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

GFNorte Reports Accumulated Profits of Ps 4.95 billion in 9M10.

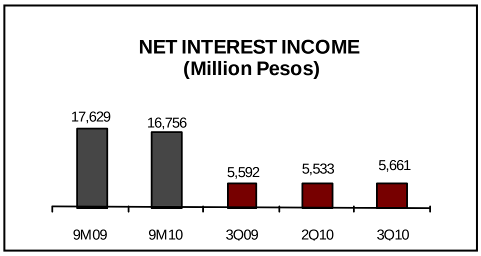
Operating Results *(Million Pesos)*	3Q09	2Q10	3Q10	Change QoQ	Change YoY	9M09	9M10	Change 9M09
Net Interest Income	5,592	5,533	**5,661**	2%	1%	17,629	**16,756**	(5%)
Non Interest Income	2,460	2,706	**2,554**	(6%)	4%	6,458	**7,940**	23%
Total Income	8,052	8,239	**8,215**	(0%)	2%	24,087	**24,696**	3%
Non Interest Expense	4,073	4,391	**4,296**	(2%)	5%	12,420	**12,876**	4%
Provisions	2,154	1,337	**1,905**	42%	(12%)	6,504	**5,014**	(23%)
Operating Income	1,825	2,511	**2,014**	(20%)	10%	5,163	**6,806**	32%
Net Income	1,428	1,656	**1,711**	3%	20%	4,352	**4,947**	14%

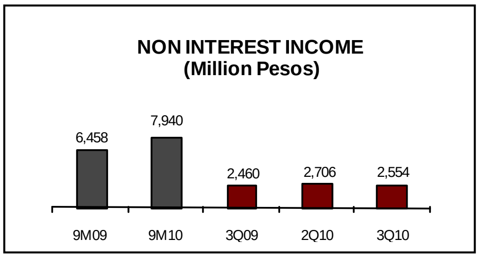
- **Net Interest Income**

During 9M10, *Net Interest Income* was Ps 16.76 billion, a (5%) annual decline compared to 9M09, affected mainly by a lower average market interest rate with respect to the same period last year. NII increased by 1% YoY vs. 3Q09 and 2% QoQ vs. 2Q10 as a result of higher loan origination volumes and an improvement in the portfolio mix.

- **Non Interest Income**

Non Interest Income reached Ps 7.94 billion during 9M10, a 23% YoY increase, driven by a positive performance in all items. On a quarterly basis, NII increased by 4% YoY with respect to 3Q09 as a result of more service fees and recoveries of real estate portfolios, but it declined by (6%) QoQ compared to 2Q10 as a result of reduced trading revenues.



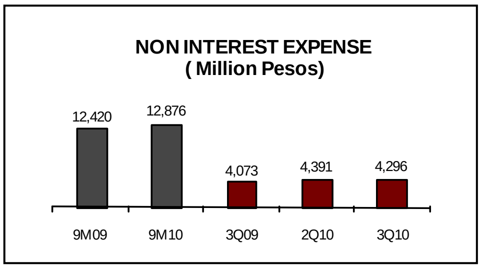


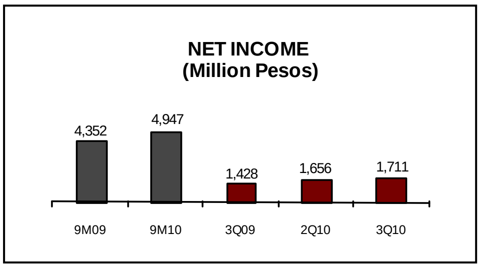
- **Non Interest Expense**

In 9M10, *Non Interest Expense* totaled Ps 12.88 billion, a 4% annual increase due to higher rents, depreciation and amortization, as well as employee profit sharing and personnel related expenses. Expenses grew by 5% YoY compared to 3Q09 due to higher rents, depreciation and amortization, employee profit sharing, other taxes and non-deductible expenses, and they declined by (2%) on a quarterly basis versus 2Q10 due to lower personnel expenses, professional fees, administration and promotional expenses and employee profit sharing. The Efficiency Ratio during the first nine months of the year was 52.1%, a slight increase compared to 9M09.

- **Loan Loss Provisions**

In 9M10 Loan Loss Provisions reached Ps 5.01 billion, (23%) less than in 9M09 and (12%) lower YoY compared to 3Q09 due to asset quality improvements in the consumer loan portfolio. Provisions increased by 42% QoQ compared to 2Q10 as a result of provisions related to the exposure to Mexicana de Aviacion.





- **Net Income**

GFNorte's *Net Income* was Ps 4.95 billion for 9M10 increasing by 14% compared to 9M09, and Ps 1.711 billion for 3Q10, 20% higher YoY vs. 3Q09 and 3% QoQ vs. 2Q10. The annual increase of accumulated profits was mainly due to higher non interest income and lower provisions, while the QoQ growth was a result of more net interest income, reduced operating expenses and the recovery of the investments made in the joint venture with Comercial Mexicana in 2007. Without considering the impact from Ps 616 million in higher provisions related to Mexicana de Aviacion and increased revenues from Comerci's Ps 260 million recovery during 3Q10, GFNorte's profits during 3Q10 would have been Ps1.955 billion, higher by 37% YoY vs. 3Q09 and 18% QoQ vs. 2Q10.

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

Income Statement and Balance Sheet Highlights-GFNorte (Million Pesos)	3Q09	2Q10	3Q10	Change QoQ	Change YoY	9M09	9M10	Change 9M09
Income Statement-GFNorte								
Net Interest Income	5,592	5,533	**5,661**	2%	1%	17,629	**16,756**	(5%)
Non Interest Income	2,460	2,706	**2,554**	(6%)	4%	6,458	**7,940**	23%
Total Income	8,052	8,239	**8,215**	(0%)	2%	24,087	**24,696**	3%
Non Interest Expense	4,073	4,391	**4,296**	(2%)	5%	12,420	**12,876**	4%
Provisions	2,154	1,337	**1,905**	42%	(12%)	6,504	**5,014**	(23%)
Operating Income	1,825	2,511	**2,014**	(20%)	10%	5,163	**6,806**	32%
Non Operating Income (Expense	138	21	**395**	1753%	186%	720	**435**	(40%)
Net Income Before taxes	1,964	2,532	**2,410**	(5%)	23%	5,883	**7,241**	23%
Taxes	545	798	**628**	(21%)	15%	1,549	**2,086**	35%
Subsidiaries & Minority Interest	10	(77)	**(70)**	(9%)	(821%)	18	**(209)**	(1282%)
Net Income	1,428	1,656	**1,711**	3%	20%	4,352	**4,947**	14%
Balance Sheet								
Asset Under Management	635,060	664,659	**703,299**	6%	11%	635,060	**703,299**	11%
Total Assets	570,347	601,140	**589,783**	(2%)	3%	570,347	**589,783**	3%
Performing Loans (a)	235,429	241,948	**254,280**	5%	8%	235,429	**254,280**	8%
Past Due Loans (b)	6,103	5,630	**5,609**	(0%)	(8%)	6,103	**5,609**	(8%)
Total Loans (a+b)	241,532	247,578	**259,889**	5%	8%	241,532	**259,889**	8%
Total Loans Net (d)	233,985	240,566	**252,252**	5%	8%	233,985	**252,252**	8%
Acquired Collection Rights (e)	2,705	2,311	**2,183**	(6%)	(19%)	2,705	**2,183**	(19%)
Total Loans (d+e)	236,690	242,877	**254,435**	5%	7%	236,690	**254,435**	7%
Total Liabilities	528,559	554,662	**542,001**	(2%)	3%	528,559	**542,001**	3%
Demand Deposits	122,312	133,849	**133,824**	(0%)	9%	122,312	**133,824**	9%
Time Deposits	147,447	144,653	**153,688**	6%	4%	147,447	**153,688**	4%
Equity	41,789	46,479	**47,783**	3%	14%	41,789	**47,783**	14%

Financial Ratios GFNorte	3Q09	2Q10	3Q10	Change QoQ	Change YoY	9M09	9M10	Change 9M09
Profitability:								
NIM (1)	4.2%	4.1%	**4.1%**	0.0 pp	(0.1 pp)	4.4%	**4.1%**	(0.2 pp)
NIM after Provisions (2)	2.6%	3.1%	**2.7%**	(0.4 pp)	0.2 pp	2.8%	**2.9%**	0.1 pp
ROE (3)	14.5%	15.6%	**15.8%**	0.2 pp	1.3 pp	14.9%	**15.5%**	0.6 pp
ROA (4)	1.0%	1.1%	**1.2%**	0.0 pp	0.2 pp	1.0%	**1.1%**	0.1 pp
Operation:								
Efficiency Ratio (5)	50.6%	53.3%	**52.3%**	(1.0 pp)	1.7 pp	51.6%	**52.1%**	0.6 pp
Operating Efficiency Ratio (6)	2.8%	3.0%	**2.9%**	(0.1 pp)	0.1 pp	2.9%	**3.0%**	0.1 pp
Liquidity Ratio (7)	60.4%	103.8%	**91.7%**	(12.1 pp)	31.3 pp	60.4%	**91.7%**	31.3 pp
Asset Quality:								
Past Due Loan Ratio	2.5%	2.3%	**2.2%**	(0.1 pp)	(0.4 pp)	2.5%	**2.2%**	(0.4 pp)
Coverage Ratio	123.7%	124.6%	**136.2%**	11.6 pp	12.5 pp	123.7%	**136.2%**	12.5 pp
Past Due Loan Ratio w/o Banorte	2.4%	2.0%	**1.9%**	(0.1 pp)	(0.5 pp)	2.4%	**1.9%**	(0.5 pp)
Coverage Ratio w/o Banorte USA	129.5%	141.7%	**153.6%**	11.9 pp	24.1 pp	129.5%	**153.6%**	24.1 pp

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

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

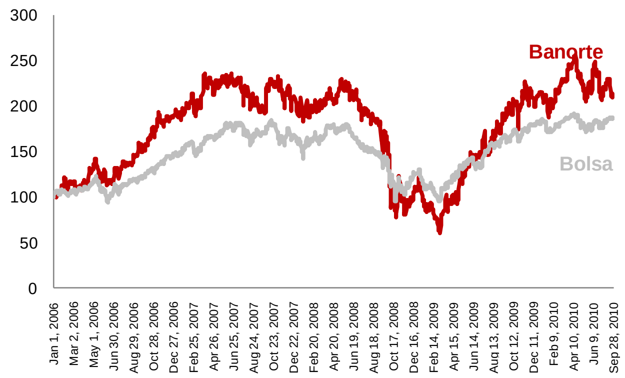
Subsidiaries Net Income *(Million Pesos)*	**3Q09**	**2Q10**	**3Q10**	**Change QoQ**	**Change YoY**	**9M09**	**9M10**	**Change 9M09**
Banking Sector	**1,199**	**1,388**	**1,387**	**(0%)**	**16%**	**3,649**	**4,058**	**11%**
Banco Mercantil del Norte (1)	**1,199**	**1,388**	**1,387**	(0%)	16%	**3,649**	**4,058**	11%
Broker Dealer	**42**	**75**	**66**	**(12%)**	**56%**	**115**	**219**	**91%**
Long Term Savings	**88**	**86**	**131**	**53%**	**49%**	**267**	**341**	**28%**
Retirement Funds (Afore)	38	38	**70**	85%	83%	89	**156**	75%
Insurance	43	53	**61**	15%	43%	163	**184**	13%
Annuities	7	(4)	**1**	(113%)	(92%)	15	**1**	(94%)
OtherFinanceCompanies	**97**	**115**	**152**	**32%**	**56%**	**311**	**372**	**20%**
Leasing and Factoring (2)	91	103	**127**	23%	39%	291	**333**	14%
Warehousing	6	12	**24**	107%	322%	20	**40**	103%
Microlending-Pronegocio (3)	**3**	**-**	**-**	**-**	**-**	**15**	**-**	**-**
G. F. Banorte (Holding	**(1)**	**(8)**	**(26)**	**216%**	**3052%**	**(5)**	**(43)**	**726%**
Total Net Income	**1,428**	**1,656**	**1,711**	**3%**	**20%**	**4,352**	**4,947**	**14%**

1) Considering a participation of 97.06% in 3Q06. 97.07% in 3Q09. and 92.72% as of 4Q09 , it has remained at 92.72%. This figure reflects the investment by the IFC in Banco Mercantil del Norte when the transaction was completed in 4Q09. N.A. = Not Applicable.
2) The merger of Leasing and Factoring became effective as of January 31, 2008
3) The merger of Pronegocio to Banco Mercantil del Norte became effective as of August 31, 2009

Share Data	**3Q09**	**2Q10**	**3Q10**	**Change QoQ**	**Change YoY**	**9M09**	**9M10**	**Change 9M09**
Earnings per share (Pesos)	0.71	0.82	**0.85**	3%	20%	2.16	**2.45**	14%
Dividend per Share (Pesos)	0.00	0.17	**0.00**	(100%)	-	0.00	**0.34**	(100%)
Dividend Payout (Recurring Net Income)	0.0%	15.0%	**0.0%**	(100%)	-	0.0%	**15.0%**	(100%)
Book Value per Share (1) (Pesos)	19.86	21.17	**21.75**	3%	10%	19.86	**21.75**	10%
Total Shares Outstanding (Million Shares)	2,018.3	2,018.2	**2,018.2**	0%	(0%)	2,018.3	**2,018.2**	(0%)
Stock Price (Pesos)	45.19	50.14	**47.71**	(5%)	6%	45.19	**47.71**	6%
P/BV (Times)	2.28	2.37	**2.19**	(7%)	(4%)	2.28	**2.19**	(4%)
Market Capitalization (Million Dollars)	7,239	8,031	**7,642**	(5%)	6%	7,239	**7,642**	6%
Market Capitalization (Million Pesos)	91,209	101,192	**96,288**	(5%)	6%	91,209	**96,288**	6%

1) Excluding Minority Interest.

SHARE PERFORMANCE
2006-2010



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

RECENT EVENTS

- **Proposal to designate Guillermo Ortiz Martínez as Independent Board Member and President of the Board.**

The Board of Directors approved the designation of Guillermo Ortiz Maritnez, former Governor of the Central Bank, as Board Member and President of the Board as of March 2011, taking into consideration his profesional trajectory, recognition and potential contribution to the Board. This change will strengthen the Institution's corporate governance, adhering to the best corporate practices worldwide and thus maintaing certainty in GFNORTE's future strategic development. The proposal was consulted with the Audit and Corporate Practices and the Risk Policies Committees, which signed it off. According to the current legal framework and GFNORTE's bylaws, in order for these changes to become effective, they will require the approval of the General Shareholders Assembly.

- **Changes in the Board of Directors**

During GFNorte's General Ordinary Shareholders' Meeting held on October 4th, 2010, Roberto Gonzalez Moreno was appointed as the Alternate for Don Roberto Gonzalez Barrera. Bertha Gonzalez Moreno was appointed as a Proprietary Board member and Don Juan Gonzalez Moreno as the Alternate member.

- **Payment of a cash dividend**

GFNorte's General Ordinary Shareholders' Meeting held on October 4th, 2010 decreed the payment of a cash dividend of Ps 0.17 pesos per share corresponding to the profits of 2009, which was paid on October 15th, 2010 and corresponds to the first of three payments to cover a total amount of Ps 0.52 pesos per share, which is the amount approved by the Board of Directors in the meeting held on July 22nd. The total dividend payout is equivalent to18.3%, higher than the 15% minimum established in GFNorte's current dividend policy which was approved in the Shareholders' Meeting held on April 29th, 2003. Additional payments of Ps 0.35 pesos per share will be covered by two partial payments of Ps 0.17 pesos and Ps 0.18 pesos in February and May of 2011, respectively, and will be proposed to the respective Shareholders' Meetings for approval.

- **Grupo Financiero Banorte and Ixe Grupo Financiero reached a non-binding agreement for a merger or integration mechanism**

On October 19th, GFNorte announced that after a preliminary review of IXE Grupo Financiero's S.A.B de C.V ("IXE") (BMV: IXEGFO) operations, both institutions have reached a non-binding agreement to pursue a merger or analyze other integration mechanisms. According to the agreement, the parties have established a legally binding exclusivity period to complete the due diligence process and finalize negotiations. Upon completion and conclusion of this process, a definitive agreement will be formalized, subject to the approval of the corresponding Board of Directors and authorities. GFNORTE believes that there are significant synergies between both institutions' business platforms that will translate into increased profitability and strengthened market presence nationwide. GFNORTE is convinced that both platforms are highly complementary in terms of brands, business lines, client segments and geographical footprint. Additionally, the combined financial strength ensures a better competitive position for the new institution. Banorte and Ixe's operations will be integrated as Grupo Financiero Banorte, becoming the third largest financial institution in Mexico, measured in terms of assets, loans, deposits, and distribution network, and the only one controlled by Mexican shareholders. The combined entity will benefit from having a leading retail network in Mexico, being the only institution with two differentiated branch networks by market segment; the strongest in northern Mexico, combined with Ixe's successful niche franchise with important presence in Mexico City and its metropolitan area. We also believe that there will be joint business opportunities in SME's, leasing, mutual funds and wholesale banking, as well as opportunities to leverage IT, brokerage and consumer banking platforms. The potential combination is expected to unleash substantial cost, revenue and funding synergies, resulting in future benefits that will essentially finance the entire transaction. These benefits would be channeled to bolstering the business model and leveraging Banorte's mass distribution network; all in the interest of our country, customers and shareholders. To the extent that these synergies are fulfilled, the transaction has the potential to be accretive to investors immediately, generating significant value for both institutions and increasing future earnings above current expectations.

- **Mexicana de Aviacion Exposure**

The Mexican airline Compañía Mexicana de Aviación, S.A. de C.V. ("Mexicana") filed for bankruptcy and ceased operations in August 2010. Banorte's outstanding loan to Mexicana totaled Ps.1,576 million at the time of the bankruptcy filing. Since the loan was secured by the present and future collection rights from the sale of airline tickets with Mexican and U.S. credit cards, it has been partially amortized through the use of resources coming from some of these guarantees. The outstanding loan amount is currently Ps.1,377 million. As of September 30, 2010, Banorte had constituted a total of Ps.689 million in provisions to cover potential losses from this loan, which represents 50% of the total loan outstanding. Additional reserves will be constituted during the fourth quarter of 2010 to cover at least 60% of the outstanding loan amount. Since the inception of the loan, the collection rights from the sale of tickets have been voluntarily and irrevocably transferred by Mexicana to the Administration and Payment Trust (the "Trust") managed by HSBC in Mexico, as well as to escrow accounts in banks in the U.S. Between August 3, 2010 and August 12, 2010, in the absence of any judicial or legal impediments to the contrary, Banorte withdrew Ps.182 million from the Trust. Since August 23, 2010, when judicial precautionary measures were issued, Banorte has not withdrawn any funds from the Trust or from the escrow accounts in the U.S. We are unable to predict the ultimate outcome of these bankruptcy proceedings or the ultimate losses that might result in respect of such loan.

- **Consolidated leadership in the SME sector**

On September 28th, Grupo Financiero Banorte announced the launching of the "SME Integral Solution", which offers businesses the possibility of having up to 12 products and special services in one unique contract focused specifically in supporting their growth. To create this solution, Banorte had the collaboration of VISA, whose platform and experience enables efficient and secure electronic payment transactions which constitute the "SME Integral Solution." VISA participates through the Enlace Global debit card, the Empuje Inmediata credit card (the only credit card in Latin America which is issued instantly) and the Crediactivo debit card for payrolls. As part of this comprehensive strategy to support SMEs, the first two "Banorte SME Centers" started operations on August 11th, 2010. The objective of these centers will be to provide integral attention to SME's with highly trained executives to cover their financial needs as well as those requiring specialized advisory and providing links to new business opportunities.

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

GRUPO FINANCIERO BANORTE

Net Interest Income (Million Pesos)	3Q09	2Q10	3Q10	Change QoQ	Change YoY	9M09	9M10	Change 9M09
Interest Income	10,265	10,173	**10,350**	2%	1%	34,759	**30,443**	(12%)
Interest Expense	4,803	4,746	**4,787**	1%	(0%)	17,553	**14,025**	(20%)
Loan Origination Fees	141	140	**137**	(2%)	(2%)	438	**439**	0%
Fees Paid	11	34	**39**	17%	273%	14	**101**	608%
Net Interest Income	**5,592**	**5,533**	**5,661**	**2%**	**1%**	**17,629**	**16,756**	**(5%)**
Average Interest Earning Assets	538,613	545,542	**555,485**	2%	3%	539,355	**543,268**	1%
Net Interest Margin (1)	4.2%	4.1%	**4.1%**	0.0 pp	(0.1 pp)	4.4%	**4.1%**	(0.2 pp)

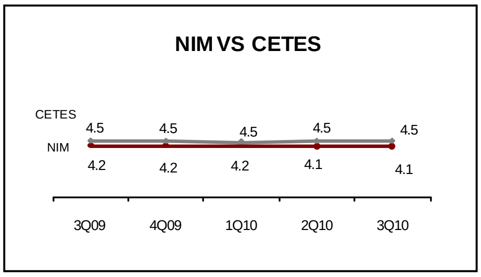
1) NIM = Annualized Net Interest Margin / Average Earnings Assets

- **Net Interest Income**

During 9M10, Net Interest Income declined by (5%) YoY to Ps 16.77 billion, as a result of a (12%) reduction in interest revenues resulting from a drop in market interest rates, which was partially offset by increased loan volumes and a better portfolio mix, as well as stable funding costs derived from an 8% YoY increase in core deposits. Net Interest Income increased by 1% YoY compared to 3Q09 and 2% QoQ from 2Q10 as a result of increased interest revenues derived from growth in the loan portfolio and a more balanced mix, showing a recovery of volumes in higher yielding segments such as consumer loans.

Average Net Interest Margin (NIM) was 4.1% during 9M10, a reduction of (0.25) percentage points (pp) compared to the average registered in 9M09, affected by a 1.4 percentage point drop in average market interest rate and 1% growth in average productive assets. The NIM declined (0.1) percentage points YoY and remains unchanged QoQ due to growth of 3% and 2% respectively, in the average productive assets.

On the other hand, the average NIM adjusted for Credit Risk was 2.7% in 3Q10, lower than the 3.1% registered in 2Q10 as a result of reduced loan loss provisions derived from an improvement in the quality of the consumer portfolio, but it is slightly higher than the 2.6% registered in 3Q09. Loan Loss Provisions represented 34% of the Net Interest Income in 3Q10, less than the 39% registered in 3Q09, due to an improvement in the quality of the portfolio, although this percentage is higher than the 24% of 2Q10 due to greater loan loss provisions in the quarter related to Mexicana de Aviación.



