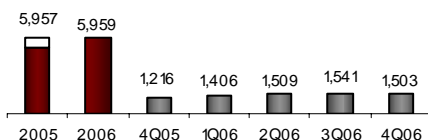
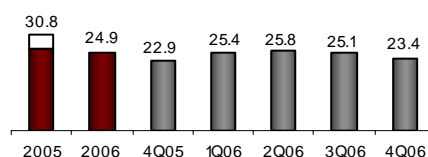


*GFNorte accumulated a net income of Ps 5,959 million in 2006.*

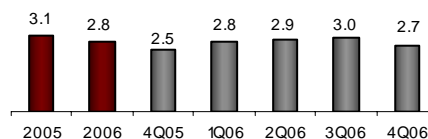
**GFNORTE's NET INCOME**  
(Millions of Pesos)



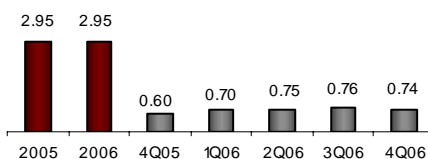
**GFNORTE % ROE**



**GFNORTE % ROA**



**GFNORTE EPS**



F

#### GRUPO FINANCIERO BANORTE

- GFNorte's **Net Income** for 2006 reached Ps 5,959 million, 17% higher than in 2005 excluding Ps 846 million of extraordinary items recorded in that period, equivalent to an annualized ROE of 24.9% and a ROA of 2.8%. The Banking Sector's contribution to net income (without the Afore Pension Fund) was Ps 4,991 million.
- The **Performing Loan portfolio** continued to grow posting a 20% YoY increase driven by solid growth in Credit Cards, Payroll loans and Mortgage loans. The asset quality continued to improve. The delinquency rate declined to 1.4%, while the reserve coverage ratio reached 172%.
- GFNorte's **Core Deposits** grew 24% YoY, with grows of 30% in Time deposits and 21% Demand deposits. This was the result of introducing and promoting demand deposit products, which have contributed to maintain a competitive cost of funding.

#### BANKING SECTOR

- On November 16, 2006, **Banorte completed the acquisition of 70% of INB Financial Corp, holding company of Inter National Bank** based in McAllen, Texas, by paying USD 259 million. This constitutes the cornerstone of our cross-border expansion program.
- On January 18, **Banorte concluded the acquisition of 100% of UniTeller**, a remittance company based in New Jersey with the payment of USD 19 million. With this acquisition, Banorte will strengthen its position in the remittance business in the United States.
- On December 18, 2006, **Banorte issued mortgage backed Securities (BORHIs) for an amount of Ps 2,047 million** at a 8.30% weighted average interest rate and a maturity of approximately 15 years, thus becoming the first bank in this type of transaction in Mexico. This issuance is the largest mortgage backed securitization transaction to date and it obtained the highest ratings from Standard & Poor's, Fitch Ratings and Moody's.
- For the second year in a row **The Banker** magazine recognized **Banorte** with the award of "**The Best Bank of the Year in Mexico**" in recognition for its performance over the past year, highlighting the growth of its loan portfolio and deposits, its high profitability and its innovation in products and services to clients.

**Contacts:**

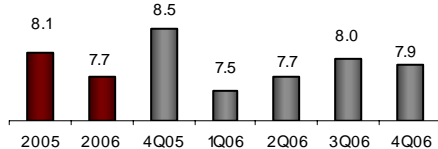
Jorge Colin  
Gabriela Renovato

(5281) 8318 50 02  
(5281) 8318 50 65

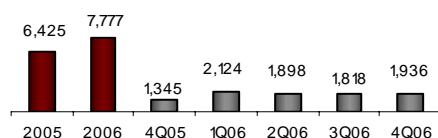
E-mail: [investor@banorte.com](mailto:investor@banorte.com)  
web page: [www.banorte.com](http://www.banorte.com)  
web cast: [www.banorte.com/ri](http://www.banorte.com/ri)

## Highlights

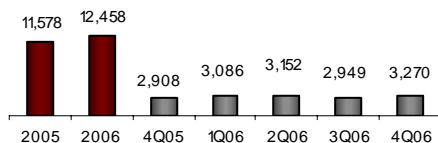
### NIM



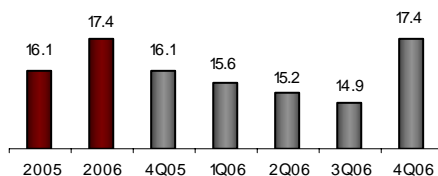
### NOT INTEREST INCOME (Millions of Pesos)



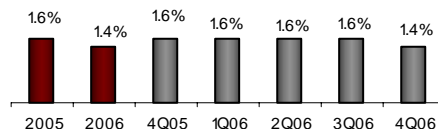
### NON INTEREST EXPENSE (Millions of Pesos)



### CAPITALIZATION RATIO



### PAST DUE LOAN RATIO



## Grupo Financiero Banorte

### Net Income

GFNorte's net income for 2006 reached Ps 5,959 million, 17% higher YoY (excluding Ps846 million in extraordinary items recorded in 2Q05), driven mainly by a 6% growth in Net Interest Income and a 21% increase in Non Interest Income.

### Net Interest Margin

In spite of a 210 bp contraction in the average 28-day TIIE rate, Net Interest Margin declined only 40 bp from 8.1% in 2005 to 7.7% in 2006. This was mainly due to higher volumes and a lower cost of funding that partially compensated the lower interest rates.

### Non Interest Income

Non Interest Income for 2006 grew 21% YoY driven by strong growth in Trading, Forex, Recovery Banking and Services, of 62%, 49%, 32% and 11%, respectively.

### Non Interest Expense

Non Interest Expense during 2006 increased 8% YoY due to higher business volume; greater personnel expenses resulting from the transfer of employees from Sólida Administradora de Portafolios (non consolidated subsidiary) to Banorte, higher volumes of business, and to expenses related to the branch expansion program.

### Capitalization

The Banking Sector's capitalization ratio increased from 16.1% in 2005 to 17.4% in 2006. The increase was mainly due to the profits generated in 2006 and the issuance of USD600 million in non-convertible subordinated debt during 4Q06 that supported the important growth in risk assets, the impact of the new rules for capital requirements issued by Mexico's Ministry of Finance that came into effect in 1Q06 and the acquisition of the INB.

### Loan Portfolio

At the close of 2006, the performing loan portfolio, excluding the one managed by the Recovery unit, reached a balance of Ps 141 billion, an increase of 20% YoY. This robust growth is mainly due to the strong performance of commercial and consumer performing loans, which grew 42% and 20%, respectively.

### Asset Quality

Despite the rapid asset growth in the loan portfolio, especially consumer loans, asset quality continued to improve as delinquency rates declined from 1.6% in 4Q05 to 1.4% in 4Q06 while the reserve coverage ratio increased from 166% to 172% YoY.

## Executive Summary

**Grupo Financiero Banorte** reported its results for 2006. Net Income reached almost Ps 6.0 billion, a 17% increase YoY (excluding Ps 846 million in extraordinary items in 2005). GFNorte's annualized Return on Equity for the year stood at 24.9%, while the ROA was 2.8%.

The Banking Sector contributed with 84% of GFNorte's Net Income, equivalent to Ps 5.0 billion, a 12% increase YoY (excluding extraordinary items for that period). This sustained growth in recurring operations in the traditional banking business is explained by solid growth and a better asset mix, as well as higher fee income.

GFNorte's average Net Interest Margin declined to 7.7% from 8.1% in 2005, as a result of a 210 bps YoY contraction in the average 28 days TIIE rate. The lower cost of funding and the growth and better asset mix partially compensated the decrease in interest rates.

Trading income increased 62% YoY. During 2006, GFNorte realized important gains from the sale of proprietary fixed income securities positions and took advantage of the market volatility to generate additional income.

Non Interest Expense increased 8% YoY. It is explained mainly by higher personnel expenses resulting from the transfer of employees from Sólida Administradora de Portafolios to Banorte; greater expenses related with more business volume associated with higher revenues; and expenses related to the branch investment program. Notwithstanding, the efficiency ratio declined from 57% in 2005 to 55% in 2006.

Total deposits, excluding off-balance sheet deposits, amounted to Ps 169 billion at the end of 2006, increasing 19% YoY. Demand deposits grew 21% and Time deposits 30%. This was the result of introducing and promoting demand deposit products and the acquisition of INB.

The loan portfolio – excluding the one managed by the Recovery Bank – continued to show a positive trend. At the end of 2006, performing loans increased 20% YoY, reaching a balance of Ps 141 billion. During 4Q06, there were some events that had offsetting impacts on the overall loan portfolio. First, two important transactions reduced the size of the portfolio: 1) a pre-payment of mortgage loans made by Fovissste for Ps 2,638 million; and 2) the securitization of mortgage loans for Ps 2,068 million. On the opposite side, the acquisition of INB had a positive impact on the portfolio, especially by increasing the balance of commercial loans, which grew 24% QoQ (42% YoY to Ps 59 billion), Corporate loans grew 14% YoY to Ps 24 billion and Government loans declined 32% YoY, and 17% QoQ, to Ps 11 billion as some state and local governments substituted bank loans with issuances in local debt capital markets.

Consumer loans continued posting strong growth. The Credit Card loan book increased 46% YoY, reaching Ps 9 billion, as a result of the continued success of the "Ya Bájale" balance transfer program and the implementation of attractive attributes to credit card products. Payroll loans grew 40% YoY, reaching Ps 5 billion. Auto loans reactivated their growth and finished the year with a balance of Ps 6 billion. The origination of new mortgages kept its dynamic pace during the year, and the balance of this portfolio grew by 14% YoY to Ps 27 billion (31% increase YoY excluding the pre-payment of Fovissste and the securitization of loans).

Non-performing loans grew 7% YoY in spite of high growth in the loan portfolio over the past twelve months. GFNorte reported Ps 2.1 billion in delinquencies, resulting in a non-performing loan ratio of 1.4%; a 20 bps decline versus the 1.6% of 4Q05. The loan loss reserves coverage ratio stood at 172%, comparing favorably with the 166% ratio reported in 2005.

The Long-term Savings Sector, which includes the Pension Fund Afore, the Insurance and Annuities companies, contributed with Ps 525 million to the Group's net income during 2006, an increase of 29% compared to 2005.

The Auxiliary Organizations Sector contributed with Ps 246 million to the Group's net income in 2006, a 30% increase vs. 2005, while the Brokerage Sector's contribution reached Ps 184 million during the same period, 138% higher than the 2005 figure.

**Grupo Financiero Banorte**

| Subsidiaries Earnings<br>(Millions of Pesos) | QUARTER      |              |              | % CHANGE      |              | ACCUMULATED  |              |             |
|--|--------------|--------------|--------------|---------------|--------------|--------------|--------------|-------------|
|  | 4Q05         | 3Q06         | 4Q06         | 4Q05          | 3Q06         | 2005         | 2006         | % CH        |
| Banco Mercantil del Norte (1)                | 1,203        | 1,253        | 1,365        | 14%           | 9%           | 4,749        | 4,122        | (13%)       |
| Banco del Centro                             | (60)         | 73           | -            | -             | -            | 553          | 868          | 57%         |
| <b>Banking Sector</b>                        | <b>1,143</b> | <b>1,327</b> | <b>1,365</b> | <b>19%</b>    | <b>3%</b>    | <b>5,302</b> | <b>4,991</b> | <b>(6%)</b> |
| <b>Brokerage Sector (Brokerage House)</b>    | <b>20</b>    | <b>33</b>    | <b>75</b>    | <b>279%</b>   | <b>127%</b>  | <b>77</b>    | <b>184</b>   | <b>138%</b> |
| Afore  | 4            | 20           | (13)         | (460%)        | (164%)       | 143          | 51           | (64%)       |
| Insurance                                    | 10           | 25           | 31           | 210%          | 24%          | 216          | 162          | (25%)       |
| Annuities                                    | (1)          | 71           | (14)         | 1,042%        | (119%)       | 48           | 311          | 548%        |
| <b>Long – Term Saving Sector</b>             | <b>12</b>    | <b>115</b>   | <b>5</b>     | <b>(61%)</b>  | <b>(96%)</b> | <b>407</b>   | <b>525</b>   | <b>29%</b>  |
| Leasing                                      | 20           | 30           | 25           | 23%           | (17%)        | 83           | 118          | 42%         |
| Factoring                                    | 13           | 18           | 21           | 62%           | 21%          | 70           | 89           | 27%         |
| Warehousing                                  | 4            | 2            | 3            | (26%)         | 78%          | 14           | 11           | (23%)       |
| Bonding                                      | 7            | 9            | 8            | 16%           | (14%)        | 24           | 29           | 23%         |
| <b>Auxiliary Organization Sector</b>         | <b>45</b>    | <b>59</b>    | <b>58</b>    | <b>29%</b>    | <b>(2%)</b>  | <b>190</b>   | <b>246</b>   | <b>30%</b>  |
| <b>Créditos Pronegocio</b>                   | <b>(8)</b>   | <b>9</b>     | <b>4</b>     | <b>N.A.</b>   | <b>(60%)</b> | <b>(19)</b>  | <b>22</b>    | <b>N.A.</b> |
| <b>G. F. Banorte [holding]</b>               | <b>5</b>     | <b>(1)</b>   | <b>(3)</b>   | <b>(170%)</b> | <b>N.A.</b>  | <b>-</b>     | <b>(8)</b>   | <b>N.A.</b> |
| <b>Total</b>                                 | <b>1,216</b> | <b>1,541</b> | <b>1,503</b> | <b>24%</b>    | <b>(3%)</b>  | <b>5,957</b> | <b>5,959</b> | <b>0%</b>   |

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

| Group's Balance Sheet Highlights<br>(Millions of Pesos) | 4Q05    | 3Q06    | 4Q06    | % CHANGE |         |
|---|---------|---------|---------|----------|---------|
|   |         |         |         | VS 4Q05  | VS 3Q06 |
| Performing loans excluding IPAB (1)                     | 119,086 | 132,545 | 141,923 | 19%      | 7%      |
| IPAB loans  | 168     | -       | -       | -        | -       |
| Past Due Loans  | 1,927   | 2,102   | 2,102   | 9%       | -       |
| Total Loans   | 121,181 | 134,647 | 144,025 | 19%      | 7%      |
| Loan Loss Reserves                                      | 3,195   | 3,606   | 3,533   | 11%      | (2%)    |
| Total Assets  | 198,098 | 208,801 | 234,437 | 18%      | 12%     |
| Total Deposits (3)                                      | 142,548 | 148,311 | 169,012 | 19%      | 14%     |
| Equity  | 22,368  | 26,420  | 27,5052 | 23%      | 4%      |
| Assets under Management (2)                             | 417,730 | 486,078 | 525,557 | 26%      | 8%      |

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

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

3) The checking accounts were excluded from IPAB where cash collecting was deposited over the managed loans from Banpais and Bancen. The balances of these accounts in 4Q05, 3Q06 and 4Q06 were Ps 608 million, Ps 482 million and Ps 526 million, respectively.

| GFNorte Share Data                          | 4Q05    | 3Q06    | 4Q06    | 2005    |         | 2006    |         |
|---|---------|---------|---------|---------|---------|---------|---------|
|   |         |         |         | 4Q05    | 3Q06    | 4Q06    | 2005    |
| Net Income per Share (2) (Pesos)            | 0.60    | 0.76    | 0.74    | 2.95    | 2.95    | 2.95    | 2.95    |
| Dividends per Share (2) (Pesos)             | 0.32    | -       | 0.375   | 0.32    | 0.375   | 0.375   | 0.375   |
| Dividend Payout (Recurrent net income)      | 24%     | -       | 15%     | 24%     | 15%     | 15%     | 15%     |
| Book Value per Share (1 (2)) (Pesos)        | 10.58   | 12.51   | 12.93   | 10.58   | 12.93   | 12.93   | 12.93   |
| Shares Outstanding (2) (Millions of Shares) | 2,018.3 | 2,018.3 | 2,018.3 | 2,018.3 | 2,018.3 | 2,018.3 | 2,018.3 |
| Price (Pesos)                               | 22.28   | 34.66   | 42.25   | 22.28   | 42.25   | 42.25   | 42.25   |
| P/BV (Times)                                | 2.11    | 2.77    | 3.27    | 2.11    | 3.27    | 3.27    | 3.27    |
| Market Cap (Millions of Dollars)            | 4,229   | 6,364   | 7,858   | 4,229   | 7,858   | 7,858   | 7,858   |

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

| Group's Financial Ratios                 | QUARTER |        |        |        |        | ACCUMULATED |        |
|--|---------|--------|--------|--------|--------|-------------|--------|
|  | 4Q05    | 1Q06   | 2Q06   | 3Q06   | 4Q06   | 2005        | 2006   |
| <b>Profitability</b>                     |         |        |        |        |        |             |        |
| NIM before Repomo (1)                    | 8.5%    | 7.5%   | 7.7%   | 8.0%   | 7.9%   | 8.1%        | 7.7%   |
| NIM adjusted by Loan Loss Provisions (2) | 7.6%    | 6.5%   | 6.7%   | 7.0%   | 6.9%   | 7.1%        | 6.8%   |
| ROA (3)                                  | 2.5%    | 2.8%   | 2.9%   | 3.0%   | 2.7%   | 3.1%        | 2.8%   |
| ROE (4)                                  | 22.9%   | 25.4%  | 25.8%  | 25.1%  | 23.4%  | 30.8%       | 24.9%  |
| ROE without extraordinary                | 22.9%   | 25.4%  | 25.8%  | 25.1%  | 23.7%  | 26.4%       | 24.9%  |
| <b>Operation</b>                         |         |        |        |        |        |             |        |
| Efficiency Ratio (5)                     | 57.2%   | 55.2%  | 57.3%  | 52.2%  | 55.5%  | 56.8%       | 55.0%  |
| Operative Efficiency Ratio (6)           | 6.0%    | 6.1%   | 6.0%   | 5.6%   | 5.9%   | 6.1%        | 5.9%   |
| Liquidity Ratio (7)                      | 56.9%   | 71.5%  | 63.3%  | 60.5%  | 63.2%  | 56.9%       | 63.2%  |
| <b>Asset Quality</b>                     |         |        |        |        |        |             |        |
| % Past Due Loans w/o Fobaproa            | 1.6%    | 1.6%   | 1.6%   | 1.6%   | 1.4%   | 1.6%        | 1.4%   |
| Loan Loss Reserves to past Due Loans     | 165.8%  | 171.3% | 174.0% | 171.6% | 171.6% | 165.8%      | 171.6% |

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

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

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

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

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

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

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

| GFNorte Income Statement<br>(Millions of Pesos)                    | QUARTER      |              |              | % CHANGE    |              | ACCUMULATED   |               |             |
|--|--------------|--------------|--------------|-------------|--------------|---------------|---------------|-------------|
|  | 4Q05         | 3Q06         | 4Q06         | 4Q05        | 3Q06         | 2005          | 2006          | % CH        |
| <b>Net Interest Income after Repomo</b>                            | <b>3,671</b> | <b>3,716</b> | <b>3,788</b> | <b>3%</b>   | <b>2%</b>    | <b>13,799</b> | <b>14,517</b> | <b>5%</b>   |
| <b>- Loan Loss and Loss Sharing Provisions</b>                     | <b>346</b>   | <b>369</b>   | <b>329</b>   | <b>(5%)</b> | <b>(11%)</b> | <b>1,506</b>  | <b>1,530</b>  | <b>2%</b>   |
| • Service  | 1,175        | 1,323        | 1,372        | 17%         | 4%           | 4,690         | 5,194         | 11%         |
| • Recovery   | 65           | 153          | 131          | 103%        | (14%)        | 655           | 867           | 32%         |
| • Foreign Exchange   | 94           | 87           | 121          | 29%         | 39%          | 286           | 426           | 49%         |
| • Trading (Securities- Realized and unrealized gains)              | 12           | 256          | 313          | 2,491%      | 22%          | 795           | 1,290         | 62%         |
| <b>+ Non Interest Income</b>                                       | <b>1,345</b> | <b>1,818</b> | <b>1,936</b> | <b>44%</b>  | <b>6%</b>    | <b>6,425</b>  | <b>7,777</b>  | <b>21%</b>  |
| <b>= Total Operating Income</b>                                    | <b>4,670</b> | <b>5,165</b> | <b>5,395</b> | <b>16%</b>  | <b>4%</b>    | <b>18,718</b> | <b>20,764</b> | <b>11%</b>  |
| - Non Interest Expense   | 2,908        | 2,949        | 3,270        | 12%         | 11%          | 11,578        | 12,458        | 8%          |
| <b>= Net Operating Income</b>                                      | <b>1,763</b> | <b>2,217</b> | <b>2,125</b> | <b>21%</b>  | <b>(4%)</b>  | <b>7,140</b>  | <b>8,306</b>  | <b>16%</b>  |
| - Non Operating Income (Expense) Net                               | (3)          | 152          | (11)         | 229%        | (107%)       | 1,084         | 200           | (82%)       |
| <b>= Pre-Tax Income</b>  | <b>1,759</b> | <b>2,369</b> | <b>2,114</b> | <b>20%</b>  | <b>(11%)</b> | <b>8,224</b>  | <b>8,507</b>  | <b>3%</b>   |
| - Income Tax & profit sharing                                      | (577)        | (948)        | (728)        | 26%         | (23%)        | (2,358)       | (3,136)       | 33%         |
| <b>= Net Income before Subsidiaries</b>                            | <b>1,183</b> | <b>1,421</b> | <b>1,385</b> | <b>17%</b>  | <b>(3%)</b>  | <b>5,866</b>  | <b>5,370</b>  | <b>(8%)</b> |
| + Undistrib. Earnings of Subsid, Extraord. Items & Minority Income | 34           | 120          | 117          | 248%        | (2%)         | 91            | 588           | 548%        |
| <b>=Net Income</b>   | <b>1,216</b> | <b>1,541</b> | <b>1,503</b> | <b>24%</b>  | <b>(3%)</b>  | <b>5,957</b>  | <b>5,959</b>  | <b>0%</b>   |

N.C. = Not Comparable

## Net Interest Income

| Net Interest Income<br>(Millions of Pesos) | QUARTER      |              |              | % CHANGE  |           | ACCUMULATED   |               |           |
|--|--------------|--------------|--------------|-----------|-----------|---------------|---------------|-----------|
|  | 4Q05         | 3Q06         | 4Q06         | 4Q05      | 3Q06      | 2005          | 2006          | % CH      |
| Interest Income                            | 9,583        | 8,518        | 8,972        | (6%)      | 5%        | 36,182        | 34,744        | (4%)      |
| Interest Expense                           | 6,027        | 4,829        | 5,174        | (14%)     | 7%        | 22,715        | 20,460        | (10%)     |
| Loan Fees                                  | 215          | 187          | 199          | (7%)      | 7%        | 609           | 736           | 21%       |
| Fees Paid                                  | 35           | 46           | 41           | 16%       | (11%)     | 125           | 166           | 32%       |
| <b>Net Interest Income before Repomo</b>   | <b>3,736</b> | <b>3,830</b> | <b>3,955</b> | <b>6%</b> | <b>3%</b> | <b>13,951</b> | <b>14,854</b> | <b>6%</b> |
| Average Earning Assets                     | 174,902      | 190,420      | 200,935      | 15%       | 6%        | 172,369       | 192,184       | 12%       |
| <b>NIM before REPOMO (1)</b>               | <b>8.5%</b>  | <b>8.0%</b>  | <b>7.9%</b>  |           |           | <b>8.1%</b>   | <b>7.7%</b>   |           |

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

During 2006, Net Interest Income before Repomo increased 6% YoY, resulting in a NIM of 7.7% vs. 8.1% during 2005. Changes in NIM are explained by the following factors:

### Increases due to:

- Annual growth of 20% in performing loans, excluding the loans managed by the Recovery unit.
- Better average loan mix throughout the year, specially in the consumer portfolio.
- Better deposit mix as a result of a 21% increase in core deposits.
- Increase of 21% in Loan fees.

### Decreases due to:

- Lower interest rates. The average 28-day Cetes rates decreased from 9.20% in 2005 to 7.20% in 2006, and the TIIE from 9.61% to 7.51%, in the same period.

Net interest income before Repomo in 4Q06 was 6% higher than that of 4Q05; reducing the NIM from 8.5% in 4Q05 to 7.9% in 4Q06, as a result of the following factors:

### Increases due to:

- The annual growth of 20% in performing loans, excluding the loans managed by the Recovery unit.
- Better average loan mix throughout the year, specially in the consumer portfolio.
- Depreciation of the Mexican peso vs. USD. The average exchange rate went from 10.67 Mexican pesos per USD in 4Q05 to 10.86 Mexican pesos per USD in 4Q06.

### Decreases due to:

- A decrease in market interest rates, as the average 28-days Cetes rate dropped from 8.63% in 4Q05 to 7.04% in 4Q06 and the TIIE rate decreased from 9.11% to 7.32% in the same period.
- Decrease of 7% in loan fees.

