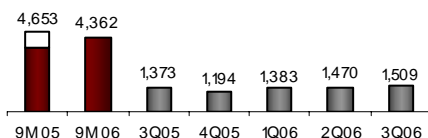
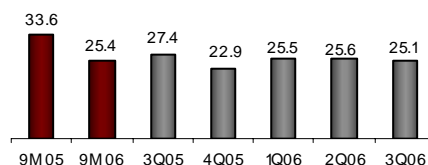


*GFNorte accumulated a net income of Ps 4,362 million as of 3Q06.*

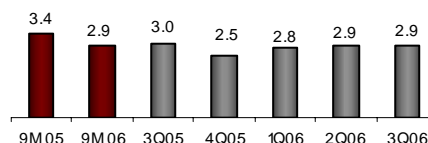
**GFNORTE's NET INCOME**  
(Millions of Pesos)



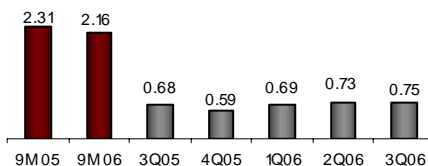
**GFNORTE % ROE**



**GFNORTE % ROA**



**GFNORTE EPS**



F

#### GRUPO FINANCIERO BANORTE

- GFNorte's **Net Income** for 9M06 reached Ps 4,362 million, 14% higher than in 9M05 excluding Ps 830 million in extraordinary items recorded in that period, equivalent to an annualized ROE of 25.4% and a ROA of 2.9%. The Banking Sector's contribution to net income (without the Afore Pension Fund) was Ps 3,562 million.
- On October 12<sup>th</sup>, GFNorte's Shareholders approved the payment of a **cash dividend of Ps 0.375 per share**, equivalent to a payout of 13% (15% based on the recurrent net income), a 16% increase over last year's dividend payment. The dividend was paid on October 24.
- Our **Performing Loan portfolio** continued its robust performance, posting a 23% YoY increase driven by outstanding growth in Payroll loans, Credit Cards and Mortgage loans which increased 53%, 44% and 36%, respectively. Despite the rapid growth in consumer loans, asset quality continued to improve as delinquency rates declined from 1.8% in 3Q05 to 1.6% in 3Q06 while the reserve coverage ratio increased from 165% to 172%.

#### BANKING SECTOR

- On October 13<sup>th</sup>, **Banorte** successfully completed a **USD \$600 million non-convertible subordinated debt placement** in the international markets in two tranches: USD \$200 million of 15 Non Call 10 Tier I notes with a 6.862% yield; and USD \$400 million of 10 Non Call 5 Tier II notes with a 6.135% yield. This transaction allows Banorte to strengthen its capital base in order to support the growth of its operations.
- Last August, GFNorte concluded **the integration process of Banco del Centro (Bancen)** and Banco Mercantil del Norte, by finalizing the merger of both banks.
- **Core Deposits** showed an important 17% growth with respect to 9M05, driven by 25% growth in non-interest bearing Demand Deposits. This was the result of the introduction and promotion of low-cost deposit products.
- Banorte continues to be at the forefront of innovation in the Mexican market by launching the **first 30-year fixed rate mortgage in the Mexican market**, with a minimum down payment of 15% (5% for Infonavit programs) and at a fixed rate of 11.90%.

**Contacts:**

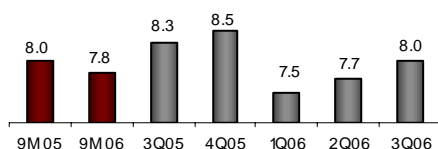
Jorge Colin  
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(5281) 8318 50 02  
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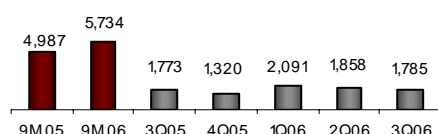
E-mail: [investor@banorte.com](mailto:investor@banorte.com)  
web page: [www.banorte.com](http://www.banorte.com)  
web cast: [www.banorte.com/ri](http://www.banorte.com/ri)

## Highlights

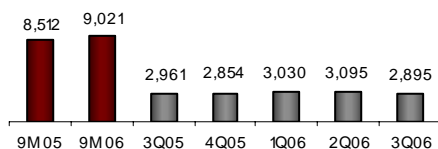
### NIM



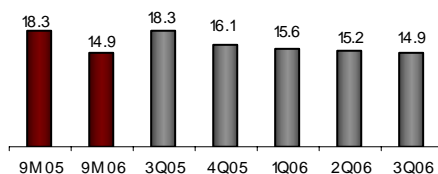
### NOT INTEREST INCOME (Millions of Pesos)



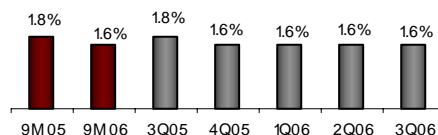
### NON INTEREST EXPENSE (Millions of Pesos)



### CAPITALIZATION RATIO



### PAST DUE LOAN RATIO



## Grupo Financiero Banorte

### Net Income

GFNorte's net income for 9M06 reached Ps 4,362 million, 14% higher than the level achieved in 9M05 (excluding Ps 830 million in extraordinary items recorded in 2Q05), driven mainly by 7% growth in Net Interest Income and a 15% increase in Non Interest Income.

### Net Interest Margin

In spite of a 221 bp contraction in the average 28-day TIIE rate, Net Interest Margin remained sturdy, declining only 20 bp from 8.0% in 9M05 to 7.8% in 9M06. The good performance was mainly due to the growth, an improvement in the mix of the credit portfolio and a lower cost of funding.

### Non Interest Income

Non Interest Income for 9M06 grew 15% YoY driven by strong growth in Forex, Trading and Recovery Banking, of 59%, 25% and 24% respectively.

### Non Interest Expense

Non Interest Expense during 9M06 increased 6% when compared to 9M05 due to higher business volume; higher personnel expenses resulting from the transfer of employees from non-consolidated subsidiary Sólida Administradora de Portafolios to Banorte, and to expenses related to the branch investment program.

### Capitalization

The Banking Sector's capitalization ratio declined from 18.3% in 9M05 to 14.9% in 9M06. The decline can be mainly attributed to: i) an important growth of risk assets; and ii) the impact of the new rules for capital requirements issued by Mexico's Ministry of Finance that came into effect in 1Q06. Nevertheless, the level of capitalization has been kept at adequate levels.

### Loan Portfolio

At the close of 9M06, the performing loan portfolio, excluding the one managed by the Recovery unit, reached a balance of Ps 129 billion, an increase of 23% vs. 3Q05. This robust growth is mainly due to the strong performance of consumer and commercial performing loans, which grew 33% and 23%, respectively.

### Asset Quality

Despite the rapid growth in the loan portfolio, especially consumer loans, asset quality continued to improve as delinquency rates declined from 1.8% in 3Q05 to 1.6% in 3Q06 while the reserve coverage ratio increased from 165% to 172%.

## Executive Summary

**Grupo Financiero Banorte** reported results for the nine month period ending September 30, 2006. Net Income reached Ps 4.4 billion, a 14% increase vs. 9M05 (excluding Ps 830 million in extraordinary items in 9M05). GFNorte's annualized Return on Equity for the year stood at 25.4%, while the ROA was 2.9%.

The Banking Sector contributed with 82% of GFNorte's Net Income, equivalent to Ps 3.6 billion, a 9% increase vs. 9M05 (excluding extraordinary items for that period). This sustained growth in recurring operations in the traditional banking business is explained by solid growth and mix improvement in the loan portfolio, as well as higher service fee income.

GFNorte's Net Interest Margin declined to 7.8% in 9M06 from 8.0% in 9M05, as a result of a 221 bps contraction in the average 28 days TIIE rate during 9M06 vs. 9M05, which was almost offset by lower funding costs and loan growth and mix improvement.

Trading income increased 25% vs. the prior year. Despite greater market volatility and its impact on the valuation of long-term instruments GFNorte realized important profits in the sale of proprietary fixed income positions during the year.

Non Interest Expense increased 6% when compared to 9M05. This increase is explained by higher personnel expenses resulting from the transfer of employees from Sólida Administradora de Portafolios to Banorte; expenses related with higher business volumes, which in turn increased revenues; and expenses related to the branch investment program. The efficiency ratio improved from 57% in 9M05 to 55% in 9M06.

Total deposits, excluding off-balance sheet deposits, were Ps 146 billion at the end of 3T06, increasing 11% versus 3Q05. Demand deposits increased 18%, while time deposits grew 16%. In contrast, money market deposits declined 13% due to the growth in low cost deposits and also to lower funding needs, stemming from IPAB pre-payments and amortizations during the past year eliminating the balance of IPAB notes held by the bank.

The loan portfolio – excluding the one managed by the Recovery Bank – continued to show robust growth trends. At the end of 3Q06, performing loans increased 23% vs. 3Q05, reaching a balance of Ps 129 billion. Commercial loans grew 23% over the last twelve months to Ps 46 billion, Corporate loans grew 23% to Ps 22 billion, while Government loans declined 7% to Ps 13 billion.

Consumer loans continue posting strong growth during the period, and they now make up 37% of total performing loans. The Credit Card loan book increased 44% from 3Q05, reaching Ps 8 billion, as a result of the continued success of the "Ya Bájale" balance transfer program and the incorporation of attractive attributes to credit card products. Payroll loans grew 53%, reaching Ps 5 billion. Auto loans resumed growth and ended with a balance of Ps 6 billion, while mortgages kept their dynamic pace growing 36%, to reach a balance of Ps 29 billion.

Non-performing loans only grew 7% versus 3Q05, even though the loan portfolio has grown significantly in the past twelve months. GFNorte reported Ps 2.1 billion in delinquencies, resulting in a non-performing loan ratio of 1.6%; a 20 bps decline versus 3Q05. The loan loss reserves coverage ratio stood at 172%, comparing favorably with the 165% ratio reported in 3Q05.

The Long-term Savings Sector, which includes the Pension Fund Afore, the Insurance and Annuities companies, contributed with Ps 497 million to the Group's net income during 9M06, an increase of 28% compared to 9M05.

The Auxiliary Organizations Sector contributed with Ps 183 million to the Group's net income in 9M06, a 29% increase vs. 9M05, while the Brokerage Sector's contribution reached Ps 107 million during the same period, 89% above the 9M05 figure.

**Grupo Financiero Banorte**

Subsidiaries Earnings (Millions of Pesos)	QUARTER			% CHANGE		ACCUMULATED		
	3Q05	2Q06	3Q06	3Q05	2Q06	9M05	9M06	% CH
Banco Mercantil del Norte (1)	921	810	1,231	34%	52%	3,481	2,708	(22%)
Banco del Centro	252	306	72	(71%)	(76%)	602	853	42%
<b>Banking Sector</b>	<b>1,173</b>	<b>1,116</b>	<b>1,303</b>	<b>11%</b>	<b>17%</b>	<b>4,083</b>	<b>3,562</b>	<b>(13%)</b>
<b>Brokerage Sector (Brokerage House)</b>	<b>13</b>	<b>36</b>	<b>32</b>	<b>148%</b>	<b>(11%)</b>	<b>57</b>	<b>107</b>	<b>89%</b>
Afore	57	-	19	(66%)	N.A.	137	63	(54%)
Insurance	66	38	20	(70%)	(48%)	202	115	(43%)
Annuities	23	208	69	207%	(67%)	48	319	560%
<b>Long – Term Saving Sector</b>	<b>145</b>	<b>245</b>	<b>108</b>	<b>(25%)</b>	<b>(56%)</b>	<b>387</b>	<b>497</b>	<b>28%</b>
Leasing	19	32	29	51%	(9%)	61	89	45%
Factoring	14	26	17	22%	(33%)	55	66	19%
Warehousing	2	3	2	9%	(47%)	9	7	(21%)
Bonding	8	7	9	21%	29%	16	21	28%
<b>Auxiliary Organization Sector</b>	<b>43</b>	<b>68</b>	<b>57</b>	<b>35%</b>	<b>(16%)</b>	<b>142</b>	<b>183</b>	<b>29%</b>
Créditos Pronegocio	2	5	9	368%	90%	(10)	18	N.A.
<b>G. F. Banorte [holding]</b>	<b>(2)</b>	<b>(1)</b>	<b>(1)</b>	<b>N.A.</b>	<b>N.A.</b>	<b>(5)</b>	<b>(5)</b>	<b>N.A.</b>
<b>Total</b>	<b>1,373</b>	<b>1,470</b>	<b>1,509</b>	<b>10%</b>	<b>3%</b>	<b>4,653</b>	<b>4,362</b>	<b>(6%)</b>

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

**Group's Balance Sheet Highlights**

(Millions of Pesos)	3Q05	2Q06	3Q06	% QUART. CHANGE	% ACCUM. CHANGE
Performing loans excluding IPAB (1)	106,649	125,876	130,112	22%	3%
IPAB loans	2,633	N.A.	N.A.	N.A.	N.A.
Past Due Loans	1,928	1,992	2,063	7%	4%
Total Loans	111,210	127,867	132,175	19%	3%
Loan Loss Reserves	3,186	3,466	3,539	11%	2%
Total Assets	184,934	206,861	204,968	11%	(1%)
Total Deposits (3)	131,260	145,763	146,062	11%	-%
Equity	21,893	24,473	25,935	19%	6%
Assets under Management (2)	415,947	455,689	477,155	15%	5%

1) Excludes Fobaproa-IPAB notes and loans to IPAB that are accounted in the Loans to Government Entities line.

2) Includes Deposits, On behalf of Third Parties Deposits and Mutual Funds of the Banking Sector, Assets under management of the Brokerage Sector and those of the Afore.

3) The checking accounts were excluded from IPAB where cash collecting was deposited over the managed loans from Banpais and Bancen. The balances of these accounts in 3Q05, 2Q06 and 3Q06 were Ps 540 million, Ps 1,130 million and Ps 473 million, respectively.

**GFNorte Share Data**

	3Q05	2Q06	3Q06	9M05	9M06
Net Income per Share (2) (Pesos)	0.68	0.73	0.75	2.31	2.16
Dividends per Share (2) (Pesos)	-	-	-	-	-
Dividend Payout	-	-	-	-	-
Book Value per Share (1 (2)) (Pesos)	10.26	11.59	12.28	10.26	12.28
Shares Outstanding (2) (Millions of Shares)	2,018.3	2,018.3	2,018.3	2,018.3	2,018.3
Price (Pesos)	24.04	26.25	34.66	24.04	34.66
P/BV (Times)	2.43	2.26	2.82	2.43	2.82
Market Cap (Billions)	4,505	4,660	6,364	4,505	6,364

1) Excluding Minority holdings. 2) The shares outstanding increased from 504.6 millions to 2,018.6 millions at 4Q05.

Group's Financial Ratios	QUARTER					ACCUMULATED	
	3Q05	4Q05	1Q06	2Q06	3Q06	9M05	9M06
<b>Profitability</b>							
NIM before Repomo (1)	8.3%	8.5%	7.5%	7.7%	8.0%	8.0%	7.8%
NIM adjusted by Loan Loss Provisions (2)	7.1%	7.6%	6.5%	6.7%	7.0%	7.0%	6.8%
ROA (3)	3.0%	2.5%	2.8%	2.9%	2.9%	3.4%	2.9%
ROE (4)	27.4%	22.9%	25.5%	25.6%	25.1%	33.6%	25.4%
ROE without extraordinaries	27.4%	22.9%	25.5%	25.6%	25.1%	27.6%	25.4%
<b>Operation</b>							
Efficiency Ratio (5)	56.5%	57.2%	55.2%	57.4%	52.2%	56.7%	54.9%
Operative Efficiency Ratio (6)	6.3%	6.0%	6.1%	6.0%	5.6%	6.1%	5.9%
Liquidity Ratio (7)	56.5%	56.9%	71.5%	63.3%	60.5%	56.5%	60.5%
<b>Asset Quality</b>							
% Past Due Loans w/o Fobaproa	1.8%	1.6%	1.6%	1.6%	1.6%	1.8%	1.6%
Loan Loss Reserves to past Due Loans	165.3%	165.8%	171.3%	174.0%	171.6%	165.3%	171.6%

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

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

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

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

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

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

7) Liquid Assets / Liquid Liabilities (Liquid Assets = Cash and due from Banks + Negotiable Instruments + Securities held for sale, Liquid Liabilities = Demand Deposits + Liquid Due to banks liabilities + short term loans from banks.

GFNorte Income Statement (Millions of Pesos)	QUARTER			% CHANGE		ACCUMULATED		
	3Q05	2Q06	3Q06	3Q05	2Q06	9M05	9M06	% CH
<b>Net Interest Income after Repomo</b>	<b>3,425</b>	<b>3,558</b>	<b>3,648</b>	<b>7%</b>	<b>3%</b>	<b>9,942</b>	<b>10,534</b>	<b>6%</b>
- <b>Loan Loss and Loss Sharing Provisions</b>	<b>477</b>	<b>442</b>	<b>363</b>	<b>(24%)</b>	<b>(18%)</b>	<b>1,139</b>	<b>1,180</b>	<b>4%</b>
• Service	1,199	1,237	1,299	8%	5%	3,449	3,751	9%
• Recovery	330	191	150	(55%)	(22%)	581	722	24%
• Foreign Exchange	95	96	85	(10%)	(11%)	188	300	59%
• Trading (Securities- Realized and unrealized gains)	149	335	251	69%	(25%)	768	960	25%
+ <b>Non Interest Income</b>	<b>1,773</b>	<b>1,858</b>	<b>1,785</b>	<b>1%</b>	<b>(4%)</b>	<b>4,987</b>	<b>5,734</b>	<b>15%</b>
= <b>Total Operating Income</b>	<b>4,721</b>	<b>4,974</b>	<b>5,071</b>	<b>7%</b>	<b>2%</b>	<b>13,790</b>	<b>15,088</b>	<b>9%</b>
- Non Interest Expense	2,961	3,095	2,895	(2%)	(7%)	8,512	9,021	6%
= <b>Net Operating Income</b>	<b>1,760</b>	<b>1,879</b>	<b>2,176</b>	<b>24%</b>	<b>16%</b>	<b>5,278</b>	<b>6,067</b>	<b>15%</b>
- Non Operating Income (Expense) Net	59	53	149	153%	182%	1,068	207	(81%)
= <b>Pre-Tax Income</b>	<b>1,819</b>	<b>1,932</b>	<b>2,325</b>	<b>28%</b>	<b>20%</b>	<b>6,346</b>	<b>6,274</b>	<b>(1%)</b>
- Income Tax & profit sharing	477	722	931	95%	29%	1,749	2,364	35%
= <b>Net Income before Subsidiaries</b>	<b>1,342</b>	<b>1,210</b>	<b>1,395</b>	<b>4%</b>	<b>15%</b>	<b>4,597</b>	<b>3,910</b>	<b>(15%)</b>
+ Undistrib. Earnings of Subsid, Extraord. Items & Minority Income	31	260	115	271%	(56%)	56	452	
= <b>Net Income</b>	<b>1,373</b>	<b>1,470</b>	<b>1,509</b>	<b>10%</b>	<b>3%</b>	<b>4,653</b>	<b>4,362</b>	<b>(6%)</b>

N.C. = Not Comparable

## Net Interest Income

Net Interest Income (Millions of Pesos)	QUARTER			% CHANGE		ACCUMULATED		
	3Q05	2Q06	3Q06	3Q05	2Q06	9M05	9M06	% CH
Interest Income	9,502	8,238	8,363	(12%)	2%	26,111	25,300	(3%)
Interest Expense	6,156	4,856	4,740	(23%)	(2%)	16,382	15,005	(8%)
Loan Fees	153	194	183	20%	(6%)	387	527	36%
Fees Paid	35	38	45	30%	20%	88	123	39%
<b>Net Interest Income before Repomo</b>	<b>3,464</b>	<b>3,539</b>	<b>3,760</b>	<b>9%</b>	<b>6%</b>	<b>10,028</b>	<b>10,699</b>	<b>7%</b>
Average Earning Assets	166,828	184,748	186,918	12%	1%	166,690	184,025	10%
<b>NIM before REPOMO (1)</b>	<b>8.3%</b>	<b>7.7%</b>	<b>8.0%</b>			<b>8.0%</b>	<b>7.8%</b>	

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

During 9M06, Net Interest Income before Repomo increased 7% versus the same year ago period, resulting in a NIM of 7.8% vs. 8.0% during 9M05. Changes in NIM are explained by the following factors:

### Increase due to:

- Annual growth of 23% in performing loans, excluding both IPAB and loans managed by the Recovery unit.
- Better loan mix, specially in the consumer portfolio.
- Better deposit mix as a result of a 17% increase in core deposits.
- Increase of 36% in Loan fees.