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

Non Interest Income (Million Pesos)	3Q09	2Q10	3Q10	Change QoQ	Change YoY	9M09	9M10	Change 9M09
Fees Charged on Services	**2,052**	**2,210**	**2,366**	**7%**	**15%**	**5,884**	**6,767**	**15%**
Fund Transfers	63	63	**57**	(10%)	(10%)	184	**178**	(4%)
Account Management Fees	233	236	**237**	1%	2%	700	**697**	(0%)
Fiduciary	62	73	**68**	(6%)	11%	180	**206**	14%
Income from Real Estate Portfolios	229	224	**260**	16%	14%	530	**679**	28%
Electronic Banking Services	253	238	**201**	(16%)	(20%)	759	**703**	(7%)
Credit Card Fees	571	617	**659**	7%	15%	1,681	**1,892**	13%
Fees from IPAB (1)	0	0	**0**	(100%)	(100%)	1	**0**	(70%)
Fees charged by Afore	282	292	**330**	13%	17%	759	**914**	20%
Other Fees Charged (2)	358	467	**552**	18%	54%	1,088	**1,498**	38%
Fees Paid on Services	**343**	**361**	**389**	**8%**	**14%**	**979**	**1,132**	**16%**
Fund transfers	5	6	**6**	(0%)	30%	16	**19**	20%
Other Fees Paid	338	355	**383**	8%	13%	963	**1,113**	16%
Expenses from Real Estate Portfolios	-	-	**-**	-	-	-	**-**	-
Net Fees	**1,709**	**1,849**	**1,977**	**7%**	**16%**	**4,904**	**5,635**	**15%**
Trading Income	**411**	**580**	**331**	**(43%)**	**(19%)**	**823**	**1,496**	**82%**
Other Operating Income (Expenses) (3)	**340**	**277**	**246**	**(11%)**	**(28%)**	**730**	**809**	**11%**
Non Interest Income	**2,460**	**2,706**	**2,554**	**(6%)**	**4%**	**6,458**	**7,940**	**23%**

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

- **Non Interest Income**

In 9M10, *Non Interest Income* grew by 23% with respect to 9M09 to Ps 7.94 billion, driven by an increase in all items; and 4% YoY due to more service fees and recoveries of real estate portfolios. Non Interest Income declined by (6%) QoQ mainly due to a decrease in trading revenues and reduced recoveries of written-off proprietary portfolios.

Non Interest Income (Million Pesos)	3Q09	2Q10	3Q10	Change QoQ	Change YoY	9M09	9M10	Change 9M09
Services	1,480	1,625	**1,717**	6%	16%	4,374	**4,956**	13%
Recovery	229	224	**260**	16%	14%	530	**679**	28%
Trading	411	580	**331**	(43%)	(19%)	823	**1,496**	82%
Other Operating Income (Expense)	340	277	**246**	(11%)	(28%)	730	**809**	11%
Non Interest Income	**2,460**	**2,706**	**2,554**	**(6%)**	**4%**	**6,458**	**7,940**	**23%**

- **Service Fees**

Service fees totaled Ps 4.96 billion in 9M10, 13% higher than in 9M09 due to the favorable impact in the fee volumes resulting from: i) the expansion of the distribution network,ii) the positive performance of credit card fees due to the promotion of interest-free purchases with fixed monthly installments and growth in the number of clients, iii) higher fiduciary fees as a result of more business volumes, iv) more Afore fees derived from growth in AUMs and v) other fees related to insurance for consumer products and prepayments, among other concepts. Service fees during 3Q10 were Ps 1.72 billion increasing by 16% YoY driven by more fees from fiduciary services, credit cards, Afore and other fees; and the 6% QoQ growth was due to an increase in revenues from credit cards, Afore and other fees.

- **Recoveries**

Non Interest Income from *Recoveries* (including previously written-off proprietary loans which are classified under Other Operating Income and Expenses) increased by 18% YoY in 9M10 due to more recoveries of previously written-off loans and to an increase in revenues related to real estate investment projects due to better returns on investments as a result of a more favorable economic environment and an increase in the invested amounts, which totaled Ps 4.3 billion at closing of 3Q10, growing by 38%YoY. The (11%) decline vs. 3Q09 was due to lower recoveries from written-off proprietary loans, but they grow by 1% QoQ vs. 2Q10 due to an increase in revenues from real estate investment projects. The investment portfolio continues to show adequate geographical diversification of projects and industries.

- **Intermediation**

Accumulated intermediation revenues grew by 82% compared to 9M09, due to adequate strategies implemented in order to take advantage of value opportunities given the flattening of the yield curve and the income from the sale of the remaining shares of MasterCard. Trading income declined (19%) YoY vs. 3Q09 and (43%) QoQ vs. 2Q10 due to reduced potential value opportunities across the yield curve during this last quarter, as well as the adoption of more conservative strategies given the market environment.

Non Interest Expense	3Q09	2Q10	3Q10	Change		9M09	9M10	Change
(Million Pesos)				QoQ	YoY			9M09
Personnel	1,704	1,759	**1,713**	(3%)	1%	4,947	**5,214**	5%
Professional Fees	307	345	**297**	(14%)	(3%)	982	**949**	(3%)
Administrative and Promotional	1,101	1,116	**1,092**	(2%)	(1%)	3,362	**3,168**	(6%)
Rents, Depreciation & Amortization	404	493	**522**	6%	29%	1,291	**1,509**	17%
Taxes other than income tax	149	192	**203**	6%	36%	530	**607**	14%
Contributions to IPAB	271	269	**271**	1%	(0%)	803	**803**	(0%)
Employee Profit Sharing (PTU)	136	217	**198**	(9%)	46%	504	**626**	24%
Non Interest Expense	**4,073**	**4,391**	**4,296**	**(2%)**	**5%**	**12,420**	**12,876**	**4%**

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

- **Non Interest Expense**

Non Interest Expense for 9M10 increased by 4% from 9M09 to Ps 12.88 billion due to higher: i) personnel related expenses, ii) rents, depreciations and amortizations derived from acquiring ATMs that were previously leased and the acquisition of new ATMs, iii) employee profit sharing, and iv) taxes other than income tax. These increases were partially offset by reductions in administrative and promotional expenses and professional fees paid. Non interest expense increased by 5% YoY vs. 3Q09 as a result of higher: i) rents, depreciations and amortizations for recognizing acquired ATMs that were previously leased and the acquisition of new ATMs, ii) other taxes as a result of the change in the Value Added Tax (VAT) rate, more volume of payments compared to the previous year and the recognition in 3Q10 of taxes related to derivatives transactions, and iii) employee profit sharing.

Compared to 2Q10, non interest expenses reduced slightly (2%) QoQ to Ps 4.29 billion mainly due to a decrease in professional fees paid as a result of a reduction in portfolio recovery services and reduced fees related to the SIEBAN program. The decline was also driven by lower expenses related to remunerations and personnel benefits, as well as administrative and promotional expenses as a result of an increase in reimbursements from the Insurance and Banorte Securities subsidiaries, and lower employee profit sharing.

The efficiency ratio in 9M10 was 52.1%, slightly higher than in 9M09. On a quarterly basis the efficiency ratio was 52.3%, (1.0) pp less than in 2Q10 due to reduced expenses. After eliminating the effect of reclassifying employee profit sharing as an expense in 2009, the Efficiency Ratio was 49.6% in 9M10, 0.1 pp higher than in 9M09.

- **Provisions**

Loan Loss Provisions charged to results during 9M10 were Ps 5.01 billion, a (23%) YoY decrease due to reduced requirements in the consumer portfolio. On a quarterly basis, the 42% QoQ increase was a result of Ps 616 million in provisions created during the quarter due to a deterioration in the risk rating of the loan to Gamma de Servicios, a subsidiary of Mexicana de Aviación's Holding Company. When adding these new provisions to the previous reserve balance, total provisions for this loan at closing of 3Q10 were Ps 689 million. The original loan of Ps 1.576 billion pesos is currently reserved ay 50% of the outstanding balance of Ps 1.377 billion. Additional provisions will be constituted during 4Q10 in order to increase the coverage to at least 60% of the loan's unpaid balance.

Annualized accumulated provisions in 9M10 represent 2.8% of average loans, 0.9 percentage points less than in 9M09. On a quarterly basis, annualized loan loss provisions represent 3.0% of average loans, an increase of 0.8 percentage points from 2Q10 as a result of greater provisions related to Mexicana.

Non Operating Income (Expense), net *(Million Pesos)*	3Q09	2Q10	3Q10	Change QoQ	Change YoY	9M09	9M10	Change 9M09
Non Operating Income	**442**	**283**	**513**	**81%**	**16%**	**1,780**	**979**	**(45%)**
Other Revenues	125	142	**400**	181%	220%	706	**630**	(11%)
Foreign Exchange	-	-	**-**	-	-	-	**-**	-
Recoveries	152	57	**106**	86%	(31%)	442	**233**	(47%)
Repomo-Other Revenues	-	-	**-**	-	-	-	**-**	-
Warehousing	164	84	**7**	(92%)	(96%)	633	**116**	(82%)
Non Operating Expense	**(304)**	**(262)**	**(117)**	**(55%)**	**(61%)**	**(1,060)**	**(544)**	**(49%)**
Other Expenses	(143)	(179)	**(111)**	(38%)	(22%)	(437)	**(433)**	(1%)
Foreign Exchange	-	-	**-**	-	-	-	**-**	-
Repomo-Other Expenses	-	-	**-**	-	-	-	**-**	-
Warehousing	(161)	(83)	**(6)**	(92%)	(96%)	(623)	**(112)**	(82%)
Non Operating Income (Expense), net	**138**	**21**	**395**	**1753%**	**186%**	**720**	**435**	**(40%)**

- **Non Operating Income**

In 9M10, "*Other Income and Expenses, net*" totaled Ps 435 million, a (40%) decline from 9M09 due to the extraordinary gain of Ps 224 million booked as Other Income during 1Q09 as a result of the change in the accounting criteria related to the valuation of mortgage securitizations (BOHRIS), as well as reduced income from recoveries of acquired loan portfolios, lower estimated values of foreclosures, bankruptcies, frauds and catastrophes and technical assistance, reduced recoveries from sundry debtors and other liabilities, lower releases for contingencies, reduced revenues from the sale of properties and equipment and lower income related to commercialization of Warehouse inventories. Other Expenses declined on an accumulated basis due to lower expenses related to commercialization of Warehouse inventories, reduced provisions for FOVI loan write downs and lower provisions related to losses in some investment portfolios and structured products at the end of 2008.

During the quarter, Other Income and Expenses, net, totaled Ps 395 million, a 186% YoY increase vs. 3Q09 resulting from an increase in Other Income as a result of recoveries from sundry debtors and other liabilities, refunds of promotional expenses by the insurance company, higher cancellation of various provisions, less provisions created for write downs on FOVI loans, and a Ps 260 million recovery of investments made in the joint venture with Comercial Mexicana during 2007.

Compared to 2Q10, this item increased by Ps 374 million due to growth in Other Income as a result of more cancellations of provisions, refunds of promotional expenses from the insurance company, recoveries from sundry debtors and other liabilities and the Ps 260 million recovery of investments made in the joint venture with Comercial Mexicana during 2007.

- **Taxes**

Income taxes in 9M10 totaled Ps 2.09 billion, a 35% YoY growth due to a higher income tax rate as a result of the new fiscal regime that came into effect as of January 2010, and 21% less QoQ compared to 2Q10 due to lower paid taxes as a result of higher fiscal deductions. The effective tax and profit sharing combined rate for 3Q10 was 31.7%, lower than the 32.4% of 3Q09 and 36.9% of 2Q10. The accumulated effective rate for 9M10 was 34.5%.

- **Subsidiaries and Minority Interest**

In 9M10, *Subsidiaries and Minority Interest* presented a loss of (Ps 209) million, comparing unfavorably with the Ps 18 million profit registered in 9M09 due to lower profits from the Annuities company, as well as a greater impact in minority interest due to the IFC investment in Banco Mercantil del Norte and Generali in the Afore. The (Ps 70) million loss in 3Q10 compares unfavorably to the Ps 10 million profit in 3Q09 because of the impact in minority interest due to the IFC investment in Banco Mercantil del Norte and larger profit participation to Generali in the Afore, and it remains similar compared to the loss of (Ps 77) million registered in the 2Q10 due to the positive impact from increased profits from the insurance company and retirement fund managers (Siefores), which was offset by a larger profit participation to Generali in the Afore.

- **Net Income**

In the first nine months of the year, GFNorte registered a net profit of Ps 4.95 billion, 14% higher compared to 9M09. On a recurring basis, profits grew by 17% excluding the extraordinary gain of Ps 134 million registered in 1Q09 as a consequence of changes in the accounting criteria for the valuation of loan securitizations. Without considering the impact from Ps 616 million in higher provisions related to Mexicana de Aviacion and increased revenues from Comerci's Ps 260 million recovery, GFNorte's profits during 3Q10 would have been Ps1.955 billion, higher by 37% YoY vs. 3Q09 and 18% QoQ vs. 2Q10. Also, for a fifth consecutive quarter, the Group increased its profits sequentially, reaching Ps 1.711 billion (81% generated by the bank), 20% higher compared to the same quarter in 2009 and 3% higher QoQ vs. 2Q10. The return on equity (ROE) during 9M10 was 15.5%, 0.6 pp more compared to 9M09. The return on assets (ROA) for 9M10 was 1.1%, 0.1 pp higher vs. 9M09.

Capitalization *(Million Pesos)*	3Q09	4Q09	1Q10	2Q10	3Q10	Change	
						QoQ	YoY
Tier 1 Capital	31,844	35,380	36,023	36,148	37,233	3%	17%
Tier 2 Capital	15,054	14,277	13,855	14,035	13,954	(1%)	(7%)
Net Capital	46,898	49,657	49,878	50,184	51,187	2%	9%
Credit Risk Assets	202,525	203,305	200,487	207,841	216,406	4%	7%
Net Capital / Credit Risk Assets	23.2%	24.4%	24.9%	24.1%	23.7%	(0.5 pp)	0.5 pp
Total Risk Assets (1)	291,262	296,046	296,284	300,503	308,862	3%	6%
Tier 1	10.9%	12.0%	12.2%	12.0%	12.1%	0.0 pp	1.1 pp
Tier 2	5.2%	4.8%	4.7%	4.7%	4.5%	(0.2 pp)	(0.7 pp)
Capitalization Ratio	16.1%	16.8%	16.8%	16.7%	16.6%	(0.1 pp)	0.5 pp

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

- **Capitalization**

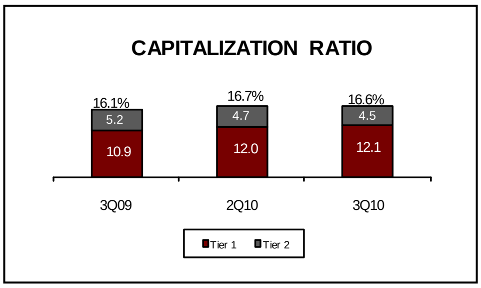
At closing of 3Q10 the Capitalization Ratio was 16.6% considering credit, market and operational risks, and 23.7% when only considering credit risks. Tier 1 capital was 12.1% and Tier 2 was 4.5%

The Capitalization Ratio declined by (0.1 pp) compared to 2Q10, due to the following effects:

1) Reinvestment of profits generated in 3Q10: + 0.5 pp.
2) Valuation of hedging instruments: (0.2) pp.
3) Increase of Risk Assets: (0.4) pp.

The capitalization ratio during 3Q10 is 0.5 pp higher compared to 3Q09 due to the effect of reinvesting the profits generated in the last 12 months and the investment by the IFC in Banco Mercantil del Norte's capital, which compensated the capital consumption during the period as a result of growth in risk assets, the effect of valuations of hedging instruments and the payment of dividends.

In 2008, the authorities determined that the capital requirement for operational risk must be fully constituted in a 3 year term in proportional monthly installments. At closing of 3Q10, the period of March 2008 to June 2010 was covered (31/36 months), impacting the capitalization ratio by 2.1 percentage points.



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

Deposits *(Million Pesos)*	**3Q09**	**2Q10**	**3Q10**	**Change QoQ**	**Change YoY**
Non Interest Bearing Demand Deposits	56,968	61,258	**61,409**	0%	8%
Interest Bearing Demand Deposits (1)	65,458	72,582	**72,422**	(0%)	11%
Total Demand Deposits (2)	122,425	133,840	**133,831**	(0%)	9%
Time Deposits – Retail	83,832	87,075	**88,644**	2%	6%
Core Deposits	206,257	220,916	**222,475**	1%	8%
Money Market (3)	63,768	57,789	**65,421**	13%	3%
Total Bank Deposits	**270,026**	**278,705**	**287,896**	3%	7%
GFNorte's Total Deposits (4)	**269,739**	**278,480**	**287,461**	3%	7%
Third Party Deposits	**155,296**	**146,227**	**156,341**	7%	1%
Total Assets Under Management	**425,322**	**424,932**	**444,236**	5%	4%

1) Excludes IPAB cash management checking accounts for loan portfolios managed from Banpaís and Bancen. The balances of these accounts in 3Q09, 2Q10 and 3Q10 were Ps $20 million, Ps $22 million and Ps $51 million, respectively.
2) Includes Debit Cards.
3) Includes Bank Bonds (Customers and Financial intermediaries).
4) Includes the eliminations between the subsidiaries (3Q09=287 millions, 2Q10=220 milllons and 3Q10=435 millions).

- **Deposits**

At closing of 3Q10, Total *Deposits* were Ps 287.46 billion, a 7% YoY increase compared to 3Q09, driven mainly by a 9% YoY growth in Demand Deposits and 6% in Retail Time Deposits. Total Deposits increased by 3% QoQ, due to a 13% QoQ growth in the Money Market and a 2% QoQ growth in Retail Time Deposits.

- **Demand and Time Deposits**

Demand Deposits grew by 9% YoY at closing of 3Q10, driven by an 8% YoY increase in Non-interest bearing Demand Deposits due to important growth in the balances of Mujer Banorte accounts, Enlace Fuerte personal accounts and Enlace Global personal & corporate accounts, as well as an 11% growth in Interest Bearing Demand Deposits as a result of higher balances in the Sumanómina accounts, Enlace Corporate accounts, Suma personal accounts, Banorte Fácil personal accounts, Demand Investment accounts and Global Investment corporate accounts. On a quarterly basis, Demand Deposits remained at the same level compared to 2Q10.

Retail Time Deposits grew by 6% YoY as a result of campaigns to sell peso denominated promissory notes through the branches and time deposits in dollars at Inter National Bank through Banorte client referral programs. The 2% QoQ increase was due to higher balances managed in client accounts.

As a result of the bank's strategies and efforts to increase deposits, a total of 752,000 individual accounts were opened during the first nine months of the year. Additionally, Banorte has been able to maintain its market share in core deposits during the last 12 months, ranking as the third most important bank in the financial system in terms of total deposits' balances and growth in deposits of individual accounts.

- **Money Market Deposits**

The 3% YoY and 13% QoQ increase is explained by higher balances for individual and corporate accounts in private banking.

- **Third Party Deposits**

The 1% YoY and 7% QoQ growth is due to an increase in clients' securities under custody, assets managed in trusts or mandates, and assets under management, as well as colateral received.

- **Assets Under Management**

At closing of 3Q10, Assets Under Management totaled Ps 444.24 billion, a 4 % YoY increase due to growth in all deposit items: retail deposits (demand and time), money market and third party deposits. The 5% QoQ growth is due to growth in money market, third party and retail time deposits.

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

Performing Loan Portfolio (Million Pesos)	3Q09	2Q10	3Q10	Change QoQ	Change YoY
Commercial	85,342	82,305	**84,815**	3%	(1%)
Consumer	74,281	78,500	**80,976**	3%	9%
Corporate	41,374	39,307	**43,495**	11%	5%
Government	33,738	41,222	**44,443**	8%	32%
Sub Total	234,735	241,334	**253,728**	5%	8%
Recovery Bank	694	614	**552**	(10%)	(21%)
Total	235,429	241,948	**254,280**	5%	8%

Performing Consumer Loan Portfolio (Million Pesos)	3Q09	2Q10	3Q10	Change QoQ	Change YoY
Mortgages	48,105	52,234	**53,788**	3%	12%
Car Loans	7,297	7,787	**8,004**	3%	10%
Credit Cards	12,397	11,079	**11,211**	1%	(10%)
Payroll	6,483	7,400	**7,974**	8%	23%
Consumer Loans	74,281	78,500	**80,976**	3%	9%

(Million Pesos)	3Q09	2Q10	3Q10	Change QoQ	Change YoY
Past Due Loans	6,103	5,630	**5,609**	(0%)	(8%)
Loan Loss Reserves	7,547	7,012	**7,637**	9%	1%
Acquired Rights	2,705	2,311	**2,183**	(6%)	(19%)

- **Total Performing Loans**

Total Performing Loans grew by 8% YoY or Ps 18.99 billion to a total balance of Ps 253.73 billion at closing of 3Q10, excluding the proprietary portfolio managed by Recovery Bank. This increase is mainly due to growth in the Government, Consumer (except credit card) and Corporate portfolios. Total Performing Loans grew by 5% QoQ or Ps 12.39 billion due to growth in all segments. This is the first time since 4Q08 that the loan portfolio has shown sequential growth in all of its components, which is evidence of greater loan demand in Mexico, as well as a result of the policies implemented by Banorte to reactivate loan volumes. In the coming months, we anticipate that the favorable trends in loan growth will continue in the banking industry.

Growth of the portfolio by item:

I. Individual Loans

➢ **Consumer + Housing:** Increased by 9% YoY due to growth in the mortgage, car and payroll loans, and 3% QoQ as a result of growth in all components of the portfolio.

- ***Mortgage***: Grew by 12% YoY, driven by the increase in mortgage sales for middle market home acquisition, as well as the reactivation of mortgage products for liquidity, improvement of loan conditions, construction, remodeling and payment of liabilities. The portfolio grew by 3% QoQ as a result of positive dynamics in all mortgage programs, including middle market home acquisition, Pemex mortages and loans for liquidity, construction, remodeling and payment of liabilities. Mortgage sales increased by 42% in the first 9M10 compared to the same period of the previous year, with Ps 9.05 billion in new sales. In 9M10, a total of 10,311 mortgages were sold, 22% more vs. 9M09.

- ***Credit cards:*** Registered a (10%) YoY reduction and 1% QoQ growth at closing of 3Q10, as a result of a (1%) annual reduction in the portfolio of accounts, as well as write-offs applied to this portfolio in the last 12 months (although to a lesser extent compared to the same period of the 2009). The portfolio has regained growth driven by: a) the management of the product life cycle b) the placement of 213,338 new cards, 86% higher YoY and 35% QoQ, in spite of tighter origination criteria and more conservative risk management, and c) total net billing grew by 12% YoY and 8%

QoQ as a result of campaigns to promote the use of credit cards and promotions for interest-free purchases with fixed monthly installments. At closing of 3Q10, Banorte had 1.1 million accounts, a 4% QoQ growth.

- ***Payroll and Personal:*** At closing of 3Q10, the portfolio grew by 23% YoY (30% without considering amortizations of personal loans during the year) and 8% QoQ, as a result of campaigns to promote the payroll product and the strategy to place more loans to government employees. The number of new payroll loans in the year increased by 46% compared to the same period of last year.

- ***Car Loans:*** The portfolio grew by 10% YoY and 3% QoQ in 3Q10 as a result of promotional campaigns for the product and a recovery of car sales in the country during the last few months. Also, loan sales were favored by an alliance with Isuzu Motors to finance its units.

II. Loans to Institutions

- **Commercial:** Declined by (1%) YoY in 3Q10 mainly as a result of a drop in the middle market companies' portfolio and loans to the SME sector. This was a result of stricter origination policies to maintain asset quality under control during 2009 and the beginning of 2010 under an unfavorable economic environment. The 3% QoQ growth is a result of bank strategies to reactivate loans during the second half of 2010, resulting in an increase of the Crediactivo balance for SMEs (the balance of the SME portfolio grew by Ps 409 million in the quarter) and in the middle market companies' portfolio originated through the bank and the leasing and factoring company.

