BANORTE

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

GFNorte reports Net Income of Ps $1.2 billion in 4Q08 and Ps $7 billion in 2008.

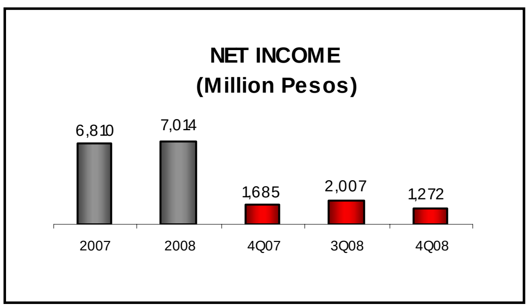
OPERATING RESULTS *(Million Pesos)*	4Q07	3Q08	4Q08	QoQ	YoY	2007	2008	YoY
Net Interest Income	5,065	5,756	**6,460**	12%	28%	17,747	**22,627**	27%
Non Interest Income	1,914	2,028	**2,389**	18%	25%	7,899	**8,367**	6%
Total Income	6,979	7,784	**8,849**	14%	27%	25,646	**30,994**	21%
Non Interest Expense	3,841	3,736	**4,369**	17%	14%	14,432	**15,807**	10%
Operating Income	2,033	2,395	**1,497**	(38%)	(26%)	8,205	**8,291**	1%
Net Income	1,685	2,007	**1,272**	(37%)	(24%)	6,810	**7,014**	3%

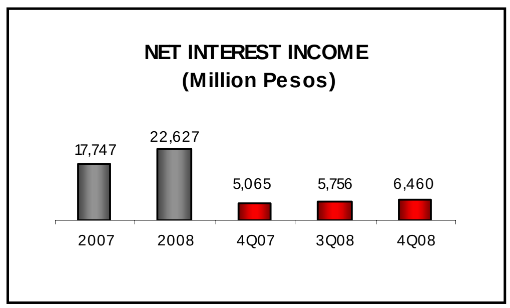
- **Net Income**

During 4Q08, GFNorte reported *Net Income* of Ps 1.27 billion, a 24% YoY and 37% QoQ decline, affected on a quarterly basis by an increase in expenses related to the branch expansion program and by higher provisions from deterioration in the consumer loan portfolio, new reserve requirements for credit cards with zero missed payments and the full provisioning of Comerci's loan. Accumulated profits in 2008 were Ps 7 billion, 3% higher from a year ago, driven by expansion in net interest income as a consequence of higher market interest rates and service fees. The positive impact of this higher revenue was partially offset by an increase of 161% YoY in loan loss provisions, given the deterioration in the credit card portfolio.

- **Net Interest Income**

During 4Q08, *Net Interest Income (NII)* grew 28% YoY, driven by a 27% increase in interest revenues resulting from growth in performing loans and a favorable interest rate environment compared to a year ago. NII also benefited from growth in demand deposits. On a quarterly basis, NII rose 12% driven by higher market interest as a consequence of tighter monetary policy and pricing of loans according to the prevailing market conditions of higher risk and lower liquidity. Accumulated NII during 2008 totaled Ps 22.6 billion, a 27% YoY increase.



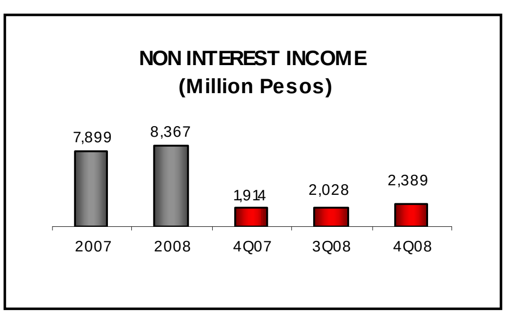


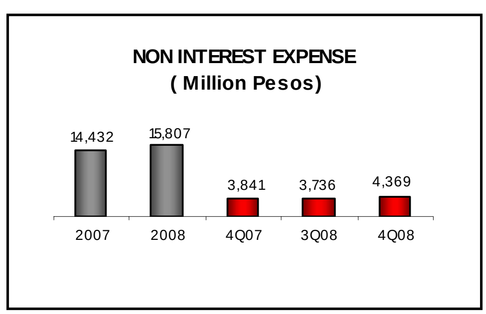
- **Non Interest Income**

Non Interest Income grew 25% YoY vs. 4Q07 driven by more recoveries of real estate portfolios and higher trading and FX income. On a quarterly basis, these revenues grew by 18% vs. 3Q08 as a result of greater trading and FX income. The accumulated NII in 2008 was Ps 8.4 billion, 6% higher than in 2007.

- **Non Interest Expense**

During 4Q08, *Non Interest Expense* reached Ps 4.4 billion, a 14% annual increase mainly as a consequence of greater Personnel Expenses associated with the infrastructure expansion program. Operating expenses grew by 17% QoQ as a result of higher professional fees paid, as well as other taxes. Accumulated non interest expenses were Ps 15.8 billion during 2008, 10% higher YoY. The efficiency ratio was 49.4% in 4Q08 vs. 48% in 3Q08 and 55% in 4Q07. During 2008, the cost to income ratio was 51%, lower than the 56.3% level of 2007.





Contacts: David Ricardo Suárez (México, D.F.) +52 (55) 5268 16 80 email: *investor@banorte.com*
Gabriela Renovato (Monterrey, N.L.) +52 (81) 8318 50 65 web page: *www.banorte.com*/ri

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

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

INCOME STATEMENT AND BALANCE SHEET HIGHLIGHTS – *GFNorte* *(Million Pesos)*	4Q07	3Q08	4Q08	QoQ	YoY	2007	2008	YoY
Income Statement								
Net Interest Income before REPOMO	5,065	5,756	**6,460**	12%	28%	17,747	**22,627**	27%
Non Interest Income	1,914	2,028	**2,389**	18%	25%	7,899	**8,367**	6%
Total Income	6,979	7,784	**8,849**	14%	27%	25,646	**30,994**	21%
Non Interest Expense	3,841	3,736	**4,369**	17%	14%	14,432	**15,807**	10%
Provisions	921	1,653	**2,983**	81%	224%	2,645	**6,896**	161%
Operating Income	2,033	2,395	**1,497**	(38%)	(26%)	8,205	**8,291**	1%
Non Operating Income (Expense)	198	593	**375**	(37%)	89%	1,503	**2,220**	48%
Taxes and Profit Sharing	(694)	(982)	**(592)**	(40%)	(15%)	(3,293)	**(3,400)**	3%
Subsidiaries & Minority Interest	(36)	1	**(7)**	(800%)	(81%)	31	**(97)**	(409%)
Net Income	1,685	2,007	**1,272**	(37%)	(24%)	6,810	**7,014**	3%
Balance Sheet								
Assets Under Management	596,287	629,971	**590,039**	(6%)	(1%)	596,287	**590,039**	(1%)
Total Assets	287,283	343,204	**577,025**	68%	101%	287,928	**577,025**	101%
Perfoming Loans (a)	193,638	231,111	**240,298**	4%	24%	193,638	**240,298**	24%
Past Due Loans (b)	2,893	3,979	**4,948**	24%	71%	2,893	**4,948**	71%
Total Loans (a+b)	196,531	235,091	**245,246**	4%	25%	196,531	**245,246**	25%
Total Loans (Net) (d)	192,745	230,187	**238,556**	4%	24%	192,745	**238,556**	24%
Acquired Collection Rights (e)	3,660	3,232	**3,049**	(6%)	(17%)	3,660	**3,049**	(17%)
Total Loans (d+e)	196,406	233,419	**241,605**	4%	23%	196,406	**241,605**	23%
Total Liabilities	253,127	304,085	**537,280**	77%	112%	253,127	**537,280**	112%
Demand Deposits	111,080	107,694	**128,350**	19%	16%	111,080	**128,350**	16%
Time Deposits	92,227	133,799	**132,419**	(1%)	44%	92,227	**132,419**	44%
Equity	34,156	39,119	**39,746**	2%	16%	34,801	**39,746**	16%

FINANCIAL RATIOS - *GFNorte*	4Q07	3Q08	4Q08	QoQ	YoY	2007	2008	YoY
Profitability (1):								
NIM before REPOMO (2)	8.2%	7.7%	**6.1%**	(1.6 pp)	(2.1 pp)	7.6%	**6.8%**	(0.8 pp)
- NIM without adjustments for Repos	8.2%	7.7%	**7.9%**	0.2 pp	(0.3 pp)	7.6%	**7.7%**	0.1 pp
NIM after Provisions (3)	6.4%	5.5%	**3.3%**	(2.2 pp)	(3.1 pp)	6.3%	**4.7%**	(1.6 pp)
- NIM without adjustments for Repos	6.4%	5.5%	**4.2%**	(1.3 pp)	(2.2 pp)	6.3%	**5.3%**	(1.0 pp)
ROE (4)	20.8%	21.8%	**13.6%**	(8.2 pp)	(7.0 pp)	22.7%	**19.7%**	(2.9 pp)
ROA (5)	2.4%	2.4%	**1.1%**	(1.3 pp)	(1.3 pp)	2.6%	**1.9%**	(0.7 pp)
- ROA without adjustments for Repos	2.4%	2.4%	**1.4%**	(1.0 pp)	(1.0 pp)	2.6%	**2.2%**	(0.4 pp)
Operation:								
Efficiency Ratio (6)	55.0%	48.0%	**49.4%**	1.4 pp	(5.6 pp)	56.3%	**51.0%**	(5.3 pp)
Operating Efficiency Ratio (7)	5.4%	4.5%	**3.8%**	(0.7 pp)	(1.6 pp)	5.4%	**4.3%**	(1.1 pp)
Liquidity Ratio (8)	49.0%	59.9%	**47.1%**	(12.8 pp)	(1.9 pp)	49.0%	**47.1%**	(1.9 pp)
Asset Quality:								
Past Due Loan Ratio	1.5%	1.7%	**2.0%**	0.3 pp	0.5 pp	1.5%	**2.0%**	0.5 pp
Coverage Ratio	130.9%	123.2%	**135.2%**	12.0 pp	4.3 pp	130.9%	**135.2%**	4.3 pp

1) The 4Q08 NIM and ROA indicators are not fully comparable to previous periods as a result of recording repos as on balance sheet assets.
2) NIM= Annualized Net Interest Margin before REPOMO / Average Earnings Assets.
3) NIM= Annualized Net Interest Margin adjusted by Loan Loss Provisions / Average Earnings Assets.
4) Annualized earnings as a percentage of the average quarterly equity over the period.
5) Annualized earnings as a percentage of the average quarterly assets over the period.
6) Non Interest Expense / (Total Operating Income – Repomo Margin + Loan Loss Provisions)
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).

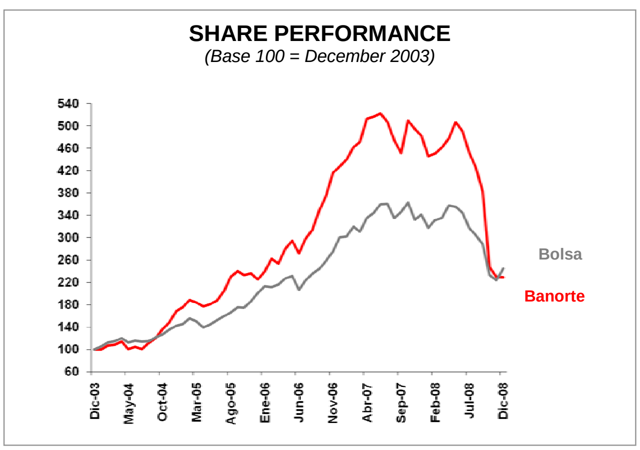
According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements. Nonetheless, the figures for 2007 and previous years will continue to be expressed in pesos of December 2007.

SUBSIDIARIES *(Million Pesos)*	4Q07	3Q08	4Q08	QoQ	YoY	2007	2008	YoY
Bank	1,496	1,802	**1,215**	(33%)	(19%)	5,889	**6,257**	6%
Banco Mercantil del Norte (1)	1,496	1,802	**1,215**	(33%)	(19%)	5,889	**6,257**	6%
	-					-		
Broker Dealer	90	58	**(89)**	(253%)	(199%)	288	**183**	(36%)
Long Term Savings	65	111	**100**	(10%)	54%	388	**354**	(9%)
Retirement Funds (Afore)	21	23	**32**	40%	56%	82	**94**	14%
Insurance	49	76	**70**	(8%)	43%	170	**243**	42%
Annuities	(5)	12	**(3)**	(122%)	N.A.	136	**17**	(87%)
Other Finance Companies	66	60	**121**	102%	84%	271	**336**	24%
Leasing & Factoring (2)	62	53	**115**	115%	85%	247	**313**	27%
Warehousing	4	6	**6**	(10%)	46%	15	**23**	55%
Bonding (3)	-	-	**-**	-%	-%	9	**-**	(100%)
Microlending (Pronegocio)	(23)	(24)	**(80)**	N.A.	N.A.	(30)	**(120)**	N.A.
Holding Company	(9)	-	**6**	N.A.	N.A.	4	**5**	11%
Total Net Income	1,685	2,007	**1,272**	(37%)	(24%)	6,810	**7,014**	3%

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

SHARE DATA	4Q07	3Q08	4Q08	QoQ	YoY	2007	2008	YoY
Earnings per Share (Pesos)	0.84	1.00	**0.63**	(37%)	(24%)	3.38	**3.48**	4%
Dividends per Share (2) (Pesos)	0.45	N.A.	**0.47**	N.A.	4%	0.45	**0.47**	4%
Dividend Payout (Recurring net income)	15%	N.A.	**15%**	N.A.	-%	15%	**15%**	-%
Book Value per Share (1) (Pesos)	16.42	18.47	**18.77**	2%	16%	16.42	**18.77**	14%
Total Shares Outstanding (million shares)	2,018.3	2,018.3	**2,018.3**	-%	-%	2,018.3	**2,018.3**	-%
Stock Price *(Pesos)*	45.08	34.92	**24.88**	(29%)	(45%)	45.08	**24.88**	(45%)
P/BV *(Times)*	2.75	1.89	**1.33**	(30%)	(52%)	2.75	**1.33**	(52%)
Market Capitalization *(Million Dollars)*	8,341	6,443	**3,650**	(43%)	(56%)	8,341	**3,650**	(56%)

1) Excluding Minority Holdings.



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

RECENT EVENTS

- **Guidelines for Repo Transactions**

In accordance with the accounting criteria B-3 “Repos” issued last October 14, as well as the authorization given by the Banking and Securities Commission (CNBV), credit institutions were allowed to classify debt instruments, regardless of their category, as Investments in Securities considering that: i) the guidelines relative to the reclassification of the instruments will be equally applicable to proprietary repos transactions and securities’ lending, given that investment in securities is equally done through these operations; ii) the value of the instruments to be received in repos and securities’ lending transactions may be adjusted to the market value (closing price) of such instruments corresponding to October 1, 2008 in the same manner as was stipulated for the book value adjustment of proprietary investments in securities; iii) once the book value of the instruments to be received in repos and securities’ lending operations has been adjusted, such instruments can be reclassified to any category of investments in securities according with the institutions’ intentionality for those instruments, and they will be later valued according to the valuation standards for each category established in the accounting criteria; iv) the reclassification of investments in securities, as well as the adjustment to the valuation of the repos to be received and securities’ lending transactions, will be done in only one occassion on the date that each institution determines during the last quarter of 2008.

- **Banorte: Prepayment of Non-Convertible Subordinated Debentures Issued in 2004**

On January 14, Banco Mercantil del Norte informed that it will exercise its pre-payment option, valid as of February 2009, on the non-convertible subordinated debentures issued in 2004. These securities, amounting to USD $300 million, are registered in the Luxembourg Stock Exchange. They have a 10-year maturity with a pre-payment option that can be exercised starting at year 5. The securities will be paid this coming February 17. The main reasons for exercising the prepayment option are: i) the capital base has already been strengthened with recent local subordinated debt issuance, ii) maintain Banorte’s credibility as an international issuer in this type of market; iiii) pay off debt obligations that will gradually compute less as regulatory capital according to the rules established by the CNBV. Finally, as part of the bank’s overall strategy to maintain adequate regulatory capital levels, the bank seeks to issue subordinated debt among Mexican institutional investors in the coming months.

- **Credit Card Payment Campaign**

In response to liquidity problems faced by individuals in light of the current economic downturn, which is being reflected in greater credit card delinquencies, Banorte adopted a series of measures in order to help its customers cope with these hard times. During December, the bank launched a massive campaign called “50/48” (50% discount on interest rates and up to 48 months to pay balances) for customers who are seeking to refinance their debt and improve their loan profile. The client’s balance is frozen according to the agreed term and is amortized in fixed payments. Given the success of this campaign’s first phase, the benefits were expanded as of January 12, 2009, increasing the term to 60 months (50/60). The new offer will be effective until February 16, 2009 and will be available even to those customers who reestructured their debt with the previous offer.

- **Mortgage Loans with maturity of over 20 Years**

Banorte will continue to originate 20 and 30-year mortgage loans despite the tighter credit availability industrywide. Nonetheless, given the prevailing market risk and liquidity conditions, interest rates on mortgage loans were adjusted this past December. The new 20-year mortgage rate is 13.2%, while the 30-year mortgage rate is 13.5%. Additionally, Banorte also offers a discount on the interest rates for timely payments, giving the possibility to lower the rate to 10.50% in both cases. This way, mortgage products with maturities of over 20 years continue to be a competitive option to satisfy the long-term financing needs of our customers.

- **Increase of Stockholders’ Equity in the Warehousing Company**

On January 26, the document UBVA/153/2008, which was dated November 28, 2008 was officially published. It modifies the authorization given by the Ministry of Finance and Public Credit (SHCP) to Almacenadora Banorte to be constituted and operate as a General Deposit Warehouse, in light of the increase in the fixed part of its stockholders’ equity to Ps 31,780,651.00. This equity increase was approved in the Extraordinary Stockholders' Meeting held on October 1, 2008.

