

Figures are presented in constant pesos of September 2007.

## GFNorte reports Net Income of Ps \$5 billion in 9M07: An increase of 11% compared to 9M06

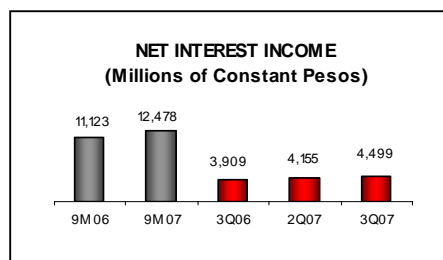
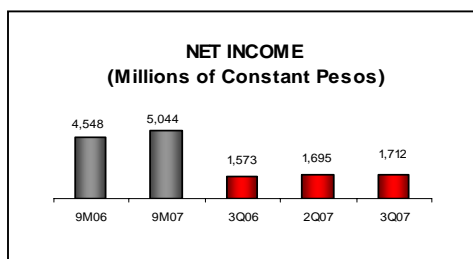
OPERATING RESULTS (Million Pesos)	3Q06	2Q07	3Q07	QoQ	YoY	9M06	9M07	YoY
Net Interest Income	3,909	4,155	<b>4,499</b>	8%	15%	11,123	<b>12,478</b>	12%
Non Interest Income	1,856	1,911	<b>1,907</b>	-	3%	5,961	<b>5,887</b>	(1%)
Total Operating Income	5,272	5,347	<b>5,573</b>	4%	6%	15,685	<b>16,492</b>	5%
Non Interest Expense	3,009	3,459	<b>3,549</b>	3%	18%	9,377	<b>10,422</b>	11%
Operating Revenue	2,262	1,888	<b>2,025</b>	7%	(11%)	6,309	<b>6,070</b>	(4%)
Net Income	1,573	1,695	<b>1,712</b>	1%	9%	4,548	<b>5,044</b>	11%

### • Net Income

Net income for 9M07 was Ps \$5,044 million, an 11% increase compared to 9M06. This higher profit level was a result of solid growth in net interest income, which was driven by a robust increase in productive assets, a hike in market interest rates during 2Q07 and lower funding costs. Net income was also driven by higher non-operating revenues resulting from more recoveries of previously written off loans.

### • Net Interest Income

During 9M07 net interest income before inflation adjustments (REPOMO) increased 12% YoY, as a result of a 29% annual growth in the performing loan portfolio and a 20% increase in core deposits. This increase in margins was achieved in spite of the negative impact on commissions charged for loan originations, stemming from new accounting standards. According to the new accounting standards established by the CNBV, as of January 2007, the recognition of loan origination commissions in the P&L has to be deferred throughout the life of the loan.

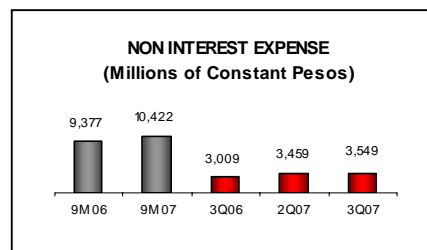
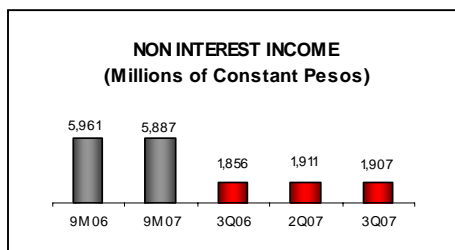


### • Non Interest Income

This line decreased by 1% YoY in 9M07 mainly as a consequence of the implementation of new accounting standards in January 2007 which require the reclassification of income from the recovery and amortization of acquired and proprietary loan portfolios to the non-operating income line item. On a fully comparable basis, non interest income would have grown 13% YoY during 9M07.

### • Non Interest Expense

Non interest Expense increased 11% YoY in 9M07 as a result of an increase in the headcount, administration and promotional expenses. The efficiency ratio ended the 9M07 period at 57%, affected mostly by the decline in total income resulting from the above-mentioned changes in accounting standards. On a fully comparable basis, the efficiency ratio improved to 53%.



## I. EXECUTIVE SUMMARY



Figures are presented in constant pesos of September 2007.

\* NOTE: Careful consideration should be taken when comparing 2007 results vs previous periods as new accounting standards and regulations issued by the National Banking and Securities Commission (CNBV) in 2006 went into effect in January of this year. Reported 2007 figures are not fully comparable with previous periods. Where applicable, GFNorte has provided pro-forma comparisons.

INCOME STATEMENT AND BALANCE SHEET HIGHLIGHTS – GFNorte (Million Pesos)								
	3Q06	2Q07	3Q07	QoQ	YoY	9M06	9M07	YoY
<b>Income Statement</b>								
Net Interest Income after REPOMO	3,793	4,179	<b>4,363</b>	4%	15%	10,951	<b>12,301</b>	12%
Non Interest Income	1,856	1,911	<b>1,907</b>	-	3%	5,961	<b>5,887</b>	(1%)
Total Operating Income	5,649	6,090	<b>6,270</b>	3%	11%	16,912	<b>18,188</b>	8%
Non Interest Expense	3,009	3,459	<b>3,549</b>	3%	18%	9,377	<b>10,422</b>	11%
Operating Revenue	2,640	2,631	<b>2,721</b>	3%	3%	7,535	<b>7,766</b>	3%
Provisions	377	742	<b>697</b>	(6%)	85%	1,226	<b>1,696</b>	38%
Non Operating Income (Expense)	155	602	<b>518</b>	(14%)	22%	216	<b>1,460</b>	577%
Taxes	967	853	<b>793</b>	(7%)	(18%)	2,457	<b>2,557</b>	4%
Subsidiaries & Minority Interest	122	58	<b>(37)</b>	(164%)	(130%)	481	<b>71</b>	(85%)
Net Income	1,573	1,695	<b>1,712</b>	1%	9%	4,548	<b>5,044</b>	11%
<b>Balance Sheet</b>								
Assets Under Management	505,375	590,237	<b>580,774</b>	(2%)	15%	505,375	<b>580,774</b>	15%
Total Assets	213,102	264,926	<b>274,580</b>	4%	29%	213,102	<b>274,580</b>	29%
Performing Loans	135,275	166,729	<b>173,678</b>	4%	28%	135,275	<b>173,678</b>	28%
Past Due Loans	2,145	2,528	<b>2,693</b>	7%	26%	2,145	<b>2,693</b>	26%
Total Loans	137,420	169,257	<b>176,371</b>	4%	28%	137,420	<b>176,371</b>	28%
Total Loans (Net)	133,740	165,700	<b>172,807</b>	4%	29%	133,740	<b>172,807</b>	29%
Acquired Collection Rights	3,899	3,975	<b>3,797</b>	(4%)	(3%)	3,899	<b>3,797</b>	(3%)
Total Loans	136,740	169,675	<b>176,604</b>	4%	28%	136,740	<b>176,604</b>	28%
Total Liabilities	186,138	233,716	<b>241,297</b>	3%	30%	186,138	<b>241,297</b>	30%
Demand Deposits	82,584	98,932	<b>95,205</b>	(4%)	15%	82,584	<b>95,205</b>	15%
Time Deposits	69,275	79,120	<b>84,573</b>	7%	22%	69,275	<b>84,573</b>	22%
Stockholder's Equity	26,964	31,210	<b>33,283</b>	7%	23%	26,964	<b>33,283</b>	23%

FINANCIAL RATIOS - GFNorte								
	3Q06	2Q07	3Q07	QoQ	YoY	9M06	9M07	YoY
<b>Profitability:</b>								
Net Interest Margin (NIM)	8.0%	7.5%	<b>7.7%</b>	0.2 pp	(0.3) pp	7.8%	<b>7.4%</b>	(0.4) pp
NIM after Provisions(2)	7.0%	6.2%	<b>6.3%</b>	0.1 pp	(0.7) pp	6.8%	<b>6.3%</b>	(0.5) pp
ROE (3)	25.1%	23.6%	<b>22.3%</b>	(1.3) pp	(2.8) pp	25.5%	<b>23.2%</b>	(2.2) pp
ROA (4)	3.01%	2.7%	<b>2.6%</b>	(0.1) pp	(0.3) pp	2.9%	<b>2.6%</b>	(0.3) pp
<b>Operation:</b>								
Efficiency Ratio (5)	52.2%	57.0%	<b>55.4%</b>	(1.6) pp	3.2 pp	54.9%	<b>56.7%</b>	1.8 pp
Efficiency Ratio (8)	52.2%	54.2%	<b>51.9%</b>	(2.3) pp	(0.3) pp	54.9%	<b>53.2%</b>	(1.7) pp
Operating Efficiency Ratio (6)	5.6%	5.4%	<b>5.3%</b>	(0.1) pp	(0.3) pp	5.9%	<b>5.4%</b>	(0.5) pp
Liquidity Ratio (7)	60.5%	55.3%	<b>55.5%</b>	0.2 pp	(5.0) pp	60.5%	<b>55.5%</b>	(5.0) pp
<b>Asset Quality:</b>								
Past Due Loan Ratio (w/o Fobaproa)	1.6%	1.5%	<b>1.5%</b>	-	(1.1) pp	1.6%	<b>1.5%</b>	(0.1) pp
Coverage Ratio	171.6%	140.7%	<b>132.3%</b>	(8.4) pp	(39.3) pp	171.6%	<b>132.3%</b>	(39.3) pp

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

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

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

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

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

6) Annualized Non Interest Expense / Average Total Assets.

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

8) With out the new accounting standards.

## I. EXECUTIVE SUMMARY



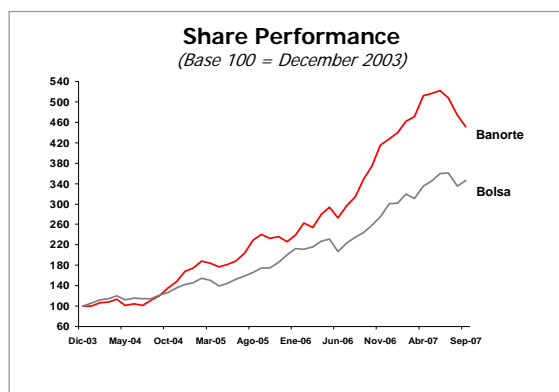
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SUBSIDIARIES (Million Pesos)	3Q06	2Q07	3Q07	QoQ	YoY	9M06	9M07	YoY
<b>Banking Sector</b>	1,354	1,440	<b>1,521</b>	6%	12%	3,700	<b>4,325</b>	17%
Banco Mercantil del Norte (1)	1,279	1,440	<b>1,521</b>	6%	19%	2,814	<b>4,325</b>	54%
Banco del Centro	75	-	-	-	-	886	-	-
<b>Brokerage House</b>	33	62	<b>71</b>	13%	111%	111	<b>194</b>	74%
<b>Long Term Savings</b>	118	123	<b>65</b>	(47%)	(44%)	531	<b>318</b>	(40%)
Retirement Funds (Afore)	20	7	<b>28</b>	309%	39%	65	<b>60</b>	(8%)
Insurance	25	30	<b>44</b>	47%	72%	134	<b>119</b>	(11%)
Annuities	72	87	<b>(6)</b>	(107%)	(109%)	331	<b>139</b>	(58%)
<b>Other Finance Companies</b>	60	75	<b>54</b>	(28%)	(11%)	192	<b>200</b>	4%
Leasing	31	43	<b>27</b>	(36%)	(12%)	95	<b>105</b>	11%
Factoring	18	29	<b>23</b>	(20%)	27%	69	<b>75</b>	10%
Warehouse	2	3	<b>3</b>	2%	87%	8	<b>11</b>	40%
Bonding	10	-	-	-	-	22	<b>9</b>	(59)%
<b>Microlending (Pronegocio)</b>	9	(8)	<b>2</b>	127%	(77%)	19	<b>(7)</b>	(138%)
<b>Holding</b>	(1)	2	-	-	-	(5)	<b>13</b>	N.A.
<b>Total Net Income</b>	1,573	1,695	<b>1,712</b>	1%	9%	4,548	<b>5,044</b>	11%

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

SHARE DATA	3Q06	2Q07	3Q07	QoQ	YoY	9M06	9M07	YoY
Earnings per Share (Pesos)	0.78	0.84	<b>0.85</b>	1%	9%	2.25	<b>2.50</b>	11%
Book Value per Share (1) (Pesos)	12.78	14.68	<b>15.71</b>	7%	23%	12.78	<b>15.71</b>	23%
Shares Outstanding (Millions)	2,018.3	2,018.3	2,018.3	-	-	2,018.3	2,018.3	-
Price (Pesos)	34.66	49.58	<b>42.92</b>	(13%)	24%	34.66	<b>42.92</b>	24%
P/BV (Times)	2.71	3.42	<b>2.73</b>	(20%)	1%	2.71	<b>2.73</b>	1%
Market Cap (Millions of Dollars)	6,364	9,209	<b>7,926</b>	(14%)	25%	6,364	<b>7,926</b>	25%

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



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## RECENT EVENTS

- **GFNorte's Ordinary General Shareholders' Meeting approved a cash dividend payment**

GFNorte General Shareholders' Meeting held last October 3<sup>rd</sup> approved the payment of a cash dividend equivalent to Ps \$0.45 per share, equivalent to a 20% increase from 2006 dividend and a 15% payout ratio on previous year recurring net income. This dividend was fully paid on October 15<sup>th</sup>.

- **Merger of the Leasing and Factoring Companies**

During GFNorte's Extraordinary Shareholders' Meeting held on October 3<sup>rd</sup> the proposed merger of Arrendadora and Factor Banorte S.A. de C.V., Sociedad Financiera de Objeto Múltiple (as the merged company) with Arrendadora Banorte, S.A. de C.V. (as the merging company) was approved. The merger rationale was driven by recent changes in the regulatory framework that permits the creation of multi-purpose non bank banks (SOFOM). The benefits for Banorte of consolidating these business units under a single denomination include: creation of operating efficiencies, enhanced leverage capacity by consolidating the capital of both institutions, possibility of achieving higher credit ratings from rating agencies and better terms and conditions in credit lines from other financial institutions for funding purposes. The merger still needs approval from the Ministry of Finance and Public Credit (SHCP).

- **Banorte signs a commercial agreement with Banco Do Brazil.**

On August 6th, Banorte and Banco Do Brasil formalized a commercial agreement in order to offer comprehensive banking and financial services to Mexican businesses and Banorte's customers with operations in Brazil, as well as to Brazilian companies, their executives and citizens of that country that live in Mexico. The business platforms of both institutions will be used to provide each other's customers financial and banking services such as international wire transfers, foreign currency exchange, credit and debit cards, electronic banking, insurance and investment advise.

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# GRUPO FINANCIERO BANORTE

NET INTEREST INCOME (Million Pesos)	3Q06	2Q07	3Q07	QoQ	YoY	9M06	9M07	YoY
Intrest Income	8,694	9,601	<b>10,222</b>	6%	18%	26,303	<b>28,756</b>	9%
Interest Expense	4,929	5,491	<b>5,802</b>	6%	18%	15,601	<b>16,425</b>	5%
Loan Fees Charged	190	44	<b>79</b>	77%	(59%)	548	<b>146</b>	(73%)
Fees Paid (2)	47	-	-	-	-	127	-	-
<b>Net Interest Income</b>	<b>3,909</b>	<b>4,155</b>	<b>4,499</b>	<b>8%</b>	<b>15%</b>	<b>11,123</b>	<b>12,478</b>	<b>12%</b>
Average Earning Assets	194,339	222,755	<b>233,204</b>	5%	20%	191,331	<b>224,094</b>	17%
<b>Net Interest Margin (1)</b>	<b>8.0%</b>	<b>7.5%</b>	<b>7.7%</b>	<b>0.2 pp</b>	<b>(0.3) pp</b>	<b>7.8%</b>	<b>7.4%</b>	<b>(0.4) pp</b>

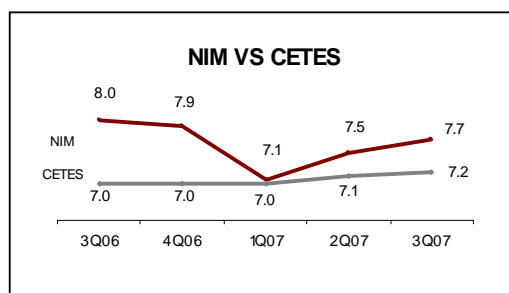
1) NIM= Annualized Net Interest Margin before REPOMO / Average Earnings Assets  
 2) Fees Paid, as a result of new accounting standards by the CNByV that went into effect as of January 2007 these fees were reclassified into Other Fees Paid in Non Interest Income.

• **Net Interest Income**

During 9M07 NII increased 12% YoY, driven by a 29% YoY growth in the performing loan portfolio (excluding the Recovery Bank's portfolio), and a 20% increase in core deposits. This growth was achieved in spite of the implementation of new accounting standards, effective as of January 2007, which require that loan origination fees be deferred throughout the life of the loan, instead of being fully reflected at the time they are originated as it was the practice until December 2006. This reduction in income was partially offset by the full consolidation of INB's results at the end of 4Q06. Applying the same accounting standards to both periods, NII rose 16% YoY during 9M07. Moreover, during 3Q07, NII also showed an increase of 8% QoQ vs. 2Q07, as a consequence of loan mix improvements reflecting faster growth in higher margin segments like consumer and commercial loans, as well as a reduction in funding costs.

NIM fell from 7.8% in 9M06 to 7.4% in 9M07 due to the following factors: 1) Incorporation of the INB portfolio that is lower in margin by nature; 2) Deferral of loan origination fees required by the new accounting standards established by the CNBV; and 3) An increase in the origination of corporate and government loans which have lower margins, but also provide new opportunities to cross sell higher margin products in the future.

Nevertheless, on a QoQ basis, NIM increased from 7.5% in 2Q07 to 7.7% in 3Q07 mainly due to: 1) Improvements in the asset mix driven by robust growth of high margin consumer and commercial loans; and 2) The 25 bp increase in Banco de Mexico's funding rate on April 27 which had a positive effect in both the returns from investing the float of demand deposits, as well as a higher spread on variable interest rate loans. It should be noted that even though the benefits in margins from the increase in the funding rate started to have effect during the last two months of 2Q07, it was not until 3Q07 that the full benefit was registered in the NIM.



## II. FINANCIAL INFORMATION



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<b>NON INTEREST INCOME</b> (Million Pesos)	<b>3Q06</b>	<b>2Q07</b>	<b>3Q07</b>	<b>QoQ</b>	<b>YoY</b>	<b>9M06</b>	<b>9M07</b>	<b>YoY</b>
<b>Fees charged on Services</b>	<b>1,873</b>	<b>1,825</b>	<b>1,881</b>	<b>3%</b>	<b>-</b>	<b>5,879</b>	<b>5,461</b>	<b>(7%)</b>
Fund Transfers	61	57	<b>54</b>	(4%)	(11%)	175	<b>170</b>	(3%)
Account Management Fees	249	237	<b>235</b>	(1%)	(5%)	729	<b>710</b>	(3%)
Fiduciary	69	64	<b>65</b>	2%	(6%)	195	<b>192</b>	(1%)
Income from Real Estate Portfolios (3)	335	177	<b>118</b>	(34%)	(65%)	1,416	<b>408</b>	(71%)
Electronic Banking Services	212	225	<b>241</b>	7%	14%	600	<b>675</b>	12%
Credit Card Fees	379	494	<b>544</b>	10%	43%	1,094	<b>1,507</b>	38%
Fees from IPAB (1)	8	-	<b>(1)</b>	-	(111%)	24	-	-
Fees charged by Afore	314	194	<b>267</b>	38%	(15%)	839	<b>727</b>	(13%)
Other Fees Charged (2)	247	377	<b>358</b>	(5%)	45%	808	<b>1,072</b>	33%
<b>Fees Paid on Services</b>	<b>367</b>	<b>248</b>	<b>270</b>	<b>9%</b>	<b>(27%)</b>	<b>1,228</b>	<b>764</b>	<b>(38%)</b>
Fund transfers	4	4	<b>4</b>	-	4%	12	<b>12</b>	8%
Other Fees Paid	177	244	<b>266</b>	9%	50%	527	<b>751</b>	43%
Expenses from Real Estate Portfolios (3)	187	-	-	-	(100%)	689	-	(100%)
<b>Net Fees</b>	<b>1,506</b>	<b>1,577</b>	<b>1,611</b>	<b>2%</b>	<b>7%</b>	<b>4,651</b>	<b>4,697</b>	<b>1%</b>
<b>Trading Income</b>	<b>350</b>	<b>334</b>	<b>296</b>	<b>(11%)</b>	<b>(15%)</b>	<b>1,309</b>	<b>1,190</b>	<b>(9%)</b>
Foreign Exchange	89	134	<b>92</b>	(31%)	4%	312	<b>317</b>	2%
Securities – Realized Gains	259	(78)	<b>123</b>	258%	(53%)	1,012	<b>547</b>	(46%)
Securities – Unrealized Gains	2	278	<b>81</b>	(71%)	4,915%	(14)	<b>326</b>	2,424%
<b>Non Interest Income</b>	<b>1,856</b>	<b>1,911</b>	<b>1,907</b>	<b>-</b>	<b>3%</b>	<b>5,961</b>	<b>5,887</b>	<b>(1%)</b>

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

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

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

### • Non Interest Income

During 9M07, this line decreased 1% YoY mainly as a result of the reclassification of recovery banking income from acquired and proprietary loan portfolios to the Other Income line due to the implementation of new accounting standards. Non Interest Income was also negatively impacted by lower trading gains. By line item, the variations are explained by the following factors:

<b>NON INTEREST INCOME</b> (Million Pesos)	<b>3Q06</b>	<b>2Q07</b>	<b>3Q07</b>	<b>QoQ</b>	<b>YoY</b>	<b>9M06</b>	<b>9M07</b>	<b>YoY</b>
Services	1,350	1,400	<b>1,495</b>	7%	11%	3,900	<b>4,289</b>	10%
Recovery	156	177	<b>117</b>	(34%)	(25%)	751	<b>408</b>	(46%)
Foreign Exchange	89	134	<b>92</b>	(31%)	3%	312	<b>317</b>	2%
Trading	261	200	<b>204</b>	2%	(22%)	998	<b>873</b>	(13%)
<b>Non Interest Income</b>	<b>1,856</b>	<b>1,911</b>	<b>1,907</b>	<b>-</b>	<b>3%</b>	<b>5,961</b>	<b>5,887</b>	<b>(1%)</b>

### • Service Fees

Fees increased 10% in 9M07, bolstered by a 38% YoY growth in credit card fees which were purely driven by volume (503,000 cards were placed in 9M07 vs. 371,000 in 9M06). Also, during 9M07, fees from Electronic Banking Services grew by 12% as a result of a pick up in transactions through ATM's, internet and POS terminals.