### Decrease due to:

- Lower interest rates. The average 28-day Cetes rates decreased from 9.39% in 9M05 to 7.25% in 9M06, and the TIIE from 9.78% to 7.57%, in the same period.
- The negative effect of currency valuation of Ps 45 million.

Net interest income before Repomo in 3Q06 was 9% higher than that of 3Q05; reducing the NIM to 8.0% from 8.3% in 3Q05, as a result of the following factors:

### Increase due to:

- The annual growth of 23% in performing loans, excluding both IPAB and the Recovery Unit.
- Better loan mix, specially in the consumer portfolio.
- Increase of 20% in loan fees.
- Depreciation of the Mexican peso vs. USD. The average exchange rate went from 10.73 Mexican pesos per USD in 3Q05 to 10.94 Mexican pesos per USD in 3Q06.

### Decrease due to:

- A decrease in market interest rates, as the average 28-days Cetes rate dropped from 9.49% in 3Q05 to 7.04% in 3Q06 and the TIIE rate decreased from 9.89% to 7.31% in the same period.

## Non Interest Income

Non Interest Income (Millions of Pesos)	QUARTER			% CHANGE		ACCUMULATED		
	3Q05	2Q06	3Q06	3Q05	2Q06	9M05	9M06	% CH
+ Fund Transfers	51	58	58	16%	1%	137	169	23%
+ Account Management Fees	248	234	239	(4%)	2%	757	701	(7%)
+ Fiduciary	55	64	67	21%	4%	158	187	18%
+ Income From loan portf. acquired	730	426	322	(56%)	(24%)	1,178	1,362	16%
+ Electronic Banking Services	164	195	204	25%	4%	475	577	22%
+ Credit Card	284	357	365	29%	2%	805	1,052	31%
+ From IPAB (2)	(6)	7	7	213%	10%	139	23	(84%)
+ Afore	325	198	302	(7%)	53%	828	806	(3%)
+ Other Fees (3)	213	306	237	11%	(23%)	662	778	18%
<b>Fees on purchased services:</b>	<b>2,063</b>	<b>1,845</b>	<b>1,802</b>	<b>(13%)</b>	<b>(2%)</b>	<b>5,140</b>	<b>5,655</b>	<b>10%</b>
+ Fund Transfers	3	4	4	40%	(6%)	7	11	51%
+ Other Fees (1)	138	173	170	24%	(1%)	393	507	29%
+ Expense From loan portf. acquired (1)	394	242	179	(54%)	(26%)	710	663	(7%)
<b>Fees Paid :</b>	<b>534</b>	<b>418</b>	<b>353</b>	<b>(34%)</b>	<b>(16%)</b>	<b>1,110</b>	<b>1,181</b>	<b>6%</b>
=Net Fees	<b>1,529</b>	<b>1,427</b>	<b>1,449</b>	<b>(5%)</b>	<b>2%</b>	<b>4,030</b>	<b>4,474</b>	<b>11%</b>
+ Foreign Exchange	95	96	85	(10%)	(11%)	188	300	59%
+ Securities- Realized gains	134	178	250	87%	40%	755	974	29%
+ Securities- Unrealized gains	15	156	2	(90%)	(99%)	13	(13)	(204%)
<b>Trading Income</b>	<b>244</b>	<b>431</b>	<b>337</b>	<b>38%</b>	<b>(22%)</b>	<b>957</b>	<b>1,260</b>	<b>32%</b>
<b>= Non Interest Income</b>	<b>1,773</b>	<b>1,858</b>	<b>1,785</b>	<b>1%</b>	<b>(4%)</b>	<b>4,987</b>	<b>5,734</b>	<b>15%</b>

1) The Income from the Serfin loan collecting, which used to be grouped as Trustee, is now included in the Acquired Loans Income concept.

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

3) It includes fees from letters of credit, from pension funds, warehousing services, financial advisory and for Brokerage House services, among other.

The following table sets forth a breakdown of Non Interest Income:

Non Interest Income (Millions of Pesos)	QUARTER			% CHANGE		ACCUMULATED		
	3Q05	2Q06	3Q06	3Q05	2Q06	9M05	9M06	% CH
Service	1,199	1,237	1,299	8%	5%	3,449	3,751	9%
Recovery	330	191	150	(55%)	(22%)	581	722	24%
Foreign Exchange	95	96	85	(10%)	(11%)	188	300	59%
Trading (Securities- Realized and unrealized gains)	149	335	251	69%	(25%)	768	960	25%
<b>= Non Interest Income</b>	<b>1,773</b>	<b>1,858</b>	<b>1,785</b>	<b>1%</b>	<b>(4%)</b>	<b>4,987</b>	<b>5,734</b>	<b>15%</b>

Non Interest Income in 9M06 went up in 15% vs. 9M05. The increase is explained by the following factors:

### Service fees:

In 9M06, service fees grew 9% in comparison to 9M05 with increases in almost all items due to growth in transaction volume: Credit Cards fees grew 31%, E-banking increased 22%, and Funds Transfers 23%. Fees from the Afore declined 3% as a result of a reduction in fee rates. Credit card fees showed good growth despite declines in service and interbank fees during 9M06. During the quarter, Service fees grew 8% compared to 3Q05, driven by increases in most lines except Account Management Fees which dropped 4% and Afore fees which decreased 7%, due to fee reductions.

**Recovery:**

Non Interest Income (Millions of Pesos)	QUARTER			% CHANGE		ACCUMULATED		
	3Q05	2Q06	3Q06	3Q05	2Q06	9M05	9M06	% CH
<b>SERFIN</b>								
Income	53	-	-	-%	-%	225	398	77%
- Expense	23	-	-	-%	-%	105	120	14%
<b>= Net Fees from Serfin</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>-%</b>	<b>-%</b>	<b>120</b>	<b>278</b>	<b>132%</b>
<b>LOAN PORTFOLIOS ACQUIRED</b>								
Income	677	426	322	(52%)	(24%)	953	964	1%
- Expense	371	242	179	(52%)	(26%)	605	543	(10%)
<b>= Net Fees from loan portfolios acquired</b>	<b>306</b>	<b>184</b>	<b>143</b>	<b>(53%)</b>	<b>(22%)</b>	<b>348</b>	<b>421</b>	<b>21%</b>
<b>IPAB FEES</b>								
From IPAB (*)	(6)	7	7	213%	10%	112	23	(79%)
<b>= IPAB Fees</b>	<b>(6)</b>	<b>7</b>	<b>7</b>	<b>213%</b>	<b>10%</b>	<b>112</b>	<b>23</b>	<b>(79%)</b>
<b>Non Interest Income – Recovery Bank</b>	<b>330</b>	<b>191</b>	<b>150</b>	<b>(55%)</b>	<b>(21%)</b>	<b>581</b>	<b>722</b>	<b>24%</b>

(\*) Includes only the fees received by Recovery Banking.

Accumulated Non-Interest Income from the Recovery Banking business was up 24% compared to 9M05. Net fees from the Serfin Portfolio had an important increase of 132% with respect to 9M05, due to a Ps \$270 million gain in a sale from this portfolio by IPAB in 1Q06. This servicing contract with IPAB expired in 2Q06. Earnings from purchased loans increased 21% vs. 9M05 because of greater investment amortizations. Fees from IPAB showed a 79% decrease as a result of a 51% reduction in assets managed. For the quarter, income from Recovery Banking declined 55% in comparison to 3Q05 mainly due to less income derived from acquired portfolios.

**Foreign Exchange:**

Income from Foreign Exchange in 9M06 increased 59% vs. 9M05 as a result of higher transaction volume, a substantial decline in synthetic funding operations as of 3Q05, which had a negative effect during 1H05, and to the positive currency valuation impact of Ps 36 million. During 3Q06, Foreign Exchange income declined 10% vs. 3Q05 due to a smaller proprietary position during the quarter.

**Trading:**

Trading income in 9M06 increased 25% in comparison to 9M05, this increase is mainly attributable to the monetization of long-term fixed income securities by the Treasury. During the quarter, Trading income was 69% higher than that of 3Q05 due to the positive impact from the sale of short and long-term fixed income instruments as the Treasury took advantage of substantial declines in both short and long term interest rates.

**Non Interest Expense**

Non Interest Expense (Millions of Pesos)	QUARTER			% CHANGE		ACCUMULATED		
	3Q05	2Q06	3Q06	3Q05	2Q06	9M05	9M06	% CH
Personnel Expenses	1,142	1,274	1,003	(12%)	(21%)	3,369	3,494	4%
+Professional Fees	159	197	170	7%	(14%)	506	573	13%
+Administrative and Promotion Expenses	968	926	1,037	7%	12%	2,534	2,819	11%
+Rent, Depreciation & Amortization	413	412	392	(5%)	(5%)	1,288	1,240	(4%)
+Tax other than income tax	126	122	132	5%	8%	354	410	16%
+Contributions to IPAB	153	165	162	6%	(2%)	460	485	6%
<b>= Non Interest Expense</b>	<b>2,961</b>	<b>3,095</b>	<b>2,895</b>	<b>(2%)</b>	<b>(7%)</b>	<b>8,512</b>	<b>9,021</b>	<b>6%</b>



Non-Interest expense in 9M06 increased 6% vs. 9M05 mainly due to higher personnel expenses, expenses associated to growing business volumes and to expenses related to the ongoing branch remodeling and expansion program. Personnel expenses increased 4%, mostly as a result of the transfer of employees from Sólida Administradora de Portafolios to Banorte on Jan/06. Excluding the effect of the above-mentioned personnel transfer, personnel expenses declined 2%. Professional Fees paid increased 13% due to a significant uptick in fees paid to lawyers and consultants involved in the development of new business lines, new products, and the increase of portfolio recovery expenses. Administrative and Promotional Expenses increased 11% as a consequence of higher marketing spending related to new product launches and expenses associated with higher business volumes. Rents, Depreciations and Amortizations declined 4% due to the conclusion of the Bancreer integration project and lower depreciation charges from technology and office equipment. Tax other than Income Tax went up 16% due to higher investments and purchases related to the branch investment program carried out during the period. Contributions to IPAB increased 6% vs. 9M05 due to the increase in deposits during the last 12 months.

Non Interest Expense in 3Q06 decreased 2% vs. 3Q05 as a result of lower Personnel and Rent, Depreciation and Amortization expenses which decreased 12% and 5%, respectively. The former is mainly related to adjustments in expense provisions estimated for the rest of the year due to the as the branch investment program is lagging behind schedule due to difficulties in finding the right locations, specially in Mexico City; while the latter was due to lower amortizations from the integration of Bancrecer´s project and from technology and office equipment which were fully amortized.

### Non Operating Income (Expense) Net

Non Operating Income (Expense) <i>(Millions of Pesos)</i>	QUARTER			% CHANGE		ACCUMULATED		
	3Q05	2Q06	3Q06	3Q05	2Q06	9M05	9M06	% CH
+Other Revenues	92	64	144	56%	125%	255	266	4%
+Foreign Exchange	-	-	-	-	-	-	-	-
+Recoveries	48	133	123	159%	(8%)	1,325	403	(70%)
+Repomo-other revenues	1	-	3	155%	4,952%	8	7	(5%)
+Warehousing	134	83	-	(100%)	(100%)	934	183	(80%)
<b>=Non Operating Income</b>	<b>274</b>	<b>280</b>	<b>271</b>	<b>(1%)</b>	<b>(3%)</b>	<b>2,521</b>	<b>860</b>	<b>(66%)</b>
-Other Expenses	(36)	(149)	(24)	(33%)	(84%)	(430)	(275)	(36%)
-Foreign Exchange	-	-	-	-	-	-	-	-
- Repomo-other expenses	(46)	5	(97)	112%	(2,242%)	(92)	(195)	112%
- Warehousing	(133)	(82)	-	(100%)	(100%)	(931)	(183)	(80%)
<b>=Non Operating Expense</b>	<b>(215)</b>	<b>(227)</b>	<b>(121)</b>	<b>(44%)</b>	<b>(47%)</b>	<b>(1,453)</b>	<b>(653)</b>	<b>(55%)</b>
<b>= Non Operating Income (Expense) Net</b>	<b>59</b>	<b>53</b>	<b>149</b>	<b>153%</b>	<b>182%</b>	<b>1,068</b>	<b>207</b>	<b>(81%)</b>

Net Non-Operating income for 9M06 reached Ps 207 million, 81% below the level registered in 9M05. This variation was mainly due to the following factors:

#### Other Products:

- The 9M05 figure includes Ps 1,061 million in Value Added Tax (VAT) returns derived from the favorable resolution of an injunction filed by the Group subsidiaries against the VAT law in 2Q05.
- Increase in Recoveries from contributions made to the POS terminal project and VAT returns in 9M06.
- An 80% decline in income from inventory trading at Banorte's Warehouse unit.

#### Other Expenses

- A Ps 104 million write off from the GEL audits to IPAB and a provision of Ps 51 million for a write off derived from IPAB prepayments in 9M05.
- Provisioning of Ps 14 million for sundry debtors.
- A Repomo increase of Ps 103 million due to higher inflation in 9M06 vs. 9M05 (2.47% vs. 1.72%).
- An 80% decline in expenses from inventory trading at Banorte's Warehouse unit.

Net results for Other Income/Expense for 3Q06 was 153% higher than 3Q05 mainly as a result of an increase in cancellations of dividend creditor policies and sundry creditors for Ps 70 million which are reflected in Other Revenues; a higher level of Recoveries and an increase in Repomo-Other Expenses due to higher inflation in 3Q06 vs. 3Q05 (1.80% vs. 0.91%).

#### Taxes

The effective tax and profit-sharing rate for 9M06 was 38% vs. 28% in 9M05 as a result of the depletion of Banorte's and Bancen's remaining tax shields.

## Loan Portfolio

<b>PERFORMING LOAN PORTFOLIO</b>					
<i>(Millions of Pesos)</i>	3Q05	2Q06	3Q06	% CHANGE VS 3Q05	% CHANGE VS 2Q06
Commercial	37,546	45,032	46,249	23%	3%
Consumer	35,880	44,883	47,685	33%	6%
Corporate	17,931	21,519	22,061	23%	3%
Government	13,747	13,047	12,766	(7%)	(2%)
<b>Sub Total</b>	<b>105,104</b>	<b>124,480</b>	<b>128,760</b>	<b>23%</b>	<b>3%</b>
Recovery Banking	1,545	1,396	1,352	(13%)	(3%)
<b>Total</b>	<b>106,649</b>	<b>125,877</b>	<b>130,112</b>	<b>22%</b>	<b>3%</b>

<b>PERFORMING CONSUMER</b>					
<i>(Millions of Pesos)</i>	3Q05	2Q06	3Q06	% CHANGE VS 3Q05	% CHANGE VS 2Q06
Mortgages	21,049	26,627	28,523	36%	7%
Automobile	6,020	6,214	6,214	3%	-%
Credit Card	5,812	7,763	8,349	44%	8%
Electronic Payroll	2,997	4,278	4,598	53%	7%
<b>Total Consumer</b>	<b>35,880</b>	<b>44,883</b>	<b>47,685</b>	<b>33%</b>	<b>6%</b>

<i>(Millions of Pesos)</i>	3Q05	2Q06	3Q06	% CHANGE VS 3Q05	% CHANGE VS 2Q06
IPAB Loans	2,633	-	-	(100%)	(100%)
Past Due Loans	1,928	1,992	2,063	7%	4%

Total Performing Loans rose 22% yoy, increasing from Ps 107 billion to Ps 130 billion. Excluding the proprietary portfolio managed by the Recovery Bank, the increase was 23% and is explained as follows:

- Commercial loans grew 23% primarily as a result of new lending to SMEs.
- Total Consumer loans increased 33%, fueled by 36% growth in Mortgage loans due to the placement of 16,218 new loans in the past 12 months. The Credit Card Portfolio showed an increase of 44% due to the successful implementation of promotional programs to attract new customers (including the balance transfer program "Ya bájale con Banorte"), and increased credit card usage by our clientele. Payroll loans grew 53% with 235,016 new loans extended and Car Loans grew 3%, with 34,845 new car loans granted. In 3Q05 Banorte started to grant Personal loans, which are included in the balance of Payroll loans. Personal loans ended the quarter with a Ps 924 million balance, as 21,862 loans were granted in the last 12 months.
- Corporate loans increased 23% as a result of the implementation of new strategies for loan placement tied to cross-selling of other products.
- The Government Portfolio declined 7%, as a result of increasing disintermediation from banks to direct placement of debt instruments in the capital markets, as well as to pre-payments and amortizations from important clients.
- IPAB Notes were fully paid since 2Q06 due to the pre-payments and amortizations of approximately Ps 2.6 billion received over the last months.
- Dollar-denominated loans was affected by the peso depreciation vs. the US dollar at the end of the period, which went from 10.79 pesos/dollar to 10.99 pesos/dollar from 3Q05 to 3Q06.

In spite of the important growth in the loan portfolio, the Past Due Loan Portfolio only increased 7% with respect to 3Q05. PDL's finished the quarter with a balance of Ps 2.1 billion, equivalent to a 1.6 % Past Due Loan Ratio, lower than the 1.8% reported in 3Q05.

During the quarter, the Performing Loan portfolio rose 3% vs. 2Q06. The most important growth was in Credit Cards, with an increase of 8%, Mortgages grew by 7%, Payroll Loans by 7% and Commercial loans by 3%. The past-due loan balance showed a 4% increase with respect to the previous quarter.

### Past Due Loans Variations as of 3Q06

<b>Cartera Vencida</b>		
<b>Balance as of June 2006</b>		<b>1,968</b>
	Performing loans to Past due loans transfers	1,021
	Renewals	(7)
	Cash Collections	(237)
	Discounts	(3)
	Charge Offs	(320)
	Foreclosures	(21)
	Past due loans to Performing loans transfers	(341)
	Exchange Adjustment	3
<b>Balance as of September 2006</b>		<b>2,063</b>

### Classified Loans

Millions of Pesos

Category			LOAN LOSS RESERVES			
	LOANS	%	COMMERCIAL	CONSUMER	MORTGAGE	TOTAL
A	44,947	33%	-	85	97	182
A1	47,553	35%	218	-	-	218
A2	32,083	23%	297	-	-	297
B	3,698	3%	-	129	71	200
B1	5,508	4%	137	-	-	137
B2	291	-%	17	-	-	17
B3	495	-%	54	-	-	54
C	648	-%	-	222	47	269
C1	156	-%	38	-	-	38
C2	94	-%	37	-	-	37
D	866	1%	52	383	177	612
E	585	-%	308	53	219	580
<b>Total</b>	<b>136,924</b>	<b>100%</b>				
Not Classified	(72)	-%				
Exempted	350	-%				
<b>Total</b>	<b>137,202</b>	<b>100%</b>	<b>1,158</b>	<b>872</b>	<b>611</b>	<b>2,641</b>
<b>Reserves</b>						<b>3,540</b>
<b>Excess / (Deficit)</b>						<b>899</b>

#### Notes :

- 1.- The classified loans and the reserves created are based on the September 30<sup>th</sup>, 2006 Balance Sheet.
- 2.- The loan portfolio is classified in accordance with the rules issued by Secretaría de Hacienda y Crédito Público (SHCP) and the methodology established by the CNBV and those internal methodologies approved by the CNBV. For Mortgage and Consumer loans, Banorte uses the regulation described in the Official gazette published on December 02, 2005, and for Commercial loans it uses internal methodologies approved by the CNBV.
- 3.- The surplus in reserves is the result of the Institution's own conservative policies.
- 4.- Classified Leasing and Factoring loans are as of June 2006 and reserves as of September, 2006.

The quarter closed with a Ps 3.5 billion balance of Loan Loss Reserves and a surplus reserve of Ps 899 million.

<b>Loan Loss Reserves</b>	<b>3Q06</b>
<i>(Millions of Pesos)</i>	<b>Total</b>
<b>PREVIOUS PERIOD END BALANCE</b>	<b>3,466</b>
Provision taken in the period	363
Recovery of penalized debts	118
Charge offs and discounts:	
Commercial Portfolio	(19)
Consumer Portfolio	(244)
Mortgage Portfolio	(76)
Foreclosed assets	(5)
	<b>(344)</b>
Cost of debtors support programs	(25)
Valuation and Others	(39)
<b>LOAN LOSS RESERVES AT PERIOD END</b>	<b>3,539</b>

The balance of loan loss reserves increased by Ps 353 million from Ps 3.2 billion in 3Q05 to Ps 3.5 billion in 3Q06. This increase is equivalent to 1.5% of the growth in the balance of the performing loan portfolio during the same period.