- **"The Banker" Recognizes Banorte "Bank of the Year"**

Last November 26, the Financial Times Group, through its specialized publication *The Banker,* recognized BANORTE as “Bank of the Year in Mexico 2008”. *The Banker* had previously named BANORTE as "Bank of the Year" in 2000, 2005 and 2006. BANORTE was awarded this recognition for its innovation, customer service, prudent risk taking and proper management.

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

GRUPO FINANCIERO BANORTE

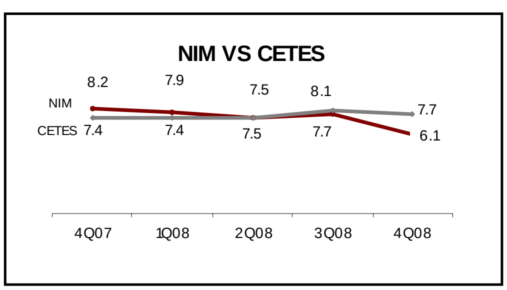
NET INTEREST INCOME *(Million Pesos)*	4Q07	3Q08	4Q08 (1)	QoQ	YoY	2007	2008	YoY
Interest Income	11,105	12,822	**14,063**	10%	27%	40,336	**49,883**	24%
Interest Expense	6,140	7,205	**7,766**	8%	26%	22,838	**27,789**	22%
Loan Origination Fees	99	142	**163**	15%	64%	248	**533**	115%
Fees Paid (2)	-	-	**-**	-%	-%	-	**-**	-
Net Interest Income before REPOMO	5,065	5,756	**6,460**	**12%**	**28%**	17,747	**22,627**	**27%**
Average Earning Assets	248,252	298,705	**424,890**	42%	71%	233,746	**332,828**	42%
Net Interest Margin before REPOMO (3)	8.2%	7.7%	**6.1%**	(1.6 pp)	(2.1 pp)	7.6%	**6.8%**	(0.8 pp)
NIM without adjustments for Repos	8.2%	7.7%	**7.9%**	0.2 pp	(0.3 pp)	7.6%	**7.7%**	0.1 pp

1) In accordance with the accounting criteria B-3 "Repos" issued last October 14, as well as the authorization given by the Banking and Securities Commission (CNBV), credit institutions were allowed to classify debt instruments, regardless of their category, as Investments in Securities considering that: i) the guidelines relative to the reclassification of the instruments will be equally applicable to proprietary repos transactions and securities' lending, given that investment in securities is equally done through these operations; ii) the value of the instruments to be received in repos and securities' lending transactions may be adjusted to the market value (closing price) of such instruments corresponding to October 1, 2008 in the same manner as was stipulated for the book value adjustment of proprietary investments in securities; iii) once the book value of the instruments to be received in repos and securities' lending operations has been adjusted, such instruments can be reclassified to any category of investments in securities according with the institutions' intentionality for those instruments, and they will be later valued according to the valuation standards for each category established in the accounting criteria; iv) the reclassification of investments in securities, as well as the adjustment to the valuation of the repos to be received and securities' lending transactions, will be done in only one occassion on the date that each institution determines during the last quarter of 2008.
2) Fees Paid, As a result of new accounting standards by the CNByV that went into effect as of January 2007 these fees were reclasificated into Other Fees Paid in Non Interest Income.
3) NIM = Annualized Net Interest Margin before REPOMO / Average Earnings Assets

- **Net Interest Income**

During 4Q08 *Net Interest Margin before REPOMO* increased 28% YoY, driven by a 27% increase in interest revenues as a result of 24% annual growth in performing loans, a 85 basis points increase in the average reference rate given tigther monetary policy (TIIE rate averaged 8.7154% in 4Q08 vs. 7.8632% en 4Q07), coupled with a 16% increase in demand deposits. Net financial revenues were also driven by 64% growth in origination fees resulting from higher loan origination volumes and the amortization of the deferred fees from 2007 loans. On a quarterly basis, NII rose 12% vs. 3Q08 driven by a 10% increase in interest revenues as a result of a 22 basis points increase in the average reference rate (TIIE averaged 8.7154% in 4Q08 vs. 8.4952% en 3Q08) and the origination of loans with higher spreads that reflect the prevailing risk and liquidity conditions in the financial system. The QoQ growth was also due to a 15% increase in loan origination fees and a 19% quarterly increase in demand deposits. Accumulated NII during 2008 was Ps 22.6 billion, 27% higher YoY driven mainly by growth in performing loans and core deposits, as well as a favorable interest rate environment. During 2008, the average reference rate (TIIE) averaged 8.2740% vs. 7.6575% in 2007.

Net Interest Margin (NIM) was 6.1% during 4Q08, a reduction of 2.1 percentage points (pp), although this figure is not comparable to previous periods due to a considerable increase in productive assets as a resut of incorporating off balance sheet repos into the balance sheet in accordance with the guidelines established by the Banking and Securities Commission (CNBV). On a fully comparable basis, quarterly NIM was 7.9% in 4Q08, 0.3 pp lower YoY, given higher funding costs during 2008. On a QoQ basis, NIM dropped 1.6 pp given the new accounting criteria for repo transacions, but was 0.2 pp higher on a fully comparable basis given the 12% rise in net financial revenues driven by higher market interest rates during the quarter, as well as the origination of loans with higher spreads that reflect the prevailing risk and liquidity conditions in the financial system, and a positive effect of having one more calendar day during 4Q08 vs. 3Q08. Finally, NIM dropped from 7.6% in 2007 to 6.8% in 2008 due to the new accounting guidelines. On a fully comparable basis, NIM was 7.7% in 2008, 0.1 pp higher than in 2007, driven by growth in net financial revenues resulting from the positive impact of the annual increase in the average reference rate on variable rate loans.



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

NON INTEREST INCOME *(Million Pesos)*	4Q07	3Q08	4Q08	QoQ	YoY	2007	2008	YoY
Fees charged on Services	**2,140**	**2,203**	**2,167**	**(2%)**	**1%**	**7,693**	**8,535**	**11%**
Fund Transfers	56	53	**63**	**19%**	12%	229	**222**	(3%)
Account Management Fees	254	260	**253**	**(3%)**	-%	976	**998**	2%
Fiduciary	74	79	**72**	**(10%)**	(3%)	270	**295**	10%
Income from Real Estate Portfolios (1)	160	223	**204**	**(8%)**	28%	575	**734**	28%
Electronic Banking Services	258	256	**269**	**5%**	5%	944	**1,009**	7%
Credit Card Fees	599	675	**655**	**(3%)**	9%	2,132	**2,533**	19%
Fees from IPAB (2)	4	-	**1**	**-**	-	4	**1**	(72%)
Fees charged by Afore	253	242	**230**	**(5%)**	(9%)	993	**989**	-%
Other Fees Charged (3)	482	415	**420**	**1%**	(13%)	1,571	**1,754**	12%
Fees Paid on Services	**309**	**298**	**337**	**13%**	**9%**	**1,086**	**1,208**	**11%**
Fund transfers	4	4	**5**	**8%**	19%	17	**19**	13%
Other Fees Paid	305	293	**332**	**13%**	9%	1,069	**1,189**	11%
Expenses from Real Estate Portfolios (1)	-	-	**-**	**-**	-	-	**-**	-
Net Fees	**1,831**	**1,905**	**1,830**	**(3%)**	**-%**	**6,607**	**7,327**	**11%**
Trading Income	**83**	**123**	**559**	**355%**	**574%**	**1,292**	**1,040**	**(20%)**
Foreign Exchange	135	165	**351**	**113%**	159%	506	**779**	54%
Securities – Realized Gains	(48)	235	**(131)**	**(156%)**	171%	459	**276**	(40%)
Securities – Unrealized Gains	(4)	(277)	**339**	**222%**	8,034%	327	**(15)**	(105%)
Non Interest Income	**1,914**	**2,028**	**2,389**	**18%**	**25%**	**7,899**	**8,367**	**6%**

1) Since 1Q07, it only reflects Income from recoveries and amortizations of Real Estate Portfolios. Until 4Q06, it 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, wharehousing services, financial advisory services and securities trading by the Brokerage House, among others.

- **Non Interest Income**

Non Interest Income grew 25% YoY driven by a 159% increase in FX revenues and 25% in revenues from real estate portfolios managed by the recovery business. With respect to 3Q08, Non interest income grew by 18% due to higher FX and trading related income. Non interest income was Ps 8.4 billion during 2008, 6% higher YoY, driven by growth in most of its components as shown below:

NON INTEREST INCOME *(Million Pesos)*	4Q07	3Q08	4Q08	QoQ	YoY	2007	2008	YoY
Services	1,666	1,682	**1,625**	(3%)	(2%)	6,028	**6,592**	9%
Recovery	164	223	**205**	(8%)	25%	580	**735**	27%
Foreign Exchange	135	165	**351**	113%	159%	506	**779**	54%
Trading (Securities – Realized and Unrealized Gains)	(52)	(42)	**208**	595%	595%	786	**261**	(67%)
Non Interest Income	**1,914**	**2,028**	**2,389**	**18%**	**25%**	**7,899**	**8,367**	**6%**

- **Service Fees**

During 4Q08, fee related revenues amounted to Ps 1.6 billion, a similar level compared to 4Q07. The main drivers were credit card fees, wire transfers and electronic banking. On a quarterly basis, fee income dropped by 3% due to a reduction in fiduciary revenues, AFORE pension fund fees and account management fees, which was partially offset by an increase in fund transfers and electronic banking. During 2008, service fees totalled Ps 6.6 billion, a 9% YoY increase as a result of higher credit card, fiduciary and electronic banking fees.

- **Recovery**

Non interest income from recoveries was 25% higher YoY and 8% lower QoQ. The YoY growth was driven by an increase in revenues recognized over unamortized balances of investments in real estate projects, while the

QoQ decrease resulted from lower recovery activity and a reduction in revenues from investment projects. The total amount invested in real estate projects at the end of 4Q08 was Ps 3.1 billion. The portfolio continues to be diversified by region, partner and industry. Accumulated revenues during 2008 were Ps 735 million, a 27% YoY increase.

- **Foreign Exchange**

In 4Q08, FX related revenues rose by 159% YoY given higher transaction volumes by our clients. On a QoQ basis, FX income rose by 113% driven by higher operating spreads given the volatility in the foreign exchange markets. FX income during 2008 was Ps 779 million, a 54% YoY increase driven by higher volumes and the bank's adequate risk management of its FX positions.

- **Trading**

Trading income rose 595% YoY and QoQ as a result of positive mark to market valuations resulting from a Ps 248 million gain from the recognition of substituting a loan that was prepaid by a State government with another loan with higher value in instruments related to government loan securitizations. These revenues totaled Ps 261 million during 2008, a 67% YoY decline explained by a highly volatile market environment that affected prices of debt instruments along the local yield curve, including the spreads of floating rate government securities. Out of our total trading position, most of Banorte's money market and treasury positions were floating rate government securities, and their spreads were pressured by rising inflationary expectations and lower liquidity given more risk aversion. Out of our total trading position, 100% corresponds to securities used for repo transactions with clients, and most of these are floating rate instruments that normally have less sensitivity to a volatile interest rate environment, but were affected by the recent extreme market conditions. The annual drop in trading revenues also reflects a Ps 295 million loss associated with positions on Lehman Brothers' senior unsecured debt securities, which were fully offset by income of Ps 312 million generated by the sale of 80% of the bank's position in VISA shares (there are still 132,300 shares left registered at $1 USD per share). In this respect, the initial recognition of shares received by VISA in 1Q08 was as instruments available for sale at US 1 dollar per share. At the end of each month, the market valuation of these shares is recorded (assets and equity – in the accounts for valuation of securities available for sale). When 80% of the shares were monetized in 3Q08, the corresponding valuation was cancelled in both the asset and equity accounts and the profits, equivalent to the difference between the sale price and the cost of US 1 dollar recorded for each share, were recognized as trading income during 3Q08.

Non Interest Expense *(Million Pesos)*	4Q07	3Q08	4Q08	QoQ	YoY	2007	2008	YoY
Personnel Expenses	1,480	1,572	**1,558**	(1%)	5%	5,723	**6,156**	8%
+ Professional Fees	292	293	**437**	49%	50%	944	**1,192**	26%
+ Administrative and Promotion Expenses	1,274	1,093	**1,288**	18%	1%	4,742	**4,941**	4%
+ Rents, Depreciation & Amortization	429	407	**436**	7%	2%	1,636	**1,687**	3%
+ Taxes other than income tax	169	133	**391**	194%	131%	613	**894**	46%
+ Contributions to IPAB	196	238	**259**	9%	32%	774	**938**	21%
= Non Interest Expense	**3,841**	**3,736**	**4,369**	**17%**	**14%**	**14,432**	**15,807**	**10%**

- **Non Interest Expense**

During 4Q08, *Non-Interest Expense* increased by 14% YoY, as a result of 5% growth in personnel expenses explained by an increase in headcount related to the bank's branch expansion program. Professional Fees rose by 50% YoY mainly as a result of a Ps 71 million increase in fees related to IT projects and an increase in fees associated with legal processes for portfolio recoveries. Other Taxes rose by 131% due to an update of Ps 220 million in the fiscal treatment of loan portfolios acquired between 2004 and 2005, while Other Revenues is impacted by the non-accumulation of the income that was already recorded for this item during 2004-2005. Moreover, accrued loan fees are being considered as cumulative income for tax purposes, resulting in a positive impact of Ps 33 million. Contributions to IPAB rose by 32% YoY as a result of the annual growth in deposits.

Expenses rose by 17% QoQ, reflecting an increase of 49% in professional fees associated with IT projects, an 18% increase in administration and promotional expenses related to growth in deposit products and a 194% rise in other taxes due to an update in the fiscal treatment of loan portfolios acquired during 2004-2005.

During 2008, non interest expenses were Ps 15.8 billion, 10% higher YoY due mainly to an 8% increase in personnel expenses related to the branch expansion program, the adjustment in provisions for indemnities and scheduled dismissals, adjustment in liabilities related to retirement and seniority premiums according to actuarial studies and higher employee medical service expenses due to a greater number of beneficiaries and an increase in the average cost per beneficiary. Professional fees paid increased due to higher legal expenses associated with more loan recoveries and other credit reports, as well as a Ps 71 million increase in IT related projects. Other Taxes increased 46% due to higher disbursements of Value Added Tax (VAT) and an update in the fiscal treatment of loan portfolios acquired during 2004-2005.

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

The efficiency ratio improved from 55% in 4Q07 to 49% in 4Q08, driven by higher revenues and the elimination of REPOMO costs since 1Q08. For the full year, the efficiency ratio was 51% in 2008 vs. 56% in 2007. Given the weaker economic and business conditions expected for the coming months, Banorte is undertaking cost containment measures, including the merger of branches to obtain more efficiencies.

- **Provisions**

Provisions created during 4Q08 totaled Ps 2.9 billion, growth of 224% QoQ and 81% YoY driven by higher delinquencies in the credit card portfolio, an increase in reserve requirements required by the authorities for credit cards with zero missed payments (from 0.9% to 2.5%) with an impact of $252 million. The authorities resolved that 50% of the additional provisions for credit cards should be reflected in the results of September 2008 and the remaining 50% during October of 2008. Provisions were also pressured by extraordinary provisions of Ps 1,098 million in corporate loans. During 4Q08, Comerci's distressed loan was fully reserved and provisions for loans with reductions in credit ratings were increased.

During 2008, provisions were Ps 6.9 billion, a 161% YoY increase. Provisions as a % of the average gross loan portfolio were 3.2% during 2008, and 2.6% if Ps 1.3 billion in extraordinary provisions are excluded.

NON OPERATING INCOME (EXPENSE) NET *(Million Pesos)*	4Q07	3Q08	4Q08	QoQ	YoY	2007	2008	YoY
Non Operting Income	762	701	**1,497**	114%	96%	2,835	**3,789**	34%
Other Revenues	181	227	**273**	20%	51%	800	**1,367**	71%
Foreign Exchange	-	-	**-**	-%	-%	-	**-**	-%
Recoveries	530	445	**727**	63%	37%	1,857	**1,806**	(3%)
Repomo - Other Revenues	7	-	**-**	-%	-%	18	**-**	-%
Warehousing	44	29	**497**	1,614%	1,030%	160	**617**	286%
Non Operating Expense	(380)	(109)	**(1,122)**	932%	195%	(969)	**(1,569)**	62%
Other Expenses	(148)	(81)	**(627)**	674%	324%	(413)	**(958)**	132%
Foreign Exchange	-	-	**-**	-%	-%	-	**-**	-%
Repomo - Other Expenses	(189)	-	**-**	-%	-%	(396)	**-**	-%
Warehousing	(44)	(28)	**(495)**	1,668%	1,025%	(160)	**(611)**	282%
Non Operating Income (Expense), net	382	593	**375**	(37%)	(2%)	1,867	**2,220**	19%

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

During 4Q08, Non-Operating Income rose to Ps 375 million, a 2% YoY decrease as a result of Ps 255 million in Income Tax reversal due to changes in criteria for classifying acquired loan portfolios, Ps 37 million in revenues from the sale of real estate, Ps 36 million in cancellation of sundry debtors, and Ps 80 million in recoveries from loans charged-off during 4Q08. The 37% QoQ drop is mainly explained by reserves that were liberated during 3Q08 from the sale of the Broker Dealer's previous headquarters which amounted to Ps 52 million, as well as Ps 40 million in Other Disbursements resulting from fraud-related losses.

