

Figures are presented in constant pesos of December 2007.

GFNorte reports Net Income of Ps 6.81 billion in 2007: An increase of 10% compared to 2006

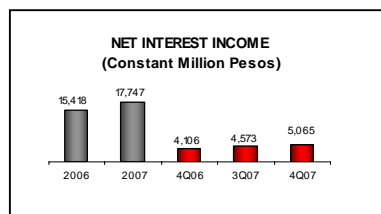
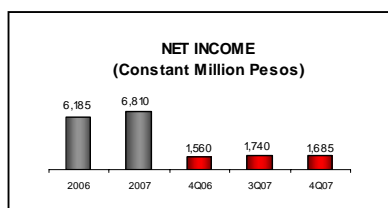
OPERATING RESULTS (Million Pesos)	4Q06	3Q07	4Q07	QoQ	YoY	2006	2007	YoY
Net Interest Income	4,106	4,573	5,065	11%	23%	15,418	17,747	15%
Non Interest Income	2,010	1,939	1,914	(1%)	(5%)	8,072	7,899	(2%)
Total Operating Income	5,600	5,665	5,874	4%	5%	21,553	22,637	5%
Non Interest Expense	3,395	3,607	3,841	7%	13%	12,931	14,432	12%
Operating Revenue	2,206	2,057	2,033	(1%)	(8%)	8,622	8,205	(5%)
Net Income	1,560	1,740	1,685	(3%)	8%	6,185	6,810	10%

• Net Income

GFNorte's *Net Income* in 2007 reached Ps 6.81 billion, a 10% increase from 2006. This increase was mainly driven by robust growth in Net Interest Income, higher fee income, resulting from larger customer transaction volumes, as well as higher non-operating revenues resulting from more recoveries of previously acquired loans and previously written off loans.

• Net Interest Income

During 2007 *Net Interest Income* before inflation adjustments (REPOMO) increased 15% YoY. The growth was driven by a 32% annual increase in the performing loan portfolio combined with a 13% increase in core deposits, as well as the change in the mix towards higher margin productive assets, the full consolidation of INB's results at the end of 4Q06 and an increase in market interest rates. This increase in Net Interest Income was achieved in spite of the accounting changes mandated by the CNBV beginning in 2007 which require the deferral of loan origination fees over the life of each loan.

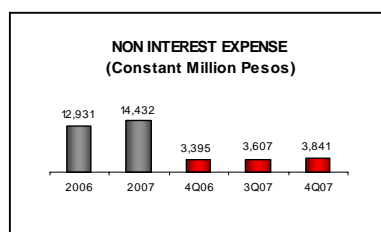
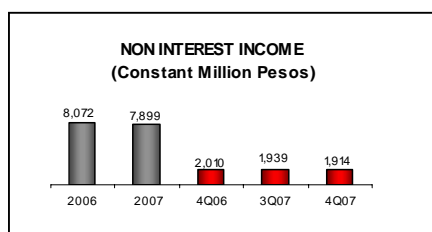


• Non Interest Income

This line decreased by 2% YoY mainly as a consequence of the new accounting standards put in place in January 2007 which require the reclassification of income from the recovery and amortization of acquired and proprietary loan portfolios to the Non-Operating Income line item. On a fully comparable basis, *Non Interest Income* would have grown 10% YoY during 2007. This line item was also impacted negatively by lower revenues from securities trading.

• Non Interest Expense

Non interest Expense increased 12% YoY in 2007 as a result of an increase in the personnel, administration and promotional expenses. The efficiency ratio was 56.3% during the year vs 55.0% in 2006, affected mostly by the decline in total income resulting from the changes in accounting standards, which lowered revenues from the deferral of loan origination commissions and from the reclassification of income of acquired loan portfolios. Expenses were also negatively impacted from the full consolidation of Sólida Administradora de Portafolios. On a fully comparable basis, total income increased by 17% and non interest expense by 10%. With these figures, the efficiency ratio was 52.9%.



I. EXECUTIVE SUMMARY



Figures are presented in constant pesos of December 2007.

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

INCOME STATEMENT AND BALANCE SHEET HIGHLIGHTS – GFNorte (Million Pesos)								
	4Q06	3Q07	4Q07	QoQ	YoY	2006	2007	YoY
Income Statement								
Net Interest Income after REPOMO	3,931	4,435	4,881	10%	24%	15,069	17,384	15%
Non Interest Income	2,010	1,939	1,914	(1%)	(5%)	8,072	7,899	(2%)
Total Operating Income	5,941	6,374	6,795	7%	14%	23,141	25,283	9%
Non Interest Expense	3,395	3,607	3,841	6%	13%	12,931	14,432	12%
Provisions	341	709	921	30%	170%	1,588	2,645	67%
Operating Revenue	2,206	2,057	2,033	(1%)	(8%)	8,622	8,205	(5%)
Non Operating Income (Expense)	(12)	527	382	(28%)	3,382%	208	1,867	798%
Taxes	(756)	(806)	(694)	(14%)	(8%)	(3,255)	(3,293)	1%
Subsidiaries & Minority Interest	122	(38)	(36)	(5%)	(130%)	610	31	(95%)
Net Income	1,560	1,740	1,685	(3%)	8%	6,185	6,810	10%
Balance Sheet								
Assets Under Management	545,528	590,647	596,287	1%	9%	545,528	596,287	9%
Total Assets	243,345	279,248	287,928	3%	18%	243,345	287,928	18%
Performing Loans	147,361	176,631	193,638	10%	31%	147,361	193,638	31%
Past Due Loans	2,138	2,739	2,893	6%	35%	2,138	2,893	35%
Total Loans	149,498	179,369	196,531	10%	31%	149,498	196,531	31%
Total Loans (Net)	145,831	175,745	192,745	10%	32%	145,831	192,745	32%
Acquired Collection Rights	3,755	3,861	3,660	(5%)	(3%)	3,755	3,660	(3%)
Total Loans	149,586	179,606	196,406	9%	31%	149,586	196,406	31%
Total Liabilities	214,796	245,399	253,127	3%	18%	214,796	253,127	18%
Demand Deposits	99,026	96,824	111,080	15%	12%	99,026	111,080	12%
Time Deposits	76,954	86,011	92,227	7%	20%	76,954	92,227	20%
Equity	28,550	33,849	34,801	3%	22%	28,550	34,801	22%

FINANCIAL RATIOS - GFNorte								
	4Q06	3Q07	4Q07	QoQ	YoY	2006	2007	YoY
Profitability:								
NIM before REPOMO (1)	7.9%	7.7%	8.2%	0.5 pp	0.3 pp	7.7%	7.6%	(0.1) pp
NIM after Provisions(2)	6.9%	6.3%	6.4%	0.1 pp	(0.5) pp	6.8%	6.3%	(0.5) pp
ROE (3)	23.4%	22.3%	20.6%	(1.7) pp	(2.8) pp	24.9%	22.6%	(2.3) pp
ROA (4)	2.7%	2.6%	2.4%	(0.2) pp	(0.3) pp	2.8%	2.6%	(0.2) pp
Operation:								
Efficiency Ratio (5)	55.5%	55.4%	55.0%	(0.4) pp	(0.5) pp	55.0%	56.3%	1.3 pp
Efficiency Ratio (6)	55.5%	51.9%	51.5%	(0.4) pp	(4.0) pp	55.0%	52.9%	(2.1) pp
Operating Efficiency Ratio (7)	5.9%	5.3%	5.4%	0.1 pp	(0.5) pp	5.9%	5.4%	(0.5) pp
Liquidity Ratio (8)	63.2%	55.5%	49.0%	(6.5) pp	(14.2) pp	63.2%	49.0%	(14.2) pp
Asset Quality:								
Past Due Loan Ratio (w/o Fobaproa)	1.4%	1.5%	1.5%	-	0.1 pp	1.4%	1.5%	0.1 pp
Coverage Ratio (9)	171.6%	132.3%	130.9%	(1.4) pp	(40.7) p	171.6%	130.9%	(40.7) pp

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

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

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

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

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

6) Comparable figure to 2006, with out taking into consideration the new accounting standards.

7) Annualized Non Interest Expense / Average Total Assets.

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

9) The coverage ratio decreases on an annual basis due to the new accounting standards, which required the reversal of excess reserves registered at the close of 4Q06.

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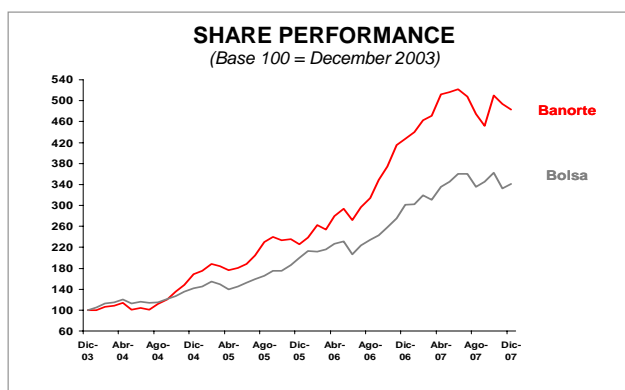
SUBSIDIARIES (Million Pesos)	4Q06	3Q07	4Q07	QoQ	YoY	2006	2007	YoY
Banking Sector	1,417	1,545	1,496	(3%)	6%	5,180	5,889	38%
Banco Mercantil del Norte (1)	1,417	1,545	1,496	(3%)	6%	4,279	5,889	14%
Banco del Centro	-	-	-	-	-	901	-	(100%)
Brokerage House	77	72	90	26%	17%	191	288	51%
Long Term Savings	5	66	65	(2%)	1,200%	545	388	(29%)
Retirement Funds (Afore)	(13)	28	21	(27%)	258%	53	82	53%
Insurance	32	44	49	11%	54%	168	170	1%
Annuities	(14)	(6)	(5)	(18%)	(63%)	323	136	(58%)
Other Finance Companies	60	55	66	19%	10%	256	271	6%
Leasing	26	29	31	10%	20%	122	140	15%
Factoring	22	23	31	31%	37%	92	107	17%
Warehousing	3	3	4	14%	20%	11	15	34%
Bonding	8	-	-	-	(100%)	30	9	(71%)
Microlending (Pronegocio)	4	2	(23)	(1,149%)	(717%)	23	(30)	(232%)
Holding Company	(3)	-	(9)	-	-	(9)	4	-
Total Net Income	1,560	1,740	1,685	(3%)	8%	6,185	6,810	10%

1) 96.11% owned by GFNorte as of 2Q06. Since 3Q06 97.06% owned by GFNorte. On August of 2006 Banorte merged Bancen.
N.C. = Non Comparable

SHARE DATA	4Q06	3Q07	4Q07	QoQ	YoY	2006	2007	YoY
Earnings per Share (Pesos)	0.77	0.86	0.83	(3%)	8%	3.06	3.37	10%
Dividends per Share (2) (Pesos)	0.376	-	0.45	-	20%	0.375	0.45	20%
Dividend Payout (Recurrent net income)	15%	-	15%	-	-	15%	15%	-
Book Value per Share (1) (Pesos)	13.42	15.97	16.42	3%	22%	13.42	16.42	22%
Shares Outstanding (2) (Millions)	2,018.3	2,018.3	2,018.3	-	-	2,018.3	2,018.3	-
Price (Pesos)	42.25	42.92	45.08	5%	7%	42.25	45.08	7%
P/BV (Times)	3.15	2.69	2.75	2%	(13%)	3.15	2.75	(13%)
Market Cap (Millions of Dollars)	7,858	7,926	8,341	5%	6%	7,858	8,341	6%

1) Excluding Minority Holdings.

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



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RECENT EVENTS

- **INNOVATIVE SECURITIZATION OF STATE AND MUNICIPAL GOVERNMENT LOANS**

In November, Banorte successfully completed an innovative issuance of securities backed by a package of loans to Mexican States and Municipalities for a total of Ps 5,565 million. This transaction, the first of its kind, is part of a 5-year program totaling up to Ps 25 billion. It is also the largest securitization of State and City loans, and was rated mxAAA by Standard and Poor's and Aaa.mx by Moody's.

- **ACQUISITION OF THE REMMITANCE COMPANY MOTRAN SERVICES, INC.**

In order to strengthen Banorte/Uniteller's position in California, the most important market for remittances in the U.S., Banorte completed the acquisition of 100% of Motran Services, Inc., a remittance company based in Los Angeles, California, with an investment of USD 3 million. The transaction closed in December 2007.

- **AGREEMENT WITH MEXICO CITY'S GOVERNMENT**

Last November, the CEO of Grupo Financiero Banorte and the Mayor of Mexico City signed an agreement to create "Banorte - Mexico City Migrant Worker Program ". The program is intended to help Mexican migrant workers in the United States with a special money transfer card called "UniTeller - Mexico City". Their families in Mexico City will receive the "Enlace Express - Ciudad de Mexico" debit card to save and receive commission-free money transfers across Banorte's branch and Telecom's network. As an additional benefit for Mexican migrant workers in the U.S., Banorte will offer commission-free money transfers to Banorte accounts in Mexico for Inter National Bank Account holders.

- **AGREEMENT WITH ISSSTE**

Last December, Grupo Financiero Banorte was the first financial institution in the country to sign an agreement with the housing agency for public employees (FOVISSSTE) for their 2008 Mortgage Financing Program. The mortgages will be provide under a co-financing mechanism, with a minimum loan value of Ps 300,000 and 5 to 30 year terms

- **MINISTRY OF ECONOMY SME AWARD**

On November 9, the Ministry of the Economy (SE) recognized Grupo Financiero Banorte with the "SME 2007" award for its continuous efforts supporting the SME sector.

- **LAUNCH OF "EMPUJE NEGOCIOS-VISA" CREDIT CARD FOR SME'S**

"Empuje Banorte" is a new concept especially designed for SMEs in order to satisfy their financial needs with comprehensive services that includes loans, payroll services, checking accounts, investments and electronic banking. The "Empuje Negocios - Visa" credit card integrates this comprehensive services platform and is designed for companies with receivables of at least Ps 25,000 a month. Through this card, companies will receive exclusive services including strategic legal, tax, accounting, business, labor, civil and penal counseling free of charge by phone or online. The authorization process takes only 72 hours and they can have access to a credit line of up to Ps 200,000.

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GRUPO FINANCIERO BANORTE

NET INTEREST INCOME <i>(Million Pesos)</i>	4Q06	3Q07	4Q07	QoQ	YoY	2006	2007	YoY
Interest Income	9,313	10,391	11,105	7%	19%	36,064	40,336	12%
Interest Expense	5,371	5,898	6,140	4%	14%	21,238	22,838	8%
Loan Fees Charged	206	80	99	24%	(52%)	764	248	(68%)
Fees Paid (1)	43	-	-	-	-	172	-	(100%)
Net Interest Income before REPOMO	4,106	4,573	5,065	11%	23%	15,418	17,747	15%
Average Earning Assets	208,592	237,178	248,252	5%	19%	199,496	233,746	17%
Net Interest Margin before REPOMO (2)	7.9%	7.7%	8.2%	0.5 pp	0.3 pp	7.7%	7.6%	(0.1) pp

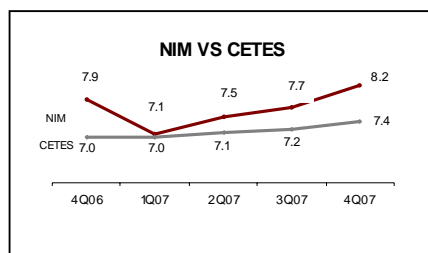
1) Fees Paid, As a result of new accounting standards by the CNByV that went into effect as of January 2007 these fees were reclassified into Other Fees Paid in Non Interest Income.
 2) NIM = Annualized Net Interest Margin before REPOMO / Average Earnings Assets

• **Net Interest Income**

During 2007 *NII* before inflation adjustments (REPOMO) increased 15% YoY, as a result of 32% annual growth in the performing loan portfolio and a 13% increase in core deposits. This growth was achieved in spite of the implementation of new accounting standards, effective as of January 2007, which require that loan origination fees be deferred throughout the life of the loan, instead of being fully reflected at the time they are originated. This reduction in *NII* was partially offset by the full consolidation of INB's results at the end of 4Q06. On a fully comparable basis, *NII* rose 20% YoY during 2007. On a quarterly basis, *NII* also increased by 11% vs. 3Q07, as a consequence of a 10% growth in loans, specially in higher margin segments like consumer and commercial loans, as well as an increase of 15% in demand deposits.

The Net Interest Margin (NIM) decreased slightly from 7.7% to 7.6% on a yearly basis due to the following factors: 1) The deferral of commissions as due to the changes in accounting standards, 2) An increase in lower-margin assets, such as corporate and government loans, and 3) Incorporation of the INB portfolio that has lower NIM compared to Banorte's. These effects were partially offset by two 25 bp increases in Banxico's benchmark funding rate, first in April and then in October 2007, which had a positive effect in the yield of variable interest rate loans.

On a quarterly basis, NIM increased from 7.7% in 3Q07 to 8.2% in 4Q07 as a result of the following: 1) Growth of 5% in higher yielding productive assets driven by robust growth in all loan segments, including consumer and commercial loans; and 2) The 25 bp increase in Banxico's benchmark funding rate in late October which translated into higher market interest rates; the 28 day Cetes averaged 7.3581% in 4Q07 vs. 7.1985% in 3Q07.



II. FINANCIAL INFORMATION



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NON INTEREST INCOME (Million Pesos)	4Q06	3Q07	4Q07	QoQ	YoY	2006	2007	YoY
Fees charged on Services	1,897	1,913	2,140	12%	13%	7,876	7,693	(2%)
Fund Transfers	63	55	56	1%	(11%)	241	229	(5%)
Account Management Fees	260	239	254	6%	(2%)	1,001	976	(3%)
Fiduciary	76	67	74	11%	(3%)	274	270	(2%)
Income from Real Estate Portfolios (1)	270	120	160	34%	(41%)	1,710	575	(66%)
Electronic Banking Services	227	245	258	5%	14%	837	944	13%
Credit Card Fees	449	553	599	8%	34%	1,561	2,132	37%
Fees from IPAB (2)	2	(1)	4	607%	85%	26	4	(64%)
Fees charged by Afore	192	272	253	(7%)	32%	1,044	993	(5%)
Other Fees Charged (3)	359	364	482	32%	34%	1,182	1,571	33%
Fees Paid on Services	337	274	309	13%	(8%)	1,586	1,086	(32%)
Fund transfers	4	4	4	4%	3%	16	17	7%
Other Fees Paid	197	271	305	13%	55%	733	1,069	46%
Expenses from Real Estate Portfolios (1)	136	-	-	-	(100%)	837	-	(100%)
Net Fees	1,560	1,639	1,831	12%	17%	6,290	6,607	5%
Trading Income	450	300	83	(72%)	(82%)	1,782	1,292	(27%)
Foreign Exchange	125	94	125	33%	-	443	448	1%
Securities – Realized Gains	414	124	(38)	(130%)	(109%)	1,443	517	(64%)
Securities – Unrealized Gains	(90)	82	(4)	(105%)	(95%)	(104)	327	415%
Non Interest Income	2,010	1,939	1,914	(1%)	(5%)	8,072	7,899	(2%)

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

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

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

• Non Interest Income

Non Interest Income decreased 2% YoY in 2007 mainly as a result of the reclassification of recovery banking income from acquired and proprietary loan portfolios to the Other Income line due to the implementation of new accounting standards, as well as lower securities' trading gains due to a difficult environment in financial markets, especially in 4Q07. By category, the changes are explained by the following factors:

NON INTEREST INCOME (Million Pesos)	4Q06	3Q07	4Q07	QoQ	YoY	2006	2007	YoY
Services	1,424	1,520	1,666	10%	17%	5,391	6,028	12%
Recovery	136	119	164	38%	21%	900	580	(36%)
Foreign Exchange	125	94	125	33%	-	443	448	1%
Trading (Securities – Realized and Unrealized Gains)	325	207	(42)	(120%)	(113%)	1,339	844	(37%)
Non Interest Income	2,010	1,939	1,914	(1%)	(5%)	8,072	7,899	(2%)

• Service Fees

Fees increased 12% YoY, driven by a 37% increase in Credit Card fees resulting from a larger volume of cards placed (709,000 in 2007 vs. 518,000 in 2006), as well as 33% growth in Other Fees Charged and 13% increase in Electronic Banking Services due to a pick up in transactions in ATM's, internet and POS terminals.