## Deposits

<b>Deposits</b>	<b>3Q05</b>	<b>2Q06</b>	<b>3Q06</b>	<b>% CHANGE VS 3Q05</b>	<b>% CHANGE VS 2Q06</b>
<i>(Millions of Pesos)</i>					
Demand Deposits-w/o Interests	24,683	30,074	30,761	25%	2%
Demand Deposits -with Interests (2)	42,460	52,533	48,239	14%	(5%)
<b>Demand Deposits (1)</b>	<b>67,143</b>	<b>80,607</b>	<b>79,000</b>	<b>18%</b>	<b>(2%)</b>
Time Deposits – Retail	39,922	44,393	46,156	16%	4%
<b>Core Deposits</b>	<b>107,065</b>	<b>125,000</b>	<b>125,156</b>	<b>17%</b>	<b>-</b>
Money Market (3)	23,826	19,800	20,633	(13%)	4%
<b>Banking Sector's Total Deposits</b>	<b>130,892</b>	<b>144,799</b>	<b>145,789</b>	<b>11%</b>	<b>1%</b>
<b>GFNorte's Total Deposits (4)</b>	<b>130,718</b>	<b>144,634</b>	<b>145,589</b>	<b>11%</b>	<b>1%</b>
Off Balance Trading	125,394	135,834	136,431	9%	-%
<b>Assets Under Management</b>	<b>256,285</b>	<b>280,633</b>	<b>282,220</b>	<b>10%</b>	<b>1%</b>

(1) IPAB checking accounts where cash collecting was deposited over the managed loans from Banpais and Bancen were excluded. The balances of these accounts in 3Q05, 2Q06 and 3Q06 were Ps 540 million, Ps 1,130 million and Ps 473 million, respectively.

(2) Includes Debit Cards.

(3) Includes Bonds Comprises, Customers and Financial Intermediaries.

(4) Includes the eliminations between the subsidiaries (3Q05=174 million, 2Q06=165 million and 3Q06=200 million).

Total Deposits at the end of the quarter reached a balance of Ps 146 billion, which was 11% higher than in 3Q05. Core Deposits increased by 17% and Money Market deposits decreased 13%. The latter resulted from the increase in low-cost deposits and the lower funding requirements resulting from the Ps 2.6 billion IPAB pre-payments over the past 12 months. Demand Deposits grew 18% and Time Deposits increased 16% as a result of the promotion of new products, such as: Banorte Fácil, Mujer Banorte and Paga Más and enhancements made to some existing products. Off Balance Trading reported a 9% growth vs 3Q05. Assets under Management amounted to Ps 282 billion, which is 10% higher than the figure reported in 3Q05.

## Banking Sector Capitalization

<b>Capitalization</b> (Millions of Pesos)	<b>3Q05</b>	<b>4Q05</b>	<b>1Q06</b>	<b>2Q06</b>	<b>3Q06</b>
Tier 1 Capital	18,190	18,543	19,968	20,601	21,858
Tier 2 Capital	3,920	3,926	3,956	4,145	4,017
<b>Net Capital</b>	<b>22,111</b>	<b>22,468</b>	<b>23,924</b>	<b>24,746</b>	<b>25,875</b>
Credit risk assets	99,699	105,992	111,390	122,630	123,585
Net Capital/ Credit Risk Assets	22.2%	21.2%	21.5%	20.2%	20.9%
Total risk assets (1)	120,872	139,717	152,922	162,452	174,138
Tier 1	15.0%	13.3%	13.1%	12.7%	12.6%
Tier 2	3.2%	2.8%	2.6%	2.6%	2.3%
<b>Capitalization Ratio</b>	<b>18.3%</b>	<b>16.1%</b>	<b>15.6%</b>	<b>15.2%</b>	<b>14.9%</b>

(1) Includes Market Risks. Without inter-company eliminations.

(\*) The capitalization ratio of the last period reported is estimated.

At the close of 3Q06 the capitalization ratio of the Banking Sector stood at 14.9%, considering credit and market risks, and 20.9% considering credit risk alone. The tier 1 capital ratio was 12.6%, while the tier 2 capital ratio was 2.3%. The capitalization ratio was lower than in 3Q05 due to the impact of the 44% growth in risk assets as well as the new rules for bank capital requirements issued by Mexico's Ministry of Finance, that came into effect as of Jan/06. The capitalization level remains adequate as a result of the profits generated during the last 12 months.

Stockholders' Equity for the group's holding company rose from Ps 20.7 billion in 3Q05 to Ps 24.8 billion in 3Q06, due mainly to the following factors:

- 1) Earnings generated over the past 12 months, amounting to Ps 5.6 billion.
- 2) The Ps 652 million cash dividend paid in 4Q05.
- 3) The increase in the Non-Monetary Assets Result, which amounted to Ps 827 million.

## Information by Sectors

### 1.- Banking Sector

Income Statement & Balance Sheet (Millions of Pesos)	QUARTER			% CHANGE		ACCUMULATED		
	3Q05	2Q06	3Q06	3Q05	2Q06	9M05	9M06	% CH
<b>INCOME STATEMENT</b>								
Net Interest Income after Repomo	3,274	3,438	3,485	6%	1%	9,533	10,190	7%
Loan Loss and Loss Sharing Provisions	458	435	362	(21%)	(17%)	1,112	1,171	5%
Non Interest Income	1,341	1,470	1,371	2%	(7%)	3,819	4,450	17%
Non Interest Expense	2,596	2,726	2,479	(5%)	(9%)	7,514	7,915	5%
Non Operating Income (Expense), Net	56	57	167	196%	195%	1,065	220	(79%)
Pre-Tax Income	1,618	1,802	2,182	35%	21%	5,791	5,774	-%
Net Income	1,267	1,148	1,363	8%	19%	4,360	3,725	(15%)
<b>BALANCE SHEET</b>								
Performing Loan Portfolio – w/o IPAB	102,777	121,651	125,616	22%	3%	102,777	125,616	22%
Deposits	131,435	145,929	146,262	11%	-%	131,435	146,262	11%

Banking Sector's Financial Ratios (Millions of Pesos)	QUARTER			ACCUMULATED	
	3Q05	2Q06	3Q06	9M05	9M06
<b>Profitability</b>					
NIM (1)	8.2%	7.6%	7.9%	7.9%	7.7%
ROA (2)	2.7%	2.3%	2.7%	3.2%	2.5%
ROE (3)	27.3%	22.5%	25.3%	34.5%	24.0%
ROE without extraordinary	27.3%	22.5%	25.3%	27.5%	24.0%
<b>Operation</b>					
Efficiency Ratio (4)	55.9%	55.7%	50.2%	56.0%	53.6%
Operative Efficiency Ratio (5)	5.8%	5.5%	5.0%	5.6%	5.4%
Liquidity Ratio (6)	56.8%	64.2%	61.5%	56.8%	61.5%
<b>Asset Quality</b>					
% Past Due Loans w/o Fobaproa	1.8%	1.6%	1.5%	1.8%	1.5%
Loan Loss Reserves to past Due Loans	167.8%	175.7%	174.9%	167.8%	174.9%
<b>Growths (7)</b>					
Loans w/o Fobaproa –IPAB (8)	23.1%	25.7%	22.8%	23.1%	22.8%
Traditional Deposits	3.4%	16.1%	16.9%	3.4%	16.9%
Total Deposits	(22.8)	13.3%	11.4%	(22.8)	11.4%
<b>Capitalization</b>					
Net Capital/ Credit Risk Assets (9)	22.2%	20.2%	20.9%	22.2%	20.9%
Total Capitalization Ratio (9)	18.3%	15.2%	14.9%	18.3%	14.9%

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

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

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

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

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

6) Liquid Assets / Liquid Liabilities (Liquid Assets = Cash and due from Banks + Negotiable Instruments + Securities held for sale, Liquid Liabilities = Demand Deposits + Liquid Due to banks liabilities + short term loans from banks.

7) Growth versus the previous period.

8) Does not include Fobaproa / IPAB and Loans managed by Recovery Banking.

9) The Banking Sector Ratio is included for information purposes. A ratio for each bank is presented in the capitalization section.

Net Income for 9M06 in the Banking Sector (including the pension fund Afore, by equity participation method) amounted to Ps 3.7 billion, equivalent to a 5% increase over the same year-ago period excluding extraordinary items in 9M05. Net Interest Income after Repomo, rose 7% vs. 9M05 mostly due to 23% growth in performing loans and a better loan mix despite lower market interest rates. Loan-Loss and Loss-Sharing Provisions were 5% higher than in 9M05. Non-interest Income grew 17% as a result of higher Foreign Exchange, Trading and Recovery income. Non-Interest Expense increased 5% vs. 9M05 due mainly to higher personnel expenses resulting from the transfer of private banking executives from the broker-dealer (Banorte Casa de Bolsa) in Oct/05 to Banorte and also of all employees of Solida Administradora de Portafolios to Banorte in Jan/06, in addition to the expenses related to the branch network investment program. Non Operating Income decreased 79% vs. 9M05 primarily due to the extraordinary income from the VAT refund in 2Q05.

## Recovery Banking

Recovery Banking Income Statement (Million Pesos)	ACCUMULATED	
	9M05	9M06
Net Interest Income	54	(53)
+REPOMO-margin	-	-
<b>=Net Interest Income After REPOMO</b>	<b>54</b>	<b>(53)</b>
- Loan Loss Provisions	3	9
<b>= Net Interest Income After Provisions</b>	<b>52</b>	<b>(62)</b>
+ Fiduciary	120	-
+ Fobaproa Fees (1)	113	20
+ Other Fees	617	977
<b>Non Interest Income</b>	<b>850</b>	<b>997</b>
<b>= Total Operating Income</b>	<b>902</b>	<b>935</b>
Non Interest Expense	158	426
<b>= Net Operating Income</b>	<b>745</b>	<b>508</b>
- Other Revenues and Expenses	15	-
<b>= Pre-tax Income</b>	<b>759</b>	<b>508</b>
- Income Tax & Profit Sharing, Tax on Asset, Def. Inc. Tax & Prof. Sharing	166	106
<b>= Net Income before Subsidiaries</b>	<b>593</b>	<b>403</b>
+ Undistributed Earnings of Subsidiaries	82	121
<b>= Net Income-continuous Operation</b>	<b>675</b>	<b>524</b>
+ Extraordinary Items, net	-	-
- Minority Income	-	-
<b>= Total Net Income</b>	<b>675</b>	<b>524</b>

(1) Net Figures.

(2) Includes Net Income From Loan Portfolios.

## Asset acquisitions in 3Q06

During 3Q06, there were no new asset acquisitions made by the Recovery Banking business.

Assets Under Management (Millions of Pesos)	ACCOUNTING IN THE BALANCE SHEET		ACCOUNTING IN THE INCOME STATEMENT
<b>Fobaproa-IPAB: Portfolios</b>			
Banking Sector (1)	2,739	Out of balance trusts	Fees from FOBAPROA
Serfin	261	Serfin Trust	Fiduciary
Reposessed assets	1,370	Out of balance trusts	Fobaproa fees and Fiduciary
	<b>4,370</b>		
<b>Loans purchased to IPAB and to Other Banks:</b>	<b>41,250</b>	Sólida Administradora de Portafolios Bancen	Undistributed Earnings from Subsidiaries (Sólida) and Non Interest Income (Bancen)
<b>Banking Sector Portfolio:(2)</b>			
Banking Sector	7,679	Banorte's Portfolio	Net Interest Income
Reposessed assets	6,455	Banorte's Reposessed assets	Other Revenues and Expenses
	<b>14,134</b>		
<b>Total</b>	<b>59,754</b>		

(1) Includes the loan portfolios sold to Fobaproa by Bancen and Banpais.

(2) Includes Ps 1,728 millions of Portfolio managed by the Recovery Bank since 1997, originated from the economic crisis of 1995.

Recovery Bank Contribution (Millions of Pesos)	ACCUMULATED	
	9M05	9M06
Traditional Banking Net Income	3,148	3,838
Recovery Bank Net Income	675	524
GFNorte's Net Income	<b>3,823<sup>(1)</sup></b>	<b>4,362</b>
<b>=% of Contribution</b>	<b>17.7%</b>	<b>12.0%</b>

(1) Excludes the extraordinary items.

The Recovery Bank contributed with Ps 524 million to the Group's 9M06 profit; equivalent to 12.0% of Grupo Financiero Banorte's total net income, a lower contribution than in 9M05 due to both a traditional banking profits growth and a decrease in the Net Income from Recovery.

## 2.- Brokerage Sector

Brokerage Sector (Millions of Pesos)	QUARTER			% CHANGE		ACCUMULATED		
	3Q05	2Q06	3Q06	3Q05	2Q06	9M05	9M06	% CH
<b>Brokerage House</b>								
Net Income	13	36	32	148%	(11%)	57	107	89%
Equity	544	613	644	18%	5%	544	644	18%
Assets under Management	119,537	126,764	142,091	19%	12%	119,537	142,091	19%
Total Assets	915	809	903	(1%)	12%	915	903	(1%)
ROE %	9.6%	24.3%	20.5%			13.7%	23.9%	9.6%
<b>Net Capital</b>								
Tier 1	441	515	554	26%	8%	441	554	26%
Tier 2	-	-	-			-	-	-
Net Capital	441	515	554	26%	8%	441	554	26%

The **Brokerage Sector** (Brokerage House) registered Net Income of Ps 107 million in 9M06, 89% higher than in 9M05, driven mainly by greater income from brokerage commissions resulting from an increase in volumes in stock market transactions, higher fees from investment banking related to successful public offerings of State and Municipal bonds -acting as lead agent- and of private companies, and also to gains in mark to market valuation. Worth highlighting is the 62% growth in fixed income mutual funds assets under management vs 3Q05 due to the promotion of some mutual funds through the branch network. Assets under management increased 19% in the same period taking advantage of synergies with other subsidiaries of the Group.

## 3.-Long Term Savings Sector

Long Term Savings Sector (Millions of pesos)	QUARTER			% CHANGE		ACCUMULATED		
	3Q05	2Q06	3Q06	3Q05	2Q06	9M05	9M06	% CH
<b>Afore</b>								
Net Income	111	(1)	38	(66%)	4,656%	268	123	(54%)
Equity	1,269	948	986	(22%)	4%	1,269	986	(22%)
Total Assets	1,565	1,096	1,136	(27%)	4%	1,565	1,136	(27%)
Assets under Management (SIEFORE)	37,365	42,047	44,627	19%	6%	37,365	44,627	19%
ROE %	36.7%	(0.4%)	13.6%			31.4%	16.8%	
<b>Insurance</b>								
Net Income	129	75	39	(70%)	(46%)	397	225	(43%)
Equity	1,178	1,380	1,432	22%	4%	1,178	1,432	22%
Total Assets	5,704	7,117	7,826	37%	10%	5,704	7,826	37%
Technical Reserves	3,703	4,865	5,254	42%	8%	3,703	5,254	42%
Premiums sold	898	1,764	2,117	136%	20%	3,360	5,699	70%
ROE %	46.2%	22.2%	11.0%			53.9%	22.5%	
<b>Annuities</b>								
Net Income	44	407	136	207%	(67%)	95	626	560%
Equity	329	817	953	190%	17%	329	953	190%
Total Assets	6,778	7,786	8,142	20%	5%	6,778	8,142	20%
Technical Reserves	6,418	6,944	7,171	12%	3%	6,418	7,171	12%
Premiums sold	197	262	275	39%	5%	625	706	13%
ROE %	57.8%	265.6%	61.5%			45.7%	133.1%	

The **Pension Fund Afore** registered Net Income of Ps 123 million (51% GFNorte), 54% lower than in 9M05, primarily due to both an important increase in selling expenses resulting from higher acquisition costs per new affiliate as well as a reduction in fees charged resulting from an increasingly competitive environment. Declining commissions and higher acquisition costs per new affiliate have negatively affected the industry as a whole. As of Jun/06, the fee charged on monthly contributions decreased from 1.4% to 1.27% lowering revenues for the quarter and for the year. As of 9M06, the Pension Fund Afore had a total of 3,181,130 affiliates, reaching a share of 10.8% in affiliate accounts. In spite of strong competition, Assets under Management by the SIEFORE (Specialized Retirement Mutual Fund) rose 19% vs. 3Q05 as a result of a higher number of affiliates and the strategy to attract new higher income customers.

The **Insurance Company** showed a profit of Ps 225 million in 9M06 (51% GFNorte), 43% lower than in 9M05, mostly as a result of an increase in claims, stronger price competition, and higher taxes due to the depletion of tax-loss carry-forwards at



the end of 2005. Premiums sold in 9M06 amounted to Ps 5.7 billion, 70% higher than those issued in 9M05, mainly due to the growth in sales of policies through the branch network.

The **Annuities Company** registered Net Income of Ps 626 million in 9M06 (51% GFNorte), 560% higher than in 9M05 as a result of realized gains from the sale of fixed income securities during 2Q06 and 3Q06. Premiums sold showed an increase of 13% over those of 9M05. The company presently ranks 2nd in the industry in terms of premiums sold.

### 3.- Auxiliary Organizations Sector

Auxiliary Organizations Sector (Millions of Pesos)	QUARTER			% CHANGE		ACCUMULATED		
	3Q05	2Q06	3Q06	3Q05	2Q06	9M05	9M06	% CH
<b>Leasing</b>								
Net Income	19	32	29	51%	(9%)	61	89	45%
Equity	262	342	372	42%	9%	262	372	42%
Loan Portfolio	2,661	3,049	3,084	16%	1%	2,661	3,084	16%
Past Due Loans	30	19	21	(31%)	8%	30	21	(31%)
Loan Loss Reserves	34	43	42	22%	(2%)	34	42	22%
Total Assets	2,651	3,048	3,088	16%	1%	2,651	3,088	16%
ROE %	30.4%	39.0%	32.4%			35.3%	36.3%	
<b>Factoring</b>								
Net Income	14	26	17	22%	(33%)	55	66	19%
Equity	321	383	400	25%	5%	321	400	25%
Loan Portfolio	3,146	3,774	4,016	28%	6%	3,146	4,016	28%
Past Due Loans	42	29	33	(22%)	14%	42	33	(22%)
Loan Loss Reserves	49	41	39	(20%)	(5%)	49	39	(20%)
Total Assets	3,119	3,757	3,997	28%	6%	3,119	3,997	28%
ROE %	18.1%	28.2%	17.8%			25.1%	23.9%	
<b>Warehousing</b>								
Net Income	2	3	2	-%	(33%)	9	7	(22%)
Equity	104	112	113	9%	2%	104	114	9%
Inventories (*)	44	-	-	-%	-%	44	-	-%
Total Assets	143	145	147	3%	1%	143	147	3%
ROE %	6.0%	11.6%	6.0%			12.4%	8.9%	
<b>Bonding</b>								
Net Income	8	7	9	21%	29%	16	21	28%
Equity	101	120	128	28%	7%	101	128	4%
Total Assets	382	442	478	25%	8%	382	478	25%
Technical Reserves	195	240	235	21%	(2%)	195	235	21%
Premiums sold	47	46	53	12%	14%	185	192	12%
ROE %	32.4%	25.3%	30.5%			24.0%	24.1%	

New Accounting Principles : Warehousing, Leasing & Factoring= Circular 1490  
(\*) Accounted in Other Assets, Deferred charges and Intangibles account.

The **Leasing Company** accumulated Net Income of Ps 89 million during 9M06, equivalent to a 45% increase over 9M05, mostly due to 16% growth in its loan portfolio vs 3Q05, lower loan-loss provisioning, the sale of leased equipment and a Ps 5 million income from recoveries. The past due loan ratio and the reserve coverage ratio reached 0.7% and 200%, respectively at the end of 3Q06. The company currently ranks 2nd among 27 leasing companies.

The **Factoring Company** reported Net Income of Ps 66 million in 9M06, 19% higher than in 9M05. The loan portfolio increased 28% ending 3Q06 with a Ps 4.0 billion balance. The past due loan portfolio closed at Ps 33 million, equivalent to a past due loan ratio of 0.8%, with reserve coverage of 118%. The company presently leads the industry's 10 factoring companies in terms of volume of operations.

The **Warehousing Company** registered Net Income of Ps 7 million in 9M06, 22% lower than in 9M05 primarily due to a decrease in customer inventory trading, resulting from a decline in operations with important clients. This has been compensated with higher warehousing services which have allowed the company to issue certificates of deposit that are used as collateral for Banorte's loans, specially to the farming sector, as well as a full occupation of our own warehouses. The Warehousing Company currently ranks 9th among the country's 20 market participants in terms of certification volume.

The **Bonding Company** registered Net Income of Ps 21 million in 9M06, 28% more than in 9M05, due mainly to the 12% increase in premiums sold when compared to the previous year, accumulating Ps 192 million in this line.