The revenues in this line item amounted to Ps 2.2 billion, a 19% increase compared to 2007, due to:

- *Other Revenues:* non-recurring pre-tax gain of Ps 394 million from the sale of VISA shares during 1Q08 (868,138 shares at a net price of USD 42.768 converted at an exchange rate of Ps 10.62) and Ps 7 million during 2Q08, as well as a non-recurring pre-tax gain during 2Q08 of Ps 91 million corresponding to the sale of INDEVAL shares owned by the bank. These revenues also benefited from the sale of real state for Ps 113 million, as well as reserves liberated from the sale of property for Ps 85 million.
- *Other Expenses* The elimination of the REPOMO charges due to implementation of accounting standard NIFB-10 "Inflation Effects".

- **Taxes**

Taxes and Profit Sharing in 4Q08 were 15% lower QoQ and 40% YoY mainly due to a reduction in profits during 4Q08. In 2008, taxes totaled Ps 3.4 billion, a 3% YoY rise resulting from higher profits. The effective tax rate in 4Q08 was 32% vs. 33% in 3Q08 and 29% in 4Q07.

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

- **Subsidiaries and Minority Interest**

During 4Q08 this line item recorded a Ps 7 million loss, with the following breakdown: a Ps 77 million profit from subsidiaries, mainly explained by the Insurance Company's favorable results and a Ps 84 million negative impact from minority interest resulting from an increase in net income by the AFORE's pension fund and the earnings generated by Banco Mercantil del Norte (GFNORTE owns 97.06% of Banorte) and Banorte USA (Banorte owns 70%). During 2008, this item had a Ps 96 million loss as a result of Ps 276 million profit in subsidiaries given higher net income of the Insurance Company and the Broker Dealer subsidiaries, which was offset by a Ps 372 million negative impact from minority interest derived from higher profits by Banco Mercantil del Norte, Banorte USA and the AFORE Pension Fund.

Capitalization *(Million Pesos)*	4Q07	1Q08	2Q08	3Q08	4Q08	QoQ	YoY
Tier 1 Capital	24,942	27,527	29,982	30,538	**28,300**	(7%)	13%
Tier 2 capital	8,767	11,524	13,806	14,822	**14,948**	1%	70%
Net Capital	33,710	39,052	43,788	45,360	**43,248**	(5%)	28%
Credit Risk assets	173,505	187,467	194,173	197,080	**204,884**	4%	18%
Net Capital/ Credit Risk Assets	19.4%	20.8%	22.6%	23.0%	**21.1%**	(1.9 pp)	1.7 pp
Total Risk Assets (1)	244,321	267,136	278,933	287,412	**302,279**	5%	24 %
Tier 1	10.2%	10.3%	10.7%	10.6%	**9.4%**	(1.3 pp)	(0.8 pp)
Tier 2	3.6%	4.3%	5.0%	5.2%	**4.9%**	(0.2 pp)	1.4 pp
Capitalization Ratio	13.8%	14.6%	15.7%	15.8%	**14.3%**	(1.5 pp)	0.5 pp

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

- **Capitalization**

At the end of 4Q08, the Capitalization Ratio stood at 14.3% considering credit and market risks, and 21.1% considering only credit risks. Tier 1 ratio was 9.4% while Tier 2 was 4.9%. On a quarterly basis, the ratio declined by 1.5 pp given 5% quarterly growth of risk assets, the impact on valuations for derivatives used for hedging, accounting reclassifications for securitized portfolios and the dividend payment. The Capitalization ratio was also affected by greater provisions given deterioration in credit card asset quality, additional credit card reserve requirements and provisions to fully cover Comerci's loan. On an annual basis, the Capitalization Ratio increased by 0.55 pp despite 24% growth in Total Risk Assets, the implementation of operational risk, the impact arising from the new rules for securitizations and the dividend payment . These elements were offset by the reinvestment of profits and the issuance of subordinated debt during the first half of 2008.

It is worth noting that the authorities defined a methodology for calculating operational risk during 2008 according to Basle II criteria. In this sense, two points of comparison were used:

- Calculate the requirement based on 15% of the net income according to Basle II stipulations under the Basic Method. Amounts covered by insurance for operational contingencies and proven reserves can be deducted from income.
- Determine, according to the rules in effect, the average of the last 36 months of the credit and market risk capital requirements.

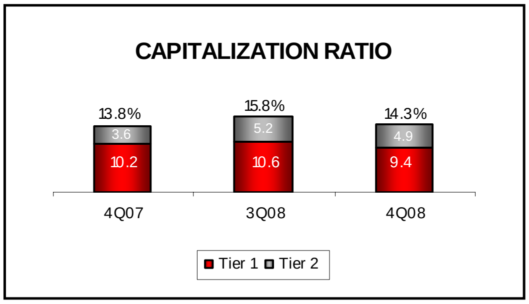
The bank should compare the capital requirement using 15% of the net income as a basis against the average credit and market risk capital requirements over the last 36 months and apply the following:

1. In case that the calculated capital requirement is lower than 5% of the credit and market risk capital requirement, the operational risk capital requirement will be equal to 5% of the credit and market risk capital requirement.
2. In case that the calculated capital requirement is higher than 15% of the credit and market risk capital requirement, the operational risk capital requirement will be equal to 15% of the credit and market risk capital requirement.
3. In case that the calculated capital requirement is higher than 5% of the credit and market risk capital requirement and lower than 15% of such requirements, the operational risk capital requirement will be calculated based on income.

Finally, regulation mandates that the operational risk capital requirement must be fully constituted in a 3-year term in monthly proportional allotments.

At the close of 4Q08, the period from March to December 2008 has been covered (10/36 months), having an impact of 42 bp on the capitalization ratio.

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



DEPOSITS *(Million Pesos)*	4Q07	3Q08	4Q08	QoQ	YoY
Non Interest Bearing Demand Deposits	43,803	45,749	**57,876**	27%	32%
Interest Bearing Demand Deposits (1)	67,303	61,951	**70,481**	14%	5%
Total Demand Deposits (2)	**111,106**	**107,700**	**128,357**	19%	16%
Time Deposits – Retail	63,639	66,556	**75,085**	13%	18%
Core Deposits	**174,745**	**174,256**	**203,442**	17%	16%
Money Market (3)	28,780	67,457	**57,454**	(15%)	100%
Total Bank Deposits	**203,525**	**241,713**	**260,896**	8%	28%
GFNorte's Total Deposits (4)	**203,298**	**241,483**	**260,755**	8%	28%
Third Party Deposits	**136,988**	**146,221**	**144,916**	(1%)	6%
Total Assets Under Management	**340,513**	**387,933**	**405,812**	5%	19%

1) Includes Debit Cards.
2) Excludes IPAB cash management checking accounts for loan portfolios managed from Banpaís and Bancen. The balances of these accounts in 4Q07, 3Q08 and 4Q08 were Ps $9 million, Ps $9 million and Ps $14 million, respectively.
3) Includes Bank Bonds, both clients and Financial intermediaries.
4) Includes the eliminations between the subsidiaries (4Q07=227 millions, 3Q08=230 milllons and 4Q08=142 millions).

- **Total Deposits**

At the end of 4Q08, Total Deposits amounted to Ps 260.7 billion, a 28% YoY increase driven by 16% growth in Core Deposits, which includes a substantial 32% increase in Non-Interest Bearing Demand Deposits given an increase in Enlace checking accounts. The main drivers of deposit growth during this period were: the expansion of the distribution network which increased by 64 new branches over the last 12 months, greater payroll accounts from our government and corporate clients, and deposits gathered from our mutual fund clients. On a quarterly basis, Total Deposits rose 8% given the increase in Interest and Non-Interest Bearing Demand Deposits, as well as Time Deposits.

- **Demand and Time Deposits**

During 4Q08, Demand Deposits grew 16% YoY, driven by a 32% increase in Non Interest Bearing Demand Deposits, as well as 5% growth in Interest Bearing Demand Deposits. Such increases were mainly explained by higher balances in both personal and corporate checking accounts. Demand Deposit rose 19% QoQ given 27% growth of Non Interest Bearing Demand Deposits and a 14% rise in Interest Bearing Demand Deposits, as personal and corporate checking accounts' balances increased.

Time Deposits rose 18% YoY and 13% QoQ as a result of increased placement of the 7, 14 and 28 day "Pagamas" and "Ganamas" promissory notes.

During year 2008, nearly 655 thousand personal accounts and over 17,500 checking accounts for businesses were opened, as a consequence of the bank's efforts to increase our deposit base, which translated into an increase of nearly a 100 basis points in market share in both domestic and foreign currency denominated deposits. In 2008, Banorte ranked second industry-wide in deposit growth.

- **Money Market Deposits**

The 100% YoY growth was mainly driven by greater institutional customer balances (companies, states and municipalities) and more prommisory notes placed through our money market desk. On a quarterly basis, money market deposits fell 15% given migration by mutual funds clients towards checking accounts, as a result of a decline in mutual funds' yields.

- **Third Party Deposits**

They Increased by 6% YoY given higher customer securities received in custody, as well as other assets in custody or under management, collateral received and deposit ceritificates in circulation. The 1% QoQ drop is mainly explained by the decline in both securities under custody, as well as in third-party investment banking operations.

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

- **Assets Under Management**

At the close of 4Q08, Assets Under Management totaled Ps $405.8 billion, 19% greater YoY, driven by the increase in bank and money market deposits. They rose by 5% QoQ given the growth of demand and core deposits.

PERFORMING LOAN PORTFOLIO *(Million Pesos)*	4Q07	3Q08	4Q08	QoQ	YoY
Commercial	74,538	85,340	**92,521**	8%	24%
Consumer	63,320	74,260	**74,868**	1%	18%
Corporate	36,686	45,253	**45,127**	-%	23%
Government	17,948	25,411	**26,989**	6%	50%
Sub Total	192,491	230,265	**239,505**	4%	24%
Recovery Banking	1,147	847	**794**	(6%)	(31%)
Total	193,638	231,112	**240,299**	4%	24%
PERFORMING CONSUMER LOAN PORTFOLIO *(Million Pesos)*	**4Q07**	**3Q08**	**4Q08**	**QoQ**	**YoY**
Mortgages	36,096	42,847	**45,499**	6%	26%
Car Loans	7,229	7,821	**7,594**	(3%)	5%
Credit Cards	13,882	16,450	**15,067**	(8%)	9%
Payroll	6,113	7,141	**6,707**	(6%)	10%
Consumer Loans	63,320	74,260	**74,868**	1%	18%
(Million Pesos)	**4Q07**	**3Q08**	**4Q08**	**QoQ**	**YoY**
IPAB Loans	-	-	**-**	-%	-%
Past Due Loans	2,893	3,979	**4,948**	24%	71%
Loan Loss Reserves	3,786	4,904	**6,690**	36%	77%
Acquired Rights	3,660	3,232	**3,049**	(6%)	(17%)

- **Total Performing Loans**

The Performing Loan Portfolio increased by 24% YoY from Ps 192.4 billion to Ps 239.5 billion (excluding loan portfolios managed by Recovery Banking). This growth was driven by all segments in the portfolio, especially corporate, government, commercial and mortgage loans. Performing loans rose 4% QoQ, driven mainly by commercial, mortgage and government loans.

Despite nearly double digit growth in most segments of the portfolio between 2008 and 2007, in the last months of the year loan activity started to decelerate, given more stringent origination policies implemented during 4Q08 as preemptive measures that have been under taken to face the current market situation.

Since early 2008 consumer loans have been growing at a slower rate Industry-wide, and more recently in the mortgage sector. In the case of Banorte, the consumer loan deceleration is being offset by greater penetration in the commercial and government segments, taking advantage of retrenchment by our competitors in those segments. Growth by segments was:

I. Loans to Families

- **Consumer + Mortgage:** The 18% QoQ and 1% YoY increase was driven mainly by growth in mortgage loans.

  - ***Mortgage Loans:*** grew 26% YoY and 6% QoQ driven mainly by more originations through Cofinavit, Cash Back and PEMEX programs. As of October 2008, several adjustments were made to the credit evaluation model. Also, during December, rates were adjusted in accordance to the prevailing economic situation. Furthermore, restrictions were imposed on approvals of loans intended for liquidity, payment of liabilities, construction and remodeling. During the LTM, 20,072 new loans were placed, 11% more than in 2007. During 4Q08, 4,941 loans were placed, 10% less YoY.

  - ***Credit cards:*** grew by 9% YoY at the close of 4Q08, but declined by 8% QoQ vs. 3Q08. The annual growth is a result of credit cards originated during the first half of the year, as well as an increase in the existing balances of customers. On a sequential basis, growth slowed down as a result of less credit cards originated (36,685 in 4Q08 vs. 110,833 in 3Q08, a 67% drop). In this sense, and as a preventive measure, the telemarketing and balance transfer distribution channels for new clients were temporarily suspended. Also, tighter standards were put in place to limit balance transfers and cash withdrawals from existing clients. The quarterly drop is also explained by asset quality deterioration throughout the year and higher payment activity during December, bringing down the existing balances on their accounts. At the end of the quarter, Banorte had 1.24 million accounts, 9% less QoQ.

- ***Payroll Loans:*** At the close of 4Q08, these loans increased 10% YoY as a result of the aggressive promotional campaign for this product throughout the year and the initiatives to enhance its features, such as extending the term and increasing the months of salary that can be drawn, the automatization of the origination process through the CREa platform, availability of loans through Banorte Virtual on site in companies' facilities, offering pre-authorized loans to recurrent customers, incorporating unemployment insurance and making amortized capital available to be drawn. Furthermore, the efforts to attract corporate and government payroll clients have expanded our potential payroll loan client base. Efforts have also been made to penetrate our current payroll deposit client base. On a quarterly basis, payroll loans dropped 6% QoQ as a result of the bank's policy to limit personal loans to customers who do not handle their payroll accounts with Banorte. During the last 12 months, 282,397 new payroll loans were placed, 6% more than in 2007 and 24,483 new personal loans, 23% less than last year. In 4Q08, 52,538 payroll loans and 1,800 personal loans were placed, 40% and 78% less QoQ, respectively.

- ***Car Loans:*** expanded 5% YoY as a result of enhancements to loan origination processes, availability of loans through Banorte Virtual in car dealerships and offering loans to payroll account customers. On a quarterly basis, the portfolio dropped 3% as a result of fewer car sales in the domestic market, as well as tighter origination policies given the adverse economic conditions. During the last 12 months, 33,317 new loans were placed, 10% less than in 2007 and in 4Q08 5,862 loans were originated, 38% less QoQ.

II. Loans to Institutions

- **Commercial:** This portfolio grew 24% YoY and 8% QoQ due to the renewed promotional strategy (Empuje Banorte) targeted to SMEs. The offering includes a package of comprehensive solutions (Paquete PYMES and Crediactivo). Growth was also driven by offering the new suite of products and services at the branch level through a specialized sales force. Moreover, the authorities increased the loan amount that can be originated at the branch level using parametric models, which has facilitated the access of SMEs to these loans.

- **Corporate:** grew 23% YoY but did not expand QoQ. Annual growth resulted from favorable industry dynamics, the bank's participation in some major structured loans over the last 12 months and the reduced activity of international players in this segment given their liquidity issues at their headquarters abroad. Given the events announced during 3Q08 by some large Mexican corporates related to derivatives' lossses, it is important to point out that Banorte's loan portfolio is widely diversified. The 20 main corporates clients represent 19% of the loan book. The largest loan represents 2.1% of the book, while the 20th largest represents 0.4% of the portfolio.

- **Government:** rose 50% YoY and 6% QoQ, driven by the efforts to establish comprehensive banking relationships with these entities, offering solutions to suit their financial needs. Loan demand in this sector also grew as a result of increasing refinancing activity, as well as structured loans used to finance the infrastructure needs of such entities. Banorte has participated this year in the refinancing of the State of Mexico's debt, and the structuring of a major loan to the State of Sonora, among others.

- **Past Due Loans**

At the close of 4Q08, past-due loans increased 71% YoY and 24% QoQ, given the deterioration in the consumer loan portfolio, especially credit cards, and to a lesser extent in commercial loans. The PDL ratio at the end of 4Q08 was 2.0%, which is 0.5 pp higher than in 4Q07 and 0.3 pp vs. 3Q08. The increase in the PDL ratio during 4Q08 was mainly due to the deterioration of the credit card portfolio, with PDL's of 12.4% in 4Q08 vs. 9% in 3Q08 and 5.6% 4Q07. The increase in delinquencies in the credit card portfolio were driven by the seasoning of 2006 and 2007 vintages, coupled with adverse economic and employment conditions. Also, during 4Q08, the total credit card portfolio contracted for the first time in several years, having a negative impact on the numerical calculation of the PDL ratio. Despite a higher-than-expected deterioration in the credit card portfolio, it is important to note that Banorte's exposure to this segment is only 6% of total loans, much lower compared to the exposures of our main competitors for this type of product. On the other hand, other loan portfolio segments have not shown significant deterioration. At the close of 4Q08, the PDL ratio for Car Loans was 2.2%, Payroll Loans 2.8%, Mortgage Loans 1.6%, Commercial Loans 2.0%, and Government and Corporate, 0% (Comerci's loan will be considered past-due as of 1Q09).

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

PAST DUE LOAN VARIATIONS *(Million Pesos)*		
Balance as of September 2008		**3,979**
	Transfer from Performing Loans to Past Due Loans	3,754
	Renewals	(14)
	Cash Collections	(587)
	Discounts	(84)
	Charge Offs	(1,110)
	Foreclosures	(9)
	Transfer from Past Due Loans to Performing Loans	(1,023)
	Foreign Exchange Adjustments	41
Balance as of December 2008		**4,948**

In 4Q08, 61% of the new past due loans correspond to credit cards and 60% of write-offs correspond to this segment.

