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

GFNorte reports Net Income of Ps $2.0 billion in 3Q08, Growth of 15% YoY and 11% QoQ

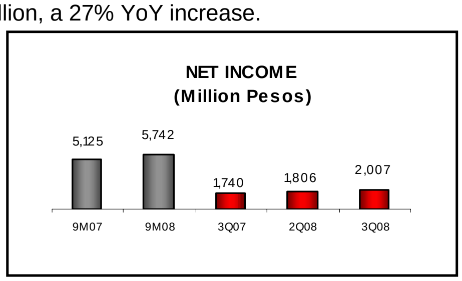
OPERATING RESULTS *(Million Pesos)*	3Q07	2Q08	3Q08	QoQ	YoY	9M07	9M08	YoY
Net Interest Income	4,573	5,232	**5,756**	10%	26%	12,682	**16,167**	27%
Non Interest Income	1,939	1,989	**2,028**	2%	5%	5,986	**5,977**	-%
Total Income	6,512	7,221	**7,784**	8%	20%	18,668	**22,144**	19%
Non Interest Expense	3,607	3,903	**3,736**	(4%)	4%	10,592	**11,438**	8%
Operating Income	2,057	2,063	**2,395**	16%	16%	6,172	**6,794**	10%
Net Income	1,740	1,806	**2,007**	11%	15%	5,125	**5,742**	12%

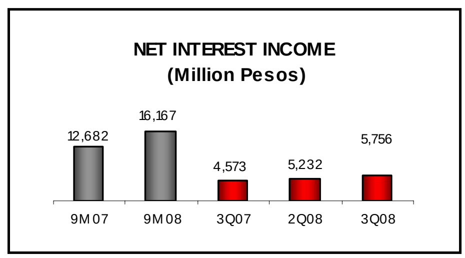
- **Net income**

GFNorte's net income in 3Q08 was Ps 2.0 billion, a 15% YoY increase driven by a 26% jump in net interest income resulting from higher market rates and 31% annual growth in performing loans. Net income was also driven by an 11% increase in fee income due to higher transaction volumes resulting from a growing number of bank customers, an 86% jump in fees from real estate portfolios and 13% growth in non-operating revenues. On a sequential basis, net income was 11% higher than 2Q08 as a result of increases of 10% in net financial revenues, 2% in non interest income, 8% in non-operating revenues, and a 4% reduction in operating expenses. Accumulated net income in 9M08 reached Ps $5.7 billion, a 12% YoY increase.

- **Net Interest Income**

During 3Q08 net interest income (NII) increased 26% YoY, driven by growth of 23% in interest income as a result of the increase in performing loans and higher market interest rates. NII also expanded due to robust growth in demand deposits and in loan origination fees. On a QoQ basis, NII rose 10% due to higher interest rates resulting from tighter monetary policy and solid growth across all loan segments. The accumulated NII in 9M08 totaled Ps $16.2 billion, a 27% YoY increase.



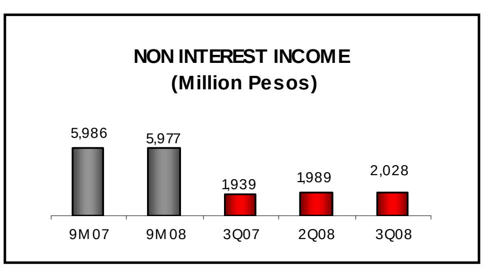


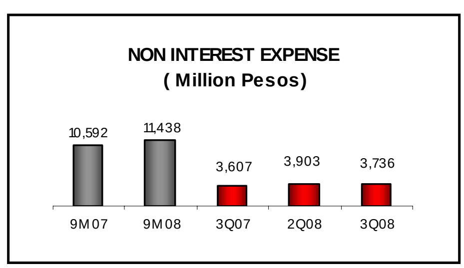
- **Non Interest Income**

During 3Q08, non interest income increased 5% vs. 3Q07 to Ps $2.0 billion, as a consequence of higher service fees and recoveries from acquired real estate portfolios, which offset lower trading income resulting from a very challenging market environment . On a sequential basis, non interest income rose 2% vs. 2Q08, driven by higher recoveries from acquired real estate portfolios and FX revenues. Accumulated non interest income in 9M08 totaled Ps $5.98 billion, a similar level from 9M07.

- **Non Interest Expense**

During 3Q08, this line item grew 4% YoY, driven by higher personnel expenses resulting from the expansion of our infrastructure. On a QoQ basis, there was a 4% decline vs. 2Q08 due to lower Administration and Promotional Expenses given the reduction in credit card originations. On an accumulated basis, expenses for 9M08 were $11.4 billion, 8% higher than in 9M07. The efficiency ratio was 48% in 3Q08 vs. 54.1% in 2Q08 and 55.4% in 3Q07. During 9M08, the efficiency ratio was 52% vs. 57% in 9M07.





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

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

INCOME STATEMENT AND BALANCE SHEET HIGHLIGHTS – *GFNorte* *(Million Pesos)*	3Q07	2Q08	3Q08	QoQ	YoY	9M07	9M08	YoY
Income Statement								
Net Interest Income after REPOMO	4,435	5,232	**5,756**	10%	30%	12,503	**16,167**	29%
Non Interest Income	1,939	1,989	**2,028**	2%	5%	5,986	**5,977**	-%
Total Income	6,374	7,221	**7,784**	8%	22%	18,488	**22,144**	20%
Non Interest Expense	3,607	3,903	**3,736**	(4%)	4%	10,592	**11,438**	8%
Provisions	709	1,255	**1,653**	32%	133%	1,725	**3,912**	127%
Operating Income	2,057	2,063	**2,395**	16%	16%	6,172	**6,794**	10%
Non Operating Income (Expense)	527	551	**593**	7%	12%	1,485	**1,846**	24%
Taxes and Profit Sharing	806	751	**982**	31%	22%	2,599	**2,808**	8%
Subsidiaries & Minority Interest	(39)	(57)	**1**	(102%)	(103%)	67	**(90)**	(232%)
Net Income	1,740	1,806	**2,007**	11%	15%	5,125	**5,742**	12%
Balance Sheet								
Assets Under Management	590,647	649,832	**629,971**	(3%)	7%	590,647	**629,971**	7%
Total Assets	279,248	323,611	**343,204**	6%	23%	279,248	**343,204**	23%
Perfoming Loans (a)	176,631	217,544	**231,111**	6%	31%	176,631	**231,111**	31%
Past Due Loans (b)	2,739	3,225	**3,979**	23%	45%	2,739	**3,979**	45%
Total Loans (a+b)	179,369	220,769	**235,091**	6%	31%	179,369	**235,091**	31%
Total Loans (Net) (d)	175,745	216,552	**230,187**	6%	31%	175,745	**230,187**	31%
Acquired Collection Rights (e)	3,861	3,375	**3,232**	(4%)	(16%)	3,861	**3,232**	(16%)
Total Loans (d+e)	179,606	219,927	**233,419**	6%	30%	179,606	**233,419**	30%
Total Liabilities	245,399	285,174	**304,085**	7%	24%	245,399	**304,085**	24%
Demand Deposits	96,824	106,693	**107,694**	1%	11%	96,824	**107,694**	11%
Time Deposits	86,011	114,557	**133,799**	17%	56%	86,011	**133,799**	56%
Equity	33,849	38,437	**39,119**	2%	16%	33,849	**39,119**	16%

FINANCIAL RATIOS - *GFNorte*	3Q07	2Q08	3Q08	QoQ	YoY	9M07	9M08	YoY
Profitability:								
NIM before REPOMO (1)	7.7%	7.5%	**7.7%**	0.2 pp	- pp	7.4%	**7.7%**	0.3 pp
NIM after Provisions(2)	6.3%	5.7%	**5.5%**	(0.2 pp)	(0.8 pp)	6.3%	**5.8%**	(0.5 pp)
ROE (3)	22.3%	20.5%	**21.8%**	1.3 pp	(0.5 pp)	23.2%	**21.9%**	(1.3 pp)
ROA (4)	2.6%	2.3%	**2.4%**	0.1 pp	(0.2 pp)	2.6%	**2.5%**	(0.1 pp)
Operation:								
Efficiency Ratio (5)	55.4%	54.1%	**48.0%**	(6.1 pp)	(7.4 pp)	56.7%	**51.7%**	(5.0 pp)
Operating Efficiency Ratio (6)	5.3%	5.0%	**4.5%**	(0.5 pp)	(0.8 pp)	5.4%	**4.9%**	(0.5 pp)
Liquidity Ratio (7)	55.5%	55.9%	**59.9%**	4.0 pp	4.4 pp	55.5%	**59.9%**	4.4 pp
Asset Quality:								
Past Due Loan Ratio	1.5%	1.5%	**1.7%**	0.2 pp	0.2 pp	1.5%	**1.7%**	0.2 pp
Coverage Ratio	132.3%	130.8%	**123.2%**	(7.6 pp)	(9.1 pp)	132.3%	**123.2%**	(9.1 pp)

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

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

SUBSIDIARIES *(Million Pesos)*	3Q07	2Q08	3Q08	QoQ	YoY	9M07	9M08	YoY
Banking	1,545	1,522	**1,802**	18%	17%	4,393	**5,042**	15%
Banco Mercantil del Norte (1)	1,545	1,522	**1,802**	18%	17%	4,393	**5,042**	15%
Brokerage House	72	143	**58**	(59%)	(19%)	198	**272**	38%
Long Term Savings	66	63	**111**	76%	67%	323	**254**	(22%)
Retirement Funds (Afore)	28	6	**23**	317%	(19%)	61	**62**	-
Insurance	44	58	**76**	31%	71%	121	**173**	42%
Annuities	(6)	-	**12**	N.C.	N.C.	141	**20**	(86%)
Other Finance Companies	55	85	**60**	(29%)	8%	205	**215**	5%
Leasing & Factoring (2)	52	78	**53**	(31%)	3%	185	**197**	6%
Warehousing	3	7	**6**	(5%)	84%	11	**17**	58%
Bonding (3)	-	-	**-**	-	-	9	**-**	-
Microlending (Pronegocio)	2	(7)	**(24)**	N.C.	(1,214%)	(7)	**(40)**	N.C.
Holding Company	-	1	**-**	(108)	N.C.	13	**(1)**	(110%)
Total Net Income	1,740	1,806	**2,007**	11%	15%	5,125	**5,742**	12%

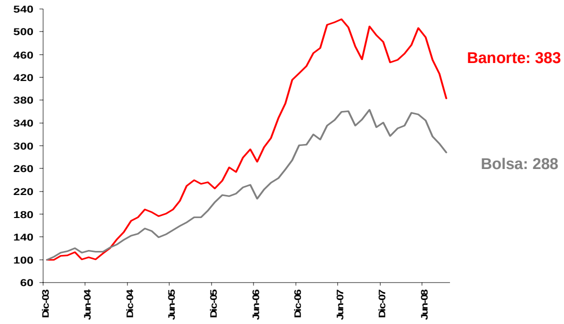
1) 96.11% owned by GFNorte as of 2Q06. Since 3Q06 97.06% owned by GFNorte. On August of 2006 Banorte merged Bancen. N.C. = Non Comparable.
2) The merger of Leasing and Factoring became effective as of January 31, 2008
3) The Bonding Company was spun off from Grupo Financiero on march 30, 2007.

SHARE DATA	3Q07	2Q08	3Q08	QoQ	YoY	9M07	9M08	YoY
Earnings per Share (Pesos)	0.86	0.90	**1.00**	11%	16%	2.54	2.85	12%
Book Value per Share (1) (Pesos)	15.98	18.13	**18.44**	2%	15%	15.98	18.44	15%
Total Shares Outstanding (million shares)	2,018.3	2,018.3	2,018.3	-	-	2,018.3	2,018.3	-
Srock Price *(Pesos)*	42.92	48.47	**34.92**	(28%)	(19%)	42.92	34.92	(19%)
P/BV *(Times)*	2.69	2.68	**1.89**	(29%)	(30%)	2.69	1.89	(30%)
Market Cap *(Million Dollars)*	7,926	9,498	**6,443**	(32%)	(19%)	7,926	6,443	(19%)

1) Excluding Minority Holdings.

SHARE PERFORMANCE

(Base 100 = December 2003)



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

RECENT EVENTS

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

GFNorte's Ordinary General Shareholder's Meeting held on October 6th approved the payment of a cash dividend equivalent to 0.47 pesos per share (4% YoY increase) and to a 15% payout over 2007's recurring net income. The dividend was paid last October 17th. The current dividend policy was approved by the Shareholders' Assembly held on April 29th 2003, establishing a payout ratio of at least 15% of GFNorte's recurring net income subject to the absence of existing legal impediments, and market conditions and the financial situation of the bank permitting. Since none of these limitations materialized, the Board of Directors decided on its July 24th meeting, to submit the proposal of a dividend payment to the General Shareholders' Assembly corresponding to FY 2007. This dividend payment doesn't have a significant effect on the bank's capitalization ratio, and it is fully offset by other elements that strengthen capital, such as retained earnings and capital movements.

- **GFNorte: Limited exposure to companies that reported losses with derivative positions**

In response to the recent announcements made by different corporations regarding losses with foreign exchange derivatives' transactions, including the filing for bankruptcy by Controladora Comercial Mexicana (COMERCI) and Corporación Durango (CODUSA), GFNORTE informed this last October 10th:

1. GFNORTE has no direct exposure to credit risk, nor is it a counterparty in derivatives' transactions or has proprietary debt market instruments or shares in CODUSA.
2. GFNORTE has no direct exposure to credit risk, nor is it a counterparty in derivatives' transactions or has proprietary debt market instruments or shares in Grupo Industrial Saltillo.
3. GFNORTE has no direct exposure to COMERCI as a counterparty in derivatives' transactions, nor through proprietary debt market securities or shares.
4. GFNORTE has credit risk exposure to COMERCI of Ps $1.0 billion through a senior unsecured loan that matures in March 2009. At the time of the loan origination and in the periodic revisions, COMERCI never revealed derivatives' positions that could lead to the current situation. GFNORTE is expecting the ruling of COMERCI'S request for Chapter 11 bankruptcy in order to begin a restructuring process to recover the loan.

- **GFNorte: Exposure to Grupo Maseca (GRUMA)**

As a result of Grupo Maseca's (GRUMA) announcement last October 13th regarding potential losses in FX derivatives, GFNORTE informed:

1. GFNORTE is not a counterparty in any of GRUMA'S derivatives' transactions
2. GFNORTE has no exposure to GRUMA'S debt instruments.
3. GFNORTE'S total credit risk exposure to GRUMA is Ps $352 million through the following loans:
   - Bank: Ps $264 million (US$20 million) through a 1-year term dollar credit facility.
   - Factoring: Ps $88 million through a 1-year term peso unsecured credit facility.

- **GFNorte: Exposure to Lehman Brothers and American Insurance Group (AIG)**

As a result of the announcements regarding Lehman Brothers' bankruptcy and the U.S. Government's take over of American International Group (AIG), GFNorte announced last September 17th:

1. GFNORTE has no exposure to AIG.
2. GFNORTE has a US$22 million exposure to Lehman Brothers through senior debt securities of US$20 million and US$2 million in derivatives' products (Lehman acting as Banorte's counterparty). In the non interest income segment of this report, the effect of this exposure is disclosed.

- **Banorte and American Express sign an agreement.**

Banorte and American Express (Mexico) signed an agreement last July 30th through which American Express will issue corporate cards for the bank. Banorte's corporate clients' will now be able to have access to a full range of American Express products and services, which include such benefits as savings, expense control, financing, and other exclusive user benefits.

- **Banorte ranks 16 among the 50 most valued brands in Latin America, with a value of US$846 million, according to a study conducted by Interbrand.**

The study is based on a financial valuation methodology applied by Interbrand worldwide in order to develop its global ranking. This methodology consists of analyzing the amount of a company's expected future flows attributable to the brand as an intangible asset. According to this methodology, Banorte ranks 16th in Latin America, above other prestigious banks in Mexico.

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

GRUPO FINANCIERO BANORTE

NET INTEREST INCOME *(Million Pesos)*	3Q07	2Q08	3Q08	QoQ	YoY	9M07	9M08	YoY
Interest Income	10,391	11,681	**12,819**	10%	23%	29,231	**35,820**	23%
Interest Expense	5,898	6,569	**7,205**	10%	22%	16,698	**20,023**	20%
Loan Origination Fees	80	121	**142**	18%	78%	149	**370**	149%
Fees Paid (1)	-	-	**-**	-	-	-	**-**	-
Net Interest Income before REPOMO	4,573	**5,232**	**5,756**	**10%**	**26%**	**12,682**	**16,167**	**27%**
Average Earning Assets	237,178	278,644	**298,705**	7%	26%	227,904	**280,288**	23%
Net Interest Margin before REPOMO (2)	7.7%	7.5%	**7.7%**	0.2 pp	- pp	7.4%	**7.7%**	0.3 pp

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

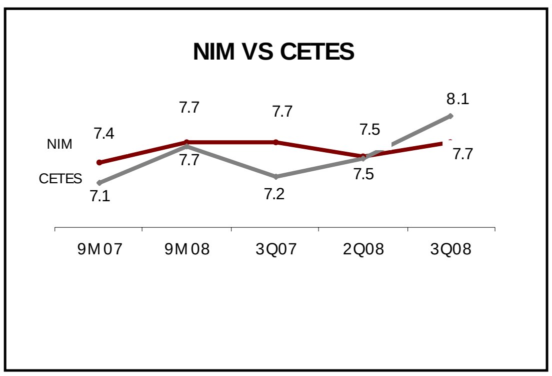
- **Net Interest Income**

During 3Q08 *Net Interest Income* (NII) grew 26% YoY, driven by a 23% increase in interest income resulting from 31% annual growth in the performing loan portfolio, a 79 basis points increase in the local interbank rate (TIIE) due to monetary tightening, combined with an 11% expansion in demand deposits. NII was also impacted positively by growth of 78% in origination fees as a result of higher volumes and the amortization of deferred fees from loans originated in 2007. NII grew by 10% QoQ, driven by a 10% increase in interest income and an 18% expansion in fees. Accumulated NII during 9M08 totaled Ps $16.2 billion, a 27% YoY increase.

In 3Q08, Net Interest Margin (NIM) remained unchanged YoY at 7.7%. During this period, NII was driven by a 79 basis points increase in the TIIE rate, while productive assets increased due to robust YoY growth in the loan portfolio. During 3Q08, the TIIE rate averaged 8.4952% vs. 7.7054% in 3Q07.

On a sequential basis, NIM rose from 7.5% in 2Q08 to 7.7% in 3Q08 due to faster growth in net interest income vs. productive assets. This is explained by the 50 basis points increase in the TIIE rate, which averaged 8.4952% in 3Q08 vs. 7.9574% in 2Q08. In addition, there is an additional 10 basis points positive effect from an extra calendar day during this quarter,

Finally, on an accumulated basis, NIM increased from 7.4% in 9M07 to 7.7% in 9M08 as a result of higher growth in NII (27%) with respect to the increase in productive assets (23%). This was due to the positive effect on our variable rate loans of higher market interest rates over the last 12 months prompted by a tighter monetary stance by Banco de Mexico. During 9M08, the TIIE interbank rate averaged 8.1269% vs. 7.5889% in 9M07.



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

NON INTEREST INCOME *(Million Pesos)*	3Q07	2Q08	3Q08	QoQ	YoY	9M07	9M08	YoY
Fees charged on Services	**1,913**	**2,121**	**2,203**	**4%**	**15%**	**5,553**	**6,368**	**15%**
Fund Transfers	55	55	**53**	**(3%)**	(5%)	173	**160**	(8%)
Account Management Fees	239	250	**260**	**4%**	9%	722	**745**	3%
Fiduciary	67	76	**79**	**4%**	19%	196	**224**	14%
Income from Real Estate Portfolios (1)	120	117	**223**	**90%**	86%	415	**530**	28%
Electronic Banking Services	245	249	**256**	**3%**	5%	686	**739**	8%
Credit Card Fees	553	621	**675**	**9%**	22%	1,533	**1,878**	22%
Fees from IPAB (2)	(1)	-	**-**	**-**	-	-	**-**	-
Fees charged by Afore	272	260	**242**	**(7%)**	(11%)	740	**759**	3%
Other Fees Charged (3)	364	493	**415**	**(16%)**	14%	1,089	**1,334**	23%
Fees Paid on Services	**274**	**292**	**298**	**2%**	**8%**	**777**	**871**	**12%**
Fund transfers	4	5	**4**	**(4%)**	15%	13	**14**	11%
Other Fees Paid	271	287	**293**	**2%**	8%	764	**857**	12%
Expenses from Real Estate Portfolios (1)	-	-	**-**	**-**	-	-	**-**	-
Net Fees	**1,639**	**1,829**	**1,905**	**4%**	**16%**	**4,777**	**5,497**	**15%**
Trading Income	**300**	**159**	**123**	**(23%)**	**(59%)**	**1,209**	**480**	**(60%)**
Foreign Exchange	116	135	**165**	**22%**	42%	371	**428**	15%
Securities – Realized Gains	102	19	**235**	**1,163%**	130%	507	**406**	(20%)
Securities – Unrealized Gains	82	6	**(277)**	**(4,609%)**	(437%)	332	**(354)**	(207%)
Non Interest Income	**1,939**	**1,989**	**2,028**	**2%**	**5%**	**5,986**	**5,977**	**-%**

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

- **Non Interest Income**

In 3Q08, non interest income rose 5% YoY, driven by growth rates of 11% in service fees, 88% in recovery banking revenues and 42% in FX transactions. These were partially offset by a considerable reduction in trading income given a challenging environment in local and global financial markets. On a sequential basis, non interest income grew 2% QoQ due to the favorable performance of recovery income from acquired real estate portfolios and FX transactions. Accumulated non interest income during 9M08 totaled Ps $5.98 billion, a similar level to that of 9M07. The breakdown by items was as follows:

NON INTEREST INCOME *(Million Pesos)*	3Q07	2Q08	3Q08	QoQ	YoY	9M07	9M08	YoY
Services	1,520	1,712	**1,682**	(2%)	11%	4,361	**4,967**	14%
Recovery	119	117	**223**	90%	88%	415	**530**	28%
Foreign Exchange	116	135	**165**	22%	42%	371	**428**	15%
Trading (Securities – Realized and Unrealized Gains)	184	25	**(42)**	(268%)	(123%)	838	**53**	(94%)
Non Interest Income	**1,939**	**1,989**	**2,028**	**2%**	**5%**	**5,986**	**5,977**	**-%**

- **Service Fees**

In 3Q08, service fees increased 11% YoY to Ps $1.7 billion. The main drivers were a 22% increase in credit card fees, 9% growth in account management fees and a 5% rise in electronic banking. On a quarterly basis, fees decrease by 2% vs. 2Q08 as a consequence of a 16% drop in "other fees charged" due to less activity in various items and a 7% reduction in AFORE management fees. This was partially offset by a 9% increase in credit card fees, driven by revenues from cards originated in the first half of the year, and 3% growth in electronic banking given the expansion in the ATM network during the quarter, as well as higher transaction volumes in Banorte's electronic network (ATM's, Internet and POS Terminals). During 9M08, service fees were Ps $4.96 billion, a 14% YoY increase.