## 5.- Microcredit Sofol

<b>Pronegocio</b> <i>(Millions of Pesos)</i>	<b>QUARTER</b>			<b>% CHANGE</b>		<b>ACCUMULATED</b>		
	<b>3Q05</b>	<b>2Q06</b>	<b>3Q06</b>	<b>3Q05</b>	<b>2Q06</b>	<b>9M05</b>	<b>9M06</b>	<b>% CH</b>
<b>Pronegocio</b>								
Net Income	2	5	9	368%	90%	(10)	18	270%
Equity	63	64	73	16%	14%	63	73	16%
Loan Portfolio	246	481	545	122%	13%	246	545	122%
Past Due Loans	9	25	38	338%	53%	9	38	338%
Loan Loss Reserves	4	12	11	162%	(7%)	4	11	162%
Total Assets	257	487	555	116%	14%	257	555	116%
ROE %	12.1%	30.0%	51.4%			(26.1%)	37.8%	

**Pronegocio** reported Net Income of Ps 18 million in 9M06 vs a Ps 10 million loss in 9M05 (Pronegocio began operations in 1Q05). The turnaround came mainly from an outstanding 122% yoy loan growth, albeit from a small base, ending the quarter with a balance of Ps 545 million. Past due loans at the end of 3Q06 stood at Ps 38 million balance, equivalent to a 7.0% PDL ratio with a reserve coverage of 28% (equivalent to 145% since Nafin guarantees 80% of the loans). As of 3Q06 Pronegocio had 55 branches in 35 cities, and 22 new branches are currently in process of being opened.



## ANNEXES

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1. GRUPO FINANCIERO – GENERAL INFORMATION
  2. ACCOUNTING CHANGES AND REGULATIONS
  3. RECENT EVENTS
  4. LOAN PORTFOLIO SALES TO SOLIDA ADMINISTRADORA DE PORTAFOLIOS
  5. FINANCIAL STATEMENTS
  6. NOTES TO GRUPO FINANCIERO FINANCIAL STATEMENTS
-

## ANNEX 1 .-Grupo Financiero- General Information

### GFNorte Ownership in Subsidiaries

	3Q06
Banco Mercantil del Norte (1)	97.06%
Brokerage House	99.99%
Pension Funds Afore (2)	51.00%
Insurance	51.00%
Annuities	51.00%
Leasing	99.99%
Factoring	99.99%
Warehousing	99.99%
Bonding	99.99%
Microcredit Sofol	99.99%

(1) As a result of merging Bancen in August, 2006.

(2) Subsidiary of Banco Mercantil del Norte.

### Holding Company Capital Structure

Number of Shares	SERIE O As of September 2006
Number of shares outstanding	2,018,347,548
Shares held on Treasury	1,283,900

### Banorte Ratings

International Ratings				
Rating Agency	Rated Institution	Rating	Category	Date
Moody's	Banorte	Stable	Outlook	January 2005
		D+	Modest Financial Strength	
		Baa1	Foreign long - term bank deposits	
		P-2	Foreign short- term bank deposits	
		A-3	Local long - term bank deposits	
Standard & Poors	Banorte	P-2	Local short- term bank deposits	October 2006
		Stable	Outlook	
		BBB-	Long Term foreign issuer credit	
		BBB-	Long Term local currency deposits	
		A-3	Short term foreign issuer credit	
Fitch	Banorte	A-3	Short tem local issuer credit	December 2005
		Positive	Outlook	
	Grupo Financiero Banorte	BBB-	Long Term Foreign currency	
		BBB-	Long Term Local currency	
		F3	Short Term Local Currency	
		F3	Short Term Foreign Currency	
		C/D	Individual – Foreign Currency	
3	Support Rating			
4	Support Rating			

## Banorte Ratings

Domestics Ratings				
Rating Agency	Rated Institution	Rating	Category	Date
Fitch	Banorte	F1 + (mex)	Short term counterparty risk	June 2005
		AA (mex)	Long term counterparty risk	
		F1 + (mex)	Short term CD's and Term Deposits	
		AA (mex)	Long term CD's and Term Deposits	
Moody's National Scale	Banorte	Aaa.mx	Long Term Deposits	July 2004
		MX-1	ShortTerm Deposits	
	Arrendadora Banorte	Aa1.mx	Issue Rating in National Scale	July 2004
	Arrendadora Banorte	Aa1.mx	Issue Rating in National Scale	July 2004
<b>Other Subsidiaries</b>				
Fitch	Sólida	AAFC1-(mex)	Financial Asset Administrator	December 2004
	Operadora de Fondos	AA+ (mex)	Investment Financial Assets Administrator	January 2005
	Seguros Banorte Generali	AA- (mex)	Insurance Financial Strength	August 2002

## No. of Employees & Distribution Network

EMPLOYEES	3Q05	2Q06	3Q06
Banking Sector (1)	12,357	12,788	12,914
Other Sectors (2)	<u>2,437</u>	<u>2,470</u>	<u>2,496</u>
<b>Total Group</b>	<b>14,794</b>	<b>15,258</b>	<b>15,410</b>
<b>DISTRIBUTION NETWORK</b>			
Banking Branches	968	973	978
- To be Open			22
ATM	2,722	2,967	3,033

(1) Includes Sólida Administradora de Portafolios.

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

## Group Officers

NAME	CURRENT POSITION
Luis Peña Kegel	Chief Executive Officer
<b>LINE</b>	
Manuel Sescosse Varela	Managing Director - Commercial
Jesús Garza Martínez	Managing Director - Consumer
Enrique Catalán Guzmán	Managing Director - Entrepreneurial
Alejandro Valenzuela del Río	Managing Director – Treasury & Equity Markets
Luis Fernando Orozco	Managing Director – Asset Recovery
Enrique Castellón Vega	Managing Director - Long Term Savings Sector
Antonio E. Ortiz Cobos	Managing Director - Development USA
<b>STAFF</b>	
Sergio García Robles Gil	Managing Director – CFO
Joaquín López Doriga López Ostolaza	Managing Director - Corporate Affairs
Alma Rosa Moreno	Managing Director - Administration
Prudencio Frigolet Gómez	Managing Director - Operations and Technology
Aurora Cervantes Martínez	Managing Director - Legal
Cecilia Miller Suárez	Managing Director - Marketing
Eduardo Sastre de la Riva	Managing Director - Institutional Relations
Román Martínez Méndez	Managing Director - Audit
Gerardo Coindreau Farias	Managing Director - Risk Management

## ANNEX 2 .-Accounting Changes and Regulations

**General provisions applicable to the financial information of the regulating agencies of financial institutions subject to CNByV supervision.-** On April 27, 2005, the CNByV issued general provisions applicable to the financial information of the regulating agencies of financial groups. The purpose is to uniform the type of financial information of the financial groups that the regulating agencies make public in order to make the analysis of their solvency and economic stability easier and serve as a basis for informed saving and investment decision-making. GFNorte´s Financial Statements can be find in our website at [www.banorte.com/informacion\\_financiera](http://www.banorte.com/informacion_financiera)

**Provisions for implementation of the new Basil Capital Agreement.-** Last October 3th, 2005, the CNBV (Mexico's National Banking and Securities Commission) published the agreement entered into by the financial authorities and the Mexican Association of Banks for implementation of the new Capital Agreement, which contains the standards and principles known as Basil II . The agreement establishes the principles and guidelines that enable bank capital to more precisely and sensitively reflect credit, market and operational risk.

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

## ANNEX 3 .-Recent Events

On the 18th. of July, 2006, Nacional Financiera (**Nafinsa**) **acknowledges Grupo Financiero Banorte** because of its credit backup to small and middle size companies and signed a collaboration agreement, by means of which, both institutions are committed to continue with the implementation of speedy and prompt mechanisms for financial channeling to small and middle size entrepreneurs through out the country.

On the 29th. of August, 2006, headlines were those of: **Banorte and Canacindra** signed an agreement for the allotment of resources through Créditos ProNegocio and Crediactivo. Such an agreement has a national scope allowing micro, small and middle size companies, members of the Chamber to have access to other products and services of Banorte.

On the 27th of September, Banorte inaugurated its **back-up computing center**, guaranteeing information security and the continuity of its operations in case of a disaster. Banorte counts with the expertise and support of Hitachi Data Systems, Sun Microsystems, Telmex and IBM as its technological partners.

On the 18th. of October, 2006 Grupo Financiero Banorte presented the **Government of the state of Sinaloa** the amount of six and a half million Mexican pesos collected during its campaign for fund raising in benefit of the inhabitants of Sinaloa, victims of hurricane "Lane" during the month of September.

### ANNEX 4 .-Loan Portfolio sales to Sólida Administradora de Portafolios

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

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

(Millions of Nominal Pesos)	Local Currency (2)			Foreign Currency (USD) (3)			Total		
	ug'02	Jun'06	Sep'06	Aug'02	Jun'06	Sep'06	Aug'02	Jun'06	Sep'06
<b>Performing Loans</b>									
Commercial	5	2	1	5	-	-	10	2	1
Consumer	-	-	-	-	-	-	-	-	-
Mortgage	54	90	89	-	-	-	54	90	89
<b>Total</b>	<b>59</b>	<b>92</b>	<b>90</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>64</b>	<b>92</b>	<b>90</b>
<b>Non Performing Loans</b>									
Commercial	405	411	408	293	156	128	698	567	536
Consumer	81	74	74	-	-	-	81	74	74
Mortgage	1,112	537	522	-	-	-	1,112	537	522
<b>Total</b>	<b>1,598</b>	<b>1,022</b>	<b>1,004</b>	<b>293</b>	<b>156</b>	<b>128</b>	<b>1,891</b>	<b>1,178</b>	<b>1,132</b>
<b>TOTAL LOANS</b>	<b>1,657</b>	<b>1,114</b>	<b>1,094</b>	<b>298</b>	<b>156</b>	<b>128</b>	<b>1,955</b>	<b>1,270</b>	<b>1,222</b>
<b>Loan Loss Reserves (1)</b>									
Commercial	326	393	390	246	148	122	572	541	512
Consumer	77	74	74	-	-	-	77	74	74
Mortgage	669	497	488	-	-	-	669	497	488
<b>Total</b>	<b>1,072</b>	<b>964</b>	<b>952</b>	<b>246</b>	<b>148</b>	<b>122</b>	<b>1,318</b>	<b>1,112</b>	<b>1,074</b>

(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 98 million as of September/06.

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

In 3Q06 the Loan portfolio showed changes due to: collections for Ps 17 million, re-structures for Ps 1 million, repossessed assets for Ps 3 millions and Ps 31 million in charge-offs and discounts. In the Loan loss provisions there were charge-offs and discounts for Ps 28 million and repossessed assets for Ps 1 million. There were transfers from performing loans to past due loans for Ps 5 million and transfers from past due loans to performing loans for Ps 8 million.



**BANORTE'S LOAN PORTFOLIO INCLUDING LOANS SOLD TO SÓLIDA**

<b>(Millions of Nominal Pesos)</b>	<b>Local Currency <sup>(1)</sup></b>		<b>Foreign Currency (USD) <sup>(2)</sup></b>		<b>Total</b>	
	<b>Jun'06</b>	<b>Sep'06</b>	<b>Jun'06</b>	<b>Sep'06</b>	<b>Jun'06</b>	<b>Sep'06</b>
<b>Performing Loans</b>						
Commercial	47,173	49,803	9,243	9,733	56,416	59,536
Financial Intermediaries	3,206	3,494	850	837	4,056	4,331
Consumer	15,124	19,163	-	-	15,124	19,163
Mortgage	27,555	29,930	-	-	27,555	29,930
Government Entities	12,354	12,297	507	449	12,861	12,746
Fobaproa / IPAB	-	-	-	-	-	-
<b>Performing Loans</b>	<b>105,412</b>	<b>114,687</b>	<b>10,600</b>	<b>11,019</b>	<b>116,012</b>	<b>125,706</b>
<b>Non Performing Loans</b>						
Commercial	914	1,002	232	173	1,146	1,175
Consumer	530	637	-	-	530	637
Mortgage	1,265	1,291	-	-	1,265	1,291
Government Entities	-	-	-	-	-	-
<b>Non Performing Loans</b>	<b>2,709</b>	<b>2,930</b>	<b>232</b>	<b>173</b>	<b>2,941</b>	<b>3,103</b>
<b>TOTAL LOANS</b>	<b>108,121</b>	<b>117,617</b>	<b>10,832</b>	<b>11,192</b>	<b>118,953</b>	<b>128,809</b>
<b>Loan Loss Reserves</b>	<b>3,822</b>	<b>4,098</b>	<b>411</b>	<b>414</b>	<b>4,233</b>	<b>4,512</b>
<b>Net Loan Portfolio</b>	<b>104,299</b>	<b>113,519</b>	<b>10,421</b>	<b>10,778</b>	<b>114,720</b>	<b>124,297</b>
<b>Loan Loss Reserves</b>					<b>143.9%</b>	<b>145.4%</b>
<b>% Past Due Loans</b>					<b>2.5%</b>	<b>2.4%</b>

(1) Includes UDIS.

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

### ANNEX 5 .- Financial Statements

#### HOLDING –Income Statement *(Millions of Pesos)*

	1Q05	2Q05	3Q05	4Q05	ACUM	1Q06	2Q06	3Q06	4Q06	ACUM
Income from Subsidiaries and Interest Expense	1,145	2,141	1,377	1,190	5,853	1,387	1,471	1,511		4,369
Trading Income	-	-	-	-	-	-	-	-	-	-
Fees & Tarifs	-	-	-	-	-	-	-	-	-	-
REPOMO	-	-	(1)	(1)	(2)	(1)	-	(1)		(2)
<b>Total Operating Income</b>	<b>1,144</b>	<b>2,141</b>	<b>1,376</b>	<b>1,189</b>	<b>5,851</b>	<b>1,386</b>	<b>1,471</b>	<b>1,510</b>		<b>4,367</b>
Operation & Administrative expenses	1	-	-	-	1	1	1	1		2
<b>Operatina Income</b>	<b>1,144</b>	<b>2,141</b>	<b>1,376</b>	<b>1,189</b>	<b>5,850</b>	<b>1,385</b>	<b>1,471</b>	<b>1,510</b>		<b>4,365</b>
Non Operating Income	-	-	-	7	7	-	-	-		-
Non Operating Expense	-	-	-	(1)	(1)	(1)	-	(1)		(2)
<b>Non Operatina Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>6</b>	<b>(1)</b>	<b>-</b>	<b>(1)</b>		<b>(2)</b>
<b>Pre-tax Income</b>	<b>1,143</b>	<b>2,141</b>	<b>1,376</b>	<b>1,196</b>	<b>5,856</b>	<b>1,384</b>	<b>1,471</b>	<b>1,509</b>		<b>4,363</b>
Income Tax & Profit Sharing	2	2	3	2	8	1	1	1		2
Tax on Assets	-	-	-	-	-	-	-	-		-
Deferred Inc. Tax and Profit sharing	-	-	-	-	-	-	-	-		-
	2	2	3	2	8	1	1	-		2
<b>Net income from Continuos</b>	<b>1,142</b>	<b>2,139</b>	<b>1,373</b>	<b>1,194</b>	<b>5,847</b>	<b>1,383</b>	<b>1,470</b>	<b>1,509</b>		<b>4,362</b>
Extraordinary Items, net	-	-	-	-	-	-	-	-		-
<b>Total Net Income</b>	<b>1,142</b>	<b>2,139</b>	<b>1,373</b>	<b>1,194</b>	<b>5,847</b>	<b>1,383</b>	<b>1,470</b>	<b>1,509</b>		<b>4,362</b>

#### HOLDING -BALANCE SHEET *(Millions of Pesos)*

	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06
Cash and due from Banks	51	62	95	64	80	39	89	
Financial Instruments:	-	10	-	-	-	-	-	
Sundry debtors and other assets,net	4	4	-	8	11	10	11	
Real Estate, Furniture & Equipment, net	-	-	-	-	-	-	-	
Investments in subsidiaries	17,458	19,217	20,576	20,845	22,366	23,298	24,658	
Deferred taxes	-	-	-	-	-	-	-	
Goodwill	42	41	40	39	38	38	37	
Other Assets, Deferred charges, intang	1	1	1	1	2	1	-	
<b>TOTAL ASSETS</b>	<b>17,556</b>	<b>19,335</b>	<b>20,712</b>	<b>20,957</b>	<b>22,496</b>	<b>23,386</b>	<b>24,795</b>	
<b>LIABILITIES</b>								
<b>Due to banks and correspondents</b>	-	-	-	-	-	-	-	
Income Tax & Profit Sharing	1	3	1	-	-	-	-	
Other Payable accounts	-	-	-	1	1	1	1	
<b>Other payable accounts</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Deferred taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>TOTAL LIABILITIES</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	
<b>STOCKHOLDER 'S EQUITY</b>								
Paid-in Capital	5,915	5,914	5,915	11,368	11,370	11,365	11,367	
Share subscription premiums	1,758	1,758	1,758	1,758	1,758	1,758	1,761	
Subordinated Convertible Debentures	-	-	-	-	-	-	-	
<b>Subscribed Capital</b>	<b>7,672</b>	<b>7,671</b>	<b>7,672</b>	<b>13,125</b>	<b>13,128</b>	<b>13,122</b>	<b>13,128</b>	
Capital Reserves	1,590	1,713	1,734	1,709	1,726	1,979	2,023	
Retained Earnings	16,957	16,820	16,820	10,715	16,562	16,274	16,275	
Surplus (Deficit) from securities	-	-	-	-	-	-	-	
Results of foreign operations exchange	-	-	-	-	-	-	-	
Excess (Insuf.) in capital restatement	(6,036)	(6,036)	(6,034)	(6,034)	(6,032)	(6,040)	(6,034)	
Non Mon assets results Fixed Assets	-	-	-	-	-	-	-	
Non Mon assets results Investm	(3,770)	(4,117)	(4,134)	(4,406)	(4,273)	(4,803)	(4,961)	
Adjustment in the employees pension	-	-	-	-	-	-	-	
Accumulated Deferred tax effect	-	-	-	-	-	-	-	
Net Income	1,142	3,280	4,653	5,847	1,383	2,853	4,362	
<b>Earned Capital</b>	<b>9,882</b>	<b>11,661</b>	<b>13,039</b>	<b>7,832</b>	<b>9,367</b>	<b>10,263</b>	<b>11,665</b>	
<b>Total Stockholder 's Equity</b>	<b>17,554</b>	<b>19,332</b>	<b>20,711</b>	<b>20,957</b>	<b>22,495</b>	<b>23,385</b>	<b>24,794</b>	
<b>TOTAL LIABILITIES &amp;</b>	<b>17,556</b>	<b>19,335</b>	<b>20,712</b>	<b>20,957</b>	<b>22,496</b>	<b>23,386</b>	<b>24,795</b>	

#### MEMORANDUM ACCOUNTS OF HOLDING *(Millions of Pesos)*

	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06
Client securities held in custody	3,887	3,878	3,854	3,800	3,755	3,761	3,716	
Other trust account items	116	116	115	114	1	1	1	
	<b>4,003</b>	<b>3,994</b>	<b>3,969</b>	<b>3,914</b>	<b>3,756</b>	<b>3,761</b>	<b>3,717</b>	