## Non Interest Income

| Non Interest Income<br>(Millions of Pesos) | QUARTER      |              |              | % CHANGE     |              | ACCUMULATED  |              |             |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
|  | 4Q05         | 3Q06         | 4Q06         | 4Q05         | 3Q06         | 2005         | 2006         | % CH        |
| + Fund Transfers                           | 57           | 59           | 60           | 7%           | 2%           | 196          | 232          | 18%         |
| + Account Management Fees                  | 251          | 244          | 250          | -%           | 3%           | 1,022        | 964          | (6%)        |
| + Fiduciary                                | 67           | 68           | 73           | 9%           | 7%           | 228          | 264          | 16%         |
| + Income From loan portf. acquired         | 267          | 328          | 260          | (3%)         | (21%)        | 1,467        | 1,648        | 12%         |
| + Electronic Banking Services              | 185          | 208          | 219          | 18%          | 5%           | 669          | 806          | 20%         |
| + Credit Card                              | 324          | 371          | 432          | 33%          | 16%          | 1,145        | 1,504        | 31%         |
| + From IPAB (2)                            | 57           | 7            | 2            | (96%)        | (70%)        | 198          | 25           | (87%)       |
| + Afore                                    | 216          | 307          | 185          | (14%)        | (40%)        | 1,059        | 1,006        | (5%)        |
| + Other Fees (3)                           | 245          | 243          | 346          | 41%          | 42%          | 920          | 1,139        | 24%         |
| <b>Fees on purchased services:</b>         | <b>1,669</b> | <b>1,836</b> | <b>1,827</b> | <b>9%</b>    | <b>-%</b>    | <b>6,905</b> | <b>7,588</b> | <b>10%</b>  |
| + Fund Transfers                           | 3            | 4            | 4            | 26%          | 5%           | 11           | 15           | 44%         |
| + Other Fees (1)                           | 167          | 173          | 189          | 13%          | 9%           | 567          | 706          | 24%         |
| + Expense From loan portf. acquired (1)    | 259          | 183          | 131          | (49%)        | (28%)        | 983          | 807          | (18%)       |
| <b>Fees Paid :</b>                         | <b>430</b>   | <b>360</b>   | <b>324</b>   | <b>(25%)</b> | <b>(10%)</b> | <b>1,560</b> | <b>1,528</b> | <b>(2%)</b> |
| <b>=Net Fees</b>                           | <b>1,239</b> | <b>1,476</b> | <b>1,503</b> | <b>21%</b>   | <b>2%</b>    | <b>5,345</b> | <b>6,060</b> | <b>13%</b>  |
| + Foreign Exchange                         | 94           | 87           | 121          | 29%          | 39%          | 286          | 426          | 49%         |
| + Securities- Realized gains               | 13           | 254          | 399          | 2,884%       | 57%          | 783          | 1,390        | 78%         |
| + Securities- Unrealized gains             | (1)          | 2            | (86)         | 6,537%       | (5,565%)     | 12           | (100)        | (945%)      |
| <b>Trading Income</b>                      | <b>106</b>   | <b>343</b>   | <b>433</b>   | <b>309%</b>  | <b>26%</b>   | <b>1,081</b> | <b>1,716</b> | <b>59%</b>  |
| <b>= Non Interest Income</b>               | <b>1,345</b> | <b>1,818</b> | <b>1,936</b> | <b>44%</b>   | <b>6%</b>    | <b>6,425</b> | <b>7,777</b> | <b>21%</b>  |

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

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

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

The following table shows the breakdown of Non Interest Income:

| Non Interest Income<br>(Millions of Pesos)          | QUARTER      |              |              | % CHANGE   |           | ACCUMULATED  |              |            |
|---|--------------|--------------|--------------|------------|-----------|--------------|--------------|------------|
|   | 4Q05         | 3Q06         | 4Q06         | 4Q05       | 3Q06      | 2005         | 2006         | % CH       |
| Service   | 1,175        | 1,323        | 1,372        | 17%        | 4%        | 4,690        | 5,194        | 11%        |
| Recovery  | 65           | 153          | 131          | 103%       | (14%)     | 655          | 867          | 32%        |
| Foreign Exchange                                    | 94           | 87           | 121          | 29%        | 39%       | 286          | 426          | 49%        |
| Trading (Securities- Realized and unrealized gains) | 12           | 256          | 313          | 2,491%     | 22%       | 795          | 1,290        | 62%        |
| <b>= Non Interest Income</b>                        | <b>1,345</b> | <b>1,818</b> | <b>1,936</b> | <b>44%</b> | <b>6%</b> | <b>6,425</b> | <b>7,777</b> | <b>21%</b> |

Non Interest Income in 2006 increased 21% vs. 2005 YoY, which is explained by the following factors:

### Service fees:

In 2006, service fees grew 11% YoY, showing increases in almost all items mostly due to higher transactionality: Credit Cards fees grew 31%, E-banking increased 20%, and Funds Transfers 18%. On the declining side, account management fees and Afore's fees decreased 6% and 5%, respectively. The contraction in Afore fee income is a consequence of a reduction in commissions which was partially compensated with higher Assets Under Management. Credit card fees showed solid growth despite declines in service and interbank fees during 2006. During the quarter, Service fees grew 17% compared to 2005, driven by increases in most lines except Afore fees which decreased 14%, due to fee reductions.

**Recovery:**

| Non Interest Income<br><i>(Millions of Pesos)</i> | QUARTER      |            |            | % CHANGE     |              | ACCUMULATED |            |               |
|---|--------------|------------|------------|--------------|--------------|-------------|------------|---------------|
|   | 4Q05         | 3Q06       | 4Q06       | 4Q05         | 3Q06         | 2005        | 2006       | % CH          |
| <b>SERFIN</b>                                     |              |            |            |              |              |             |            |               |
| Income  | 46           | -          | -          | -%           | -%           | 276         | 405        | 47%           |
| - Expense   | 156          | -          | -          | -%           | -%           | 265         | 122        | (54%)         |
| <b>= Net Fees from Serfin</b>                     | <b>(110)</b> | <b>-</b>   | <b>-</b>   | <b>-%</b>    | <b>-%</b>    | <b>11</b>   | <b>283</b> | <b>2,473%</b> |
| <b>LOAN PORTFOLIOS ACQUIRED</b>                   |              |            |            |              |              |             |            |               |
| Income  | 221          | 328        | 260        | 18%          | (21%)        | 1,192       | 1,243      | 4%            |
| - Expense   | 103          | 182        | 131        | 27%          | (28%)        | 718         | 685        | (5%)          |
| <b>= Net Fees from loan portfolios acquired</b>   | <b>118</b>   | <b>146</b> | <b>129</b> | <b>9%</b>    | <b>(12%)</b> | <b>474</b>  | <b>558</b> | <b>18%</b>    |
| <b>IPAB FEES</b>                                  |              |            |            |              |              |             |            |               |
| From IPAB (*)                                     | 57           | 7          | 2          | (96%)        | (71%)        | 170         | 25         | (85%)         |
| <b>= IPAB Fees</b>                                | <b>57</b>    | <b>7</b>   | <b>2</b>   | <b>(96%)</b> | <b>(71%)</b> | <b>170</b>  | <b>25</b>  | <b>(85%)</b>  |
| <b>Non Interest Income – Recovery Bank</b>        | <b>65</b>    | <b>153</b> | <b>131</b> | <b>103%</b>  | <b>(14%)</b> | <b>655</b>  | <b>867</b> | <b>32%</b>    |

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

Accumulated Non-Interest Income from the Recovery Banking business was up 32% YoY. Net fees from the Serfin Portfolio had a major increase with respect to 2005, due to a Ps \$275 million profit made through the sale of this portfolio by the IPAB in 1Q06. Earnings from purchased loans increased 18% vs. 2005 because of lower investment amortizations. Fees from IPAB showed a 85% contraction due to an important reduction in assets under management. For the quarter, income from the Recovery Banking unit increased 103% in comparison to 4Q05 mainly due to higher income derived from acquired portfolios.

**Foreign Exchange:**

Income from Forex in 2006 increased 49% YoY as a result of greater volume and larger proprietary trading. During 4Q06, Foreign Exchange income grew 29% vs. 4Q05 due to the same aforementioned reasons.

**Trading:**

Trading income in 2006 increased 62% YoY. This increase was attributable to both the monetization of long-term fixed income securities by the Treasury and proprietary trading. During 4Q06, Trading income was substantially higher than a year earlier due to good performance of the money market positions.

**Non Interest Expense**

| Non Interest Expense<br><i>(Millions of Pesos)</i> | QUARTER      |              |              | % CHANGE   |            | ACCUMULATED   |               |           |
|--|--------------|--------------|--------------|------------|------------|---------------|---------------|-----------|
|  | 4Q05         | 3Q06         | 4Q06         | 4Q05       | 3Q06       | 2005          | 2006          | % CH      |
| Personnel Expenses                                 | 1,115        | 1,022        | 1,225        | 10%        | 20%        | 4,547         | 4,785         | 5%        |
| +Professional Fees                                 | 164          | 173          | 242          | 48%        | 40%        | 679           | 826           | 22%       |
| +Administrative and Promotion Expenses             | 957          | 1,056        | 1,041        | 9%         | (1%)       | 3,539         | 3,912         | 11%       |
| +Rent, Depreciation & Amortization                 | 399          | 399          | 435          | 9%         | 9%         | 1,712         | 1,695         | (1%)      |
| +Taxes other than income tax                       | 115          | 134          | 162          | 41%        | 20%        | 476           | 580           | 22%       |
| +Contributions to IPAB                             | 157          | 165          | 165          | 5%         | -%         | 625           | 659           | 5%        |
| <b>= Non Interest Expense</b>                      | <b>2,908</b> | <b>2,949</b> | <b>3,270</b> | <b>12%</b> | <b>11%</b> | <b>11,578</b> | <b>12,458</b> | <b>8%</b> |

Non-Interest expense in 2006 increased 8% YoY mainly due to higher personnel expenses, expenses associated to the growing business volumes, outlays linked to the ongoing branch remodeling and expansion program, and those of Banorte USA derived from the acquisition of Inter National Bank. Excluding the latter, the YoY increase was 7%. Personnel expenses increased 5%, mostly as a result of the transfer of employees from Sólida to Banorte on Jan/06. Professional Fees increased 22% due to an uptick in legal and consulting fees associated to the development of new business lines, new products, and the increase of portfolio recovery expenses. Administrative and Promotional Expenses increased 11% as a consequence of higher marketing spending related to new products and expenses associated with higher business volumes. Rents, Depreciations and Amortizations declined 1% due to the conclusion of the Bancrecer integration and lower depreciation charges from technology and office equipment. Taxes other than Income Tax went up 22% due to higher investments and purchases related to the branch expansion program carried out during the period. Contributions to IPAB increased 5% YoY due to the yearly increase in deposits.



Non Interest Expense in 4Q06 increased 12% vs. 4Q05 mainly due to higher personnel expenses, outlays associated to growing business volumes, to expenses related to the ongoing branch remodeling and expansion program, and expenses attributable to Banorte USA. Excluding the latter, the increase was 10%. Personnel expenses increased 10%, mostly as a result of the transfer of employees from Sólida to Banorte on Jan/06. Professional Fees paid increased 48% derived from higher business volumes and IT projects. Administrative and Promotional Expenses increased as a consequence of higher debit and credit card origination, as well as higher insurance policy expenses tied to the increase in mortgage loans. Rent, Depreciation and Amortization expenses and Taxes other than income tax grew as a result of the investments carried out in the branch expansion program during 4Q06.

### Non Operating Income (Expense) Net

| Non Operating Income<br>(Expense)<br><i>(Millions of Pesos)</i> | QUARTER      |              |              | % CHANGE     |               | ACCUMULATED    |              |              |
|---|--------------|--------------|--------------|--------------|---------------|----------------|--------------|--------------|
|   | 4Q05         | 3Q06         | 4Q06         | 4Q05         | 3Q06          | 2005           | 2006         | % CH         |
| +Other Revenues   | 156          | 147          | 117          | (25%)        | (20%)         | 417            | 388          | (7%)         |
| +Foreign Exchange   | -            | -            | -            | -            | -             | -              | -            | -            |
| +Recoveries   | 46           | 125          | 83           | 80%          | (34%)         | 1,396          | 494          | (65%)        |
| +Repomo-other revenues  | 4            | 4            | 10           | 150%         | 150%          | 12             | 18           | 50%          |
| +Warehousing  | 245          | -            | -            | -            | -             | 1,196          | 187          | (84%)        |
| <b>=Non Operating Income</b>                                    | <b>452</b>   | <b>276</b>   | <b>209</b>   | <b>(54%)</b> | <b>(24%)</b>  | <b>3,021</b>   | <b>1,086</b> | <b>(64%)</b> |
| -Other Expenses   | (70)         | (24)         | (62)         | (11%)        | 158%          | (508)          | (342)        | (33%)        |
| -Foreign Exchange   | -            | -            | -            | -            | -             | -              | -            | -            |
| - Repomo-other expenses   | (141)        | (99)         | (159)        | 13%          | 61%           | (235)          | (357)        | 52%          |
| - Warehousing   | (244)        | -            | -            | -            | -             | (1,193)        | (187)        | (84%)        |
| <b>=Non Operating Expense</b>                                   | <b>(455)</b> | <b>(124)</b> | <b>(221)</b> | <b>(51%)</b> | <b>78%</b>    | <b>(1,936)</b> | <b>(886)</b> | <b>(54%)</b> |
| <b>= Non Operating Income (Expense)<br/>Net</b>                 | <b>(3)</b>   | <b>152</b>   | <b>(11)</b>  | <b>267%</b>  | <b>(107%)</b> | <b>1,084</b>   | <b>200</b>   | <b>(82%)</b> |

Net Non-Operating income for 2006 reached Ps 200 million, 82% below the level registered in 2005. This variation was mainly due to the following factors:

#### Other Products:

- The 2005 figure includes Ps 1,081 million in Value Added Tax (VAT) returns derived from the favorable resolution of an injunction filed by the Group subsidiaries against the VAT law in 2005.
- Recoveries from contributions made to the POS terminal project.
- 84% decline in income from inventory commercialization at the Warehousing subsidiary.

#### Other Expenses

- A Ps 106 million write off from the IPAB audits and a provision of Ps 52 million for a write off derived from IPAB prepayments in 2005.
- Increase in provisioning of Ps 19 million for other debtors.
- A Repomo increase of Ps 121 million due to higher inflation in 2006 vs. 2005 (4.05% vs. 3.33%).
- 84% decline in expenses from inventory commercialization at the Warehousing subsidiary.

The Net result in the line of Other Income/Expense for 4Q06 was minus Ps 11 million (vs. minus Ps 3 million in 4Q05), mainly as a result of lower cancellation of liabilities and other creditors, and fewer dividends received from insurance policies (reflected in the Other Revenues line), as well as to higher Recoveries and an increase in Repomo-Other Expenses.

#### **Taxes**

The effective tax and profit-sharing rate for 2006 was 37%, which was higher than the 29% recorded in 2005 mainly as a result of the depletion of Banorte's and Bancen's remaining tax shields. In 4Q06 the effective tax rate decreased to 34% as a result of the cancellation of a Ps 49 millions overprovisioning for Employees Profit Sharing scheme and Ps 55 million from tax on assets of the bank's real state companies which were transferred to the Sundry Debtors account on the Balance Sheet as part of the process to recover them.

## Loan Portfolio

| <b>PERFORMING LOAN PORTFOLIO</b> |                |                |                |                        |                        |
|----------------------------------|----------------|----------------|----------------|------------------------|------------------------|
| <i>(Millions of Pesos)</i>       | 4Q05           | 3Q06           | 4Q06           | %<br>CHANGE<br>VS 4Q05 | %<br>CHANGE<br>VS 3Q06 |
| Commercial                       | 41,069         | 47,114         | 58,565         | 43%                    | 24%                    |
| Consumer                         | 39,443         | 48,576         | 47,216         | 20%                    | (3%)                   |
| Corporate                        | 21,196         | 22,473         | 24,073         | 14%                    | 7%                     |
| Government                       | 15,849         | 13,005         | 10,783         | (32%)                  | (17%)                  |
| <b>Sub Total</b>                 | <b>117,559</b> | <b>131,168</b> | <b>140,638</b> | <b>20%</b>             | <b>7%</b>              |
| Recovery Banking                 | 1,527          | 1,377          | 1,327          | (13%)                  | (4%)                   |
| <b>Total</b>                     | <b>119,086</b> | <b>132,545</b> | <b>141,965</b> | <b>19%</b>             | <b>7%</b>              |

| <b>PERFORMING CONSUMER</b> |               |               |               |                        |                        |
|----------------------------|---------------|---------------|---------------|------------------------|------------------------|
| <i>(Millions of Pesos)</i> | 4Q05          | 3Q06          | 4Q06          | %<br>CHANGE<br>VS 4Q05 | %<br>CHANGE<br>VS 3Q06 |
| Mortgages                  | 23,293        | 29,056        | 26,503        | 14%                    | (9%)                   |
| Automobile                 | 6,132         | 6,330         | 6,339         | 3%                     | -%                     |
| Credit Card                | 6,486         | 8,505         | 9,482         | 46%                    | 11%                    |
| Electronic Payroll         | 3,532         | 4,684         | 4,894         | 39%                    | 4%                     |
| <b>Total Consumer</b>      | <b>39,443</b> | <b>48,576</b> | <b>47,216</b> | <b>20%</b>             | <b>(3%)</b>            |

| <i>(Millions of Pesos)</i> | 4Q05  | 3Q06  | 4Q06  | %<br>CHANGE<br>VS 4Q05 | %<br>CHANGE<br>VS 3Q06 |
|----------------------------|-------|-------|-------|------------------------|------------------------|
| IPAB Loans                 | 168   | -     | -     | -%                     | -%                     |
| Past Due Loans             | 1,927 | 2,102 | 2,059 | 7%                     | -%                     |

Total Performing Loans rose 19% yoy, increasing from Ps 119 billion to Ps 142 billion, and 20% when excluding the proprietary portfolio managed by the Recovery Bank. Banorte USA contributed with Ps 8.5 billion as of Dec/06. The growth by segment is explained as follows:

- Commercial loans grew by 43% YoY due to new lending to SMEs and the important contribution of INB to this segment.
- Total Consumer loans increased by 20% YoY. Mortgage loans increased by 14% YoY with 16,189 new mortgage loans originated in the past 12 months. The balance at yearend stood at Ps \$27 billion, which was negatively affected by Ps 2.1 billion from loan securitization and Ps2.7 billion of pre-payments by Fovissste. Excluding these items, growth would have been 34% YoY. The Credit Card Portfolio showed an increase of 46% due to the successful implementation of promotional programs to attract new customers (including the balance transfer program “Ya bájale con Banorte”), and increased credit card usage by our clientele. Payroll loans grew 39% with 237,805 new loans originated and Car Loans grew 3%, with 34,412 new loans granted. In 3Q05 Banorte started to offer Personal loans, which are included in the balance of Payroll loans. Personal loans ended the quarter with a Ps 1,071 million balance, as 24,345 loans were granted by Banorte in the last 12 months.
- Corporate loans increased 14% as a result of the implementation of new strategies tied to cross-selling of other products.
- The Government Portfolio declined 32%, as the result of the increased disintermediation from banks toward direct placement of debt instruments in the capital markets, as well as to pre-payments and amortizations from important State governments.
- IPAB Notes were fully paid in 2Q06 with the payments of Ps 168 billion received.
- Dollar-denominated loans had an impact from the peso depreciation vs. the US dollar at the end of the period, which went from 10.63 pesos/dollar to 10.81 pesos/dollar YoY.

In spite of this important growth in the loan portfolio, the Past Due Loan Portfolio increased 7% with respect to 4Q05. PDL´s finished the quarter with a balance of Ps 2.1 billion, equivalent to a 1.4% Past Due Loan Ratio, lower than the 1.6% reported in 4Q05.

The Performing Loan portfolio rose 7% QoQ mainly as a result of the contribution from Banorte USA of Ps 8.5 billion. By product, the growth was 24% in Commercial, 11% in Credit Card and 7% in Corporate. In contrast, Mortgages decreased by 9% due to the securitized portfolio and the pre-payments by Fovissste. The Government loan portfolio decreased 17% as a result of important pre-payments made by some state governments. The past-due loan balance remained healthy at the same level registered in the previous quarter.

### Past Due Loans Variations as of 4Q06

| Past Due Loans               |  |              |
|------------------------------|--|--------------|
| Balance as of September 2006 |  | <b>2,063</b> |
|                              | Performing loans to Past due loans transfers | 1,154        |
|                              | Renewals                                     | (7)          |
|                              | Cash Collections                             | (201)        |
|                              | Discounts                                    | (5)          |
|                              | Charge Offs                                  | (544)        |
|                              | Foreclosures                                 | (16)         |
|                              | Past due loans to Performing loans transfers | (393)        |
|                              | Exchange Adjustment                          | 7            |
| Balance as of December 2006  |  | <b>2,059</b> |

### Classified Loans

| Millions of Pesos         |                |             | LOAN LOSS RESERVES |            |            |              |
|---------------------------|----------------|-------------|--------------------|------------|------------|--------------|
| Category                  | LOANS          | %           | COMMERCIAL         | CONSUMER   | MORTGAGE   | TOTAL        |
| A                         | 43,867         | 29%         | -                  | 94         | 88         | 182          |
| A1                        | 52,336         | 35%         | 243                | -          | -          | 243          |
| A2                        | 35,580         | 24%         | 325                | -          | -          | 325          |
| B                         | 3,584          | 2%          | -                  | 119        | 76         | 195          |
| B1                        | 8,714          | 6%          | 142                | -          | -          | 142          |
| B2                        | 2,311          | 2%          | 117                | -          | -          | 117          |
| B3                        | 838            | 1%          | 89                 | -          | -          | 89           |
| C                         | 604            | -%          | -                  | 210        | 45         | 255          |
| C1                        | 313            | -%          | 71                 | -          | -          | 71           |
| C2                        | 84             | -%          | 34                 | -          | -          | 34           |
| D                         | 830            | 1%          | 38                 | 394        | 158        | 590          |
| E                         | 509            | -%          | 237                | 57         | 213        | 507          |
| <b>Total</b>              | <b>149,570</b> | <b>100%</b> |                    |            |            |              |
| Not Classified            | (64)           |             |                    |            |            |              |
| Exempted                  | 385            |             | -                  | -          | -          |              |
| <b>Total</b>              | <b>149,891</b> |             | <b>1,296</b>       | <b>874</b> | <b>580</b> | <b>2,750</b> |
| <b>Reserves</b>           | <b>43,867</b>  |             |                    |            |            | <b>3,534</b> |
| <b>Excess / (Deficit)</b> | <b>52,336</b>  |             |                    |            |            | <b>784</b>   |

#### Notes :

- 1.- The classified loans and the reserves created are based on the December 31<sup>st</sup>, 2006 Balance Sheet.
- 2.- The loan portfolio is classified in accordance with the rules issued by Secretaría de Hacienda y Crédito Público (SHCP) and the methodology established by the CNBV and those internal methodologies approved by the CNBV. For Mortgage and Consumer loans, Banorte uses the regulation described in the Official gazette published on December 02, 2005, and for Commercial loans it uses internal methodologies approved by the CNBV.
- 3.- The surplus in reserves is the result of the Institution's own conservative policies.
- 4.- Classified Leasing and Factoring loans are as of September 2006 and reserves as of December, 2006.

The quarter closed with a Ps 3,534 billion balance of Loan Loss Reserves and excess reserves of Ps 784 million.

| <b>Loan Loss Reserves</b>               | <b>4Q06</b>  |
|---|--------------|
| <i>(Millions of Pesos)</i>              | <b>Total</b> |
| <b>PREVIOUS PERIOD END BALANCE</b>      | <b>3,606</b> |
| Provision taken in the period           | 329          |
| Recovery of penalized debts             | 98           |
| UDIS trusts                             | 169          |
| Charge offs and discounts:              |              |
| Commercial Portfolio                    | (138)        |
| Consumer Portfolio                      | (288)        |
| Mortgage Portfolio                      | (152)        |
| Foreclosed assets                       | (6)          |
|   | <b>(584)</b> |
| Cost of debtors support programs        | (23)         |
| Valuation and Others                    | (60)         |
| <b>LOAN LOSS RESERVES AT PERIOD END</b> | <b>3,533</b> |

The balance of loan loss reserves increased by Ps 338 million from Ps 3.2 billion in 4Q05 to Ps 3.5 billion in 4Q06. This is equivalent to 1.5% of the growth achieved in the performing loan portfolio during the same period.

## Deposits

| <b>Deposits</b>                        | <b>4Q05</b>    | <b>3Q06</b>    | <b>4Q06</b>    | <b>%<br/>CHANGE<br/>VS 4Q05</b> | <b>%<br/>CHANGE<br/>VS 3Q06</b> |
|--|----------------|----------------|----------------|---------------------------------|---------------------------------|
| <i>(Millions of Pesos)</i>             |                |                |                |                                 |                                 |
| Demand Deposits-w/o Interests          | 29,807         | 31,336         | 35,913         | 20%                             | 15%                             |
| Demand Deposits -with Interests (2)    | 48,836         | 49,141         | 58,985         | 21%                             | 20%                             |
| <b>Demand Deposits (1)</b>             | <b>78,643</b>  | <b>80,477</b>  | <b>94,898</b>  | <b>21%</b>                      | <b>18%</b>                      |
| Time Deposits – Retail                 | 41,614         | 47,020         | 53,918         | 30%                             | 15%                             |
| <b>Core Deposits</b>                   | <b>120,257</b> | <b>127,497</b> | <b>148,816</b> | <b>24%</b>                      | <b>17%</b>                      |
| Money Market (3)                       | 22,402         | 21,018         | 20,259         | (10%)                           | (4%)                            |
| <b>Banking Sector's Total Deposits</b> | <b>142,660</b> | <b>148,515</b> | <b>169,075</b> | <b>19%</b>                      | <b>14%</b>                      |
| <b>GFNorte's Total Deposits (4)</b>    | <b>142,548</b> | <b>148,311</b> | <b>169,012</b> | <b>19%</b>                      | <b>14%</b>                      |
| Off Balance Trading                    | 106,220        | 138,983        | 133,320        | 26%                             | (4%)                            |
| <b>Assets Under Management</b>         | <b>248,880</b> | <b>287,498</b> | <b>302,395</b> | <b>22%</b>                      | <b>5%</b>                       |

(1) IPAB checking accounts where cash collecting was deposited over the managed loans from Banpaís and Bancen were excluded. The balances of these accounts in 4Q05, 3Q06 and 4Q06 were Ps 608 million, Ps 482 million and Ps 526 million, respectively.

(2) Includes Debit Cards.

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

(4) Includes the eliminations between the subsidiaries (4Q05=112 million, 3Q06=204 million and 4Q06=63 million).

Total Deposits at the end of the quarter reached Ps 169 billion, 19% higher than in 4Q05. Core Deposits increased 24%. Banorte USA contributed with Ps 14.7 billion as of Dec/06. Money Market deposits were substituted by the increase in low-cost deposits, specially in the "Enlace Global" product, and there were lower funding requirements resulting from the pre-payments from Fovissste and the mortgage loans securitization. Demand Deposits grew 21% while Time Deposits increased 30% as a result of the promotion of new products, such as: Banorte Fácil, Mujer Banorte and Paga Más. Off Balance Trading grew 26% vs 4Q05. Assets under Management reached Ps 302 billion, 22% higher than the figure reported in 4Q05.

## Banking Sector Capitalization

| <b>Capitalization</b><br>(Millions of Pesos) | <b>4Q05</b>   | <b>1Q06</b>   | <b>2Q06</b>   | <b>3Q06</b>   | <b>4Q06</b>   |
|--|---------------|---------------|---------------|---------------|---------------|
| Tier 1 Capital                               | 18,889        | 20,341        | 20,988        | 22,267        | 21,521        |
| Tier 2 Capital                               | 3,999         | 4,030         | 4,223         | 4,092         | 9,015         |
| <b>Net Capital</b>                           | <b>22,888</b> | <b>24,371</b> | <b>25,211</b> | <b>26,359</b> | <b>30,535</b> |
| Credit risk assets                           | 107,972       | 113,474       | 124,932       | 125,896       | 126,980       |
| Net Capital/ Credit Risk Assets              | 21.2%         | 21.5%         | 20.2%         | 20.9%         | 24.0%         |
| Total risk assets (1)                        | 142,327       | 155,783       | 165,502       | 177,363       | 175,723       |
| Tier 1                                       | 13.3%         | 13.1%         | 12.7%         | 12.6%         | 12.2%         |
| Tier 2                                       | 2.8%          | 2.6%          | 2.6%          | 2.3%          | 5.1%          |
| <b>Capitalization Ratio</b>                  | <b>16.1%</b>  | <b>15.6%</b>  | <b>15.2%</b>  | <b>14.9%</b>  | <b>17.4%</b>  |

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

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

At the end of 4Q06 the capitalization ratio of the Banking Sector stood at 17.4%, considering both credit and market risks, and 24% considering credit risk alone. Tier 1 capital ratio was 12.2%, while Tier 2 capital ratio stood at 5.1%. The capitalization ratio was higher than in 4Q05 due to the issuance of USD 600 million in subordinated non-convertible debentures in 4Q06 and the profits generated during the year. They supported the important YoY growth in risk weighted assets (23%). In contrast, the capitalization ratio was affected by the new rules for bank capital requirements issued by Mexico's Ministry of Finance, that came into effect as of Jan/06 and the acquisition of the Inter National Bank in 4Q06.