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

- **Recovery**

During 3Q08, Recovery income from acquired real estate portfolios jumped 86% YoY and 90% QoQ. The YoY increase was mainly attributable to a considerable increase in revenues recognized over unamortized balances of investments in real estate projects. The total amount invested in real estate projects at the close of 3Q08 was Ps $3.1 billion. The portfolio continues to achieve greater diversification by region, partner and industry. During 9M08, total revenues accumulated in recovery fees were Ps $530 million, 27% higher YoY.

- **Foreign Exchange**

In 3Q08, FX revenues rose 42% YoY due to an increase in commissions resulting from a higher volume of clients' transactions, and 22% QoQ as a result of adequate positioning by the treasury to take advantage of the recent market volatility. During 9M08, FX revenues were Ps $428 million, 15% higher YoY, driven by the higher volume of transactions and proper risk management of the bank's FX positions.

- **Trading**

Trading income in 3Q08 dropped 123% YoY and 268% QoQ. These changes reflect a Ps $295 million loss associated with positions on Lehman Brothers' senior unsecured debt securities, which were fully offset by income of Ps $312 million generated by the sale of 80% of the bank's positions in VISA shares (the bank kept 312,300 shares valued at USD $1). In this respect, the initial recognition of the shares received by VISA in 1Q08 was as securities available for sale at USD $1 per share and later, at the end of each month, the market valuation of these shares was recorded (asset and equity – in the accounts for valuation of securities available for sale). When 80% of the shares were monetized during this quarter, these valuations were cancelled in both the asset and equity accounts and the profits, equivalent to the differential between the sale price and the cost of USD $1 recorded for each share, were recognized as trading income during 3Q08.

In addition, trading income was negatively affected during the quarter by a highly volatile market environment that affected prices of all debt instruments along the local yield curve, including the spreads of floating rate government securities. Out of our total trading position, 100% corresponds to securities used for repo transactions with clients, and 98% of these are floating rate instruments that normally have less sensitivity to a volatile interest rate environment, but were recently affected by the extreme market conditions. During 9M08, trading income was Ps $53 million, a 94% decline vs. 9M07.

Non Interest Expense *(Million Pesos)*	3Q07	2Q08	3Q08	QoQ	YoY	9M07	9M08	YoY
Personnel Expenses	1,418	1,522	**1,572**	3%	11%	4,243	**4,598**	8%
+ Professional Fees	215	236	**293**	24%	36%	652	**756**	16%
+ Administrative and Promotion Expenses	1,215	1,304	**1,093**	(16%)	(10%)	3,468	**3,653**	5%
+ Rents, Depreciation & Amortization	402	426	**407**	(5%)	1%	1,207	**1,250**	4%
+ Taxes other than income tax	144	187	**133**	(29%)	(8%)	444	**503**	13%
+ Contributions to IPAB	212	228	**238**	4%	12%	578	**679**	17%
= Non Interest Expense	**3,607**	**3,903**	**3,736**	**(4%)**	**4%**	**10,592**	**11,438**	**8%**

- **Non Interest Expense**

Non interest expense in 3Q08 rose 4% YoY driven by an 11% increase in personnel expenses. This increase is explained by wage revisions, higher headcount to cover the branch expansion program, the impact of updating retirement and seniority premiums according to the modified NIF D-3 rule, and the increase in the provisions associated with medical services for employees as a result of a larger number of beneficiaries. These increases were partially offset by a 10% YoY decrease in administrative and promotional expenses as a consequence of lower reserves associated with redemptions in the Banorte loyalty points program. Professional Fees paid rose 36% YoY as a result of an increased number of reports associated to a higher volume of loan recoveries. Contributions to IPAB rose 12% YoY as a result of the growth in deposits.

On a sequential basis, non interest expense declined 4% vs. 2Q08, mainly as a result of a 16% decrease in administration and promotional expenses due to less advertising for credit cards, and a decline in variable expenses associated with a lower volume of new credit card originations.

In 9M08, non interest expenses were Ps $11.4 billion, an 8% YoY increase as a result of higher administration and promotional expenses, related to an increase in credit card originations (mainly during the first six months of 2008), as well as the purchase of credit cards with intelligent chips, and higher expenses related to the expansion in the POS terminal network. Personnel expenses rose 8% due to the annual wage increase and more headcount for the new branches. Other taxes rose 13% due to higher disbursements of Value Added (VAT) and Payroll taxes (2%), this last one associated with a higher wage bill. Contributions to the IPAB increased 17% YoY due to the increase in deposits.

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

The efficiency ratio improved from 55.4% in 3Q07 and 54.1% in 2Q08 to 48% in 3Q08, driven by higher total revenues and the elimination of REPOMO costs as of 1Q08. In 9M08, the efficiency ratio was 51.7% vs. 56.7% in 9M07. Banorte recognizes that the operating environment will weaken in the coming months, and it is already implementing cost containment measures in order to maintain adequate efficiency.

- **Provisions**

Provisions created in 3Q08 were Ps $1.65 billion, a 133% increase vs. 3Q07 and 32% higher vs. 2Q08. This was mainly driven by higher delinquencies in credit cards and the new regulatory reserve requirements for credit cards with no missed payments. This quarter's provisions represent 2.8% of average gross loans; excluding the one off of Ps $121 million of additional regulatory credit card provisions, the percentage decreases to 2.6% of average gross loans. At the end of September, the regulator increased initial provisions for credit card loans with no missed payments from 0.93% to 2.5%. The total impact for Banorte is Ps $242 million pesos. The regulator resolved that 50% of the impact must be reflected in the Income Statement in 3Q08 and the remaining 50% in 4Q08.

Provisions created in 9M08 amounted to Ps $3.9 billion, 127% higher YoY. Excluding the impact of non recurring items, such as the reversal of Ps $464 million in excess reserves during 1Q07 and the creation of $224 million in additional initial reserves for credit cards during 3Q08, the annual change in provisions is 73%. Provisions created during 9M08 represent 2.4% of average gross loans.

NON OPERATING INCOME (EXPENSE) NET *(Million Pesos)*	3Q07	2Q08	3Q08	QoQ	YoY	9M07	9M08	YoY
Non Operting Income	689	741	**701**	(5%)	2%	2,073	**2,292**	11%
Other Revenues	282	319	**227**	(33%)	(20%)	619	**1,094**	77%
Foreign Exchange	-	-	**-**			-	**-**	
Recoveries	397	367	**445**	29%	12%	1,327	**1,079**	(19%)
Repomo - Other Revenues	5	-	**-**	-	-	11	**-**	-
Warehousing	5	55	**29**	(47%)	480%	116	**120**	3%
Non Operating Expense	(162)	(190)	**(109)**	(43%)	(33%)	(588)	**(446)**	(24%)
Other Expenses	(39)	(136)	**(81)**	(40%)	108%	(265)	**(330)**	25%
Foreign Exchange	-	-	**-**	-%	-%	-	**-**	-%
Repomo - Other Expenses	(118)	-	**-**	-%	-%	(208)	**-**	-%
Warehousing	(5)	(54)	**(28)**	(48%)	460%	(116)	**(116)**	-
Non Operating Income (Expense), net	527	551	**593**	8%	13%	1,485	**1,846**	24%

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

During 3Q08 net non operating income was Ps $593 million, a 13% YoY increase. This was mainly driven by income from the sale of proprietary goods and equipment for Ps $30 million, greater recoveries from written off loans through the sale of portfolios and the elimination of Repomo related expenses. On a sequential basis, the net result of non operating income was 8% higher vs. 2Q08 mainly as a result of the cancellation of some sundry debtor accounts for Ps $72 million and the liberation of reserves from the sale of equipment and real estate for Ps $52 million. This last item was mainly explained by the sale of the building where the Brokerage House used to be located.

Accumulated non operating income during 9M08 amounted to Ps $1.8 billion, a 24% YoY increase due to the following:

- *Other Income:* Non recurring pre-tax gain of Ps $394 million from the sale of VISA shares during 1Q08 (868,138 shares at a net price of USD 42.768 and an exchange rate of Ps 10.62), Ps $7 million from the sale of VISA shares during 2Q08, and Ps $91 million non-recurring pre-tax gain from the sale in 2Q08 of INDEVAL shares owned by the bank. Additionaly, reserves of Ps $85 million were liberated from the sale of equipment and real estate.
- *Other Expenses:* The elimination of REPOMO costs as indicated by norm NIFB-10 "Inflation Effects".

- **Taxes**

In 3Q08, Income Tax (ISR) and Profit Sharing (PTU) were 22% higher YoY mainly as a consequence of a reduction in the balance of Deferred ISR and PTU resulting from less deferred commissions compared to last year. The effective tax rate and profit sharing was 33% during the quarter, higher than the 29% paid in 2Q08 and 31% in 3Q07.

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- **Subsidiaries and Minority Interest**

During 3Q08 and 9M08, net income of subsidiaries benefitted by the positive results of the Insurance and some Broker Dealer subsidiaries, which offset lower profitability in the Annuities company. Minority Interest increased due to higher profits in Banco Mercantil del Norte (GFNORTE owns 97.06% of Banorte), Banorte USA and the AFORE retirement savings funds company.

Capitalization *(Million Pesos)*	3Q07	4Q07	1Q08	2Q08	3Q08	QoQ	YoY
Tier 1 Capital	25,578	24,942	27,527	29,982	**30,538**	2%	19%
Tier 2 capital	9,087	8,767	11,524	13,806	**14,822**	7%	63%
Net Capital	34,665	33,710	39,052	43,788	**45,360**	4%	31%
Credit Risk assets	160,954	173,505	187,467	194,173	**197,075**	2%	22%
Net Capital/ Credit Risk Assets	21.5%	19.4%	20.8%	22.6%	**23.0%**	0.4 pp	1.5 pp
Total Risk Assets (1)	233,094	244,321	267,136	278,933	**287,407**	3%	23%
Tier 1	11.0%	10.2%	10.3%	10.7%	**10.6%**	(0.1 pp)	(0.4 pp)
Tier 2	3.9%	3.6%	4.3%	5.0%	**5.2%**	0.2 pp	1.3 pp
Capitalization Ratio	14.9%	13.8%	14.6%	15.7%	**15.8%**	0.1 pp	0.9 pp

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

- **Capitalization**

At the close of 3Q08, the Capitalization Ratio was 15.8% considering credit, market and operational risks, and 23% considering only credit risks. Tier 1 capitalization ratio was 10.6% while Tier 2 was 5.2%. In spite of the capital consumption from a 23% increase in total risk assets, the pre-payment of subordinated debt at the end of 2007 and the impact of the new rules for securitizations, the capitalization ratio for 3Q08 rose 90 basis points YoY due to the reinvestment of profits and the issuance of subordinated debt of approximately Ps $7.7 billion during the first half of 2008. The capitalization ratio increased from 15.7% in 2Q08 to 15.8% in 3Q08 mainly as a result of profits generated and capital movements during the period, which offset growth in total risk assets.

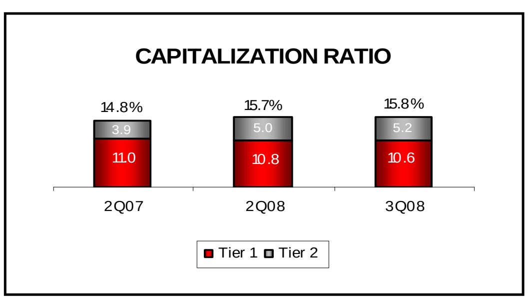
The authorities recently defined the methodology for calculating operational risk according to Basel II criteria. In this respect, there will be two points of reference:

- Calculation based on 15% of total net revenues in accordance with Basel II's Basic Method. Insurance premiums to cover operational contigencies and associated reserves can be deducted from revenues.
- Determination, according to the prevailing rules, of the average of requirements during the last 36 months of credit and market risk.

The bank will then compare the resulting capital requirement based on 15% of total net revenues versus the average of the last 36 months for credit and market risk.

1. In case the requirement based on total net revenues is lower than 5% of the requirement for credit and market risk, the operational risk requirement will be equal to 5% of the capital requirement for credit and market risk.
2. In case the requirement based on total net revenues is higher than 15% of the requirement for credit and market risk, the operational risk requirement will be equal to 15% of the requirement for credit and market risk.
3. In case the requirement based on total net revenues is higher than 5%, but less than 15%, of the requirement for credit and market risk, the operational risk requirement will be determined according to total net revenues.

Finally, the operational risk requirement will be fully constituted in a 3 year period in equal monthly parts. At the end of 3Q08, the requirement for the period from March until September 2008 (7/36 months) was constituted, translating into an impact of 30 basis points on capital.



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DEPOSITS *(Million Pesos)*	3Q07	2Q08	3Q08	QoQ	YoY
Non Interest Bearing Demand Deposits	37,117	45,338	**45,749**	1%	23%
Interest Bearing Demand Deposits (1)	59,718	61,375	**61,951**	1%	4%
Total Demand Deposits (2)	**96,835**	**106,713**	**107,700**	1%	11%
Time Deposits – Retail	62,428	64,273	**66,556**	4%	7%
Core Deposits	**159,263**	**170,985**	**174,256**	2%	9%
Money Market (3)	24,067	50,473	**67,457**	34%	180%
Total Bank Deposits	**183,330**	**221,459**	**241,713**	9%	32%
GFNorte's Total Deposits (4)	**182,824**	**221,238**	**241,483**	9%	32%
Third Party Deposits	149,144	164,322	**146,221**	(11%)	(2%)
Total Assets Under Management	**332,474**	**385,781**	**387,933**	1%	17%

1) Includes Debit Cards.
2) Excludes IPAB cash management checking accounts for loan portfolios managed from Banpaís and Bancen. The balances of these accounts in 3Q07, 2Q08 and 3Q08 were Ps $10 million, Ps $12 million and Ps $9 million, respectively.
3) Includes Bank Bonds, both clients and Financial intermediaries.
4) Includes the eliminations between the subsidiaries (3Q07=505 millions, 2Q08=221 milllons and 3Q08=230 millions).

- **Total Deposits**

At the close of 3Q08, total deposits were Ps $241.5 billion, a 32% YoY increase driven by 9% growth in Core Deposits, which includes a 23% increase in non-interest bearing demand deposits as a result of more openings of Enlace checking accounts. The main drivers behind deposit growth during the period were the expansion of the branch network (which increased by 60 new branches over the last 12 months) and new payroll deposit accounts obtained by leveraging banking relationships with government and corporate clients. On a sequential basis, Total Deposits rose 9% vs. 2Q08 driven by higher interest bearing demand deposits, retail time deposits and money market deposits.

- **Demand and Time Deposits**

Demand deposits increased 11% YoY in 3Q08 driven by 23% growth in non interest bearing demand deposits due to higher balances in Enlace checking accounts for companies and individuals, as well as a 4% expansion in interest bearing demand deposits driven by an increase in balances of interest bearing Sumanómina payroll accounts and Enlace checking accounts for companies. On a QoQ basis, Demand Deposits increased 1% driven by interest bearing demand deposits in Enlace checking accounts for companies.

In 3Q08, retail time deposits grew 7% YoY (10% if only peso denominated deposits are considered) and 4% QoQ. This increase was driven by the successful launch through our branch network of a 28-day promissory note branded "Ganamás", and higher demand for the well-established medium term version "Pagamás".

As a result of the efforts to increase deposits, net new account adds during 9M08 totaled nearly 535 thousand for individuals and over 14,300 for companies.

- **Money Market Deposits**

The 180% YoY growth at the end of 3Q08 is explained by an increase in balances from institutional clients (companies, state and municipal governments) and higher deposits through money market promissory notes. On a sequential basis, there was a 34% QoQ increase driven by money market promissory notes as a consequence of the bank's strategy to substitute more expensive funding, such as interbank loans, with money market.

- **Third Party Deposits**

At the close of 3Q08, third party deposits diminished 2% YoY and 11% QoQ due to a decline in securities received in custody from clients.

- **Assets Under Management**

Assets Under Management totaled Ps $387.9 billion at the end of 3Q08, and increase of 17% YoY and 1% QoQ, driven by the previously explained increases in bank and money market deposits, which offset the annual reduction in third party deposits.

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PERFORMING LOAN PORTFOLIO *(Million Pesos)*	3Q07	2Q08	3Q08	QoQ	YoY
Commercial	67,854	78,857	**85,340**	8%	26%
Consumer	58,906	70,620	**74,260**	5%	26%
Corporate	30,780	42,759	**45,253**	6%	47%
Government	17,867	24,368	**25,411**	4%	42%
Sub Total	175,407	216,602	**230,265**	6%	31%
Recovery Banking	1,223	942	**847**	(10%)	(31%)
Total	176,631	217,544	**231,112**	6%	31%

PERFORMING CONSUMER LOAN PORTFOLIO *(Million Pesos)*	3Q07	2Q08	3Q08	QoQ	YoY
Mortgages	33,087	40,242	**42,847**	6%	29%
Car Loans	6,986	7,570	**7,821**	3%	12%
Credit Cards	12,788	16,179	**16,450**	2%	29%
Payroll	6,046	6,628	**7,141**	8%	18%
Consumer Loans	58,906	70,620	**74,260**	5%	26%
(Million Pesos)	**3Q07**	**2Q08**	**3Q08**	**QoQ**	**YoY**
IPAB Loans	-	-	**-**	-	-
Past Due Loans	2,739	3,225	**3,979**	23%	45%
Loan Loss Reserves	3,624	4,217	**4,904**	16%	35%
Acquired Rights	3,861	3,375	**3,232**	(4%)	(16%)

- **Total Performing Loans**

The Performing Loan Portfolio increased 31% YoY from Ps $176.6 billion to Ps $231.1 billion driven mainly by corporate and government loans. Performing loans grew by 6% QoQ, driven mainly by commercial, corporate, mortgage and payroll loans.

All the segments in the loan book posted robust growth, driven by a competitive product offering, as well as the efforts to take advantage of market opportunities, especially in government, corporate and commercial. This has offset an industry-wide slowdown in consumer loans. The growth rate by segment was:

I. Loans to Families

- **Consumer + Mortgage:** During 3Q08 these grew 26% YoY and 5% QoQ driven by:

  - ***Mortgage Loans:*** Growth in 3Q08 was 29% YoY and 6% QoQ driven by the Cofinavit and PEMEX programs, as well as some successful commercial initiatives to increase originations, such as the installation of new CAP's (service center to housing developers). A total of 20,480 new loans were placed in the last 12 months, and 5,515 in 3Q08.

  - ***Credit cards:*** During 3Q08 the balance grew by 29% YoY, mainly from higher use of authorized lines by existing clients, rather than the origination of new loans. On a sequential basis, growth slowed down considerably to 2%, QoQ, as a result of tighter origination standards which resulted in a lower number of new cards opened (-42% QoQ). Banorte had a total of 1.36 million accounts at the end of 3Q08.

  - ***Payroll Loans:*** During 3Q08 these increased 18% YoY as a result of new initiatives such as the automatization of the origination process through the CREa platform, availability of loans through Banorte Virtual on site in companies' offices, offering of pre-authorized loans to recurring customers, the enhancement of unemployment insurance and the possibility to disburse amortized capital. In addition to a strong effort to increase penetration with our current payroll deposit client base, we have expanded our potential clients due to increased cross-selling activity with new corporate and government clients. On a quarterly basis, loan balances increased by 8% vs. 2Q08 as a result of enhanced product features (additional months of salary to determine the loan amount and longer maturities), as well as aggressive advertising and promotional campaigns. During the last 12 months, 294,930 new payroll loans and 30,474 new personal loans were placed; 87,543 and 8,318 respectively during 3Q08.

  - ***Car Loans:*** During 3Q08 these expanded 12% YoY and 3% QoQ due to improvements in the origination process, such as loan availability through Banorte Virtual in car dealerships and cross-selling to payroll account customers. During the last 12 months, 37,847 new loans were placed and 9,380 in 3Q08.

II. Loans to Institutions

- **Commercial:** For 3Q08, the portfolio grew by 26% YoY and 8% QoQ as a result of a renewed promotion strategy (Empuje Banorte) targeted to SMEs. The offering includes a package of comprehensive credit, deposit and services solutions (Paquete PYMES and Crediactivo). In addition, growth was also bolstered by the offering of the new package at the branch level through a specialized sales force. Finally, the authorities increased the loan amount that can be originated in the branches using parametric models, which has facilitated the access of SMEs to these loans.

- **Corporate:** During 3Q08 the loan book grew by 47% YoY and 6% QoQ due to favorable loan demand growth on an industry-wide basis. Banorte has been able to capitalize the retrenching of some international banks without retail presence in Mexico dedicated to this segment given the liquidity issues at their headquaters abroad. Given the recent events announced by some large Mexican corporates related to losses in derivatives, Banorte would like to stress that its loan portfolio is widely diversified. The 30 main corporate and entreprenurial borrowers represent 19% of the entire portfolio. The largest loan represents 2.9% of the book, while the 30th largest is 0.4% of Banorte's total lending portfolio.