**GRUPO FINANCIERO BANORTE—CONSOLIDATED INCOME STATEMENT** *(Millions of Pesos)*

	1Q05	2Q05	3Q05	4Q05	ACUM	1Q06	2Q06	3Q06	4Q06	ACUM
Interest Income	7,434	9,175	9,502	9,408	35,519	8,699	8,238	8,363		25,300
Interest Expense	4,478	5,747	6,156	5,917	22,298	5,409	4,856	4,740		15,005
Loan Fees	97	137	153	211	598	150	194	183		527
Fees Paid	26	28	35	35	123	40	38	45		123
<b>Net Interest Income (NII)</b>	<b>3,027</b>	<b>3,537</b>	<b>3,464</b>	<b>3,667</b>	<b>13,695</b>	<b>3,401</b>	<b>3,539</b>	<b>3,760</b>		<b>10,699</b>
Repomo-Margin	(34)	(13)	(39)	(64)	(150)	(73)	20	(112)		(166)
<b>NII after Repomo</b>	<b>2,993</b>	<b>3,524</b>	<b>3,425</b>	<b>3,604</b>	<b>13,546</b>	<b>3,327</b>	<b>3,558</b>	<b>3,648</b>		<b>10,534</b>
Loan Loss Provisions	224	368	487	319	1,398	358	429	363		1,149
Loss Sharing Provisions	34	37	(10)	20	80	17	13	-		31
<b>NII after Provisions</b>	<b>2,735</b>	<b>3,119</b>	<b>2,949</b>	<b>3,264</b>	<b>12,068</b>	<b>2,952</b>	<b>3,116</b>	<b>3,286</b>		<b>9,354</b>
Fund transfers	38	49	51	56	193	52	58	58		169
Account management	250	258	248	247	1,003	227	234	239		701
Fiduciary	47	57	55	66	224	56	64	67		187
Income from Loan Portfolios Acquired	292	156	730	262	1,440	614	426	322		1,362
Electronic Banking Services	149	163	164	182	657	178	195	204		577
Credit Card	255	267	284	318	1,124	331	357	365		1,052
Fees from IPAB	82	63	(6)	56	195	9	7	7		23
Other fees	538	414	538	452	1,943	540	504	539		1,584
<b>Fees on services,</b>	<b>1,650</b>	<b>1,427</b>	<b>2,063</b>	<b>1,638</b>	<b>6,779</b>	<b>2,008</b>	<b>1,845</b>	<b>1,802</b>		<b>5,655</b>
Fund transfers	3	2	3	3	10	4	4	4		11
Other fees	127	128	138	164	557	164	173	170		507
Expenses from Loan Portfolios Acquired	190	126	394	255	965	242	242	179		663
<b>Fees paid,</b>	<b>319</b>	<b>257</b>	<b>534</b>	<b>422</b>	<b>1,532</b>	<b>410</b>	<b>418</b>	<b>353</b>		<b>1,181</b>
Foreign exchange	58	35	95	92	281	118	96	85		300
Securities –Realized gains	89	533	134	13	769	546	178	250		974
Securities- Unrealized gains	42	(44)	15	(1)	12	(171)	156	2		(13)
<b>Market-related Income</b>	<b>189</b>	<b>524</b>	<b>244</b>	<b>104</b>	<b>1,061</b>	<b>493</b>	<b>431</b>	<b>337</b>		<b>1,260</b>
<b>Total Non Interest Income</b>	<b>1,519</b>	<b>1,695</b>	<b>1,773</b>	<b>1,320</b>	<b>6,307</b>	<b>2,091</b>	<b>1,858</b>	<b>1,785</b>		<b>5,734</b>
<b>Total Operating Income</b>	<b>4,254</b>	<b>4,815</b>	<b>4,721</b>	<b>4,585</b>	<b>18,375</b>	<b>5,043</b>	<b>4,974</b>	<b>5,071</b>		<b>15,088</b>
Personnel	1,103	1,124	1,142	1,095	4,464	1,218	1,274	1,003		3,494
Professional Fees	149	198	159	161	667	206	197	170		573
Administrative and Promotion Expenses	789	777	968	940	3,474	855	926	1,037		2,819
Rents, depreciation and amortization	437	439	413	392	1,680	436	412	392		1,240
Taxes, other than income tax	124	104	126	112	467	156	122	132		410
Contributions to IPAB	153	153	153	154	614	158	165	162		485
<b>Non-Interest Expense</b>	<b>2,755</b>	<b>2,796</b>	<b>2,961</b>	<b>2,854</b>	<b>11,366</b>	<b>3,030</b>	<b>3,095</b>	<b>2,895</b>		<b>9,021</b>
<b>Operating Income</b>	<b>1,500</b>	<b>2,019</b>	<b>1,760</b>	<b>1,730</b>	<b>7,009</b>	<b>2,012</b>	<b>1,879</b>	<b>2,176</b>		<b>6,067</b>
Other Revenues	393	571	225	394	1,583	159	146	144		449
Foreign exchange	-	-	-	-	-	-	-	-		-
Recoveries	36	1,241	48	45	1,370	147	133	123		403
Repomo-other revenues	2	4	1	4	12	4	-	3		7
<b>Non Operating Income</b>	<b>432</b>	<b>1,816</b>	<b>274</b>	<b>444</b>	<b>2,965</b>	<b>309</b>	<b>280</b>	<b>271</b>		<b>860</b>
Other Expense	(360)	(832)	(169)	(309)	(1,670)	(203)	(231)	(24)		(458)
Foreign exchange	-	-	-	-	-	-	-	-		-
Repomo-other Expenses	(33)	(13)	(46)	(138)	(230)	(102)	5	(97)		(195)
<b>Non Operating Expense</b>	<b>(393)</b>	<b>(845)</b>	<b>(215)</b>	<b>(447)</b>	<b>(1,901)</b>	<b>(305)</b>	<b>(227)</b>	<b>(121)</b>		<b>(653)</b>
<b>Non Operating Income (Expense), net</b>	<b>39</b>	<b>970</b>	<b>59</b>	<b>(3)</b>	<b>1,065</b>	<b>5</b>	<b>53</b>	<b>149</b>		<b>207</b>
<b>Pre-tax Income</b>	<b>1,538</b>	<b>2,989</b>	<b>1,819</b>	<b>1,727</b>	<b>8,073</b>	<b>2,017</b>	<b>1,932</b>	<b>2,325</b>		<b>6,274</b>
Income Tax	179	403	405	664	1,652	455	468	713		1,636
Profit sharing	138	283	149	117	687	128	144	173		445
Tax on Assets	9	9	9	(26)	-	-	-	-		-
Deferred Inc. Tax and Profit sharing	103	148	(86)	(189)	(24)	128	110	44		283
<b>Net Income before subsidiaries</b>	<b>1,109</b>	<b>2,146</b>	<b>1,342</b>	<b>1,161</b>	<b>5,758</b>	<b>1,306</b>	<b>1,210</b>	<b>1,395</b>		<b>3,910</b>
Subsidiaries' net income	118	87	123	84	412	147	292	183		622
<b>Net Income from continuous operations</b>	<b>1,227</b>	<b>2,234</b>	<b>1,465</b>	<b>1,245</b>	<b>6,171</b>	<b>1,452</b>	<b>1,502</b>	<b>1,577</b>		<b>4,532</b>
Extraordinary items, net	-	-	-	-	-	-	-	-		-
Minority Interest	86	95	92	51	323	69	32	68		170
<b>TOTAL NET INCOME</b>	<b>1,142</b>	<b>2,139</b>	<b>1,373</b>	<b>1,194</b>	<b>5,847</b>	<b>1,383</b>	<b>1,470</b>	<b>1,509</b>		<b>4,362</b>

**GRUPO FINANCIERO BANORTE— CONSOLIDATED BALANCE SHEET** *(Millions of Pesos)*

	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06
<b>Cash and due from Banks</b>	<b>36,854</b>	<b>40,943</b>	<b>37,186</b>	<b>39,661</b>	<b>39,238</b>	<b>39,673</b>	<b>40,884</b>	
Negotiable Instruments	5,390	6,610	4,274	9,197	14,414	14,916	8,781	
Securities held for sale	285	254	258	138	5,241	1,238	1,910	
Securities held to maturity	10,396	12,875	12,754	12,580	4,466	4,473	4,391	
<b>Financial Instruments:</b>	<b>16,071</b>	<b>19,738</b>	<b>17,286</b>	<b>21,915</b>	<b>24,121</b>	<b>20,628</b>	<b>15,081</b>	
Non-assigned securities to pay	-	-	-	-	-	-	-	
Repurchase agreements, net	73	97	68	160	120	110	109	
Operations with collateral	-	-	-	-	-	-	-	
Futures receivable, net	-	-	-	-	-	-	-	
Options and derivatives, net	39	-	288	478	555	226	1,137	
<b>Repos &amp; Derivatives :</b>	<b>111</b>	<b>97</b>	<b>355</b>	<b>638</b>	<b>675</b>	<b>336</b>	<b>1,246</b>	
Commercial	50,631	50,987	53,419	59,158	59,367	64,627	66,253	
Financial Intermediaries	415	1,881	2,102	2,008	2,264	1,956	2,086	
Consumer	12,515	13,732	14,837	15,860	16,689	18,260	19,165	
Mortgage	20,120	21,359	22,544	24,317	25,845	27,986	29,841	
Government Entities	18,971	13,501	13,747	15,559	14,616	13,047	12,766	
IPAB	7,337	7,308	2,633	165	168	-	-	
Fiduciary collection rights	-	-	-	-	-	-	-	
<b>Performing Loans</b>	<b>109,990</b>	<b>108,768</b>	<b>109,282</b>	<b>117,067</b>	<b>118,949</b>	<b>125,876</b>	<b>130,112</b>	
Commercial	646	683	740	687	706	727	731	
Financial Intermediaries	-	-	-	-	-	-	-	
Consumer	344	379	387	421	435	513	563	
Mortgage	850	794	801	785	761	752	769	
Government Entities	9	-	-	-	-	-	-	
<b>Past Due Loans</b>	<b>1,848</b>	<b>1,855</b>	<b>1,928</b>	<b>1,892</b>	<b>1,901</b>	<b>1,992</b>	<b>2,063</b>	
<b>Total Loans</b>	<b>111,838</b>	<b>110,623</b>	<b>111,210</b>	<b>118,959</b>	<b>120,850</b>	<b>127,867</b>	<b>132,175</b>	
Preventive loan loss reserves	2,849	2,979	3,186	3,136	3,257	3,466	3,539	
<b>Net Loan Portfolio</b>	<b>108,989</b>	<b>107,644</b>	<b>108,023</b>	<b>115,823</b>	<b>117,594</b>	<b>124,401</b>	<b>128,635</b>	
Credit Assets Portfolio	1,990	1,856	3,104	3,305	3,785	3,940	3,751	
Sundry debtors and other assets, net	5,146	7,971	8,884	2,847	7,870	7,947	5,294	
Foreclosed assets, net	433	427	515	457	360	298	274	
Real Estate, Furniture & Equipment, net	6,106	5,855	5,733	5,810	5,719	5,730	5,800	
Investments in subsidiaries	2,099	2,170	2,281	2,276	2,404	2,677	2,881	
Deferred taxes	692	330	409	412	256	-	-	
Deferred charges & Intangibles	1,667	1,492	1,158	1,322	1,245	1,230	1,122	
<b>Other Assets</b>	<b>18,13</b>	<b>20,101</b>	<b>22,084</b>	<b>16,429</b>	<b>21,638</b>	<b>21,823</b>	<b>19,121</b>	
<b>TOTAL ASSETS</b>	<b>180,158</b>	<b>188,524</b>	<b>184,934</b>	<b>194,466</b>	<b>203,266</b>	<b>206,861</b>	<b>204,968</b>	

**GRUPO FINANCIERO BANORTE – CONSOLIDATED BALANCE SHEET** *(Millions of Pesos)*

	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06
Demand Deposits	66,564	69,465	67,642	77,752	77,102	81,680	79,431	
Time Deposits	59,554	58,902	63,619	62,778	64,863	64,083	66,631	
Bonds	-	-	-	-	-	-	-	
<b>Deposits</b>	<b>126,118</b>	<b>128,368</b>	<b>131,260</b>	<b>140,531</b>	<b>141,965</b>	<b>145,763</b>	<b>146,062</b>	
Demand	1,320	2,420	1,295	2,622	537	1,587	801	
Short term	8,374	9,491	4,901	5,662	4,764	4,917	4,985	
Long term	11,756	11,957	12,005	11,726	11,153	12,961	12,500	
<b>Due to banks and correspondents</b>	<b>21,450</b>	<b>23,868</b>	<b>18,201</b>	<b>20,010</b>	<b>16,453</b>	<b>19,465</b>	<b>18,286</b>	
Non-assigned securities to pay	-	-	-	-	-	-	-	
Repurchase agreements, net	90	163	396	341	415	185	347	
Operations with collateral	-	-	-	-	-	-	-	
Futures receivable, net	-	-	-	-	-	-	-	
Options and derivatives, net	3	8	278	457	521	186	1,080	
<b>Repos &amp; Derivatives:</b>	<b>92</b>	<b>171</b>	<b>673</b>	<b>798</b>	<b>936</b>	<b>371</b>	<b>1,427</b>	
Income Tax & Profit Sharing	381	991	1,364	1,740	646	665	1,080	
Other Payable accounts	8,677	9,877	6,708	4,698	14,960	11,191	7,314	
<b>Other payable accounts</b>	<b>9,058</b>	<b>10,869</b>	<b>8,071</b>	<b>6,438</b>	<b>15,606</b>	<b>11,857</b>	<b>8,394</b>	
Subordinated non Convertible Debenture	4,824	4,777	4,741	4,657	4,627	4,672	4,584	
Deferred Taxes	-	-	-	-	-	158	201	
Deferred credits	51	49	94	74	106	101	78	
<b>TOTAL LIABILITIES</b>	<b>161,594</b>	<b>168,101</b>	<b>163,042</b>	<b>172,507</b>	<b>179,694</b>	<b>182,388</b>	<b>179,033</b>	
<b>STOCKHOLDER'S EQUITY</b>								
Paid-in Capital	5,915	5,914	5,915	11,368	11,370	11,365	11,367	
Share subscription premiums	1,758	1,758	1,758	1,758	1,758	1,758	1,761	
Subordinated Convertible Debentures	-	-	-	-	-	-	-	
<b>Subscribed Capital</b>	<b>7,672</b>	<b>7,671</b>	<b>7,672</b>	<b>13,125</b>	<b>13,128</b>	<b>13,122</b>	<b>13,128</b>	
Capital Reserves	1,590	1,713	1,734	1,709	1,726	1,979	2,023	
Retained Earnings	16,957	16,820	16,820	10,715	16,562	16,274	16,275	
Surplus (Deficit) from securities	-	-	-	-	-	-	-	
Results of foreign operations exchange	-	-	-	-	-	-	-	
Excess (Insuf.) in capital restatement	(6,036)	(6,036)	(6,034)	(6,034)	(6,032)	(6,040)	(6,034)	
Non Mon assets results Fixed Assets	-	-	-	-	-	-	-	
Non Mon assets results Investm	(3,770)	(4,117)	(4,134)	(4,406)	(4,273)	(4,803)	(4,961)	
Adjustment in the employees pension	-	-	-	-	-	-	-	
Accumulated Deferred tax effect	-	-	-	-	-	-	-	
Net Income	1,142	3,280	4,653	5,847	1,383	2,853	4,362	
<b>Earned Capital</b>	<b>9,882</b>	<b>11,661</b>	<b>13,039</b>	<b>7,832</b>	<b>9,367</b>	<b>10,263</b>	<b>11,665</b>	
Minority Holdings	1,010	1,090	1,182	1,001	1,077	1,088	1,141	
<b>Total Stockholder's Equity</b>	<b>18,564</b>	<b>20,422</b>	<b>21,893</b>	<b>21,958</b>	<b>23,572</b>	<b>24,473</b>	<b>25,935</b>	
<b>TOTAL LIABILITIES &amp;</b>	<b>180,158</b>	<b>188,524</b>	<b>184,934</b>	<b>194,466</b>	<b>203,266</b>	<b>206,861</b>	<b>204,968</b>	

**MEMORANDUM ACCOUNTS OF GRUPO FINANCIERO BANORTE CONSOLIDATED**

<i>(Millions of Pesos)</i>	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06
<b>ON BEHALF OF THIRD PARTY</b>								
Customers' banks	9	13	50	14	13	13	9	
Dividends receivable from customers	-	-	-	-	-	-	-	
Interest receivable from customers	-	-	-	-	-	-	-	
Liquidation of customer transactions	101	(190)	(239)	(128)	708	674	436	
Customer loans	-	-	-	-	-	-	-	
Liquidation with foreign currencies of	-	-	-	-	-	-	-	
Margin accounts in futures operations	-	-	-	-	-	-	-	
Other current accounts	-	-	-	-	-	-	-	
<b>CUSTOMERS CURRENT ACCOUNT</b>	<b>110</b>	<b>(178)</b>	<b>(189)</b>	<b>(114)</b>	<b>720</b>	<b>688</b>	<b>445</b>	
Client securities held in custody	117,457	116,214	119,114	121,578	126,464	126,453	141,712	
Securities and documents received in	-	-	44	-	-	-	-	
Client securities abroad	-	-	-	-	-	-	-	
<b>CLIENT SECURITIES</b>	<b>117,457</b>	<b>116,214</b>	<b>119,158</b>	<b>121,578</b>	<b>126,464</b>	<b>126,463</b>	<b>141,712</b>	
Repurchase operations for customers	31,748	34,488	30,403	25,845	26,663	33,434	36,421	
Clients securities loans	-	-	44	-	-	-	-	
Purchase of Futures & forward contracts	-	-	-	-	-	-	-	
Sale of futures and forward contracts	-	-	-	-	-	-	-	
Purchasing operations (option price)	-	-	174	160	114	16	-	
Sales operations (option price)	-	-	-	-	-	-	-	
Purchase of derivative packages	-	-	-	-	-	-	-	
Sale of derivative packages	-	-	-	-	-	-	-	
Administration trusts	1,914	2,854	2,433	2,833	2,669	2,582	2,415	
<b>TRANSACTIONS ON BEHALF CLIENT</b>	<b>33,661</b>	<b>37,342</b>	<b>33,053</b>	<b>28,839</b>	<b>29,446</b>	<b>36,031</b>	<b>38,836</b>	
<b>TOTAL ON BEHALF OF THIRD PARTY</b>	<b>151,229</b>	<b>153,379</b>	<b>152,022</b>	<b>150,303</b>	<b>156,631</b>	<b>163,172</b>	<b>179,193</b>	
Signature guarantees granted	63	62	62	27	-	-	-	
Issuing of irrevocable letters of credit	2,241	1,956	1,770	2,219	2,224	2,131	2,323	
Property in trust and guardianship	69,542	68,163	69,363	69,301	70,668	71,142	74,269	
Assets held in custody or in administration	77,368	79,644	83,376	85,223	89,630	90,066	91,466	
Amounts committed to operations with	662	963	803	611	657	1,130	473	
In Transit drafts	-	-	-	-	-	-	-	
Certificates of Deposit in circulation	634	500	398	751	461	524	438	
Secured Credit Cards from the company	-	-	-	-	-	-	-	
Securities given to the company in custody	227	280	248	217	201	254	236	
Government securities in custody of the	85	1	254	380	384	143	230	
Securities given to the company on	-	-	-	-	-	-	-	
Securities outside the country	-	-	-	-	-	-	-	
Liquidations with foreign currencies abroad	-	-	-	-	-	-	-	
Debits to the contingency fund	-	-	-	-	-	-	-	
Other contingent obligations	3,709	1,194	1,178	1,163	261	263	261	
Banking transactions on behalf of third-	103,899	114,582	109,018	91,968	105,070	108,628	102,267	
Investments in funds for the retirem.saving	-	-	-	-	-	-	-	
Integration of the credit portfolio	-	-	-	-	-	-	-	
Amounts contracted in derivative	253,282	41,263	-	-	-	-	-	
Other trust account items	-	-	-	-	-	-	-	
<b>OWN ACCOUNT OPERATIONS</b>	<b>511,711</b>	<b>308,608</b>	<b>266,471</b>	<b>251,860</b>	<b>269,556</b>	<b>274,282</b>	<b>271,962</b>	
Repurchase agreements								
Securities to be received	179,605	207,698	240,197	245,221	238,367	230,083	210,361	
(Less) Securities to be delivered	(179,653)	(207,719)	(240,494)	(245,489)	(238,695)	(230,132)	(210,672)	
<b>REPURCHASE TRANSACTIONS-</b>	<b>(48)</b>	<b>(11)</b>	<b>(298)</b>	<b>(268)</b>	<b>(328)</b>	<b>(49)</b>	<b>(311)</b>	
Securities to be received	45,004	43,370	68,172	72,690	67,597	51,763	32,503	
(Less) securities to be delivered	(44,973)	(43,415)	(68,202)	(72,603)	(67,565)	(51,789)	(32,431)	
<b>REPURCHASE TRANSACTIONS- SOLD</b>	<b>31</b>	<b>(45)</b>	<b>(30)</b>	<b>87</b>	<b>33</b>	<b>(26)</b>	<b>72</b>	
<b>TOTAL ON OWN ACCOUNT</b>	<b>511,694</b>	<b>308,542</b>	<b>266,143</b>	<b>251,679</b>	<b>269,260</b>	<b>274,207</b>	<b>271,724</b>	

**GRUPO FINANCIERO BANORTE CONSOLIDATED STATEMENT OF CASH FLOW**  
 JANUARY 1, 2006 - SEPTEMBER 30, 2006  
 (Millions of Pesos)