### • Recovery

During 9M07, this line decreased 46% YoY as a result of the implementation of new accounting standards effective as of January 2007 that require the reclassification of recovery income from acquired and proprietary loan portfolios from Non Interest Income to the "Non Operating Income" line item. Only income from recoveries

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or amortization of "Acquired Real Estate Portfolios remains booked in the Non Interest Income line". The decline in recovery banking income is also explained by the reduction of net fees from the Serfin portfolio, as a result of the sale by IPAB of this portfolio through an auction process carried out in 1Q06. On a quarterly basis, this line fell 34% versus 2Q07 affected by a high comparable base as the largest transaction of the year was closed during 2Q07 corresponding to the sale of a real estate property amounting to Ps \$67 million.

- **Foreign Exchange**

During 9M07, FX revenues rose 2% YoY due to more volume of transactions with customers.

- **Trading:**

Trading Income fell 13% YoY in 9M07 due to a difficult market environment during this year. In 9M06, interest rates had an important reduction, which in turn had a positive impact in trading and valuations, while in 9M07, interest rates had upward movements with negative consequences for trading and valuations. On a QoQ basis, trading income rose 2% compared to 2Q07 as a result of a more cautious approach during the periods of volatility in the financial markets.

<b>Non Interest Expense</b> (Million Pesos)	3Q06	2Q07	3Q07	QoQ	YoY	9M06	9M07	YoY
Personnel Expenses	1,043	1,393	<b>1,396</b>	-	34%	3,633	<b>4,174</b>	15%
+Professional Fees	176	202	<b>211</b>	5%	20%	596	<b>641</b>	8%
+Administrative and Promotion Expenses	1,078	1,137	<b>1,195</b>	5%	11%	2,931	<b>3,412</b>	16%
+Rents, Depreciation & Amortization	407	397	<b>396</b>	-	(3%)	1,287	<b>1,189</b>	(8%)
+Taxes other than income tax	137	142	<b>142</b>	-	3%	426	<b>436</b>	2%
+Contributions to IPAB	168	188	<b>209</b>	11%	24%	504	<b>569</b>	13%
<b>= Non Interest Expense</b>	<b>3,009</b>	<b>3,459</b>	<b>3,549</b>	<b>3%</b>	<b>18%</b>	<b>9,377</b>	<b>10,422</b>	<b>11%</b>

- **Non Interest Expense**

The 11% YoY growth of Non Interest Expense during 9M07 was mainly due to a 16% increase in Administration and Promotional Expenses, which were driven by increased advertising and promotional activity on deposit products, and higher expenses stemming from the expansion of the Credit Card business, such as the purchase of cards with safety chips and the costs related to point redemptions by our clients in the Banorte Rewards program. Personnel Expenses rose 15% due to a higher headcount, as well as the annual adjustments in executive's and employee compensation (base salary, additional monthly payment required by law during christmas, vacations, tax obligations and savings fund), the staffing of new branches and the extension of service hours in strategic branches. Professional Fees Paid rose 8% due to advisories related to various business lines and the elaboration of documents for legal processes related to loan recoveries. Leases, Depreciations and Amortizations fell 8% due to the full amortization of the Banorte-Bancrecer integration project in 3Q07. Other Taxes rose 2% given a higher payment of Value Added Taxes. Contributions to the IPAB increased 13% YoY driven by the higher level of lending activity.

<b>NON OPERATING INCOME</b> (EXPENSE) (Million Pesos)	3Q06	2Q07	3Q07	QoQ	YoY	9M06	9M07	YoY
<b>Non Operating Income</b>	282	674	<b>678</b>	1%	141%	895	<b>2,040</b>	128%
Other Revenues	150	195	<b>278</b>	43%	85%	276	<b>611</b>	121%
Foreign Exchange	-	-	-	-	-	-	-	-
Recoveries	128	480	<b>390</b>	(19%)	204%	420	<b>1,304</b>	211%
Repomo - Other Revenues	4	(1)	<b>5</b>	1,141%	44%	8	<b>11</b>	41%
Warehouse	-	-	<b>5</b>	100%	100%	191	<b>114</b>	(40%)
<b>Non Operating Expense</b>	(126)	(72)	<b>(161)</b>	123%	27%	(679)	<b>(580)</b>	(15%)
Other Expenses	(25)	(120)	<b>(40)</b>	(67%)	60%	(285)	<b>(262)</b>	(8%)
Foreign Exchange	-	-	-	-	-	-	-	-
Repomo - Other Expenses	(101)	49	<b>(116)</b>	(336%)	14%	(203)	<b>(204)</b>	1%
Warehouse	-	(1)	<b>(5)</b>	400%	-	(191)	<b>(114)</b>	(40%)
<b>Non Operating Income (Expense), net</b>	<b>155</b>	<b>602</b>	<b>518</b>	(14%)	233%	216	<b>1,460</b>	577%

- **Non Operating Income (Expense)**

During 9M07, revenues in this line item amounted to Ps \$1.5 billion, compared to Ps \$216 million in 9M06. The increase was a result of several factors:

Figures are presented in constant pesos of September 2007.

- **Other Revenues:** The reclassification of Ps \$487 million in income from recoveries of acquired and proprietary loan portfolios that were previously booked as non interest income; the recovery of Ps \$442 million in previously written-off loans and the cancellation of Ps \$133 million in creditors.
- **Other Expenses:** The contraction resulted from lower requirements of contingency reserves and a 40% decline in expenses related to inventories of clients at the Warehousing Company.

On a fully comparable basis, net non operating Income dropped 24% YoY during 9M07.

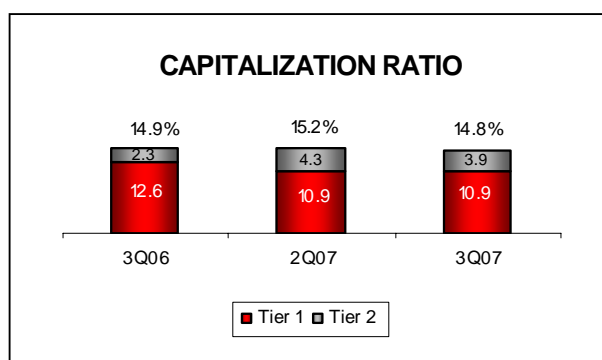
On a QoQ basis, net non operating income was 14% lower than 2Q07 mainly due to the negative impact of a higher Repomo charge resulting from a pick up in inflation during the quarter.

Capitalization (Million Pesos)	3Q06	4Q06	1Q07	2Q07	3Q07	QoQ	YoY
Tier 1 Capital	22,726	21,964	21,076	22,929	<b>25,150</b>	10%	11%
Tier 2 capital	4,176	9,200	9,546	9,097	<b>8,935</b>	(2%)	114%
<b>Net Capital</b>	<b>26,902</b>	<b>31,164</b>	<b>30,621</b>	<b>32,026</b>	<b>34,086</b>	6%	27%
Credit risk assets	128,491	129,594	132,073	146,956	<b>159,229</b>	8%	24%
Net Capital/ Credit Risk Assets	20.9%	24.0%	23.2%	21.8%	<b>21.4%</b>	(0.4) pp	0.5 pp
Total risk assets (1)	181,019	179,619	192,111	210,331	<b>230,163</b>	9%	27%
Tier 1	12.6%	12.2%	11.0%	10.9%	<b>10.9%</b>	-	(1.6) pp
Tier 2	2.3%	5.1%	5.0%	4.3%	<b>3.9%</b>	(0.4) pp	1.6 pp
<b>Capitalization Ratio</b>	<b>14.9%</b>	<b>17.4%</b>	<b>15.9%</b>	<b>15.2%</b>	<b>14.8%</b>	(0.4) pp	(0.3) pp

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

### • Capitalization

At the end of 3Q07, the capitalization ratio was 14.8% considering credit and market risks, and 21.4% considering only credit risks. The capitalization ratio for 3Q07 was lower than 3Q06, and also 40 bp below the level of 2Q07, mainly as a consequence of the bank's higher business volumes.





Figures are presented in constant pesos of September 2007.

<b>DEPOSITS</b> (Million Pesos)	<b>3Q06</b>	<b>2Q07</b>	<b>3Q07</b>	<b>QoQ</b>	<b>YoY</b>
Non Interest Bearing Demand Deposits	31,982	37,552	<b>36,496</b>	(3%)	14%
Interest Bearing Demand Deposits (2)	50,154	61,404	<b>58,719</b>	(4%)	17%
<b>Total Demand Deposits (1)</b>	<b>82,136</b>	<b>98,956</b>	<b>95,216</b>	(4%)	16%
Time Deposits – Retail	47,989	58,975	<b>61,385</b>	4%	28%
<b>Core Deposits</b>	<b>130,125</b>	<b>157,931</b>	<b>156,601</b>	(1%)	20%
Money Market (3)	21,452	20,404	<b>23,665</b>	16%	10%
<b>Banking Sector's Total Deposits</b>	<b>151,577</b>	<b>178,335</b>	<b>180,266</b>	1%	19%
<b>GFNorte's Total Deposits (4)</b>	<b>151,366</b>	<b>178,042</b>	<b>179,768</b>	1%	19%
Third Party Deposits	141,848	155,922	<b>146,651</b>	(6%)	3%
<b>Total Assets Under Management</b>	<b>293,424</b>	<b>334,258</b>	<b>326,917</b>	(2%)	11%

(1) Excludes IPAB cash management checking accounts for loan portfolios managed from Banpais and Bancen. The balances of these accounts in 3Q06, 2Q07 and 3Q07 were Ps \$492 million, Ps \$10 million and Ps \$10 million, respectively.

(2) Includes Debit Cards.

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

(4) Includes the eliminations between the subsidiaries (3Q06=208 million, 2Q07=293 million and 3Q07=497 million).

- **Total Deposits**

Total Deposits at the end of 3Q07 were Ps \$179,768 million, a 19% YoY increase driven by a 20% growth in Core Deposits and the incorporation of INB's deposits at the end of 2006. Excluding the effects of the integration of INB, Total Deposits grew by 9% and Core Deposits by 10%. It is important to note that one of the main drivers of growth in deposits is the expansion of the distribution network, which has increased by 45 new branches over the last 12 months.

- **Demand and Time Deposits**

During 9M07, Banorte's demand deposits grew 16% and time deposits increased 28%. Excluding the effects of integrating INB's deposits, both concepts rose 11% and 7%, respectively. The growth of 10% in Total Deposits, excluding the positive impact of INB, is higher than the average growth rate of the industry, and can be partially attributed to a higher level of advertising and promotional activity highlighting the new attractive features of Banorte's product offering. These initiatives have proven successful across many of our deposit products, especially the Enlace checking account, Sumanómina payroll account, Suma Ahorro savings accounts and the Pagamás promissory note.

- **Money Market Deposits**

Money Market Deposits increased 10% YoY as a consequence of a greater business volumes by our corporate and government clients, which has offset a reduction in deposits by individuals that have migrated toward mutual fund products.

- **Third Party Deposits**

Third Party Deposits grew 3% YoY during 3Q07, due to the issuance and placement of short term paper with other intermediaries.

- **Assets Under Management**

During 3Q07, AUM were Ps \$326.9 billion, 11% higher than in 3Q06, driven by higher levels of deposits and growth in assets managed by the brokerage house, mutual funds and the AFORE.

Figures are presented in constant pesos of September 2007.

PERFORMING LOAN PORTFOLIO (Million Pesos)	3Q06	2Q07	3Q07	QoQ	YoY
Commercial	48,084	63,368	<b>66,720</b>	5%	39%
Consumer	49,577	54,749	<b>57,922</b>	6%	17%
Corporate	22,936	30,420	<b>30,266</b>	(1%)	32%
Government	13,272	16,954	<b>17,569</b>	4%	32%
<b>Sub Total</b>	<b>133,869</b>	<b>165,491</b>	<b>172,475</b>	<b>4%</b>	<b>29%</b>
Recovery Banking	1,406	1,238	<b>1,203</b>	(3%)	(14%)
<b>Total</b>	<b>135,275</b>	<b>166,729</b>	<b>173,678</b>	<b>4%</b>	<b>28%</b>

PERFORMING CONSUMER PORTFOLIO (Million Pesos)	3Q06	2Q07	3Q07	QoQ	YoY
Mortgages	29,655	30,623	<b>32,534</b>	6%	10%
Car Loans	6,461	6,805	<b>6,869</b>	1%	6%
Credit Cards	8,680	11,712	<b>12,574</b>	7%	45%
Payroll	4,780	5,610	<b>5,945</b>	6%	24%
<b>Consumer Loans</b>	<b>49,577</b>	<b>54,749</b>	<b>57,922</b>	<b>6%</b>	<b>17%</b>

(Million Pesos)	3Q06	2Q07	3Q07	QoQ	YoY
IPAB Notes	-	-	-	-	-
Past Due Loans	2,145	2,528	<b>2,693</b>	7%	26%
Loan Loss reserves	3,680	3,557	<b>3,564</b>	-	(3%)
Acquired Rights	3,899	3,975	<b>3,797</b>	(5%)	(3%)

### • Total Performing Loans

The Performing Loan Portfolio increased 28% YoY from Ps \$135.3 billion in 3Q06 to Ps \$173.7 billion in 3Q07, and 29% excluding the loan portfolio managed by Recovery Banking. All of its components posted robust growth rates, driven by a higher credit demand and the bank's efforts to improve its credit product offering. In addition, the variation in annual balances due to various extraordinary events registered in 2006 have been almost fully offset by the incorporation of INB's loan portfolio:

➤ **Commercial:** This portfolio grew 39% YoY in 3Q07 due to the origination of new loans to SMEs and the incorporation of the INB portfolio in 4Q06, which is mainly constituted by real estate commercial loans with healthy guarantees. Excluding the effects of INB, the comparable annual growth rate was 23%.

➤ **Consumer:** The 17% YoY growth in 3Q07 was driven by several factors:

- **Mortgage Loans:** Grew by 10% YoY due to the origination of 16,791 new loans in the last 12 months. On a comparable basis, excluding the prepayment by FOVISSSTE for Ps \$2.7 billion, mortgage portfolio securitization for Ps \$2.1 and the incorporation of the INB portfolio for Ps \$776 million, the annual growth rate was 23%.
- **Credit Cards:** Expanded by 45% YoY, driven by a greater origination of cards through different distribution channels (telemarketing and direct mail), the branch network and the acquisition of balances through the balance transfer program "Ya Bajale". As a result of these efforts, Banorte's credit card market share has increased from 4.6% to 5.2% in the last 12 months. Nevertheless, Banorte maintains the second best asset quality indicators in the industry.
- **Payroll Loans:** Increased 24% YoY due to the origination of 256,669 new loans, which were driven by an expansion in the number of deposit payroll accounts in the bank, greater efforts to penetrate our existing client base in Suma and other payroll accounts and the introduction of payroll advances and payroll cash disbursements through ATM's. Personal Loans, which are classified in this line, also had a favorable performance with 33,097 new loans over the last year.
- **Car Loans:** Expanded 6% YoY due to the origination of 35,178 new loans as a result of the new features added to this product last year, such as longer maturities and lower interest rates, as well as the promotional campaigns carried out in order to increase penetration in this segment.

Figures are presented in constant pesos of September 2007.

- **Corporate:** The portfolio grew 32% YoY due to a pickup in loan demand for this segment throughout the year and the implementation of new strategies to attract new clients, the origination of important bridge loans in 2Q07 and a loan reclassification of one of our major clients in the automotive sector.
- **Government:** The portfolio increased 32% YoY, driven by the efforts to attract new customers and the reactivation of credit demand as a result of new administrations taking office at the federal, state and local level.
- **IPAB Notes:** The notes were fully amortized in 2Q06 with the last payment of Ps \$173 million.

### ● Past Due Loans

The PDL ratio at the end of 3Q07 was 1.5%, which represents the same level of 2Q07, but lower than the 1.6% registered in 3Q06. During 3Q07, the Past Due Loan Portfolio increased by 26% YoY. The increase in delinquencies is a consequence of the bank's strategy to have a greater presence in the credit card segment, which are loans that entail higher risk, but are also more profitable. In this respect, the PDL ratio in credit cards is currently 5.1%, which compares favorably to the 6.4% average for the other 5 major banks in the system.

<b>PAST DUE LOAN VARIATIONS</b> (Nominal Million Pesos)		
<b>Balance as of June 2007</b>		<b>2,497</b>
	Transfer of Performing loans to Past due loans	1,866
	Renewals	(26)
	Cash Collections	(324)
	Discounts	(4)
	Charge Offs	(595)
	Foreclosures	(8)
	Transfer of Past due loans to Performing loans	(717)
	Foreign Exchange Adjustments	6
<b>Balance as of September 2007</b>		<b>2,693</b>

<b>RISK RATING OF PERFORMING LOANS – GFNorte</b> (Million Pesos)					
CATEGORY	LOANS	LOAN LOSS RESERVES			
		COMMERCIAL	CONSUMER	MORTGAGES	TOTAL
A	54,355	-	115	109	225
A1	64,818	295	-	-	295
A2	44,104	413	-	-	413
B	4,425	-	155	103	258
B1	9,719	156	-	-	156
B2	2,309	48	-	-	48
B3	254	37	-	-	37
C	811	-	289	54	342
C1	173	44	-	-	44
C2	96	39	-	-	39
D	1,264	90	586	180	856
E	646	266	63	221	550
<b>Total</b>	<b>182,973</b>				
Not Classified	(74)				
Exempted	71				
<b>Total</b>	<b>182,970</b>	<b>1,388</b>	<b>1,207</b>	<b>668</b>	<b>3,263</b>
<b>Reserves</b>					<b>3,564</b>
<b>Surplus (Deficit)</b>					<b>300</b>

#### Notes :

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

Figures are presented in constant pesos of September 2007.

<b>LOAN LOSS RESERVES</b> <i>(Million Pesos)</i>	<b>3Q07</b>
<b>Previous Period End Balance</b>	<b>3,557</b>
Provision taken in the period	<b>666</b>
UDIS trusts	<b>8</b>
Other Concepts	<b>(16)</b>
Charge offs and discounts:	
Commercial Portfolio	<b>(53)</b>
Consumer Portfolio	<b>(437)</b>
Mortgage Portfolio	<b>(107)</b>
Foreclosed assets	<b>(8)</b>
	<b>(605)</b>
Cost of debtors support programs	<b>(15)</b>
Valuation and Others	<b>(32)</b>
<b>Loan Loss Reserves at Period End</b>	<b>3,564</b>

- **Loan Loss Reserves**

At the end of 3Q07, the balance of this account was Ps \$3.6 billion, a similar level to the one registered at the end of 2Q07. The variations are explained by an increase in Provisions for Loan Loss Reserves resulting from a Ps \$666 million charge to results, as well as the use of Ps \$605 million in charge-offs and discounts and Ps \$54 million in other concepts.

- **Requirements for Loan Loss Reserves**

The 38% YoY increase in provision charges at the end of 3Q07 was driven by both a vigorous growth in the loan portfolio, as well as the authorities requirement to constitute an initial general reserve for every product. Additionally, the Past Due Loan portfolio in consumer loans has increased, particularly in credit cards, which has required higher level of provisions.

It is important to note that as of 1Q07, as a result of the new accounting standards established by the CNBV, it is no longer possible to create excess reserves, as was done in the past, in addition to those resulting from the risk rating process of the loan portfolio. If any excess reserves exist at the end of any given quarter, they must be reversed in the following quarter.

In light of this, throughout the year, the quarterly provision charges in the P&L has been fully determined by the loan portfolio risk rating process, which is done parametrically according to missed payments for consumer, mortgage and commercial loans under 900,000 UDIS (inflation linked units of accounts or its equivalent), and by the individual rating process based on the Internal Risk Rating methodology certified by the CNBV for commercial loans over 900,000 UDIS or its equivalent.

Even though Past Due Loans have increased in some occasions faster than the rate of provisioning, the provisions registered every quarter are created on strict adherence to the rules established by the by the CNBV under the new accounting standards.

As a result of the new criteria for creating provisions, the reserve coverage has been decreasing every quarter in 2007. This is a transitory phenomenon that will tend to stabilize in 2008 once the loan loss reserve balances become fully comparable with the previous periods.

Figures are presented in constant pesos of September 2007.

## BANKING SECTOR

<b>INCOME STATEMENT &amp; BALANCE SHEET</b>								
<b>HIGHLIGHTS– Banking Sector</b>								
<i>(Million Pesos)</i>								
	3Q06	2Q07	3Q07	QoQ	YoY	9M06	9M07	YoY
<b>Income Statement</b>								
Net Interest Income after Repomo	3,713	3,976	<b>4,364</b>	10%	18%	10,722	<b>12,121</b>	13%
Loan Losses and Loss Sharing Provisions	377	730	<b>684</b>	(6%)	82%	1,217	<b>1,660</b>	40%
Non Interest Income	1,425	1,524	<b>1,419</b>	(7%)	-	4,627	<b>4,445</b>	(4%)
Non Interest Expense	2,577	3,100	<b>3,218</b>	4%	25%	8,230	<b>9,382</b>	14%
Non Operating Income (Expense), Net	174	620	<b>532</b>	(14%)	206%	229	<b>1,468</b>	540%
Pre-Tax Income	2,268	2,303	<b>2,312</b>	-	2%	6,003	<b>6,867</b>	14%
Net Income	1,416	1,491	<b>1,596</b>	7%	13%	3,870	<b>4,518</b>	17%
<b>Balance Sheet</b>								
Performing Loan Portfolio	130,601	161,094	<b>166,738</b>	4%	28%	130,601	<b>166,738</b>	28%
Deposits	152,066	178,345	<b>180,275</b>	1%	19%	152,066	<b>180,275</b>	19%

- **Net Interest Margin**

The Net Interest Margin before Loan Loss Provisions increased 13% YoY with respect to 9M06, driven by a 28% growth in total performing loans and a 20% increase in core deposits. This increase was achieved in spite of the negative impact on commissions charged for loan originations stemming from new accounting standards. According to the new accounting standards established by the CNBV, as of January 2007, the recognition of loan origination commissions in the P&L has to be deferred throughout the life of the loan.