- **Government:** Loan growth during 3Q08 for this segment registered growth rates of 42% YoY and 4% QoQ, driven by the efforts to establish far reaching banking relationships with these entities, offering comprehensive solutions to their financial needs. Loan demand in this sector also grew as a result of increasing debt refinancing activity - especially from state and municipal governments - due to their improved financial profile and credit ratings. Demand was also driven by structured loans used to finance the infrastructure needs of such entities. Banorte has participated this year in the refinancing process of the State of Mexico's debt, and the structuring of a major loan to the State of Sonora, among others.

- **Past-due Loans**

Past due loans increased by 45% YoY and 23% QoQ in 3Q08 (13% on a recurring basis considering a $300 million special charge off of UDI restructured mortgage loans during 2Q08), while the PDL ratio was 1.7% at the end of 3Q08, 20 basis points higher from the level registered in 2Q08 and 3Q07. This increase in the PDL ratio is mainly as a consequence of the deterioration in the credit card portfolio, driven by the maturing of the 2006 and 2007 vintages, which is happening in the backdrop of a rapidly deteriorating economic environment. At the end of September 2008, the PDL ratio in credit cards was 9%, higher than the 6.7% level of 2Q08. While this indicator is reporting a higher-than-expected deterioration, it is important to point out that Banorte's exposure to this segment is lower than its main competitors – 7% of the overall portfolio –, and also that Banorte's PDL ratio is lower than the industry average. Asset quality in the rest of Banorte's consumer portfolio in 3Q08 remains stable with car loans at 1.8% and payroll loans at 1.9%.

In 3Q08, 63% of the new past due loans correspond to credit cards and 61% of the write-offs, equivalent to Ps $905 million, correspond to this segment.

PAST DUE LOAN VARIATIONS *(Million Pesos)*		
Balance as of June 2008		**3,225**
	Transfer from Performing Loans to Past Due Loans	3,221
	Renewals	(29)
	Cash Collections	(403)
	Discounts	(7)
	Charge Offs	(905)
	Foreclosures	(30)
	Transfer from Past Due Loans to Performing Loans	(1,100)
	Foreign Exchange Adjustments	7
Balance as of September 2008		**3,979**

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RISK RATING OF PERFORMING LOANS – *GFNorte* (Million Pesos)					
		LOAN LOSS RESERVES			
CATEGORY	LOANS	COMMERCIAL	CONSUMER	MORTGAGES	TOTAL
A	52,382	-	65	138	203
A1	102,335	468	-	-	468
A2	58,098	554	-	-	554
B	5,819	-	109	176	285
B1	18,595	61	264	-	325
B2	2,172	54	208	-	262
B3	872	98	-	-	98
C	2,052	-	900	94	994
C1	154	32	-	-	32
C2	144	58	-	-	58
D	1,156	129	547	156	832
E	464	378	81	-	459
Total	244,244				
Not Classified	(104)				
Exempt	54				
Total	244,193	1,833	2,174	564	4,571
Reserves					4,904
Surplus (Deficit)					333

Notes:

1.- The ratings of loans and reserves created correspond to the last day referred in the Balance Sheet at September 30st, 2008.

2.- The loan portfolio is rated according to the rules issued by the Ministry of Finance and Public Credit (SHCP), the methodology established by the CNBV and internal methodologies approved by the CNBV. For Mortgage and Consumer loans, Banorte uses the regulation described in the Official Gazette published on December 2, 2005, and for Commercial loans it uses internal methodologies approved by the CNBV.

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

4.- The excess in preventive reserves, follow the rules issued by the CNBV, to regulate support programs, that were constituted mainly in UDIS Trusts.

5.- The Ratings of Leasing and Factoring loans are dated as of June 2008 and Reserves, as of September, 2008.

LOAN LOSS RESERVES (Million Pesos)	3Q08
Previous Period Ending Balance	**4,048**
Provisions charged to results	1,642
Other Concepts	8
Elimination of Excess Reserves charged to results	-
Charge offs and discounts:	
Commercial Portfolio	(41)
Consumer Portfolio	(782)
Mortgage Portfolio	(131)
Foreclosed assets	(15)
	(969)
Cost of debtors support programs	(16)
Valuation and Others	22
Loan Loss Reserves at Period End	**4,904**

- **Allowance for loan losses for Credit Risks**

At the end of the quarter, the balance of this account was Ps $4.9 billion, 16% higher from the level at the end of 2Q08. The quarterly change is explained by an increase of Ps $1.6 billion in provisions charged to results in 3Q08, as well as the use of Ps $ 969 million for charge-offs and Ps $14 million for other items, debtor relief programs and valuations.

- **Requirements for Loan Loss Reserves**

The requirements totaled Ps $1.6 billion in 3Q08, equivalent to an increase of 133% YoY and 32% QoQ. The increase in loan loss provisions during the third quarter was mainly explained by the need to create reserves for delinquent credit card loans. Furthermore, the National Banking and Securities Commission (CNBV) issued new rules during the quarter for the creation of initial reserves for credit card loans without missed payments. The new rules, effective as of the third quarter, establish that the initial requirement for credit card loans without missed payments should increase from 0.5% to 2.5% (Banorte's level was 0.93% as a consequence of additional reserves created in July). The rules also established that half of the impact must be charged against results in 3Q08 and the other half against the results of 4Q08. Of the total reserves created in 3Q08, Ps $121.3 million correspond to this new ruling.

BANORTE

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BANKING SECTOR

INCOME STATEMENT & BALANCE SHEET ***HIGHLIGHTS– Banking*** *(Million Pesos)*	3Q07	2Q08	3Q08	QoQ	YoY	9M07	9M08	YoY
Income Statement								
Net Interest Income before Repomo	4,436	5,065	**5,527**	9%	25%	12,320	**15,514**	26%
Provisions	696	1,234	**1,587**	29%	128%	1,687	**3,808**	126%
Non Interest Income	1,443	1,428	**1,610**	13%	12%	4,520	**4,588**	2%
Non Interest Expense	3,272	3,494	**3,344**	(4%)	2%	9,537	**10,246**	7%
Non Operating Income (Expense), Net	541	523	**607**	16%	12%	1,492	**1,861**	25%
Pre-Tax Income	2,349	2,288	**2,813**	23%	20%	4,574	**5,256**	15%
Net Income	1,621	1,573	**1,880**	20%	16%	4,589	**5,258**	15%
Balance Sheet								
Performing Loans	169,573	211,003	**223,916**	6%	32%	169,573	**223,916**	32%
Deposits	183,340	221,471	**241,722**	9%	32%	183,340	**241,722**	32%

- **Net Interest Income**

Net Interest Income (NII) rose 25% YoY in 3Q08, driven by the positive impact on variable rate loans of higher market interest rates, along with 33% growth in the loan portfolio, an increase in fees charged from loan originations and substantial growth in demand deposits. On a sequential basis NII rose 9% vs. 2Q08 due to higher market interest rates, a 6% QoQ increase in the loan portfolio, and the related growth in loan origination fees. During 9M08, NII totaled Ps $15.5 billion, 26% higher than in 9M07. The bank's NIM was 7.6% in 3Q08, a quarterly increase of 0.1 percentage points (pp), although a drop of similar magnitude on an annual basis.

- **Loan Loss Reserves**

Provisions during 3Q08 were 128% higher vs. 3Q07, and 29% vs. 2Q08 mainly as a consequence of higher credit card delinquencies, as well as the implementation of new reserve requirements mandated by the CNBV (which were described previously) for credit card loans with zero missed payments. Provisions during 9M08 were Ps $ 3.8 billion, 126% higher than in 9M07.

- **Non Interest Income**

Non interest income in 3Q08 increased 12% YoY due to higher service fee revenues and income from recoveries of acquired real estate portfolios. On a QoQ basis there was a 13% increase driven by the same factors. On an accumulated basis, non interest income in 9M08 was Ps $4.6 billion, 2% higher YoY.

- **Non Interest Expense**

Non interest expense in 3Q08 grew 2% YoY as a result of higher personnel expenses associated with the expansion of our footprint. On a sequential basis there was a 4% drop vs. 2Q08 resulting from lower administration and promotional expenses related to the decline in new credit card originations. During 9M08, expenses amounted to Ps $10.2 billion, 7% higher YoY. The bank's cost-to-income ratio improved to 46.9% in 3Q08, 6.9 pp better than in 2Q08 and 8.8 pp lower from 3Q07.

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

During 3Q08 net non operating income increased by 12% YoY driven by recoveries of previously written off loans and the elimination of Repomo non monetary charges On a sequential basis, there is a 16% increase vs. 2Q08 due to elimination of certain sundry debtors, the liberation of reserves associated with the rewards program "Puntos Banorte", recoveries through the sale of acquired loans, profits from the sale of foreclosed assets and recoveries of previously written-off loans. During 9M08, net non operating revenues were Ps $1.9 billion, a 25% YoY increase.

- **Net Income**

The bank's net income for 3Q08 (100%, including the Afore through equity participation method) totaled Ps $1.9 billion, 16% higher YoY and 20% QoQ. During 9M08, net income grew 15% YoY to Ps $5.2 billion. The bank's ROE at the end of 3Q08 was 21.9%, 2.6 pp higher vs. 2Q08, but 0.8 pp lower from a year ago.

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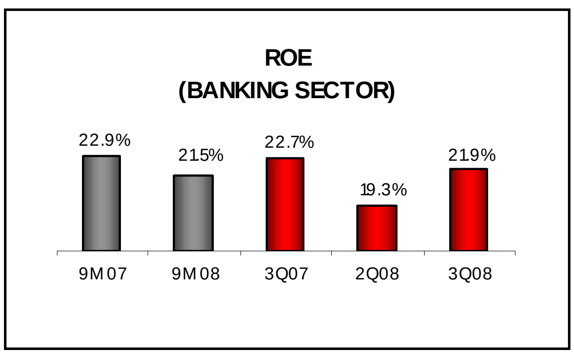
FINANCIAL RATIOS – *Banking Sector* *(Million Pesos)*	3Q07	2Q08	3Q08	QoQ	YoY	9M07	9M08	YoY
Profitability								
NIM (1)	7.7%	7.5%	**7.6%**	0.1 pp	(0.1 pp)	7.4%	**7.6%**	0.2 pp
ROE (2)	22.7%	19.3%	**21.9%**	2.6 pp	(0.8 pp)	22.9%	**21.5%**	(1.5 pp)
ROA (3)	2.4%	2.1%	**2.3%**	0.2 pp	(0.1 pp)	2.4%	**2.3%**	(0.1 pp)
Operation								
Efficiency Ratio (4)	55.7%	53.8%	**46.9%**	(6.9 pp)	(8.8 pp)	56.6%	**51.0%**	(5.6 pp)
Operating Efficiency Ratio (5)	5.0%	4.6%	**4.2%**	(0.4 pp)	(0.8 pp)	5.1%	**4.5%**	(0.6 pp)
Liquidity Ratio (6)	57.5%	56.9%	**61.3%**	4.4 pp	3.8 pp	57.5%	**61.3%**	3.8 pp
Asset Quality								
Past Due Loan Ratio	1.5%	1.4%	**1.7%**	0.3 pp	0.2 pp	1.5%	**1.7%**	0.2 pp
Coverage Ratio	136.1%	135.6%	**124.8%**	(10.8 pp)	(11.3 pp)	136.1%	**124.8%**	(11.3 pp)
Growth (7)								
Performing Loans (8)	28%	29%	**33%**	4.0 pp	5.0 pp	28%	**33%**	5.0 pp
Core Deposits	20%	6%	**9%**	3.0 pp	(11.0 pp)	20%	**9%**	(11 pp)
Total Deposits	19%	22%	**32%**	10.0 pp	13.0 pp	19%	**32%**	13.0 pp
Capitalization								
Net Capital/ Credit Risk Assets	21.5%	22.5%	**23.0%**	0.5 pp	1.5 pp	21.5%	**23.0%**	1.5 pp
Total Capitalization Ratio	14.9%	15.7%	**15.8%**	0.1 pp	0.9 pp	14.9%	**15.8%**	0.9 pp

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



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BANORTE USA

I. Banorte USA

INCOME STATEMENT & BALANCE SHEET *HIGHLIGHTS – Banorte USA* *Figures in MEX GAAP (Million Pesos)*	3Q07	2Q08	3Q08	QoQ	YoY	9M07	9M08	YoY
Income Statement								
Net Interest Income	148	163	**171**	5%	16%	441	**493**	12%
Non Interest Income	25	24	**32**	33%	26%	74	**79**	8%
Total Income	173	187	**203**	8%	17%	515	**573**	11%
Non Interest Expense	135	152	**148**	(3%)	10%	380	**442**	16%
Loan Loss Reserves	(20)	17	**14**	(15%)	(172%)	23	**23**	2%
Operating Income	58	18	**41**	119%	(29%)	111	**107**	(4%)
Non Operating Income (Expense)	41	55	**50**	(8%)	22%	110	**165**	46%
Taxes and Profit Sharing	33	25	**29**	18%	(11%)	74	**91**	23%
Subsidiaries & Minority Interest	13	19	**21**	12%	66%	52	**65**	25%
Net Income	53	30	**41**	37%	(23%)	95	**117**	23%

Under the generally accepted accounting principles in Mexico, net income for 3Q08 at Banorte USA (a subsidiary that owns 70% of Inter National Bank, as well as 100% of the remittance companies, Uniteller and Motran) was Ps $41 million, equivalent to a 23% YoY decline as a consequence of an adjustment in 3Q07 in the level of provisions according to the risk profile of the portfolio, as well as an increase in delinquencies and a deterioration in the rating of some loans in 3Q08. On a quarterly basis, net income grew by 37% vs. 2Q08 driven by an increase in financial and non interest revenues, as well as lower loan loss provisions.

During 9M08, Banorte USA's net income was Ps $117 million, 23% higher YoY, driven by an increase in net interest income and non interest income.

II. InterNational Bank (US GAAP)

INCOME STATEMENT & BALANCE SHEET *HIGHLIGHTS - InterNational Bank* *Figures in US GAAP (Millon Dollars)*	3Q07	2Q08	3Q08	QoQ	YoY	9M07	9M08	YoY
Income Statement								
Net Interest Income	14.4	16.3	**16.9**	4%	18%	43.3	**48.5**	12%
Non Interest Income	2.7	3.7	**3.9**	6%	47%	8.1	**11.5**	41%
Total Income	17.1	20.0	**20.9**	5%	22%	51.4	**60.0**	17%
Non Interest Expense	7.2	8.8	**8.9**	2%	24%	21.4	**25.4**	19%
Loan Loss Reserves	0.7	2.2	**1.1**	(52%)	45%	1.9	**4.2**	120%
Operating Income	9.2	9.1	**10.9**	21%	19%	28.2	**30.4**	8%
Net Income	6.0	5.9	**7.2**	20%	19%	18.5	**20.0**	8%
Balance Sheet								
Investments in Securities	417.7	531.1	**476.9**	(10%)	14%	417.7	**476.9**	14%
Performing Loans	927.5	1,018.3	**1,084.2**	6%	17%	927.5	**1,084.2**	17%
Past Due Loans	10.0	13.5	**17.6**	30%	76%	10.0	**17.6**	76%
Demand Deposits	623.4	707.2	**667.7**	(6%)	7%	623.4	**667.7**	7%
Time Deposits	645.1	713.0	**747.1**	5%	16%	645.1	**747.1**	16%
Total Deposits	1,268.5	1,420.2	**1,414.8**	-%	12%	1,268.5	**1,414.8**	12%
Equity	112.3	125.4	**140.1**	12%	25%	112.3	**140.1**	25%

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Financial Ratios *INB* ***Figures in US GAAP***	3Q07	2Q08	3Q08	QoQ	YoY	9M07	9M08	YoY
Profitability:								
NIM	4.4%	4.1%	**4.2%**	0.1 pp	(0.2) pp	4.5%	**4.2%**	(0.3) pp
ROE	20.9%	18.3%	**20.9%**	2.6 pp	- pp	22.8%	**20.5%**	(2.3) pp
ROA	1.7%	1.4%	**1.6%**	0.3 pp	(0.1) pp	1.8%	**1.6%**	(0.2) pp
Operational:								
Efficiency Ratio	42.2%	43.9%	**42.8%**	(1.1) pp	0.5 pp	41.6%	**42.3%**	0.7 pp
Asset Quality:								
Past Due Loan Ratio	1.0%	1.3%	**1.6%**	0.3 pp	0.5 pp	1.0%	**1.6%**	0.5 pp
Coverage Ratio	94.4%	96.6%	**79.7%**	(16.9) pp	(14.7) pp	94.4%	**79.7%**	(14.7) pp
Capitalization:								
Leverage Ratio	7.7%	7.2%	**7.5%**	0.3 pp	(0.2) pp	7.7%	**7.5%**	(0.2) pp
Capitalization Ratio	11.3%	11.6%	**11.9%**	0.3 pp	0.6 pp	11.3%	**11.9%**	0.6 pp

Under generally accepted accounting principles applicable in the United States (US GAAP), net income for 9M08 at InterNational Bank (100%) increased 8% to US$20 million, driven by an increase in financial and non financial revenues, which offset an increase in operational expenses and loan loss provisions. Net income in 3Q08 rose 19% YoY and 20% QoQ, driven by financial and non-financial income. On a quarterly basis, net income was also supported by a lower lever of loan loss provisions.

InterNational Bank holds an investment portfolio concentrated mainly in Mortgage Backed Securities (MBS) issued by Fannie Mae and Freddie Mac. This portfolio grew by 14% YoY vs. 3Q07, but shows a contraction with respect to 2Q08. The quality of the underlying mortgages is rated AAA, and at the close of 3Q08, the portfolio shows an unrealized gain of US $1.1 million. The average weighted life of the portfolio is 5 years and 5 months.

At the end of 3Q08, INB's loan portfolio increased 17% YoY, driven mainly by mortgage loans to Americans acquiring recreational or retirement properties in Mexico, as well as loans to companies guaranteed by commercial real estate. It is important to note that commercial real estate loans have not been as affected in INB's area of influence as in other regions in the USA, mainly because the Texan economy, where this bank operates, has proven more resilient that the rest of the country. Loans grew by 6% QoQ vs. 2Q08 from US$1.01 billion to US$1.08 billion. Past due loans increased QoQ and YoY due to higher delinquncies in mortgage loans, although INB uses the criteria of most US banks in order to classify past due loans (31+ vs 61+ days in Mexico). At the end of 3Q08, the past due loan ratio was 1.6%.

Total deposits increased by 12% YoY, driven mainly by time deposits. Compared to 2Q08, total deposits are flat. Even though total deposits show an annual growth rate of 12%, which is slower than the 17% increase in the loan portfolio, most of the bank's funding is through retail deposits as can be attested by a loans to deposits ratio of 77%.

Finally, it is important to note that INB reported favorable financial and operational ratios during 3Q08. NIM increased by 15 basis points YoY to 4.25%, ROE by 260 basis points to 20.9% and ROA by 25 basis points to 1.6%. The bank's efficiency improved during the quarter by 110 basis points to 42.8% and the capitalization ratio grew by 30 basis points to 11.9%. Nonetheless, the past-due loan ratio increased by 30 basis points to 1.6% and the Reserve Coverage Ratio dropped to 79.7%. The deterioration in these indicators is due to a higher level of default in mortgage loans.

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RECOVERY BANKING

INCOME STATEMENT HIGHLIGHTS – Recovery Banking *(Million Pesos)*	9M07	9M08	YoY
Net Interest Income	(133)	**(151)**	14%
Loan Loss Provisions	7	**25**	257%
Non Interest Income	1,014	**899**	(11%)
Non Interest Expense	578	**649**	12%
Non Operating Income (Expense), net	448	**626**	40%
Pre-tax Income & Subsidiaries	743	**700**	(6%)
Income Tax & Profit Sharing	239	**215**	(10%)
Undistributed Earnings of Subsidiaries	-	**-**	-
Net Income	504	**485**	(4%)

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

ASSETS UNDER MANAGEMENT *(Million Pesos)*	3Q08	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
Fobaproa-IPAB Portfolios:	**1,459**	Off balance trusts	Fees charged to Fobaproa and Fiduciary
Loans purchased:	**33,954**	Sólida Asset Management and Banorte	Non Interest Income and Other Revenues and Expenses (Banorte)
Investment Projects:	**3,100**	Sólida Asset Management	Non Interest Income
Banking Sector Portfolio:	**21,324**	Banorte's Portfolio and Repossessed assets	Net Interest Income and Other Revenues and Expenses
Total	**59,837**		

- At the end of 3Q08, the breakdown of the Ps $34 billion in acquired portfolios managed by the Recovery Bank is as follows: 39% corresponds to corporate and commercial loans, 44% to mortgage loans, 12% to real estate portoflios and 5% to foreclosed and surrendered assets. Revenues generated by these portfolios during 9M08 amounted to Ps $637 million, a 15% decline compared to the same period of 2007, while profits fell 29% to Ps $171 million. The Recovery Bank did not purchase any assets during 9M08.

- Real estate and infrastructure project investments by Sólida totaled Ps $3.5 billion at the close of 3Q08, a 33% increase compared to the Ps $2.6 billion that had been invested a year ago. The investments were distributed among 30 projects nationwide. The revenues generated by these projects during 3Q08 amounted to Ps $387million, 124% higher than 3Q07, while profits totalled Ps $160 million, a 202% YoY increase.

- At the close of 3Q08, the breakdown of Banorte's Ps $21 billion in proprietary loans managed by the Recovery Bank was divided as follows: 31% in mortgage loans, 30% in credit cards, 16% in corporate and commercial loans, 10% in car loans, 8% in payroll and personal loans, and 5% in real estate. Revenues generated by this portfolio in 9M08 amounted to Ps $509 million during , 6% less compared to 9M07, while profits totalled Ps $154 million, a 27% YoY decline.

