Grupo Financiero Banorte

Financial Information as of June 30th, 2011

2Q11

web page: www.banorte.com/ri

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WORLD FINANCE BANKING AWARDS 2011

"Best Commercial Bank in Mexico 2011"

EUROMONEY 2011 Awards for excellence

"Best Bank in Mexico 2011"

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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. 2.05 billion in 2Q11 and Ps. 3.86 billion in 1H11; Ixe contributes with Ps. 171 million.

Operating Results (Million Pesos)	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10	LTM 2Q11	Change LTM
Net Interest Income	5,533	6,277	**7,369**	17%	33%	11,095	**13,646**	23%	25,283	14%
Non Interest Income	2,727	2,632	**3,005**	14%	10%	5,426	**5,637**	4%	11,907	9%
Total Income	8,261	8,909	**10,374**	16%	26%	16,521	**19,283**	17%	37,190	12%
Non Interest Expense	4,391	4,653	**5,991**	29%	36%	8,581	**10,644**	24%	19,754	14%
Provisions	1,337	1,338	**1,318**	(1%)	(1%)	3,109	**2,655**	(15%)	6,436	(9%)
Operating Income	2,532	2,919	**3,065**	5%	21%	4,831	**5,984**	24%	10,999	25%
Net Income	1,656	1,815	**2,048**	13%	24%	3,236	**3,862**	19%	7,331	19%

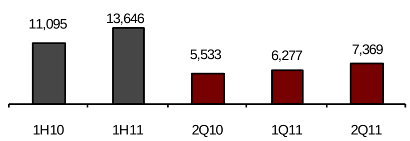
- **Net Interest Income**

During 1H11, *Net Interest Income* was Ps 13.65 billion, a 23% YoY increase vs. 1H10 and 8% higher when excluding the results of the Insurance and Annuities companies and the Net Interest Income generated by Ixe. Net Interest Income increased by 17% vs. 1Q11 and 33% vs. 2Q10, to Ps 7.37 billion at the end of the quarter. It grew by 1% on a recurring basis compared to 1Q11 and by 8% vs. 2Q10, although Net Interest Income generated by the bank's lending activity increased by 11% vs.1H11, 4% vs. 1Q11 and 14% vs. 2Q10.

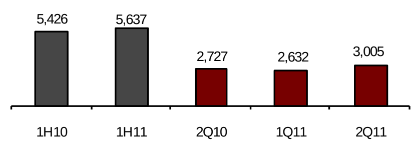
- **Non Interest Income**

Non Interest Income was Ps 5.64 billion during 1H11, a 4% YoY growth, mainly driven by a 97% increase in Other Operating Income and Expenses due to higher recoveries and the accounting reclassifications applied during 1Q11 to include Other Income and Expenses in this item and to consolidate the revenues of the Insurance and Annuities companies. On a quarterly basis, Non Interest Income was Ps 3.01 billion, a 14% QoQ and a 10% YoY increase as a result of the integration with Ixe, higher service fees and more revenues from recoveries. When excluding the Non interest income generated by Ixe, this item declines by (7%) vs. 1H10 and by (9%) vs. 1Q11.

NET INTEREST INCOME (Million Pesos)



NON INTEREST INCOME (Million Pesos)



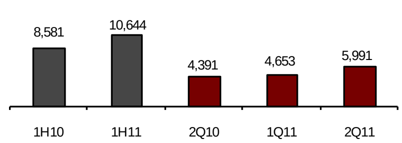
- **Non Interest Expense**

Non Interest Expense totaled Ps 10.64 billion during the quarter, a 24% YoY increase vs. 1H10 and 36% vs. 2Q10 due to higher personnel expenses, professional fees, administration and promotional expenses, rents, depreciations, amortization, and other taxes and expenses. The 29% QoQ increase was mainly due to higher personnel expenses, administration and promotional expenses, and rents, depreciations and amortization. When excluding Ixe's Non Interest Expense and integration costs, recurring expenses grew by 8% compared to 1H10, by 9% YoY vs. 2Q10 and by 3% QoQ vs. 1Q11. The Efficiency Ratio for 1H11 was 55.2% and 57.8% during 2Q11. When excluding the extraordinary impacts, it was 51.4% for 1H11 and 51.9% for 2Q11.

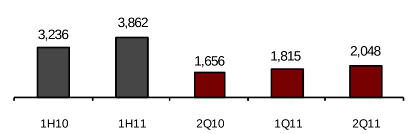
- **Loan Loss Provisions**

In 1H11 *Provisions* totaled Ps 2.66 billion, a (15%) decline compared to 1H10 and Ps 1.32 billion in 2Q11, (1%) less than 2Q10 and 1Q11. The annual decrease was due to asset quality improvements in the credit card, car loan and mortgage portfolios, while the quarterly reduction was the result of improvements in the corporate and commercial portfolios.

NON INTEREST EXPENSE (Million Pesos)



NET INCOME (Million Pesos)



- **Net Income**

GFNorte's *Net Income* was Ps 3.86 billion during 1H11, growing by 19% YoY due to higher net interest income and lower provisions. Net Income was Ps 2.05 billion for 2Q11, a 13% QoQ increase and 24% higher vs. 2Q10 as a result of increased total income and fewer provisions. When excluding expenses of 2Q11 related to the Ixe merger, recurring net income was Ps 2.18 billion, 31% higher than in 2Q10 and 20% more with respect to 1Q11. Accumulated profits for the last 12 months were Ps 7.33 billion, 19% higher compared to the same period in 2010 and 9% more compared to the accumulated profits of Ps 6.71 billion in 2010.

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)	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10	LTM 2Q11	Change LTM
Income Statement										
Net Interest Income	5,533	6,277	**7,369**	17%	33%	11,095	**13,646**	23%	25,283	14%
Non Interest Income	2,727	2,632	**3,005**	14%	10%	5,426	**5,637**	4%	11,907	9%
Total Income	8,261	8,909	**10,374**	16%	26%	16,521	**19,283**	17%	37,190	12%
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Provisions	1,337	1,338	**1,318**	(1%)	(1%)	3,109	**2,655**	(15%)	6,436	(9%)
Operating Income	2,532	2,919	**3,065**	5%	21%	4,831	**5,984**	24%	10,999	25%
Net Income Before taxes	2,606	2,905	**3,104**	7%	19%	5,000	**6,010**	20%	11,177	22%
Taxes	798	847	**810**	(4%)	1%	1,457	**1,657**	14%	3,006	20%
Subsidiaries & Minority Interest	(77)	(257)	**(207)**	(20%)	167%	(138)	**(464)**	236%	(663)	291%
Net Income	1,656	1,815	**2,048**	13%	24%	3,236	**3,862**	19%	7,331	19%
Balance Sheet										
Asset Under Management	664,659	736,423	**1,072,219**	46%	61%	664,659	**1,072,219**	61%		
Total Assets	601,140	642,164	**778,717**	21%	30%	601,140	**778,717**	30%		
Performing Loans (a)	241,948	270,564	**311,931**	15%	29%	241,948	**311,931**	29%		
Past Due Loans (b)	5,630	6,498	**7,547**	16%	34%	5,630	**7,547**	34%		
Total Loans (a+b)	247,578	277,063	**319,478**	15%	29%	247,578	**319,478**	29%		
Total Loans Net (d)	240,566	268,033	**309,282**	15%	29%	240,566	**309,282**	29%		
Acquired Collection Rights (e)	2,311	2,641	**4,105**	55%	78%	2,311	**4,105**	78%		
Total Loans (d+e)	242,877	270,674	**313,388**	16%	29%	242,877	**313,388**	29%		
Total Liabilities	554,662	588,494	**705,859**	20%	27%	554,662	**705,859**	27%		
Total Deposits	278,502	299,245	**335,369**	12%	20%	278,502	**335,369**	20%		
Demand Deposits	133,849	144,253	**160,981**	12%	20%	133,849	**160,981**	20%		
Time Deposits	144,653	154,992	**174,388**	13%	21%	144,653	**174,388**	21%		
Equity	46,479	53,670	**72,859**	36%	57%	46,479	**72,859**	57%		

Financial Ratios GFNorte	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10
Profitability:								
NIM (1)	4.1%	4.4%	**4.2%**	(0.2 pp)	0.1 pp	4.1%	**4.2%**	0.1 pp
NIM after Provisions (2)	3.1%	3.4%	**3.4%**	0.0 pp	0.4 pp	3.0%	**3.4%**	0.4 pp
ROE (3)	15.6%	15.5%	**12.4%**	(3.1 pp)	(3.2 pp)	15.4%	**13.0%**	(2.4 pp)
ROA (4)	1.1%	1.2%	**1.1%**	(0.1 pp)	(0.1 pp)	1.1%	**1.1%**	(0.0 pp)
Operation:								
Efficiency Ratio (5)	53.2%	52.2%	**57.8%**	5.5 pp	4.6 pp	51.9%	**55.2%**	3.3 pp
Operating Efficiency Ratio (6)	3.0%	3.0%	**3.4%**	0.4 pp	0.4 pp	3.0%	**3.2%**	0.2 pp
Liquidity Ratio (7)	103.8%	95.6%	**107.2%**	11.6 pp	3.4 pp	103.8%	**107.2%**	3.4 pp
Asset Quality:								
Past Due Loan Ratio	2.3%	2.3%	**2.4%**	0.0 pp	0.1 pp	2.3%	**2.4%**	0.1 pp
Coverage Ratio	124.6%	139.0%	**135.1%**	(3.9 pp)	10.5 pp	124.6%	**135.1%**	10.5 pp
Past Due Loan Ratio w/o Banorte USA	2.0%	2.3%	**2.3%**	0.0 pp	0.3 pp	2.0%	**2.3%**	0.3 pp
Coverage Ratio w/o Banorte USA	141.7%	144.2%	**139.8%**	(4.4 pp)	(1.8 pp)	141.7%	**139.8%**	(1.8 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.

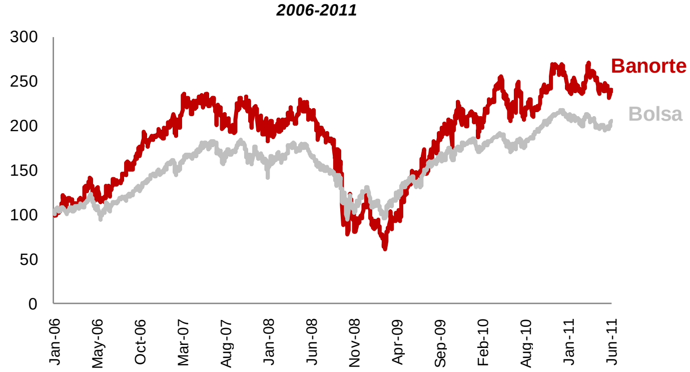
Subsidiaries Net Income (Million Pesos)	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10	LTM 2Q11
Banking Sector	**1,388**	**1,459**	**1,654**	**13%**	**19%**	**2,671**	**3,113**	**17%**	**5,829**
Banco Mercantil del Norte (1)	1,388	1,459	1,535	5%	11%	2,671	2,994	12%	5,710
Ixe Banco	-	-	119	-	-	-	119	-	119
Broker Dealer	**75**	**97**	**95**	**(3%)**	**26%**	**153**	**192**	**26%**	**442**
Banorte-Broker Dealer	75	97	57	(41%)	(24%)	153	155	1%	404
Ixe-Broker Dealer	-	-	27	-	-	-	27	-	27
Ixe Fondos	-	-	11	-	-	-	11	-	11
Long Term Savings	**86**	**128**	**124**	**(3%)**	**44%**	**209**	**251**	**20%**	**486**
Retirement Funds (Afore)	38	41	51	24%	36%	86	92	7%	215
Insurance	53	96	70	(28%)	31%	123	166	35%	273
Annuities	(4)	(9)	3	(131%)	(166%)	0	(6)	(1876%)	(1)
Other Finance Companies	**115**	**150**	**198**	**32%**	**72%**	**221**	**348**	**57%**	**627**
Leasing and Factoring (2)	103	139	159	15%	54%	206	297	45%	535
Warehousing	12	11	9	(22%)	(27%)	15	20	28%	61
Ixe Automotriz	-	-	13	-	-	-	13	-	13
Ixe Fincasa Hipotecaria	-	-	18	-	-	-	18	-	18
Other Companies									
Ixe Soluciones	-	-	(18)	-	-	-	(18)	-	(18)
Ixe Servicios	-	-	2	-	-	-	2	-	2
G. F. Banorte (Holding)	**(8)**	**(20)**	**(6)**	**(68%)**	**(23%)**	**(18)**	**(26)**	**48%**	**(37)**
Total Net Income	**1,656**	**1,815**	**2,048**	**13%**	**24%**	**3,236**	**3,862**	**19%**	**7,331**

1) Considering a participation of 97.06% in 3Q06, 97.07% in 3Q09, and 92.72% as of 4Q09, it has remained at 92.72%. This figure reflects the investment by the IFC in Banco Mercantil del Norte when the transaction was completed in 4Q09.N.A. = Not Applicable.
2) The merger of Leasing and Factoring became effective as of January 31, 2008

Share Data	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10
Earnings per share (Pesos)	0.82	0.90	**0.88**	(2%)	7%	1.60	**1.66**	4%
Dividend per Share (Pesos)	0.17	0.17	**0.18**	6%	6%	0.34	**0.35**	3%
Dividend Payout (Recurring Net Income)	15.0%	18.3%	**19.3%**	6%	29%	15.0%	**19.3%**	29%
Book Value per Share (1) (Pesos)	21.17	23.61	**28.65**	21%	35%	21.17	**28.65**	35%
Total Shares Outstanding (Million Shares)	2,018.2	2,018.0	**2,326.4**	15%	15%	2,018.2	**2,326.4**	15%
Stock Price (Pesos)	50.14	55.98	**53.30**	(5%)	6%	50.14	**53.30**	6%
P/BV (Times)	2.37	2.37	**1.86**	(22%)	(21%)	2.37	**1.86**	(21%)
Market Capitalization (Million Dollars)	7,879	9,487	**10,577**	11%	34%	7,879	**10,577**	34%
Market Capitalization (Million Pesos)	101,192	112,970	**123,995**	10%	23%	101,192	**123,995**	23%

1) Excluding Minority Interest.
2) Profits per share calculations in 2Q11 take into consideration the new number of shares resulting from the exchange of shares with Ixe, and therefore are not comparable with previous periods.

SHARE PERFORMANCE
2006-2011



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RECENT EVENTS

- **Changes in Corporate Governance**

The Ordinary and Extraordinary Shareholders' Meetings held on July 21st formalized changes to the Board of Directors and proposals to adopt the best international practices in Corporate Governance. The most relevant resolutions passed by the Assembly were:

1. **<u>Changes to the Board of Directors</u>**

It was approved that the Board of Directors will be integrated by a maximum of 15 members, with at least 50% of the Board being Independent members in accordance to international best practices. Board members may be appointed for terms of up to 3 years, with the possibility of being re-elected, seeking to establish a generational balance.

As part of these changes, it was proposed to designate 5 new Board Members, seeking also to include some of Ixe Grupo Financiero's former Board members. As a result, Grupo Financiero Banorte's new Board of Directors is comprised of the following members:

PROPRIETARY MEMBERS			
	Name	**Position**	**Status**
1.	Roberto Gonzalez Barrera	Chairman Emeritus	Patrimonial
2.	Guillermo Ortiz Martinez	Chairman	Related
3.	Bertha Gonzalez Moreno		Patrimonial
4.	David Villarreal Montemayor		Patrimonial
5.	Manuel Saba Ades		Patrimonial
6.	Francisco Alcala de Leon		Independent
7.	Herminio Blanco Mendoza		Independent
8.	Everardo Elizondo Almaguer		Independent
9.	Patricia Armendariz Guerra		Independent
10.	Armando Garza Sada		Independent
11.	Hector Reyes Retana		Independent
12.	Juan Carlos Braniff Hierro		Independent
13.	Eduardo Livas Cantu		Independent
14.	Enrique Castillo Sanchez		Related
15.	Alejandro Valenzuela del Rio		Related

ALTERNATE MEMBERS		
	Name	**Status**
1.	*	
2.	Roberto Gonzalez Moreno	Patrimonial
3.	Juan Antonio Gonzalez Moreno	Patrimonial
4.	José G. Garza Montemayor	Patrimonial
5.	Alberto Saba Ades	Patrimonial
6.	Manuel Aznar Nicolin	Independent
7.	Javier Martinez Abrego	Independent
8.	Carlos Chavarria Garza	Independent
9.	Isaac Becker Kabacnik	Independent
10.	Ramón A. Leal Chapa	Independent
11.	Julio César Mendez Rubio	Independent
12.	Guillermo Mascareñas Milmo	Independent
13.	Alfredo Livas Cantu	Independent
14.	Javier Molinar Horcasitas	Related
15.	José Marcos Ramirez Miguel	Related

***The Chairman Emeritus has no Alternate**

2. Advisory Board and Regional Boards

In the same Shareholders' Meeting, the creation of these bodies was authorized and their respective operating rules were established.

The Advisory Board will serve as a consultation and advisory body to the Chairman of the Board, on topics related to the bank's development, new business opportunities or those issues that the Chairman of the Board submits to its consideration. It will have 10 members who will be elected by the Shareholders' Assembly or by the Board of Directors, as proposed by the Chairman or the Chairman Emeritus, and their term will last for 3 years with the possibility of re-election. Their remuneration will be established by the Shareholders' Assembly or the Board of Directors. The Advisory Board will meet when convened by its Chairman. The members approved by the Board of Directors to be part of this Advisory Board are:

	Name	Position
1.	Guillermo Ortiz Martinez	Chairman
2.	Francisco Alcala de Leon	
3.	Enrique Castillo Sanchez Mejorada	
4.	Javier Molinar Horcasitas	
5.	Rodolfo F. Barrera Villareal	
6.	Manuel Aznar Nicolin	
7.	Jose G. Garza Montemayor	
8.	Eugenio Clariond Reyes-Retana	
9.	Jacobo Zaidenweber Cvilich	
10.	Isaac Hamui Mussali	

Five Regional Boards were also established: Northwest, Monterrey, Jalisco, Mexico City Metropolitan area and Merida. These Boards will provide opinions and advisory to the Board of Directors on the trends and opportunities of the region, and will function as links within the region's business community. Each Regional Board will have up to 20 members with activities in the respective regions and who are not members of the Board of Directors. Members will be elected by the Chairman of the Board of Directors for terms of 1 year with the possibility of being re-elected any number of times, and their remuneration will be determined by the Shareholders' Assembly or the Board of Directors. Sessions will be held twice a year or when convened by the Chairman of the Board of Directors.

- **New Mortgage Offering.**

During July, Banorte launched its new mortgage offering with the objective of being positioned as a specialized mortgage bank that offers various home acquisition options with excellent payment conditions, differentiated product offering and accessible interest rates for all needs. Through this concept, the market needs will be met appropriately through a competitive offering, defining differentiated products for each type of client:

- ✓ HIPOTECA **ELITE** BANORTE
  High income clients with low risk.
- ✓ HIPOTECA **FIJA** BANORTE
  Clients requiring Fixed Rates and fixed payments.
- ✓ HIPOTECA **FLEXIBLE** BANORTE
  Clients seeking Flexibility when payments are timely.
- ✓ HIPOTECA **ACCESIBLE** BANORTE
  Clients requiring Accessible monthly installments.

- **Insurance Sales through Ixe's network.**

Since July, Seguros Banorte-Generali began offering its products through Ixe's branch network. Products were designed to meet the specific needs of Ixe's clients under the best service guarantee. Among those being offered are:

- ✓ Ixe Car insurance
- ✓ Ixe Life insurance
- ✓ Ixe Home insurance
- ✓ Ixe Integral Protection Insurance
- ✓ Ixe Insurance in the United States
- ✓ Ixe SME car insurance
- ✓ Ixe SME damage insurance

At a later stage, educational and savings insurance will be offered.

- **Euromoney and World Finance Recognitions.**

Banorte - IXE was recognized in July by EuroMoney magazine's 20th edition of its "Awards for Excellence" as the "Best Bank in Mexico 2011" and last May by World Finance magazine as the "Best Commercial Bank in Mexico 2011." These recognitions were given for the high level of service, innovation and specialization in attention to clients, as well as for the quality of our products and services, among other attributes.

- **Organizational Designations**.

In May, Hector Avila Flores and Armando Rivero Laing were appointed as Co- Managing Directors of the Legal Department of Grupo Financiero Banorte.

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GRUPO FINANCIERO BANORTE

- **Net Interest Income**

Net Interest Income (Million Pesos)	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10
Interest Income	10,793	10,880	**12,613**	16%	17%	21,303	**23,493**	10%
Insurance and Annuities-Interest Income	-	419	**396**	(5%)	-	-	**815**	-
Interest Expense	5,366	5,051	**6,234**	23%	16%	10,449	**11,285**	8%
Insurance and Annuities-Interest Expense	-	7	**2**	(74%)	-	-	**8**	-
Premium Income (Net)	-	3,622	**3,925**	8%	-	-	**7,547**	-
Net Increase in Technical Reserves	-	2,319	**1,917**	(17%)	-	-	**4,235**	-
Damages, Claims and Other Obligations	-	1,391	**1,585**	14%	-	-	**2,976**	-
Loan Origination Fees	140	159	**214**	35%	53%	302	**373**	23%
Fees Paid	34	35	**41**	17%	23%	61	**77**	25%
Net Interest Income	**5,533**	**6,277**	**7,369**	**17%**	**33%**	**11,095**	**13,646**	**23%**
Provisions	1,337	1,338	**1,318**	(1%)	(1%)	3,109	**2,655**	(15%)
Net Interest Income Adjusted for Credit Risk	**4,196**	**4,940**	**6,051**	**23%**	**44%**	**7,986**	**10,991**	**38%**
Average Interest Earning Assets	545,542	574,554	**702,906**	22%	29%	540,560	**652,961**	21%
Net Interest Margin (1)	4.1%	4.4%	**4.2%**	(0.2 pp)	0.1 pp	4.1%	**4.2%**	0.1 pp
NIM after Provisions (2)	3.1%	3.4%	**3.4%**	0.0 pp	0.4 pp	3.0%	**3.4%**	0.4 pp

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

Since 1Q11, the new Accounting Criteria A-2 was implemented in order to consolidate the Insurance and Annuities' companies. As a result, accumulated Net Interest Income derived from those companies since that quarter has been Ps 1.14 billion, with Ps 818 million generated in 2Q11.

Millions of Pesos	2Q11	1H11
Interest Income	396	815
Premiums' Income (net):	3,925	7,547
- Interest Expense	2	8
- Net increase in technical reserves	1,917	4,235
- Damages, claims and others	1,585	2,976
Net Result	$ 818	$1,143

During 1H11, Net Interest Income increased by 23% YoY from Ps11.01 billion to Ps 13.65 billion as a result of greater loan volumes, a stable funding cost, as well as the extraordinary impacts of integrating the results of the Insurance and Annuities' companies, and of Ixe Grupo Financiero. When excluding these two impacts, Net Interest Income grew by 8% as a result of an 11% increase in net interest income related to loan originations derived from 29% growth in the loan portfolio (16% when excluding Ixe's portfolio), especially in Commercial, Mortgage and Payroll loans, as well as stable funding costs due to a 23% expansion in core deposits.

In 2Q11, Net Interest Income grew by 33% YoY to Ps 7.37 billion, driven mainly by the extraordinary impact of the merger with Ixe, as well as the effect of consolidating the Insurance and Annuities' companies in accordance with Accounting Criteria A-2. On a comparable basis, Net Interest Income grew by 8% compared to 2Q10 as a result of greater loan volumes, especially in products with a greater impact in NII, as well as an increase in loan origination fees and stable funding costs.

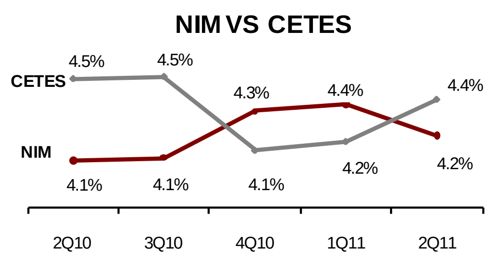
According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

Net Interest Income for 2Q11 increased by 17% QoQ due to higher loan volumes, as well as the extraordinary impact of the merger with Ixe. On a comparable basis, Net Interest Income grew by 1% QoQ, although it increases 4% QoQ when only net interest income related to the bank's lending activity is considered, especially as a result of higher volumes in sectors such as Commercial, Mortgage and Payroll loans.

The average NIM, including the results of the Insurance and Annuities companies was 4.2% for 1H11, a 0.1 percentage point (pp) increase compared to the average NIM registered in 1H10. During the quarter NIM was 4.2%, a variation of (-0.2) pp compared to 1Q11 and +0.1 pp compared to 2Q10. On an annual basis, the increase in the NIM was mainly due to higher growth in net interest income compared to the increase in average productive assets, as well as an improvement in the mix of funding and the loan portfolio. NIM decreases during 2Q11 vs 1Q11 as a result of integrating Ixe's Average Productive Assets, resulting in growth of overall average productive assets at a faster pace than Net Interest Income.

Average NIM adjusted for Credit Risks was 3.4% in 1H11, an increase of 0.4 pp compared to 1H10. In 2Q11, average NIM adjusted for risk was 3.4%, maintaining the same level as in 1Q11 and +0.4 pp more than in 2Q10. On an annual and quarterly basis, the improvement in this ratio is mainly due to growth in financial revenues and a decline in provisions as a result of an improvement in the loan portfolio's quality.

Provisions represented 20% of Net Interest Income in 1H11 and 18% of NII in 2Q11, comparing favorably to 28% in 1H10 and 21% in 1Q11.



- **Provisions**

Provisions charged to results during 1H11 reached Ps 2.66 billion, a decline of (15%) YoY vs 1H10 and (1%) YoY vs. 2Q1 due to lower requirements in the Commercial, Corporate, Middle Market Companies and Credit Card portfolios. On a quarterly basis, provisions declined by (1%) QoQ vs. 1Q11 due to lower provisions in the Commercial, Corporate and Government portfolios.

Annual accumulated loan provisions for 1H11 represented 1.8% of the average loan portfolio, a decrease of (0.8) percentage points compared to 1H10. On a quarterly basis, annualized provisions represented 1.8% of the average portfolio, a (0.4) pp decrease compared to 2Q10 and (0.2) pp vs. 1Q11.

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

- **Non Interest Income**

Non Interest Income *(Million Pesos)*	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10	LTM 2Q11
Services	1,625	1,469	**1,741**	19%	7%	3,240	**3,209**	(1%)	6,750
Recovery	224	220	**284**	29%	27%	419	**504**	20%	991
Trading	580	517	**219**	(58%)	(62%)	1,165	**736**	(37%)	1,260
Other Operating Income (Expense)	299	427	**761**	78%	155%	602	**1,187**	97%	2,906
Non Interest Income	**2,727**	**2,632**	**3,005**	**14%**	**10%**	**5,426**	**5,637**	**4%**	11,907

Non Interest Income *(Million Pesos)*	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10	LTM 2Q11
Fees Charged on Services	**2,210**	**2,267**	**2,808**	**24%**	**27%**	**4,402**	**5,075**	**15%**	9,908
Fees for Commercial and Mortgage Loans	6	3	**13**	289%	122%	6	**16**	179%	23
Fund Transfers	102	92	**104**	14%	2%	194	**196**	1%	391
Account Management Fees	254	255	**279**	9%	10%	496	**535**	8%	1,056
Fiduciary	80	75	**82**	10%	2%	150	**157**	4%	322
Income from Real Estate Portfolios	224	220	**284**	29%	27%	419	**504**	20%	991
Electronic Banking Services	247	202	**211**	4%	(15%)	518	**413**	(20%)	835
Credit Card Fees	617	701	**709**	1%	15%	1,233	**1,410**	14%	2,778
Fees from IPAB (1)	0	-	**-**	-	(100%)	0	**-**	(100%)	0
Fees charged by Afore	292	304	**325**	7%	11%	584	**629**	8%	1,314
Other Fees Charged (2)	387	414	**801**	93%	107%	801	**1,215**	52%	2,197
Fees Paid on Services	**361**	**578**	**784**	**36%**	**117%**	**743**	**1,362**	**83%**	2,166
Fund transfers	7	10	**9**	(10%)	30%	14	**18**	29%	33
Other Fees Paid	354	568	**775**	36%	119%	729	**1,343**	84%	2,134
Expenses from Real Estate Portfolios	-	-	**-**	-	-	-	**-**	-	-
Net Fees	**1,849**	**1,689**	**2,025**	**20%**	**10%**	**3,659**	**3,713**	**1%**	7,741
Trading Income	**580**	**517**	**219**	**(58%)**	**(62%)**	**1,165**	**736**	**(37%)**	1,260
Subtotal Other Operating Income (Expenses) (3)	277	256	**388**	51%	40%	563	**644**	14%	1,820
Non Operating Income (Expense), net (4)	21	57	**248**	333%	1063%	39	**305**	677%	848
Other Operating Income (Expense) from Insurance and Annuities (5)	-	113	**125**	10%	-	-	**238**	-	238
Other Operating Income (Expenses)	**299**	**427**	**761**	**78%**	**155%**	**602**	**1,187**	**97%**	2,906
Non Interest Income	**2,727**	**2,632**	**3,005**	**14%**	**10%**	**5,426**	**5,637**	**4%**	11,907

1) Includes Fees received by Recovery Banking and by the Bank.
2) It includes fees from letters of credit, from transactions with pension funds, bancassurance, prepayments, 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. The majority of these revenues corresponds to recoveries of previously charged off loans.
4) In January 2011, the CNBV issued changes to the main accounting criteria requiring ítems that were previously registered under "Other Income and Expenses, net" after Net Operating Results, to be registered under Non Interest Income as of the stipulated date (Criteria D-2).
5) In January 2011, the CNBV issued changes to accounting criteria to consolidate Insurance and the Annuities' companies (Criteria A-2).

During 1Q11, the new Accounting Criteria A-2 was implemented in order to consolidate the Insurance and Annuities companies and D-2 to report "Other Operating Income (Expenses)" in the Income Statement. As a result, starting in 1Q11, "Non Operating Income, (Expenses) net", which was previously reported after "Operating Income", is now reported as "Non Interest Income", and "Other Operating Income (Expenses) from Insurance and Annuities" which was previously consolidated under the participation method, is now included in the results of the Financial Group. Both items are registered under "Other Operating Income (Expenses)."

Non Interest Income totaled Ps 5.64 billion during 1H11, growing by 4% YoY as a result of a 97% increase in Other Operating Income and Expenses mainly due to higher recoveries in the proprietary portfolio, as well as to the accounting reclassifications made in 1Q11 to include Other Income and Expenses and revenues of the Insurance and Annuities' companies. This was partially off-set by lower Service Fees that continue to be affected by regulatory changes which came into effect in the second half of 2010, while Trading Revenues dropped as a result of a more complex market environment. Non Interest Income remains at the same level as in 1H10 when excluding the impact of the accounting reclassifications.

On a quarterly basis, Non Interest Income was Ps 3.01 billion, increasing by 14% QoQ due to a 78% increase in Other Operating Income and Expenses as a result of the recovery written-off loans, as well as the 19% increase in Service Fees driven by a pickup in various items and the impact of the merger with Ixe, which was partially off-set by a 58% reduction in trading revenues. When excluding the effect of the change in the accounting criteria, Non Interest Income grows by 8% vs. 1Q11 and has a negative variation when Ixe's Non Interest Income is excluded. Non Interest Income increased by 10% YoY vs. 2Q10 mainly due to the impact of the accounting reclassifications and the merger with Ixe, although these revenues present a decline when excluding these effects due to the negative impact from changes in regulations and lower trading income.

- **Service Fees**

During 1Q11, the pending regulatory changes came into effect according to Circular 22/2010 issued by the Bank of Mexico (Central Bank) during the second half of 2010 to prohibit or limit service fees for certain items. Some dispositions of this Circular came into effect in August 2010, and others on January 3rd, 2011, mainly the reduction in overdraft fees.

Service Fees for 1H11 totaled Ps 3.21 billion, (1%) less vs. 1H10, mainly as a result of a reduction in electronic banking and deposit products' service fees due to regulatory changes prohibiting or limiting these fees, which affected the amount of commissions paid for ATM balance inquiries and withdrawals, as well as for overdrawn accounts, among others. Service Fees also declined due to the 83% increase in Fees Paid, which grow as a result of greater exchange fees paid mainly to Visa and Mastercard as a consequence of greater credit and debit card transactions by our clients. This annual reduction was compensated by the integration of service fees generated by Ixe, as well as by the following increases: i) 14% in Card Credit fees due to 11% growth in the number of credit card holders and 16% in client transaction related revenues, ii) 8% in account management fees in the face of clientele growth, iii) 8% in fees charged by the Afore due to a 16% increase in assets under management and iv) 52% in Other Fees Charged due to increased business volumes for Banorte-Ixe in areas such as Wholesale Banking. Service Fees declined by (12%) vs. 1H10 when excluding the effect of the merger with Ixe due to the negative impact of regulatory changes.