RISK RATING OF PERFORMING LOANS – *GFNorte* *(Million Pesos)*					
		LOAN LOSS RESERVES			
CATEGORY	LOANS	COMMERCIAL	CONSUMER	MORTGAGES	TOTAL
A	54,333	-	61	148	208
A1	109,400	494	-	-	494
A2	58,784	562	-	-	562
B	5,800	-	107	168	275
B1	17,034	49	353	-	402
B2	1,834	58	183	-	241
B3	1,277	140	-	-	140
C	2,109	-	938	90	1,028
C1	358	74	-	-	74
C2	231	95	-	-	95
D	1,738	204	835	190	1,229
E	1,608	1,501	101	-	1,602
Total	**254,506**				
Not Classified	(87)				
Exempt	76				
Total	**254,496**	**3,179**	**2,577**	**596**	**6,351**
Reserves					**6,690**
Surplus (Deficit)					**339**

Notes:
1.- The ratings of loans and reserves created correspond to the last day referred in the Balance Sheet at December 31st, 2008.
2.- The loan portfolio is rated according to the rules issued by the Ministry of Finance and Public Credit (SHCP), the methodology established by the CNBV and internal methodologies approved by the CNBV. For Mortgage and Consumer loans, Banorte uses the regulation described in the Official Gazette published on December 2, 2005, and for Commercial loans it uses internal methodologies approved by the CNBV.
3.- According to the new provisions of the CNBV published on August 22, 2008 in the DOF regarding the percentage of credit card reserves when there are no delinquent payments and according to the second transitory article which makes it possible to make such adjustments by October, the impact of the change will gradual, so the reserves percentage applied for zero delinquent payments for September was 1.72% and at the close of October the change was completed applying a 2.5% reserve percentage for zero delinquent payments.
4.- The excess in preventive reserves, follow the rules issued by the CNBV, to regulate support programs, that were constituted mainly in UDIS Trusts.
5.- The Ratings of Leasing and Factoring loans are dated as of September 2008 and Reserves, as of December, 2008.

LOAN LOSS RESERVES *(Million Pesos)*	4Q08
Previous Period Ending Balance	**4,904**
Provisions charged to results	**2,983**
Release of reserves	**(13)**
Elimination of Excess Reserves charged to results	**-**
Charge offs and discounts:	
Commercial Portfolio	(133)
Consumer Portfolio	(945)
Mortgage Portfolio	(138)
Foreclosed assets	(15)
	(1,231)
Cost of debtors support programs	**(27)**
Valuation and Others	**87**
Other Concepts	**(13)**
Loan Loss Reserves at Period End	**6,690**

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

The balance at the end of the quarter was Ps 6.7 billion, 36% higher QoQ. The quarterly change is explained by an increase of Ps 2.9 billion charged to results in 4Q08, as well as the use of Ps 1.2 billion for charge-offs and discounts and Ps 34 million in other concepts.

- **Requirements for Loan Loss Reserves**

The requirements totaled Ps 2.9 billion in 4Q08, equivalent to an increase of 25% YoY and 18% QoQ. The increase in loan loss provisions during the fourth quarter derived from an increase in delinquent credit card loans. Also, in accordance with the new rules set by the National Banking and Securities Commission (CNBV) announced in August 22, 2008 regarding credit cards reserve requirements for zero missed payments, as well as article number two which allows for a gradual adjustments of this guideline until October, the initial requirement of 1.72% was made during September and during the month of October it increased to 2.5%. Of the total amount of reserves created during 4Q08, Ps 117 million correspond to this new reserve requirement established by the authorities.

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

BANKING SECTOR

INCOME STATEMENT & BALANCE SHEET ***HIGHLIGHTS– Banking*** *(Million Pesos)*	4Q07	3Q08	4Q08	QoQ	YoY	2007	2008	YoY
Income Statement								
Net Interest Income before Repomo	4,833	5,527	**6,191**	12%	28%	17,152	**21,704**	27%
Provisions	900	1,587	**2,914**	84%	224%	2,588	**6,722**	160%
Non Interest Income	1,408	1,610	**2,007**	25%	42%	5,929	**6,595**	11%
Non Interest Expense	3,408	3,344	**3,945**	18%	16%	12,945	**14,191**	10%
Non Operating Income (Expense), Net	411	607	**501**	(17%)	22%	1,903	**2,362**	24%
Pre-Tax Income	2,206	2,813	**1,840**	(35%)	(17%)	9,187	**9,748**	6%
Net Income	1,563	1,880	**1,285**	(32%)	(18%)	6,151	**6,543**	6%
Balance Sheet								
Performing Loans	185,538	223,916	**231,400**	3%	25%	185,538	**231,400**	25%
Deposits	203,534	241,722	**260,911**	8%	28%	203,534	**260,911**	28%

- **Net Interest Income**

The 4Q08 *Net Interest Income (NII)* before inflation adjustment (REPOMO) rose 28% YoY driven by the positive impact on variable rate loans of higher margins, a 25% growth of the overall performing loan portfolio, an increase in fees charged for loan originations and a substantial growth in demand deposits. On a quarterly basis, the *NII* before inflation adjustment (REPOMO) rose 12% vs. 3Q08 due to the increase in market rates, the 3% QoQ increase in the loan portfolio, as well as to greater revenues from loan origination fees and the amortization of commissions on loans placed during 2007. During 2008, this income totaled Ps 21.7 billion, 27% higher YoY. The bank's NIM was 6.0% at the close of 4Q08.

- **Loan Loss Reserves**

During 4Q08, *Loan Loss Reserve*s were 224% higher YoY and 84% greater QoQ given the rise in credit card delinquencies and the implementation of the CNBV rules previously mentioned regarding the creation of reserves for credit cards with zero missed payments. This item was also affected by the provisions to fully cover Comerci's loan. Loan Loss Reserves totaled Ps 6.7 billion in 2008, 160% higher than those of 2007.

- **Non Interest Income**

Increased 42% YoY given higher service fee revenues and income from recoveries of acquired real estate portfolios. *Non Interest Income (NII)* increased 25% QoQ due to higher trading and FX revenues. *NII* totaled Ps 6.5 billion during 2008, 11% higher YoY.

- **Non Interest Expense**

Non Interest Expense (NIE) increased 16% YoY as a result of higher Personnel Expenses associated with the expansion of our footprint. On a quarterly basis, *NIE* grew 18% given greater headcount expenses as a significant number of branches were opened, as well as to higher administrative and promotional expenses associated with the efforts to increase our deposit base. During 2008, this line item totaled Ps 14.1 billion, 10% YoY higher. As a result of the lower expenses and greater revenues during the year, the efficiency ratio stood at 48.1% in 4Q08, 6.5 pp lower YoY, although it picked up 1.2 pp QoQ.

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

Grew 22% YoY during 4Q08, driven by the Income Tax recovered from changes in criteria for classification of acquired loan portfolio, the revenues from the sale of goods, the cancellation of sundry debtors, greater recoveries from charged-off loans and the elimination of the Repomo expenses this year. On a quarterly basis, this line dropped 17% vs. 3Q08 given the release during the third quarter of reserves from the sale of real estate and to Other Expenses derived from fraud-related losses.

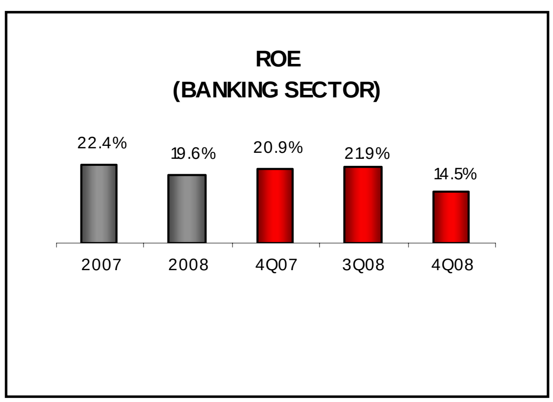
- **Net Income**

The Bank's accumulated profits (100%, including the Afore through the equity participation method) totaled Ps $1.2 bn during 4Q08, 18% higher YoY, and 32% lower QoQ. The accumulated Income for the year totaled Ps 6.5billion, 6% higher YoY. The Bank's ROE was 14.5% at the close of 4Q08 and 19.6% during 2008.

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

FINANCIAL RATIOS – *Banking Sector* *(Million Pesos)*	4Q07	3Q08	4Q08	QoQ	YoY	2007	2008	YoY
Profitability	8.1%	7.6%	**6.0%**	(1.6 pp)	(2.1 pp)	7.6%	**6.7%**	(0.9 pp)
NIM (1)	20.9%	21.9%	**14.5%**	(7.4 pp)	(6.4 pp)	22.4%	**19.6%**	(2.8 pp)
ROE (2)	2.3%	2.3%	**1.1%**	(1.2 pp)	(1.2 pp)	2.4%	**1.8%**	(0.6 pp)
ROA (3)								
Operation	54.6%	46.9%	**48.1%**	1.2 pp	(6.5 pp)	56.1%	**50.1%**	(6.0 pp)
Efficiency Ratio (4)	5.0%	4.2%	**3.5%**	(0.7 pp)	(1.5 pp)	5.1%	**4.0%**	(1.1 pp)
Operating Efficiency Ratio (5)	50.7%	61.3%	**48.9%**	(12.4 pp)	(1.8 pp)	50.7%	**48.9%**	(1.8 pp)
Liquidity Ratio (6)								
Asset Quality	1.5%	1.7%	**2.0%**	0.3 pp	0.5 pp	1.5%	**2.0%**	0.5 pp
Past Due Loan Ratio	135.1%	124.8%	**136.1%**	11.3 pp	1.0 pp	135.1%	**136.1%**	1.0 pp
Coverage Ratio								
Growth (7)	31%	33%	**25%**	(8.0 pp)	(6.0 pp)	31.2%	**25%**	(6.2 pp)
Performing Loans (8)	13%	9%	**16%**	7.0 pp	3.0 pp	13.1%	**16%**	2.9 pp
Core Deposits	16%	32%	**28%**	(4.0 pp)	12.0 pp	16.0%	**28%**	12.0 pp
Total Deposits								
Capitalization	19.4%	23.0%	**21.1%**	(1.9 pp)	1.7 pp	19.4%	**21.1%**	1.7 pp
Net Capital/ Credit Risk Assets	13.8%	15.8%	**14.3%**	(1.5 pp)	0.5 pp	13.8%	**14.3%**	0.5 pp
Total Capitalization Ratio	8.1%	7.6%	**6.0%**	(1.6 pp)	(2.1 pp)	7.6%	**6.7%**	(0.9 pp)

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



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

BANORTE USA

I. Banorte USA

INCOME STATEMENT & BALANCE SHEET *HIGHLIGHTS – Banorte USA* *Figures in MEX GAAP (Million Pesos)*	4Q07	3Q08	4Q08	QoQ	YoY	2007	2008	YoY
Income Statement								
Net Interest Income	161	171	**217**	27%	35%	601	**711**	18%
Non Interest Income	27	32	**67**	113%	146%	101	**147**	45%
Total Income	188	203	**285**	40%	51%	702	**857**	22%
Non Interest Expense	151	148	**196**	32%	30%	531	**638**	20%
Loan Loss Reserves	38	14	**81**	475%	113%	61	**104**	71%
Operating Income	(1)	41	**8**	(81%)	(1,034%)	110	**115**	4%
Non Operating Income (Expense)	46	50	**69**	37%	50%	156	**234**	50%
Taxes and Profit Sharing	16	29	**14**	(53%)	(12%)	90	**105**	16%
Subsidiaries & Minority Interest	12	21	**14**	(33%)	15%	64	**79**	23%
Net Income	17	41	**49**	20%	187%	112	**166**	48%

Under generally accepted accounting principles in Mexico, Banorte USA's 4Q08 net income (a subsidiary owner of 70% of Inter National Bank, as well as 100% of the remittance companies, Uniteller and Motran) was Ps 49 million, a 187% YoY increase and 20% QoQ increase. Such growths are due to the Net Interest Income and Non Interest Income increases, as well as the MXN/USD depreciation during 4Q08, which resulted in a valuation profit due to the application of accounting criterion for conversion of foreign entities.

During 2008, Banorte USA's Net Income was Ps 166 million, a 48% YoY increase, driven by increases in the Net Interest Margin and Non Interest Income lines, as well as exchange rate fluctuation during the last quarter of the year.

II. InterNational Bank (US GAAP)

INCOME STATEMENT & BALANCE SHEET *HIGHLIGHTS - InterNational Bank* *Figures in US GAAP (Millon Dollars)*	4Q07	3Q08	4Q08	QoQ	YoY	2007	2008	YoY
Income Statement								
Net Interest Income	15.5	17.0	17.3	2%	12%	58.8	**65.9**	12%
Non Interest Income	3.2	3.9	4.1	4%	27%	11.3	**15.6**	37%
Total Income	18.7	20.9	21.4	2%	14%	70.2	**81.4**	16%
Non Interest Expense	7.8	8.9	9.2	3%	18%	29.2	**34.6**	19%
Loan Loss Reserves	3.0	1.1	1.1	4%	(63%)	4.9	**5.3**	8%
Operating Income	7.9	10.9	11.1	2%	40%	36.1	**41.5**	15%
Net Income	5.2	7.2	7.3	2%	40%	23.7	**27.3**	15%
Balance Sheet								
Investments in Securities	423.4	476.9	449.2	(6%)	6%	423.4	**449.2**	6%
Performing Loans	966.0	1,084.2	1,108.1	2%	15%	966.0	**1,108.1**	15%
Past Due Loans	16.3	17.6	22.7	29%	39%	16.3	**22.7**	39%
Demand Deposits	711.6	667.7	617.2	(8%)	(13%)	711.6	**617.2**	(13%)
Time Deposits	694.1	747.1	761.6	2%	10%	694.1	**761.6**	10%
Total Deposits	1,405.7	1,414.8	1,378.9	(3%)	(2%)	1,405.7	**1,378.9**	(2%)
Equity	118.6	140.1	149.6	7%	26%	118.6	**149.6**	26%

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

Financial Ratios *INB* ***Figures in US GAAP***	4Q07	3Q08	4Q08	QoQ	YoY	2007	2008	YoY
Profitability:								
NIM	4.4%	4.2%	**4.4%**	0.2 pp	- pp	4.4%	**4.2%**	(0.2 pp)
ROE	17.5%	20.9%	**20.2%**	(0.8 pp)	2.7 pp	21.5%	**20.4%**	(1.0 pp)
ROA	1.4%	1.6%	**1.7%**	- pp	0.3 pp	1.7%	**1.6%**	(0.1 pp)
Operational:								
Efficiency Ratio	41.7%	42.8%	**43.0%**	0.3 pp	1.4 pp	41.6%	**42.5%**	0.9 pp
Asset Quality:								
Past Due Loan Ratio	1.6%	1.6%	**2.0%**	0.4 pp	0.3 pp	1.6%	**2.0%**	0.3 pp
Coverage Ratio	60.1%	79.7%	**62.4%**	(17.2 pp)	2.3 pp	60.1%	**62.4%**	2.3 pp
Capitalization:								
Leverage Ratio	7.4%	7.5%	**8.0%**	0.5 pp	0.7 pp	7.4%	**8.0%**	0.7 pp
Capitalization Ratio	11.3%	11.9%	**12.5%**	0.6 pp	1.2 pp	11.3%	**12.5%**	1.2 pp

Under US GAAP, Inter National Bank's full net income totaled US$27.3 million during 2008, a 15% YoY increase, driven by an increase in the Net Interest Margin and higher Non Interest Income, which offset the increase of operational expenses and loan loss provisions. Net Income for 4Q08 rose 40% YoY, driven by financial and non-financial income as well as lower loan loss provisions. On a quarerly basis, it grew 2% driven by greater Non Interest Income.

INB holds a portfolio of Mortgage Backed Secutiries (MBS), which grew 6% YoY but dropped 6% QoQ. The quality of the underlying mortgages is rated AAA and, at the close of 4Q08, the portfolio shows an unrealized gain of US3.5 million. The average weighted life of the portfolio is 5 years.

Performing loans rose 15% YoY, driven mainly by an increase in mortgage loans granted to Americans acquiring recreational or retirement properties in Mexico and loans to companies guaranteed by commercial real estate. It is important to note that commercial real estate loans have not been affected in INB's area of influence as in other regions in the USA, mainly because the Texan economy, where it operates, has proven more resilient that other parts of the country. On a quarterly basis, performing loans rose 2%, from USD 1.08 billion to USD 1.10 billion. Past-due loans increased 39% and 29%,YoY and QoQ respectively, mainly due to greater mortgage delinquencies. It is important to point out that INB uses US criteria to classify past due loans (30+ vs. 60+ days in Mexico). The past due loan ratio ended 2008 at 2%.

Overall Deposits fell 2% YoY and 3% QoQ, driven by a reduction in Demand Deposits. Despite the 2% YoY drop in Overall Deposits and the 15% YoY increase in Past-Due Loans, the bank does not face funding problems and its loans to deposits ratio stood at 80%.

Finally, INB reports favorable profitability ratios as compared with 3Q08. During the period, NIM increased by 0.15 pp to 4.4% and, the ROA rose 0.04 pp to 1.7%. Regarding capitalization ratios, leverage rose 0.54 pp to 8% while the capital ratio rose 0.6 pp to 12.5%. ROE dropped 0.76 pp to 20.2%, and the Efficiency Ratio increased by 0.27 pp to 43%. With respect to Asset Quality indicators, the Past-Due Loan Ratio rose 0.4 pp to 2%, whereas the Reserve Coverage Index fell to 62.4%. The deterioration of these indicators is due to higher delinquencies on mortgages.

