pillars of Operational Risk Management

I. Policies, Objectives and Guidelines

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

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

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

II. Quantitative and Qualitative Measuring Tools

Operating Losses Database

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

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

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

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

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

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

- ***Risk Management Model***

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

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

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

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

- **Technology risk**

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

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

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

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

- **Legal risk**

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

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

Based on the statistics of the current legal issues and real loss events, the Institution can identify specific legal or operating risks, which are analyzed in order to eliminate or mitigate them in an attempt to reduce or limit their future occurrence or impact.

- **Internal Control**

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

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

A. Board of Directors with the support of the Risk Policies Committee and the Audit and Corporate Practices Committee (CAPS).
B. CEO and the areas that support, such as the Risk Management Unit (UAIR), Legal and Controlling Departments who are responsible for enforcing the proper control and risk levels in the Group's operations, as well as regulatory compliance.
C. Internal Audit, External Audit and Commissary (The Commissary applies only to GFNorte subsidiaries) as additional support structures to check how the Internal Control System functions and provide reasonable assurance regarding the reliability of the generated data. The Internal Audit Department reports to the Audit and Corporate Practices Committee (CAPS) and maintains complete independence from the administrative areas.
D. The Executive Group as those mainly responsible for SCI assurance according to the functions and responsibilities assigned to them. In addition to promoting the enforcement of the regulations established for the Institution and the strategies set forth by the CEO GFNorte.
E. Documents that establish the general control criteria that should be followed in the operation and reporting of transactions; in optimizing human, material and technological resources; in the use, security, timeliness and reliability of the information; and in the due compliance with the external and internal regulations. Code of Conduct that regulates the behavior that each advisor, officer or employee of the Group should assume while performing their activities.
F. Policy and procedure manuals that regulate documentation, recording and liquidation operations that the Institution carries out and establish the control points that should be observed, assuring the separation of functions, clear assigning of responsibilities, safekeeping of information and prevention of unlawful acts.

In 2Q10, activities related to strengthening control, risk evaluation and administration, establishment and monitoring of controls, and assurance of quality information continued to be developed; highlighting the following:

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

- **Treasury Policy**

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

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

- **Internal and External Liquidity Sources**

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

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

Another alternative for getting resources is by issuing capital shares.

- **Dividend Policy**

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

- **Related Parties Loans**

At GFNorte, the amount of the loans performed with related individuals and companies, does not exceed the established limit of 50% of the Tier 1 capital. As of June 30, 2010 and March 31, 2010, the loans granted to related parties totaled Ps $7,152 million and Ps $7,465 million, respectively.

- **People in Charge**

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

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

Ing. Sergio García Robles Gil
Chief Financial Officer

C.P. José Guillermo Vélez Castro
Managing Director Audit of Financial Statements

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.

- **Basis for submitting Financial Statements**

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

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

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

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

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