In 2Q11, Service Fees grew by 19% compared to 1Q11 mainly due to the inclusion of service fees generated by Ixe, as well as to the increase in business volumes in almost all items in Retail and Wholesale Banking. Other Service Fees Charged increased by 93% mainly due to more activity in Wholesale Banking, 14% in Fund Transfers, 9% in Account Management Fees, and 7% in Afore fees. Service Fees declined by (6%) during 2Q11 vs. 1Q11 when excluding the impact of the Ixe merger.

- **Recoveries**

Non Interest Income from *Recoveries* (including previously written-off proprietary loans and foreclosed assets classified under "Other Operating Income and Expenses") increased by 26% YoY in 1H11 due to a 20% increase in real estate portfolio recoveries, which includes income related to investment projects with home developers, as well as to a 19% increase in recoveries of previously written-off loans vs. 1Q10, and a 71% increase in revenues from recoveries of acquired portfolios. Recoveries grew by 15% QoQ vs. 1Q11 mainly due to a 29% increase in real estate portfolio recoveries, as well as a 28% increase in recoveries of previously written-off proprietary loans. The 34% YoY increase compared to 2Q10 is due to the 27% growth in real estate portfolio recoveries, 36% in recoveries of previously written-off proprietary loans and 53% in acquired portfolio recoveries.

At closing of 2Q11, the amount invested in projects, mainly with home developers, totaled Ps 5.6 billion, an increase of 1% compared to 1Q11 and 27% vs. 2Q10.

- **Other Operating Income and Expenses**

As a result of applying the Accounting Criteria A-2 and D-2, the information for Insurance and Annuities transactions is shown under the item "Other Operating Income and Expenses", as well as the information that was previously shown under the item "Non Operating Income, Net".

In 1H11, *Other Operating Income and Expenses* were Ps 1.19 billion, a 97% YoY growth. Of this amount, Ps 238 million (20%) corresponds to revenues from Insurance and Annuities' operations. When excluding the revenues derived from the

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accounting reclassification of these operations and revenues generated by Ixe, Other Operating Income and Expenses grew by 50% compared to 1H10.

In 2Q11, Other Operating Income and Expenses were Ps 761 million, a 78% QoQ increase vs. 1Q11 due to greater recovery of proprietary loans and foreclosed assets, as well as an increase in other income and in revenues from the Insurance and Annuities' operations. Other Operating Income and Expenses grew by 155% YoY compared to 2Q10 as a result of growth in recoveries of previously written-off proprietary loans and acquired portfolios, as well as in other income and the inclusion of Ps 125 million of Insurance and Annuities' revenues.

Other Operating Income (Expenses) (3) *(Million Pesos)*	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10	LTM 2Q11
Subtotal Other Operating Income (Expenses)	**277**	**256**	**388**	**51%**	**40%**	**563**	**644**	**14%**	1,820
Recoveries of Proprietary Loans	233	257	**335**	30%	44%	474	**592**	25%	1,731
Results from Foreclosed Assets	34	27	**29**	7%	(16%)	70	**56**	(21%)	95
Other Operating Income	11	120	**(118)**	(198%)	(1166%)	21	**2**	(90%)	2
Other Operating Expense	(1)	(148)	**142**	(196%)	(12215%)	(2)	**(6)**	225%	(8)
Repomo not related to Net Interest Income	-	-	**-**	-	-	-	**-**	-	-
Revaluation Result not related to Net Interest Income	-	-	**-**	-	-	-	**-**	-	-
Non Operating Income (Expense), net	**21**	**57**	**248**	**333%**	**1063%**	**39**	**305**	**677%**	848
Other Revenues	208	182	**286**	57%	37%	333	**467**	40%	1,774
Other Recoveries	54	131	**82**	(37%)	53%	124	**213**	71%	329
Other (Expenses)	(240)	(255)	**(119)**	(53%)	(50%)	(418)	**(375)**	(10%)	(1,255)
Other Operating Income (Expense) from Insurance and Annuities	**-**	**113**	**125**	**10%**	**-**	**-**	**238**	**-**	238
Other Operating Income (Expenses)	**299**	**427**	**761**	**78%**	**155%**	**602**	**1,187**	**97%**	2,906

- **Trading**

Trading revenues for 1H11 were Ps 736 million, a (37%) YoY decline due to a more unstable market environment and the extraordinary income of Ps 74 million booked during the first semester of 2010 from Implicit Derivatives and Ps 30 million from the sale of MasterCard shares.

Trading revenues generated in 2Q11 were Ps 219 million, (58%) less QoQ vs. 1Q11 and (62%) lower YoY vs. 2Q10 due to a complex market environment that had a negative impact in trading operations and valuation of securities. Trading revenues decline by (54%) during 1H11 when excluding the trading results generated by Ixe, while the quarterly decline is (96%) vs. 1Q11 and a (96%) reduction vs. 2Q11.

- **Non Interest Expense**

Non Interest Expense *(Million Pesos)*	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10	LTM 2Q11
Personnel	1,739	1,666	**2,575**	54%	48%	3,461	**4,241**	23%	7,858
Professional Fees	346	528	**517**	(2%)	49%	656	**1,045**	59%	1,803
Administrative and Promotional	1,050	998	**1,273**	27%	21%	1,949	**2,271**	17%	4,450
Rents, Depreciation & Amortization	557	608	**733**	21%	32%	1,108	**1,341**	21%	2,438
Taxes other than income tax & non deductible expenses	200	314	**325**	3%	63%	420	**639**	52%	1,112
Contributions to IPAB	283	302	**332**	10%	18%	559	**635**	14%	1,212
Employee Profit Sharing (PTU) (1)	217	235	**237**	1%	9%	428	**472**	10%	881
Non Interest Expense	**4,391**	**4,653**	**5,991**	**29%**	**36%**	**8,581**	**10,644**	**24%**	19,754

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 for 1H11 was Ps 10.65 billion, a 24% YoY increase compared to 1H10 mainly as a result of the merger with Ixe. The increase was in all expense items, with the main changes as follows: i) Ps 780 million in Personnel Expenses (+23%) due to the merger with Ixe and growth in business areas, as well as the payment of incentives linked to results and adjustments to provisions of long term retention and indemnization plans; ii) Ps 389 million in Professional Fees Paid (+59%) as a result of more advisory services linked to the business and the merger process with Ixe; iii) Ps 322 million in Administration and Promotional Expenses (+17%) related to more credit card operations and to advertising campaigns linked to the merger with Ixe and iv) Ps 232 million in Rents, Depreciations and Amortization (+21%) due to the recognition of the depreciation of finished projects and to new furniture of some buildings and computer equipment, as well as more rents for offices due to growth in the branch network.

Non Interest Expense for 2Q11 was Ps 5.99 billion, a 29% QoQ increase vs. 1Q11, caused mostly by the following increases: i) Personnel Expenses due to the merger with Ixe; ii) Administration and Promotional Expenses linked to the sale of products and promotional campaigns related to the merger with Ixe; and iii) Rents, Depreciations and Amortization related to the branch network expansion and the merger with Ixe. Non Interest Expense increased by 36% YoY due to growth in all items as a consequence of larger business volumes and the merger with Ixe.

During the quarter, severance payments related to the merger with Ixe were Ps 100 million, and other expenses linked to the merger were Ps 130 million. Accumulated annual restructuring charges related to the merger with Ixe have been Ps 360 million during 1H11.

When excluding Ixe's Non Interest Expense for 2Q11, as well as total expenses linked to the merger process, Banorte registers 8% growth in operating expenses for 1H11 vs. 1H10, as well as growth of 3% QoQ, vs. 1Q11 and 9% YoY vs. 2Q10.

In the 1H11, the Efficiency Ratio was 55.2%, increasing by 3.3 pp vs. 1H10 mainly due to an increase in Non Interest Expense as a result of the merger with Ixe Grupo Financiero in April 2011. On a comparable basis, the efficiency ratio was 51.4% during 1H11. On a quarterly basis, the efficiency ratio was 57.8%, 5.5 pp higher QoQ vs. 1Q11 and 4.6 pp more than in 2Q10, mainly due to the increase in expenses derived from the merger with Ixe. The efficiency ratio is 51.9% in 2Q11 when excluding these extraordinary impacts.

- **Taxes**

Taxes during 1H11 were Ps 1.66 billion, a 14% YoY increase due to a larger taxable profit base. Income taxes in 2Q11 were Ps 810 million, 1% higher YoY due to a larger profit base and (4%) less QoQ against 1Q11 as a result of applying Deferred Taxes in our favor. The effective tax and PTU (profit sharing) rate for 2Q11 was 31.7%, lower than the 36.9% of 2Q10 and the 34.3% of 1Q11. The effective accumulated rate for 1H11 was 33.0%, 2.9 pp less than the 35.8% registered during the same period in 2010.

- **Subsidiaries and Minority Interest**

In 1H11, subsidiaries and minority interest registered a loss of (Ps 464) million, which compares unfavorably against the (Ps138) million registered during 1H10. This decline is due to reduced profits for some Subsidiaries as a result of applying the accounting criteria A-2 to consolidate the Insurance and Annuities' companies and not through the equity participation method as it was previously done, resulting in a Ps 122 million negative impact in Subsidiaries' profits, as well as a loss of Ps 38 million registered in the Siefores' retirement funds. Banco Mercantil del Norte's minority interest contribution to IFC

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was Ps 96 million higher as a result of increased bank's profits and also the contribution to Generali was Ps 45 million higher, due to greater earnings in the Afore.

On a quarterly basis, the (Ps 207) million loss compares favorably against the (Ps257) million loss registered in 1Q11 due to a Ps 43 million increase in Siefores' profits, a contribution of Ps 9 million from Ixe Credit Cards and a reduction in the Afore's minority interest in the face of reduced earnings compared to the first quarter.

- **Net Income**

In 2Q11 GFNorte increased its profits for the 8^{th} consecutive quarter.. During the first six months of the year, the Group registered net income of Ps 3.86 billion, 19% higher than in 1H10. In 2Q11, the Group's net income was Ps 2.05 billion, a 24% YoY and 13% QoQ increase. Recurring net income was Ps 2.18 billion, 31% higher YoY and 20% QoQ, when excluding restructuring and merger expenses with Ixe. Accumulated net income for the last 12 months totaled Ps 7.33 billion, 19% higher compared to the same period in 2010 and 9% greater compared to the accumulated profits of Ps 6.71 million during 2010.

During this quarter, Banco Mercantil del Norte contributed with profits of Ps 1.54 billion, 75% of the Group's total net income, while the consolidated Banking Sector (including Ixe Banco), registered Ps 1.65 billion in net income (81% of total profits).

The return on equity (ROE) for GFNorte during 1H11 was 13.0%, (2.4) pp less than 1H10, while the return on assets (ROA) was 1.1% during the same period, flat in comparison with the same period of the previous year.

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- **Capitalization**

Capitalization (Million Pesos)	2Q10	3Q10	4Q10	1Q11	2Q11	Change QoQ	Change YoY
Tier 1 Capital	36,148	37,233	39,369	41,032	41,855	2%	16%
Tier 2 Capital	14,035	13,954	13,252	12,818	12,648	(1%)	(10%)
Net Capital	50,184	51,187	52,620	53,850	54,502	1%	9%
Credit Risk Assets	207,841	216,406	222,146	224,121	238,247	6%	15%
Net Capital / Credit Risk Assets	24.1%	23.7%	23.7%	24.0%	22.9%	(1.2 pp)	(1.3 pp)
Total Risk Assets (1)	300,503	308,862	326,481	335,188	349,244	4%	16%
Tier 1	12.03%	12.05%	12.06%	12.24%	11.98%	(0.3 pp)	(0.0 pp)
Tier 2	4.67%	4.52%	4.06%	3.82%	3.62%	(0.2 pp)	(1.0 pp)
Capitalization Ratio	16.70%	16.57%	16.12%	16.07%	15.61%	(0.5 pp)	(1.1 pp)

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

At closing of 2Q11 the Capitalization Ratio (IC) was 15.6% considering credit, market and operational risks, and 22.9% considering only credit risks. The Tier 1 ratio was 12.0% and 3.6% for Tier 2.

The Capitalization Ratio declined (0.5) pp QoQ vs 1Q11, due to the following effects:

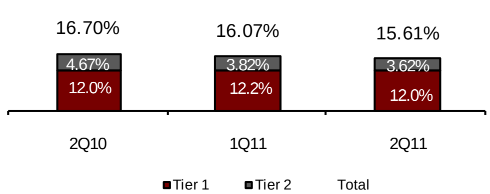
1)	Reinvestment of profits generated in 2Q11:	+ 0.5 pp.
2)	Increase in Risk Assets:	- 0.7 pp.
3)	Valuation of hedging instruments:	- 0.1 pp.
4)	FX effect on Subordinated Obligations in Dollars:	- 0.1 pp.
5)	Payment of Dividends:	- 0.1 pp.

The capitalization ratio for 2Q11 is (1.1 pp) lower than in 2Q10 due to:

1)	Effects of profits generated from 2Q10 to 2Q11:	+ 1.9 pp.
2)	Valuation of hedging instruments:	+ 0.2 pp.
3)	Increase in Risk Assets:	- 2.5 pp.
4)	Payment of Dividends:	- 0.2 pp.
5)	Valuation of Securitizations:	- 0.2 pp.
6)	FX effect on Subordinated Obligations:	- 0.2 pp.
7)	Change in methodology creating reserves for Consumer loan:	- 0.1 pp.

In March 2011, Banorte complied with the term required by the CNBV (36 months) to constitute the entire capital requirement for operational risk. Banorte has fully adopted the capitalization requirements established by the Mexican authorities and the international norms according to the Basle II rules.

CAPITALIZATION RATIO



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- **Total Deposits**

Deposits (Million Pesos)	2Q10	1Q11	2Q11	Change QoQ	Change YoY
Non Interest Bearing Demand Deposits	61,258	66,819	**78,257**	17%	28%
Interest Bearing Demand Deposits (1)	72,582	77,723	**82,944**	7%	14%
Total Demand Deposits (2)	133,840	144,542	**161,201**	12%	20%
Time Deposits – Retail	87,075	89,562	**111,135**	24%	28%
Core Deposits	220,916	234,104	**272,336**	16%	23%
Money Market (3)	57,789	65,556	**61,032**	(7%)	6%
Total Bank Deposits	**278,705**	**299,660**	**333,368**	11%	20%
GFNorte's Total Deposits (4)	**278,480**	**299,245**	**335,369**	12%	20%
Third Party Deposits	**146,227**	**154,132**	**140,005**	(9%)	(4%)
Total Assets Under Management	**424,932**	**453,793**	**473,373**	4%	11%

1) Excludes IPAB cash management checking accounts for loan portfolios managed from Banpaís and Bancen. The balances of these accounts in 2Q10, 1Q11 and 2Q11 were Ps $22 million, Ps $0 million and Ps $0 million, respectively.
2) Includes Debit Cards.
3) Includes Bank Bonds (Customers and Financial intermediaries).
4) Includes eliminations between subsidiaries (2Q10= $220 million, 1Q11= $415 million y 2Q11= --$2,001 million).

- **Total Deposits**

At closing of 2Q11, *Total Deposits* were Ps 335.37 billion, a 20% YoY increase compared to closing of 2Q10; driven by growth in all items mainly due to the merger with Ixe. Demand deposits increased by 20% annually, Money Market increased 6% and Retail Time Deposits increased 28%. Annual growth of Total Deposits was 8% compared to 2Q10 when the impact of the merger with Ixe is excluded.

Total Deposits increased by 12% QoQ vs. 1Q11, growing in all items due to the merger with Ixe and a seasonal recovery of deposits: Demand deposits increased by 12%, Retail Time Deposits increased 24% and Money Market decreased by (7%) during the quarter. The quarterly growth in Deposits when excluding the impact of the merger with Ixe was 2% compared to 1Q11.

- **Demand and Time Deposits**

At closing of 2Q11, *Demand Deposits* grew by 20% YoY, driven by a 28% annual growth in Non-Interest bearing Demand Deposits due to the merger with Ixe and higher average balances registered for individual accounts (Banorte's increase was +13% and +25%, for Ixe) and corporate accounts in Banorte (+10%). Annual growth of 14% for Interest bearing Demand Deposits' was driven also by growth in individual accounts (Banorte increased by +19%, while Ixe by +22%) and corporate accounts in Banorte (+6%). The combined deposits for SMEs, Government and Corporate sectors grew by 11% for the year.

On a quarterly basis, Demand Deposits grew by 12% QoQ vs. 1Q11, driven mainly by the merger with Ixe. The 17% increase in Non-Interest bearing Demand Deposits and the 7% growth in Interest-bearing Demand Deposits are explained by higher balances in some products for individual and corporate accounts.

Retail Time Deposits grew by 28% YoY as a result of the merger with Ixe and the constant promotion of promissory notes sold through the branch network. Time Deposits increased by 24% QoQ due to the merger with Ixe and the launching of new products and promotions, among other factors.

As a result of efforts to increase deposits, there were 489 thousand new account openings at Banorte during 2011, an annual increase of 25%, while new openings at Ixe were 28.2 thousand accounts, representing a 2% increase.

- **Money Market Deposits**

The 6% YoY growth was explained by an increase in funding through the promissory notes offered by the money market desk, which is a mechanism to compensate the seasonal reduction in demand deposits, as well as to provide the funding required for growth in loans. During the quarter, Money Market had a (7%) decline as a result of a reduction in funding though the promissory notes offered to the Treasury by the money market desk.

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

- **Third Party Deposits**

At closing of 2Q11, third party deposits were Ps 140.01 billion, a (4%) YoY and (9%) QoQ reduction from 1Q11.

- **Assets Under Management**

At closing of 2Q11, AUMs totaled Ps 473.4 billion, increasing by 11% YoY and 4% QoQ from 1Q11 due to growth in core deposits.

- **Loan Portfolio**

Performing Loan Portfolio (Million Pesos)	2Q10	1Q11	2Q11	Change QoQ	Change YoY
Commercial	82,305	87,400	**113,877**	30%	38%
Consumer	78,500	85,840	**90,954**	6%	16%
Corporate	39,307	45,709	**51,356**	12%	31%
Government	41,222	51,271	**55,421**	8%	34%
Sub Total	241,334	270,220	**311,607**	15%	29%
Recovery Bank	614	344	**324**	(6%)	(47%)
Total	241,948	270,564	**311,931**	15%	29%

Performing Consumer Loan Portfolio (Million Pesos)	2Q10	1Q11	2Q11	Change QoQ	Change YoY
Mortgages	52,234	57,006	**60,315**	6%	15%
Car Loans	7,787	8,486	**8,866**	4%	14%
Credit Cards	11,079	10,925	**10,866**	(1%)	(2%)
Payroll	7,400	9,423	**10,907**	16%	47%
Consumer Loans	78,500	85,840	**90,954**	6%	16%

(Million Pesos)	2Q10	1Q11	2Q11	Change QoQ	Change YoY
Past Due Loans	5,630	6,498	**7,547**	16%	34%
Loan Loss Reserves	7,012	9,030	**10,196**	13%	45%
Acquired Rights	2,311	2,641	**4,105**	55%	78%

- **Total Performing Loans**

Total Performing Loans increased by 29% YoY, growing Ps 70.27 billion to Ps 311.6 billion at closing of 2Q11 (excluding the proprietary portfolio managed by the Recovery Bank). Total Performing Loans increased by 15% QoQ, growing Ps 41.39 billion due to an increase in almost all items. These increases are mainly due to the merger with Ixe, as well as a greater loan demand in the industry.

Banorte's total Performing Loans excluding the impact from Ixe's integration, grew by 16% YoY and 3% QoQ vs. 1Q11, increasing for the fifth consecutive quarter even without considering the merger, a trend not registered since prior to the crisis which began at the end of 2008.

Growth of the portfolio by items:

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

- **Individual Loans**

  - ✓ **Consumer + Mortgage:** Increased by Ps 12.45 billion or 16% compared to 2Q10 and by Ps 5.11 billion or 6% QoQ to Ps 90.95 billion, as a result of favorable dynamics in mortgage, payroll and car loans. Credit card continues to show a decline, although to a lesser degree than in previous quarters. The consumer portfolio grows by 4% QoQ vs. 1Q11 and 13% AoA vs 2Q10 when excluding the impact of the merger with Ixe.

  - ✓ **Mortgage:** Grew by Ps 8.08 billion or 15% YoY to Ps 60.32 billion, driven by the increase in mortgage sales for middle market home acquisition, the program established with Pemex, as well as the reactivation of mortgage products for liquidity, improvement of loan conditions, construction, remodeling and payment of liabilities. In 2Q11, the portfolio grew by Ps 3.31 billion or 6% QoQ, showing greater dynamics in mortgage sales for middle market home acquisition, liquidity, improvement of loan conditions, construction, remodeling and payment of liabilities; During the quarter, 3,755 mortgages were sold amounting to Ps 3.45 billion, representing a 15% increase in the number of loans and a 16% increase in terms of the amount sold in monetary value. The mortgage portfolio grows by 3% QoQ vs. 1Q11 and 12% vs.2Q10 when excluding Ixe.

  - ✓ **Credit cards**: At closing of 2Q11 the balance of this portfolio was Ps 10.87 billion, registering a Ps (213) million decline or (2%) YoY and a Ps (59) million or (1%) QoQ reduction, as a result of write-offs applied to this portfolio and higher payments from customers. It is important to emphasize that the rhythm of decline in the portfolio's balance has diminished in the last quarters due to: a) proper management of the product's life cycle, b) a 33% annual growth in the sale of new cards during 1H11; 164,464 new cards were sold during the first half of the year (86,162 during 2Q11, a 10% increase from 1Q11), in spite of tighter origination criteria and more conservative risk management; and c) total net billing of Ps 12.53 billion during 1H11, growing by 16% annually as a result of campaigns to promote card use and promotions for interest-free purchases with fixed monthly payments. In spite of the reduction in the portfolio's balance, the profitability of the credit card product has increased considerably in the last 12 months, ranking it again as one of the bank's most profitable products with ROE's higher than 30%. The bank is also implementing strategies to reactivate portfolio growth, such as cross selling, development of alternate channels, the launching of new products, initiatives to promote card use and possible strategic alliances. At closing of 2Q11, Banorte had 1.49 million cards, representing an annual growth of 11%.

  - ✓ **Payroll:** At closing of 2Q11, the portfolio grew by Ps 3.51 billion or 47% YoY and by Ps 1.48 billion or 16% QoQ to Ps 10.91 billion, as a result of the promotional campaigns for the product, as well as a 16% annual increase in the bank's number of payroll clients to 3.31 million and the strategy of increasing loan sales to government employees. New loans during the first semester rose to Ps 7.60 billion or 54% compared to 1H10, and Ps 4.01 billion during 2Q11, or 17% higher compared to 1Q11. Also, 148,723 new loans were sold during 2Q11, 46% more than in 2Q10 and 18% higher than the amount placed in 1Q11. Payroll lending continues to be the bank's most profitable product, showing vigorous growth during the last year and an improvement in portfolio quality.

  - ✓ **Car loans:** Increased by Ps 1.08 billion annually or 14% YoY and Ps 379 million or 4% QoQ in 2Q11 to Ps 8.87 billion, as a result of the recovery in car sales in the country. Sales were also favored by alliances, such as the one established with Isuzu Motors, to finance its units. The production of new loans during the first semester increased by 14% compared to the balance originated in the same period of the previous year, and 18,011 new loans were sold during this period vs. 16,218 of 1H10.

- **II. Loans to Institutions**

  - ✓ **Commercial:** Grew by Ps 31.57 billion or 38% YoY, and Ps 26.48 billion or 30% QoQ, to Ps 113.9 billion, mainly due to the merger with Ixe (the commercial portfolio represents more than two thirds of Ixe's total loan portfolio), as well as an increase in the loan sales to middle market companies, leasing and factoring and the reactivation of the Crediactivo (fixed asset loan) product for companies. The portfolio balance for SMEs reached Ps 17.46 billion, representing growth of Ps 2.41 billion or 16% YoY, an increase of Ps 787 million or 5% QoQ. The Commercial portfolio grows by 2% QoQ vs. 1Q11 and 9% vs.2Q10 when excluding Ixe.

  - ✓ **Corporate:** At closing of 2Q11, the portfolio balance reached Ps 51.36 billion, increasing by Ps 12.05 billion or 31% YoY and Ps 5.65 billion or 12% QoQ, mainly due to the merger with Ixe, the reactivation of loans in this sector and the efforts of the corporate area to increase sales with new and existing clients. It is important to reiterate that Banorte's corporate loan portfolio is diversified by sectors and regions and shows a low concentration. The bank's 20 most important corporate exposures represent 14.2% of the total portfolio, the same level as in 1Q11. The largest corporate loan represents 2.0% of the total portfolio, while number 20 represents 0.4% of the total portfolio.

  - ✓ **Government:** At closing of 2Q11, the balance of this item was Ps 55.42 billion, representing growth of Ps 14.20 billion or 34% YoY and Ps 4.15 billion or 8% QoQ, as a result of the merger with Ixe and efforts to continue satisfying the demand in this sector, especially from State governments, and to a lesser degree, Municipal governments and decentralized organisms. It is important to emphasize that Banorte's government loan portfolio is diversified by sectors and regions, and shows a low concentration. The bank's 20 most important government exposures represent 18.2% of the total portfolio, (0.4) percentage points less than in 1Q11. The largest loan represents 2.2% of the total portfolio, while number 20 represents 0.3%. Also, most of the loans granted by Banorte have federal transfers as a repayment source and the borrowers have high credit ratings, making this sector the one with the lowest risk profile. The government portfolio grows by 2% QoQ vs. 1Q11 and 27% vs.2Q10 when excluding Ixe

- **Past Due Loans**

At closing of 2Q11, Past Due Loans totaled Ps 7.55 billion, registering a 34% YoY growth mainly due to the classification of the Mexicana de Aviacion loan as delinquent during 2010 and also the integration of Ixe's PDL portfolio. The PDL portfolio shows an increase of 16% QoQ as a result of incorporating Ixe's PDL portfolio, and a slight deterioration in the quality of the consumer and mortgage portfolios. Past Due Loans grow by 3% QoQ vs. 1Q11 and 19% vs.2Q10 when excluding Ixe

In 2Q11, the PDL Ratio was 2.4%, 0.1 percentage points higher than 1H10 and 1Q11. When excluding INB's and Ixe's PDL portfolio, the PDL Ratio reduces to 2.3% for 1H11. Although INB, continues pressuring Banorte's NPL Ratio, it is important to emphasize that the quality of the bank's portfolio has improved significantly, with the NPL ratio declining from 11.4% to 4.5% between 1Q10 and 1Q11.

The evolution of NPL ratios by segment during the last 12 months was:

	2Q11	1Q11	2Q10
Credit cards	9.4%	9.1%	10.6%
Payroll	1.7%	1.5%	1.9%
Car loans	1.0%	0.8%	1.3%
Mortgages	1.4%	1.2%	1.7%
Commercial	4.0%	4.1%	4.1%
Corporate	2.3%	2.4%	0.2%
Government	0.0%	0.0%	0.0%

The PDL balance for Credit cards was Ps 1.13 billion, a Ps (181) million YoY decline, but Ps 31 million higher QoQ. Payroll loans was Ps 188 million, a Ps 49 million YoY and Ps 42 million QoQ increase. Car loans was Ps 109 million, a Ps (18) million YoY decrease, but Ps 27 million higher QoQ. Mortgage loans totaled Ps 836 million, a Ps (58) million YoY decline and Ps 142 million QoQ increase. Commercial was Ps 3.17 billion, a Ps 91 million YoY increase, but Ps (15) million QoQ decline. Corporate was Ps 1.28 million, a Ps 1.20 billion YoY increase due to the classification of the Mexicana de Aviacion loan as delinquent, but Ps (15) million QoQ lower.

The quarterly past due loans variations for Banorte, excluding Ixe, were:

Past Due Loan Variations (Million Pesos)	
Balance as of March, 2011	**6,498**
Transfer from Performing Loans to Past Due Loans	2,630
Portfolio Purchase	0
Renewals	(87)
Cash Collections	(398)
Discounts	(18)
Charge Offs	(848)
Foreclosures	(64)
Transfer from Past Due Loans to Performing Loans	(994)
Loan Portfolio Sale	-
Foreign Exchange Adjustments	(9)
Balance as of June, 2011	**6,711**

In 2Q11, 61% of the new NPL formation corresponds to Consumer, 18% to Commercial / Middle market companies, 22% to Mortgage and (1%) to Corporate.

Regarding Loan Loss Reserves, 45% of the requirements correspond to Consumer, 17% to Commercial / Middle market companies, 19% to Mortgage, 5% to Government, 1% to Corporate, 10% to benefits and write-downs (among other items) and the balance corresponds to Ixe reserves.

With respect to write-offs, 59% correspond to the Consumer portfolio, 15% to Mortgage, 22% to Commercial and the remaining 4% to Recovery.

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 as of 2Q11-GFNorte

(Million Pesos)

CATEGORY	LOANS	LOAN LOSS RESERVES			
		COMMERCIAL	CONSUMER	MORTGAGES	TOTAL
A	56,793	-	15	173	**188**
A1	136,411	680	-	-	**680**
A2	84,332	808	-	-	**808**
B	23,728	-	860	261	**1,121**
B1	7,711	134	397	-	**531**
B2	8,625	114	454	-	**568**
B3	3,913	345	-	-	**345**
C	3,008	-	675	341	**1,016**
C1	967	206	-	-	**206**
C2	1,681	765	-	-	**765**
D	1,856	293	934	114	**1,341**
E	2,518	2,244	254	28	**2,526**
Total	331,542				
Not Classified	(374)				
Exempt	144				
Total	331,311	5,591	3,590	917	**10,098**
Reserves					**10,196**
Excess / (Deficit)					**99**

Notes:

1.- The ratings of loans and reserves created correspond to the last day referred in the Balance Sheet at June 30th, 2011.
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.

Of the total Loan Portfolio, 84% is rated as Risk A, 13% as Risk B, 2% as Risk C and 1% as Risk D and E respectively.

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

Loan Loss Reserves *(Million Pesos)*	**2Q11**
Previous Period Ending Balance	**10,002**
Provisions charged to results	1,437
Created with profitability margin	-
Reserve Portfolio Sold	(177)
Other items	-
Charge offs and discounts:	
Commercial Loans	(248)
Consumer Loans	(611)
Mortgage Loans	(148)
Foreclosed assets	(50)
	(1,057)
Cost of debtor support programs	(1)
Valorization and Others	(7)
Loan Loss Reserves at Period End	**10,196**

- **Loan Loss Reserves**

At closing of 2Q11, loan loss reserves were Ps 10.20 billion, 13% higher than the balance registered at the end of 1Q11 due to an increase in provisions charged to results of Ps 1.44 billion and the integration of Ixe's reserve balance, offsetting write-offs of Ps 1.06 billion carried out during the quarter. The reserve coverage ratio was 135.1% at the end of 2Q11 (139.8% without considering INB).

- **Provisions for Loan Loss Reserves**

Reserve requirements in 2Q11 were Ps 1.32 billion, a (1%) YoY decline due to a reduction in the requirements in the commercial, corporate, middle market company and credit card portfolios.

On a quarterly basis, there was a (1%) QoQ decline vs. 1Q11 mainly due to lower requirements in the commercial, corporate and government portfolios.

In accordance with regulations issued by the National Banking and Securities Commission (CNBV), the bank created reserves against expected losses for mortgage and non-revolving consumer loans.

The Mexican banking system continues to operate under stricter regulations. In addition to the creation of higher reserves for leasing and factoring, credit cards, mortgages and non-revolving consumer loans, new regulations of a similar nature will be implemented in the near future for the commercial and government sectors.

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

BANKING SECTOR

The following are the Consolidated Financial Statements of the Banking Sector, which include Banco Mercantil del Norte (without the Afore which consolidates under equity participation method) and Ixe Banco.