• Recovery

This line decreased 36% YoY as a result of the implementation of new accounting standards effective as of January 2007 that require the reclassification of recovery income from acquired and proprietary loan portfolios from "Non Interest Income" to the "Non Operating Income" line. Income from recoveries or amortization of Acquired Real Estate Portfolios remains booked in the Non Interest Income line. The decline in recovery banking income is also explained by the reduction of net fees from the Serfin portfolio, as a result of the sale by IPAB of

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this portfolio through an auction process carried out in 1Q06. On a quarterly basis, Recovery Banking income increased 38% QoQ as a result of the efforts to optimize the real estate recovery business and to increased activity in investment projects. At the end of 2007, a total of Ps 2.49 billion was invested in these projects, twice the amount invested at the close of 2006, with greater diversification in terms of geography, project type, partners and sectors.

- **Foreign Exchange**

Foreign Exchange revenues rose by 1% YoY in 2007 and 33% QoQ in 4Q07 given the greater volume of transactions with our customers.

- **Trading:**

Trading Income fell 37% YoY in 2007 due to a complicated market environment during the year given an upward shift and sharp steepening in the yield curve, Banco de Mexico's more restrictive monetary policy and an increase in inflationary expectations at the end of the year. On a quarterly basis, Trading Income declined 120% due to the impact on mark-to-market valuations resulting from the above-mentioned steepening of the yield curve which was exacerbated by the turmoil in global markets.

Non Interest Expense (Million Pesos)	4Q06	3Q07	4Q07	QoQ	YoY	2006	2007	YoY
Personnel Expenses	1,272	1,418	1,480	4%	16%	4,967	5,723	15%
+ Professional Fees	252	215	292	36%	16%	858	944	10%
+ Administrative and Promotion Expenses	1,081	1,216	1,274	5%	18%	4,061	4,742	17%
+ Rents, Depreciation & Amortization	451	402	429	7%	(5%)	1,760	1,636	(%)
+ Taxes other than income tax	168	144	169	17%	1%	602	613	2%
+ Contributions to IPAB	171	212	196	(8%)	14%	684	774	13%
= Non Interest Expense	3,395	3,607	3,841	6%	13%	12,931	14,432	12%

- **Non Interest Expense**

The 12% YoY growth in *Non Interest Expense* during 2007 was mainly due to a 17% increase in Administration and Promotional Expenses required to promote deposit products, expand the Credit Card business and the costs related to point redemptions in the Banorte Rewards program. Personnel Expenses rose 15% due to the staffing of new branches and the extension of service hours in existing branches, as well as by higher medical service expenses due to the increase in beneficiaries. Personnel expenses were also pressured by the annual adjustments in salaries and related benefits (additional year-end monthly payment required by law, paid vacations, tax obligations and pension fund). Professional Fees paid rose 10% YoY due to consulting activity related to various business lines and the elaboration of credit reports related to loan recoveries and commercial activities. Leases, Depreciations and Amortizations fell 7% due to the amortization of various projects. Other Taxes rose 2% YoY given a higher payment of Value Added Taxes. Contributions to the IPAB increased 13% YoY driven by the higher level of Deposits.

On a quarterly basis, expenses rose 6% in 4Q07 due to an increase in Personnel Expenses from staffing 28 new branches and higher Administration Expenses related to the promotion of products. Professional Fees Paid rose 36% QoQ due to expenses related to increased loan recovery volumes, while Other Taxes rose 17% due to higher Value Added Tax payments.

NON OPERATING INCOME (EXPENSE) NET (Million Pesos)	4Q06	3Q07	4Q07	QoQ	YoY	2006	2007	YoY
Non Operating Income	217	689	762	11%	251%	1,127	2,835	152%
Other Revenues	121	282	181	(36%)	50%	402	800	99%
Foreign Exchange	-	-	-	-	-	-	-	-
Recoveries	86	397	530	34%	516%	513	1,857	262%
Repomo - Other Revenues	10	5	7	40%	(30%)	18	18	-
Warehousing	-	5	44	780%	100%	194	160	(18%)
Non Operating Expense	(229)	(162)	(380)	135%	66%	(920)	(969)	5%
Other Expenses	(64)	(39)	(148)	279%	131%	(355)	(413)	16%
Foreign Exchange	-	-	-	-	-	-	-	-
Repomo - Other Expenses	(165)	(118)	(189)	60%	15%	(371)	(396)	7%
Warehousing	-	(5)	(44)	780%	(100%)	(194)	(160)	(18%)
Non Operating Income (Expense), net	(12)	527	382	(28%)	(3,283%)	208	1,867	798%

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• Non Operating Income (Expense)

Revenues in 2007 were Ps \$1.867 billion, a 798% YoY increase due to several factors:

- *Other Revenues:* The reclassification of Ps 775 million in income from recoveries of acquired and proprietary loan portfolios that were previously booked as Non Interest Income; the recovery of Ps 598 million in previously written-off proprietary loans and the cancellation of Ps 88 million in creditors.
- *Other Expenses:* A reduction in the reserves required for contingencies and a decline in expenses related to commercialization of clients' inventories at the Warehousing Company.

On a fully comparable basis, i.e. applying the new accounting standards to the results of 2006, *Net Non Operating Income* decreased 18% YoY during 2007.

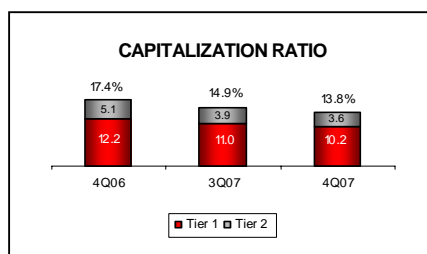
On a QoQ basis, net *Non Operating Income* was 28% lower than 3Q07 due to the increase in *Other Expenses* derived from higher reserve creation related to estimates for accounts receivable over 90 days past due, increased fraud-related charges, the downward negative adjustment in the value of acquired goods, and a higher Repomo charge resulting from a pick up in inflation during the quarter.

Capitalization (Million Pesos)	4Q06	1Q07	2Q07	3Q07	4Q07	QoQ	YoY
Tier 1 Capital	22,338	21,435	23,321	25,578	24,942	(2%)	12%
Tier 2 capital	9,357	9,708	9,252	9,087	8,767	(4%)	(6%)
Net Capital	31,695	31,144	32,573	34,665	33,710	(3%)	6%
Credit Risk assets	131,803	134,326	149,467	160,954	173,505	8%	32%
Net Capital/ Credit Risk Assets	24.0%	23.2%	21.8%	21.5%	19.4%	(2.1) pp	(4.6) pp
Total Risk Assets (1)	182,681	195,387	213,925	233,094	244,321	5%	34%
Tier 1	12.2%	11.0%	10.9%	11.0%	10.2%	(0.8) pp	(2.0) pp
Tier 2	5.1%	5.0%	4.3%	3.9%	3.6%	(0.3) pp	(1.5) pp
Capitalization Ratio	17.4%	15.9%	15.2%	14.9%	13.8%	(1.1) pp	(3.6) pp

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

• Capitalization

At the end of 4Q07, the *Capitalization Ratio* was 13.8% considering credit and market risks, and 19.4% considering only credit risks. Tier 1 capital ratio was 10.2% and Tier 2 stood at 3.6%. The *capitalization ratio* for 4Q07 was 360 bp lower than in 4Q06 as a result of the growth in Risk Assets, mainly the loan portfolio, and to pre-payments of debt obligations. On a quarterly basis, capitalization dropped 110 bp to 13.8% in 4Q07 from 14.9% in 3Q07 due to an increase in Total Risk Assets as a result of accelerated loan growth during the quarter, the dividend paid on October 15 and to the pre-payment in November of non-convertible subordinated obligations issued on November 28, 2002.



Figures are presented in constant pesos of December 2007.

DEPOSITS (Million Pesos)	4Q06	3Q07	4Q07	QoQ	YoY
Non Interest Bearing Demand Deposits	37,278	37,117	43,803	18%	18%
Interest Bearing Demand Deposits (1)	61,227	59,718	67,303	13%	10%
Total Demand Deposits (2)	98,504	96,835	111,106	15%	13%
Time Deposits – Retail	55,967	62,428	63,639	2%	14%
Core Deposits	154,471	159,263	174,745	10%	13%
Money Market (3)	21,029	24,067	28,780	20%	37%
Banking Sector's Total Deposits	175,500	183,330	203,525	11%	16%
GFNorte's Total Deposits (4)	175,434	182,824	203,298	11%	16%
Third Party Deposits	138,386	149,144	136,988	(8%)	(1%)
Total Assets Under Management	313,886	332,474	340,513	2%	8%

1) Includes Debit Cards.

2) Excludes IPAB cash management checking accounts for loan portfolios managed from Banpais and Bancen. The balances of these accounts in 4Q06, 3Q07 and 4Q07 were Ps \$546 million, Ps \$10 million and Ps \$9 million, respectively.

3) Includes Bank Bonds, both clients and Financial Intermediaries.

4) Includes the eliminations between the subsidiaries (4Q06=66 million, 3Q07=506 million and 4Q07=227 million).

• Total Deposits

Total *Deposits* at the end of the year were Ps 203,298 million, a 16% YoY increase driven by a 13% growth in Core Deposits. One of the main drivers in deposits was the expansion of our branch network, which increased by 57 new branches over the last 12 months. During this period, Banorte's deposits grew above the industry average. For 4Q07, Total Deposits rose 11% QoQ driven by growth in all segments, especially in Demand and Money Market Deposits.

• Demand and Time Deposits

During 2007, Banorte's *Demand Deposits* grew 13% YoY and *Time Deposits* increased 14% YoY. These growth rates can be attributed to the continuous promotional campaigns of Banorte's product offering, especially the Enlace checking account, Sumanomina payroll account, Suma Ahorro savings accounts and the Pagamás promissory note. Core deposit growth was also driven by an expansion of 6% in our distribution network, especially in Mexico City. These initiatives translated into an increase of 13% in account openings or more than 1 million new accounts in the year. Core deposits increased by 10% QoQ due to an acceleration in account openings, especially Suma Ahorro accounts, and also to higher average balances in time deposits.

• Money Market Deposits

Money Market Deposits increased 37% YoY driven by greater business volumes by our corporate and government clients, offsetting a decline in deposits by individuals that have migrated to other products, such as mutual funds. On a quarterly basis, these deposits increased by 20% vs. 3Q07 as a result of successful efforts to attract more funds from our customer base.

• Third Party Deposits

Third Party Deposits fell 1% YoY vs. 2006 and 8% QoQ vs. 3Q07, due to the lower issuance of short term paper that is distributed with other intermediaries.

• Assets Under Management

AUM totaled Ps 340,513 million at the end of 2007, an 88% increase vs. 2006 and 2% higher than 3Q07. Growth was driven by an increase in Total Deposits and in assets managed by the brokerage house, mutual funds and the retirement savings unit (AFORE).

Figures are presented in constant pesos of December 2007.

PERFORMING LOAN PORTFOLIO (Million Pesos)	4Q06	3Q07	4Q07	QoQ	YoY
Commercial	60,790	67,854	74,538	10%	23%
Consumer	49,010	58,906	63,320	7%	29%
Corporate	24,988	30,780	36,686	19%	47%
Government	11,192	17,867	17,948	-%	60%
Sub Total	145,982	175,407	192,491	10%	32%
Recovery Banking	1,377	1,223	1,147	(6%)	(17%)
Total	147,360	176,631	193,638	10%	31%

PERFORMING CONSUMER LOAN PORTFOLIO (Million Pesos)	4Q06	3Q07	4Q07	QoQ	YoY
Mortgages	27,510	33,087	36,096	9%	31%
Car Loans	6,580	6,986	7,229	3%	10%
Credit Cards	9,842	12,788	13,882	9%	41%
Payroll	5,080	6,046	6,113	1%	20%
Consumer Loans	49,010	58,906	63,320	7%	29%
(Million Pesos)	4Q06	3Q07	4Q07	QoQ	YoY
IPAB Loans	-	-	-	-	-
Past Due Loans	2,138	2,739	2,893	6%	35%
Loan Loss Reserves	3,668	3,624	3,786	5%	3%
Acquired Rights	3,755	3,861	3,660	(5%)	(3%)

- **Total Performing Loans**

In 2007, the *Performing Loan Portfolio* increased 31% YoY from Ps 147,360 million to Ps \$193,638 million, and 32% excluding the loan portfolio managed by the Recovery Bank. On a QoQ basis, the performing loan portfolio increased by 10% net of the securitization of Ps \$5.565 billion in government loans, and 13% including it.

All business segments of the loan portfolio continue showing robust growth rates, driven by higher overall credit demand, the initiatives implemented to improve the bank's credit product offering and the efforts by the various business units to increase loan placements. The growth rates by segments was:

- **Commercial:** The portfolio grew 23% YoY in '07 and 10% QoQ in 4Q07 due to a targeted campaign to SME's (Empuje Banorte) rolled out mainly through the branch network and a specialized sale force recently created for this segment.
- **Consumer and Mortgage:** The 29% YoY and 7% QoQ growth in loans to individuals was driven by dynamic growth in every segment:
 - **Mortgage Loans:** The 31% YoY and 9% QoQ growth were driven by successful initiatives to increase originations, such as the new product "Mas por Menos", the agreements signed with various home developers, the expansion to other distribution channels such as mortgage brokers and the opening of additional service centers to developers (CAP's). As a result, 18,075 new loans were placed in the last 12 months and 5,349 during 4Q07. Banorte finished the year ranking 2nd amongst banks place in terms of new loan originations.
 - **Credit Cards:** The book expanded by 41% YoY and 9% QoQ, driven by increased product placements through different distribution channels (telemarketing and direct mail), more loans placed at the branch network, a record year in acquisitions through the balance transfer program "Ya Bajale" (Ps \$3 billion), the rolling out of new products (Mujer Banorte, Tarjeta Inmediate, Platinum, Empuje Negocios), the enhancement of existing products and to the development of the existing portfolio through special campaigns, promotions and commercial alliances.
 - **Payroll Loans** They increased by 20% YoY and 1% QoQ as a result of new initiatives such as direct mailings with pre-authorized loans to recurring customers, unemployment insurance, improvements to loan origination process through the CREa project (digital files for electronic loan authorizations), the introduction of pay day advances, loan disbursements through the ATM network, efforts to attract and retain payrolls, as well as to penetrate our existing client base in Suma and other payroll accounts. In 2007, 265,269 new payroll loans and 32,004 personal loans were placed.

Figures are presented in constant pesos of December 2007.

- **Car Loans:** This segment expanded 10% YoY and 3% QoQ driven by new initiatives such as direct mailings to payroll customers and an increase in the sales force. Also, loan originations were supported by the new features that were added to this product last year, such as longer maturities and lower interest rates, as well as constant promotional campaigns carried out throughout the year in order to increase penetration in this segment. A total of 37,033 new loans were originated in '07.
 - **Corporate:** The loan portfolio grew 47% YoY and 19% QoQ due to a pickup in loan demand by local corporates throughout the year, new strategies to attract clients, the origination of some bridge loans in 2Q07 and a loan reclassification of one of our major clients in the automotive sector.
 - **Government:** The portfolio increased 60% YoY and was flat QoQ, although the growth was 32% QoQ when the securitized loans last November are included. Loan placements were driven by the efforts carried out by the area recently created dedicated to this segment in order to attract new clients and address the financial needs of current clients, as well as a reactivation in credit demand as a result of the new administrations taking office at the federal, state and local level throughout 2007.
 - **IPAB Notes:** The IPAB promissory notes were paid in full in 2Q06 for the amount of Ps 178 million.
- **Past Due Loans**
The *PDL* ratio at the end of 2007 was 1.5%, the same level registered at the end of 3Q07, and slightly higher from the level of 1.4% at the end of 4Q06. Past Due Loans increased by 35% YoY in 2007 and 6% QoQ in 4Q07, mainly as a consequence of the bank's strategy to increase its presence in the credit card segment. The pick up in credit card delinquencies is mainly driven by the maturing of the 2006 and 2007 vintages, which are the largest originations in the bank's history. In this aspect, the *PDL* ratio in credit cards is currently 5.6%, which compares favorably to a 6.7% average in the system.

PAST DUE LOAN VARIATIONS		
<i>(Million Pesos)</i>		
Balance as of September 2007		2,693
	Transfer from Performing Loans to Past Due Loans	1,943
	Renewals	(31)
	Cash Collections	(324)
	Discounts	(8)
	Charge Offs	(594)
	Foreclosures	(13)
	Transfer from Past Due Loans to Performing Loans	(779)
	Foreign Exchange Adjustments	6
Balance as of December 2007		2,893

RISK RATING OF PERFORMING LOANS – GFNorte					
<i>(Million Pesos)</i>					
		LOAN LOSS RESERVES			
CATEGORY	LOANS	COMMERCIAL	CONSUMER	MORTGAGES	TOTAL
A	58,639	-	123	119	242
A1	77,767	354	-	-	354
A2	51,158	486	-	-	486
B	5,441	0	164	142	306
B1	5,890	118	-	-	118
B2	409	22	-	-	22
B3	748	84	-	-	84
C	857	0	283	72	354
C1	146	31	-	-	31
C2	101	41	-	-	41
D	1,236	50	653	187	890
E	556	235	90	227	552
Total	202,948				
Not Classified	(90)				
Exempt	97				
Total	202,956	1,420	1,313	746	3,480
Reserves					3,786
Surplus (Deficit)					306

Figures are presented in constant pesos of December 2007.