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

RECOVERY BANKING

INCOME STATEMENT HIGHLIGHTS – Recovery Banking *(Million Pesos)*	2007	2008	YoY
Net Interest Income	(201)	**(204)**	1%
Loan Loss Provisions	17	**43**	153%
Non Interest Income	1,090	**1,302**	19%
Non Interest Expense	819	**884**	8%
Non Operating Income (Expense), net	1,059	**842**	(21%)
Pre-tax Income & Subsidiaries	1,112	**1,012**	(9%)
Income Tax & Profit Sharing	346	**311**	(10%)
Undistributed Earnings of Subsidiaries	-	**-**	-
Net Income	766	**701**	(9%)

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

ASSETS UNDER MANAGEMENT *(Million Pesos)*	4Q08	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
Fobaproa-IPAB Portfolios:	**1,498**	Off balance trusts	Fees charged to Fobaproa and Fiduciary
Loans purchased:	**33,961**	Sólida Asset Management and Banorte	Non Interest Income and Other Revenues and Expenses (Banorte)
Investment Projects:	**3,083**	Sólida Asset Management	Non Interest Income
Banking Sector Portfolio:	**23,285**	Banorte's Portfolio and Repossessed assets	Net Interest Income and Other Revenues and Expenses
Total	**61,827**		

- At the end of 4Q08, acquired loans amounted to Ps 34 billion, broken down as follows: 43% mortgages, 39% corporate and commercial loans, 12% real estate portfolios and 6% foreclosed assets. Revenues steming from these portfolios during 4Q08 totaled Ps 845 million, 23% lower than 2007, while profit was Ps 222 million, 43% less than 2007. The recovery ratio was 46% during the year, greater than the 42% registered during 2007. The Recovery Bank did not acquire any assets during 4Q08.

- The portfolio of real estate and infrastructure investments by Sólida totaled Ps 3.1 billion at yearend 2008, 24% higher than the Ps 2.5 billion invested at the end of 4Q07. Investments are distributed among 31 projects nationwide. The revenues generated by these portfolios during 2008 totaled Ps 544 million, 116% higher YoY, while profit was Ps 222 million, 181% higher YoY.

- At the close of 4Q08, the breakdown of Banorte's Ps 23.3 billion in proprietary loans managed by the Recovery Bank was distributed as follows: 32% in credit cards; 29% in mortgage loans; 17% in corporate and commercial loans; 10% in car loans; 9% in payroll and personal and 3% in real estate. Revenues generated by this portfolio during 2008 totaled Ps 776 million, in line with those of 2007, while profits were Ps 257 million, a 14% YoY decline.

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

BROKERAGE

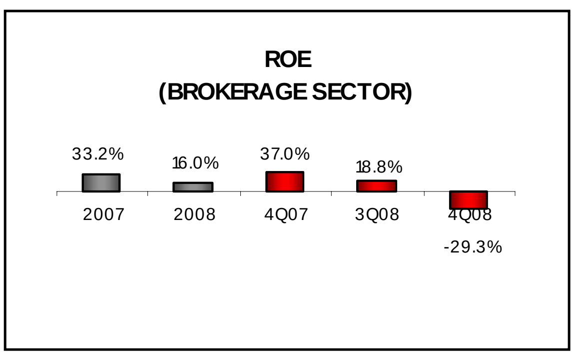
Brokerage *(Million Pesos)*	4Q07	3Q08	4Q08	QoQ	YoY	2007	2008	YoY
Brokerage								
Net Income	90	58	**(89)**	(253%)	(199%)	288	**183**	(36%)
Stockholder's Equity	1,020	1,292	**1,143**	(12%)	12%	1,020	**1,143**	12%
Assets Under Management	180,972	165,833	**119,286**	(28%)	(34%)	180,972	**119,286**	(34%)
Total Assets	1,333	1,673	**1,662**	(1%)	25%	1,333	**1,662**	25%
ROE	37.0%	18.8%	**(29.3%)**	(48.1 pp)	(66.3 pp)	33.2%	**16.0%**	(17.2 pp)
Net Capital								
Net Capital	807	1,049	**901**	(14%)	12%	807	**901**	12%

- **Broker-Dealer**

Net Income
During 4Q08, the Broker-dealer reported a net loss of Ps 89 million vs. a Ps 90 million profit during 4Q07 and a Ps 58 million gain in 3Q08. The loss was affected mainly by compensations made to mitigate losses on some trading contracts. During 4Q08, a complicated operating environment prevailed due to a squeeze in market liquidity and risk aversion. Net income during 2008 was Ps 183 million, 36% lower than 2007, affected by the compensations mentioned above, as well as by lower income from money and capital markets positions.

Mutual Funds
At yearend 2008, mutual funds' AUM dropped 42% YoY given the migration of customers' funds to checking accounts and other deposit products, as a result of decreased returns on mutual funds. At the end of 4Q08, fixed income mutual funds fell 42%, while equity mutual funds dropped 43%.

Assets Under Management
At the end of 4Q08, AUM totaled Ps 119.3 billion, a 34% reduction YoY, given the decrease in mutual funds and also in clients' securities under custody.



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

LONG TERM SAVINGS

LONG TERM SAVINGS *(Million Pesos)*	4Q07	3Q08	4Q08	QoQ	YoY	2007	2008	YoY
Afore								
Net Income	42	47	**65**	40%	56%	165	**189**	14%
Equity	963	1,087	**1,052**	(3%)	9%	963	**1,052**	9%
Total Assets	1,102	1,257	**1,218**	(3%)	10%	1,102	**1,218**	10%
AUM (SIEFORE)	58,131	56,148	**56,242**	-%	(3%)	58,131	**56,242**	(3%)
ROE	17.7%	17.5%	**24.3%**	6.8 pp	6.6 pp	16.4%	**18.3%**	1.9 pp
Insurance								
Net Income	97	149	**138**	(8%)	43%	334	**476**	42%
Equity	1,827	1,970	**2,130**	8%	17%	1,827	**2,130**	17%
Total Assets	10,864	13,236	**11,306**	(15%)	4%	10,864	**11,306**	4%
Technical Reserves	7,612	9,417	**7,356**	(22%)	(3%)	7,612	**7,356**	(3%)
Premiums sold	2,076	1,665	**1,604**	(4%)	(23%)	8,660	**8,268**	(5%)
ROE	21.8%	29.9%	**26.9%**	(3.0 pp)	5.2 pp	20.1%	**24.1%**	4.0 pp
Annuities								
Net Income	(10)	24	**(5)**	(122%)	(50%)	266	**33**	(87%)
Equity	1,121	991	**985**	(1%)	(12%)	1,121	**985**	(12%)
Total Assets	11,083	13,703	**14,833**	8%	34%	11,083	**14,833**	34%
Technical Reserves	9,767	12,408	**13,612**	10%	39%	9,767	**13,612**	39%
Premiums sold	643	962	**996**	4%	55%	2,211	**3,488**	58%
ROE	(3.7%)	8.9%	**(2.1%)**	(11.0 pp)	1.5 pp	24.3%	**3.1%**	(21.2 pp)

- **Afore**

During 4Q08, the AFORE reported Net Income of Ps 65 million (51% corresponds to Banorte), growth of a 56% YoY and 40% QoQ as a result of higher operating income, cost containment measures and greater productivity of the sales force. The AFORE reported an accumulated Net Income of Ps 189 million in 2008, 14% higher YoY, due to greater operating income, lower operating expenses and real estate costs, as well as lower taxes.

At the end of 2008, the AFORE's assets under management, dropped 3% annually, due to mark to market losses on its portfolio valuations. However, during December, AUM increased by Ps 3.5 billion due to the reduction in market interest rates.

At yearend, the AFORE had 3,232,131 affiliates, representing 8.29% of total affiliates in the system and 9.66% in certified accounts. In terms of AUM market share, it ranked 7th with a 6.4% market share at the end of December 2008.

- **Insurance**

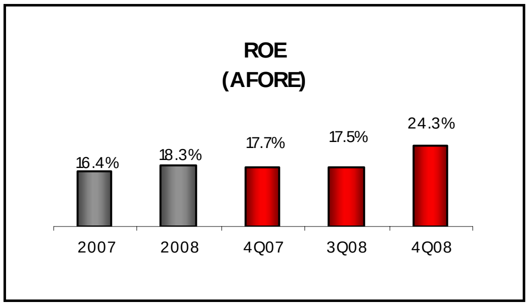
Reported Net Income was Ps 138 million in 4Q08 (51% from GFNorte), 43% higher YoY, driven by an increase in overall revenues which grew more than expenses. Net Income was 8% lower QoQ due to an increase in claims and higher operatational expenses. Profits for 2008 amounted to Ps 476 million (51% for GFNorte), 42% greater YoY, as a result of a 14% increase in accrued premiums and a 2% increase in financial products and other income, as well as to the containment of claims' costs.

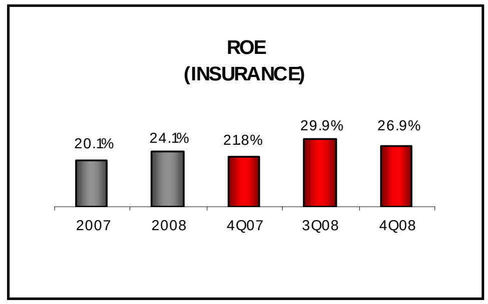
During 4Q08, the number of premiums issued increased 5% YoY to Ps 8.2 billion, while accrued premiums rose 69% YoY to Ps 8.0 billion Technical reserves reached Ps 7.3 billion, a 3% YoY drop.

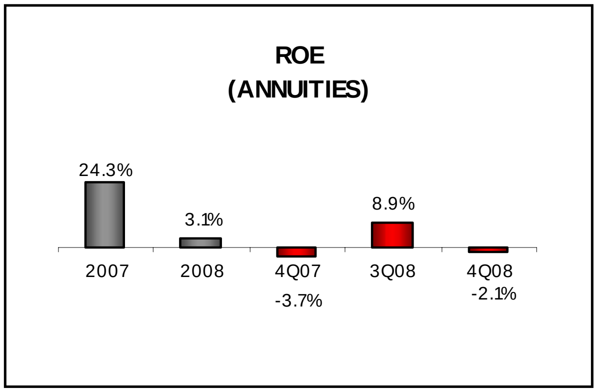
- **Annuities**

A net loss of Ps 5 million was registered in 4Q08 (51% for GFNorte), lower than the Ps 10 million loss during the same period in 2007. Results were mainly affected by lower trading income and valuations, which offset a 61% growth in the number of premiums sold and 71% in technical reserves. The 4Q08 loss compares negatively to the Ps 24 million profit during 3Q08, due to higher inflation which resulted in short term returns closer to zero, as well as the sale of subordinated debentures with capital losses. Net Income for 2008 was Ps 33 million, 87% lower YoY, as a result of lower accrued premiums, lower trading income and valuations, higher sales, greater management and promotional costs and greater payments to retirees.

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







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

OTHER FINANCE COMPANIES

OTHER FINANCE COMPANIES (1) *(Million Pesos)*	4Q07	3Q08	4Q08	QoQ	YoY	2007	2008	YoY
Leasing and Factoring								
Net Income	62	53	**115**	117%	85%	247	**313**	27 %
Equity	991	1,189	**1,184**	(0.4 %)	19%	991	**1,184**	19%
Loan Portfolio (2)	12,222	12,741	**13,874**	9%	14%	12,222	**13,874**	14%
Past Due Loans	37	57	**74**	30 %	100%	37	**74**	100%
Loan Loss Reserves	33	81	**79**	(2%)	139%	33	**79**	139%
Total Assets	12,447	12,828	**14,001**	9%	13%	12,447	**14,001**	13%
ROE	25.8%	18.4%	**38.8%**	20.4 pp	13.0 pp	26.3%	**28.1%**	1.8 pp
Warehousing								
Net Income	4	6	**6**	(10%)	46%	15	**23**	55%
Equity	101	118	**124**	5%	23%	101	**124**	23%
Inventories	7	571	**165**	(71%)	2,278%	7	**165**	2,278%
Total Assets	140	749	**321**	(57%)	129%	140	**321**	129%
ROE	15.1%	21.4%	**18.3%**	(3.1 pp)	3.2 pp	12.8%	**20.5%**	7.7 pp

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

- **Leasing and Factoring**

On February 2008, the leasing and factoring companies merged under a regulated Multi-purpose financial corporation (SOFOM). This merger enables, among other things, to optimize the use of capital, improve leverage capacity and create the possibility of achieving higher credit ratings for the merged entity. Results of both companies, as of 1Q08 are presented on a consolidated basis under the denomination “Arrendadora y Factor Banorte, S.A. de C.V.”

The Leasing and Factoring Company reported Net Income of Ps 115 million during 4Q08, 85% greater YoY, driven mainly by higher Net Interest Income from loan growth. On a quarterly basis, Net Income rose 117% given the Net Interest Income expansion from loan growth, increasing revenues from leasing transactions and lower reserve requirements, and income from pure leasing sales. Accumulated income in 2008 amounted to Ps 313 million, 27% higher YoY, driven mainly by 14% annual loan growth and income arising from the terminations of leasing contracts.

At the end of 4Q08 the Past-Due Loan Ratio was 0.53%, while the Capitalization Ratio was 8.82%, with average risk assets of Ps 13.4 billion.

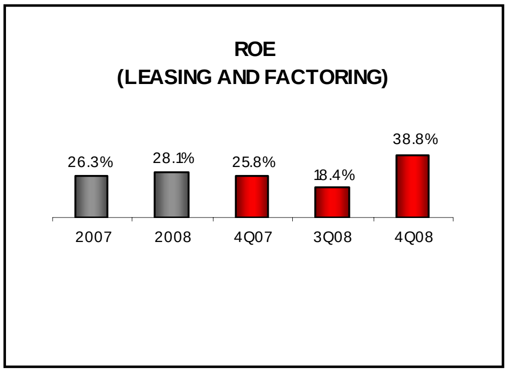
- **Warehousing**

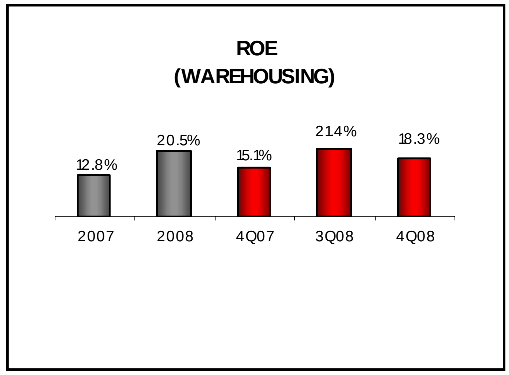
Last November 28, the Ministry of Finance (SHCP) modified the authorization given to Almacenadora Banorte to constitute and operate as a General Deposit Warehouse, given the increase in the fixed portion of its stockholders’ equity, which totaled Ps 31,780,651 pesos. This was agreed in the Extraordinary Stockholders' Meeting held on October 1, 2008.

Net Income during 4Q08 was Ps 6 million, 46% higher YoY due to the increase in the accumulation of inventories and the storage services. On a quarterly basis, Net Income fell 10% due to lower business volumes. Profits stood at Ps 23 million in 2008, 55% higher than in 2007. This growth was due to an increase in inventories and warehousing services, such as the fitting of warehouses, which has opened the possibility for Banorte to issue certificates of deposit that are used as guarantees in secured loans and as loans to other financial institutions.

At the end of 4Q08, the Capitalization Ratio was 4.1% considering Ps 3.0 billion in total assets-at-risk certificates. It currently ranks 2nd among the 20 Warehousing Companies in terms of Net Income.

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





PRONEGOCIO

MICROLENDING PRONEGOCIO *(Million Pesos)*	4Q07	3Q08	4Q08	QoQ	YoY	2007	2008	YoY
Net Income	(23)	(24)	**(80)**	231%	252%	(30)	**(120)**	302%
Equity	51	51	**48**	(6%)	(6%)	51	**48**	(6%)
Loan Portfolio	585	347	**269**	(22%)	(54%)	585	**269**	(54%)
Non Performing Loans	112	82	**38**	(54%)	(66%)	112	**38**	(66%)
Loan Loss Reserves	46	32	**29**	(10%)	(37%)	46	**29**	(37%)
Total Assets	653	463	**433**	(6%)	(34%)	653	**433**	(34%)
ROE	(146.0%)	(153.2%)	**(646.0%)**	492.7 pp	500.0 pp	(41.8%)	**(195.2%)**	153.4 pp

- **Pronegocio**

During 4Q08, Pronegocio posted a Net Loss of Ps $80 million vs. a Ps $23 million loss during 4Q07 and a Ps 24 million loss in 3Q08. During 2008, the accumulated loss totaled Ps 120 million, 302% higher YoY. Results were affected mainly by lower Net Interest Margin due to lower performing loans, greater write-offs on past-due loans and expenses.

At the end 4Q08, past due loans reached Ps 38 million, 66% lower YoY and 54% lower QoQ as a result of write-offs. The past due loan ratio closed at 14.1% during 4Q08, lower than the 23.6% registered in 3Q08 and the 19.1% reached in 4Q07. During 4Q08, the reserve coverage ratio was 76%.

Pronegocio is in the process of being merged with the bank.

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

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**	January, 2009
Standard & Poors	Banorte	Stable BBB- BBB- A-3 A-3	**Outlook** **Long term foreign issuer credit** **Long term local currency deposits** **Short term foreign issuer credit** **Short tem local issuer credit**	December, 2008
Fitch	Banorte Grupo Financiero Banorte	Stable BBB BBB F2 F3 C 3 55	**Outlook** **Long Term Foreign currency** **Long Term Local currency** **Short Term Local Currency** **Short Term Foreign Currency** **Individual - Foreign Currency** **Support Rating** **Support Rating**	October, 2008

Domestic Ratings

Rating Agency	Rated Institution	Rating	Category	Date
Fitch	Banorte	F1 + (mex) AA (mex) F1 + (mex) AA (mex)	**Short term counterparty risk** **Long term counterparty risk** **Short term CD's and Term Deposits** **Long term CD's and Term Deposits**	October, 2008
	Arrendadora y Factor Banorte	AA (mex) F1 + (mex)	**Medium and Long Term** **Short Term**	May, 2007
Moody's Domestic Scale	Banorte	Aaa.mx MX-1	**Long Term Deposits** **ShortTerm Deposits**	January, 2009
	Arrendadora Banorte	Aaa.mx	**Issue Rating in Domestic Scale**	May, 2007
	Factor Banorte	Aaa.mx	**Issue Rating in Domestic Scale**	May, 2007
Other Ratings				
Fitch	Banorte	AAFC1(mex)	**Financial Asset Administrator**	February, 2008
	Seguros Banorte Generali	AA- (mex)	**Insurance Financial Strength**	November, 2008

Brokerage House

During 4Q08, Banorte's Broker-dealer rating process started with two rating firms, as required by the authorities. Such ratings will be published in the 1Q09 quarterly report.