Income Statement and Balance Sheet Highlights-Banking Sector *(Million Pesos)*	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10
Income Statement								
Net Interest Income	5,281	5,674	**6,169**	9%	17%	10,629	**11,842**	11%
Non Interest Income	2,217	2,038	**2,679**	31%	21%	4,389	**4,717**	7%
Total Income	7,498	7,712	**8,848**	15%	18%	15,018	**16,560**	10%
Non Interest Expense	3,983	4,132	**5,107**	24%	28%	7,778	**9,239**	19%
Provisions	1,300	1,337	**1,291**	(3%)	(1%)	3,046	**2,628**	(14%)
Operating Income	2,214	2,243	**2,450**	9%	11%	4,193	**4,694**	12%
Net Income Before taxes	2,258	2,291	**2,520**	10%	12%	4,286	**4,811**	12%
Taxes	720	672	**691**	3%	(4%)	1,313	**1,363**	4%
Subsidiaries & Minority Interest	44	47	**70**	47%	59%	93	**117**	26%
Net Income	1,538	1,618	**1,829**	13%	19%	2,973	**3,448**	16%
Balance Sheet								
Performing Loans (a)	231,660	257,246	**295,937**	15%	28%	231,660	**295,937**	28%
Past Due Loans (b)	5,494	6,379	**6,829**	7%	24%	5,494	**6,829**	24%
Total Loans (a+b)	237,154	263,625	**302,766**	15%	28%	237,154	**302,766**	28%
Total Deposits	278,727	299,660	**333,368**	11%	20%	278,727	**333,368**	20%
Equity	41,249	45,550	**50,905**	12%	23%	41,249	**50,905**	23%

Financial Ratios Banking Sector	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10
Profitability:								
NIM (1)	4.0%	4.3%	**4.0%**	(0.2 pp)	(0.0 pp)	4.1%	**4.0%**	(0.0 pp)
NIM after Provisions (2)	3.0%	3.3%	**3.2%**	(0.1 pp)	0.1 pp	2.9%	**3.1%**	0.2 pp
ROE (3)	14.9%	14.3%	**14.4%**	0.0 pp	(0.5 pp)	14.4%	**14.1%**	(0.3 pp)
ROA (4)	1.1%	1.1%	**1.1%**	(0.0 pp)	0.0 pp	1.0%	**1.1%**	0.0 pp
Operation:								
Efficiency Ratio (5)	53.1%	53.6%	**57.7%**	4.1 pp	4.6 pp	51.8%	**55.8%**	4.0 pp
Operating Efficiency Ratio (6)	2.8%	2.9%	**3.3%**	0.4 pp	0.5 pp	2.8%	**3.1%**	0.3 pp
Liquidity Ratio (7)	100.0%	90.8%	**99.6%**	8.8 pp	(0.4 pp)	100.0%	**99.6%**	(0.4 pp)
Asset Quality:								
Past Due Loan Ratio	2.3%	2.4%	**2.3%**	(0.2 pp)	(0.1 pp)	2.3%	**2.3%**	(0.1 pp)
Coverage Ratio	123.3%	137.1%	**137.9%**	0.9 pp	14.6 pp	123.3%	**137.9%**	14.6 pp
Past Due Loan Ratio w/o Banorte USA	2.1%	2.4%	**2.2%**	(0.2 pp)	0.2 pp	2.1%	**2.2%**	0.2 pp
Coverage Ratio w/o Banorte USA	140.7%	142.3%	**143.4%**	1.0 pp	2.7 pp	140.7%	**143.4%**	2.7 pp
Growth (8)								
Performing Loans (9)	2.4%	13.4%	**27.9%**	14.6 pp	25.5 pp	2.4%	**27.9%**	25.5 pp
Core Deposits	6.8%	10.4%	**23.3%**	12.9 pp	16.5 pp	6.8%	**23.3%**	16.5 pp
Total Deposits	5.0%	10.4%	**19.6%**	9.2 pp	14.6 pp	5.0%	**19.6%**	14.6 pp
Capitalization:								
Net Capital/ Credit Risk Assets	24.1%	24.0%	**22.9%**	(1.2 pp)	(1.3 pp)	24.1%	**22.9%**	(1.3 pp)
Total Capitalization Ratio	16.7%	16.1%	**15.6%**	(0.5 pp)	(1.1 pp)	16.7%	**15.6%**	(1.1 pp)

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.

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.
8) Growth versus the previous period.
9) Does not include Fobaproa / IPAB and loans managed by Recovery Banking.

- **Net Interest Income**

Net Interest Income-Banking Sector (Million Pesos)	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10
Interest Income	10,341	10,369	**11,583**	12%	12%	20,495	**21,951**	7%
Interest Expense	5,166	4,818	**5,579**	16%	8%	10,107	**10,397**	3%
Loan Origination Fees	140	159	**204**	29%	46%	302	**362**	20%
Fees Paid	34	35	**39**	9%	15%	61	**74**	21%
Net Interest Income	**5,281**	**5,674**	**6,169**	**9%**	**17%**	**10,629**	**11,842**	**11%**
Provisions	1,300	1,337	**1,291**	(3%)	(1%)	3,046	**2,628**	(14%)
Net Interest Income Adjusted for Credit Risk	**3,980**	**4,337**	**4,878**	**12%**	**23%**	**7,583**	**9,215**	**22%**
Average Interest Earning Assets	525,586	532,004	**614,288**	15%	17%	525,586	**586,458**	12%
Net Interest Margin (1)	4.0%	4.3%	**4.0%**	(0.2 pp)	(0.0 pp)	4.1%	**4.0%**	(0.0 pp)
NIM after Provisions (2)	3.0%	3.3%	**3.2%**	(0.1 pp)	0.1 pp	2.9%	**3.1%**	0.2 pp

1) NIM (Net Interest Margin) = Annualized Net Interest Income of the quarter / Performing Assets average.
2) NIM = annualized Net Interest Margin of the quarter adjusted for Risks Credit / Performing Assets average.

During 1H11, Net Interest Income increased by 11% YoY from Ps 10.63 billion to Ps 11.84 billion as a result of greater loan volumes, a stable funding cost, as well as the extraordinary impacts from the merger with Ixe Grupo Financiero.

In the 2Q11, Net Interest Income grew by 17% YoY to Ps 6.17 billion, mainly driven by the merger with Ixe Banco. On a comparable basis, Net Interest Income grew by 8% compared to 2Q10 as a result of greater loan placement, especially in products with a greater impact in NII, as well as an increase in loan origination fees resulting from greater loan volumes (25% QoQ vs. 2Q10) and a stable funding cost.

Net Interest Income for 2Q11 increased by 9% QoQ as a result of more revenues derived from greater loan volumes, as well as the impact of the merger with Ixe.

The average NIM was 4.0% for 1H11, practically at the same level as the average NIM registered in 1H10. During the quarter, NIM was 4.0%, a 0.0 pp YoY variation, and a (0.2) pp decline vs. 1Q11. NIM decreases in both periods due to growth of average productive assets at a faster pace than financial revenues, as a result of integrating Ixe's bank operations.

Average NIM adjusted for Credit Risks was 3.1% in 1H11, an increase of 0.2 pp compared to 1H10. In 2Q11, average NIM was 3.2%, an increase of 0.1 pp YoY and a reduction of (0.1) pp QoQ. On an annual basis, the improvement in this ratio was mainly due to growth in NII and a reduction in provisions as a result of improved portfolio quality. The quarterly decline was a result of incorporating Ixe.

Provisions represented 22% of Net Interest Income in 1H11 and 21% of Net Interest Income in 2Q11, comparing favorably to the 29% of 1H10 and 24% registered in 1Q11.

- **Non Interest Income**

Non Interest Income (Million Pesos)	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10
Services	1,190	1,205	**1,438**	19%	21%	2,357	**2,643**	12%
Recovery	224	220	**284**	29%	27%	419	**504**	20%
Trading	512	200	**352**	76%	(31%)	1,018	**551**	(46%)
Other Operating Income (Expense)	291	414	**605**	46%	108%	594	**1,018**	71%
Non Interest Income	**2,217**	**2,038**	**2,679**	**31%**	**21%**	**4,389**	**4,717**	**7%**

During 1Q11, new Accounting Criteria was implemented, among them D-2 to report "Other Operating Income (Expenses)" in the Income Statement. As a result, starting in 1Q11, "Non Operating Income, (Expenses) net" which was previously reported after "Operating Income" is now reported as "Non Interest Income".

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

Non Interest Income totaled Ps 4.72 billion during 1H11, growing by 7% YoY , driven by a 71% increase in Other Operating Income and Expenses as a result of higher recoveries and to the accounting reclassifications carried out during 1Q11 to include Other Income and Expenses in this item. Non Interest Income declines (1%) YoY vs. 1H10 mainly due to less trading revenues, when excluding the impact of the accounting reclassifications,

On a quarterly basis, Non Interest Income totaled Ps 2.68 billion, a 31% QoQ and 21% YoY increase as a result of more recovery revenues, as well as more service fees due to the merger with Ixe and larger business volumes during the quarter.

- **Non Interest Expenses**

Non Interest Expense (Million Pesos)	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10
Personnel	1,604	1,556	**2,229**	43%	39%	3,194	**3,786**	19%
Professional Fees	330	439	**376**	(14%)	14%	622	**815**	31%
Administrative and Promotional	907	859	**1,087**	26%	20%	1,677	**1,946**	16%
Rents, Depreciation & Amortization	471	501	**610**	22%	30%	938	**1,111**	18%
Taxes other than income tax & non deductible expenses	174	242	**239**	(2%)	37%	366	**481**	31%
Contributions to IPAB	283	302	**332**	10%	18%	559	**635**	14%
Employee Profit Sharing (PTU) (1)	215	233	**234**	0%	9%	423	**466**	10%
Non Interest Expense	**3,983**	**4,132**	**5,107**	**24%**	**28%**	**7,778**	**9,239**	**19%**

Non Interest Expense for 1H11 totaled Ps 9.24 billion, a 19% YoY growth vs. 1H10 and 28% vs. 2Q10, mainly as a result of the merger with Ixe, which caused an increase in Personnel Expenses, Professional Fees Paid, Administration and Promotional Expenses, and Rents, Depreciations and Amortization. The 24% quarterly increase vs. 1Q11 was mainly due to higher Personnel expenses, Administration and promotional expenses, and Rents, Depreciations and Amortizations, as a result of the merger with Ixe, although Professional Fees Paid declined by (14%) QoQ as a result of less advisory services linked to the merger process. The accumulated Efficiency Ratio during 1H11 was 55.8% and 57.7% for 2Q11.

During the quarter, restructuring charges related to the merger with Ixe were Ps 230 million. Accumulated annual expenses related to the merger with Ixe have been Ps 360 million during 2011.

- **Provisions**

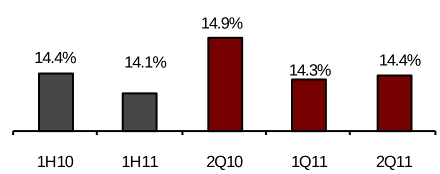
Provisions charged to results during 1H11 reached Ps 2.63 billion, a decline of (14%) YoY vs. 1H10; and Ps 1.29 billion in 2Q11, a (1%) YoY decline vs. 2Q10 and (3%) less QoQ. The annual decline is due to an improvement in the quality of the credit card, car loan and mortgage portfolios'; while the quarterly decline was the result of an improvement in the corporate and commercial portfolios' quality.

- **Net Income**

Accumulated Net Income of the Banking Sector (100%, including the AFORE by the participation method and Ixe Banco) was Ps 3.45 billion in 1H11, 16% higher than in 1H10, mainly due to the merger with Ixe, as well as greater Total Revenues and reduced provisions. During the first semester, Net Income was Ps 3.33 billion, a 12% increase during 1H10 when excluding Ixe Banco's profits.

On a quarterly basis, Net income grew by 13% vs. 1Q11 and 19% vs. 2Q10, totaling Ps 1.83 billion as a result of the merger with Ixe, greater total revenues and reduced provisions. Net Income was Ps 1.71 billion, a 6% QoQ and 11% YoY increase when excluding the impact from the merger with Ixe.

ROE (BANKING SECTOR)



- **NPL Ratio**

The Banking Sector's NPL Ratio during 1H11 was 2.3%, (including INB's PDL portfolio), which compares favorably against the 2.4% registered in 1Q11 and maintains the same level registered in 2Q10.

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

BANCO MERCANTIL DEL NORTE

Financial Statements of Banco Mercantil del Norte without the Afore, which consolidates under the equity participation method.

Income Statement and Balance Sheet Highlights-Banorte *(Million Pesos)*	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10
Income Statement								
Net Interest Income	5,281	5,674	**5,689**	0%	8%	10,629	**11,362**	7%
Non Interest Income	2,217	2,038	**2,332**	14%	5%	4,389	**4,370**	(0%)
Total Income	7,498	7,712	**8,020**	4%	7%	15,018	**15,732**	5%
Non Interest Expense	3,983	4,132	**4,414**	7%	11%	7,778	**8,546**	10%
Provisions	1,300	1,337	**1,243**	(7%)	(4%)	3,046	**2,580**	(15%)
Operating Income	2,214	2,243	**2,363**	5%	7%	4,193	**4,607**	10%
Net Income Before taxes	2,258	2,291	**2,424**	6%	7%	4,286	**4,714**	10%
Taxes	720	672	**713**	6%	(1%)	1,313	**1,386**	6%
Subsidiaries & Minority Interest	44	47	**60**	27%	37%	93	**108**	16%
Net Income	1,538	1,618	**1,710**	6%	11%	2,973	**3,329**	12%
Balance Sheet								
Performing Loans (a)	231,660	257,246	**265,871**	3%	15%	231,660	**265,871**	15%
Past Due Loans (b)	5,494	6,379	**6,603**	4%	20%	5,494	**6,603**	20%
Total Loans (a+b)	237,154	263,625	**272,474**	3%	15%	237,154	**272,474**	15%
Total Deposits	278,727	299,660	**301,783**	1%	8%	278,727	**301,783**	8%
Equity	41,249	45,550	**46,431**	2%	13%	41,249	**46,431**	13%

Financial Ratios Banorte	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10
Profitability:								
NIM (1)	4.0%	4.3%	**4.2%**	(0.0 pp)	0.2 pp	4.1%	**4.3%**	0.2 pp
NIM after Provisions (2)	3.0%	3.3%	**3.3%**	0.1 pp	0.3 pp	2.9%	**3.3%**	0.4 pp
ROE (3)	15.0%	14.4%	**14.9%**	0.5 pp	(0.1 pp)	14.6%	**14.7%**	0.1 pp
ROA (4)	1.1%	1.1%	**1.2%**	0.0 pp	0.1 pp	1.1%	**1.2%**	0.1 pp
Operation:								
Efficiency Ratio (5)	53.1%	53.6%	**55.0%**	1.5 pp	1.9 pp	51.8%	**54.3%**	2.5 pp
Operating Efficiency Ratio (6)	2.8%	2.9%	**3.1%**	0.2 pp	0.2 pp	2.8%	**3.0%**	0.2 pp
Liquidity Ratio (7)	100.0%	90.8%	**90.1%**	(0.7 pp)	(9.9 pp)	100.0%	**90.1%**	(9.9 pp)
Asset Quality:								
Past Due Loan Ratio	2.3%	2.4%	**2.4%**	0.0 pp	0.1 pp	2.3%	**2.4%**	0.1 pp
Coverage Ratio	123.3%	137.1%	**135.8%**	(1.3 pp)	12.4 pp	123.3%	**135.8%**	12.4 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.

- **Net Interest Income**

Net Interest Income-Banorte *(Million Pesos)*	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10
Interest Income	10,341	10,369	**10,442**	1%	1%	20,495	**20,811**	2%
Interest Expense	5,166	4,818	**4,889**	1%	(5%)	10,107	**9,707**	(4%)
Loan Origination Fees	140	159	**174**	10%	25%	302	**332**	10%
Fees Paid	34	35	**39**	9%	15%	61	**74**	21%
Net Interest Income	**5,281**	**5,674**	**5,689**	**0%**	**8%**	**10,629**	**11,362**	**7%**
Provisions	1,300	1,337	**1,243**	(7%)	(4%)	3,046	**2,580**	(15%)
Net Interest Income Adjusted for Credit Risk	**3,980**	**4,337**	**4,445**	**2%**	**12%**	**7,583**	**8,782**	**16%**
Average Interest Earning Assets	525,586	532,004	**535,987**	1%	2%	525,586	**534,258**	2%
Net Interest Margin (1)	4.0%	4.3%	**4.2%**	(0.0 pp)	0.2 pp	4.1%	**4.3%**	0.2 pp
NIM after Provisions (2)	3.0%	3.3%	**3.3%**	0.1 pp	0.3 pp	2.9%	**3.3%**	0.4 pp

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

- **Non Interest Income**

Non Interest Income *(Million Pesos)*	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10
Services	1,190	1,205	**1,276**	6%	7%	2,357	**2,482**	5%
Recovery	224	220	**284**	29%	27%	419	**504**	20%
Trading	512	200	**189**	(5%)	(63%)	1,018	**388**	(62%)
Other Operating Income (Expense)	291	414	**582**	41%	100%	594	**996**	68%
Non Interest Income	**2,217**	**2,038**	**2,332**	**14%**	**5%**	**4,389**	**4,370**	**(0%)**

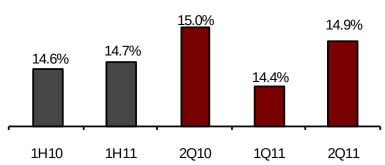
- **Non Interest Expenses**

Non Interest Expense *(Million Pesos)*	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10
Personnel	1,604	1,556	**1,880**	21%	17%	3,194	**3,436**	8%
Professional Fees	330	439	**354**	(19%)	7%	622	**793**	28%
Administrative and Promotional	907	859	**948**	10%	5%	1,677	**1,808**	8%
Rents, Depreciation & Amortization	471	501	**501**	0%	6%	938	**1,002**	7%
Taxes other than income tax & non deductible expenses	174	242	**194**	(20%)	11%	366	**436**	19%
Contributions to IPAB	283	302	**302**	(0%)	7%	559	**604**	8%
Employee Profit Sharing (PTU) (1)	215	233	**234**	0%	9%	423	**466**	10%
Non Interest Expense	**3,983**	**4,132**	**4,414**	**7%**	**11%**	**7,778**	**8,546**	**10%**

- **Net Income**

Accumulated Net Income for Banco Mercantil del Norte (without the Afore by the participation method) was Ps 3.33 billion during 1H11, 12% higher than that registered in 1H10, mainly due to greater Total Income as a result of an increase in Net Interest Income, and lower provisions. During 2Q11, Net Income grew by 6% QoQ, reaching Ps 1.71 billion as a consequence of greater Total Income due to higher Non Interest Income (service fees and recoveries), and less provisions.

ROE
(Banco Mercantil del Norte)



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

IXE BANCO

Income Statement and Balance Sheet Highlights-Ixe Banco *(Million Pesos)*	2Q11
Income Statement	
Net Interest Income	480
Non Interest Income	347
Total Income	827
Non Interest Expense	693
Provisions	47
Operating Income	87
Net Income Before taxes	96
Taxes	(23)
Subsidiaries & Minority Interest	9
Net Income	119
Balance Sheet	
Performing Loans (a)	30,066
Past Due Loans (b)	226
Total Loans (a+b)	30,292
Total Deposits	31,862
Demand Deposits	13,693
Time Deposits	18,169
Equity	4,474

- **Portfolio and Deposits**

The Performing Loan Portfolio of Ixe Banco was Ps 30.07 billion, representing 9.6% of GFNorte's performing loan portfolio. Ixe Banco's Deposits totaled Ps 31.86 billion, which represents 9.5% of the total of Grupo Financiero Banorte.

- **Net Interest Income**

Net Interest Income-Ixe Banco *(Million Pesos)*	2Q11
Interest Income	1,232
Interest Expense	782
Loan Origination Fees	30
Fees Paid	-
Net Interest Income	480
Provisions	47
Net Interest Income Adjusted for Credit Risk	433

Ixe Banco's Net Interest Income represents 7% of GFNorte's total Net Interest Income.

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

- **Non Interest Income**

Non Interest Income (Million Pesos)	2Q11
Services	162
Recovery	-
Trading	163
Other Operating Income (Expense)	23
Non Interest Income	**347**

Ixe Banco's Non Interest Income represents 12% of GFNorte's total Non Interest Income.

- **Non Interest Expense**

Non Interest Expense (Million Pesos)	2Q11
Personnel	349
Professional Fees	22
Administrative and Promotional	138
Rents, Depreciation & Amortization	109
Taxes other than income tax & non deductible expenses	45
Contributions to IPAB	30
Employee Profit Sharing (PTU) (1)	-
Non Interest Expense	**693**

Ixe Banco's Non Interest Expense represents 12% of the GFNorte's total expenses.

- **Net Income**

Ixe Banco's quarterly Net Income was Ps 119 million, representing 6% of GFNorte's Net Income. Profits were driven by positive operating leverage, as well as fewer provisions.

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

Operating Results-Banorte USA *MEX GAAP (Million Pesos)*	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10
Net Interest Income	162	161	**163**	1%	0%	369	**324**	(12%)
Non Interest Income (1)	96	27	**95**	256%	(2%)	173	**121**	(30%)
Total Income	258	188	**257**	37%	(0%)	542	**445**	(18%)
Non Interest Expense	182	171	**164**	(4%)	(10%)	355	**335**	(6%)
Provisions	(22)	(0)	**43**		(291%)	106	**43**	(60%)
Operating Income	99	17	**51**	201%	(49%)	81	**67**	(17%)
Net Income	66	12	**34**	187%	(48%)	56	**46**	(17%)

1. In 2Q11, Ps 28 million were reclassified to the item of Provisions for the loss in portfolio sales, which were registered in Non Interest Income in 1Q11.

Under the generally accepted accounting principles in Mexico (MEX GAAP), the 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 34 million in 2Q11, increasing 187% QoQ, mainly due to an increase in Non Interest Income and a decline in Non Interest expenses. Net Income for 1H11 was Ps 46 million, a (17%) YoY decline from 1H10 due to reduced revenues.

II. Inter National Bank (US GAAP)

INCOME STATEMENT & BALANCE SHEET HIGHLIGHTS - InterNational Bank *Figures in US GAAP (Millon Dollars)*	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10
Income Statement								
Net Interest Income	14	14	**14**	3%	0%	29	28	(3%)
Non Interest Income	5	(8)	**16**	310%	227%	9	8	(2%)
Total Income	19	6	**31**	389%	58%	38	37	(3%)
Non Interest Expense	13	12	**12**	(1%)	(2%)	24	25	3%
Loan Loss Reserves	7	(1)	**14**	1194%	106%	17	13	(27%)
Operating Income	(0)	(5)	**4**	187%	5750%	(3)	(1)	82%
Net Income	0	(3)	**3**	193%	4894%	(2)	(0)	90%
Balance Sheet								
Investments in Securities	536	711	**749**	5%	40%	536	749	40%
Performing Loans	991	849	**823**	(3%)	(17%)	991	823	(17%)
Past Due Loans	72	40	**36**	(10%)	(49%)	72	36	(49%)
Demand Deposits	688	794	**798**	1%	16%	688	798	16%
Time Deposits	1,032	1,109	**1,062**	(4%)	3%	1,032	1,062	3%
Total Deposits	1,720	1,903	**1,860**	(2%)	8%	1,720	1,860	8%
Equity	405	390	**400**	3%	(1%)	405	400	(1%)

1. In 2Q11, $12 million US dollars in losses related to portfolios sales that were registered as Non interest income in 1Q11 were reclassified as Provisions.

Financial Ratios *INB* ***Figures in US GAAP***	1Q10	4Q10	1Q11	QoQ	YoY
Profitability:					
NIM	3.40%	3.10%	**3.10%**	**0.0 pp**	**(0.3) pp**
ROE	-2.10%	-1.30%	**-3.10%**	**(1.8) pp**	**(1.0) pp**
ROA	-0.40%	-0.20%	**-0.50%**	**(0.3) pp**	**(0.1) pp**

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

Operational:					
Efficiency Ratio	61.90%	121.40%	**198.60%**	**77.2 pp**	**136.7 pp**
Asset Quality:					
Past Due Loan Ratio	11.40%	8.80%	**4.50%**	**(4.3) pp**	**(6.9) pp**
Coverage Ratio	21.40%	30.70%	**60.00%**	**29.3 pp**	**38.6 pp**
Capitalization:					
Leverage Ratio	9.00%	9.00%	**8.40%**	**(0.6) pp**	**(0.6) pp**
Capitalization Ratio	17.40%	18.60%	**19.80%**	**1.2 pp**	**2.5 pp**

Under the generally accepted accounting principles in the United States (US GAAP), Inter National Bank (INB) reported Net Income of US $3 million in 2Q11, a 193% increase from 1Q11, due to an increase in Non Interest Income. Net Income for 1H11 is US $(0.2) million, an improvement compared to the US ($2) million loss registered during the same semester of last year, as a result of lower provisions.

With respect to INB's assets, this bank has an investment portfolio of US $749 million concentrated mainly on mortgage-backed securities which increased by US $214 million or 40% YoY, and US $39 million or 5% QoQ. The underlying quality of the mortgages that back these securities is rated AAA, since they have an implicit guarantee from the US government. At closing of 2Q11 the portfolio has an unrealized gain for the valuation of these securities of US $11 million and the average weighted maturity of the portfolio was 4.1 years.

Deposits totaled US $1.86 billion, increasing by US $140 million or 8% YoY, but decreasing by US $43 million or (2%) QoQ. Performing loans were US $823 million, declining by US $168 million or (17%) YoY and US $25 million or (3%) QoQ due to regulatory restrictions that limit growth in INB's portfolio, while PDL's were US $36 million, a decline of US $35 million or (49%) YoY and US $4 million or (10%) QoQ as a result of the strategy adopted by the bank to reduce Classified Assets.

The capitalization and leverage ratios remain strong. The Capitalization Ratio at closing of 2Q11 was 20.9% and the Leverage Ratio was 8.6%. The NPL Ratio declined by (2.5) pp YoY to 4.2% and the Reserve Coverage increased by 27.2 pp YoY to 68.0%.

Profitability indicators improved compared to the previous quarter. ROE increased to 2.9% and ROA to 0.5%, while NIM increased to 3.4%.

III. Solida USA

In order to reduce the level of Classified Assets and achieve a ratio within the accepted levels by the OCC, INB's regulator in the United States, the bank sold loan portfolio that will be managed by "Solida USA", Banorte's recovery subsidiary in the United States.

The first sale of foreclosed assets was held in November 2010 with a book value of US $62 million, representing 67% of INB's total foreclosed assets.

In March 2011 the second portfolio sale was made with a book value of US $73.2 million to Banco Mercantil del Norte, representing 38% of INB's total classified assets.

As a result of the portfolio sale, the ratio of classified assets to basic capital was significantly reduced. At closing of 2Q11, this ratio was 57.5%.

Solida USA's assets under management are comprised in the following manner:

Solida Mexico Foreclosed Assets:	US 53 million
Banorte Assets:	US 77 million
INB Classified Assets:	US 117million
Total:	US 247 million

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)	1H10	1H11	Change 1H10
Net Interest Income	(108)	(134)	24%
Loan Loss Provisions	14	9	(35%)
Non Interest Income	1,080	1,181	9%
Non Interest Expense	449	452	1%
Pre-tax Income & Subsidiaries	509	586	15%
Income Tax and Profit Sharing	156	176	13%
Net Income	**353**	**410**	**16%**

Assets Under Management (Million Pesos)	2Q11	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
Banking Sector Portfolio- Banorte:	**40,191**	Banorte's Portfolio and Repossessed Assets	Net Interest Income and Other Revenues and Expenses
Loans purchased and managed:	**34,843**	Solida Asset Management and Banorte	Non Interest Income and Other Revenues and Expenses (Sólida / Banorte)
Investment Projects (1):	**5,591**	Solida Asset Management and Banorte	Ingreso No Financiero
Banking Sector Portfolio- Ixe:	**5,250**	Ixe's Portfolio and Repossessed Assets	Net Interest Income and Other Revenues and Expenses
Total	**85,875**		

(1) Since May 2011 investment projects are managed by Wholesale Banking.

- Banorte's Ps 40.2 billion assets managed by the Recovery Banking at closing of 2Q11, were composed as follows: 29% corresponds to Credit cards, 25% to Mortgage, 13% to Crediactivo, 9% to Corporate, 7% to payroll loans, 6% to car loans, 3% to Corporate, 3% Commercial, 3% to foreclosed assets, 1% to individual loans and 1% to Pronegocio. Revenues generated by this portfolio in 1H11 were Ps 470 million, a 14% YoY growth.

- At closing of 2Q11, of Ps 34.8 billion in acquired portfolios managed by the Recovery Banking, 32% corresponds to mortgages, 30% to commercial and business loans, 19% are managed on behalf of the SHF, 12% to real estate portfolios, and 7% to foreclosed assets and payments in kind. Revenues generated by these portfolios in 1H11 were Ps 235 million, a 2% AoA increase.

- Ixe's total assets of Ps 5.3 billion managed by the Recovery Banking at closing of 2Q11 were composed as follows: 44% corresponds to Business loans, 24% to Consumer loans, 22% to Mortgages and 10% to foreclosed assets.

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

BROKERAGE

Brokerage Sector (Million Pesos)	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10
Brokerage								
Net Income	75	97	**95**	(3%)	26%	153	**192**	26%
Shareholder's Equity	1,579	1,967	**2,811**	43%	78%	1,579	**2,811**	78%
Assets Under Custody	148,598	181,840	**488,454**	169%	229%	148,598	**488,454**	229%
Total Assets	13,737	14,497	**37,048**	156%	170%	13,737	**37,048**	170%
ROE	19.5%	20.2%	**15.9%**	(4.3 pp)	(3.6 pp)	20.5%	**17.3%**	(3.2 pp)
Net Capital								
Net Capital	1,320	1,664	**2,264**	36%	72%	1,320	**2,264**	72%

- **Net Income**

The Brokerage Sector (Casa de Bolsa Banorte, Ixe Casa de Bolsa and Ixe Fondos) reported Net Income of Ps 192 million in 1H11, a 26% increase from 1H10. On a quarterly basis, Net Income was Ps 95 million, increasing by 26% YoY vs. 2Q10 and decreasing by (3%) QoQ vs. 1Q11. Annual profits were driven by more revenues from trading, commissions and fees, which offset an increase in operating expenses. On a quarterly basis, net income is affected by lower trading revenues.

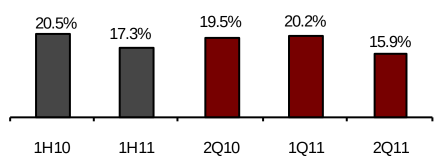
- **Mutual Funds**

At closing of 2Q11, AUMs for Banorte-Ixe's mutual funds were Ps 76 billion, an annual growth of 13% compared to the combined balance of both banks in 2010. Assets managed in fixed income mutual funds were Ps 66.2 billion, a 14% YoY growth, while assets managed in equity mutual funds were Ps 9.9 billion, a 19% YoY growth. As of June, Banorte-Ixe's market share in mutual funds was 6%, 6.3% in fixed income mutual funds and 4.3% in equity funds.

- **Assets Under Custody**

At closing of 2Q11, Assets under Custody totaled Ps 488.5 billion, a 229% YoY and 169% QoQ increase mainly due to the integration of the Ixe Casa de Bolsa and Ixe Fondos' assets amounting to Ps 293.2 billion. This growth was also due to an increase in deposits from Banorte's Wholesale banking clients.