<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>	
<b>Net Income</b>	<b>4,362</b>
<b>Adjustments to Reconcile Net Income to Net Cash by Operating Activities</b>	
Mark to Market Valuation Results	61
Provisions for loan losses	1,180
Depreciation and amortization	650
Defferred Taxes	283
Provisions for Obligations	(346)
Minoritary Interest	170
Undistributed Earnings of Subsidiaries	(622)
	<b>1,376</b>
<b>Cash Flows From Investing Activities:</b>	
Banks Deposits	5,531
Decrease (Increase) loan portfolio	(13,992)
Decrease (Increase) credit assets portfolio	(445)
Decrease (Increase) treasury operations	6,773
Decrease (Increase) financial instruments	22
Loans from banks and other entities	(1,724)
Decrease (Increase) Deferred taxes	330
Decrease (Increase) in accounts receivable and payable	(144)
<b>Net Resources provided by operations</b>	<b>(3,649)</b>
<b>Financial Activities:</b>	
Subordinated Debentures Issue and Interest	(73)
Issuance of stock	29
Cash Dividends	-
<b>Net Resources provided by Investing activities</b>	<b>(44)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>	
Fixed Assets increase	(417)
Proceeds from issuance of common stock	(568)
Decrease (Increase) Deferred charges or credits	(19)
Decrease (Increase) Foreclosed assets	182
<b>Net Cash provided by financing activities</b>	<b>(822)</b>
<b>Decrease (increase) in cash and due from banks</b>	<b>1,223</b>
<b>Cash and due from banks at the beginning of the year</b>	<b>39,661</b>
<b>Cash and due from banks at the end of the year</b>	<b>40,884</b>

**GRUPO FINANCIERO BANORTE**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**JANUARY 1, 2006- SEPTEMBER 30, 2006.**  
(Millions of Pesos)

	CONTRIBUTED CAPITAL		
	Fixed Paid-in Capital Variable	Paid-in Capital Premium, Bonds	& oth. Securities
<b>Balance as of December 31,2005</b>	<b>3,526</b>	<b>7,842</b>	<b>1,757</b>
<b>Stock Changes</b>			
Issuance of stock	-	(1)	4
Profits Capitalization	-	-	-
Provisions Created	-	-	-
Increments in Capital	-	-	-
<b>Total</b>	<b>3,526</b>	<b>7,841</b>	<b>1,761</b>
<b>Total Income</b>			
Total Income:	-	-	-
Net Income	-	-	-
Results of assets holdings	-	-	-
Minority Interest	-	-	-
<b>Total</b>	-	-	-
<b>Balance as of September 30,2006</b>	<b>3,526</b>	<b>7,841</b>	<b>1,761</b>

	EARNED CAPITAL						Total Stockholder s' Equity
	Capital Reserve s	Retained earnings	Excess if Insuf. Capital Restatement	Non Monetary Assets Results (Investment)	Net Income of the year	Minorit ary Intere st	
<b>Balance as of December 31,2005</b>	<b>1,710</b>	<b>10,716</b>	<b>(6,034)</b>	<b>(4,407)</b>	<b>5,847</b>	<b>1,001</b>	<b>21,958</b>
<b>Stock Changes</b>							
Issuance of stock	26	-	-	-	-	-	29
Profits Application	-	5,847	-	-	(5,847)	-	-
Provisions created	288	(288)	-	-	-	-	-
Cash Dividends	-	-	-	-	-	-	-
Increments in Capital	-	-	-	-	-	-	-
<b>Total</b>	<b>314</b>	<b>5,559</b>	-	-	<b>(5,847)</b>	-	<b>29</b>
<b>Total Income</b>							
Total Income:							
Net Income	-	-	-	-	4,362	-	<b>4,362</b>
Results of assets holdings	-	-	-	(554)	-	-	(554)
<b>Total</b>	-	-	-	<b>(554)</b>	<b>4,362</b>	-	<b>3,808</b>
Minority Interest	-	-	-	-	-	140	<b>140</b>
<b>Balance as of September 30,2006</b>	<b>2,024</b>	<b>16,275</b>	<b>(6,034)</b>	<b>(4,961)</b>	<b>4,362</b>	<b>1,141</b>	<b>25,935</b>



**BANKING SECTOR- INCOME STATEMENT (\*)** (Millions of Pesos)

NET INTEREST INCOME	1Q05	2Q05	3Q05	4Q05	ACUM	1Q06	2Q06	3Q06	4Q06	ACUM	% 3Q06 VS 2Q06
Interest Income	7,358	8,777	9,061	9,057	34,252	8,397	7,857	7,909		24,164	0.7%
Interest Expense	4,530	5,490	5,873	5,722	21,616	5,187	4,591	4,476		14,254	(2.5%)
Loan Fees	97	134	148	206	585	146	189	177		512	(6.1%)
Fees Paid	26	28	35	30	119	35	33	39		108	17.3%
<b>Net Interest Income (NII)</b>	<b>2,899</b>	<b>3,393</b>	<b>3,301</b>	<b>3,510</b>	<b>13,103</b>	<b>3,320</b>	<b>3,422</b>	<b>3,572</b>		<b>10,314</b>	<b>4.4%</b>
Repomo-Margin	(25)	(9)	(27)	(37)	(97)	(53)	16	(87)		(124)	(636.6%)
<b>NII after Repomo</b>	<b>2,875</b>	<b>3,384</b>	<b>3,274</b>	<b>3,473</b>	<b>13,006</b>	<b>3,267</b>	<b>3,438</b>	<b>3,485</b>		<b>10,190</b>	<b>1.4%</b>
Loan Loss Provisions	221	363	468	299	1,351	355	422	362		1,140	(14.3%)
Loss Sharing Provisions	34	37	(10)	20	80	17	13	-		31	(100.0%)
<b>NII after Provisions</b>	<b>2,620</b>	<b>2,984</b>	<b>2,816</b>	<b>3,153</b>	<b>11,574</b>	<b>2,894</b>	<b>3,002</b>	<b>3,123</b>		<b>9,019</b>	<b>4.0%</b>
Fund transfers	38	49	51	56	193	52	58	58		169	0.9%
Account management	250	258	248	247	1,003	227	234	239		701	2.1%
Fiduciary	47	57	55	66	224	56	64	67		187	3.8%
Income from Loan Portfolios Acquired	292	156	730	262	1,440	614	426	322		1,362	(24.3%)
Electronic Banking Services	149	163	164	182	657	178	195	204		577	4.3%
Credit Card	255	267	284	318	1,124	331	357	365		1,052	2.3%
Fees from IPAB	82	63	(6)	56	195	9	7	7		23	9.6%
Other fees	131	127	117	133	508	124	161	127		413	(21.3%)
<b>Fees on services,</b>	<b>1,243</b>	<b>1,140</b>	<b>1,642</b>	<b>1,319</b>	<b>5,344</b>	<b>1,592</b>	<b>1,502</b>	<b>1,389</b>		<b>4,483</b>	<b>(7.5%)</b>
Fund transfers	3	2	3	3	10	4	4	4		11	(5.7%)
Other fees	118	122	130	155	525	157	167	162		486	(3.3%)
Expenses from Loan Portfolios Acquired	190	126	394	255	965	242	242	179		663	(25.7%)
<b>Fees paid,</b>	<b>311</b>	<b>250</b>	<b>526</b>	<b>413</b>	<b>1,500</b>	<b>403</b>	<b>413</b>	<b>345</b>		<b>1,160</b>	<b>(16.4%)</b>
Foreign exchange	62	40	103	103	308	136	129	105		370	(18.2%)
Securities -Realized gains	54	499	92	(16)	630	468	94	217		779	131.9%
Securities- Unrealized gains	46	(45)	30	(3)	28	(183)	158	3		(22)	(97.8%)
<b>Market-related Income</b>	<b>162</b>	<b>494</b>	<b>225</b>	<b>85</b>	<b>966</b>	<b>421</b>	<b>380</b>	<b>326</b>		<b>1,127</b>	<b>(14.3%)</b>
<b>Total Non Interest Income</b>	<b>1,094</b>	<b>1,384</b>	<b>1,341</b>	<b>991</b>	<b>4,810</b>	<b>1,610</b>	<b>1,470</b>	<b>1,371</b>		<b>4,450</b>	<b>(6.7%)</b>
<b>Total Operating Income</b>	<b>3,714</b>	<b>4,368</b>	<b>4,157</b>	<b>4,144</b>	<b>16,384</b>	<b>4,504</b>	<b>4,472</b>	<b>4,494</b>		<b>13,469</b>	<b>0.5%</b>
Personnel	1,011	1,043	1,056	1,057	4,167	1,171	1,233	975		3,378	(21.0%)
Professional Fees	143	187	144	140	614	187	175	147		509	(15.9%)
Administrative and Promotion Expenses	661	634	796	754	2,845	699	717	779		2,195	8.6%
Rents, depreciation and amortization	371	371	345	330	1,418	365	340	319		1,024	(6.0%)
Taxes, other than income tax	107	83	102	86	377	129	97	97		323	0.4%
Contributions to IPAB	153	153	153	154	614	158	165	162		485	(1.7%)
<b>Non-Interest Expense</b>	<b>2,445</b>	<b>2,472</b>	<b>2,596</b>	<b>2,522</b>	<b>10,035</b>	<b>2,710</b>	<b>2,726</b>	<b>2,479</b>		<b>7,915</b>	<b>(9.1%)</b>
<b>Operating Income</b>	<b>1,269</b>	<b>1,896</b>	<b>1,562</b>	<b>1,623</b>	<b>6,349</b>	<b>1,794</b>	<b>1,746</b>	<b>2,015</b>		<b>5,554</b>	<b>15.4%</b>
Other Revenues	112	61	90	190	453	62	79	163		303	107.5%
Foreign exchange	-	-	-	-	-	-	-	-		-	-
Recoveries	35	1,234	47	38	1,354	137	122	121		380	(1.2%)
Repomo-other revenues	3	3	1	2	8	1	-	1		2	3,954.8%
<b>Non Operating Income</b>	<b>151</b>	<b>1,298</b>	<b>137</b>	<b>230</b>	<b>1,815</b>	<b>199</b>	<b>201</b>	<b>285</b>		<b>686</b>	<b>41.8%</b>
Other Expense	(79)	(316)	(35)	(68)	(498)	(102)	(149)	(23)		(274)	(84.9%)
Foreign exchange	-	-	-	-	-	-	-	-		-	-
Repomo-other Expenses	(33)	(13)	(46)	(137)	(228)	(101)	5	(96)		(191)	(2,005.2%)
<b>Non Operating Expense</b>	<b>(112)</b>	<b>(328)</b>	<b>(81)</b>	<b>(205)</b>	<b>(726)</b>	<b>(203)</b>	<b>(144)</b>	<b>(118)</b>		<b>(466)</b>	<b>(18.2%)</b>
<b>Non Operating Income (Expense), net</b>	<b>39</b>	<b>969</b>	<b>56</b>	<b>25</b>	<b>1,089</b>	<b>(4)</b>	<b>57</b>	<b>167</b>		<b>220</b>	<b>194.6%</b>
<b>Pre-tax Income</b>	<b>1,308</b>	<b>2,865</b>	<b>1,618</b>	<b>1,647</b>	<b>7,438</b>	<b>1,790</b>	<b>1,802</b>	<b>2,182</b>		<b>5,774</b>	<b>21.0%</b>
Income Tax	101	370	305	676	1,452	392	434	678		1,504	56.3%
Profit sharing	137	283	147	112	679	125	139	170		434	22.6%
Tax on Assets	9	9	9	(26)	-	-	-	-		-	-
Deferred Inc. Tax and Profit sharing	119	149	(41)	(228)	(1)	135	117	45		297	(61.6%)
	<b>367</b>	<b>810</b>	<b>420</b>	<b>534</b>	<b>2,130</b>	<b>652</b>	<b>689</b>	<b>893</b>		<b>2,235</b>	<b>29.6%</b>
<b>Net Income before subsidiaries</b>	<b>941</b>	<b>2,055</b>	<b>1,198</b>	<b>1,114</b>	<b>5,308</b>	<b>1,138</b>	<b>1,113</b>	<b>1,288</b>		<b>3,539</b>	<b>15.8%</b>
Subsidiaries' net income	85	12	68	59	225	75	36	75		186	111.3%
<b>Net Income from continuous operations</b>	<b>1,026</b>	<b>2,067</b>	<b>1,267</b>	<b>1,173</b>	<b>5,533</b>	<b>1,213</b>	<b>1,148</b>	<b>1,363</b>		<b>3,725</b>	<b>18.7%</b>
Extraordinary items, net	-	-	-	-	-	-	-	-		-	-
Minority Interest	-	-	-	-	-	-	-	-		-	1,761.0%
<b>TOTAL NET INCOME</b>	<b>1,026</b>	<b>2,067</b>	<b>1,267</b>	<b>1,173</b>	<b>5,533</b>	<b>1,213</b>	<b>1,148</b>	<b>1,363</b>		<b>3,725</b>	<b>18.7%</b>

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

N.C.= Not comparable

**BANKING SECTOR -BALANCE SHEET (\*) (Millions of Pesos)**

	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	% 3Q06 VS 2Q06
<b>Cash and due from Banks</b>	<b>36,430</b>	<b>40,382</b>	<b>36,489</b>	<b>39,608</b>	<b>39,006</b>	<b>39,411</b>	<b>40,637</b>		<b>3.1%</b>
Negotiable Instruments	5,077	6,325	4,020	8,845	14,007	14,515	8,309		(42.8%)
Securities held for sale	285	254	258	138	5,241	1,238	1,910		54.2%
Securities held to maturity	10,396	12,875	12,754	12,580	4,466	4,473	4,391		(1.9%)
<b>Financial Instruments:</b>	<b>15,757</b>	<b>19,453</b>	<b>17,031</b>	<b>21,563</b>	<b>23,714</b>	<b>20,227</b>	<b>14,609</b>		<b>(27.8%)</b>
Non-assigned securities to pay	-	-	-	-	-	-	-		-
Repurchase agreements, net	48	67	55	132	102	96	32		(66.1%)
Operations with collateral	-	-	-	-	-	-	-		-
Futures receivable, net	-	-	-	-	-	-	-		-
Options and derivatives, net	39	-	28	232	<b>353</b>	<b>209</b>	<b>1,137</b>		444.0%
<b>Repos &amp; Derivatives :</b>	<b>87</b>	<b>67</b>	<b>83</b>	<b>363</b>	<b>455</b>	<b>305</b>	<b>1,169</b>		<b>283.9%</b>
Commercial	45,604	45,695	48,181	52,889	53,725	58,234	59,535		2.2%
Financial Intermediaries	1,645	3,097	3,517	3,734	4,232	4,153	4,332		4.3%
Consumer	12,515	13,731	14,836	15,859	16,689	18,258	19,163		5.0%
Mortgage	20,120	21,359	22,544	24,317	25,845	27,986	29,841		6.6%
Government Entities	18,922	13,446	13,699	15,518	14,582	13,019	12,746		(2.1%)
IPAB	7,337	7,308	2,633	165	168	-	-		295.3%
Fiduciary collection rights	-	-	-	-	-	-	-		-
<b>Performing Loans</b>	<b>106,142</b>	<b>104,637</b>	<b>105,410</b>	<b>112,482</b>	<b>115,241</b>	<b>121,651</b>	<b>125,616</b>		<b>3.3%</b>
Commercial	603	627	659	604	640	654	639		(2.3%)
Financial Intermediaries	-	-	-	-	-	-	-		-
Consumer	344	379	387	421	435	513	563		9.7%
Mortgage	850	794	801	785	761	752	769		2.4%
Government Entities	9	-	-	-	-	-	-		-
<b>Past Due Loans</b>	<b>1,806</b>	<b>1,799</b>	<b>1,847</b>	<b>1,810</b>	<b>1,835</b>	<b>1,918</b>	<b>1,971</b>		<b>2.7%</b>
<b>Total Loans</b>	<b>107,948</b>	<b>106,437</b>	<b>107,257</b>	<b>114,292</b>	<b>117,076</b>	<b>123,569</b>	<b>127,587</b>		<b>3.3%</b>
Preventive loan loss reserves	2,784	2,910	3,099	3,034	3,161	3,370	3,448		2.3%
<b>Net Loan Portfolio</b>	<b>105,164</b>	<b>103,527</b>	<b>104,158</b>	<b>111,257</b>	<b>113,915</b>	<b>120,199</b>	<b>124,140</b>		<b>3.3%</b>
Credit Assets Portfolio	1,990	1,856	3,104	3,305	3,785	3,940	3,751		(4.8%)
Sundry debtors and other assets, net	4,922	7,824	8,648	2,466	7,610	7,674	5,046		(34.2%)
Foreclosed assets, net	433	427	515	456	356	298	274		(8.1%)
Real Estate, Furniture & Equipment, net	5,407	5,154	5,062	5,155	4,998	4,993	5,046		1.1%
Investments in subsidiaries	1,518	1,511	1,557	1,301	1,366	1,385	1,435		3.6%
Deferred taxes	739	394	432	473	332	-	-		-
Deferred charges & Intangibles	990	856	710	768	810	876	779		(11.1%)
UDIS Mortgage loans reserve coverage	-	-	-	-	-	-	-		-
<b>Other Assets</b>	<b>15,998</b>	<b>18,022</b>	<b>20,027</b>	<b>13,924</b>	<b>19,257</b>	<b>19,167</b>	<b>16,330</b>		<b>(14.8%)</b>
<b>TOTAL ASSETS</b>	<b>173,435</b>	<b>181,451</b>	<b>177,789</b>	<b>186,716</b>	<b>196,347</b>	<b>199,308</b>	<b>196,885</b>		<b>(1.2%)</b>

**BANKING SECTOR-BALANCE SHEET (\*) (Millions of Pesos)**

	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	% 3Q06 VS 2Q06
Demand Deposits	66,611	69,507	67,685	77,798	77,132	81,737	79,473		(2.8%)
Time Deposits	59,696	58,974	63,750	62,842	64,991	64,192	66,789		4.0%
Bonds	-	-	-	-	-	-	-		-
<b>Deposits</b>	<b>126,306</b>	<b>128,481</b>	<b>131,435</b>	<b>140,641</b>	<b>142,123</b>	<b>145,929</b>	<b>146,262</b>		<b>0.2%</b>
Demand	1,320	2,420	1,295	2,622	537	1,587	801		(49.5%)
Short term	5,679	6,742	2,778	2,618	2,777	2,605	2,415		(7.3%)
Long term	10,521	10,638	10,523	10,224	9,759	11,528	11,060		(4.1%)
<b>Due to banks and correspondents</b>	<b>17,519</b>	<b>19,800</b>	<b>14,597</b>	<b>15,464</b>	<b>13,073</b>	<b>15,720</b>	<b>14,277</b>		<b>(9.2%)</b>
Non-assigned securities to pay	-	-	-	-	-	-	-		-
Repurchase agreements, net	68	137	384	312	402	173	274		58.2%
Operations with collateral	-	-	-	-	-	-	-		-
Futures receivable, net	-	-	-	-	-	-	-		-
Options and derivatives, net	2	8	6	203	318	170	1,080		535.6%
<b>Repos &amp; Derivatives:</b>	<b>70</b>	<b>146</b>	<b>390</b>	<b>515</b>	<b>720</b>	<b>343</b>	<b>1,353</b>		<b>294.6%</b>
Income Tax & Profit Sharing	281	893	1,165	1,701	567	565	954		68.7%
Other Payable accounts	8,364	9,584	6,390	4,458	14,593	10,768	6,917		(35.8%)
<b>Other payable accounts</b>	<b>8,645</b>	<b>10,477</b>	<b>7,554</b>	<b>6,160</b>	<b>15,161</b>	<b>11,333</b>	<b>7,870</b>		<b>(30.6%)</b>
Subordinated non Convertible Debenture	4,824	4,777	4,741	4,657	4,627	4,672	4,584		(1.9%)
Deferred Taxes	-	-	-	-	-	88	133		50.2%
Deferred credits	62	56	98	88	68	54	35		(35.6%)
<b>TOTAL LIABILITIES</b>	<b>157,427</b>	<b>163,736</b>	<b>158,815</b>	<b>167,523</b>	<b>175,773</b>	<b>178,139</b>	<b>174,515</b>		<b>(2.0%)</b>
<b>STOCKHOLDER'S EQUITY</b>									
Paid-in Capital	6,277	6,277	6,277	10,162	10,162	10,162	10,612		-
Share subscription premiums	1,091	1,091	1,091	1,091	1,090	1,090	1,091		-
Subordinated Convertible Debentures	-	-	-	-	-	-	-		-
<b>Subscribed Capital</b>	<b>7,367</b>	<b>7,367</b>	<b>7,367</b>	<b>11,252</b>	<b>11,252</b>	<b>11,252</b>	<b>11,252</b>		-
Capital Reserves	3,153	3,403	3,402	3,221	3,221	3,462	3,462		-
Retained Earnings	7,446	7,197	7,197	2,646	8,179	7,576	7,576		-
Surplus (Deficit) from securities	267	(99)	(92)	(95)	86	(92)	(225)		145%
Results of foreign operations exchange	-	-	-	-	-	-	-		-
Excess (Insuf.) in capital restatement	(2,629)	(2,629)	(2,628)	(2,631)	(2,628)	(2,630)	(2,631)		-
Non Mon assets results Fixed Assets	13	13	13	13	13	13	13		-
Non Mon assets results Investm	(329)	(325)	(339)	(439)	(455)	(468)	(495)		5.9%
Adjustment in the employees pension	-	-	-	-	-	-	-		-
Accumulated Deferred tax effect	(307)	(307)	(307)	(307)	(307)	(307)	(307)		-
Net Income	1,026	3,094	4,360	5,533	1,213	2,362	3,725		57.7%
<b>Earned Capital</b>	<b>8,640</b>	<b>10,346</b>	<b>11,606</b>	<b>7,939</b>	<b>9,322</b>	<b>9,916</b>	<b>11,117</b>		<b>12.1%</b>
Minority Holdings	1	1	1	1	1	1	1		(1.6%)
<b>Total Stockholder's Equity</b>	<b>16,008</b>	<b>17,715</b>	<b>18,974</b>	<b>19,192</b>	<b>20,575</b>	<b>21,169</b>	<b>22,371</b>		<b>5.7%</b>
<b>TOTAL LIABILITIES &amp;</b>	<b>173,435</b>	<b>181,451</b>	<b>177,789</b>	<b>186,716</b>	<b>196,347</b>	<b>199,308</b>	<b>196,885</b>		<b>(1.2%)</b>