Stockholders' Equity for the group's holding company rose from Ps 21.3 billion in 4Q05 to Ps 26.1 billion in 4Q06, due mainly to the following factors:

- 1) Earnings generated over the past 12 months, amounting to Ps 6 billion.
- 2) The Ps 757 million cash dividend paid in 4Q06.
- 3) The increase in the Non-Monetary Assets Result, which amounted to Ps 745 million.

## Information by Sectors

### 1.- Banking Sector

| Income Statement & Balance Sheet<br><i>(Millions of Pesos)</i> | QUARTER |         |         | % CHANGE |        | ACCUMULATED |         |       |
|--|---------|---------|---------|----------|--------|-------------|---------|-------|
|  | 4Q05    | 3Q06    | 4Q06    | 4Q05     | 3Q06   | 2005        | 2006    | % CH  |
| <b><u>INCOME STATEMENT</u></b>                                 |         |         |         |          |        |             |         |       |
| Net Interest Income after Repomo                               | 3,538   | 3,550   | 3,682   | 4%       | 4%     | 13,249      | 14,061  | 6%    |
| Loan Loss and Loss Sharing Provisions                          | 326     | 369     | 318     | (2%)     | (14%)  | 1,459       | 1,510   | 4%    |
| Non Interest Income  | 1,010   | 1,396   | 1,490   | 48%      | 7%     | 4,900       | 6,024   | 23%   |
| Non Interest Expense   | 2,569   | 2,525   | 2,854   | 11%      | 13%    | 10,222      | 10,918  | 7%    |
| Non Operating Income (Expense), Net                            | 25      | 170     | (4)     | (118%)   | (103%) | 1,110       | 220     | (80%) |
| Pre-Tax Income   | 1,678   | 2,222   | 1,995   | 19%      | (10%)  | 7,577       | 7,876   | 4%    |
| Net Income   | 1,195   | 1,388   | 1,394   | 17%      | 1%     | 5,636       | 5,186   | (8%)  |
| <b><u>BALANCE SHEET</u></b>                                    |         |         |         |          |        |             |         |       |
| Performing Loan Portfolio – w/o IPAB                           | 114,415 | 127,965 | 136,759 | 19%      | 7%     | 114,415     | 136,759 | 19%   |
| Deposits   | 143,268 | 148,997 | 169,601 | 18%      | 14%    | 143,268     | 169,601 | 18%   |

| Banking Sector's Financial Ratios<br><i>(Millions of Pesos)</i> | QUARTER |        |        | ACCUMULATED |        |
|---|---------|--------|--------|-------------|--------|
|   | 4Q05    | 3Q06   | 4Q06   | 2005        | 2006   |
| <b><u>Profitability</u></b>                                     |         |        |        |             |        |
| NIM (1)   | 8.4%    | 7.9%   | 7.8%   | 8.0%        | 7.7%   |
| ROA (2)   | 2.6%    | 2.7%   | 2.6%   | 3.0%        | 2.5%   |
| ROE (3)   | 25.2%   | 25.3%  | 24.5%  | 32.1%       | 24.1%  |
| ROE without extraordinaries                                     | 25.2%   | 25.3%  | 24.5%  | 27.0%       | 24.1%  |
| <b><u>Operation</u></b>   |         |        |        |             |        |
| Efficiency Ratio (4)  | 56.0%   | 50.2%  | 53.9%  | 56.0%       | 53.7%  |
| Operative Efficiency Ratio (5)                                  | 5.5%    | 5.0%   | 5.4%   | 5.6%        | 5.4%   |
| Liquidity Ratio (6)   | 58.5%   | 61.5%  | 67.1%  | 58.5%       | 67.1%  |
| <b><u>Asset Quality</u></b>                                     |         |        |        |             |        |
| % Past Due Loans w/o Fobaproa                                   | 1.6%    | 1.5%   | 1.4%   | 1.6%        | 1.4%   |
| Loan Loss Reserves to past Due Loans                            | 167.6   | 174.9% | 175.7% | 167.6       | 175.7% |
| <b><u>rowths (7)</u></b>  |         |        |        |             |        |
| Loans w/o Fobaproa –IPAB (8)                                    | 24.8%   | 22.8%  | 19.9%  | 24.8%       | 19.9%  |
| Traditional Deposits  | 11.3%   | 16.9%  | 20.6%  | 11.3%       | 20.6%  |
| Total Deposits  | 3.7%    | 11.4%  | 18.5%  | 3.7%        | 18.5%  |
| <b><u>Capitalization</u></b>                                    |         |        |        |             |        |
| Net Capital/ Credit Risk Assets (9)                             | 21.2%   | 20.9%  | 24.0%  | 21.2%       | 24.0%  |
| Total Capitalization Ratio (9)                                  | 16.1%   | 14.9%  | 17.4%  | 16.1%       | 17.4%  |

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

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

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

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

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

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

7) Growth versus the previous period.

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

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

Net Income for 2006 in the Banking Sector (including the pension fund Afore, by equity participation method) amounted to Ps 5.2 billion, equivalent to an 8% YoY increase excluding the extraordinary items of 2005. Net Interest Income after Repomo, rose 6% vs. 2005 mostly due to a 20% growth in performing loans and a better loan mix, in spite of lower market interest rates. Loan-Loss and Loss-Sharing Provisions were 4% higher YoY. Non-interest Income grew 23% YoY as a result of higher Trading, Foreign Exchange, Recovery and Service income. Non-Interest Expense increased 7% YoY due mainly to higher personnel expenses resulting from the transfer of private banking executives from the broker-dealer (Banorte Casa de Bolsa) in Oct/05 to Banorte as well as for the employees of Solida to Banorte in Jan/06. Higher volume of operations and expenses related to the branch network expansion program had an impact on costs. Non Operating Income decreased 80% YoY primarily due to the extraordinary income from the VAT refund in 2Q05.

## Recovery Banking

| Recovery Banking Income Statement<br>(Million Pesos)                       | ACCUMULATED  |              |
|--|--------------|--------------|
|  | 2005         | 2006         |
| Net Interest Income  | 26           | (47)         |
| + REPOMO-margin  | -            | -            |
| <b>= Net Interest Income After REPOMO</b>                                  | <b>26</b>    | <b>(47)</b>  |
| - Loan Loss Provisions   | (1)          | 4            |
| <b>= Net Interest Income After Provisions</b>                              | <b>25</b>    | <b>(51)</b>  |
| + Fiduciary  | 12           | -            |
| + Fobaproa Fees (1)  | 170          | 22           |
| + Other Fees   | 972          | 1,234        |
| <b>Non Interest Income</b>   | <b>1,153</b> | <b>1,256</b> |
| <b>= Total Operating Income</b>  | <b>1,180</b> | <b>1,205</b> |
| Non Interest Expense   | 220          | 597          |
| <b>= Net Operating Income</b>  | <b>960</b>   | <b>607</b>   |
| - Other Revenues and Expenses  | 34           | -            |
| <b>= Pre-tax Income</b>  | <b>994</b>   | <b>607</b>   |
| - Income Tax & Profit Sharing, Tax on Asset, Def. Inc. Tax & Prof. Sharing | 191          | 123          |
| <b>= Net Income before Subsidiaries</b>                                    | <b>804</b>   | <b>484</b>   |
| + Undistributed Earnings of Subsidiaries                                   | 79           | 204          |
| <b>= Net Income-continuous Operation</b>                                   | <b>883</b>   | <b>689</b>   |
| + Extraordinary Items, net   | -            | -            |
| - Minority Income  | -            | -            |
| <b>= Total Net Income</b>  | <b>883</b>   | <b>689</b>   |

(1) Net Figures.  
(2) Includes Net Income From Loan Portfolios.

## Asset acquisitions in 4Q06

During 4Q06, no asset were acquired by the Recovery Banking business.

| Assets Under Management<br>(Millions of Pesos)     | 2006          | ACCOUNTING IN THE BALANCE SHEET             | ACCOUNTING IN THE INCOME STATEMENT   |
|--|---------------|---|--|
| <b>Fobaproa-IPAB: Portfolios</b>                   |               |   |  |
| Banking Sector (1)                                 | 1,401         | Out of balance trusts                       | Fees from FOBAPROA   |
| Serfin   | -             | Serfin Trust                                | Fiduciary  |
| Reposessed assets                                  | 865           | Out of balance trusts                       | Fobaproa fees and Fiduciary  |
|  | <b>2,266</b>  |   |  |
| <b>Loans purchased to IPAB and to Other Banks:</b> | <b>41,954</b> | Sólida Administradora de Portafolios Bancen | Undistributed Earnings from Subsidiaries (Sólida) and Non Interest Income (Bancen) |
| <b>Banking Sector Portfolio:(2)</b>                |               |   |  |
| Banking Sector                                     | 8,016         | Banorte's Portfolio                         | Net Interest Income  |
| Reposessed assets                                  | 6,357         | Banorte's Reposessed assets                 | Other Revenues and Expenses  |
|  | <b>14,373</b> |   |  |
| <b>Total</b>                                       | <b>58,593</b> |   |  |

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

(2) Includes Ps 1,669 millions of Portfolio managed by the Recovery Bank since 1997, originated from the economic crisis of 1995.

| Recovery Bank Contribution<br>(Millions of Pesos) | ACCUMULATED                |              |
|---|----------------------------|--------------|
|   | 2005                       | 2006         |
| Traditional Banking Net Income                    | 4,228                      | 5,270        |
| Recovery Bank Net Income                          | 883                        | 689          |
| GFNorte's Net Income                              | <b>5,111<sup>(1)</sup></b> | <b>5,959</b> |
| <b>= % of Contribution</b>                        | <b>17.3%</b>               | <b>11.6%</b> |

(1) Excludes the extraordinary items.

The Recovery Bank contributed with Ps 689 million to the Group's 2006 net profit; equivalent to 11.6% of Grupo Financiero Banorte's total net income, a lower contribution than in 2005 due to growth in traditional banking profits and a decrease in Net Income of the Recovery unit.

## 2.- Brokerage Sector

| Brokerage Sector<br>(Millions of Pesos) | QUARTER |         |         | % CHANGE |      | ACCUMULATED |         |      |
|---|---------|---------|---------|----------|------|-------------|---------|------|
|   | 4Q05    | 3Q06    | 4Q06    | 4Q05     | 3Q06 | 2005        | 2006    | % CH |
| <b>Brokerage House</b>                  |         |         |         |          |      |             |         |      |
| Net Income                              | 20      | 33      | 75      | 279%     | 127% | 77          | 184     | 138% |
| Equity                                  | 572     | 656     | 709     | 24%      | 8%   | 572         | 709     | 24%  |
| Assets under Management                 | 124,379 | 144,748 | 163,172 | 31%      | 13%  | 124,379     | 163,172 | 31%  |
| Total Assets                            | 936     | 920     | 935     | -        | 2%   | 936         | 935     | -    |
| ROE                                     | 14.0%   | 20.5%   | 43.7%   |          |      | 13.7%       | 29.2%   |      |
| <b>Net Capital</b>                      |         |         |         |          |      |             |         |      |
| Tier 1                                  | 465     | 554     | 616     | 32%      | 11%  | 465         | 616     | 32%  |
| Tier 2                                  | -       | -       | -       | -        | -    | -           | -       | -    |
| Net Capital                             | 465     | 554     | 616     | 32%      | 11%  | 465         | 616     | 32%  |

The **Brokerage Sector** (Brokerage House) registered Net Income of Ps 184 million in 2006, a 138% YoY increase, driven mainly by greater income from brokerage commissions resulting from an increase in the volume of stock market transactions, higher fees from investment banking related to successful public offerings -acting as lead agent- of State and Municipal bonds and Corporate placements, and also to gains in mark to market valuation. Mutual funds had a positive performance in 2006: assets of stock mutual funds increased by 85% and fixed income funds by 55% YoY due to the promotion of these products through the bank branch network. Total assets under management in the brokerage sector increased by 31% YoY due to synergies with other subsidiaries of the Group.

## 3.-Long Term Savings Sector

| Long Term Savings Sector<br>(Millions of pesos) | QUARTER |        |         | % CHANGE |        | ACCUMULATED |        |       |
|---|---------|--------|---------|----------|--------|-------------|--------|-------|
|   | 4Q05    | 3Q06   | 4Q06    | 4Q05     | 3Q06   | 2005        | 2006   | % CH  |
| <b>Afore</b>                                    |         |        |         |          |        |             |        |       |
| Net Income                                      | 7       | 39     | (25)    | (471%)   | (166%) | 280         | 100    | (64%) |
| Equity  | 878     | 1,004  | 979     | 11%      | (3%)   | 878         | 979    | 11%   |
| Total Assets                                    | 972     | 1,157  | 1,052   | 8%       | (9%)   | 972         | 1,052  | 8%    |
| Assets under Management (SIEFORE)               | 40,641  | 45,462 | 50,353  | 24%      | 11%    | 40,641      | 50,353 | 24%   |
| ROE   | 2.5%    | 13.6%  | -%      |          |        | 25.4%       | 12.6%  |       |
| <b>Insurance</b>                                |         |        |         |          |        |             |        |       |
| Net Income                                      | 20      | 49     | 61      | 210%     | 24%    | 424         | 318    | (25%) |
| Equity  | 1,228   | 1,459  | 1,553   | 26%      | 6%     | 1,228       | 1,553  | 26%   |
| Total Assets                                    | 5,539   | 7,972  | 7,934   | 43%      | -%     | 5,539       | 7,934  | 43%   |
| Technical Reserves                              | 3,780   | 5,352  | 5,522   | 46%      | 3%     | 3,780       | 5,522  | 46%   |
| Premiums sold                                   | 853     | 2,154  | 1,416   | 66%      | (34%)  | 4,275       | 7,216  | 69%   |
| ROE   | 6.4%    | 13.6%  | 16.1%   |          |        | 40.5%       | 22.8%  |       |
| <b>Annuities</b>                                |         |        |         |          |        |             |        |       |
| Net Income                                      | (2)     | 138    | (27)    | 1,042%   | (119%) | 94          | 610    | 548%  |
| Equity  | 334     | 971    | 943     | 183%     | (3%)   | 334         | 943    | 183%  |
| Total Assets                                    | 7,067   | 8,294  | 8,541   | 21%      | 3%     | 7,067       | 8,541  | 21%   |
| Technical Reserves                              | 6,716   | 7,305  | 7,521   | 12%      | 3%     | 6,716       | 7,521  | 12%   |
| Premiums sold                                   | 237     | 280    | 274     | 16%      | (2%)   | 874         | 993    | 14%   |
| ROE %   | (2.8%)  | 61.4%  | (11.1%) |          |        | 32.2%       | 87.2%  |       |

The **Pension Fund Afore** registered Net Income of Ps 100 million, of which 51% corresponds to Banorte's stake in this business, a decrease of 64% YoY, mainly due to higher acquisition costs per new affiliate as well as a reduction in service fees charged resulting from an increasingly competitive environment. It is worth noting that declining commissions and higher acquisition costs per new affiliate is a phenomena that has negatively affected the industry as a whole. The Afore's annual equivalent fee decreased from 3.30% at the beginning of the year to 2.36% at the end of the period, which substantially lowered the revenues for the year. As of 4Q06, the Pension Fund Afore had a total of 3,282,539 affiliates, reaching a share of 11.06% in affiliate accounts. In spite of strong competition, Assets under Management by the SIEFORE (Specialized Retirement Mutual Fund) rose 24% vs. 4Q05 as a result of a higher number of affiliates and the strategy to attract new higher income customers.

The **Insurance Company** reported a profit of Ps 318 million in 2006, of which 51% corresponds to Banorte's stake in this business,, a 25% YoY decrease in spite of the important growth registered in premiums sold. The decline is a result of an increase in claims, stronger price competition, higher technical reserves creation derived from new large clients and more taxes paid due to the depletion of tax-loss carry-forwards at the end of 2005. Premiums sold in 2006 amounted to Ps 7.2 billion, a 69% YoY increase, mainly due to the growth in sales of policies through the branch network and new large clients.



The **Annuities Company** registered Net Income of Ps 610 million in 2006, of which 51% corresponds to Banorte's stake in this business,, 548% higher YoY as a result of realized gains from the sale of fixed income securities during 2006 and from mark to market valuation on the securities portfolio. Premiums sold increased 14% YoY. The company presently ranks 2nd in the industry in terms of premiums sold.

### 3.- Auxiliary Organizations Sector

| Auxiliary Organizations Sector<br>(Millions of Pesos) | QUARTER |       |       | % CHANGE |       | ACCUMULATED |       |       |
|---|---------|-------|-------|----------|-------|-------------|-------|-------|
|   | 4Q05    | 3Q06  | 4Q06  | 4Q05     | 3Q06  | 2005        | 2006  | % CH  |
| <b>Leasing</b>  |         |       |       |          |       |             |       |       |
| Net Income  | 20      | 30    | 25    | 23%      | (17%) | 83          | 118   | 42%   |
| Equity  | 288     | 379   | 406   | 41%      | 7%    | 288         | 406   | 41%   |
| Loan Portfolio  | 2,881   | 3,142 | 3,294 | 14%      | 5%    | 2,881       | 3,294 | 14%   |
| Past Due Loans  | 33      | 21    | 22    | (34%)    | 1%    | 33          | 22    | (34%) |
| Loan Loss Reserves                                    | 43      | 43    | 42    | (3%)     | (2%)  | 43          | 42    | (3%)  |
| Total Assets  | 2,874   | 3,146 | 3,283 | 14%      | 4%    | 2,874       | 3,283 | 14%   |
| ROE   | 29.4%   | 33.3% | 25.6% |          |       | 33.6%       | 33.9% |       |
| <b>Factoring</b>                                      |         |       |       |          |       |             |       |       |
| Net Income  | 13      | 18    | 21    | 62%      | 21%   | 70          | 89    | 27%   |
| Equity  | 340     | 408   | 429   | 26%      | 5%    | 340         | 429   | 26%   |
| Loan Portfolio  | 3,999   | 4,091 | 4,132 | 3%       | 1%    | 3,999       | 4,132 | 3%    |
| Past Due Loans  | 35      | 34    | 18    | (49%)    | (47%) | 35          | 18    | (49%) |
| Loan Loss Reserves                                    | 55      | 40    | 28    | (50%)    | (31%) | 55          | 28    | (50%) |
| Total Assets  | 3,977   | 4,071 | 4,286 | 8%       | 5%    | 3,977       | 4,286 | 8%    |
| ROE   | 15.9%   | 17.8% | 20.5% |          |       | 22.6%       | 22.9% |       |
| <b>Warehousing</b>                                    |         |       |       |          |       |             |       |       |
| Net Income  | 4       | 2     | 3     | (26%)    | 78%   | 14          | 11    | (23%) |
| Equity  | 110     | 116   | 118   | 8%       | 2%    | 110         | 118   | 8%    |
| Inventories (*)                                       | 181     | -     | 81    | (55%)    | -     | 181         | 81    | (55%) |
| Total Assets  | 401     | 150   | 167   | (58%)    | 12%   | 401         | 167   | (58%) |
| ROE   | 15.5%   | 6.0%  | 10.5% |          |       | 13.2%       | 9.4%  |       |
| <b>Bonding</b>  |         |       |       |          |       |             |       |       |
| Net Income  | 7       | 9     | 8     | 16%      | (14%) | 24          | 29    | 23%   |
| Equity  | 110     | 131   | 139   | 27%      | 6%    | 110         | 139   | 27%   |
| Total Assets  | 423     | 487   | 498   | 18%      | 2%    | 423         | 498   | 18%   |
| Technical Reserves                                    | 200     | 240   | 230   | 15%      | (4%)  | 200         | 230   | 15%   |
| Premiums sold   | 66      | 53    | 51    | (23%)    | (3%)  | 255         | 243   | (4%)  |
| ROE   | 26.5%   | 29.9% | 24.1% |          |       | 24.7%       | 23.8% |       |

New Accounting Principles : Warehousing, Leasing & Factoring= Circular 1490

(\*) Accounted in Other Assets, Deferred charges and Intangibles account.

The **Leasing Company** registered Net Income of Ps 118 million during 2006, a 42% YoY increase, mostly due to 14% growth in its loan portfolio vs 4Q05, lower loan-loss provisioning due to the good quality of the loan portfolio, income of Ps 13 million from the sale of leased equipment and Ps 5 million from recoveries. The past due loan ratio and the reserve coverage ratio reached 0.7% and 191%, respectively, at the end of 4Q06. The company currently ranks 2nd among 27 leasing companies in terms of loan portfolio.

The **Factoring Company** reported Net Income of Ps 89 million in 2006, 27% higher than in 2005, mainly due to the increase in the loan portfolio and the release of loan loss reserves coming from past due loan recoveries, reaching a Ps 4.1 billion loan portfolio balance at the end of 4Q06. The past due loan portfolio closed at Ps 18 million, equivalent to a PDL ratio of 0.4%, with reserve coverage of 156%. The company presently leads the industry's 10 factoring companies in terms of volume of operations.

The **Warehousing Company** registered Net Income of Ps 11 million in 2006, 23% lower YoY primarily due to a decrease in customer inventory commercialization, resulting from a decline in operations with important clients. This has been compensated with higher warehousing services which have allowed the company to issue certificates of deposit that are used as collateral for Banorte's loans, specially to the farming sector, as well as a full occupation of our own warehouses. The Warehousing Company currently ranks 9th among the country's 20 market participants in terms of certification volume.

The **Bonding Company** reported Net Income of Ps 29 million in 2006, a 23% YoY increase, mainly as a result of lower technical reserve provisioning compared to the previous year. In the Extraordinary General Shareholders meeting of the GFNorte held on December 13<sup>th</sup>, 2006, the spin-off of Fianzas Banorte, S.A. de C.V. from the Group was approved, thus allowing the promotion of the sale of this business.

## 5.- Microcredit Sofol

| Pronegocio<br>(Millions of Pesos) | QUARTER |       |       | % CHANGE |       | ACCUMULATED |       |      |
|-----------------------------------|---------|-------|-------|----------|-------|-------------|-------|------|
|                                   | 4Q05    | 3Q06  | 4Q06  | 4Q05     | 3Q06  | 2005        | 2006  | % CH |
| <b>Pronegocio</b>                 |         |       |       |          |       |             |       |      |
| Net Income                        | (8)     | 9     | 4     | 145%     | (60%) | (19)        | 22    | 216% |
| Equity                            | 56      | 74    | 78    | 39%      | 5%    | 56          | 78    | 39%  |
| Loan Portfolio                    | 353     | 556   | 611   | 73%      | 10%   | 353         | 611   | 73%  |
| Past Due Loans                    | 16      | 39    | 58    | 263%     | 49%   | 16          | 58    | 263% |
| Loan Loss Reserves                | 6       | 11    | 17    | 165%     | 51%   | 6           | 17    | 165% |
| Total Assets                      | 366     | 565   | 653   | 78%      | 16%   | 366         | 653   | 78%  |
| ROE                               | (53.0%) | 51.4% | 18.7% |          |       | (34.0%)     | 32.5% |      |

**Pronegocio** reported Net Income of Ps 22 million in 2006 vs a Ps 19 million loss in 2005 (Pronegocio began operations in 1Q05). The turnaround came mainly from an outstanding 73% YoY loan growth, albeit from a small base, ending the quarter with a balance of Ps 611 million. The balance of past due loans at the end of 4Q06 stood at Ps 58 million, equivalent to a 9.5% PDL ratio with a reserve coverage of 29% (equivalent to 147% since Nafin guarantees 80% of the loans). As of 4Q06, Pronegocio had 76 branches in 35 cities, and 14 new branches are currently in process of being opened.



## ANNEXES

---

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

## ANNEX 1 .-Grupo Financiero- General Information

### GFNorte Ownership in Subsidiaries

|                               | 4Q06   |
|-------------------------------|--------|
| Banco Mercantil del Norte (1) | 97.06% |
| Brokerage House               | 99.99% |
| Pension Funds Afore (2)       | 51.00% |
| Insurance                     | 51.00% |
| Annuities                     | 51.00% |
| Leasing                       | 99.99% |
| Factoring                     | 99.99% |
| Warehousing                   | 99.99% |
| Bonding                       | 99.99% |
| Inter National Bank (2)       | 70.00% |
| Microcredit Sofol             | 99.99% |

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

(2) Subsidiary of Banco Mercantil del Norte.