- **Non Interest Income**

Non Interest Income declined 4% YoY in 9M07 due to a 46% reduction in Recovery Banking Fees resulting from the reclassification of recovery income from acquired and proprietary loan portfolios to the Non Operating Income line as required by the new accounting standards that came into effect in January 2007.

- **Non Interest Expense**

Non Interest Expenses increased 14% versus 9M06 due to higher Personnel, Promotional and Advertising expenses, as a result of the branch expansion and the extension of service hours in some branches, an increase in the volume of transactions and the efforts to place a larger number of products.

- **Other Revenues and Expenses (Non Operating Income) [Expense]**

Non Interest Income increased with respect to 9M06 as a result of the reclassification of recovery income from acquired and proprietary loan portfolios from Non-Interest Income to Non-Operating Income, as required by the new accounting standards which came into effect in January , 2007.

- **Net Income**

The bank's accumulated profits (including the Afore through the equity participation method) totaled Ps \$4.52 billion in 9M07, 17% higher YoY, driven mainly by higher interest margins and greater non-operating income.

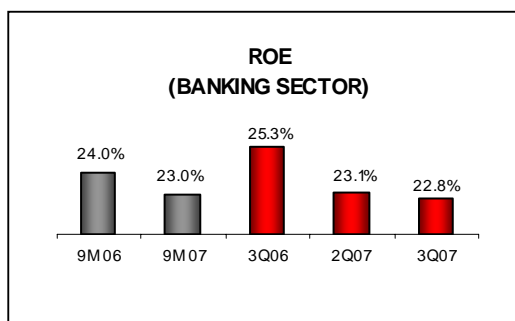
- **Loan Loss Reserves**

The loan loss and IPAB provisions were greater 40% YoY in 9M07, as a result of the growth in the loan portfolio and an increase in past-due loans in consumer loans, especially in credit cards.

Figures are presented in constant pesos of September 2007.

FINANCIAL RATIOS – Banking Sector (Million Pesos)								
	3Q06	2Q07	3Q07	QoQ	YoY	9M06	9M07	YoY
<b>Profitability</b>								
NIM (1)	7.9%	7.3%	<b>7.7%</b>	0.4 pp	(0.2) pp	7.7%	<b>7.4%</b>	(0.3) pp
ROE (2)	25.3%	23.1%	<b>22.8%</b>	(0.3) pp	(2.5) pp	24.0%	<b>23.0%</b>	(1.0) pp
ROA (3)	2.7%	2.4%	<b>2.4%</b>	-	(0.3) pp	2.5%	<b>2.4%</b>	(0.1) pp
<b>Operation</b>								
Efficiency Ratio (4)	50.2%	56.4%	<b>55.6%</b>	(0.8) pp	5.4 pp	53.6%	<b>56.6%</b>	3.0 pp
Operation Efficiency Ratio (5)	5.0%	5.1%	<b>5.0%</b>	(0.1) pp	-	5.4%	<b>5.1%</b>	(0.3) pp
Liquidity Ratio (6)	61.5%	56.4%	<b>57.5%</b>	1.1 pp	(4.0) pp	61.5%	<b>57.5%</b>	(4.0) pp
<b>Asset Quality</b>								
Past Due Loan Ratio (w/o Fobaproa)	1.5%	1.5%	<b>1.5%</b>	-	-	1.5%	<b>1.5%</b>	-
Coverage Ratio	174.9%	145.6%	<b>136.1%</b>	(9.6) pp	(38.9) pp	174.9%	<b>136.1%</b>	(38.8) pp
<b>Growths (7)</b>								
Performing Loans (w/o Fobaproa/IPAB) (8)	23%	28%	<b>28%</b>	-	5.0 pp	23%	<b>28%</b>	5.0 pp
Traditional Deposits	17%	22%	<b>20%</b>	(2.0) pp	3.0 pp	17%	<b>20%</b>	3.0 pp
Total Deposits	11%	18%	<b>19%</b>	1.0 pp	8.0 pp	11%	<b>19%</b>	8.0 pp
<b>Capitalization</b>								
Net Capital/ Credit Risk Assets (9)	20.9%	21.8%	<b>21.4%</b>	(0.4 ) pp	0.5 pp	20.9%	<b>21.4%</b>	0.5 pp
Total Capitalization Ratio (9)	14.9%	15.2%	<b>14.8%</b>	(0.4) pp	(0.1) pp	14.9%	<b>14.8%</b>	(0.1) pp

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



Figures are presented in constant pesos of September 2007.

## RECOVERY BANKING

INCOME STATEMENT HIGHLIGHTS – Recovery Banking			
(Million Pesos)	9M06	9M07	YoY
Net Interest Income	(55)	<b>(131)</b>	138%
Loan Loss Provisions	9	<b>7</b>	(22%)
Non Interest Income	1,037	<b>997</b>	(4%)
Non Interest Expense	443	<b>568</b>	28%
Non Operating Income (Expense), net	-	<b>441</b>	100%
Pre-tax Income & Subsidiaries	530	<b>731</b>	38%
Income Tax & Profit Sharing	110	<b>235</b>	114%
Undistributed Earnings of Subsidiaries	126	-	(100%)
<b>Net Income</b>	<b>546</b>	<b>496</b>	(9%)

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

ASSETS UNDER MANAGEMENT (Millones de Pesos)	3Q07	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
<b>Fobaproa-IPAB Portfolios:</b>			
Banking Sector	1,409	Off balance trusts	Fees charged to FOBAPROA
Serfin	-	Serfin Trust	Fiduciary
Reposessed assets	63	Off balance trusts	Fees charged to Fobaproa and Fiduciary
	<b>1,472</b>		
<b>Loans purchased to IPAB and to Other Banks:</b>			
	<b>38,695</b>	Sólida Asset Management and Banorte	Non Interest Income (Banorte)
<b>Banking Sector Portfolio:</b>			
Banking Sector	15,180		Net Interest Income
Reposessed assets	7,648	Banorte's Portfolio	Other Revenues and Expenses
	<b>22,828</b>	Banorte's Reposessed assets	
<b>Total</b>	<b>62,995</b>		

- During 3Q07, there were no asset acquisitions by the Recovery Banking business.

Figures are presented in constant pesos of September 2007.

# BROKERAGE SECTOR

<i>Brokerage Sector</i> (Million of Pesos)	3Q06	2Q07	3Q07	QoQ	YoY	9M06	9M07	YoY
<b>Brokerage House</b>								
Net Income	33	62	<b>71</b>	13%	111%	111	<b>194</b>	74%
Stockholder's Equity	669	846	<b>916</b>	8%	37%	669	<b>916</b>	37%
Assets Under Management	147,730	185,394	<b>182,587</b>	(2%)	24%	147,730	<b>182,587</b>	24%
Total Assets	939	1,123	<b>1,186</b>	6%	26%	939	<b>1,186</b>	26%
ROE	20.5%	30.6%	<b>32.0%</b>	1.4 pp	11.5 pp	23.9%	<b>31.7%</b>	7.8 pp
<b>Net Capital</b>								
Tier 1	554	737	<b>724</b>	2%	31%	554	<b>724</b>	31%
Tier 2	-	-	-	-	-	-	-	-
Net Capital	554	737	<b>724</b>	2%	31%	554	<b>724</b>	31%

- Brokerage House**

**Net Income**

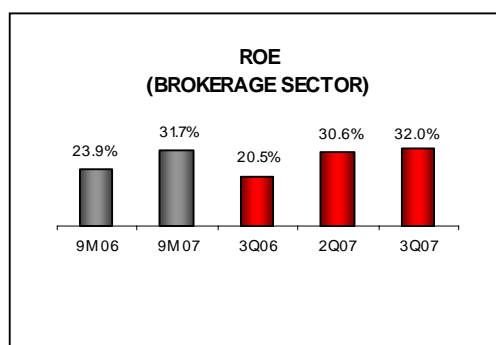
During 9M07, Net Income in the the Brokerage House was Ps \$194 million, a 74% increase YoY. This was mainly driven by higher client activity, a shift in the clients' portfolios towards higher margin structured products and greater cost absorption. Investment banking revenues continued to show a favorable trend given Banorte's active participation in various debt and capital market transactions, especially the issuance and intermediation of derivative products. Also, income and assets managed by the capital market's desk have benefited from the higher volatility in financial markets.

**Mutual funds**

At the end of the quarter, mutual funds continued to post positive results, driven by attractive returns, a strong promotional campaign and broader distribution through the bank's branch network. At the end of 9M07, AUM for fixed income and equity mutual funds grew by 30% and 74%, respectively.

**Portfolio under custody**

At the end of 3Q07, assets under custody totaled Ps \$183 billion, a 24% YoY increase, as a result of the positive performance in all of the brokerage house's business units.





Figures are presented in constant pesos of September 2007.

## LONG TERM SAVINGS

LONG TERM SAVINGS (Million Pesos)	3Q06	2Q07	3Q07	QoQ	YoY	9M06	9M07	YoY
<b>Afore</b>								
Net Income	40	14	<b>56</b>	309%	42%	128	<b>122</b>	(5%)
Equity	1,025	1,064	<b>906</b>	(15%)	(12%)	1,025	<b>906</b>	(12%)
Total Assets	1,181	1,166	<b>1,065</b>	(9%)	(10%)	1,181	<b>1,065</b>	(10%)
AUM (SIEFORE)	46,399	56,328	<b>55,273</b>	2%	19%	46,399	<b>55,273</b>	19%
ROE	15.8%	5.2%	<b>22.9%</b>	17.7 pp	7.1 pp	17.6%	<b>16.1%</b>	(1.4) pp
<b>Insurance</b>								
Net Income	50	58	<b>86</b>	47%	72%	263	<b>234</b>	(11%)
Equity	1,489	1,415	<b>1,702</b>	20%	14%	1,489	<b>1,702</b>	14%
Total Assets	8,136	9,811	<b>9,945</b>	1%	22%	8,136	<b>9,945</b>	22%
Technical Reserves	5,462	7,063	<b>7,337</b>	4%	34%	5,462	<b>7,337</b>	34%
Premiums sold	2,198	1,811	<b>1,827</b>	1%	(17%)	5,919	<b>6,476</b>	9%
ROE	13.6%	15.1%	<b>22.0%</b>	6.9 pp	8.4 pp	25.3%	<b>19.5%</b>	(5.7) pp
<b>Annuities</b>								
Net Income	141	170	<b>(12)</b>	(107%)	(109%)	650	<b>272</b>	(56%)
Equity	991	1,125	<b>1,113</b>	(1%)	12%	991	<b>1,113</b>	12%
Total Assets	8,465	9,942	<b>10,382</b>	4%	23%	8,465	<b>10,382</b>	23%
Technical Reserves	7,456	8,457	<b>9,045</b>	7%	21%	7,456	<b>9,045</b>	21%
Premiums sold	286	564	<b>651</b>	16%	128%	734	<b>1,543</b>	128%
ROE	61.4%	61.9%	<b>(4.4%)</b>	(66.3) pp	(65.8) pp	132.9%	<b>33.9%</b>	(99.0) pp

- **Afore**

The 5% drop in net income with respect to 9M06 is explained by a reduction in commission income, combined with higher cost of sales resulting from a commercial war to transfer more balances. On a quarterly basis, profits have a important growth of 309% compared to 2Q07 since income derived from commissions are showing less volatility as a result of: the elimination of commissions charged on bi-monthly inflows, an increase in 3Q07 in commissions charged on account balances; less cost of sales resulting from a reduction in the number of account transfers and improved control by the authorities in order to eliminate improper transfers. At the end of 3Q07, there were 3,153,964 affiliates, with a market share of 10.4% in certified accounts.

Despite of a stronger competitive environment, Banorte registered a 29% YoY increase in AUM, higher than the 20% average growth for the industry, making Banorte the top performer in terms of annual growth in AUM amongst the major AFORES in the system. As of August 2007, Banorte's market share in AUM stood at 8%, ranking 5<sup>th</sup> in terms of industry market share.

- **Insurance Company**

Net profits obtained in 9M07 were Ps \$234 million (51% correspond to GFNorte), 11% lower than those registered in 9M06. The reduction is explained by a difficult pricing environment, a sensible increase in claims, especially in the auto sector and in contracts held with an important government client. Nonetheless, net income has a important quarterly increase of 47% vs. 2Q07 as a result of greater sales volumes and the increase in rates charged on premiums that is being carried out in 3 phases.

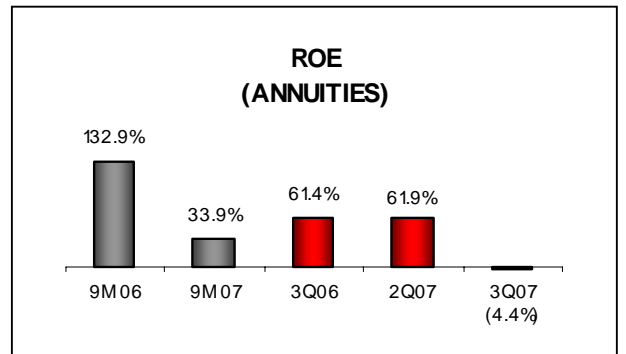
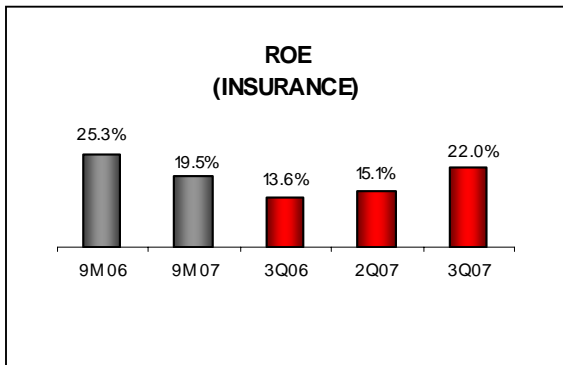
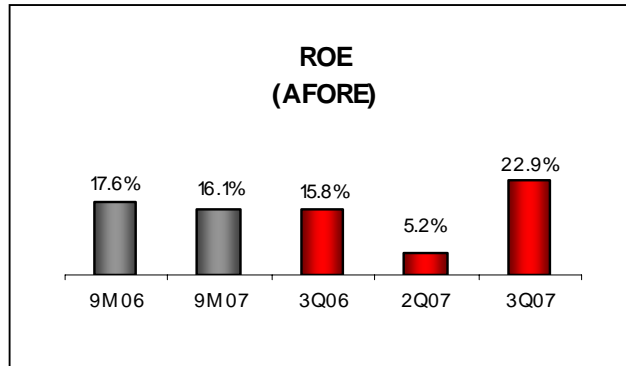
The premiums issued rose by 9% with respect to 9M06, totaling Ps \$6.48 billion, as a result of an increase in the traditional business lines, as well as growth in insurance sales through the branch network.

- **Annuities**

Net income reported for 9M07 amounted to Ps \$281 million (51% from GFNorte), 56% lower than 9M06. The reduction in profits stems from the one off gains that the company registred in 2006 and early 2007 resulting from the sale of held to maturity positions in fixed income securities, the depletion of tax credits derived from fiscal losses in previous years that were used to optimize returns from those market related transactions and a reduction in the number of cases originated as part of the strategy to focus the business strategy only towards more profitable customers. On a quarterly basis, the company posted a loss compared to 2Q07, mainly as a result of the impact in valuations from a difficult environment in the financial markets.

Premiums issued rose by 128% with respect to 9M06 and the company currently ranks 2<sup>nd</sup> industrywide in terms of the number of premiums sold.

Figures are presented in constant pesos of September 2007.



Figures are presented in constant pesos of September 2007.

## OTHER FINANCE COMPANIES

OTHER FINANCE COMPANIES (Million Pesos)	3Q06	2Q07	3Q07	QoQ	YoY	9M06	9M07	YoY
<b>Leasing</b>								
Net Income	31	43	<b>27</b>	(36%)	(12%)	95	<b>105</b>	11%
Equity	387	491	<b>459</b>	(7%)	19%	387	<b>459</b>	19%
Loan Portfolio (1)	3,206	3,498	<b>3,604</b>	3%	12%	3,206	<b>3,604</b>	12%
Past Due Loans	22	18	<b>5</b>	(70%)	(76%)	22	<b>5</b>	(76%)
Loan Loss Reserves	44	20	<b>13</b>	(37%)	(71%)	44	<b>13</b>	(71%)
Total Assets	3,210	3,500	<b>3,627</b>	4%	13%	3,210	<b>3,627</b>	13%
ROE	33.3%	36.2%	<b>23.0%</b>	(13.2) pp	(10.3) pp	37.1%	<b>30.8%</b>	(6.3) pp
<b>Factoring</b>								
Net Income	18	29	<b>23</b>	(20%)	27%	69	<b>75</b>	10%
Equity	416	490	<b>453</b>	(8%)	9%	416	<b>453</b>	9%
Loan Portfolio	4,175	5,011	<b>5,723</b>	14%	37%	4,175	<b>5,723</b>	37%
Past Due Loans	34	18	<b>18</b>	(2%)	(46%)	34	<b>18</b>	(48%)
Loan Loss Reserves	41	25	<b>25</b>	2%	(38%)	41	<b>25</b>	(38%)
Total Assets	4,155	5,015	<b>5,743</b>	15%	38%	4,155	<b>5,743</b>	38%
ROE	17.8%	24.2%	<b>19.5%</b>	(4.7) pp	1.7 pp	23.9%	<b>21.8%</b>	(2.0) pp
<b>Warehousing</b>								
Net Income	2	3	<b>3</b>	2%	87%	8	<b>11</b>	40%
Equity	118	127	<b>98</b>	(23%)	(17%)	118	<b>98</b>	(17%)
Inventories	-	-	<b>9</b>	100%	100%	-	<b>9</b>	100%
Total Assets	153	158	<b>123</b>	(22%)	(19%)	153	<b>123</b>	(19%)
ROE	6.0%	10.3%	<b>11.7%</b>	1.4 pp	5.6 pp	9.0%	<b>12.3%</b>	3.3 pp

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

- Leasing**

The Leasing Company reported a profit of Ps \$105 million in 9M07, 11% higher than 9M06. This increase is mainly driven by a 12% growth in the loan portfolio and income resulting from the sale of equipment due to the completion of pure leasing contracts.

The Past Due Loan ratio was 0.1% at the end of 3Q07 and the Reserve Coverage ratio was 100%. This company currently ranks 2<sup>nd</sup> among 27 Leasing Companies in terms of loan portfolio size.

At the end of 3Q07, the capitalization ratio was 12.7% considering Ps \$3,627 million of total risk assets.

- Factoring**

During 9M07, Net Income amounted to Ps \$75 million, 10% higher YoY. This growth came from an increase in the loan portfolio and the reversal of reserves due to an improvement in the credit quality of the loan portfolio. The balance of the loan portfolio at the end of 3Q07 was Ps \$5.72 billion.

Past Due Loans during the first nine months were Ps \$18 million, which is equivalent to a PDL ratio of 0.3%. At the end of 3Q07, the Reserve Coverage ratio stood at 139%. Currently, the company ranks 1<sup>st</sup> among 10 factoring companies in the industry in terms of volume of transactions.

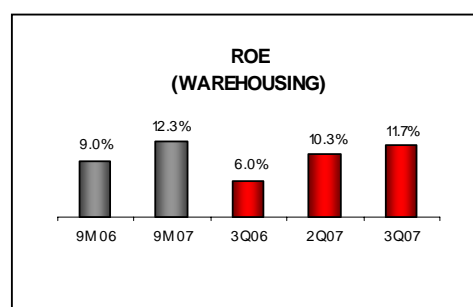
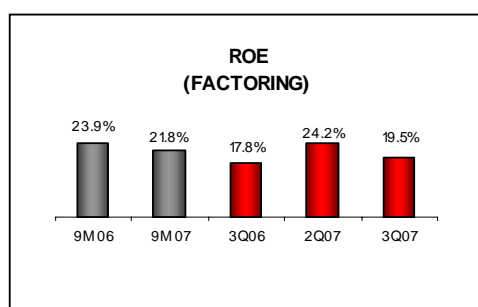
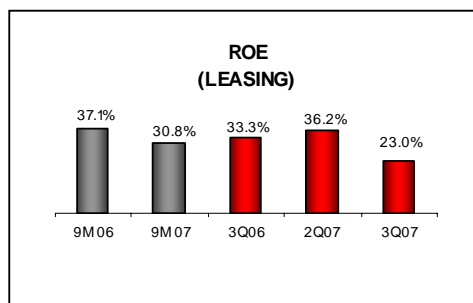
At the end of 3Q07, the capitalization ratio was 7.9% considering Ps \$5,473 million of total risk assets.

- Warehousing**

Net income was Ps \$11 million, 40% higher than 9M06. This growth was due to an increase in warehousing services, such as the fitting of warehouses, which has opened the possibility for Banorte to issue certificates of deposit that are used as guarantees in secured loans and loans to other financial institutions. The company currently ranks 7<sup>th</sup> among 20 Warehousing companies in terms of Net Income.

At the end of 3Q07, the capitalization ratio was 11.3% considering Ps \$1,110 million of certificate total risk assets.

Figures are presented in constant pesos of September 2007.



## SOFOL PRONEGOCIO

MICROLENDING- PRONEGOCIO (Million Pesos)	3Q06	2Q07	3Q07	QoQ	YoY	9M06	9M07	YoY
Net Income	9	(8)	<b>2</b>	127%	(77%)	19	<b>(7)</b>	(138%)
Equity	76	70	<b>72</b>	3%	(4%)	76	<b>72</b>	(4%)
Loan Portfolio	567	733	<b>664</b>	(9%)	17%	567	<b>664</b>	17%
Non Performing Loans	39	102	<b>102</b>	-	160%	39	<b>102</b>	160%
Loan Loss Reserves	12	32	<b>32</b>	-	176%	12	<b>32</b>	176%
Total Assets	577	770	<b>721</b>	(6%)	25%	577	<b>721</b>	25%
ROE	51.4%	(42.1%)	<b>12.0%</b>	54.1 pp	(39.4) pp	37.8%	<b>(12.3)%</b>	(50.1) pp

- Pronegocio**

During 9M07, Pronegocio posted a Net Loss of Ps \$7 million, vs. a Ps \$19 million gain reported in 9M06. The loss is mainly due to higher reserve requirements resulting from a deterioration in asset quality, as well as higher expenses associated with the expansion of branches at the beginning of the year, hiring of personnel to staff the branches and the efforts to reduce employee turnover.