- **Corporate**: Grew by 5% YoY in 3Q10 and 11% QoQ vs. 2Q10, mainly due to the reactivation of loans in this sector, resulting in the placement of several important loans during the quarter, which offset prepayments received from other clients. It is important to emphasize that Banorte's loan portfolio is diversified by sectors and regions, and shows a low concentration. The bank's 20 most important corporate exposures represent only 14% of the bank's total loan portfolio (14% in 2Q10 and 16% in 3Q09). The largest corporate loan represents 1.6% of the total portfolio (1.7% in 2Q10 and 1.8% in 3Q09), while number 20 represents 0.4% of the total portfolio (0.4% in 2Q10 and 0.5% in 3Q09).

- **Government:** Increased by 32% YoY and 8% QoQ in 3Q10 as a result of the placement of important loans to various state & municipal governments, as well as decentralized entities during the quarter, and promotional efforts by the area created to cater this sector, its specialization and the creation of products and services that offer comprehensive solutions to the financial needs of all three levels of government.

- **Past Due Loans**

At closing of 3Q10, past due loans registered an (8%) YoY decline, but remained at the same level QoQ of Ps 5.61 billion.

At the end of the 3Q10, the PDL Ratio was 2.2%, 0.4 percentage points lower vs. 3Q09, and 0.1 percentage points less than in 2Q10. Without the impact of asset quality deterioration in the US operations, the PDL ratio was 1.9%, an improvement of 0.5 percentage points vs. 3Q09.

Most of the portfolio items show an improvement in asset quality. The PDL Ratio for credit cards declined to 9.3%, lower than the 10.6% registered in 2Q10 and 12.7% of 3Q09, an improvement despite the contraction in the loan portfolio during the last 12 months. At closing of 3Q10, the PDL ratio for car loans was 1.4% (vs. 1.3% in 2Q10 and 2.7% in 3Q09), Payroll loans was 1.9% (vs. 1.9% in 2Q10 and 2.8% in 3Q09), Mortgages was 1.9% (vs. 1.7% in 2Q10 and 2.0% in 3Q09 although when excluding INB, it declines to 1.5% in 3Q10), Commercial was 4.1% (vs. 4.1% in 2Q10 and 3.6% in 3Q09, although when excluding INB it declines to 3.8% in 3Q10), Corporate was 0.1% (vs. 0.2% in 2Q10 and 0.1% in 3Q09), while Government remained at 0% throughout the year.

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

PAST DUE LOAN VARIATIONS (Million Pesos)		
Balance as of June 2010		**5,630**
	Transfer from Performing Loans to Past Due Loans	3,462
	Renewals	(133)
	Cash Collections	(560)
	Discounts	(35)
	Charge Offs	(1,035)
	Foreclosures	(171)
	Transfer from Past Due Loans to Performing Loans	(1,530)
	Foreign Exchange Adjustments	(20)
Balance as of September 2010		**5,609**

During 3Q10, 45% of new past due loans, 22% of provisions and 55% of write-offs corresponds to credit cards. On the other hand, the commercial portfolio represents 19% of the new NPL formation, 12% of new reserves and 14% of write-offs.

RISK RATING OF PERFORMING LOANS – *GFNorte*

(Million Pesos)

		LOAN LOSS RESERVES			
CATEGORY	**LOANS**	**COMMERCIAL**	**CONSUMER**	**MORTGAGES**	**TOTAL**
A	**63,464**	**0**	**74**	**170**	**244**
A1	**108,519**	**538**	**0**	**0**	**538**
A2	**62,808**	**583**	**0**	**0**	**583**
B	**7,543**	**0**	**97**	**214**	**311**
B1	**5,798**	**90**	**332**	**0**	**422**
B2	**9,396**	**97**	**485**	**0**	**582**
B3	**2,616**	**270**	**0**	**0**	**270**
C	**2,049**	**0**	**643**	**110**	**753**
C1	**1,093**	**230**	**0**	**0**	**230**
C2	**2,345**	**1,186**	**0**	**0**	**1,186**
D	**2,018**	**216**	**951**	**276**	**1,443**
E	**997**	**673**	**314**	**0**	**987**
Total	**268,646**				
Not Classified	**(155)**				
Exempt	**51**				
Total	**268,542**	**3,883**	**2,896**	**770**	**7,549**
Reserves					**7,637**
Excess (Deficit)					**89**

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

Of the total loan portfolio:

- 87% is rated as Risk A,
- 8.5% as Risk B,
- 2% as Risk C,
- The rest as Risk D and E.

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

LOAN LOSS RESERVES *(Million Pesos)*	3Q10
Previous Period Ending Balance	**7,012**
Provisions charged to results	**1,907**
Created with profitability margin	**2**
Other items	**(2)**
Charge offs and discounts:	
Commercial Loans	**(205)**
Consumer Loans	**(839)**
Mortgage Loans	**(163)**
Foreclosed assets	**(53)**
	(1,260)
Cost of debtor support programs	**(15)**
Valorization and Others	**(7)**
Loan Loss Reserves at Period End	**7,637**

- **Loan Loss Reserves**

Loan loss reserves at closing of 3Q10 were Ps 7.64 billion, 9% higher than 2Q10 due to an increase in provisions charged to results as consequence of the change in the risk profile of the loan granted to Mexicana, as well as to lower write-offs.

- **Provisions for Loan Loss Reserves**

Total provisions created during 3Q10 were Ps 5.01 billion, a (23%) YoY reduction due to less requirements in almost all items, and a 42% QoQ growth mainly due to more requirements in the corporate portfolio as a result of the loan to Mexicana.

The Mexican banking system continues to operate with stricter regulations. The Banking Commission (CNBV) determined the creation of additional reserves for leasing and factoring operations, and new regulations of the same nature will be implemented in the near future for the mortgage, consumer and commercial sectors.

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

BANKING SECTOR

Income Statement and Balance Sheet Highlights-Banking Sector (Million Pesos)	3Q09	2Q10	3Q10	Change QoQ	Change YoY	9M09	9M10	Change 9M09
Income Statement-GFNorte								
Net Interest Income	5,375	5,281	**5,390**	2%	0%	16,919	**16,019**	(5%)
Non Interest Income	1,955	2,204	**1,998**	(9%)	2%	5,167	**6,355**	23%
Total Income	7,330	7,484	**7,388**	(1%)	1%	22,085	**22,374**	1%
Non Interest Expense	3,633	3,983	**3,887**	(2%)	7%	11,207	**11,665**	4%
Provisions	2,113	1,300	**1,892**	45%	(10%)	6,407	**4,938**	(23%)
Operating Income	1,584	2,201	**1,609**	(27%)	2%	4,471	**5,771**	29%
Non Operating Income (Expense), ne	137	13	**398**	2854%	191%	696	**430**	(38%)
Net Income Before taxes	1,721	2,214	**2,008**	(9%)	17%	5,168	**6,201**	20%
Taxes	490	720	**514**	(29%)	5%	1,415	**1,826**	29%
Subsidiaries & Minority Interest	42	44	**77**	76%	83%	99	**170**	72%
Net Income	1,274	1,538	**1,571**	2%	23%	3,851	**4,545**	18%
Balance Sheet								
Performing Loans (a)	225,716	231,660	**241,964**	4%	7%	225,716	**241,964**	7%
Total Deposits	270,046	278,727	**287,947**	3%	7%	270,046	**287,947**	7%

The results of the Banking Sector do not reflect Pronegocio (Micro-Lending) figures from January until August 2009, since the merger with Banco Mercantil del Norte was not effective during that period. Therefore, the banking subsidiary's results for the first three quarters of the year are fully comparable with previous periods, while 4Q09, 1Q10,2Q10 and 3Q10 are not comparable since the figures include the merged Pronegocio unit.

- **Net Interest Income**

Net Interest Income totaled Ps 16.02 billion, declining by (5%) YoY compared to 9M09, mainly due to a drop in market interest rates in 9M09, which was partially offset by a 7% YoY increase in the performing loan portfolio and an 8% growth in non-interest bearing demand deposits. The quarterly NII was Ps 5.39 billion, remaining practically the same compared to 3Q09, however, it shows a 2% QoQ growth vs. 2Q10, resulting from 4% growth in the loan portfolio.

- **Non Interest Income**

Accumulated Non Interest Income until September 2010 totaled Ps 6.35 billion, an increase of 23% YoY compared to 9M09 due to growth in all items, especially in intermediation revenues and service fees. Non interest income for the quarter was Ps 1.99 billion, increasing 2% YoY due to more service fees, but declining by (9%) QoQ when compared to 2Q10 due to reduced intermediation revenues.

- **Loan Loss Provisions**

Loan Loss Provisions were Ps 4.94 billion in 9M10, (23%) less YoY due to reduced requirements for consumer loans, mainly credit cards and mortgages; however, provisions increased 45% QoQ as a result of greater requirements for the corporate portfolio as a result of provisions related to the exposure to Gamma de Servicios, a subsidiary of Mexicana de Aviación's Holding company.

- **Non Interest Expenses**

In the first nine months of the year non interest expenses rose to Ps 11.66 billion, increasing by 4% compared to the same period of last year mainly due to higher rents, depreciation and amortization expenses, personnel related expenses and employee profit sharing, but was offset by a reduction in administration and promotional expenses. Non Interest Expenses in 3Q10 were Ps 3.89 billion, growing by 7% YoY, mainly due to higher rent, depreciation and amortization expenses; however, on a quarterly basis, the (2%) reduction is due to lower personnel expenses, professional fees paid, administration and promotional expenses and employee profit sharing.

- **Non Operating Income**

Non Operating Income totaled Ps 430 million in 9M10, a (38%) decline from 9M09 due to the extraordinary gain in the 1Q09 resulting from changes in accounting criteria related to the valuation of mortgage securitizations (BOHRIS). In the 3Q10, Other Income and Expenses totaled Ps 398 million, higher YoY and QoQ as a consequence of the recovery related to Comercial Mexicana.

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

- **Net Income**

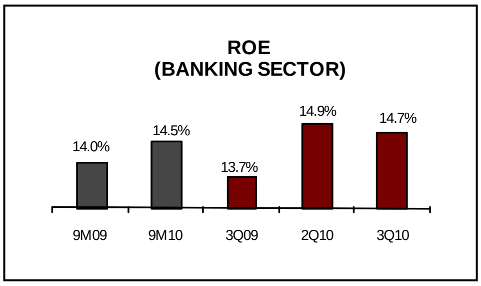
The accumulated net income of the Banking Sector (100%, including the Afore by the participation method) was Ps 4.54 billion during 9M10, 18% higher compared to 9M09 due to the increase in non interest income and lower provisions. Net income was Ps 1.57 billion in 3Q10, 23% higher YoY due to higher non interest income and non operating income, as well as reduced provisions. Net income grew by 2% QoQ as a result of more net interest income, a decline in non interest expenses and a lower taxes during the quarter.

- **Past Due Loan Ratio**

The Past Due Loan Ratio of the Banking Sector was 2.2%, comparing favorably with the banking system and with the 2.3% in 2Q10 and 2.6% in 3Q09. This percentage declines to 2.0% when excluding the past due loans of INB.

Financial Ratios Banking Sector	3Q09	2Q10	3Q10	Change QoQ	Change YoY	9M09	9M10	Change 9M09
Profitability:								
NIM (1)	4.1%	4.0%	**4.0%**	0.0 pp	(0.0 pp)	4.3%	**4.1%**	(0.2 pp)
NIM after Provisions (2)	2.5%	3.0%	**2.6%**	(0.4 pp)	0.1 pp	2.7%	**2.8%**	0.2 pp
ROE (3)	13.7%	14.9%	**14.7%**	(0.2 pp)	0.9 pp	14.0%	**14.5%**	0.4 pp
ROA (4)	0.9%	1.1%	**1.1%**	(0.0 pp)	0.2 pp	0.9%	**1.0%**	0.2 pp
Operation:								
Efficiency Ratio (5)	49.6%	53.2%	**52.6%**	(0.6 pp)	3.0 pp	50.7%	**52.1%**	1.4 pp
Operating Efficiency Ratio (6)	2.6%	2.8%	**2.7%**	(0.1 pp)	0.1 pp	2.7%	**2.8%**	0.1 pp
Liquidity Ratio (7)	62.0%	100.0%	**90.2%**	(9.8 pp)	28.2 pp	62.0%	**90.2%**	28.2 pp
Asset Quality:								
Past Due Loan Ratio	2.6%	2.3%	**2.2%**	(0.1 pp)	(0.4 pp)	2.6%	**2.2%**	(0.4 pp)
Coverage Ratio	123.1%	123.3%	**134.7%**	11.4 pp	11.6 pp	123.1%	**134.7%**	11.6 pp
Past Due Loan Ratio w/o Banorte US	2.5%	2.1%	**2.0%**	(0.1 pp)	(0.5 pp)	2.5%	**2.0%**	(0.5 pp)
Coverage Ratio w/o Banorte USA	129.0%	140.7%	**152.4%**	11.7 pp	23.4 pp	129.0%	**152.4%**	23.4 pp
Growth (8)								
Performing Loans (9)	0.9%	2.4%	**7.3%**	4.9 pp	6.4 pp	0.9%	**7.3%**	6.4 pp
Core Deposits	18.4%	6.8%	**7.9%**	1.1 pp	(10.5 pp)	18.4%	**7.9%**	(10.5 pp)
Total Deposits	11.7%	5.0%	**6.6%**	1.7 pp	(5.1 pp)	11.7%	**6.6%**	(5.1 pp)
Capitalization:								
Net Capital/ Credit Risk Assets	23.2%	24.1%	**23.7%**	(0.5 pp)	0.5 pp	23.2%	**23.7%**	0.5 pp
Total Capitalization Ratio	16.1%	16.7%	**16.6%**	(0.1 pp)	0.5 pp	16.1%	**16.6%**	0.5 pp

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



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

BANORTE USA

I. Banorte USA

INCOME STATEMENT & BALANCE SHEET *HIGHLIGHTS – Banorte USA* *Figures in MEX GAAP (Million Pesos)*	3Q09	2Q10	3Q10	QoQ	YoY	9M09	9M10	YoY
Income Statement								
Net Interest Income	**218**	162	**167**	3%	(24%)	626	**535**	(14%)
Non Interest Income	**30**	90	**47**	(48%)	56%	99	**201**	103%
Total Income	**248**	252	**213**	(15%)	(14%)	725	**737**	2%
Non Interest Expense	**153**	182	**180**	(1%)	17%	549	**534**	(3%)
Loan Loss Reserves	**115**	(22)	**37**	267%	(67%)	287	**143**	(50%)
Operating Income	**(20)**	92	**(4)**	(104%)	82%	(112)	**59**	153%
Non Operating Income (Expense)	**41**	7	**12**	73%	(71%)	151	**30**	(80%)
Taxes and Profit Sharing	**5**	33	**1**	(96%)	(73%)	14	**27**	88%
Subsidiaries & Minority Interest	**-**	-	**-**	-	-	-	**-**	-
Net Income	**15**	66	**7**	(90%)	(55%)	25	**63**	153%

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

Under generally accepted accounting principles in Mexico (MEX GAAP), net income of Banorte USA (subsidiary that owns 100% of Inter National Bank, as well as 100% of the remittance companies Uniteller and Motran) was Ps 63 million during 9M10, increasing by 153% from the previous year, mainly due to more non interest income and lower loan loss provisions in accordance with Mexican accounting practices. Net income for 3Q10 was Ps 7 million, 55% less than in 3Q09 mainly due to reduced net interest income and an increase in non interest expenses, and 90% less QoQ as a result of lower non interest income and larger loan loss provisions.

II. InterNational Bank (US GAAP)

INCOME STATEMENT & BALANCE SHEET *HIGHLIGHTS - InterNational Bank* *Figures in US GAAP (Millon Dollars)*	3Q09	2Q10	3Q10	QoQ	YoY	9M09	9M10	YoY
Income Statement								
Net Interest Income	15	14	**13**	(7%)	(13%)	44	**43**	(4%)
Non Interest Income	4	5	**5**	(3%)	18%	11	**13**	19%
Total Income	19	19	**18**	(6%)	(6%)	56	**56**	0%
Non Interest Expense	9	13	**14**	9%	49%	27	**38**	38%
Loan Loss Reserves	3	7	**3**	(62%)	(16%)	17	**20**	18%
Operating Income	7	(0.1)	**2**	2500%	(75%)	12	**(2)**	(115%)
Net Income	5	0.1	**1**	2074%	(73%)	8	**(1)**	(111%)
Balance Sheet								
Investments in Securities	561	536	**599**	12%	7%	561	**599**	7%
Performing Loans	1,073	991	**915**	(8%)	(15%)	1,073	**915**	(15%)
Past Due Loans	89	72	**82**	15%	(7%)	89	**82**	(7%)
Demand Deposits	738	688	**646**	(6%)	(12%)	738	**646**	(12%)
Time Deposits	1,016	1,032	**1,056**	2%	4%	1,016	**1,056**	4%
Total Deposits	1,753	1,720	**1,702**	(1%)	(3%)	1,753	**1,702**	(3%)
Equity	405	405	**404**	(0%)	(0%)	405	**404**	(0%)

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

Financial Ratios *INB* *Figures in US GAAP*	3Q09	2Q10	3Q10	QoQ	YoY	9M09	9M10	YoY
Profitability:								
NIM	3.5%	3.4%	**3.2%**	(0.2 pp)	(0.3 pp)	3.6%	3.4%	(0.2 pp)
ROE	4.8%	0.1%	**1.2%**	1.2 pp	(3.6 pp)	3.9%	(0.3%)	(4.1 pp)
ROA	0.9%	0.01%	**0.2%**	0.2 pp	(0.6 pp)	0.5%	(0.1%)	(0.6 pp)
Operational:								
Efficiency Ratio	47.7%	65.3%	**75.9%**	10.6 pp	28.3 pp	49.1%	67.6%	18.5 pp
Asset Quality:								
Past Due Loan Ratio	7.6%	6.7%	**8.2%**	1.5 pp	0.7 pp	7.6%	8.2%	0.7 pp
Coverage Ratio	25.3%	40.8%	**35.1%**	(5.7 pp)	9.8 pp	25.3%	35.1%	9.8 pp
Capitalization:								
Leverage Ratio	9.4%	9.2%	**9.4%**	0.2 pp	0.0 pp	9.4%	9.4%	0.0 pp
Capitalization Ratio	17.1%	17.7%	**18.2%**	0.6 pp	1.1 pp	17.1%	18.2%	1.1 pp

Under generally accepted accounting principles in the United States, (US GAAP) the net income of Inter National Bank (INB) was $1.3 million US dollars during 3Q10, lower compared to 3Q09 due to a drop in net interest income and more expenses, but higher QoQ due to lower loan loss provisions created during the quarter.

Regarding INB's investment portfolio, it is concentrated mainly in mortgage backed securities, which increased 12% QoQ and 7% YoY. The underlying quality of these securities' mortgages is rated AAA, and at 3Q10 the portfolio had unrealized mark to market gains of $15 million US dollars. The expected average weighted maturity of the portfolio is 4.6 years.

Deposits declined by (1%) QoQ and (3%) YoY as a result of a reduction of balances in government and wholesale clients. Performing loans reduced by (15%) YoY due to lower originations by the bank as a result of the strategy to reduce the bank's classified assets, while past due loans declined by (7%) YoY.

The capitalization and leverage ratios continue to strengthen and are well above the regulatory minimums. The Capitalization Ratio remains at 18.2% and the Leverage Ratio is 9.4%, registering a QoQ and YoY increase. The PDL Ratio increased by 0.7 pp YoY to 8.2%.

Profitability Ratios show a gradual improvement. ROE increased by 1.2 pp QoQ to 1.2%, while ROA increased 0.2 pp QoQ to 0.2% and the NIM declined (0.2) pp QoQ to 3.2%.

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

RECOVERY BANKING

INCOME STATEMENT HIGHLIGHTS – Recovery Banking *(Million Pesos)*	9M09	9M10	YoY
Net Interest Income	(164)	**(154)**	(6%)
Loan Loss Provisions	37	**20**	(45%)
Non Interest Income	1,049	**1,399**	33%
Non Interest Expense (2)	641	**696**	9%
Non Operating Income (Expense), net	346	**231**	(33%)
Pre-tax Income & Subsidiaries	554	**758**	37%
Income Tax & Profit Sharing	152	**224**	48%
Net Income	402	**534**	33%

(1) As of 1Q07, the financial information of Sólida Administradora de Portafolios is consolidated in Banorte according to the new accounting standards that went into effect in January 2007.
(2) As of april 2009, the Banking and Securities Commission (CNBV) issued accounting changes that require recording Employee Profit Sharing (PTU) as Non Interest Expense.

ASSETS UNDER MANAGEMENT *(Million Pesos)*	3Q10	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
Fobaproa-IPAB Portfolios:	-	Off balance trusts	Non Interest Income / Fees from IPAB
Loans purchased:	**29,086**	Sólida Asset Management and Banorte	Non Interest Income and Other Revenues and Expenses (Sólida / Banorte)
Investment Projects:	**4,295**	Sólida Asset Management	Non Interest Income
Banking Sector Portfolio:	**36,936**	Banorte's Portfolio and Repossessed assets	Net Interest Income and Other Revenues and Expenses
Total	**70,317**		

- At closing of 3Q10, of the total Ps 29.1 billion in portfolios acquired by the Recovery Bank, 40% correspond to mortgages, 39% to corporate and commercial, 13% to real estate portfolios and 8% to foreclosed assets. Revenues generated by these portfolios in the first 9M10 were Ps 386 million, (13%) less YoY, while net income was Ps 39 million, (60%) less YoY. During 3Q10, the remaining IPAB assets that were being managed by Solida were acquired with a value of $366 million pesos, thus successfully concluding the relationship of the last 13 years with this Institute.

- At closing of 3Q10, Solida had invested Ps 4.3 billion in projects, 38% more than in 3Q09. This amount is invested in 48 projects nationwide. Revenues generated by these projects during the first 9M10 totaled Ps 518 million, a 28 % YoY increase, while profits were Ps 219 million, a 52% YoY increase.

- Banorte's proprietary assets managed by the Recovery Bank totaled Ps 36.9 billion at closing of 3Q10: 31% corresponds to credit cards, 26% to mortgages, 12% to corporate and commercial, 12% to Crediactivo, 8% to payroll and personal loans, 7% to car loans, 3% to assets and 1% to Pronegocio. Revenues generated by this portfolio during the first 9M10 were Ps 727 million, a 30% YoY increase, while profits were Ps 276 million, a 71% YoY increase.

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

BROKERAGE

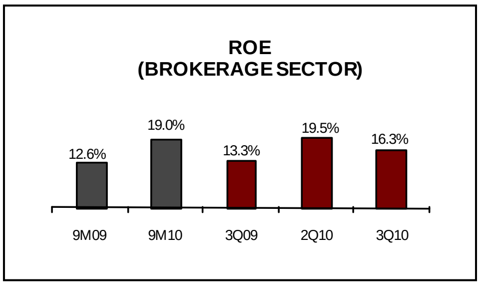
Brokerage *(Million Pesos)*	3Q09	2Q10	3Q10	QoQ	YoY	9M09	9M10	YoY
Brokerage								
Net Income	42	75	**66**	(12%)	56%	115	**219**	91%
Shareholder's Equity	1,323	1,579	**1,653**	5%	25%	1,323	**1,653**	25%
Assets Under Custody	131,603	148,598	**160,559**	8%	22%	131,603	**160,559**	22%
Total Assets	3,645	13,737	**10,971**	(20%)	201%	3,645	**10,971**	201%
ROE	13.3%	19.5%	**16.3%**	(3.2 pp)	3.1%	12.6%	**19.0%**	6.4 pp
Net Capital								
Net Capital	1,074	1,320	**1,385**	5%	29%	1,074	**1,385**	29%

- **Broker-Dealer**

Net Income
During the first 9M10, the Brokerage House registered profits of Ps 219 million, representing an increase of 91% YoY resulting from more revenues derived from management fees in mutual funds and from risk money market trading positions. During 3Q10, net income was Ps 66 million, declining (12%) QoQ, resulting from lower revenues from risk money market trading positions and higher expenses.