### Holding Company Capital Structure

| Number of Shares             | SERIE O<br>As of December 2006 |
|------------------------------|--------------------------------|
| Number of shares outstanding | 2,018,347,548                  |
| Shares held on Treasury      | 0                              |

### Banorte Ratings

| International Ratings |                               |          |                                   |               |
|-----------------------|-------------------------------|----------|-----------------------------------|---------------|
| Rating Agency         | Rated Institution             | Rating   | Category                          | Date          |
| Moody's               | Banorte                       | Stable   | Outlook                           | November 2006 |
|                       |                               | D+       | Modest Financial Strength         |               |
|                       |                               | Baa1     | Foreign long - term bank deposits |               |
|                       |                               | P-2      | Foreign short- term bank deposits |               |
| Standard & Poors      | Banorte                       | A-3      | Local long - term bank deposits   | October 2006  |
|                       |                               | P-2      | Local short- term bank deposits   |               |
|                       |                               | Stable   | Outlook                           |               |
|                       |                               | BBB-     | Long Term foreign issuer credit   |               |
| Fitch                 | Banorte                       | BBB-     | Long Term local currency deposits | July 2006     |
|                       |                               | A-3      | Short term foreign issuer credit  |               |
|                       | Grupo Financiero<br>Banorte   | Positive | Short tem local issuer credit     |               |
|                       |                               | BBB-     | Outlook                           |               |
|                       |                               | F2       | Long Term Foreign currency        |               |
|                       |                               | F3       | Long Term Local currency          |               |
|                       |                               | C        | Short Term Local Currency         |               |
|                       |                               | 3        | Short Term Foreign Currency       |               |
| 5                     | Individual - Foreign Currency |          |                                   |               |
|                       | Support Rating                |          |                                   |               |
|                       | Support Rating                |          |                                   |               |

## Banorte Ratings

| Domestic Ratings          |                          |             |                                   |              |
|---------------------------|--------------------------|-------------|-----------------------------------|--------------|
| Rating Agency             | Rated Institution        | Rating      | Category                          | Date         |
| Fitch                     | Banorte                  | F1 + (mex)  | Short term counterparty risk      | July 2006    |
|                           |                          | AA (mex)    | Long term counterparty risk       |              |
|                           | Grupo Financiero Banorte | F1 + (mex)  | Short term CD's and Term Deposits | June, 2004   |
|                           |                          | AA (mex)    | Long term CD's and Term Deposits  |              |
| Moody's National Scale    | Banorte                  | AA (mex)    | Medium and Long Term              | July 2004    |
|                           |                          | F1 + (mex)  | Short Term                        |              |
|                           |                          | Aaa.mx      | Long Term Deposits                |              |
|                           | Arrendadora Banorte      | MX-1        | ShortTerm Deposits                | July 2004    |
|                           |                          | Aa1.mx      | Issue Rating in National Scale    |              |
|                           |                          | Aa1.mx      | Issue Rating in National Scale    |              |
| <b>Other Subsidiaries</b> |                          |             |                                   |              |
| Fitch                     | Sólida                   | AAFC1-(mex) | Financial Asset Administrator     | January 2007 |
|                           | Seguros Banorte Generali | AA- (mex)   | Insurance Financial Strength      | August 2002  |

## No. of Employees & Distribution Network

| EMPLOYEES                   | 4Q05          | 3Q06          | 4Q06          |
|-----------------------------|---------------|---------------|---------------|
| Banking Sector (1)          | 12,683        | 12,914        | 13,036        |
| Other Sectors (2)           | 2,329         | 2,496         | 2,567         |
| <b>Total Group</b>          | <b>15,012</b> | <b>15,410</b> | <b>15,603</b> |
| <b>DISTRIBUTION NETWORK</b> |               |               |               |
| Banking Branches            | 968           | 978           | 994           |
| - Branches in process       |               |               | 29            |
| ATM                         | 2,800         | 3,033         | 3,140         |

(1) Includes Sólida Administradora de Portafolios.

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

## Group Officers

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

## ANNEX 2 .-Accounting Changes and Regulations

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

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

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

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

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

Reposessed assets will be revalued with the adjustment of the UDI (CPI unit of account), which was generating an expense in Repomo as it was considered a monetary asset.

The recoveries made on the collection rights over loan portfolios will be applied to accounts receivable until the balance is depleted.

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

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

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

## ANNEX 3 .-Recent Events

On December 5, 2006. **Grupo Financiero Banorte and the Department of Finance of the State of Veracruz** finalized the first public offering of debt certificates based on the income from the Vehicle Property or Usage Tax for a sum in UDIS equivalent to Ps 5.2 billion.

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

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

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

| (Millions of Nominal Pesos)   | Local Currency (2) |              |              | Foreign Currency (USD) (3) |            |            | Total        |              |              |
|-------------------------------|--------------------|--------------|--------------|----------------------------|------------|------------|--------------|--------------|--------------|
|                               | ug'02              | sep'06       | Dec'06       | Aug'02                     | sep'06     | Dec'06     | lug'02       | Sep'06       | Dec'06       |
| <b>Performing Loans</b>       |                    |              |              |                            |            |            |              |              |              |
| Commercial                    | 5                  | 1            | 1            | 5                          | -          | -          | 10           | 1            | 1            |
| Consumer                      | -                  | -            | -            | -                          | -          | -          | -            | -            | -            |
| Mortgage                      | 54                 | 89           | 89           | -                          | -          | -          | 54           | 89           | 89           |
| <b>Total</b>                  | <b>59</b>          | <b>90</b>    | <b>90</b>    | <b>5</b>                   | <b>-</b>   | <b>-</b>   | <b>64</b>    | <b>90</b>    | <b>90</b>    |
| <b>Non Performing Loans</b>   |                    |              |              |                            |            |            |              |              |              |
| Commercial                    | 405                | 408          | 385          | 293                        | 128        | 126        | 698          | 536          | 511          |
| Consumer                      | 81                 | 74           | 74           | -                          | -          | -          | 81           | 74           | 74           |
| Mortgage                      | 1,112              | 522          | 504          | -                          | -          | -          | 1,112        | 522          | 504          |
| <b>Total</b>                  | <b>1,598</b>       | <b>1,004</b> | <b>963</b>   | <b>293</b>                 | <b>128</b> | <b>126</b> | <b>1,891</b> | <b>1,132</b> | <b>1,089</b> |
| <b>TOTAL LOANS</b>            | <b>1,657</b>       | <b>1,094</b> | <b>1,053</b> | <b>298</b>                 | <b>128</b> | <b>126</b> | <b>1,955</b> | <b>1,222</b> | <b>1,179</b> |
| <b>Loan Loss Reserves (1)</b> |                    |              |              |                            |            |            |              |              |              |
| Commercial                    | 326                | 390          | 368          | 246                        | 122        | 120        | 572          | 512          | 488          |
| Consumer                      | 77                 | 74           | 74           | -                          | -          | -          | 77           | 74           | 74           |
| Mortgage                      | 669                | 488          | 468          | -                          | -          | -          | 669          | 488          | 468          |
| <b>Total</b>                  | <b>1,072</b>       | <b>952</b>   | <b>910</b>   | <b>246</b>                 | <b>122</b> | <b>120</b> | <b>1,318</b> | <b>1,074</b> | <b>1,030</b> |

(1) Reserve requirements using the same classification method used for the bank.

(2) Includes UDIS.

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

Note 1.- There was a Reserve deficit of Ps 82 million as of December/06.

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

In 4Q06 the Loan portfolio showed changes due to: collections for Ps 19 million, re-structures for Ps 7 million, repossessed assets for Ps 2 millions and Ps 29 million in charge-offs and discounts. In the Loan loss provisions there were charge-offs and discounts for Ps 22 million and repossessed assets for Ps 6 million. There were transfers from performing loans to past due loans for Ps 6 million and transfers from past due loans to performing loans for Ps 10 million.



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

| (Millions of Nominal Pesos) | Local Currency <sup>(1)</sup> |                | Foreign Currency (USD) <sup>(2)</sup> |               | Total          |                |
|-----------------------------|-------------------------------|----------------|---------------------------------------|---------------|----------------|----------------|
|                             | Sep'06                        | Dec'06         | Sep'06                                | Dec'06        | Sep'06         | Dec'06         |
| <b>Performing Loans</b>     |                               |                |                                       |               |                |                |
| Commercial                  | 49,803                        | 55,833         | 9,733                                 | 17,361        | 59,536         | 73,194         |
| Financial Intermediaries    | 3,494                         | 3,761          | 837                                   | 478           | 4,331          | 4,239          |
| Consumer                    | 19,163                        | 20,570         | -                                     | 145           | 19,163         | 20,715         |
| Mortgage                    | 29,930                        | 27,128         | -                                     | 760           | 29,930         | 27,888         |
| Government Entities         | 12,297                        | 10,328         | 449                                   | 442           | 12,746         | 10,770         |
| Fobaproa / IPAB             | -                             | -              | -                                     | -             | -              | -              |
| <b>Performing Loans</b>     | <b>114,687</b>                | <b>117,620</b> | <b>11,019</b>                         | <b>19,186</b> | <b>125,706</b> | <b>136,806</b> |
| <b>Non Performing Loans</b> |                               |                |                                       |               |                |                |
| Commercial                  | 1,002                         | 986            | 173                                   | 200           | 1,175          | 1,186          |
| Consumer                    | 637                           | 682            | -                                     | 1             | 637            | 683            |
| Mortgage                    | 1,291                         | 1,221          | -                                     | 4             | 1,291          | 1,225          |
| Government Entities         | -                             | -              | -                                     | -             | -              | -              |
| <b>Non Performing Loans</b> | <b>2,930</b>                  | <b>2,889</b>   | <b>173</b>                            | <b>205</b>    | <b>3,103</b>   | <b>3,094</b>   |
| <b>TOTAL LOANS</b>          | <b>117,617</b>                | <b>120,509</b> | <b>11,192</b>                         | <b>19,391</b> | <b>128,809</b> | <b>139,900</b> |
| <b>Loan Loss Reserves</b>   | <b>4,098</b>                  | <b>3,861</b>   | <b>414</b>                            | <b>616</b>    | <b>4,512</b>   | <b>4,477</b>   |
| <b>Net Loan Portfolio</b>   | <b>113,519</b>                | <b>116,648</b> | <b>10,778</b>                         | <b>18,775</b> | <b>124,297</b> | <b>135,423</b> |
| <b>Loan Loss Reserves</b>   |                               |                |                                       |               | <b>145.4%</b>  | <b>144.7%</b>  |
| <b>% Past Due Loans</b>     |                               |                |                                       |               | <b>2.4%</b>    | <b>2.2%</b>    |

(1) Includes UDIS.

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

**ANNEX 5 .- Financial Statements**
**HOLDING –Income Statement** (Millions of Pesos)

|   | 1Q05         | 2Q05         | 3Q05         | 4Q05         | ACUM         | 1Q06         | 2Q06         | 3Q06         | 4Q06         | ACUM         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Income from Subsidiaries and Interest Expense | 1,166        | 2,181        | 1,402        | 1,213        | 5,962        | 1,410        | 1,511        | 1,544        | 1,507        | 5,970        |
| Trading Income                                | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Fees & Tariffs                                | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| REPOMO  | -            | -            | (1)          | (1)          | (2)          | (1)          | -            | (1)          | (1)          | (3)          |
| <b>Total Operating Income</b>                 | <b>1,166</b> | <b>2,181</b> | <b>1,402</b> | <b>1,212</b> | <b>5,960</b> | <b>1,409</b> | <b>1,511</b> | <b>1,543</b> | <b>1,505</b> | <b>5,967</b> |
| Operation & Administrative expenses           | 1            | -            | -            | -            | 1            | 1            | 1            | 1            | 1            | 3            |
| <b>Operatina Income</b>                       | <b>1,165</b> | <b>2,181</b> | <b>1,402</b> | <b>1,212</b> | <b>5,959</b> | <b>1,408</b> | <b>1,510</b> | <b>1,542</b> | <b>1,504</b> | <b>5,964</b> |
| Non Operating Income                          | -            | -            | -            | 7            | 7            | -            | -            | -            | -            | -            |
| Non Operating Expense                         | -            | -            | -            | (1)          | (1)          | (1)          | -            | (1)          | -            | (2)          |
| <b>Non Operatina Income</b>                   | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>7</b>     | <b>6</b>     | <b>(1)</b>   | <b>-</b>     | <b>(1)</b>   | <b>-</b>     | <b>(2)</b>   |
| <b>Pre-tax Income</b>                         | <b>1,165</b> | <b>2,181</b> | <b>1,402</b> | <b>1,212</b> | <b>5,959</b> | <b>1,406</b> | <b>1,510</b> | <b>1,541</b> | <b>1,504</b> | <b>5,962</b> |
| Income Tax & Profit Sharing                   | 2            | 2            | 3            | 2            | 8            | 1            | 1            | 1            | 1            | 3            |
| Tax on Assets                                 | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Deferred Inc. Tax and Profit sharing          | -            | -            | -            | -            | -            | -            | -            | (1)          | -            | -            |
|   | 2            | 2            | 3            | 2            | 8            | 1            | 1            | -            | 1            | 3            |
| <b>Net income from Continuos</b>              | <b>1,163</b> | <b>2,179</b> | <b>1,399</b> | <b>1,216</b> | <b>5,957</b> | <b>1,406</b> | <b>1,509</b> | <b>1,541</b> | <b>1,503</b> | <b>5,959</b> |
| Extraordinary Items, net                      | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| <b>Total Net Income</b>                       | <b>1,163</b> | <b>2,179</b> | <b>1,399</b> | <b>1,216</b> | <b>5,957</b> | <b>1,406</b> | <b>1,509</b> | <b>1,541</b> | <b>1,503</b> | <b>5,959</b> |

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

|   | 1Q05          | 2Q05          | 3Q05          | 4Q05          | 1Q06          | 2Q06          | 3Q06          | 4Q06          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Cash and due from Banks                 | 52            | 63            | 97            | 65            | 81            | 40            | 90            | 41            |
| Financial Instruments:                  | -             | 11            | -             | -             | -             | -             | -             | -             |
| Sundry debtors and other assets, net    | 4             | 4             | -             | 9             | 11            | 10            | 11            | 12            |
| Real Estate, Furniture & Equipment, net | -             | -             | -             | -             | -             | -             | -             | -             |
| Investments in subsidiaries             | 17,784        | 19,576        | 20,960        | 21,235        | 22,784        | 23,736        | 25,119        | 26,009        |
| Deferred taxes                          | -             | -             | -             | -             | -             | -             | -             | -             |
| Goodwill                                | 42            | 42            | 41            | 40            | 39            | 38            | 37            | 36            |
| Other Assets, Deferred charges, intang  | 1             | 1             | 1             | 1             | 2             | 1             | -             | -             |
| <b>TOTAL ASSETS</b>                     | <b>43</b>     | <b>42</b>     | <b>42</b>     | <b>40</b>     | <b>22,916</b> | <b>23,826</b> | <b>25,258</b> | <b>26,098</b> |
| <b>LIABILITIES</b>                      |               |               |               |               |               |               |               |               |
| <b>Due to banks and correspondents</b>  | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      |
| Income Tax & Profit Sharing             | 2             | 3             | 1             | -             | -             | -             | -             | -             |
| Other payable accounts                  | -             | -             | -             | 1             | 1             | 1             | 1             | 1             |
| <b>Other payable accounts</b>           | <b>2</b>      | <b>3</b>      | <b>1</b>      | <b>1</b>      | <b>1</b>      | <b>1</b>      | <b>1</b>      | <b>1</b>      |
| <b>Deferred taxes</b>                   | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      |
| <b>TOTAL LIABILITIES</b>                | <b>2</b>      | <b>3</b>      | <b>1</b>      | <b>1</b>      | <b>1</b>      | <b>1</b>      | <b>1</b>      | <b>1</b>      |
| <b>STOCKHOLDER'S EQUITY</b>             |               |               |               |               |               |               |               |               |
| Paid-in Capital                         | 6,025         | 6,024         | 6,025         | 11,580        | 11,583        | 11,578        | 11,580        | 11,580        |
| Share subscription premiums             | 1,790         | 1,791         | 1,790         | 1,790         | 1,790         | 1,791         | 1,794         | 1,794         |
| Subordinated Convertible Debentures     | -             | -             | -             | -             | -             | -             | -             | -             |
| <b>Subscribed Capital</b>               | <b>7,815</b>  | <b>7,815</b>  | <b>7,816</b>  | <b>13,370</b> | <b>13,373</b> | <b>13,369</b> | <b>13,374</b> | <b>13,374</b> |
| Capital Reserves                        | 1,620         | 1,745         | 1,766         | 1,741         | 1,759         | 2,016         | 2,061         | 2,062         |
| Retained Earnings                       | 17,273        | 17,135        | 17,134        | 10,916        | 16,872        | 16,580        | 16,579        | 15,816        |
| Surplus (Deficit) from securities       | -             | -             | -             | -             | -             | -             | -             | -             |
| Results of foreign operations exchange  | -             | -             | -             | -             | -             | -             | -             | -             |
| Excess (Insuf.) in capital restatement  | (6,149)       | (6,148)       | (6,147)       | (6,146)       | (6,142)       | (6,162)       | (6,159)       | (6,147)       |
| Non Mon assets results Fixed Assets     | -             | -             | -             | -             | -             | -             | -             | -             |
| Non Mon assets results Investm          | (3,840)       | (4,194)       | (4,212)       | (4,489)       | (4,353)       | (4,893)       | (5,053)       | (4,967)       |
| Adjustment in the employees pension     | -             | -             | -             | -             | -             | -             | -             | -             |
| Accumulated Deferred tax effect         | -             | -             | -             | -             | -             | -             | -             | -             |
| Net Income                              | 1,163         | 3,342         | 4,740         | 5,957         | 1,406         | 2,915         | 4,456         | 5,959         |
| <b>Earned Capital</b>                   | <b>10,067</b> | <b>11,878</b> | <b>13,283</b> | <b>7,978</b>  | <b>9,542</b>  | <b>10,456</b> | <b>11,884</b> | <b>12,723</b> |
| <b>Total Stockholder's Equity</b>       | <b>17,882</b> | <b>19,693</b> | <b>21,098</b> | <b>21,348</b> | <b>22,916</b> | <b>23,825</b> | <b>25,258</b> | <b>26,097</b> |
| <b>TOTAL LIABILITIES &amp;</b>          | <b>17,884</b> | <b>19,696</b> | <b>21,099</b> | <b>21,349</b> | <b>22,916</b> | <b>23,826</b> | <b>25,258</b> | <b>26,098</b> |

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

|                                   | 1Q05  | 2Q05  | 3Q05  | 4Q05  | 1Q06   | 2Q06   | 3Q06   | 4Q06   |
|-----------------------------------|-------|-------|-------|-------|--------|--------|--------|--------|
| Client securities held in custody | 3,960 | 3,951 | 3,926 | 3,871 | 22,916 | 23,826 | 25,258 | 26,108 |
| Other trust account items         | 118   | 118   | 117   | 116   | 1      | 1      | 1      | 1      |
|                                   | 4,078 | 4,069 | 4,043 | 3,987 | 3,826  | 3,832  | 3,786  | 3,717  |

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

|  | 1Q05         | 2Q05         | 3Q05         | 4Q05         | ACUM           | 1Q06         | 2Q06         | 3Q06         | 4Q06         | ACUM          |
|--|--------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|---------------|
| Interest Income                              | 7,572        | 9,347        | 9,680        | 9,583        | 36,182         | 8,861        | 8,392        | 8,518        | 8,972        | 34,744        |
| Interest Expense                             | 4,562        | 5,855        | 6,271        | 6,027        | 22,715         | 5,510        | 4,947        | 4,829        | 5,174        | 20,460        |
| Loan Fees                                    | 99           | 139          | 156          | 215          | 609            | 153          | 198          | 187          | 199          | 736           |
| Fees Paid                                    | 26           | 28           | 36           | 35           | 125            | 40           | 38           | 46           | 41           | 166           |
| <b>Net Interest Income (NII)</b>             | <b>3,084</b> | <b>3,603</b> | <b>3,529</b> | <b>3,736</b> | <b>13,951</b>  | <b>3,464</b> | <b>3,605</b> | <b>3,830</b> | <b>3,955</b> | <b>14,854</b> |
| Repomo-Margin                                | (35)         | (13)         | (40)         | (65)         | (153)          | (75)         | 20           | (114)        | (168)        | (336)         |
| <b>NII after Repomo</b>                      | <b>3,049</b> | <b>3,590</b> | <b>3,489</b> | <b>3,671</b> | <b>13,799</b>  | <b>3,389</b> | <b>3,625</b> | <b>3,716</b> | <b>3,788</b> | <b>14,517</b> |
| Loan Loss Provisions                         | 228          | 375          | 496          | 325          | 1,424          | 364          | 437          | 369          | 329          | 1,499         |
| Loss Sharing Provisions                      | 34           | 37           | (10)         | 21           | 82             | 18           | 14           | -            | -            | 31            |
| <b>NII after Provisions</b>                  | <b>2,786</b> | <b>3,178</b> | <b>3,004</b> | <b>3,325</b> | <b>12,293</b>  | <b>3,007</b> | <b>3,174</b> | <b>3,347</b> | <b>3,459</b> | <b>12,987</b> |
| Fund transfers                               | 39           | 50           | 51           | 57           | 196            | 53           | 59           | 59           | 60           | 232           |
| Account management                           | 255          | 263          | 253          | 251          | 1,022          | 232          | 239          | 244          | 250          | 964           |
| Fiduciary                                    | 47           | 58           | 56           | 67           | 228            | 57           | 66           | 68           | 73           | 264           |
| Income from Loan Portfolios Acquired         | 297          | 159          | 744          | 267          | 1,467          | 618          | 441          | 328          | 260          | 1,648         |
| Electronic Banking Services                  | 151          | 166          | 167          | 185          | 669            | 181          | 199          | 208          | 219          | 806           |
| Credit Card                                  | 260          | 272          | 289          | 324          | 1,145          | 337          | 363          | 371          | 432          | 1,504         |
| Fees from IPAB                               | 84           | 64           | (7)          | 57           | 198            | 9            | 7            | 7            | 2            | 25            |
| Other fees                                   | 548          | 422          | 548          | 461          | 1,979          | 550          | 514          | 550          | 531          | 2,145         |
| <b>Fees on services,</b>                     | <b>1,681</b> | <b>1,454</b> | <b>2,102</b> | <b>1,669</b> | <b>6,905</b>   | <b>2,038</b> | <b>1,887</b> | <b>1,836</b> | <b>1,827</b> | <b>7,588</b>  |
| Fund transfers                               | 3            | 2            | 3            | 3            | 11             | 4            | 4            | 4            | 4            | 15            |
| Other fees                                   | 129          | 131          | 140          | 167          | 567            | 167          | 176          | 173          | 189          | 706           |
| Expenses from Loan Portfolios Acquired       | 194          | 128          | 401          | 259          | 983            | 244          | 248          | 183          | 131          | 807           |
| <b>Fees paid,</b>                            | <b>325</b>   | <b>261</b>   | <b>544</b>   | <b>430</b>   | <b>1,560</b>   | <b>415</b>   | <b>428</b>   | <b>360</b>   | <b>324</b>   | <b>1,528</b>  |
| Foreign exchange                             | 59           | 36           | 97           | 94           | 286            | 120          | 98           | 87           | 121          | 426           |
| Securities –Realized gains                   | 90           | 543          | 136          | 13           | 783            | 556          | 182          | 254          | 399          | 1,390         |
| Securities- Unrealized gains                 | 43           | (45)         | 15           | (1)          | 12             | (174)        | 159          | 2            | (86)         | (100)         |
| <b>Market-related Income</b>                 | <b>192</b>   | <b>534</b>   | <b>248</b>   | <b>106</b>   | <b>1,081</b>   | <b>502</b>   | <b>439</b>   | <b>343</b>   | <b>433</b>   | <b>1,716</b>  |
| <b>Total Non Interest Income</b>             | <b>1,547</b> | <b>1,727</b> | <b>1,806</b> | <b>1,345</b> | <b>6,425</b>   | <b>2,124</b> | <b>1,898</b> | <b>1,818</b> | <b>1,936</b> | <b>7,777</b>  |
| <b>Total Operating Income</b>                | <b>4,334</b> | <b>4,904</b> | <b>4,810</b> | <b>4,670</b> | <b>18,718</b>  | <b>5,132</b> | <b>5,072</b> | <b>5,165</b> | <b>5,395</b> | <b>20,764</b> |
| Personnel                                    | 1,123        | 1,145        | 1,164        | 1,115        | 4,547          | 1,240        | 1,297        | 1,022        | 1,225        | 4,785         |
| Professional Fees                            | 152          | 202          | 162          | 164          | 679            | 210          | 201          | 173          | 242          | 826           |
| Administrative and Promotion Expenses        | 847          | 884          | 1,037        | 1,013        | 3,781          | 871          | 944          | 1,057        | 1,041        | 3,913         |
| Rents, depreciation and amortization         | 445          | 447          | 421          | 399          | 1,712          | 444          | 419          | 399          | 435          | 1,695         |
| Taxes, other than income tax                 | 127          | 106          | 129          | 115          | 476            | 159          | 124          | 134          | 162          | 580           |
| Contributions to IPAB                        | 156          | 156          | 156          | 157          | 625            | 161          | 168          | 165          | 165          | 659           |
| <b>Non-Interest Expense</b>                  | <b>2,806</b> | <b>2,848</b> | <b>3,017</b> | <b>2,908</b> | <b>11,578</b>  | <b>3,086</b> | <b>3,152</b> | <b>2,949</b> | <b>3,270</b> | <b>12,458</b> |
| <b>Operating Income</b>                      | <b>1,528</b> | <b>2,056</b> | <b>1,793</b> | <b>1,763</b> | <b>7,140</b>   | <b>2,045</b> | <b>1,919</b> | <b>2,217</b> | <b>2,125</b> | <b>8,306</b>  |
| Other Revenues                               | 400          | 581          | 229          | 401          | 1,613          | 162          | 149          | 147          | 117          | 575           |
| Foreign exchange                             | -            | -            | -            | -            | -              | -            | -            | -            | -            | -             |
| Recoveries                                   | 37           | 1,264        | 48           | 46           | 1,396          | 150          | 136          | 125          | 83           | 494           |
| Repomo-other revenues                        | 2            | 4            | 1            | 4            | 12             | 4            | -            | 4            | 10           | 18            |
| <b>Non Operating Income</b>                  | <b>440</b>   | <b>1,849</b> | <b>279</b>   | <b>452</b>   | <b>3,021</b>   | <b>316</b>   | <b>285</b>   | <b>276</b>   | <b>209</b>   | <b>1,086</b>  |
| Other Expense                                | (367)        | (848)        | (172)        | (314)        | (1,701)        | (207)        | (236)        | (24)         | (62)         | (529)         |
| Foreign exchange                             | -            | -            | -            | -            | -              | -            | -            | -            | -            | -             |
| Repomo-other Expenses                        | (34)         | (13)         | (47)         | (141)        | (235)          | (104)        | 5            | (99)         | (159)        | (357)         |
| <b>Non Operating Expense</b>                 | <b>(401)</b> | <b>(861)</b> | <b>(219)</b> | <b>(455)</b> | <b>(1,936)</b> | <b>(311)</b> | <b>(231)</b> | <b>(124)</b> | <b>(221)</b> | <b>(886)</b>  |
| <b>Non Operating Income (Expense), net</b>   | <b>39</b>    | <b>988</b>   | <b>60</b>    | <b>(3)</b>   | <b>1,084</b>   | <b>5</b>     | <b>54</b>    | <b>152</b>   | <b>(11)</b>  | <b>200</b>    |
| <b>Pre-tax Income</b>                        | <b>1,567</b> | <b>3,045</b> | <b>1,853</b> | <b>1,759</b> | <b>8,224</b>   | <b>2,050</b> | <b>1,974</b> | <b>2,369</b> | <b>2,114</b> | <b>8,507</b>  |
| Income Tax                                   | 182          | 411          | 413          | 677          | 1,683          | 464          | 477          | 726          | 607          | 2,274         |
| Profit sharing                               | 140          | 288          | 152          | 120          | 700            | 131          | 146          | 176          | 195          | 649           |
| Tax on Assets                                | 9            | 9            | 9            | (26)         | -              | -            | -            | -            | -            | -             |
| Deferred Inc. Tax and Profit sharing         | 105          | 151          | (87)         | (193)        | (24)           | 131          | 112          | 45           | (74)         | 213           |
| <b>Net Income before subsidiaries</b>        | <b>1,130</b> | <b>2,187</b> | <b>1,367</b> | <b>1,183</b> | <b>5,866</b>   | <b>1,325</b> | <b>1,238</b> | <b>1,421</b> | <b>1,385</b> | <b>5,370</b>  |
| Subsidiaries' net income                     | 120          | 89           | 125          | 86           | 420            | 151          | 304          | 189          | 153          | 797           |
| <b>Net Income from continuous operations</b> | <b>1,250</b> | <b>2,275</b> | <b>1,492</b> | <b>1,268</b> | <b>6,286</b>   | <b>1,476</b> | <b>1,542</b> | <b>1,611</b> | <b>1,538</b> | <b>6,168</b>  |
| Extraordinary items, net                     | -            | -            | -            | -            | -              | -            | -            | -            | -            | -             |
| Minority Interest                            | 87           | 97           | 93           | 52           | 329            | 71           | 33           | 69           | 36           | 209           |
| <b>TOTAL NET INCOME</b>                      | <b>1,163</b> | <b>2,179</b> | <b>1,399</b> | <b>1,216</b> | <b>5,957</b>   | <b>1,406</b> | <b>1,509</b> | <b>1,541</b> | <b>1,503</b> | <b>5,959</b>  |