Notes:

- 1.- The rating of loans and the reserves created correspond to the last day referred in the Balance Sheet until December 31st, 2007.
- 2.-The loan portfolio is rated according to the rules issued by the Ministry of Finance and Public Credit (SHCP), the methodology established by the CNBV and internal methodologies approved by the CNBV. For Mortgage and Consumer loans, Banorte uses the regulation described in the Official gazette published on December 2, 2005, and for Commercial loans it uses internal methodologies approved by the CNBV.
- 3.- The excess in reserves that were constituted mainly in UDIs Trusts.
- 4.-Rating of Leasing and Factoring loans are until September 2007 and reserves until December, 2007.

LOAN LOSS RESERVES <i>(Million Pesos)</i>	4Q07
Previous Period Ending Balance	3,624
Provisions charged to results	909
UDIS trusts	6
Other Concepts	(8)
Elimination of Excess Reserves charged to results	(6)
Charge offs and discounts:	
Commercial Portfolio	(68)
Consumer Portfolio	(468)
Mortgage Portfolio	(110)
Foreclosed assets	(16)
	(662)
Cost of debtors support programs	(27)
Valuation and Others	(51)
Loan Loss Reserves at Period End	3,786

- **Loan Loss Reserves**

At the end of 4Q07, the balance of this account was Ps \$3,786 million, a slight increase compared to 3Q07. The main variations came from a higher level of Provisions for Loan Loss Reserves being charged against results (Ps \$909 million), as well as the use of Ps \$662 million in charge-offs and discounts and Ps \$86 million in other concepts.

- **Requirements for Loan Loss Reserves**

The 67% YoY increase in provision charges at the end of 2007 was driven by vigorous growth in the loan portfolio, which translates into higher initial reserve requirements abiding to current regulation. Additionally, the Past Due Loan portfolio in consumer loans has increased, particularly in credit cards, which has required higher level of provisions.

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

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

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

As a result of the new criteria for creating provisions, the reserve coverage has been decreasing every quarter in 2007, but at a much slower rate during 4Q07. This is a transitory phenomenon that will tend to stabilize in 2008 once the loan loss reserve balances become fully comparable with the previous periods.

Figures are presented in constant pesos of December 2007.

BANKING SECTOR

INCOME STATEMENT & BALANCE SHEET HIGHLIGHTS– Banking Sector (Million Pesos)	4Q06	3Q07	4Q07	QoQ	YoY	2006	2007	YoY
Income Statement								
Net Interest Income after Repomo	3,822	4,334	4,695	8%	23%	14,596	16,888	16%
Loan Losses and Loss Sharing Provisions	330	696	900	29%	172%	1,569	2,588	65%
Non Interest Income	1,547	1,443	1,408	(2%)	(9%)	6,253	5,929	(5%)
Non Interest Expense	2,963	3,272	3,408	4%	15%	11,333	12,945	14%
Non Operating Income (Expense), Net	(5)	541	411	(24%)	9,003%	229	1,903	733%
Pre-Tax Income	2,070	2,349	2,206	(6%)	7%	8,176	9,187	12%
Net Income	1,447	1,621	1,563	(4%)	8%	5,383	6,151	14%
Balance Sheet								
Performing Loan Portfolio	141,956	169,573	185,538	9%	31%	141,956	185,538	31%
Deposits	176,046	183,340	203,534	11%	16%	176,046	203,534	16%

- **Net Interest Margin**

The *Net Interest Margin* before Loan Loss Provisions increased 16% YoY, driven by a 31% growth in Total Performing Loans and a 13% increase in Core Deposits. This was achieved in spite of the negative impact on commissions charged for loan originations stemming from new accounting standards which require that the recognition of loan origination commissions in the P&L must be deferred throughout the life of the loan.

- **Non Interest Income**

Non Interest Income declined 5% YoY due to a 36% reduction in Recovery Banking Fees resulting from the reclassification of recovery income from acquired and proprietary loan portfolios to the Non Operating Income line as required by the new accounting standards that came into effect in January 2007.

- **Non Interest Expense**

Non Interest Expenses increased 14% versus 2006 due to higher Personnel, Promotional and Advertising expenses, as a result of the branch expansion program, extended service hours in some branches, an increase in transactionality and the efforts to place a larger number of products.

- **Non Operating Income, Net**

Increased 733% vs 2006 as a result of the reclassification of income from acquired and proprietary loan portfolios from the Non-Interest Income line into this line, as required by the new accounting standards which came into effect in January 2007.

- **Net Income**

The bank's accumulated *Profits* (100%, including the Afore through the equity participation method) totaled Ps \$6.151 billion, 14% higher than 2006, driven mainly by higher interest margins and increased non-operating income.

- **Loan Loss Reserves**

The *Loan Loss and IPAB Provisions* grew 65% YoY, as a result of the growth in the loan portfolio and the consequential increase in past-due loans in consumer loans, especially in credit cards.

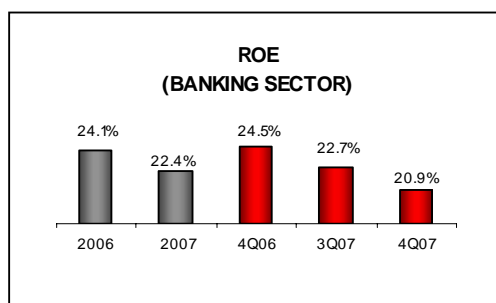
II. FINANCIAL INFORMATION



Figures are presented in constant pesos of December 2007.

FINANCIAL RATIOS – Banking Sector (Million Pesos)	4Q06	3Q07	4Q07	QoQ	YoY	2006	2007	YoY
Profitability								
NIM (1)	7.8%	7.7%	8.1%	0.4 pp	0.3 pp	7.7%	7.6%	(0.1) pp
ROE (2)	24.5%	22.7%	20.9%	(1.8) pp	(3.6) pp	24.1%	22.4%	(1.7) pp
ROA (3)	2.6%	2.4%	2.3%	(0.1) pp	(0.3) pp	2.5%	2.4%	(0.1) pp
Operation								
Efficiency Ratio (4)	53.9%	55.7%	54.6%	(1.1) pp	0.7 pp	53.7%	56.1%	2.4 pp
Operating Efficiency Ratio (5)	5.4%	5.0%	5.0%	-	(0.4) pp	5.4%	5.1%	(0.3) pp
Liquidity Ratio (6)	64.6%	57.5%	50.7%	(6.8) pp	(13.9) pp	64.6%	50.7%	(13.9) pp
Asset Quality								
Past Due Loan Ratio (w/o Fobaproa)	1.4%	1.5%	1.5%	-	0.1 pp	1.4%	1.5%	0.1 pp
Coverage Ratio	175.7%	136.1%	135.1%	(1.0) pp	(40.6) pp	175.7%	135.1%	(40.6) pp
Growth (7)								
Performing Loans (w/o Fobaproa/IPAB) (8)	20.0%	28.1%	31.2%	3.1 pp	11.2 pp	20.0%	31.2%	11.2 pp
Core Deposits	23.7%	20.3%	13.1%	(7.2) pp	(10.6) pp	23.7%	13.1%	(10.6) pp
Total Deposits	18.5%	18.9%	16.0%	(2.9) pp	(2.5) pp	18.5%	16.0%	(2.5) pp
Capitalization								
Net Capital/ Credit Risk Assets	24.0%	21.5%	19.4%	(2.1) pp	(4.6) pp	24.0%	19.4%	(4.6) pp
Total Capitalization Ratio	17.4%	14.9%	13.8%	(1.1) pp	(3.6) pp	17.4%	13.8%	(3.6) pp

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



Banorte USA (Million Pesos)	4Q06	3Q07	4Q07	QoQ	YoY	2006	2007	YoY
Banorte USA								
Net Income	11	53	17	(68%)	55%	11	112	918%
Performing Loans	8,828	10,582	10,776	2%	22%	8,828	10,776	22%
Past Due Loans	100	46	83	80%	(17%)	100	83	(17%)
Deposits	15,295	14,074	15,318	9%	-%	15,295	15,318	-%
Stockholder's Equity	3,188	3,803	3,847	1%	21%	3,188	3,847	21%

Net income was Ps 112 million in 2007, driven by higher net interest income propelled by a 22% increase in performing loans. NIM was 4.4% at the end of 2007, the efficiency ratio was 41.6%, ROE was 21.5% and the PDL ratio was 0.8%.

Figures are presented in constant pesos of December 2007.

RECOVERY BANKING

INCOME STATEMENT HIGHLIGHTS – Recovery Banking <i>(Million Pesos)</i>	2006	2007	YoY
Net Interest Income	(49)	(201)	310%
Loan Loss Provisions	4	17	325%
Non Interest Income	1,304	1,090	(16%)
Non Interest Expense	620	819	32%
Non Operating Income (Expense), net	-	1,059	100%
Pre-tax Income & Subsidiaries	630	1,112	77%
Income Tax & Profit Sharing	128	346	170%
Undistributed Earnings of Subsidiaries	212	-	(100%)
Net Income	715	766	7%

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

ASSETS UNDER MANAGEMENT <i>(Million Pesos)</i>	4Q07	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
Fobaproa-IPAB Portfolios:			
Banking Sector	1,424	Off balance trusts	Fees charged to FOBAPROA
Serfin	-	Serfin Trust	Fiduciary
Repossessed assets	70	Off balance trusts	Fees charged to Fobaproa and Fiduciary
	1,494		
Loans purchased to IPAB and to Other Banks:			
	36,313	Sólida Asset Management and Banorte	Non Interest Income (Banorte)
Banking Sector Portfolio:			
Banking Sector	15,357		Net Interest Income
Repossessed assets	7,804	Banorte's Portfolio Banorte's Repossessed assets	Other Revenues and Expenses
	23,161		
Total	60,969		

- During 4Q07, there were no asset acquisitions by the Recovery Banking business.
- Total equity invested by Sólida in investment projects at the end of 2007 was Ps \$2.486 billion, 109% higher when compared to the balance of Ps \$1.195 billion at the end of 2006. These investments include 24 projects nationwide.

Figures are presented in constant pesos of December 2007.

BROKERAGE SECTOR

<i>Brokerage Sector</i> (Million Pesos)	4Q06	3Q07	4Q07	QoQ	YoY	2006	2007	YoY
Brokerage House								
Net Income	77	72	90	26%	17%	191	288	51%
Stockholder's Equity	736	931	1,020	10%	39%	736	1,020	39%
Assets Under Management	169,373	185,691	180,972	(3)%	7%	169,373	180,972	7%
Total Assets	971	1,206	1,333	11%	37%	971	1,333	37%
ROE	43.7%	32.0%	37.0%	5.0 pp	(6.7) pp	29.2%	33.2%	4.0 pp
Net Capital								
Net Capital	616	724	807	12%	31%	616	807	31%

- **Brokerage House**

Net Income

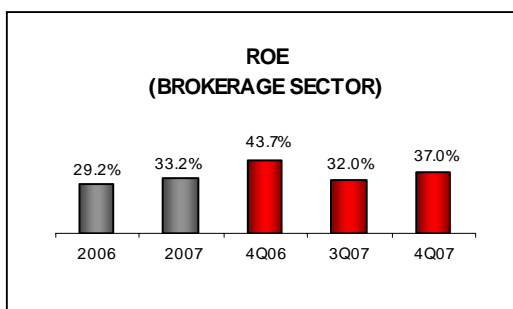
During 2007, *Net Income* was Ps \$288 million, a 51% increase YoY. This was mainly driven by a greater profitability of the investment banking operations, higher revenues in equities, the efforts to increase the yield on client's deposits, a shift in customer's portfolios toward higher-margin structured products and improved cost absorption.

Mutual Funds

At the end of 2007, *Mutual Fund* products continued to show positive results, driven by an improvement in returns, the expansion of the family of funds, a strong promotional campaign and broader distribution through the bank's branch network. At the close of 2007, AUM were Ps \$36,409 million. Fixed income funds grew by 32% YoY and equity funds rose 73% YoY, both above the industry average growth rate.

Assets Under Management

At the end of 4Q07, Assets Under Management totaled Ps \$181 billion, a 7% YoY increase, as a result of the successful efforts of all brokerage house's business units to increase it.



Figures are presented in constant pesos of December 2007.

LONG TERM SAVINGS

LONG TERM SAVINGS (Million Pesos)	4Q06	3Q07	4Q07	QoQ	YoY	2006	2007	YoY
Afore								
Net Income	(26)	57	42	(27%)	258%	104	165	59%
Equity	1,016	921	963	5%	(5%)	1,016	963	(5%)
Total Assets	1,092	1,084	1,102	2%	1%	1,092	1,102	1%
AUM (SIEFORE)	52,266	56,213	58,131	3%	11%	52,266	58,131	11%
ROE	(10.3)%	22.9%	17.7%	(5.2) pp	28 pp	10.5%	16.4%	5.9 pp
Insurance								
Net Income	63	87	97	11%	54%	330	334	1%
Equity	1,612	1,731	1,827	6%	13%	1,612	1,827	13%
Total Assets	8,235	10,114	10,864	7%	32%	8,235	10,864	32%
Technical Reserves	5,732	7,462	7,612	2%	33%	5,732	7,612	33%
Premiums sold	1,470	1,858	2,076	12%	41%	7,490	8,660	16%
ROE	16.1%	22.0%	21.8%	(0.2) pp	5.7 pp	22.8%	20.1%	(2.7) pp
Annuities								
Net Income	(28)	(12)	(10)	(18%)	(63%)	633	266	(58%)
Equity	979	1,132	1,121	(1%)	15%	979	1,121	15%
Total Assets	8,866	10,559	11,083	5%	25%	8,866	11,083	25%
Technical Reserves	7,806	9,198	9,767	6%	25%	7,806	9,767	25%
Premiums sold	284	662	643	(3%)	126%	1,031	2,211	115%
ROE	(11.1)%	(4.4%)	(3.7%)	0.7 pp	7.4 pp	87.2%	24.3%	(62.9) pp

- **Afore**

The Afore reported *Profits* of Ps \$165 million (51% correspond to GFNorte), a 59% YoY increase despite a complex competitive and changing regulatory environment. During 2007, revenues were affected by aggressive competition and the elimination of commissions for deposits throughout the year. Nevertheless, this was offset by a substantial reduction in total costs, especially those related to sales as a result of fewer account transfers and improved control by the authorities to eliminate improper transfers.

In this aspect, measures were taken to eradicate improper balance transfers and a new variable compensation mechanism for the sales force was implemented in order to improve the quality of accounts being transferred. As a result, the average balance of accounts transferred increased from \$31,891 pesos in 2006 to \$59,740 pesos in 2007. At the close of 4Q07, there were a total of 3,281,580 affiliates, representing an 8.52% market share in total number of affiliates and 10.3% in certified accounts.

In spite of a stronger competitive environment, Banorte achieved an 11% YoY increase in AUM vs. 10% average growth for the industry, ranking third in terms of annual growth among the major AFORES in the system. In 2007, a consolidation process began in the industry with acquisitions involving ING-Santander and Metlife-Actinver. Nonetheless, Banorte finished the year with a market share in AUM of 7%, ranking 6th in terms of AUM at the end of November 2007.

- **Insurance Company**

Net Profits obtained by this business unit were Ps \$334 million in 2007 (51% correspond to GFNorte), 1% higher than those registered in 2006. The insurance company was able to sustain its level of profitability in spite of a difficult pricing environment, as well as an increase in claim related costs, especially in the auto sector and in collective life policies.

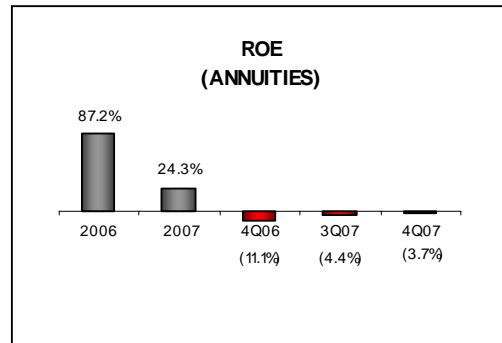
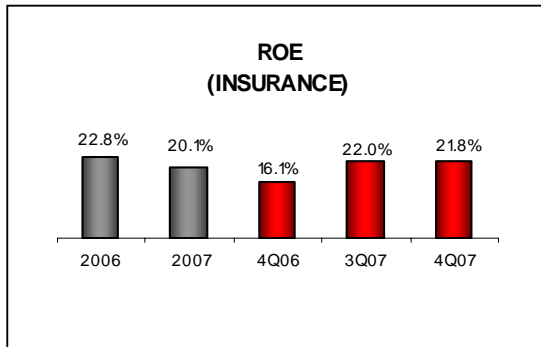
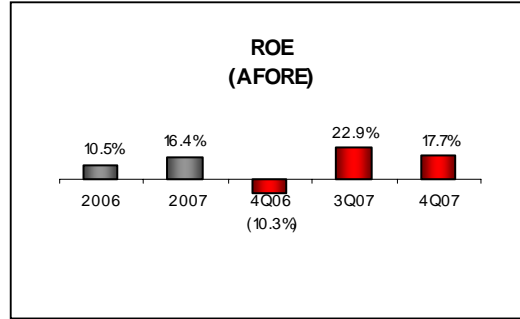
The company is being consolidated as one of the major operators in the market, retaining accounts with large clients and opening new insurance sales channels. The premiums issued rose by 16% with respect to 2006, totaling Ps \$8.66 billion. Technical reserves were Ps \$7.612 billion, growing by 33% vs. 2006.

- **Annuities**

Net Income was Ps 266 million in 2007 (51% correspond to GFNorte), 58% lower than in 2006 as a consequence of a reduction in non recurring revenues booked in 2006 and early 2007 from the sale of held to maturity positions in fixed income securities, combined with, the depletion of tax loss carry forwards that were used in order to optimize the returns from these market related transactions. There was also an effort to attract more profitable customers

It was record year in terms of premiums, which rose by 115% YoY to over Ps \$2.2 billion. The company currently ranks 2nd industry wide in terms of the number of premiums sold. The company is the leader in terms of the number of pensions managed with 40% of the market. Sales costs were reduced by more than 40% and quality filters were implemented in order to increase the value of the company.

Figures are presented in constant pesos of December 2007.



Figures are presented in constant pesos of December 2007.