Past Due Loans at the end of 3Q07 stood at Ps \$102 million, which translates into a PDL ratio of 15.4%. The Reserve Coverage ratio was 31% (equivalent to 155% considering the 80% guarantee provided by Nafin on these loans). At the end of the quarter, Pronegocio had 97 branches.

Figures are presented in constant pesos of September 2007.

## RATINGS

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

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

Figures are presented in constant pesos of September 2007.

## INFRASTRUCTURE

INFRASTRUCTURE	3Q06	2Q07	3Q07
<b>Employees</b>	15,410	16,552	<b>17,218</b>
Banking Sector (1)	12,914	13,806	<b>14,023</b>
Other Sectors	2,496	2,746	<b>3,195</b>
<b>Branches (2)(3)</b>	978	1,008	<b>1,023</b>
INB		18	<b>18</b>
Pronegocio		93	<b>97</b>
In Process of Opening			<b>23</b>
<b>ATM</b>	3,033	3,384	<b>3,513</b>

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

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

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

- As part of the branch expansion program, during the first nine months of the year, 29 new branches were opened. Of that total, 11 branches are in Mexico City. Also, 6 relocations and 6 refurbishments were carried out during that period.
- The original branch expansion program for 2007 contemplated 29 openings. Nonetheless, since new branches are reaching the breakeven point sooner than anticipated, the decision was taken to increase the number of new branches to 52 in 2007. The original budget for the branch expansion program in 2007 remains unchanged, since the number of relocations and remodelings that were contemplated for this year has been reduced.

Figures are presented in constant pesos of September 2007.

# ANNEXES

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1. GROUP'S GENERAL INFORMATION
  2. SUMMARY OF RESULTS AND FINANCIAL STATEMENTS
  3. ACCOUNTING CHANGES AND REGULATIONS
  4. LOAN PORTFOLIO SALES TO SOLIDA ADMINISTRADORA DE PORTAFOLIOS
  5. NOTES TO THE GROUP'S FINANCIAL STATEMENTS
-

Figures are presented in constant pesos of September 2007.

## GROUP'S GENERAL INFORMATION

GFNorte Ownership on Subsidiaries	3Q07
Banco Mercantil del Norte (1)	97.06%
Brokerage House	99.99%
Retirement Funds - Afore(2)	51.00%
Insurance	51.00%
Annuities	51.00%
Leasing	99.99%
Factor	99.99%
Warehouse	99.99%
Microcredit Unit - Pronegocio	99.99%
Banorte USA (2)	100.00%

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

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

### Holding company Capital Structure

Number of Shares	SERIE O As of September 30, 2007
Number of shares outstanding	2,018,347,548
Shares held on Treasury	1,000,000

### Group Officers

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



Figures are presented in constant pesos of September 2007.

## SUMMARY OF RESULTS

**Grupo Financiero Banorte** announced its operating results today at the close of 3Q07, reporting a net profit accumulated over the first nine months of the year of Ps \$5.04 billion, which is 11% higher than in 9M06. GFNorte's annualized Return on Equity for the first half was 23%, while Return on Assets was 2.6%.

The Banking Sector contributed with 86% of the Group's profits, totaling Ps \$4.32 billion in 9M07; 17% higher than in 9M06. During the period, there was a sustained recovery in recurrent income produced by traditional banking activities, due to the growth in the loan portfolio and in core deposits, as well as a greater level of recoveries that are recognized as Other Revenues.

During 9M07 the Net Interest Income before Repomo increased 12% YoY, mainly because of the 29% annual growth in the performing loans and 20% in traditional deposits. The net interest margin fell from 7.8% to 7.5% due to an annual 12 bp reduction in market interest rates, the incorporation of the INB portfolio with smaller margins, as well as to a 73% decrease in fees charged on loan originations resulting from the new accounting standards that became effective last January. Nevertheless, on a quarterly basis, the NIM increased from 7.5% to 7.7% due to higher loan volumes.

Service Fees grew 10% YoY, driven by a 38% increase in Credit Card fees that is derived from 35% annual growth in card placements, and a 12% increase in Electronic Banking Services.

Non Interest Expense in the first 9M07 was 11% YoY due mainly to the incorporation of INB, the branch expansion program and higher expenses resulting from the expansion of the Credit Card business and the costs of point redemptions related to Banorte's rewards program. The increase in the efficiency ratio from 55% in 9M06 to 57% in 9M07 is explained by the expansion program in branches, ATMs and technology, as well as by the application of the new accounting standards that resulted in the deferral of origination fees throughout the life of the loan, the consolidation line by line of Solida Administradora de Portfolios and the reclassification of non interest income to non-operating income from loan recoveries. Excluding these effects, the efficiency ratio would have been 53%.

Total deposits, excluding third-party accounts, reported a balance of Ps \$179.77 billion at the end of 3Q07, a 19% YoY, which includes increases of a 16% in Demand Deposits and a 28% in Time Deposits. The increases are due to the widespread promotion of deposit products, the incorporation of attractive features to such products and to our customers' acceptance of the "PagaMás" product that offers attractive returns.

Loans continue to show a substantial expansion driven by a higher credit demand industry-wide and the bank's efforts to improve its array of products. By 3Q07, performing loans increased by 29% YoY, reaching a balance of Ps \$172.48 billion. Commercial loans increased by 39% in the last twelve months and closed at Ps \$66.72 billion. Corporate loans closed at Ps \$30.27 billion for a 32% increase, while government loans reached Ps \$17.57 billion, a growth of 32%.

Consumer loans continued to grow steadily during the period. This segment represents 33% of total performing loans. Credit Card loans rose 45% in the last twelve months and closed with a balance of Ps \$12.57 billion. Payroll and personal loans rose 24%, reaching a balance of Ps \$5.94 billion, of which Ps \$1.3 billion correspond to personal loans. Car Loans closed with a balance of Ps \$6.87 billion, while mortgage loans maintained their upward trend closing with a balance of Ps \$32.53 billion, equivalent to a 10% YoY increase. Excluding the extraordinary events of 2006, such as the prepayments of FOVISSSTE, mortgage loan securitization and the consolidation of INB's portfolio, the adjusted growth rate was 23%.

GFNorte closed 3Q07 with a past due loans balance of Ps \$2.69 billion, a 26% YoY increase. This growth is due to the bank's strategy to increase its participation in the consumer segment, which implies higher risk. Nonetheless, the past due loan ratio at the close of 3Q07 stood at 1.5%, which is lower than the 1.6% recorded last year and also is one of the lowest in the banking system. The loan loss reserve coverage declined to 132%.

The Long-term Saving Sector, consisting of the Afore, Insurance and Annuities companies, reported a profit of Ps \$328 million 9M07. Other Finance Companies, which consist of Leasing, Factoring and Warehousing, reported profits of Ps \$200 million, a 4% YoY increase. The Brokerage Sector made a Ps \$194 million profit during 9M07, a 74% YoY increase.

### III. 2 FINANCIAL STATEMENTS



Figures are presented in constant pesos of September 2007.

#### HOLDING

<b>Holding – INCOME STATEMENT (Million Pesos)</b>	<b>1Q06</b>	<b>2Q06</b>	<b>3Q06</b>	<b>Accum. 9M06</b>	<b>4Q06</b>	<b>1Q07</b>	<b>2Q07</b>	<b>3Q07</b>	<b>Accum. 9M07</b>
Income from Subs	1,437	1,540	1,574	4,551	1,536	1,625	1,693	1,712	5,031
Interest Income	2	1	2	5	1	1	3	6	10
Interest Expense	-	-	-	-	-	-	-	-	-
Fees & Tariffs	-	-	-	-	-	-	-	-	-
Trading Income	-	-	-	-	-	-	-	-	-
REPOMO	(1)	-	(1)	(2)	(1)	-	1	(3)	(3)
<b>Total Operating Income</b>	<b>1,438</b>	<b>1,542</b>	<b>1,574</b>	<b>4,554</b>	<b>1,536</b>	<b>1,626</b>	<b>1,697</b>	<b>1,715</b>	<b>5,037</b>
Operation & Administrative	1	1	1	2	1	1	1	1	3
<b>Operating Income</b>	<b>1,437</b>	<b>1,541</b>	<b>1,574</b>	<b>4,552</b>	<b>1,535</b>	<b>1,624</b>	<b>1,696</b>	<b>1,714</b>	<b>5,034</b>
Non Operating Income	-	-	-	-	-	18	-	-	18
Non Operating Expense	(1)	-	(1)	(2)	-	(1)	-	(1)	(1)
<b>Non Operating Income</b>	<b>(1)</b>	<b>-</b>	<b>(1)</b>	<b>(2)</b>	<b>-</b>	<b>18</b>	<b>-</b>	<b>(1)</b>	<b>17</b>
<b>Pre-tax Income</b>	<b>1,435</b>	<b>1,541</b>	<b>1,573</b>	<b>4,550</b>	<b>1,535</b>	<b>1,642</b>	<b>1,696</b>	<b>1,713</b>	<b>5,052</b>
Income Tax & Profit Sharing	1	1	-	2	2	6	1	1	8
Tax on Assets	-	-	-	-	-	-	-	-	-
Deferred Income Tax &	-	-	(1)	-	-	-	-	-	-
	1	1	-	2	1	6	1	1	8
<b>Net Income from</b>	<b>1,435</b>	<b>1,540</b>	<b>1,573</b>	<b>4,548</b>	<b>1,534</b>	<b>1,636</b>	<b>1,695</b>	<b>1,712</b>	<b>5,044</b>
Extraordinary Items, net	-	-	-	-	-	-	-	-	-
<b>Total Net Income</b>	<b>1,435</b>	<b>1,540</b>	<b>1,573</b>	<b>4,548</b>	<b>1,534</b>	<b>1,636</b>	<b>1,695</b>	<b>1,712</b>	<b>5,044</b>

<b>Holding – BALANCE SHEET (Millones de Pesos)</b>	<b>1Q06</b>	<b>2Q06</b>	<b>3Q06</b>	<b>4Q06</b>	<b>1Q07</b>	<b>2Q07</b>	<b>3Q07</b>
<b>ASSETS</b>							
Cash & Due from Banks	83	41	92	42	56	206	444
Financial Instruments	-	-	-	-	-	-	-
Sundry Debtors & Other Assets	11	11	11	12	164	11	11
Real Estate, Furniture & Equipment, net	-	-	-	-	-	-	-
Investments in Subsidiaries	23,253	24,225	25,636	26,544	27,580	29,364	31,213
Deferred Taxes	-	-	-	-	-	-	1
Goodwill	40	39	38	37	36	35	34
Other Assets, Deferred Charges & Intangibles	2	1	-	-	2	1	-
<b>TOTAL ASSETS</b>	<b>23,388</b>	<b>24,316</b>	<b>25,778</b>	<b>26,635</b>	<b>27,838</b>	<b>29,617</b>	<b>31,703</b>
<b>LIABILITIES</b>							
Due to Banks & Correspondents	-	-	-	-	-	-	-
Income Tax & Profit Sharing	-	-	-	-	-	-	-
Other Payable Accounts	1	1	1	1	5	4	5
Other Payable Accounts	1	1	1	1	5	4	5
Deferred Taxes	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>5</b>	<b>4</b>	<b>5</b>
<b>STOCKHOLDER'S EQUITY</b>							
Paid-in Capital	11,822	11,817	11,818	11,818	11,818	11,818	11,815
Share subscription Premiums	1,827	1,827	1,831	1,831	1,831	1,831	1,831
Subordinated Convertible Debt	-	-	-	-	-	-	-
<b>Subscribed Capital</b>	<b>13,649</b>	<b>13,644</b>	<b>13,649</b>	<b>13,649</b>	<b>13,650</b>	<b>13,649</b>	<b>13,646</b>
Capital reserves	1,795	2,058	2,104	2,104	2,405	2,401	2,367
Retained Earnings	17,220	16,921	16,920	16,142	21,923	21,923	21,923
Surplus (Deficit) from Securities	-	-	-	-	-	-	-
Results of Foreign Operations Exchange	-	-	-	-	-	-	-
Surplus (Deficit) in Capital Restatement	(6,268)	(6,289)	(6,286)	(6,273)	(6,273)	(6,271)	(6,273)
Non Monetary Assets Results - Fixed Assets	-	-	-	-	-	-	-
Non Monetary Assets Results – Investment	(4,442)	(4,994)	(5,157)	(5,070)	(5,509)	(5,420)	(5,008)
Adjustment in the Employees Pension	-	-	-	-	-	-	-
Accumulated Deferred Tax Effect	-	-	-	-	-	-	-
Net Income	1,435	2,975	4,548	6,082	1,636	3,331	5,044
<b>Earned Capital</b>	<b>9,739</b>	<b>10,671</b>	<b>12,128</b>	<b>12,985</b>	<b>14,183</b>	<b>15,964</b>	<b>18,052</b>
<b>Total Stockholder's Equity</b>	<b>23,388</b>	<b>24,315</b>	<b>25,778</b>	<b>26,634</b>	<b>27,833</b>	<b>29,613</b>	<b>31,698</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDER'S EQUITY</b>	<b>23,388</b>	<b>24,316</b>	<b>25,778</b>	<b>26,635</b>	<b>27,833</b>	<b>29,617</b>	<b>31,703</b>

<b>Holding – MEMORANDUM ACCOUNTS (Million Pesos)</b>	<b>1Q06</b>	<b>2Q06</b>	<b>3Q06</b>	<b>4Q06</b>	<b>1Q07</b>	<b>2Q07</b>	<b>3Q07</b>
Client Securities held in Custody	3,904	3,910	3,864	3,793	3,748	3,763	3,716
Other Trust Account Items	1	1	1	1	1	1	1
	<b>3,905</b>	<b>3,911</b>	<b>3,864</b>	<b>3,793</b>	<b>3,748</b>	<b>3,764</b>	<b>3,717</b>

Figures are presented in constant pesos of September 2007.

## GRUPO FINANCIERO BANORTE

<b>GFNorte – INCOME STATEMENT</b> <i>(Million Pesos)</i>	<b>1Q06</b>	<b>2Q06</b>	<b>3Q06</b>	<b>Accum. 9M06</b>	<b>4Q06</b>	<b>1Q07</b>	<b>2Q07</b>	<b>3Q07</b>	<b>Accum. 9M07</b>
Interest Income	9,044	8,565	8,694	26,303	9,157	8,933	9,601	<b>10,222</b>	<b>28,756</b>
Interest Expense	5,623	5,049	4,929	15,601	5,281	5,132	5,491	<b>5,802</b>	<b>16,425</b>
Loan Fees	156	202	190	548	203	23	44	<b>79</b>	<b>146</b>
Fees Paid	41	39	47	127	42	-	-	-	-
<b>Net Interest Income (NII)</b>	<b>3,535</b>	<b>3,679</b>	<b>3,909</b>	<b>11,123</b>	<b>4,037</b>	<b>3,824</b>	<b>4,155</b>	<b>4,499</b>	<b>12,478</b>
Repomo - Margin	(76)	20	(116)	(172)	(171)	(64)	24	<b>(136)</b>	<b>(177)</b>
<b>NII after Repomo</b>	<b>3,459</b>	<b>3,699</b>	<b>3,793</b>	<b>10,951</b>	<b>3,866</b>	<b>3,759</b>	<b>4,179</b>	<b>4,363</b>	<b>12,301</b>
Loan Loss Provisions	371	446	377	1,194	335	257	742	<b>697</b>	<b>1,696</b>
Loss Sharing Provisions	18	14	-	32	-	-	-	-	-
<b>NII after Provisions</b>	<b>3,069</b>	<b>3,240</b>	<b>3,416</b>	<b>9,725</b>	<b>3,530</b>	<b>3,502</b>	<b>3,437</b>	<b>3,666</b>	<b>10,605</b>
Fund Transfers	54	60	61	175	62	59	57	<b>54</b>	<b>170</b>
Account Management	236	244	249	729	255	238	237	<b>235</b>	<b>710</b>
Fiduciary	58	67	69	195	75	63	64	<b>65</b>	<b>192</b>
Income from Loan Portfolios Acquired	631	450	335	1,416	265	114	177	<b>118</b>	<b>408</b>
Electronic Banking Services	185	203	212	600	223	209	225	<b>241</b>	<b>675</b>
Credit Cards	344	371	379	1,094	441	469	494	<b>544</b>	<b>1,507</b>
Fees from IPAB	9	7	8	24	2	1	-	<b>(1)</b>	<b>-</b>
Other Fees	562	524	561	1,647	542	602	571	<b>625</b>	<b>1,799</b>
<b>Fees on Services</b>	<b>2,080</b>	<b>1,926</b>	<b>1,873</b>	<b>5,879</b>	<b>1,865</b>	<b>1,755</b>	<b>1,825</b>	<b>1,881</b>	<b>5,461</b>
Fund Transfers	4	4	4	12	4	5	4	<b>4</b>	<b>12</b>
Other Fees	171	180	177	527	193	241	244	<b>266</b>	<b>751</b>
Expenses from Loan Portfolios Acquired	249	254	187	689	134	-	-	-	-
<b>Fees Paid</b>	<b>424</b>	<b>437</b>	<b>367</b>	<b>1,228</b>	<b>331</b>	<b>246</b>	<b>248</b>	<b>270</b>	<b>764</b>
Foreign Exchange	123	100	89	312	123	91	134	<b>92</b>	<b>317</b>
Securities - Realized Gains	567	185	259	1,012	407	502	(78)	<b>123</b>	<b>547</b>
Securities - Unrealized Gains	(178)	162	2	(14)	(88)	(33)	278	<b>81</b>	<b>326</b>
<b>Market-related Income</b>	<b>512</b>	<b>448</b>	<b>350</b>	<b>1,309</b>	<b>442</b>	<b>560</b>	<b>334</b>	<b>296</b>	<b>1,190</b>
<b>Non-Interest Income</b>	<b>2,168</b>	<b>1,937</b>	<b>1,856</b>	<b>5,961</b>	<b>1,976</b>	<b>2,069</b>	<b>1,911</b>	<b>1,907</b>	<b>5,887</b>
<b>Operating Income</b>	<b>5,237</b>	<b>5,176</b>	<b>5,272</b>	<b>15,685</b>	<b>5,506</b>	<b>5,571</b>	<b>5,347</b>	<b>5,573</b>	<b>16,492</b>
Personnel	1,266	1,324	1,043	3,633	1,251	1,385	1,393	<b>1,396</b>	<b>4,174</b>
Professional Fees	215	205	176	596	247	228	202	<b>211</b>	<b>641</b>
Administrative and Promotion Expenses	889	962	1,078	2,931	1,062	1,080	1,137	<b>1,195</b>	<b>3,412</b>
Rents, Depreciation and Amortization	453	427	407	1,287	444	396	397	<b>396</b>	<b>1,189</b>
Other Taxes (other than Income tax)	162	127	137	426	165	152	142	<b>142</b>	<b>436</b>
Contributions to IPAB	165	171	168	504	169	172	188	<b>209</b>	<b>569</b>
<b>Non-Interest Expense</b>	<b>3,150</b>	<b>3,217</b>	<b>3,009</b>	<b>9,377</b>	<b>3,338</b>	<b>3,414</b>	<b>3,459</b>	<b>3,549</b>	<b>10,422</b>
<b>Net Operating Income</b>	<b>2,087</b>	<b>1,959</b>	<b>2,262</b>	<b>6,309</b>	<b>2,169</b>	<b>2,158</b>	<b>1,888</b>	<b>2,025</b>	<b>6,070</b>
Other Revenues	165	152	150	467	119	247	195	<b>283</b>	<b>725</b>
Foreign Exchange	-	-	-	-	-	-	-	-	-
Recoveries	153	139	128	420	84	435	480	<b>390</b>	<b>1,304</b>
Repomo - other revenues	4	-	4	8	10	6	(1)	<b>5</b>	<b>11</b>
<b>Non-Operating Income</b>	<b>322</b>	<b>291</b>	<b>282</b>	<b>895</b>	<b>214</b>	<b>687</b>	<b>674</b>	<b>678</b>	<b>2,040</b>
Other Expenses	(211)	(240)	(25)	(476)	(63)	(210)	(121)	<b>(45)</b>	<b>(376)</b>
Foreign Exchange	-	-	-	-	-	-	-	-	-
Repomo - otros expenses	(106)	5	(101)	(203)	(162)	(137)	49	<b>(116)</b>	<b>(204)</b>
<b>Non-Operating Expense</b>	<b>(317)</b>	<b>(236)</b>	<b>(126)</b>	<b>(679)</b>	<b>(225)</b>	<b>(347)</b>	<b>(72)</b>	<b>(161)</b>	<b>(580)</b>
<b>Non Operating Income (Expense), net</b>	<b>5</b>	<b>55</b>	<b>155</b>	<b>216</b>	<b>(11)</b>	<b>340</b>	<b>602</b>	<b>518</b>	<b>1,460</b>
<b>Pre-Tax Income</b>	<b>2,093</b>	<b>2,014</b>	<b>2,418</b>	<b>6,525</b>	<b>2,157</b>	<b>2,498</b>	<b>2,490</b>	<b>2,542</b>	<b>7,530</b>
Income Tax	473	487	741	1,701	620	687	666	<b>717</b>	<b>2,069</b>
Profit Sharing	133	149	180	463	199	237	244	<b>186</b>	<b>668</b>
Tax on Assets	-	-	-	-	-	-	-	-	-
Deferred Inc. Tax and Profit Sharing	133	114	46	294	(76)	(13)	(57)	<b>(109)</b>	<b>(180)</b>
<b>Taxes</b>	<b>740</b>	<b>750</b>	<b>967</b>	<b>2,457</b>	<b>743</b>	<b>911</b>	<b>853</b>	<b>793</b>	<b>2,557</b>
<b>Net Income before Subsidiaries</b>	<b>1,353</b>	<b>1,264</b>	<b>1,451</b>	<b>4,067</b>	<b>1,414</b>	<b>1,587</b>	<b>1,637</b>	<b>1,749</b>	<b>4,973</b>
Subsidiaries' Net Income	154	310	193	657	156	135	129	<b>50</b>	<b>315</b>
<b>Net Income form Continuous Operations</b>	<b>1,507</b>	<b>1,574</b>	<b>1,644</b>	<b>4,724</b>	<b>1,570</b>	<b>1,722</b>	<b>1,766</b>	<b>1,799</b>	<b>5,288</b>
Extraordinary Items, net	-	-	-	-	-	-	-	-	-
Minority Interest	72	34	71	176	36	86	71	<b>87</b>	<b>244</b>
<b>TOTAL NET INCOME</b>	<b>1,435</b>	<b>1,540</b>	<b>1,573</b>	<b>4,548</b>	<b>1,534</b>	<b>1,636</b>	<b>1,695</b>	<b>1,712</b>	<b>5,044</b>

## III. 2 FINANCIAL STATEMENTS



Figures are presented in constant pesos of September 2007.