**MEMORANDUM ACCOUNTS OF BANKING SECTOR (Millions of Pesos)**

	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	% 3Q06 VS 2Q06
Signature guarantees granted	63	62	62	27	-	-	-		-
Other contingent obligations	3,709	1,194	1,178	1,163	261	263	261		(0.9%)
Irrevocable lines of credit	2,241	1,956	1,770	2,219	2,224	2,1313	2,323		9.0%
Assets held in trust and mandate	69,542	68,163	69,363	69,301	70,668	71,142	74,269		4.4%
Assets held in custody or in	73,481	75,766	79,522	81,423	85,875	86,305	87,750		1.7%
Investment banking transactions for third	103,899	114,582	109,018	91,968	105,070	108,628	102,267		(5.9%)
Engaged amounts in fobaproa operations	662	963	803	611	657	1,130	473		(58.1%)
Investment of retirement saving funds	-	-	-	-	-	-	-		-
Integration of loan portfolio	-	-	-	-	-	-	-		-
Received amounts in derivative	253,282	41,263	-	-	-	-	-		-
Fobaproa trusts	-	-	-	-	-	-	-		-
Securities to be received	144,270	171,519	208,639	214,005	209,529	195,636	166,875		(14.7%)
(Less) payable for reversal	(144,301)	(171,569)	(208,942)	(214,249)	(209,860)	(195,690)	(167,120)		(14.6%)
Receivables for reversal	19,168	17,213	45,470	50,717	52,320	29,754	9,681		(67.5%)
(Less) securities to be delivered	(19,157)	(17,233)	(45,495)	(50,653)	(52,289)	(29,777)	(9,676)		(67.5%)
Other control accounts	-	-	-	-	-	-	-		-
	<b>506,858</b>	<b>303,879</b>	<b>261,388</b>	<b>246,532</b>	<b>264,455</b>	<b>269,522</b>	<b>267,101</b>		<b>(0.9%)</b>

**Annex 6. Notes to Grupo Financiero Banorte Financial Statements**
**Financial Instruments and Valuation Effects 3Q06**
*(Millions of Pesos)*

<b>NEGOTIABLE INSTRUMENTS</b>	<b>BOOK VALUE</b>	<b>INTEREST</b>	<b>MARKET VALUE</b>	<b>UNREALIZED GAIN (LOSS)</b>
Government Securities	1	6	8	1
Banking Securities	5,402	12	5,412	(2)
Private	331	3	354	20
Banks paper	-	-	-	-
UMS	-	-	-	-
Commercial Paper	2,936	-	2,936	-
Shares listed in the SIC	-	-	-	-
Guarantee (collateral) for futures	3	-	3	-
Mutual Funds	66	-	66	-
Swap of Coverage purposes	-	-	1	1
<b>Total</b>	<b>8,740</b>	<b>21</b>	<b>8,781</b>	<b>20</b>
<b>SECURITIES HELD FOR SALE</b>				
Government Securities	1,012	29	1,027	(14)
Mexican Government Securities (UMS)	661	9	670	-
Bonds public company	19	-	32	13
Eurobonds	-	-	-	-
Banks paper	110	-	110	-
Structured note	635	9	627	(17)
Swap of Coverage purposes	(444)	(10)	(557)	(102)
<b>Total</b>	<b>1,994</b>	<b>36</b>	<b>1,910</b>	<b>(120)</b>
<b>SECURITIES HELD TO MATURITY</b>				
Special Cetes	604	7	611	-
Trust Bonds	-	-	-	-
Fiduciary Rights	34	-	8	(26)
Bonds	-	-	-	-
Mexican Government Securities (UMS)	-	-	-	-
PEMEX (dills)	4,021	91	4,112	-
Bonos Strip	60	-	60	-
Swap of Coverage purposes	(324)	(77)	(402)	-
<b>Total</b>	<b>4,395</b>	<b>22</b>	<b>4,391</b>	<b>(26)</b>
<b>TOTAL</b>	<b>15,129</b>	<b>79</b>	<b>15,081</b>	<b>(126)</b>

### Repurchase Agreement Operations 3Q06

(Millions of Pesos)

SALES	MARKET VALUE		GLOBAL POSITION	FINANCIAL STATEMENT INDIVIDUAL COMPENSATION	
	RECEIVABLES ON REPURCHASE AGREEMENT	SECURITIES TO BE DELIVERED		ASSET BALANCE	LIABILITY BALANCE
Government Securities	183,682	183,962	(280)	26	306
Banking Securities	16,018	16,041	(23)	3	26
Private Securities	10,660	10,668	(8)	2	10
<b>Total</b>	<b>210,361</b>	<b>210,672</b>	<b>(311)</b>	<b>32</b>	<b>343</b>

PURCHASE	MARKET VALUE		GLOBAL POSITION	FINANCIAL STATEMENT INDIVIDUAL COMPENSATION	
	SECURITIES TO BE RECEIVED	PAYABLES ON REPURCHASE AGREEMENT		ASSET BALANCE	LIABILITY BALANCE
Government Securities	29,655	29,583	(71)	75	4
Banking Securities	2,749	2,748	(1)	2	1
Private Securities	100	100	-	-	-
<b>Total</b>	<b>32,504</b>	<b>32,431</b>	<b>(72)</b>	<b>77</b>	<b>5</b>
			<b>Balance</b>	<b>109</b>	<b>347</b>

### Derivative Financial Instruments Operations 3Q06

(Millions of Pesos)

INSTRUMENT	TO RECEIVE	TO DELIVER	NET
<b>FORWARDS</b>			
Over INC	18	(18)	-
<b>FORWARD CONTRACT WITH FOREIGN CURRENCIES</b>			
Market Value	230	160	390
Agreed Price	231	159	390
<b>SWAPS</b>			
Interest rate	165	(165)	-
Valuation	607	(591)	15
<b>OPTIONS WITH FOREIGN CURRENCIES</b>	771	(756)	16
<b>Actives</b>			
Swaptions	3	-	3
Rate Options	1,856	(738)	1,118
Index Options (ipc)	-	-	-
<b>Passives</b>			
Swaptions	(4)	1	(2)
Currency Options	(1)	-	-
Rate Options	(1,831)	754	(1,077)
Index Opciones (ipc)	-	-	-
<b>Debt Balance</b>			<b>1,137</b>
<b>Creditor Balance</b>			<b>(1,080)</b>

**NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 3Q06**
*(Millions of Pesos)*

PRODUCT	KIND	UNDERLYING	CURRENCY	POSITION
Forwards of Foreign Currency	Purchases	Exchange Rate (Dolar)	MXN	234
Forwards of Foreign Currency	Sells	Exchange Rate (Dolar)	MXN	161
				395
Options with Foreign Currency	Purchases	Exchange Rate (Dolar)	MXN	-
Options with Foreign Currency	Sells	Exchange Rate (Dolar)	MXN	33
				33
Rate Options	Purchases	TIIE	MXN	4,600,450
Rate Options	Sells	TIIE	MXN	4,576,720
				9,177,170
Swaps with Rate	USLI/IRS	TIIE	MXN	17,200
Swaps with Rate	TIIE/IRS	TIIE	MXN	350
				17,550
Swaps with Rate	USLI/IRS	LIBOR	MXN	-
Swaps with Rate	TIIE/IRS	TIIE	MXN	55,722
				55,722
Swaps with Rate	CETE-US/CS	CETE	MXN	4,727
Swaps with Foreign Currency	TIIE-EU/CS	TIIE	MXN	1,488
Swaps with Foreign Currency	MXP-US/CSF	FIX/FIX	MXN	3,757
Swaps with Foreign Currency	TIIE-US/BS	TIIE/LIBOR	MXN	-
Swaps with Foreign Currency	TIIE-US/CS	TIIE	MXN	8,826
Swaps with Foreign Currency	IMPL-US/CS	IMPLICIT	MXN	-
				18,798
Forwards in MEXDER	Purchases	TIIE	MXN	93,336
Forwards in MEXDER	Sells	TIIE	MXN	1,800
				95,136
Forwards in MEXDER	Purchases	CETE	MXN	1,600
Forwards in MEXDER	Sells	CETE	MXN	-
				1,600
Forwards in MEXDER	Purchases	M10	MXN	25
Forwards in MEXDER	Sells	M10	MXN	-
				25

**Non-governmental Financial Instruments above by 5% of Net Capital 3Q06**
*(Millions of Pesos)*

INDUSTRY	INVESTMENT INSTRUMENT	AMOUNT	% NET CAPITAL
<b>BANORTE</b>			
BSCTIA	Term Deposits	3,006	11.6%

## Loan Portfolio

(Million of Pesos)	LOCAL CURRENCY(*)		FOREIGN CURRENCY		TOTAL	
	3Q05	3Q06	3Q05	3Q06	3Q05	3Q06
<b>Performing Loans</b>						
Commercial	45,118	54,766	8,301	11,487	53,419	66,253
Financial Intermediaries	1,642	1,249	459	837	2,102	2,086
Consumer	14,836	19,165	1	-	14,837	19,165
Mortgages	22,544	29,841	-	-	22,544	29,841
Government Entities	13,198	12,317	549	449	13,747	12,766
Fobaproa	2,633	-	-	-	2,633	-
<b>Total</b>	<b>99,971</b>	<b>117,338</b>	<b>9,310</b>	<b>12,774</b>	<b>109,282</b>	<b>130,112</b>
<b>Past Due Loans</b>						
Commercial	672	686	68	45	740	731
Financial Intermediaries	-	-	-	-	-	-
Consumer	387	563	-	-	387	563
Mortgages	801	769	-	-	801	769
Government Entities	-	-	-	-	-	-
<b>Total</b>	<b>1,860</b>	<b>2,018</b>	<b>68</b>	<b>45</b>	<b>1,928</b>	<b>2,063</b>
<b>Total Proprietary Loans</b>	<b>101,831</b>	<b>119,356</b>	<b>9,378</b>	<b>12,819</b>	<b>111,210</b>	<b>132,175</b>

(\*) Includes valued UDIS

Note: There is no scheme for Mortgage Earnings.

## Cost and Balances of FINAPE, FOPIME, Mortgage UDIS and Mortgage FOVI loan portfolios as of 3Q06

(Millions of Pesos)	TOTAL	
	PERIOD COST	BALANCE LOAN PORTFOLIO
FINAPE	0.5	3.8
FOPYME	0.4	0.5
Mortgage UDIS	37.0	92.7
Mortgage FOVI	42.4	53.1
	<b>80.3</b>	<b>150.1</b>

The quarter ending with a balance of Ps 150.1 million pesos in debtors support programs with a cost of the period of Ps 80.3 million. The 99% of this portfolio are concentrated in Banorte.

## Troubled Portfolio 3Q06

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

(Millions of Pesos)	TOTAL
Troubled Portfolio	1,451
Total Loans	132,175
Troubled Portfolio / Total Loans	<b>1.1%</b>

## Deferred Taxes 3Q06

<i>(Millions of Pesos)</i>			
<b>ASSETS</b>	<b>INCOME TAX</b>	<b>PROFIT SHARING</b>	<b>NET</b>
Non deductible provisions and accumulative income	129	42	172
Excess of accounting value over fiscal value on Repossessed Assets	221	79	301
Diminishable profit sharing	120	-	120
Past-due loan reserves	15	-	15
Income and Expenses paid in advance	-	-	-
Installation expenses	9	-	9
Tax on Assets to recover	2	-	2
Inflation	3	-	3
<b>Total Assets</b>	<b>500</b>	<b>122</b>	<b>621</b>
<b>LIABILITIES</b>			
Accrued interest and inflationary component of Fixed Assets, Foreclosed, Intangible & Others	(174)	-	(174)
Loan Portfolio Acquisitions	(289)	(103)	(392)
Capitalizable projects	(76)	(27)	(103)
Income tax to pay on UDIS Trust funds	(49)	-	(49)
Expenses paid in advance	(1)	-	(1)
Effects of financial instrument valuation	(1)	-	(2)
Effects of other accounts	(18)	(6)	(24)
Sale Cost Revers	(15)	-	(15)
Organization and Recording Expenses & Installation Expenses	(30)	-	(30)
Unrealized capital gain from investments in siefore	(32)	-	(32)
<b>Total liabilities</b>	<b>(686)</b>	<b>(136)</b>	<b>(822)</b>
<b>Assets (Liabilities) Accumulated Net</b>	<b>(186)</b>	<b>(15)</b>	<b>(201)</b>

## Long term debt as of 3Q06

<b>TYPE OF DEBT</b>	<b>CURRENCY</b>	<b>DATE OF ISSUE</b>	<b>AMOUNT (Ps)</b>	<b>ORIGINAL AMOUNT (Millions Ps, Dls o UDIS)</b>	<b>TERM</b>	<b>INTEREST RATE</b>	<b>MATURITY</b>	<b>INTEREST PAYMENT</b>
<b>BANORTE</b>								
CD's- Banorte U01001	UDIs	11-Ene-01	336	90	10 years	8.13%	30-Dic-10	E/182 days
Non Convertible Subordinate Bonds QBanorte 02D	Ps	28-Nov-02	1,230	1,136	10 years	8.00%	28-Nov-12	E/182 days
Step-Up Subordinated Callable Notes Due 2014	Dls	17-Feb-04	3,290	300	10 years	5.875 %	17-Feb-14	E/180 days



### Bank and Other entities loans as of 3Q06

<i>(Millions of Pesos)</i>	LOCAL CURRENCY	INTEREST RATE	TERM (DAYS)	FOREIGN CURRENCY	INTEREST RATE	TERM (DAYS)	TOTAL
LOANS FROM LOCAL BANKS	-	-	-	869	L+6	364	869
LOANS FROM FOREIGN BANK CONCERNED FROM THE COUNTRY	-	-	-	666	L+1.2	1,077	666
LOANS FROM FOREIGN BANK CONCERNED FROM CAYMAN	-	-	-	1,484	6.12	913	1,484
LOANS FROM DEVELOPING BANKS	2,466	9.83%	760	780	12.20%	1,971	3,246
LOANS FROM PUBLIC FUNDS	9,208	7.04%	663	141	5.92%	600	9,349
LOANS FROM BANKS	-	-	-	-	-	-	-
CALL MONEY	(297)	7%	3	-	-	-	(297)
LOANS FROM FIDUCIARY FUNDS	2,894	9.31%	5,372	-	-	-	2,894
PROVISIONS FOR INTEREST	74	N.A	N.A	-	-	-	74
	<b>14,345</b>			<b>3,940</b>			<b>18,286</b>

### Trading Income 3Q06

*(Millions of Pesos)*

VALUATION EFFECTS	NET
Negotiable Instruments	15
Securities Held to Maturity	(18)
Repurchase	(15)
Derived instruments	5
Futures	-
Securities loans	-
Range	-
Inflation Adjustment	-
<b>Total</b>	<b>(13)</b>
RESULTS FROM BUYING AND SELLING	
Negotiable Instruments	527
Securities Held for Sell	42
Derived for coverage purposes	395
Inflation Adjustment	-
<b>Total of Buying and Selling Instruments</b>	<b>965</b>
FX Spot	264
FX Forwards	2
FX Futures	-
FX Futures TIIE	-
Forwards	-
Trading currencies securitization	24
Gain from metal intermediation	1
Metals Valuation	6
<b>Total of Foreign Exchange</b>	<b>297</b>
Inflation Adjustment	12
<b>Total of Buying and Selling</b>	<b>1,273</b>
<b>TOTAL TRADING INCOME</b>	<b>1,260</b>

## Risk Management

### Credit risk

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

The objectives of credit risk management at GFNorte are:

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

### Individual Credit risk

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

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

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

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

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

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

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

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

### Portfolio Credit risk

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

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

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

The method, in addition to contemplating loan exposure, takes into consideration the probability of non-compliance, the recovery level associated to each client and the classification of the debtor based on the Merton model. The *probability of non-compliance* is the probability that the debtor will not meet his/her debt obligation with the bank according to the originally agreed terms and conditions. The probability of non-compliance is based on the transition matrixes that the Banks calculate

from the migration of the debtors through different risk qualification levels. The *recovery ratio* is the percentage of total exposure that is estimated to be recovered if the debtor fails to comply. The *classification of the debtor*, based on the Merton model, associates the debtor's future behavior to loan and market factors on which his "credit health" depends, as determined by statistical techniques.

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

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

By September 30, 2006, the Banco Mercantil del Norte total portfolio was Ps 127,478 million. The expected loss represents 1.9% and the unexpected loss is 3.7% with respect to the total portfolio. The average expected loss is 1.9% during the period between July 2006 and September 2006.

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

In December 2005, the COMMISSION issued the "General Rules for Risk Diversification in asset and liability operations applicable to loan institutions".

According to these provisions, the Banks shall make an analysis of the debtors and/or financings they have to determine the amount of their "Common Risk". Additionally, the Banks should have the necessary information and documentation to prove that a person or group of persons represents a common risk as per the cases referred to in the aforementioned Rules.

Upon granting financings to the same person or group of persons that represent a "Common Risk", the banks shall adjust to the maximum Financing limit that is the result of applying to the basic capital a factor that is associated with the Banks' capitalization level.

On the other hand, regarding public deposits, the Banking Sector shall diversify its risks, trying to make a proper integration of its liabilities in terms of the placement of the deposited funds.

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

Basic capital by June 30, 2006	<u>\$20,359</u>
I. Financings whose individual amount represents more than 10% of the basic capital:	
Credit operations	
– Number of financings	1
– Total amount of financings	<u>\$2,127</u>
– % vs. basic capital	10%
Money Market operations	
– Number of financings	5
– Total amount of financings	<u>\$14,043</u>
– % vs. basic capital	69%
II. Maximum amount of financing with the 3 major Common Risk debtors and groups	
	<u>\$10,905</u>

## Market Risk

### Value at Risk

The exposure to market risk is determined by calculating Value at Risk (VaR). VaR, in this method, is defined as the potential loss for one day that could affect the loan portfolio valuation at a certain date. This method is used for calculating the market risk as well as for setting and controlling the internal limits.

The Banking Sector of Grupo Financiero Banorte, S.A. and the Brokerage House applies the non-parametric historical simulation method to estimate the Value at Risk (VaR), considering a two-tail 99% reliability level, using the 500 immediate historical scenarios, multiplying the result by a safety factor that insures covering the unexpected volatility in the main risk factors that affect such portfolios and which is established according to their behavior.

This method is applied to the financial instrument portfolio in and outside the balance, including money market and treasury operations, capital, foreign exchange and derived instruments for negotiation and coverage purposes, that are exposed to variations in risk factors that can have a direct effect on their market valuation (domestic interest rates, foreign interest rates, exchange rates, among others).

The average VaR for the July – September 2006 quarter for the portfolio is Ps 220 million.

Millions of Pesos	3Q05	4Q05	1Q06	2Q06	3Q06
Total VaR*	372	333	283	215	220
Net Capital **	21,763	21,974	23,675	24,455	26,395
VaR / Net Capital	1.71%	1.52%	1.20%	0.88%	0.83%

\* Quarter Average of Bank and Brokerage House

\*\*\* Net capital at the close of the corresponding quarter

\*\*\*\* 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 third quarter of 2006 is shown below:

### Millions of Pesos

Risk Factor	VaR
Domestic interest rate	206
Foreign interest rate	50
Exchange rate	24
Capitals	3
Prices of Bonds in Foreign Currency	22
Total VaR of Bank and Brokerage House	220

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.