ROE
(BROKERAGE SECTOR)



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

Broker Dealer - Banorte

Brokerage-Banorte *(Million Pesos)*	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10
Brokerage								
Net Income	75	97	**57**	(41%)	(24%)	153	**155**	1%
Shareholder's Equity	1,579	1,967	**2,009**	2%	27%	1,579	**2,009**	27%
Assets Under Custody	148,598	181,840	**195,250**	7%	31%	148,598	**195,250**	31%
"TotalAssets	13,737	14,497	**14,285**	(1%)	4%	13,737	**14,285**	4%
ROE	19.5%	20.2%	**11.5%**	(8.7 pp)	(8.0 pp)	20.5%	**15.8%**	(4.7 pp)
Net Capital								
Net Capital	1,320	1,664	**1,699**	2%	29%	1,320	**1,699**	29%

Broker Dealer - Ixe

Brokerage-Ixe *(Million Pesos)*	2Q11
Brokerage	
Net Income	**27**
Shareholder's Equity	**706**
Assets Under Custody	**255,718**
Total Assets	**22,636**
ROE	**30.6%**
Net Capital	
Net Capital	**565**

Ixe Fondos *(Million Pesos)*	2Q11
Brokerage	
Net Income	**11**
Shareholder's Equity	**96**
Assets Under Custody	**37,486**
Total Assets	**171**
ROE	**88.3%**
Net Capital	
Net Capital	**0**

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

LONG TERM SAVINGS

LONG TERM SAVINGS	2Q10	1Q11	2Q11	Change		1H10	1H11	Change
(Million Pesos)				QoQ	YoY			1H10
Afore								
Net Income	79	87	**108**	24%	36%	182	**195**	7%
Shareholder's Equity	1,521	1,867	**1,975**	6%	30%	1,521	**1,975**	30%
Total Assets	1,748	2,051	**2,228**	9%	27%	1,748	**2,228**	27%
AUM (SIEFORE)*	78,748	85,615	**91,190**	7%	16%	78,748	**91,190**	16%
ROE	21.5%	19.1%	**22.5%**	3.5 pp	1.1 pp	25.3%	**20.8%**	(4.5 pp)
Insurance (1)								
Net Income	104	188	**136**	(28%)	31%	241	**325**	35%
Shareholder's Equity	2,611	2,625	**2,761**	5%	6%	2,611	**2,761**	6%
Total Assets	13,429	13,903	**15,320**	10%	14%	13,429	**15,320**	14%
Technical Reserves	8,700	8,757	**8,919**	2%	3%	8,700	**8,919**	3%
Premiums sold	1,681	2,513	**2,804**	12%	67%	3,599	**5,317**	48%
Coverage ratio of technical reserves	1.3	1.2	**1.3**	0.0 pp	(0.0 pp)	1.3	**1.3**	(0.0 pp)
Capital coverage ratio of minimum guarantee	2.1	1.7	**2.0**	0.3 pp	(0.1 pp)	2.1	**2.0**	(0.1 pp)
Coverage ratio of minimum capital requirement	N.A.	N.A.	**N.A.**	-	-	N.A.	**N.A.**	-
Coverage ratio of minimum capital	31.5	31.0	**31.0**	0.0 pp	(0.5 pp)	31.5	**31.0**	(0.5 pp)
ROE	16.2%	29.8%	**20.3%**	(9.5 pp)	4.0 pp	19.3%	**24.9%**	5.6 pp
Annuities (1)								
Net Income	(9)	(18)	**6**	(131%)	(166%)	1	**(13)**	(1876%)
Shareholder's Equity	1,017	1,010	**1,016**	1%	(0%)	1,017	**1,016**	(0%)
Total Assets	21,346	27,336	**29,356**	7%	38%	21,346	**29,356**	38%
Technical Reserves	19,930	26,090	**28,040**	7%	41%	19,930	**28,040**	41%
Premiums sold	1,643	1,783	**2,324**	30%	41%	2,942	**4,107**	40%
Coverage ratio of technical reserves	1.0	1.0	**1.0**	(0.0 pp)	(0.0 pp)	1.0	**1.0**	(0.0 pp)
Capital coverage ratio of minimum guarantee	2.4	1.4	**2.1**	0.7 pp	(0.3 pp)	2.4	**2.1**	(0.3 pp)
Coverage ratio of minimum capital requirement	N.A.	N.A.	**N.A.**	-	-	N.A.	**N.A.**	-
Coverage ratio of minimum capital	8.5	8.1	**8.1**	0.0 pp	(0.3 pp)	8.5	**8.1**	(0.3 pp)
ROE	(3.5%)	(7.3%)	**2.3%**	9.5 pp	5.8 pp	0.1%	**(2.5%)**	(2.6 pp)

1. As of January 2011, new accounting criteria came into effect and as a result, the information for the Insurance and Annuities companies are consolidated in GFNorte.

- **Afore**

In 1H11, the Afore reported net income of Ps 195 million (51% corresponds to Banorte), a 7% YoY increase due to8% growth in revenues and a 3% reduction in expenses, mainly operational and service costs; profits increased by 36% vs. 2Q10. On a quarterly basis, net income increased by 24% QoQ vs. 1Q11 mainly due to the 7% growth in operating income and a recovery in financial products. At closing of 2Q11, the Afore managed Ps 91.2billion in assets, an increase of 16% YoY and 7% QoQ as a result of better fund returns.

Banorte's market share in managed funds was 6.2%, ranking 7th in the market.

At closing of 2Q11, the Afore had a total of 3.89 million affiliates, with a 9.2% participation of the total affiliates in the system and certified accounts.

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

- **Insurance**

Profits were Ps 325 million in 1H11 (51% corresponds to GFNorte), 35% YoY growth due to a 2% recovery in financial products and to higher amounts of issued and earned premiums, generating an 18% increase in operating income, which grew at a faster pace than expenses; profits grew by 31% compared to 2Q10. Insurance profits would be Ps 389 million when eliminating the impact of losses from the sale of securities in the investment portfolio. On a quarterly basis, net income declined by (28%) QoQ vs. 1Q11, due to negative operating leverage, especially from higher growth in sales and acquisition costs which increased by 29% and damage costs which rose by 15% QoQ, as well as the payment of Ps 34.5 million to Royal Sun Alliance to terminate the exclusivity agreement signed with Ixe and start selling insurance through Ixe's branch network.

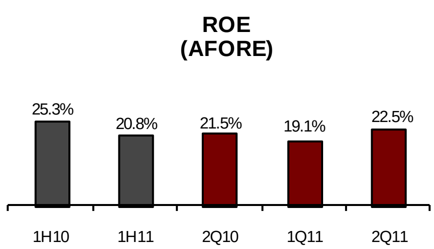
Issued premiums increased by 48% YoY and 12% QoQ, reaching Ps 5.32 billion, while accrued premiums rose to Ps 3.23 billion at closing of 2Q11, growing by 21% YoY and 9% QoQ.

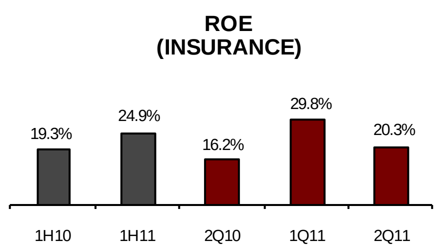
Technical reserves totaled Ps 8.92 billion, increasing by 3% YoY and 2% QoQ.

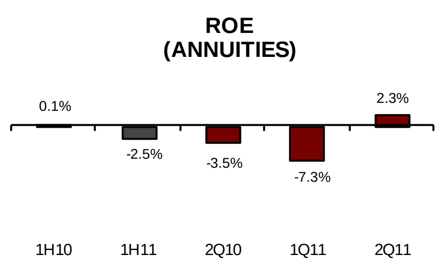
- **Annuities**

Annuities reported net income of Ps (13) million in 1H11 (51% corresponds to GFNorte), as a result of a decline in financial products, increased expenses for the payment of pensions and write-offs and losses related to the clean-up of the investment portfolio. When eliminating the impact of these extraordinaries, net income would have been Ps 41 million in 1H11.

On a quarterly basis, net income was Ps 6 million, growing by 131% QoQ, due to higher operating revenues. When excluding the impact of extraordinaries, net income would have been Ps 17 million during 2Q11.







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

OTHER FINANCE COMPANIES

Other Finance Companies (1) (Million Pesos)	2Q10	1Q11	2Q11	Change QoQ	Change YoY	1H10	1H11	Change 1H10
Leasing and Factoring								
Net Income	103	139	**159**	15%	54%	206	**297**	45%
Shareholder's Equity	1,692	2,068	**2,227**	8%	32%	1,692	**2,227**	32%
Loan Portfolio (1)	13,558	16,648	**16,738**	1%	23%	13,558	**16,738**	23%
Past Due Loans	136	119	**108**	(10%)	(21%)	136	**108**	(21%)
Loan Loss Reserves	237	286	**286**	(0%)	21%	237	**286**	21%
Total Assets	13,380	16,451	**16,520**	0%	23%	13,380	**16,520**	23%
ROE	25.2%	27.7%	**29.6%**	1.8 pp	4.4 pp	25.9%	**28.7%**	2.8 pp
Warehousing								
Net Income	12	11	**9**	(22%)	(27%)	15	**20**	28%
Shareholder's Equity	163	217	**226**	4%	39%	163	**226**	39%
Inventories	35	40	**201**	408%	468%	35	**201**	468%
Total Assets	190	505	**346**	(31%)	82%	190	**346**	82%
ROE	29.8%	20.7%	**15.4%**	(5.2 pp)	(14.4 pp)	19.9%	**18.0%**	(1.9 pp)
Ixe Automotriz								
Net Income	-	-	**13**	-	-	-	**13**	-
Shareholder's Equity	-	-	**320**	-	-	-	**320**	-
Loan Portfolio (1)	-	-	**1,454**	-	-	-	**1,454**	-
Past Due Loans	-	-	**70**	-	-	-	**70**	-
Loan Loss Reserves	-	-	**61**	-	-	-	**61**	-
Total Assets	-	-	**1,559**	-	-	-	**1,559**	-
ROE	0.0%	0.0%	**31.6%**	31.6 pp	31.6 pp	0.0%	**23.7%**	23.7 pp
Fincasa Hipotecaria								
Net Income	-	-	**18**	-	-	-	**18**	-
Shareholder's Equity	-	-	**693**	-	-	-	**693**	-
Loan Portfolio (1)	-	-	**4,067**	-	-	-	**4,067**	-
Past Due Loans	-	-	**230**	-	-	-	**230**	-
Loan Loss Reserves	-	-	**238**	-	-	-	**238**	-
Total Assets	-	-	**4,709**	-	-	-	**4,709**	-
ROE	0.0%	0.0%	**20.8%**	20.8 pp	20.8 pp	0.0%	**15.6%**	15.6 pp

1. Includes pure leasing portfolio registered in property, furniture and equipment (net).

- **Leasing and Factoring**

Arrendadora and Factor Banorte generated profits of Ps 297 million for 1H11, 45% higher YoY resulting from 23% growth in the loan portfolio and an improvement in the funding costs. Profits for 2Q11 increased by 54% YoY vs. 2Q10. On a quarterly basis, profits totaled Ps 159 million, a 15% QoQ increase vs. 1Q11, driven by growth in the portfolio, increased collection revenues and reduced administrative expenses. At closing of 2Q11 the NPL ratio was 0.6%, declining by 0.1 percentage points (pp) QoQ and 0.3 pp YoY, while the Capitalization Ratio was 13.5%, considering average risk assets of Ps 17.42 billion.

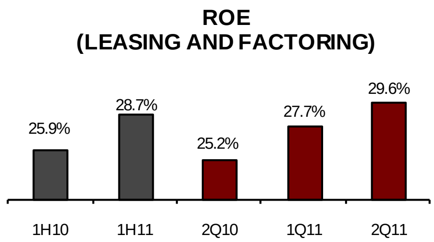
Arrendadora and Factor Banorte was ranked in 1st place in terms of portfolio size among the 39 companies of this sector in accordance to the information available to date.

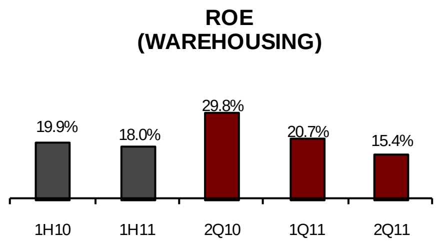
According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

- **Warehouse**

Net income for Warehousing was Ps 20 million in 1H11, 28% higher YoY vs. 1H10 due to increased revenues related to the commercialization of inventories, higher enabling operations and logistics services. On a quarterly basis, profits of Ps 9 million declined by 22% QoQ and 27% YoY, due to reduced business activity.

At closing of 2Q11 the Capitalization Ratio was 9.4% considering Ps 2.31 billion in total certificates at risk in circulation. The Warehouse ranks 2nd amongst 20 Warehousing Companies in terms of generated profits.





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

OTHER COMPANIES

Other Companies *(Million Pesos)*	**2Q11**
Ixe Soluciones	
Net Income	**(18)**
Shareholder's Equity	**408**
Loan Portfolio (1)	**416**
Past Due Loans	**311**
Loan Loss Reserves	**191**
Total Assets	**1,504**
ROE	**-36.0%**
Ixe Servicios	
Net Income	**2**
Shareholder's Equity	**22**
Total Assets	**33**
ROE	**72.3%**

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 & Poor's	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**	March, 2011
Fitch	Banorte Grupo Financiero Banorte	Stable BBB BBB F2 F2 C 2 5 BBB- NF (Not Floor)	**Outlook** **Long Term Foreign currency** **Long Term Local currency** **Short Term Local Currency** **Short Term Foreign Currency** **Individual - Foreign Currency** **Support Rating-Banorte** **Support Rating-GFNorte** **Support Rating Floor-Banorte** **Support Rating Floor -GFNorte**	April, 2011
Moody's	Banorte	Stable 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**	August, 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**	August, 2010
Moody's	Banorte	A3	**Senior Notes**	August, 2010
Moody's	Casa de Bolsa Banorte	Stable A3 P-2	**Outlook** **Issue Rating Long Term** **Issue Rating ShortTerm**	August, 2010

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	April, 2011
	Arrendadora y Factor Banorte	AA + (mex) F1 + (mex) AA + (mex) F1 + (mex)	Medium and Long Term Short Term Long term for local issues of senior unsecured debt	April, 2011
Moody's Domestic Scale	Banorte	Aaa.mx MX-1	Long Term Deposits ShortTerm Deposits	August, 2010
	Arrendadora y Factor Banorte	Aaa.mx MX-1	Issue Rating in Domestic Scale Long Term Issue Rating in Domestic Scale ShortTerm	August, 2010
	Banorte	Aa1.mx	Long term Mexican National Scale junior subordinated debt	October, 2009
Other Ratings				
Fitch	Seguros Banorte Generali	AA (mex)	Insurance Financial Strength	April, 2011
Fitch	Casa de Bolsa Banorte	Stable F1 + (mex) AA +(mex) Stable	Outlook Short term counterparty risk Outlook	April, 2011
Moody's	Casa de Bolsa Banorte	Aaa.mx MX-1	Issue Rating Long Term Issue Rating ShortTerm	August, 2010

Ixe's Ratings

Rating Agency	Rated Institution	Rating	Category	Date
Standard & Poor's	Ixe Banco	mxA-1+ mxAA	Counterparty credit - short term Counterparty credit - long term	
	Ixe Casa de Bolsa	mxA-1+ mxAA	Counterparty credit - short term Counterparty credit - long term	
	Fincasa Hipotecaria	mxA-2 mxA-	Counterparty credit - short term Counterparty credit - long term	
	Ixe Automotriz	mxA-2 mxA	Counterparty credit - short term Counterparty credit - long term	
Fitch	Ixe Banco	BBB' F2' BB+' BB+' AA+ F1+	Long-term foreign an local currency Short-term foreign and local currency Junior subordinated perpetual notes Junior subordinated notes National Scale - long term rating National Scale - short term rating	Feb-11
	Ixe Casa de Bosa	AA+(mex)' F1+(mex)'	National Scale - long term rating National Scale - short term rating	Feb-11
	Fincasa Hipotecaria	AA+(mex)' F1+(mex)' F1+(mex)'	National Scale - long term rating National Scale - short term rating National Scale - short term rating	Feb-11
	Ixe Automotriz	AA+(mex)' F1+(mex)' F1+(mex)'	National Scale - long term rating National Scale - short term rating National Scale - short term Senior Notes	Feb-11

INFRASTRUCTURE

INFRASTRUCTURE	2Q10	1Q11	2Q11
Employees	19,340	20,093	**24,504**
Banking (1)	15,553	15,996	**19,196**
Other	3,787	4,097	**5,308**
Branches (2)	1,102	1,142	**1,311**
INB	20	20	20
Pronegocio	0	0	0
ATM's	4,685	5,014	**6,222**

1. Includes INB since 4Q06 and Uniteller since 1Q07.
2. 5 banking modules are considered as branches. Does not include Remote Tellers. Does not include 1 branch in the Cayman Islands.

- At closing of 2Q11 there were 1,311 branches, 169 more than in 1Q11, a 15% QoQ increase. In the last 12 months, 209 branches were added, of which 165 were part of the merger with Ixe, a 19% annual growth.

- In the last 12 months 1,537 ATMs were enabled, a 33% annual growth, increasing the network to 6,222 ATM's at the end of 2Q11 due to organic growth and the signing of an agreement with Cardtronics in March 2011 to increase our network by 2,000 ATMs by the end of 2011. Also, 17,029 Point of Sale Terminals (POS) were activated during the quarter, of which 12,331 correspond to Ixe, totaling 79,885 POSs installed by the end of June, an annual growth of 27%.

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	2Q11
Banco Mercantil Del Norte, S.A. (1)	**92.72%**
Banorte USA (2)	**100.00%**
Retirement Funds – Afore (2)	**51.00%**
Brokerage House-Banorte	**100.00%**
Leasing and Factoring	**100.00%**
Warehouse	**100.00%**
Annuities	**51.00%**
Insurance	**51.00%**
Ixe Banco, S.A.	**100.00%**
Ixe Casa De Bolsa, S.A. De C.V.	**100.00%**
Ixe Fondos, S.A. De C.V.	**100.00%**
Ixe Servicios, S.A. De C.V.	**100.00%**
Ixe Automotriz, S.A. De C.V.	**100.00%**
Ixe Soluciones, S.A. De C.V.	**100.00%**
Fincasa Hipotacaria, S.A. De C.V.	**100.00%**

1. As a result of the merger with Pronegocio on August 31st, 2009. Reflects the IFC investment in capital of Banco Mercantil del Norte because the operation was finalized in 4Q09.
2. Subsidiary of Banco Mercantil del Norte. Banorte USA owns 100% of Uniteller and 100% of INB Financial Corp.

Holding Company Capital Structure	
Number of Shares	**SERIE O** As of June 2011
Number of Shares Outstanding	2,326,357,782
Shares held in the bank's Treasury	0

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

Group Officers 2Q11	
NAME	**CURRENT POSITION**
Alejandro Valenzuela del Río	GFNorte's Chief Executive Officer
BUSINESS UNITS	
Enrique Castillo Sanchez Mejorada	Co- Managing Director – Wholesale Banking
Marcos Ramírez Miguel	Co- Managing Director – Wholesale Banking
Patricio Rafael Rodriguez Chapa	Managing Director – Wealth and Asset Management
Luis Ernesto Pietrini Sheridan	Managing Director – Private Banking
Victor Antonio Roldan Ferrer	Managing Director – Transactional Corporate Banking
Jose Armando Rodal Espinosa	Managing Director – Business & Corporate Banking
Carlos Eduardo Martínez González	Managing Director – Government Banking
Alfredo Thorne Vetter	Managing Director – Investment Banking
Javier Molinar Horcasitas	Managing Director – Banorte-Ixe's Integration
Jesús Garza Martínez	Managing Director – Retail and Commercial Banking
Manuel Romo Villafuerte	Managing Director –Ixe Banco
Fernando Solís Soberón	Managing Director – Long Term Savings
Carlos Garza	Managing Director – Banorte USA
Luis Fernando Orozco	Managing Director – Asset Recovery
STAFF	
Alejandro Garay Espinosa	Managing Director – Corporate Services
Benjamin Vidargas Rojas	Managing Director - Audit
Carla Juan Chelala	Managing Director - Marketing
Héctor Martín Ávila Flores	Co- Managing Director - Legal
Armando Rivero Laing	Co- Managing Director - Legal
Javier Márquez Diez-Canedo	Managing Director - Risk
Guillermo Güemez Sarre	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

Mexico D.F. July 25th, 2011. Grupo Financiero Banorte (GFNORTE) reported today its operating results at closing of June 2011, integrating for the first time Ixe's subsidiaries, as a result of the merger that materialized on April 15th, 2011. For the eighth consecutive quarter, GFNORTE has increased its profits, reaching Ps 2.05 billion during 1Q11, an increase of 24% compared to the same quarter of 2010 and 13% higher than in 1Q11. Banco Mercantil del Norte contributed with 75% of these profits, reaching Ps 1.54 billion, while Ixe Banco contributed with 6%, reaching Ps 119 million. During 1H11, net income was Ps 3.86 billion, a 19% increase from 1H10.

The return on equity (ROE) for 1H11 was 13.0%, (2.4) pp less than in 1H10 mainly due to the 57% increase in equity due to the merger with Ixe, while the return on assets (ROA) was 1.1%, maintaining the same level compared to the same period of the previous year.

Deposits and Net Interest Income

Deposits grew by 23% YoY, mainly driven by growth in demand deposits and retail time deposits, increasing from Ps 221 billion in 2Q10 to Ps 272 billion in 2Q11.

During 2Q11, Net Interest Income was Ps 7.37 billion, an increase of 33% YoY and 17% QoQ, driven mainly by greater loan volumes and stable funding costs. In 1H11, Net Interest Income was Ps 13.65 billion, a 23% YoY increase vs. 1H10 and 8% higher on a comparable basis when excluding the revenues from the Insurance and Annuities companies and the Net Interest Income generated by Ixe.

Loan Portfolio

At closing of 1H11, Performing Loans increased by 29% YoY and 15% QoQ, reaching a balance of Ps 311.93 billion. For the fifth consecutive quarter, the loan portfolio shows continuous growth in most segments (except for Credit cards) as a result of the bank's strategies to reactivate loan originations, the merger with Ixe, as well as greater demand in the industry. Over the next 12 months, we expect continued favorable trends in credit growth in the banking industry.

Commercial loans totaled Ps 113.88 billion, a 38% YoY and 30% QoQ growth, mainly due to the merger with Ixe (Ixe's Commercial portfolio totals Ps 20.82 billion, and is the main component of its loan portfolio), as well as an increase in middle market company loans' sales, leasing and factoring and the reactivation of the Crediactivo (fixed asset loan) product. The **Corporate** portfolio was Ps 51.36 billion, a 31% YoY and 12% QoQ increase due to the reactivation of loans in this sector and the merger with Ixe. **Government** loans totaled Ps 55.42 billion, increasing by 34% YoY and 8% QoQ; the quarterly growth was mainly driven by the merger with Ixe, but the annual growth was due to Banorte's strategy to satisfy the financial needs of State and Municipal governments, turning this sector into one of the most dynamic in terms of loan placement for the Financial Group in the last few months.

Consumer loans, including mortgages, increased by 16% YoY and 6% QoQ. It is important to emphasize that Mortgages maintained favorable trends, finishing the quarter with a balance of Ps 60.32 billion, a 15% YoY and 6% QoQ increase, making Banorte one of the banks with the highest growth in loan volumes this segment. Payroll loans registered a balance of Ps 10.91 billion, an increase of 47% YoY and 16% QoQ, as a result of campaigns to promote the payroll loan product and the growth in the number of payroll deposit accounts in Banorte-Ixe. Car loans increased by 14% YoY and 4% QoQ, as a result of promotional campaigns for this product and a recovery in car sales in the country. Credit cards declined by 2% YoY and 1% QoQ, reaching a total balance of Ps 10.87 billion, as a result of write-offs applied to this portfolio and more payments from clients.

GFNorte continues to show good asset quality, with its NPL Ratio being one of the lowest in the financial system at 2.4%, presenting a slight increase of 0.1 pp vs. 2Q10. At closing of 2Q11, Grupo Financiero Banorte had a past due loan balance of Ps 7.55 billion, 34% more than in 2Q10 and 16% higher than in 1Q11, driven by the integration of Ixe's PDL portfolio and a slight deterioration in the quality of the consumer and mortgage portfolios.

The Group's reserve coverage was 135% at closing of 2Q11, higher compared to the 125% of 2Q10.

Efficiency

The Efficiency Ratio for 1H11 was 55.2%, 3.3 pp higher than the level registered during the same period last year; mainly as a result of including Ixe Grupo Financiero's expenses and other costs related with the merger process. The Efficiency Ratio for 2Q11 was 57.8%, a 4.6 pp increase vs. 2Q10.

Capitalization

The Capitalization Ratio was 15.6% at closing of 2Q11, (0.5) pp lower than in 1Q11.

Other Subsidiaries

In 2Q11, the contribution to profits from the Brokerage Sector (Banorte's Broker Dealer and Ixe's Broker Dealer and Mutual Funds) was Ps 95 million, a 26% YoY growth and a (3%) QoQ decline; During the first six months, this sector registered profits of Ps 192 million, 26% higher than 1H10. The Long Term Savings sector, which includes the Afore, Insurance and Annuities' companies, reported profits of Ps 124 million in 2Q11, a 44% YoY increase and a 3% QoQ decline; profits during 1H11 were Ps 251 million for this sector, 20% higher than 1H10. During 2Q11, Other Finance Companies comprised of Arrendadora and Factor Banorte (Factoring & Leasing) as well as Warehousing, Ixe Automotriz and Fincasa Hipotecaria registered profits of Ps 198 million, a 72% YoY and 32% QoQ increase; and during the first semester, net income totaled Ps 348 million, a 57% increase vs. 1H10. Also, Ixe Servicios registered profits of Ps 2 million, while Ixe Soluciones had a Ps 18 million loss during the quarter.

<u>Relevant Events of the Quarter</u>

In 2Q11, Banorte continued its efforts to strengthen its fundamentals and emerge a more solid institution that will take advantage of growth opportunities under a more favorable economic environment despite growing competition. These efforts are reflected in the following events:

- **Changes in Corporate Governance**

The Ordinary and Extraordinary Shareholders' Meetings held on July 21st formalized changes to the Board of Directors and proposals to adopt the best international practices in Corporate Governance. The most relevant resolutions passed by the Assembly were:

3. **<u>Changes to the Board of Directors</u>**

It was approved that the Board of Directors will be integrated by a maximum of 15 members, with at least 50% of the Board being Independent members in accordance to international best practices. Board members may be appointed for terms of up to 3 years, with the possibility of being re-elected, seeking to establish a generational balance.

As part of these changes, it was proposed to designate 5 new Board Members, seeking also to include some of Ixe Grupo Financiero's former Board members. As a result, Grupo Financiero Banorte's new Board of Directors is comprised of the following members:

PROPRIETARY MEMBERS			
	Name	**Position**	**Status**
1.	Roberto Gonzalez Barrera	Chairman Emeritus	Patrimonial
2.	Guillermo Ortiz Martinez	Chairman	Related
3.	Bertha Gonzalez Moreno		Patrimonial
4.	David Villarreal Montemayor		Patrimonial
5.	Manuel Saba Ades		Patrimonial
6.	Francisco Alcala de Leon		Independent
7.	Herminio Blanco Mendoza		Independent
8.	Everardo Elizondo Almaguer		Independent
9.	Patricia Armendariz Guerra		Independent
10.	Armando Garza Sada		Independent
11.	Hector Reyes Retana		Independent
12.	Juan Carlos Braniff Hierro		Independent
13.	Eduardo Livas Cantu		Independent

PROPRIETARY MEMBERS			
	Name	**Position**	**Status**
14.	Enrique Castillo Sanchez		Related
15.	Alejandro Valenzuela del Rio		Related

ALTERNATE MEMBERS		
	Name	**Status**
1.	*	
2.	Roberto Gonzalez Moreno	Patrimonial
3.	Juan Antonio Gonzalez Moreno	Patrimonial
4.	José G. Garza Montemayor	Patrimonial
5.	Alberto Saba Ades	Patrimonial
6.	Manuel Aznar Nicolin	Independent
7.	Javier Martinez Abrego	Independent
8.	Carlos Chavarria Garza	Independent
9.	Isaac Becker Kabacnik	Independent
10.	Ramón A. Leal Chapa	Independent
11.	Julio César Mendez Rubio	Independent
12.	Guillermo Mascareñas Milmo	Independent
13.	Alfredo Livas Cantu	Independent
14.	Javier Molinar Horcasitas	Related
15.	José Marcos Ramirez Miguel	Related

***The Chairman Emeritus has no Alternate**

4. Advisory Board and Regional Boards

In the same Shareholders' Meeting, the creation of these bodies was authorized and their respective operating rules were established.

The Advisory Board will serve as a consultation and advisory body to the Chairman of the Board, on topics related to the bank's development, new business opportunities or those issues that the Chairman of the Board submits to its consideration. It will have 10 members who will be elected by the Shareholders' Assembly or by the Board of Directors, as proposed by the Chairman or the Chairman Emeritus, and their term will last for 3 years with the possibility of re-election. Their remuneration will be established by the Shareholders' Assembly or the Board of Directors. The Advisory Board will meet when convened by its Chairman. The members approved by the Board of Directors to be part of this Advisory Board are:

	Name	Position
1.	Guillermo Ortiz Martinez	Chairman
2.	Francisco Alcala de Leon	
3.	Enrique Castillo Sanchez Mejorada	
4.	Javier Molinar Horcasitas	
5.	Rodolfo F. Barrera Villareal	
6.	Manuel Aznar Nicolin	
7.	Jose G. Garza Montemayor	
8.	Eugenio Clariond Reyes-Retana	
9.	Jacobo Zaidenweber Cvilich	
10.	Isaac Hamui Mussali	

Five Regional Boards were also established: Northwest, Monterrey, Jalisco, Mexico City Metropolitan area and Merida. These Boards will provide opinions and advisory to the Board of Directors on the trends and opportunities of the region, and will function as links within the region's business community. Each Regional Board will have up to 20 members with activities in the respective regions and who are not members of the Board of Directors. Members will be elected by the Chairman of the Board of Directors for terms of 1 year with the possibility of being re-elected any number of times, and their remuneration will be determined by the Shareholders' Assembly or the Board of Directors. Sessions will be held twice a year or when convened by the Chairman of the Board of Directors.

- **New Mortgage Offering.**

During July, Banorte launched its new mortgage offering with the objective of being positioned as a specialized mortgage bank that offers various home acquisition options with excellent payment conditions, differentiated product offering and accessible interest rates for all needs. Through this concept, the market needs will be met appropriately through a competitive offering, defining differentiated products for each type of client:

- ✓ HIPOTECA **ELITE** BANORTE
  High income clients with low risk.
- ✓ HIPOTECA **FIJA** BANORTE
  Clients requiring Fixed Rates and fixed payments.
- ✓ HIPOTECA **FLEXIBLE** BANORTE
  Clients seeking Flexibility when payments are timely.
- ✓ HIPOTECA **ACCESIBLE** BANORTE
  Clients requiring Accessible monthly installments.

- **Insurance Sales through Ixe's network.**

Since July, Seguros Banorte-Generali began offering its products through Ixe's branch network. Products were designed to meet the specific needs of Ixe's clients under the best service guarantee. Among those being offered are:

- ✓ Ixe Car insurance
- ✓ Ixe Life insurance
- ✓ Ixe Home insurance
- ✓ Ixe Integral Protection Insurance
- ✓ Ixe Insurance in the United States
- ✓ Ixe SME car insurance
- ✓ Ixe SME damage insurance

At a later stage, educational and savings insurance will be offered.

- **Euromoney and World Finance Recognitions.**

Banorte - IXE was recognized in July by EuroMoney magazine's 20th edition of its "Awards for Excellence" as the "Best Bank in Mexico 2011" and last May by World Finance magazine as the "Best Commercial Bank in Mexico 2011." These recognitions were given for the high level of service, innovation and specialization in attention to clients, as well as for the quality of our products and services, among other attributes.

- **Organizational Designations**.

In May, Hector Avila Flores and Armando Rivero Laing were appointed as Co- Managing Directors of the Legal Department of Grupo Financiero Banorte.