<b>GFNORTE – BALANCE SHEET</b> (Millones de Pesos)	<b>1Q06</b>	<b>2Q06</b>	<b>3Q06</b>	<b>4Q06</b>	<b>1Q07</b>	<b>2Q07</b>	<b>3Q07</b>
<b>ASSETS</b>							
<b>Cash and Due from Banks</b>	<b>40,795</b>	<b>41,250</b>	<b>42,506</b>	<b>44,298</b>	<b>41,706</b>	<b>48,097</b>	<b>39,204</b>
Negotiable Instruments	14,986	15,510	9,129	15,324	7,634	6,602	<b>9,358</b>
Securities Held for Sale	5,449	1,288	1,986	6,383	10,225	8,365	<b>10,633</b>
Securities Held to Maturity	4,643	4,651	4,565	4,494	741	766	<b>751</b>
<b>Financial Instruments</b>	<b>25,078</b>	<b>21,448</b>	<b>15,680</b>	<b>26,201</b>	<b>18,601</b>	<b>15,733</b>	<b>20,742</b>
Non-assigned Securities to Pay	-	-	-	-	-	-	-
Repurchase Agreements, net	125	115	113	26	98	132	<b>94</b>
Operations with Collateral	-	-	-	-	-	-	-
Futures Receivable, net	-	-	-	-	-	-	-
Options & Derivatives	577	235	1,182	20	967	286	<b>1,713</b>
<b>Repos &amp; Derivatives</b>	<b>702</b>	<b>350</b>	<b>1,295</b>	<b>45</b>	<b>1,066</b>	<b>418</b>	<b>1,807</b>
Commercial	61,723	67,197	68,882	81,946	83,802	87,961	<b>87,369</b>
Financial Intermediaries	2,353	2,034	2,169	2,422	2,447	5,848	<b>9,646</b>
Consumer	17,352	18,986	19,926	21,145	22,278	24,128	<b>25,391</b>
Mortgage	26,871	29,099	31,026	28,371	29,628	31,837	<b>33,703</b>
Government Entities	15,197	13,565	13,273	11,006	15,006	16,954	<b>17,569</b>
IPAB	175	-	-	-	-	-	-
Fiduciary Collection Rights	-	-	-	-	-	-	-
<b>Performing Loans</b>	<b>123,670</b>	<b>130,881</b>	<b>135,275</b>	<b>144,890</b>	<b>153,162</b>	<b>166,729</b>	<b>173,678</b>
Commercial	734	756	760	745	818	865	<b>869</b>
Financial Intermediaries	-	-	-	-	-	-	-
Consumer	452	533	585	621	709	870	<b>998</b>
Mortgage	791	781	800	736	726	792	<b>826</b>
Government Entities	-	-	-	-	-	-	-
<b>Past Due Loans</b>	<b>1,977</b>	<b>2,071</b>	<b>2,145</b>	<b>2,102</b>	<b>2,252</b>	<b>2,528</b>	<b>2,693</b>
<b>Credit Loans</b>	<b>125,647</b>	<b>132,952</b>	<b>137,420</b>	<b>146,992</b>	<b>155,414</b>	<b>169,257</b>	<b>176,371</b>
Preventive Loan Loss Reserves	3,386	3,604	3,680	3,606	3,350	3,557	<b>3,564</b>
<b>Net Loan Portfolio</b>	<b>122,261</b>	<b>129,348</b>	<b>133,740</b>	<b>143,386</b>	<b>152,064</b>	<b>165,700</b>	<b>172,807</b>
Acquired Collection Rights	3,935	4,097	3,899	3,693	4,113	3,975	<b>3,797</b>
<b>Total Loans</b>	<b>126,196</b>	<b>133,445</b>	<b>137,640</b>	<b>147,079</b>	<b>156,177</b>	<b>169,675</b>	<b>176,604</b>
Sundry Debtors & Other Assets, net	8,182	8,263	5,504	5,755	9,783	13,725	<b>18,474</b>
Inventories	82	-	-	83	-	-	<b>9</b>
Foreclosed Assets, net	374	310	285	323	416	422	<b>291</b>
Real Estate, Furniture & Equipment, net	5,946	5,958	6,031	6,782	6,802	6,775	<b>6,759</b>
Investments in Subsidiaries	2,499	2,784	2,996	3,230	2,496	2,386	<b>2,526</b>
Deferred Taxes	266	-	-	-	-	-	-
Goodwill	57	53	49	3,678	4,149	4,217	<b>4,146</b>
Intangibles	-	-	-	158	153	156	<b>206</b>
Other Assets	1,155	1,225	1,117	1,635	3,416	3,322	<b>3,811</b>
	<b>18,562</b>	<b>18,593</b>	<b>15,981</b>	<b>21,643</b>	<b>27,215</b>	31,003	<b>36,224</b>
<b>TOTAL ASSETS</b>	<b>211,333</b>	<b>215,087</b>	<b>213,102</b>	<b>239,266</b>	<b>244,765</b>	264,926	<b>274,580</b>

## III. 2 FINANCIAL STATEMENTS



Figures are presented in constant pesos of September 2007.

<b>GFNORTE – BALANCE SHEET</b> (Million Pesos)	<b>1Q06</b>	<b>2Q06</b>	<b>3Q06</b>	<b>4Q06</b>	<b>1Q07</b>	<b>2Q07</b>	<b>3Q07</b>
<b>LIABILITIES</b>							
Demand Deposits	80,162	84,928	82,584	97,366	93,509	98,932	<b>95,205</b>
Time Deposits	67,438	66,631	69,275	75,664	78,275	79,120	<b>84,573</b>
Bonds	-	-	-	-	-	-	-
<b>Deposits</b>	<b>147,600</b>	<b>151,559</b>	<b>151,858</b>	<b>173,030</b>	<b>171,783</b>	<b>178,05217</b>	<b>179,778</b>
Demand	559	1,650	833	1,008	-	7,369	<b>2,413</b>
Short Term	4,953	5,112	5,183	6,025	6,817	7,708	<b>8,956</b>
Long Term	11,595	13,477	12,996	10,164	9,445	9,756	<b>10,319</b>
<b>Due to Banks &amp; Correspondents</b>	<b>17,106</b>	<b>20,239</b>	<b>19,012</b>	<b>17,197</b>	<b>16,263</b>	<b>24,833</b>	<b>21,687</b>
Non-assigned Securities to Pay	-	-	-	-	-	2,938	<b>8,962</b>
Repurchase Agreements, net Operations with Collateral	432	193	361	240	402	389	<b>509</b>
Futures Receivable, net	-	-	-	-	-	-	-
Options and Derivatives, net	541	194	1,123	2	1,787	968	<b>2,258</b>
<b>Repos &amp; Derivatives</b>	<b>973</b>	<b>386</b>	<b>1,484</b>	<b>242</b>	<b>2,189</b>	<b>4,294</b>	<b>11,730</b>
Income Tax & Profit Sharing	672	692	1,123	1,303	894	1,519	<b>1,877</b>
Other Payable Accounts	15,554	11,636	7,605	7,603	11,956	12,855	<b>13,940</b>
<b>Other Payable Accounts</b>	<b>16,225</b>	<b>12,328</b>	<b>8,728</b>	<b>8,906</b>	<b>12,851</b>	<b>14,374</b>	<b>15,817</b>
Subordinated Non Convertible Debt	4,810	4,858	4,766	11,601	11,743	11,455	<b>11,538</b>
Deferred Taxes	-	164	209	147	322	243	<b>141</b>
Deferred Credits	111	105	81	73	264	464	<b>606</b>
<b>TOTAL LIABILITIES</b>	<b>186,826</b>	<b>189,640</b>	<b>186,138</b>	<b>211,195</b>	<b>215,415</b>	<b>233,716</b>	<b>241,697</b>
<b>STOCKHOLDER'S EQUITY</b>							
Paid-in Capital	11,822	11,817	11,818	11,818	11,818	11,818	<b>11,815</b>
Share Subscription Premiums	1,827	1,827	1,831	1,831	1,831	1,831	<b>1,831</b>
Subordinated Convertible Debentures	-	-	-	-	-	-	-
<b>Subscribed Capital</b>	<b>13,649</b>	<b>13,644</b>	<b>13,649</b>	<b>13,649</b>	<b>13,650</b>	<b>13,649</b>	<b>13,646</b>
Capital Reserves	1,795	2,058	2,104	2,104	2,405	2,401	<b>2,367</b>
Retained Earnings	17,220	16,921	16,920	16,142	21,923	21,923	<b>21,923</b>
Surplus (Deficit) from Securities	-	-	-	-	-	-	-
Results of Foreign Operations Exchange	-	-	-	-	-	-	-
Results from Coverage Securities Valuation	-	-	-	-	-	-	-
Surplus (Deficit) in Capital Restatement	(6,268)	(6,289)	(6,286)	(6,273)	(6,273)	(6,271)	<b>(6,273)</b>
Non Monetary Assets Results – Fixed Assets	-	-	-	-	-	-	-
Non Monetary Assets Results - Investment	(4,442)	(4,994)	(5,157)	(5,070)	(5,509)	(5,420)	<b>(5,008)</b>
Adjustments in the Employee Pension	-	-	-	-	-	-	-
Accumulated Deferred Tax Effect	-	-	-	-	-	-	-
Net Income	1,435	2,975	4,548	6,082	1,636	3,331	<b>5,044</b>
<b>Earned Capital</b>	<b>9,739</b>	<b>10,671</b>	<b>12,128</b>	<b>12,985</b>	<b>14,183</b>	<b>15,964</b>	<b>18,052</b>
Minority Interest	1,120	1,131	1,186	1,437	1,517	1,597	<b>1,585</b>
<b>Total Stockholder's Equity</b>	<b>24,507</b>	<b>25,447</b>	<b>26,964</b>	<b>28,071</b>	<b>29,350</b>	<b>31,210</b>	<b>33,283</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDER'S EQUITY</b>	<b>211,333</b>	<b>215,087</b>	<b>213,102</b>	<b>239,266</b>	<b>244,765</b>	<b>264,926</b>	<b>274,580</b>

### III. 2 FINANCIAL STATEMENTS



Figures are presented in constant pesos of September 2007.

<b>GFNORTE- MEMORANDUM ACCOUNTS</b> (Million Pesos)	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07
<b>On behalf of Third Party</b>							
Customer's Banks	13	14	9	12	24	1	4
Dividends Receivable from Customers	-	-	-	-	-	-	-
Interest Receivable from Customers	-	-	-	-	-	-	-
Liquidation of Customer Transactions	736	701	454	428	(315)	(431)	87
Customer Loans	-	-	-	-	-	-	-
Liquidation with Foreign Currency of Clients	-	-	-	-	-	-	-
Margin Accounts in Futures Operations	-	-	-	-	-	-	-
Other Current Accounts	-	-	-	-	-	-	-
<b>Customers Current Account</b>	<b>749</b>	<b>715</b>	<b>463</b>	<b>439</b>	<b>(291)</b>	<b>(430)</b>	<b>91</b>
Client Securities Held in Custody	131,484	131,482	147,336	166,117	176,120	184,907	182,127
Securities and Documents Received in Guarantee	-	-	-	-	-	-	-
Client Securities Abroad	-	-	-	-	-	-	-
<b>Client Securities</b>	<b>131,484</b>	<b>131,482</b>	<b>147,336</b>	<b>166,117</b>	<b>176,120</b>	<b>184,907</b>	<b>182,127</b>
Repurchase Operations for Customers	27,721	34,763	37,866	22,481	28,179	36,408	34,705
Clients Securities Loans	-	-	-	-	-	-	-
Purchase of Futures & Forward Contracts	-	-	-	-	-	-	-
Sale of Futures and Forward Contracts	-	-	-	-	-	-	-
Purchasing Operations (Option Price)	118	17	-	-	5	-	-
Sales Operations (Option Price)	-	-	-	-	-	-	-
Purchase of Derivative Packages	-	-	-	-	-	-	-
Sale of Derivative Packages	-	-	-	-	-	-	-
Administration Trust	2,775	2,684	2,511	2,825	2,776	2,973	2,863
<b>Transaction On Behalf of Clients</b>	<b>30,615</b>	<b>37,464</b>	<b>40,377</b>	<b>25,306</b>	<b>30,959</b>	<b>39,381</b>	<b>37,568</b>
<b>TOTAL ON BEHALF OF THIRD PARTY</b>	<b>162,847</b>	<b>169,660</b>	<b>188,176</b>	<b>191,862</b>	<b>206,789</b>	<b>223,859</b>	<b>219,786</b>
Signatura Guarantees Granted	-	-	-	34	-	-	-
Loan Obligations	2,313	2,216	2,415	3,491	2,377	2,113	2,642
Property in Trust and Guardianship	73,473	73,971	77,216	86,092	83,102	85,715	98,547
Amounts held in Custody or in Administration	93,188	93,647	95,096	95,302	98,249	101,436	108,523
Amounts committed to Operations with Fobaproa	683	1,175	492	537	-	-	-
In Transit Drafts	-	-	-	-	-	-	-
Certificates of Deposits in Circulation	479	545	455	1,210	968	826	1,373
Secured Credit Cards from the Company	-	-	-	-	-	-	-
Securities given to the Company in Custody	209	264	246	208	274	292	529
Government Securities in Custody of th Company	399	149	239	298	289	317	82
Securities given to the Company on Guarantee	-	-	-	-	-	-	-
Securities Outside the Country	-	-	-	-	-	-	-
Liquidations with Foreign Currencies Abroad	-	-	-	-	-	-	-
Debits to the Contingency Fund	-	-	-	-	-	-	-
Contingent Assets & Liabilities	271	274	271	268	264	280	279
Banking Transactions on Behalf of Third Parties	109,240	112,948	106,325	94,633	101,576	94,955	102,088
Uncharged Accrued Interest from Past Due Loans	114	120	137	55	64	76	97
Investments in Funds for the Retirement Saving	-	-	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-	-
Amounts Contracted in Derivatives	-	-	-	-	-	-	-
Other Trust Account Items	-	-	-	-	-	-	-
<b>Own Account Operations</b>	<b>280,368</b>	<b>285,308</b>	<b>282,893</b>	<b>282,128</b>	<b>287,164</b>	<b>286,010</b>	<b>314,160</b>
Securities to be Received	247,827	239,232	218,709	202,459	214,004	232,262	231,029
(Less) Securities to be Delivered	(248,168)	(239,283)	(219,032)	(202,674)	(214,301)	(232,922)	(231,481)
<b>Repurchase Transactions</b>	<b>(341)</b>	<b>(51)</b>	<b>(323)</b>	<b>(215)</b>	<b>(297)</b>	<b>(296)</b>	<b>(452)</b>
Securities to be Received	70,280	53,821	33,793	19,920	35,948	35,537	37,718
(Less) Securities to be Delivered	(70,246)	(53,848)	(33,718)	(19,920)	(35,955)	(35,318)	(37,682)
	<b>34</b>	<b>(27)</b>	<b>75</b>	<b>1</b>	<b>(7)</b>	<b>39</b>	<b>36</b>
<b>TOTAL ON OWN ACCOUNT</b>	<b>280,060</b>	<b>285,230</b>	<b>282,644</b>	<b>281,914</b>	<b>286,859</b>	<b>285,753</b>	<b>313,745</b>

Figures are presented in constant pesos of September 2007.

<b>GFNORTE - CONSOLIDATED STATEMENT OF CASH FLOW</b>	
<b>JANUARY 1, 2007 – SEPTEMBER 30, 2007</b>	
<i>(Million Pesos)</i>	
<b>Cash Flow from Operating Activities</b>	
<b>Net Income</b>	<b>5,044</b>
<b>Adjustments to Reconcile Net Income to Net Cash by Operating Activities</b>	
Mark to Market Valuation Results	(248)
Provisions for loan losses	1,696
Depreciation and amortization	703
Deffered Taxes	(180)
Provisions for Obligations	1,890
Minoritary Interest	244
Undistributed Earnings of Subsidiaries	(315)
	<b>3,790</b>
<b>Cash Flows From Investing Activities:</b>	
Banks Deposits	6,745
Decrease (Increase) loan portfolio	(31,219)
Decrease (Increase) credit assets portfolio	-
Decrease (Increase) treasury operations	5,708
Decrease (Increase) financial instruments	9,727
Loans from banks and other entities	4,490
Decrease (Increase) Deferred taxes	173
Decrease (Increase) in accounts receivable and payable	-
<b>Net Resources provided by operations</b>	<b>(4,376)</b>
<b>Financial Activities:</b>	
Subordinated Debentures Issue and Interest	(63)
Increase in other payable accounts	5,021
Issuance of stock	(41)
Cash Dividends	-
<b>Net Resources provided by investing activities</b>	<b>4,917</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>	
Fixed Assets increase	(492)
Proceeds from issuance of common stock	983
Decrease (Increase) Deferred charges or credits	(2,273)
Decrease (Increase) Foreclosed assets	32
Increase in other payable accounts	(12,719)
<b>Net Cash provided by financing activities</b>	<b>(14,469)</b>
<b>Decrease (increase) in cash and due from banks</b>	<b>(5,094)</b>
<b>Cash and due from banks at the beginning of the year</b>	<b>44,298</b>
<b>Cash and due from banks at the end of the year</b>	<b>39,204</b>

Figures are presented in constant pesos of September 2007.

<b>GFNORTE – CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY</b>		
<b>JANUARY 1, 2007 – SEPTEMBER 30, 2007.</b>		
<i>(Million Pesos)</i>		
<b>CONTRIBUTED CAPITAL</b>		
	<b>Capital Social</b>	<b>Prima en Venta de Acciones</b>
<b>Balance as of December 31,2006</b>	<b>11,818</b>	<b>1,831</b>
<b>Stock Changes</b>		
Issuance of stock	(3)	-
Profits Capitalization	-	-
Provisions Created	-	-
Increments in Capital	-	-
<b>Total</b>	<b>(3)</b>	<b>-</b>
<b>Total Income</b>		
Total Income:		
Net Income	-	-
Results of assets holdings	-	-
Minority Interest	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Balance as of September 30,2007</b>	<b>11,815</b>	<b>1,831</b>

<b>EARNED CAPITAL</b>							
	<b>Reservas de Capital</b>	<b>Resultado de Ejercicio Anterior</b>	<b>Exceso o Insuf. en la Actualización</b>	<b>Resultado por Tenencia de Activos</b>	<b>Resultado Neto</b>	<b>Interés Minoritario</b>	<b>Total Capital Contable</b>
<b>Balance as of December 31,2006</b>	<b>2,105</b>	<b>16,142</b>	<b>(6,274)</b>	<b>(5,069)</b>	<b>6,081</b>	<b>1,437</b>	<b>28,071</b>
<b>Stock Changes</b>							
Issuance of stock	(38)	-	-	-	-	-	(41)
Profits Application	-	6,081	-	-	(6,081)	-	-
Provisions created	300	(300)	-	-	-	-	-
Cash Dividends	-	-	-	-	-	-	-
Increments in Capital	-	-	-	-	-	-	-
<b>Total</b>	<b>262</b>	<b>5,781</b>	<b>-</b>	<b>-</b>	<b>(6,081)</b>	<b>-</b>	<b>(41)</b>
<b>Total Income</b>							
Total Income:							
Net Income	-	-	-	-	5,044	-	5,044
Non Monetary Assets Results	-	-	-	61	-	-	61
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61</b>	<b>5,044</b>	<b>-</b>	<b>5,105</b>
Minority Interest	-	-	-	-	-	148	148
<b>Balance as of September 30,2007</b>	<b>2,367</b>	<b>21,923</b>	<b>(6,274)</b>	<b>(5,008)</b>	<b>5,044</b>	<b>1,585</b>	<b>33,283</b>



Figures are presented in constant pesos of September 2007.