Mutual Funds
At closing of 3Q10, mutual funds' AUMs grew by 39% YoY, driven by efforts to improve the funds' returns and promotional efforts with the clientele. Assets managed by fixed income mutual funds totaled Ps 31.8 billion, growing 39% YoY, while assets managed by equity funds were Ps 5.6 billion, a 41% YoY increase. At the end of 3Q10, Banorte had a market share in mutual funds of 3.1%.

Assets Under Custody
At closing of 3Q10, assets under custody totaled Ps 161 billion, an 8% QoQ and 22% YoY increase driven by more deposits from private banking clients in mutual funds, money market and Banorte Securities.



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LONG TERM SAVINGS

LONG TERM SAVINGS *(Million Pesos)*	3Q09	2Q10	3Q10	QoQ	YoY	9M09	9M10	YoY
Afore								
Net Income	77	79	**147**	85%	92%	179	**329**	84%
Equity	1,231	1,521	**1,669**	10%	36%	1,231	**1,669**	36%
Total Assets	1,427	1,748	**1,960**	12%	37%	1,427	**1,960**	37%
AUM (SIEFORE)*	68,115	78,748	**85,023**	8%	25%	68,115	**85,023**	25%
ROE	25.8%	21.5%	**37.0%**	15.5 pp	11.2 pp	21.0%	**29.4%**	8.4 pp
Insurance								
Net Income	84	104	**120**	15%	43%	320	**361**	13%
Equity	2,250	2,611	**2,308**	(12%)	3%	2,250	**2,308**	3%
Total Assets	11,567	13,429	**13,694**	2%	18%	11,567	**13,694**	18%
Technical Reserves	7,303	8,700	**8,499**	(2%)	16%	7,303	**8,499**	16%
Premiums sold	1,420	1,681	**1,824**	9%	28%	5,217	**5,423**	4%
ROE	14.6%	16.2%	**19.5%**	3.3 pp	5.0 pp	18.9%	**19.6%**	0.7 pp
Annuities								
Net Income	14	(9)	**1**	113%	(92%)	29	**2**	(94%)
Equity	1,015	1,017	**1,018**	-%	-%	1,015	**1,018**	-%
Total Assets	16,949	21,346	**23,098**	8%	36%	16,949	**23,098**	36%
Technical Reserves	15,703	19,930	**21,844**	10%	39%	15,703	**21,844**	39%
Premiums sold	553	1,643	**1,893**	15%	242%	2,016	**4,835**	140%
ROE	5.7%	(3.5%)	**0.5%**	3.9 pp	(5.2 pp)	3.9%	**0.2%**	(3.7 pp)

- **Afore**

During the first 9M10, the Afore registered net income of Ps 329 million (51% corresponds to Banorte), increasing by 84% YoY and 85% QoQ, in both cases due to higher operating income and financial revenues, and to an important improvement in the efficiency resulting in lower operating expenses and sales costs. At closing of 3Q10, the Afore registered a 25% YoY and 8% QoQ increase in managed funds that totaled Ps 85.02 million.

Banorte has a 6.2% market share in managed funds, ranking 7th in the market.

At closing of 3Q10, the Afore had a total of 3.9 million affiliates, with a 9.6% share of total affiliates in the system and 9.4% in certified accounts.

- **Insurance**

Reported profits of Ps 361 million the first months of 9M10 (51% corresponds to GFNorte), a 13% YoY increase, due to a containment in damage related costs, which offset reduced revenues and financial revenues. On a quarterly basis, net income increased by 15% QoQ due to more operating income and financial revenues, which offset a slight increase in expenses.

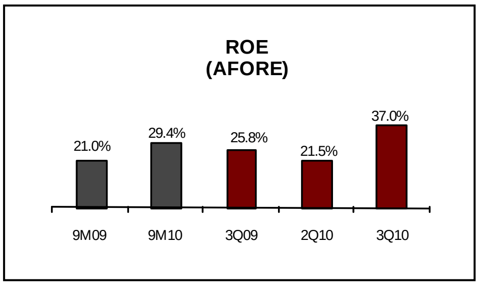
Issued premiums increased by 4% YoY totaling Ps 5.42 billion, while accrued premiums reached Ps 4.05 billion at the end of 3Q10, declining by (6%) YoY due to tougher competition.

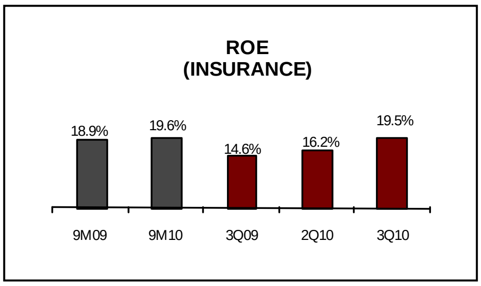
Technical reserves were Ps 8.45 billion, increasing by 16% YoY and declining (2%) QoQ.

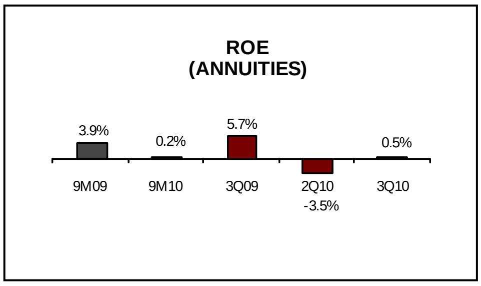
- **Annuities**

Reported net income of Ps 2 million during 9M10 (51% corresponds to GFNorte), declining (94%) YoY due to an increase in expenses related to life annuities as well as write-offs in some positions in the investment portfolio, increased technical reserves and a reduction in interest income generated by capital and provisions, all of which reduced revenues by Ps 87 million. When eliminating the impact of the write-offs in the investment portfolio, net income was Ps 40 million. On a quarterly basis, net income grew by 113%, as a result of increased operational and financial revenues.

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







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

OTHER FINANCE COMPANIES

OTHER FINANCE COMPANIES (1) *(Million Pesos)*	3Q09	2Q10	3Q10	QoQ	YoY	9M09	9M10	YoY
Leasing and Factoring								
Net Income	91	103	**127**	23%	39%	291	**333**	14%
Equity	1,375	1,692	**1,819**	8%	32%	1,375	**1,819**	32%
Loan Portfolio (1)	13,226	13,558	**15,965**	18%	21%	13,226	**15,965**	21%
Past Due Loans	99	136	**125**	(8%)	26%	99	**125**	26%
Loan Loss Reserves	157	237	**248**	5%	59%	157	**248**	59%
Total Assets	13,242	13,380	**15,771**	18%	19%	13,242	**15,771**	19%
ROE	26.5%	25.2%	**29.0%**	3.8 pp	2.5 pp	29.8%	**27.0%**	(2.8 pp)
Warehousing								
Net Income	6	12	**24**	107%	322%	20	**40**	103%
Equity	141	163	**176**	8%	25%	141	**176**	25%
Inventories	427	35	**39**	11%	(91%)	427	**39**	(91%)
Total Assets	556	190	**214**	13%	(61%)	556	**214**	(61%)
ROE	16.7%	29.8%	**57.5%**	27.7 pp	40.8 pp	19.6%	**33.2%**	13.6%

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

- **Leasing and Factoring**

Leasing and Factoring generated profits of Ps 333 million during 9M10 increasing by 14% compared to 9M09 due to an increase in the volume of factoring, by improved portfolio mix, greater returns on the portfolio as a result of higher volumes in the supply chains factoring program, as well as a decrease in funding costs. Profits increased by 23% from 2Q10 derived from greater factoring volumes, lower reserves requirements and the renegotiation of funding lines that reduced interest payments.

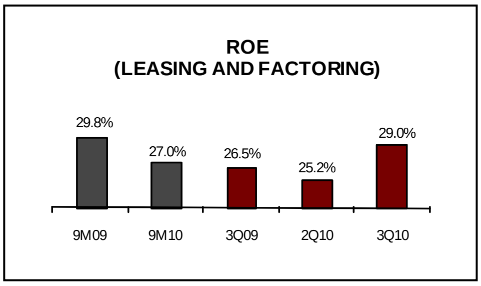
At closing of 3Q10, the PDL Ratio was 0.8% which compares favorably with 2Q10, while the Capitalization Ratio was 11.9%, considering total risk weighted assets of Ps 16.03 billion.

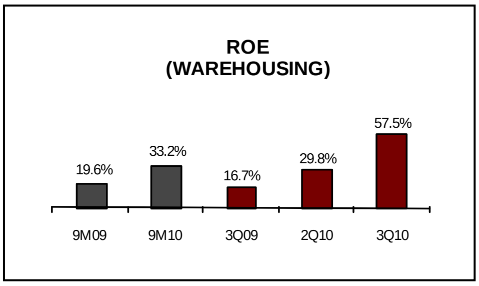
Arrendadora and Factor Banorte ranks 2nd place in terms of portfolio size among the 44 companies of this sector according to the information available to date.

- **Warehousing**

The warehouse reported net income of Ps 40 million during the first months of 9M10, 103% higher vs. 9M09, and Ps24 million in 3Q10, 107% greater QoQ due to a greater income level storage services.

At closing of 3Q10, the Capitalization Ratio was 14.9% considering total certificates at risk issued for Ps 1.18 billion. Almacenadora Banorte ranks 3rd among the 20 warehouse companies in this sector in terms of profitability.





PRONEGOCIO

MICROLENDING PRONEGOCIO *(Million Pesos)*	3Q09	2Q10	3Q10	QoQ	YoY	9M09	9M10	YoY
Net Income	3	-	-	N.A.	N.A.	15	-	N.A.
Equity	-	-	-	N.A.	N.A.	-	-	N.A.
Loan Portfolio	-	-	-	N.A.	N.A.	-	-	N.A.
Non Performing Loans	-	-	-	N.A.	N.A.	-	-	N.A.
Loan Loss Reserves	-	-	-	N.A.	N.A.	-	-	N.A.
Total Assets	-	-	-	N.A.	N.A.	-	-	N.A.
ROE	37.3%	-	-	N.A.	N.A.	48.2%	-	N.A.

- **Pronegocio**

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

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

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

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

RATINGS

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

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

Domestic Ratings

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

INFRASTRUCTURE

INFRASTRUCTURE	3Q09	2Q10	3Q10
Employees	19,491	19,340	**19,584**
Banking (1)	15,180	15,553	**15,741**
Other	4,311	3,787	**3,843**
Branches (2)(3)	1,080	1,102	**1,108**
INB	20	20	20
Pronegocio	0	0	0
ATM's	4,330	4,685	**4,846**

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

- During the quarter, 8 branches were opened and 2 were closed as per the request of the lessee. Total ATM's were 4,846, an annual growth of 12%. Also, 2,252 Point of Sale Terminals (POS's) were activated during the quarter, reaching a total of 54,369 POS's at the end of June, 21% more than one year ago.

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

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

ANNEXES

1. GROUP'S GENERAL INFORMATION

2. SUMMARY OF RESULTS AND FINANCIAL STATEMENTS

3. ACCOUNTING CHANGES AND REGULATIONS

4. LOAN PORTFOLIO SALES TO SOLIDA ADMINISTRADORA DE PORTAFOLIOS

5. NOTES TO THE GROUP'S FINANCIAL STATEMENTS

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

GFNORTE'S GENERAL INFORMATION

GFNorte Ownership of Subsidiaries	3Q10
Banco Mercantil del Norte (1)	**92.72%**
Brokerage House	**99.99%**
Retirement Funds – Afore (2)	**51.00%**
Insurance	**51.00%**
Annuities	**51.00%**
Leasing and Factoring	**99.99%**
Warehouse	**99.99%**
Banorte USA (2)	**100.00%**

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

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

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

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

SUMMARY OF RESULTS

Mexico D.F., October 26th, 2010. Grupo Financiero Banorte (GFNORTE) announced today operating results as of September 2010. For the fifth consecutive quarter, GFNORTE increased profits, reaching Ps 1.711 billion, a 20% increase compared to 3Q09 and a 3% QoQ increase. The bank contributed with 81% of these profits, for a total of Ps 1.387 billion. During the first 9M10, net income was Ps 4.947 billion, 17% higher than the recurrent income of 9M09. Return on equity (ROE) during 3Q10 was 15.8% and the return on assets (ROA) was 1.2%, higher than the 14.5% and 1.0% respectively of the same quarter in 2009.

Deposits and Net Interest Income
Core deposits grew by 8% annually from Ps 206 billion in 3Q09 to Ps 223 billion in 3Q10, driven by growth in demand deposits and retail time deposits. During the third quarter of this year, net interest income grew by 2% QoQ to Ps 5.661 billion.

Loan Portfolio
At closing of 3Q10, performing loans grew by 8% YoY and 5% QoQ, to Ps 253.73 billion. For the first time since 4Q08, the portfolio registered growth in all segments as a result of the bank strategies to reactivate loan originations and take advantage of a more favorable economic environment.

Government loans increased by 32% over the year and 8% in the quarter, to Ps 44.44 billion, being the sector with the highest growth in terms of loan originations during the last 12 months. Commercial loans totaled Ps 84.81 billion, a 3% QoQ growth driven mainly by the SME portfolio sector. The corporate portfolio was Ps 43.49 billion, increasing by 5% YoY and 11% QoQ resulting from loan reactivation in this sector. Consumer loans grew by 9% compared to the same period of last year. Mortgages maintained a positive trend, finishing the quarter with a balance of Ps 53.79 billion, increasing 12% YoY and 3% QoQ, which consolidates Banorte as the bank with the most growth in loan originations in this segment during 2010. Payroll loans totaled Ps 7.97 billion, an increase of 23% YoY and 8% QoQ. Credit card loans reactivated during the quarter with an increase of 1%, reaching a balance of Ps 11.21 billion.

The bank continues to show improvement in the quality of its portfolio. The PDL Ratio declined from 2.5% to 2.2% in the last 12 months, one of the lowest in the financial system. Grupo Financiero Banorte closed 3Q10 with a PDL balance of Ps 5.61 billion, an (8%) YoY reduction, remaining at the same level compared to 2Q10.

The PDL reserve coverage of the Group was 136% at closing of 3Q10, higher than the 124% registered in the same quarter of last year.

Efficiency Ratio
The Efficiency Ratio was 52% during the 9M10, slightly higher than the level registered in the same period last year but (3) percentage points less compared to 9M08.

Capitalization Ratio
The Capitalization Ratio was 16.6% at closing of 3Q10, higher than the 16.1% of last year, demonstrating Banorte's financial strength and its capacity to take advantage of high quality growth opportunities.

Other Subsidiaries
Long Term Savings, which includes the Afore, Insurance and Annuities, registered net income of Ps 131 million for 3Q10, a 49% increase from the same period last year. During 3Q10, Other Finance Companies, which includes the Factoring and Leasing company and Warehouse, registered profits of Ps 152 million, 56% higher than in 3Q09. The Broker Dealer (Brokerage House) registered profits of Ps 66 million for 3Q10, a 56% increase from 3Q09.

Events in the Quarter
During 3Q10, Banorte continued with its efforts carried out over the last year to strengthen its fundamentals during the economic crisis, and emerge as a more solid institution in order to take advantage of growth opportunities in a more favorable economic environment, in spite of growing competition. These efforts are reflected in the following events:

1. Proposal to designate Guillermo Ortiz Martínez as Independent Board Member and President of the Board. The Board of Directors approved the designation of Guillermo Ortiz Maritnez, former Governor of the Central Bank, as Board Member and President of the Board as of March 2011, taking into consideration his profesional trajectory, recognition and potential contribution to the Board. This change will strengthen the Institution's corporate governance, adhering to the best corporate practices worldwide and thus maintaing certainty in GFNORTE's future strategic development. The proposal was consulted with the Audit and Corporate Practices and the Risk Policies Committees, which signed it off. According to the current legal framework and GFNORTE's bylaws, in order for these changes to become effective, they will require the approval of the General Shareholders Assembly.

2. **Non-binding merger agreement with IXE Grupo Financiero.** On October 19th, Banorte and Ixe announced that both institutions have reached a non-binding agreement that will seek a strategic combination for both institutions. Banorte considers that important synergies exist among their respective business platforms allowing to the Group's profitability to increase, improve the quality of service to clients and to increase market presence on a national level to close the gap with its two main competitors. Operations would be integrated as Grupo Financiero Banorte, transforming it into the third most important financial institution in Mexico in terms of assets, loans, deposits, branches and commercial network, and the only of its size controlled by Mexican shareholders.

3. **Payment of cash dividend.** GFNorte's General Ordinary Shareholders' Meeting held on October 4th approved the payment of a cash dividend of Ps 0.17 per share corresponding to profits of 2009, which was paid on October 15th. This is the first of three payments to cover the amount of Ps 0.52 per share.

4. **Banorte consolidates leadership in the SME Sector.** On September 28th**,** Grupo Financiero Banorte announced the launching of the "SME Integral Solution", which offers businesses the possibility to have up to 12 products and special services under one unique contract dedicated specifically to supporting their growth. Additionally, as part of GFNorte's fundamental strategy to support SMEs, on August 11th, operations at the first two "Banorte SME Centers" began. The objective of these centers is to provide integral attention with highly trained executives to small and medium sized companies, covering their financial needs as well as specialized consultancy and links to new business opportunities.

The Mexican banking system continues to operate in a complicated environment of low interest rates and increased regulation that impacts bank results in an important manner. Nonetheless, the Mexican economy is recovering in a country offering significant opportunities in the financial sector with a level of access to banking services barely over 15%. In this environment, Banorte has evolved with strength and agility as the Mexican bank determined to continue on the same path, maintaining a strong capital position, always ensuring the quality of its assets, service to Mexican families and companies, and increasing its importance as a financial intermediary in the market.

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HOLDING

Holding – INCOME STATEMENT *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	Accum. 2009	1Q10	2Q10	3Q10	4Q10	Accum. 2010
Income Subsidiaries & Other	1,613	1,315	1,429	1,452	5,809	1,589	1,664	**1,736**		**4,990**
Interest Income	1	2	2	2	7	2	2	**2**		**5**
Interest Expense	-	-	-	-	-	-	-	**-**		**-**
Fees & Tariffs	-	-	-	-	-	-	-	**-**		**-**
Trading Income	-	-	-	-	-	-	-	**-**		**-**
Monetary Position REPOMO	-	-	-	-	-	-	-	**-**		**-**
Total Operating Income	1,614	1,317	1,431	1,454	5,815	1,591	1,666	**1,738**		**4,995**
Admin & Promotion Expense	1	3	2	4	11	3	4	**3**		**10**
Operating Income	1,612	1,314	1,429	1,450	5,805	1,588	1,662	**1,735**		**4,985**
Non Operating Income	2	-	-	-	-	-	-	**-**		**-**
Non Operating Expense	-	-	-	-	-	-	-	**-**		**-**
Non Operating Income, net	2	-	-	-	2	-	-	**-**		**-**
Pre-tax Income	1,614	1,314	1,429	1,450	5,806	1,588	1,662	**1,735**		**4,985**
Income Tax & Profit Sharing	1	(1)	-	-	-	-	-	**-**		**-**
Tax on Assets	-	-	-	-	-	-	-	**-**		**-**
Deferred Income Tax & PS	2	3	-	(1)	4	-	-	**-**		**-**
	3	2	-	(1)	4	-	-	**-**		**-**
Profit from Cont Ops	1,611	1,312	1,428	1,450	5,802	1,588	1,663	**1,734**		**4,984**
Extraordinary Items, net	-	-	-	-	-	-	-	**-**		**-**
Total Net Income	1,611	1,312	1,428	1,450	5,802	1,588	1,663	**1,734**		**4,984**

Holding – BALANCE SHEET *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
ASSETS								
Cash & Due from Banks	63	150	254	127	145	147	346	
Margin Accounts	-	-	-	-	-	-	-	
Investment in Securities	-	-	-	-	-	-	-	
Sundry Debtors & Other Accts Receivable, net	2	3	104	9	8	7	6	
Real Estate, Furniture & Equipment, net	-	-	-	-	-	-	-	
Investments in Subsidiaries	39,186	39,455	40,655	42,156	42,806	43,521	44,328	
Deferred Taxes	3	1	1	1	1	2	1	
Goodwill	34	31	31	30	33	31	29	
Other Assets, Deferred Charges & Intangibles	-	-	-	-	-	-	-	
TOTAL ASSETS	**39,288**	**39,640**	**41,044**	**42,323**	**42,993**	**43,708**	**44,710**	
LIABILITIES								
Due to Banks & Correspondents	-	-	-	-	-	-	-	
Income Tax & Profit Sharing	-	-	-	-	-	-	-	
Other Accounts Payable	1	1	1	5	1	8	1	
Deferred Taxes	-	-	-	-	-	-	-	
TOTAL LIABILITIES	**1**	**1**	**1**	**5**	**1**	**8**	**1**	
STOCKHOLDER´S EQUITY								
Paid-in Capital	12,007	12,020	12,020	12,018	12,020	12,019	12,019	
Premium of Share Subscription & Issuance	1,859	1,853	1,852	2,246	2,246	2,246	2,246	
Subordinated Convertible Debt	-	-	-	-	-	-	-	
Subscribed Capital	**13,866**	**13,873**	**13,871**	**14,263**	**14,266**	**14,266**	**14,266**	
Capital Reserves	2,748	3,173	3,175	3,154	3,178	3,172	3,174	
Retained Earnings	23,965	23,459	21,228	20,681	26,153	25,817	25,811	
Surplus (Deficit) from Valuation of Securities	(1,315)	(867)	452	428	521	532	406	
Mark To Market of Securities	-	(1,342)	(1,547)	(1,369)	(1,766)	(2,628)	(3,097)	
Results from Conversions of Foreign Ops	1,244	(1,580)	(488)	(641)	(946)	(710)	(835)	
Surpluss (Deficit) in Capital Restatement	-	-	-	-	-	-	-	
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-	
Results of Non Monetary Investment Assets	(2,833)	-	-	-	-	-	-	
Adjustmens in the Employees' Liabilities	-	-	-	-	-	-	-	
Net Income	1,611	2,923	4,352	5,802	1,588	3,250	4,984	
Earned Capital	**25,421**	**25,767**	**27,172**	**28,055**	**28,727**	**29,434**	**30,443**	
Total Stockholder´s Equity	**39,287**	**39,640**	**41,043**	**42,318**	**42,993**	**43,699**	**44,709**	
TOTAL LIABILITIES & EQUITY	**39,288**	**39,640**	**41,044**	**42,323**	**42,993**	**43,708**	**44,710**	