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

HOLDING

Income Statement-Holding *(Million Pesos)*	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	2010	1H11
Income Subsidiaries	1,589	1,664	1,736	1,744	1,834	2,054	-	-	6,734	3,888
Interest Income	2	2	2	2	2	1	-	-	7	3
Interest Expense	-	-	-	-	-	-	-	-	-	-
Fees & Tariffs	-	-	-	-	-	-	-	-	-	-
Trading Income	-	-	-	-	-	-	-	-	-	-
Other Operating Income (Expense)	-	-	-	-	-	-	-	-	-	-
Non Interest Expense	3	4	3	3	4	9	-	-	14	13
Pre-Tax Income	**1,588**	**1,662**	**1,735**	**1,742**	**1,831**	**2,046**	**-**	**-**	**6,727**	**3,877**
Income Tax	-	-	-	-	-	-	-	-	-	-
Tax on Assets	-	-	-	-	-	-	-	-	-	-
Deferred Income Tax	(0)	(0)	1	(1)	0	(3)	-	-	(0)	(3)
Taxes	**(0)**	**(0)**	**1**	**(1)**	**0**	**(3)**	**-**	**-**	**(0)**	**(3)**
Net Income from Continuos Operations	**1,588**	**1,663**	**1,734**	**1,743**	**1,831**	**2,049**	**-**	**-**	**6,727**	**3,880**
Extraordinary Items, net	-	-	-	-	-	-	-	-	-	-
Net Income	**1,588**	**1,663**	**1,734**	**1,743**	**1,831**	**2,049**	**-**	**-**	**6,727**	**3,880**

Holding - Balance Sheet *(Million Pesos)*	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
ASSETS								
Cash and Due from Banks	145	147	346	149	126	42	-	-
Margin Accounts	-	-	-	-	-	-	-	-
Investment in Securities	-	-	-	-	-	45	-	-
Non-assigned Securities for Settlement	-	-	-	-	-	-	-	-
Debtor Balance in Repo Trans,net	-	-	-	-	-	-	-	-
Securities Lending	-	-	-	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-	-	-	-
Operations w/Derivatives & Securities	-	-	-	-	-	-	-	-
Valuation adjustments for Asset Coverage	-	-	-	-	-	-	-	-
Performing Loans	-	-	-	-	-	-	-	-
Past Due Loans	-	-	-	-	-	-	-	-
Gross Loan Portfolio	-	-	-	-	-	-	-	-
Preventive Loan Loss Reserves	-	-	-	-	-	-	-	-
Net Loan Portfolio	-	-	-	-	-	-	-	-
Acquired Collection Rights	-	-	-	-	-	-	-	-
Total Credit Portfolio	-	-	-	-	-	-	-	-
Benef.receivab.securization transactions	-	-	-	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	8	7	6	6	6	6	-	-
Inventories	-	-	-	-	-	-	-	-
Foreclosed Assets, Net	-	-	-	-	-	-	-	-
Real Estate, Furniture & Equipment, Net	-	-	-	-	-	-	-	-
Investment in Subsidiaries	42,806	43,521	44,328	46,866	48,331	56,145	-	-
Long-term assets held for sale	-	-	-	-	-	-	-	-
Deferred Taxes, Net	1	2	1	2	1	4	-	-
Goodwill and Intangibles	33	31	29	28	31	11,100	-	-
Other Assets Short and Long Term	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-
	42,849	43,561	44,364	46,901	48,370	67,256	-	-
TOTAL ASSETS	**42,993**	**43,708**	**44,710**	**47,051**	**48,496**	**67,343**	**-**	**-**

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

Holding - Balance Sheet (Million Pesos)	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
LIABILITIES								
Demand Deposits	-	-	-	-	-	-	-	-
Time Deposits-Retail	-	-	-	-	-	-	-	-
Time Deposits-Money Market	-	-	-	-	-	-	-	-
Special Funds	-	-	-	-	-	-	-	-
Senior Unsecured Debt	-	-	-	-	-	-	-	-
Deposits	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Due to Banks & Correspondents	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Non-assigned Securities for Settlement	-	-	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	-	-	-	-	-	-	-	-
Secs to be received in Repo Trans, Net	-	-	-	-	-	-	-	-
Repos (Credit Balance)	-	-	-	-	-	-	-	-
Securities' Loans	-	-	-	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-	-	-
Total Collateral sold	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transactions with Derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Operations w/ Derivatives & Securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Valuation adjustments for financial liability coverage	-	-	-	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-	-	-	-
Income Tax Payable	-	-	-	-	-	-	-	-
Profit Sharing Payable	-	-	-	-	-	-	-	-
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-
Creditors for settlement of transactions	-	-	-	-	-	-	-	-
Margin Accounts Payable	-	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	1	8	1	0	0	0	-	-
Other Payable Accounts	**1**	**8**	**1**	**0**	**0**	**0**	**-**	**-**
Subordinated Non Convertible Debt	-	-	-	-	-	-	-	-
Deferred Taxes, Net	-	-	-	-	-	-	-	-
Deferred Credits	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	**1**	**8**	**1**	**0**	**0**	**0**	**-**	**-**
EQUITY								
Paid-in Capital	12,020	12,019	12,019	12,020	12,019	13,098	-	-
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-
Share Subscription Premiums	2,246	2,246	2,247	2,247	2,248	18,911	-	-
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	**14,266**	**14,266**	**14,266**	**14,266**	**14,267**	**32,008**	**-**	**-**
Capital Reserves	3,178	3,172	3,174	3,181	3,165	3,224	-	-
Retained Earnings	26,153	25,817	25,811	25,457	31,499	30,939	-	-
Surplus (Deficit) of Secs Available for Sale	521	532	406	633	562	511	-	-
Results from Valuation of Hedging Secs	(1,766)	(2,628)	(3,097)	(2,215)	(1,615)	(2,057)	-	-
Results from Conversions	(946)	(710)	(835)	(1,000)	(1,213)	(1,163)	-	-
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-	-
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-	-
Resultos of Non Monetary - Investment Assets	-	-	-	-	-	-	-	-
Adjustments in the Employee´s Pensions	-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-	-
Net Income	1,588	3,250	4,984	6,727	1,831	3,880	-	-
Earned Capital	**28,727**	**29,434**	**30,443**	**32,784**	**34,229**	**35,334**	**-**	**-**
Minority Interest	-	-	-	-	-	-	-	-
Total Equity	**42,993**	**43,699**	**44,709**	**47,051**	**48,496**	**67,343**	**-**	**-**
TOTAL LIABILITIES & EQUITY	**42,993**	**43,708**	**44,710**	**47,051**	**48,496**	**67,343**	**-**	**-**

Holding - Memorandum Accounts (Million Pesos)	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
Securities held under Custody	3,716	3,716	3,716	3,716	3,716	3,716	-	-
Other Registration Accounts								
	3,716	3,716	3,716	3,716	3,716	3,716	-	-

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 -GFNorte (Million Pesos)	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	2010	1H11
Interest Income	10,510	10,793	10,944	10,979	11,299	13,009	-	-	43,226	24,309
Interest Expense	5,083	5,366	5,381	5,139	5,058	6,236	-	-	20,969	11,294
Charged Fees	163	140	137	179	159	214	-	-	619	373
Fees Paid	28	34	39	43	35	41	-	-	144	77
Net Interest Income from interest & fees (NII)	**5,562**	**5,533**	**5,661**	**5,976**	**6,365**	**6,946**	**-**	**-**	**22,732**	**13,311**
Premium Income (Net)	-	-	-	-	3,622	3,925	-	-	-	7,547
Net Increase in Technical Reserves	-	-	-	-	2,319	1,917	-	-	-	4,235
Damages, Claims and Other Obligations	-	-	-	-	1,391	1,585	-	-	-	2,976
Net Interest Income (NII)	**5,562**	**5,533**	**5,661**	**5,976**	**6,277**	**7,369**	**-**	**-**	**22,732**	**13,646**
Preventive Provisions for Loan Losses	1,772	1,337	1,905	1,876	1,338	1,318	-	-	6,889	2,655
Net Interest Income Adjusted for Credit Risk	**3,790**	**4,196**	**3,756**	**4,100**	**4,940**	**6,051**	**-**	**-**	**15,843**	**10,991**
Fees for Commercial and Mortgage Loans	-	6	4	4	3	13	-	-	13	16
Fund Transfers	92	102	96	98	92	104	-	-	389	196
Account Management Fees	242	254	256	265	255	279	-	-	1,018	535
Fiduciary	70	80	75	90	75	82	-	-	316	157
Other Fees	705	680	805	862	719	1,126	-	-	3,051	1,844
Income from Real Estate Portfolios	195	224	260	227	220	284	-	-	906	504
Electronic Banking Services	271	247	210	212	202	211	-	-	940	413
For Consumer and Credit Card Loans	616	617	659	709	701	709	-	-	2,601	1,410
Fees Charged on Services	**2,192**	**2,210**	**2,366**	**2,467**	**2,267**	**2,808**	**-**	**-**	**9,234**	**5,075**
Fund transfers	8	7	7	8	10	9	-	-	29	18
Other Fees	375	354	382	408	568	775	-	-	1,519	1,343
Amortization of Loan Portfolio	-	-	-	-	-	-	-	-	-	-
Fees Paid on Services	**382**	**361**	**389**	**416**	**578**	**784**	**-**	**-**	**1,548**	**1,362**
Foreign Exchange	189	193	175	146	173	287	-	-	703	460
Securities-Realized Gains	265	188	45	30	132	93	-	-	527	226
Securities-Unrealized Gains	131	199	111	18	212	(161)	-	-	458	51
Trading Income	**585**	**580**	**331**	**193**	**517**	**219**	**-**	**-**	**1,689**	**736**
Loan Recoveries	241	233	233	905	257	335	-	-	1,612	592
Income from purchased assets	36	34	18	22	27	29	-	-	110	56
Other Operating Income	10	11	(3)	3	120	(118)	-	-	21	2
Other Operating Expense	(1)	(1)	(1)	(1)	(148)	142	-	-	(4)	(6)
Revaluation Result not related to Net Interest Income	-	-	-	-	-	-	-	-	-	-
Other Operating Income	125	208	406	901	182	286	-	-	1,639	467
Other Recoveries	71	54	106	10	131	82	-	-	240	213
Other Operating Expense	(178)	(240)	(116)	(764)	(255)	(119)	-	-	(1,298)	(375)
Other Operating Income (Expense) from Insurance and Annuities	-	-	-	-	113	125	-	-	-	238
Total Non Interest Income	**2,698**	**2,727**	**2,949**	**3,321**	**2,632**	**3,005**	**-**	**-**	**11,696**	**5,637**
Total Operating Income	**6,489**	**6,924**	**6,705**	**7,421**	**7,572**	**9,056**	**-**	**-**	**27,539**	**16,628**
Personnel	1,722	1,739	1,688	1,929	1,666	2,575	-	-	7,077	4,241
Employee Profit Sharing (PTU)	211	217	198	210	235	237	-	-	837	472
Professional Fees	310	346	298	460	528	517	-	-	1,414	1,045
Administrative and Promotional Expenses	899	1,050	1,034	1,145	998	1,273	-	-	4,128	2,271
Rents, Depreciation & Amortization	552	557	582	515	608	733	-	-	2,206	1,341
Taxes other than income tax & non deductible expenses	220	200	210	263	314	325	-	-	893	639
Contributions to IPAB/Fobaproa	276	283	284	293	302	332	-	-	1,136	635
Total Non Interest Expense	**4,189**	**4,391**	**4,296**	**4,815**	**4,653**	**5,991**	**-**	**-**	**17,691**	**10,644**
Operating Income	**2,299**	**2,532**	**2,410**	**2,606**	**2,919**	**3,065**	**-**	**-**	**9,847**	**5,984**
Subsidiaries' Net Income	95	74	115	37	(14)	40	-	-	320	26
Pre-Tax Income	**2,394**	**2,606**	**2,525**	**2,643**	**2,905**	**3,104**	**-**	**-**	**10,167**	**6,010**
Income Tax	578	888	590	679	827	848	-	-	2,735	1,674
Tax on Assets	-	-	-	-	-	-	-	-	-	-
Deferred Income Tax	80	(89)	39	41	21	(38)	-	-	70	(17)
Taxes	**659**	**798**	**628**	**720**	**847**	**810**	**-**	**-**	**2,805**	**1,657**
Net Income from Continuos Operations	**1,735**	**1,808**	**1,896**	**1,923**	**2,058**	**2,294**	**-**	**-**	**7,362**	**4,353**
Extraordinary Items, net	-	-	-	-	-	-	-	-	-	-
Minority Interest	(155)	(151)	(185)	(165)	(244)	(247)	-	-	(657)	(491)
Net Income	**1,580**	**1,656**	**1,711**	**1,758**	**1,815**	**2,048**	**-**	**-**	**6,705**	**3,862**

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)*	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
ASSETS								
Cash and Due from Banks	**58,325**	**59,003**	**67,143**	**62,497**	**62,312**	**65,360**	**-**	**-**
Margin Accounts	**46**	**90**	**171**	**177**	**178**	**468**	**-**	**-**
Negotiable Instruments	44,335	81,412	57,653	66,181	79,300	107,521	-	-
Securities Available for Sale	12,836	12,376	11,950	12,288	14,006	22,144	-	-
Securities Held to Maturity	173,072	156,368	149,165	139,913	159,898	186,042	-	-
Investment in Securities	**230,243**	**250,155**	**218,768**	**218,382**	**253,204**	**315,707**	**-**	**-**
Non-assigned Securities for Settlement	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Debtor Balance in Repo Trans, net	**3**	**2**	**5**	**583**	**3,576**	**1,646**	**-**	**-**
Securities Lending	**-**	**-**	**0**	**-**	**0**	**-**	**-**	**-**
For trading purposes	4,963	7,695	10,502	7,463	5,756	11,841	-	-
For hedging purposes	762	775	694	596	624	535	-	-
Operations w/Derivatives & Securities	-	-	-	-	-	-	-	-
Transactions with Derivatives	**5,725**	**8,470**	**11,196**	**8,060**	**6,380**	**12,375**	**-**	**-**
Operations w/Derivatives & Securities	**5,728**	**8,471**	**11,201**	**8,643**	**9,956**	**14,022**	**-**	**-**
Valuation adjustments for Asset Coverage	**-**	**-**	**-**	**-**	**-**	**91**	**-**	**-**
Commercial Loans	113,274	116,765	123,238	126,483	127,337	156,153	-	-
Financial Intermediaries´ Loans	6,091	4,850	5,075	5,521	5,775	9,081	-	-
Consumer Loans	25,759	26,267	27,189	27,828	28,835	30,639	-	-
Mortgage Loans	51,082	52,843	54,336	56,168	57,348	60,637	-	-
Government Entities´ Loans	41,003	41,222	44,443	47,550	51,271	55,421	-	-
Loans granted as Federal Agent	-	-	-	-	-	-	-	-
Performing Loans	**237,210**	**241,948**	**254,280**	**263,549**	**270,564**	**311,931**	**-**	**-**
Commercial PDL´s	3,703	3,185	3,133	4,417	4,492	4,969	-	-
Financial Intermediaries PDL´s	-	-	-	-	-	6	-	-
Consumer PDL´s	1,565	1,551	1,418	1,276	1,312	1,486	-	-
Mortgage PDL´s	860	894	1,058	971	694	1,086	-	-
Government Entities PDL´s	-	-	-	-	-	-	-	-
Past Due Loans	**6,128**	**5,630**	**5,609**	**6,664**	**6,498**	**7,547**	**-**	**-**
Gross Loan Portfolio	**243,337**	**247,578**	**259,889**	**270,214**	**277,063**	**319,478**	**-**	**-**
Preventive Loan Loss Reserves	7,498	7,012	7,637	8,245	9,030	10,196	-	-
Net Loan Portfolio	**235,840**	**240,566**	**252,252**	**261,969**	**268,033**	**309,282**	**-**	**-**
Acquired Collection Rights	2,426	2,311	2,183	2,025	2,641	4,105	-	-
Total Credit Portfolio	**238,266**	**242,877**	**254,435**	**263,994**	**270,674**	**313,388**	**-**	**-**
Account Receivables from Insurance and Annuities	-	-	-	-	887	829	-	-
Premium Debtors (Net)	-	-	-	-	2,186	3,104	-	-
Account Receivables from Reinsurance	-	-	-	-	2,503	2,486	-	-
Benef.receivab.securization transactions	406	411	405	950	959	946	-	-
Sundry Debtors & Other Accs Rec, Net	12,288	15,527	12,859	10,864	15,810	23,693	-	-
Inventories	111	35	39	49	40	201	-	-
Foreclosed Assets, Net	911	1,413	1,584	809	821	1,281	-	-
Real Estate, Furniture & Equipment, Net	8,678	8,873	8,894	9,316	9,389	11,013	-	-
Investment in Subsidiaries	3,222	3,283	3,163	3,130	1,384	1,868	-	-
Long-term assets held for sale	-	-	-	-	-	-	-	-
Deferred Taxes, Net	1,287	1,377	1,345	1,339	1,555	1,757	-	-
Goodwill and Intangibles	4,418	4,476	4,414	4,503	4,145	16,077	-	-
Other Assets Short and Long Term	5,081	5,150	5,362	5,905	6,162	6,427	-	-
Other Assets	-	-	-	-	-	-	-	-
	36,403	40,545	38,065	36,865	45,840	69,683	-	-
TOTAL ASSETS	**569,012**	**601,140**	**589,783**	**590,558**	**642,164**	**778,717**	**-**	**-**

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)	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
LIABILITIES								
Demand Deposits	125,917	133,849	133,824	149,816	144,253	160,981	-	-
Time Deposits-Retail	140,573	137,364	141,075	132,673	145,896	160,937	-	-
Time Deposits-Money Market	4,785	7,289	8,800	6,347	5,492	6,562	-	-
Special Funds	-	-	-	-	-	-	-	-
Senior Unsecured Debt	-	-	3,813	3,778	3,604	6,889	-	-
Deposits	**271,275**	**278,502**	**287,512**	**292,615**	**299,245**	**335,369**	**-**	**-**
Immediate Redemption Loans	1	2,516	2,949	4,837	3,519	1,427	-	-
Short Term Loans	13,037	10,795	12,347	13,114	15,084	19,553	-	-
Long Term Loans	7,524	7,408	7,347	8,496	6,517	8,427	-	-
Due to Banks & Correspondents	**20,562**	**20,719**	**22,644**	**26,447**	**25,120**	**29,407**	**-**	**-**
Technical Reserves	-	-	-	-	34,847	36,959	-	-
Non-assigned Securities for Settlement	268	3,781	1,262	-	402	1,693	-	-
Creditor Balance in Repo Trans, Net	191,073	202,328	177,601	178,747	182,245	233,422	-	-
Secs to be received in Repo Trans, Net	-	-	-	-	0	11	-	-
Repos (Credit Balance)	0	0	27	11	34	21	-	-
Securities' Loans	-	-	0	-	0	-	-	-
Transactions with Derivatives	-	-	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-	-	-
Total Collateral sold	**0**	**0**	**27**	**11**	**34**	**21**	**-**	**-**
For trading purposes	4,773	7,552	10,235	7,238	5,564	12,234	-	-
For hedging purposes	3,423	4,738	4,779	3,499	2,630	3,067	-	-
Operations w/ Derivatives & Securities	-	-	-	-	-	-	-	-
Transactions with Derivatives	**8,196**	**12,291**	**15,014**	**10,737**	**8,194**	**15,301**	**-**	**-**
Total Operations w/ Derivatives & Securities	**199,537**	**218,400**	**193,904**	**189,495**	**190,875**	**250,447**	**-**	**-**
Valuation adjustments for financial liability coverage	-	-	-	-	-	(352)	-	-
Obligations in securitization transactions	-	-	-	-	-	-	-	-
Payable Accountsfor Reinsurance	-	-	-	-	502	1,178	-	-
Income Tax Payable	443	828	694	711	684	869	-	-
Profit Sharing Payable	249	436	621	797	262	463	-	-
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-
Creditors for settlement of transactions	2,523	6,146	7,235	867	5,827	14,252	-	-
Margin Accounts Payable	-	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	9,329	9,930	9,686	9,871	12,049	15,140	-	-
Other Payable Accounts	**12,544**	**17,340**	**18,237**	**12,246**	**18,821**	**30,725**	**-**	**-**
Subordinated Non Convertible Debt	17,838	18,039	18,005	17,803	17,636	20,438	-	-
Deferred Taxes, Net	-	-	-	-	-	-	-	-
Deferred Credits	1,600	1,662	1,699	1,725	1,447	1,687	-	-
TOTAL LIABILITIES	**523,356**	**554,662**	**542,001**	**540,331**	**588,494**	**705,859**	**-**	**-**
EQUITY								
Paid-in Capital	11,961	11,959	11,965	11,971	11,968	13,053	-	-
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-
Share Subscription Premiums	1,545	1,534	1,596	1,673	1,680	18,423	-	-
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	**13,506**	**13,493**	**13,561**	**13,644**	**13,647**	**31,475**	**-**	**-**
Capital Reserves	3,178	3,172	3,174	3,181	3,165	3,224	-	-
Retained Earnings	26,188	25,852	25,846	25,492	31,524	30,968	-	-
Surplus (Deficit) of Secs Available for Sale	233	304	298	309	325	339	-	-
Results from Valuation of Hedging Secs	(1,766)	(2,628)	(3,097)	(2,215)	(1,615)	(2,057)	-	-
Results from Conversions	(946)	(710)	(835)	(1,000)	(1,213)	(1,163)	-	-
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-	-
Adjustments in the Employee´s Pensions	-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-	-
Net Income	1,580	3,236	4,947	6,705	1,815	3,862	-	-
Earned Capital	**28,466**	**29,226**	**30,333**	**32,473**	**34,001**	**35,172**	**-**	**-**
Minority Interest	3,683	3,759	3,889	4,110	6,022	6,211	-	-
Total Equity	**45,655**	**46,479**	**47,783**	**50,227**	**53,670**	**72,859**	**-**	**-**
TOTAL LIABILITIES & EQUITY	**569,012**	**601,140**	**589,783**	**590,558**	**642,164**	**778,717**	**-**	**-**

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)*	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
On behalf of Third Parties								
Customer's Banks	12	39	30	9	10	66	-	-
Dividends Receivable from Customers	-	-	-	-	-	-	-	-
Interest Receivable from Customers	-	-	-	-	-	-	-	-
Settlement of Customer Transactions	18	(377)	(9)	1	(10)	288	-	-
Customer Premiums	-	-	-	-	-	-	-	-
Settlement with Clients' Foreign Currency	-	-	-	-	-	-	-	-
Margin Accounts in Futures' Operations	-	-	-	-	-	-	-	-
Other Current Accounts	-	-	-	-	-	-	-	-
Customers' Current Account	**30**	**(338)**	**21**	**10**	**(1)**	**354**	**-**	**-**
Client Securities Received in Custody	150,022	147,609	159,547	172,922	180,623	449,234	-	-
Securities and Documents Received in	-	-	-	-	-	-	-	-
Client Securities Abroad	-	-	-	-	-	-	-	-
Clients' Securities	**150,022**	**147,609**	**159,547**	**172,922**	**180,623**	**449,234**	**-**	**-**
Clients' Repurchase Operations	30,034	41,531	35,774	28,647	41,790	60,997	-	-
Clients' Repo Transactions w/ Securities	-	-	46	-	0	-	-	-
Purchase of Futures & Forward Contracts,	-	-	-	-	-	-	-	-
Sale of Futures and Forward Contracts, national	-	-	-	-	-	-	-	-
Clients' Option Purchase Operations	-	-	-	-	-	-	-	-
Clients' Option Sales Operations	-	-	-	-	-	-	-	-
Clients' Option Sales Operations	-	-	-	-	-	-	-	-
Trusts under Administration	4,099	4,087	4,761	4,348	5,176	5,402	-	-
Transactions On Behalf of Clients	**34,133**	**45,618**	**40,582**	**32,996**	**46,966**	**66,398**	**-**	**-**
Investment bank Trans on Behalf of Third	**72,539**	**76,771**	**71,427**	**78,069**	**69,252**	**72,038**	**-**	**-**
TOTAL ON BEHALF OF THIRD PARTIES	**256,724**	**269,661**	**271,577**	**283,997**	**296,841**	**588,024**	**-**	**-**
Loan Obligations	2,421	3,899	4,521	3,155	3,605	11,243	-	-
Trusts	113,540	108,022	116,516	122,628	127,790	200,021	-	-
Mandates	2,097	2,185	2,188	2,096	2,151	2,220	-	-
Properties in Trusts and Warrant	115,637	110,207	118,705	124,723	129,941	202,241	-	-
Properties in Custody or Administration	210,338	212,782	233,666	230,140	264,064	325,040	-	-
Collateral Received	34,792	69,187	76,017	62,224	93,783	131,151	-	-
Collateral Received or sold	36,082	45,596	51,787	36,195	63,319	79,115	-	-
Drafts in Transit	-	-	-	-	-	-	-	-
Certificates of Deposits in Circulation	1,632	1,491	1,184	2,429	2,310	1,643	-	-
Letters of Credit to the Corporation as Guarantee	-	-	-	-	-	-	-	-
Securities to the Corporation for Custody	-	-	-	-	-	-	-	-
Government Secs of the Corp under Custody	-	-	-	-	-	-	-	-
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	272	264	258	256	255	255	-	-
Uncollected Accrued Interest from Past Due	161	152	146	136	139	261	-	-
Investments of Retirement Savings Funds	-	-	-	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-	-	-
Amounts Contracted in Derivatives	-	-	-	-	-	-	-	-
Other Registration Accounts	-	-	-	-	-	-	-	-
Proprietary Transactions	**401,335**	**443,579**	**486,284**	**459,258**	**557,416**	**750,950**	**-**	**-**
Repo Securities to be Received	-	-	-	-	-	-	-	-
(Minus) Repurchase Creditors	-	-	-	-	-	-	-	-
Repurchase Transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Repurchase Debtors	-	-	-	-	-	-	-	-
(Minus) Repo Securities to be Delivered	-	-	-	-	-	-	-	-
Repurchase Transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL PROPRIETARY	**401,335**	**443,579**	**486,284**	**459,258**	**557,416**	**750,950**	**-**	**-**

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. 2011 – JUNE 31. 2011 *(Million Pesos)*	
Net Income	**3,862**
Items charged to results that do not generate or require	
Depreciation	698
Technical Reserves	4,235
Provisions	-918
Income taxes and deferred	1,657
Consolidation of the the Long Term Saving Sector	3,347
Minority Interest	465
	9,484
	13,346
Change in items related to operations:	
Change in Margin Accounts	(291)
Change in Invesment in Securities	(97,656)
Change in repo debtors	(1,063)
Change in derivatives (assets)	(4,468)
Changein Loan Portfolio (net)	(47,903)
Change in purchased receivables (net)	(2,081)
Change in accounts receivable insurance and bonding	(829)
Change in debtor premiums	(3,104)
Change in Reinsurance	(2,486)
Change in benefits to receive from securitizations	4
Change in foreclosed assets (net)	(489)
Change in other operating assets (net)	(5,604)
Change in core deposits	43,920
Change in interbank loans and other entities	2,963
Change in repo creditors	56,368
Change in collateral pledged sold	10
Change in derivatives (liability)	4,654
Change in Technical Reserves (net)	32,724
Change in Reinsurance (net) (liability)	1,178
Change in subordinated debt w ith characteristics of liabilities	2,648
Change in other operating liabilities	19,522
Change in hedging instruments (the related hedged transaction	(370)
Income Tax Collection (refunds)	0
Income Tax Payments	(1,871)
Net cash generated or used from operations	**9,122**
Investment Activities:	
Charges for disposal of property, furniture and equipment	1
Payments for acquisition of property, furniture and equipment	(2,426)
Subsidiaries and associated acquisitions charges	0
Subsidiaries and associated acquisitions payment	(4)
Charges for cash dividends	20
Net cash generated or used from investment activities	**(2,409)**
Financing Activities:	
Payments of cash dividends	(762)
Payments associated w ith the repurchase of proprietary	258
Net cash flows from financing activities	**(504)**
Net Cash Increase (decrease)	**6,209**
Cash flow adjustments given exchange rate or inflation variations	**(186)**
Cash and cash equivalents at beginning of period	**59,337**
Cash and cash equivalents at end of period	**65,360**

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 STOCKHOLDERS' EQUITY

JANUARY 1, 2011 – MARCH 31, 2011.

(Million Pesos)

	CONTRIBUTED CAPITAL		EARNED CAPITAL							
	Fixed Paid-in Capital	Premium from sale of securities	Capital Reserves	Retained Earnings	Valuation Effects of Securities Available for Sale	Results from val of instrum Cash flow hedges	Results from Conversions	Net Income	Minority Interest	Total Stockholders' Equity
Balance as of December 31, 2010	**11,971**	**1,673**	**3,181**	**25,492**	**309**	**(2,214)**	**(1,000)**	**6,705**	**4,110**	**50,227**
Changes stemming from stockholders' decisions										
Stock repurchases	4	144	42	(84)	152	0	0	0	0	258
Capitalization of profits	0	0	0	6,705	0	0	0	(6,705)	0	0
Dividends declared by the General Assembly of Shareholders on:										
- February 18, 2011	0	0	0	(343)	0	0	0	0	0	(343)
- April 29, 2011	**0**	**0**	**0**	**(419)**	**0**	**0**	**0**	**0**	**0**	**(419)**
Merger effect of Ixe Grupo (stock issuance)	**1,078**	**16,605**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**17,683**
Total	**1,082**	**16,749**	**42**	**5,859**	**152**	**0**	**0**	**(6,705)**	**0**	**17,179**
	0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Changes stemming from profits										
Total profits:	0	0	0	0	0	0	0	0	0	0
Net Income	0	0	0	0	0	0	0	3,862	0	3,862
Result from valuation of securities available for sale	0	0	0	0	(122)	0	0	0	0	(122)
Effect of subsidiaries	0	1	0	(34)	0	0	(163)	0	0	(196)
Result from valuation of instruments of cash flow hedges	0	0	0	0	0	157	0	0	0	157
Change in the regulations of the classification of consumer loans	**0**	**0**	**0**	**(349)**	**0**	**0**	**0**	**0**	**0**	**(349)**
Total	**0**	**1**	**0**	**(383)**	**(122)**	**157**	**(163)**	**3,862**	**0**	**3,352**
Recognition of minority interest									**2,101**	**2,101**
Balance as of March 31, 2011	**13,053**	**18,423**	**3,223**	**30,968**	**339**	**(2,057)**	**(1,163)**	**3,862**	**6,211**	**72,859**

BANORTE

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

BANKING SECTOR

Estado de Resultados-Sector Bancario *(Millones de Pesos)*	1T10	2T10	3T10	4T10	1T11	2T11	3T11	4T11	2010	1S11
Ingresos por Intereses	10,154	10,341	10,458	10,453	10,369	11,583	-	-	41,406	21,951
Gastos por Intereses	4,941	5,166	5,166	4,907	4,818	5,579	-	-	20,180	10,397
Comisiones cobradas	163	140	137	179	159	204	-	-	619	362
Comisiones Pagadas	28	34	39	43	35	39	-	-	144	74
Margen Financiero de intereses y comisiones	**5,348**	**5,281**	**5,390**	**5,682**	**5,674**	**6,169**	**-**	**-**	**21,700**	**11,842**
Ingresos por Primas (Neto)	-	-	-	-	-	-	-	-	-	-
Incremento neto de reservas técnicas	-	-	-	-	-	-	-	-	-	-
Siniestros, Reclamaciones y Otras obligaciones (neto)	-	-	-	-	-	-	-	-	-	-
Margen Financiero antes de Estim. Ptva. para Riesgos Cred.	**5,348**	**5,281**	**5,390**	**5,682**	**5,674**	**6,169**	**-**	**-**	**21,700**	**11,842**
Provisiones Prev. para Riesgos crediticios	1,746	1,300	1,892	1,834	1,337	1,291	-	-	6,772	2,628
Margen Financiero Ajustado por Riesgos Crediticios	**3,602**	**3,980**	**3,498**	**3,848**	**4,337**	**4,878**	**-**	**-**	**14,928**	**9,215**
Comisiones por créditos comerciales y vivienda	-	6	4	4	3	4	-	-	13	7
Transferencia de fondos	92	102	96	98	92	104	-	-	389	196
Manejo de cuenta	242	254	256	265	255	279	-	-	1,018	535
Fiduciario	65	73	68	81	70	76	-	-	288	146
Otras Comisiones	244	239	291	278	261	508	-	-	1,052	768
Recuperación del portafolio del crédito inmobiliario	195	224	260	227	220	284	-	-	906	504
Servicios de Banca Electrónica	271	247	210	212	202	211	-	-	940	413
Por créditos de consumo y tarjeta de crédito	616	617	659	709	701	709	-	-	2,601	1,410
Comisiones y Tarifas Cobradas	**1,726**	**1,762**	**1,844**	**1,874**	**1,804**	**2,176**	**-**	**-**	**7,207**	**3,980**
Transferencia de fondos	8	7	7	8	10	9	-	-	29	18
Otras Comisiones	356	342	365	389	369	444	-	-	1,452	814
Amortización del portafolio del crédito	-	-	-	-	-	-	-	-	-	-
Comisiones y Tarifas Pagadas	**364**	**348**	**372**	**397**	**379**	**453**	**-**	**-**	**1,481**	**832**
Valuación y compra-venta de divisas y metales	189	193	175	146	173	285	-	-	703	457
Intermediación de valores y derivados	184	126	(10)	(14)	133	42	-	-	285	175
Valuación a valor razonable de títulos	133	193	115	17	(106)	25	-	-	459	(81)
Resultado por intermediación	**506**	**512**	**280**	**149**	**200**	**352**	**-**	**-**	**1,447**	**551**
Recuperación de cartera de crédito	241	233	233	905	257	330	-	-	1,612	588
Resultado por bienes adjudicados	36	34	18	22	27	36	-	-	110	63
Otros ingresos de la operación	9	10	(5)	2	119	(119)	-	-	15	0
Otros (egresos) de la operación	-	-	-	-	(146)	146	-	-	-	(0)
Resultado por valorización no relacionado con margen financiero	-	-	-	-	-	-	-	-	-	-
Otros productos	102	124	401	826	184	240	-	-	1,453	424
Otras recuperaciones	70	46	102	8	130	80	-	-	227	210
Otros (gastos)	(154)	(157)	(105)	(743)	(157)	(108)	-	-	(1,159)	(266)
Otros ingresos (egresos) derivados de operaciones de Seguros y Pensiones	-	-	-	-	-	-	-	-	-	-
Total de Ingresos No Financieros	**2,172**	**2,217**	**2,397**	**2,646**	**2,038**	**2,679**	**-**	**-**	**9,431**	**4,717**
Ingreso Total de Operación	**5,774**	**6,197**	**5,895**	**6,493**	**6,375**	**7,557**	**-**	**-**	**24,359**	**13,932**
Gasto de Personal	1,590	1,604	1,543	1,819	1,556	2,229	-	-	6,556	3,786
Participación de los Trabajadores en las Utilidades (P.T.U.) causado	208	215	196	208	233	234	-	-	827	466
Honorarios Pagados	292	330	296	465	439	376	-	-	1,382	815
Gastos de Administración y Promoción	770	907	890	984	859	1,087	-	-	3,551	1,946
Rentas, Depreciaciones y Amortizaciones	468	471	495	419	501	610	-	-	1,852	1,111
Otros impuestos y Gastos No deducibles	192	174	182	227	242	239	-	-	775	481
Aportación al Fobaproa ó al IPAB	276	283	284	293	302	332	-	-	1,136	635
Total Gasto No Financiero	**3,795**	**3,983**	**3,887**	**4,415**	**4,132**	**5,107**	**-**	**-**	**16,080**	**9,239**
Resultado de la Operación	**1,979**	**2,214**	**2,008**	**2,078**	**2,243**	**2,450**	**-**	**-**	**8,279**	**4,694**
Participación en subsidiarias y asociadas no consolidadas	49	44	77	52	47	70	-	-	222	117
Resultados Antes de Impuestos a la Utilidad	**2,028**	**2,258**	**2,085**	**2,131**	**2,291**	**2,520**	**-**	**-**	**8,502**	**4,811**
Impuestos a la utilidad causados	507	812	483	629	642	653	-	-	2,431	1,295
Impuesto al Activo	-	-	-	-	-	-	-	-	-	-
Impuestos a la utilidad diferidos	85	(92)	31	12	31	38	-	-	36	68
Impuestos	**592**	**720**	**514**	**641**	**672**	**691**	**-**	**-**	**2,467**	**1,363**
Resultados antes de operaciones discontinuadas	**1,435**	**1,538**	**1,571**	**1,490**	**1,618**	**1,829**	**-**	**-**	**6,035**	**3,448**
Operaciones discontinuadas	-	-	-	-	-	-	-	-	-	-
Participación no controladora	0	(0)	(0)	0	(0)	(0)	-	-	(0)	(0)
Utilidad Neta	**1,435**	**1,538**	**1,571**	**1,490**	**1,618**	**1,829**	**-**	**-**	**6,035**	**3,448**