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

INFRASTRUCTURE

INFRASTRUCTURE	4Q07	3Q08	4Q08
Employees	17,348	20,493	**19,997**
Banking (1)	14,344	14,886	**15,223**
Other	3,004	5,607	**4,774**
Branches (2)(3)	1,054	1,085	**1,118**
INB	18	20	20
Pronegocio	97	97	97
ATM's	3,674	4,073	**4,136**

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

- During 4Q08, 33 new branches were opened as part of the footprint expansion strategy; 12 of them in Mexico City and 3 were relocations. Additionally, 63 new ATMs and 3,892 POS terminals were installed during 4Q08.
- In aggregate during 2008, 64 branches were opened, 462 ATMs and 13,362 POS terminals were installed. The adjusted expansion plan for 2008 considered 70 new branches, 600 new ATMs and around 12,000 new POS terminals.
- Inter National Bank opened 2 new branches in May 2008 in order to have greater presence in the most important border corridor and satisfy the financial needs of its clientele in that region. Through this openings, INB increases its presence in Laredo and Brownsville, Texas. There were no branch openings during 4Q08.

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

ANNEXES

1. GROUP'S GENERAL INFORMATION

2. SUMMARY OF RESULTS AND FINANCIAL STATEMENTS

3. ACCOUNTING CHANGES AND REGULATIONS

4. LOAN PORTFOLIO SALES TO SOLIDA ADMINISTRADORA DE PORTAFOLIOS

5. NOTES TO THE GROUP'S FINANCIAL STATEMENTS

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

GFNORTE'S GENERAL INFORMATION

GFNorte Ownership of Subsidiaries	4Q08
Banco Mercantil del Norte (1)	**97.06%**
Brokerage House	**99.99%**
Retirement Funds – Afore (2)	**51.00%**
Insurance	**51.00%**
Annuities	**51.00%**
Leasing	**99.99%**
Factor	**99.99%**
Warehouse	**99.99%**
Mcrocredit Unit - Pronegocio	**99.99%**
Banorte USA (2)	**100.00%**

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

Holding Company Capital Structure	
Number of Shares	**SERIE O As of December 31, 2008**
Number of Shares Outstanding	**2,018,347,548**
Shares held in the bank's Treasury	**4,350,000**

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

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

SUMMARY OF RESULTS

Monterrey, N.L., January 29, 2009. Grupo Financiero Banorte announced its operating results today at the close of 2008, reporting a net profit of Ps 7.01 billion, which is 3% higher than in 2007. GFNorte's annualized return on capital was 20%, while the return on assets was 2%.

During 2008, the Group reported an extraordinary income of Ps 345 million derived from the sale of VISA and INDEVAL shares and the acknowledgement of a loss related to positions on Lehman Brothers' Senior debt Securities. Furthermore, the Group reports non recurring loan loss reserves for Ps 827 million associated with provisions to cover Comerci's loan and to the increase in credit card reserves given the new accounting criteria. Excluding these events from 2008's results and the extraordinary Ps 293 million from 2007, arising from the reversal of loan reserves due to the accounting criteria that went into effect during this period, net income increased 15% on a comparable basis

The Banking Sector contributed with 89% of the Group's profits, totaling Ps 6.2 billion in 2008 6% higher than 2007. During this period, recurrent net income continues to grow given the greater loans and deposits placements.

Net Interest Income and Other Income

During 2008 Net Interest Income increased 27% YoY, driven by the 24% annual increase in performing loans and 16% growth in core deposits, as well as a 62 base point increase in the average market reference rate (TIIE).

Fee revenues grew 9% YoY as a result of more transaction volumes and new product placements. Revenues from acquired real estate portfolios rose 28% YoY.

Deposits

At the end of 2008, Total Deposits, excluding third-party accounts, amounted to Ps 260.7 billion, a 28% YoY increase, given the 16% rise in Demand Deposits and the 18% in Time Deposits. Such increases are mainly attributable to the opening of 64 new branches during the last 12 months, the continuous promotional campaigns for deposits and the greater penetration of the "PagaMás" and "Ganamás" promissory notes in their new 7- and 14-day options. Money market desk deposits rose 100% YoY in 4Q08.

Efficiency Ratio

The Efficiency Ratio improved from 56% in 2007 to 51% during 2008, driven by a positive operating leverage. It is worth noting that Banorte has been undertaking several cost containment measures given the current economic scenario, resulting efficiencies improvements.

Loan Portfolio

The loan portfolio continued to post significant growth given greater loan demand, especially during the first nine months of the year, as well as the bank's efforts to improve its loan product offering. Performing loans grew 24% YoY, reaching a balance of Ps 239.5 billion.

Commercial loans increased by 24% YoY to Ps 92.5 billion;corporate loans rose 23% YoY to Ps 45.1 billion, and government loans rose 50% YoY to Ps 26.9 billion.

Consumer loans, including mortgages, continued to grow steadily during the period. This segment represents 31% of the total performing loan book. Credit Card loans rose by 9% in the last twelve months, reaching a balance of Ps 15.06billion. Payroll and personal loans grew 10% YoY to Ps $6.70 billion (82% correspond to payroll loans). Car loans rose 5% YoY reaching a balance of Ps 7.5 billion, and mortgage loans kept their upward trend, reaching a balance of Ps 45.4 billion, a 26% annual increase.

In 4Q08, the past-due loan ratio stood at 2%, one of the lowest in the financial system. Past due loans at the end of 4Q08 were of Ps 4.9 billion, a 71% YoY increase. The reserve coverage was 135%.

Other Subsidairies

The Long-term Savings Sector-Afore, Insurance and Annuities- reported a profit of Ps 354 million in 2008; while Other Finance Companies –Leasing, Factoring and Warehousing- reported net income of Ps 336 million in the same period, a 24% YoY increase. The Broker Dealer achieved a Ps $183 million profit during 2008.

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

HOLDING

Holding – INCOME STATEMENT *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	Accum. 2007	1Q08	2Q08	3Q08	4Q08	Accum. 2008
Income Subsidiaries & Other	1,652	1,720	1,740	1,694	6,806	1,930	1,806	2,007	**1,266**	**7,009**
Interest Income	1	4	6	5	15	3	3	3	**3**	**13**
Interest Expense	-	-	-	-	-	-	-	-	**-**	**-**
Fees & Tariffs	-	-	-	-	-	-	-	-	**-**	**-**
Trading Income	-	-	-	-	-	-	-	-	**-**	**-**
Monetary Position REPOMO	-	1	(3)	(5)	(8)	-	-	-	**-**	**-**
Total Operating Income	**1,652**	**1,725**	**1,742**	**1,694**	**6,813**	**1,933**	**1,809**	**2,010**	**1,269**	**7,022**
Admin & Promotion Expense	1	1	1	3	7	2	1	1	**2**	**6**
Operating Income	**1,651**	**1,724**	**1,741**	**1,691**	**6,806**	**1,932**	**1,808**	**2,009**	**1,268**	**7,016**
Non Operating Income	19	-	-	-	19	-	-	-	**-**	**-**
Non Operating Expense	(1)	-	(1)	(1)	(2)	-	-	-	**-**	**-**
Non Operating Income, net	18	-	(1)	(1)	17	-	-	-	**-**	**-**
Pre-tax Income	**1,669**	**1,724**	**1,741**	**1,690**	**6,823**	**1,932**	**1,808**	**2,009**	**1,268**	**7,016**
Income Tax & Profit Sharing	6	1	1	5	13	3	1	3	**-**	**7**
Tax on Assets	-	-	-	-	-	-	-	-	**-**	**-**
Deferred Income Tax & PS	1	-	(1)	-	-	-	-	(1)	**(5)**	**(5)**
	6	1	1	5	13	3	1	2	**(5)**	**2**
Profit from Cont Ops	**1,663**	**1,722**	**1,740**	**1,685**	**6,810**	**1,928**	**1,806**	**2,007**	**1,272**	**7,014**
Extraordinary Items, net	-	-	-	-	-	-	-	-	**-**	**-**
Total Net Income	**1,663**	**1,722**	**1,740**	**1,685**	**6,810**	**1,928**	**1,806**	**2,007**	**1,272**	**7,014**

Holding – BALANCE SHEET *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
ASSETS								
Cash & Due from Banks	57	210	451	188	131	204	157	**24**
Investment in Securities	-	-	-	-	-	-	-	**-**
Sundry Debtors & Other Accts Receivable, net	167	11	11	11	11	11	164	**12**
Real Estate, Furniture & Equipment, net	-	-	-	-	-	-	-	**-**
Investments in Subsidiaries	28,051	29,865	31,744	32,912	34,345	36,964	37,574	**38,184**
Deferred Taxes	-	-	1	-	-	-	-	**-**
Goodwill	36	36	35	34	36	35	33	**32**
Other Assets, Deferred Charges & Intangibles	2	1	-	-	-	-	-	**-**
TOTAL ASSETS	**28,312**	**30,123**	**32,242**	**33,144**	**34,524**	**37,214**	**37,929**	**38,257**
LIABILITIES								
Due to Banks & Correspondents	-	-	-	-	-	-	-	**-**
Income Tax & Profit Sharing	-	-	-	-	-	-	-	**-**
Other Accounts Payable	5	4	5	10	5	3	1	**1**
Deferred Taxes	-	-	-	-	-	1	-	**-**
TOTAL LIABILITIES	**5**	**4**	**5**	**10**	**5**	**3**	**1**	**1**
STOCKHOLDER´S EQUITY								
Paid-in Capital	12,020	12,020	12,016	12,020	12,018	12,020	12,014	**12,004**
Premium of Share Subscription & Issuance	1,863	1,863	1,863	1,863	1,863	1,863	1,863	**1,860**
Subordinated Convertible Debt	-	-	-	-	-	-	-	**-**
Subscribed Capital	**13,882**	**13,882**	**13,878**	**13,882**	**13,881**	**13,882**	**13,877**	**13,865**
Capital Reserves	2,446	2,442	2,407	2,452	2,446	2,807	2,767	**2,720**
Retained Earnings	22,297	22,297	22,296	21,379	21,376	21,035	21,035	**16,935**
Surplus (Deficit) from Valuation of Securities	-	-	-	-	-	-	-	**(550)**
Results from Conversions of Foreign Ops	-	-	-	-	-	-	-	**1,094**
Surpluss (Deficit) in Capital Restatement	(6,378)	(6,375)	(6,376)	(6,380)	-	-	-	**-**
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-	**-**
Results of Non Monetary Investment Assets	(5,603)	(5,512)	(5,094)	(5,009)	(5,113)	(4,250)	(5,493)	**(2,821**
Adjustmens in the Employees' Liabilities	-	-	-	-	-	-	-	**-**
Net Income	1,663	3,385	5,125	6,810	1,928	3,735	5,742	**7,014**
Earned Capital	**14,425**	**16,237**	**18,359**	**19,252**	**20,638**	**23,328**	**24,051**	**24,391**
Total Stockholder´s Equity	**28,307**	**30,119**	**32,237**	**33,135**	**34,519**	**37,210**	**37,928**	**38,256**
TOTAL LIABILITIES & EQUITY	**28,312**	**30,123**	**32,242**	**33,144**	**34,524**	**37,214**	**37,929**	**38,257**

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

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

GRUPO FINANCIERO BANORTE

GFNorte – INCOME STATEMENT *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	Accum. 2007	1Q08	2Q08	3Q08	4Q08	Accum. 2008
Interest Income	9,080	9,760	10,391	11,105	40,336	11,320	11,681	12,822	14,063	49,883
Interest Expense	5,217	5,582	5,898	6,140	22,838	6,249	6,569	7,209	7,766	27,789
Loan Fees Charged	23	45	80	99	248	107	121	142	163	533
Fees Paid	-	-	-	-	-	-	-	-	-	-
Net Interest Income (NII)	**3,886**	**4,223**	**4,573**	**5,065**	**17,747**	**5,179**	**5,232**	**5,756**	**6,460**	**22,627**
Monetary Adjustment (Repomo) to margins	(65)	24	(138)	(184)	(363)	-	-	-	-	-
NII after Repomo	**3,821**	**4,247**	**4,435**	**4,881**	**17,384**	**5,179**	**5,232**	**5,756**	**6,460**	**22,627**
Preventive Provisions for Loan Losses	261	754	709	921	2,645	1,005	1,255	1,653	2,983	6,896
Loan Loss Sharing Provisions Fobaproa	-	-	-	-	-	-	-	-	-	-
NII Adjusted for Credit Risk	**3,559**	**3,493**	**3,726**	**3,960**	**14,738**	**4,174**	**3,978**	**4,103**	**3,477**	**15,731**
Fund Transfers	60	58	55	56	229	52	56	53	63	222
Account Management	242	241	239	254	976	235	250	260	253	998
Fiduciary	64	65	67	74	270	69	76	79	72	295
Income from Real Estate Portfolios	116	180	120	160	575	190	117	223	204	734
Electronic Banking Services	213	229	245	258	944	234	249	256	269	1,009
Credit Card Fees	477	503	553	599	2,132	581	621	675	655	2,533
Fees Charged to IPAB	1	-	(1)	4	4	-	-	-	1	1
Other Fees	612	580	636	735	2,564	683	753	657	650	2,743
Fees Charged on Services	**1,784**	**1,856**	**1,913**	**2,140**	**7,693**	**2,045**	**2,121**	**2,203**	**2,167**	**8,535**
Fund Transfers	5	4	4	4	17	5	5	4	5	19
Other Fees	245	249	271	305	1,069	277	287	293	332	1,189
Expenses from Real Estate Portfolios	-	-	-	-	-	-	-	-	-	-
Fees Paid on Services	**250**	**253**	**274**	**309**	**1,086**	**282**	**292**	**298**	**337**	**1,208**
Foreign Exchange	93	136	94	125	448	106	121	165	351	779
Securities - Realized Gains	510	(79)	124	(38)	517	175	32	235	(131)	276
Securities - Unrealized Gains	(33)	283	82	(4)	327	(83)	6	(277)	339	(15)
Market Related Income	**569**	**339**	**300**	**83**	**1,292**	**198**	**159**	**123**	**559**	**1,040**
Non-Interest Income	**2,104**	**1,943**	**1,939**	**1,914**	**7,899**	**1,961**	**1,989**	**2,028**	**2,389**	**8,367**
Total Operating Income	**5,663**	**5,436**	**5,665**	**5,874**	**22,637**	**6,134**	**5,966**	**6,131**	**5,866**	**24,098**
Personnel	1,408	1,416	1,418	1,480	5,723	1,504	1,522	1,572	1,558	6,156
Professional Fees Paid	232	205	215	292	944	227	236	293	437	1,192
Administrative and Promotional Expenses	1,098	1,155	1,215	1,274	4,742	1,255	1,304	1,093	1,288	4,941
Rents, Depreciation and Amortization	402	403	402	429	1,636	417	426	407	436	1,687
Other Taxes (other than Income tax)	155	145	144	169	613	183	187	133	391	894
Contributions to IPAB	175	191	212	196	774	213	228	238	259	938
Non-Interest Expense	**3,469**	**3,516**	**3,607**	**3,841**	**14,432**	**3,799**	**3,903**	**3,736**	**4,369**	**15,807**
Net Operating Income	**2,194**	**1,920**	**2,057**	**2,033**	**8,205**	**2,336**	**2,063**	**2,395**	**1,497**	**8,291**
Other Revenues	250	198	287	225	960	583	374	256	770	1,984
Changes in Foreign Exchange Valuation	-	-	-	-	-	-	-	-	-	-
Recoveries	442	488	397	530	1,857	267	367	445	727	1,806
Repomo - Other revenues	6	(1)	5	7	18	-	-	-	-	-
Non-Operating Income	**699**	**685**	**689**	**762**	**2,835**	**850**	**741**	**701**	**1,497**	**3,789**
Other Expenses	(214)	(123)	(44)	(192)	(573)	(148)	(190)	(109)	(1,122)	(1,569)
Foreign Exchange	-	-	-	-	-	-	-	-	-	-
Repomo - Other (creditor balance)	(140)	50	(118)	(189)	(396)	-	-	-	-	-
Non-Operating Expense	**(353)**	**(73)**	**(162)**	**(380)**	**(969)**	**(148)**	**(190)**	**(109)**	**(1,122)**	**(1,569)**
Non Operating Income (Expense), net	**345**	**612**	**527**	**382**	**1,867**	**702**	**551**	**593**	**375**	**2,220**
Pre-Tax Income	**2,540**	**2,532**	**2,585**	**2,415**	**10,072**	**3,038**	**2,614**	**2,988**	**1,871**	**10,511**
Income Tax	698	677	728	812	2,915	799	687	724	552	2,761
Profit Sharing	242	248	189	186	865	233	232	258	160	884
Tax on Assets	-	-	-	-	-	-	-	-	-	-
Deferred Income Tax and Profit Sharing	(13)	(58)	(111)	(304)	(487)	44	(169)	-	(120)	(245)
Taxes	**926**	**867**	**806**	**694**	**3,293**	**1,075**	**751**	**982**	**592**	**3,400**
Net Income before Subsidiaries	**1,614**	**1,665**	**1,779**	**1,721**	**6,779**	**1,963**	**1,863**	**2,006**	**1,279**	**7,111**
Subsidiaries' Net Income	136	129	50	43	357	77	22	100	77	276
Net Income form Continuos Operations	**1,750**	**1,795**	**1,828**	**1,764**	**7,136**	**2,040**	**1,885**	**2,106**	**1,356**	**7,386**
Extraordinary Items, net	-	-	-	-	-	-	-	-	-	-
Minority Interest	87	72	88	79	326	111	79	99	84	372
TOTAL NET INCOME	**1,663**	**1,722**	**1,740**	**1,685**	**6,810**	**1,928**	**1,806**	**2,007**	**1,272**	**7,014**