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BROKERAGE

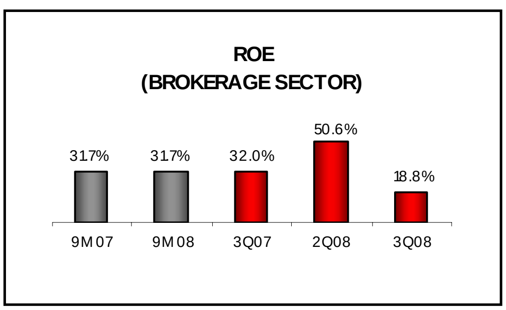
Brokerage *(Million Pesos)*	3Q07	2Q08	3Q08	QoQ	YoY	9M07	9M08	YoY
Brokerage								
Net Income	72	143	**58**	(59%)	(19%)	198	**272**	38%
Stockholder's Equity	931	1,176	**1,292**	10%	39%	931	**1,292**	39%
Assets Under Management	185,691	186,513	**165,833**	(11%)	(11%)	185,691	**165,833**	(11%)
Total Assets	1,206	1,484	**1,673**	13%	39%	1,206	**1,673**	39%
ROE	32.0%	50.6%	**18.8%**	(31.8 pp)	(13.2 pp)	31.7%	**31.7%**	-
Net Capital								
Net Capital	724	936	**1,049**	12%	45%	724	**1,049**	45%

- **Broker-Dealer**

Net Income
During 3Q08, the Broker-Dealer reported net income of Ps $58 million, a 19% YoY decline, affected by a reduction in brokerage fees resulting from lower trading volumes, as well as lower gains on proprietary trading positions and higher expenses. Profits decreased by 59% QoQ affected by the same factors as well as a significant drop in revenues from investment banking advisory services (a significant one off fee was charged in 2Q08 from structuring a sizeable government loan). Net Income for 9M08 was Ps $272 million, 38% higher than 9M07.

Mutual Funds
At the close of 3Q08, mutual funds' AUM increased by 8% on a YoY basis, driven by an expansion in the family of funds offered, coupled with greater promotional campaigns. At the close of 3Q08, AUM amounted to Ps $38.9 billion: fixed income funds grew by 14% YoY while equity funds decreased by 27% YoY, affected by the negative performance of the local equity market.

Assets Under Management
At the close of 3Q08, total AUM reached Ps $165.8 billion, an 11% YoY decline, due to a reduction in clients' securities under custody, which is part of the strategy being followed in order to increase bank deposits.



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LONG TERM SAVINGS

LONG TERM SAVINGS *(Million Pesos)*	3Q07	2Q08	3Q08	QoQ	YoY	9M07	9M08	YoY
Afore								
Net Income	57	11	**47**	317%	(19%)	124	**124**	-%
Equity	921	1,040	**1,087**	4%	18%	921	**1,087**	18%
Total Assets	1,084	1,174	**1,257**	7%	16%	1,084	**1,257**	16%
AUM (SIEFORE)	56,213	56,578	**56,148**	(1%)	-	56,213	**56,148**	-
ROE	22.9%	4.3%	**17.5%**	13.2 pp	(5.4 pp)	16.1%	**16.1%**	-
Insurance								
Net Income	87	113	**149**	31%	71%	238	**338**	42%
Equity	1,731	2,016	**1,970**	(2%)	14%	1,731	**1,970**	14%
Total Assets	10,114	12,585	**13,236**	5%	31%	10,114	**13,236**	31%
Technical Reserves	7,462	9,337	**9,417**	1%	26%	7,462	**9,417**	26%
Premiums sold	1,858	2,002	**1,665**	(17%)	(10%)	6,584	**6,664**	1%
ROE	22.0%	23.0%	**29.9%**	6.9 pp	8.0 pp	19.5%	**23.3%**	3.8 pp
Annuities								
Net Income	(12)	-	**24**	19,103%	290%	277	**39**	(66%)
Equity	1,132	1,136	**991**	3%	45%	1,132	**991**	(12%)
Total Assets	10,559	12,522	**13,703**	9%	30%	10,559	**13,703**	30%
Technical Reserves	9,198	11,343	**12,408**	9%	35%	9,198	**12,408**	35%
Premiums sold	662	932	**962**	3%	45%	1,568	**2,492**	59%
ROE	(4.4%)	-	**8.9%**	8.9 pp	13.3 pp	33.9%	**4.7%**	(29.2 pp)

- **Afore**

During 3Q08, the AFORE reported net income of Ps $47 million (51% corresponds to GFNorte), a 19% YoY decline resulting from a reduction in financial revenues stemming from the negative impact of rising secondary market rates in long term fixed rate instruments. In addition, mark-to-market valuations of several issuers were negatively affected by credit ratings downgrades related to problems announced by some global financial institutions and Mexican corporations. It is important to note that several measures are being implemented to compensate these losses, such as a higher degree of professional training of the sales force, brand strengthening, more supervision, gradual recovery in productivity levels and streamlining of improductive personnel. On a quarterly basis, profits increased by 317% vs. 2Q08, driven by lower expenses and higher productivity of the sales force.

During 9M08, the AFORE posted net income of Ps $124 million, a similar level to a 9M07.

At the close of 3Q08, affiliated workers totalled 3,248,482, representing 8.34% of total affiliates in the system and 9.76% of certified accounts. Banorte's AUM decreased slightly on an annualized basis at the close of 3Q08. In terms of market share of AUM, Banorte ranked sixth with 6.5%.

- **Insurance**

Net Income in 3Q08 was Ps $149 million (51% correspond to GFNorte), a 71% YoY increase, driven by higher accrued premiums and financial revenues, translating into solid growth in total income, which expanded at a higher rate than expenses. On a quarterly basis, profits for 3Q08 were 31% higher from 2Q08 due to growth of 9% in the number of premiums sold, mainly as a consequence of an expansion in bancassurance business.

During 9M08, net income amounted to Ps $338 million (51% correspond to GFNorte), a 42% YoY increase.

The number of premiums issued increased 1% YoY during 9M08, totalling Ps $6.6 billion, while accrued premiums were Ps $4.3 billion at the end of the same period, a 24% YoY increase. Technical reserves reached Ps $9.4 billion, growing by 26% with respect to the same year-ago period.

- **Annuities**

Net income was Ps $24 million in 3Q08 (51% correspond to GFNorte), compared to a Ps $12 million loss in 3Q07. The turnaround was driven by a 45% YoY increase in premiums sold and a 35% YoY growth in technical reserves, as well as greater interest earned on capital and reserves. On a quarterly basis, net income improved due to a 3% increase in issued premiums and a 9% rise in technical reserves.

In the annuities industry, there is currently an intense debate regarding the legal framework that could be implemented, especially concerning the incorporation of public servant pension beneficiaries at ISSSTE, the new electronic auction system and the revisions and actuarial adjustments to the interest rates for reserves.

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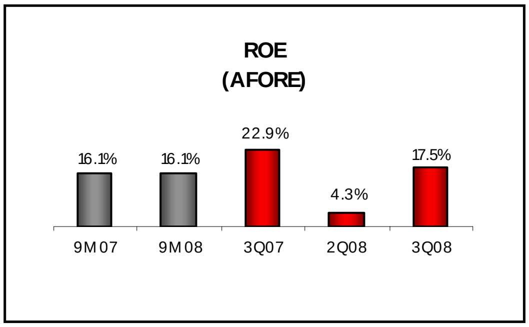

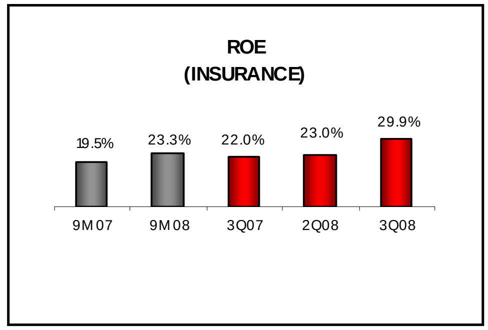

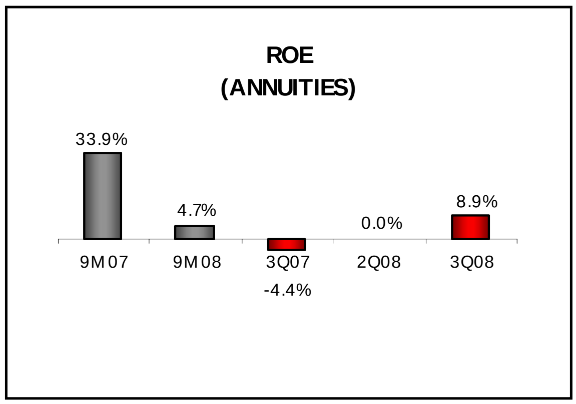

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OTHER FINANCE COMPANIES

OTHER FINANCE COMPANIES (1) *(Million Pesos)*	3Q07	2Q08	3Q08	QoQ	YoY	9M07	9M08	YoY
Leasing and Factoring								
Net Income	52	78	**53**	(32%)	2%	186	**197**	6%
Equity	927	1,135	**1,189**	5%	28%	927	**1,189**	28%
Loan Portfolio (2)	9,486	11,385	**12,741**	12%	34%	9,486	**12,741**	34%
Past Due Loans	23	55	**57**	4%	148%	23	**57**	148%
Loan Loss Reserves	38	30	**81**	170%	113%	38	**81**	113%
Total Assets	9,529	11,532	**12,828**	11%	35%	9,529	**12,828**	35%
ROE	21.6%	28.5%	**18.4%**	(10.1 pp)	(3.2 pp)	26.3%	**24.1%**	(2.2 pp)
Warehousing								
Net Income	3	7	**6**	(5%)	84%	11	**17**	58%
Equity	100	112	**118**	6%	18%	100	**118**	18%
Inventories	9	77	**571**	641%	5,952%	9	**571**	5,952%
Total Assets	125	217	**749**	246%	498%	125	**749**	498%
ROE	11.7%	24.0%	**21.4%**	(2.6 pp)	9.7 pp	12.3%	**21.3%**	9.0 pp

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

- **Leasing and Factoring**

On February 2008, the Leasing and Factoring companies were merged under a regulated Multi-Purpose Financial Corporation (SOFOM). This merger enables, among other things, to optimize the use of capital, improve the leverage capacity and create the possibilty of achieving higher credit ratings for the merged entity. Results for both companies, as of 1Q08, are presented in a consolidated form under the denomination "Arrendadora y Factor Banorte S.A. de C.V."

The Leasing and Factoring Company reported net income of Ps $53 million during 3Q08, a rise of 2% YoY driven mainly by 34% growth in the loan portfolio and higher revenues from the completion of pure leasing contracts. On a sequential basis, net income decreased 32% QoQ due to higher provisions associated with irregular operations of invoice transfers. The bulk of these provisions are expected to be reverted as recoveries are achieved.

Accumulated net income in 9M08 was Ps $197 million, a 6% YoY rise.

At the close of 3Q08, the past due loan ratio stood at 0.44%, while the capitalization ratio was 10.4%, considering total risk assets of Ps $11.4 billion.

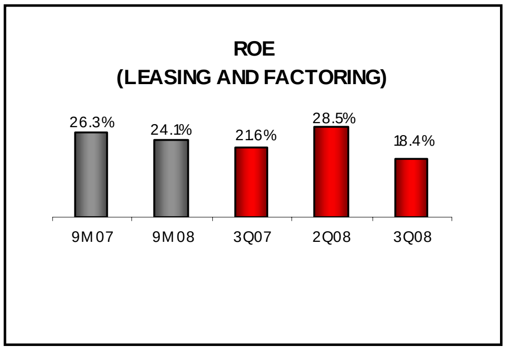
- **Warehousing**

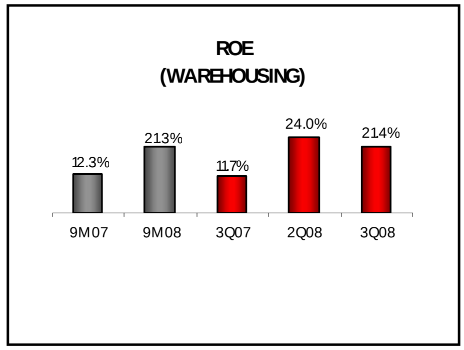
Net income in 3Q08 was Ps $6 million, an 84% YoY increase, driven by higher demand warehouse preparation, which in turn opens the possibility for the issuance of certificates of deposit that are used as guarantees in secured loans. On a sequential basis, profits decreased by 5% QoQ given lower transaction volumes and the accumulation of inventories.

At the close of 3Q08, the capitalization ratio was 6%, considering total certificates of $1.97 billion.

Banorte's warehouse currently ranks 3rd among 20 warehouses in terms of profits generated.

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





PRONEGOCIO

MICROLENDING PRONEGOCIO *(Million Pesos)*	3Q07	2Q08	3Q08	QoQ	YoY	9M07	9M08	YoY
Net Income	2	(7)	**(24)**	254%	(1,214%)	(7)	**(40)**	466%
Equity	74	75	**51**	(32%)	(31%)	74	**51**	(31%)
Loan Portfolio	675	421	**347**	(18%)	(49%)	675	**347**	(49%)
Non Performing Loans	104	107	**82**	(23%)	(21%)	104	**82**	(21%)
Loan Loss Reserves	32	34	**32**	(6%)	-	32	**32**	-
Total Assets	733	535	**463**	(13%)	(37%)	733	**463**	(37%)
ROE	11.9%	(34.8%)	**(153.2%)**	(118.5 pp)	(165.2 pp)	(12.3%)	**(82.2%)**	(69.9 pp)

- **Pronegocio**

During 3Q08, the microlending business reported a net loss of Ps $24 million, which compares negatively with a Ps $2 million profit generated in 3Q07 and a Ps $7 million loss in 2Q08. Results have been affected mainly by charge-offs applied to past due loans, as well as expenses associated with the redefinition of the business model. Net losses in 9M08 amounted to Ps $40 million.

Past due loans reached Ps $82 million at the end of 3Q08, 21% lower than a year ago, and 23% lower QoQ, as result of the charge-offs that have been applied during the year. The past due loan ratio is currently 23.6%.

It is important to note that the deterioration in the PDL ratio over the past quarters has been driven by a contraction in the total portfolio, rather than further deterioration in asset quality. The reserve coverage ratio was 39% at the close of 3Q08 (equivalent to 119% considering the guarantee provided by Nafin that covers up to 80% of the loans).

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RATINGS

International Ratings				
Rating Agency	**Rated Institution**	**Rating**	**Category**	**Date**
Moody's	Banorte	Stable C- Baa1 P-2 A-2 P-1	**Outlook** **Modest Financial Strength** **Foreign long - term bank deposits** **Foreign short- term bank deposits** **Local long - term bank deposits** **Local short - term bank deposits**	December, 2007
Standard & Poors	Banorte	Stable BBB- BBB- A-3 A-3	**Outlook** **Long term foreign issuer credit** **Long term local currency deposits** **Short term foreign issuer credit** **Short tem local issuer credit**	October, 2008
Fitch	Banorte Grupo Financiero Banorte	Stable BBB BBB F2 F3 C 3 55	**Outlook** **Long Term Foreign currency** **Long Term Local currency** **Short Term Local Currency** **Short Term Foreign Currency** **Individual - Foreign Currency** **Support Rating** **Support Rating**	October, 2008

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

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INFRASTRUCTURE

INFRASTRUCTURE	3Q07	2Q08	3Q08
Employees	17,218	19,516	**20,493**
Banking (1)	14,023	14,659	**14,886**
Other	3,195	4,857	**5,607**
Branches (2)(3)	1,025	1,073	**1,085**
INB			20
Pronegocio			97
ATM's	3,513	3,985	**4,073**

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

- During 3Q08, 12 new branches (3 in Mexico City) were opened as part of the footprint expansion strategy. We also relocated 2 branches and closed 2 branches during the quarter. During 3Q08, 88 new ATM's were installed and 3,614 points of sale (POS) terminals were activated.

- Thus far this year, 34 branches have been opened, 560 ATM's installed and 10,656 POS terminals activated. The adjusted expansion plan for 2008 contemplates opening 70 new branches, and relocating 22 branches. In addition, 600 new ATM's will be installed and 330 more will be replaced. A total of approximately 12,000 new POS terminals will be activated.

- During May of this year, InterNational Bank opened 2 new branches in order to have a greater presence in the most important border corridor and satisfy the financial needs of its clientele in that region. Through these openings, INB increases its presence in Laredo and Brownsville, Texas. There were no branch openings by INB during the third quarter.

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

ANNEXES

1. GROUP'S GENERAL INFORMATION

2. SUMMARY OF RESULTS AND FINANCIAL STATEMENTS

3. ACCOUNTING CHANGES AND REGULATIONS

4. LOAN PORTFOLIO SALES TO SOLIDA ADMINISTRADORA DE PORTAFOLIOS

5. NOTES TO THE GROUP'S FINANCIAL STATEMENTS

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

GFNORTE'S GENERAL INFORMATION

GFNorte Ownership of Subsidiaries	3Q08
Banco Mercantil del Norte (1)	97.06%
Brokerage House	99.99%
Retirement Funds – Afore (2)	51.00%
Insurance	51.00%
Annuities	51.00%
Leasing	99.99%
Factor	99.99%
Warehouse	99.99%
Mcrocredit Unit - Pronegocio	99.99%
Banorte USA (2)	100.00%

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

Holding Company Capital Structure	
Number of Shares	**SERIE O As of September 30, 2008**
Number of Shares Outstanding	2,018,347,548
Shares held in the bank's Treasury	1,500,000

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

Note: Fernando Solis Camara, Managing Director of the firm Alta Consultoria S.C., was hired during September of this year in order to support the communications and institutional relations strategy of the bank.

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

SUMMARY OF RESULTS

October 23rd, 2008 - Grupo Financiero Banorte announced today its results for 9M08, reporting net income of Ps $5.7 billion, 12% higher YoY. GFNorte's annualized ROE for the period was 22%, while ROA was 2.5%.

During the first nine months of 2008, the financial Group reported non-recurring gains of Ps $340 million resulting from the sale of VISA and INDEVAL shares owned by the bank,. On a comparable basis, excluding these non recurring items, as well as the $293 million extraordinary item from the reversal of excess reserves during 1Q07 according to the new accounting standards that took effect in January of last year, recurring profits for 9M08 also grew by 12% YoY.

The bank contributed with 88% of the Group's profits, totaling Ps $5 billion in 9M08; 15% higher than in 2007. During the period, there was constant growth in core earnings derived from traditional banking activities, both from higher lending and an increase in core deposits.

During 9M08, net interest income grew by 27% YoY, as a result of 23% annual growth in interest revenues driven by 31% growth in performing loans and 9% in core deposits, as well as a 54 basis point increase in the TIIE interest rates. Net interest margin (NIM) rose from 7.4% in 9M07 to 7.7% in 9M08 driven by an increase in interest earning assets and the positive effect of a 50 basis points hike in the central bank's funding rate in 2007 and an additional 75 basis points in 2008.

As a result of the substantial increase in transaction volumes and new product placements, service fee revenues rose by 14% YoY. There was a 22% increase in revenues from credit card fees driven by a higher number of cards originated compared to 9M07 and 8% growth in electronic banking fees. Revenues from investment projects grew by 28% on a yearly basis and the invested amounts increased by 64% during the same period.

Non Interest Expense was 8% higher YoY in 9M08, as a consequence of higher administrative and promotional expenses associated with credit card originations, as well as those associated with activation of POS terminals and personnel in order to cover the branch network expansion program. The efficiency ratio improved from 57% in 9M07 to 52% in 9M08, driven by a higher level of positive operating leverage. It is especially important to note that the efficiency ratio in 3Q08 was 48%, the best level ever achieved by Banorte, resulting from important growth in revenues and cost containment measures taken in order to face an uncertain environment.

Total deposits, excluding third-party accounts, reported a balance of Ps $241.7 billion at the end of 3Q08, a 32% YoY increase, driven by increases of 11% in Demand Deposits and 7% in Time Deposits. The main reason behind this growth is the opening of 60 new branches in the last 12 months, as well as the permanent promotional campaigns of deposit products and a greater penetration of the "PagaMás" and "GanaMás" promissory notes. Money market deposits rose 180% YoY in 3Q08.

Loans continue to show considerable growth rates due to sustained market demand and the bank's efforts to improve its loan product offering. At the close of 3Q08, performing loans increased by 31% YoY, reaching a balance of Ps $230.3 billion. Commercial loans grew by 26% YoY to Ps $85.3 billion; corporate loans by 47%YoY to Ps $45.2 billion, and government loans by 42% YoY to Ps $25.4 billion.

Consumer loans, including mortgages, continued to grow steadily during the period. This segment represents 32% of the total performing loan book. Credit Card loans rose by 29% in the last twelve months, reaching a balance of Ps $16.45 billion. Payroll and personal loans grew by 18% YoY to Ps $7.1 billion (81% correspond to payroll loans). Car loans reached Ps $7.8 billion and grew by 12% YoY, while mortgage loans maintained their upward trend, reaching a balance of Ps $42.8 billion, a 29% annual increase.

The past-due loan ratio at the end of 3Q08 was 1.7%, one of the lowest in the financial system. Past due loans' balance at the end of the quarter was Ps $3.97 billion, a 45% YoY increase. The loan loss reserve coverage ratio was 123%.

The long term savings companies - Afore, insurance and annuities - reported profits of Ps $254 million in 9M08; while other finance companies - leasing, factoring and warehousing - reported net income of Ps $155 million in the same period. The broker dealer achieved a Ps $272 million profit during 9M08, a 38% YoY increase.