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

BANORTE

GRUPO FINANCIERO BANORTE

Income Statement -GFNorte (Million Pesos)	1Q09	3Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	2009	Accum. 9M10
Interest Income	13,139	11,355	10,265	10,099	9,919	10,173	10,350	-	44,858	30,443
Interest Expense	7,094	5,656	4,803	4,681	4,492	4,746	4,787	-	22,235	14,025
Loan Origination Fees	154	143	141	155	163	140	137	-	593	439
Fees Paid	-	4	11	19	28	34	39	-	33	101
Net Interest Income (NII)	**6,199**	**5,838**	**5,592**	**5,554**	**5,562**	**5,533**	**5,661**	**-**	**23,183**	**16,756**
Preventive Provisions for Loan Losses	2,162	2,188	2,154	1,782	1,772	1,337	1,905	-	8,286	5,014
Loan Losses Sharing Provisions Fobaproa	-	-	-	-	-	-	-	-	-	-
Net Interest Income Adjusted for Credit Risk	**4,037**	**3,650**	**3,438**	**3,772**	**3,790**	**4,196**	**3,756**	**-**	**14,897**	**11,742**
Fund Transfers	60	61	63	64	57	63	57	-	248	178
Account Management Fees	230	237	233	246	224	236	237	-	946	697
Fiduciary	51	68	62	74	65	73	68	-	254	206
Income from Real Estate Portfolios	137	164	229	287	195	224	260	-	818	679
Electronic Banking Services	250	256	253	271	263	238	201	-	1,030	703
Credit Card Fees	590	520	571	629	616	617	659	-	2,310	1,892
Fees from IPAB	0	0	0	0	0	0	0	-	1	0
Other Fees	597	611	640	836	771	759	882	-	2,683	2,412
Fees Charged on Services	**1,915**	**1,917**	**2,052**	**2,408**	**2,192**	**2,210**	**2,366**	**-**	**8,291**	**6,767**
Fund transfers	6	5	5	5	7	6	6	-	21	19
Other Fees	324	301	338	354	375	355	383	-	1,317	1,113
Expenses from Real Estate Portfolios	-	-	-	-	-	-	-	-	-	-
Fees Paid on Services	**330**	**306**	**343**	**359**	**382**	**361**	**389**	**-**	**1,339**	**1,132**
Foreign Exchange	360	162	199	155	189	193	175	-	875	558
Securities-Realized Gains	17	92	179	234	265	188	45	-	522	497
Securities-Unrealized Gains	(131)	(86)	32	32	131	199	111	-	(153)	441
Trading Income	**246**	**167**	**411**	**421**	**585**	**580**	**331**	**-**	**1,244**	**1,496**
Other Operating Income (Expenses)	235	154	340	250	286	277	246	-	980	809
Non Interest Income	**2,065**	**1,932**	**2,460**	**2,719**	**2,681**	**2,706**	**2,554**	**-**	**9,177**	**7,940**
Total Operating Income	**6,102**	**5,582**	**5,898**	**6,491**	**6,471**	**6,902**	**6,310**	**-**	**24,074**	**19,683**
Personnel	1,699	1,544	1,704	1,817	1,742	1,759	1,713	-	6,763	5,214
Professional Fees	334	340	307	483	308	345	297	-	1,465	949
Administrative and Promotional Expenses	1,163	1,098	1,101	1,090	960	1,116	1,092	-	4,452	3,168
Rents, Depreciation & Amortization	452	435	404	436	494	493	522	-	1,727	1,509
Taxes other than income tax	209	172	149	335	212	192	203	-	865	607
Contributions to IPAB	267	265	271	270	263	269	271	-	1,073	803
Employee Profit Sharing (PTU)	199	169	136	174	211	217	198	-	679	626
Non Interest Expense	**4,324**	**4,023**	**4,073**	**4,604**	**4,189**	**4,391**	**4,296**	**-**	**17,024**	**12,876**
Operating Income	**1,778**	**1,559**	**1,825**	**1,887**	**2,281**	**2,511**	**2,014**	**-**	**7,050**	**6,806**
Other Revenues	468	581	289	575	112	226	407	-	1,914	746
Changes in Foreign Exchange	-	-	-	-	-	-	-	-	-	-
Recoveries	181	108	152	83	71	57	106	-	525	233
Repomo-Other Revenues	-	-	-	-	-	-	-	-	-	-
Non Operating Income	**649**	**690**	**442**	**658**	**183**	**283**	**513**	**-**	**2,438**	**979**
Other Expenses	(235)	(521)	(304)	(506)	(165)	(262)	(117)	-	(1,566)	(544)
Foreign Exchange	-	-	-	-	-	-	-	-	-	-
Repomo-Other Expenses	-	-	-	-	-	-	-	-	-	-
Non Operating Expense	**(235)**	**(521)**	**(304)**	**(506)**	**(165)**	**(262)**	**(117)**	**-**	**(1,566)**	**(544)**
Non Operating Income (Expense), net	**413**	**168**	**138**	**152**	**18**	**21**	**395**	**-**	**872**	**435**
Pre-Tax Income	**2,192**	**1,728**	**1,964**	**2,039**	**2,299**	**2,532**	**2,410**	**-**	**7,922**	**7,241**
Income Tax	258	413	765	1,146	578	888	590	-	2,581	2,056
Profit Sharing	-	-	-	-	-	-	-	-	-	-
Tax on Assets	-	-	-	-	-	-	-	-	-	-
Deferred Income Tax	317	17	(220)	(650)	80	(89)	39	-	(536)	30
Taxes	**574**	**429**	**545**	**496**	**659**	**798**	**628**	**-**	**2,045**	**2,086**
Net Income before Subsidiaries	**1,617**	**1,298**	**1,418**	**1,543**	**1,640**	**1,734**	**1,781**	**-**	**5,877**	**5,155**
Subsidiaries' Net Income	89	45	85	94	95	74	115	-	312	283
Net Income from Continuos Operations	**1,706**	**1,343**	**1,503**	**1,637**	**1,735**	**1,808**	**1,896**	**-**	**6,190**	**5,439**
Extraordinary Items, net	-	-	-	-	-	-	-	-	-	-
Minority Interest	95	31	75	135	155	151	185	-	336	492
Net Income	**1,611**	**1,312**	**1,428**	**1,502**	**1,580**	**1,656**	**1,711**	**-**	**5,854**	**4,947**

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

GFNorte - Balance Sheet *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
ASSETS								
Cash and Due from Banks	**56,303**	**56,918**	**55,439**	**59,268**	**58,325**	**59,003**	**67,143**	
Margin Accounts	**14**	**17**	**20**	**18**	**46**	**90**	**171**	
Negotiable Instruments	5,172	25,672	18,439	24,460	44,335	81,412	57,653	
Securities Available for Sale	11,870	11,566	13,268	11,701	12,836	12,376	11,950	
Securities Held to Maturity	217,922	210,702	201,066	190,332	173,072	156,368	149,165	
Investment in Securities	**234,965**	**247,939**	**232,774**	**226,493**	**230,243**	**250,155**	**218,768**	
Non-assigned Securities for Settlement	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Debtor Balance in Repo Trans,net	**1,620**	**16**	**6**	**4**	**3**	**2**	**5**	
Securities Lending	**-**	**-**	**-**	**-**	**-**	**-**	**0**	
For trading purposes	6,406	5,525	5,381	4,824	4,963	7,695	10,502	
For hedging purposes	2,529	1,142	1,313	1,056	762	775	694	
Transactions with Derivatives	**8,936**	**6,667**	**6,694**	**5,880**	**5,725**	**8,470**	**11,196**	
Operations w/ Derivatives & Securities	**10,556**	**6,684**	**6,700**	**5,884**	**5,728**	**8,471**	**11,201**	
Commercial Loans	122,563	120,616	118,508	117,237	113,274	116,765	123,238	
Financial Intermediaries´Loans	10,229	8,462	8,214	7,131	6,091	4,850	5,075	
Consumer Loans	27,775	26,651	26,177	25,712	25,759	26,267	27,189	
Mortgage Loans	47,023	47,691	48,792	49,881	51,082	52,843	54,336	
Government Entities´Loans	28,592	31,921	33,738	38,993	41,003	41,222	44,443	
IPAB Loans	-	-	-	-	-	-	-	
Performing Loans	**236,181**	**235,342**	**235,429**	**238,953**	**237,210**	**241,948**	**254,280**	
Commercial PDL´s	2,181	2,796	2,914	3,163	3,703	3,185	3,133	
Financial Intermediaries PDL´s	3	-	-	-	-	-	-	
Consumer PDL´s	2,541	2,584	2,195	1,942	1,565	1,551	1,418	
Mortgage PDL´s	825	919	994	1,049	860	894	1,058	
Government Entities PDL´s	-	-	-	-	-	-	-	
Past Due Loans	**5,550**	**6,299**	**6,103**	**6,154**	**6,128**	**5,630**	**5,609**	
Gross Loan Portfolio	**241,731**	**241,641**	**241,532**	**245,107**	**243,337**	**247,578**	**259,889**	
Preventive Loan Loss Reserves	6,051	6,426	7,547	7,535	7,498	7,012	7,637	
Net Loan Portfolio	**235,680**	**235,216**	**233,985**	**237,572**	**235,840**	**240,566**	**252,252**	
Acquired Collection Rights	2,923	2,804	2,705	2,548	2,426	2,311	2,183	
Total Credit Portfolio	**238,603**	**238,020**	**236,690**	**240,120**	**238,266**	**242,877**	**254,435**	
Benef.receivab.securization transactions	699	557	465	433	406	411	405	
Sundry Debtors & Other Accs Rec, Net	13,769	10,770	15,719	11,324	12,288	15,527	12,859	
Inventories	479	312	427	119	111	35	39	
Foreclosed Assets, Net	841	800	870	928	911	1,413	1,584	
Real Estate, Furniture & Equipment, Net	8,459	8,419	8,535	8,623	8,678	8,873	8,894	
Investment in Subsidiaries	2,668	2,896	2,940	3,036	3,222	3,283	3,163	
Deferred Taxes, Net	147	141	759	1,411	1,287	1,377	1,345	
Goodwill and Intangibles	5,799	4,330	4,638	4,214	4,418	4,476	4,414	
Other Assets Short and Long Term	4,499	4,119	4,371	5,270	5,081	5,150	5,362	
Other Assets	-	-	-	-	-	-	-	
	37,361	32,345	38,724	35,356	36,403	40,545	38,065	
TOTAL ASSETS	**577,802**	**581,922**	**570,347**	**567,138**	**569,012**	**601,140**	**589,783**	

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

GFNorte - Balance Sheet *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
LIABILITIES								
Demand Deposits	120,255	123,755	122,312	137,581	125,917	133,849	133,824	
Time Deposits	134,964	141,608	147,447	137,327	145,358	144,653	149,875	
Senior Unsecured Debt	-	-	-	-	-	-	3,813	
Deposits	**255,219**	**265,363**	**269,759**	**274,908**	**271,275**	**278,502**	**287,512**	
Immediate Redemption Loans	4,180	501	2,711	21	1	2,516	2,949	
Short Term Loans	25,322	25,057	19,266	13,385	13,037	10,795	12,347	
Long Term Loans	10,723	9,727	9,648	7,562	7,524	7,408	7,347	
Due to Banks & Correspondents	**40,225**	**35,285**	**31,626**	**20,968**	**20,562**	**20,719**	**22,644**	
Non-assigned Securities for Settlement	**420**	**540**	**-**	**159**	**268**	**3,781**	**1,262**	
Creditor Balance in Repo Trans, Net	**191,479**	**200,933**	**185,203**	**185,480**	**191,073**	**202,328**	**177,601**	
Secs to be received in Repo Trans, Net	**-**	**-**	**-**	**-**	**-**	**-**	**0**	
Repo Transactions with Collateral	**304**	**0**	**1**	**2**	**0**	**0**	**27**	
For trading purposes	6,300	5,219	5,079	4,553	4,773	7,552	10,235	
For hedging purposes	5,345	3,976	4,446	3,822	3,423	4,738	4,779	
Transactions with Derivatives	**11,646**	**9,195**	**9,524**	**8,376**	**8,196**	**12,291**	**15,014**	
Operations w/ Derivatives & Securities	**203,849**	**210,668**	**194,727**	**194,017**	**199,537**	**218,400**	**193,904**	
Income Tax Payable	211	170	496	617	443	828	694	
Profit Sharing Payable	285	371	505	675	249	436	621	
Creditors for settlement of transactions	6,832	1,709	2,264	2,224	2,523	6,146	7,235	
Other Creditors & Accounts Payable	10,894	8,516	9,108	8,968	9,329	9,930	9,686	
Other Payable Accounts	**18,222**	**10,767**	**12,373**	**12,485**	**12,544**	**17,340**	**18,237**	
Subordinated Non Convertible Debt	18,053	17,783	18,505	18,168	17,838	18,039	18,005	
Deferred Taxes	-	-	-	-	-	-	-	
Deferred Credits	1,336	1,464	1,568	1,619	1,600	1,662	1,699	
TOTAL LIABILITIES	**536,903**	**541,330**	**528,559**	**522,164**	**523,356**	**554,662**	**542,001**	
EQUITY								
Paid-in Capital	11,932	11,945	11,945	11,956	11,961	11,959	11,965	
Share Subscription Premiums	1,530	1,247	966	1,526	1,545	1,534	1,596	
Subordinated Convertible Debentures	-	-	-	-	-	-	-	
Subscribed Capital	**13,462**	**13,192**	**12,911**	**13,481**	**13,506**	**13,493**	**13,561**	
Capital Reserves	2,748	3,173	3,175	3,154	3,178	3,172	3,174	
Retained Earnings	23,965	23,459	21,228	20,681	26,188	25,852	25,846	
Surplus (Deficit) of Secs Available for Sale	(1,315)	(867)	452	206	233	304	298	
Results from Valuation of Hedging Secs	-	(1,342)	(1,547)	(1,369)	(1,766)	(2,628)	(3,097)	
Results from Conversions	1,244	(1,580)	(488)	(641)	(946)	(710)	(835)	
Surplus (Deficit) in Capital Restatement	(0)	(0)	0	-	0	(0)	-	
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-	
Resultos of Non Monetary - Investment Assets	(2,833)	-	-	-	-	-	-	
Adjustments in the Employee´s Pensions	-	-	-	-	-	-	-	
Accumulated Effect of Deferred Liabilities	-	-	-	-	-	-	-	
Net Income	1,611	2,923	4,352	5,854	1,580	3,236	4,947	
Earned Capital	**25,421**	**25,767**	**27,172**	**27,885**	**28,466**	**29,226**	**30,333**	
Minority Interest	2,016	1,633	1,706	3,608	3,683	3,759	3,889	
Total Equity	**40,899**	**40,592**	**41,789**	**44,974**	**45,655**	**46,479**	**47,783**	
TOTAL LIABILITIES & EQUITY	**577,802**	**581,922**	**570,347**	**567,138**	**569,012**	**601,140**	**589,783**	

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

***GFNORTE* – MEMORANDUM ACCOUNTS** *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
On behalf of Third Parties								
Customer's Banks	30	7	4	4	12	39	30	
Dividends Receivable from Customers	-	-	-	-	-	-	-	
Interest Receivable from Customers	-	-	-	-	-	-	-	
Settlement of Customer Transactions	246	118	(196)	(80)	18	(376)	(9)	
Customer Premiums	-	-	-	-	-	-	-	
Settlement with Clients' Foreign Currency	-	-	-	-	-	-	-	
Margin Accounts in Futures' Operations	-	-	-	-	-	-	-	
Other Current Accounts	-	-	-	-	-	-	-	
Customers' Current Account	**276**	**125**	**(192)**	**(75)**	**30**	**(337)**	**21**	
Client Securities Received in Custody	97,315	113,978	130,648	134,480	150,022	147,609	159,547	
Securities and Documents Received in Guarantee	-	-	-	-	-	-	-	
Client Securities Abroad	-	-	-	-	-	-	-	
Clients' Securities	**97,315**	**113,978**	**130,648**	**134,480**	**150,022**	**147,609**	**159,547**	
Clients' Repurchase Operations	30,925	27,617	32,058	35,680	30,034	41,531	35,774	
Clients' Repo Transactions w/ Securities	-	-	-	-	-	-	46	
Purchase of Futures & Forward Contracts notional	-	-	-	-	-	-	-	
Sale of Futures and Forward Contracts, notional	-	-	-	-	-	-	-	
Clients' Option Parchase Operations	281	-	-	-	-	-	-	
Clients' Option Sales Operations	-	-	-	-	-	-	-	
Purchase of Derivatives' Packages	-	-	-	-	-	-	-	
Sale of Derivatives' Packages	-	-	-	-	-	-	-	
Trusts Ander Administration	2,244	3,422	3,702	4,641	4,099	4,087	4,761	
Transactions On Behalf of Clients	**33,450**	**31,039**	**35,760**	**40,321**	**34,133**	**45,618**	**40,582**	
TOTAL ON BEHALF OF THIRD PARTIES	**131,042**	**145,142**	**166,215**	**174,726**	**184,185**	**192,890**	**200,149**	
Loan Obligations	3,129	2,503	2,135	2,271	2,421	3,899	4,521	
Trusts	88,471	98,397	104,565	110,795	113,540	108,022	116,516	
Mandates	2,161	1,924	2,107	2,147	2,097	2,185	2,188	
Properties in Trusts and Warrant	90,632	100,321	106,673	112,942	115,637	110,208	118,705	
Properties in Custody or Administration	150,235	161,005	169,018	158,547	210,338	212,782	233,666	
Collaterals Received	31,156	24,990	31,716	33,464	34,792	69,187	76,017	
Collaterals Received or sold	-	26,794	42,144	43,165	36,082	45,596	51,787	
Amounts committed to Operations with Fobaproa	-	-	-	-	-	-	-	
Drafts in Transit	-	-	-	-	-	-	-	
Certificates of Deposits in Circulation	2,825	2,013	1,538	1,632	1,632	1,491	1,184	
Letters of Credit to the Corporation as Guarantee	-	-	-	-	-	-	-	
Securities to the Corporation for Custody	900	-	-	-	-	-	-	
Government Secs of the Corp under Custody	100	-	-	-	-	-	-	
Securities of the Corp given as Guarantee	-	-	-	-	-	-	-	
Securities of the Corp Abroad	-	-	-	-	-	-	-	
Settlement with FX of the Corp Abroad	-	-	-	-	-	-	-	
Debts with the Contingency Fund	-	-	-	-	-	-	-	
Contingent Assets & Liabilities	264	267	266	273	272	264	258	
Investment bank Trans on Behalf of Third Parties	91,943	87,165	84,921	74,646	72,539	76,771	71,427	
Uncollected Accrued Interest from Past Due Loans	181	220	203	198	161	152	146	
Investments of Retirement Savings Funds	-	-	-	-	-	-	-	
Integration of the Credit Portfolio	-	-	-	-	-	-	-	
Amounts Contracted in Derivatives	-	-	-	-	-	-	-	
Other Registration Accounts	-	-	-	-	-	-	-	
Proprietary Transactions	**371,364**	**405,279**	**438,613**	**427,139**	**473,874**	**520,350**	**557,711**	
Repo Securities to be Received	31,324	-	-	-	-	-	-	
(Minus) Repurchase Creditors	(31,414)	-	-	-	-	-	-	
Repurchase Transactions	**(90)**	**-**	**-**	**-**	**-**	**-**	**-**	
Repurchase Debtors	27,757	-	-	-	-	-	-	
(Minus) Repo Securities to be Delivered	(27,663)	-	-	-	-	-	-	
Repurchase Transactions	**93**	**-**	**-**	**-**	**-**	**-**	**-**	
TOTAL PROPRIETARY	**371,367**	**405,279**	**438,613**	**427,139**	**473,874**	**520,350**	**557,711**	

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

GFNORTE - CONSOLIDATED STATEMENT OF CASH FLOW JANUARY 1, 2010 –SEPTEMBER 30, 2010 *(Million Pesos)*	
Cash Flow from Operating Activities	
Net Income	**4,947**
Items charged to results that do not generate or require use of resources	
Provisions for loan losses	5,014
Estimate for non recovery or difficult collection	156
Depreciation and amortization	849
Provisions for obligations	42
Effective and deffered taxes on profits	2,085
Minority Interest	209
	8,355
	4,947
Change in items related to operations:	
Change in Margin Accounts	(153)
Change in Invesment in Securities	7,467
Change in repo debtors	(1)
Change in derivatives (assets)	(5,678)
Changesin Loan Portfolio	(20,200)
Change in purchased receivables	364
Change in benefits to receive from securitizations	28
Change in foreclosed assets	(680)
Change in other operating assets	(3,712)
Change in core deposits	13,407
Change in interbank loans and other entities	1,679
Change in repo creditors	(6,776)
Change in collateral pledged sold	24
Change in derivatives (liability)	5,681
Change in subordinated debt with characteristics of liabilities	(153)
Change in other operating liabilities	3,734
Change in hedging instruments (the related hedged transaction activities)	1,319
Net cash generated or used from operations	**9,652**
Investment Activities:	
Charges for disposal of property, furniture and equipment	278
Payments for acquisition of property, furniture and equipment	(1,423)
Subsidiaries and associated acquisitions payment	(315)
Charges for other permanent investments	1
Charges for cash dividends	227
Net cash generated or used from investment activities	**(1,232)**
Financing Activities :	
Payments of cash dividends	(686)
Payments associated with the repurchase of proprietary shares	195
	(491)
Net Cash Increase (decrease)	**7,929**
Cash flow adjustments given exchage rate or inflation variations	**(54)**
Cash and cash equivalents at beginning of period	**59,268**
Cash and cash equivalents at end of period	**67,143**

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

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

	CONTRIBUTED CAPITAL	
	Fixed Paid-in Capital	Premium from sale of securities
Balance as of December 31,2009	**11,956**	**1,526**
Changes stemming from stockholder's decisions		
Stock repurchases	**9**	69
Capitalization of profits	**-**	**-**
Dividends declared by the General Assembly of Shareholders on February 15, 2010 and April 23, 2010	**-**	**-**
Total	**9**	**69**
Changes stemming from profits		
Total profits:		
Net Income	**-**	**-**
Effect of subsidiaries	**-**	**1**
Result from valuation of instruments of cash flow hedges	**-**	**-**
Total	**-**	**1**
Balance as of September 30,2010	**11,965**	**1.596**

	EARNED CAPITAL							
	Capital Reser-ves	Retained earnings	Valuation Effects of Securities Available for	Results from val of instrum Cash flow hedges	Results from Conversions	Net Income	Minority Interest	Total Stockholders´ Equity
Balance as of December 31,2009	**3,154**	**20,681**	**206**	**(1,370)**	**(641)**	**5,854**	**3,608**	**44,974**
Changes stemming from stockholder's decisions								
Stock repurchases	20	(17)	114	-	-	-	-	195
Application of profits	-	5,854	-	-	-	(5,854)	-	-
Dividends declared by the General Assembly of Shareholders on February 15, 2010 and April 23, 2010	-	(686)	-	-	-	-	-	(686)
Total	**20**	**5,151**	**114**	**-**	**-**	**(5,854)**	**-**	**(491)**
Changes stemming from profits								
Total profits:								
Net Income	-	-	-	-	-	4,947	-	**4,947**
Result from valuation of securities available for sale	-	-	(22)	-	-	-	-	**(22)**
Effect of subsidiaries	-	14	-	-	(194)	-	-	**(179)**
Result from valuation of instruments of cash flow hedges	-	-	-	(1,727)	-	-	-	**(1,727)**
Total	**-**	**14**	**(22)**	**(1,727)**	**(194)**	**4,947**	**-**	**3,019**
Recognition of minority interest	-	-	-	-	-	-	281	**281**
Balance as of September 30,2010	**3,174**	**25,846**	**298**	**(3,097)**	**(835)**	**4,947**	**3,889**	**47,783**