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

|   | 1Q05           | 2Q05           | 3Q05           | 4Q05           | 1Q06           | 2Q06           | 3Q06           | 4Q06           |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Cash and due from Banks</b>          | <b>37,542</b>  | <b>41,708</b>  | <b>37,880</b>  | <b>40,402</b>  | <b>39,972</b>  | <b>40,418</b>  | <b>41,649</b>  | <b>43,403</b>  |
| Negotiable Instruments                  | 5,491          | 6,733          | 4,354          | 9,369          | 14,683         | 15,196         | 8,945          | 15,015         |
| Securities held for sale                | 290            | 259            | 263            | 141            | 5,339          | 1,262          | 1,946          | 6,254          |
| Securities held to maturity             | 10,590         | 13,115         | 12,992         | 12,815         | 4,550          | 4,557          | 4,473          | 4,403          |
| <b>Financial Instruments:</b>           | <b>16,371</b>  | <b>20,107</b>  | <b>17,609</b>  | <b>22,324</b>  | <b>24,572</b>  | <b>21,015</b>  | <b>15,363</b>  | <b>25,672</b>  |
| Non-assigned securities to pay          | -              | -              | -              | -              | -              | -              | -              | -              |
| Repurchase agreements, net              | 74             | 98             | 69             | 163            | 122            | 112            | 111            | 25             |
| Operations with collateral              | -              | -              | -              | -              | -              | -              | -              | -              |
| Futures receivable, net                 | -              | -              | -              | -              | -              | -              | -              | -              |
| Options and derivatives, net            | 39             | -              | 293            | 487            | 566            | 230            | 1,158          | 19             |
| <b>Repos &amp; Derivatives :</b>        | <b>114</b>     | <b>99</b>      | <b>362</b>     | <b>650</b>     | <b>688</b>     | <b>342</b>     | <b>1,269</b>   | <b>44</b>      |
| Commercial                              | 51,577         | 51,939         | 54,417         | 60,263         | 60,477         | 65,841         | 67,492         | 80,292         |
| Financial Intermediaries                | 423            | 1,916          | 2,141          | 2,046          | 2,306          | 1,992          | 2,125          | 2,373          |
| Consumer                                | 12,749         | 13,988         | 15,114         | 16,157         | 17,001         | 18,603         | 19,524         | 20,718         |
| Mortgage                                | 20,496         | 21,758         | 22,965         | 24,771         | 26,328         | 28,511         | 30,399         | 27,798         |
| Government Entities                     | 19,325         | 13,753         | 14,004         | 15,849         | 14,890         | 13,292         | 13,005         | 10,784         |
| IPAB                                    | 7,474          | 7,445          | 2,683          | 168            | 171            | -              | -              | -              |
| Fiduciary collection rights             | -              | -              | -              | -              | -              | -              | -              | -              |
| <b>Performing Loans</b>                 | <b>112,045</b> | <b>110,800</b> | <b>111,323</b> | <b>119,254</b> | <b>121,174</b> | <b>128,239</b> | <b>132,545</b> | <b>141,966</b> |
| Commercial                              | 658            | 696            | 754            | 699            | 719            | 741            | 744            | 730            |
| Financial Intermediaries                | -              | -              | -              | -              | -              | -              | -              | -              |
| Consumer                                | 350            | 386            | 394            | 429            | 443            | 522            | 573            | 609            |
| Mortgage                                | 866            | 809            | 816            | 799            | 775            | 766            | 784            | 721            |
| Government Entities                     | 9              | -              | -              | -              | -              | -              | -              | -              |
| <b>Past Due Loans</b>                   | <b>1,883</b>   | <b>1,890</b>   | <b>1,964</b>   | <b>1,927</b>   | <b>1,937</b>   | <b>2,029</b>   | <b>2,102</b>   | <b>2,059</b>   |
| <b>Total Loans</b>                      | <b>113,928</b> | <b>112,690</b> | <b>113,287</b> | <b>121,181</b> | <b>123,111</b> | <b>130,268</b> | <b>134,647</b> | <b>144,025</b> |
| Preventive loan loss reserves           | 2,902          | 3,035          | 3,246          | 3,195          | 3,318          | 3,531          | 3,606          | 3,533          |
| <b>Net Loan Portfolio</b>               | <b>111,025</b> | <b>109,655</b> | <b>110,041</b> | <b>117,986</b> | <b>119,793</b> | <b>126,737</b> | <b>131,041</b> | <b>140,492</b> |
| Credit Assets Portfolio                 | 2,027          | 1,890          | 3,162          | 3,367          | 3,856          | 4,014          | 3,821          | 3,618          |
| Sundry debtors and other assets, net    | 5,242          | 8,120          | 9,050          | 2,900          | 8,017          | 8,096          | 5,393          | 5,639          |
| Foreclosed assets, net                  | 441            | 435            | 525            | 465            | 367            | 304            | 279            | 316            |
| Real Estate, Furniture & Equipment, net | 6,221          | 5,964          | 5,840          | 5,919          | 5,826          | 5,838          | 5,909          | 6,646          |
| Investments in subsidiaries             | 2,138          | 2,211          | 2,324          | 2,319          | 2,449          | 2,728          | 2,935          | 3,175          |
| Deferred taxes                          | 705            | 337            | 417            | 420            | 260            | -              | -              | -              |
| Deferred charges & Intangibles          | 1,698          | 1,520          | 1,179          | 1,346          | 1,268          | 1,253          | 1,143          | 5,441          |
| <b>Other Assets</b>                     | <b>18,472</b>  | <b>20,476</b>  | <b>22,497</b>  | <b>16,736</b>  | <b>22,043</b>  | <b>22,233</b>  | <b>19,479</b>  | <b>24,825</b>  |
| <b>TOTAL ASSETS</b>                     | <b>183,523</b> | <b>192,045</b> | <b>188,389</b> | <b>198,098</b> | <b>207,068</b> | <b>210,745</b> | <b>208,801</b> | <b>234,437</b> |

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

|  | 1Q05           | 2Q05           | 3Q05           | 4Q05           | 1Q06           | 2Q06           | 3Q06           | 4Q06           |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Demand Deposits                        | 67,808         | 70,763         | 68,905         | 79,205         | 78,544         | 83,214         | 80,917         | 95,401         |
| Time Deposits                          | 60,666         | 60,002         | 64,807         | 63,951         | 66,076         | 65,287         | 67,877         | 74,136         |
| Bonds                                  | -              | -              | -              | -              | -              | -              | -              | -              |
| <b>Deposits</b>                        | <b>128,474</b> | <b>130,765</b> | <b>133,712</b> | <b>143,156</b> | <b>144,621</b> | <b>148,500</b> | <b>148,793</b> | <b>169,538</b> |
| Demand                                 | 1,344          | 2,465          | 1,320          | 2,671          | 547            | 1,616          | 816            | 988            |
| Short term                             | 8,530          | 9,668          | 4,992          | 5,768          | 4,853          | 5,009          | 5,079          | 5,903          |
| Long term                              | 11,976         | 12,181         | 12,229         | 11,945         | 11,361         | 13,205         | 12,733         | 9,959          |
| <b>Due to banks and correspondents</b> | <b>21,851</b>  | <b>24,314</b>  | <b>18,541</b>  | <b>20,384</b>  | <b>16,761</b>  | <b>19,830</b>  | <b>18,628</b>  | <b>16,850</b>  |
| Non-assigned securities to pay         | -              | -              | -              | -              | -              | -              | -              | -              |
| Repurchase agreements, net             | 91             | 166            | 403            | 347            | 423            | 189            | 354            | 235            |
| Operations with collateral             | -              | -              | -              | -              | -              | -              | -              | -              |
| Futures receivable, net                | -              | -              | -              | -              | -              | -              | -              | -              |
| Options and derivatives, net           | 3              | 9              | 283            | 465            | 530            | 190            | 1,100          | 2              |
| <b>Repos &amp; Derivatives:</b>        | <b>94</b>      | <b>174</b>     | <b>686</b>     | <b>813</b>     | <b>953</b>     | <b>378</b>     | <b>1,454</b>   | <b>237</b>     |
| Income Tax & Profit Sharing            | 388            | 1,010          | 1,389          | 1,773          | 658            | 678            | 1,100          | 1,277          |
| Other Payable accounts                 | 8,839          | 10,062         | 6,833          | 4,786          | 15,240         | 11,402         | 7,451          | 7,449          |
| <b>Other payable accounts</b>          | <b>9,227</b>   | <b>11,072</b>  | <b>8,222</b>   | <b>6,558</b>   | <b>15,898</b>  | <b>12,079</b>  | <b>8,551</b>   | <b>8,726</b>   |
| Subordinated non Convertible Debenture | 4,914          | 4,866          | 4,830          | 4,744          | 4,713          | 4,760          | 4,670          | 11,366         |
| Deferred Taxes                         | -              | -              | -              | -              | -              | 161            | 205            | 144            |
| Deferred credits                       | 52             | 50             | 96             | 75             | 108            | 103            | 79             | 71             |
| <b>TOTAL LIABILITIES</b>               | <b>164,612</b> | <b>171,241</b> | <b>166,087</b> | <b>175,730</b> | <b>183,055</b> | <b>185,812</b> | <b>182,381</b> | <b>206,932</b> |
| <b>STOCKHOLDER'S EQUITY</b>            |                |                |                |                |                |                |                |                |
| Paid-in Capital                        | 6,025          | 6,024          | 6,025          | 11,580         | 11,583         | 11,578         | 11,580         | 11,580         |
| Share subscription premiums            | 1,790          | 1,791          | 1,790          | 1,790          | 1,790          | 1,791          | 1,794          | 1,794          |
| Subordinated Convertible Debentures    | -              | -              | -              | -              | -              | -              | -              | -              |
| <b>Subscribed Capital</b>              | <b>7,815</b>   | <b>7,815</b>   | <b>7,816</b>   | <b>13,370</b>  | <b>13,373</b>  | <b>13,369</b>  | <b>13,374</b>  | <b>13,374</b>  |
| Capital Reserves                       | 1,620          | 1,745          | 1,766          | 1,741          | 1,759          | 2,016          | 2,061          | 2,062          |
| Retained Earnings                      | 17,273         | 17,135         | 17,134         | 10,916         | 16,872         | 16,580         | 16,579         | 15,816         |
| Surplus (Deficit) from securities      | -              | -              | -              | -              | -              | -              | -              | -              |
| Results of foreign operations exchange | -              | -              | -              | -              | -              | -              | -              | -              |
| Excess (Insuf.) in capital restatement | (6,149)        | (6,148)        | (6,147)        | (6,147)        | (6,142)        | (6,162)        | (6,159)        | (6,147)        |
| Non Mon assets results Fixed Assets    | -              | -              | -              | -              | -              | -              | -              | -              |
| Non Mon assets results Investm         | (3,840)        | (4,194)        | (4,212)        | (4,489)        | (4,353)        | (4,893)        | (5,053)        | (4,967)        |
| Adjustment in the employees pension    | -              | -              | -              | -              | -              | -              | -              | -              |
| Accumulated Deferred tax effect        | -              | -              | -              | -              | -              | -              | -              | -              |
| Net Income                             | 1,163          | 3,342          | 4,740          | 5,957          | 1,406          | 2,915          | 4,456          | 5,959          |
| <b>Earned Capital</b>                  | <b>10,067</b>  | <b>11,878</b>  | <b>13,283</b>  | <b>7,978</b>   | <b>9,542</b>   | <b>10,456</b>  | <b>11,884</b>  | <b>12,723</b>  |
| Minority Holdings                      | 1,028          | 1,111          | 1,204          | 1,020          | 1,097          | 1,108          | 1,162          | 1,408          |
| <b>Total Stockholder's Equity</b>      | <b>18,911</b>  | <b>20,804</b>  | <b>22,302</b>  | <b>22,368</b>  | <b>24,013</b>  | <b>24,933</b>  | <b>26,420</b>  | <b>27,505</b>  |
| <b>TOTAL LIABILITIES &amp;</b>         | <b>183,523</b> | <b>192,045</b> | <b>188,389</b> | <b>198,098</b> | <b>207,068</b> | <b>210,745</b> | <b>208,801</b> | <b>234,437</b> |

**MEMORANDUM ACCOUNTS OF GRUPO FINANCIERO BANORTE CONSOLIDATED**

| <i>(Millions of Pesos)</i>                  | 1Q05           | 2Q05           | 3Q05           | 4Q05           | 1Q06           | 2Q06           | 3Q06           | 4Q06           |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>ON BEHALF OF THIRD PARTY</b>             |                |                |                |                |                |                |                |                |
| Customers' banks                            | 9              | 13             | 51             | 14             | 13             | 14             | 9              | 11             |
| Dividends receivable from customers         | -              | -              | -              | -              | -              | -              | -              | -              |
| Interest receivable from customers          | -              | -              | -              | -              | -              | -              | -              | -              |
| Liquidation of customer transactions        | 103            | (194)          | (243)          | (130)          | 721            | 687            | 445            | 419            |
| Customer loans                              | -              | -              | -              | -              | -              | -              | -              | -              |
| Liquidation with foreign currencies of      | -              | -              | -              | -              | -              | -              | -              | -              |
| Margin accounts in futures operations       | -              | -              | -              | -              | -              | -              | -              | -              |
| Other current accounts                      | -              | -              | -              | -              | -              | -              | -              | -              |
| <b>CUSTOMERS CURRENT ACCOUNT</b>            | <b>112</b>     | <b>(181)</b>   | <b>(192)</b>   | <b>(116)</b>   | <b>734</b>     | <b>700</b>     | <b>453</b>     | <b>430</b>     |
| Client securities held in custody           | 119,651        | 118,385        | 121,339        | 123,849        | 128,830        | 128,828        | 144,362        | 162,764        |
| Securities and documents received in        | -              | -              | 45             | -              | -              | -              | -              | -              |
| Client securities abroad                    | -              | -              | -              | -              | -              | -              | -              | -              |
| <b>CLIENT SECURITIES</b>                    | <b>119,651</b> | <b>118,385</b> | <b>121,384</b> | <b>123,849</b> | <b>128,830</b> | <b>128,828</b> | <b>144,362</b> | <b>162,764</b> |
| Repurchase operations for customers         | 32,341         | 35,133         | 30,970         | 26,328         | 27,762         | 34,061         | 37,102         | 22,027         |
| Clients securities loans                    | -              | -              | 45             | -              | -              | -              | -              | -              |
| Purchase of Futures & forward contracts     | -              | -              | -              | -              | -              | -              | -              | -              |
| Sale of futures and forward contracts       | -              | -              | -              | -              | -              | -              | -              | -              |
| Purchasing operations (option price)        | -              | -              | 177            | 163            | 116            | 16             | -              | -              |
| Sales operations (option price)             | -              | -              | -              | -              | -              | -              | -              | -              |
| Purchase of derivative packages             | -              | -              | -              | -              | -              | -              | -              | -              |
| Sale of derivative packages                 | -              | -              | -              | -              | -              | -              | -              | -              |
| Administration trusts                       | 1,950          | 2,907          | 2,478          | 2,886          | 2,719          | 2,630          | 2,460          | 2,768          |
| <b>TRANSACTIONS ON BEHALF CLIENT</b>        | <b>34,290</b>  | <b>38,040</b>  | <b>33,670</b>  | <b>29,378</b>  | <b>29,997</b>  | <b>36,708</b>  | <b>39,562</b>  | <b>24,795</b>  |
| <b>TOTAL ON BEHALF OF THIRD PARTY</b>       | <b>154,054</b> | <b>156,244</b> | <b>154,861</b> | <b>153,110</b> | <b>159,560</b> | <b>166,236</b> | <b>184,378</b> | <b>187,990</b> |
| Signature guarantees granted                | 64             | 63             | 63             | 28             | -              | -              | -              | 33             |
| Issuing of irrevocable letters of credit    | 2,283          | 1,993          | 1,803          | 2,260          | 2,266          | 2,171          | 2,366          | 3,420          |
| Property in trust and guardianship          | 70,841         | 69,436         | 70,659         | 70,596         | 71,990         | 72,478         | 75,658         | 84,355         |
| Assets held in custody or in administration | 78,813         | 81,132         | 84,934         | 86,815         | 91,307         | 91,757         | 93,177         | 93,378         |
| Amounts committed to operations with        | 675            | 981            | 818            | 623            | 670            | 1,151          | 482            | 526            |
| In Transit drafts                           | -              | -              | -              | -              | -              | -              | -              | -              |
| Certificates of Deposit in circulation      | 646            | 509            | 406            | 765            | 469            | 534            | 446            | 1,186          |
| Secured Credit Cards from the company       | -              | -              | -              | -              | -              | -              | -              | -              |
| Securities given to the company in custody  | 232            | 285            | 253            | 221            | 204            | 259            | 241            | 204            |
| Government securities in custody of the     | 86             | 1              | 259            | 387            | 391            | 146            | 234            | 292            |
| Securities given to the company on          | -              | -              | -              | -              | -              | -              | -              | -              |
| Securities outside the country              | -              | -              | -              | -              | -              | -              | -              | -              |
| Liquidations with foreign currencies abroad | -              | -              | -              | -              | -              | -              | -              | -              |
| Debits to the contingency fund              | -              | -              | -              | -              | -              | -              | -              | -              |
| Other contingent obligations                | 3,778          | 1,217          | 1,200          | 1,184          | 265            | 268            | 266            | 262            |
| Banking transactions on behalf of third-    | 105,840        | 116,722        | 111,054        | 93,686         | 107,035        | 110,668        | 104,179        | 92,723         |
| Investments in funds for the retirem.saving | -              | -              | -              | -              | -              | -              | -              | -              |
| Integration of the credit portfolio         | -              | -              | -              | -              | -              | -              | -              | -              |
| Amounts contracted in derivative            | 258,013        | 42,033         | -              | -              | -              | -              | -              | -              |
| Other trust account items                   | -              | -              | -              | -              | -              | -              | -              | -              |
| <b>OWN ACCOUNT OPERATIONS</b>               | <b>521,269</b> | <b>314,373</b> | <b>271,449</b> | <b>256,565</b> | <b>274,597</b> | <b>279,432</b> | <b>277,048</b> | <b>276,379</b> |
| Repurchase agreements                       | -              | -              | -              | -              | -              | -              | -              | -              |
| Securities to be received                   | 182,960        | 211,578        | 244,684        | 249,802        | 242,825        | 234,403        | 214,294        | 198,373        |
| (Less) Securities to be delivered           | (183,009)      | (211,599)      | (244,988)      | (250,075)      | (243,159)      | (234,453)      | (214,611)      | (198,583)      |
| <b>REPURCHASE TRANSACTIONS-</b>             | <b>(49)</b>    | <b>(21)</b>    | <b>(304)</b>   | <b>(273)</b>   | <b>(334)</b>   | <b>(50)</b>    | <b>(317)</b>   | <b>(211)</b>   |
| Securities to be received                   | 45,845         | 44,180         | 69,446         | 74,048         | 68,862         | 52,735         | 33,111         | 19,518         |
| (Less) securities to be delivered           | (45,813)       | (44,226)       | (69,476)       | (73,960)       | (68,828)       | (52,761)       | (33,038)       | (19,518)       |
| <b>REPURCHASE TRANSACTIONS- SOLD</b>        | <b>32</b>      | <b>(46)</b>    | <b>(30)</b>    | <b>88</b>      | <b>33</b>      | <b>(27)</b>    | <b>74</b>      | <b>1</b>       |
| <b>TOTAL ON OWN ACCOUNT</b>                 | <b>521,252</b> | <b>314,306</b> | <b>271,115</b> | <b>256,380</b> | <b>274,296</b> | <b>279,356</b> | <b>276,805</b> | <b>276,169</b> |

**GRUPO FINANCIERO BANORTE CONSOLIDATED STATEMENT OF CASH FLOW**  
 JANUARY 1, 2006 - DECEMBER 31, 2006  
 (Millions of Pesos)

| <b>CASH FLOW FROM OPERATING ACTIVITIES :</b>                                   |                |
|--|----------------|
| <b>Net Income</b>  | <b>5,959</b>   |
| <b>Adjustments to Reconcile Net Income to Net Cash by Operating Activities</b> |                |
| Mark to Market Valuation Results   | 170            |
| Provisions for loan losses   | 1,530          |
| Depreciation and amortization  | 888            |
| Defferred Taxes  | 213            |
| Provisions for Obligations   | (44)           |
| Minoritary Interest  | 209            |
| Undistributed Earnings of Subsidiaries   | (797)          |
|  | <b>2,169</b>   |
| <b>Cash Flows From Investing Activities:</b>                                   |                |
| Banks Deposits   | 26,378         |
| Decrease (Increase) loan portfolio   | (24,033)       |
| Decrease (Increase) credit assets portfolio                                    | (251)          |
| Decrease (Increase) treasury operations  | (3,517)        |
| Decrease (Increase) financial instruments                                      | 30             |
| Loans from banks and other entities  | (3,534)        |
| Decrease (Increase) Deferred taxes   | 350            |
| Decrease (Increase) in accounts receivable and payable                         | (526)          |
| <b>Net Resources provided by operations</b>                                    | <b>(5,103)</b> |
| <b>Financial Activities:</b>   |                |
| Subordinated Debentures Issue and Interest                                     | 6,622          |
| Issuance of stock  | 30             |
| Cash Dividends   | (763)          |
| <b>Net Resources provided by Investing activities</b>                          | <b>5,889</b>   |
| <b>CASH FLOW FROM FINANCING ACTIVITIES :</b>                                   |                |
| Fixed Assets increase  | (1,327)        |
| Proceeds from issuance of common stock   | (348)          |
| Decrease (Increase) Deferred charges or credits                                | (4,387)        |
| Decrease (Increase) Foreclosed assets  | 149            |
| <b>Net Cash provided by financing activities</b>                               | <b>(5,913)</b> |
| <b>Decrease (increase) in cash and due from banks</b>                          | <b>3,001</b>   |
| <b>Cash and due from banks at the beginning of the year</b>                    | <b>40,402</b>  |
| <b>Cash and due from banks at the end of the year</b>                          | <b>43,403</b>  |

**GRUPO FINANCIERO BANORTE**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**JANUARY 1, 2006- DECEMBER 31, 2006.**  
(Millions of Pesos)

|                                       | <b>CONTRIBUTED CAPITAL</b>        |                                   |                   |
|---------------------------------------|-----------------------------------|-----------------------------------|-------------------|
|                                       | Fixed Paid-in Capital<br>Variable | Paid-in Capital<br>Premium, Bonds | & oth. Securities |
| <b>Balance as of December 31,2005</b> | <b>3,592</b>                      | <b>7,989</b>                      | <b>1,790</b>      |
| <b>Stock Changes</b>                  |                                   |                                   |                   |
| Issuance of stock                     | -                                 | (1)                               | 4                 |
| Profits Capitalization                | -                                 | -                                 | -                 |
| Provisions Created                    | -                                 | -                                 | -                 |
| Increments in Capital                 | -                                 | -                                 | -                 |
| <b>Total</b>                          | <b>-</b>                          | <b>(1)</b>                        | <b>4</b>          |
| <b>Total Income</b>                   |                                   |                                   |                   |
| Total Income:                         |                                   |                                   |                   |
| Net Income                            | -                                 | -                                 | -                 |
| Results of assets holdings            | -                                 | -                                 | -                 |
| Minority Interest                     | -                                 | -                                 | -                 |
| <b>Total</b>                          | <b>-</b>                          | <b>-</b>                          | <b>-</b>          |
| <b>Balance as of December 31,2006</b> | <b>3,592</b>                      | <b>7,988</b>                      | <b>1,794</b>      |

|                                       | <b>EARNED CAPITAL</b>   |                      |   |  |                              |                                | <b>Total<br/>Stockholder<br/>s' Equity</b> |
|---------------------------------------|-------------------------|----------------------|---|--|------------------------------|--------------------------------|--|
|                                       | Capital<br>Reserve<br>s | Retained<br>earnings | Excess if<br>Insuf.<br>Capital<br>Restatement | Non Monetary<br>Assets Results<br>(Investment) | Net<br>Income<br>of the year | Minorit<br>ary<br>Intere<br>st |  |
| <b>Balance as of December 31,2005</b> | <b>1,741</b>            | <b>10,916</b>        | <b>(6,147)</b>                                | <b>(4,489)</b>                                 | <b>5,957</b>                 | <b>1,020</b>                   | <b>22,369</b>                              |
| <b>Stock Changes</b>                  |                         |                      |   |  |                              |                                |  |
| Issuance of stock                     | 27                      | -                    | -   | -  | -                            | -                              | 30   |
| Profits Application                   | -                       | 5,957                | -   | -  | (5,957)                      | -                              | -  |
| Provisions created                    | 294                     | (294)                | -   | -  | -                            | -                              | -  |
| Cash Dividends                        | -                       | (763)                | -   | -  | -                            | -                              | (763)                                      |
| Increments in Capital                 | -                       | -                    | -   | -  | -                            | -                              | -  |
| <b>Total</b>                          | <b>321</b>              | <b>4,900</b>         | <b>-</b>                                      | <b>-</b>                                       | <b>(5,957)</b>               | <b>-</b>                       | <b>(733)</b>                               |
| <b>Total Income</b>                   |                         |                      |   |  |                              |                                |  |
| Total Income:                         |                         |                      |   |  |                              |                                |  |
| Net Income                            | -                       | -                    | -   | -  | 5,959                        | -                              | 5,959                                      |
| Results of assets holdings            | -                       | -                    | -   | (478)  | -                            | -                              | (478)                                      |
| <b>Total</b>                          | <b>-</b>                | <b>-</b>             | <b>-</b>                                      | <b>(478)</b>                                   | <b>5,959</b>                 | <b>-</b>                       | <b>5,481</b>                               |
| Minority Interest                     | -                       | -                    | -   | -  | -                            | 388                            | 388  |
| <b>Balance as of December 31,2006</b> | <b>2,062</b>            | <b>15,816</b>        | <b>(6,147)</b>                                | <b>(4,967)</b>                                 | <b>5,959</b>                 | <b>1,408</b>                   | <b>27,505</b>                              |