## BANKING SECTOR

<b>BANKING SECTOR* – INCOME STATEMENT</b> <i>(Million Pesos)</i>	<b>1Q06</b>	<b>2Q06</b>	<b>3Q06</b>	<b>Accum. 9M06</b>	<b>4Q06</b>	<b>1Q07</b>	<b>2Q07</b>	<b>3Q07</b>	<b>Accum. 9M07</b>
Interest Income	8,730	8,169	8,223	25,122	8,603	8,634	9,189	<b>9,821</b>	<b>27,644</b>
Interest Expense	5,393	4,774	4,653	14,820	4,879	4,876	5,256	<b>5,532</b>	<b>15,664</b>
Loan Fees	151	196	184	532	197	23	43	<b>76</b>	<b>141</b>
Fees Paid	36	35	41	112	38	-	-	-	-
<b>Net Interest Income (NII)</b>	<b>3,452</b>	<b>3,557</b>	<b>3,713</b>	<b>10,722</b>	<b>3,883</b>	<b>3,780</b>	<b>3,976</b>	<b>4,364</b>	<b>12,121</b>
Repomo - Margin	(55)	17	(90)	(129)	(126)	(37)	13	<b>(101)</b>	<b>(125)</b>
<b>NII after Repomo</b>	<b>3,396</b>	<b>3,574</b>	<b>3,623</b>	<b>10,593</b>	<b>3,757</b>	<b>3,743</b>	<b>3,989</b>	<b>4,264</b>	<b>11,966</b>
Loan Loss Provisions	369	439	377	1,185	325	246	730	<b>684</b>	<b>1,660</b>
Loss Sharing Provisions	18	14	-	32	-	-	-	-	-
<b>NII after Provisions</b>	<b>3,009</b>	<b>3,121</b>	<b>3,246</b>	<b>9,376</b>	<b>3,432</b>	<b>3,498</b>	<b>3,259</b>	<b>3,579</b>	<b>10,336</b>
Fund Transfers	54	60	61	175	62	59	57	<b>54</b>	<b>170</b>
Account Management	236	244	249	729	255	238	237	<b>235</b>	<b>710</b>
Fiduciary	58	67	69	195	75	63	64	<b>65</b>	<b>192</b>
Income from Loan Portfolios Acquired	631	450	335	1,416	265	114	177	<b>118</b>	<b>408</b>
Electronic Banking Services	185	203	212	600	223	209	225	<b>241</b>	<b>675</b>
Credit Cards	344	371	379	1,094	441	469	494	<b>544</b>	<b>1,507</b>
Fees from IPAB	9	7	8	24	2	1	-	<b>(1)</b>	-
Other Fees	129	168	132	429	162	208	225	<b>215</b>	<b>648</b>
<b>Fees on Services</b>	<b>1,647</b>	<b>1,569</b>	<b>1,445</b>	<b>4,661</b>	<b>1,485</b>	<b>1,361</b>	<b>1,479</b>	<b>1,470</b>	<b>4,310</b>
Fund Transfers	4	4	4	12	4	5	4	<b>4</b>	<b>12</b>
Other Fees	164	174	168	506	190	223	229	<b>242</b>	<b>694</b>
Expenses from Loan Portfolios Acquired	249	254	187	689	134	-	-	-	-
<b>Fees Paid</b>	<b>417</b>	<b>431</b>	<b>358</b>	<b>1,206</b>	<b>327</b>	<b>228</b>	<b>233</b>	<b>246</b>	<b>706</b>
Foreign Exchange	141	134	110	385	136	111	140	<b>114</b>	<b>364</b>
Securities - Realized Gains	487	97	226	810	311	285	(127)	<b>3</b>	<b>161</b>
Securities - Unrealized Gains	(191)	164	4	(23)	(84)	(27)	265	<b>78</b>	<b>316</b>
<b>Market-related Income</b>	<b>438</b>	<b>395</b>	<b>339</b>	<b>1,172</b>	<b>363</b>	<b>369</b>	<b>278</b>	<b>194</b>	<b>842</b>
<b>Non-Interest Income</b>	<b>1,668</b>	<b>1,533</b>	<b>1,425</b>	<b>4,627</b>	<b>1,521</b>	<b>1,502</b>	<b>1,524</b>	<b>1,419</b>	<b>4,445</b>
<b>Operating Income</b>	<b>4,678</b>	<b>4,654</b>	<b>4,672</b>	<b>14,003</b>	<b>4,953</b>	<b>5,000</b>	<b>4,783</b>	<b>4,998</b>	<b>14,781</b>
Personnel	1,217	1,282	1,013	3,513	1212	1,343	1,354	<b>1,376</b>	<b>4,073</b>
Professional Fees	195	182	153	529	215	223	195	<b>206</b>	<b>625</b>
Administrative and Promotion Expenses	727	746	810	2,283	824	885	926	<b>997</b>	<b>2,808</b>
Rents, Depreciation and Amortization	380	353	332	1,065	362	316	324	<b>317</b>	<b>957</b>
Other Taxes (other than Income tax)	134	100	101	336	132	125	113	<b>112</b>	<b>350</b>
Contributions to IPAB	165	171	168	504	169	172	188	<b>209</b>	<b>569</b>
<b>Non-Interest Expense</b>	<b>2,818</b>	<b>2,834</b>	<b>2,577</b>	<b>8,230</b>	<b>2,913</b>	<b>3,064</b>	<b>3,100</b>	<b>3,218</b>	<b>9,382</b>
<b>Net Operating Income</b>	<b>1,860</b>	<b>1,820</b>	<b>2,094</b>	<b>5,774</b>	<b>2,040</b>	<b>1,936</b>	<b>1,683</b>	<b>1,780</b>	<b>5,399</b>
Other Revenues	64	82	170	315	138	129	214	<b>282</b>	<b>624</b>
Foreign Exchange	-	-	-	-	-	-	-	-	-
Recoveries	142	128	126	396	76	421	468	<b>389</b>	<b>1,278</b>
Repomo - other revenues	1	-	1	2	2	2	-	<b>1</b>	<b>2</b>
<b>Non-Operating Income</b>	<b>207</b>	<b>209</b>	<b>297</b>	<b>713</b>	<b>216</b>	<b>551</b>	<b>682</b>	<b>672</b>	<b>1,904</b>
Other Expenses	(106)	(155)	(23)	(285)	(61)	(99)	(111)	<b>(29)</b>	<b>(239)</b>
Foreign Exchange	-	-	-	-	-	-	-	-	-
Repomo - otros expenses	(105)	5	(99)	(199)	(159)	(135)	49	<b>(112)</b>	<b>(198)</b>
<b>Non-Operating Expense</b>	<b>(211)</b>	<b>(150)</b>	<b>(123)</b>	<b>(484)</b>	<b>(221)</b>	<b>(234)</b>	<b>(62)</b>	<b>(140)</b>	<b>(436)</b>
<b>Non Operating Income (Expense), net</b>	<b>(4)</b>	<b>59</b>	<b>174</b>	<b>229</b>	<b>(5)</b>	<b>317</b>	<b>620</b>	<b>532</b>	<b>1,468</b>
<b>Pre-Tax Income</b>	<b>1,856</b>	<b>1,879</b>	<b>2,268</b>	<b>6,003</b>	<b>2,036</b>	<b>2,252</b>	<b>2,303</b>	<b>2,312</b>	<b>6,867</b>
Income Tax	407	451	705	1,564	580	618	606	<b>648</b>	<b>1,872</b>
Profit Sharing	130	144	177	451	185	229	235	<b>181</b>	<b>645</b>
Tax on Assets	-	-	-	-	-	-	-	-	-
Deferred Inc. Tax and Profit Sharing	141	121	46	308	(76)	(15)	(42)	<b>(93)</b>	<b>(149)</b>
<b>Taxes</b>	<b>678</b>	<b>717</b>	<b>928</b>	<b>2,323</b>	<b>690</b>	<b>832</b>	<b>799</b>	<b>737</b>	<b>2,368</b>
<b>Net Income before Subsidiaries</b>	<b>1,178</b>	<b>1,162</b>	<b>1,340</b>	<b>3,680</b>	<b>1,346</b>	<b>1,421</b>	<b>1,504</b>	<b>1,575</b>	<b>4,499</b>
Subsidiaries' Net Income	77	36	77	190	84	29	8	<b>33</b>	<b>71</b>
<b>Net Income form Continuous Operations</b>	<b>1,255</b>	<b>1,198</b>	<b>1,416</b>	<b>3,870</b>	<b>1,430</b>	<b>1,450</b>	<b>1,512</b>	<b>1,608</b>	<b>4,570</b>
Extraordinary Items, net	-	-	-	-	-	-	-	-	-
Minority Interest	-	-	-	-	7	19	21	<b>13</b>	<b>52</b>
<b>TOTAL NET INCOME</b>	<b>1,255</b>	<b>1,198</b>	<b>1,416</b>	<b>3,870</b>	<b>1,423</b>	<b>1,431</b>	<b>1,491</b>	<b>1,596</b>	<b>4,518</b>

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

### III. 2 FINANCIAL STATEMENTS



Figures are presented in constant pesos of September 2007.

<b>BANKING SECTOR – BALANCE SHEET</b> <i>(Million Pesos)</i>	<b>1Q06</b>	<b>2Q06</b>	<b>3Q06</b>	<b>4Q06</b>	<b>1Q07</b>	<b>2Q07</b>	<b>3Q07</b>
<b>ASSETS</b>							
<b>Cash and Due from Banks</b>	<b>40,555</b>	<b>40,978</b>	<b>42,250</b>	<b>43,962</b>	<b>41,431</b>	<b>47,827</b>	<b>39,014</b>
Negotiable Instruments	14,563	15,092	8,638	14,817	7,069	5,990	<b>8,742</b>
Securities Held for Sale	5,449	1,288	1,986	6,383	10,225	8,365	<b>10,633</b>
Securities Held to Maturity	4,643	4,651	4,565	4,494	741	766	<b>751</b>
<b>Financial Instruments</b>	<b>24,655</b>	<b>21,031</b>	<b>15,189</b>	<b>25,694</b>	<b>18,035</b>	<b>15,121</b>	<b>20,126</b>
Non-assigned Securities to Pay	-	-	-	-	-	-	-
Repurchase Agreements, net	106	99	34	14	59	81	<b>43</b>
Operations with Collateral	-	-	-	-	-	-	-
Futures Receivable, net	-	-	-	-	-	-	-
Options & Derivatives	367	217	1,182	20	938	285	<b>1,713</b>
<b>Repos &amp; Derivatives</b>	<b>473</b>	<b>317</b>	<b>1,216</b>	<b>34</b>	<b>998</b>	<b>366</b>	<b>1,756</b>
Commercial	55,857	60,550	61,897	74,745	76,254	79,793	<b>78,462</b>
Financial Intermediaries	4,400	4,318	4,503	4,326	4,836	8,386	<b>11,617</b>
Consumer	17,351	18,984	19,924	21,142	22,275	24,125	<b>25,388</b>
Mortgage	26,871	29,099	31,026	28,371	29,628	31,837	<b>33,703</b>
Government Entities	15,161	13,537	13,251	10,992	14,999	16,953	<b>17,569</b>
IPAB	175	-	-	-	-	-	-
Fiduciary Collection Rights	-	-	-	-	-	-	-
<b>Performing Loans</b>	<b>119,815</b>	<b>126,488</b>	<b>130,601</b>	<b>139,576</b>	<b>147,992</b>	<b>161,094</b>	<b>166,738</b>
Commercial	665	680	664	646	702	727	<b>744</b>
Financial Intermediaries	-	-	-	-	-	-	-
Consumer	452	533	585	621	709	870	<b>998</b>
Mortgage	791	781	800	736	726	792	<b>826</b>
Government Entities	-	-	-	-	-	-	-
<b>Past Due Loans</b>	<b>1,908</b>	<b>1,995</b>	<b>2,049</b>	<b>2,003</b>	<b>2,137</b>	<b>2,390</b>	<b>2,568</b>
<b>Credit Loans</b>	<b>121,723</b>	<b>128,483</b>	<b>132,651</b>	<b>141,579</b>	<b>150,129</b>	<b>163,484</b>	<b>169,306</b>
Preventive Loan Loss Reserves	3,287	3,504	3,584	3,518	3,262	3,481	<b>3,494</b>
<b>Net Loan Portfolio</b>	<b>118,436</b>	<b>124,978</b>	<b>129,066</b>	<b>138,061</b>	<b>146,867</b>	<b>160,003</b>	<b>165,811</b>
Acquired Collection Rights	3,935	4,097	3,899	3,693	4,113	3,975	<b>3,797</b>
<b>Total Loans</b>	<b>122,371</b>	<b>129,076</b>	<b>132,966</b>	<b>141,754</b>	<b>150,980</b>	<b>163,978</b>	<b>169,608</b>
Sundry Debtors & Other Assets, net	7,912	7,979	5,246	5,527	9,397	13,435	<b>18,160</b>
Foreclosed Assets, net	370	310	285	323	416	422	<b>291</b>
Real Estate, Furniture & Equipment, net	5,197	5,192	5,246	5,928	5,931	5,886	<b>5,909</b>
Investments in Subsidiaries	1,420	1,440	1,491	1,592	912	899	<b>818</b>
Deferred Taxes	345	-	-	-	-	-	-
Goodwill	18	14	11	3,642	4,113	4,181	<b>4,112</b>
Intangibles	-	-	-	158	153	156	<b>206</b>
Other Assets	824	897	799	1,310	3,130	3,042	<b>3,446</b>
	<b>16,086</b>	<b>15,832</b>	<b>13,078</b>	<b>18,479</b>	<b>24,052</b>	<b>28,022</b>	<b>32,942</b>
<b>TOTAL ASSETS</b>	<b>204,140</b>	<b>207,233</b>	<b>204,699</b>	<b>229,923</b>	<b>235,496</b>	<b>255,315</b>	<b>263,446</b>

## III. 2 FINANCIAL STATEMENTS



Figures are presented in constant pesos of September 2007.

<b>BANKING SECTOR – BALANCE SHEET</b> (Million Pesos)	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07
<b>LIABILITIES</b>							
Demand Deposits	80,193	84,987	82,627	97,390	93,535	98,966	<b>95,226</b>
Time Deposits	67,571	66,745	69,440	75,705	78,382	79,379	<b>85,050</b>
Bonds	-	-	-	-	-	-	-
<b>Deposits</b>	<b>147,764</b>	<b>151,732</b>	<b>152,066</b>	<b>173,095</b>	<b>171,917</b>	<b>178,345</b>	<b>180,275</b>
Demand	559	1,650	833	1,008	-	7,369	<b>2,413</b>
Short Term	2,887	2,708	2,511	2,526	3,495	4,014	<b>3,992</b>
Long Term	10,147	11,987	11,499	8,687	8,138	8,421	<b>8,879</b>
<b>Due to Banks &amp; Correspondents</b>	<b>13,592</b>	<b>16,345</b>	<b>14,843</b>	<b>12,221</b>	<b>11,633</b>	<b>19,804</b>	<b>15,283</b>
Non-assigned Securities to Pay	-	-	-	-	-	2,938	<b>8,962</b>
Repurchase Agreements, net	418	180	285	225	367	341	<b>465</b>
Operations with Collateral	-	-	-	-	-	-	-
Futures Receivable, net	-	-	-	-	-	-	-
Options and Derivatives, net	331	177	1,122	2	1,759	968	<b>2,258</b>
<b>Repos &amp; Derivatives</b>	<b>749</b>	<b>357</b>	<b>1,407</b>	<b>227</b>	<b>2,126</b>	<b>4,246</b>	<b>11,686</b>
Income Tax & Profit Sharing	590	588	992	1,180	788	1,374	<b>1,675</b>
Other Payable Accounts	15,172	11,196	7,191	7,201	11,537	12,379	<b>13,419</b>
<b>Other Payable Accounts</b>	<b>15,762</b>	<b>11,783</b>	<b>8,183</b>	<b>8,381</b>	<b>12,325</b>	<b>13,753</b>	<b>15,093</b>
Subordinated Non Convertible Debt	4,810	4,858	4,766	11,601	11,743	11,455	<b>11,538</b>
Deferred Taxes	-	92	138	77	252	187	<b>103</b>
Deferred Credits	71	56	36	45	217	405	<b>546</b>
<b>TOTAL LIABILITIES</b>	<b>182,749</b>	<b>185,223</b>	<b>181,440</b>	<b>205,647</b>	<b>210,212</b>	<b>228,196</b>	<b>234,525</b>
<b>STOCKHOLDER'S EQUITY</b>							
Paid-in Capital	10,565	10,566	10,565	10,565	10,772	10,771	<b>10,772</b>
Share Subscription Premiums	1,134	1,134	1,134	1,134	841	841	<b>841</b>
Subordinated Convertible Debentures	-	-	-	-	-	-	-
<b>Subscribed Capital</b>	<b>11,699</b>	<b>11,700</b>	<b>11,699</b>	<b>11,699</b>	<b>11,613</b>	<b>11,613</b>	<b>11,613</b>
Capital Reserves	3,349	3,600	3,600	3,555	3,333	3,333	<b>3,333</b>
Retained Earnings	8,503	7,877	7,877	7,076	10,975	10,975	<b>10,975</b>
Surplus (Deficit) from Securities	90	(95)	(234)	(30)	40	439	<b>458</b>
Results of Foreign Operations Exchange	-	-	-	-	(509)	(659)	<b>(491)</b>
Results from Coverage Securities Valuation	-	-	-	36	9	16	<b>20</b>
Surplus (Deficit) in Capital Restatement	(2,726)	(2,733)	(2,733)	(2,736)	(1,905)	(1,903)	<b>(1,906)</b>
Non Monetary Assets Results – Fixed Assets	13	13	13	13	-	-	-
Non Monetary Assets Results - Investment	(473)	(486)	(515)	(552)	30	97	<b>101</b>
Adjustments in the Employee Pension	-	-	-	-	-	-	-
Accumulated Deferred Tax Effect	(320)	(320)	(320)	(320)	-	-	-
Net Income	1,255	2,453	3,870	5,292	1,431	2,922	<b>4,518</b>
<b>Earned Capital</b>	<b>9,692</b>	<b>10,310</b>	<b>11,559</b>	<b>12,335</b>	<b>13,404</b>	<b>15,219</b>	<b>17,008</b>
Minority Interest	1	1	1	241	268	287	<b>300</b>
<b>Total Stockholder's Equity</b>	<b>21,391</b>	<b>22,010</b>	<b>23,259</b>	<b>24,276</b>	<b>25,284</b>	<b>27,119</b>	<b>28,921</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDER'S EQUITY</b>	<b>204,140</b>	<b>207,233</b>	<b>204,699</b>	<b>229,923</b>	<b>235,496</b>	<b>255,315</b>	<b>263,446</b>

<b>BANKING SECTOR – MEMORANDUM ACCOUNTS</b> (Million Pesos)	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07
SignaturE Guarantees Granted	-	-	-	34	-	-	-
Contingent Assets & Liabilities	271	274	271	268	264	280	<b>279</b>
Irrevocable Lines of Credit	2,313	2,216	2,415	3,491	2,377	2,113	<b>2,642</b>
Assets held in Trust and Mandate	73,473	73,971	77,216	86,092	83,102	85,715	<b>98,547</b>
Assets held in custody or in administration	89,283	89,737	91,232	91,509	94,483	97,641	<b>104,765</b>
Investment banking transactions for third parties, net	109,240	112,948	106,325	94,633	101,576	94,955	<b>102,088</b>
Uncharged accrued interest from past- due loans	112	118	134	51	58	68	<b>90</b>
Engaged amounts in fobaproa operations	683	1,175	492	537	-	-	-
Investment of retirement saving funds	-	-	-	-	-	-	-
Integration of loan portfolio	-	-	-	-	-	-	-
Received amounts in derivative instruments	-	-	-	-	-	-	-
Fobaproa trusts	-	-	-	-	-	-	-
Securities to be received	217,845	203,415	173,498	175,250	185,490	196,215	<b>194,761</b>
(Less) payable for reversal	(218,190)	(203,471)	(173,752)	(175,458)	(185,777)	(196,477)	<b>(195,179)</b>
Receivables for reversal	54,397	30,937	10,065	14,035	15,628	11,015	<b>12,787</b>
(Less) securities to be delivered	(54,364)	(30,961)	(10,062)	(14,039)	(15,648)	(11,013)	<b>(12,791)</b>
Other control accounts	-	-	-	-	-	-	-
	<b>275,063</b>	<b>280,357</b>	<b>277,835</b>	<b>276,402</b>	<b>281,553</b>	<b>280,513</b>	<b>307,989</b>

Figures are presented in constant pesos of September 2007.

**BANORTE USA**

<b>BANORTE USA – INCOME STATEMENT</b> <i>(Million Pesos)</i>	<b>1Q07</b>	<b>2Q07</b>	<b>3Q07</b>	<b>9M07</b>
Interest Income	302	277	296	875
Interest Expense	146	140	148	434
Loan Fees	-	-	-	-
Fees Paid	-	-	-	-
<b>Net Interest Income (NII)</b>	<b>156</b>	<b>137</b>	<b>148</b>	<b>441</b>
Repomo-Margin	-	(1)	-	-
<b>NII after Repomo</b>	<b>156</b>	<b>136</b>	<b>148</b>	<b>440</b>
Loan Loss Provisions	15	27	(20)	23
Loss Sharing Provisions	-	-	-	-
<b>NII after Provisions</b>	<b>141</b>	<b>109</b>	<b>168</b>	<b>418</b>
Fund transfers	-	-	-	-
Account management	-	-	-	-
Fiduciary	-	-	-	-
Income from Loan Portfolios Acquired	-	-	-	-
Electronic Banking Services	-	-	-	-
Credit Card	-	-	-	-
Fees from IPAB	-	-	-	-
Other fees	24	25	25	74
<b>Fees on services,</b>	<b>24</b>	<b>25</b>	<b>25</b>	<b>74</b>
Fund transfers	-	-	-	-
Other fees	-	-	-	-
Expenses from Loan Portfolios Acquired	-	-	-	-
<b>Fees paid,</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Foreign exchange	-	-	-	-
Securities –Realized gains	-	-	-	-
Securities- Unrealized gains	-	-	-	-
<b>Market-related Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Non Interest Income</b>	<b>24</b>	<b>25</b>	<b>25</b>	<b>74</b>
<b>Total Operating Income</b>	<b>165</b>	<b>133</b>	<b>193</b>	<b>491</b>
Personnel	50	51	53	154
Professional Fees	6	7	7	20
Administrative and Promotion Expenses	50	61	65	176
Rents, depreciation and amortization	11	9	9	29
Taxes, other than income tax	-	-	-	-
Contributions to IPAB	-	-	-	-
<b>Non-Interest Expense</b>	<b>117</b>	<b>128</b>	<b>135</b>	<b>380</b>
<b>Operating Income</b>	<b>48</b>	<b>5</b>	<b>58</b>	<b>111</b>
Other Revenues	28	41	40	109
Foreign exchange	-	-	-	-
Recoveries	1	1	1	3
Repomo-other revenues	-	-	-	-
<b>Non Operating Income</b>	<b>29</b>	<b>42</b>	<b>41</b>	<b>113</b>
Other Expense	-	-	-	-
Foreign exchange	-	-	-	-
Repomo-other Expenses	-	(3)	-	(3)
<b>Non Operating Expense</b>	<b>-</b>	<b>(3)</b>	<b>-</b>	<b>(3)</b>
<b>Non Operating Income (Expense), net</b>	<b>29</b>	<b>39</b>	<b>41</b>	<b>110</b>
<b>Pre-tax Income</b>	<b>77</b>	<b>44</b>	<b>99</b>	<b>221</b>
Income Tax	(26)	(15)	(33)	(74)
Profit sharing	-	-	-	-
Tax on Assets	-	-	-	-
Deferred Inc. Tax and Profit sharing	-	-	-	-
	<b>(26)</b>	<b>(15)</b>	<b>(33)</b>	<b>(74)</b>
<b>Net Income before subsidiaries</b>	<b>51</b>	<b>30</b>	<b>66</b>	<b>147</b>
Subsidiaries' net income	-	-	-	-
<b>Net Income from continuous operations</b>	<b>51</b>	<b>30</b>	<b>66</b>	<b>147</b>
Extraordinary items, net	-	-	-	-
Minority Interest	(18)	(21)	(13)	(52)
<b>TOTAL NET INCOME</b>	<b>33</b>	<b>9</b>	<b>53</b>	<b>95</b>

## III. 2 FINANCIAL STATEMENTS



Figures are presented in constant pesos of September 2007.