BANORTE

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)*	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
ASSETS								
Cash and Due from Banks	**57,827**	**58,372**	**66,368**	**61,640**	**61,484**	**64,341**	**-**	**-**
Margin Accounts	**46**	**90**	**171**	**177**	**178**	**468**	**-**	**-**
Negotiable Instruments	37,673	68,872	47,916	57,321	63,510	86,079	-	-
Securities Available for Sale	13,674	13,169	12,505	12,907	14,488	22,670	-	-
Securities Held to Maturity	172,599	155,889	148,680	139,427	126,928	135,231	-	-
Investment in Securities	**223,947**	**237,930**	**209,102**	**209,655**	**204,925**	**243,980**	**-**	**-**
Non-assigned Securities for Settlement	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Debtor Balance in Repo Trans,net	**2**	**0**	**4**	**11**	**3,173**	**1,531**	**-**	**-**
Securities Lending	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
For trading purposes	4,963	7,695	10,502	7,463	5,756	11,841	-	-
For hedging purposes	762	775	694	596	624	535	-	-
Operations w/Derivatives & Securities	-	-	-	-	-	-	-	-
Transactions with Derivatives	**5,725**	**8,470**	**11,196**	**8,060**	**6,380**	**12,375**	**-**	**-**
Operations w/Derivatives & Securities	**5,727**	**8,470**	**11,200**	**8,070**	**9,553**	**13,906**	**-**	**-**
Valuation adjustments for Asset Coverage	**-**	**-**	**-**	**-**	**-**	**91**	**-**	**-**
Commercial Loans	101,489	104,667	108,746	112,181	112,205	137,215	-	-
Financial Intermediaries´ Loans	7,918	6,677	7,270	7,709	7,590	12,686	-	-
Consumer Loans	25,754	26,258	27,178	27,826	28,832	30,427	-	-
Mortgage Loans	51,082	52,843	54,336	56,168	57,348	60,196	-	-
Government Entities´ Loans	40,995	41,216	44,435	47,549	51,270	55,412	-	-
Loans granted as Federal Agent	-	-	-	-	-	-	-	-
Performing Loans	**227,239**	**231,660**	**241,964**	**251,434**	**257,246**	**295,937**	**-**	**-**
Commercial PDL´s	3,592	3,049	3,008	4,276	4,372	4,541	-	-
Financial Intermediaries PDL´s	-	-	-	-	-	6	-	-
Consumer PDL´s	1,565	1,551	1,418	1,276	1,312	1,422	-	-
Mortgage PDL´s	860	894	1,058	971	694	860	-	-
Government Entities PDL´s	-	-	-	-	-	-	-	-
Past Due Loans	**6,017**	**5,494**	**5,484**	**6,523**	**6,379**	**6,829**	**-**	**-**
Gross Loan Portfolio	**233,255**	**237,154**	**247,449**	**257,957**	**263,625**	**302,766**	**-**	**-**
Preventive Loan Loss Reserves	7,295	6,775	7,389	7,955	8,743	9,419	-	-
Net Loan Portfolio	**225,961**	**230,379**	**240,060**	**250,001**	**254,881**	**293,347**	**-**	**-**
Acquired Collection Rights	2,426	2,311	2,183	2,025	2,641	2,477	-	-
Total Credit Portfolio	**228,387**	**232,690**	**242,243**	**252,026**	**257,522**	**295,824**	**-**	**-**
Benef.receivab.securization transactions	406	411	405	950	959	933	-	-
Sundry Debtors & Other Accs Rec, Net	12,071	15,321	12,623	10,543	15,683	23,179	-	-
Inventories	-	-	-	-	-	-	-	-
Foreclosed Assets, Net	911	1,413	1,584	809	812	873	-	-
Real Estate, Furniture & Equipment, Net	7,296	7,458	7,474	7,768	7,703	8,280	-	-
Investment in Subsidiaries	1,369	1,401	1,443	1,407	1,457	1,910	-	-
Long-term assets held for sale	-	-	-	-	-	-	-	-
Deferred Taxes, Net	1,374	1,469	1,449	1,493	1,722	1,685	-	-
Goodwill and Intangibles	4,230	4,289	4,224	4,314	3,956	4,446	-	-
Other Assets Short and Long Term	4,700	4,765	5,002	5,534	5,723	5,984	-	-
Other Assets	-	-	-	-	-	-	-	-
	32,356	36,526	34,203	32,818	38,016	47,290	-	-
TOTAL ASSETS	**548,290**	**574,077**	**563,287**	**564,386**	**571,678**	**665,900**	**-**	**-**

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)	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
LIABILITIES								
Demand Deposits	125,971	133,863	133,882	149,833	144,542	161,201	-	-
Time Deposits-Retail	140,573	137,364	141,075	132,673	145,896	161,977	-	-
Time Deposits-Money Market	4,929	7,501	9,177	6,496	5,618	6,604	-	-
Special Funds	-	-	-	-	-	-	-	-
Senior Unsecured Debt	-	-	3,813	3,778	3,604	3,586	-	-
Deposits	**271,473**	**278,727**	**287,947**	**292,780**	**299,660**	**333,368**	**-**	**-**
Immediate Redemption Loans	1	2,516	2,949	4,837	3,519	1,427	-	-
Short Term Loans	6,495	4,033	3,679	5,764	5,489	11,156	-	-
Long Term Loans	4,814	4,720	4,686	4,132	3,749	3,790	-	-
Due to Banks & Correspondents	**11,310**	**11,269**	**11,314**	**14,733**	**12,758**	**16,373**	**-**	**-**
Technical Reserves	-	-	-	-	-	-	-	-
Non-assigned Securities for Settlement	268	3,781	1,262	-	402	1,693	-	-
Creditor Balance in Repo Trans, Net	185,135	190,766	168,670	170,848	170,063	199,980	-	-
Secs to be received in Repo Trans, Net	-	-	-	-	-	-	-	-
Repos (Credit Balance)	0	0	27	11	34	21	-	-
Securities' Loans	-	-	-	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-	-	-
Total Collateral sold	**0**	**0**	**27**	**11**	**34**	**21**	**-**	**-**
For trading purposes	4,773	7,552	10,235	7,238	5,564	12,234	-	-
For hedging purposes	3,423	4,738	4,779	3,499	2,630	3,067	-	-
Operations w/ Derivatives & Securities	-	-	-	-	-	-	-	-
Transactions with Derivatives	**8,196**	**12,291**	**15,014**	**10,737**	**8,194**	**15,301**	**-**	**-**
Total Operations w/ Derivatives & Securities	**193,599**	**206,838**	**184,972**	**181,595**	**178,693**	**216,996**	**-**	**-**
Valuation adjustments for financial liability coverage	-	-	-	-	-	(352)	-	-
Obligations in securitization transactions	-	-	-	-	-	-	-	-
Income Tax Payable	379	721	522	504	512	516	-	-
Profit Sharing Payable	247	434	618	792	259	452	-	-
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-
Creditors for settlement of transactions	2,523	5,932	7,235	867	5,826	14,186	-	-
Margin Accounts Payable	-	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	8,642	9,274	8,988	9,317	9,396	11,507	-	-
Other Payable Accounts	**11,791**	**16,362**	**17,364**	**11,480**	**15,992**	**26,663**	**-**	**-**
Subordinated Non Convertible Debt	17,838	18,039	18,005	17,803	17,636	20,438	-	-
Deferred Taxes, Net	-	-	-	-	-	-	-	-
Deferred Credits	1,536	1,593	1,631	1,678	1,387	1,510	-	-
TOTAL LIABILITIES	**507,547**	**532,828**	**521,233**	**520,070**	**526,128**	**614,995**	**-**	**-**
EQUITY								
Paid-in Capital	11,488	11,488	11,488	11,488	11,488	14,727	-	-
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-
Share Subscription Premiums	2,490	2,491	2,491	2,491	2,492	3,294	-	-
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	**13,978**	**13,978**	**13,979**	**13,979**	**13,980**	**18,021**	**-**	**-**
Capital Reserves	4,659	5,172	5,172	5,172	5,172	5,990	-	-
Retained Earnings	23,109	22,235	22,227	22,066	27,361	26,435	-	-
Surplus (Deficit) of Secs Available for Sale	386	393	273	432	365	388	-	-
Results from Valuation of Hedging Secs	(1,832)	(2,762)	(3,267)	(2,316)	(1,669)	(2,154)	-	-
Results from Conversions	(1,003)	(751)	(885)	(1,061)	(1,288)	(1,232)	-	-
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-	-
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-	-
Resultos of Non Monetary - Investment Assets	-	-	-	-	-	-	-	-
Adjustments in the Employee´s Pensions	-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-	-
Net Income	1,435	2,973	4,545	6,035	1,618	3,448	-	-
Earned Capital	**26,755**	**27,261**	**28,066**	**30,328**	**31,560**	**32,874**	**-**	**-**
Minority Interest	10	10	10	10	10	10	-	-
Total Equity	**40,743**	**41,249**	**42,054**	**44,316**	**45,550**	**50,905**	**-**	**-**
TOTAL LIABILITIES & EQUITY	**548,290**	**574,077**	**563,287**	**564,386**	**571,678**	**665,900**	**-**	**-**

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)*	**1Q10**	**2Q10**	**3Q10**	**4Q10**	**1Q11**	**2Q11**	**3Q11**	**4Q11**
Investment banking transactions for third parties, net	72,539	76,771	71,427	78,069	69,252	72,038	-	-
Proprietary Transactions	371,948	378,486	427,631	411,059	491,170	634,781	-	-
Endorsement Guarantees Granted	-	-	-	-	-	-	-	-
Contingent Assets & Liabilites	272	264	258	256	255	255	-	-
Loan Obligations	2,421	3,899	4,521	3,155	3,605	11,243	-	-
Trusts	113,540	108,022	116,516	122,628	127,790	199,649	-	-
Mandates	2,097	2,185	2,188	2,096	2,151	2,220	-	-
Properties in Trusts and Warrant	115,637	110,207	118,705	124,723	129,941	201,868	-	-
Properties in Custody or Administration	206,622	209,066	229,949	226,424	259,670	282,070	-	-
Uncollected Accrued Interest from Past Due Loans	161	152	146	136	139	162	-	-
Collateral Received	34,792	39,211	49,150	40,914	63,811	98,066	-	-
Collateral Received or sold	12,043	15,687	24,902	15,452	33,748	41,116	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-	-	-
Amounts Contracted in Derivatives	-	-	-	-	-	-	-	-
Repo Securities to be Received	-	-	-	-	-	-	-	-
(Minus) Repurchase Creditors	-	-	-	-	-	-	-	-
Repurchase Debtors	-	-	-	-	-	-	-	-
(Minus) Repo Securities to be Delivered	-	-	-	-	-	-	-	-
	444,487	**455,257**	**499,058**	**489,129**	**560,422**	**706,819**		

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

BANORTE USA

Estado de Resultados-Banorte USA *Cifras en MEX GAAP (Millones de Pesos)*	1T10	2T10	3T10	4T10	1T11	2T11	3T11	4T11	2010	1S11
Ingresos por Intereses	322	270	271	257	252	248	-	-	1,121	500
Gastos por Intereses	119	113	109	99	99	90	-	-	440	189
Comisiones cobradas	3	5	4	5	8	4	-	-	17	12
Comisiones Pagadas	-	-	-	-	-	-	-	-	-	-
Margen Financiero de intereses y comisiones	**207**	**162**	**167**	**164**	**161**	**163**	**-**	**-**	**699**	**324**
Margen Financiero antes de Repomo	**207**	**162**	**167**	**164**	**161**	**163**	**-**	**-**	**699**	**324**
Resultado por Posición Monetaria (margen fincro.)	-	-	-	-	-	-	-	-	-	-
Margen Financiero antes de Estim. Ptva. para Riesgos Cred.	**207**	**162**	**167**	**164**	**161**	**163**	**-**	**-**	**699**	**324**
Provisiones Prev. para Riesgos crediticios	128	(22)	37	48	(0)	43	-	-	191	43
Margen Financiero Ajustado por Riesgos Crediticios	**78**	**184**	**129**	**116**	**161**	**120**	**-**	**-**	**508**	**281**
Comisiones por créditos comerciales y vivienda	-	6	4	4	3	3	-	-	13	7
Transferencia de fondos	35	38	39	37	36	43	-	-	150	79
Manejo de cuenta	17	19	19	17	16	16	-	-	73	32
Fiduciario	-	-	-	-	-	-	-	-	-	-
Comisiones cobradas al FOBAPROA	-	-	-	-	-	-	-	-	-	-
Otras Comisiones	3	6	4	8	4	2	-	-	21	6
Recuperación del portafolio del crédito inmobiliario	-	-	-	-	-	-	-	-	-	-
Servicios de Banca Electrónica	8	9	9	9	9	9	-	-	35	18
Por créditos de consumo y tarjeta de crédito	-	-	-	-	-	-	-	-	-	-
Comisiones y Tarifas Cobradas	**64**	**77**	**75**	**75**	**69**	**73**	**-**	**-**	**291**	**142**
Transferencia de fondos	1	1	1	1	1	1	-	-	3	3
Otras Comisiones	26	29	28	26	25	28	-	-	109	53
Amortización del portafolio del crédito	-	-	-	-	-	-	-	-	-	-
Comisiones y Tarifas Pagadas	**27**	**29**	**28**	**27**	**26**	**29**	**-**	**-**	**111**	**55**
Valuación y compra-venta de divisas y metales	10	12	11	10	10	12	-	-	42	22
Intermediación de valores y derivados	23	17	8	9	-	3	-	-	57	3
Valuación a valor razonable de títulos	-	-	-	-	-	-	-	-	-	-
Resultado por intermediación	**33**	**28**	**19**	**19**	**10**	**15**	**-**	**-**	**99**	**26**
Recuperación de cartera de crédito	17	24	4	6	2	3	-	-	51	5
Resultado por bienes adjudicados	(22)	(11)	(23)	(39)	(11)	(9)	-	-	(94)	(20)
Otros ingresos de la operación	-	-	-	-	118	(118)	-	-	-	0
Otros (egresos) de la operación	-	-	-	-	(146)	146	-	-	-	(0)
Repomo no relacionado con margen financiero	-	-	-	-	-	-	-	-		
Resultado por valorización no relacionado con margen financiero	-	-	-	-	-	-	-	-	-	-
Otros productos	12	9	12	14	11	14	-	-	47	25
Otras recuperaciones	-	-	-	-	-	-	-	-	-	-
Otros (gastos)	(0)	(2)	0	(0)	(0)	(1)	-	-	(3)	(1)
Otros ingresos (egresos) derivados de operaciones de Seguros y Pensiones	-	-	-	-	-	-	-	-	-	-
Total de Ingresos No Financieros	**76**	**96**	**59**	**48**	**27**	**95**	**-**	**-**	**280**	**121**
Ingreso Total de Operación	**155**	**281**	**188**	**164**	**188**	**215**	**-**	**-**	**787**	**403**
Gasto de Personal	70	69	73	69	66	67	-	-	280	133
Participación de los Trabajadores en las Utilidades (P.T.U.) causado	-	-	-	-	-	-	-	-	-	-
Honorarios Pagados	17	19	16	20	26	22	-	-	72	48
Gastos de Administración y Promoción	47	56	52	61	41	44	-	-	217	84
Rentas, Depreciaciones y Amortizaciones	21	22	21	20	19	19	-	-	85	38
Otros impuestos y Gastos No deducibles	4	4	4	19	5	4	-	-	29	9
Aportación al Fobaproa ó al IPAB	13	13	13	13	15	9	-	-	53	23
Total Gasto No Financiero	**173**	**182**	**180**	**202**	**171**	**164**	**-**	**-**	**737**	**335**
Resultado de la Operación	**(18)**	**99**	**8**	**(38)**	**17**	**51**	**-**	**-**	**51**	**67**
Participación en subsidiarias y asociadas no consolidadas	-	-	-	-	-	-	-	-	-	-
Resultados Antes de Impuestos a la Utilidad	**(18)**	**99**	**8**	**(38)**	**17**	**51**	**-**	**-**	**51**	**67**
Impuestos a la utilidad causados	(8)	33	1	(15)	5	16	-	-	12	21
Participación de los Trabajadores en las Utilidades (P.T.U.)	-	-	-	-	-	-	-	-	-	-
Impuesto al Activo	-	-	-	-	-	-	-	-	-	-
Impuestos a la utilidad diferidos	-	-	-	-	-	-	-	-	-	-
Impuestos	**(8)**	**33**	**1**	**(15)**	**5**	**16**	**-**	**-**	**12**	**21**
Resultados antes de operaciones discontinuadas	**(10)**	**66**	**7**	**(24)**	**12**	**34**	**-**	**-**	**39**	**46**
Operaciones discontinuadas	-	-	-	-	-	-	-	-	-	-
Participación no controladora	-	-	-	-	-	-	-	-	-	-
Utilidad Neta	**(10)**	**66**	**7**	**(24)**	**12**	**34**	**-**	**-**	**39**	**46**

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)*	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
ASSETS								
Cash and Due from Banks	**685**	**1,926**	**1,392**	**3,615**	**4,196**	**3,641**	**-**	**-**
Margin Accounts	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Negotiable Instruments	-	-	-	-	-	-	-	-
Securities Available for Sale	7,276	6,893	7,558	7,872	8,480	8,801	-	-
Securities Held to Maturity	11	12	12	11	11	11	-	-
Investment in Securities	**7,287**	**6,905**	**7,570**	**7,884**	**8,491**	**8,812**	**-**	**-**
Non-assigned Securities for Settlement	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Debtor Balance in Repo Trans,net	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Securities Lending	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
For trading purposes	-	-	-	-	-	-	-	-
For hedging purposes	-	-	-	-	-	-	-	-
Operations w/Derivatives & Securities"	-	-	-	-	-	-	-	-
Transactions with Derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Operations w/Derivatives & Securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Valuation adjustments for Asset Coverage	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Commercial Loans	10,393	10,312	9,417	9,251	8,095	7,633	-	-
Financial Intermediaries´Loans	-	-	-	-	-	-	-	-
Consumer Loans	186	182	189	189	175	161	-	-
Mortgage Loans	2,317	2,365	2,215	2,175	2,060	2,010	-	-
Government Entities´Loans	-	-	-	-	-	-	-	-
Loans granted as Federal Agent	-	-	-	-	-	-	-	-
Performing Loans	**12,897**	**12,859**	**11,822**	**11,615**	**10,331**	**9,805**	**-**	**-**
Commercial PDL´s	1,055	705	587	504	302	283	-	-
Financial Intermediaries PDL´s	-	-	-	-	-	-	-	-
Consumer PDL´s	0	0	1	1	0	0	-	-
Mortgage PDL´s	207	204	254	270	66	102	-	-
Government Entities PDL´s	-	-	-	-	-	-	-	-
Past Due Loans	**1,263**	**910**	**842**	**774**	**368**	**386**	**-**	**-**
Gross Loan Portfolio	**14,160**	**13,769**	**12,664**	**12,389**	**10,699**	**10,190**	**-**	**-**
Preventive Loan Loss Reserves	422	325	315	334	187	182	-	-
Net Loan Portfolio	**13,738**	**13,443**	**12,349**	**12,054**	**10,512**	**10,009**	**-**	**-**
Acquired Collection Rights	-	-	-	-	-	-	-	-
Acquired Collection Rights, Net	-	-	-	-	-	-	-	-
Total Credit Portfolio	**13,738**	**13,443**	**12,349**	**12,054**	**10,512**	**10,009**	**-**	**-**
Premium Debtors (Net)	-	-	-	-	-	-	-	-
Account Receivables from Reinsurance	-	-	-	-	-	-	-	-
Benef.receivab.securization transactions	-	-	-	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	641	626	621	614	600	592	-	-
Inventories	-	-	-	-	-	-	-	-
Foreclosed Assets, Net	484	989	1,152	337	305	321	-	-
Real Estate, Furniture & Equipment, Net	639	646	617	597	566	552	-	-
Investment in Subsidiaries	8	8	8	8	8	8	-	-
Long-term assets held for sale	-	-	-	-	-	-	-	-
Deferred Taxes, Net	-	-	8	38	50	63	-	-
Goodwill and Intangibles	3,257	3,307	3,225	3,157	3,033	3,147	-	-
Other Assets Short and Long Term	213	224	250	200	202	183	-	-
Other Assets	-	-	-	-	-	-	-	-
	5,241	5,800	5,882	4,952	4,764	4,867	-	-
TOTAL ASSETS	**26,951**	**28,074**	**27,193**	**28,504**	**27,962**	**27,328**	**-**	**-**

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)	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
LIABILITIES								
Demand Deposits	8,819	8,807	8,110	9,213	9,441	9,336	-	-
Time Deposits-Retail	12,515	13,256	13,303	13,747	13,223	12,464	-	-
Time Deposits-Money Market	-	-	-	-	-	-	-	-
Special Funds	-	-	-	-	-	-	-	-
Senior Unsecured Debt	-	-	-	-	-	-	-	-
Deposits	**21,334**	**22,063**	**21,413**	**22,960**	**22,664**	**21,800**	**-**	**-**
Immediate Redemption Loans	-	-	-	-	-	-	-	-
Short Term Loans	66	130	68	63	60	75	-	-
Long Term Loans	-	1	-	-	-	-	-	-
Due to Banks & Correspondents	**66**	**131**	**68**	**63**	**60**	**75**	**-**	**-**
Technical Reserves	-	-	-	-	-	-	-	-
Non-assigned Securities for Settlement	-	-	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	-	39	13	6	5	6	-	-
Secs to be received in Repo Trans, Net	-	-	-	-	-	-	-	-
Repos (Credit Balance)	-	-	-	-	-	-	-	-
Securities' Loans	-	-	-	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-	-	-
Total Collateral sold	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
For trading purposes	-	-	-	-	-	-	-	-
For hedging purposes	-	-	-	-	-	-	-	-
Operations w/ Derivatives & Securities	-	-	-	-	-	-	-	-
Transactions with Derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Operations w/ Derivatives & Securities	**-**	**39**	**13**	**6**	**5**	**6**	**-**	**-**
Valuation adjustments for financial liability coverage	-	-	-	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-	-	-	-
Payable Accountsfor Reinsurance	-	-	-	-	-	-	-	-
Income Tax Payable	-	4	5	0	-	-	-	-
Profit Sharing Payable	-	-	-	-	-	-	-	-
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-
Creditors for settlement of transactions	-	-	-	-	-	-	-	-
Margin Accounts Payable	-	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	165	123	125	114	101	228	-	-
Other Payable Accounts	**165**	**126**	**130**	**114**	**101**	**228**	**-**	**-**
Subordinated Non Convertible Debt	254	265	260	255	246	242	-	-
Deferred Taxes, Net	8	11	-	-	-	-	-	-
Deferred Credits	27	25	21	19	13	16	-	-
TOTAL LIABILITIES	**21,855**	**22,660**	**21,905**	**23,416**	**23,089**	**22,365**	**-**	**-**
EQUITY								
Paid-in Capital	4,668	4,668	4,668	4,668	4,668	4,668	-	-
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-
Share Subscription Premiums	-	-	-	-	-	-	-	-
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	**4,668**	**4,668**	**4,668**	**4,668**	**4,668**	**4,668**	**-**	**-**
Capital Reserves	-	-	-	-	-	-	-	-
Retained Earnings	304	304	304	304	344	344	-	-
Surplus (Deficit) of Secs Available for Sale	101	133	107	44	2	128	-	-
Results from Valuation of Hedging Secs	-	-	-	-	-	-	-	-
Results from Conversions	34	253	145	33	(153)	(223)	-	-
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-	-
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-	-
Results of Non Monetary - Investment Assets	-	-	-	-	-	-	-	-
Adjustments in the Employee´s Pensions	-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-	-
Net Income	(10)	56	63	39	12	46	-	-
Earned Capital	**429**	**746**	**619**	**420**	**205**	**295**	**-**	**-**
Minority Interest	-	-	-	-	-	-	-	-
Total Equity	**5,097**	**5,414**	**5,287**	**5,088**	**4,873**	**4,963**	**-**	**-**
TOTAL LIABILITIES & EQUITY	**26,951**	**28,074**	**27,193**	**28,504**	**27,962**	**27,328**	**-**	**-**

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

Banorte USA - Memorandum Accounts *(Million Pesos)*	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
Investment banking transactions for third parties,	-	-	-	-	-	-	-	-
Proprietary Transactions	22	22	15	12	13	12	-	-
Endorsement Guarantees Granted	-	-	-	-	-	-	-	-
Contingent Assets & Liabilites	-	-	-	-	-	-	-	-
Loan Obligations	22	22	15	12	13	12	-	-
Trusts	-	-	-	-	-	-	-	-
Mandates	-	-	-	-	-	-	-	-
Properties in Trusts and Warrant	-	-	-	-	-	-	-	-
Properties in Custody or Administration	-	-	-	-	-	-	-	-
Uncollected Accrued Interest from Past Due	-	-	-	-	-	-	-	-
Collateral Received	-	-	-	-	-	-	-	-
Collateral Received or sold	-	-	-	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-	-	-
Amounts Contracted in Derivatives	-	-	-	-	-	-	-	-
Repo Securities to be Received	-	-	-	-	-	-	-	-
(Minus) Repurchase Creditors	-	-	-	-	-	-	-	-
Repurchase Debtors	-	-	-	-	-	-	-	-
(Minus) Repo Securities to be Delivered	-	-	-	-	-	-	-	-
	22	**22**	**15**	**12**	**13**	**12**		

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 as of 1H11
(Million Pesos)

	Holding	Banorte	Casa de Bolsa	Arrendadora y Factor	Almacenadora	Seguros	Pensiones	IXE Banco	IXE Casa de Bolsa
Interest Income	3	21,172	922	877	2	197	619	1,262	348
Premium Income (Net)	-	-	-	-	-	3,564	4,107	-	-
Interest Expense	-	9,781	849	381	6	8	-	782	338
Net Increase in Technical Reserves	-	-	-	-	-	378	3,857	-	-
Damages, Claims and Other Obligations	-	-	-	-	-	2,158	818	-	-
Net Interest Income (NII)	**3**	**11,391**	**72**	**497**	**(4)**	**1,217**	**50**	**480**	**10**
Preventive Provisions for Loan Losses	-	2,580	-	13	-	-	-	47	-
Net Interest Income Adjusted for Credit Risk	3	8,811	72	483	(4)	1,217	50	433	10
Loan Origination Fees	-	4,383	393	6	41	-	-	225	211
Fees Paid	-	781	43	11	0	652	58	63	24
Trading Income	-	388	61	-	0	27	59	163	25
Other Operating Income (Expenses)	-	996	8	34	1	197	(32)	23	(3)
Administrative and Promotional Expenses	13	8,917	267	214	14	306	37	693	210
Non Interest Income	**-**	**4,986**	**419**	**28**	**43**	**(428)**	**(31)**	**347**	**209**
Total Operating Income	**3**	**13,797**	**491**	**512**	**39**	**789**	**19**	**780**	**219**
Operating Income	**(10)**	**4,880**	**224**	**297**	**25**	**483**	**(18)**	**87**	**9**
Subsidiaries' Net Income	3,888	15	(1)	-	-	1	1	9	0
Pre-Tax Income	3,877	4,895	223	297	25	484	(17)	96	9
Income Tax	-	1,388	69	-	9	204	0	-	(0)
Deferred Income Tax	(3)	83	(1)	-	(3)	(45)	(4)	(23)	(18)
Net Income from Continuos Operations	3,880	3,424	155	297	20	325	(13)	119	27
Minority Interest	-	(96)	-	-	(0)	(0)	-	-	-
Net Income	**3,880**	**3,329**	**155**	**297**	**20**	**325**	**(13)**	**119**	**27**

GFNorte -Income Statement as of 1H11
(Million Pesos)

	IXE Fondos	IXE Servicios	IXE Automotriz	IXE Soluciones	Fincasa Hipotecaria	Total	Charges	Eliminations	Final Balance
Interest Income	0	0	118	3	116	25,649	968	-	24,681
Premium Income (Net)	-	-	-	-	-	7,671	124		7,547
Interest Expense	0	0	95	19	61	12,331	-	961	11,370
Net Increase in Technical Reserves	-	-	-	-	-	4,235	-		4,235
Damages, Claims and Other Obligations	-	-	-	-	-	2,976	-		2,976
Net Interest Income (NII)	**0**	**(0)**	**23**	**(16)**	**55**	**13,777**			**13,646**
Preventive Provisions for Loan Losses	-	-	9	0	5	2,655			2,655
Net Interest Income Adjusted for Credit Risk	0	(0)	14	(17)	50	11,122	-	-	10,991
Loan Origination Fees	113	11	4	(4)	9	5,392	317		5,075
Fees Paid	95	-	17	0	-	1,745		383	1,362
Trading Income	0	-	2	7	-	734	-	2	736
Other Operating Income (Expenses)	0	3	29	3	(3)	1,256	68	0	1,187
Administrative and Promotional Expenses	6	11	20	8	39	10,757	225	338	10,644
Non Interest Income	**19**	**14**	**18**	**6**	**6**	**5,637**	**386**	**(381)**	**5,637**
Total Operating Income	**19**	**14**	**32**	**(11)**	**56**	**16,759**	**386**	**(381)**	**16,628**
Operating Income	**13**	**3**	**12**	**(18)**	**16**	**6,002**			**5,984**
Subsidiaries' Net Income	(1)	-	-	(0)	-	3,914	3,888	-	26
Pre-Tax Income	12	3	12	(18)	16	9,916			6,010
Income Tax	3	1	-	-	-	1,674	-	-	1,674
Deferred Income Tax	(1)	-	-	-	(2)	(17)	-	-	(17)
Net Income from Continuos Operations	11	2	12	(18)	18	8,259			4,353
Minority Interest	-	-	0	-	-	(95)	395	-	(491)
Net Income	**11**	**2**	**13**	**(18)**	**18**	**8,164**	**5,986**	**1,684**	**3,862**

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 1H11

(Million Pesos)