BANORTE

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HOLDING

Holding – INCOME STATEMENT *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	Accum. 2007	1Q08	2Q08	3Q08	4Q08	Accum. 2008
Income Subsidiaries & Other	1,652	1,720	1,740	1,694	6,806	1,930	1,806	2,007		**5,743**
Interest Income	1	4	6	5	15	3	3	3		**10**
Interest Expense	-	-	-	-	-	-	-	-		**-**
Fees & Tariffs	-	-	-	-	-	-	-	-		**-**
Trading Income	-	-	-	-	-	-	-	-		**-**
Monetary Position REPOMO	-	1	(3)	(5)	(8)	-	-	-		**-**
Total Operating Income	**1,652**	**1,725**	**1,742**	**1,694**	**6,813**	**1,933**	**1,809**	**2,010**		**5,753**
Admin & Promotion Expense	1	1	1	3	7	2	1	1		**5**
Operating Income	**1,651**	**1,724**	**1,741**	**1,691**	**6,806**	**1,932**	**1,808**	**2,009**		**5,748**
Non Operating Income	19	-	-	-	19	-	-	-		**-**
Non Operating Expense	(1)	-	(1)	(1)	(2)	-	-	-		**-**
Non Operating Income, net	18	-	(1)	(1)	17	-	-	-		**-**
Pre-tax Income	**1,669**	**1,724**	**1,741**	**1,690**	**6,823**	**1,932**	**1,808**	**2,009**		**5,748**
Income Tax & Profit Sharing	6	1	1	5	13	3	1	3		**7**
Tax on Assets	-	-	-	-	-	-	-	-		**-**
Deferred Income Tax & PS	1	-	(1)	-	-	-	-	(1)		**-**
	6	1	1	5	13	3	1	2		**7**
Profit from Cont Ops	**1,663**	**1,722**	**1,740**	**1,685**	**6,810**	**1,928**	**1,806**	**2,007**		**5,742**
Extraordinary Items, net	-	-	-	-	-	-	-	-		**-**
Total Net Income	**1,663**	**1,722**	**1,740**	**1,685**	**6,810**	**1,928**	**1,806**	**2,007**		**5,742**

Holding – BALANCE SHEET *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
ASSETS								
Cash & Due from Banks	57	210	451	188	131	204	157	
Investment in Securities	-	-	-	-	-	-	-	
Sundry Debtors & Other Accts Receivable, net	167	11	11	11	11	11	164	
Real Estate, Furniture & Equipment, net	-	-	-	-	-	**-**	**-**	
Investments in Subsidiaries	28,051	29,865	31,744	32,912	34,345	36,964	37,574	
Deferred Taxes	-	-	1	-	-	-	-	
Goodwill	36	36	35	34	36	35	33	
Other Assets, Deferred Charges & Intangibles	2	1	-	-	-	-	-	
TOTAL ASSETS	**28,312**	**30,123**	**32,242**	**33,144**	**34,524**	**37,214**	**37,929**	
LIABILITIES								
Due to Banks & Correspondents	**-**	**-**	**-**	**-**	-	**-**	**-**	
Income Tax & Profit Sharing	-	-	-	-	-	-	-	
Other Accounts Payable	5	4	5	10	5	3	1	
Deferred Taxes	**-**	**-**	**-**	**-**	-	**1**	**-**	
TOTAL LIABILITIES	**5**	**4**	**5**	**10**	**5**	**3**	**1**	
STOCKHOLDER´S EQUITY								
Paid-in Capital	12,020	12,020	12,016	12,020	12,018	12,020	12,014	
Premium of Share Subscription & Issuance	1,863	1,863	1,863	1,863	1,863	1,863	1,863	
Subordinated Convertible Debt	-	-	-	-	-	-	-	
Subscribed Capital	**13,882**	**13,882**	**13,878**	**13,882**	**13,881**	**13,882**	**13,877**	
Capital Reserves	2,446	2,442	2,407	2,452	2,446	2,807	2,767	
Retained Earnings	22,297	22,297	22,296	21,379	21,376	21,035	21,035	
Surplus (Deficit) from Valuation of Securities	-	-	-	-	-	-	-	
Results from Conversions of Foreign Ops	-	-	-	-	-	-	-	
Surpluss (Deficit) in Capital Restatement	(6,378)	(6,375)	(6,376)	(6,380)	-	-	-	
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-	
Results of Non Monetary Investment Assets	(5,603)	(5,512)	(5,094)	(5,009)	(5,113)	(4,250)	(5,493)	
Adjustmens in the Employees' Liabilities	-	-	-	-	-	-	-	
Net Income	1,663	3,385	5,125	6,810	1,928	3,735	5,742	
Earned Capital	**14,425**	**16,237**	**18,359**	**19,252**	**20,638**	**23,328**	**24,051**	
Total Stockholder´s Equity	**28,307**	**30,119**	**32,237**	**33,135**	**34,519**	**37,210**	**37,928**	
TOTAL LIABILITIES & EQUITY	**28,312**	**30,123**	**32,242**	**33,144**	**34,524**	**37,214**	**37,929**	

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

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GRUPO FINANCIERO BANORTE

GFNorte – INCOME STATEMENT *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	Accum. 2007	1Q08	2Q08	3Q08	4Q08	Accum. 2008
Interest Income	9,080	9,760	10,391	11,105	40,336	11,320	11,681	12,819		**35,820**
Interest Expense	5,217	5,582	5,898	6,140	22,838	6,249	6,569	7,205		**20,023**
Loan Fees Charged	23	45	80	99	248	107	121	142		**370**
Fees Paid	-	-	-	-	-	-	-	-		**-**
Net Interest Income (NII)	**3,886**	**4,223**	**4,573**	**5,065**	**17,747**	**5,179**	**5,232**	**5,756**		**16,167**
Monetary Adjustment (Repomo) to margins	(65)	24	(138)	(184)	(363)	-	-	-		**-**
NII after Repomo	**3,821**	**4,247**	**4,435**	**4,881**	**17,384**	**5,179**	**5,232**	**5,756**		**16,167**
Preventive Provisions for Loan Losses	261	754	709	921	2,645	1,005	1,255	1,653		**3,912**
Loan Loss Sharing Provisions Fobaproa	-	-	-	-	-	-	-	-		**-**
NII Adjusted for Credit Risk	**3,559**	**3,493**	**3,726**	**3,960**	**14,738**	**4,174**	**3,978**	**4,103**		**12,255**
Fund Transfers	60	58	55	56	229	52	56	53		**160**
Account Management	242	241	239	254	976	235	250	260		**745**
Fiduciary	64	65	67	74	270	69	76	79		**224**
Income from Real Estate Portfolios	116	180	120	160	575	190	117	223		**530**
Electronic Banking Services	213	229	245	258	944	234	249	256		**739**
Credit Card Fees	477	503	553	599	2,132	581	621	675		**1,878**
Fees Charged to IPAB	1	-	(1)	4	4	-	-	-		**-**
Other Fees	612	580	636	735	2,564	683	753	657		**2,093**
Fees Charged on Services	**1,784**	**1,856**	**1,913**	**2,140**	**7,693**	**2,045**	**2,121**	**2,203**		**6,368**
Fund Transfers	5	4	4	4	17	5	5	4		**14**
Other Fees	245	249	271	305	1,069	277	287	293		**857**
Expenses from Real Estate Portfolios	-	-	-	-	-	-	-	-		**-**
Fees Paid on Services	**250**	**253**	**274**	**309**	**1,086**	**282**	**292**	**298**		**871**
Foreign Exchange	93	136	94	125	448	106	121	165		**428**
Securities - Realized Gains	510	(79)	124	(38)	517	175	32	235		**406**
Securities - Unrealized Gains	(33)	283	82	(4)	327	(83)	6	(277)		**(354)**
Market Related Income	**569**	**339**	**300**	**83**	**1,292**	**198**	**159**	**123**		**480**
Non-Interest Income	**2,104**	**1,943**	**1,939**	**1,914**	**7,899**	**1,961**	**1,989**	**2,028**		**5,977**
Total Operating Income	**5,663**	**5,436**	**5,665**	**5,874**	**22,637**	**6,134**	**5,966**	**6,131**		**18,232**
Personnel	1,408	1,416	1,418	1,480	5,723	1,504	1,522	1,572		**4,598**
Professional Fees Paid	232	205	215	292	944	227	236	293		**756**
Administrative and Promotional Expenses	1,098	1,155	1,215	1,274	4,742	1,255	1,304	1,093		**3,652**
Rents, Depreciation and Amortization	402	403	402	429	1,636	417	426	407		**1,250**
Other Taxes (other than Income tax)	155	145	144	169	613	183	187	133		**503**
Contributions to IPAB	175	191	212	196	774	213	228	238		**679**
Non-Interest Expense	**3,469**	**3,516**	**3,607**	**3,841**	**14,432**	**3,799**	**3,903**	**3,736**		**11,438**
Net Operating Income	**2,194**	**1,920**	**2,057**	**2,033**	**8,205**	**2,336**	**2,063**	**2,395**		**6,794**
Other Revenues	250	198	287	225	960	583	374	256		**1,214**
Changes in Foreign Exchange Valuation	-	-	-	-	-	-	-	-		**-**
Recoveries	442	488	397	530	1,857	267	367	445		**1,079**
Repomo - Other revenues	6	(1)	5	7	18	-	-	-		**-**
Non-Operating Income	**699**	**685**	**689**	**762**	**2,835**	**850**	**741**	**701**		**2,292**
Other Expenses	(214)	(123)	(44)	(192)	(573)	(148)	(190)	(109)		**(446)**
Foreign Exchange	-	-	-	-	-	-	-	-		**-**
Repomo - Other (creditor balance)	(140)	50	(118)	(189)	(396)	-	-	-		**-**
Non-Operating Expense	**(353)**	**(73)**	**(162)**	**(380)**	**(969)**	**(148)**	**(190)**	**(109)**		**(446)**
Non Operating Income (Expense), net	**345**	**612**	**527**	**382**	**1,867**	**702**	**551**	**593**		**1,846**
Pre-Tax Income	**2,540**	**2,532**	**2,585**	**2,415**	**10,072**	**3,038**	**2,614**	**2,988**		**8,640**
Income Tax	698	677	728	812	2,915	799	687	724		**2,210**
Profit Sharing	242	248	189	186	865	233	232	258		**723**
Tax on Assets	-	-	-	-	-	-	-	-		**-**
Deferred Income Tax and Profit Sharing	(13)	(58)	(111)	(304)	(487)	44	(169)	-		**(125)**
Taxes	**926**	**867**	**806**	**694**	**3,293**	**1,075**	**751**	**982**		**2,808**
Net Income before Subsidiaries	**1,614**	**1,665**	**1,779**	**1,721**	**6,779**	**1,963**	**1,863**	**2,006**		**5,832**
Subsidiaries' Net Income	136	129	50	43	357	77	22	100		**199**
Net Income form Continuos Operations	**1,750**	**1,795**	**1,828**	**1,764**	**7,136**	**2,040**	**1,885**	**2,106**		**6,031**
Extraordinary Items, net	-	-	-	-	-	-	-	-		**-**
Minority Interest	87	72	88	79	326	111	79	99		**289**
TOTAL NET INCOME	**1,663**	**1,722**	**1,740**	**1,685**	**6,810**	**1,928**	**1,806**	**2,007**		**5,742**

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

***GFNORTE* – BALANCE SHEET** *(Millions Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
ASSETS								
Cash and Due from Banks	**42,417**	**48,918**	**39,871**	**41,610**	**39,804**	**41,694**	**45,858**	
Negotiable Instruments	7,765	6,715	9,517	7,754	8,148	**10,938**	11,228	
Securities Available for Sale	10,400	8,508	10,814	10,948	15,636	**15,082**	15,124	
Securities Held to Maturity	754	779	764	760	749	**742**	728	
Investment in Securities	**18,918**	**16,002**	**21,095**	**19,462**	**24,533**	**26,762**	**27,080**	
Non-assigned Securities for Settlement	-	-	-	-	-	**-**	-	
Debtor Balance in Repo Trans, net	100	134	95	58	92	**90**	159	
Repo Transactions with Collateral	-	-	-	-	-	**-**	-	
Secs to be received in Repo Trans, net	-	-	-	-	-	**-**	-	
Transactions with Derivatives	984	291	1,742	2,302	2,368	**4,525**	2,587	
Operations w/ Derivatives & Securities	**1,084**	**425**	**1,837**	**2,361**	**2,460**	**4,615**	**2,746**	
Commercial Loans	85,231	89,464	88,854	98,091	101,040	**107,097**	114,752	
Financial Intermediaries' Loans	2,489	5,948	9,810	13,158	13,592	**14,531**	15,853	
Consumer Loans	22,658	24,541	25,822	27,225	28,642	**30,380**	31,413	
Mortgage Loans	30,133	32,381	34,276	37,216	39,046	**41,170**	43,682	
Government Entities' Loans	15,262	17,244	17,868	17,948	17,556	**24,367**	25,412	
IPAB Loans	-	-	-	-	-	**-**	-	
Performing Loans	**155,774**	**169,578**	**176,631**	**193,638**	**199,875**	**217,544**	**231,111**	
Commercial PDL's	832	880	884	927	1,089	**1,135**	1,319	
Financial Intermediaries PDL's	-	-	-	-	-	**-**	-	
Consumer PDL's	721	885	1,015	1,109	1,208	**1,471**	1,956	
Mortgage PDL's	738	806	840	858	893	**619**	704	
Government Entities PDL's	-	-	-	-	-	**-**	-	
Past Due Loans	**2,291**	**2,571**	**2,739**	**2,893**	**3,189**	**3,225**	**3,979**	
Gross Loan Portfolio	**158,064**	**172,149**	**179,369**	**196,531**	**203,065**	**220,769**	**235,091**	
Preventive Loan Loss Reserves	3,407	3,618	3,624	3,786	4,048	**4,217**	4,904	
Net Loan Portfolio	**154,658**	**168,531**	**175,745**	**192,745**	**199,017**	**216,552**	**230,187**	
Acquired Collection Rights	4,183	4,043	3,861	3,660	3,538	**3,375**	3,232	
Total Credit Portfolio	**158,841**	**172,574**	**179,60**	**196,406**	**202,554**	**219,92**	**233,419**	
Sundry Debtors & Other Accs Rec, net	9,950	13,960	18,788	7,617	12,459	**10,431**	13,118	
Inventories	-	-	9	7	61	**77**	571	
Foreclosed Assets, net	423	430	296	385	506	**653**	682	
Real Estate, Furniture & Equipment, net	6,918	6,890	6,874	8,098	7,959	**8,058**	8,192	
Investments in Subsidiaries	2,539	2,426	2,569	2,590	2,685	**2,632**	2,491	
Deferred Taxes, net	-	-	-	215	148	**304**	336	
Goodwill	4,220	4,289	4,217	4,134	4,034	**3,953**	4,247	
Intangibles	156	158	209	249	238	**219**	209	
Other Assets	3,474	3,379	3,876	4,151	4,085	**4,286**	4,255	
	27,679	**31,533**	**36,839**	**27,445**	**32,175**	**30,612**	**34,101**	
TOTAL ASSETS	**248,939**	**269,452**	**279,248**	**287,283**	**301,526**	**323,611**	**343,204**	

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

***GFNORTE* – BALANCE SHEET** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
LIABILITIES								
Demand Deposits	95,104	100,622	96,824	111,080	103,263	**106,693**	107,694	
Time Deposits	79,610	80,471	86,011	92,227	93,830	**114,557**	133,799	
Bank Bonds	-	-	-	-	-	**-**	-	
Deposits	**174,713**	**181,094**	**182,834**	**203,307**	**197,092**	**221,250**	**241,492**	
Immediate Redemption Loans	-	7,495	2,454	871	5,615	**3,136**	824	
Short Term Loans	6,934	7,840	9,108	11,057	18,538	**11,375**	11,952	
Long Term Loans	9,606	9,922	10,495	10,796	10,178	**10,070**	10,395	
Due to Banks & Correspondents	**16,540**	**25,258**	**22,056**	**22,723**	**34,332**	**24,581**	**23,170**	
Non-assigned Securities for Settlement	-	2,988	9,114	10	1,745	**1,570**	1,486	
Creditor Balance in Repo Trans, net	409	396	518	515	291	**605**	632	
Repo Transactions with Collateral	-	-	-	-	-	**-**	-	
Secs to be received in Repo Trans, net	-	-	-	-	-	**-**	-	
Transactions with Derivatives	1,817	984	2,297	2,435	3,157	**4,443**	2,946	
Operations w/ Derivatives & Securities	**2,226**	**4,368**	**11,929**	**2,960**	**5,192**	**6,619**	**5,064**	
Income Tax & Profit Sharing Payable	909	1,545	1,909	2,212	1,197	**1,340**	1,512	
Other Creditors & Accounts Payable	12,160	13,075	14,176	10,888	12,538	**13,306**	13,654	
Other Payable Accounts	**13,070**	**14,620**	**16,086**	**13,100**	**13,734**	**14,646**	**15,166**	
Subordinated Non Convertible Debt	11,943	11,651	11,734	10,210	14,561	**16,932**	17,923	
Deferred Taxes	328	247	143	-	-	**-**	-	
Deferred Credits	269	472	616	827	977	**1,146**	1,269	
TOTAL LIABILITIES	**219,089**	**237,709**	**245,399**	**253,127**	**265,888**	**285,174**	**304,085**	
EQUITY								
Paid-in Capital	12,020	12,020	12,016	11,965	11,965	**11,968**	11,951	
Share Subscription Premiums	1,863	1,863	1,863	1,272	1,275	**1,273**	1,187	
Subordinated Convertible Debentures	-	-	-	-	-	**-**	-	
Subscribed Capital	**13,882**	**13,882**	**13,878**	**13,882**	**13,239**	**13,241**	**13,138**	
Capital Reserves	2,446	2,442	2,407	2,452	2,446	**2,807**	2,767	
Retained Earnings	22,297	22,297	22,296	21,379	21,376	**21,035**	21,035	
Surplus (Deficit) of Secs Available for Sale	-	-	-	-	-	**-**	-	
Results from Conversions of Foreign Ops	-	-	-	-	-	**-**	-	
Results from Valuation of Hedging Secs	-	-	-	-	-	**-**	-	
Surplus (Deficit) in Capital Restatement	(6,378)	(6,375)	(6,376)	(6,380)	-	**-**	-	
Results of Non Monetary Fixed Assets	-	-	-	-	-	**-**	-	
Results of Non Monetary –Investment Assets	(5,603)	(5,512)	(5,094)	(5,009)	(5,113)	**(4,250)**	(5,493)	
Adjustments in the Employee's Pensions	-	-	-	-	-	**-**	-	
Accumulated Effect of Deferred Liabilities	-	-	-	-	-	**-**	-	
Net Income	1,663	3,385	5,125	6,810	1,928	**3,735**	5,742	
Earned Capital	**14,425**	**16,237**	**18,359**	**19,252**	**20,638**	**23,328**	**24,051**	
Minority Interest	1,543	1,624	1,612	1,667	1,761	**1,868**	1,930	
Total Equity	**29,850**	**31,743**	**33,849**	**34,156**	**35,638**	**38,437**	**39,119**	
TOTAL LIABILITIES & EQUITY	**248,939**	**269,452**	**279,248**	**287,283**	**301,526**	**323,611**	**343,204**	

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

***GFNORTE* – MEMORANDUM ACCOUNTS** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
On behalf of Third Parties								
Customer's Banks	24	1	4	11	12	16	12	
Dividends Receivable from Customers	-	-	-	-	-	-	-	
Interest Receivable from Customers	-	-	-	-	-	-	-	
Settlement of Customer Transactions	(320)	(438)	89	58	37	44	(98)	
Customer Premiums	-	-	-	-	-	-	-	
Settlement with Clients' Foreign Currency	-	-	-	-	-	-	-	
Margin Accounts in Futures' Operations	-	-	-	-	-	-	-	
Other Current Accounts	-	-	-	-	-	-	-	
Customers' Current Account	**(296)**	**(437)**	**93**	**69**	**49**	**60**	**(86)**	
Client Securities Received in Custody	179,124	188,067	185,223	180,385	185,033	185,766	164,891	
Securities and Documents Received in Guarantee	-	-	-	-	-	-	-	
Client Securities Abroad	-	-	-	-	-	-	-	
Clients' Securities	**179,124**	**188,067**	**185,223**	**180,385**	**185,033**	**185,766**	**164,891**	
Clients' Repurchase Operations	28,659	37,030	35,295	21,803	23,511	32,360	32,881	
Clients' Repo Transactions w/ Securities	-	-	-	-	-	-	-	
Purchase of Futures & Forward Contracts notional	-	-	-	-	-	-	-	
Sale of Futures and Forward Contracts, notional	-	-	-	-	-	-	-	
Clients' Option Purchase Operations	5	-	-	145	144	481	440	
Clients' Option Sales Operations	-	-	-	-	-	-	-	
Purchase of Derivatives' Packages	-	-	-	-	-	-	-	
Sale of Derivatives' Packages	-	-	-	-	-	-	-	
Trusts Ander Administration	2,823	3,024	2,912	3,048	2,360	2,602	1,897	
Transactions On Behalf of Clients	**31,487**	**40,054**	**38,207**	**24,997**	**26,015**	**35,443**	**35,218**	
TOTAL ON BEHALF OF THIRD PARTIES	**210,315**	**227,683**	**223,522**	**205,451**	**211,096**	**221,269**	**200,023**	
Endorsement Guarantees Granted	-	-	-	-	-	-	-	
Loan Obligations	2,418	2,149	2,687	2,365	2,846	2,530	2,580	
Properties in Trusts and Warrant	84,520	87,179	100,223	101,632	108,959	108,574	105,738	
Properties in Custody or Administration	99,925	103,169	110,368	117,167	122,793	152,541	171,393	
Amounts committed to Operations with Fobaproa	-	-	-	-	-	-	-	
Drafts in Transit	-	-	-	-	-	-	-	
Certificates of Deposits in Circulation	984	840	1,396	1,541	1,377	1,692	1,971	
Letters of Credit to the Corporation as Guarantee	-	-	-	-	-	-	-	
Securities to the Corporation for Custody	278	297	538	610	698	856	511	
Government Secs of the Corp under Custody	294	322	84	147	56	88	641	
Securities of the Corp given as Guarantee	-	-	-	-	-	-	-	
Securities of the Corp Abroad	-	-	-	-	-	-	-	
Settlement with FX of the Corp Abroad	-	-	-	-	-	-	-	
Debts with the Contingency Fund	-	-	-	-	-	-	-	
Contingent Assets & Liabilities	269	285	284	278	265	262	266	
Investment bank Trans on Behalf of Third Parties	103,308	96,577	103,823	91,329	101,754	109,570	94,858	
Uncollected Accrued Interest from Past Due Loans	66	77	99	101	111	104	109	
Investments of Retirement Savings Funds	-	-	-	-	-	-	-	
Integration of the Credit Portfolio	-	-	-	-	-	-	-	
Amounts Contracted in Derivatives	-	-	-	-	-	-	-	
Other Registration Accounts	-	-	-	-	-	-	-	
Proprietary Transactions	**292,061**	**290,897**	**319,501**	**315,172**	**338,858**	**376,217**	**378,068**	
Repo Securities to be Received	217,654	236,600	234,956	216,233	226,589	238,589	241,457	
(Minus) Repurchase Creditors	(217,95	(236,902	(235,416	(216,708)	(226,813	(239,160	(242,020)	
Repurchase Transactions	**(302)**	**(301)**	**(460)**	**(475)**	**(224)**	**(571)**	**(563)**	
Repurchase Debtors	36,561	35,961	38,359	21,503	23,194	36,249	40,263	
(Minus) Repo Securities to be Delivered	(36,568)	(35,921)	(38,322)	(21,484)	(23,169)	(36,193)	(40,173)	
Repurchase Transactions	**(7)**	**40**	**37**	19	**25**	**56**	**90**	
TOTAL PROPRIETARY	**291,752**	**290,635**	**319,078**	**314,715**	**338,658**	**375,702**	**377,595**	

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

GFNORTE - CONSOLIDATED STATEMENT OF CASH FLOW JANUARY 1, 2008 – SEPTEMBER 30, 2008 *(Million Pesos)*	
Cash Flow from Operating Activities	
Net Income	**5,742**
Items charged to results that do not generate or require use of resources	
Results of valuation at reasonable value	97
Provisions for loan losses	3,912
Depreciation and amortization	781
Defferred taxes	(125)
Provisions for obligations	(48)
Minoritary interest	289
Undistribuated earnings of subsidiaries	(199)
	10,449
Change in items related to operations:	
Decrease (Increase) Deposits	38,185
Decrease (Increase) loan portfolio	(40,925)
Decrease (Increase) in portfolios of credit assets	-
Decrease (Increase) treasury operations (investment in securities)	(7,715)
Decrease (Increase) financial instruments for sale	1,719
Loans from banks and other institutions	447
Decrease (Increase) Deferred taxes	4
Net cash generated or used from operations	**2,164**
Financing Activities:	
Issue of subordinated debentures outstanding	7,714
Increase in other payable accounts	2,114
Stock repurchases	(125)
Net cash generated or used from financing activities	**9,703**
Investment Activities :	
Decrease in fixed assets	(783)
Decrease in permanent investments in shares	(646)
Decrease (Increase) in deferred charges or credits	(392)
Decrease (Increase) foreclosed assets	(297)
Increase in other accounts receivable	(5,501)
Net cash generated or used from investment activities	**(7,619)**
Decrease (increase) in cash and equivalents	**4,248**
Cash and due from banks at the beginning of the year	**41,610**
Cash and due from banks at the end of the year	**45,858**

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

GFNORTE – CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER´S EQUITY JANUARY 1, 2008 – SEPTEMBER 30, 2008.