OTHER FINANCE COMPANIES

OTHER FINANCE COMPANIES (Million Pesos)	4Q06	3Q07	4Q07	QoQ	YoY	2006	2007	YoY
Leasing								
Net Income	26	29	31	10%	20%	122	140	15%
Equity	421	466	500	7%	19%	421	500	19%
Loan Portfolio (1)	3,419	3,666	4,658	27%	36%	3,419	4,658	36%
Past Due Loans	23	5	12	129%	(46%)	23	12	(46%)
Loan Loss Reserves	44	13	13	2%	(70%)	44	13	(70%)
Total Assets	3,407	3,668	4,821	31%	41%	3,407	4,821	41%
ROE	25.6%	23.6%	25.9%	2.3 pp	0.3 pp	33.9%	29.9%	(4.0) pp
Factoring								
Net Income	22	23	31	31%	37%	92	107	17%
Equity	445	461	491	7%	10%	445	491	10%
Loan Portfolio	4,289	5,820	7,564	30%	76%	4,289	7,564	76%
Past Due Loans	18	18	25	39%	37%	18	25	37%
Loan Loss Reserves	29	25	20	(23%)	(32%)	29	20	(32%)
Total Assets	4,448	5,841	7,626	31%	71%	4,448	7,626	71%
ROE	20.5%	19.5%	25.6%	6.1 pp	5.1 pp	22.9%	22.7%	(0.2) pp
Warehousing								
Net Income	3	3	4	14%	20%	11	15	34%
Equity	123	100	101	1%	(17%)	123	101	(17%)
Inventories	84	9	7	(27%)	(92%)	84	7	(92%)
Total Assets	174	125	140	12%	(19%)	174	140	(19%)
ROE	10.5%	11.7%	15.1%	3.4 pp	4.6 pp	9.4%	12.8%	3.4 pp

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

● **Leasing**

The Leasing Company reported *Net Profit* of Ps \$140 million in 2007, 15% higher than 2006. Profitability was driven by a 36% YoY growth in the loan portfolio and income resulting from the sale of equipment due to the completion of pure leasing contracts.

The Past Due Loan Ratio was 0.3% at the end of 2007 and past due loans were fully reserved at 100%. In terms of size of the loan portfolio, the company currently ranks 2nd among the 27 Leasing Companies in the industry.

At the end of 2007, the Capitalization Ratio was 14.0%, considering total risk assets of Ps \$3.58 billion.

● **Factoring**

During 2007, *Profits* were Ps \$107 million, 17% higher YoY, driven by an increase in the loan portfolio and the liberation of reserves due to an improvement in the credit quality of the loan portfolio during the year. The balance of the loan portfolio at the end of 2007 was Ps \$7.564 billion.

The year-end Past Due Loan balance was Ps \$25 million, which is equivalent to a PDL ratio of 0.3%. Currently, the company ranks first among 10 factoring companies in the industry in terms of volume of transactions.

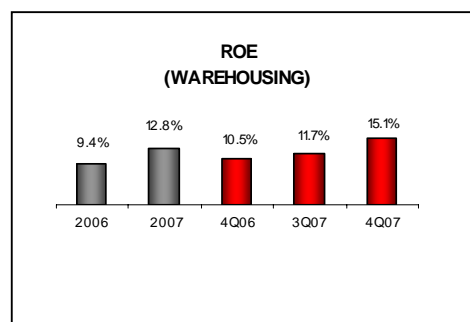
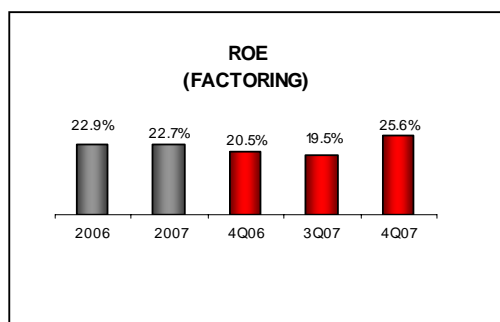
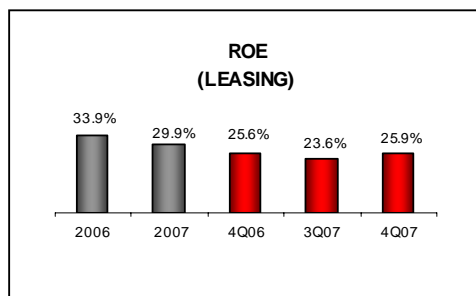
At the end of 2007, the Capitalization Ratio was 7.7% considering total risk assets of Ps \$6.38 billion.

● **Warehousing**

Net Income was Ps \$15 million, 34% higher than 2006. This growth was due to an increase in warehousing services, via the issuing of certificates of deposit that are used as guarantees in secured loans, as well as loans to other financial institutions. It currently ranks sixth among the 20 Leasing Companies in terms of profitability.

At the end of 2007, the Capitalization Ratio was 7.2% considering Ps \$1.54 billion of Total Risk Asset Certificates.

Figures are presented in constant pesos of December 2007.



SOFOL PRONEGOCIO

MICROLENDING-PRONEGOCIO (Million Pesos)	4Q06	3Q07	4Q07	QoQ	YoY	2006	2007	YoY
Net Income	4	2	(23)	(1,140%)	(717%)	23	(30)	(232%)
Equity	81	74	51	(31%)	(37%)	81	51	(37%)
Loan Portfolio	635	675	585	(13%)	(8%)	635	585	(8%)
Non Performing Loans	60	104	112	8%	88%	60	112	88%
Loan Loss Reserves	18	32	46	43%	160%	18	46	160%
Total Assets	678	733	653	(11%)	(4%)	678	653	(4%)
ROE	18.7%	11.9%	(146.0%)	(157.9) pp	(164.7) pp	32.5%	(41.8%)	(74.3) pp

● **Pronegocio**

During 2007, the microlending unit reported a *Net Loss* of Ps \$30 million, vs. a Ps \$23 million gain in 2006. This is mainly due to higher reserve requirements resulting from a deterioration in asset quality, as well as higher expenses associated with efforts to reduce employee turnover.

Past Due Loans at the end of 2007 stood at Ps \$112 million, which translates into a PDL ratio of 19.1%. The Reserve Coverage ratio was 41% (equivalent to 205% considering the 80% guarantee provided by Nafin on these loans). At the close of the year, Pronegocio had 97 branches.

Figures are presented in constant pesos of December 2007.

RATINGS

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

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

Figures are presented in constant pesos of December 2007.

INFRASTRUCTURE

INFRASTRUCTURE	4Q06	3Q07	4Q07
Employees	15,929	17,218	17,348
Banking Sector (1)	13,362	14,023	14,344
Other Sectors	2,567	3,195	3,004
Branches (2)(3)	994	1,023	1,051
INB			18
Pronegocio			97
ATM's	3,140	3,513	3,674

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

(2) Includes banking modules and remote teller windows. Excludes 1 branch located in Cayman Island.

- As part of the Branch Expansion Program, during 2007, 57 new branches were opened, of which 24 branches are in Mexico City. In addition, 10 relocations and 8 refurbishments were carried out during that period.
- The original branch expansion program for 2007 contemplated 29 openings. Nonetheless, since new branches are reaching the breakeven point sooner than anticipated, the decision to expand the original plan was taken. The original budget for the branch expansion program in 2007 remained unchanged, since the number of relocations and refurbishments, that were contemplated for the year, was reduced.
- 80 new branches will be opening in 2008, while 20 more are targeted for expansion, refurbishment and relocation. Additionally, 600 new ATMs will be installed.

Figures are presented in constant pesos of December 2007.

ANNEXES

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

Figures are presented in constant pesos of December 2007.

GROUP'S GENERAL INFORMATION

GFNorte Ownership of Subsidiaries	4Q07
Banco Mercantil del Norte (1)	97.06%
Brokerage House	99.99%
Retirement Funds – Afore (2)	51.00%
Insurance	51.00%
Annuities	51.00%
Leasing	99.99%
Factor	99.99%
Warehouse	99.99%
Microcredit Unit - Pronegocio	99.99%
Banorte USA (2)	100.00%

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

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

Holding Company Capital Structure

Number of Shares	SERIE O As of December 31, 2007
Number of Shares Outstanding	2,018,347,548
Shares held in the bank's Treasury	-

Group Officers

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

Figures are presented in constant pesos of December 2007.

SUMMARY OF RESULTS

Grupo Financiero Banorte announced its results for the year 2007, reporting a net profit of Ps 6.810 billion, which is 10% higher than in 2006. GFNorte's annualized ROE for the period was 23%, while the ROA was 2.6%.

The Banking Sector contributed with 86% of the Group's profits, totaling Ps \$5.889 billion in 2007; 14% higher than in 2006. During the period, there was an increase in recurrent income produced by traditional banking activities, due to the growth in the loan portfolio and in core deposits.

During 2007 net interest income before monetary adjustments (REPOMO) increased 15% YoY, as a result of a 32% annual growth in the performing loan portfolio and a 13% increase in core deposits. The net interest margin averaged 7.6%, even with a 68% decrease in fees charged on loan originations resulting from the new accounting standards that became effective last January, which require the recognition of this income throughout the life of the loan rather than at the moment it is originated.

As a result of an important increase in transactionality and the placement of new products, service Fees grew 12% YoY. Credit Card fees grew 37% as a result of more card placements vs. the same period in 2006, as well as a 13% increase in Electronic Banking Services.

Non Interest Expense in 2007 was 12% higher YoY due to staffing, the incorporation of INB, the expansion of the branch network and an increase in expenses relative to higher business volumes, especially the expansion of the Credit Card business.

The efficiency ratio was 56% at the end of 2007, 1 percentage point higher than in 2006. This is explained in part by the branch expansion program, but mainly by the new accounting standards which required the deferral of origination fees throughout the life of the loan, the consolidation of Sólida Administradora de Portfolios and the reclassification of non interest income to non-operating income from loan recoveries. On a comparable basis, the efficiency ratio was 53%.

Total deposits, excluding third-party accounts, reported a balance of Ps \$203.298 billion at the end of 2007, a 16% YoY increase, driven by increases of 13% in Demand Deposits and 14% in Time Deposits. This growth was a result of opening 57 new branches during 2007, the permanent promotional campaigns of deposit products and a greater acceptance of the "PagaMás", an investment product that offers attractive returns. Moreover, Money Market Deposits grew by 37% during the year.

Loans continue to show a substantial expansion driven by higher credit demand industry-wide and the bank's efforts to improve its array of products. At the close of 2007, performing loans grew by 32% YoY, closing with a balance of Ps \$192.491 billion. Commercial loans increased by 23% in the last twelve months to Ps \$74,538 million. Corporate loans closed at Ps \$36.686 billion for a 47% increase, while government loans reached Ps \$17.948 billion, a growth of 60%. During the fourth quarter, Banorte Ps securitized \$5.565 billion in government loans.

Consumer loans continued to grow steadily during the period. This segment represents 33% of total performing loans. Credit Card loans rose 41% in the last twelve months, reaching a balance of Ps \$13.882 billion. Payroll and personal loans grew 20% in real terms with a balance of Ps \$6.113 billion, Personal Loans, which are grouped in this line, reached a balance of Ps 1,336 million. Car Loans closed with a balance of Ps \$7.229 billion for a 10% YoY increase, while mortgage loans continued to trend upwards, reaching a balance of Ps \$36.096 billion, equivalent to a 31% annual increase.

The past due loan ratio in 2007 was 1.5%, one of the lowest in the industry, The balance of Past Due Loans at yearend was Ps \$2.893 billion. The yearly increase is due to the bank's strategy to increase its participation in less bancarized segments of the population. The loan loss reserve coverage was 131%.

The Long-term Saving Sector, consisting of the Afore, Insurance and Annuities companies, reported a profit of Ps \$388 million in 2007. Other Finance Companies, which consist of Leasing, Factoring and Warehousing, reported profits of Ps \$271 million, a 6% YoY increase. The Brokerage Sector posted a Ps \$288 million profit during 2007, a 51% YoY increase.

III. 2 FINANCIAL STATEMENTS



Figures are presented in constant pesos of December 2007.

HOLDING

Holding – INCOME STATEMENT (Million Pesos)	1Q06	2Q06	3Q06	4Q06	Accum. 2006	1Q07	2Q07	3Q07	4Q07	Accum. 2007
Income Subsidiaries & Other	1,462	1,567	1,601	1,563	6,192	1,652	1,720	1,740	1,694	6,806
Interest Income	2	1	2	1	6	1	4	6	5	15
Interest Expense	-	-	-	-	-	-	-	-	-	-
Fees & Tariffs	-	-	-	-	-	-	-	-	-	-
Trading Income	-	-	-	-	-	-	-	-	-	-
Monetary Position REPOMO	(1)	-	(1)	(1)	(4)	-	1	(3)	(5)	(8)
Total Operating Income	1,462	1,568	1,601	1,562	6,194	1,652	1,725	1,742	1,694	6,813
Admin & Promotion Expense	1	1	1	1	4	1	1	1	3	7
Operating Income	1,461	1,567	1,601	1,561	6,190	1,651	1,724	1,741	1,691	6,806
Non Operating Income	-	-	-	-	-	19	-	-	-	19
Non Operating Expense	(1)	-	(1)	-	(2)	(1)	-	(1)	(1)	(2)
Non Operating Income, net	(1)	-	(1)	-	(2)	18	-	(1)	(1)	17
Pre-tax Income	1,460	1,567	1,600	1,561	6,189	1,669	1,724	1,741	1,690	6,823
Income Tax & Profit Sharing	1	1	1	2	4	6	1	1	5	13
Tax on Assets	-	-	-	-	-	-	-	-	-	-
Deferred Income Tax & PS	-	-	(1)	-	-	1	-	(1)	0	0
	1	1	-	1	3	6	1	1	5	13
Profit from Cont Ops	1,459	1,566	1,600	1,560	6,185	1,663	1,722	1,740	1,685	6,810
Extraordinary Items, net	-	-	-	-	-	-	-	-	-	-
Total Net Income	1,459	1,566	1,600	1,560	6,185	1,663	1,722	1,740	1,685	6,810

Holding – BALANCE SHEET (Million Pesos)	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07
ASSETS								
Cash & Due from Banks	84	42	94	42	57	210	451	188
Investment in Securities	-	-	-	-	-	-	-	-
Sundry Debtors & Other Accts Receivable, net	11	11	11	12	167	11	11	11
Real Estate, Furniture & Equipment, net	-	-	-	-	-	-	-	-
Investments in Subsidiaries	23,650	24,638	26,074	26,997	28,051	29,865	31,744	32,912
Deferred Taxes	-	-	0	0	-	-	1	0
Goodwill	40	40	39	37	36	36	35	34
Other Assets, Deferred Charges & Intangibles	2	1	-	-	2	1	-	-
TOTAL ASSETS	23,787	24,731	26,218	27,089	28,312	30,123	32,242	33,144
LIABILITIES								
Due to Banks & Correspondents	-	-	-	-	-	-	-	-
Income Tax & Profit Sharing	-	-	-	-	-	-	-	-
Other Accounts Payable	1	1	1	1	5	4	5	10
Deferred Taxes	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	1	1	1	1	5	4	5	10
STOCKHOLDER'S EQUITY								
Paid-in Capital	12,023	12,018	12,020	12,020	12,020	12,020	12,016	12,020
Premium of Share Subscription & Issuance	1,858	1,859	1,863	1,863	1,863	1,863	1,863	1,863
Subordinated Convertible Debt	-	-	-	-	-	-	-	-
Subscribed Capital	13,882	13,877	13,882	13,882	13,882	13,882	13,878	13,882
Capital Reserves	1,826	2,093	2,140	2,140	2,446	2,442	2,407	2,452
Retained Earnings	17,513	17,210	17,209	16,417	22,297	22,297	22,296	21,379
Surplus (Deficit) from Valuation of Securities	-	-	-	-	-	-	-	-
Results from Conversions of Foreign Ops	-	-	-	-	-	-	-	-
Surplus (Deficit) in Capital Restatement	(6,375)	(6,396)	(6,394)	(6,380)	(6,378)	(6,375)	(6,376)	(6,380)
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-	-
Results of Non Monetary Investment Assets	(4,518)	(5,079)	(5,245)	(5,156)	(5,603)	(5,512)	(5,094)	(5,009)
Adjustments in the Employees' Liabilities	-	-	-	-	-	-	-	-
Net Income	1,459	3,025	4,625	6,185	1,663	3,385	5,125	6,810
Earned Capital	9,905	10,853	12,335	13,206	14,425	16,237	18,359	19,252
Total Stockholder's Equity	23,786	24,730	26,217	27,088	28,307	30,119	32,237	33,135
TOTAL LIABILITIES & EQUITY	23,787	24,731	26,218	27,089	28,312	30,123	32,242	33,144

Holding – MEMORANDUM ACCOUNTS (Million Pesos)	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07
Securities held under Custody	3,971	3,977	3,930	3,858	3,812	3,827	3,780	3,716
Other Registration Accounts	1	1	1	1	1	1	1	1
	3,971	3,977	3,930	3,858	3,812	3,828	3,780	3,717

III. 2 FINANCIAL STATEMENTS



Figures are presented in constant pesos of December 2007.