### Liquidity Risk and Balance

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

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

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

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

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

### **Operational Risk**

In January 2003, the Bank Sector of Grupo Financiero Banorte created a formal Operational Risk Department, known as Operational Risk Management Office (ARO for its acronym in Spanish), as part of the Risk Management Office. The latter department developed a master implementation plan (2004 – 2007) pursuant to local authority requirements, and the plan was approved by the Risk Policy Committee (CPR for its acronym in Spanish). In general, the plan covers institutional management of Operational Risk, records dealing with losses and calculation of Operational Risk capital requirements.

The master plan consists of the following phases:

- a. Close coordination with Comptrollership, Internal Audit and Risk generating areas,
- b. Identification of main sources of information,
- c. Creation of database,
- d. Definition of the type of software for Operational Risk Management and for calculating Op VaR,
- e. Acquisition or development of software,
- f. Implementation of software and testing, and
- g. Development of reports through the Managerial Information System.

As the cornerstone of Operational Risk Management, and considering the II Agreement of Basel, events that imply an actual or potential economic loss are being recorded in order to have the bases to calculate the Op VaR according to the Advanced Method (AMA) recommended in Basel II.

The Operational Risk Office works together with the Internal Audit and Comptrollership Offices in order to promote and provide assistance on achieving the goals of the former two, to wit: having effective Internal Controls that establish process procedures and ensure process compliance, and ongoing Audit oversight. Moreover, the ARO works closely with the Business, Systems and Operations Departments to develop strategies that mitigate operational risk.

### **Management Model**

The banks of Grupo Financiero Banorte have well-defined objectives that are reached through different plans, programs and projects. Reaching these objectives may be affected by operating risks. Therefore it is necessary to have a methodology to manage them within the organization and the operational risk management is now a definite institution policy that has top management backing.

To carry out Operational Risk Management, it is essential to identify each of the operating risks in the processes in order to analyze them properly. Thus, the identified risks are managed in order to eliminate or mitigate them (trying to reduce their severity or frequency) and defining the corresponding tolerance levels. At present, the development of an Institutional Operational Risk Management Model is underway. The first step is to record operational risk events.

### **Record of Events**

Given the nature of Operational Risk, it is necessary to have an historical Database that contains operating events in which the institution has incurred to be able to determine the trends, frequency, impact and distribution.

To record operating loss events, an in-house system was developed. It is called the "Operating Loss Events Recording System" (SCERO). This system enables the central information supplying areas to record these events directly and on-line. The events are classified per Type of Event according to the following categories (in keeping with those proposed by Basel II):

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

### **Technological Risk**

As Technological Risk is an inherent part of Operational Risk, they are managed together. The area of Technology and Operations performs the functions established by the CNBV for Technological Risk Management issues associated with the establishment of controls, vulnerability evaluation and contingency plans.

To face Operational Risk caused by high-impact external events, the banks of Grupo Financiero Banorte are working on a project to enhance their Business Continuity Plan (BCP) and their Business Recovery Plan (BRP). The project leader is the Executive Directorship of Comptrollership because of its relationship with processes, procedures and compliance. However, other fundamental areas participate: Technology and Operations, Business, and the ARO Directorship. Despite the above, we still have the services of an outside provider, of international renown, to backup the business' critical systems, guaranteeing operation continuity in the event of contingency or disaster.

### **Legal Risk**

As part of the Legal Risk management, a detailed record is kept on judicial, administrative and fiscal issues (in favor of or against) the Institution. This record includes the attorneys' estimation of the contingencies based on their knowledge of each case. This makes it possible to create the necessary accounting reserves to face such contingencies.

It is essential to measure the Legal Risk as part of Operational Risk in order to understand and estimate its impact. Therefore, the legal issues that result in actual operating losses are recorded in the SCERO, according to a predefined taxonomy.

Based on the statistics of the legal issues underway and the actual loss events, it is possible to identify specific legal or operating risks, which are analyzed to eliminate them or mitigate (reduce or limit future occurrence) their impact.

## Information by Segments

### GFNORTE –INCOME STATEMENT AS OF 3Q06 (Millions of Pesos)

	Holding	Banorte	Bancan	okerag	Leasing	Factorin	Vareho sing	Pronegr cio	Total	Eliminatio ns	Final Balance
Interest Income	4	24,184	-	1,826	344	241	3	136	26,738	(1,434)	25,304
Interest Expense	-	14,255	-	1,760	151	143	-	25	16,334	(1,328)	15,006
Loan Fees	-	507	-	-	-	-	-	15	523	-	523
Fees Paid	-	107	-	-	-	-	-	15	122	-	122
<b>Net Interest Income (NII)</b>	<b>4</b>	<b>10,329</b>	<b>-</b>	<b>66</b>	<b>193</b>	<b>98</b>	<b>3</b>	<b>111</b>	<b>10,806</b>	<b>(106)</b>	<b>10,699</b>
Repomo-Margin	(2)	(138)	-	(10)	(7)	(8)	1	(1)	(166)	-	(166)
<b>NII after Repomo</b>	<b>2</b>	<b>10,191</b>	<b>-</b>	<b>57</b>	<b>186</b>	<b>90</b>	<b>4</b>	<b>110</b>	<b>10,640</b>	<b>(106)</b>	<b>10,534</b>
Loan Loss & Loss Sharing Provisions	-	1,171	-	-	3	-	-	6	1,180	-	1,180
<b>NII after Provisions</b>	<b>2</b>	<b>9,020</b>	<b>-</b>	<b>57</b>	<b>183</b>	<b>90</b>	<b>4</b>	<b>104</b>	<b>9,461</b>	<b>(106)</b>	<b>9,354</b>
Fees on services,	-	5,289	-	332	7	10	17	-	5,656	(1)	5,655
Fees paid,	-	1,179	-	-	1	3	-	-	1,182	(1)	1,181
Market-related Income	-	1,127	-	133	-	-	-	-	1,260	-	1,260
<b>Total Non Interest Income</b>	<b>-</b>	<b>5,238</b>	<b>-</b>	<b>466</b>	<b>7</b>	<b>7</b>	<b>17</b>	<b>-</b>	<b>5,734</b>	<b>-</b>	<b>5,734</b>
<b>Total Operating Income</b>	<b>2</b>	<b>14,25</b>	<b>-</b>	<b>522</b>	<b>190</b>	<b>97</b>	<b>21</b>	<b>104</b>	<b>15,195</b>	<b>(106)</b>	<b>15,088</b>
<b>Non-Interest Expense</b>	<b>2</b>	<b>8,558</b>	<b>-</b>	<b>385</b>	<b>120</b>	<b>20</b>	<b>12</b>	<b>79</b>	<b>9,178</b>	<b>(156)</b>	<b>9,021</b>
<b>Operating Income</b>	<b>-</b>	<b>5,700</b>	<b>-</b>	<b>137</b>	<b>70</b>	<b>76</b>	<b>8</b>	<b>25</b>	<b>6,017</b>	<b>50</b>	<b>6,067</b>
Non Operating Income	-	686	-	3	21	17	186	2	914	(54)	860
Non Operating Expense	2	466	-	2	1	1	184	2	657	(4)	653
<b>Non Operating Income (Expense)NET</b>	<b>(2)</b>	<b>220</b>	<b>-</b>	<b>1</b>	<b>19</b>	<b>16</b>	<b>2</b>	<b>-</b>	<b>257</b>	<b>(50)</b>	<b>207</b>
<b>Pre-tax Income</b>	<b>(2)</b>	<b>5,920</b>	<b>-</b>	<b>138</b>	<b>89</b>	<b>93</b>	<b>10</b>	<b>26</b>	<b>6,274</b>	<b>-</b>	<b>6,274</b>
<b>Tax and Profit sharing</b>	<b>2</b>	<b>2,286</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>27</b>	<b>3</b>	<b>8</b>	<b>2,364</b>	<b>-</b>	<b>2,364</b>
<b>Net Income before subsidiaries</b>	<b>(3)</b>	<b>3,634</b>	<b>-</b>	<b>99</b>	<b>89</b>	<b>66</b>	<b>7</b>	<b>18</b>	<b>3,910</b>	<b>-</b>	<b>3,910</b>
Subsidiaries net income	4,365	151	-	8	-	-	-	-	4,525	(3,903)	622
<b>Net Inc. from continuous operations</b>	<b>4,362</b>	<b>3,786</b>	<b>-</b>	<b>107</b>	<b>89</b>	<b>66</b>	<b>7</b>	<b>18</b>	<b>8,435</b>	<b>(3,903)</b>	<b>4,532</b>
Extraordinary items, net	-	-	-	-	-	-	-	-	-	-	-
Minority Interest	-	(61)	-	-	-	-	-	-	(61)	(109)	(170)
<b>TOTAL NET INCOME</b>	<b>4,36</b>	<b>3,725</b>	<b>-</b>	<b>107</b>	<b>89</b>	<b>66</b>	<b>7</b>	<b>18</b>	<b>8,374</b>	<b>(4,012)</b>	<b>4,362</b>

**GFNORTE - BALANCE SHEET AS OF 3Q06 (Millions of Pesos)**

	Holding	Banorte	Bancen	rokeraga	leasing	Factorin	Wareh using	roneg cio	Total	Eliminatio	Final Balance
<b>Cash and due from Banks</b>	<b>89</b>	<b>40,875</b>	-	<b>2</b>	<b>27</b>	<b>5</b>	<b>76</b>	-	<b>41,073</b>	<b>(189)</b>	<b>40,884</b>
Negotiable Instruments	-	8,309	-	472	-	-	-	-	8,781	-	8,781
Securities held for sale	-	1,910	-	-	-	-	-	-	1,910	-	1,910
Securities held to maturity	-	4,391	-	-	-	-	-	-	4,391	-	4,391
<b>Financial Instruments:</b>	<b>-</b>	<b>14,609</b>	-	<b>472</b>	-	-	-	-	<b>15,081</b>	-	<b>15,081</b>
Non-assigned securities to pay	-	-	-	-	-	-	-	-	-	-	-
Futures receivable, net	-	32	-	76	-	-	-	-	109	-	109
Options and derivatives, net	-	1,137	-	-	-	-	-	-	1,137	-	1,137
<b>Repos &amp; Derivatives :</b>	<b>-</b>	<b>1,169</b>	-	<b>76</b>	-	-	-	-	<b>1,246</b>	-	<b>1,246</b>
Commercial	-	59,535	-	-	2,228	3,983	-	508	66,253	-	66,253
Financial Intermediaries	-	4,332	-	-	264	-	-	-	4,595	(2,509)	2,086
Consumer	-	19,163	-	-	2	-	-	-	19,165	-	19,165
Mortgage	-	29,841	-	-	-	-	-	-	29,841	-	29,841
Government Entities	-	12,746	-	-	-	-	-	-	12,766	-	12,766
Fobaproa	-	-	-	-	-	-	-	-	-	-	-
<b>Performing Loans</b>	<b>-</b>	<b>125,616</b>	-	-	<b>2,514</b>	<b>3,983</b>	-	<b>508</b>	<b>132,621</b>	<b>(2,509)</b>	<b>130,112</b>
Commercial	-	639	-	-	21	33	-	38	731	-	731
Financial Intermediaries	-	-	-	-	-	-	-	-	-	-	-
Consumer	-	563	-	-	-	-	-	-	563	-	563
Mortgage	-	769	-	-	-	-	-	-	769	-	769
Government Entities	-	-	-	-	-	-	-	-	-	-	-
<b>Past Due Loans</b>	<b>-</b>	<b>1,971</b>	-	-	<b>21</b>	<b>33</b>	-	<b>38</b>	<b>2,063</b>	-	<b>2,063</b>
<b>Total Loans</b>	<b>-</b>	<b>127,587</b>	-	-	<b>2,535</b>	<b>4,016</b>	-	<b>545</b>	<b>134,684</b>	<b>(2,509)</b>	<b>132,175</b>
Preventive loan loss reserves	-	3,448	-	-	42	39	-	11	3,539	-	3,539
<b>Net Loan Portfolio</b>	<b>-</b>	<b>124,140</b>	-	-	<b>2,493</b>	<b>3,977</b>	-	<b>534</b>	<b>131,144</b>	<b>(2,509)</b>	<b>128,635</b>
Credit Assets Portfolio	-	3,751	-	-	-	-	-	-	3,751	-	3,751
Sundry debtors and other	11	5,188	-	58	19	-	14	4	5,294	-	5,294
Foreclosed assets, net	-	274	-	-	-	-	-	-	274	-	274
Real Estate, Furniture &	-	5,166	-	26	549	1	49	10	5,800	-	5,800
Investments in subsidiaries	24,658	1,482	-	56	-	-	-	-	26,196	(23,315)	2,881
Deferred taxes	-	-	-	-	-	10	-	7	17	(17)	-
Deferred charges & Intangibles	37	863	-	213	-	4	8	-	1,125	(3)	1,122
Total Other Assets	<b>24,706</b>	<b>16,723</b>	-	<b>353</b>	<b>567</b>	<b>15</b>	<b>71</b>	<b>20</b>	<b>42,457</b>	<b>(23,335)</b>	<b>19,121</b>
<b>TOTAL ASSETS</b>	<b>24,795</b>	<b>197,517</b>	-	<b>903</b>	<b>3,088</b>	<b>3,997</b>	<b>147</b>	<b>555</b>	<b>231,001</b>	<b>(26,033)</b>	<b>204,968</b>



## GFNORTE - BALANCE SHEET AS OF 3Q06 (Millions of Pesos)

	Holding	Banorte	Bancen	rokeragr	.easing	Factorin	Wareh	roneg	Total	Eliminatio	Final
							using	cio		s	Balance
Demand Deposits	-	79,471	-	-	-	-	-	-	79,471	(40)	79,431
Time Deposits	-	66,789	-	-	-	-	-	-	66,789	(159)	66,631
Bonds	-	-	-	-	-	-	-	-	-	-	-
Deposits	-	<b>146,260</b>	-	-	-	-	-	-	<b>146,260</b>	<b>(198)</b>	<b>146,062</b>
Demand	-	801	-	-	-	-	-	-	801	-	801
Short term	-	2,415	-	-	1,024	3,587	-	460	7,486	(2,501)	4,985
Long term	-	11,060	-	-	1,439	-	-	-	12,500	-	12,500
Due to banks & corresp.	-	<b>14,277</b>	-	-	<b>2,463</b>	<b>3,587</b>	-	<b>460</b>	<b>20,787</b>	<b>(2,501)</b>	<b>18,286</b>
Non-assigned securities to pay	-	-	-	-	-	-	-	-	-	-	-
Futures receivable, net	-	274	-	73	-	-	-	-	347	-	347
Options and derivatives, net	-	1,080	-	-	-	-	-	-	1,080	-	1,080
Repos & Derivatives:	-	<b>1,353</b>	-	<b>74</b>	-	-	-	-	<b>1,427</b>	-	<b>1,427</b>
Income Tax & Profit Sharing	-	1,018	-	44	-	9	1	8	1,080	-	1,080
Other Payable accounts	1	6,961	-	116	207	1	15	14	7,314	1	7,314
Other payable accounts	1	7,979	-	160	207	9	16	22	8,394	1	8,394
Subordinated non Convertible	-	4,584	-	-	-	-	-	-	4,584	-	4,584
Deferred Taxes	-	175	-	26	-	-	17	-	218	(17)	201
Deferred credits	-	35	-	-	46	-	-	-	81	(3)	78
<b>TOTAL LIABILITIES</b>	<b>1</b>	<b>174,663</b>	-	<b>259</b>	<b>2,716</b>	<b>3,596</b>	<b>33</b>	<b>482</b>	<b>181,751</b>	<b>(2,718)</b>	<b>179,033</b>
<b>STOCKHOLDER'S EQUITY</b>											
Paid-in Capital	11,367	10,162	-	511	157	132	83	74	22,486	(11,118)	11,367
Share subscription premiums	1,761	1,091	-	-	-	-	-	-	2,852	(1,091)	1,761
Subordinated Convertible	-	-	-	-	-	-	-	-	-	-	-
<b>Subscribed Capital</b>	<b>13,128</b>	<b>11,252</b>	-	<b>511</b>	<b>157</b>	<b>132</b>	<b>83</b>	<b>74</b>	<b>25,337</b>	<b>(12,209)</b>	<b>13,128</b>
Capital Reserves	2,023	3,462	-	46	63	48	12	-	5,655	(3,631)	2,023
Retained Earnings	16,275	7,576	-	493	254	237	71	(19)	24,887	(8,612)	16,275
Surplus (Deficit) from securities	-	(225)	-	-	-	-	-	-	(225)	225	-
Results of foreign operations	-	-	-	2	-	-	-	-	2	(2)	-
Excess (Insuf.) in capital	(6,034)	(2,631)	-	(501)	(192)	(83)	(3)	-	(9,444)	3,410	(6,034)
Non Mon assets results Fixed	-	13	-	1	-	-	-	-	13	(13)	-
Non Mon assets results Investm	(4,961)	(495)	-	(14)	-	-	(57)	-	(5,527)	567	(4,961)
Adjustment in the employees	-	(307)	-	-	-	-	-	-	(307)	307	-
Net Income	4,362	3,725	-	107	89	66	7	18	8,374	(4,012)	4,362
<b>Earned Capital</b>	<b>11,665</b>	<b>11,117</b>	-	<b>133</b>	<b>215</b>	<b>268</b>	<b>31</b>	<b>(1)</b>	<b>23,428</b>	<b>(11,763)</b>	<b>11,665</b>
Minority Holdings	-	484	-	-	-	-	-	-	484	657	1,141
<b>Total Stockholder's Equity</b>	<b>24,794</b>	<b>22,854</b>	-	<b>644</b>	<b>372</b>	<b>400</b>	<b>113</b>	<b>73</b>	<b>49,250</b>	<b>(23,315)</b>	<b>25,935</b>
<b>TOT. LIAB. &amp; STOCKHOLD.</b>	<b>24,795</b>	<b>195,517</b>	-	<b>903</b>	<b>3,088</b>	<b>3,997</b>	<b>147</b>	<b>555</b>	<b>231,001</b>	<b>(26,033)</b>	<b>204,968</b>

## Internal Control

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

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

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

## Treasury Policy

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

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

## Internal and External Liquidity Sources

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

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

Another alternative for getting resources is by issuing capital shares.

## Dividend Policy

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

## Related parties loans

At GFNorte, the amount of the loans performed with related individuals and companies, does not exceed the established limit of 75% of the Tier 1 capital. As of September 30, 2006 and 2005, the loans granted to related parties totaled Ps 4,642 million and Ps. 5,384 million, respectively.

### Persons In Charge

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

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

Ing. Sergio García Robles Gil  
Chief Financial Officer

C.P. Román Martínez Méndez  
Managing Director Audit

Lic. Jorge Eduardo Vega Camargo  
Executive Director Comptrollership

C.P. Nora Elia Cantú Suárez  
Executive Director Accounting

### Basis for submitting Financial Statements

**Grupo Financiero Banorte (GFNorte)** Issues consolidated financial statements with its Subsidiaries in accordance with the General Provisions Applicable to Financial Information of the Regulating Agencies of Financial Groups Subject to Supervision by the National Banking and Securities Commission (CNByV) published in the Official Gazette of the Federation on April 27, 2005. Such provisions adhere to the "Accounting Criteria for Regulating Agencies of Financial Groups" published in the CNByV's circulars 1456 and 1489 on December 22, 1999 and October 30, 2000, respectively. The figures are expressed in pesos at the close of all the periods being reported as per Bulletin B-9 "Financial Information on Intermediate Dates" of the Mexican Institute of Public Accountants. The value of the UDI is used at the end of each period in conformity with Criterion A-2 of the CNByV's Circular 1489.

Since last 2Q05, Banorte submits its Quarterly Report with information Consolidated at the Financial Group level in order to comply with the new general provisions applicable to the financial information of the holding companies that control financial groups subject to the supervision of the CNByV, published in the Official Gazette of the Federation on April 27, 2005.

**Banking Sector (Banorte & Bancen)** 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 June 30, 2003 and April 27, 2005. Such provisions adhere to the Accounting Criteria for Credit Institutions contained in circulars 1448 and 1488 of October 14, 1999 and October 30, 2000, respectively. The figures are expressed in pesos at the close of all the periods being reported as per Bulletin B-9 "Financial Information on Intermediate Dates" of the Mexican Institute of Public Accountants. The value of the UDI is used at the end of each period in conformity with Criterion A-2 of the CNByV's Circular 1488.

**Grupo Financiero Banorte (GFNorte) and Banking Sector (Banorte & Bancen)** The financial information contained in this document has been developed according to the regulations issued by the CNByV for the regulating agency and the financial entities that make up the Financial Group and to the Generally Accepted Accounting Principles (GAAP) mentioned in criterion A-2 "Application of Specific Rules" of Circulars 1488 and 1489. The regulations of the CNByV and the GAAP 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.