(Million Pesos)

	CONTRIBUTED CAPITAL	
	Fixed Paid-in Capital	Premium from sale of securities
Balance as of December 31,2007	**11,965**	**1,272**
Changes stemming from stockholder's decisions		
Stock repurchases	**(14)**	(85)
Capitalization of profits	**-**	**-**
Provisions Created	**-**	**-**
Increase in Capital	**-**	**-**
Total	**(14)**	**(85)**
Changes stemming from profits		
Total profits:		
Net Income	**-**	**-**
Non Monetary Assets Results	**-**	**-**
Recognition of minority interest	**-**	**-**
Total	**-**	**-**
Balance as of September 30,2008	**11,951**	**1,187**

	EARNED CAPITAL						
	Capital Reserves	Retained earnings	Surpls or Deficit in Capital Restatement	Results from Non Monetary Assets (Investments)	Net Income	Minoritary Interest	Total Stockholders´ Equity
Balance as of December 31,2007	**2,452**	**21,379**	**(6,380)**	**(5,009)**	**6,810**	**1,667**	**34,156**
Changes stemming from stockholder's decisions							
Stock repurchases	(26)	-	-	-	-	-	**(125)**
Application of profits	-	6,810	-	-	(6,810)	-	**-**
Provisions created	341	(341)	-	-	-	-	**-**
Cash Dividends	-	-	-	-	-	-	**-**
Increase in Capital	-	-	-	-	-	-	**-**
Total	**315**	**6,469**	**-**	**-**	**(6,810)**	**-**	**(125)**
Changes stemming from profits							
Total profits:							
Net Income	-	-	-	-	5,742	-	**5,742**
Non Monetary Assets Results	-	-	-	(917)	-	-	**(917)**
Change to Accounting Criteria (NIF B-10)	-	(6,813)	6,380	433	-	-	**-**
Total	**-**	**(6,813)**	**6,380**	**(484)**	**5,742**	**-**	**4,825**
Recognition of minority interest	-	-	-	-	-	263	**263**
Balance as of September 30,2008	**2,767**	**21,035**	**-**	**(5,493)**	**5,742**	**1,930**	**39,119**

BANORTE

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

BANKING SECTOR

BANKING SECTOR* - INCOME STATEMENT *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	Accum. 2007	1Q08	2Q08	3Q08	4Q08	Accum. 2008
Interest Income	8,776	9,341	9,983	10,606	38,707	10,786	11,254	12,445		**34,485**
Interest Expense	4,957	5,343	5,624	5,869	21,793	5,967	6,305	7,056		**19,328**
Loan Fees Charged	23	44	77	96	239	103	116	138		**357**
Fees Paid	-	-	-	-	-	-	-	-		**-**
Net Interest Income (NII)	**3,842**	**4,042**	**4,436**	**4,833**	**17,152**	**4,921**	**5,065**	**5,527**		**15,514**
Monetary Adjustment (Repomo) to margins	(38)	13	(103)	(137)	(265)	-	-	-		**-**
NII after Repomo	**3,804**	**4,054**	**4,334**	**4,695**	**16,888**	**4,921**	**5,065**	**5,527**		**15,514**
Preventive Provisions for Loan Losses	249	742	696	900	2,588	987	1,234	1,587		**3,808**
Loan Loss Sharing Provisions Fobaproa	-	-	-	-	-	-	-	-		**-**
NII Adjusted for Credit Risk	**3,555**	**3,313**	**3,637**	**3,795**	**14,300**	**3,934**	**3,831**	**3,940**		**11,705**
Fund Transfers	60	58	55	56	229	52	55	53		**160**
Account Management	242	241	239	254	976	235	250	260		**745**
Fiduciary	64	65	67	74	270	69	76	79		**224**
Income from Real Estate Portfolios	116	180	120	160	575	190	117	223		**530**
Electronic Banking Services	213	229	245	258	944	234	249	256		**739**
Credit Cards Fees	477	503	553	599	2,132	581	621	675		**1,878**
Fees Charged to IPAB	1	-	(1)	4	4	-	-	-		**-**
Other Fees	211	228	218	254	911	254	266	262		**782**
Fees Charged on Services	**1,383**	**1,504**	**1,495**	**1,658**	**6,041**	**1,616**	**1,633**	**1,808**		**5,058**
Fund Transfers	5	4	4	4	17	5	5	4		**14**
Other Fees	227	233	246	288	993	261	275	279		**815**
Expenses from Real Estate Portfolios	-	-	-	-	-	-	-	-		**-**
Fees Paid on Services	**232**	**237**	**250**	**292**	**1,010**	**266**	**280**	**283**		**829**
Foreign Exchange	113	142	116	135	506	128	135	165		**428**
Securities - Realized Gains	290	(129)	3	(97)	67	158	(68)	197		**288**
Securities - Unrealized Gains	(27)	270	79	4	325	(85)	7	(277)		**(356)**
Market Related Income	**376**	**283**	**198**	**42**	**898**	**201**	**74**	**85**		**360**
Non-Interest Income	**1,527**	**1,550**	**1,443**	**1,408**	**5,929**	**1,551**	**1,428**	**1,610**		**4,588**
Total Operating Income	**5,082**	**4,863**	**5,080**	**5,204**	**20,228**	**5,485**	**5,259**	**5,550**		**16,293**
Personnel	1,365	1,376	1,399	1,441	5,581	1,45	1,472	1,466		**4,395**
Professional Fees Paid	227	198	210	273	908	219	230	286		**735**
Administrative and Promotional Expenses	900	941	1,014	1,049	3,903	1,03	1,084	942		**3,062**
Rents, Depreciation and Amortization	321	329	323	313	1,286	332	328	304		**965**
Other Taxes (other than Income tax)	127	115	114	137	493	151	151	109		**410**
Contribuitons to IPAB	175	191	212	196	774	213	228	238		**679**
Non-Interest Expense	**3,114**	**3,151**	**3,272**	**3,408**	**12,945**	**3,408**	**3,494**	**3,344**		**10,246**
Net Operating Income	**1,968**	**1,712**	**1,808**	**1,796**	**7,284**	**2,077**	**1,765**	**2,205**		**6,047**
Other Revenues	130	216	286	197	830	576	302	250		**1,128**
Foreign Exchange	-	-	-	-	-	-	-	-		**-**
Recoveries	428	477	396	526	1,826	265	354	441		**1,060**
Repomo - other revenues	2	-	1	1	3	-	-	-		**-**
Non-Operating Income	**560**	**693**	**683**	**724**	**2,659**	**841**	**656**	**690**		**2,188**
Other Expenses	(101)	(113)	(28)	(132)	(374)	(111)	(133)	(83)		**(327)**
Changes in Foreign Exchange Valuation	-	-	-	-	-	-	-	-		**-**
Repomo - other expenses (creditor balance)	(137)	50	(114)	(182)	(383)	-	-	-		**-**
Non-Operating Expense	**(238)**	**(63)**	**(142)**	**(313)**	**(756)**	**(111)**	**(133)**	**(83)**		**(327)**
Non Operating Income (Expense), net	**322**	**630**	**541**	**411**	**1,903**	**730**	**523**	**607**		**1,861**
Pre-Tax Income	**2,289**	**2,342**	**2,349**	**2,206**	**9,187**	**2,808**	**2,288**	**2,813**		**7,908**
Income Tax	628	616	659	744	2,647	732	627	669		**2,028**
Profit Sharing	232	239	184	206	862	232	232	252		**716**
Tax on Assets	-	-	-	-	-	-	-	-		**-**
Deferred Income Tax and Profit Sharing	(15)	(43)	(94)	(298)	(450)	48	(157)	18		**(92)**
Taxes	**845**	**813**	**749**	**651**	**3,058**	**1,011**	**702**	**939**		**2,652**
Net Income before Subsidiaries	**1,444**	**1,529**	**1,601**	**1,555**	**6,129**	**1,796**	**1,586**	**1,874**		**5,256**
Subsidiaries' Net Income	28	6	32	20	87	34	14	28		**76**
Net Income form Continuos Operations	**1,473**	**1,535**	**1,633**	**1,575**	**6,216**	**1,830**	**1,600**	**1,901**		**5,332**
Extraordinary Items, net	-	-	-	-	-	-	-	-		**-**
Minority Interest	19	21	13	12	64	25	27	21		**73**
TOTAL NET INCOME	**1,454**	**1,514**	**1,621**	**1,563**	**6,151**	**1,804**	**1,573**	**1,880**		**5,258**

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

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

***BANKING SECTOR* – BALANCE SHEET** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
ASSETS								
Cash and Due from Banks	**42,138**	**48,644**	**39,677**	**41,363**	**39,471**	**41,284**	**45,391**	
Negotiable Instruments	7,189	6,092	8,891	6,992	7,390	9,989	10,202	
Securities Available for Sale	10,400	8,508	10,814	10,948	15,636	15,082	14,994	
Securities Held to Maturity	754	779	764	760	749	742	728	
Investment in Securities	**18,343**	**15,379**	**20,469**	**18,700**	**23,775**	**25,814**	**25,924**	
Non-assigned Securities pending Settlement	-	-	-	-	-	-	-	
Debtor Balance in Repo Trans, net	60	82	44	31	49	34	61	
Repo Transactions with Collateral	-	-	-	-	-	-	-	
Secs to be received in Repo Trans, net	-	-	-	-	-	-	-	
Transactions with Derivatives	954	290	1,742	2,302	2,368	4,523	2,587	
Operations w/ Derivatives & Securities	**1,015**	**372**	**1,786**	**2,332**	**2,417**	**4,557**	**2,648**	
Commercial Loans	77,555	81,156	79,795	87,001	90,957	97,022	103,446	
Financial Intermediaries' Loans	4,918	8,529	11,814	16,153	17,329	18,070	19,977	
Consumer Loans	22,655	24,538	25,819	27,220	28,626	30,376	31,409	
Mortgage Loans	30,133	32,381	34,276	37,216	39,046	41,170	43,682	
Government Entities' Loans	15,255	17,243	17,868	17,948	17,556	24,366	25,401	
IPAB Loans	-	-	-	-	-	-	-	
Performing Loans	**150,516**	**163,846**	**169,573**	**185,538**	**193,514**	**211,003**	**223,916**	
Commercial PDL's	714	740	756	777	944	973	1,180	
Financial Intermediaries PDL's	-	-	-	-	-	-	-	
Consumer PDL's	721	885	1,015	1,109	1,208	1,471	1,956	
Mortgage PDL's	738	806	840	858	893	619	704	
Government Entities PDL's	-	-	-	-	-	-	-	
Past Due Loans	**2,173**	**2,431**	**2,611**	**2,743**	**3,044**	**3,063**	**3,840**	
Gross Loan Portfolio	**152,689**	**166,277**	**172,184**	**188,282**	**196,558**	**214,066**	**227,756**	
Preventive Loan Loss Reserves	3,318	3,541	3,554	3,707	3,976	4,153	4,791	
Net Loan Portfolio	**149,371**	**162,737**	**168,630**	**184,574**	**192,582**	**209,913**	**222,966**	
Acquired Collection Rights	4,183	4,043	3,861	3,660	3,538	3,375	3,232	
Total Credit Portfolio	**153,555**	**166,780**	**172,491**	**188,235**	**196,120**	**213,288**	**226,198**	
Sundry Debtors & Other Accs Rec, net	9,557	13,665	18,469	7,137	12,132	9,992	12,520	
Foreclosed Assets, net	423	430	296	385	506	653	682	
Real Estate, Furniture & Equipment, net	6,033	5,987	6,009	6,380	6,344	6,339	6,406	
Investments in Subsidiaries	928	915	832	839	871	839	866	
Deferred Taxes, net	-	-	-	246	177	325	360	
Goodwill	4,183	4,253	4,182	4,100	4,000	3,920	4,214	
Intangibles	156	158	209	249	238	217	208	
Other Assets	3,184	3,094	3,504	4,395	4,376	4,638	4,666	
	24,462	**28,501**	**33,502**	**23,731**	**28,645**	**26,924**	**29,923**	
TOTAL ASSETS	**239,512**	**259,677**	**267,924**	**274,361**	**290,428**	**311,867**	**330,083**	

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

***BANKING SECTOR* – BALANCE SHEET** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
LIABILITIES								
Demand Deposits	95,131	100,657	96,844	111,115	103,274	106,725	107,710	
Time Deposits	79,719	80,735	86,496	92,419	93,971	114,746	134,012	
Bank Bonds	-	-	-	-	-	-	-	
Deposits	**174,849**	**181,392**	**183,340**	**203,534**	**197,245**	**221,471**	**241,722**	
Immediate Redemption Loans	-	7,495	2,454	871	5,615	3,136	824	
Short Term	3,554	4,083	4,059	4,895	14,225	6,836	6,569	
Long Term	8,277	8,565	9,030	8,328	7,912	7,718	7,780	
Due to Banks & Correspondents	**11,831**	**20,143**	**15,543**	**14,094**	**27,752**	**17,691**	**15,173**	
Non-assigned Securities for Settlement	-	2,988	9,114	10	1,745	1,570	1,486	
Creditor Balance in Repo Trans, net	373	347	473	489	252	553	537	
Repo Transactions with Collateral	-	-	-	-	-	-	-	
Secs to be received in Repo Trans, net	-	-	-	-	-	-	-	
Transactions with Derivatives	1,789	984	2,297	2,435	3,156	4,443	2,946	
Operations w/ Derivatives & Securities	**2,162**	**4,319**	**11,884**	**2,934**	**5,153**	**6,566**	**4,969**	
Income Tax & Profit Sharing Payable	801	1,398	1,703	1,995	1,121	1,209	1,328	
Other Creditors & Accounts Payable	11,734	12,590	13,647	10,371	11,973	12,694	12,946	
Other Payable Accounts	**12,535**	**13,988**	**15,350**	**12,366**	**13,094**	**13,902**	**14,274**	
Subordinated Non Convertible Debt	11,943	11,651	11,734	10,210	14,561	16,932	17,923	
Deferred Taxes	256	191	105	-	-	-	-	
Deferred Credits	221	412	556	784	923	1,088	1,211	
TOTAL LIABILITIES	**213,797**	**232,095**	**238,512**	**243,921**	**258,727**	**277,650**	**295,272**	
STOCKHOLDER´S EQUITY								
Paid-in Capital	10,955	10,955	10,955	10,955	10,955	10,955	10,955	
Share Subscription Premiums	856	856	856	856	856	856	856	
Subordinated Convertible Debentures	-	-	-	-	-	-	-	
Subscribed Capital	**11,811**	**11,811**	**11,810**	**11,811**	**11,811**	**11,811**	**11,811**	
Capital Reserves	3,390	3,390	3,389	3,390	3,390	4,005	4,005	
Retained Earnings	11,162	11,162	11,161	10,536	14,749	14,039	14,039	
Results from Valuation of Secs Available for Sale	41	447	466	396	392	749	(517)	
Results from Valuation of Hedging Secs	(518)	(671)	(499)	(320)	(833)	58	(318)	
Results from Conversions of Foreign Ops	9	16	20	15	(33)	(258)	67	
Surplus (Deficit) in Capital Restatement	(1,936)	(1,931)	(1,932)	(1,938)	-	-	-	
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-	
Results of Non Monetary –Investment Assets	31	99	102	91	86	71	80	
Adjustments in the Employee's Pensions	-	-	-	-	-	-	-	
Accumulated Effect of Deferred Liabilities	-	-	-	-	-	-	-	
Net Income	1,454	2,968	4,589	6,151	1,804	3,378	5,258	
Earned Capital	**13,632**	**15,479**	**17,297**	**18,319**	**19,554**	**22,042**	**22,614**	
Minority Interest	272	292	305	310	335	364	386	
Total Stockholder´s Equity	**25,715**	**27,582**	**29,412**	**30,440**	**31,700**	**34,216**	**34,811**	
TOTAL LIABILITIES & STOCKHOLDER´S EQUITY	**239,512**	**259,677**	**267,924**	**274,361**	**290,428**	**311,867**	**330,083**	

***BANKING SECTOR* – MEMORANDUM ACCOUNTS** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
Endorsement Guarantees Granted	-	-	-	-	-	-	-	
Contingent Assets & Liabilities	269	285	284	278	265	262	266	
Irrevocable Lines of Credit	2,418	2,149	2,687	2,365	2,846	2,530	2,580	
Assets held in Trusts or Mandate	84,520	87,179	100,223	101,632	108,959	108,574	105,738	
Assets held in custody or in administration	96,095	99,309	106,546	113,408	119,021	148,763	167,609	
Investment banking transactions for third parties, net	103,308	96,577	103,823	91,329	101,754	109,570	94,858	
Uncharged accrued interest from past - due loans	59	70	92	94	105	99	104	
Amounts committed to fobaproa operations	-	-	-	-	-	-	-	
Investment of retirement saving funds	-	-	-	-	-	-	-	
Integration of loan portfolio	-	-	-	-	-	-	-	
Amounts received in derivative instruments	-	-	-	-	-	-	-	
Fobaproa trusts	-	-	-	-	-	-	-	
Repurchase securities to be received	188,653	199,567	198,072	194,429	202,305	205,840	208,509	
(Less) creditors from repos	(188,945)	(199,834)	(198,497)	(194,886)	(202,496)	(206,363)	(208,982)	
Debtors from repos	15,894	11,203	13,004	7,198	9,583	5,768	9,269	
(Less) Repurchase securities to be delivered	(15,915)	(11,201)	(13,009)	(7,199)	(9,595)	(5,764)	(9,273)	
Other control accounts	-	-	-	-	-	-	-	
	286,355	**285,306**	**313,225**	**308,649**	**332,747**	**369,279**	**370,680**	