GRUPO FINANCIERO BANORTE

GFNorte – INCOME STATEMENT (Million Pesos)	1Q06	2Q06	3Q06	4Q06	Accum. 2006	1Q07	2Q07	3Q07	4Q07	Accum. 2007
Interest Income	9,198	8,711	8,842	9,313	36,064	9,080	9,760	10,391	11,105	40,336
Interest Expense	5,719	5,135	5,013	5,371	21,238	5,217	5,582	5,898	6,140	22,838
Loan Fees Charged	159	205	194	206	764	23	45	80	99	248
Fees Paid	42	40	48	43	172	-	-	-	-	-
Net Interest Income (NII)	3,596	3,742	3,975	4,106	15,418	3,886	4,223	4,573	5,065	17,747
Monetary Adjustment (Repomo) to margins	(78)	21	(118)	(174)	(349)	(65)	24	(138)	(184)	(363)
NII after Repomo	3,518	3,762	3,857	3,931	15,069	3,821	4,247	4,435	4,881	17,384
Preventive Provisions for Loan Losses	378	453	383	341	1,555	261	754	709	921	2,645
Loan Loss Sharing Provisions Fobaproa	18	14	-	-	33	-	-	-	-	-
NII Adjusted for Credit Risk	3,122	3,295	3,474	3,590	13,481	3,559	3,493	3,726	3,960	14,738
Fund Transfers	55	61	62	63	241	60	58	55	56	229
Account Management	240	248	253	260	1,001	242	241	239	254	976
Fiduciary	59	68	71	76	274	64	65	67	74	270
Income from Real Estate Portfolios	642	458	341	270	1,710	116	180	120	160	575
Electronic Banking Services	188	207	216	227	837	213	229	245	258	944
Credit Card Fees	350	377	386	449	1,561	477	503	553	599	2,132
Fees Charged to IPAB	10	7	8	2	26	1	-	(1)	4	4
Other Fees	571	533	570	551	2,226	612	580	636	735	2,564
Fees Charged on Services	2,115	1,959	1,905	1,897	7,876	1,784	1,856	1,913	2,140	7,693
Fund Transfers	4	4	4	4	16	5	4	4	4	17
Other Fees	174	183	180	197	733	245	249	271	305	1,069
Expenses from Real Estate Portfolios	253	258	190	136	837	-	-	-	-	-
Fees Paid on Services	431	444	374	337	1,586	250	253	274	309	1,086
Foreign Exchange	125	102	90	125	443	93	136	94	125	448
Securities - Realized Gains	577	188	264	414	1,443	510	(79)	124	(38)	517
Securities - Unrealized Gains	(181)	165	2	(90)	(104)	(33)	283	82	(4)	327
Market Related Income	521	455	356	450	1,782	569	339	300	83	1,292
Non-Interest Income	2,205	1,970	1,888	2,010	8,072	2,104	1,943	1,939	1,914	7,899
Total Operating Income	5,327	5,265	5,362	5,600	21,553	5,663	5,436	5,665	5,874	22,637
Personnel	1,288	1,347	1,060	1,272	4,967	1,408	1,416	1,418	1,480	5,723
Professional Fees Paid	218	209	179	252	858	232	205	215	292	944
Administrative and Promotional Expenses	905	979	1,096	1,080	4,061	1,098	1,155	1,215	1,274	4,742
Rents, Depreciation and Amortization	460	434	414	451	1,760	402	403	402	429	1,636
Other Taxes (other than Income tax)	165	129	140	168	602	155	145	144	169	613
Contributions to IPAB	168	174	171	171	684	175	191	212	196	774
Non-Interest Expense	3,204	3,272	3,061	3,395	12,931	3,469	3,516	3,607	3,841	14,432
Net Operating Income	2,123	1,992	2,301	2,206	8,622	2,194	1,920	2,057	2,033	8,205
Other Revenues	168	155	153	121	596	250	198	287	225	960
Changes in Foreign Exchange Valuation	-	-	-	-	-	0	0	0	0	0
Recoveries	156	141	130	86	513	442	488	397	530	1,857
Repomo - Other revenues	4	0	4	10	18	6	(1)	5	7	18
Non-Operating Income	328	296	287	217	1,127	699	685	689	762	2,835
Other Expenses	(214)	(245)	(25)	(64)	(549)	(214)	(123)	(44)	(192)	(573)
Foreign Exchange	-	-	-	-	-	-	-	-	-	-
Repomo - Other (creditor balance)	(108)	5	(103)	(165)	(371)	(140)	50	(118)	(189)	(396)
Non-Operating Expense	(322)	(240)	(129)	(229)	(920)	(353)	(73)	(162)	(380)	(969)
Non Operating Income (Expense), net	5	56	158	(12)	208	345	612	527	382	1,867
Pre-Tax Income	2,128	2,049	2,459	2,194	8,830	2,540	2,532	2,585	2,415	10,072
Income Tax	481	495	754	630	2,360	698	677	728	812	2,915
Profit Sharing	136	152	183	203	673	242	248	189	186	865
Tax on Assets	-	-	-	-	-	-	-	-	-	-
Deferred Income Tax and Profit Sharing	136	116	47	(77)	222	(13)	(58)	(111)	(304)	(487)
Taxes	752	763	984	756	3,255	926	867	806	694	3,293
Net Income before Subsidiaries	1,376	1,285	1,475	1,438	5,575	1,614	1,665	1,779	1,721	6,779
Subsidiaries' Net Income	157	315	197	159	827	136	129	50	43	357
Net Income form Continuous Operations	1,532	1,601	1,672	1,597	6,402	1,750	1,795	1,828	1,764	7,136
Extraordinary Items, net	0	-	-	-	0	-	-	-	-	-
Minority Interest	73	34	72	37	217	87	72	89	79	326
TOTAL NET INCOME	1,459	1,566	1,600	1,560	6,185	1,663	1,722	1,740	1,685	6,810

III. 2 FINANCIAL STATEMENTS



Figures are presented in constant pesos of December 2007.

GFNORTE – BALANCE SHEET (Millions Pesos)	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07
ASSETS								
Cash and Due from Banks	41,491	41,954	43,231	45,053	42,417	48,918	39,871	41,610
Negotiable Instruments	15,241	15,774	9,285	15,586	7,765	6,715	9,517	7,754
Securities Available for Sale	5,542	1,309	2,020	6,492	10,400	8,508	10,814	10,948
Securities Held to Maturity	4,723	4,731	4,643	4,570	754	779	764	760
Investment in Securities	25,506	21,814	15,947	26,648	18,918	16,002	21,095	19,462
Non-assigned Securities for Settlement	-	-	-	-	-	-	-	-
Debtor Balance in Repo Trans, net	127	117	115	26	100	134	95	58
Repo Transactions with Collateral	-	-	-	-	-	-	-	-
Secs to be received in Repo Trans, net	-	-	-	-	-	-	-	-
Transactions with Derivatives	587	239	1,202	20	984	291	1,742	2,302
Operations w/ Derivatives & Securities	714	355	1,317	46	1,084	425	1,837	2,361
Commercial Loans	62,775	68,343	70,057	83,344	85,231	89,464	88,854	98,091
Financial Intermediaries' Loans	2,394	2,068	2,206	2,464	2,489	5,948	9,810	13,158
Consumer Loans	17,648	19,310	20,266	21,506	22,658	24,541	25,822	27,225
Mortgage Loans	27,329	29,595	31,555	28,855	30,133	32,381	34,276	37,216
Government Entities' Loans	15,456	13,797	13,499	11,194	15,262	17,244	17,868	17,948
IPAB Loans	178	-	-	-	-	-	-	-
Performing Loans	125,778	133,112	137,582	147,361	155,774	169,578	176,631	193,638
Commercial PDL's	747	769	773	758	832	880	884	927
Financial Intermediaries PDL's	-	-	-	-	-	-	-	-
Consumer PDL's	460	542	595	632	721	885	1,015	1,109
Mortgage PDL's	804	795	814	748	738	806	840	858
Government Entities PDL's	-	-	-	-	-	-	-	-
Past Due Loans	2,011	2,106	2,181	2,138	2,291	2,571	2,739	2,893
Gross Loan Portfolio	127,789	135,219	139,763	149,498	158,064	172,14	179,36	196,531
Preventive Loan Loss Reserves	3,444	3,665	3,743	3,668	3,407	3,618	3,624	3,786
Net Loan Portfolio	124,345	131,553	136,021	145,831	154,658	168,531	175,745	192,745
Acquired Collection Rights	4,002	4,167	3,966	3,755	4,183	4,043	3,861	3,660
Total Credit Portfolio	128,347	135,720	139,986	149,586	158,841	172,57	179,60	196,406
Sundry Debtors & Other Accs Rec, net	8,321	8,404	5,597	5,853	9,950	13,960	18,788	7,617
Inventories	84	-	-	84	-	-	9	7
Foreclosed Assets, net	381	315	290	328	423	430	296	385
Real Estate, Furniture & Equipment, net	6,048	6,060	6,133	6,898	6,918	6,890	6,874	8,098
Investments in Subsidiaries	2,542	2,831	3,047	3,285	2,539	2,426	2,569	2,590
Deferred Taxes, net	270	-	-	-	-	-	-	215
Goodwill	58	54	49	3,741	4,220	4,289	4,217	4,134
Intangibles	-	-	-	160	156	158	209	249
Other Assets	1,174	1,246	1,137	1,663	3,474	3,379	3,876	4,796
	18,879	18,910	16,253	22,012	27,679	31,533	36,839	28,090
TOTAL ASSETS	214,936	218,754	216,735	243,345	248,939	269,452	279,248	287,928

III. 2 FINANCIAL STATEMENTS



Figures are presented in constant pesos of December 2007.

GFNORTE – BALANCE SHEET (Million Pesos)	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07
LIABILITIES								
Demand Deposits	81,529	86,376	83,992	99,026	95,104	100,622	96,824	111,080
Time Deposits	68,587	67,767	70,456	76,954	79,610	80,471	86,011	92,227
Bank Bonds	-	-	-	-	-	-	-	-
Deposits	150,116	154,143	154,447	175,980	174,713	181,094	182,834	203,307
Immediate Redemption Loans	568	1,678	847	1,025	-	7,495	2,454	871
Short Term Loans	5,037	5,199	5,272	6,128	6,934	7,840	9,108	11,057
Long Term Loans	11,793	13,706	13,217	10,337	9,606	9,922	10,495	10,796
Due to Banks & Correspondents	17,398	20,584	19,336	17,490	16,540	25,258	22,056	22,723
Non-assigned Securities for Settlement	-	-	-	-	-	2,988	9,114	10
Creditor Balance in Repo Trans, net	439	196	367	244	409	396	518	515
Repo Transactions with Collateral	-	-	-	-	-	-	-	-
Secs to be received in Repo Trans, net	-	-	-	-	-	-	-	-
Transactions with Derivatives	550	197	1,142	2	1,817	984	2,297	2,435
Operations w/ Derivatives & Securities	990	393	1,509	246	2,226	4,368	11,929	2,960
Income Tax & Profit Sharing Payable	683	704	1,142	1,325	909	1,545	1,909	2,212
Other Creditors & Accounts Payable	15,819	11,835	7,734	7,732	12,160	13,075	14,176	10,888
Other Payable Accounts	16,502	12,538	8,876	9,058	13,070	14,620	16,086	13,100
Subordinated Non Convertible Debt	4,893	4,941	4,848	11,798	11,943	11,651	11,734	10,210
Deferred Taxes	-	167	213	150	328	247	143	-
Deferred Credits	113	107	82	74	269	472	616	827
TOTAL LIABILITIES	190,011	192,873	189,311	214,796	219,089	237,709	245,399	253,127
EQUITY								
Paid-in Capital	12,023	12,018	12,020	12,020	12,020	12,020	12,016	12,020
Share Subscription Premiums	1,858	1,859	1,863	1,863	1,863	1,863	1,863	1,863
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	13,882	13,877	13,882	13,882	13,882	13,882	13,878	13,882
Capital Reserves	1,826	2,093	2,140	2,140	2,446	2,442	2,407	2,452
Retained Earnings	17,513	17,210	17,209	16,417	22,297	22,297	22,296	21,379
Surplus (Deficit) of Secs Available for Sale	-	-	-	-	-	-	-	-
Results from Conversions of Foreign Ops	-	-	-	-	-	-	-	-
Results from Valuation of Hedging Secs	-	-	-	-	-	-	-	-
Surplus (Deficit) in Capital Restatement	(6,375)	(6,396)	(6,394)	(6,380)	(6,378)	(6,375)	(6,376)	(6,380)
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-	-
Results of Non Monetary –Investment Assets	(4,518)	(5,079)	(5,245)	(5,156)	(5,603)	(5,512)	(5,094)	(5,009)
Adjustments in the Employee's Pensions	-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Liabilities	-	-	-	-	-	-	-	-
Net Income	1,459	3,025	4,625	6,185	1,663	3,385	5,125	6,810
Earned Capital	9,905	10,853	12,335	13,206	14,425	16,237	18,359	19,252
Minority Interest	1,139	1,151	1,207	1,461	1,543	1,624	1,612	1,667
Total Equity	24,925	25,880	27,424	28,550	29,850	31,743	33,849	34,801
TOTAL LIABILITIES & EQUITY	214,936	218,754	216,735	243,345	248,939	269,452	279,248	287,928

III. 2 FINANCIAL STATEMENTS



Figures are presented in constant pesos of December 2007.

GFNORTE – MEMORANDUM ACCOUNTS (Million Pesos)	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07
On behalf of Third Parties								
Customer's Banks	13	14	9	12	24	1	4	11
Dividends Receivable from Customers	-	-	-	-	-	-	-	-
Interest Receivable from Customers	-	-	-	-	-	-	-	-
Settlement of Customer Transactions	748	713	461	435	(320)	(438)	89	58
Customer Premiums	-	-	-	-	-	-	-	-
Settlement with Clients' Foreign Currency	-	-	-	-	-	-	-	-
Margin Accounts in Futures' Operations	-	-	-	-	-	-	-	-
Other Current Accounts	-	-	-	-	-	-	-	-
Customers' Current Account	762	727	470	447	(296)	(437)	93	69
Client Securities Received in Custody	133,725	133,723	149,848	168,949	179,124	188,067	185,223	180,385
Securities and Documents Received in Guarantee	-	-	-	-	-	-	-	-
Client Securities Abroad	-	-	-	-	-	-	-	-
Clients' Securities	133,725	133,723	149,848	168,949	179,124	188,067	185,223	180,385
Clients' Repurchase Operations	28,194	35,356	38,512	22,865	28,659	37,030	35,295	21,803
Clients' Repo Transactions w/ Securities	-	-	-	-	-	-	-	-
Purchase of Futures & Forward Contracts notional	-	-	-	-	-	-	-	-
Sale of Futures and Forward Contracts, notional	-	-	-	-	-	-	-	-
Clients' Option Purchase Operations	120	17	-	-	5	-	-	145
Clients' Option Sales Operations	-	-	-	-	-	-	-	-
Purchase of Derivatives' Packages	-	-	-	-	-	-	-	-
Sale of Derivatives' Packages	-	-	-	-	-	-	-	-
Trusts Under Administration	2,822	2,730	2,553	2,873	2,823	3,024	2,912	3,048
Transactions On Behalf of Clients	31,137	38,103	41,065	25,737	31,487	40,054	38,207	24,997
TOTAL ON BEHALF OF THIRD PARTIES	165,624	172,553	191,384	195,133	210,315	227,683	223,522	205,451
Endorsement Guarantees Granted	-	-	-	34	-	-	-	-
Loan Obligations	2,352	2,254	2,456	3,550	2,418	2,149	2,687	2,365
Properties in Trusts and Warrant	74,725	75,232	78,533	87,560	84,520	87,179	100,223	101,632
Properties in Custody or Administration	94,776	95,243	96,717	96,926	99,925	103,169	110,368	117,167
Amounts committed to Operations with Fobaproa	695	1,195	500	546	-	-	-	-
Drafts in Transit	-	-	-	-	-	-	-	-
Certificates of Deposits in Circulation	487	554	463	1,231	984	840	1,396	1,541
Letters of Credit to the Corporation as Guarantee	-	-	-	-	-	-	-	-
Securities to the Corporation for Custody	212	269	250	212	278	297	538	610
Government Secs of the Corp under Custody	406	152	243	303	294	322	84	147
Securities of the Corp given as Guarantee	-	-	-	-	-	-	-	-
Securities of the Corp Abroad	-	-	-	-	-	-	-	-
Settlement with FX of the Corp Abroad	-	-	-	-	-	-	-	-
Debts with the Contingency Fund	-	-	-	-	-	-	-	-
Contingent Assets & Liabilities	275	278	276	272	269	285	284	278
Investment bank Trans on Behalf of Third Parties	111,102	114,874	108,138	96,246	103,308	96,577	103,823	91,329
Uncollected Accrued Interest from Past Due Loans	115	122	140	56	66	77	99	101
Investments of Retirement Savings Funds	-	-	-	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-	-	-
Amounts Contracted in Derivatives	-	-	-	-	-	-	-	-
Other Registration Accounts	-	-	-	-	-	-	-	-
Proprietary Transactions	285,148	290,172	287,715	286,938	292,061	290,897	319,501	315,172
Repo Securities to be Received	252,052	243,311	222,437	205,911	217,654	236,600	234,956	216,233
(Minus) Repurchase Creditors	(252,39)	(243,362)	(222,766)	(206,130)	(217,956)	(236,902)	(235,416)	(216,708)
Repurchase Transactions	(347)	(52)	(329)	(219)	(302)	(301)	(460)	(475)
Repurchase Debtors	71,478	54,739	34,370	20,260	36,561	35,961	38,359	21,503
(Minus) Repo Securities to be Delivered	(71,444)	(54,766)	(34,293)	(20,259)	(36,568)	(35,921)	(38,322)	(21,484)
Repurchase Transactions	34	(28)	76	1	(7)	40	37	19
TOTAL PROPRIETARY	284,835	290,093	287,463	286,720	291,752	290,635	319,078	314,715

Figures are presented in constant pesos of December 2007.

GFNORTE - CONSOLIDATED STATEMENT OF CASH FLOW	
JANUARY 1, 2007 – DECEMBER 31, 2007	
<i>(Million Pesos)</i>	
Cash Flow from Operating Activities	
Net Income	6,810
Items charged to results that do not generate or require use of resources	
Results of valuation at reasonable value	(192)
Provisions for loan losses	2,646
Depreciation and amortization	980
Deferred taxes	(487)
Provisions for obligations	2,433
Minoritary interest	326
Undistributed earnings of subsidiaries	(357)
	5,349
Change in items related to operations:	
Decrease (Increase) Deposits	27,445
Decrease (Increase) loan portfolio	(50,469)
Decrease (Increase) in portfolios of credit assets	-
Decrease (Increase) treasury operations (investment in securities)	10,171
Decrease (Increase) financial instruments for sale	(2,949)
Loans from banks and other institutions	5,233
Decrease (Increase) Deferred taxes	(66)
Decrease (Increase) in accounts receivable and payable	-
Net cash generated or used from operations	(10,635)
Financing Activities:	
Payment of subordinated debentures outstanding	(1,552)
Increase in other payable accounts	(477)
Cash Dividends	(917)
Stock repurchases	6
Change to Accounting Criteria	523
Net cash generated or used from financing activities	(2,417)
Investment Activities :	
Decrease in fixed assets	(1,961)
Decrease in permanent investments in shares	339
Decrease (Increase) in deferred charges or credits	(1,570)
Decrease (Increase) foreclosed assets	9
Increase in other accounts receivable	632
Net cash generated or used from investment activities	(2,551)
Decrease (increase) in cash and equivalents	(3,444)
Cash and due from banks at the beginning of the year	45,054
Cash and due from banks at the end of the year	41,610

III. 2 FINANCIAL STATEMENTS



Figures are presented in constant pesos of December 2007.

GFNORTE – CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY		
JANUARY 1, 2007 – DECEMBER 31, 2007.		
<i>(Million Pesos)</i>		
CONTRIBUTED CAPITAL		
	Fixed Paid-in Capital	Premium form sale of securities
Balance as of December 31,2006	12,020	1,863
Change to Accounting Criteria	-	-
Balance as of December 31,2006 with Reprocessing	12,020	1,863
Movements from stockholder's decisions		
Stock repurchases	-	-
Capitalization of profits	-	-
Provisions Created	-	-
Increase in Capital	-	-
Total	-	-
Movements from profits		
Total profits:		
Net Income	-	-
Non Monetary Assets Results	-	-
Recognition of minority interest	-	-
Total	-	-
Balance as of December 31,2007	12,020	1,863

EARNED CAPITAL							
	Capital Reserves	Retained earnings	Surplu or Deficit in Capital Restatement	Results from Non Monetary Assets (Investments)	Net Income	Minoritary Interest	Total Stockholders' Equity
Balance as of December 31,2006	2,140	16,417	(6,380)	(5,156)	6,185	1,461	28,550
Change to Accounting Criteria	-	-	-	(578)	70	(15)	(523)
Balance as of December 31,2006 with Reprocessing	2,140	16,417	(6,380)	(5,734)	6,255	1,446	28,027
Movements from stockholder's decisions							
Stock repurchases	6	-	-	-	-	-	6
Application of profits	-	6,255	-	-	(6,255)	-	-
Provisions created	306	(306)	-	-	-	-	-
Cash Dividends	-	(917)	-	-	-	-	(917)
Increase in Capital	-	-	-	-	-	-	-
Total	312	5,032	-	-	(6,255)	-	(911)
Movements from profits							
Total profits:							
Net Income	-	-	-	-	6,810	-	6,810
Non Monetary Assets Results	-	-	-	147	-	-	147
Change to Accounting Criteria	-	(70)	-	578	-	15	523
Total	-	(70)	-	725	6,810	15	7,480
Recognition of minority interest	-	-	-	-	-	206	206
Balance as of December 31,2007	2,452	21,379	(6,380)	(5,009)	6,810	1,667	34,802

III. 2 FINANCIAL STATEMENTS



Figures are presented in constant pesos of December 2007.