BANKING SECTOR

Income Statement-Banking Sector (Million Pesos)	1Q09	3Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	2009	Accum. 9M10
Interest Income	12,687	10,896	9,916	9,773	9,563	9,721	9,864	-	43,271	29,149
Interest Expense	6,873	5,455	4,669	4,521	4,350	4,546	4,572	-	21,517	13,469
Loan Origination Fees	151	141	139	155	163	140	137	-	586	439
Fees Paid	-	4	11	19	28	34	39	-	33	101
Net Interest Income (NII)	**5,965**	**5,578**	**5,375**	**5,388**	**5,348**	**5,281**	**5,390**	**-**	**22,307**	**16,019**
Preventive Provisions for Loan Losses	2,144	2,151	2,113	1,757	1,746	1,300	1,892	-	8,164	4,938
Loan Losses Sharing Provisions Fobaproa	-	-	-	-	-	-	-	-	-	-
Net Interest Income Adjusted for Credit Risk	**3,822**	**3,427**	**3,263**	**3,632**	**3,602**	**3,980**	**3,498**	**-**	**14,143**	**11,080**
Fund Transfers	60	61	63	64	57	63	57	-	248	178
Account Management Fees	230	237	233	246	224	236	237	-	946	697
Fiduciary	51	68	62	74	65	73	68	-	254	206
Income from Real Estate Portfolios	137	164	229	287	195	224	260	-	818	679
Electronic Banking Services	250	256	253	271	263	238	201	-	1,030	703
Credit Card Fees	590	520	571	629	616	617	659	-	2,310	1,892
Fees from IPAB	0	0	0	0	0	0	0	-	1	0
Other Fees	225	226	195	223	305	311	361	-	868	977
Fees Charged on Services	**1,543**	**1,532**	**1,606**	**1,795**	**1,726**	**1,762**	**1,844**	**-**	**6,476**	**5,333**
Fund transfers	6	5	5	5	7	6	6	-	21	19
Other Fees	293	282	310	330	357	342	366	-	1,215	1,065
Expenses from Real Estate Portfolios	-	-	-	-	-	-	-	-	-	-
Fees Paid on Services	**300**	**287**	**315**	**335**	**364**	**348**	**372**	**-**	**1,237**	**1,084**
Foreign Exchange	360	162	199	155	189	193	175	-	875	558
Securities-Realized Gains	(25)	36	94	131	184	126	(10)	-	237	300
Securities-Unrealized Gains	(133)	(73)	32	16	133	193	115	-	(158)	441
Trading Income	**202**	**125**	**324**	**302**	**506**	**512**	**280**	**-**	**953**	**1,299**
Other Operating Income (Expenses)	237	159	339	252	285	277	246	-	987	808
Non Interest Income	**1,683**	**1,529**	**1,955**	**2,014**	**2,153**	**2,204**	**1,998**	**-**	**7,181**	**6,355**
Total Operating Income	**5,504**	**4,956**	**5,218**	**5,645**	**5,756**	**6,184**	**5,496**	**-**	**21,323**	**17,436**
Personnel	1,571	1,376	1,544	1,664	1,590	1,604	1,543	-	6,156	4,737
Professional Fees	330	335	285	474	292	330	296	-	1,425	918
Administrative and Promotional Expenses	1,065	991	973	977	850	988	972	-	4,005	2,810
Rents, Depreciation & Amortization	355	337	299	338	404	406	430	-	1,329	1,240
Taxes other than income tax	191	126	127	313	188	170	178	-	756	537
Contributions to IPAB	267	265	271	270	263	269	271	-	1,073	803
Employee Profit Sharing (PTU)	197	167	134	170	208	215	196	-	668	619
Non Interest Expense	**3,976**	**3,597**	**3,633**	**4,205**	**3,795**	**3,983**	**3,887**	**-**	**15,412**	**11,665**
Operating Income	**1,528**	**1,359**	**1,584**	**1,440**	**1,961**	**2,201**	**1,609**	**-**	**5,912**	**5,771**
Other Revenues	393	186	130	241	89	143	402	-	950	634
Changes in Foreign Exchange Valuation	-	-	-	-	-	-	-	-	-	-
Recoveries	175	102	149	83	71	49	103	-	509	222
Repomo-Other Revenues	-	-	-	-	-	-	-	-	-	-
Non Operating Income	**568**	**288**	**279**	**324**	**160**	**192**	**504**	**-**	**1,459**	**856**
Other Expenses	(156)	(141)	(142)	(169)	(142)	(178)	(106)	-	(607)	(426)
Foreign Exchange	-	-	-	-	-	-	-	-	-	-
Repomo-Other Expenses	-	-	-	-	-	-	-	-	-	-
Non Operating Expense	**(156)**	**(141)**	**(142)**	**(169)**	**(142)**	**(178)**	**(106)**	**-**	**(607)**	**(426)**
Non Operating Income (Expense), net	**412**	**147**	**137**	**155**	**18**	**13**	**398**	**-**	**852**	**430**
Pre-Tax Income	**1,940**	**1,506**	**1,721**	**1,596**	**1,979**	**2,214**	**2,008**	**-**	**6,763**	**6,201**
Income Tax	209	380	712	1,049	507	812	483	-	2,350	1,803
Profit Sharing	-	-	-	-	-	-	-	-	-	-
Tax on Assets	-	-	-	-	-	-	-	-	-	-
Deferred Income Tax	318	17	(222)	(657)	85	(92)	31	-	(543)	24
Taxes	**527**	**398**	**490**	**392**	**592**	**720**	**514**	**-**	**1,807**	**1,826**
Net Income before Subsidiaries	**1,413**	**1,108**	**1,231**	**1,204**	**1,387**	**1,494**	**1,494**	**-**	**4,956**	**4,375**
Subsidiaries' Net Income	29	27	42	62	49	44	77	-	161	170
Net Income from Continuos Operations	**1,442**	**1,136**	**1,274**	**1,266**	**1,435**	**1,538**	**1,571**	**-**	**5,117**	**4,545**
Extraordinary Items, net	-	-	-	-	-	-	-	-	-	-
Minority Interest	24	(24)	-	-	-	-	-	-	-	-
Net Income	**1,418**	**1,160**	**1,274**	**1,266**	**1,435**	**1,538**	**1,571**	**-**	**5,117**	**4,545**

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

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

Banking Sector - Balance Sheet (Million Pesos)	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
ASSETS								
Cash and Due from Banks	**55,776**	**56,598**	**55,106**	**58,876**	**57,827**	**58,372**	**66,368**	
Margin Accounts	**14**	**12**	**16**	**18**	**46**	**90**	**171**	
Negotiable Instruments	4,629	21,375	15,806	20,131	37,673	68,872	47,916	
Securities Available for Sale	12,163	12,074	13,983	12,538	13,674	13,169	12,505	
Securities Held to Maturity	217,573	210,344	200,703	189,964	172,599	155,889	148,680	
Investment in Securities	**234,365**	**243,793**	**230,492**	**222,633**	**223,947**	**237,930**	**209,102**	
Non-assigned Securities for Settlement	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Debtor Balance in Repo Trans,net	**1,502**	**8**	**3**	**2**	**2**	**0**	**4**	
Securities Lending	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
For trading purposes	6,406	5,525	5,381	4,824	4,963	7,695	10,502	
For hedging purposes	2,529	1,142	1,313	1,056	762	775	694	
Transactions with Derivatives	**8,936**	**6,667**	**6,694**	**5,880**	**5,725**	**8,470**	**11,196**	
Operations w/ Derivatives & Securities	**10,437**	**6,676**	**6,697**	**5,882**	**5,727**	**8,470**	**11,200**	
Commercial Loans	111,385	108,861	107,070	105,338	101,489	104,667	108,746	
Financial Intermediaries´Loans	13,374	11,224	9,958	8,923	7,918	6,677	7,270	
Consumer Loans	27,770	26,647	26,171	25,704	25,754	26,258	27,178	
Mortgage Loans	47,023	47,691	48,792	49,881	51,082	52,843	54,336	
Government Entities´Loans	28,574	31,906	33,725	38,982	40,995	41,216	44,435	
IPAB Loans	-	-	-	-	-	-	-	
Performing Loans	**228,126**	**226,328**	**225,716**	**228,827**	**227,239**	**231,660**	**241,964**	
Commercial PDL´s	2,065	2,666	2,815	3,060	3,592	3,049	3,008	
Financial Intermediaries PDL´s	3	-	-	-	-	-	-	
Consumer PDL´s	2,540	2,584	2,195	1,942	1,565	1,551	1,418	
Mortgage PDL´s	825	919	994	1,049	860	894	1,058	
Government Entities PDL´s	-	-	-	-	-	-	-	
Past Due Loans	**5,434**	**6,169**	**6,004**	**6,051**	**6,017**	**5,494**	**5,484**	
Gross Loan Portfolio	**233,560**	**232,496**	**231,720**	**234,878**	**233,255**	**237,154**	**247,449**	
Preventive Loan Loss Reserves	5,942	6,295	7,390	7,358	7,295	6,775	7,389	
Net Loan Portfolio	**227,618**	**226,201**	**224,329**	**227,520**	**225,961**	**230,379**	**240,060**	
Acquired Collection Rights	2,923	2,804	2,705	2,548	2,426	2,311	2,183	
Total Credit Portfolio	**230,541**	**229,005**	**227,034**	**230,068**	**228,387**	**232,690**	**242,243**	
Benef.receivab.securization transactions	699	557	465	433	406	411	405	
Sundry Debtors & Other Accs Rec, Net	13,361	10,385	15,268	11,005	12,071	15,321	12,623	
Inventories	-	-	-	-	-	-	-	
Foreclosed Assets, Net	841	800	870	928	911	1,413	1,584	
Real Estate, Furniture & Equipment, Net	6,654	6,610	6,780	7,083	7,296	7,458	7,474	
Investment in Subsidiaries	977	1,128	1,169	1,230	1,369	1,401	1,443	
Deferred Taxes, Net	138	150	817	1,470	1,374	1,469	1,449	
Goodwill and Intangibles	5,766	4,132	4,454	4,025	4,230	4,289	4,224	
Other Assets Short and Long Term	4,190	3,775	3,985	4,909	4,700	4,765	5,002	
Other Assets	-	-	-	-	-	-	-	
	32,625	27,537	33,808	31,083	32,356	36,526	34,203	
TOTAL ASSETS	**563,758**	**563,620**	**553,153**	**548,560**	**548,290**	**574,077**	**563,287**	

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

Banking Sector - Balance Sheet (Million Pesos)	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
LIABILITIES								
Demand Deposits	120,269	123,778	122,445	137,608	125,971	133,863	133,882	
Time Deposits	135,038	141,760	147,600	137,454	145,502	144,865	150,252	
Senior Unsecured Debt	-	-	-	-	-	-	3,813	
Deposits	**255,307**	**265,538**	**270,046**	**275,062**	**271,473**	**278,727**	**287,947**	
Immediate Redemption Loans	4,180	501	2,711	21	1	2,516	2,949	
Short Term Loans	19,223	18,289	11,775	6,207	6,495	4,033	3,679	
Long Term Loans	8,193	7,253	7,150	5,058	4,814	4,720	4,686	
Due to Banks & Correspondents	**31,596**	**26,043**	**21,637**	**11,286**	**11,310**	**11,269**	**11,314**	
Non-assigned Securities for Settlement	**420**	**540**	**-**	**159**	**268**	**3,781**	**1,262**	
Creditor Balance in Repo Trans, Net	**191,364**	**197,102**	**183,139**	**181,959**	**185,135**	**190,766**	**168,670**	
Secs to be received in Repo Trans, Net	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Repo Transactions with Collateral	**304**	**0**	**1**	**2**	**0**	**0**	**27**	
For trading purposes	6,300	5,219	5,079	4,553	4,773	7,552	10,235	
For hedging purposes	5,345	3,976	4,446	3,822	3,423	4,738	4,779	
Transactions with Derivatives	**11,646**	**9,195**	**9,524**	**8,376**	**8,196**	**12,291**	**15,014**	
Operations w/ Derivatives & Securities	**203,733**	**206,837**	**192,664**	**190,497**	**193,599**	**206,838**	**184,972**	
Income Tax Payable	141	122	416	473	379	721	522	
Profit Sharing Payable	285	369	502	672	247	434	618	
Creditors for settlement of transactions	6,832	1,709	2,263	2,223	2,523	5,932	7,235	
Other Creditors & Accounts Payable	10,180	7,817	8,360	8,265	8,642	9,274	8,988	
Other Payable Accounts	**17,437**	**10,017**	**11,541**	**11,633**	**11,791**	**16,362**	**17,364**	
Subordinated Non Convertible Debt	18,053	17,783	18,505	18,168	17,838	18,039	18,005	
Deferred Taxes	-	-	-	-	-	-	-	
Deferred Credits	1,275	1,400	1,508	1,566	1,536	1,593	1,631	
TOTAL LIABILITIES	**527,402**	**527,617**	**515,901**	**508,212**	**507,547**	**532,828**	**521,233**	
EQUITY								
Paid-in Capital	10,955	10,955	11,151	11,488	11,488	11,488	11,488	
Share Subscription Premiums	852	850	848	2,490	2,490	2,491	2,491	
Subordinated Convertible Debentures	-	-	-	-	-	-	-	
Subscribed Capital	**11,807**	**11,805**	**11,998**	**13,977**	**13,978**	**13,978**	**13,979**	
Capital Reserves	4,005	4,659	4,659	4,659	4,659	5,172	5,172	
Retained Earnings	19,988	19,346	18,505	18,339	23,109	22,235	22,227	
Surplus (Deficit) of Secs Available for Sale	(999)	(329)	330	315	386	393	273	
Results from Valuation of Hedging Secs	(1,637)	(1,382)	(1,594)	(1,404)	(1,832)	(2,762)	(3,267)	
Results from Conversions	1,274	(682)	(522)	(679)	(1,003)	(751)	(885)	
Surplus (Deficit) in Capital Restatement	(0)	(0)	-	-	(0)	-	-	
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-	
Resultos of Non Monetary - Investment	87	-	-	-	-	-	-	
Adjustments in the Employee´s Pensions	-	-	-	-	-	-	-	
Accumulated Effect of Deferred Liabilities	-	-	-	-	-	-	-	
Net Income	1,418	2,578	3,866	5,132	1,435	2,973	4,545	
Earned Capital	**24,135**	**24,189**	**25,244**	**26,361**	**26,755**	**27,261**	**28,066**	
Minority Interest	415	10	10	10	10	10	10	
Total Equity	**36,356**	**36,003**	**37,252**	**40,348**	**40,743**	**41,249**	**42,054**	
TOTAL LIABILITIES & EQUITY	**563,758**	**563,620**	**553,153**	**548,560**	**548,290**	**574,077**	**563,287**	

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

***BANKING SECTOR* – MEMORANDUM ACCOUNTS** *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
Endorsement Guarantees Granted	-	-	-	-	-	-	-	
Contingent Assets & Liabilities	264	267	266	273	272	264	258	
Irrevocable Lines of Credit	3,129	2,503	2,135	2,271	2,421	3,899	4,521	
Trust	88,471	98,397	104,565	110,795	113,540	108,022	116,516	
Mandate	2,161	1,924	2,107	2,147	2,097	2,185	2,188	
Assets held in Trusts or Mandate	90,632	100,321	106,673	112,942	115,637	110,207	118,705	
Assets held in custody or in administration	146,493	157,269	165,302	154,831	206,262	209,066	229,949	
Investment banking transactions for third parties, net	91,943	87,165	84,921	74,646	72,539	76,771	71,427	
Uncharged accrued interest from past - due loans	180	220	203	198	161	152	146	
Collaterals Received	31,156	24,990	31,716	33,464	34,792	39,211	49,150	
Amounts committed to fobaproa operations	-	-	-	-	-	-	-	
Collateral received or sold or delivered as guarantee by the entirty	-	2,999	9,520	11,097	12,043	15,687	24,902	
Integration of loan portfolio	-	-	-	-	-	-	-	
Amounts received in derivative instruments	-	-	-	-	-	-	-	
Fobaproa trusts	-	-	-	-	-	-	-	
Repurchase securities to be received	-	-	-	-	-	-	-	
(Less) creditors from repos	-	-	-	-	-	-	-	
Debtors from repos	-	-	-	-	-	-	-	
(Less) Repurchase securities to be delivered	-	-	-	-	-	-	-	
Other control accounts	-	-	-	-	-	-	-	
	363,798	**375,735**	**400,735**	**389,723**	**444,487**	**455,257**	**499,058**	

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

BANORTE USA

***BANORTE USA* – INCOME STATEMENT** *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Interest Income	379	340	364	328	**1,411**	326	270	271		**864**
Interest Expense	158	153	145	129	**586**	119	113	109		**341**
Loan Fees Charged	-	-	-	-	**-**	-	5	4		**12**
Fees Paid	-	-	-	-	**-**	-	-	-		**-**
Net Interest Income (NII)	**221**	**187**	**218**	**199**	**825**	**207**	**162**	**167**		**535**
Preventive Provisions for Loan Losses	9	164	115	91	**378**	128	(22)	37		**143**
Loss Sharing Provisions	-	-	-	-	**-**	-	-	-		**-**
NII Adjusted for Credit Risk	**212**	**23**	**103**	**109**	**448**	**78**	**184**	**129**		**392**
Fund transfers	-	-	-	-	**-**	-	-	-		**-**
Account management	-	-	-	-	**-**	-	-	-		**-**
Fiduciary	-	-	-	-	**-**	-	-	-		**-**
Income from Loan Portfolios Acquired	-	-	-	-	**-**	-	-	-		**-**
Electronic Banking Services	-	-	-	-	**-**	-	-	-		**-**
Credit Card Fees	-	-	-	-	**-**	-	-	-		**-**
Fees Charged to IPAB	-	-	-	-	**-**	-	-	-		**-**
Other fees	34	32	34	32	**133**	64	77	75		**216**
Fees Charged on Services,	**34**	**32**	**34**	**32**	**133**	**64**	**77**	**75**		**216**
Fund transfers	-	-	-	-	**-**	-	-	-		**-**
Other fees	-	-	-	-	**-**	27	29	28		**85**
Expenses from Loan Portfolios Acquired	-	-	-	-	**-**	-	-	-		**-**
Fees Paid on Services	**-**	**-**	**-**	**-**	**-**	**27**	**29**	**28**		**85**
Foreign exchange	-	-	-	-	**-**	-	-	-		**-**
Securities –Realized gains	-	-	-	-	**-**	-	-	-		**-**
Securities- Unrealized gains	-	-	-	-	**-**	-	-	-		**-**
Market Related Income	**4**	**10**	**13**	**27**	**54**	**33**	**28**	**19**		**80**
Other Operating Income (Expenses)	**(1)**	**-**	**(28)**	**(2)**	**(31)**	**(5)**	**13**	**(19)**		**(10)**
Total Non Interest Income	**38**	**42**	**19**	**56**	**155**	**65**	**90**	**47**		**201**
Total Operating Income	**250**	**66**	**122**	**165**	**603**	**143**	**274**	**176**		**593**
Personnel	71	64	65	65	**265**	70	69	73		**211**
Profit Sharing	-	-	-	-	**-**	-	-	-		**-**
Professional Fees Paid	11	13	13	18	**55**	17	19	16		**52**
Administrative and Promotional Expenses	111	116	70	117	**414**	68	77	73		**218**
Rents, depreciation and amortization	6	5	5	5	**21**	17	18	18		**53**
Taxes, other than income tax	-	-	-	-	**-**	-	-	-		**-**
Contributions to IPAB	-	-	-	-	**-**	-	-	-		**-**
Non-Interest Expense	**198**	**198**	**153**	**205**	**755**	**173**	**182**	**180**		**534**
Operating Income	**51**	**(132)**	**(31)**	**(40)**	**(152)**	**(29)**	**92**	**(4)**		**59**
Other Revenues	48	48	50	47	**193**	12	9	12		**33**
Foreign exchange	-	-	-	-	**-**	-	-	-		**-**
Recoveries	1	2	2	1	**6**	-	-	-		**-**
Repomo-other revenues	-	-	-	-	**-**	-	-	-		**-**
Non Operating Income	**50**	**50**	**52**	**49**	**199**	**12**	**9**	**12**		**33**
Other Expenses	-	-	-	-	**-**	-	(2)	-		**(2)**
Changes in Foreign Exchange Valuation	-	-	-	-	**-**	-	-	-		**-**
Repomo-other expenses (creditor balance)	-	-	-	-	**-**	-	-	-		**-**
Non Operating Expense	**-**	**-**	**-**	**-**	**-**	**-**	**(2)**	**-**		**(2)**
Non Operating Income (Expense), net	**50**	**50**	**52**	**49**	**199**	**12**	**7**	**12**		**30**
Pre-tax Income	**101**	**(83)**	**20**	**9**	**48**	**(18)**	**99**	**8**		**89**
Income Tax	(38)	30	(5)	-	**(14)**	8	(33)	(1)		**(27)**
Profit sharing	-	-	-	-	**-**	-	-	-		**-**
Tax on Assets	-	-	-	-	**-**	-	-	-		**-**
Deferred Income Tax and Profit sharing	-	-	-	-	**-**	-	-	-		**-**
	(38)	**30**	**(5)**	**-**	**(14)**	**8**	**(33)**	**(1)**		**(27)**
Net Income before subsidiaries	**62**	**(53)**	**15**	**9**	**34**	**(10)**	**66**	**7**		**63**
Subsidiaries' net income	-	-	-	-	**-**	-	-	-		**-**
Net Income from continuos operations	**62**	**(53)**	**15**	**9**	**34**	**(10)**	**66**	**7**		**63**
Extraodinary items, net	-	-	-	-	**-**	-	-	-		**-**
Minority Interest	(24)	24	-	-	**-**	-	-	-		**-**
TOTAL NET INCOME	**38**	**(29)**	**15**	**9**	**34**	**(10)**	**66**	**7**		**63**

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

BANORTE USA – BALANCE SHEET *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
ASSETS								
Cash and due from Banks	492	1,426	1,407	1,538	685	1,926	1,392	
Negotiable Instruments	-	-	-	-	-	-	-	
Securities available for sale	6,484	6,411	7,583	6,603	7,276	6,893	7,558	
Securities held to maturity	13	12	13	12	11	12	12	
Investment in Securities	6,498	6,423	7,596	6,616	7,287	6,905	7,570	
Non-assigned securities pending Settlement	-	-	-	-	-	-	-	
Debtor Balance in Repo Trans, net	-	-	-	-	-	-	-	
Repo Transactions with Collateral	-	-	-	-	-	-	-	
Secs to be received in Repo Trans, net	-	-	-	-	-	-	-	
Transactions with derivatives	-	-	-	-	-	-	-	
Operations w/ Derivatives & Securities	-	-	-	-	-	-	-	
Commercial Loans	13,495	11,866	12,269	11,391	10,393	10,312	9,417	
Financial Intermediaries' Loans	-	-	-	-	-	-	-	
Consumer Loans	239	199	195	179	186	182	189	
Mortgage Loans	2,732	2,690	2,755	2,530	2,317	2,365	2,215	
Goverment Entities' Loans	-	-	-	-	-	-	-	
IPAB Loans	-	-	-	-	-	-	-	
Fiduciary Collection Rights	-	-	-	-	-	-	-	
Performing Loans	16,466	14,755	15,219	14,100	12,897	12,859	11,822	
Commercial PDL's	172	411	498	798	1,055	705	587	
Financial Intermediaries' PDL's	-	-	-	-	-	-	-	
Consumer PDL's	-	1	1	1	-	-	1	
Mortgage PDL's	30	35	104	248	207	204	254	
Goverment Entities PDL's	-	-	-	-	-	-	-	
Past Due Loans	202	447	603	1,047	1,263	910	842	
Gross Loan Portfolio	16,668	15,201	15,822	15,147	14,160	13,769	12,664	
Preventive loan loss reserves	266	327	426	416	422	325	315	
Net Loan Portfolio	16,402	14,874	15,397	14,731	13,738	13,443	12,349	
Credit Assets Portfolio	-	-	-	-	-	-	-	
Sundry debtors and other accs rec,net	643	602	622	607	641	626	621	
Foreclosed assets, net	452	409	471	527	484	989	1,152	
Real Estate, Furniture & Equipment, net	760	695	705	684	639	646	617	
Investments in subsidiaries	9	9	9	8	8	8	8	
Deferred taxes, net	-	21	5	2	-	-	8	
Risk Coverage for Mortgage	-	-	-	-	-	-	-	
GoodWill and Intangibles	3,476	3,234	3,308	3,199	3,257	3,307	3,225	
Other Assets	269	225	319	508	213	224	250	
Other Assets	3,746	3,460	3,627	3,706	3,470	3,531	3,475	
TOTAL ASSETS	29,001	27,919	29,838	28,420	26,951	28,074	27,193	