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

| NET INTEREST INCOME                    | 1Q05         | 2Q05         | 3Q05         | 4Q05         | ACUM         | 1Q06         | 2Q06         | 3Q06         | 4Q06         | ACUM          | % 4Q06<br>VS 3Q06 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------------|
| Interest Income                        | 7,495        | 8,941        | 9,230        | 9,226        | 34,892       | 8,554        | 8,004        | 8,057        | 8,430        | 33,045        | 4.6%              |
| Interest Expense                       | 4,615        | 5,593        | 5,983        | 5,829        | 22,020       | 5,284        | 4,677        | 4,559        | 4,780        | 19,301        | 4.9%              |
| Loan Fees                              | 99           | 136          | 151          | 210          | 596          | 148          | 192          | 181          | 193          | 714           | 6.6%              |
| Fees Paid                              | 26           | 28           | 36           | 31           | 121          | 36           | 34           | 40           | 37           | 147           | (7.3%)            |
| <b>Net Interest Income (NII)</b>       | <b>2,954</b> | <b>3,456</b> | <b>3,363</b> | <b>3,576</b> | <b>13,34</b> | <b>3,382</b> | <b>3,485</b> | <b>3,638</b> | <b>3,805</b> | <b>14,311</b> | <b>4.6%</b>       |
| Repomo-Margin                          | (25)         | (9)          | (27)         | (38)         | (99)         | (54)         | 16           | (88)         | (123)        | (249)         | 39.6%             |
| <b>NII after Repomo</b>                | <b>2,928</b> | <b>3,447</b> | <b>3,335</b> | <b>3,538</b> | <b>13,24</b> | <b>3,328</b> | <b>3,502</b> | <b>3,550</b> | <b>3,682</b> | <b>14,061</b> | <b>3.7%</b>       |
| Loan Loss Provisions                   | 225          | 370          | 477          | 305          | 1,377        | 362          | 430          | 369          | 318          | 1,479         | (13.7%)           |
| Loss Sharing Provisions                | 34           | 37           | (10)         | 21           | 82           | 18           | 14           | -            | -            | 31            | -                 |
| <b>NII after Provisions</b>            | <b>2,669</b> | <b>3,040</b> | <b>2,869</b> | <b>3,212</b> | <b>11,79</b> | <b>2,948</b> | <b>3,058</b> | <b>3,181</b> | <b>3,363</b> | <b>12,550</b> | <b>5.7%</b>       |
| Fund transfers                         | 39           | 50           | 51           | 57           | 196          | 53           | 59           | 59           | 60           | 232           | 1.7%              |
| Account management                     | 255          | 263          | 253          | 251          | 1,022        | 232          | 239          | 244          | 250          | 964           | 2.6%              |
| Fiduciary                              | 47           | 58           | 56           | 67           | 228          | 57           | 66           | 68           | 73           | 264           | 7.4%              |
| Income from Loan Portfolios Acquired   | 297          | 159          | 744          | 267          | 1,467        | 618          | 441          | 328          | 260          | 1,648         | (20.8%)           |
| Electronic Banking Services            | 151          | 166          | 167          | 185          | 669          | 181          | 199          | 208          | 219          | 806           | 5.2%              |
| Credit Card                            | 260          | 272          | 289          | 324          | 1,145        | 337          | 363          | 371          | 432          | 1,504         | 16.4%             |
| Fees from IPAB                         | 84           | 64           | (7)          | 57           | 198          | 9            | 7            | 7            | 2            | 25            | (70.3%)           |
| Other fees                             | 133          | 129          | 119          | 135          | 518          | 127          | 164          | 129          | 158          | 579           | 22.5%             |
| <b>Fees on services,</b>               | <b>1,266</b> | <b>1,161</b> | <b>1,673</b> | <b>1,344</b> | <b>5,444</b> | <b>1,614</b> | <b>1,538</b> | <b>1,415</b> | <b>1,455</b> | <b>6,022</b>  | <b>2.8%</b>       |
| Fund transfers                         | 3            | 2            | 3            | 3            | 11           | 4            | 4            | 4            | 4            | 15            | 5.4%              |
| Other fees                             | 120          | 124          | 132          | 158          | 535          | 160          | 170          | 165          | 186          | 681           | 12.8%             |
| Expenses from Loan Portfolios Acquired | 194          | 128          | 401          | 259          | 983          | 244          | 248          | 183          | 131          | 807           | (28.3%)           |
| <b>Fees paid,</b>                      | <b>317</b>   | <b>255</b>   | <b>536</b>   | <b>420</b>   | <b>1,528</b> | <b>408</b>   | <b>423</b>   | <b>351</b>   | <b>321</b>   | <b>1,503</b>  | <b>(8.7%)</b>     |
| Foreign exchange                       | 63           | 40           | 105          | 105          | 314          | 139          | 131          | 107          | 133          | 511           | 24.3%             |
| Securities -Realized gains             | 55           | 509          | 94           | (16)         | 641          | 477          | 95           | 221          | 305          | 1,099         | 37.9%             |
| Securities- Unrealized gains           | 47           | (46)         | 30           | (3)          | 28           | (187)        | 161          | 4            | (83)         | (105)         | (2,457.8%)        |
| <b>Market-related Income</b>           | <b>165</b>   | <b>504</b>   | <b>229</b>   | <b>86</b>    | <b>984</b>   | <b>429</b>   | <b>387</b>   | <b>332</b>   | <b>356</b>   | <b>1,504</b>  | <b>7.2%</b>       |
| <b>Total Non Interest Income</b>       | <b>1,114</b> | <b>1,410</b> | <b>1,366</b> | <b>1,010</b> | <b>4,900</b> | <b>1,635</b> | <b>1,502</b> | <b>1,396</b> | <b>1,490</b> | <b>6,024</b>  | <b>6.7%</b>       |
| <b>Total Operating Income</b>          | <b>3,783</b> | <b>4,450</b> | <b>4,235</b> | <b>4,222</b> | <b>16,69</b> | <b>4,583</b> | <b>4,560</b> | <b>4,577</b> | <b>4,853</b> | <b>18,574</b> | <b>6.0%</b>       |
| Personnel                              | 1,029        | 1,062        | 1,076        | 1,077        | 4,244        | 1,193        | 1,256        | 993          | 1,188        | 4,629         | 19.6%             |
| Professional Fees                      | 146          | 191          | 147          | 142          | 625          | 191          | 178          | 150          | 211          | 729           | 40.8%             |
| Administrative and Promotion           | 673          | 647          | 811          | 768          | 2,899        | 712          | 731          | 794          | 807          | 3,044         | 2.7%              |
| Rents, depreciation and amortization   | 378          | 378          | 351          | 337          | 1,445        | 372          | 346          | 325          | 354          | 1,398         | 8.9%              |
| Taxes, other than income tax           | 109          | 85           | 103          | 87           | 384          | 132          | 98           | 99           | 129          | 458           | 31.1%             |
| Contributions to IPAB                  | 156          | 156          | 156          | 157          | 625          | 161          | 168          | 165          | 165          | 659           | 0.2%              |
| <b>Non-Interest Expense</b>            | <b>2,491</b> | <b>2,519</b> | <b>2,644</b> | <b>2,569</b> | <b>10,22</b> | <b>2,761</b> | <b>2,777</b> | <b>2,525</b> | <b>2,854</b> | <b>10,918</b> | <b>13.0%</b>      |
| <b>Operating Income</b>                | <b>1,292</b> | <b>1,931</b> | <b>1,591</b> | <b>1,653</b> | <b>6,467</b> | <b>1,822</b> | <b>1,783</b> | <b>2,052</b> | <b>1,999</b> | <b>7,656</b>  | <b>(2.6%)</b>     |
| Other Revenues                         | 114          | 62           | 91           | 194          | 462          | 63           | 80           | 166          | 135          | 445           | (18.5%)           |
| Foreign exchange                       | -            | -            | -            | -            | -            | -            | -            | -            | -            | -             | -                 |
| Recoveries                             | 36           | 1,257        | 48           | 38           | 1,380        | 140          | 125          | 123          | 75           | 463           | (39.5%)           |
| Repomo-other revenues                  | 3            | 3            | 1            | 2            | 8            | 1            | -            | 1            | 2            | 4             | 62.0%             |
| <b>Non Operating Income</b>            | <b>153</b>   | <b>1,322</b> | <b>140</b>   | <b>234</b>   | <b>1,849</b> | <b>203</b>   | <b>205</b>   | <b>291</b>   | <b>212</b>   | <b>911</b>    | <b>(27.1%)</b>    |
| Other Expense                          | (80)         | (322)        | (36)         | (70)         | (507)        | (104)        | (152)        | (23)         | (60)         | (339)         | 161.9%            |
| Foreign exchange                       | -            | -            | -            | -            | -            | -            | -            | -            | -            | -             | -                 |
| Repomo-other Expenses                  | (34)         | (13)         | (47)         | (139)        | (232)        | (103)        | 5            | (97)         | (156)        | (351)         | 60.4%             |
| <b>Non Operating Expense</b>           | <b>(114)</b> | <b>(335)</b> | <b>(82)</b>  | <b>(209)</b> | <b>(739)</b> | <b>(207)</b> | <b>(147)</b> | <b>(120)</b> | <b>(216)</b> | <b>(690)</b>  | <b>79.7%</b>      |
| <b>Non Operating Income (Expense),</b> | <b>40</b>    | <b>988</b>   | <b>57</b>    | <b>25</b>    | <b>1,110</b> | <b>(3)</b>   | <b>58</b>    | <b>170</b>   | <b>(4)</b>   | <b>220</b>    | <b>(102.6%)</b>   |
| <b>Pre-tax Income</b>                  | <b>1,332</b> | <b>2,919</b> | <b>1,648</b> | <b>1,678</b> | <b>7,577</b> | <b>1,819</b> | <b>1,841</b> | <b>2,222</b> | <b>1,995</b> | <b>7,876</b>  | <b>(10.2%)</b>    |
| Income Tax                             | 103          | 377          | 311          | 689          | 1,480        | 399          | 442          | 691          | 569          | 2,101         | (17.7%)           |
| Profit sharing                         | 140          | 288          | 150          | 114          | 691          | 128          | 141          | 173          | 182          | 624           | 4.9%              |
| Tax on Assets                          | 9            | 9            | 9            | (26)         | -            | -            | -            | -            | -            | -             | -                 |
| Deferred Inc. Tax and Profit sharing   | 122          | 152          | (41)         | (233)        | (1)          | 138          | 119          | 45           | (74)         | 228           | (263.0%)          |
|  | <b>373</b>   | <b>825</b>   | <b>428</b>   | <b>544</b>   | <b>2,170</b> | <b>665</b>   | <b>702</b>   | <b>910</b>   | <b>676</b>   | <b>2,952</b>  | <b>(25.7%)</b>    |
| <b>Net Income before subsidiaries</b>  | <b>959</b>   | <b>2,093</b> | <b>1,221</b> | <b>1,135</b> | <b>5,407</b> | <b>1,154</b> | <b>1,139</b> | <b>1,313</b> | <b>1,318</b> | <b>4,924</b>  | <b>0.5%</b>       |
| Subsidiaries' net income               | 87           | 13           | 70           | 60           | 229          | 76           | 35           | 75           | 83           | 269           | 10.0%             |
| <b>Net Income from continuos</b>       | <b>1,045</b> | <b>2,106</b> | <b>1,290</b> | <b>1,195</b> | <b>5,637</b> | <b>1,230</b> | <b>1,174</b> | <b>1,388</b> | <b>1,401</b> | <b>5,193</b>  | <b>1.0%</b>       |
| Extraordinary items, net               | -            | -            | -            | -            | -            | -            | -            | -            | -            | -             | -                 |
| Minority Interest                      | -            | -            | -            | -            | -            | -            | -            | -            | 7            | 7             | -                 |
| <b>TOTAL NET INCOME</b>                | <b>1,045</b> | <b>2,106</b> | <b>1,290</b> | <b>1,195</b> | <b>5,636</b> | <b>1,230</b> | <b>1,174</b> | <b>1,388</b> | <b>1,394</b> | <b>5,186</b>  | <b>0.5%</b>       |

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

N.C.= Not comparable

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

|   | 1Q05          | 2Q05           | 3Q05          | 4Q05           | 1Q06           | 2Q06           | 3Q06           | 4Q06           | % 4Q06<br>VS 3Q06 |
|---|---------------|----------------|---------------|----------------|----------------|----------------|----------------|----------------|-------------------|
| <b>Cash and due from Banks</b>          | <b>37,110</b> | <b>41,136</b>  | <b>37,170</b> | <b>40,348</b>  | <b>39,736</b>  | <b>40,151</b>  | <b>41,397</b>  | <b>43,075</b>  | <b>4.1%</b>       |
| Negotiable Instruments                  | 5,171         | 6,443          | 4,095         | 9,010          | 14,269         | 14,788         | 8,464          | 14,518         | 71.5%             |
| Securities held for sale                | 290           | 259            | 263           | 141            | 5,339          | 1,262          | 1,946          | 6,254          | 221.5%            |
| Securities held to maturity             | 10,590        | 13,115         | 12,992        | 12,815         | 4,550          | 4,557          | 4,473          | 4,403          | (1.6%)            |
| <b>Financial Instruments:</b>           | <b>16,051</b> | <b>19,817</b>  | <b>17,349</b> | <b>21,966</b>  | <b>24,157</b>  | <b>20,607</b>  | <b>14,882</b>  | <b>25,175</b>  | <b>69.2%</b>      |
| Non-assigned securities to pay          | -             | -              | -             | -              | -              | -              | -              | -              | -                 |
| Repurchase agreements, net              | 49            | 69             | 57            | 134            | 104            | 97             | 33             | 14             | (58.0%)           |
| Operations with collateral              | -             | -              | -             | -              | -              | -              | -              | -              | -                 |
| Futures receivable, net                 | -             | -              | -             | -              | -              | -              | -              | -              | -                 |
| Options and derivatives, net            | 39            | -              | 28            | 236            | 360            | 213            | 1,158          | 19             | (98.3%)           |
| <b>Repos &amp; Derivatives :</b>        | <b>88</b>     | <b>69</b>      | <b>85</b>     | <b>370</b>     | <b>464</b>     | <b>310</b>     | <b>1,191</b>   | <b>33</b>      | <b>(97.2%)</b>    |
| Commercial                              | 46,455        | 46,548         | 49,081        | 53,877         | 54,730         | 59,328         | 60,648         | 73,236         | 20.7%             |
| Financial Intermediaries                | 1,676         | 3,155          | 3,583         | 3,804          | 4,312          | 4,231          | 4,413          | 4,239          | (3.9%)            |
| Consumer                                | 12,749        | 13,988         | 15,114        | 16,155         | 17,001         | 18,601         | 19,521         | 20,715         | 6.1%              |
| Mortgage                                | 20,496        | 21,758         | 22,965        | 24,771         | 26,328         | 28,511         | 30,399         | 27,798         | (8.6%)            |
| Government Entities                     | 19,275        | 13,697         | 13,955        | 15,808         | 14,855         | 13,264         | 12,984         | 10,770         | (17.0%)           |
| IPAB                                    | 7,474         | 7,445          | 2,683         | 168            | 171            | -              | -              | -              | (206.3%)          |
| Fiduciary collection rights             | -             | -              | -             | -              | -              | -              | -              | -              | -                 |
| <b>Performing Loans</b>                 | <b>108,12</b> | <b>106,592</b> | <b>107,37</b> | <b>114,583</b> | <b>117,397</b> | <b>123,935</b> | <b>127,965</b> | <b>136,759</b> | <b>6.8%</b>       |
| Commercial                              | 615           | 639            | 671           | 616            | 652            | 666            | 651            | 633            | 3.7%              |
| Financial Intermediaries                | -             | -              | -             | -              | -              | -              | -              | -              | 100.0%            |
| Consumer                                | 350           | 386            | 394           | 429            | 443            | 522            | 573            | 609            | 6.2%              |
| Mortgage                                | 866           | 809            | 816           | 799            | 775            | 766            | 784            | 721            | (8.0%)            |
| Government Entities                     | 9             | -              | -             | -              | -              | -              | -              | -              | -                 |
| <b>Past Due Loans</b>                   | <b>1,840</b>  | <b>1,833</b>   | <b>1,881</b>  | <b>1,844</b>   | <b>1,869</b>   | <b>1,954</b>   | <b>2,008</b>   | <b>1,962</b>   | <b>(0.2%)</b>     |
| <b>Total Loans</b>                      | <b>109,96</b> | <b>108,425</b> | <b>109,26</b> | <b>116,426</b> | <b>119,266</b> | <b>125,890</b> | <b>129,973</b> | <b>138,721</b> | <b>6.7%</b>       |
| Preventive loan loss reserves           | 2,836         | 2,964          | 3,157         | 3,091          | 3,220          | 3,434          | 3,512          | 3,447          | (1.9%)            |
| <b>Net Loan Portfolio</b>               | <b>107,12</b> | <b>105,461</b> | <b>106,10</b> | <b>113,336</b> | <b>116,046</b> | <b>122,456</b> | <b>126,461</b> | <b>135,274</b> | <b>7.0%</b>       |
| Credit Assets Portfolio                 | 2,027         | 1,890          | 3,162         | 3,367          | 3,856          | 4,014          | 3,821          | 3,618          | (5.3%)            |
| Sundry debtors and other assets, net    | 5,014         | 7,970          | 8,809         | 2,512          | 7,753          | 7,818          | 5,140          | 5,416          | 5.4%              |
| Foreclosed assets, net                  | 441           | 435            | 524           | 465            | 362            | 304            | 279            | 316            | 13.3%             |
| Real Estate, Furniture & Equipment, net | 5,508         | 5,250          | 5,157         | 5,251          | 5,092          | 5,087          | 5,140          | 5,809          | 13.0%             |
| Investments in subsidiaries             | 1,546         | 1,539          | 1,586         | 1,325          | 1,391          | 1,411          | 1,461          | 1,559          | 6.7%              |
| Deferred taxes                          | 752           | 401            | 440           | 482            | 338            | -              | -              | -              | -                 |
| Deferred charges & Intangibles          | 1,009         | 872            | 723           | 782            | 825            | 893            | 793            | 5,006          | 531.1%            |
| UDIS Mortgage loans reserve coverage    | -             | -              | -             | -              | -              | -              | -              | -              | -                 |
| <b>Other Assets</b>                     | <b>16,297</b> | <b>18,358</b>  | <b>20,401</b> | <b>14,184</b>  | <b>19,617</b>  | <b>19,527</b>  | <b>16,635</b>  | <b>21,724</b>  | <b>30.6%</b>      |
| <b>TOTAL ASSETS</b>                     | <b>176,67</b> | <b>184,840</b> | <b>181,11</b> | <b>190,203</b> | <b>200,020</b> | <b>203,050</b> | <b>200,567</b> | <b>225,282</b> | <b>12.3%</b>      |

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

|  | 1Q05           | 2Q05           | 3Q05           | 4Q05           | 1Q06           | 2Q06           | 3Q06           | 4Q06           | % 4Q06<br>VS 3Q06 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|
| Demand Deposits                        | -              | 70,805         | 68,949         | 79,251         | 78,575         | 83,271         | 80,959         | 95,424         | 17.9%             |
| Time Deposits                          | 60,811         | 60,076         | 64,941         | 64,016         | 66,207         | 65,398         | 68,038         | 74,177         | 9.0%              |
| Bonds                                  | -              | -              | -              | -              | -              | -              | -              | -              | -                 |
| <b>Deposits</b>                        | <b>128,666</b> | <b>130,881</b> | <b>133,890</b> | <b>143,268</b> | <b>144,782</b> | <b>148,669</b> | <b>148,997</b> | <b>169,601</b> | <b>13.8%</b>      |
| Demand                                 | 1,344          | 2,465          | 1,320          | 2,671          | 547            | 1,616          | 816            | 988            | 21.0%             |
| Short term                             | 5,785          | 6,868          | 2,830          | 2,667          | 2,829          | 2,654          | 2,461          | 2,475          | 0.6%              |
| Long term                              | 10,718         | 10,837         | 10,720         | 10,415         | 9,942          | 11,745         | 11,267         | 8,512          | (24.5%)           |
| <b>Due to banks and correspondents</b> | <b>17,847</b>  | <b>20,170</b>  | <b>14,870</b>  | <b>15,752</b>  | <b>13,318</b>  | <b>16,015</b>  | <b>14,544</b>  | <b>11,975</b>  | <b>(17.7%)</b>    |
| Non-assigned securities to pay         | -              | -              | -              | -              | -              | -              | -              | -              | -                 |
| Repurchase agreements, net             | 69             | 140            | 391            | 318            | 409            | 176            | 279            | 221            | (20.9%)           |
| Operations with collateral             | -              | -              | -              | -              | -              | -              | -              | -              | -                 |
| Futures receivable, net                | -              | -              | -              | -              | -              | -              | -              | -              | -                 |
| Options and derivatives, net           | 3              | 9              | 6              | 207            | 324            | 173            | 1,100          | 2              | (99.8%)           |
| <b>Repos &amp; Derivatives:</b>        | <b>72</b>      | <b>148</b>     | <b>397</b>     | <b>525</b>     | <b>734</b>     | <b>349</b>     | <b>1,379</b>   | <b>222</b>     | <b>(83.9%)</b>    |
| Income Tax & Profit Sharing            | 286            | 910            | 1,187          | 1,733          | 578            | 576            | 972            | 1,156          | 19.0%             |
| Other Payable accounts                 | 8,521          | 9,763          | 6,509          | 4,542          | 14,866         | 10,970         | 7,046          | 7,055          | 0.1%              |
| <b>Other payable accounts</b>          | <b>8,807</b>   | <b>10,673</b>  | <b>7,695</b>   | <b>6,275</b>   | <b>15,444</b>  | <b>11,546</b>  | <b>8,017</b>   | <b>8,211</b>   | <b>2.4%</b>       |
| Subordinated non Convertible Debenture | 4,914          | 4,866          | 4,830          | 4,744          | 4,713          | 4,760          | 4,670          | 11,366         | 143.4%            |
| Deferred Taxes                         | -              | -              | -              | -              | -              | 90             | 135            | 76             | (44.1%)           |
| Deferred credits                       | 63             | 57             | 99             | 89             | 69             | 55             | 35             | 44             | 23.7%             |
| <b>TOTAL LIABILITIES</b>               | <b>160,368</b> | <b>166,795</b> | <b>161,781</b> | <b>170,652</b> | <b>179,060</b> | <b>181,484</b> | <b>177,778</b> | <b>201,496</b> | <b>13.3%</b>      |
| <b>STOCKHOLDER'S EQUITY</b>            |                |                |                |                |                |                |                |                |                   |
| Paid-in Capital                        | 6,394          | 6,394          | 6,394          | 10,352         | 10,352         | 10,352         | 10,352         | 10,352         | -                 |
| Share subscription premiums            | 1,111          | 1,111          | 1,111          | 1,111          | 1,111          | 1,111          | 1,111          | 1,111          | -                 |
| Subordinated Convertible Debentures    | -              | -              | -              | -              | -              | -              | -              | -              | -                 |
| <b>Subscribed Capital</b>              | <b>7,505</b>   | <b>7,505</b>   | <b>7,505</b>   | <b>11,463</b>  | <b>11,463</b>  | <b>11,463</b>  | <b>11,463</b>  | <b>11,463</b>  | -                 |
| Capital Reserves                       | 3,212          | 3,466          | 3,466          | 3,281          | 3,281          | 3,527          | 3,527          | 3,483          | (1.2%)            |
| Retained Earnings                      | 7,585          | 7,331          | 7,331          | 2,695          | 8,331          | 7,718          | 7,718          | 6,933          | (10.2%)           |
| Surplus (Deficit) from securities      | 272            | (100)          | (94)           | (97)           | 88             | (94)           | (229)          | (30)           | (87.0%)           |
| Results of foreign operations exchange | -              | -              | -              | -              | -              | -              | -              | 35             | 100.0%            |
| Excess (Insuf.) in capital restatement | (2,678)        | (2,678)        | (2,677)        | (2,681)        | (2,671)        | (2,678)        | (2,677)        | (2,681)        | 0.1%              |
| Non Mon assets results Fixed Assets    | 13             | 13             | 13             | 13             | 13             | 13             | 13             | 13             | -                 |
| Non Mon assets results Investm         | (335)          | (331)          | (345)          | (447)          | (463)          | (477)          | (505)          | (541)          | 7.1%              |
| Adjustment in the employees pension    | -              | -              | -              | -              | -              | -              | -              | -              | -                 |
| Accumulated Deferred tax effect        | (313)          | (313)          | (313)          | (313)          | (313)          | (313)          | (313)          | (313)          | -                 |
| Net Income                             | 1,045          | 3,151          | 4,442          | 5,636          | 1,230          | 2,404          | 3,792          | 5,186          | 36.8%             |
| <b>Earned Capital</b>                  | <b>8,801</b>   | <b>10,540</b>  | <b>11,823</b>  | <b>8,087</b>   | <b>9,496</b>   | <b>10,102</b>  | <b>11,325</b>  | <b>12,086</b>  | <b>6.7%</b>       |
| Minority Holdings                      | 1              | 1              | 1              | 1              | 1              | 1              | 1              | 236            | -                 |
| <b>Total Stockholder's Equity</b>      | <b>16,307</b>  | <b>18,046</b>  | <b>19,328</b>  | <b>19,551</b>  | <b>20,959</b>  | <b>21,566</b>  | <b>22,789</b>  | <b>23,786</b>  | <b>4.4%</b>       |
| <b>TOTAL LIABILITIES &amp;</b>         | <b>176,675</b> | <b>184,840</b> | <b>181,110</b> | <b>190,203</b> | <b>200,020</b> | <b>203,050</b> | <b>200,567</b> | <b>225,282</b> | <b>12.3%</b>      |