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

***GFNORTE* – BALANCE SHEET** *(Millions Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
ASSETS								
Cash and Due from Banks	**42,417**	**48,918**	**39,871**	**41,610**	**39,804**	**41,694**	**45,858**	**54,402**
Negotiable Instruments	7,765	6,715	9,517	7,754	8,148	**10,938**	11,228	**6,630**
Securities Available for Sale	10,400	8,508	10,814	10,948	15,636	**15,082**	15,124	**11,722**
Securities Held to Maturity	754	779	764	760	749	**742**	728	**221,617**
Investment in Securities	**18,918**	**16,002**	**21,095**	**19,462**	**24,533**	**26,762**	**27,080**	**239,968**
Non-assigned Securities for Settlement	-	-	-	-	-	**-**	-	**-**
Debtor Balance in Repo Trans, net	100	134	95	58	92	**90**	159	**148**
Repo Transactions with Collateral	-	-	-	-	-	**-**	-	**-**
Secs to be received in Repo Trans, net	-	-	-	-	-	**-**	-	**-**
Transactions with Derivatives	984	291	1,742	2,302	2,368	**4,525**	2,587	**8,168**
Operations w/ Derivatives & Securities	**1,084**	**425**	**1,837**	**2,361**	**2,460**	**4,615**	**2,746**	**8,317**
Commercial Loans	85,231	89,464	88,854	98,091	101,040	**107,097**	114,752	**126,798**
Financial Intermediaries' Loans	2,489	5,948	9,810	13,158	13,592	**14,531**	15,853	**10,860**
Consumer Loans	22,658	24,541	25,822	27,225	28,642	**30,380**	31,413	**29,369**
Mortgage Loans	30,133	32,381	34,276	37,216	39,046	**41,170**	43,682	**46,282**
Government Entities' Loans	15,262	17,244	17,868	17,948	17,556	**24,367**	25,412	**26,989**
IPAB Loans	-	-	-	-	-	**-**	-	**-**
Performing Loans	**155,774**	**169,578**	**176,631**	**193,638**	**199,875**	**217,544**	**231,111**	**240,298**
Commercial PDL's	832	880	884	927	1,089	**1,135**	1,319	**1,703**
Financial Intermediaries PDL's	-	-	-	-	-	**-**	-	**-**
Consumer PDL's	721	885	1,015	1,109	1,208	**1,471**	1,956	**2,499**
Mortgage PDL's	738	806	840	858	893	**619**	704	**746**
Government Entities PDL's	-	-	-	-	-	**-**	-	**-**
Past Due Loans	**2,291**	**2,571**	**2,739**	**2,893**	**3,189**	**3,225**	**3,979**	**4,948**
Gross Loan Portfolio	**158,064**	**172,149**	**179,369**	**196,531**	**203,065**	**220,769**	**235,091**	**245,246**
Preventive Loan Loss Reserves	3,407	3,618	3,624	3,786	4,048	**4,217**	4,904	**6,690**
Net Loan Portfolio	**154,658**	**168,531**	**175,745**	**192,745**	**199,017**	**216,552**	**230,187**	**238,556**
Acquired Collection Rights	4,183	4,043	3,861	3,660	3,538	**3,375**	3,232	**3,049**
Total Credit Portfolio	**158,841**	**172,574**	**179,60**	**196,406**	**202,554**	**219,92**	**233,419**	**241,605**
Sundry Debtors & Other Accs Rec, net	9,950	13,960	18,788	7,617	12,459	**10,431**	13,118	**9,514**
Inventories	-	-	9	7	61	**77**	571	**165**
Foreclosed Assets, net	423	430	296	385	506	**653**	682	**863**
Real Estate, Furniture & Equipment, net	6,918	6,890	6,874	8,098	7,959	**8,058**	8,192	**8,429**
Investments in Subsidiaries	2,539	2,426	2,569	2,590	2,685	**2,632**	2,491	**2,559**
Deferred Taxes, net	-	-	-	215	148	**304**	336	**471**
Goodwill	4,220	4,289	4,217	4,134	4,034	**3,953**	4,247	**5,377**
Intangibles	156	158	209	249	238	**219**	209	**275**
Other Assets	3,474	3,379	3,876	4,151	4,085	**4,286**	4,255	**5,079**
	27,679	**31,533**	**36,839**	**27,445**	**32,175**	**30,612**	**34,101**	**32,732**
TOTAL ASSETS	**248,939**	**269,452**	**279,248**	**287,283**	**301,526**	**323,611**	**343,204**	**577,025**

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

GFNORTE – BALANCE SHEET *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
LIABILITIES								
Demand Deposits	95,104	100,622	96,824	111,080	103,263	106,693	107,694	128,350
Time Deposits	79,610	80,471	86,011	92,227	93,830	114,557	133,799	132,419
Bank Bonds	-	-	-	-	-	-	-	-
Deposits	**174,713**	**181,094**	**182,834**	**203,307**	**197,092**	**221,250**	**241,492**	**260,769**
Immediate Redemption Loans	-	7,495	2,454	871	5,615	3,136	824	1,245
Short Term Loans	6,934	7,840	9,108	11,057	18,538	11,375	11,952	24,803
Long Term Loans	9,606	9,922	10,495	10,796	10,178	10,070	10,395	10,636
Due to Banks & Correspondents	**16,540**	**25,258**	**22,056**	**22,723**	**34,332**	**24,581**	**23,170**	**36,684**
Non-assigned Securities for Settlement	-	2,988	9,114	10	1,745	1,570	1,486	-
Creditor Balance in Repo Trans, net	409	396	518	515	291	605	632	192,727
Repo Transactions with Collateral	-	-	-	-	-	-	-	2
Secs to be received in Repo Trans, net	-	-	-	-	-	-	-	-
Transactions with Derivatives	1,817	984	2,297	2,435	3,157	4,443	2,946	10,746
Operations w/ Derivatives & Securities	**2,226**	**4,368**	**11,929**	**2,960**	**5,192**	**6,619**	**5,064**	**203,475**
Income Tax & Profit Sharing Payable	909	1,545	1,909	2,212	1,197	1,340	1,512	1,272
Other Creditors & Accounts Payable	12,160	13,075	14,176	10,888	12,538	13,306	13,654	13,121
Other Payable Accounts	**13,070**	**14,620**	**16,086**	**13,100**	**13,734**	**14,646**	**15,166**	**14,393**
Subordinated Non Convertible Debt	11,943	11,651	11,734	10,210	14,561	16,932	17,923	20,613
Deferred Taxes	328	247	143	-	-	-	-	-
Deferred Credits	269	472	616	827	977	1,146	1,269	1,346
TOTAL LIABILITIES	**219,089**	**237,709**	**245,399**	**253,127**	**265,888**	**285,174**	**304,085**	**537,280**
EQUITY								
Paid-in Capital	12,020	12,020	12,016	11,965	11,965	11,968	11,951	11,941
Share Subscription Premiums	1,863	1,863	1,863	1,272	1,275	1,273	1,187	1,468
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	**13,882**	**13,882**	**13,878**	**13,882**	**13,239**	**13,241**	**13,138**	**13,409**
Capital Reserves	2,446	2,442	2,407	2,452	2,446	2,807	2,767	2,720
Retained Earnings	22,297	22,297	22,296	21,379	21,376	21,035	21,035	16,935
Surplus (Deficit) of Secs Available for Sale	-	-	-	-	-	-	-	(550)
Results from Conversions of Foreign Ops	-	-	-	-	-	-	-	-
Results from Valuation of Hedging Secs	-	-	-	-	-	-	-	1,094
Surplus (Deficit) in Capital Restatement	(6,378)	(6,375)	(6,376)	(6,380)	-	-	-	-
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-	-
Results of Non Monetary –Investment Assets	(5,603)	(5,512)	(5,094)	(5,009)	(5,113)	(4,250)	(5,493)	(2,821)
Adjustments in the Employee's Pensions	-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Liabilities	-	-	-	-	-	-	-	-
Net Income	1,663	3,385	5,125	6,810	1,928	3,735	5,742	7,014
Earned Capital	**14,425**	**16,237**	**18,359**	**19,252**	**20,638**	**23,328**	**24,051**	**24,391**
Minority Interest	1,543	1,624	1,612	1,667	1,761	1,868	1,930	1,945
Total Equity	**29,850**	**31,743**	**33,849**	**34,156**	**35,638**	**38,437**	**39,119**	**39,746**
TOTAL LIABILITIES & EQUITY	**248,939**	**269,452**	**279,248**	**287,283**	**301,526**	**323,611**	**343,204**	**577,025**

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

***GFNORTE* – MEMORANDUM ACCOUNTS** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
On behalf of Third Parties								
Customer's Banks	24	1	4	11	12	16	12	74
Dividends Receivable from Customers	-	-	-	-	-	-	-	-
Interest Receivable from Customers	-	-	-	-	-	-	-	-
Settlement of Customer Transactions	(320)	(438)	89	58	37	44	(98)	35
Customer Premiums	-	-	-	-	-	-	-	-
Settlement with Clients' Foreign Currency	-	-	-	-	-	-	-	-
Margin Accounts in Futures' Operations	-	-	-	-	-	-	-	-
Other Current Accounts	-	-	-	-	-	-	-	-
Customers' Current Account	**(296)**	**(437)**	**93**	**69**	**49**	**60**	**(86)**	**109**
Client Securities Received in Custody	179,124	188,067	185,223	180,385	185,033	185,766	164,891	118,537
Securities and Documents Received in Guarantee	-	-	-	-	-	-	-	-
Client Securities Abroad	-	-	-	-	-	-	-	-
Clients' Securities	**179,124**	**188,067**	**185,223**	**180,385**	**185,033**	**185,766**	**164,891**	**118,537**
Clients' Repurchase Operations	28,659	37,030	35,295	21,803	23,511	32,360	32,881	35,688
Clients' Repo Transactions w/ Securities	-	-	-	-	-	-	-	-
Purchase of Futures & Forward Contracts notional	-	-	-	-	-	-	-	-
Sale of Futures and Forward Contracts, notional	-	-	-	-	-	-	-	-
Clients' Option Purchase Operations	5	-	-	145	144	481	440	274
Clients' Option Sales Operations	-	-	-	-	-	-	-	-
Purchase of Derivatives' Packages	-	-	-	-	-	-	-	-
Sale of Derivatives' Packages	-	-	-	-	-	-	-	-
Trusts Ander Administration	2,823	3,024	2,912	3,048	2,360	2,602	1,897	2,377
Transactions On Behalf of Clients	**31,487**	**40,054**	**38,207**	**24,997**	**26,015**	**35,443**	**35,218**	**38,340**
TOTAL ON BEHALF OF THIRD PARTIES	**210,315**	**227,683**	**223,522**	**205,451**	**211,096**	**221,269**	**200,023**	**156,986**
Endorsement Guarantees Granted	-	-	-	-	-	-	-	-
Loan Obligations	2,418	2,149	2,687	2,365	2,846	2,530	2,580	2,793
Properties in Trusts and Warrant	84,520	87,179	100,223	101,632	108,959	108,574	105,738	90,469
Properties in Custody or Administration	81,144	83,472	90,064	96,751	101,841	131,306	149,820	131,886
Collaterals Received	18,781	19,697	20,304	20,416	20,952	21,235	21,574	31,567
Amounts committed to Operations with Fobaproa	-	-	-	-	-	-	-	-
Drafts in Transit	-	-	-	-	-	-	-	-
Certificates of Deposits in Circulation	984	840	1,396	1,541	1,377	1,692	1,971	3,006
Letters of Credit to the Corporation as Guarantee	-	-	-	-	-	-	-	-
Securities to the Corporation for Custody	278	297	538	610	698	856	511	886
Government Secs of the Corp under Custody	294	322	84	147	56	88	641	101
Securities of the Corp given as Guarantee	-	-	-	-	-	-	-	-
Securities of the Corp Abroad	-	-	-	-	-	-	-	-
Settlement with FX of the Corp Abroad	-	-	-	-	-	-	-	-
Debts with the Contingency Fund	-	-	-	-	-	-	-	-
Contingent Assets & Liabilities	269	285	284	278	265	262	266	266
Investment bank Trans on Behalf of Third Parties	103,308	96,577	103,823	91,329	101,754	109,570	94,858	84,615
Uncollected Accrued Interest from Past Due Loans	66	77	99	101	111	104	109	137
Investments of Retirement Savings Funds	-	-	-	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-	-	-
Amounts Contracted in Derivatives	-	-	-	-	-	-	-	-
Other Registration Accounts	-	-	-	-	-	-	-	-
Proprietary Transactions	**292,061**	**290,897**	**319,501**	**315,172**	**338,858**	**376,217**	**378,068**	**345,726**
Repo Securities to be Received	217,654	236,600	234,956	216,233	226,589	238,589	241,457	39,939
(Minus) Repurchase Creditors	(217,958)	(236,902)	(235,416)	(216,708)	(226,813)	(239,160)	(242,020)	(40,176)
Repurchase Transactions	**(302)**	**(301)**	**(460)**	**(475)**	**(224)**	**(571)**	**(563)**	**(237)**
Repurchase Debtors	36,561	35,961	38,359	21,503	23,194	36,249	40,263	35,054
(Minus) Repo Securities to be Delivered	(36,568)	(35,921)	(38,322)	(21,484)	(23,169)	(36,193)	(40,173)	(34,908)
Repurchase Transactions	**(7)**	**40**	**37**	19	**25**	**56**	**90**	**146**
TOTAL PROPRIETARY	**291,752**	**290,635**	**319,078**	**314,715**	**338,658**	**375,702**	**377,595**	**345,635**

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

GFNORTE - CONSOLIDATED STATEMENT OF CASH FLOW JANUARY 1, 2008 – DECEMBER 31, 2008 *(Million Pesos)*	
Cash Flow from Operating Activities	
Net Income	**7,014**
Items charged to results that do not generate or require use of resources	
Results of valuation at reasonable value	(268)
Provisions for loan losses	6,896
Depreciation and amortization	1,099
Defferred taxes	(245)
Provisions for obligations	24
Minoritary interest	373
Undistribuated earnings of subsidiaries	(276)
	14,617
Change in items related to operations:	
Decrease (Increase) Deposits	57,462
Decrease (Increase) loan portfolio	(52,095)
Decrease (Increase) in portfolios of credit assets	-
Decrease (Increase) treasury operations (investment in securities)	(220,238)
Decrease (Increase) financial instruments for sale	194,559
Loans from banks and other institutions	13,960
Decrease (Increase) Deferred taxes	(12)
Net cash generated or used from operations	**8,253**
Financing Activities:	
Issue of subordinated debentures outstanding	10,402
Increase in other payable accounts	1,270
Stock repurchases	103
Dividend	(949)
Net cash generated or used from financing activities	**10,826**
Investment Activities :	
Decrease in fixed assets	(1,309)
Decrease in permanent investments in shares	(644)
Decrease (Increase) in deferred charges or credits	(1,958)
Decrease (Increase) foreclosed assets	(479)
Increase in other accounts receivable	(1,897)
Net cash generated or used from investment activities	**(6,287)**
Decrease (increase) in cash and equivalents	**12,792**
Cash and due from banks at the beginning of the year	**41,610**
Cash and due from banks at the end of the year	**54,402**

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

GFNORTE – CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER´S EQUITY
JANUARY 1, 2008 – DECEMBER 31, 2008.
(Million Pesos)

	CONTRIBUTED CAPITAL	
	Fixed Paid-in Capital	**Premium from sale of securities**
Balance as of December 31,2007	**11,965**	**1,272**
New criteria regarding the percentage of credit card reserves	**-**	**-**
Balance as of January 1st,2008 with new criteria	**11,965**	**1,272**
Changes stemming from stockholder's decisions		
Stock repurchases	**(24)**	199
Capitalization of profits	**-**	**-**
Provisions Created	**-**	**-**
Increase in Capital	**-**	**-**
Total	**(24)**	**199**
Changes stemming from profits		
Total profits:		
Net Income	**-**	**-**
Non Monetary Assets Results	**-**	**(3)**
Recognition of minority interest	**-**	**-**
Total	**-**	**(3)**
Balance as of Decemeber 31,2008	**11,941**	**1,468**

	EARNED CAPITAL								
	Capital Reser-ves	**Retained earnings**	**Valuation Effects of** Securities Available for Sale	Results from Conversions of Foreign Ops	**Surplus or Deficit in Capital Restatement**	**Results from Non Monet. Assets (Investments)**	**Net Income**	**Minority Interest**	**Total Stockholders´ Equity**
Balance as of December 31,2007	**2,452**	**21,379**	**-**	**-**	**(6,380)**	**(5,009)**	**6,810**	**1,667**	**34,157**
New criteria regarding the percentage of credit card	**-**	**(100)**	**-**	**-**	**-**	**-**	**-**	**-**	**(100)**
Balance as of January 1st,2008 with new criteria	**2,452**	**21,279**	**-**	**-**	**(6,380)**	**(5,009)**	**6,810**	**1,667**	**34,056**
Changes stemming from stockholder's decisions									
Stock repurchases	(72)	-	-	-	-	-	-	-	**103**
Application of profits	-	6,810	-	-	-	-	(6,810)	-	**-**
Provisions created	340	(340)	-	-	-	-	-	-	**-**
Cash Dividends	-	(949)	-	-	-	-	-	-	**(949)**
Increase in Capital	-	-	-	-	-	-	-	-	**-**
Total	**268**	**5,521**	**-**	**-**	**-**	**-**	**(6,810)**	**-**	**(846)**
Changes stemming from profits									
Total profits:									
Net Income	-	-	-	-	-	-	7,014	-	**7,014**
Non Monetary Assets Results	-	(30)	(550)	1,095	-	-	-	-	**512**
Effects from valuation of instruments	-	-	-	-	-	(1,267)	-	-	**(1,267)**
Change to Accounting Criteria (NIF B-10)	-	(9,835)	-	-	6,380	3,455	-	-	**-**
Total	**-**	**(9,865)**	**(550)**	**1,095**	**6,380**	**2,188**	**7,014**	**-**	**6,259**
Recognition of minority interest	-	-	-	-	-	-	-	277	**277**
Balance as of Decemeber 31,2008	**2,720**	**16,935**	**(550)**	**1,095**	**-**	**(2,821)**	**7,014**	**1,944**	**39,746**