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BANORTE USA

BANORTE USA – INCOME STATEMENT *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	2007	1Q08	2Q08	3Q08	9M08
Interest Income	302	277	296	319	1,195	299	293	298	890
Interest Expense	146	140	148	156	591	140	130	127	397
Loan Fees Charged	-	-	-	-	-	-	-	-	-
Fees Paid	-	-	-	-	-	-	-	-	-
Net Interest Income (NII)	**156**	**137**	**148**	**163**	**604**	**159**	**163**	**171**	**493**
Monetary Adjustment (Repomo) to margins	-	(1)	-	(2)	(3)	-	-	-	-
NII after Repomo	**156**	**136**	**148**	**161**	**601**	**159**	**163**	**171**	**493**
Preventive Provisions for Loan Losses	15	27	(20)	38	61	(7)	17	14	23
Loss Sharing Provisions	-	-	-	-	-	-	-	-	-
NII Adjusted for Credit Risk	**141**	**109**	**168**	**123**	**540**	**166**	**147**	**157**	**470**
Fund transfers	-	-	-	-	-	-	-	-	-
Account management	-	-	-	-	-	-	-	-	-
Fiduciary	-	-	-	-	-	-	-	-	-
Income from Loan Portfolios Acquired	-	-	-	-	-	-	-	-	-
Electronic Banking Services	-	-	-	-	-	-	-	-	-
Credit Card Fees	-	-	-	-	-	-	-	-	-
Fees Charged to IPAB	-	-	-	-	-	-	-	-	-
Other fees	24	25	25	27	101	24	24	32	79
Fees Charged on Services,	**24**	**25**	**25**	**27**	**101**	**24**	**24**	**32**	**79**
Fund transfers	-	-	-	-	-	-	-	-	-
Other fees	-	-	-	-	-	-	-	-	-
Expenses from Loan Portfolios Acquired	-	-	-	-	-	-	-	-	-
Fees Paid on Services	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Foreign exchange	-	-	-	-	-	-	-	-	-
Securities –Realized gains	-	-	-	-	-	-	-	-	-
Securities- Unrealized gains	-	-	-	-	-	-	-	-	-
Market Related Income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Non Interest Income	**24**	**25**	**25**	**27**	**101**	**24**	**24**	**32**	**79**
Total Operating Income	**165**	**133**	**193**	**150**	**641**	**190**	**170**	**189**	**549**
Personnel	50	51	53	59	213	57	60	57	174
Professional Fees Paid	6	7	7	8	29	7	7	7	21
Administrative and Promotional Expenses	50	61	65	74	250	70	75	75	220
Rents, depreciation and amortization	11	9	9	10	39	9	9	9	27
Taxes, other than income tax	-	-	-	-	-	-	-	-	-
Contributions to IPAB	-	-	-	-	-	-	-	-	-
Non-Interest Expense	**117**	**128**	**135**	**151**	**531**	**143**	**152**	**148**	**442**
Operating Income	**48**	**5**	**58**	**(1)**	**110**	**48**	**19**	**41**	**107**
Other Revenues	28	41	40	48	157	59	53	49	162
Foreign exchange	-	-	-	-	-	-	-	-	-
Recoveries	1	1	1	1	5	1	1	1	4
Repomo-other revenues	-	-	-	-	-	-	-	-	-
Non Operating Income	**29**	**42**	**41**	**49**	**162**	**60**	**55**	**50**	**165**
Other Expenses	-	-	-	-	-	-	-	-	-
Changes in Foreign Exchange Valuation	-	-	-	-	-	-	-	-	-
Repomo-other expenses (creditor balance)	-	(3)	-	(3)	(6)	-	-	-	-
Non Operating Expense	**-**	**(3)**	**-**	**(3)**	**(6)**	**-**	**-**	**-**	**-**
Non Operating Income (Expense), net	**29**	**39**	**41**	**46**	**156**	**60**	**55**	**50**	**165**
Pre-tax Income	**77**	**44**	**99**	**45**	**266**	**108**	**73**	**91**	**272**
Income Tax	(26)	(15)	(33)	(16)	(90)	(36)	(25)	(29)	(91)
Profit sharing	-	-	-	-	-	-	-	-	-
Tax on Assets	-	-	-	-	-	-	-	-	-
Deferred Income Tax and Profit sharing	-	-	-	-	-	-	-	-	-
	(26)	**(15)**	**(33)**	**(16)**	**(90)**	**(36)**	**(25)**	**(29)**	**(91)**
Net Income before subsidiaries	**51**	**30**	**66**	**29**	**176**	**71**	**48**	**62**	**182**
Subsidiaries' net income	-	-	-	-	-	-	-	-	-
Net Income from continuos operations	**51**	**30**	**66**	**29**	**176**	**71**	**48**	**62**	**182**
Extraodinary items, net	-	-	-	-	-	-	-	-	-
Minority Interest	(18)	(21)	(13)	(12)	(64)	(25)	(19)	(21)	(65)
TOTAL NET INCOME	**33**	**9**	**53**	**17**	**112**	**46**	**30**	**41**	**117**

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

BANORTE USA – BALANCE SHEET *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08
ASSETS							
Cash and due from Banks	**1,503**	**407**	**283**	**570**	**347**	**459**	**332**
Negotiable Instruments	-	-	-	-	-	-	-
Securities available for sale	4,091	3,976	4,663	4,635	5,312	5,487	5,249
Securities held to maturity	11	11	10	11	10	10	10
Investment in Securities	**4,103**	**3,988**	**4,673**	**4,646**	**5,322**	**5,497**	**5,259**
Non-assigned securities pending Settlement	-	-	-	-	-	-	-
Debtor Balance in Repo Trans, net	-	-	-	-	-	-	-
Repo Transactions with Collateral	-	-	-	-	-	-	-
Secs to be received in Repo Trans, net	-	-	-	-	-	-	-
Transactions with derivatives	-	-	-	-	-	-	-
Operations w/ Derivatives & Securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Commercial Loans	8,947	9,528	9,617	8,909	9,063	8,834	10,004
Financial Intermediaries' Loans	-	-	-	-	-	-	-
Consumer Loans	157	159	171	175	180	166	186
Mortgage Loans	725	724	795	1,691	1,641	1,683	1,950
Goverment Entities' Loans	-	-	-	-	-	-	-
IPAB Loans	-	-	-	-	-	-	-
Fiduciary Collection Rights	-	-	-	-	-	-	-
Performing Loans	**9,828**	**10,410**	**10,582**	**10,776**	**10,884**	**10,683**	**12,140**
Commercial PDL's	73	50	40	66	120	57	96
Financial Intermediaries' PDL's	-	-	-	-	-	-	-
Consumer PDL's	1	-	-	-	1	1	1
Mortgage PDL's	5	10	6	16	16	21	19
Goverment Entities PDL's	-	-	-	-	-	-	-
Past Due Loans	**79**	**60**	**46**	**83**	**137**	**79**	**117**
Gross Loan Portfolio	**9,908**	**10,470**	**10,628**	**10,858**	**11,021**	**10,762**	**12,256**
Preventive loan loss reserves	192	215	125	131	119	128	149
Net Loan Portfolio	**9,717**	**10,255**	**10,504**	**10,727**	**10,902**	**10,634**	**12,107**
Credit Assets Portfolio	-	-	-	-	-	-	-
Sundry debtors and other accs rec,net	-	14	7	-	-	-	-
Foreclosed assets, net	20	15	17	25	152	313	326
Real Estate, Furniture & Equipment, net	569	570	585	585	580	572	606
Investments in subsidiaries	7	7	7	7	7	7	7
Deferred taxes, net	-	-	-	-	-	-	-
Risk Coverage for Mortgage	-	-	-	-	-	-	-
GoodWill	2,642	2,648	2,582	2,575	2,512	2,431	2,590
Intangible	156	159	148	139	126	114	112
Otros Assets	445	416	433	565	485	685	666
Other Assets	**3,243**	**3,223**	**3,164**	**3,278**	**3,123**	**3,229**	**3,368**
TOTAL ASSETS	**19,161**	**18,478**	**19,241**	**19,838**	**20,434**	**20,712**	**22,005**

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

BANORTE USA – BALANCE SHEET *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08
LIABILITIES							
Demand Deposits	8,222	7,645	6,901	7,741	7,909	7,269	7,313
Time Deposits	6,816	6,585	7,172	7,577	7,372	7,349	8,204
Bank Bonds	-	-	-	-	-	-	-
Deposits	**15,039**	**14,229**	**14,074**	**15,318**	**15,280**	**14,618**	**15,517**
Immediate Redemption Loans	-	-	-	-	-	845	824
Short term	-	111	60	-	768	1,040	1,102
Long term	88	85	916	264	77	71	73
Due to banks and correspondents	**88**	**195**	**976**	**264**	**844**	**1,956**	**1,998**
Non-assigned securities pending settlement	-	-	-	-	-	-	-
Cerditor Balance in Repo Trans, net	-	-	-	-	-	-	-
Repo transactions with collateral	-	-	-	-	-	-	-
Securities to be received in Repo Trans, net	-	-	-	-	-	-	-
Transactions with derivatives, net	-	-	-	-	-	-	-
Operations w/ Derivatives & Securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Income Tax & Profit Sharing Payable	33	-	-	-	2	-	2
Other creditors & accounts payable	220	122	117	135	141	141	137
Other payable accounts	**252**	**122**	**117**	**135**	**143**	**141**	**139**
Subordinated non Convertible Debenture	233	230	229	225	220	213	226
Deferred Taxes	31	7	17	19	44	52	-
Deferred credits	-	19	24	30	33	34	38
TOTAL LIABILITIES	**15,645**	**14,803**	**15,438**	**15,991**	**16,564**	**17,014**	**17,919**
STOCKHOLDER´S EQUITY							
Paid-in Capital	3,131	3,350	3,331	3,344	3,344	3,346	3,346
Share subscription premiums	-	-	-	-	-	-	-
Subordinated Convertible Debentures	-	-	-	-	-	-	-
Subscribed Capital	**3,133**	**3,350**	**3,331**	**3,344**	**3,344**	**3,346**	**3,346**
Capital Reserves	-	-	-	-	-	-	-
Retained Earnings	10	10	10	11	122	122	122
Results from Valuation of Secs Available for Sale	22	2	40	57	105	(2)	82
Results from Conversions of Foreign Ops	50	(25)	20	15	(81)	(199)	43
Surplus (Deficit) in capital restatement	-	-	-	-	-	-	-
Results of Non Monetary fixed assets	-	-	-	-	-	-	-
Results on non monetary - investment assets	-	-	-	-	-	-	-
Adjustment in employees' pensions	-	-	-	-	-	-	-
Accumulated effect of Deferred Liabilities	-	-	-	-	-	-	-
Net Income	34	44	97	112	46	76	117
Earned Capital	**117**	**30**	**168**	**194**	**192**	**(3)**	**365**
Minority Holdings	266	296	304	309	334	354	376
Total Stockholder´s Equity	**3,517**	**3,674**	**3,803**	**3,847**	**3,870**	**3,698**	**4,087**
TOTAL LIABILITIES & STOCKHOLDER´S CAPITAL	**19,161**	**18,478**	**19,241**	**19,838**	**20,434**	**20,712**	**22,005**

***BANORTE USA* – MEMORANDUM ACCOUNTS** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08
Endorsement guarantees granted	-	-	-	-	-	-	-
Other contingent obligations	-	-	-	-	-	-	-
Credit commitments	18	21	14	14	23	26	33
Irrevocable lines of credit	-	-	-	-	-	-	-
Assets held in trusts or mandate	-	-	-	-	-	-	-
Assets held in custody or in administration	-	-	-	-	-	-	-
Investment banking transactions for third parties, net	-	-	-	-	-	-	-
Amounts committed to fobaproa operations	-	-	-	-	-	-	-
Investment of retirement saving funds	-	-	-	-	-	-	-
Integration of loan portfolio	-	-	-	-	-	-	-
Amounts received in derivative instruments	-	-	-	-	-	-	-
Fobaproa trusts	-	-	-	-	-	-	-
Repurchase securities to be received	-	-	-	-	-	-	-
(Less) creditors from repos	-	-	-	-	-	-	-
Debitors from repos	-	-	-	-	-	-	-
(Less) Repurchase securities to be delivered	-	-	-	-	-	-	-
Other control accounts	-	-	-	-	-	-	-
Endorsement guarantees granted	**18**	**21**	**14**	**14**	**23**	**26**	**33**

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

- **Information by Segments**

***GFNORTE* – BALANCE SHEET 3Q08** *(Million Pesos)*	Holding	Banorte	Brokerage	Leasing & Factoring	Warehouse	Pronegocio	Total	Eliminations	Final Balance
Interest Income	10	34,508	1,760	1,067	2	136	37,482	(1,662)	35,820
Interest Expense	-	19,328	1,711	547	-	29	21,615	(1,592)	20,023
Loan Fees	-	357	-	-	-	13	370	-	370
Net Interest Income (NII)	**10**	**15,537**	**50**	**520**	**1**	**119**	**16,237**	**(70)**	**16,167**
Repomo-Margin	-	-	-	-	-	-	-	-	-
NII after Repomo	**10**	**15,537**	**50**	**520**	**1**	**119**	**16,237**	**-**	**16,237**
Loan Loss & Loss Sharing Provisions	-	3,808	-	64	-	40	3,912	-	3,912
NII after Provisions	**10**	**11,729**	**50**	**456**	**1**	**80**	**12,325**	**-**	**12,255**
Fees on services,	-	5,816	588	11	32	5	6,452	(84)	6,368
Fees paid,	-	849	-	9	-	15	873	(2)	871
Market-related Income	-	360	120	-	-	-	480	-	480
Total Non Interest Income	**-**	**5,327**	**708**	**2**	**32**	**(10)**	**6,059**	**(86)**	**5,973**
Total Operating Income	**10**	**17,056**	**758**	**457**	**33**	**69**	**18,384**	**(152)**	**18,232**
Non-Interest Expense	**5**	**10,807**	**457**	**278**	**15**	**133**	**11,695**	**(256)**	**11,438**
Operating Income	**5**	**6,249**	**301**	**180**	**18**	**(64)**	**6,689**	**105**	**6,794**
Non Operating Income	-	2,188	51	25	120	16	2,400	(108)	2,292
Non Operating Expense	-	327	-	5	117	1	450	(3)	446
Non Operating Income (Expense)NET	**-**	**1,861**	**51**	**21**	**3**	**15**	**1,950**	**(105)**	**1,846**
Pre-tax Income	**5**	**8,109**	**352**	**201**	**21**	**(49)**	**8,640**	**-**	**8,640**
Tax and Profit sharing	**7**	**2,708**	**95**	**3**	**4**	**(9)**	**2,808**	**-**	**2,808**
Net Income before subsidiaries	**(1)**	**5,401**	**257**	**197**	**17**	**(40)**	**5,832**	**-**	**5,832**
Subsidiaries´net income	5,743	(8)	15	-	-	-	5,750	(5,551)	199
Net Inc. from continuos operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Extraodinary items, net	-	-	-	-	-	-	-	-	-
Minority Interest	-	(134)	-	-	-	-	(134)	(154)	(289)
TOTAL NET INCOME	**5,742**	**5,258**	**272**	**197**	**17**	**(40)**	**11,447**	**(5,705)**	**5,742**

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

GFNORTE – BALANCE SHEET AS OF 3Q08
(Million Pesos)

ASSETS	Holding	Banorte	Brokerage	Leasing & Factoring	Warehouse	Pronegocio	Total	Eliminations	Final balance
Cash and due from Banks	157	45,848	1	12	9	28	46,056	(198)	45,858
Negotiable Instruments	-	10,202	1,026	-	-	-	11,228	-	11,228
Securities held for sale	-	14,994	130	-	-	-	15,124	-	15,124
Securities held to maturity	-	728	-	-	-	-	728	-	728
Financial Instruments:	-	25,924	1,156	-	-	-	27,080	-	27,080
Non-assigned securities to pay	-	-	-	-	-	-	-	-	-
Futures receivable, net	-	61	98	-	-	-	159	-	159
Options and derivatives, net	-	2,587	-	-	-	-	2,587	-	2,587
Repos & Derivatives :	-	2,648	99	-	-	-	2,746	-	2,746
Commercial	-	103,446	-	11,041	-	264	114,752	-	114,752
Financial Intermediaries	-	19,977	-	62	-	-	20,039	(4,187)	15,853
Consumer	-	31,409	-	4	-	-	31,413	-	31,413
Mortgage	-	43,682	-	-	-	-	43,682	-	43,682
Goverment Entities	-	25,401	-	10	-	-	25,412	-	25,412
Fobaproa	-	-	-	-	-	-	-	-	-
Performing Loans	-	223,916	-	11,117		264	235,298	(4,187)	231,111
Commercial	-	1,180	-	57	-	82	1,319	-	1,319
Financial Intermediaries	-	-	-	-	-	-	-	-	-
Consumer	-	1,956	-	-	-	-	1,956	-	1,956
Mortgage	-	704	-	-	-	-	704	-	704
Goverment Entities	-	-	-	-	-	-	-	-	-
Past Due Loans	-	3,840	-	57	-	82	3,979	-	3,979
Total Credit	-	227,756	-	11,174	-	346	239,277	(4,187)	235,090
Preventive loan loss reserves	-	4,791	-	81	-	32	4,904	-	4,904
Net Loan Portfolio	-	222,966	-	11,093	-	314	234,373	(4,187)	230,187
Acquired collection rights	-	3,232	-	-	-	-	3,232	-	3,232
Total Loans	-	226,198	-	11,093	-	314	237,606	(4,187)	233,419
Sundry debtors and other	164	12,583	102	138	102	11	13,100	19	13,118
Merchandise Inventory	-	-	-	-	571	-	571	-	571
Foreclosed assets, net	-	682	-	-	-	-	682	-	682
Real Estate, Furniture & Equipment,	-	6,487	12	1,567	59	66	8,192	-	8,192
Investments in subsidiaries	37,574	963	18	-	-	-	38,555	(36,064)	2,491
Deferred taxes	-	350	-	-	-	27	377	(42)	336
GoodWill	32	4,214	-	-	-	-	4,247	-	4,247
Intangible	1	208	-	-	-	-	209	-	209
Otros Assets	33	9,093	286	17	7	16	9,453	(742)	8,711
Total Other Assets	37,772	30,157	418	1,723	740	120	70,930	(36,829)	34,101
TOTAL ASSETS	37,929	330,775	1,673	12,828	749	463	384,417	(41,214)	343,204

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

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

LIABILITIES	Holding	Banorte	Brokerage	Leasing & Factoring	Warehouse	Pronegocio	Total	Eliminations	Final balance
Demand Deposits	-	107,707	-	-	-	-	107,707	(14)	107,694
Time Deposits	-	134,012	-	-	-	-	134,012	(213)	133,799
Bonds	-	-	-	-	-	-	-	-	-
Deposits	**-**	**241,719**	**-**	**-**	**-**	**-**	**241,719**	**(227)**	**241,492**
Demand	-	824	-	-	-	-	824	-	824
Short term	-	6,569	-	8,577	610	382	16,138	(4,187)	11,952
Long term	-	7,780	-	2,615	-	-	10,395	-	10,395
Due to banks & corresp.	**-**	**15,173**	**-**	**11,192**	**610**	**382**	**27,357**	**(4,187)**	**23,170**
Assigned securities to pay	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Non-assigned securities to pay	-	-	-	-	-	-	-	-	-
Futures receivable, net	-	537	95	-	-	-	632	-	632
Options and derivatives, net	-	2,946	-	-	-	-	2,946	-	2,946
Repos & Derivatives:	**-**	**3,483**	**95**	**-**	**-**	**-**	**3,578**	**-**	**3,578**
Income Tax & Profit Sharing	-	1,412	100	-	-	-	1,512	-	1,512
Other Payable accounts	1	13,024	156	394	9	22	13,606	48	13,654
Other payable accounts	**1**	**14,436**	**256**	**394**	**9**	**22**	**15,118**	**48**	**15,166**
Subordinated non Convertible Debenture	-	17,923	-	-	-	-	17,923	-	17,923
Deferred Taxes	-	-	30	-	12	-	42	(42)	-
Deferred credits	-	1,211	-	53	-	8	1,272	(3)	1,269
TOTAL LIABILITIES	**1**	**295,431**	**381**	**11,639**	**631**	**412**	**308,496**	**(4,410)**	**304,085**
STOCKHOLDER´S EQUITY									
Paid-in Capital	12,014	10,955	540	306	87	118	24,021	(12,070)	11,951
Share subscription premiums	1,863	856	-	-	-	-	2,718	(1,531)	1,187
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-	-
Subscribed Capital	**13,877**	**11,811**	**540**	**306**	**87**	**118**	**26,739**	**(13,601)**	**13,138**
Capital Reserves	2,767	4,005	72	164	15	-	7,022	(4,255)	2,767
Retained Earnings	21,035	14,039	353	522	(1)	(27)	35,921	(14,886)	21,035
Surplus (Deficit) from securities	-	(517)	54	-	-	-	(463)	463	-
Results from coverage securities valuation	-	(318)	-	-	-	-	(318)	318	-
Results of foreign operations exchange	-	67	1	-	-	-	68	(68)	-
Excess (Insuf.) in capital restatement	-	-	-	-	-	-	-	-	-
Non Mon assets results Fixed Assets	-	-	-	-	-	-	-	-	-
Non Mon assets results Investm subsidiaries	(5,493)	80	-	-	-	-	(5,413)	(80)	(5,493)
Adjustment in the employees pension funds	-	-	-	-	-	-	-	-	-
Net Income	5,742	5,258	272	197	17	(40)	11,447	(5,705)	5,742
Earned Capital	**24,051**	**22,614**	**752**	**883**	**31**	**(67**	**48,264**	**(24,213)**	**24,051**
Minority Holdings	-	918	-	-	-	-	918	1,011	1,930
Total Stockholder´s Equity	**37,928**	**35,343**	**1,292**	**1,189**	**118**	**51**	**75,922**	**(36,803)**	**39,119**
TOT. LIAB. & STOCKHOL. EQUITY	**37,929**	**330,775**	**1,673**	**12,828**	**749**	**463**	**384,417**	**(41,214)**	**343,204**

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

ACCOUNTING CHANGES AND REGULATIONS

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

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

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

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

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

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

- **Changes to accounting criteria.**

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

The most relevant changes are listed below:

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

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

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

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

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

- **B-11 Bulletin.**

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

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

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

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

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

- **Change in rules for loan loss reserves requirements**

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

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

LOAN PORTFOLIO SALES TO SOLIDA ADMINISTRADORA DE PORTAFOLIOS

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

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

	Local Currency (2)			Foreign Currency (USD) (3)			Total		
(Millions of Nominal Pesos)	Aug'02	Jun'08	Sep'08	Aug'02	Jun'08	Sep'08	Aug'02	Jun'08	Sep'08
Performing Loans									
Commercial	5	-	-	5	-	-	10	-	-
Consumer	-	-	-	-	-	-	-	-	-
Mortgage	54	52	39	-	-	-	54	52	39
Total	**59**	**52**	**39**	**5**	**-**	**-**	**64**	**52**	**39**
Non Performing Loans									
Commercial	405	372	372	293	93	96	698	465	468
Consumer	81	73	73	-	-	-	81	73	73
Mortgage	1,112	440	413	-	-	-	1,112	440	413
Total	**1,598**	**885**	**858**	**293**	**93**	**96**	**1,891**	**978**	**954**
TOTAL LOANS	**1,657**	**937**	**897**	**298**	**93**	**96**	**1,955**	**1,030**	**993**
Loan Loss Reserves (1)									
Commercial	326	359	359	246	93	96	572	452	455
Consumer	77	73	73	-	-	-	77	73	73
Mortgage	669	417	392	-	-	-	669	417	392
Total	**1,072**	**849**	**824**	**246**	**93**	**96**	**1,318**	**942**	**920**

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

In 3Q08 the Loan portfolio showed changes due to: collections for Ps $19 million, restructures for Ps $0.6 million, repossessed assets for Ps $2 millon and Ps $37 million in charge-offs and discounts. In the Loan loss provisions, there were charge-offs and discounts for Ps $16 million. There were transfers from performing loans to past due loans for Ps $5 million and transfers from past due loans to performing loans for Ps $4 million.