ASSETS	Holding	Banorte	Casa de Bolsa Banorte	Arrendadora y Factor	Almacenadora	Seguros	Pensiones	IXE Banco	IXE Casa de Bolsa
Cash and Due from Banks	**42**	**62,231**	**4**	**10**	**9**	**56**	**6**	**3,850**	**185**
Margin Accounts	-	180	-	-	-	-	-	287	-
Negotiable Instruments	-	56,409	12,993	-	3	3,700	368	29,947	5,529
Securities Available for Sale	-	22,460	333	-	53	-	-	210	-
Securities Held to Maturity	45	124,545	497	-	-	5,143	28,411	10,686	16,504
Investment in Securities	**45**	**203,414**	**13,823**	**-**	**56**	**8,843**	**28,779**	**40,843**	**22,033**
Debtor Balance in Repo Trans, net	-	30	1	-	-	0	118	1,501	-
Transactions with Derivatives									
For trading purposes	-	7,888	-	-	-	-	-	3,953	-
For hedging purposes	-	365	-	-	-	-	-	170	-
Commercial Loans	-	116,392	-	15,195	-	-	-	20,823	-
Financial Intermediaries´ Loans	-	7,944	-	7	-	-	-	4,742	-
Government Entities´ Loans	-	52,365	-	9	-	-	-	3,047	-
Consumer Loans	-	30,086	-	3	-	-	-	341	-
Mortgage Loans	-	59,084	-	-	-	-	-	1,112	-
Performing Loans	**-**	**265,871**	**-**	**15,213**	**-**	**-**	**-**	**30,066**	**-**
Commercial PDL´s	-	4,355	-	108	-	-	-	186	-
Financial Intermediaries PDL´s	-	-	-	-	-	-	-	6	-
Government Entities PDL´s	-	-	-	-	-	-	-	-	-
Consumer PDL´s	-	1,411	-	-	-	-	-	11	-
Mortgage PDL´s	-	836	-	-	-	-	-	23	-
Past Due Loans	**-**	**6,603**	**-**	**108**	**-**	**-**	**-**	**226**	**-**
Gross Loan Portfolio	**-**	**272,474**	**-**	**15,321**	**-**	**-**	**-**	**30,292**	**-**
Preventive Loan Loss Reserves	-	8,965	-	286	-	-	-	454	-
Net Loan Portfolio	**-**	**263,509**	**-**	**15,035**	**-**	**-**	**-**	**29,838**	**-**
Acquired Collection Rights	-	2,477	-	-	-	-	-	-	-
Total Credit Portfolio	**-**	**265,986**	**-**	**15,035**	**-**	**-**	**-**	**29,838**	**-**
Account Receivables from Insurance and Annuities	-	-	-	-	-	494	335	-	-
Premium Debtors (Net)	-	-	-	-	-	3,007	97	-	-
Account Receivables from Reinsurance	-	-	-	-	-	2,486	-	-	-
Benef.receivab.securization transactions	-	933	-	-	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	6	20,624	128	54	5	-	-	2,644	126
Inventories	-	-	-	-	201	-	-	-	-
Foreclosed Assets, Net	-	873	-	-	-	8	-	-	-
Real Estate, Furniture & Equipment, Net	-	7,805	7	1,417	43	182	2	545	60
Investment in Subsidiaries	56,145	1,304	20	-	-	17	16	451	2
Deferred Taxes, Net	4	1,644	-	-	-	104	-	31	28
Intangible	11,100	3,942	164	-	24	-	-	504	202
Other Assets	-	6,108	140	3	6	123	2	59	-
Total Other Assets	11,100	10,050	303	3	31	123	2	563	202
TOTAL ASSETS	**67,343**	**583,325**	**14,285**	**16,520**	**346**	**15,320**	**29,356**	**84,766**	**22,636**

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 1H11 (Million Pesos)									
ASSETS	IXE Fondos	IXE Servicios	IXE Automotriz	IXE Soluciones	Fincasa Hipotecaria	Total	Charges	Eliminations	Final Balance
Cash and Due from Banks	**1**	**6**	**5**	**0**	**43**	**66,449**	**1**	**1,090**	**65,360**
Margin Accounts	-	-	-	-	-	468			468
Negotiable Instruments	53	-	-	113	-	109,117	-	1,596	107,521
Securities Available for Sale	-	-	-	30	-	23,087	-	943	22,144
Securities Held to Maturity	-	-	-	211	-	186,042	-	-	186,042
Investment in Securities	**53**	**-**	**-**	**354**	**-**	**318,246**	**-**	**2,539**	**315,707**
Debtor Balance in Repo Trans, net	-	-	-	-	-	1,650	-	4	1,646
Transactions with Derivatives									
For trading purposes	-	-	-	-	-	11,841			11,841
For hedging purposes	-	-	-	-	-	535			535
Commercial Loans	-	-	243	105	3,396	156,153	-	-	156,153
Financial Intermediaries´ Loans	-	-	-	-	-	12,693	-	3,613	9,081
Government Entities´ Loans	-	-	-	-	-	55,421	-	-	55,421
Consumer Loans	-	-	209	-	0	30,639	-	-	30,639
Mortgage Loans	-	-	-	-	441	60,637	-	-	60,637
Performing Loans	**-**	**-**	**451**	**105**	**3,838**	**315,544**	**-**	**3,613**	**311,931**
Commercial PDL´s	-	-	7	311	3	4,969	-	-	4,969
Financial Intermediaries PDL´s	-	-	-	-	-	6	-	-	6
Government Entities PDL´s	-	-	-	-	-	-	-	-	-
Consumer PDL´s	-	-	63	-	-	1,486	-	-	1,486
Mortgage PDL´s	-	-	-	-	227	1,086	-	-	1,086
Past Due Loans	**-**	**-**	**70**	**311**	**230**	**7,547**	**-**	**-**	**7,547**
Gross Loan Portfolio	**-**	**-**	**521**	**416**	**4,067**	**323,091**	**-**	**3,613**	**319,478**
Preventive Loan Loss Reserves	-	-	61	191	238	10,196	-	-	10,196
Net Loan Portfolio	**-**	**-**	**460**	**224**	**3,829**	**312,895**	**579**	**3,613**	**309,282**
Acquired Collection Rights	-	-	-	849	201	3,527	579		4,105
Total Credit Portfolio	**-**	**-**	**460**	**1,073**	**4,030**	**316,422**	**-**	**3,613**	**313,388**
Account Receivables from Insurance and Annuities	-	-	-	-	-	829	-	-	829
Premium Debtors (Net)	-	-	-	-	-	3,104	-	-	3,104
Account Receivables from Reinsurance	-	-	-	-	-	2,486	-	-	2,486
Benef.receivab.securization transactions	-	-	-	-	13	946			946
Sundry Debtors & Other Accs Rec, Net	55	16	71	6	82	23,816	2	125	23,693
Inventories	-	-	-	-	-	201			201
Foreclosed Assets, Net	-	-	0	7	393	1,281	-	-	1,281
Real Estate, Furniture & Equipment, Net	1	2	933	8	10	11,013	-	-	11,013
Investment in Subsidiaries	44	-	-	13	-	58,013	-	56,145	1,868
Deferred Taxes, Net	2	-	27	36	88	1,964	-	207	1,757
Intangible	14	10	63	7	46	16,077	-	-	16,077
Other Assets	1	-	-	1	4	6,447	-	19	6,427
Total Other Assets	16	10	63	8	50	22,524	-	19	22,504
TOTAL ASSETS	**171**	**33**	**1,559**	**1,504**	**4,709**	**842,457**	**3**	**63,742**	**778,717**

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 1H11

(Million Pesos)

LIABILITIES	Holding	Banorte	Casa de Bolsa	Arrendadora y Factor	Almacenadora	Seguros	Pensiones	IXE Banco	IXE Casa de Bolsa
Demand Deposits	-	147,505	-	-	-	-	-	13,693	-
Time Deposits	-	150,689	-	-	-	-	-	18,169	-
Time Deposits-Retail	-	144,085	-	-	-	-	-	18,169	-
Time Deposits-Money Market	-	6,604	-	-	-	-	-	-	-
Senior Unsecured Debt	-	3,586	-	-	-	-	-	-	-
Deposits	**-**	**301,780**	**-**	**-**	**-**	**-**	**-**	**31,862**	**-**
Prestamos Bancarios y de Otros Organis	-	11,673	-	13,787	101	-	-	5,407	-
Immediate Redemption Loans	-	1,665	-	-	-	-	-	469	-
Short Term Loans	-	6,221	-	11,091	101	-	-	4,935	-
Long Term Loans	-	3,786	-	2,697	-	-	-	4	-
Due to Banks & Correspondents	**-**	**11,673**	**-**	**13,787**	**101**	**-**	**-**	**5,407**	**-**
Technical Reserves	-	-	-	-	-	8,919	28,040	-	-
Non-assigned Securities for Settlement	-	1,693	-	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	-	168,426	11,937	-	-	-	-	31,554	21,508
Secs to be received in Repo Trans, Net	-	-	-	-	-	-	-	-	11
Collateral sold or pledged as collateral	-	21	-	-	-	-	-	-	-
Transactions with Derivatives									
For trading purposes	-	7,660	-	-	-	-	-	4,574	-
For hedging purposes	-	2,967	-	-	-	-	-	100	-
Operations w/ Derivatives & Securities	**-**	**179,074**	**11,937**	**-**	**-**	**-**	**-**	**36,228**	**21,519**
Payable Accounts for Reinsurance	-	-	-	-	-	1,178	-	-	-
Payable Accounts	0	22,905	226	423	10	2,461	219	4,002	411
Income Tax Payable	-	615	0	-	2	199	-	-	41
Profit Sharing Payable	-	438	4	-	-	-	-	15	4
Creditors for settlement of transactions	-	11,953	0	-	-	-	-	2,233	66
Other Creditors & Accounts Payable	0	9,899	222	423	8	2,262	219	1,754	300
Other Payable Accounts	0	22,905	226	423	10	2,461	219	4,002	411
Subordinated Non Convertible Debt	-	17,400	-	-	-	-	-	3,038	-
Deferred Taxes, Net	-	-	115	-	8	-	83	-	-
Deferred Credits	-	1,402	-	83	-	-	-	107	-
TOTAL LIABILITIES	**0**	**535,927**	**12,277**	**14,293**	**120**	**12,559**	**28,341**	**80,292**	**21,930**
EQUITY									
Subscribed Capital	32,008	13,979	540	306	87	709	325	4,042	658
Paid-in Capital	13,098	11,488	540	306	87	709	325	3,239	583
Share Subscription Premiums	18,911	2,492	-	-	-	-	-	802	75
Capital Reserves	3,224	5,776	111	279	26	265	115	214	60
Retained Earnings	30,939	26,369	1,013	1,344	92	1,423	589	65	(42)
Surplus (Deficit) of Secs Available for Sale	511	336	182	-	1	40	(1)	51	-
Results from Valuation of Hedging Secs	(2,057)	(2,137)	-	-	-	-	-	(17)	-
Results from Conversions	(1,163)	(1,232)	8	-	-	-	-	-	4
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-	-	-
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-	-	-
Results of Non Monetary - Investment	-	-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-	-	-
Net Income	3,880	3,329	155	297	20	325	(13)	119	27
Earned Capital	**35,334**	**32,441**	**1,469**	**1,921**	**139**	**2,052**	**691**	**433**	**48**
Minority Interest	-	978	-	-	0	-	-	-	-
Total Equity	**67,343**	**47,398**	**2,009**	**2,227**	**226**	**2,761**	**1,016**	**4,474**	**706**
TOTAL LIABILITIES & EQUITY	**67,343**	**583,325**	**14,285**	**16,520**	**346**	**15,320**	**29,356**	**84,766**	**22,636**

BANORTE

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

GFNorte - Balance Sheet as of 1H11 (Million Pesos)									
LIABILITIES	IXE Fondos	IXE Servicios	IXE Automotriz	IXE Soluciones	Fincasa Hipotecaria	Total	Charges	Eliminations	Final Balance
Demand Deposits	-	-	-	-	-	161,198	217	-	160,981
Time Deposits	-	-	-	-	-	168,858	1,358	-	167,499
Time Deposits-Retail	-	-	-	-	-	162,254	1,317	-	160,937
Time Deposits-Money Market	-	-	-	-	-	6,604	41	-	6,562
Senior Unsecured Debt	-	-	801	-	2,503	6,889			6,889
Deposits	**-**	**-**	**801**	**-**	**2,503**	**336,945**	**1,576**	**-**	**335,369**
Prestamos Bancarios y de Otros Organis	-	-	286	1,091	1,381	33,726	4,319	-	29,407
Immediate Redemption Loans	-	-	-	-	-	2,134	707	-	1,427
Short Term Loans	-	-	-	-	817	23,166	3,613	-	19,553
Long Term Loans	-	-	286	1,091	563	8,427	-	-	8,427
Due to Banks & Correspondents	**-**	**-**	**286**	**1,091**	**1,381**	**33,726**	**4,319**	**-**	**29,407**
Technical Reserves	-	-	-	-	-	36,959	-	-	36,959
Non-assigned Securities for Settlement	-	-	-	-	-	1,693			1,693
Creditor Balance in Repo Trans, Net	-	-	-	-	-	233,425	4	-	233,422
Secs to be received in Repo Trans, Net	-	-	-	-	-	11			11
Collateral sold or pledged as collateral	-	-	-	-	-	21	-	-	21
Transactions with Derivatives									
For trading purposes	-	-	-	-	-	12,234			12,234
For hedging purposes	-	-	-	-	-	3,067			3,067
Operations w/ Derivatives & Securities	**-**	**-**	**-**	**-**	**-**	**248,758**	**4**	**-**	**248,754**
Payable Accounts for Reinsurance	-	-	-	-	-	1,178	-	-	1,178
Payable Accounts	73	11	87	4	87	30,918	772	1	30,725
Income Tax Payable	10	1	(0)	0	-	869	-	-	869
Profit Sharing Payable	1	1	-	1	1	463			463
Creditors for settlement of transactions	-	-	-	-	-	14,252			14,252
Other Creditors & Accounts Payable	61	9	87	3	86	15,333	772	1	15,140
Other Payable Accounts	73	11	87	4	87	30,918	772	1	30,725
Subordinated Non Convertible Debt	-	-	-	-	-	20,438	-	-	20,438
Deferred Taxes, Net	2	-	-	-	-	207	207	-	-
Deferred Credits	-	-	65	1	45	1,704	17	-	1,687
TOTAL LIABILITIES	**75**	**11**	**1,239**	**1,096**	**4,016**	**712,752**	**6,895**	**1**	**705,859**
EQUITY									
Subscribed Capital	77	24	220	540	665	54,182	22,845	136	31,475
Paid-in Capital	77	24	220	540	665	31,903	18,858	5	13,053
Share Subscription Premiums	-	-	-	-	-	22,279	3,987	130	18,423
Capital Reserves	4	0	22	0	43	10,139	6,915	-	3,224
Retained Earnings	4	(5)	63	(108)	(33)	61,713	30,868	121	30,968
Surplus (Deficit) of Secs Available for Sale	-	-	-	(5)	-	1,116	777	-	339
Results from Valuation of Hedging Secs	-	-	-	-	-	(4,211)	(2,154)	-	(2,057)
Results from Conversions	-	-	-	-	-	(2,384)	(1,220)	-	(1,163)
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-	-	-
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-		-
Results of Non Monetary - Investment	-	-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-	-	-
Net Income	11	2	13	(18)	18	8,164	4,325	23	3,862
Earned Capital	**19**	**(2)**	**97**	**(132)**	**28**	**74,537**	**39,511**	**144**	**35,172**
Minority Interest	-	-	3	-	-	980	-	5,231	6,211
Total Equity	**96**	**22**	**320**	**408**	**693**	**129,699**	**62,356**	**5,511**	**72,859**
TOTAL LIABILITIES & EQUITY	**171**	**33**	**1,559**	**1,504**	**4,709**	**841,873**	**69,251**	**5,512**	**778,717**

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 regulations applied to controlling companies of financial groups subject to supervision by the CNBV.**

On January 31st, 2011 the CNBV issued general regulations applicable to controlling companies of financial groups, in order to compile into one single legal instrument the dispositions applicable to these entities, as well as the modification of diverse regulatory reports to take into consideration homogeneous accounting approaches applicable to other financial entities such as banking, insurance and bonding sectors. As a consequence of the work carried out jointly by the CNBV and the National Insurance and Bonding Commission in accordance with the Financial Reporting Standards issued by the CINIF and the International Financial Reporting Standards of the International Accounting Standards Board.

Once these dispositions come into effect, the "General Dispositions applicable to financial reporting standards for controlling companies of financial groups subject to supervision by the CNBV" will be cancelled as published in the Diario Oficial de la Federación on April 28th, 2005 and its diverse modifications, as well as the "General accounting dispositions applicable to controlling companies of financial groups subject to supervision by the CNBV", published in the Diario Oficial de la Federación on August 14th, 2006 and its diverse modifications.

- **Main changes in accounting criteria for controlling companies.**

Criteria A-2 "Applications of special norms ", was modified by eliminating the ability to avoid consolidating permanent investments in controlled insurance or bonding institutions, and as of February 1st, such institutions must be consolidated in the financial statement of the controlling companies. Likewise with Criteria D-1, D-2, D-3 and D-4 relating to basic financial statements, there were changes in their presentation in accordance with the changes of the mentioned criteria.

- **Main changes in accounting criteria for credit institutions.**

On January 27th, 2011 the National Banking and Securities Commission issued changes to applicable accounting criteria for credit institutions to make them consistent with financial reporting standards established in Mexico and abroad, as well as facilitating the comparison of information provided to authorities, the public and markets in general. These changes were adopted and applied in the financial statements as of January 2011. The following are the most relevant changes.

With regards to Criteria B-2 "Investments in Securities", rules were added for the reclassification to the category of securities held to maturity, or securities available for sale, which can be effected under extraordinary circumstances (for example: lack of market liquidity, no active market, among others), which will be evaluated and if the case, validated through the express authorization of the CNBV.

In relation to Criteria B-5 "Derivatives and hedging operations":

- Dollar denominated derivatives are no longer valued when the currency commonly used in trading contracts for buying or selling non financial items in the economic environment in which the transaction is carried out (for example, a stable and liquid currency commonly used in local transactions, or, in foreign trade).
- In those cases where it is necessary to recognize and value embedded derivatives, the obligation to present them in the balance sheet together with the contract host was eliminated, which is why the embedded derivative must be registered under the item of Derivatives.
- The use of margin accounts is specified in operations with derivatives in recognized markets or stock exchanges.
- Accounting of collateral in OTC operations is carried out outside of margin accounts, registering both an account receivable and an account payable respectively.

In relation to Criteria B-6 “Loan Portfolio”

- Fees charged for restructured loans will be deferred and recognized in results in accordance with the new term of the loan.
- Commissions, origination fees and annual fees must be presented on a net basis.

- Renewal and restructuring of loans with characteristics different to that stipulated in paragraph 52 will be considered valid only when the borrower liquidates in a timely fashion all interest charged and covers 25% of the original loan.

Criteria D-1" "Balance Sheet" and D-2 "Income Statement" presents changes in their presentation in accordance with changes in the mentioned criteria, additionally the items of "Non Operating Income" are eliminated and are now registered under "Other Operating Income (Expenses) " as part of the Operating results in the Income Statement.

- **Changes to rating methodology for consumer and housing mortgage portfolios.**

On October 25th,2010 the Commission published a resolution modifying general dispositions for Credit Institutions in which the methodology for rating non-revolving consumer portfolios and mortgage portfolios is changed in such a way that the estimated preventive reserves for credit risks is calculated based on the expected loss instead of the incurred loss. This change went into effect on March 1st, 2011.

In response to the aforementioned change, on March 31st, 2011, the Financial Group recognized in the equity of previous fiscal years, the initial accumulated financial effect of the application of the rating methodologies for non revolving consumer loan portfolios and mortgage portfolios, referred to in Paragraph A of the First Section and Second Sections, in Chapter V of the Second Title of applicable General Dispositions for Credit institutions, in accordance with Provisional Article Three.

The accounting booking to recognize the effect generated a charge of Ps 582 to the "Retained Earnings" account of previous fiscal years in equity, against a loan for the same amount to the "Estimated preventive reserves for credit risks" account under the item of loan portfolio in the balance sheet. Deferred taxes resulting from the changes were also registered with a charge of Ps 233 to the "Deferred Taxes" account in the balance sheet against a loan charged to the "Retained Earnings" account in equity.

If recognition of the aforementioned effect in the results of the fiscal year had been made, the items that would have been affected and amounts that would have been registered and presented in the balance sheet as well as in the Income Statement on June 30th, 2011, would be:

Balance Sheet	**Originally presented**	**Effect**	**New presentation**
Equity			
Results of previous fiscal years	$30,968	$349	$31,317
Majority Net Income	3,862	(349)	3,513
Total Equity	**$72,859**	**$-**	**$72,859**
Financial Statement			
Estimated reserves for credit risks	2,655	582	3,237
NII adjusted for credit risk	**10,992**	**(582)**	**10,410**
Deferred income taxes (net)	17	(233)	(216)
Net Income	**$3,862**	**(349)**	**$3,513**

- **Changes to accounting criteria for Mutual Funds and the individuals providing services**

On August 31st, 2009 changes to accounting criteria for mutual funds were announced, to make them consistent with financial reporting standards set in Mexico as well as abroad. These changes are similar to changes made for Credit Institutions and Brokerage Houses in 2Q09.

- **Change in rating criteria for Credit cards**

On August 12th, 2009 the National Banking and Securities Commission issued changes in accounting criteria applicable to credit institutions which modify the rating methodology for revolving consumer portfolios, so that the parameters used to estimate preventive reserves reflect an estimated12 month loss for credit cards, based on the current environment.

- **Changes to accounting criteria for other finance companies**

On July 30th, 2009 the National Banking and Securities Commission issued changes among others, to accounting criteria applicable other regulated finance companies, SOFOLs and SOFOMs.

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

Comparisms of 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.

- **Changes in Securitizations Transactions.**

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 assignee'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, applied to securitizations effective December 31st, 2008, are 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.

- **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 began 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 20 million. In this sense, an expense incurred by the Financial Group of up to Ps 42 million has been recognized, which results at 4Q10 in a net negative effect in the financial statements of the holding company of Ps (22) million. At 1Q11 results in a net negative effect in the financial statements of the holding company of Ps (17) million. At 2Q11 results in a net negative effect in the financial statements of the holding company of Ps (21) 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 and 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 $1.86 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-11	Jun-11	Aug-02	Mar-11	Jun-11	Aug-02	Mar-11	Jun-11
Performing Loans									
Commercial	5	0	0	5	0	0	10	0	0
Mortgage	54	19	17	0	0	0	54	19	17
Total	**59**	**19**	**17**	**5**	**0**	**0**	**64**	**19**	**17**
Non Performing Loans									
Commercial	405	323	322	293	100	98	698	423	420
Consumer	81	72	72	0	0	0	81	72	72
Mortgage	1,112	317	315	0	0	0	1,112	317	315
Total	**1,598**	**712**	**709**	**293**	**100**	**98**	**1,891**	**812**	**807**
TOTAL LOANS	**1,657**	**731**	**726**	**298**	**100**	**98**	**1,955**	**831**	**824**
Loan Loss Reserves (1)									
Commercial	326	310	310	246	100	98	572	410	408
Consumer	77	72	72	0	0	0	77	72	72
Mortgage	669	309	309	0	0	0	669	309	309
Total	**1,072**	**691**	**691**	**246**	**100**	**98**	**1,318**	**791**	**789**

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

In 2Q11 the Loan portfolio showed changes due to: collections of Ps $3.2 million, repossessed assets of Ps $1.6 million, restructurings of Ps $1.1 million and there were charge offs and discounts of Ps. $14.7 million. In the Loan loss provisions, there were charge offs and discounts of Ps $2.3 million. There were transfers from performing loans to past due loans of Ps $1.2 million and transfers from past due loans to performing loans of Ps $0.7 million.

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..

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

	Local Currency (1)		Foreign Currency (USD) (2)		Total	
(Millions of Nominal Pesos)	Mar-11	Jun-11	Mar-11	Jun-11	Mar-11	Jun-11
Performing Loans						
Commercial	154,860	159,997	11,990	12,975	166,850	172,972
Consumer	28,657	29,925	0	0	28,657	29,925
Mortgage	55,306	57,091	0	0	55,306	57,091
Fobaproa / IPAB	0	0	0	0	0	0
Performing Loans	**238,823**	**247,013**	**11,990**	**12,975**	**250,813**	**259,988**
Non Performing Loans						
Commercial	4,213	4,209	281	283	4,494	4,492
Consumer	1,384	1,483	0	0	1,384	1,483
Mortgage	945	1,049	0	0	945	1,049
Non Performing Loans	**6,542**	**6,741**	**281**	**283**	**6,823**	**7,024**
TOTAL LOANS	**245,365**	**253,754**	**12,271**	**13,258**	**257,636**	**267,012**
Loan Loss Reserves	**8,971**	**9,199**	**376**	**373**	**9,347**	**9,572**
Net Loan Portfolio	**236,394**	**244,555**	**11,895**	**12,885**	**248,289**	**257,440**
Loan Loss Reserves					**136.99%**	**136.28%**
% Past Due Loans					**2.65%**	**2.63%**

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.

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 2Q11 (Million Pesos)				
NEGOTIABLE INSTRUMENTS	BOOK VALUE	INTEREST	MARKET VALUE	UNREALIZED GAIN (LOSS)
Government Securities	**68,407**	**178**	**68,810**	**224**
Unrestricted	**41**	**9**	**203**	**153**
Cetes	(335)	-	(142)	194
Bonds	145	2	(151)	(299)
Bondes	99	-	99	(0)
Bpas	386	1	387	1
Brems	-	-	-	-
UMS	-	-	-	-
Udibonds	-	-	-	-
Stock Certificates	(254)	6	10	258
Restricted	**68,366**	**169**	**68,606**	**71**
Cetes	13,752	-	13,752	(0)
Bonds	3,673	3	3,668	(7)
Bondes	5,590	10	5,599	(0)
Bpas	42,694	157	42,909	57
Brems	2,202	-	2,207	5
UMS	-	-	-	-
Udibonds	-	-	-	-
Stock Certificates	454	0	471	17
Banking Securities	**24,660**	**32**	**24,753**	**62**
Unrestricted	**3,174**	**3**	**3,186**	**9**
Notes	2,014	2	2,025	9
Cedes	293	0	293	0
Bonds	14	0	14	0
Stock Certificates	730	1	732	0
Other Banking Securities	123	-	123	-
Restricted	**21,486**	**29**	**21,567**	**52**
Notes	904	-	906	2
Cedes	6,636	12	6,650	1
Other Banking Securities	1,428	3	1,431	1
Stock Certificates	12,518	14	12,580	48
Private	**12,826**	**44**	**13,731**	**861**
Unrestricted	**5,914**	**35**	**6,761**	**813**
Commercial Paper Pesos	0	-	0	0
Commercial Paper U.S. Dollars	-	-	-	-
PEMEX	131	2	136	3
EUROBONDS	201	3	209	5
Stock Certificates	4,558	17	4,571	(4)
Subordinated paper	-	-	-	-
Securities	954	-	1,762	808
Other securities	70	12	15	1
Restricted	**6,912**	**9**	**6,969**	**48**
Stock Certificates	4,151	9	4,186	25
PEMEX	2,761	0	2,784	23
Foreign Government	**59**	**-**	**59**	**-**
Unrestricted	-	-	-	-
Treasury Bonds	-	-	-	-
Treasury Bill	-	-	-	-
Treasury Notes	-	-	-	-
Other securities	-	-	-	-
Unrestricted	**59**	**-**	**59**	**-**
Treasury Bonds	-	-	-	-
Treasury Bill	-	-	-	-
Treasury Notes	59	-	59	-
Other securities	-	-	-	-
Shares listed in the SIC	109	-	111	2
Guarantee (collateral) for futures	-	-	-	-
Mutual Funds	58	-	58	0
Total	**106,118**	**254**	**107,521**	**1,148**

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

SECURITIES HELD FOR SALE 2Q11 (Million Pesos)				
SECURITIES HELD FOR SALE	BOOK VALUE	INTEREST	MARKET VALUE	UNREALIZED GAIN (LOSS)
Unrestricted	**16,191**	**49**	**16,378**	**138**
Goverment Securities	**8,638**	**30**	**8,801**	**133**
Mexican Government Securities (UMS)	8,638	30	8,801	133
Bonds	-	-	-	-
Bondes	-	-	-	-
Bpas	-	-	-	-
Mexican Government Securities (UMS)	-	-	-	-
Treasury Bonds	-	-	-	-
Treasury Notes	-	-	-	-
Restricted	7,552	19	7,576	5
Goverment Securities				
Bonds	590	1	592	1
Bondes	5,505	5	5,511	1
Bpas	1,457	13	1,473	3
Mexican Government Securities (UMS)	**-**	**-**	**-**	**-**
Treasury Bonds	-	-	-	-
Treasury Notes	-	-	-	-
Banking Securities	1,370	3	1,372	(0)
Unrestricted	1,370	3	1,372	(0)
Stock Certificates	**870**	**2**	**872**	**(0)**
CEDES	**500**	**1**	**501**	**(0)**
Restricted	-	-	-	-
Private	4,045	40	4,394	309
Unrestricted	1,241	9	1,324	74
GFNorte's Stock	-	-	-	-
BMV's Stock	-	-	-	-
Private company bonds	-	-	-	-
EUROBONOS	331	8	354	14
Stock Certificates	683	1	691	7
PEMEX	117	0	118	1
Securities	110	-	162	52
Other Securities	-	-	-	-
Restricted	**2,803**	**31**	**3,070**	**235**
GFNorte's Stock	-	-	-	-
BMV's Stock	234	-	333	99
Private company bonds	1,167	8	1,249	73
EUROBONOS	116	3	132	14
Stock Certificates 91	30	-	30	-
PEMEX	1,208	20	1,277	49
Mutual Funds	49	-	48	(0)
Other Securities	-	-	-	-
Total	**21,605**	**92**	**22,144**	**447**

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 2Q11 (Million Pesos)				
Securities Held to Maturity	BOOK VALUE	INTEREST	MARKET VALUE	UNREALIZED GAIN (LOSS)
Cetes	**774**	**3**	**776**	**-**
Government	119,800	464	120,264	
Unrestricted	348	7	356	
Cetes	-	-	-	
Bonds	-	-	-	
Bondes	-	-	-	
Bpas	70	0	70	
UMS	252	7	258	
Udibonds	-	-	-	
Stock Certificates	**27**	**1**	**28**	
Restricted	119,452	456	119,908	
Cetes	-	-	-	
Bonds	11,636	18	11,654	
Bondes	33,051	45	33,096	
Bpas	72,853	343	73,195	
Brems	1,912	51	1,962	
UMS	-	-	-	
Udibonds	0	-	0	
Banking Securities	**7,247**	**84**	**7,331**	**-**
Unrestricted	**3,447**	**21**	**3,468**	
Notes	-	-	-	
CEDES	-	-	-	
Bonds	-	-	-	
Stock Certificates	2,623	21	2,644	
Other Banking Securities	824	-	824	
Restricted	**3,800**	**63**	**3,863**	
Notes	-	-	-	-
Cedes	-	-	-	-
Bonds	-	-	-	-
Stock Certificates	2,994	16	3,010	
Other Banking Securities	806	47	854	-
Private	**57,516**	**145**	**57,661**	
Unrestricted	6,752	53	6,805	
Bonds	-	-	-	
Securities	45	-	45	
PEMEX	253	14	267	
EUROBONOS	632	13	645	
Stock Certificates	5,720	24	5,744	
Other Securities	102	2	104	
Sructured Notes	-	-	-	
Restricted	**50,765**	**91**	**50,856**	**-**
Bonds	-	-	-	
PEMEX	7,002	57	7,059	-
EUROBONDS	-	-	-	-
Stock Certificates	**43,762**	**34**	**43,797**	
Sructured Notes	-	-	-	
Other Debt Securities	-	-	-	-
Government Securities	10	0	11	-
Subordinated paper	-	-	-	-
Total	**185,347**	**695**	**186,042**	**-**