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

BANORTE USA – BALANCE SHEET *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
LIABILITIES								
Demand Deposits	9,348	9,613	9,947	8,971	8,819	8,807	8,110	
Time Deposits	12,814	12,696	13,705	13,427	12,515	13,256	13,303	
Bank Bonds	-	-	-	-	-	-	-	
Deposits	**22,162**	**22,309**	**23,652**	**22,398**	**21,334**	**22,063**	**21,413**	
Immediate Redemption Loans	-	-	-	-	-	-	-	
Short term	814	5	-	-	66	130	68	
Long term	88	79	78	73	-	1	-	
Due to banks and correspondents	**903**	**84**	**78**	**73**	**66**	**131**	**68**	
Non-assigned securities pending settlement	-	-	-	-	-	-	-	
Cerditor Balance in Repo Trans, net	-	-	-	-	-	39	13	
Repo transactions with collateral	-	-	-	-	-	-	-	
Securities to be received in Repo Trans, net	-	-	-	-	-	-	-	
Transactions with derivatives, net	-	-	-	-	-	-	-	
Operations w/ Derivatives & Securities	-	**-**	**-**	**-**	-	39	13	
Income Tax & Profit Sharing Payable	-	-	-	-	-	4	5	
Other creditors & accounts payable	179	212	214	217	165	123	125	
Other payable accounts	**179**	**212**	**214**	**217**	**165**	**126**	**130**	
Subordinated non Convertible Debenture	292	272	278	269	254	265	260	
Deferred Taxes	9	-	-	-	8	11	-	
Deferred credits	48	41	37	32	27	25	21	
TOTAL LIABILITIES	**23,592**	**22,917**	**24,259**	**22,989**	**21,855**	**22,660**	**21,905**	
STOCKHOLDER´S EQUITY								
Paid-in Capital	3,346	4,266	4,668	4,668	4,668	4,668	4,668	
Share subscription premiums	-	-	-	-	-	-	-	
Subordinated Convertible Debentures	-	-	-	-	-	-	-	
Subscribed Capital	**3,346**	**4,266**	**4,668**	**4,668**	**4,668**	**4,668**	**4,668**	
Capital Reserves	-	-	-	-	-	-	-	
Retained Earnings	284	284	284	284	304	304	304	
Results from Valuation of Secs Available for Sale	122	59	87	104	101	133	107	
Results from Conversions of Foreign Ops	1,213	383	514	341	34	253	145	
Surplus (Deficit) in capital restatement	-	-	-	-	-	-	-	
Results of Non Monetary fixed assets	-	-	-	-	-	-	-	
Results on non monetary - investment assets	-	-	-	-	-	-	-	
Adjustment in employees' pensions	-	-	-	-	-	-	-	
Accumulated effect of Deferred Liabilities	-	-	-	-	-	-	-	
Net Income	38	10	25	34	(10)	56	63	
Earned Capital	**1,657**	**736**	**911**	**763**	**429**	**746**	**619**	
Minority Holdings	405	-	-	-	-	-	-	
Total Stockholder´s Equity	**5,409**	**5,002**	**5,578**	**5,431**	**5,097**	**5,414**	**5,287**	
TOTAL LIABILITIES & STOCKHOLDER´S CAPITAL	**29,001**	**27,919**	**29,838**	**28,420**	**26,951**	**28,074**	**27,193**	

***BANORTE USA* – MEMORANDUM ACCOUNTS** *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
Endorsement guarantees granted	-	-	-	-	-	-	-	
Other contingent obligations	-	-	-	-	-	-	-	
Credit commitments	42	29	33	31	22	22	15	
Irrevocable lines of credit	-	-	-	-	-	-	-	
Assets held in trusts or mandate	-	-	-	-	-	-	-	
Assets held in custody or in administration	-	-	-	-	-	-	-	
Investment banking transactions for third parties, net	-	-	-	-	-	-	-	
Amounts committed to fobaproa operations	-	-	-	-	-	-	-	
Investment of retirement saving funds	-	-	-	-	-	-	-	
Integration of loan portfolio	-	-	-	-	-	-	-	
Amounts received in derivative instruments	-	-	-	-	-	-	-	
Fobaproa trusts	-	-	-	-	-	-	-	
Repurchase securities to be received	-	-	-	-	-	-	-	
(Less) creditors from repos	-	-	-	-	-	-	-	
Debitors from repos	-	-	-	-	-	-	-	
(Less) Repurchase securities to be delivered	-	-	-	-	-	-	-	
Other control accounts	-	-	-	-	-	-	-	
Endorsement guarantees granted	**23**	**26**	**33**	**31**	**22**	**22**	**15**	

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

- **Information by Segments**

***GFNORTE* – INCOME STATEMENT 3Q10** *(Million Pesos)*	Holding	Banorte	Broker	Leasing & Factoring	Warehouse	Total	Eliminations	Final Balance
Interest Income	5	29,618	1,341	1,166	3	32,134	(1,252)	30,882
Interest Expense	-	13,569	1,283	502	2	15,356	(1,230)	14,126
Loan Fees	-	439	-	-	-	439	-	439
Net Interest Income (NII)	**5**	**16,049**	**58**	**664**	**1**	**16,777**	**(21)**	**16,756**
Loan Loss & Loss Sharing Provisions	-	4,938	-	75	-	5,014	-	5,014
NII after Provisions	**5**	**11,110**	**58**	**589**	**1**	**11,763**	**(21)**	**11,742**
Fees on services,	-	6,246	452	9	63	6,769	(2)	6,767
Fees paid,	-	1,104	45	15	-	1,164	32	1,132
Market-related Income	-	1,299	197	-	-	1,496	-	1,496
Other Operating Income (Expenses)	-	808	(2)	4	-	809	-	809
Total Non Interest Income	**5**	**7,249**	**602**	**2**	**63**	**7,910**	**30**	**7,940**
Total Operating Income	**5**	**18,359**	**659**	**586**	**64**	**19,674**	**9**	**19,683**
Non-Interest Expense	**10**	**12,216**	**343**	**279**	**20**	**12,868**	**9**	**12,876**
Operating Income	**(5)**	**6,144**	**316**	**307**	**44**	**6,806**	**-**	**6,806**
Non Operating Income	-	856	8	30	123	1,018	(39)	979
Non Operating Expense	-	426	1	5	114	545	(1)	544
Non Operating Income	**(5)**	**430**	**8**	**25**	**9**	**473**	**(38)**	**435**
Pre-tax Income	**(5)**	**6,574**	**324**	**333**	**53**	**7,279**	**(37)**	**7,241**
Tax and Profit sharing	**-**	**1,966**	**105**	**-**	**14**	**2,086**	**-**	**2,086**
Net Income before subsidiaries	**(6)**	**4,608**	**218**	**333**	**40**	**5,193**	**(37)**	**5,155**
Subsidiaries´net income	4,990	98	-	-	-	5,088	(4,80	283
Net Inc. from continuos	**4,984**	**4,706**	**219**	**333**	**40**	**10,281**	**(4,842)**	**5,439**
Extraodinary items, net	-	-	-	-	-	-	-	-
Minority Interest	-	(161)	-	-	-	(161)	(331)	(492)
TOTAL NET INCOME	**4,984**	**4,545**	**219**	**333**	**40**	**10,120**	**(5,173)**	**4,947**

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

***GFNORTE* – BALANCE SHEET AS OF 3Q10**
(Million Pesos)

ASSETS	Holding	Banorte	Broker	Leasing & Factoring	Warehouse	Total	Eliminations	Final balance
Cash and due from Banks	**346**	**67,097**	**4**	**36**	**56**	**67,540**	**(396)**	**67,143**
Margin Accounts	-	171	-	-	-	171	-	**171**
Negotiable Instruments	-	47,916	9,736	-	1	57,653	-	**57,653**
Securities held for sale	-	12,505	300	-	45	12,850	(899)	**11,950**
Securities held to maturity	-	148,680	485	-	-	149,165	-	**149,165**
Financial Instruments:	**-**	**209,102**	**10,52**	**-**	**46**	**219,667**	**(899)**	**218,768**
Non-assigned securities to pay	-	-	-	-	-	-	-	**-**
Futures receivable, net	-	4	1	-	-	5	-	**5**
For trading purposes	-	10,502	-	-	-	10,502	-	**10,502**
For hedging purposes	-	694	-	-	-	694	-	**694**
Repos & Derivatives :	**-**	**11,200**	**1**	**-**	**-**	**11,201**	**-**	**11,201**
Commercial	-	108,746	-	14,512	-	123,258	(20)	**123,238**
Financial Intermediaries	-	7,270	-	9	-	7,279	(2,204)	**5,075**
Consumer	-	27,178	-	10	-	27,189	-	**27,189**
Mortgage	-	54,336	-	-	-	54,336	-	**54,336**
Goverment Entities	-	44,435	-	8	-	44,443	-	**44,443**
Fobaproa	-	-	-	-	-	-	-	**-**
Performing Loans	**-**	**241,964**	**-**	**14,540**	**-**	**256,504**	**(2,224)**	**254,280**
Commercial	-	3,008	-	125	-	3,133	-	**3,133**
Financial Intermediaries	-	-	-	-	-	-	-	**-**
Consumer	-	1,418	-	-	-	1,418	-	**1,418**
Mortgage	-	1,058	-	-	-	1,058	-	**1,058**
Goverment Entities	-	-	-	-	-	-	-	**-**
Past Due Loans	**-**	**5,484**	**-**	**125**	**-**	**5,609**	**-**	**5,609**
Total Credit	**-**	**247,448**	**-**	**14,665**	**-**	**262,113**	**(2,224)**	**259,989**
Preventive loan loss reserves	-	7,389	-	248	-	7,637	-	**7,637**
Net Loan Portfolio	**-**	**240,060**	**-**	**14,416**	**-**	**254,476**	**(2,224)**	**252,252**
Acquired collection rights	-	2,183	-	-	-	2,183	-	**2,183**
Total Loans	**-**	**242,243**	**-**	**14,416**	**-**	**256,659**	**(2,224)**	**254,435**
Benef.receivab.securitization	-	405	-	-	-	405	-	**405**
Sundry debtors and other assets,net	6	12,717	132	17	6	12,878	(19)	**12,859**
Merchandise Inventory	-	-	-	-	39	39	-	**39**
Foreclosed assets, net	-	1,584	-	-	-	1,584	-	**1,584**
Real Estate, Furniture & Equipment,	-	7,543	7	1,301	44	8,894	-	**8,894**
Investments in subsidiaries	44,328	1,447	20	-	-	45,794	(42,631)	**3,163**
Deferred taxes	1	1,433	-	-	3	1,436	(91)	**1,345**
GoodWill	28	2,981	-	-	-	3,009	-	**3,009**
Intangible	1	1,242	161	-	-	1,405	-	**1,405**
Other Assets Short and Long Term	-	5,214	126	1	21	5,362	-	**5,362**
Total Other Assets	**44,364**	**34,161**	**446**	**1,319**	**112**	**80,402**	**(42,742)**	**37,661**
TOTAL ASSETS	**44,710**	**564,378**	**10,971**	**15,771**	**214**	**636,045**	**(46,261)**	**589,783**

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

GFNORTE – BALANCE SHEET AS OF 3Q10

(Million Pesos)

LIABILITIES	Holding	Banorte	Broker	Leasing & Factoring	Warehouse	Total	Eliminations	Final balance
Demand Deposits	-	133,878	-	-	-	133,878	(54)	133,824
Time Deposits	-	154,065	-	-	-	154,065	(377)	153,688
Deposits	**-**	**287,943**	**-**	**-**	**-**	**287,943**	**(432)**	**287,512**
Demand	-	2,949	-	-	-	2,949	-	2,949
Short term	-	3,679	-	10,873	-	14,551	(2,204)	12,347
Long term	-	4,686	-	2,662	-	7,347	-	7,347
Due to banks & corresp.	**-**	**11,314**	**-**	**13,534**	**-**	**24,848**	**(2,204)**	**22,644**
Assigned securities to pay	**-**	**1,262**	**-**	-	-	**1,262**	**-**	**1,262**
Futures receivable, net	-	168,670	8,932	-	-	177,601	-	177,601
Collateral sold	-	27	-	-	-	27	-	27
For trading purposes	-	10,235	-	-	-	10,235	-	10,235
For hedging purposes	-	4,779	-	-	-	4,779	-	4,779
Repos & Derivatives:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Income Tax	-	656	32	-	7	694	-	694
Profit Sharing	-	618	3	-	-	621	-	621
Creditors for settlement of transactions	-	7,235	-	-	-	7,235	-	7,235
Other Creditors & Accounts Payable	-	9,132	261	350	31	9,774	(88)	9,686
Other payable accounts	**1**	**17,641**	**296**	**350**	**38**	**18,325**	**(88)**	**18,237**
Subordinated non Convertible Debenture	-	18,005	-	-	-	18,005	-	18,005
Deferred Taxes	-	-	91	-	-	91	(91)	-
Deferred credits	-	1,631	-	68	-	1,699	-	1,699
TOTAL LIABILITIES	**1**	**521,506**	**9,319**	**13,952**	**38**	**544,815**	**(2,815)**	**542,001**
STOCKHOLDER´S EQUITY								
Paid-in Capital	12,019	11,488	540	306	87	24,440	(12,475)	11,965
Share subscription premiums	2,247	2,491	-	-	-	4,738	(3,141)	1,596
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	**14,266**	**13,979**	**540**	**306**	**87**	**29,178**	**(15,617)**	**13,561**
Capital Reserves	3,174	5,172	91	235	21	8,693	(5,519)	3,174
Retained Earnings	25,811	22,227	630	945	41	49,655	(23,809)	25,846
Surplus (Deficit) from securities	406	273	159	-	(12)	826	(528)	298
Results from coverage securities valuation	(3,097)	(3,267)	-	-	-	(6,364)	3,267	(3,097)
Results of foreign operations exchange	(835)	(885)	14	-	-	(1,706)	871	(835)
Excess (Insuf.) in capital restatement	-	-	-	-	-	-	-	-
Non Mon assets results Fixed Assets	-	-	-	-	-	-	-	-
Non Mon assets results Investm subsidiaries	-	-	-	-	-	-	-	-
Adjustment in the employees pension funds	-	-	-	-	-	-	-	-
Net Income	4,987	4,545	219	333	40	10,120	(5,173)	4,947
Earned Capital	30,443	28,066	1,113	**1,513**	**89**	**61,224**	**(30,891)**	**30,333**
Minority Holdings	-	827	-	-	-	827	3,061	3,889
Total Stockholder´s Equity	**44,709**	**42,872**	**1,653**	**1,819**	**176**	**91,229**	**(43,446)**	**47,783**
TOT. LIAB. & STOCKHOL. EQUITY	**43,708**	**575,048**	**13,737**	**13,380**	**190**	**646,062**	**(44,922)**	**601,140**

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

ACCOUNTING CHANGES AND REGULATIONS

• **General guidelines applicable to the financial information of holding companies of financial institutions subject to supervision by the National Banking and Securities Commission (CNBV.)**
On April 27, 2005, the CNBV issued general provisions applicable to the financial information of the controlling companies of financial groups in order to homologate the information that financial groups issue to the public for the analysis of their solvency and economic stability. This is done in order to facilitate savings and investment decision-making. GFNorte's Financial Statements can be found in our website at www.banorte.com/informacion_financiera

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

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

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

• **B-10 Bulletin "Inflation Effects".**
When comparing 2008 results vs. reported figures for previous periods are not fully comparable, as a result of the NIF B10 "Inflation Effects" norm taking effect in January of this year. This norm indicates that the economic environment is non-inflationary when the accumulated inflation rate over the last three years is less than 26%. Under this context, it is not necessary to re-express financial statements as of January 2008.

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

• **Repo Transactions and reclassification of investments in securities**
NEW ACCOUNTING CRITERIA
On October 14, 2008 the CNBV published a series of changes to its accounting criteria in the Official Gazette of the Federation (DOF). Such changes became effective the following day. The most important changes include:

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

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

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

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

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

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

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

PREVIOUS ACCOUNTING CRITERIA
Repurchase or Resale Agreement Operations

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

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

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

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

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

a. Reclassification of Securities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- **Main changes to accounting criteria**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- **Changes in accounting rules**

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

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

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

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

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

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

In the consolidated financial statements with the Group's subsidiaries, the items recognized in its banking subsidiary derived from the recognition and valuation of the share plans granted have been eliminated through consolidation movements of Ps 103 million. In this sense, an expense incurred by the Financial Group of up to Ps 52 million has been recognized, which results at 4Q09 in a net positive effect in the financial statements of the holding Company of Ps 51 million. At 1Q10 results in a net negative effect in the financial statements of the holding Company of Ps (8) million. At 2Q10 results in a net negative effect in the financial statements of the holding Company of Ps (6) million. At 3Q10 results in a net negative effect in the financial statements of the holding Company of Ps (23) million. All of this results in a negative accumulated effect of Ps (37) million.

- **Special accounting treatment for the support program granted due to flooding caused by hurricane "Alex"**

In face of the negative economic impact created by the flooding caused by hurricane "Alex", the Institution is determined to support the economic recovery of the affected region, including the states of Nuevo Leon, Coahuila, Tamaulipas, San Luis Potosi and Oaxaca, through the implementation of diverse support programs for borrowers according to the following:

Support for car loans, credit cards, and consumer loans which consist of:

<u>Car Loans</u>. Deferment of up to three installments or freezing the balance with no interest charges for three months.
<u>Credit cards</u>. The minimum payment will not be required for up to three months and in some cases the balances will be frozen without any interest or penalty fees charged during this period.
<u>Personal and Payroll Loans</u>. Capital and interest payments will be deferred for up to three months.

As a result of the aforementioned, the Comisión Nacional Bancaria y de Valores (National Banking and Securities Commission), issued a special accounting criteria, Document No. 100/042/2010, applicable to the institution from July 1st through to September 30th, 2010, which authorizes the Institution to consider those performing loans at June 30th, 2010 which qualified for deferment of capital and interest payments in accordance with the Plan, not to be considered as restructured loans as established by Paragraph 24 of Criteria B-6 "Loan Portfolio", and for these same loans to remain classified as performing loans during the term set in this Plan. Therefore, these loans are considered as part of the performing loan portfolio for the determination of the estimated loan loss reserves.

Without applying the special authorized accounting criteria, the portfolio balances that the Institution would have presented in the Balance Sheet on September 30th, 2010, would have been:

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

PERFORMING LOAN PORTFOLIO	
Business Loans	
Business or Corporate Activity	$ 123,237
Financial Entities	5,075
Governmental Entities	44,443
Consumer Loans	27,187
Mortgages	54,336
TOTAL PERFORMING LOANS	**254,278**
PAST DUE LOANS PORTFOLIO	
Business Loans	
Business or Corporate Activity	3,132
Consumer Loans	1,420
Mortgages	1,059
TOTAL PAST DUE LOANS	**5,611**
LOAN PORTFOLIO	**259,889**
(Less) ESTIMATED LOAN LOSS PROVISIONS	(7,691)
LOAN PORTFOLIO, net	**252,198**
ACQUIRED COLLECTION RIGHTS	2,183
TOTAL LOAN PORTFOLIO, net	**$ 254,381**

The result of the fiscal year would have been Ps 4,893, as a result of recording an additional Ps 54 in estimated loan loss reserves as a result of the support provided to loan holders.

The amount of deferred payments derived from the plans until September 30th, 2010, is integrated as follows:

	Amount Deferred
Consumer Loans	$ 6

LOAN PORTFOLIO SALES TO SOLIDA ADMINISTRADORA DE PORTAFOLIOS

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

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

	Local Currency (2)			Foreign Currency (USD) (3)			Total		
(Millions of Nominal Pesos)	Aug'02	Jun'10	Sep'10	Aug'02	Jun'10	Sep'10	Aug'02	Jun'10	Sep'10
Performing Loans									
Commercial	5	-	-	5	-	-	10	-	-
Consumer	-	-	-	-	-	-	-	-	-
Mortgage	54	24	23	-	-	-	54	24	23
Total	**59**	**24**	**23**	**5**	**-**	**-**	**64**	**24**	**23**
Non Performing Loans									
Commercial	405	340	338	293	108	106	698	448	444
Consumer	81	72	72	-	-	-	81	72	72
Mortgage	1,112	339	331	-	-	-	1,112	339	331
Total	**1,598**	**751**	**741**	**293**	**108**	**106**	**1,891**	**859**	**847**
TOTAL LOANS	**1,657**	**775**	**764**	**298**	**108**	**106**	**1,955**	**883**	**870**
Loan Loss Reserves (1)									
Commercial	326	327	325	246	108	106	572	435	431
Consumer	77	72	72	-	-	-	77	72	72
Mortgage	669	326	320	-	-	-	669	326	320
Total	**1,072**	**725**	**717**	**246**	**108**	**106**	**1,318**	**833**	**823**

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

In 3Q10 the Loan portfolio showed changes due to: collections of Ps $7 million, restructurings of Ps $5 million, repossessed assets of Ps $2 millon and Ps $21 million in charge-offs and discounts. In the Loan loss provisions, there were charge-offs and discounts of Ps $3 million. There were transfers from performing loans to past due loans of Ps $0.5 million and transfers from past due loans to performing loans of Ps $2 million.