<b>BANORTE USA – BALANCE SHEET</b> (Million Pesos)	<b>1Q07</b>	<b>2Q07</b>	<b>3Q07</b>
<b>ASSETS</b>			
<b>Cash and due from Banks</b>	<b>1,478</b>	<b>400</b>	<b>278</b>
Negotiable Instruments	-	-	-
Securities held for sale	4,023	3,910	4,585
Securities held to maturity	11	11	10
<b>Financial Instruments:</b>	<b>4,034</b>	<b>3,921</b>	<b>4,595</b>
Non-assigned securities to pay	-	-	-
Repurchase agreements, net	-	-	-
Operations with collateral	-	-	-
Futures receivable, net	-	-	-
Options and derivatives, net	-	-	-
<b>Repos &amp; Derivatives :</b>	<b>-</b>	<b>-</b>	<b>-</b>
Commercial	8,797	9,369	9,456
Financial Intermediaries	-	-	-
Consumer	154	156	168
Mortgage	713	712	782
Government Entities	-	-	-
IPAB	-	-	-
Fiduciary collection rights	-	-	-
<b>Performing Loans</b>	<b>9,664</b>	<b>10,236</b>	<b>10,405</b>
Commercial	72	49	39
Financial Intermediaries	-	-	-
Consumer	1	-	-
Mortgage	5	10	6
Government Entities	-	-	-
<b>Past Due Loans</b>	<b>78</b>	<b>59</b>	<b>45</b>
<b>Total Loans</b>	<b>9,742</b>	<b>10,295</b>	<b>10,450</b>
Preventive loan loss reserves	189	211	123
<b>Net Loan Portfolio</b>	<b>9,555</b>	<b>10,084</b>	<b>10,328</b>
Credit Assets Portfolio	-	-	-
Sundry debtors and other assets, net	-	14	7
Foreclosed assets, net	20	15	17
Real Estate, Furniture & Equipment, net	559	560	575
Investments in subsidiaries	7	7	7
Deferred taxes	-	-	-
Risk Coverage for Mortgage	-	-	-
GoodWill	2,598	3	2,539
Intangible	153	156	146
Otros Assets	438	409	426
<b>Other Assets</b>	<b>3,189</b>	<b>3,765</b>	<b>3,111</b>
<b>TOTAL ASSETS</b>	<b>18,841</b>	<b>18,169</b>	<b>18,919</b>

### III. 2 FINANCIAL STATEMENTS



Figures are presented in constant pesos of September 2007.

<b>BANORTE USA – BALANCE SHEET</b> (Million Pesos)	<b>1Q07</b>	<b>2Q07</b>	<b>3Q07</b>
<b>LIABILITIES</b>			
Demand Deposits	8,085	7,517	6,786
Time Deposits	6,702	6,475	7,052
Bonds	-	-	-
<b>Deposits</b>	<b>14,788</b>	<b>13,991</b>	<b>13,839</b>
Demand	-	-	-
Short term	-	109	59
Long term	87	84	901
<b>Due to banks and correspondents</b>	<b>87</b>	<b>192</b>	<b>960</b>
Non-assigned securities to pay	-	-	-
Repurchase agreements, net	-	-	-
Operations with collateral	-	-	-
Futures receivable, net	-	-	-
Options and derivatives, net	-	-	-
<b>Repos &amp; Derivatives:</b>			
Income Tax & Profit Sharing	32	-	-
Other Payable accounts	216	120	115
<b>Other payable accounts</b>	<b>248</b>	<b>120</b>	<b>115</b>
Subordinated non Convertible Debenture	229	226	225
Deferred Taxes	30	7	17
Deferred credits	-	19	24
<b>TOTAL LIABILITIES</b>	<b>15,383</b>	<b>14,556</b>	<b>15,180</b>
<b>STOCKHOLDER'S EQUITY</b>			
Paid-in Capital	3,081	3,294	3,275
Share subscription premiums	-	-	-
Subordinated Convertible Debentures	-	-	-
<b>Subscribed Capital</b>	<b>3,081</b>	<b>3,294</b>	<b>3,275</b>
Capital Reserves	-	-	-
Retained Earnings	10	10	10
Surplus (Deficit) from securities	22	2	39
Results of foreign operations exchange	49	(25)	20
Excess (Insuf.) in capital restatement	-	-	-
Non Mon assets results Fixed Assets	-	-	-
Non Mon assets results Investm subsidiaries	-	-	-
Adjustment in the employees pension funds	-	-	-
Accumulated Deferred tax effect	-	-	-
Net Income	33	43	95
<b>Earned Capital</b>	<b>115</b>	<b>29</b>	<b>165</b>
Minority Holdings	262	291	299
<b>Total Stockholder's Equity</b>	<b>3,458</b>	<b>3,613</b>	<b>3,739</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDER'S CAPITAL</b>	<b>18,841</b>	<b>18,169</b>	<b>18,919</b>

<b>BANORTE USA – MEMORANDUM ACCOUNTS</b> (Million Pesos)	<b>1Q07</b>	<b>2Q07</b>	<b>3Q07</b>
Signature guarantees granted	-	-	-
Other contingent obligations	-	-	-
Irrevocable lines of credit	18	21	14
Credit commitments	-	-	-
Assets held in trust and mandate	-	-	-
Assets held in custody or in administration	-	-	-
Investment banking transactions for third parties, net	-	-	-
Engaged amounts in fobaproa operations	-	-	-
Investment of retirement saving funds	-	-	-
Integration of loan portfolio	-	-	-
Received amounts in derivative instruments	-	-	-
Fobaproa trusts	-	-	-
Securities to be received	-	-	-
(Less) payable for reversal	-	-	-
Receivables for reversal	-	-	-
(Less) securities to be delivered	-	-	-
Other control accounts	-	-	-
<b>Signature guarantees granted</b>	<b>18</b>	<b>21</b>	<b>14</b>

Figures are presented in constant pesos of September 2007.

## ACCOUNTING CHANGES AND REGULATIONS

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

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

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

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

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

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

- **Changes to accounting criteria.**

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

The most relevant changes are listed below:

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

- **B-11 Bulletin.**

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

Figures are presented in constant pesos of September 2007.

## LOAN PORTFOLIO SALES TO SOLIDA ADMINISTRADORA DE PORTAFOLIOS

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

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

(Millions of Nominal Pesos)	Local Currency (2)			Foreign Currency (USD)(3)			Total		
	Aug'02	Jun'07	Sep'07	Aug'02	Jun'07	Sep'07	Aug'02	Jun'07	Sep'07
<b>Performing Loans</b>									
Commercial	5	-	-	5	-	-	10	-	-
Consumer	-	-	-	-	-	-	-	-	-
Mortgage	54	81	75	-	-	-	54	81	75
<b>Total</b>	<b>59</b>	<b>81</b>	<b>75</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>64</b>	<b>81</b>	<b>75</b>
<b>Non Performing Loans</b>									
Commercial	405	385	384	293	126	127	698	511	511
Consumer	81	73	73	-	-	-	81	73	73
Mortgage	1,112	485	478	-	-	-	1,112	485	478
<b>Total</b>	<b>1,598</b>	<b>943</b>	<b>935</b>	<b>293</b>	<b>126</b>	<b>127</b>	<b>1,891</b>	<b>1,069</b>	<b>1,062</b>
<b>TOTAL LOANS</b>	<b>1,657</b>	<b>1,024</b>	<b>1,010</b>	<b>298</b>	<b>126</b>	<b>127</b>	<b>1,955</b>	<b>1,150</b>	<b>1,137</b>
<b>Loan Loss Reserves (1)</b>									
Commercial	326	368	367	246	120	122	572	488	489
Consumer	77	73	73	-	-	-	77	73	73
Mortgage	669	454	447	-	-	-	669	454	447
<b>Total</b>	<b>1,072</b>	<b>895</b>	<b>887</b>	<b>246</b>	<b>120</b>	<b>122</b>	<b>1,318</b>	<b>1,015</b>	<b>1,009</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 83 million as of September 2007.

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

In 3Q07 the Loan portfolio showed changes due to: collections for Ps 11 million, re-structures for Ps 4 million, repossessed assets for Ps 0.6 millions and Ps 29 million in charge-offs and discounts. In the Loan loss provisions there were charge-offs and discounts for Ps 5 million and repossessed assets for Ps 1 million. There were transfers from performing loans to past due loans for Ps 6 million and transfers from past due loans to performing loans for Ps 4 million.



### III. 4 LOAN PORTFOLIO SALES TO SOLIDA



Figures are presented in constant pesos of September 2007.

(Millions of Nominal Pesos)	Local Currency <sup>(1)</sup>		Foreign Currency (USD) <sup>(2)</sup>		Total	
	Jun'07	Sep'07	Jun'07	Sep'07	Jun'07	Sep'07
<b>Performing Loans</b>						
Commercial	82,112	86,218	14,136	13,961	96,248	100,179
Consumer	23,671	25,220	-	-	23,671	25,220
Mortgage	30,819	32,996	-	-	30,819	32,996
Fobaproa / IPAB	-	-	-	-	-	-
<b>Performing Loans</b>	<b>136,602</b>	<b>144,434</b>	<b>14,136</b>	<b>13,961</b>	<b>150,738</b>	<b>158,395</b>
<b>Non Performing Loans</b>						
Commercial	1,022	1,048	160	168	1,182	1,216
Consumer	932	1,071	-	-	932	1,071
Mortgage	1,258	1,298	-	-	1,258	1,298
<b>Non Performing Loans</b>	<b>3,212</b>	<b>3,417</b>	<b>160</b>	<b>168</b>	<b>3,372</b>	<b>3,585</b>
<b>TOTAL LOANS</b>	<b>139,814</b>	<b>147,851</b>	<b>14,296</b>	<b>14,129</b>	<b>154,110</b>	<b>161,980</b>
<b>Loan Loss Reserves</b>	<b>3,986</b>	<b>3,977</b>	<b>259</b>	<b>264</b>	<b>4,245</b>	<b>4,241</b>
<b>Net Loan Portfolio</b>	<b>135,828</b>	<b>143,874</b>	<b>14,037</b>	<b>13,865</b>	<b>149,865</b>	<b>157,739</b>
<b>Loan Loss Reserves</b>					<b>125.89%</b>	<b>118.30%</b>
<b>% Past Due Loans</b>					<b>2.2%</b>	<b>2.21%</b>

(1) Includes UDIS.

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

Figures are presented in constant pesos of September 2007.

**NOTES TO FINANCIAL STATEMENTS**

<b>FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 3Q07</b>				
<i>(Million Pesos)</i>				
<b>NEGOTIABLE INSTRUMENTS</b>	<b>BOOK VALUE</b>	<b>INTEREST</b>	<b>MARKET VALUE</b>	<b>UNREALIZED GAIN (LOSS)</b>
Government Securities	999	1	1,001	1
Banking Securities	5,728	11	5,739	(1)
Private	248	4	276	23
Banks paper	-	-	-	-
Treasury Bonds	112	-	112	-
UMS	513	-	512	(1)
Commercial Paper	-	-	-	-
Shares listed in the SIC	1,667	-	1,673	6
Guarantee (collateral) for futures	1	-	2	-
Mutual Funds	4	-	4	-
Swap of Coverage purposes	39	-	40	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>SECURITIES HELD FOR SALE</b>				
Government Securities	4,611	34	4,585	(60)
Mexican Government Securities (UMS)	700	7	721	14
Treasury Bonds	-	-	-	-
Bonds public company	19	-	60	41
Eurobonds	-	-	-	-
Banks paper	-	-	-	-
Structured note	-	-	-	-
PEMEX	4,725	118	4,894	50
Subordinate securities	21	-	373	352
Swap of Coverage purposes	-	-	-	-
<b>Total</b>	<b>10,076</b>	<b>159</b>	<b>10,633</b>	<b>398</b>
<b>SECURITIES HELD TO MATURITY</b>				
Special Cetes	637	7	644	-
Trust Bonds	-	-	-	-
Fiduciary Rights	34	-	8	(26)
Bonds	-	-	-	-
Mexican Government Securities (UMS)	-	-	-	-
Government securities	10	-	10	-
PEMEX (dils)	-	-	-	-
Bonos Strip	13	-	13	-
Subordinate securities	75	-	75	-
<b>Total</b>	<b>770</b>	<b>7</b>	<b>751</b>	<b>(26)</b>
<b>TOTAL</b>	<b>20,157</b>	<b>183</b>	<b>20,742</b>	<b>401</b>

<b>ASSIGNED VALUES FOR SETTLEMENT 3Q07</b>				
<i>(Million Pesos)</i>				
<b>ASSIGNED VALUES FOR SETTLEMENT</b>	<b>BOOK VALUE</b>	<b>INTEREST</b>	<b>MARKET VALUE</b>	<b>UNREALIZED GAIN (LOSS)</b>
Government securities	8,864	8	8,850	(22)
Banking securities	-	-	-	-
Private	-	-	-	-
Banks paper	-	-	-	-
Treasury Bonds	112	-	112	-
UMS	-	-	-	-
Commercial Paper	-	-	-	-
Shares listed in the SIC	-	-	-	-
Guarantee (collateral) for futures	-	-	-	-
Mutual Funds	-	-	-	-
Swap of Coverage Purposes	-	-	-	-
<b>Total</b>	<b>8,976</b>	<b>8</b>	<b>8,962</b>	<b>(22)</b>

### III. 5 NOTES TO FINANCIAL STATEMENTS



Figures are presented in constant pesos of September 2007.

REPURCHASE AGREEMENT OPERATIONS 3Q07					
<i>(Million Pesos)</i>					
SALES	MARKET VALUE			FINANCIAL STATEMENT	
	RECEIVABLES ON REPURCHASE AGREEMENT	SECURITIES TO BE DELIVERED	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE
Government Securities	200,714	201,142	(427)	23	450
Banking Securities	16,940	16,960	(20)	11	31
Private Securities	13,374	13,379	(4)	13	17
<b>Total</b>	<b>231,029</b>	<b>231,481</b>	<b>(452)</b>	<b>47</b>	<b>499</b>

PURCHASE					
<i>(Million Pesos)</i>					
PURCHASE	MARKET VALUE			FINANCIAL STATEMENT	
	RECEIVABLES ON REPURCHASE AGREEMENT	SECURITIES TO BE DELIVERED	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE
Government Securities	31,892	31,848	(44)	47	3
Banking Securities	2,505	2,506	2	-	2
Private Securities	3,321	3,328	6	-	6
<b>Total</b>	<b>37,718</b>	<b>37,682</b>	<b>(36)</b>	<b>47</b>	<b>10</b>
			Balance	94	509

DERIVATIVE FINANCIAL INSTRUMENTS OPERATIONS 3Q07			
<i>(Million Pesos)</i>			
INSTRUMENT	TO RECEIVE	TO DELIVER	NET
<b>FORWARDS</b>			
Over INPC	26	(26)	-
<b>forward contract with foreign currencies</b>			
Market Value			
Agreed Price	3,119	4,175	7,294
<b>Coverage</b>	3,141	4,157	7,297
Market Value			
Agreed Price	-	-	-
<b>SWAPS</b>			
Capital			
Interest rate			
Valuation	18,140	(18,183)	(42)
<b>Coverage</b>			
Capital	13,917	(14,345)	(428)
Interest rate	272	(184)	88
Valuation	2,483	(2,903)	(420)
<b>OPTIONS WITH FOREIGN CURRENCIES</b>			
<b>Actives</b>			
Swaptions	5	(4)	2
Rate Options	533	(385)	147
Index Options (ipc)	23	(23)	1
	561	(412)	149
<b>Passives</b>			
Swaptions	-	-	-
Rate Options	117	(63)	54
Index Options (ipc)	-	-	-
	117	(63)	54
<b>Debt Balance</b>			
<b>Creditor Balance</b>			
<b>FORWARDS</b>	(14)	6	(7)
<b>FORWARD CONTRACT WITH FOREIGN CURRENCIES</b>			
Rate Options	(417)	407	(10)
Market Value	-	-	-
Agreed Price	(431)	414	(17)
<b>Coverage</b>			236
Market Value			(781)

### III. 5 NOTES TO FINANCIAL STATEMENTS



Figures are presented in constant pesos of September 2007.

NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 3Q07				
<i>(Millones de Pesos)</i>				
PRODUCT	KIND	UNDERLYING	CURRENCY	POSITION
Forwards of Foreign Currency	Purchases	Exchange Rate (Dollar)	MXN	3,187
Forwards of Foreign Currency	Sells	Exchange Rate (Dollar)	MXN	4,215
				7,402
Options with Foreign Currency	Purchases	Exchange Rate (Dollar)	MXN	-
Options with Foreign Currency	Sells	Exchange Rate (Dollar)	MXN	4
				4
Rate Options	Purchases	TIIE	MXN	1,786,470
Rate Options	Sells	TIIE	MXN	1,772,304
				3,558,774
Swaps with Rate	USLI/IRS	TIIE	MXN	1,000
Swaps with Rate	TIIE/IRS	TIIE	MXN	1,250
				2,250
Swaps with Rate	USLI/IRS	LIBOR	MXN	-
Swaps with Rate	TIIE/IRS	TIIE	MXN	90,684
				90,684
Swaps with Rate	CETE-US/CS	CETE	MXN	4,701
Swaps with Foreign Currency	TIIE-EU/CS	TIIE	MXN	866
Swaps with Foreign Currency	MXP-US/CSF	FIX/FIX	MXN	19,929
Swaps with Foreign Currency	TIIE-US/BS	TIIE/LIBOR	MXN	2,332
Swaps with Foreign Currency	TIIE-US/CS	TIIE	MXN	6,960
				34,787
Forwards in MEXDER	Purchases	TIIE	MXN	44,826
Forwards in MEXDER	Sells	TIIE	MXN	2,755
				47,581
Forwards in MEXDER	Purchases	CETE	MXN	1,500
Forwards in MEXDER	Sells	CETE	MXN	-
				1,500
Forwards in MEXDER	Purchases	M10	MXN	-
Forwards in MEXDER	Sells	M10	MXN	-
				-

NON GOVERNMENTAL FINANCIAL INSTRUMENTS ABOVE BY 5% OF NET CAPITAL 3Q07			
<i>(Million Pesos)</i>			
INDUSTRY	INVESTMENT INSTRUMENT	AMOUNT	% NET CAPITAL
BANSAN	Banking Bond	4,106	12%

### III. 5 NOTES TO FINANCIAL STATEMENTS



Figures are presented in constant pesos of September 2007.

LOAN PORTFOLIO								
<i>(Million Pesos)</i>								
	Local Currency		UDIS		Foreign Currency		Total	
	3Q06	3Q07	3Q06	3Q07	3Q06	3Q07	3Q06	3Q07
<b>Performing Loans</b>								
Commercial	56,678	62,477	262	288	11,943	24,604	68,882	87,359
Financial Intermediaries	1,299	8,924	-	-	870	722	2,169	9,646
Consumer	19,847	25,133	78	90	-	168	19,926	25,391
Mortgages	29,605	31,830	1,420	1,090	-	782	31,026	33,703
Government Entities	12,805	17,212	-	-	467	357	13,273	17,569
Fobaproa	-	-	-	-	-	-	-	-
<b>Total</b>	<b>120,234</b>	<b>145,577</b>	<b>1,761</b>	<b>1,469</b>	<b>13,281</b>	<b>26,633</b>	<b>135,275</b>	<b>173,678</b>
<b>Past Due Loans</b>								
Commercial	697	781	16	8	47	80	760	869
Financial Intermediaries	-	-	-	-	-	-	-	-
Consumer	585	998	-	-	-	-	585	998
Mortgages	404	474	396	346	-	6	800	826
Government Entities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,686</b>	<b>2,252</b>	<b>412</b>	<b>354</b>	<b>47</b>	<b>86</b>	<b>2,145</b>	<b>2,693</b>
<b>Total Proprietary Loans</b>	<b>121,921</b>	<b>147,829</b>	<b>2,172</b>	<b>1,823</b>	<b>13,327</b>	<b>26,719</b>	<b>137,420</b>	<b>176,371</b>

COST OF BALANCES OF FINAPE, FOPIME, MORTGAGE UDIS AND MORTGAGE FOVI LOAN PORTFOLIOS AS OF 3Q07		
<i>(Million Pesos)</i>		
	TOTAL	
	PERIOD COST	BALANCE OF LOAN PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	30	54
Mortgage FOVI	13	13
	<b>44</b>	<b>68</b>

The quarter ending with a balance of Ps 68 million pesos in debtors support programs with a cost of the period of Ps 44 million.

Figures are presented in constant pesos of September 2007.

- **Troubled Portfolio**

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

(Million Pesos)	Total
Troubled Portfolio	1,910
Total Loans	179,778
Troubled Portfolio / Total Loans	1.1%

DEFERRED TAXES			
(Million Pesos)			
ASSETS	INCOME TAX	PROFIT SHARING	NET
Taxes losses pending amortization	-	-	-
Unrealized loss from Securities held for sale	19	-	19
Provisions for possible loss in loans	36	-	36
Deferred compensation	4	-	4
Non deductible provisions and accumulative income	173	59	232
Excess of accounting value over fiscal value on Repossessed Assets	304	54	358
Diminishable profit sharing	178	-	178
Past-due loan reserves	16	-	16
Anticipated Income and Expenses	142	49	191
<b>Installation expenses</b>	9	-	9
Valuation Effect of Financial Instruments	2	-	2
<b>Tax on Assets to recover</b>	2	-	2
<b>Total Assets</b>	<b>886</b>	<b>162</b>	<b>1,048</b>
LIABILITIES			
Accrued interest and inflationary component of Fixed Assets, Foreclosed, Intangible & Others	(181)	-	(181)
Loan Portfolio Acquisitions	(633)	(84)	(717)
Capitalizable projects	(64)	(23)	(87)
Income tax to pay on UDIS Trust funds	(36)	-	(36)
Book value depreciation	(35)	-	(35)
Dividends Federal Home loan Bank	(4)	-	(4)
Intangibles amortizations	(37)	-	(37)
Expenses paid in advance	(2)	-	(2)
Effects of other accounts	(2)	(1)	(3)
Effects of other accounts	(2)	(2)	(4)
Sale Cost Revers	(12)	-	(12)
Organization and Recording Expenses & Installation Expenses	(10)	-	(10)
Unrealized capital gain from investments in siefore	(44)	-	(44)
Trust Revenue "Meseta"	(18)	-	(18)
<b>Total liabilities</b>	<b>(1,079)</b>	<b>(110)</b>	<b>(1,189)</b>
<b>Assets (Liabilities) Accumulated Net</b>	<b>(193)</b>	<b>52</b>	<b>(141)</b>

### III. 5 NOTES TO FINANCIAL STATEMENTS



Figures are presented in constant pesos of September 2007.