BANKING SECTOR

BANKING SECTOR* - INCOME STATEMENT (Million Pesos)	1Q06	2Q06	3Q06	4Q06	Accum. 2006	1Q07	2Q07	3Q07	4Q07	Accum. 2007
Interest Income	8,879	8,309	8,363	8,750	34,300	8,776	9,341	9,983	10,606	38,707
Interest Expense	5,485	4,855	4,732	4,962	20,035	4,957	5,343	5,624	5,869	21,793
Loan Fees Charged	154	200	187	200	741	23	44	77	96	239
Fees Paid	37	35	42	38	152	-	-	-	-	-
Net Interest Income (NII)	3,510	3,618	3,777	3,949	14,854	3,842	4,042	4,436	4,833	17,152
Monetary Adjustment (Repomo) to margins	(56)	17	(92)	(128)	(259)	(38)	13	(103)	(137)	(265)
NII after Repomo	3,454	3,635	3,685	3,822	14,596	3,804	4,054	4,334	4,695	16,888
Preventive Provisions for Loan Losses	375	447	383	330	1,536	249	742	696	900	2,588
Loan Loss Sharing Provisions Fobaproa	18	14	-	-	33	-	-	-	-	-
NII Adjusted for Credit Risk	3,060	3,174	3,302	3,491	13,027	3,555	3,313	3,637	3,795	14,300
Fund Transfers	55	61	62	63	241	60	58	55	56	229
Account Management	240	248	253	260	1,001	242	241	239	254	976
Fiduciary	59	68	71	76	274	64	65	67	74	270
Income from Real Estate Portfolios	642	458	341	270	1,710	116	180	120	160	575
Electronic Banking Services	188	207	216	227	837	213	229	245	258	944
Credit Cards Fees	350	377	386	449	1,561	477	503	553	599	2,132
Fees Charged to IPAB	10	7	8	2	26	1	-	(1)	4	4
Other Fees	132	171	134	164	601	211	228	218	254	911
Fees Charged on Services	1,676	1,596	1,469	1,510	6,251	1,383	1,504	1,495	1,658	6,041
Fund Transfers	4	4	4	4	16	5	4	4	4	17
Other Fees	166	177	171	193	707	227	233	246	288	993
Expenses from Real Estate Portfolios	253	258	190	136	837	-	-	-	-	-
Fees Paid on Services	424	439	364	333	1,560	232	237	250	292	1,010
Foreign Exchange	144	136	111	138	530	113	142	116	135	506
Securities - Realized Gains	495	99	230	317	1,141	290	(129)	3	(97)	67
Securities - Unrealized Gains	(194)	167	4	(86)	(109)	(27)	270	79	4	325
Market Related Income	445	402	345	369	1,561	376	283	198	42	898
Non-Interest Income	1,697	1,560	1,449	1,547	6,253	1,527	1,550	1,443	1,408	5,929
Total Operating Income	4,757	4,734	4,751	5,038	19,280	5,082	4,863	5,080	5,204	20,228
Personnel	1,238	1,304	1,031	1,233	4,805	1,365	1,376	1,399	1,441	5,581
Professional Fees Paid	198	185	155	219	757	227	198	210	273	908
Administrative and Promotional Expenses	739	758	824	838	3,160	900	941	1,014	1,049	3,903
Rents, Depreciation and Amortization	386	359	338	368	1,451	321	329	323	313	1,286
Other Taxes (other than Income tax)	137	102	102	134	476	127	115	114	137	493
Contributions to IPAB	168	174	171	171	684	175	191	212	196	774
Non-Interest Expense	2,866	2,883	2,621	2,963	11,333	3,114	3,151	3,272	3,408	12,945
Net Operating Income	1,891	1,851	2,130	2,075	7,947	1,968	1,712	1,808	1,796	7,284
Other Revenues	65	83	172	141	461	130	216	286	197	830
Foreign Exchange	-	-	-	-	-	-	-	-	-	-
Recoveries	145	130	128	78	480	428	477	396	526	1,826
Repomo - other revenues	1	0	1	2	4	2	-	1	1	3
Non-Operating Income	211	213	302	220	945	560	693	683	724	2,659
Other Expenses	(108)	(158)	(24)	(62)	(352)	(101)	(113)	(28)	(132)	(374)
Changes in Foreign Exchange Valuation	-	-	-	-	-	-	-	-	-	-
Repomo - other expenses (creditor balance)	(107)	5	(101)	(162)	(365)	(137)	50	(114)	(182)	(383)
Non-Operating Expense	(215)	(153)	(125)	(224)	(717)	(238)	(63)	(142)	(313)	(756)
Non Operating Income (Expense), net	(4)	60	177	(5)	229	322	630	541	411	1,903
Pre-Tax Income	1,888	1,911	2,307	2,070	8,176	2,289	2,342	2,349	2,206	9,187
Income Tax	414	459	717	590	2,181	628	616	659	744	2,647
Profit Sharing	133	147	180	189	648	232	239	184	206	862
Tax on Assets	-	-	-	-	-	-	-	-	-	-
Deferred Income Tax and Profit Sharing	143	123	47	(77)	236	(15)	(43)	(94)	(298)	(450)
Taxes	690	729	944	702	3,065	845	813	749	651	3,058
Net Income before Subsidiaries	1,198	1,182	1,362	1,369	5,111	1,444	1,529	1,601	1,555	6,129
Subsidiaries' Net Income	78	37	78	86	279	28	6	32	20	87
Net Income form Continuous Operations	1,276	1,219	1,440	1,454	5,390	1,473	1,535	1,633	1,575	6,216
Extraordinary Items, net	-	-	-	-	-	-	-	-	-	-
Minority Interest	-	-	-	7	7	19	21	13	12	64
TOTAL NET INCOME	1,276	1,219	1,440	1,447	5,383	1,454	1,514	1,621	1,563	6,151

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

III. 2 FINANCIAL STATEMENTS



Figures are presented in constant pesos of December 2007.

BANKING SECTOR – BALANCE SHEET (Million Pesos)	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07
ASSETS								
Cash and Due from Banks	41,246	41,676	42,970	44,712	42,138	48,644	39,677	41,363
Negotiable Instruments	14,811	15,350	8,786	15,069	7,189	6,092	8,891	6,992
Securities Available for Sale	5,542	1,309	2,020	6,492	10,400	8,508	10,814	10,948
Securities Held to Maturity	4,723	4,731	4,643	4,570	754	779	764	760
Investment in Securities	25,075	21,390	15,448	26,132	18,343	15,379	20,469	18,700
Non-assigned Securities pending Settlement	-	-	-	-	-	-	-	-
Debtor Balance in Repo Trans, net	108	101	34	14	60	82	44	31
Repo Transactions with Collateral	-	-	-	-	-	-	-	-
Secs to be received in Repo Trans, net	-	-	-	-	-	-	-	-
Transactions with Derivatives	374	221	1,202	20	954	290	1,742	2,302
Operations w/ Derivatives & Securities	481	322	1,237	34	1,015	372	1,786	2,332
Commercial Loans	56,809	61,582	62,953	76,019	77,555	81,156	79,795	87,001
Financial Intermediaries' Loans	4,475	4,392	4,580	4,400	4,918	8,529	11,814	16,153
Consumer Loans	17,647	19,308	20,263	21,502	22,655	24,538	25,819	27,220
Mortgage Loans	27,329	29,595	31,555	28,855	30,133	32,381	34,276	37,216
Government Entities' Loans	15,420	13,768	13,477	11,180	15,255	17,243	17,868	17,948
IPAB Loans	178	-	-	-	-	-	-	-
Performing Loans	121,858	128,645	132,828	141,956	150,516	163,846	169,573	185,538
Commercial PDL's	676	692	676	657	714	740	756	777
Financial Intermediaries PDL's	-	-	-	-	-	-	-	-
Consumer PDL's	460	542	595	632	721	885	1,015	1,109
Mortgage PDL's	804	795	814	748	738	806	840	858
Government Entities PDL's	-	-	-	-	-	-	-	-
Past Due Loans	1,941	2,029	2,084	2,037	2,173	2,431	2,611	2,743
Gross Loan Portfolio	123,798	130,673	134,912	143,993	152,689	166,277	172,184	188,282
Preventive Loan Loss Reserves	3,343	3,564	3,645	3,578	3,318	3,541	3,554	3,707
Net Loan Portfolio	120,455	127,109	131,267	140,415	149,371	162,737	168,630	184,574
Acquired Collection Rights	4,002	4,167	3,966	3,755	4,183	4,043	3,861	3,660
Total Credit Portfolio	124,458	131,276	135,233	144,170	153,555	166,780	172,491	188,235
Sundry Debtors & Other Accs Rec, net	8,047	8,115	5,336	5,622	9,557	13,665	18,469	7,137
Foreclosed Assets, net	376	315	290	328	423	430	296	385
Real Estate, Furniture & Equipment, net	5,285	5,280	5,336	6,030	6,033	5,987	6,009	6,380
Investments in Subsidiaries	1,444	1,465	1,517	1,619	928	915	832	839
Deferred Taxes, net	351	-	-	-	-	-	-	237
Goodwill	18	15	11	3,704	4,183	4,253	4,182	4,100
Intangibles	-	-	-	160	156	158	209	249
Other Assets	838	912	813	1,332	3,184	3,094	3,504	4,395
	16,360	16,102	13,301	18,795	24,462	28,501	33,502	23,731
TOTAL ASSETS	207,620	210,766	208,189	233,842	239,512	259,677	267,924	274,361

III. 2 FINANCIAL STATEMENTS



Figures are presented in constant pesos of December 2007.

BANKING SECTOR – BALANCE SHEET								
<i>(Million Pesos)</i>								
	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07
LIABILITIES								
Demand Deposits	81,560	86,436	84,035	99,050	95,131	100,657	96,844	111,115
Time Deposits	68,723	67,883	70,624	76,996	79,719	80,735	86,496	92,419
Bank Bonds	-	-	-	-	-	-	-	-
Deposits	150,283	154,318	154,659	176,046	174,849	181,392	183,340	203,534
Immediate Redemption Loans	568	1,678	847	1,025	-	7,495	2,454	871
Short Term	2,936	2,755	2,554	2,569	3,554	4,083	4,059	4,895
Long Term	10,320	12,191	11,695	8,835	8,277	8,565	9,030	8,328
Due to Banks & Correspondents	13,824	16,623	15,096	12,430	11,831	20,143	15,543	14,094
Non-assigned Securities for Settlement	-	-	-	-	-	2,988	9,114	10
Creditor Balance in Repo Trans, net	425	183	290	229	373	347	473	489
Repo Transactions with Collateral	-	-	-	-	-	-	-	-
Secs to be received in Repo Trans, net	-	-	-	-	-	-	-	-
Transactions with Derivatives	337	180	1,142	2	1,789	984	2,297	2,435
Operations w/ Derivatives & Securities	762	363	1,431	231	2,162	4,319	11,884	2,934
Income Tax & Profit Sharing Payable	600	598	1,008	1,200	801	1,398	1,703	1,995
Other Creditors & Accounts Payable	15,431	11,387	7,314	7,323	11,734	12,590	13,647	10,371
Other Payable Accounts	16,031	11,984	8,322	8,524	12,535	13,988	15,350	12,366
Subordinated Non Convertible Debt	4,893	4,941	4,848	11,798	11,943	11,651	11,734	10,210
Deferred Taxes	-	93	140	78	256	191	105	-
Deferred Credits	72	57	37	46	221	412	556	784
TOTAL LIABILITIES	185,865	188,380	184,534	209,153	213,797	232,095	238,512	243,921
STOCKHOLDER'S EQUITY								
Paid-in Capital	10,745	10,746	10,745	10,745	10,955	10,955	10,955	10,955
Share Subscription Premiums	1,153	1,153	1,153	1,153	856	856	856	856
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	11,898	11,899	11,899	11,899	11,811	11,811	11,810	11,811
Capital Reserves	3,406	3,661	3,661	3,616	3,390	3,390	3,389	3,390
Retained Earnings	8,648	8,012	8,011	7,197	11,162	11,162	11,161	10,536
Results from Valuation of Secs Available for Sale	91	(97)	(238)	(31)	41	447	466	396
Results from Valuation of Hedging Secs	-	-	-	-	(518)	(671)	(499)	(320)
Results from Conversions of Foreign Ops	-	-	-	37	9	16	20	15
Surplus (Deficit) in Capital Restatement	(2,772)	(2,779)	(2,779)	(2,783)	(1,936)	(1,931)	(1,932)	(1,938)
Results of Non Monetary Fixed Assets	13	13	13	13	-	-	-	-
Results of Non Monetary –Investment Assets	(481)	(495)	(524)	(561)	31	99	102	91
Adjustments in the Employee's Pensions	-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Liabilities	(325)	(325)	(325)	(325)	-	-	-	-
Net Income	1,276	2,495	3,936	5,383	1,454	2,968	4,589	6,151
Earned Capital	9,857	10,486	11,756	12,546	13,632	15,479	17,297	18,319
Minority Interest	1	1	1	245	272	292	305	310
Total Stockholder's Equity	21,756	22,386	23,655	24,690	25,715	27,582	29,412	30,440
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	207,620	210,766	208,189	233,842	239,512	259,677	267,924	274,361

BANKING SECTOR – MEMORANDUM ACCOUNTS								
<i>(Million Pesos)</i>								
	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07
Endorsement Guarantees Granted	-	-	-	34	-	-	-	-
Contingent Assets & Liabilities	275	278	276	272	269	285	284	278
Irrevocable Lines of Credit	2,352	2,254	2,456	3,550	2,418	2,149	2,687	2,365
Assets held in Trusts or Mandate	74,725	75,232	78,533	87,560	84,520	87,179	100,223	101,632
Assets held in custody or in administration	90,805	91,267	92,788	93,069	96,095	99,309	106,546	113,408
Investment banking transactions for third parties, net	111,102	114,874	108,138	96,246	103,308	96,577	103,823	91,329
Uncharged accrued interest from past - due loans	114	120	137	51	59	70	92	94
Amounts committed to fobaproa operations	695	1,195	500	546	-	-	-	-
Investment of retirement saving funds	-	-	-	-	-	-	-	-
Integration of loan portfolio	-	-	-	-	-	-	-	-
Amounts received in derivative instruments	-	-	-	-	-	-	-	-
Fobaproa trusts	-	-	-	-	-	-	-	-
Repurchase securities to be received	221,559	206,883	176,456	178,238	188,653	199,567	198,072	194,429
(Less) creditors from repos	(221,909)	(206,940)	(176,714)	(178,449)	(188,945)	(199,834)	(198,497)	(194,88)
Debtors from repos	55,324	31,464	10,237	14,275	15,894	11,203	13,004	7,198
(Less) Repurchase securities to be delivered	(55,291)	(31,489)	(10,234)	(14,279)	(15,915)	(11,201)	(13,009)	(7,199)
Other control accounts	-	-	-	-	-	-	-	-
Total	279,752	285,137	282,572	281,115	286,355	285,306	313,225	308,649

Figures are presented in constant pesos of December 2007.

BANORTE USA

BANORTE USA – INCOME STATEMENT <i>(Million Pesos)</i>	1Q07	2Q07	3Q07	4Q07	2007
Interest Income	302	277	296	319	1,195
Interest Expense	146	140	148	156	591
Loan Fees Charged	-	-	-	-	-
Fees Paid	-	-	-	-	-
Net Interest Income (NII)	156	137	148	163	604
Monetary Adjustment (Repomo) to margins	-	(1)	-	(2)	(3)
NII after Repomo	156	136	148	161	601
Preventive Provisions for Loan Losses	15	27	(20)	38	61
Loss Sharing Provisions	-	-	-	-	-
NII Adjusted for Credit Risk	141	109	168	123	540
Fund transfers	-	-	-	-	-
Account management	-	-	-	-	-
Fiduciary	-	-	-	-	-
Income from Loan Portfolios Acquired	-	-	-	-	-
Electronic Banking Services	-	-	-	-	-
Credit Card Fees	-	-	-	-	-
Fees Charged to IPAB	-	-	-	-	-
Other fees	24	25	25	27	101
Fees Charged on Services,	24	25	25	27	101
Fund transfers	-	-	-	-	-
Other fees	-	-	-	-	-
Expenses from Loan Portfolios Acquired	-	-	-	-	-
Fees Paid on Services	-	-	-	-	-
Foreign exchange	-	-	-	-	-
Securities –Realized gains	-	-	-	-	-
Securities- Unrealized gains	-	-	-	-	-
Market Related Income	-	-	-	-	-
Total Non Interest Income	24	25	25	27	101
Total Operating Income	165	133	193	150	641
Personnel	50	51	53	59	213
Professional Fees Paid	6	7	7	8	29
Administrative and Promotional Expenses	50	61	65	74	250
Rents, depreciation and amortization	11	9	9	10	39
Taxes, other than income tax	-	-	-	-	-
Contributions to IPAB	-	-	-	-	-
Non-Interest Expense	117	128	135	151	531
Operating Income	48	5	58	(1)	110
Other Revenues	28	41	40	48	157
Foreign exchange	-	-	-	-	-
Recoveries	1	1	1	1	5
Repomo-other revenues	-	-	-	-	-
Non Operating Income	29	42	41	49	162
Other Expenses	-	-	-	-	-
Changes in Foreign Exchange Valuation	-	-	-	-	-
Repomo-other expenses (creditor balance)	-	(3)	-	(3)	(6)
Non Operating Expense	-	(3)	-	(3)	(6)
Non Operating Income (Expense), net	29	39	41	46	156
Pre-tax Income	77	44	99	45	266
Income Tax	(26)	(15)	(33)	(16)	(90)
Profit sharing	-	-	-	-	-
Tax on Assets	-	-	-	-	-
Deferred Income Tax and Profit sharing	-	-	-	-	-
	(26)	(15)	(33)	(16)	(90)
Net Income before subsidiaries	51	30	66	29	176
Subsidiaries' net income	-	-	-	-	-
Net Income from continuous operations	51	30	66	29	176
Extraordinary items, net	-	-	-	-	-
Minority Interest	(18)	(21)	(13)	(12)	(64)
TOTAL NET INCOME	33	9	53	17	112

III. 2 FINANCIAL STATEMENTS



Figures are presented in constant pesos of December 2007.