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

SECURITIES ASSIGNED FOR SETTLEMENT 2Q11 (Million Pesos) SECURITIES ASSIGNED FOR SETTLEMENT	BOOK VALUE	INTEREST	MARKET VALUE	UNREALIZED GAIN (LOSS)
Government securities	**(1,992)**	**4**	**(1,988)**	**1**
Cetes	**(968)**	**-**	**(968)**	**0**
Bonds	(214)	-	(214)	0
Bondes	-	-	-	-
Bpas	(1,004)	-	(1,004)	0
Brems	-	-	-	-
UMS	194	4	198	0
UdiBonds	-	-	-	-
2U CBIC	-	-	-	-
Stock Certificates	-	-	-	-
Bank Paper	**-**	**-**	**-**	**-**
Notes	-	-	-	-
CEDES	-	-	-	-
Bonds	-	-	-	-
Stock Certificates	-	-	-	-
Private	-	-	-	-
Commercial Paper Pesos	-	-	-	-
Commercial Paper U.S. Dollars	-	-	-	-
PEMEX	-	-	-	-
EUROBONDS	**-**	**-**	**-**	**-**
Stock Certificates	**-**	**-**	**-**	**-**
Subordinated paper	-	-	-	-
Foreign Goverment	293	1	295	0
Treasury Bonds	-	-	-	-
Treasury Bill	-	-	-	-
Treasury Notes	293	1	295	0
Total	**(1,699)**	**5**	**(1,693)**	**1**

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

REPURCHASE AGREEMENT OPERATIONS 2Q11

(Million Pesos)

	MARKET VALUE			FINANCIAL STATEMENT INDIVIDUAL COMPENSATION	
SALES	RECEIVABLES ON REPURCHASE	SECURITIES TO BE DELIVERED	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE
Goverment Securities	-	180,982	(180,982)	-	180,982
Banking Securities	-	31,677	(31,677)	-	31,677
Private Securities	-	20,763	(20,763)	-	20,763
Total	-	233,422	(233,422)	-	233,422

	MARKET VALUE			FINANCIAL STATEMENT COMPENSACION INDIVIDUAL	
PURCHASES	RECEIVABLES ON REPURCHASE	SECURITIES TO BE DELIVERED	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE
Goverment Securities	25,174	23,664	1,509	1,509	0
Banking Securities	7,427	7,309	118	118	-
Private Securities	6,564	6,567	(3)	18	21
Total	39,165	37,540	1,625	1,646	21

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

DERIVATIVES FINANCIAL INSTRUMENTS OPERATIONS 2Q11

(Million Pesos)

INSTRUMENT	TO RECEIVE	TO DELIVER	NET	DEBTOR BALANCE	CREDITOR BALANCE
FUTURES					
Over Inflation (INPC)	0	(0)	-	-	-
					-
FORWARD FX CONTRACTS	**AGREED**	**MARKET**	**VALUATION**		
Negotiable					
Purchases	9,407	(11,229)	(1,822)		
Sells	(8,278)	9,967	1,689		
Total	1,129	(1,262)	(133)	522	655
	-				(133)
Hedging					
Purchases	-	-	-		
Sells	-	-	-		
Total	-	-	-	-	-
SWAPS					
Negotiable					
Capital	52,733	(53,098)	(365)		
Interest rate	1,102	(1,096)	6		
Valuation	88,405	(88,391)	14		
Subtotal	142,240	(142,585)	(345)	10,676	11,021
					(345)
Hedging					-
Capital	13,126	(13,305)	(179)		
Interest rate	159	(306)	(147)		
Valuation	7,618	(9,874)	(2,256)		
Subtotal	20,904	(23,485)	(2,582)	485	3,067
					(2,582)
OPTIONS					
Negociable-Assets					
Swaptions	-	-	-		
Rate Options	720	(79)	641		
Fx	-	-	-		
Index Options (ipc)	-	-	-		
Total	720	(79)	641	641	-
					-
Hedging -Assets					
Swaptions	-	-	-		
Rate Options	152	(102)	50		
Index Options (ipc)	-	-	-		
Total	152	(102)	50	50	-
					-
Negociable-Liability					
Swaptions	(3)	0	(3)		
FX	(7)	2	(5)		
Rate Options	(664)	114	(550)		
Index Options (ipc)	-	-	-		
Total	(674)	117	(558)	-	558
Debtor Balance				12,375	
Creditor Balance					15,301

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 2Q11 (Mililon Pesos)				
PRODUCT	TYPE	UNDERLYING	CURRENCY	NOTIONAL
FX Forwards	Purchases	Exchange Rate (Dollar)	MXN	122
FX Forwards	Sales	Exchange Rate (Dollar)	MXN	205
FX Options	Purchases	Exchange Rate (Dollar)	MXN	0
FX Options	Sales	Exchange Rate (Dollar)	MXN	822
Interest Rate Options	Purchases	TIIE	MXN	34,570
Interest Rate Options	Sells	TIIE	MXN	27,337
Interest Rate Options	Purchases	LIBOR	MXN	6,788
Interest Rate Options	Sells	LIBOR	MXN	6,917
Interest Rate Options	Swaption Purchases	TIIE	MXN	-
Interest Rate Options	Swaption Sells	TIIE	MXN	-
Interest Rate Options	Swaption Purchases	LIBOR	MXN	-
Interest Rate Options	Swaption Sells	LIBOR	MXN	2,345
Interest Rate Swaps	USLI/IRS	LIBOR	MXN	57,311
Interest Rate Swaps	TIIE/IRS	TIIE	MXN	405,154
FX Swaps	CS EURMXN	FIX/FIX	MXN	973
FX Swaps	CS USDCETE	CETE	MXN	1,172
FX Swaps	CS USDMXN	FIX/FIX	MXN	18,643

LOAN PORTFOLIO *(Million Pesos)*	Local Currency		UDIS		Foreign Currency		Total	
	2Q10	2Q11	2Q10	2Q11	2Q10	2Q11	2Q10	2Q11
Performing Loans								
Commercial	94,145	131,686	293	0	22,326	24,467	116,765	156,153
Financial Intermediaries	4,316	8,652	-	0	535	429	4,850	9,081
Consumer	26,036	30,472	50	6	182	161	26,267	30,639
Mortgages	49,795	58,390	683	237	2365	2,011	52,843	60,637
Goverment Entities	41065	55,373	-	-	158	48	41222	55,421
IPAB Loans	-	-	-	-	-	-	-	-
Total	**215,356**	**284,573**	**1,026**	**242**	**25,566**	**27,116**	**241,948**	**311,931**
Past Due Loans								
Commercial	2394	4,431	6	70	785	469	3185	4,969
Financial Intermediaries	-	6	-	0	-	0	-	6
Consumer	1550	1,485	-	0	-	0	1551	1,486
Mortgages	649	968	41	16	204	102	894	1,086
Goverment Entities	-	-	-	-	-	-	-	-
Total	**4,593**	**6,890**	**47**	**86**	**989**	**571**	**5,630**	**7,547**
Total Propietary Loans	**219,949**	**291,463**	**1,073**	**328**	**26,555**	**27,687**	**247,578**	**319,478**

COST OF BALANCES OF FINAPE, FOPIME, MORTGAGE UDIS AND MORTGAGE FOVI LOAN PORTFOLIOS AS OF 1Q11 *(Million Pesos)*	TOTAL	
	PERIOD COST	BALANCE OF LOAN PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	65	113
Mortgage FOVI	-	-
	65	**113**

At closing of this quarter the balance in debtors support programs totaled Ps 113 million with a cost for the period of Ps 65 million

- **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	4,374
Total Loans	313,388
Distressed Portfolio / Total Loans	1.4%

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

DEFERRED TAXES 2Q11 (Million Pesos)			
DIFERENCIAS TEMPORALES ACTIVAS	INCOME TAX	PROFIT SHARING	NET
Excess of preventive reserves accounts over the fiscal limit	1,736	615	**2,351**
Non deductible provisions and cumulative income	403	116	**519**
Excess of accounting value over fiscal value on Reposessed Assets	344	50	**394**
Diminishable profit sharing	268	89	**357**
Fees received in advance	20	2	**21**
Tax losses pending amortization	591	-	**591**
Provisions for possible loss in loans	113	-	**113**
Earnings per Society	2	-	**2**
State Tax on Assets Deferred	7	-	**7**
Reserve for employee retirement benefits	1	-	**1**
Current Account Agents	9	-	**9**
Reserve for additional compensation to agents	33	-	**33**
Diverse Creditors	72	-	**72**
Decrease for securities' valuation	29	-	**29**
Charge-off's Estimates	29	-	**29**
Tax loss on share sale	30	-	**30**
Additional Obligations for Employee benefits	0	-	**0**
Total Assets	3,687	872	**4,559**
LIABILITIES			
Accrued interest and inflationary component of Fixed Assets, Foreclosed, Intangible & Others			
Pension Funds Contribution	(585)	(200)	**(785)**
Loan Portfolio Acquisitions	(632)	(115)	**(747)**
Projects to be capitalized	(297)	(97)	**(394)**
Effects from valuation of instruments	(244)	(30)	**(274)**
Dividends Federal Home Loan Bank	(1)	-	**(1)**
Intangibles' amortizations	(18)	-	**(18)**
Reversal of Sale Costs	(1)	-	**(1)**
Increase for securities' valuation	(549)	-	**(549)**
Receivable interest from securities	(7)	-	**(7)**
Investment of reserves for obligations	(1)	-	**(1)**
Current Account Agents	(12)	-	**(12)**
Savings' Inventory	(9)	-	**(9)**
Other	(2)	-	**(2)**
Total Liabilities	(2,360)	(442)	**(2,802)**
Assets (Liabilities) Accumulated Net	**1,328**	430	**1,757**

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 2Q11 (Million Pesos)								
TYPE OF DEBT	CURRENCY	DATE OF ISSUE	AMOUNT (Pesos)	ORIGINAL AMOUNT (Million Ps, Dlls or UDIS)	TERM	INTEREST RATE	MATURITY	INTEREST PAYMENT
Non Convertible Subordinated Bonds 2006	USD	Oct 13 '06	4,763	400	10 years	6.135%	Oct 13 '16	E/ 180 days
Non Convertible Subordinated Bonds 2006	USD	Oct 13 '06	2,382	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	2,052	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
Senior Notes Due 2010	USD	Jul 19 '10	3,573	300	5 years	4.375%	Jul 19 '15	E/ 180 days

BANK AND OTHER ENTITIES LOANS' AS OF 2Q11 (Million Pesos)							
	LOCAL CURRENCY	INTEREST RATE	TERM	FOREIGN	INTEREST RATE	TERM	TOTAL
LOANS FROM LOCAL BANKS				1,046	2.56%	1,313	1,046
LOANS FROM FOREIGN BANKS GENERATED IN THE COUNTRY				897	0.876%	217	897
LOANS FROM DEVELOPMENT BANKS	12,920	4.57%	460	2,572	2.73%	536	15,493
LOANS FROM PUBLIC FUNDS	6,142	4.69%	520	194	2.22%	812	6,337
CALL MONEY & LOANS FROM BANKS	9,471	1.83%	133				9,471
LOANS FROM FIDUCIARY FUNDS	385	2.23%	3,675	0			385
PROVISIONS FOR INTEREST	99			0			99
	29,017			**4,709**			**33,727**
ELIMINATIONS							(4,320)
Total							**29,407**

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

TRADING INCOME 2Q11 (Million Pesos)	
VALUATION EFFECTS	
Negotiable Instruments	143
Securities Held to Maturity	7
Repurchase Agreements	-
Derivative instruments	(99)
Futures	-
From repo transactions	-
Range	-
Inflation Adjustment	-
Total	**51**
Dividends Received	**-**
Negotiable Instruments	146
Securities Held for Sell	44
Securities Held to Maturity	0
Derivative Operations	36
Inflation Adjustment	-
Total of Buying and Selling Instruments	**226**
FX Spot	484
FX Forwards	-
FX Futures	(1)
FX Futures TIIE	-
FX Hedging	-
Changes in FX Valuation	(26)
Intermediation of metals	3
Changes in valuation of metals	1
Total Foreign Exchange	**460**
Inflation Adjustment	**-**
Total of Buying and Selling	**685**
TOTAL TRADING INCOME	**736**

- **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 IXE portfolios have established systems for expert analysis which are carried out by personnel specializing in each product type based on the revision of the financial situation of the borrower, credit history, economic viability, and other characteristics that are determined by the Law and internal policies. The individual risk of SMEs is identified, measured and controlled through a scoring system.

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 AND serves on the individual rating to the portfolios of IXE, they serve the "general PROVISIONS applicable to the loan qualification method of loan institution" issued by the CNBV 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 international standards 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 Credit Risk+ model is used for IXE portfolios, based on an actuarial focus of the portfolio in which the non-fulfillment probability, the recovery level and the unpaid balance of each client is considered.

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, 2011, the Banco Mercantil del Norte total portfolio was Ps 266,188 million. The expected loss represents 2.2% and the unexpected loss is 3.7% with respect to the total portfolio. The average expected loss is 2.2% during the period between April and June 2011.

Banorte's Brokerage House, the credit exposure of investments is Ps 12,825 million and the expected loss represents 0.1206% of the exposure. The average expected loss is 0.1080% between January and March 2011.

The total operating portfolio of Arrendadora and Factor Banorte is Ps 16.738 billion. Prospective losses represent 0.7% and unforeseen losses 2.8% of the total operating portfolio. The prospective loss average represents 0.8% in the period of April and June 2011.

The total performing portfolio of IXE Banco was Ps 30.292 billion to June 30th, 2011. The estimated loss of the portfolio represents 1.5% and the unexpected loss 1.1%. The estimated loss average for the period of April to June 2011 was 1.5%.

As for IXE Casa de Bolsa, (IXE Brokerage House), the Institution's exposure is Ps 21.963 billion. The estimated loss represents 0.04% of the total exposure.

The total performing portfolio of IXE Automotriz excluding pure lease is Ps 521 million. The estimated loss represents 11.5% and the unexpected loss 0.6% both with regard to the total performing portfolio. The estimated loss average represents 11.2% for the period of April to June 2011.

The total performing portfolio of Fincasa Hipotecaria (Mortgages) is Ps 4.067 billion. The estimated loss represents 6.6% and the unexpected loss 3.6% both with regard to the total performing portfolio. The estimated loss average represents 6.8% for the period of April to June 2011.

The total performing portfolio of IXE Soluciones is Ps 416 million. The estimated loss represents 46.1% and the unexpected loss 29.1% both with regard to the total performing portfolio. The estimated loss average represents 44.9% for the period of April to June 2011.

The total performing portfolio of IXE Cards is Ps 2.545 billion. The estimated loss represents 10.3% and the unexpected loss 3.9% both with regard to the total performing portfolio.

- **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.

On an individual level, the concentration of loan risk with financial instruments is managed on a continuous basis, establishing and monitoring maximum parameters of operation for each tally or originator depending on the qualification and type of operation. There are defined risk diversification policies for portfolios, for economic groups and internal groups. Additionally, the concentration of tally type or originator, size of financial institutions and the region in which it operates are monitored so that an appropriate diversification is obtained and undesired concentrations are avoided.

Credit risk is measured 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 counterpart, which is expressed as a percentage between 0% and 100% where the better the rating or lower rate differential vs. the instrument of a government bond equivalent 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. To mitigating loan risk and to reduce the severity of losses in the event of non-fulfillment, the counterparts have signed ISDA contracts and agreements to net out, in which lines of credit and the use of collateral to mitigate loss in the event of non-fulfillment are implemented.

As of June 30, 2011, exposure to credit risk for Securities Investments of Banco Mercantil del Norte was Ps 192,175 billion, of which 99.2% is rated higher or similar to A-(mex) on a local scale, placing them in investment grade and the 3 main counterparties other than the Federal Government, State Governments and National Financial Institutions represent 19% of the Basic Capital of March 31, 2011. Additionally, the exposure of investments with the same counterparty other than the Federal Government that represents a higher or similar concentration to 5% of the Net Capital of March 2011 has a higher or similar rating to A (mex) and is comprised of (average considered term, amount in millions of pesos and rate): bond certificates from Pemex to 5 years and 2 months for $ 8.160 to 4.3% senior notes; Inbursa Certificates for 8 months for Ps 7,758 at 4.8%; Bancomer market certificates for 1 year and 3 months for Ps 5,129 at 4.9%; and State and Municipal Government loan securitization certificates for 25 years and 11 months for Ps 4,081 at 4.9%.

The exposure of Derivatives is Ps 2,463 billion, of which 99.0% has a rating higher or equal to A-(mex) on local level, placing them in investment grade and the 3 main counterparties other than then Federal or State Governments and National Financial Institutions represent 2% of the Basic Capital of March 2011.

Credit risk exposure of Banorte's Broker-Dealer for Securities Investments is Ps 12,825 billion, with 99.7% 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 15% of Equity of March 2011. Additionally, the exposure of investments with the same counterparty other than the Federal Government represents 5% or more of the Equity of March 2011has a rating higher or equal to Amex) and stock certificates of Banco del Bajío to 4 months for Ps 1,370 million at 4.7%; certificates of Bancomer at 1 year and 8 months for $1.000 at 5.0%; Stock certificates of Banco Santander term of 1 year and 10 months for Ps 496 million at 5.0%; international investment for Deutsche Bank to one year and 11 months for Ps 301 million at 8.2% and Stock certificates of Banco Invex term of 4 months for Ps 99 million at 5.4%.There isn't Derivatives operations.

Exposure to risk for securities of IXE Banco was Ps 38.705 billion to June 30th, 2011. Of the total, 62.51% is in securities with government and quasi-government tallies; 20.18% with bank tallies and 7.44% with private tallies.

The risk exposure of derivatives at closing of 2Q11 was Ps 439.53 million. The total was distributed with 89.27% in bank tallies and 10.73% in private tallies.

Total risk exposure for IXE Casa de Bolsa (Brokerage House) securities was Ps 21.963 billion. Of the total, 70.87% is in securities with government and quasi-government tallies; 29.08% in bank tallies and 0.06% in private tallies. There were no operations for derivatives.

For IXE Soluciones, the risk exposure for securities' investments was Ps 354 million (book value), in privately issued bonds. The Institution does not hold positions in derivative instruments.

- **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:

Tier 1 to March 31st, 2011	**41,032**
I. Financings whose individual amounts represent more than 10% of the basic equity:	
Loan Operations	
Number of financings	1
Total amount of financings	4,510
% in relation to Basic Capital	11%
Money Market Operations	
Number of financings	0
Total amount of financings	0
% in relation to Basic Capital	0%
Overnight Operations	
Number of financings	0
Total amount of financings	0
% in relation to Basic Capital	0%

II. Maximum amount of financing with the 3 largest debtors and common risk groups:	**19,255**

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 as of March 31st, 2011	$2,068

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

Loan Transactions

– Number of operations	14
– Total amount of the financings	5,980
– % relative to basic capital	289%

I. Maximum amount of financing with the 3 largest borrowers and Common Risk groups	2,793

In accordance with risk diversification regulations for asset and liability operations, is the following information corresponding to IXE Banco (millions of pesos):

Basic Capital to March 31st, 2011	**3,962**
I. Financings whose individual amounts represent more than 10% of the basic equity (on a group level):	
Loan Operations	
Number of financings	20
Total amount of financings	11,328
% in relation to Basic Capital	286%
Money Market Operations	
Number of financings	20
Total amount of financings	14,356
% in relation to Basic Capital	362%
Overnight Operations	
Number of financings	0
Total amount of financings	0
% in relation to Basic Capital	0
II. Maximum amount of financing with the 3 largest debtors and common risk groups:	**3,031**

In accordance with risk diversification regulations for asset and liability operations, is the following information corresponding to IXE Automotriz (millions of pesos):

Equity at March 31st, 2011	**305**
I. Financings whose individual amounts represent more than 10% of the basic equity (on a group level):	
Loan Operations	
Number of financings	3
Total amount of financings	55
% in relation to Equity	18%
Money Market Operations	
Number of financings	0
Total amount of financings	0
% in relation to Equity	0%
Overnight Operations	
Number of financings	0
Total amount of financings	0
% in relation to Equity	0.0
II. Maximum amount of financing with the 3 largest debtors and common risk groups:	**55**

In accordance with risk diversification regulations for asset and liability operations, is the following information corresponding to IXE Automotriz (millions of pesos):

Equity at March 31st 2011	**645**
I. Financings whose individual amounts represent more than 10% of the basic equity (on a group level):	
Loan Operations	
Number of financings	24
Total amount of financings to June 30th, 2011	2,781
% in relation to Equity	431%
Money Market Operations	
Number of financings	0
Total amount of financings	0
% in relation to Equity	0%
Overnight Operations	
Number of financings	0
Total amount of financings	0
% in relation to Equity	0.0
II. Maximum amount of financing with the 3 largest debtors and common risk groups:	**555**

In accordance with risk diversification regulations for asset and liability operations, is the following information corresponding to IXE Soluciones (millions of pesos):

Equity at March 31st 2011	**396**
I. Financings whose individual amounts represent more than 10% of the basic equity (on a group level):	
Loan Operations	
Number of financings	12

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

Total amount of financings to June 30th, 2011	977
% in relation to Equity	247%
Money Market Operations	
Number of financings	3
Total amount of financings	299
% in relation to Equity	75%
Overnight Operations	
Number of financings	
Total amount of financings	
% in relation to Equity	
II. Maximum amount of financing with the 3 largest debtors and common risk groups:	**407**

- **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 second quarter for the portfolio is Ps 1,572 million.

Million Pesos	2Q10	3Q10	4Q10	1Q11	2Q11
Total Var *	**2,716**	**2,272**	**1,618**	**1,533**	**1,572**
Net Capital **	**51,503**	**52,572**	**54,208**	**55,514**	**56,201**
VaR/Net Capital	**5.27%**	**4.32%**	**2.98%**	**2.76%**	**2.80%**

* 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 2011 is shown below:

Risk Factor	VaR
Domestic interest rate	1,493
Foreign interest rate	305
Exchange rate	50
Capitals	12
Total VaR of Bank and Brokerage House	1,572

Million Pesos

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.

➢ ***Ixe's Market Risk***

The Institution's market risk positions include money market instruments mainly floating rate instruments, lineal derivative instruments, underlying options such as interest rates, currencies and stock titles. To estimate market risk of Money, Stock, Foreign Exchange and Derivative portfolios, diverse methodologies are used to evaluate and control risk, which are authorized by the Board of Directors.

The Value at Risk, VaR, represents the maximum estimated loss with a certain statistical level of trust, for a determined period of time (investment horizon) and under normal market conditions. The Institution uses the integral risk system to the estimate VaR for all its positions and portfolios at risk.

To estimate VaR, the Historical Simulation methodology is used with 100 horizon days, as a policy estimations are carried out with a 95% level of trust and a horizon time of 1 day. These estimates are calculated for the Institution's diverse portfolios which include: Capital Market, Money Market, Derivatives, Foreign Exchange and Treasury.

To estimate the VaR, it is necessary to have the following:

Valuation formulae.
Data base of relevant risk factors

Monthly tests are carried out with extreme scenarios which incorporate historical scenarios during which fundamental suppositions are broken in the risk variables that the Institution is exposed to, additionally there are risk mensurations such as sensitivity to movements in: interest rates by 1 base point (PV01), exchange rates and stock prices.

Daily "back-tests" are carried out to compare losses and earnings with the value at risk observed, and to carry out calibrations with the models should the need arise.

The Institution can have shares registered as available for sale, which are treated with the accounting regulations in effect; as long as the value at risk is calculated at a trust level of 95% and 99.5% for market risk.

The VaR average for the Institution's portfolios for 2Q11 is Ps 13.24 million, which represents 0.20% of the Bank's Net Capital to June 2011.

IXE BANCO, S.A. DE C.V. VaR by Portfolio & risk factor Million Pesos	Tota 2Q1	
	Average	Closing
VaR 95% 1 day		
Money Market	8.30	8.1
Capital Market	5.20	4.8
Exchange Market	0.04	0.0
Derivatives Market	0.06	0.0
Treasury	9.62	7.4
TOTAL	13.24	11.2
Diversification Effect	(9.98)	(9.19)
Net Capital	6,538.06	6,538.06
VAR / Net Capital	**0.20%**	**0.17%**

The VaR average of the Broker Dealer's portfolios for 2Q11 is Ps 3.16 million, which represents 0.56% of the Institution's Net Capital to June 2011.

IXE CASA DE BOLSA, S.A. DE C.V. VaR by Portfolio & risk factor Million Pesos	Total 2Q11	
	Average	Closing
VaR 95% 1 day		
Money Market	2.51	2.18
Capital Market	1.96	1.45
Exchange Market	0.00	0.00
Derivatives Market	0.00	0.00
Treasury	0.07	0.06
TOTAL	3.04	3.14
Diversification Effect	(1.50)	(0.55)
Net Capital	564.76	564.76
VAR / Net Capital	**0.54%**	**0.56%**

Nota

VaR does not include securities held for settlement.

The VaR average of the Fincasa portfolios for 2Q11 is Ps 1.56 million, which represents 0.23% of the Institution's Net Capital to June 2011.

For their calculation, the Historical Simulation methodology was used with 100 horizon days, and as a policy, calculations were carried out with trust levels of 95% with a horizon time of 1 month.

Milion Pesos	1Q11	2Q11
VaR Balance	2.790	1.563
Net Capital *	641	693
VaR / Net Capital	0.44%	0.23%

** Net Capital Neto before June 2011*

The VaR average of the Ixe Automotriz portfolios for 2Q11 is Ps 0.75 million which represents 0.26% of the Institution's Net Capital to June 2011.

For their calculation, the Historical Simulation methodology was used with 100 horizon days, and as a policy, calculations were carried out with trust levels of 95% with a horizon time of 1 month.

Milion Pesos	1Q11	2Q11
VaR Balance	1.159	0.751
Net Capital *	276	292
VaR / Net Capital	0.42%	0.26%

** Net Capital Neto before June 2011*

The VaR average of the Ixe Soluciones portfolios for 2Q11 is Ps 1.43 million which represents 0.43% of the Institution's Net Capital to June 2011.

For their calculation, the Historical Simulation methodology was used with 100 horizon days, and as a policy, calculations were carried out with trust levels of 95% with a horizon time of 1 month.

Million Pesos	1Q11	2Q11
VaR Balance	4.205	1.436
Net Capital *	321	334
VaR / Net Capital	1.31%	0.43%

** Net Capital Neto before June 2011*

- **Liquidity Risk and Balance**

In response to the Banking Sector's need to measure global 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. The liquidity ratio at closing of 2Q11 is 88.4%, while the average for the quarter is 99.3%.

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

Millones de Pesos (final trimestre)	2T10	3T10	4T10	1T11	2T11
Activos Líquidos	141,019	127,518	126,939	126,759	127,601
Pasivos Líquidos	140,406	140,506	135,941	142,401	144,363
Índice de Liquidez	100.4%	90.8%	93.4%	89.0%	88.4%

Millones de Pesos (promedio)	2T10	3T10	4T10	1T11	2T11
Activos Líquidos	123,044	129,638	137,171	135,363	138,778
Pasivos Líquidos	122,584	126,699	131,419	138,192	139,777
Índice de Liquidez	100.4%	102.3%	93.1%	98.0%	99.3%

Calculo promedio calculado usando las estimaciones semanales del Indice de Liquidez

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.

- **Ixe Liquidity Risk**

Considering cash, the deposit with the Bank of Mexico, Government and banking securities of the Balance Sheet, and deposits such as core deposits all as liquid assets, the liquidity quotient (liquid assets vs deposits) for Banco Ixe to June 30th, 2011 is 17.88%. The liquidity ratio vs. Net Capital is 83.44%.

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

IXE BANCO, S.A. DE C.V. Liquidity Risk Million Pesos	Jun-11
Cumulative gap to one month (MXP + UDIS)	127.72
Liquid Assets	5,455.10
Net Capital	6,538.06
Tier 1 Capital	4,081.51
Liquidity vs Net Capital	**83.44%**
Liquidity vs. Tier 1 Capital	**133.65%**
Liquidity rational	**17.88%**

Liquidity rational = liquid assets vs Deposits

**Cash, Central Bank Deposits, Government and banking certificates*

The liquidity ratio vs. Net Capital for the Casa de Bolsa to June 30th, 2011 is 68.5%.

IXE CASA DE BOLSA, S.A. DE C.V. Liquidity Risk Million Pesos	Jun-11
Cumulative gap to one month (MXP + UDIS)	2.22
Liquid Assets	386.81
Net Capital	564.76
Liquidity vs Capital	**68.49%**

The liquidity ratio vs. Net Capital for Fincasa to June 30th, 2011 is 6.0%.

Fincasa Hipotecaria Liquidity Risk Million Pesos	USO Jun-11
Cumulative gap to one month (MXP + UDIS)	- 1,332
Cumulative gap to three months (MXP + UDIS)	- 2,186
Liquid Assets	42
Net Capital	693
Tier 1 Capital	677
Liquidity vs Net Capital	**6.0%**
Liquidity vs. Tier 1 Capital	**6.2%**

**Bank balances*

The liquidity ratio vs. Net Capital for Ixe Automotriz to June 30th, 2011 is 0.7%.

Ixe Automotriz Liquidity Risk Million Pesos	USO Jun-11
Accumulated gap in 1 month (MxP + USD)	- 812
Accumulated gap in 3 months (MxP + USD)	- 958
Liquid Assets *	2
Net Capital	292
Tier 1 Capital	291
Liquidity vs. Net Capital	**0.7%**
Liquidity vs. Tier 1 Capital	**0.7%**

**Bank balances*

The liquidity ratio vs. Net Capital for Ixe Soluciones to June 30th, 2011 is 0.1%.

Ixe Soluciones Riesgos de Liquidez Millones de Pesos	USO Jun-11
Accumulated gap in 1 month (MxP)	- 11
Accumulated gap in 3 months (MxP)	- 11
Liquid Assets * *	0.41
Net Capital	334
Tier 1 Capital	334
Liquidity vs. Net Capital	**0.1%**
Liquidity vs. Tier 1 Capital	**0.1%**

**Bank balances*

- **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; and 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:

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.

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.

- ***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.

- **Ixe Operational Risk**

IXE has a Manual for Operational Risk Management and an Internal Control System that integrates policies, procedures, responsibilities and roles of government entities for operational risk management including Operational, Technological and Legal Risk, as well as the section of internal control. In addition, there are manuals for processes, policies and procedures of the operating processes for entire areas of the institution.

Objectives, policies and procedures for Operational, Technological and Legal Risk Management, as well as those for Internal Control, are ratified at least once a year by the Board of Directors.

Operational Risk Management has a model to follow called "Process for Operational Risk Management in the Business" in order to identify, evaluate, mitigate, administer and monitor the operational, legal and technological risk in the environment of the entire company, with the support of the process owners and operational risk delegates.

To register those events with operational losses, a database is made that allows the central areas supplying information to report the events directly, classifying each by type of event and line of business, in order to have statistics of those operational events incurred by the institution to be able to determine the tendencies, frequency, impact and distribution that they present.

Likewise, to register and follow-up on judicial, administrative and fiscal matters that could result from unfavorable unappealable resolutions, there is a database that allows the central areas supplying information to report directly on these matters, which are classified under defaulted taxonomy.

In accordance with Capitalization Rules for Operational Risk in effect, IXE has adopted the Basic Model that is calculated and reported periodically to authorities.

- **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 The Board of Directors with the support of the Committee of Risk Policies (CPR) and the Committee of Audit and Corporate Practices (CAPS) and the Human Resources' Committee. The Human Resources' Committee was formed during the first quarter of 2011 in order to implement, maintain and continuously review the remuneration system in the institution and staff's salaries, in order for them to be consistent with the effective risk management.
B. 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.
C. 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.
D. Documents that establish the general control criteria that should be followed in the operation and reporting of transactions; in optimizing human, material and technological resources; in the use, security, timeliness and reliability of the information; and in the due compliance with the external and internal regulations. Code of Conduct that regulates the behavior that each advisor, officer or employee of the Group should assume while performing their activities.
E. 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.

During the second quarter of 2011, 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 Supervisory Authorities' requirements have been addressed and the information required by the external regulations has been submitted.
B. The process began of incorporating the financial institutions that previously integrated IXE Grupo Financiero to align them to the internal control system of Grupo Financiero Banorte.
C. Monitoring of the various business and support processes that make up the operation in GFNorte through Process Controllers and Management, to report periodically on compliance and identifying where areas of opportunity for timely remediation.
D. The various Corporate Governance Committees have had the required financial, economic, accounting and/or legal information for proper decision-making.
E. 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.

- **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: 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, 2011 and June, 2010, the loans granted to related parties totaled Ps $9,972 million and Ps $8,835 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

Lic. Benjamín Vidargas Rojas
Managing Director of Internal Audit

Lic. Jorge Eduardo Vega Camargo
Deputy Managing Director of Comptrollership

C.P. Nora Elia Cantú Suárez
Deputy Managing Director of Accounting and Fiscal

- **Basis for submitting and presenting 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 (CNBV) published in the Official Gazette of the Federation on January 31th, 2011. 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 environment 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 1Q01, the Quarterly Report provides consolidated information for the financial group including insurance and annuities.

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, April 26, 2007, September 19, 2008, October 14, 2008, April 27, 2009, June 11, 2009, November 9, 2009 and January 27, 2011. 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 environment is non inflationary when accumulated inflation for the last three years is less 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 CNBV 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.