LONG TERM DEBT AS OF 3Q07								
<i>(Million Pesos)</i>								
TYPE OF DEBT	CURR ENCY	DATE OF ISSUE	AMOUNT (Pesos)	ORIGINAL AMOUNT (Million Ps, Dlls or UDIS)	TERM	INTEREST RATE	MATURITY	INTEREST PAYMENT
CD's- Banorte U01001	UDIs	11-Jan-01	348	90	10 años	8.13%	30-Dec-10	E/182 days
Non Convertible Subordinate Bonds QBanorte 02D	Ps	28-Nov-02	1,223	1,136	10 años	8.00%	28-Nov-12	E/182 days
Step-Up Subordinated Callable Notes Due 2014	Dlls	17-Feb-04	3,279	300	10 años	5.875%	17-Feb-14	E/ 180 days
Non Convertible Subordinate Bonds 2006	Dlls	13-Oct-06	4,373	400	10 años	6.135%	13-Apr-16	E/ 180 days
Non Convertible Subordinate Bonds 2006	Dlls	13-Oct-06	2,188	200	15 años	6.862%	13-Apr-21	E/ 180 days

BANK AND OTHER ENTITIES LOANS AS OF 3Q07							
<i>(Million Pesos)</i>							
	LOCAL CURRENCY	INTER EST RATE	TERM (DAYS)	FOREIGN CURRENCY	INTEREST RATE	TERM (DAYS)	TOTAL
LOANS FROM LOCAL BANKS	-	-	-	643	5.98%	286	643
LOANS FROM FOREIGN BANK CONCERTED FROM THE COUNTRY	-	-	-	888	L+0.9	1,004	888
LOANS FROM FOREIGN BANK CONCERTED FROM CAYMAN	-	-	-	2,928	5.83%	754	2,928
LOANS FROM DEVELOPING BANKS	3,200	9.02%	719	1,299	10.30%	731	4,499
LOANS FROM PUBLIC FUNDS	8,048	7.14%	580	90	6.00%	643	8,138
LOANS FROM BANKS	-	-	-	-	-	-	-
CALL MONEY	3,877	7.22%	3	-	-	-	3,877
LOANS FROM FIDUCIARY FUNDS	629	10.42%	5,037	-	-	-	629
PROVISIONS FOR INTEREST	85	N.A	N.A	-	-	-	85
	<b>15,839</b>			<b>5,848</b>			<b>21,687</b>

Figures are presented in constant pesos of September 2007.

<b>TRADING INCOME 3Q07</b>	
<i>(Million Pesos)</i>	
<b>VALUATION EFFECTS</b>	
Negotiable Instruments	5
Securities Held to Maturity	-
Repurchase	142
Derived instruments	175
Futures	-
Securities loans	-
Range	-
Inflation Adjustment	-
<b>Total</b>	<b>323</b>
<b>RESULTS FORM BUYING AND SELLING</b>	
Negotiable Instruments	499
Securities Held for Sell	(38)
Derived for coverage purposes	85
Inflation Adjustment	-
<b>Total of Buying and Selling Instruments</b>	<b>546</b>
FX Spot	320
FX Forwards	-
FX Futures	-
FX Futures TIIE	-
Forwards	-
Trading currencies securitization	(1)
Gain from metal intermediation	-
Metals Valuation	(6)
<b>Total of Foreign Exchange</b>	<b>314</b>
Inflation Adjustment	<b>8</b>
<b>Total of Buying and Selling</b>	<b>867</b>
<b>TOTAL TRADING INCOME</b>	<b>1,190</b>



Figures are presented in constant pesos of September 2007.

- **Risk Management**

- **Credit Risk**

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

The objectives of credit risk management at GFNorte are:

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

- **Individual Credit Risk**

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

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

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

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

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

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

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

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

- **Portfolio Credit Risk**

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

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

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

Figures are presented in constant pesos of September 2007.

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

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

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

By September 30, 2007, the Banco Mercantil del Norte total portfolio was Ps 160,772 million. The expected loss represents 1.8% and the unexpected loss is 3.3% with respect to the total portfolio. The average expected loss is 1.8% during the period between July 2007 and September 2007.

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

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

Basic capital by June 30, 2007	<u>\$22,644</u>
I. Financings whose individual amount represents more than 10% of the basic capital:	
Credit operations	
– Number of financings	0
– Total amount of financings	<u>\$0</u>
– % vs. basic capital	0%
Money Market operations	
– Number of financings	3
– Total amount of financings	<u>\$2,635</u>
– % vs. basic capital	12%
II. Maximum amount of financing with the 3 major Common Risk debtors and groups	
	<u>\$14,229</u>

Figures are presented in constant pesos of September 2007.

#### ➤ Market Risk

##### • Value at Risk

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

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

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

The average VaR for the July - September 2007 quarter for the portfolio is Ps 1,715 million.

Million Pesos	3Q06	4Q06	1Q07	2Q07	3Q07
Total Var *	1,043	1,499	1,648	1,748	<b>1,715</b>
Net Capital ***	26,405	31,151	31,043	32,364	<b>34,809</b>
VaR/Net Capital	3.95%	4.81%	5.31%	5.40%	<b>4.93%</b>

\* Quarter Average of Bank and Brokerage House

\*\* Net capital of the Banking Sector is the arithmetic sum of the net capitals of Bank and Brokerage House.

Moreover, the average Value at Risk per risk factor of the portfolio of instruments described for the Bank and Brokerage House, during the Third quarter of 2007 is shown below:

Risk Factor	VaR
Domestic interest rate	2,005
Foreign interest rate	134
Exchange rate	73
Capitals	27
Prices of Bonds in Foreign Currency	69
<b>Total VaR of Bank and Brokerage House</b>	<b>1,715</b>

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

Figures are presented in constant pesos of September 2007.

- **Backtesting Analysis**

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

- **Sensitivity Analysis and Extreme Conditions Test**

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

- **Liquidity Risk and Balance**

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

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

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

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

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

- **Operational Risk**

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

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

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

### **Pillars of Operational Risk Management**

#### **I. Policies, Objectives and Guidelines**

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

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

Figures are presented in constant pesos of September 2007.

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

#### II. Quantitative and Qualitative Measuring Tools

##### Operating Losses Database

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

Types of Events	Description
Internal Fraud	Acts 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, intended to defraud, usurp the property or avoid the law.
Labor Relations	Acts that are inconsistent with the laws or agreements of employment, health or safety, or that result in payment of claims for personal damage or regarding discrimination issues.
Practices with Clients	Negligent or unintentional faults that hinder compliance with the professional obligations with clients, or faults derived from the nature or 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.

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

##### • **Legal and Fiscal Contingencies Database**

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

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

##### • **Risk Management Model**

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

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

#### III. Required Capital Calculation

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

Figures are presented in constant pesos of September 2007.

**IV. Information and Reporting**

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

➤ **Technology risk**

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

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

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

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

➤ **Legal risk**

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

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

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

### III. 5 NOTES TO FINANCIAL STATEMENTS



Figures are presented in constant pesos of September 2007.

- Information by Segments

<b>GFNORTE – BALANCE SHEET 3Q07</b>											
<i>(Million Pesos)</i>											
	Holding	Banorte	Brokerage	Leasing	Factoring	Warehouse	Pronego cio	Total	Eliminatio ns	Final Balance	
Interest Income	10	27,664	1,576	404	348	3	201	30,206	(1,449)	28,757	
Interest Expense	-	15,664	1,707	163	214	1	37	17,786	(1,361)	16,425	
Loan Fees	-	140	-	-	-	-	5	145	-	145	
<b>Net Interest Income (NII)</b>	<b>10</b>	<b>12,140</b>	<b>(130)</b>	<b>242</b>	<b>134</b>	<b>2</b>	<b>169</b>	<b>12,566</b>	<b>(88)</b>	<b>12,478</b>	
Repomo-Margin	(3)	(143)	(9)	(9)	(12)	-	(1)	(177)	-	(177)	
<b>NII after Repomo</b>	<b>7</b>	<b>11,997</b>	<b>(139)</b>	<b>233</b>	<b>121</b>	<b>2</b>	<b>168</b>	<b>12,389</b>	<b>(88)</b>	<b>12,301</b>	
Loan Loss & Loss Sharing Provisions	-	1,660	-	5	4	-	28	1,696	-	1,696	
<b>NII after Provisions</b>	<b>7</b>	<b>10,337</b>	<b>(139)</b>	<b>228</b>	<b>117</b>	<b>2</b>	<b>140</b>	<b>10,693</b>	<b>(88)</b>	<b>10,605</b>	
Fees on services,	-	5,037	469	-	10	26	-	5,543	(81)	5,461	
Fees paid,	-	726	-	2	12	-	25	765	(1)	764	
Market-related Income	-	842	348	-	-	-	-	1,190	-	1,190	
<b>Total Non Interest Income</b>	<b>-</b>	<b>5,153</b>	<b>817</b>	<b>(2)</b>	<b>(2)</b>	<b>26</b>	<b>(25)</b>	<b>5,967</b>	<b>(81)</b>	<b>5,887</b>	
<b>Total Operating Income</b>	<b>7</b>	<b>15,490</b>	<b>678</b>	<b>226</b>	<b>116</b>	<b>28</b>	<b>115</b>	<b>16,660</b>	<b>(168)</b>	<b>16,492</b>	
Non-Interest Expense	3	9,951	391	154	21	16	128	10,664	(242)	10,422	
<b>Operating Income</b>	<b>3</b>	<b>5,539</b>	<b>287</b>	<b>72</b>	<b>95</b>	<b>13</b>	<b>(13)</b>	<b>5,996</b>	<b>74</b>	<b>6,070</b>	
Non Operating Income	18	1,904	21	34	15	118	4	2,114	(74)	2,040	
Non Operating Expense	1	436	25	1	1	115	1	580	-	580	
<b>Non Operating Income (Expense)NET</b>	<b>17</b>	<b>1,468</b>	<b>(4)</b>	<b>32</b>	<b>14</b>	<b>3</b>	<b>2</b>	<b>1,534</b>	<b>(74)</b>	<b>1,460</b>	
<b>Pre-tax Income</b>	<b>21</b>	<b>7,007</b>	<b>283</b>	<b>105</b>	<b>109</b>	<b>16</b>	<b>(10)</b>	<b>7,530</b>	<b>-</b>	<b>7,530</b>	
Tax and Profit sharing	8	2,418	95	-	34	5	(3)	2,557	-	2,557	
<b>Net Income before subsidiaries</b>	<b>13</b>	<b>4,589</b>	<b>187</b>	<b>105</b>	<b>75</b>	<b>11</b>	<b>(7)</b>	<b>4,973</b>	<b>-</b>	<b>4,973</b>	
Subsidiaries' net income	5,031	41	7	-	-	-	-	5,078	(4,764)	315	
<b>Net Inc. from continuous operations</b>	<b>5,043</b>	<b>4,630</b>	<b>194</b>	<b>105</b>	<b>75</b>	<b>11</b>	<b>(7)</b>	<b>10,052</b>	<b>(4,764)</b>	<b>5,288</b>	
Extraordinary items, net	-	-	-	-	-	-	-	-	-	-	
Minority Interest	-	(112)	-	-	-	-	-	(112)	(133)	(244)	
<b>TOTAL NET INCOME</b>	<b>5,043</b>	<b>4,518</b>	<b>194</b>	<b>105</b>	<b>75</b>	<b>11</b>	<b>(7)</b>	<b>9,940</b>	<b>(4,897)</b>	<b>5,044</b>	

### III. 5 NOTES TO FINANCIAL STATEMENTS



Figures are presented in constant pesos of September 2007.

<b>GFNORTE – BALANCE SHEET AS OF 3Q07</b>										
<i>(Million Pesos)</i>										
<b>ASSETS</b>	Holding	Banorte	Brokera ge	Leasing	Factorin g	Wareh ouse	Pronego cio	Total	Eliminatio ns	Final balance
Cash and due from Banks	444	39,173	1	2	34	15	8	39,677	(473)	39,204
Negotiable Instruments	-	8,742	616	-	-	-	-	9,358	-	9,358
Securities held for sale	-	10,633	-	-	-	-	-	10,633	-	10,633
Securities held to maturity	-	751	-	-	-	-	-	751	-	751
Financial Instruments:	-	20,126	616	-	-	-	-	20,742	-	20,742
Non-assigned securities to pay	-	-	-	-	-	-	-	-	-	-
Futures receivable, net	-	43	51	-	-	-	-	94	-	94
Options and derivatives, net	-	1,713	-	-	-	-	-	1,713	-	1,713
Repos & Derivatives :	-	1,756	51	-	-	-	-	1,807	-	1,807
Commercial	-	78,462	-	2,658	5,70	-	561	87,386	(17)	87,369
Financial Intermediaries	-	11,617	-	302	-	-	-	11,919	(2,273)	9,646
Consumer	-	25,388	-	3	-	-	-	25,391	-	25,391
Mortgage	-	33,703	-	-	-	-	-	33,703	-	33,703
Government Entities	-	17,569	-	-	-	-	-	17,569	-	17,569
Fobaproa	-	-	-	-	-	-	-	-	-	-
Performing Loans	-	166,738	-	2,963	5,70	-	561	175,968	(2,290)	173,678
Commercial	-	744	-	5	18	-	102	869	-	869
Financial Intermediaries	-	-	-	-	-	-	-	-	-	-
Consumer	-	998	-	-	-	-	-	998	-	998
Mortgage	-	826	-	-	-	-	-	826	-	826
Government Entities	-	-	-	-	-	-	-	-	-	-
Past Due Loans	-	2,568	-	5	18	-	102	2,693	-	2,693
Total Credit	-	169,306	-	2,969	5,72	-	664	178,661	(2,290)	176,371
Preventive loan loss reserves	-	3,494	-	13	25	-	32	3,564	-	3,564
Net Loan Portfolio	-	165,811	-	2,956	5,69	-	632	175,097	(2,290)	172,807
Acquired collection rights	-	3,797	-	-	-	-	-	3,797	-	3,797
Total Loans	-	169,608	-	2,956	5,69	-	632	178,894	(2,290)	176,604
Sundry debtors and other assets, net	11	18,279	117	33	-	37	6	18,483	(9)	18,474
Merchandise Inventory	-	-	-	-	-	9	-	9	-	9
Foreclosed assets, net	-	291	-	-	-	-	-	291	-	291
Real Estate, Furniture & Equipment, net	-	5,989	17	636	1	57	58	6,759	-	6,759
Investments in subsidiaries	31,213	1,024	67	-	-	-	-	32,304	(29,778)	2,526
Deferred taxes	1	-	-	-	6	-	12	19	(19)	-
GoodWill	34	4,112	-	-	-	-	-	4,146	-	4,146
Intangible	-	206	-	-	-	-	-	206	-	206
Otros Assets	-	3,484	317	-	3	5	5	3,814	3	3,811
Total Other Assets	31,259	33,385	518	668	11	109	81	66,032	(29,808)	36,224
<b>TOTAL ASSETS</b>	<b>31,703</b>	<b>264,049</b>	<b>1,18</b>	<b>3,627</b>	<b>5,74</b>	<b>123</b>	<b>721</b>	<b>307,151</b>	<b>(32,571)</b>	<b>274,580</b>



### III. 5 NOTES TO FINANCIAL STATEMENTS



Figures are presented in constant pesos of September 2007.

<b>GFNORTE – BALANCE SHEET AS OF 3Q07</b>										
<i>(Million Pesos)</i>										
<b>LIABILITIES</b>	<b>Holding</b>	<b>Banorte</b>	<b>Brokerage</b>	<b>Leasing</b>	<b>Factoring</b>	<b>Wareho use</b>	<b>Prone- gocio</b>	<b>Total</b>	<b>Eliminati ons</b>	<b>Final balance</b>
Demand Deposits	-	95,224	-	-	-	-	-	95,224	(19)	95,205
Time Deposits	-	85,050	-	-	-	-	-	85,050	(477)	84,573
Bonds	-	-	-	-	-	-	-	-	-	-
<b>Deposits</b>	-	<b>180,273</b>	-	-	-	-	-	<b>180,273</b>	<b>(495)</b>	<b>179,778</b>
Demand	-	2,413	-	-	-	-	-	2,413	-	2,413
Short term	-	3,992	-	1,478	5,157	2	616	11,244	(2,289)	8,956
Long term	-	8,879	-	1,327	113	-	-	10,319	-	10,319
<b>Due to banks &amp; corresp.</b>	-	<b>15,283</b>	-	<b>2,805</b>	<b>5,270</b>	<b>2</b>	<b>616</b>	<b>23,976</b>	<b>(2,289)</b>	<b>21,687</b>
Assigned securities to pay	-	8,962	-	-	-	-	-	8,962	-	8,962
Non-assigned securities to pay	-	-	-	-	-	-	-	-	-	-
Futures receivable, net	-	465	44	-	-	-	-	509	-	509
Options and derivatives, net	-	2,258	-	-	-	-	-	2,258	-	2,258
<b>Repos &amp; Derivatives:</b>	-	<b>2,724</b>	<b>44</b>	-	-	-	-	<b>2,768</b>	-	<b>2,768</b>
Income Tax & Profit Sharing	4	1,758	105	-	8	2	-	1,877	-	1,877
Other Payable accounts	1	13,460	116	317	8	6	19	13,927	13	13,940
<b>Other payable accounts</b>	<b>5</b>	<b>15,218</b>	<b>222</b>	<b>317</b>	<b>16</b>	<b>8</b>	<b>20</b>	<b>15,804</b>	<b>13</b>	<b>15,817</b>
Subordinated non Convertible Debenture	-	11,538	-	-	-	-	-	11,538	-	11,538
Deferred Taxes	-	140	5	-	-	16	-	160	(19)	141
Deferred credits	-	546	-	46	4	-	13	609	(3)	606
<b>TOTAL LIABILITIES</b>	<b>5</b>	<b>234,684</b>	<b>270</b>	<b>3,168</b>	<b>5,290</b>	<b>25</b>	<b>649</b>	<b>244,091</b>	<b>(2,793)</b>	<b>241,297</b>
<b>STOCKHOLDER'S EQUITY</b>										
Paid-in Capital	11,815	10,772	531	163	138	86	77	23,581	(11,766)	11,815
Share subscription premiums	1,831	841	-	-	-	-	-	2,673	(841)	1,831
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-	-	-
<b>Subscribed Capital</b>	<b>13,646</b>	<b>11,613</b>	<b>531</b>	<b>163</b>	<b>138</b>	<b>86</b>	<b>77</b>	<b>26,254</b>	<b>(12,607)</b>	<b>13,646</b>
Capital Reserves	2,367	3,333	57	78	59	14	-	5,907	(3,539)	2,367
Retained Earnings	21,923	10,978	670	312	268	51	2	34,202	(12,278)	21,923
Surplus (Deficit) from securities	-	458	-	-	-	-	-	458	(458)	-
Results from coverage securities valuation	-	(491)	-	-	-	-	-	(491)	491	-
Results of foreign operations exchange	-	20	2	-	-	-	-	22	(22)	-
Excess (Insuf.) in capital restatement	(6,273)	(1,906)	(521)	(200)	(86)	(3)	-	(8,989)	2,715	(6,273)
Non Mon assets results Fixed Assets	-	-	1	-	-	-	-	1	(1)	-
Non Mon assets results Investm subsidiaries	(5,008)	101	(18)	-	-	(60)	-	(4,986)	(22)	(5,008)
Adjustment in the employees pension funds	-	-	-	-	-	-	-	-	-	-
Net Income	5,044	4,518	194	105	75	11	(7)	9,940	(4,897)	5,044
<b>Earned Capital</b>	<b>31,698</b>	<b>28,621</b>	<b>916</b>	<b>459</b>	<b>453</b>	<b>98</b>	<b>72</b>	<b>62,317</b>	<b>(30,619)</b>	<b>31,698</b>
Minority Holdings	-	744	-	-	-	-	-	744	841	1,585
<b>Total Stockholder's Equity</b>	<b>31,698</b>	<b>29,365</b>	<b>916</b>	<b>459</b>	<b>453</b>	<b>98</b>	<b>72</b>	<b>63,061</b>	<b>(29,778)</b>	<b>33,283</b>
<b>TOT. LIAB. &amp; STOCKHOL. EQUITY</b>	<b>31,703</b>	<b>264,049</b>	<b>1,186</b>	<b>3,627</b>	<b>5,743</b>	<b>123</b>	<b>721</b>	<b>307,151</b>	<b>(32,571)</b>	<b>274,580</b>

Figures are presented in constant pesos of September 2007.

#### ● **Internal Control**

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

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

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

During 3Q07, SCI continued working to develop activities associated with strengthening risk control, assessment and management, establishing and monitoring controls and insuring information quality.

#### ● **Treasury Policy**

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

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

#### ● **Internal and External Liquidity Sources**

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

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

Figures are presented in constant pesos of September 2007.

- **Dividend Policy**

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

- **Related Parties Loans**

At GFNorte, the amount of the loans performed with related individuals and companies, does not exceed the established limit of 75% of the Tier 1 capital. As of September 30, 2007 and June 30, 2007, the loans granted to related parties totaled Ps \$4,942 million and Ps. \$4,480 million, respectively.

- **People in Charge**

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

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

Ing. Sergio García Robles Gil  
Chief Financial Officer

C.P. Román Martínez Méndez  
Managing Director Audit

Lic. Jorge Eduardo Vega Camargo  
Executive Director Comptrollership

C.P. Nora Elia Cantú Suárez  
Executive Director Accounting

Figures are presented in constant pesos of September 2007.

- **Basis for submitting Financial Statements**

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

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

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

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

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