BANORTE USA – BALANCE SHEET (Million Pesos)	1Q07	2Q07	3Q07	4Q07
ASSETS				
Cash and due from Banks	1,503	407	283	570
Negotiable Instruments	-	-	-	-
Securities available for sale	4,091	3,976	4,663	4,635
Securities held to maturity	11	11	10	11
Investment in Securities	4,103	3,988	4,673	4,646
Non-assigned securities pending Settlement	-	-	-	-
Debtor Balance in Repo Trans, net	-	-	-	-
Repo Transactions with Collateral	-	-	-	-
Secs to be received in Repo Trans, net	-	-	-	-
Transactions with derivatives	-	-	-	-
Operations w/ Derivatives & Securities	-	-	-	-
Commercial Loans	8,947	9,528	9,617	8,909
Financial Intermediaries' Loans	-	-	-	-
Consumer Loans	157	159	171	175
Mortgage Loans	725	724	795	1,691
Government Entities' Loans	-	-	-	-
IPAB Loans	-	-	-	-
Fiduciary Collection Rights	-	-	-	-
Performing Loans	9,828	10,410	10,582	10,776
Commercial PDL's	73	50	40	66
Financial Intermediaries' PDL's	-	-	-	-
Consumer PDL's	1	-	-	-
Mortgage PDL's	5	10	6	16
Government Entities PDL's	-	-	-	-
Past Due Loans	79	60	46	83
Gross Loan Portfolio	9,908	10,470	10,628	10,858
Preventive loan loss reserves	192	215	125	131
Net Loan Portfolio	9,717	10,255	10,504	10,727
Credit Assets Portfolio	-	-	-	-
Sundry debtors and other accs rec,net	-	14	7	-
Foreclosed assets, net	20	15	17	25
Real Estate, Furniture & Equipment, net	569	570	585	585
Investments in subsidiaries	7	7	7	7
Deferred taxes, net	-	-	-	-
Risk Coverage for Mortgage	-	-	-	-
GoodWill	2,642	3,254	2,582	2,575
Intangible	156	159	148	139
Otros Assets	445	416	433	565
Other Assets	3,243	3,829	3,164	3,278
TOTAL ASSETS	19,161	18,478	19,241	19,838

III. 2 FINANCIAL STATEMENTS



Figures are presented in constant pesos of December 2007.

BANORTE USA – BALANCE SHEET (Million Pesos)	1Q07	2Q07	3Q07	4Q07
LIABILITIES				
Demand Deposits	8,222	7,645	6,901	7,741
Time Deposits	6,816	6,585	7,172	7,577
Bank Bonds	-	-	-	-
Deposits	15,039	14,229	14,074	15,318
Immediate Redemption Loans	-	-	-	-
Short term	-	111	60	-
Long term	88	85	916	264
Due to banks and correspondents	88	195	976	264
Non-assigned securities pending settlement	-	-	-	-
Creditor Balance in Repo Trans, net	-	-	-	-
Repo transactions with collateral	-	-	-	-
Securities to be received in Repo Trans, net	-	-	-	-
Transactions with derivatives, net	-	-	-	-
Operations w/ Derivatives & Securities	-	-	-	-
Income Tax & Profit Sharing Payable	33	-	-	-
Other creditors & accounts payable	220	122	117	135
Other payable accounts	252	122	117	135
Subordinated non Convertible Debenture	233	230	229	225
Deferred Taxes	31	7	17	19
Deferred credits	-	19	24	30
TOTAL LIABILITIES	15,645	14,803	15,438	15,991
STOCKHOLDER'S EQUITY				
Paid-in Capital	3,131	3,350	3,331	3,344
Share subscription premiums	-	-	-	-
Subordinated Convertible Debentures	-	-	-	-
Subscribed Capital	3,133	3,350	3,331	3,344
Capital Reserves	-	-	-	-
Retained Earnings	10	10	10	11
Results from Valuation of Secs Available for Sale	22	2	40	57
Results from Conversions of Foreign Ops	50	(25)	20	15
Surplus (Deficit) in capital restatement	-	-	-	-
Results of Non Monetary fixed assets	-	-	-	-
Results on non monetary - investment assets	-	-	-	-
Adjustment in employees' pensions	-	-	-	-
Accumulated effect of Deferred Liabilities	-	-	-	-
Net Income	34	44	97	112
Earned Capital	117	30	168	194
Minority Holdings	266	296	304	309
Total Stockholder's Equity	3,517	3,674	3,803	3,847
TOTAL LIABILITIES & STOCKHOLDER'S CAPITAL	19,161	18,478	19,241	19,838

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

Figures are presented in constant pesos of December 2007.

ACCOUNTING CHANGES AND REGULATIONS

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

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

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

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

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

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

- **Changes to accounting criteria.**

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

The most relevant changes are listed below:

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

- **B-11 Bulletin.**

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

Figures are presented in constant pesos of December 2007.

LOAN PORTFOLIO SALES TO SOLIDA ADMINISTRADORA DE PORTAFOLIOS

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

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

(Millions of Nominal Pesos)	Local Currency (2)			Foreign Currency (USD) (3)			Total		
	Aug'02	Sep'07	Dec'07	Aug'02	Sep'07	Dec'07	Aug'02	Sep'07	Dec'07
Performing Loans									
Commercial	5	-	-	5	-	-	10	-	-
Consumer	-	-	-	-	-	-	-	-	-
Mortgage	54	75	77	-	-	-	54	75	77
Total	59	75	77	5	-	-	64	75	77
Non Performing Loans									
Commercial	405	384	375	293	127	112	698	511	487
Consumer	81	73	73	-	-	-	81	73	73
Mortgage	1,112	478	458	-	-	-	1,112	478	458
Total	1,598	935	906	293	127	112	1,891	1,062	1,018
TOTAL LOANS	1,657	1,010	983	298	127	112	1,955	1,137	1,095
Loan Loss Reserves (1)									
Commercial	326	367	363	246	122	112	572	489	475
Consumer	77	73	73	-	-	-	77	73	73
Mortgage	669	447	433	-	-	-	669	447	433
Total	1,072	887	869	246	122	112	1,318	1,009	981

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 80 million as of December 2007.

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

In 4Q07 the Loan portfolio showed changes due to: collections for Ps 15 million, re-structures for Ps 8 million, repossessed assets for Ps 1 million and Ps 49 million in charge-offs and discounts. In the Loan loss provisions there were charge-offs and discounts for Ps 12 million and repossessed assets for Ps 1 million. There were transfers from performing loans to past due loans for Ps 4 million and transfers from past due loans to performing loans for Ps 9 million.

III. 4 LOAN PORTFOLIO SALES TO SOLIDA



Figures are presented in constant pesos of December 2007.

(Millions of Nominal Pesos)	Local Currency ⁽¹⁾		Foreign Currency (USD) ⁽²⁾		Total	
	Sep'07	Dec'07	Sep'07	Dec'07	Sep'07	Dec'07
Performing Loans						
Commercial	86,218	99,311	13,961	15,281	100,179	114,592
Consumer	25,220	27,045	-	-	25,220	27,045
Mortgage	32,996	35,602	-	-	32,996	35,602
Fobaproa / IPAB	-	-	-	-	-	-
Performing Loans	144,434	161,958	13,961	15,281	158,395	177,239
Non Performing Loans						
Commercial	1,048	1,060	168	138	1,216	1,198
Consumer	1,071	1,182	-	-	1,071	1,182
Mortgage	1,298	1,299	-	-	1,298	1,299
Non Performing Loans	3,417	3,541	168	138	3,585	3,679
TOTAL LOANS	147,851	165,499	14,129	15,419	161,980	180,918
Loan Loss Reserves	3,977	4,319	264	238	4,241	4,557
Net Loan Portfolio	143,874	161,180	13,865	15,181	157,739	176,361
Loan Loss Reserves					118.30%	123.87%
% Past Due Loans					2.21%	2.03%

1) Includes UDIS.

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

Figures are presented in constant pesos of December 2007.

NOTES TO FINANCIAL STATEMENTS

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 4Q07				
(Million Pesos)				
NEGOTIABLE INSTRUMENTS	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Government Securities	617	2	(1)	617
Banking Securities	5,399	13	(5)	5,407
Private	216	4	23	243
Bank Paper	-	-	-	-
Treasury Bonds	-	-	-	-
PEMEX	-	-	-	-
UMS	-	-	-	-
Commercial Paper	1,228	-	(1)	1,228
Shares listed in the SIC	1	-	-	1
Guarantee (collateral) for futures	4	-	-	4
Mutual Funds	11	-	-	11
Subordinated Securities	236	-	5	242
Total	7,713	18	22	7,754
SECURITIES HELD FOR SALE				
Government Securities	4,643	24	(32)	4,635
Mexican Government Securities (UMS)	1,309	34	17	1,361
Treasury Bonds	-	-	-	-
Public company bonds	19	-	52	71
Bonds	273	3	10	286
Eurobonds	380	9	(3)	386
Bank Paper	-	-	-	-
Structured notes	-	-	-	-
PEMEX	3,817	54	10	3,881
Subordinated securities	21	-	309	329
Swaps for hedging purposes	-	-	-	-
Total	10,462	123	363	10,948
SECURITIES HELD TO MATURITY				
Special Cetes	644	7	-	651
Securities affected as collateral	-	-	-	-
Fiduciary Rights	34	-	(26)	8
Bonds	-	-	-	-
Mexican Government Securities (UMS)	-	-	-	-
Government securities	10	-	-	11
PEMEX (USD)	-	-	-	-
Strip Bonds	13	-	-	13
Subordinated securities	76	-	-	76
Total	778	7	(26)	760
TOTAL	18,953	148	359	19,462

SECURITIES ASSIGNED FOR SETTLEMENT 4Q07				
(Million Pesos)				
SECURITIES ASSIGNED FOR SETTLEMENT	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Government securities	19	8	(17)	10
Banking securities	-	-	-	-
Private	-	-	-	-
Bank Paper	-	-	-	-
Treasury Bonds	-	-	-	-
UMS	-	-	-	-
Commercial Paper	-	-	-	-
Shares listed in the SIC	-	-	-	-
Guarantee (collateral) for futures	-	-	-	-
Mutual Funds	-	-	-	-
Swaps for Hedging Purposes	-	-	-	-
Total	19	8	(17)	10

III. 5 NOTES TO FINANCIAL STATEMENTS



Figures are presented in constant pesos of December 2007.

REPURCHASE AGREEMENT OPERATIONS 4Q07 (Million Pesos)						
SALES	MARKET VALUE			FINANCIAL STATEMENT		
	RECEIVABLES ON REPURCHASE AGREEMENT	SECURITIES TO BE DELIVERED	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE	
Government Securities	183,055	183,494	(439)	25	464	
Banking Securities	17,251	17,262	(10)	3	13	
Private Securities	15,926	15,952	(26)	5	31	
Total	216,233	216,708	(475)	33	508	

REPURCHASE AGREEMENT OPERATIONS 4Q07 (Million Pesos)						
PURCHASES	MARKET VALUE			FINANCIAL STATEMENT		
	RECEIVABLES ON REPURCHASE AGREEMENT	SECURITIES TO BE DELIVERED	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE	
Government Securities	17,832	17,812	(20)	25	5	
Banking Securities	3,020	3,020	-	-	-	
Private Securities	651	652	1	-	1	
Total	21,503	21,484	(19)	25	6	
				58	515	

III. 5 NOTES TO FINANCIAL STATEMENTS



Figures are presented in constant pesos of December 2007.

DERIVATIVE FINANCIAL INSTRUMENTS OPERATIONS 4Q07					
(Million Pesos)					
INSTRUMENT	TO RECEIVE	TO DELIVER	NET	DEPTO R BALAN CE	CREDITO R BALANC E
FUTURES					
Over Inflation (INPC)	10	(10)	1	1	-
					1
FORWARD FX CONTRACTS					
	AGREED PRICE	MARKET VALUE	VALUATION		
Negotiable					
Purchases	3,111	3,067	(43)		
Sells	3,126	3,165	39		
Total	6,237	6,233	(4)	42	47
					(4)
Hedging					
Purchases	-	-	-		
Sells	-	-	-		
Total	-	-	-	-	-
					-
SWAPS					
	TO RECEIVE	TO DELIVER	NET		
Cross Currency					
Valuation	-	-	-		
Total	-	-	-	-	-
					-
Negotiable					
Capital	18,135	(18,184)	(49)		
Interest rate	596	(578)	17		
Valuation	30,497	(30,420)	77		
Subtotal	49,227	(49,182)	45	1,550	1,505
					45
Hedging					
Capital	12,788	(12,986)	(198)		
Interest rate	172	(147)	24		
Valuation	3,480	(3,735)	(255)		
Subtotal	16,440	(16,869)	(429)	415	844
					(429)
OPTIONS					
	Prima Inicio	Valuación	Prima Valuada		
Negociable-Assets					
Swaptions	6	(30)	(24)		
Rate Options	851	(632)	219		
Index Options (ipc)	-	-	-		
Total	857	(662)	194	194	-
Hedging - Assets					
Swaptions	-	-	-		
Rate Options	139	(38)	100		
Index Options (ipc)	-	-	-		
Total	139	(38)	100	100	-
Negociable-Liability					
Swaptions	(12)	2	(11)		
FX	-	-	-		
Rate Options	(691)	662	(29)		
Index Options (ipc)	-	-	-		
Total	(703)	663	(40)	-	40
Debtor Balance				2,302	
Creditor Balance					2,435

III. 5 NOTES TO FINANCIAL STATEMENTS



Figures are presented in constant pesos of December 2007.

NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 4Q07				
(Millones de Pesos)				
PRODUCT	KIND	UNDERLYING	CURRENCY	POSITION
FX Forwards	Purchases	Exchange Rate (Dollar)	MXN	3,160
FX Forwards	Sales	Exchange Rate (Dollar)	MXN	3,174
				6,334
FX Options	Purchases	Exchange Rate (Dollar)	MXN	-
FX Options	Sales	Exchange Rate (Dollar)	MXN	16
				16
Interest Rate Options	Purchases	TIIE	MXN	1,866,241
Interest Rate Options	Sells	TIIE	MXN	1,853,120
				3,719,361
Interest Rate Swaptionse	USLI/IRS	TIIE	MXN	3,800
Interest Rate Swaptions	TIIE/IRS	TIIE	MXN	3,300
				7,100
Interest Rate Swaps	USLI/IRS	LIBOR	MXN	680
Interest Rate Swaps	TIIE/IRS	TIIE	MXN	116,721
				117,401
FX Swaps	CETE-US/CS	CETE	MXN	4,694
FX Swaps	TIIE-EU/CS	TIIE	MXN	874
FX Swaps	MXP-US/CSF	FIX/FIX	MXN	14,125
FX Swaps	TIIE-US/BS	TIIE/LIBOR	MXN	4,266
FX Swaps	TIIE-US/CS	TIIE	MXN	6,957
				30,915
Futures in MEXDER	Purchases	TIIE	MXN	-
Futures in MEXDER	Sales	TIIE	MXN	880
				880
Futures in MEXDER	Purchases	CETE	MXN	-
Futures in MEXDER	Sales	CETE	MXN	100
				100
Futures in MEXDER	Purchases	M10	MXN	-
Futures in MEXDER	Sales	M10	MXN	-
				-

INVESTMENT IN NON GOVERNMENTAL FINANCIAL INSTRUMENTS THAT RESPRESENT MORE THAN 5% NET CAPITAL 4Q07			
(Million Pesos)			
INDUSTRY	INVESTMENT INSTRUMENT	AMOUNT	% NET CAPITA
BACOMER	Banking Bond	3,565	10.6%

III. 5 NOTES TO FINANCIAL STATEMENTS



Figures are presented in constant pesos of December 2007.

LOAN PORTFOLIO								
(Million Pesos)								
	Local Currency		UDIS		Foreign Currency		Total	
	4Q06	4Q07	4Q06	4Q07	4Q06	4Q07	4Q06	4Q07
Performing Loans								
Commercial	64,125	72,194	263	290	18,956	25,607	83,344	98,091
Financial Intermediaries	1,967	12,367	-	-	496	791	2,464	13,158
Consumer	21,266	26,957	89	93	151	176	21,506	27,225
Mortgages	26,757	34,483	1,309	1,042	789	1,691	28,855	37,216
Government Entities	10,735	17,591	-	-	459	357	11,194	17,948
Fobaproa	-	-	-	-	-	-	-	-
Total	124,849	163,592	1,661	1,425	20,851	28,621	147,361	193,638
Past Due Loans								
Commercial	618	828	13	6	126	93	758	927
Financial Intermediaries	-	-	-	-	-	-	-	-
Consumer	631	1,109	-	-	1	-	632	1,109
Mortgages	397	496	347	345	4	16	748	858
Government Entities	-	-	-	-	-	-	-	-
Total	1,645	2,433	360	351	132	109	2,138	2,893
Total Proprietary Loans	126,494	166,025	2,021	1,776	20,983	28,731	149,498	196,531

COST OF BALANCES OF FINAPE, FOPIME, MORTGAGE UDIS AND MORTGAGE FOVI LOAN PORTFOLIOS AS OF 4Q07		
(Million Pesos)		
	TOTAL	
	PERIOD COST	BALANCE OF LOAN PORTFOLIO
FINAPE	0.2	0.3
FOPYME	-	-
Mortgage UDIS	43.7	78.7
Mortgage FOVI	17.7	18.3
	61.6	97.4

Quarter ending balance of Ps 97 million pesos in debtors support programs with a cost for the period of Ps 62 million.

III. 5 NOTES TO FINANCIAL STATEMENTS



Figures are presented in constant pesos of December 2007.

- **Troubled Portfolio**

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

(Million Pesos)	Total
Troubled Portfolio	1,792
Total Loans	196,531
Troubled Portfolio / Total Loans	0.9%

DEFERRED TAXES			
(Million Pesos)			
ASSETS	INCOME TAX	PROFIT SHARING	NET
Tax losses pending amortization	2	-	2
Unrealized loss from Securities held for sale	10	-	10
Provisions for possible loss in loans	37	-	37
Amortization of Intangibles	1	-	1
Deferred compensation	3	-	3
Non deductible provisions and cumulative income	277	97	375
Net operating loss carryforward – Uniteller and Banorte USA corp.	13	-	13
Incorporation of Meseta Trust	14	-	14
Excess of accounting value over fiscal value on Repossessed Assets	293	48	342
Diminishable profit sharing	236	84	320
Past-due loan reserves	19	-	19
Anticipated Income and Expenses	204	72	276
Installation expenses	9	-	9
Valuation Effect of Financial Instruments	1	-	1
Tax on Assets to recover	2	-	2
Total Assets	1,120	301	1,421
LIABILITIES			
Accrued interest and inflationary component of Fixed Assets, Foreclosed, Intangible & Others	(63)	-	(63)
Pension Funds Contribution	(140)	(50)	(190)
Loan Portfolio Acquisitions	(490)	(70)	(560)
Projects to be capitalized	(103)	(37)	(140)
Income tax to pay on UDIS Trust funds	(37)	-	(37)
Book value depreciation	(38)	-	(38)
Dividends Federal Home Loan Bank	(4)	-	(4)
Intangibles' amortizations	(41)	-	(41)
Expenses paid in advance	(4)	-	(4)
Effects of other accounts	(1)	-	(1)
Effects of other accounts	(2)	-	(2)
Reversal of Sale Costs	(11)	-	(11)
Organization and Recording Expenses & Installation Expenses	(7)	-	(7)
Unrealized capital gain from investments in Siefore	(41)	-	(41)
Revenues from "Meseta" Trust	(69)	-	(69)
Total liabilities	(1,050)	(157)	(1,207)
Assets (Liabilities) Accumulated Net	70	145	215

III. 5 NOTES TO FINANCIAL STATEMENTS



Figures are presented in constant pesos of December 2007.