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

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

	Local Currency (1)		Foreign Currency (USD)(2)		Total	
(Millions of Nominal Pesos)	**Jun'08**	**Sep'08**	**Jun'08**	**Sep'08**	**Jun'08**	**Sep'08**
Performing Loans						
Commercial	118,907	126,033	14,122	14,915	133,029	140,948
Consumer	30,210	31,224	-	-	30,210	31,224
Mortgage	39,539	41,770	-	-	39,539	41,770
Fobaproa / IPAB	-	-	-	-	-	-
Performing Loans	**188,656**	**199,027**	**14,122**	**14,915**	**202,778**	**213,942**
Non Performing Loans						
Commercial	1,264	1,424	117	128	1,381	1,552
Consumer	1,543	2,028	-	-	1,543	2,028
Mortgage	1,038	1,098	-	-	1,038	1,098
Non Performing Loans	**3,845**	**4,550**	**117**	**128**	**3,962**	**4,678**
TOTAL LOANS	**192,501**	**203,577**	**14,239**	**15,043**	**206,740**	**218,620**
Loan Loss Reserves	**4,749**	**5,335**	**218**	**227**	**4,967**	**5,562**
Net Loan Portfolio	**187,752**	**198,242**	**14,021**	**14,816**	**201,773**	**213,058**
Loan Loss Reserves					**125.37%**	**118.90%**
% Past Due Loans					**1.92%**	**2.14%**

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

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

NOTES TO FINANCIAL STATEMENTS

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 3Q08
(Million Pesos)

NEGOTIABLE INSTRUMENTS	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Goverment Securities	759	1	1	761
Cetes	644	-	1	645
Bonds	-	-	-	-
Bondes	-	-	-	-
Bpas	115	1	-	116
Brems	-	-	-	-
UMS	-	-	-	-
UdiBonds	-	-	-	-
Stock Certificates	-	-	-	-
Banking Securities	8,653	22	12	8,687
Notes	1,794	-	-	1,794
Cedes	1,607	4	-	1,610
Bonds	4,700	13	13	4,726
Stock Certificates	302	5	(1)	307
Other Bank Papers	250	-	-	250
Private	1,752	8	21	1,780
Commercial Paper Pesos	930	7	22	960
Commercial Paper U.S. Dollars	549	-	-	549
PEMEX	-	-	-	-
Eurobonds	-	-	-	-
Stock Certificates	36	-	-	36
Bank Paper	236	-	(1)	235
Foreign Goverment	-	-	-	-
Treasury Bonds	-	-	-	-
Treasury Bill	-	-	-	-
Treasury Notes	-	-	-	-
Shares listed in the SIC	-	-	-	-
Guarantee (collateral) for futures	-	-	-	-
Mutual Funds	-	-	-	-
Total	**11,163**	**30**	**34**	**11,228**
SECURITIES HELD FOR SALE				
Goverment Securities	5,213	22	13	5,249
Mexican Government Securities (UMS)	2,375	26	(163)	2,238
Treasury Bonds	34	-	-	34
Public company bonds	1	-	88	89
Public company bonds	-	-	21	21
Bonds	3,244	44	(865)	2,423
Eurobonds	439	20	(24)	435
Bank Paper	-	-	-	-
Structured notes	-	-	-	-
PEMEX	4,413	72	(18)	4,467
Subordinated securities	21	-	148	169
Swaps for hedging purposes	-	-	-	-
Total	**15,741**	**183**	**(801)**	15,124
SECURITIES HELD TO MATURITY				
Special Cetes	675	7	-	682
Securities affected as collateral	-	-	-	-
Fiduciary Rights	-	-	-	-
Bonds	-	-	-	-
Mexican Government Securities (UMS)	-	-	-	-
Government securities	10	-	-	10
PEMEX (USD)	-	-	-	-
Strip Bonds	-	-	-	-
Subordinated securities	35	-	-	35
Total	**721**	**7**	**-**	**728**
TOTAL	**27,625**	**220**	**767**	**27,080**

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

SECURITIES ASSIGNED FOR SETTLEMENT 3Q08
(Million Pesos)

SECURITIES ASSIGNED FOR SETTLEMENT	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Government securities	1,498	12	-	1,486
Cetes	(149)	4	-	(153)
Bonds	-	-	-	-
Bondes	-	-	-	-
Bpas	1,670	-	(1)	1,671
Brems	-	-	-	-
UMS	-	-	-	-
UdiBonds	-	-	-	-
2U CBIC	(23)	8	1	(32)
Stock Certificates	-	-	-	-
Bank Paper	-	-	-	-
Private	-	-	-	-
Foreign Goverment	-	-	-	-
Total	**1,498**	**12**	**-**	**1,486**

REPURCHASE AGREEMENT OPERATIONS 3Q08
(Million Pesos)

SALES	MARKET VALUE		FINANCIAL STATEMENT		
				INDIVIDUAL COMPENSATION	
	RECEIVABLES ON REPURCHASE AGREEMENT	SECURITIES TO BE DELIVERED	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE
Goverment Securities	199,073	199,612	(539)	23	562
Banking Securities	24,245	24,287	(42)	13	55
Private Securities	18,139	18,122	17	25	8
Total	241,457	242,020	(563)	61	625

PURCHASES	MARKET VALUE		FINANCIAL STATEMENT		
				INDIVIDUAL COMPENSATION	
	RECEIVABLES ON REPURCHASE AGREEMENT	SECURITIES TO BE DELIVERED	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE
Goverment Securities	32,488	32,496	(93)	97	3
Banking Securities	4,814	4,816	2	1	3
Private Securities	2,860	2,862	2	-	2
Total	40,263	40,173	(90)	98	7
				159	632

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

DERIVATIVE FINANCIAL INSTRUMENTS OPERATIONS 3Q08
(Million Pesos)

INSTRUMENT	TO RECEIVE	TO DELIVER	NET	DEBTOR BALANCE	CREDITOR BALANCE
FUTURES					
Over Inflation (INPC)	-	-	-	-	-
					-
FORWARD FX CONTRACTS	AGREED PRICE	MARKET VALUE	VALUATION		
Negotiable					
Purchases	406	(404)	2		
Sells	(892)	863	(28)		
Total	(485)	460	(26)	11	37
					(26)
Hedging					
Purchases	-	(1)	(1)		
Sells	(439)	431	(8)		
Total	(439)	429	(10)	-	10
					(10)
SWAPS	TO RECEIVE	TO DELIVER	NET		
Negotiable					
Capital	18,168	(18,143)	24		
Interest rate	781	(769)	12		
Valuation	49,687	(49,712)	(25)		
Subtotal	68,636	(68,624)	12	1,872	1,861
					12
Hedging					
Capital	16,628	(16,795)	(167)		
Interest rate	298	(218)	80		
Valuation	5,203	(5,601)	(398)		
Subtotal	22,129	(22,614)	(485)	454	939
					(485)
OPTIONS	Initial Premium	Valuation	Valued Premium		
Negociable-Assets					
Swaptions	26	(12)	14		
Rate Options	67	(17)	50		
Index Options (ipc)	9	12	22		
Total	2	-	2		
	104	(16)	88	88	-
Hedging -Assets					
Swaptions	-	-	-		
Rate Options	215	(51)	163		
Index Options (ipc)	-	-	-		
Total	215	(51)	163	163	-
Negociable-Liability					
Swaptions	(16)	1	(15)		
FX	(8)	(21)	(28)		
Rate Options	(78)	(22)	(56)		
Index Options (ipc)	-	-	-		
Total	(102)	2	(100)	-	100
Debtor Balance				2,587	
Creditor Balance					2,946

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

NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 3Q08

(Mililon Pesos)

PRODUCT	KIND	UNDERLYING	CURRENCY	NOTIONAL
FX Forwards	Purchases	Exchange Rate (Dollar)	MXN	37
FX Forwards	Sales	Exchange Rate (Dollar)	MXN	121
FX Options	Purchases	Exchange Rate (Dollar)	MXN	979
FX Options	Sales	Exchange Rate (Dollar)	MXN	750
Interest Rate Options	Purchases	TIIE	MXN	31,958
Interest Rate Options	Sells	TIIE	MXN	9,148
Interest Rate Swaptionse	USLI/IRS	TIIE	MXN	2,050
Interest Rate Swaptions	TIIE/IRS	TIIE	MXN	4,300
Interest Rate Swaps	USLI/IRS	LIBOR	MXN	6,350
Interest Rate Swaps	TIIE/IRS	TIIE	MXN	179,468
FX Swaps	CS EURMXN	FIX/FIX	MXN	863
FX Swaps	CS USDCETE	CETE	MXN	4,722
FX Swaps	CS USDMXN	FIX/FIX	MXN	29,211
Futures in MEXDER	Purchases	TIIE	MXN	100
Futures in MEXDER	Sales	TIIE	MXN	100
Futures in MEXDER	Purchases	CETE	MXN	-
Futures in MEXDER	Sales	CETE	MXN	250
Futures in MEXDER	Purchases	M10	MXN	-
Futures in MEXDER	Sales	M10	MXN	-

INVESTMENT IN NON GOVERNMENTAL FINANCIAL INSTRUMENTS THAT RESPRESENT MORE THAN 5% NET CAPITAL 3Q08

(Million Pesos)

INDUSTRY	INVESTMENT INSTRUMENT	AMOUNT	% NET CAPITAL
BANCOMER	Banking Bond	5,033	11%

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

LOAN PORTFOLIO
(Million Pesos)

	Local Currency		UDIS		Foreign Currency		Total	
	3Q07	3Q08	3Q07	3Q08	3Q07	3Q08	3Q07	3Q08
Performing Loans								
Commercial	63,539	88,087	293	293	25,022	26,372	88,854	114,752
Financial Intermediaries	9,076	15,106	-	-	734	746	9,810	15,853
Consumer	25,560	31,131	92	97	171	186	25,822	31,413
Mortgages	33,480	41,731	1	-	795	1,950	34,276	43,682
Goverment Entities	16,395	24,231	1,109	911	364	269	17,868	25,412
Fobaproa	-	-	-	-	-	-	-	-
Total	**148,051**	**200,286**	**1,494**	**1,301**	**27,086**	**29,524**	**176,631**	**231,111**
Past Due Loans								
Commercial	794	1,185	9	6	81	128	884	1,319
Financial Intermediaries	-	-	-	-	-	-	-	-
Consumer	1,014	1,955	-	-	-	1	1,015	1,956
Mortgages	482	618	352	66	6	19	840	704
Goverment Entities	-	-	-	-	-	-	-	-
Total	**2,291**	**3,759**	**360**	**72**	**88**	**149**	**2,739**	**3,979**
Total Propietary Loans	**150,342**	**204,045**	**1,854**	**1,373**	**27,173**	**29,672**	**179,369**	**235,091**

COST OF BALANCES OF FINAPE, FOPIME, MORTGAGE UDIS AND MORTGAGE FOVI LOAN PORTFOLIOS AS OF 3Q08
()Million Pesos)

	TOTAL	
	PERIOD COST	BALANCE OF LOAN PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	29	54
Mortgage FOVI	-	-
	29	**54**

Quarter ending balance of Ps 54 million pesos in debtors support programs with a cost for the period of Ps 29 million.

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

- **Distressed Portfolio**

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

(Million Pesos)	Total
Distressed Portfolio	507
Total Loans	235,090
Distressed Portfolio / Total Loans	**0.2%**

DEFERRED TAXES *(Million Pesos)*			
ASSETS	**INCOME TAX**	**PROFIT SHARING**	**NET**
Tax losses pending amortization	15	-	15
Provisions for possible loss in loans	54	-	54
Earnings per Society	-	-	-
Deferred compensation	3	-	3
Non deductible provisions and cumulative income	262	89	351
Net operating loss carryforward – Uniteller and Banorte USA corp.	13	-	13
State Tax on Assets Deferred	2	-	2
Excess of accounting value over fiscal value on Reposessed Assets	282	55	337
Diminishable profit sharing	142	51	193
Past-due loan reserves	9	-	9
Anticipated Income and Expenses	325	115	441
Installation expenses	9	-	9
Effects from valuation of instruments	1	-	1
Other	1	-	1
Total Assets	**1,118**	**309**	**1,428**
LIABILITIES			
Accrued interest and inflationary component of Fixed Assets, Foreclosed, Intangible & Others	(90)	(30)	(120)
Pension Funds Contribution	(140)	(50)	(190)
Loan Portfolio Acquisitions	(540)	(65)	(605)
Projects to be capitalized	-	-	-
Income tax to pay on UDIS Trust funds	(38)	-	(38)
Book value depreciation	(33)	-	(33)
Dividends Federal Home Loan Bank	(1)	-	(1)
Intangibles' amortizations	(33)	-	(33)
Unrealized loss from Securities held for sale	(5)	-	(5)
Expenses paid in advance	(1)	-	(1)
Effects of other accounts	(1)	-	(1)
Effects from valuation of instruments	(30)	-	(30)
Reversal of Sale Costs	(6)	-	(6)
Organization and Recording Expenses & Installation Expenses	-	-	-
Unrealized capital gain from investments in Siefore	(30)	-	(30)
Total liabilities	**(947)**	**(145)**	**(1,092)**
Assets (Liabilities) Accumulated Net	**171**	**165**	**336**

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

LONG TERM DEBT AS OF 3Q08
(Million Pesos)

TYPE OF DEBT	CURRENCY	DATE OF ISSUE	AMOUNT (Pesos)	ORIGINAL AMOUNT (Million Ps, Dlls or UDIS)	TERM	INTEREST RATE	MATURITY	INTEREST PAYMENT
CD's- Banorte U01001	UDIs	Jan 11 '01	369	90	10 years	8.13%	Dec 30 '10	E/182 days
Step-Up Subordinated Callable Notes Due 2014	USD	Feb 17 '04	3,294	300	10 years	5.875%	Feb 17 '14	E/ 180 days
Non Convertible Subordinated Bonds 2006	USD	Oct 13 '06	4,393	400	1 year	6.135%	Oct 13 '16	E/ 180 days
Non Convertible Subordinated Bonds 2006	USD	Oct 13 '06	2,196	200	15 years	6.862%	Oct 13 '21	E/ 180 days
Non Convertible Subordinated Bonds Q Banorte 08	MXN	11-Mar-08	3,000	3,000	10 years	TIIE + 0.60%	27-Feb-18	E/ 28 days
Non Convertible Subordinated Bonds Q Banorte 08U	UDIs	11-Mar-08	1,825	441	20 years	4.95%	27-Feb-18	E/ 182 days
Non Convertible Subordinated Bonds Q Banorte 08-2	MXN	27-Jun-08	2,750	2,750	10 years	TIIE + 0.77%	15-Jun-18	E/ 28 days

BANK AND OTHER ENTITIES LOANS' AS OF 3Q08
(Million Pesos)

	LOCAL CURRENCY	INTEREST RATE	TERM (DAYS)	FOREIGN CURRENCY	INTEREST RATE	TERM (DAYS)	TOTAL
LOANS FROM LOCAL BANKS	-	-	-	819	3.77%	635	819
LOANS FROM FOREIGN BANKS GENERATED IN THE COUNTRY	-	-	-	950	L+0.9	961	950
LOANS FROM FOREIGN BANK GENERATED FROM CAYMAN	-	-	-	5,600	3.95%	558	5,600
LOANS FROM DEVELOPMENT BANKS	5,099	5.38%	595	1,358	3.8%	30	6,457
LOANS FROM PUBLIC FUNDS	7,087	6.93%	494	296	4.27%	782	7,383
CALL MONEY & LOANS FROM BANKS	5,427	9.01%	494	-	-	-	5,427
LOANS FROM FIDUCIARY FUNDS	547	10.22%	4,570	-	-	-	547
PROVISIONS FOR INTEREST	176	N.A.	N.A.	-	-	-	176
	18,336			**9,023**			**27,359**
Eliminations	4,187			-			4,187
Total	**14,149**			**9,023**			**23,172**

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

TRADING INCOME 3Q08 *(Million Pesos)*	
VALUATION EFFECTS	
Negotiable Instruments	(178)
Securities Held to Maturity	-
Repurchase Agreements	26
Derivative instruments	(201)
Futures	(1)
From repo trasactions	-
Range	-
Inflation Adjustment	-
Total	**(354)**
RESULTS FORM BUYING AND SELLING	
Negotiable Instruments	(11)
Securities Held for Sell	(59)
Hedging Derivatives	476
Inflation Adjustment	-
Total of Buying and Selling Instruments	**406**
FX Spot	426
FX Forwards	-
FX Futures	-
FX Futures TIIE	-
FX Hedging	-
Changes in FX Valuation	(3)
Intermediation of metals	4
Changes in valuation of Metals	1
Total Foreign Exchange	**428**
Inflation Adjustment	**-**
Total of Buying and Selling	**833**
TOTAL TRADING INCOME	**480**

- **Risk Management**

  - **Credit Risk**

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

The objectives of credit risk management at GFNorte are:

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

  - **Individual Credit Risk**

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

The individual risk for company loans is identified, measures and controlled by the Target Markets, Risk Acceptance Criteria and Banorte's Internal Risk Qualification (CIR).
The Target Markets and Risk Acceptance Criteria are tools that, along with the Internal Risk Qualification, are part of GFNorte's Loan Strategy and give support to loan risk level estimation.

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

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

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

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

  - **Portfolio Credit Risk**

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

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

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

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

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

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

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

By September 30, 2008, the Banco Mercantil del Norte and Pronegocio total portfolio was Ps 217,974 million. The expected loss represents 2.0% and the unexpected loss is 3.5% with respect to the total portfolio. The average expected loss is 2.0% during the period between July and September 2008.

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

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

Basic capital by June 30, 2007	$29,982
I. Financings whose individual amount represents more than 10% of the basic capital:	
Credit operations	
– Number of financings	4
– Total amount of financings	$13,564
– % vs. basic capital	45%
Money Market operations	
– Number of financings	2
– Total amount of financings	$8,873
– % vs. basic capital	30%
Transactions in overnight	
– Number of financings	2
– Amount of financings taken as a whole	$7,998
– % in relation to basic capital	27%

*Investments with Banks in checking accounts

II. Maximum amount of financing with the 3 major Common Risk debtors and groups	$19,633

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

Basic capital as of June 30, 2007	$75
III. Financing whose individual amount represents more than 10% of basic capital:	
Credit transactions	
– Number of financings	0
– Amount of financings taken as a whole	$0
– % in relation to basic capital	0%

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

Money market transactions

- Number of financings 1
- Amount of financings taken as a whole $28*
- % in relation to basic capital 38%

*Investments with Banks in checking accounts

IV. Maximum amount of financing with the 3 largest debtors and Common Risk groups $29*

*99.50% of this amount corresponds to checking account investments with Banks

➢ Market Risk

• *Value at Risk*

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

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

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 2008 quarter for the portfolio is Ps 2,210 million.

Million Pesos	3Q07	4Q07	1Q08	2Q08	3Q08
Total Var *	1,715	1,891	2,230	2,298	**2,210**
Net Capital **	34,809	34,517	40,041	44,724	**46,410**
VaR/Net Capital	4.93%	5.48%	5.57%	5.14%	**4.76%**

* 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 2008 is shown below:

Risk Factor	VaR
Domestic interest rate	2,351
Foreign interest rate	98
Exchange rate	47
Capitals	6
Bond Prices in Foreign Currency	158
Total VaR of Bank and Brokerage House	**2,210**

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

- ***Backtesting Analysis***

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

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

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

➢ **Liquidity Risk and Balance**

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

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

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

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

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

➢ **Operational Risk**

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

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

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

Pillars of Operational Risk Management

I. Policies, Objectives and Guidelines

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

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

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

II. Quantitative and Qualitative Measuring Tools

Operating Losses Database

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

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

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

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

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

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

- ***Risk Management Model***

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

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

III. Required Capital Calculation
As of November 2007, the Official Gazette of the Federation published the Capitalization Rules for Operation Risk, establishing the use of a Basic Model, which is periodically calculated and reported to the authority.

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

- **Technology risk**

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

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

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

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

- **Legal risk**

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

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

- **Internal Control**

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

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

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

During 3Q08, SCI continued to work properly developing activities associated with strengthening risk control, assessment and management, establishing and monitoring controls, and insuring information quality.

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

- **Treasury Policy**

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

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

- **Internal and External Liquidity Sources**

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

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

Another alternative for getting resources is by issuing capital shares.

- **Dividend Policy**

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

- **Related Parties Loans**

At GFNorte, the amount of the loans performed with related individuals and companies, does not exceed the established limit of 50% of the Tier 1 capital. As of September 30, 2008 and June 30, 2007, the loans granted to related parties totaled Ps $6,349 million and Ps $6,333 million, respectively.

- **People in Charge**

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

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

Ing. Sergio García Robles Gil
Chief Financial Officer

C.P. Román Martínez Méndez
Managing Director Audit

Lic. Jorge Eduardo Vega Camargo
Executive Director Comptrollership

C.P. Nora Elia Cantú Suárez
Executive Director Accounting

- **Basis for submitting Financial Statements**

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

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

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

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

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