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

|   | 1Q05           | 2Q05           | 3Q05           | 4Q05           | 1Q06           | 2Q06           | 3Q06           | 4Q06           | % 4Q06<br>VS 3Q06 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|
| Signature guarantees granted              | 64             | 63             | 63             | 28             | -              | -              | -              | 33             | 100.0%            |
| Other contingent obligations              | 3,778          | 1,217          | 1,200          | 1,184          | 265            | 268            | 266            | 262            | (1.3%)            |
| Irrevocable lines of credit               | 2,283          | 1,993          | 1,803          | 2,260          | 2,266          | 2,171          | 2,366          | 3,420          | 44.5%             |
| Assets held in trust and mandate          | 70,841         | 69,436         | 70,659         | 70,596         | 71,990         | 72,478         | 75,658         | 84,355         | 11.5%             |
| Assets held in custody or in              | 74,853         | 77,181         | 81,008         | 82,944         | 87,481         | 87,926         | 89,391         | 89,662         | 0.3%              |
| Investment banking transactions for third | 105,840        | 116,722        | 111,054        | 93,686         | 107,035        | 110,668        | 104,179        | 92,723         | (11.0%)           |
| Engaged amounts in fobaproa operations    | 675            | 981            | 818            | 623            | 670            | 1,151          | 482            | 526            | 9.3%              |
| Investment of retirement saving funds     | -              | -              | -              | -              | -              | -              | -              | -              | -                 |
| Integration of loan portfolio             | -              | -              | -              | -              | -              | -              | -              | -              | -                 |
| Received amounts in derivative            | 258,013        | 42,033         | -              | -              | -              | -              | -              | -              | -                 |
| Fobaproa trusts                           | -              | -              | -              | -              | -              | -              | -              | -              | -                 |
| Securities to be received                 | 146,965        | 174,723        | 212,536        | 218,003        | 213,448        | 199,309        | 169,996        | 171,713        | 1.0%              |
| (Less) payable for reversal               | (146,996)      | (174,774)      | (212,845)      | (218,251)      | (213,786)      | (199,364)      | (170,245)      | (171,916)      | 1.0%              |
| Receivables for reversal                  | 19,527         | 17,534         | 46,320         | 51,664         | 53,299         | 30,312         | 9,862          | 13,752         | 39.4%             |
| (Less) securities to be delivered         | (19,515)       | (17,555)       | (46,345)       | (51,599)       | (53,267)       | (30,336)       | (9,859)        | (13,756)       | 39.5%             |
| Other control accounts                    | -              | -              | -              | -              | -              | -              | -              | -              | -                 |
|   | <b>516,326</b> | <b>309,556</b> | <b>266,271</b> | <b>251,138</b> | <b>269,401</b> | <b>274,583</b> | <b>272,095</b> | <b>270,774</b> | <b>(0.5%)</b>     |

**BANORTE USA- INCOME STATEMENT (\*)** (Millions of Pesos)

The Banorte USA's Financial Statements are shown these time only for information purposes

| <b>NET INTEREST INCOME</b>                   | <b>ACUM<br/>2006</b> |
|--|----------------------|
| Interest Income                              | 182                  |
| Interest Expense                             | 91                   |
| Loan Fees                                    | -                    |
| Fees Paid                                    | -                    |
| <b>Net Interest Income (NII)</b>             | <b>91</b>            |
| Repomo-Margin                                | -                    |
| <b>NII after Repomo</b>                      | <b>91</b>            |
| Loan Loss Provisions                         | 12                   |
| Loss Sharing Provisions                      | -                    |
| <b>NII after Provisions</b>                  | <b>79</b>            |
| Fund transfers                               | -                    |
| Account management                           | -                    |
| Fiduciary                                    | -                    |
| Income from Loan Portfolios Acquired         | -                    |
| Electronic Banking Services                  | -                    |
| Credit Card                                  | -                    |
| Fees from IPAB                               | -                    |
| Other fees                                   | 15                   |
| <b>Fees on services,</b>                     | <b>15</b>            |
| Fund transfers                               | -                    |
| Other fees                                   | -                    |
| Expenses from Loan Portfolios Acquired       | -                    |
| <b>Fees paid,</b>                            | <b>-</b>             |
| Foreign exchange                             | -                    |
| Securities -Realized gains                   | -                    |
| Securities- Unrealized gains                 | -                    |
| <b>Market-related Income</b>                 | <b>-</b>             |
| <b>Total Non Interest Income</b>             | <b>15</b>            |
| <b>Total Operating Income</b>                | <b>94</b>            |
| Personnel                                    | 45                   |
| Professional Fees                            | 5                    |
| Administrative and Promotion Expenses        | 14                   |
| Rents, depreciation and amortization         | 7                    |
| Taxes, other than income tax                 | -                    |
| Contributions to IPAB                        | -                    |
| <b>Non-Interest Expense</b>                  | <b>71</b>            |
| <b>Operating Income</b>                      | <b>23</b>            |
| Other Revenues                               | 2                    |
| Foreign exchange                             | -                    |
| Recoveries                                   | 1                    |
| Repomo-other revenues                        | -                    |
| <b>Non Operating Income</b>                  | <b>3</b>             |
| Other Expense                                | 1                    |
| Foreign exchange                             | -                    |
| Repomo-other Expenses                        | -                    |
| <b>Non Operating Expense</b>                 | <b>(1)</b>           |
| <b>Non Operating Income (Expense), net</b>   | <b>4</b>             |
| <b>Pre-tax Income</b>                        | <b>27</b>            |
| Income Tax                                   | (9)                  |
| Profit sharing                               | -                    |
| Tax on Assets                                | -                    |
| Deferred Inc. Tax and Profit sharing         | -                    |
|  | <b>(9)</b>           |
| <b>Net Income before subsidiaries</b>        | <b>17</b>            |
| Subsidiaries' net income                     | -                    |
| <b>Net Income from continuous operations</b> | <b>17</b>            |
| Extraordinary items, net                     | -                    |
| Minority Interest                            | (7)                  |
| <b>TOTAL NET INCOME</b>                      | <b>10</b>            |

**BANORTE USA -BALANCE SHEET** (\*) (Millions of Pesos)

|   | <b>4Q06</b>   |
|---|---------------|
| <b>Cash and due from Banks</b>          | <b>2,832</b>  |
| Negotiable Instruments                  | -             |
| Securities held for sale                | 3,816         |
| Securities held to maturity             | 11            |
| <b>Financial Instruments:</b>           | <b>3,827</b>  |
| Non-assigned securities to pay          | -             |
| Repurchase agreements, net              | -             |
| Operations with collateral              | -             |
| Futures receivable, net                 | -             |
| Options and derivatives, net            | -             |
| <b>Repos &amp; Derivatives :</b>        | <b>-</b>      |
| Commercial                              | 7,599         |
| Financial Intermediaries                | -             |
| Consumer                                | 145           |
| Mortgage                                | 760           |
| Government Entities                     | -             |
| IPAB                                    | -             |
| Fiduciary collection rights             | -             |
| <b>Performing Loans</b>                 | <b>8,505</b>  |
| Commercial                              | 90            |
| Financial Intermediaries                | -             |
| Consumer                                | 1             |
| Mortgage                                | 4             |
| Government Entities                     | -             |
| <b>Past Due Loans</b>                   | <b>96</b>     |
| <b>Total Loans</b>                      | <b>8,601</b>  |
| Preventive loan loss reserves           | 206           |
| <b>Net Loan Portfolio</b>               | <b>8,393</b>  |
| Credit Assets Portfolio                 | -             |
| Sundry debtors and other assets, net    | -             |
| Foreclosed assets, net                  | 25            |
| Real Estate, Furniture & Equipment, net | 485           |
| Investments in subsidiaries             | 7             |
| Deferred taxes                          | -             |
| Deferred charges & Intangibles          | 3,932         |
| UDIS Mortgage loans reserve coverage    | -             |
| <b>Other Assets</b>                     | <b>4,449</b>  |
| <b>TOTAL ASSETS</b>                     | <b>19,502</b> |

**BANORTE USA-BALANCE SHEET (\*) (Millions of Pesos)**

|  | <b>4Q06</b>   |
|--|---------------|
| Demand Deposits                        | 7,389         |
| Time Deposits                          | 7,347         |
| Bonds                                  | -             |
| <b>Deposits</b>                        | <b>14,735</b> |
| Demand                                 |               |
| Short term                             |               |
| Long term                              | 87            |
| <b>Due to banks and correspondents</b> | <b>87</b>     |
| Non-assigned securities to pay         | -             |
| Repurchase agreements, net             | -             |
| Operations with collateral             | -             |
| Futures receivable, net                | -             |
| Options and derivatives, net           | -             |
| <b>Repos &amp; Derivatives:</b>        | <b>-</b>      |
| Income Tax & Profit Sharing            | -             |
| Other Payable accounts                 | 1,362         |
| <b>Other payable accounts</b>          | <b>1,362</b>  |
| Subordinated non Convertible Debenture | 223           |
| Deferred Taxes                         | 24            |
| Deferred credits                       | -             |
| <b>TOTAL LIABILITIES</b>               | <b>16,431</b> |
| <b>STOCKHOLDER 'S EQUITY</b>           |               |
| Paid-in Capital                        | 2,745         |
| Share subscription premiums            | -             |
| Subordinated Convertible Debentures    | -             |
| <b>Subscribed Capital</b>              | <b>2,745</b>  |
| Capital Reserves                       | 91            |
| Retained Earnings                      | -             |
| Surplus (Deficit) from securities      | -             |
| Results of foreign operations exchange | (16)          |
| Excess (Insuf.) in capital restatement | -             |
| Non Mon assets results Fixed Assets    | -             |
| Non Mon assets results Investm         | -             |
| Adjustment in the employees pension    | -             |
| Accumulated Deferred tax effect        | -             |
| Net Income                             | 10            |
| <b>Earned Capital</b>                  | <b>86</b>     |
| Minority Holdings                      | 240           |
| <b>Total Stockholder 's Equity</b>     | <b>3,071</b>  |
| <b>TOTAL LIABILITIES &amp;</b>         | <b>19,502</b> |

**MEMORANDUM ACCOUNTS OF BANORTE USA (Millions of Pesos)**

|   | <b>4Q06</b>  |
|---|--------------|
| Signature guarantees granted              | 33           |
| Other contingent obligations              | -            |
| Irrevocable lines of credit               | 1,172        |
| Assets held in trust and mandate          | -            |
| Assets held in custody or in              | -            |
| Investment banking transactions for third | -            |
| Engaged amounts in fobaproa operations    | -            |
| Investment of retirement saving funds     | -            |
| Integration of loan portfolio             | -            |
| Received amounts in derivative            | -            |
| Fobaproa trusts                           | -            |
| Securities to be received                 | -            |
| (Less) payable for reversal               | -            |
| Receivables for reversal                  | -            |
| (Less) securities to be delivered         | -            |
| Other control accounts                    | -            |
|   | <b>1,205</b> |

**Annex 6. Notes to Grupo Financiero Banorte Financial Statements**
**Financial Instruments and Valuation Effects 4Q06**
*(Millions of Pesos)*

| <b>NEGOTIABLE INSTRUMENTS</b>       | <b>BOOK<br/>VALUE</b> | <b>INTEREST</b> | <b>MARKET<br/>VALUE</b> | <b>UNREALIZED<br/>GAIN (LOSS)</b> |
|-------------------------------------|-----------------------|-----------------|-------------------------|-----------------------------------|
| Government Securities               | (1,224)               | 5               | (1,217)                 | 2                                 |
| Banking Securities                  | 15,004                | 118             | 15,117                  | (5)                               |
| Private                             | 642                   | 5               | 670                     | 23                                |
| Banks paper                         | -                     | -               | -                       | -                                 |
| UMS                                 | 54                    | -               | 54                      | -                                 |
| Commercial Paper                    | (23)                  | -               | (23)                    | -                                 |
| Shares listed in the SIC            | 352                   | -               | 352                     | -                                 |
| Guarantee (collateral) for futures  | 2                     | -               | 2                       | -                                 |
| Mutual Funds                        | 1                     | -               | 1                       | -                                 |
| Swap of Coverage purposes           | 57                    | -               | 57                      | -                                 |
| <b>Total</b>                        | <b>-</b>              | <b>-</b>        | <b>-</b>                | <b>-</b>                          |
| <b>SECURITIES HELD FOR SALE</b>     |                       |                 |                         |                                   |
| Government Securities               | 3,879                 | 15              | 3,813                   | (80)                              |
| Mexican Government Securities (UMS) | 1,649                 | 70              | 1,771                   | 52                                |
| Treasury Bonds                      | 218                   | 1               | 216                     | (3)                               |
| Bonds public company                | 19                    | -               | 38                      | 19                                |
| Eurobonds                           | 68                    | -               | 68                      | -                                 |
| Banks paper                         | 805                   | 13              | 799                     | (19)                              |
| Structured note                     | 108                   | -               | 108                     | -                                 |
| Swap of Coverage purposes           | 21                    | -               | 21                      | -                                 |
| <b>Total</b>                        | <b>(451)</b>          | <b>(47)</b>     | <b>(579)</b>            | <b>(81)</b>                       |
| <b>SECURITIES HELD TO MATURITY</b>  |                       |                 |                         |                                   |
| Special Cetes                       | 606                   | 7               | 613                     | -                                 |
| Trust Bonds                         | -                     | -               | -                       | -                                 |
| Fiduciary Rights                    | 34                    | -               | 8                       | (25)                              |
| Bonds                               | -                     | -               | -                       | -                                 |
| Mexican Government Securities (UMS) | 11                    | -               | 11                      | -                                 |
| PEMEX (dills)                       | 3,964                 | 39              | 4,003                   | -                                 |
| Bonos Strip                         | 59                    | -               | 59                      | -                                 |
| Swap of Coverage purposes           | (268)                 | (23)            | (291)                   | -                                 |
| <b>Total</b>                        | <b>4,405</b>          | <b>23</b>       | <b>4,403</b>            | <b>(25)</b>                       |
| <b>TOTAL</b>                        | <b>25,586</b>         | <b>204</b>      | <b>25,672</b>           | <b>(117)</b>                      |

### Repurchase Agreement Operations 4Q06

(Millions of Pesos)

| SALES                 | MARKET VALUE                                 |                                  | GLOBAL POSITION | FINANCIAL STATEMENT<br>INDIVIDUAL<br>COMPENSATION |                      |
|-----------------------|--|----------------------------------|-----------------|---|----------------------|
|                       | RECEIVABLES<br>ON<br>REPURCHASE<br>AGREEMENT | SECURITIES<br>TO BE<br>DELIVERED |                 | ASSET<br>BALANCE                                  | LIABILITY<br>BALANCE |
| Government Securities | 172,208                                      | 172,314                          | (106)           | 17  | 123                  |
| Banking Securities    | 15,672                                       | 15,750                           | (78)            | -   | 79                   |
| Private Securities    | 10,493                                       | 10,519                           | (26)            | -   | 27                   |
| <b>Total</b>          | <b>198,373</b>                               | <b>198,583</b>                   | <b>(211)</b>    | <b>18</b>   | <b>228</b>           |

| PURCHASE              | MARKET VALUE                    |  | GLOBAL POSITION | FINANCIAL STATEMENT<br>INDIVIDUAL<br>COMPENSATION |                      |
|-----------------------|---------------------------------|--|-----------------|---|----------------------|
|                       | SECURITIES<br>TO BE<br>RECEIVED | PAYABLES ON<br>REPURCHASE<br>AGREEMENT |                 | ASSET<br>BALANCE                                  | LIABILITY<br>BALANCE |
| Government Securities | 16,003                          | 16,004                                 | 1               | 5   | 6                    |
| Banking Securities    | 3,290                           | 3,288                                  | (2)             | 2   | -                    |
| Private Securities    | 226                             | 226                                    | -               | -   | -                    |
| <b>Total</b>          | <b>19,518</b>                   | <b>19,518</b>                          | <b>(1)</b>      | <b>7</b>  | <b>7</b>             |
|                       |                                 |  | Balance         | 25  | 235                  |

### Derivative Financial Instruments Operations 4Q06

(Millions of Pesos)

| INSTRUMENT  | TO RECEIVE | TO DELIVER | NET        |
|---|------------|------------|------------|
| <b>FORWARDS</b>                                     |            |            |            |
| Over INC  | 3          | (3)        | -          |
| <b>FORWARD CONTRACT WITH<br/>FOREIGN CURRENCIES</b> |            |            |            |
| Market Value  | 275        | 329        | 604        |
| Agreed Price  | 281        | 321        | 602        |
| <b>SWAPS</b>  |            |            |            |
| Interest rate                                       | 202        | (201)      | 1          |
| Valuation   | 1,247      | (1,242)    | 5          |
| <b>OPTIONS WITH FOREIGN<br/>CURRENCIES</b>          |            |            |            |
| <b>Actives</b>                                      |            |            |            |
| Swaptions   | 1          | 3          | 4          |
| Rate Options  | 9          | -          | 8          |
| Index Options (ipc)                                 | -          | -          | -          |
| <b>Passives</b>                                     |            |            |            |
| Swaptions   | -          | -          | -          |
| Currency Options                                    | -          | -          | -          |
| Rate Options  | 15         | 13         | (2)        |
| Index Oprions (ipc)                                 | -          | -          | -          |
| <b>Debt Balance</b>                                 |            |            | <b>19</b>  |
| <b>Creditor Balance</b>                             |            |            | <b>(2)</b> |



**NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 4Q06**
*(Millions of Pesos)*

| PRODUCT                       | KIND       | UNDERLYING            | CURRENCY | POSITION |
|-------------------------------|------------|-----------------------|----------|----------|
| Forwards of Foreign Currency  | Purchases  | Exchange Rate (Dolar) | MXN      | 288      |
| Forwards of Foreign Currency  | Sells      | Exchange Rate (Dolar) | MXN      | 3,179    |
|                               |            |                       |          | 3,467    |
| Options with Foreign Currency | Purchases  | Exchange Rate (Dolar) | MXN      | -        |
| Options with Foreign Currency | Sells      | Exchange Rate (Dolar) | MXN      | 17       |
|                               |            |                       |          | 17       |
| Rate Options                  | Purchases  | TIIE                  | MXN      | 27,050   |
| Rate Options                  | Sells      | TIIE                  | MXN      | 2,670    |
|                               |            |                       |          | 29,720   |
| Swaps with Rate               | USLI/IRS   | TIIE                  | MXN      | 16,900   |
| Swaps with Rate               | TIIE/IRS   | TIIE                  | MXN      | -        |
|                               |            |                       |          | 16,900   |
| Swaps with Rate               | USLI/IRS   | LIBOR                 | MXN      | -        |
| Swaps with Rate               | TIIE/IRS   | TIIE                  | MXN      | 68,886   |
|                               |            |                       |          | 68,886   |
| Swaps with Rate               | CETE-US/CS | CETE                  | MXN      | 4,649    |
| Swaps with Foreign Currency   | TIIE-EU/CS | TIIE                  | MXN      | 1,488    |
| Swaps with Foreign Currency   | MXP-US/CSF | FIX/FIX               | MXN      | 10,591   |
| Swaps with Foreign Currency   | TIIE-US/BS | TIIE/LIBOR            | MXN      | -        |
| Swaps with Foreign Currency   | TIIE-US/CS | TIIE                  | MXN      | 8,424    |
| Swaps with Foreign Currency   | IMPL-US/CS | IMPLICIT              | MXN      | -        |
|                               |            |                       |          | 25,152   |
| Forwards in MEXDER            | Purchases  | TIIE                  | MXN      | 63,086   |
| Forwards in MEXDER            | Sells      | TIIE                  | MXN      | 222      |
|                               |            |                       |          | 63,308   |
| Forwards in MEXDER            | Purchases  | CETE                  | MXN      | 1,000    |
| Forwards in MEXDER            | Sells      | CETE                  | MXN      | -        |
|                               |            |                       |          | 1,000    |
| Forwards in MEXDER            | Purchases  | M10                   | MXN      | -        |
| Forwards in MEXDER            | Sells      | M10                   | MXN      | -        |
|                               |            |                       |          | -        |

**Non-governmental Financial Instruments above by 5% of Net Capital 4Q06**
*(Millions of Pesos)*

| INDUSTRY | INVESTMENT INSTRUMENT | AMOUNT | % NET CAPITAL |
|----------|-----------------------|--------|---------------|
| BSCTIA   | Term Deposits         | 4,050  | 13.3%         |
| BANSAN   | Term Deposits         | 6,050  | 19.8%         |

## Loan Portfolio

| (Million of Pesos)             | LOCAL CURRENCY(*) |                | FOREIGN CURRENCY |               | TOTAL          |                |
|--------------------------------|-------------------|----------------|------------------|---------------|----------------|----------------|
|                                | 4Q05              | 4Q06           | 4Q05             | 4Q06          | 4Q05           | 4Q06           |
| <b>Performing Loans</b>        |                   |                |                  |               |                |                |
| Commercial                     | 51,336            | 62,031         | 8,927            | 18,219        | 60,263         | 80,250         |
| Financial Intermediaries       | 1,209             | 1,895          | 837              | 478           | 2,046          | 2,373          |
| Consumer                       | 16,156            | 20,573         | 1                | 145           | 16,157         | 20,718         |
| Mortgages                      | 24,771            | 27,038         | 543              | 760           | 24,771         | 27,798         |
| Government Entities            | 15,306            | 10,342         | -                | 442           | 15,849         | 10,784         |
| Fobaproa                       | 168               | -              | -                | -             | 168            | -              |
| <b>Total</b>                   | <b>108,945</b>    | <b>121,878</b> | <b>10,308</b>    | <b>20,045</b> | <b>119,254</b> | <b>141,923</b> |
| <b>Past Due Loans</b>          |                   |                |                  |               |                |                |
| Commercial                     | 619               | 608            | 80               | 165           | 699            | 773            |
| Financial Intermediaries       | -                 | -              | -                | -             | -              | -              |
| Consumer                       | 429               | 607            | -                | 1             | 429            | 609            |
| Mortgages                      | 799               | 717            | -                | 4             | 799            | 721            |
| Government Entities            | -                 | -              | -                | -             | -              | -              |
| <b>Total</b>                   | <b>1,847</b>      | <b>1,932</b>   | <b>80</b>        | <b>170</b>    | <b>1,927</b>   | <b>2,102</b>   |
| <b>Total Proprietary Loans</b> | <b>110,793</b>    | <b>123,810</b> | <b>10,389</b>    | <b>20,215</b> | <b>121,181</b> | <b>144,025</b> |

(\*) Includes valued UDIS

Note: There is no scheme for Mortgage Earnings.

## Cost and Balances of FINAPE, FOPIME, Mortgage UDIS and Mortgage FOVI loan portfolios as of 4Q06

| (Millions of Pesos) | TOTAL       |                        |
|---------------------|-------------|------------------------|
|                     | PERIOD COST | BALANCE LOAN PORTFOLIO |
| FINAPE              | -           | 4                      |
| FOPYME              | -           | 1                      |
| Mortgage UDIS       | 49          | 116                    |
| Mortgage FOVI       | 53          | 65                     |
|                     | <b>103</b>  | <b>185</b>             |

The quarter ending with a balance of Ps 185 million pesos in debtors support programs with a cost of the period of Ps 103 million. The 99% of this portfolio are concentrated in Banorte.

## Troubled Portfolio 4Q06

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

| (Millions of Pesos)              | TOTAL       |
|----------------------------------|-------------|
| Troubled Portfolio               | 1,339       |
| Total Loans                      | 144,025     |
| Troubled Portfolio / Total Loans | <b>0.9%</b> |

## Deferred Taxes 4Q06

| <i>(Millions of Pesos)</i>   |                   |                       |              |
|--|-------------------|-----------------------|--------------|
| <b>ASSETS</b>  | <b>INCOME TAX</b> | <b>PROFIT SHARING</b> | <b>NET</b>   |
| Unrealized loss from Securities held for sale  | 28                | -                     | 28           |
| Provisions for possible loss in loans  | 32                | -                     | 32           |
| Intangibles amortizations  | 1                 | -                     | 1            |
| Deferred compensation  | 4                 | -                     | 4            |
| Non deductible provisions and accumulative income  | 170               | 59                    | 228          |
| Excess of accounting value over fiscal value on Repossessed Assets                           | 192               | 69                    | 261          |
| Diminishable profit sharing  | 171               | -                     | 171          |
| Past-due loan reserves   | 15                | -                     | 15           |
| Installation expenses  | 9                 | -                     | 9            |
| Effects of financial instrument valuation  | -                 | -                     | -            |
| Tax on Assets to recover   | 2                 | -                     | 2            |
| <b>Total Assets</b>  | <b>624</b>        | <b>127</b>            | <b>751</b>   |
| <b>LIABILITIES</b>   |                   |                       |              |
| Accrued interest and inflationary component of Fixed Assets, Foreclosed, Intangible & Others | (131)             | -                     | (131)        |
| Loan Portfolio Acquisitions  | (264)             | (94)                  | (359)        |
| Capitalizable projects   | (137)             | (49)                  | (186)        |
| Income tax to pay on UDIS Trust funds  | (35)              | -                     | (35)         |
| Depreciation   | (1)               | -                     | (1)          |
| Book value depreciation  | (30)              | -                     | (30)         |
| Dividends Federal Home loan Bank   | (4)               | -                     | (4)          |
| Intangibles amortizations  | (54)              | -                     | (54)         |
| Expenses paid in advance   | (4)               | -                     | (4)          |
| Effects of other accounts  | (10)              | (6)                   | (16)         |
| Sale Cost Revers   | (14)              | -                     | (14)         |
| Organization and Recording Expenses & Installation Expenses                                  | (24)              | -                     | (24)         |
| Unrealized capital gain from investments in siefore  | (37)              | -                     | (37)         |
| <b>Total liabilities</b>   | <b>(746)</b>      | <b>(149)</b>          | <b>(895)</b> |
| <b>Assets (Liabilities) Accumulated Net</b>  | <b>(122)</b>      | <b>(22)</b>           | <b>(144)</b> |

## Long term debt as of 4Q06

| <b>TYPE OF DEBT</b>                            | <b>CURRE NCY</b> | <b>DATE OF ISSUE</b> | <b>AMOUNT (Ps)</b> | <b>ORIGINAL AMOUNT (Millions Ps, Dls o UDIS)</b> | <b>TERM</b> | <b>INTEREST RATE</b> | <b>MATURITY</b> | <b>INTEREST PAYMENT</b> |
|--|------------------|----------------------|--------------------|--|-------------|----------------------|-----------------|-------------------------|
| <b>BANORTE</b>                                 |                  |                      |                    |  |             |                      |                 |                         |
| CD's- Banorte U01001                           | UDIs             | 11-Ene-01            | 343                | 90   | 10 years    | 8.13%                | 30-Dic-10       | E/182 days              |
| Non Convertible Subordinate Bonds QBanorte 02D | Ps               | 28-Nov-02            | 1,210              | 1,136  | 10 years    | 8.00%                | 28-Nov-12       | E/182 days              |
| Step-Up Subordinated Callable Notes Due 2014   | Dls              | 17-Feb-04            | 3,283              | 300  | 10 years    | 5.875 %              | 17-Feb-14       | E/180 days              |
| Non Convertible Subordinate Bonds 2006         | Dls              | 13-Oct-06            | 4,325              | 400  | 10 years    | 6.135%               | 13-Apr-16       | E/180 days              |
| Non Convertible Subordinate Bonds 2006         | Dls              | 13-Oct-06            | 2,162              | 200  | 15 years    | 6.862%               | 13-Apr-21       | E/180 days              |

### Bank and Other entities loans as of 4Q06

| <i>(Millions of Pesos)</i>                         | LOCAL CURRENCY | INTEREST RATE | TERM (DAYS) | FOREIGN CURRENCY | INTEREST RATE | TERM (DAYS) | TOTAL         |
|--|----------------|---------------|-------------|------------------|---------------|-------------|---------------|
| LOANS FROM LOCAL BANKS                             |                | -             | -           | 464              | L+6           | 364         | 464           |
| LOANS FROM FOREIGN BANK CONCERNED FROM THE COUNTRY |                | -             | -           | 470              | L+1.2         | 1,101       | 470           |
| LOANS FROM FOREIGN BANK CONCERNED FROM CAYMAN      |                | -             | -           | 1,546            | 6.11          | 866         | 1,546         |
| LOANS FROM DEVELOPING BANKS                        | 3,262          | 9.38%         | 781         | 548              | 10.23%        | 1,004       | 3,810         |
| LOANS FROM PUBLIC FUNDS                            | 9,215          | 7.00%         | 619         | 81               | 5.81          | 764         | 9,296         |
| LOANS FROM BANKS                                   | 467            | 7%            | 4           | -                | -             | -           | 467           |
| CALL MONEY   | -              | -             | -           | -                | -             | -           | -             |
| LOANS FROM FIDUCIARY FUNDS                         | 724            | 6.99%         | 5,312       | -                | -             | -           | 724           |
| PROVISIONS FOR INTEREST                            | 72             | N.A           | N.A         | -                | -             | -           | 72            |
|  | <b>13,740</b>  |               |             | <b>3,109</b>     |               |             | <b>16,850</b> |

### Trading Income 4Q06

*(Millions of Pesos)*

| VALUATION EFFECTS                              | NET          |
|--|--------------|
| Negotiable Instruments                         | 17           |
| Securities Held to Maturity                    | (18)         |
| Repurchase                                     | (136)        |
| Derived instruments                            | 39           |
| Futures  | -            |
| Securities loans                               | -            |
| Range  | -            |
| Inflation Adjustment                           | -            |
| <b>Total</b>                                   | <b>(98)</b>  |
| <b>RESULTS FROM BUYING AND SELLING</b>         |              |
| Negotiable Instruments                         | 895          |
| Securities Held for Sell                       | 50           |
| Derived for coverage purposes                  | 419          |
| Inflation Adjustment                           | -            |
| <b>Total of Buying and Selling Instruments</b> | <b>1,364</b> |
| FX Spot  | 378          |
| FX Forwards                                    | 2            |
| FX Futures                                     | -            |
| FX Futures TIIE                                | -            |
| Forwards                                       | -            |
| Trading currencies securitization              | 25           |
| Gain from metal intermediation                 | 2            |
| Metals Valuation                               | 9            |
| <b>Total of Foreign Exchange</b>               | <b>415</b>   |
| Inflation Adjustment                           | 35           |
| <b>Total of Buying and Selling</b>             | <b>1,814</b> |
| <b>TOTAL TRADING INCOME</b>                    | <b>1,716</b> |

## Risk Management

### Credit risk

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

The objectives of credit risk management at GFNorte are:

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

### Individual Credit risk

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

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

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

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

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

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

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

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

### Portfolio Credit risk

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

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

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

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 December 31, 2006, the Banco Mercantil del Norte total portfolio was Ps 129,976 million. The expected loss represents 1.8% and the unexpected loss is 3.4% with respect to the total portfolio. The average expected loss is 1.8% during the period between October 2006 and December 2006.