LONG TERM DEBT AS OF 4Q07								
<i>(Million Pesos)</i>								
TYPE OF DEBT	CURRENCY	DATE OF ISSUE	AMOUNT (Pesos)	ORIGINAL AMOUNT (Million Ps, Dlls or UDIs)	TERM	INTEREST RATE	MATURITY	INTEREST PAYMENT
CD's- Banorte U01001	UDIs	Jan 11 '01	354	90	10 years	8.13%	Dec 30 '10	E/182 days
Step-Up Subordinated Callable Notes Due 2014	USD	Feb 17 '04	3,275	300	10 years	5.875%	Feb 17 '14	E/ 180 days
Non Convertible Subordinated Bonds 2006	USD	Oct 13 '06	4,366	400	1 year	6.135%	Oct 13 '16	E/ 180 days
Non Convertible Subordinated Bonds 2006	USD	Oct 13 '06	2,188	200	15 years	6.862%	Oct 13 '21	E/ 180 days

BANK AND OTHER ENTITIES LOANS' AS OF 4Q07							
<i>(Million Pesos)</i>							
	LOCAL CURRENCY	INTER EST RATE	TERM (DAYS)	FOREIGN CURRENCY	INTEREST RATE	TERM (DAYS)	TOTAL
LOANS FROM LOCAL BANKS	-	-	-	789	5.67%	1,095	789
LOANS FROM FOREIGN BANKS GENERATED IN THE COUNTRY	-	-	-	883	L+0.9	1,115	883
LOANS FROM FOREIGN BANK GENERATED FROM CAYMAN	-	-	-	3,407	5.32%	719	3,407
LOANS FROM DEVELOPMENT BANKS	5,249	8.10%	674	1,762	10.18%	639	7,011
LOANS FROM PUBLIC FUNDS	7,586	7.12%	546	157	5.49%	750	7,743
LOANS FROM BANKS	1,312	8.31	106	-	-	-	1,312
CALL MONEY	874	7.50%	3	-	-	-	874
LOANS FROM FIDUCIARY FUNDS	609	10.25%	4,945	-	-	-	609
PROVISIONS FOR INTEREST	94	N.A.	N.A.	-	-	-	94
	15,724			6,998			22,723

Figures are presented in constant pesos of December 2007.

TRADING INCOME 4Q07	
<i>(Million Pesos)</i>	
VALUATION EFFECTS	
Negotiable Instruments	1
Securities Held to Maturity	-
Repurchase Agreements	83
Derivate instruments	234
Futures	1
From repo trasactions	-
Range	-
Inflation Adjustment	-
Total	319
RESULTS FORM BUYING AND SELLING	
Negotiable Instruments	503
Securities Held for Sell	(36)
Hedging Derivatives	46
Inflation Adjustment	-
Total of Buying and Selling Instruments	514
FX Spot	454
FX Forwards	-
FX Futures	-
FX Futures TIIE	-
FX Hedging	-
Changes in FX Valuation	(15)
Intermediation of metals	1
Changes in valuation of Metals	(3)
Total Foreign Exchange	438
Inflation Adjustment	22
Total of Buying and Selling	973
TOTAL TRADING INCOME	1,292

Figures are presented in constant pesos of December 2007.

- **Risk Management**

- **Credit Risk**

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

The objectives of credit risk management at GFNorte are:

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

- **Individual Credit Risk**

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

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

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

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

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

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

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

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

- **Portfolio Credit Risk**

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

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

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

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.

Figures are presented in constant pesos of December 2007.

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, 2007, the Banco Mercantil del Norte total portfolio was Ps 180,309 million. The expected loss represents 1.8% and the unexpected loss is 3.3% with respect to the total portfolio. The average expected loss is 1.8% during the period between October 2007 and December 2007.

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

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

Basic capital by September 30, 2007 \$25,150

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

Credit operations

- Number of financings	1
- Total amount of financings	<u>\$3,756</u>
- % vs. basic capital	15%

Money Market operations

- Number of financings	1
- Total amount of financings	<u>\$8,961</u>
- % vs. basic capital	36%

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

\$17,290

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

Basic capital as of September 30, 2007 \$72

III. Financing whose individual amount represents more than 10% of basic capital:

Credit transactions

- Number of financings	0
- Amount of financings taken as a whole	<u>\$0</u>
- % in relation to basic capital	0%

Money market transactions

- Number of financings	0
- Amount of financings taken as a whole	<u>\$0</u>
- % in relation to basic capital	0%

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

\$6*

*99.997% of this amount corresponds to checking account investments with Banks

Figures are presented in constant pesos of December 2007.

➤ Market Risk

• Value at Risk

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

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

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

The average VaR for the October - December 2007 quarter for the portfolio is Ps 1,891 million.

Million Pesos	4Q06	1Q07	2Q07	3Q07	4Q07
Total Var *	1,499	1,648	1,748	1,715	1,891
Net Capital ***	31,151	31,043	32,364	34,809	34,517
VaR/Net Capital	4.81%	5.31%	5.40%	4.93%	5.48%

* Quarter Average of Bank and Brokerage House

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

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

Risk Factor	VaR
Domestic interest rate	2,088
Foreign interest rate	134
Exchange rate	80
Capitals	20
Bond Prices in Foreign Currency	84
Total VaR of Bank and Brokerage House	1,891

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

Figures are presented in constant pesos of December 2007.

- **Backtesting Analysis**

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

- **Sensitivity Analysis and Extreme Conditions Test**

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

- **Liquidity Risk and Balance**

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

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

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

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

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

- **Operational Risk**

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

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

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

Pillars of Operational Risk Management

I. Policies, Objectives and Guidelines

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

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

Figures are presented in constant pesos of December 2007.

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

II. Quantitative and Qualitative Measuring Tools

Operating Losses Database

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

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

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

• **Legal and Fiscal Contingencies Database**

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

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

• **Risk Management Model**

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

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

III. Required Capital Calculation

On last November 23, 2007, the Official Gazette of the Federation published the Operation Risk Capitalization Rules, thereby establishing the use of a Basic Model (applicable to the Bank of Mexico as of January 2008). The calculation of the capital requirement for Operating Risk is currently done under the new methodology.

Figures are presented in constant pesos of December 2007.

IV. Information and Reporting

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

On the other hand, there is an internal methodology in place with which to estimate the operating losses (based on the simple floating average of historical bankruptcies that have affected the institution over the last 36 months). Based on such methodology, the monthly consequences and losses are estimated at Ps &16.9 million (for the next 3 months) that would create Operating Risks in Banorte and Ps &0.2 million in the Brokerage House.

➤ **Technology risk**

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

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

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

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

➤ **Legal risk**

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

III. 5 NOTES TO FINANCIAL STATEMENTS



Figures are presented in constant pesos of December 2007.

• Information by Segments

GFNORTE – BALANCE SHEET 4Q07											
<i>(Million Pesos)</i>											
	Holding	Banorte	Brokerage	Leasing	Factoring	Warehouse	Pronego cio	Total	Eliminatio ns	Final Balance	
Interest Income	15	38,734	2,253	610	500	3	266	42,381	(2,045)	40,336	
Interest Expense	-	21,793	2,383	227	317	1	50	24,771	(1,934)	22,838	
Loan Fees	-	239	-	-	-	-	9	248	-	248	
Net Interest Income (NII)	15	17,180	(129)	384	183	2	224	17,858	(111)	17,747	
Repomo-Margin	(8)	(298)	(16)	(18)	(22)	-	(1)	(363)	-	(363)	
NII after Repomo	7	16,882	(145)	365	161	2	223	17,495	(111)	17,384	
Loan Loss & Loss Sharing Provisions	-	2,588	-	6	4	-	48	2,645	-	2,645	
NII after Provisions	7	14,294	(145)	360	156	2	175	14,849	(111)	14,738	
Fees on services,	-	7,033	716	1	19	36	-	7,804	(111)	7,693	
Fees paid,	-	1,034	-	3	14	-	37	1,088	(2)	1,086	
Market-related Income	-	898	394	-	-	-	-	1,292	-	1,292	
Total Non Interest Income	-	6,897	1,110	(2)	4	36	(37)	8,009	(110)	7,899	
Total Operating Income	7	21,191	965	358	160	38	139	22,858	(221)	22,637	
Non-Interest Expense	7	13,707	550	262	29	21	186	14,761	(329)	14,432	
Operating Income	-	7,485	415	96	131	17	(47)	8,097	108	8,205	
Non Operating Income	19	2,659	23	48	23	166	6	2,944	(108)	2,835	
Non Operating Expense	2	756	45	3	1	160	2	969	-	969	
Non Operating Income (Expense)NET	17	1,903	(21)	44	22	5	4	1,975	108	1,867	
Pre-tax Income	17	9,388	394	140	153	22	(43)	10,072	-	10,072	
Tax and Profit sharing	13	3,125	114	-	46	8	13	3,293	-	3,293	
Net Income before subsidiaries	4	6,263	280	140	107	15	(30)	6,779	-	6,779	
Subsidiaries' net income	6,806	34	8	-	-	-	-	6,848	(6,491)	357	
Net Inc. from continuous operations	6,810	6,297	288	140	107	15	(30)	13,627	(6,491)	7,136	
Extraordinary items, net	-	-	-	-	-	-	-	-	-	-	
Minority Interest	-	(145)	-	-	-	-	-	(145)	(181)	(326)	
TOTAL NET INCOME	6,810	6,151	288	140	107	15	(30)	13,482	(6,672)	6,810	

III. 5 NOTES TO FINANCIAL STATEMENTS



Figures are presented in constant pesos of December 2007.

GFNORTE – BALANCE SHEET AS OF 4Q07										
<i>(Million Pesos)</i>										
ASSETS	Holding	Banorte	Brokera ge	Leasing	Factorin g	Wareh ouse	Pronego cio	Total	Eliminatio ns	Final balance
Cash and due from Banks	188	41,599	2	3	64	10	6	41,871	(261)	41,610
Negotiable Instruments	-	6,992	762	-	-	-	-	7,754	-	7,754
Securities held for sale	-	10,948	-	-	-	-	-	10,948	-	10,948
Securities held to maturity	-	760	-	-	-	-	-	760	-	760
Financial Instruments:	-	18,700	762	-	-	-	-	19,462	-	19,462
Non-assigned securities to pay	-	-	-	-	-	-	-	-	-	-
Futures receivable, net	-	31	28	-	-	-	-	58	-	58
Options and derivatives, net	-	2,302	1	-	-	-	-	2,302	-	2,302
Repos & Derivatives :	-	2,332	28	-	-	-	-	2,361	-	2,361
Commercial	-	87,001	-	3,079	7,53	-	473	98,091	-	98,091
Financial Intermediaries	-	16,153	-	70	-	-	-	16,223	(3,065)	13,158
Consumer	-	27,220	-	5	-	-	-	27,225	-	27,225
Mortgage	-	37,216	-	-	-	-	-	37,216	-	37,216
Government Entities	-	17,948	-	-	-	-	-	17,948	-	17,948
Fobaproa	-	-	-	-	-	-	-	-	-	-
Performing Loans	-	185,538	-	3,154	7,53	-	473	196,703	(3,065)	193,638
Commercial	-	777	-	12	25	-	112	927	-	927
Financial Intermediaries	-	-	-	-	-	-	-	-	-	-
Consumer	-	1,109	-	-	-	-	-	1,109	-	1,109
Mortgage	-	858	-	-	-	-	-	858	-	858
Government Entities	-	-	-	-	-	-	-	-	-	-
Past Due Loans	-	2,743	-	12	25	-	112	2,893	-	2,893
Total Credit	-	188,282	-	3,166	7,56	-	585	199,596	(3,065)	196,531
Preventive loan loss reserves	-	3,707	-	13	20	-	46	3,786	-	3,786
Net Loan Portfolio	-	184,574	-	3,153	7,54	-	539	195,810	(3,065)	192,745
Acquired collection rights	-	3,660	-	-	-	-	-	3,660	-	3,660
Total Loans	-	188,235	-	3,153	7,54	-	539	199,471	(3,065)	196,406
Sundry debtors and other assets, net	11	7,221	110	169	-	60	9	7,580	37	7,617
Merchandise Inventory	-	-	-	-	-	7	-	7	-	7
Foreclosed assets, net	-	385	-	-	-	-	-	385	-	385
Real Estate, Furniture & Equipment, net	-	6,461	16	1,492	1	59	69	8,098	-	8,098
Investments in subsidiaries	32,912	1,017	69	-	-	-	-	33,999	(31,408)	2,590
Deferred taxes	-	210	-	-	2	-	18	230	(16)	215
GoodWill	34	4,100	-	-	-	-	-	4,134	-	4,134
Intangible	-	249	-	-	-	-	-	249	-	249
Otros Assets	-	4,426	346	5	15	4	12	4,808	(12)	4,796
Total Other Assets	32,957	24,069	542	1,666	18	130	108	59,489	(31,399)	28,090
TOTAL ASSETS	33,144	274,936	1,33	4,821	7,62	140	653	322,653	(34,725)	287,928

III. 5 NOTES TO FINANCIAL STATEMENTS



Figures are presented in constant pesos of December 2007.

GFNORTE – BALANCE SHEET AS OF 4Q07										
<i>(Million Pesos)</i>										
LIABILITIES	Holding	Banorte	Brokerage	Leasing	Factoring	Wareho use	Prone- gocio	Total	Eliminati ons	Final balance
Demand Deposits	-	111,114	-	-	-	-	-	111,114	(34)	111,080
Time Deposits	-	92,419	-	-	-	-	-	92,419	(192)	92,227
Bonds	-	-	-	-	-	-	-	-	-	-
Deposits	-	203,533	-	-	-	-	-	203,533	(226)	203,307
Demand	-	871	-	-	-	-	-	871	-	871
Short term	-	4,895	-	1,696	6,950	13	568	14,121	(3,064)	11,057
Long term	-	8,328	-	2,291	176	-	-	10,796	-	10,796
Due to banks & corresp.	-	14,094	-	3,987	7,126	13	568	25,788	(3,064)	22,723
Assigned securities to pay	-	10	-	-	-	-	-	10	-	10
Non-assigned securities to pay	-	-	-	-	-	-	-	-	-	-
Futures receivable, net	-	489	26	-	-	-	-	515	-	515
Options and derivatives, net	-	2,435	-	-	-	-	-	2,435	-	2,435
Repos & Derivatives:	-	2,924	26	-	-	-	-	2,949	-	2,949
Income Tax & Profit Sharing	7	2,073	124	-	4	4	-	2,212	-	2,212
Other Payable accounts	3	10,396	162	291	4	8	22	10,887	1	10,888
Other payable accounts	10	12,470	286	291	8	11	22	13,094	1	13,100
Subordinated non Convertible Debenture	-	10,210	-	-	-	-	-	10,210	-	10,210
Deferred Taxes	-	-	1	-	-	15	-	16	(16)	-
Deferred credits	-	784	-	43	1	-	12	839	(12)	827
TOTAL LIABILITIES	10	244,024	313	4,321	7,135	39	602	256,439	(3,316)	253,127
STOCKHOLDER'S EQUITY										
Paid-in Capital	12,020	10,955	540	166	140	87	78	23,986	(11,967)	12,020
Share subscription premiums	1,863	856	-	-	-	-	-	2,718	(856)	1,863
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-	-	-
Subscribed Capital	13,882	11,811	540	166	140	87	78	26,704	(12,822)	13,882
Capital Reserves	2,452	3,390	58	79	60	14	-	6,052	(3,600)	2,452
Retained Earnings	21,379	10,536	681	318	272	50	2	33,239	(11,860)	21,379
Surplus (Deficit) from securities	-	396	-	-	-	-	-	396	(396)	-
Results from coverage securities valuation	-	(320)	-	-	-	-	-	(320)	320	-
Results of foreign operations exchange	-	15	2	-	-	-	-	17	(17)	-
Excess (Insuf.) in capital restatement	(6,380)	(1,938)	(530)	(203)	(88)	(3)	-	(9,142)	2,762	(6,380)
Non Mon assets results Fixed Assets	-	-	1	-	-	-	-	1	(1)	-
Non Mon assets results Investm subsidiaries	(5,009)	91	(20)	-	-	(62)	-	(5,000)	(9)	(5,009)
Adjustment in the employees pension funds	-	-	-	-	-	-	-	-	-	-
Net Income	6,810	6,151	288	140	107	15	(30)	13,482	(6,672)	6,810
Earned Capital	19,252	18,319	480	334	351	14	(27)	38,724	(19,471)	19,252
Minority Holdings	-	782	-	-	-	-	-	782	885	1,667
Total Stockholder's Equity	33,135	30,912	1,020	500	491	101	51	66,210	(31,408)	34,801
TOT. LIAB. & STOCKHOL. EQUITY	33,144	274,936	1,333	4,821	7,626	140	653	322,648	(34,725)	287,928

Figures are presented in constant pesos of December 2007.

- **Internal Control**

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

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

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

During 4Q07, SCI continued to work properly developing activities associated with strengthening risk control, assessment and management, establishing and monitoring controls, and insuring information quality.

- A. Modifications to the Code of Conduct were submitted to the Board of Directors for its approval. Once approved, this document was made known to all the employees so they could ratify their compliance with it.
- B. The Board of Directors also approved modifications to the Internal Control objectives and guidelines, the general policies to optimize human and material resources.
- C. An electronic tool was implemented so that employees and officers could report events or behaviors that conflict with the principles of the Code of Conduct. Such reports are addressed directly by the Internal Audit department, which follows up the case until it is resolved, and reports them to the CAPS.
- D. The Institution's Accounting Internal Control is continually being reinforced by constantly verifying the principal controls that mitigate or eliminate associated risks.

- **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.

Figures are presented in constant pesos of December 2007.

- **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, 2007 and September 30, 2007, the loans granted to related parties totaled Ps \$5,041 million and Ps. \$4,942 million, respectively.

- **People in Charge**

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

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

Ing. Sergio García Robles Gil
Chief Financial Officer

C.P. Román Martínez Méndez
Managing Director Audit

Lic. Jorge Eduardo Vega Camargo
Executive Director Comptrollership

C.P. Nora Elia Cantú Suárez
Executive Director Accounting

Figures are presented in constant pesos of December 2007.

- **Basis for submitting Financial Statements**

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

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

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

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

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