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

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

	Local Currency (1)		Foreign Currency (USD)(2)		Total	
(Millions of Nominal Pesos)	Jun10	Sep10	Jun10	Sep10	Jun10	Sep10
Performing Loans						
Commercial	134,214	142,562	10,822	11,485	145,036	154,047
Consumer	26,076	26,989	-	-	26,076	26,989
Mortgage	50,502	52,144	-	-	50,502	52,144
Fobaproa / IPAB	-	-	-	-	-	-
Performing Loans	**210,792**	**221,695**	**10,822**	**11,485**	**221,614**	**233,180**
Non Performing Loans						
Commercial	2,605	2,682	187	183	2,792	2,865
Consumer	1,622	1,489	-	-	1,622	1,489
Mortgage	1,029	1,135	-	-	1,029	1,135
Non Performing Loans	**5,256**	**5,306**	**187**	**183**	**5,443**	**5,489**
TOTAL LOANS	**216,048**	**227,001**	**11,009**	**11,668**	**227,057**	**238,669**
Loan Loss Reserves	**6,994**	**7,601**	**289**	**296**	**7,283**	**7,897**
Net Loan Portfolio	**209,054**	**219,400**	**10,720**	**11,372**	**219,774**	**230,772**
Loan Loss Reserves					**133.80%**	**143.87%**
% Past Due Loans					**2.40%**	**2.30%**

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

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

NOTES TO FINANCIAL STATEMENTS

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 3Q10 (Million Pesos)

NEGOTIABLE INSTRUMENTS	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Goverment Securities	45,349	241	108	45,699
Unrestricted	115	-	(2)	113
Cetes	-	-	-	-
Bonds	115	-	(2)	113
Bondes	-	-	-	-
Bpas	-	-	-	-
Restricted	45,234	241	111	45,585
Cetes	1,327	-	-	1,327
Bonds	1,224	6	2	1,232
Bondes	3,757	7	5	3,769
Bpas	38,926	228	104	39,258
Brems	-	-	-	-
UMS	-	-	-	-
Udibonds	-	-	-	-
Stock Certificates	-	-	-	-
Banking Securities	9,132	2	2	9,135
Unrestricted	5,348	-	7	5,355
Notes	5,348	-	7	5,355
Cedes	-	-	-	-
Bonds	-	-	-	-
Stock Certificates	-	-	-	-
Other Banking Securities	-	-	-	-
Restricted	3,784	2	(5)	3,780
Notes	3,289	-	(5)	3,284
Stock Certificates	-	-	-	-
Other Banking Securities	495	2	-	496
Private	2,693	7	43	2,742
Unrestricted	46	-	-	46
Commercial Paper Pesos	-	-	-	-
Commercial Paper U.S. Dollars	-	-	-	-
PEMEX	-	-	-	-
EUROBONDS	-	-	-	-
Stock Certificates	45	-	-	45
Subordinated paper	-	-	-	-
Other securities	1	-	-	1
Restricted	2,647	6	43	2,696
Stock Certificates	2,647	6	43	2,696
Foreign Goverment	-	-	-	-
Treasury Bonds	-	-	-	-
Treasury Bill	-	-	-	-
Treasury Notes	-	-	-	-
Other securities	-	-	-	-
Shares listed in the SIC	14	-	-	14
Guarantee (collateral) for futures	-	-	-	-
Mutual Funds	62	-	-	62
Total	**57,251**	**250**	**152**	**57,653**

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

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 3Q10
(Million Pesos)

Securities Held to Maturity	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Cetes	745	3	-	748
Affected papers as collateral	-	-	-	-
Fiduciary duties	-	-	-	-
Goverment Securities	113,412	565	-	113,977
Restricted	113,045	562	-	113,607
Cetes	-	-	-	-
Bonds	584	13	-	597
Bondes	33,027	61	-	33,088
Bpas	77,379	463	-	77,842
Brems	-	-	-	-
UMS	2,052	25	-	2,077
Udibonds	3	-	-	3
Stock Certificates	-	-	-	-
Unrestricted	367	4	-	370
Bonds	-	-	-	-
Bondes	-	-	-	-
Bpas	70	-	-	70
UMS	270	3	-	274
Stock Certificates	27	-	-	27
Banking Securities	15,811	83	-	15,894
Restricted	7,593	22	-	7,615
Notes	-	-	-	-
Cedes	-	-	-	-
Bonds	-	-	-	-
Stock Certificates	7,593	22	-	7,615
Other Banking Securities	-	-	-	-
Unrestricted	8,219	61	-	8,279
Bonds	1,350	-	-	1,350
Stock Certificates	5,605	25	-	5,630
Other Banking Securities	1,264	35	-	1,29
Private	18,411	124	-	18,535
Restricted	12,457	98	-	12,555
Commercial Paper Pesos	-	-	-	-
Commercial Paper U.S. Dollars	-	-	-	-
PEMEX	4,410	76	-	4,485
EUROBONDS	-	-	-	-
Stock Certificates	8,048	22	-	8,070
Sructured Notes	-	-	-	-
Unrestricted	5,954	26	-	5,980
Stock Certificates	5,699	23	-	5,722
Bonds	-	-	-	-
PEMEX	255	3	-	258
Sructured Notes	-	-	-	-
Other Unrestricted	-	-	-	-
Other Debt Securities	-	-	-	-
U.S. Government Securities	11	-	-	12
Subordinated paper	-	-	-	-
Total	**148,391**	**775**	**-**	**149,165**

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

SECURITIES HELD FOR SALE 3Q10
(Million Pesos)

SECURITIES HELD FOR SALE	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Unrestricted	8,521	51	249	8,821
Goverment Securities	7,342	26	190	7,558
Mexican Government Securities (UMS)	128	2	1	131
Treasury Bonds	-	-	-	-
Private company bonds	-	-	-	-
Private company bonds	-	-	-	-
GFNorte's Stock	(61)	-	61	-
BMV's Stock	234	-	66	300
Bonds	-	-	-	-
Eurobonds	375	20	(11)	384
Bank Paper	-	-	-	-
Structured notes	321	1	(56)	266
PEMEX	180	2	-	182
Other	-	-	-	-
Restricted	2,859	43	227	3,129
Mexican Government Securities (UMS)	128	2	1	131
Treasury Bonds	-	-	-	-
Bonds	1,768	32	112	1,913
Eurobonds	249	2	38	289
PEMEX	714	7	76	797
Total	**11,379**	**94**	**476**	**11,950**

SECURITIES ASSIGNED FOR SETTLEMENT 3Q10
(Million Pesos)

SECURITIES ASSIGNED FOR SETTLEMENT	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Government securities	1,273	(6)	(6)	1,262
Cetes	202	-	-	202
Bonds	819	(6)	(4)	809
Bondes	-	-	-	-
Bpas	250	-	-	250
Brems	-	-	-	-
UMS	2	-	(1)	-
UdiBonds	-	-	-	-
2U CBIC	-	-	-	-
Stock Certificates	-	-	-	-
Bank Paper	-	-	-	-
Private	-	-	-	-
Foreign Goverment	-	-	-	-
Total	**1,273**	**(6)**	**(6)**	**1,262**

REPURCHASE AGREEMENT OPERATIONS 3Q10
(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	155,446	155,446	(155,446)	-	155,446
Banking Securities	10,913	10,913	(10,913)	-	10,913
Private Securities	11,242	11,242	(11,242)	-	11,242
Total	117,601	177,601	(177,601)	-	177,601

PURCHASES	MARKET VALUE			FINANCIAL STATEMENT INDIVIDUAL COMPENSATION	
	RECEIVABLES ON REPURCHASE AGREEMENT	SECURITIES TO BE DELIVERED	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE
Goverment Securities	15,504	15,504	-	1	1
Banking Securities	2,439	2,439	11	-	11
Private Securities	6,908	6,908	12	4	15
Total	24,851	24,851	23	5	27
				5	177,628

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

DERIVATIVES FINANCIAL INSTRUMENTS OPERATIONS 3Q10
(Million Pesos)

INSTRUMENT	TO RECEIVE	TO DELIVER	NET	DEBTOR BALANCE	CREDITOR BALANCE
FUTURES					
Over Inflation (INPC)	10	(10)	-	-	-
					-
FORWARD FX CONTRACTS	AGREED PRICE	MARKET VALUE	VALUATION		
Negotiable					
Purchases	141	(107)	35		
Sells	(64)	66	2		
Total	78	(41)	37	38	1
					37
Hedging					
Purchases	-	-	-		
Sells	-	-	-		
Total	-	-	-	-	-
SWAPS	TO RECEIVE	TO DELIVER	NET		
Negotiable					
Capital	10,466	(10,411)	55		
Interest rate	773	(757)	17		
Valuation	67,672	(67,523)	149		
Subtotal	78,911	(78,691)	220	10,299	10,079
					220
Hedging					
Capital	12,502	(13,274)	(772)		
Interest rate	235	(308)	(73)		
Valuation	8,596	(11,856)	(3,260)		
Subtotal	21,333	25,438	(4,105)	675	4,779
					(4,105)
OPTIONS					
Negociable-Assets					
Swaptions	17	-	17		
Rate Options	266	(118)	148		
Fx	-	-	-		
Index Options (ipc)	-	-	-		
Total	283	(118)	165	165	-
Hedging -Assets					
Swaptions	-	-	-		
Rate Options	176	(157)	19		
Index Options (ipc)	-	-	-		
Total	176	(157)	19	19	-
Negociable-Liability					
Swaptions	(26)	6	(21)		
FX	-	-	-		
Rate Options	(302)	167	(135)		
Index Options (ipc)	-	-	-		
Total	(328)	173	(155)	-	155
Debtor Balance				11,196	
Creditor Balance					15,014

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

NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 3Q10
(Mililon Pesos)

PRODUCT	TYPE	UNDERLYING	CURRENCY	NOTIONAL
FX Forwards	Purchases	Exchange Rate (Dollar)	MXN	142
FX Forwards	Sales	Exchange Rate (Dollar)	MXN	65
FX Options	Purchases	Exchange Rate (Dollar)	MXN	-
FX Options	Sales	Exchange Rate (Dollar)	MXN	1
Interest Rate Options	Purchases	TIIE	MXN	30,404
Interest Rate Options	Sells	TIIE	MXN	14,011
Interest Rate Options	Purchases	LIBOR	MXN	690
Interest Rate Options	Sells	LIBOR	MXN	863
Interest Rate Options	Swaption Purchases	TIIE	MXN	12,500
Interest Rate Options	Swaption Sells	TIIE	MXN	15,000
Interest Rate Options	Swaption Purchases	LIBOR	MXN	51
Interest Rate Options	Swaption Sells	LIBOR	MXN	-
Interest Rate Swaps	USLI/IRS	LIBOR	MXN	29,739
Interest Rate Swaps	TIIE/IRS	TIIE	MXN	294,381
FX Swaps	CS EURMXN	FIX/FIX	MXN	978
FX Swaps	CS USDCETE	CETE	MXN	1,260
FX Swaps	CS USDMXN	FIX/FIX	MXN	20,729

INVESTMENT IN NON GOVERNMENTAL FINANCIAL INSTRUMENTS THAT RESPRESENT MORE THAN 5% OF NET CAPITAL 3Q10
(Million Pesos)

INDUSTRY	INVESTMENT INSTRUMENT	AMOUNT	% NET CAPITAL
BANCOMER	Banking Bond	6,656	13.07%
INBURSA	Banking Bond	3,003	5.90%

Includes the Treasury position.

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

LOAN PORTFOLIO (Million Pesos)	Local Currency		UDIS		Foreign Currency		Total	
	3Q09	3Q10	3Q09	3Q10	3Q09	3Q10	3Q09	3Q10
Performing Loans								
Commercial	91,268	100,587	295	292	26,945	22,359	118,508	123,238
Financial Intermediaries	8,053	4,365	-	-	161	710	8,214	5,075
Consumer	25,905	26,963	77	37	195	189	26,177	27,189
Mortgages	45,256	51,507	780	613	2,755	2,215	48,792	54,336
Goverment Entities	33,517	44,340	-	-	221	103	33,738	44,443
Fobaproa	-	-	-	-	-	-	-	-
Total	**204,000**	**227,761**	**1,153**	**942**	**30,277**	**25,576**	**235,429**	**254,280**
Past Due Loans								
Commercial	2,364	2,463	6	6	544	664	2,914	3,133
Financial Intermediaries	-	-	-	-	-	-	-	-
Consumer	2,194	1,417	-	-	1	1	2,195	1,418
Mortgages	853	783	37	21	104	254	994	1,058
Goverment Entities	-	-	-	-	-	-	-	-
Total	**5,411**	**4,662**	**43**	**28**	**649**	**919**	**6,103**	**5,609**
Total Propietary Loans	**209,411**	**232,424**	**1,196**	**970**	**30,925**	**26,495**	**241,532**	**259,889**

COST OF BALANCES OF FINAPE, FOPIME, MORTGAGE UDIS AND MORTGAGE FOVI LOAN PORTFOLIOS AS OF 3Q10 ()Million Pesos)	TOTAL	
	PERIOD COST	BALANCE OF LOAN PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	28	49
Mortgage FOVI	-	-
	28	**49**

Quarter ending balance of Ps 49 million pesos in debtors support programs with a cost for the period of Ps 28 million.

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

- **Distressed Portfolio**

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

(Million Pesos)	**Total**
Distressed Portfolio	889
Total Loans	254,435
Distressed Portfolio / Total Loans	**0.3%**

DEFERRED TAXES 3Q10

(Million Pesos)

ASSETS	**INCOME TAX**	**PROFIT SHARING**	**NET**
Tax losses pending amortization	1	-	1
Provisions for possible loss in loans	130	-	130
Earnings per Society	3	-	3
Excess of preventive reserves accounts over the fiscal limit	1,332	476	1,808
Non deductible provisions and cumulative income	501	154	655
State Tax on Assets Deferred	7	-	7
Excess of accounting value over fiscal value on Reposessed Assets	338	48	386
Diminishable profit sharing	258	86	343
Past-due loan reserves	1	-	1
Anticipated Income and Expenses	-	-	-
Installation expenses	-	-	-
Effects from valuation of instruments	-	-	-
Other	17	-	17
Total Assets	**2,586**	**764**	**3,349**
LIABILITIES			
Accrued interest and inflationary component of Fixed Assets, Foreclosed, Intangible & Others	(25)	2	(24)
Pension Funds Contribution	(420)	(150)	(570)
Loan Portfolio Acquisitions	(679)	(115)	(794)
Projects to be capitalized	(230)	(77)	(306)
Income tax to pay on UDIS Trust funds	(52)	-	(52)
Dividends Federal Home Loan Bank	(2)	-	(2)
Intangibles' amortizations	(24)	-	(24)
Unrealized loss from Securities held for sale	(67)	-	(67)
Effects from valuation of instruments	(2)	-	(2)
Effects of other accounts	(106)	-	(106)
Reversal of Sale Costs	(3)	-	(3)
Unrealized gains from investments in Siefore	(54)	-	(54)
Total liabilities	**(1,664)**	**(340)**	**(2,004)**
Assets (Liabilities) Accumulated Net	**922**	**423**	**1,345**

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

LONG TERM DEBT AS OF 3Q10

(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	402	90	10 years	8.13%	Dec 30 '10	E/182 days
Non Convertible Subordinated Bonds 2006	USD	Oct 13 '06	5,040	400	10 years	6.135%	Oct 13 '16	E/ 180 days
Non Convertible Subordinated Bonds 2006	USD	Oct 13 '06	2,520	200	15 years	6.862%	Oct 13 '21	E/ 180 days
Non Convertible Subordinated Bonds Q Banorte 08	MXN	Mar 11 '08	3,000	3,000	10 years	TIIE + 0.60%	Feb 27 '18	E/ 28 days
Non Convertible Subordinated Bonds Q Banorte 08U	UDIs	Mar 11 '08	1,987	447	20 years	4.95%	Feb 15 '28	E/ 182 days
Non Convertible Subordinated Bonds Q Banorte 08-2	MXN	Jun 27 '08	2,750	2,750	10 years	TIIE + 0.77%	Jun 15 '18	E/ 28 days
Non Convertible Subordinated Bonds Q Banorte 09	MXN	Mar 30 '09	2,200	2,200	10 years	TIIE + 2.00%	Mar 18 '19	E/ 28 days
Senior Notes Due 2010	USD	Jul 14 '10	3,780	300	15 years	4.375%	Jul 19 '15	E/ 180 days

BANK AND OTHER ENTITIES LOANS' AS OF 3Q10

(Million Pesos)

	LOCAL CURRENCY	INTEREST RATE	TERM (DAYS)	FOREIGN CURRENCY	INTEREST RATE	TERM (DAYS)	TOTAL
LOANS FROM LOCAL BANKS	-	-	-	1,199	2.85%	615	1,199
LOANS FROM FOREIGN BANKS GENERATED IN THE COUNTRY	-	-	-	1,273	1.59%	347	1,273
LOANS FROM DEVELOPMENT BANKS	8.376	5.52%	424	1.333	2.70%	661	9,709
LOANS FROM PUBLIC FUNDS	5,261	5.62%	573	436	1.48%	569	5,697
CALL MONEY & LOANS FROM BANKS	6,476	6.48%	213	-	-	-	6,476
LOANS FROM FIDUCIARY FUNDS	397	6.33%	4,130	-	-	-	397
PROVISIONS FOR INTEREST	97	N.A.	N.A.	-	-	-	97
	20,607			**4,241**			**24,848**
Eliminations							(2,204)
Total							**22,644**

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

TRADING INCOME 3Q10 *(Million Pesos)*	
VALUATION EFFECTS	
Negotiable Instruments	121
Securities Held to Maturity	-
Repurchase Agreements	-
Derivative instruments	320
Futures	-
From repo trasactions	-
Range	-
Inflation Adjustment	-
Total	**441**
Dividends Received	**-**
RESULTS FORM BUYING AND SELLING	
Negotiable Instruments	501
Securities Held for Sell	181
Hedging Derivatives	-
Securities Held to Maturity	-
Derivative Operations	(186)
Inflation Adjustment	-
Total of Buying and Selling Instruments	**497**
FX Spot	519
FX Forwards	(2)
FX Futures	(1)
FX Futures TIIE	-
FX Hedging	-
Changes in FX Valuation	33
Intermediation of metals	1
Changes in valuation of Metals	8
Total Foreign Exchange	**558**
Inflation Adjustment	**-**
Total of Buying and Selling	**1,055**
TOTAL TRADING INCOME	**1,496**

- **Risk Management**

Credit Risk

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

The objectives of credit risk management at GFNorte are:

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

Individual Credit Risk

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

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

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

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

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

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

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

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

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

Portfolio Credit Risk

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

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

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

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

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

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

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

By September 30, 2010, the Banco Mercantil del Norte total portfolio was Ps 237,799 million. The expected loss represents 2.2% and the unexpected loss is 3.9% with respect to the total portfolio. The average expected loss is 2.2% during the period between July and September 2010.

In the Brokerage House, the credit exposure of investments is Ps 9,869 milion and the expected loss represents 0.0126% of the exposure. The average expected loss is 0.0133% between July and September 2010.

The total operating portfolio of Arrendadora and Factor is Ps 15,966 billion. Prospective losses represent 0.8% and unforeseen losses 3.2% of the total operating portfolio. The prospective loss average represents 0.8% in the period of July and September 2010.

- **Credit Risks of Financial Instruments**

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

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

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

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

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

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

Credit risk is measured by by means of the rating associated with the issuer, emission or tally, which has assigned a level of risk based on two fundamentals:

1) The probability of nonfulfillment of the originator, emission or tally, which is expressed as a percentage between 0% and 100% where the better the rating, the lower the probability of nonfulfillment and vice versa.

2) The severity of the loss that could be experienced with regard to the total of the operation in the event of nonfulfillment, is expressed as a percentage between 0% and 100% where the better the guarantees or credit structures, the smaller the severity of the loss and vice versa. To mitigating loan risk and to reduce the severity of losses in the event of non-fulfillment, the counterparts have signed ISDA contracts and agreements to net out, in which lines of credit and the use of collateral to mitigate loss in the event of non-fulfillment are implemented.

As of September 30, 2010, exposure to credit risk for Securities Investments of Banco Mercantil del Norte was Ps 196,903 billion, of which 99.4% is rated higher or similar to A -(mex) on a local scale, placing them in investment grade and the 3 main counterparties other than the Federal Government, State Governments and National Financial Institutions represent 21% of the Basic Capital of June 2010. Additionally, the exposure of investments with the same counterparty other than the Federal Government that represents a higher or similar concentration to 5% of the Net Capital of June 2010 has a higher or similar rating to AA+ (mex) and is made up of (average considered term, amount in millions of pesos and rate): Bancomer market certificates for 8 months for Ps 12,915 at 4.9%; market certificates and Pemex bonds for 4 years and 11 months for Ps 8,531 at 3.8%, Inbursa Certificates for 1 month for Ps 4,535 at 4.6%; and State and Municipal Government loan securitization certificates for 26 years and 8 months for Ps 4,158 at 5.0%.

The exposure of Derivatives is Ps -4.103 billion, of which 100% has a rating higher or equal to A-(mex) on local level, placing them in investment grade and the 3 main counterparties other than then Federal or State Governments and National Financial Institutions represent 4% of the Basic Capital of June 2010.

Credit risk exposure of the Broker-Dealer for Securities Investments is Ps 9.869 billion, with 100% rated higher or equal to A-(mex) on a local scale, placing them in investment grade, the three major originator other than the Federal or State Governments or Financial National Institutions represents 19% of Equity of June 2010. Additionally, the exposure of investments with the same counterparty other than the Federal Government represents 5% or more of the Equity of June 2010 has a rating higher or equal to AA+(mex) and is a promissory note with Banco Inbursa with term of 7 days for Ps 1.964 billion at a considered average interest rate of 4.6%, international investment for Deutsche Bank to two years and 8 months for $ 304 million at 8.2%; Stock certificates of Banco Santander term of 2 years and 7 months for Ps 496 at 5.0%.

The exposure of Derivatives is Ps -0.05 million, of which 100% has a rating higher or equal to A-(mex) on local level, placing them in investment grade and the 3 main counterparties other than then Federal or State Governments and National Financial Institutions represent 0% of the Capital of June 2010.

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

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

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

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

Basic Capital by June 30, 2010	36,148

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

Loan Transactions

– Number of operations	1
– Total amount of the loans	$4,436
– % relative to basic capital	12%

Money Market Transactions

– Number operations	2
– Total amount of the transactions	$8,818
– % relative to basic capital	24%

Overnight Transactions

- Number of operations 1
- Total amount of financing $4,408
- % relative to basic capital 12%

I. Maximum amount of financing with the
3 largest borrowers and Common Risk groups $17,630

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

Basic Capital as of June 30st, 2010 $1,692

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

Loan Transactions

- Number of operations 16
- Total amount of the financings $7,080
- % relative to basic capital 418%

II. Maximum amount of financing with the
3 largest borrowers and Common Risk groups $2,545

➢ 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 2010 quarter for the portfolio is Ps 2,272 million.

Million Pesos	3Q09	4Q09	1Q10	2Q10	3Q10
Total Var *	3,154	2,616	3,469	2,716	2,272
Net Capital **	47,972	50,831	51,124	51,503	52,572
VaR/Net Capital	6.57%	5.15%	6.79%	5.27%	4.32%

* 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 2010 is shown below:

Risk Factor	VaR
Domestic interest rate	2,206
Foreign interest rate	283
Exchange rate	243
Capitals	35
Total VaR of Bank and Brokerage House	2,272

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

- ***Backtesting Analysis***

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

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

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

- **Liquidity Risk and Balance**

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

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

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

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

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

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

- **Operational Risk**

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

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

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

Pillars of Operational Risk Management

I. Policies, Objectives and Guidelines

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

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

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

II. Quantitative and Qualitative Measuring Tools

Operating Losses Database

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

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

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

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

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

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

- ***Risk Management Model***

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

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

III. Required Capital Calculation

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

IV. Information and Reporting

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

- **Technology risk**

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

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

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

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

- **Legal risk**

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

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

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

- **Internal Control**

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

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

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

In 3Q10, activities related to strengthening control, risk evaluation and administration, establishment and monitoring of controls, and assurance of quality information continued to be developed; highlighting the following:

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

- **Treasury Policy**

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

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

- **Internal and External Liquidity Sources**

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

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

Another alternative for getting resources is by issuing capital shares.

- **Dividend Policy**

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

- **Related Parties Loans**

At GFNorte, the amount of the loans performed with related individuals and companies, does not exceed the established limit of 50% of the Tier 1 capital. As of September 30, 2010 and June 30, 2010, the loans granted to related parties totaled Ps $7,306 million and Ps $7,152 million, respectively.

- **People in Charge**

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

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

Ing. Sergio García Robles Gil
Chief Financial Officer

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

Lic. Jorge Eduardo Vega Camargo
Executive Director Comptrollership

C.P. Nora Elia Cantú Suárez
Executive Director Accounting

- **Basis for submitting Financial Statements**

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

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

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

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

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