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

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

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

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

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

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

|                                     |                 |
|-------------------------------------|-----------------|
| Basic capital by September 30, 2006 | <u>\$21,858</u> |
|-------------------------------------|-----------------|

I. Financings whose individual amount represents more than 10% of the basic capital:

Credit operations

|                              |            |
|------------------------------|------------|
| – Number of financings       | 0          |
| – Total amount of financings | <u>\$0</u> |
| – % vs. basic capital        | 0%         |

Money Market operations

|                              |                 |
|------------------------------|-----------------|
| – Number of financings       | 5               |
| – Total amount of financings | <u>\$16,076</u> |
| – % vs. basic capital        | 74%             |

II. Maximum amount of financing with the 3 major Common Risk debtors and groups

\$12,770

## Market Risk

### Value at Risk

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

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

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

The average VaR for the October – December 2006 quarter for the portfolio is Ps 316 million.

| Millions of Pesos | 4Q05   | 1Q06   | 2Q06   | 3Q06   | 4Q06   |
|-------------------|--------|--------|--------|--------|--------|
| Total VaR*        | 333    | 283    | 215    | 220    | 316    |
| Net Capital **    | 21,974 | 23,675 | 24,455 | 26,405 | 31,151 |
| VaR / Net Capital | 1.52%  | 1.20%  | 0.88%  | 0.83%  | 1.01%  |

\* Quarter Average of Bank and Brokerage House

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

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

Moreover, the average Value at Risk per risk factor of the portfolio of instruments described for the Bank and Brokerage House, during the fourth quarter of 2006 is shown below:

### Millions of Pesos

| Risk Factor                           | VaR |
|---------------------------------------|-----|
| Domestic interest rate                | 336 |
| Foreign interest rate                 | 52  |
| Exchange rate                         | 97  |
| Capitals                              | 4   |
| Prices of Bonds in Foreign Currency   | 36  |
| Total VaR of Bank and Brokerage House | 316 |

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

### Backtesting Analysis

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

### Liquidity Risk and Balance

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

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

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

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

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

### **Operational Risk**

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

The master plan consists of the following phases:

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

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

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

### **Management Model**

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

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



### **Record of Events**

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

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

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

### **Technological Risk**

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

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

### **Legal Risk**

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

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

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

## Information by Segments

### GFNORTE –INCOME STATEMENT AS OF 4Q06 (Millions of Pesos)

|  | Holding      | Banorte       | Bancen   | okerag     | Leasing    | Factorin   | Vareho<br>sing | Pronege<br>cio | Total         | Eliminatio<br>ns | Final<br>Balance |
|--|--------------|---------------|----------|------------|------------|------------|----------------|----------------|---------------|------------------|------------------|
| Interest Income                            | 5            | 33,784        | -        | 2,503      | 477        | 345        | 4              | 219            | 37,338        | (1,858)          | 35,480           |
| Interest Expense                           | -            | 19,448        | -        | 2,436      | 206        | 207        | -              | 55             | 22,353        | (1,727)          | 20,626           |
| Loan Fees                                  | -            | 144           | -        | -          | -          | -          | -              | 19             | 163           | -                | 163              |
| Fees Paid                                  | -            | 698           | -        | -          | -          | -          | -              | 22             | 720           | -                | 720              |
| <b>Net Interest Income (NII)</b>           | <b>5</b>     | <b>14,33</b>  | <b>-</b> | <b>66</b>  | <b>271</b> | <b>137</b> | <b>4</b>       | <b>164</b>     | <b>14,98</b>  | <b>(131)</b>     | <b>14,854</b>    |
| Repomo-Margin                              | (3)          | (281)         | -        | (16)       | (16)       | (17)       | -              | (2)            | (336)         | -                | (336)            |
| <b>NII after Repomo</b>                    | <b>2</b>     | <b>14,055</b> | <b>-</b> | <b>50</b>  | <b>255</b> | <b>120</b> | <b>4</b>       | <b>162</b>     | <b>14,648</b> | <b>(131)</b>     | <b>14,517</b>    |
| Loan Loss & Loss Sharing Provisions        | -            | 1,511         | -        | -          | 3          | 3          | -              | 13             | 1,530         | -                | 1,530            |
| <b>NII after Provisions</b>                | <b>2</b>     | <b>12,54</b>  | <b>-</b> | <b>50</b>  | <b>252</b> | <b>117</b> | <b>4</b>       | <b>148</b>     | <b>13,11</b>  | <b>(131)</b>     | <b>12,987</b>    |
| Fees on services,                          | -            | 7,029         | -        | 511        | 11         | 14         | 25             | -              | 7,589         | (1)              | 7,588            |
| Fees paid,                                 | -            | 1,523         | -        | -          | 1          | 5          | -              | -              | 1,529         | (1)              | 1,528            |
| Market-related Income                      | -            | 1,504         | -        | 212        | -          | -          | -              | -              | 1,716         | -                | 1,716            |
| <b>Total Non Interest Income</b>           | <b>-</b>     | <b>7,010</b>  | <b>-</b> | <b>723</b> | <b>10</b>  | <b>9</b>   | <b>25</b>      | <b>-</b>       | <b>7,777</b>  | <b>-</b>         | <b>7,777</b>     |
| <b>Total Operating Income</b>              | <b>2</b>     | <b>19,55</b>  | <b>-</b> | <b>773</b> | <b>261</b> | <b>127</b> | <b>29</b>      | <b>148</b>     | <b>20,89</b>  | <b>(131)</b>     | <b>20,764</b>    |
| <b>Non-Interest Expense</b>                | <b>3</b>     | <b>11,815</b> | <b>-</b> | <b>514</b> | <b>172</b> | <b>28</b>  | <b>16</b>      | <b>116</b>     | <b>12,66</b>  | <b>(207)</b>     | <b>12,458</b>    |
| <b>Operating Income</b>                    | <b>(1)</b>   | <b>7,739</b>  | <b>-</b> | <b>259</b> | <b>89</b>  | <b>99</b>  | <b>13</b>      | <b>32</b>      | <b>8,230</b>  | <b>76</b>        | <b>8,306</b>     |
| Non Operating Income                       | -            | 911           | -        | 7          | 31         | 26         | 191            | 2              | 1,166         | (80)             | 1,086            |
| Non Operating Expense                      | 2            | 690           | -        | 4          | 2          | 1          | 188            | 2              | 890           | (4)              | 886              |
| <b>Non Operating Income (Expense)NET</b>   | <b>(2)</b>   | <b>220</b>    | <b>-</b> | <b>2</b>   | <b>28</b>  | <b>25</b>  | <b>3</b>       | <b>-</b>       | <b>276</b>    | <b>(76)</b>      | <b>200</b>       |
| <b>Pre-tax Income</b>                      | <b>(3)</b>   | <b>7,959</b>  | <b>-</b> | <b>261</b> | <b>118</b> | <b>123</b> | <b>16</b>      | <b>32</b>      | <b>8,507</b>  | <b>-</b>         | <b>8,507</b>     |
| <b>Tax and Profit sharing</b>              | <b>3</b>     | <b>2,996</b>  | <b>-</b> | <b>87</b>  | <b>-</b>   | <b>35</b>  | <b>5</b>       | <b>10</b>      | <b>3,136</b>  | <b>-</b>         | <b>3,136</b>     |
| <b>Net Income before subsidiaries</b>      | <b>(6)</b>   | <b>4,964</b>  | <b>-</b> | <b>174</b> | <b>118</b> | <b>89</b>  | <b>11</b>      | <b>22</b>      | <b>5,370</b>  | <b>-</b>         | <b>5,370</b>     |
| Subsidiaries' net income                   | 5,965        | 278           | -        | 9          | -          | -          | -              | -              | 6,253         | (5,456)          | 797              |
| <b>Net Inc. from continuous operations</b> | <b>5,959</b> | <b>5,242</b>  | <b>-</b> | <b>184</b> | <b>118</b> | <b>89</b>  | <b>11</b>      | <b>22</b>      | <b>11,62</b>  | <b>(5,456)</b>   | <b>6,168</b>     |
| Extraordinary items, net                   | -            | -             | -        | -          | -          | -          | -              | -              | -             | -                | -                |
| Minority Interest                          | -            | (56)          | -        | -          | -          | -          | -              | -              | (56)          | (152)            | (209)            |
| <b>TOTAL NET INCOME</b>                    | <b>5,95</b>  | <b>5,185</b>  | <b>-</b> | <b>184</b> | <b>118</b> | <b>89</b>  | <b>11</b>      | <b>22</b>      | <b>11,56</b>  | <b>(5,608)</b>   | <b>5,959</b>     |

## GNORTE - BALANCE SHEET AS OF 4Q06 (Millions of Pesos)

|                                  | Holding       | Banorte        | Bancen | rokerag    | .easing      | Factorin     | Wareh      | roneg      | Total          | Eliminatio      | Final          |
|----------------------------------|---------------|----------------|--------|------------|--------------|--------------|------------|------------|----------------|-----------------|----------------|
|                                  |               |                |        |            |              |              | using      | cio        |                |                 | Balance        |
| <b>Cash and due from Banks</b>   | <b>41</b>     | <b>43,241</b>  | -      | <b>2</b>   | <b>2</b>     | <b>161</b>   | <b>9</b>   | <b>1</b>   | <b>43,455</b>  | <b>(52)</b>     | <b>43,403</b>  |
| Negotiable Instruments           | -             | 14,518         | -      | 497        | -            | -            | -          | -          | 15,015         | -               | 15,015         |
| Securities held for sale         | -             | 6,254          | -      | -          | -            | -            | -          | -          | 6,254          | -               | 6,254          |
| Securities held to maturity      | -             | 4,403          | -      | -          | -            | -            | -          | -          | 4,403          | -               | 4,403          |
| <b>Financial Instruments:</b>    | <b>-</b>      | <b>25,175</b>  | -      | <b>497</b> | -            | -            | -          | -          | <b>25,672</b>  | -               | <b>25,672</b>  |
| Non-assigned securities to pay   | -             | -              | -      | -          | -            | -            | -          | -          | -              | -               | -              |
| Futures receivable, net          | -             | 14             | -      | 11         | -            | -            | -          | -          | 25             | -               | 25             |
| Options and derivatives, net     | -             | 19             | -      | -          | -            | -            | -          | -          | 19             | -               | 19             |
| <b>Repos &amp; Derivatives :</b> | <b>-</b>      | <b>33</b>      | -      | <b>11</b>  | -            | -            | -          | -          | <b>44</b>      | -               | <b>44</b>      |
| Commercial                       | -             | 73,236         | -      | -          | 2,389        | -            | -          | 554        | 80,292         | -               | 80,292         |
| Financial Intermediaries         | -             | 4,239          | -      | -          | 277          | -            | -          | -          | 4,516          | (2,143)         | 2,373          |
| Consumer                         | -             | 20,715         | -      | -          | 3            | -            | -          | -          | 20,718         | -               | 20,718         |
| Mortgage                         | -             | 27,798         | -      | -          | -            | -            | -          | -          | 27,798         | -               | 27,798         |
| Government Entities              | -             | 10,770         | -      | -          | -            | -            | -          | -          | 10,784         | -               | 10,784         |
| Fobaproa                         | -             | -              | -      | -          | -            | -            | -          | -          | -              | -               | -              |
| <b>Performing Loans</b>          | <b>-</b>      | <b>136,759</b> | -      | -          | -            | -            | -          | <b>554</b> | <b>144,109</b> | <b>(2,143)</b>  | <b>141,966</b> |
| Commercial                       | -             | 633            | -      | -          | -            | -            | -          | 58         | 730            | -               | 730            |
| Financial Intermediaries         | -             | -              | -      | -          | -            | -            | -          | -          | -              | -               | -              |
| Consumer                         | -             | 609            | -      | -          | -            | -            | -          | -          | 609            | -               | 609            |
| Mortgage                         | -             | 721            | -      | -          | -            | -            | -          | -          | 721            | -               | 721            |
| Government Entities              | -             | -              | -      | -          | -            | -            | -          | -          | -              | -               | -              |
| <b>Past Due Loans</b>            | <b>-</b>      | <b>1,962</b>   | -      | -          | <b>22</b>    | <b>18</b>    | -          | <b>58</b>  | <b>2,059</b>   | -               | <b>2,059</b>   |
| <b>Total Loans</b>               | <b>-</b>      | <b>138,721</b> | -      | -          | <b>2,704</b> | <b>4,132</b> | -          | <b>611</b> | <b>146,168</b> | <b>(2,143)</b>  | <b>144,025</b> |
| Preventive loan loss reserves    | -             | 3,447          | -      | -          | 42           | 28           | -          | 17         | 3,533          | -               | 3,533          |
| <b>Net Loan Portfolio</b>        | <b>-</b>      | <b>135,274</b> | -      | -          | <b>2,662</b> | <b>4,104</b> | -          | <b>594</b> | <b>142,635</b> | <b>(2,143)</b>  | <b>140,492</b> |
| Credit Assets Portfolio          | -             | 3,618          | -      | -          | -            | -            | -          | -          | 3,618          | -               | 3,618          |
| Sundry debtors and other         | 12            | 5,479          | -      | 93         | 29           | -            | 19         | 8          | 5,639          | -               | 5,639          |
| Foreclosed assets, net           | -             | 316            | -      | -          | -            | -            | -          | -          | 316            | -               | 316            |
| Real Estate, Furniture &         | -             | 5,934          | -      | 24         | 590          | 1            | 52         | 45         | 6,646          | -               | 6,646          |
| Investments in subsidiaries      | 26,009        | 1,693          | -      | 59         | -            | -            | -          | -          | 27,761         | (24,597)        | 3,164          |
| Deferred taxes                   | -             | -              | -      | -          | -            | 6            | -          | 5          | 11             | (11)            | -              |
| Deferred charges & Intangibles   | 36            | 5,066          | -      | 249        | -            | 14           | 88         | -          | 5,453          | (12)            | 5,441          |
| Total Other Assets               | <b>26,067</b> | <b>22,107</b>  | -      | <b>425</b> | <b>619</b>   | <b>21</b>    | <b>159</b> | <b>58</b>  | <b>49,445</b>  | <b>(24,620)</b> | <b>24,824</b>  |
| <b>TOTAL ASSETS</b>              | <b>26,098</b> | <b>225,830</b> | -      | <b>935</b> | <b>3,283</b> | <b>4,286</b> | <b>167</b> | <b>653</b> | <b>261,252</b> | <b>(26,815)</b> | <b>234,437</b> |

**GFNORTE - BALANCE SHEET AS OF 4Q06 (Millions of Pesos)**

|                                    | Holding       | Banorte        | Bancen | rokerag    | .easing      | Factorin     | Wareh      | roneg      | Total          | Eliminatio      | Final          |
|------------------------------------|---------------|----------------|--------|------------|--------------|--------------|------------|------------|----------------|-----------------|----------------|
|                                    |               |                |        |            |              |              | using      | cio        |                | s               | Balance        |
| Demand Deposits                    |               | 95,420         | -      | -          | -            | -            | -          | -          | 95,420         | (19)            | 95,401         |
| Time Deposits                      |               | 74,177         | -      | -          | -            | -            | -          | -          | 74,177         | (40)            | 74,136         |
| Bonds                              |               | -              | -      | -          | -            | -            | -          | -          | -              | -               | -              |
| Deposits                           |               | <b>169,597</b> | -      | -          | -            | -            | -          | -          | <b>169,957</b> | <b>(59)</b>     | <b>169,538</b> |
| Demand                             |               | 988            | -      | -          | -            | -            | -          | -          | 988            | -               | 988            |
| Short term                         |               | 2,475          | -      | -          | 1,175        | 3,844        | 15         | 528        | 8,038          | (2,135)         | 5,903          |
| Long term                          |               | 8,512          | -      | -          | 1,447        | -            | -          | -          | 9,959          | -               | 9,959          |
| Due to banks & corresp.            |               | <b>11,975</b>  | -      | -          | <b>2,622</b> | <b>3,844</b> | <b>15</b>  | <b>528</b> | <b>18,985</b>  | <b>(2,135)</b>  | <b>16,850</b>  |
| Non-assigned securities to pay     |               | -              | -      | -          | -            | -            | -          | -          | -              | -               | -              |
| Futures receivable, net            |               | 221            | -      | 14         | -            | -            | -          | -          | 235            | -               | 235            |
| Options and derivatives, net       |               | 2              | -      | -          | -            | -            | -          | -          | 2              | -               | 2              |
| Repos & Derivatives:               |               | <b>222</b>     | -      | <b>14</b>  | -            | -            | -          | -          | <b>237</b>     | -               | <b>237</b>     |
| Income Tax & Profit Sharing        |               | 1,157          | -      | 103        | -            | 5            | 4          | 9          | 1,277          | -               | 1,277          |
| Other Payable accounts             |               | 7,080          | -      | 93         | 215          | 8            | 14         | 38         | 7,450          | (1)             | 7,449          |
| Other payable accounts             |               | <b>8,237</b>   | -      | <b>196</b> | <b>215</b>   | <b>12</b>    | <b>18</b>  | <b>47</b>  | <b>8,727</b>   | <b>(1)</b>      | <b>8,726</b>   |
| Subordinated non Convertible       |               | 11,366         | -      | -          | -            | -            | -          | -          | 11,366         | -               | 11,366         |
| Deferred Taxes                     |               | 123            | -      | 16         | -            | -            | 17         | -          | 156            | (11)            | 144            |
| Deferred credits                   |               | 44             | -      | -          | 39           | -            | -          | -          | 83             | (12)            | 71             |
| <b>TOTAL LIABILITIES</b>           | <b>1</b>      | <b>201,565</b> | -      | <b>227</b> | <b>2,877</b> | <b>3,857</b> | <b>49</b>  | <b>575</b> | <b>209,150</b> | <b>(2,218)</b>  | <b>206,932</b> |
| <b>STOCKHOLDER 'S EQUITY</b>       |               |                |        |            |              |              |            |            |                |                 |                |
| Paid-in Capital                    | 11,580        | 10,352         | -      | 520        | 160          | 135          | 84         | 75         | 22,906         | (11,387)        | 11,519         |
| Share subscription premiums        | 1,794         | 1,111          | -      | -          | -            | -            | -          | -          | 2,905          | (834)           | 2,071          |
| Subordinated Convertible           | -             | -              | -      | -          | -            | -            | -          | -          | -              | -               | -              |
| <b>Subscribed Capital</b>          | <b>13,374</b> | <b>11,463</b>  | -      | <b>520</b> | <b>160</b>   | <b>135</b>   | <b>84</b>  | <b>75</b>  | <b>25,811</b>  | <b>(12,221)</b> | <b>13,590</b>  |
| Capital Reserves                   | 2,062         | 3,483          | -      | 46         | 65           | 49           | 12         | -          | 5,717          | (2,958)         | 2,759          |
| Retained Earnings                  | 15,816        | 6,933          | -      | 482        | 259          | 242          | 72         | (19)       | 23,785         | (7,251)         | 16,534         |
| Surplus (Deficit) from securities  | -             | (30)           | -      | -          | -            | -            | -          | -          | (30)           | 30              | -              |
| Results of foreign operations      | -             | 35             | -      | 1          | -            | -            | -          | -          | 36             | (37)            | -              |
| Excess (Insuf.) in capital         | (6,147)       | (2,681)        | -      | (510)      | (195)        | (85)         | (3)        | -          | (9,620)        | 2,683           | (6,937)        |
| Non Mon assets results Fixed       | -             | 13             | -      | 1          | -            | -            | -          | -          | 14             | (1)             | 13             |
| Non Mon assets results Investm     | (4,967)       | (541)          | -      | (15)       | -            | -            | (58)       | -          | (5,581)        | 74              | (5,508)        |
| Adjustment in the employees        | -             | (313)          | -      | -          | -            | -            | -          | -          | (313)          | -               | (313)          |
| Net Income                         | 5,959         | 5,185          | -      | 184        | 118          | 89           | 11         | 22         | 11,567         | (5,608)         | 5,959          |
| <b>Earned Capital</b>              | <b>12,723</b> | <b>12,086</b>  | -      | <b>188</b> | <b>246</b>   | <b>294</b>   | <b>34</b>  | <b>2</b>   | <b>25,574</b>  | <b>(13,067)</b> | <b>12,507</b>  |
| Minority Holdings                  | -             | 716            | -      | -          | -            | -            | -          | -          | 716            | 692             | 1,408          |
| <b>Total Stockholder 's Equity</b> | <b>26,097</b> | <b>24,265</b>  | -      | <b>709</b> | <b>406</b>   | <b>429</b>   | <b>118</b> | <b>78</b>  | <b>52,101</b>  | <b>(24,597)</b> | <b>27,504</b>  |
| <b>TOT. LIAB. &amp; STOCKHOLD.</b> | <b>26,098</b> | <b>225,830</b> | -      | <b>935</b> | <b>3,283</b> | <b>4,286</b> | <b>167</b> | <b>653</b> | <b>261,252</b> | <b>(26,815)</b> | <b>234,437</b> |

## Internal Control

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

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

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

In 4Q06, the GFNorte Shareholders' Meeting authorized, pursuant to the Stock Market Law, the creation and formalization of the Audit and Company Practices Committee, incorporating the functions of such legal ordinance established for society practices in.

According to the same Stock Market Law, the Commissary was eliminated on the comptrollership level, and the Commissary's functions were left for the GFNorte subsidiaries. The Commissary's responsibilities on the issuer's level were delegated to the Board of Directors and the Audit and Company Practices Committee.

During the period, the information systems worked properly and transactions were duly recorded. The Disaster Recovery Plan was finally implemented, including the set up of an Alternative Computer Center.

## Treasury Policy

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

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

## Internal and External Liquidity Sources

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

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

Another alternative for getting resources is by issuing capital shares.

### **Dividend Policy**

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

### **Related parties loans**

At GFNorte, the amount of the loans performed with related individuals and companies, does not exceed the established limit of 75% of the Tier 1 capital. As of December 31, 2006 and 2005, the loans granted to related parties totaled Ps 5,619 million and Ps. 5,252 million, respectively.

### **Persons In Charge**

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

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

Ing. Sergio García Robles Gil  
Chief Financial Officer

C.P. Román Martínez Méndez  
Managing Director Audit

Lic. Jorge Eduardo Vega Camargo  
Executive Director Comptrollership

C.P. Nora Elia Cantú Suárez  
Executive Director Accounting

### **Basis for submitting Financial Statements**

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

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

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

**Grupo Financiero Banorte (GFNorte) and Banking Sector (Banorte & Bancen)** The financial information contained in this document has been developed according to the regulations issued by the CNByV for the regulating agency and the financial entities that make up the Financial Group and to the Generally Accepted Accounting Principles (GAAP) mentioned in criterion A-2 "Application of Specific Rules" of Circulars 1488 and 1489. The regulations of the CNByV and the GAAP mentioned above differ given the specialized operations of the Credit Institutions. Moreover, there is a difference in the generally accepted accounting principles of the United States (US GAAP) and the regulations and principles established by the American authorities for this type of financial entities. In order to present the information contained herein in an international format, the classification format and the presentation of certain financial information differ from the format used for the financial information published in Mexico.

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