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

BANKING SECTOR

BANKING SECTOR* - INCOME STATEMENT *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	Accum. 2007	1Q08	2Q08	3Q08	4Q08	Accum. 2008
Interest Income	8,776	9,341	9,983	10,606	38,707	10,786	11,254	12,445	**13,562**	**48,045**
Interest Expense	4,957	5,343	5,624	5,869	21,793	5,967	6,305	7,056	**7,530**	**26,857**
Loan Fees Charged	23	44	77	96	239	103	116	138	**159**	**516**
Fees Paid	-	-	-	-	-	-	-	-	**-**	**-**
Net Interest Income (NII)	**3,842**	**4,042**	**4,436**	**4,833**	**17,152**	**4,921**	**5,065**	**5,527**	**6,191**	**21,704**
Monetary Adjustment (Repomo) to margins	(38)	13	(103)	(137)	(265)	-	-	-	**-**	**-**
NII after Repomo	**3,804**	**4,054**	**4,334**	**4,695**	**16,888**	**4,921**	**5,065**	**5,527**	**6,191**	**21,704**
Preventive Provisions for Loan Losses	249	742	696	900	2,588	987	1,234	1,587	**2,914**	**6,722**
Loan Loss Sharing Provisions Fobaproa	-	-	-	-	-	-	-	-	**-**	**-**
NII Adjusted for Credit Risk	**3,555**	**3,313**	**3,637**	**3,795**	**14,300**	**3,934**	**3,831**	**3,940**	**3,277**	**14,982**
Fund Transfers	60	58	55	56	229	52	55	53	**63**	**222**
Account Management	242	241	239	254	976	235	250	260	**253**	**998**
Fiduciary	64	65	67	74	270	69	76	79	**72**	**295**
Income from Real Estate Portfolios	116	180	120	160	575	190	117	223	**204**	**734**
Electronic Banking Services	213	229	245	258	944	234	249	256	**269**	**1,009**
Credit Cards Fees	477	503	553	599	2,132	581	621	675	**655**	**2,533**
Fees Charged to IPAB	1	-	(1)	4	4	-	-	-	**1**	**1**
Other Fees	211	228	218	254	911	254	266	262	**294**	**1,076**
Fees Charged on Services	**1,383**	**1,504**	**1,495**	**1,658**	**6,041**	**1,616**	**1,633**	**1,808**	**1,811**	**6,868**
Fund Transfers	5	4	4	4	17	5	5	4	**5**	**19**
Other Fees	227	233	246	288	993	261	275	279	**317**	**1,132**
Expenses from Real Estate Portfolios	-	-	-	-	-	-	-	-	**-**	**-**
Fees Paid on Services	**232**	**237**	**250**	**292**	**1,010**	**266**	**280**	**283**	**321**	**1,151**
Foreign Exchange	113	142	116	135	506	128	135	165	**351**	**779**
Securities - Realized Gains	290	(129)	3	(97)	67	158	(68)	197	**(174)**	**114**
Securities - Unrealized Gains	(27)	270	79	4	325	(85)	7	(277)	**340**	**(16)**
Market Related Income	**376**	**283**	**198**	**42**	**898**	**201**	**74**	**85**	**518**	**878**
Non-Interest Income	**1,527**	**1,550**	**1,443**	**1,408**	**5,929**	**1,551**	**1,428**	**1,610**	**2,007**	**6,595**
Total Operating Income	**5,082**	**4,863**	**5,080**	**5,204**	**20,228**	**5,485**	**5,259**	**5,550**	**5,284**	**21,577**
Personnel	1,365	1,376	1,399	1,441	5,581	1,45	1,472	1,466	**1,417**	**5,812**
Professional Fees Paid	227	198	210	273	908	219	230	286	**428**	**1,163**
Administrative and Promotional Expenses	900	941	1,014	1,049	3,903	1,03	1,084	942	**1,151**	**4,213**
Rents, Depreciation and Amortization	321	329	323	313	1,286	332	328	304	**321**	**1,285**
Other Taxes (other than Income tax)	127	115	114	137	493	151	151	109	**369**	**780**
Contribuitons to IPAB	175	191	212	196	774	213	228	238	**259**	**938**
Non-Interest Expense	**3,114**	**3,151**	**3,272**	**3,408**	**12,945**	**3,408**	**3,494**	**3,344**	**3,945**	**14,191**
Net Operating Income	**1,968**	**1,712**	**1,808**	**1,796**	**7,284**	**2,077**	**1,765**	**2,205**	**1,338**	**7,386**
Other Revenues	130	216	286	197	830	576	302	250	**276**	**1,404**
Foreign Exchange	-	-	-	-	-	-	-	-	**-**	**-**
Recoveries	428	477	396	526	1,826	265	354	441	**727**	**1,786**
Repomo - other revenues	2	-	1	1	3	-	-	-	**-**	**-**
Non-Operating Income	**560**	**693**	**683**	**724**	**2,659**	**841**	**656**	**690**	**1,002**	**3,190**
Other Expenses	(101)	(113)	(28)	(132)	(374)	(111)	(133)	(83)	**(501)**	**(828)**
Changes in Foreign Exchange Valuation	-	-	-	-	-	-	-	-	**-**	**-**
Repomo - other expenses (creditor balance)	(137)	50	(114)	(182)	(383)	-	-	-	**-**	**-**
Non-Operating Expense	**(238)**	**(63)**	**(142)**	**(313)**	**(756)**	**(111)**	**(133)**	**(83)**	**(501)**	**(828)**
Non Operating Income (Expense), net	**322**	**630**	**541**	**411**	**1,903**	**730**	**523**	**607**	**501**	**2,362**
Pre-Tax Income	**2,289**	**2,342**	**2,349**	**2,206**	**9,187**	**2,808**	**2,288**	**2,813**	**1,840**	**9,748**
Income Tax	628	616	659	744	2,647	732	627	669	**523**	**2,551**
Profit Sharing	232	239	184	206	862	232	232	252	**161**	**877**
Tax on Assets	-	-	-	-	-	-	-	-	**-**	**-**
Deferred Income Tax and Profit Sharing	(15)	(43)	(94)	(298)	(450)	48	(157)	18	**(107)**	**(198)**
Taxes	**845**	**813**	**749**	**651**	**3,058**	**1,011**	**702**	**939**	**578**	**3,230**
Net Income before Subsidiaries	**1,444**	**1,529**	**1,601**	**1,555**	**6,129**	**1,796**	**1,586**	**1,874**	**1,262**	**6,518**
Subsidiaries' Net Income	28	6	32	20	87	34	14	28	**37**	**113**
Net Income form Continuos Operations	**1,473**	**1,535**	**1,633**	**1,575**	**6,216**	**1,830**	**1,600**	**1,901**	**1,299**	**6,631**
Extraordinary Items, net	-	-	-	-	-	-	-	-	**-**	**-**
Minority Interest	19	21	13	12	64	25	27	21	**14**	**88**
TOTAL NET INCOME	**1,454**	**1,514**	**1,621**	**1,563**	**6,151**	**1,804**	**1,573**	**1,880**	**1,285**	**6,543**

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

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

***BANKING SECTOR* – BALANCE SHEET** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
ASSETS								
Cash and Due from Banks	**42,138**	**48,644**	**39,677**	**41,363**	**39,471**	**41,284**	**45,391**	**53,896**
Negotiable Instruments	7,189	6,092	8,891	6,992	7,390	9,989	10,202	**6,131**
Securities Available for Sale	10,400	8,508	10,814	10,948	15,636	15,082	14,994	**12,033**
Securities Held to Maturity	754	779	764	760	749	742	728	**221,268**
Investment in Securities	**18,343**	**15,379**	**20,469**	**18,700**	**23,775**	**25,814**	**25,924**	**239,432**
Non-assigned Securities pending Settlement	-	-	-	-	-	-	-	**-**
Debtor Balance in Repo Trans, net	60	82	44	31	49	34	61	**1**
Repo Transactions with Collateral	-	-	-	-	-	-	-	**-**
Secs to be received in Repo Trans, net	-	-	-	-	-	-	-	**-**
Transactions with Derivatives	954	290	1,742	2,302	2,368	4,523	2,587	**8,168**
Operations w/ Derivatives & Securities	**1,015**	**372**	**1,786**	**2,332**	**2,417**	**4,557**	**2,648**	**8,169**
Commercial Loans	77,555	81,156	79,795	87,001	90,957	97,022	103,446	**114,446**
Financial Intermediaries' Loans	4,918	8,529	11,814	16,153	17,329	18,070	19,977	**14,331**
Consumer Loans	22,655	24,538	25,819	27,220	28,626	30,376	31,409	**29,365**
Mortgage Loans	30,133	32,381	34,276	37,216	39,046	41,170	43,682	**46,282**
Government Entities' Loans	15,255	17,243	17,868	17,948	17,556	24,366	25,401	**26,977**
IPAB Loans	-	-	-	-	-	-	-	**-**
Performing Loans	**150,516**	**163,846**	**169,573**	**185,538**	**193,514**	**211,003**	**223,916**	**231,400**
Commercial PDL's	714	740	756	777	944	973	1,180	**1,591**
Financial Intermediaries PDL's	-	-	-	-	-	-	-	**-**
Consumer PDL's	721	885	1,015	1,109	1,208	1,471	1,956	**2,499**
Mortgage PDL's	738	806	840	858	893	619	704	**746**
Government Entities PDL's	-	-	-	-	-	-	-	**-**
Past Due Loans	**2,173**	**2,431**	**2,611**	**2,743**	**3,044**	**3,063**	**3,840**	**4,836**
Gross Loan Portfolio	**152,689**	**166,277**	**172,184**	**188,282**	**196,558**	**214,066**	**227,756**	**236,237**
Preventive Loan Loss Reserves	3,318	3,541	3,554	3,707	3,976	4,153	4,791	**6,582**
Net Loan Portfolio	**149,371**	**162,737**	**168,630**	**184,574**	**192,582**	**209,913**	**222,966**	**229,654**
Acquired Collection Rights	4,183	4,043	3,861	3,660	3,538	3,375	3,232	**3,049**
Total Credit Portfolio	**153,555**	**166,780**	**172,491**	**188,235**	**196,120**	**213,288**	**226,198**	**232,704**
Sundry Debtors & Other Accs Rec, net	9,557	13,665	18,469	7,137	12,132	9,992	12,520	**9,074**
Foreclosed Assets, net	423	430	296	385	506	653	682	**863**
Real Estate, Furniture & Equipment, net	6,033	5,987	6,009	6,380	6,344	6,339	6,406	**6,575**
Investments in Subsidiaries	928	915	832	839	871	839	866	**931**
Deferred Taxes, net	-	-	-	246	177	325	360	**484**
Goodwill	4,183	4,253	4,182	4,100	4,000	3,920	4,214	**5,345**
Intangibles	156	158	209	249	238	217	208	**275**
Other Assets	3,184	3,094	3,504	4,395	4,376	4,638	4,666	**4,686**
	24,462	**28,501**	**33,502**	**23,731**	**28,645**	**26,924**	**29,923**	**28,232**
TOTAL ASSETS	**239,512**	**259,677**	**267,924**	**274,361**	**290,428**	**311,867**	**330,083**	**562,433**

BANORTE

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

***BANKING SECTOR* – BALANCE SHEET** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
LIABILITIES								
Demand Deposits	95,131	100,657	96,844	111,115	103,274	106,725	107,710	**128,371**
Time Deposits	79,719	80,735	86,496	92,419	93,971	114,746	134,012	**132,539**
Bank Bonds	-	-	-	-	-	-	-	**-**
Deposits	**174,849**	**181,392**	**183,340**	**203,534**	**197,245**	**221,471**	**241,722**	**260,911**
Immediate Redemption Loans	-	7,495	2,454	871	5,615	3,136	824	**1,245**
Short Term	3,554	4,083	4,059	4,895	14,225	6,836	6,569	**17,886**
Long Term	8,277	8,565	9,030	8,328	7,912	7,718	7,780	**8,105**
Due to Banks & Correspondents	**11,831**	**20,143**	**15,543**	**14,094**	**27,752**	**17,691**	**15,173**	**27,236**
Non-assigned Securities for Settlement	-	2,988	9,114	10	1,745	1,570	1,486	**-**
Creditor Balance in Repo Trans, net	373	347	473	489	252	553	537	**192,581**
Repo Transactions with Collateral	-	-	-	-	-	-	-	**2**
Secs to be received in Repo Trans, net	-	-	-	-	-	-	-	**-**
Transactions with Derivatives	1,789	984	2,297	2,435	3,156	4,443	2,946	**10,746**
Operations w/ Derivatives & Securities	**2,162**	**4,319**	**11,884**	**2,934**	**5,153**	**6,566**	**4,969**	**203,330**
Income Tax & Profit Sharing Payable	801	1,398	1,703	1,995	1,121	1,209	1,328	**1,042**
Other Creditors & Accounts Payable	11,734	12,590	13,647	10,371	11,973	12,694	12,946	**12,486**
Other Payable Accounts	**12,535**	**13,988**	**15,350**	**12,366**	**13,094**	**13,902**	**14,274**	**13,528**
Subordinated Non Convertible Debt	11,943	11,651	11,734	10,210	14,561	16,932	17,923	**20,613**
Deferred Taxes	256	191	105	-	-	-	-	**-**
Deferred Credits	221	412	556	784	923	1,088	1,211	**1,291**
TOTAL LIABILITIES	**213,797**	**232,095**	**238,512**	**243,921**	**258,727**	**277,650**	**295,272**	**526,908**
STOCKHOLDER´S EQUITY								
Paid-in Capital	10,955	10,955	10,955	10,955	10,955	10,955	10,955	**10,955**
Share Subscription Premiums	856	856	856	856	856	856	856	**853**
Subordinated Convertible Debentures	-	-	-	-	-	-	-	**-**
Subscribed Capital	**11,811**	**11,811**	**11,810**	**11,811**	**11,811**	**11,811**	**11,811**	**11,808**
Capital Reserves	3,390	3,390	3,389	3,390	3,390	4,005	4,005	**4,005**
Retained Earnings	11,162	11,162	11,161	10,536	14,749	14,039	14,039	**13,426**
Results from Valuation of Secs Available for Sale	41	447	466	396	392	749	(517)	**(237)**
Results from Valuation of Hedging Secs	(518)	(671)	(499)	(320)	(833)	58	(318)	**(1,626)**
Results from Conversions of Foreign Ops	9	16	20	15	(33)	(258)	67	**1,123**
Surplus (Deficit) in Capital Restatement	(1,936)	(1,931)	(1,932)	(1,938)	-	-	-	**-**
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-	**-**
Results of Non Monetary –Investment Assets	31	99	102	91	86	71	80	**87**
Adjustments in the Employee's Pensions	-	-	-	-	-	-	-	**-**
Accumulated Effect of Deferred Liabilities	-	-	-	-	-	-	-	**-**
Net Income	1,454	2,968	4,589	6,151	1,804	3,378	5,258	**6,543**
Earned Capital	**13,632**	**15,479**	**17,297**	**18,319**	**19,554**	**22,042**	**22,614**	**23,320**
Minority Interest	272	292	305	310	335	364	386	**397**
Total Stockholder´s Equity	**25,715**	**27,582**	**29,412**	**30,440**	**31,700**	**34,216**	**34,811**	**35,526**
TOTAL LIABILITIES & STOCKHOLDER´S EQUITY	**239,512**	**259,677**	**267,924**	**274,361**	**290,428**	**311,867**	**330,083**	**562,433**

***BANKING SECTOR* – MEMORANDUM ACCOUNTS** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
Endorsement Guarantees Granted	-	-	-	-	-	-	-	**-**
Contingent Assets & Liabilities	269	285	284	278	265	262	266	**266**
Irrevocable Lines of Credit	2,418	2,149	2,687	2,365	2,846	2,530	2,580	**2,793**
Assets held in Trusts or Mandate	84,520	87,179	100,223	101,632	108,959	108,574	105,738	**90,469**
Assets held in custody or in administration	77,314	79,612	86,242	92,992	98,070	127,528	146,036	**128,137**
Investment banking transactions for third parties, net	103,308	96,577	103,823	91,329	101,754	109,570	94,858	**84,615**
Uncharged accrued interest from past - due loans	59	70	92	94	105	99	104	**136**
Collaterals Received	18,781	19,697	20,304	20,416	20,952	21,235	21,574	**31,567**
Amounts committed to fobaproa operations	-	-	-	-	-	-	-	**-**
Investment of retirement saving funds	-	-	-	-	-	-	-	**-**
Integration of loan portfolio	-	-	-	-	-	-	-	**-**
Amounts received in derivative instruments	-	-	-	-	-	-	-	**-**
Fobaproa trusts	-	-	-	-	-	-	-	**-**
Repurchase securities to be received	188,653	199,567	198,072	194,429	202,305	205,840	208,509	**4,248**
(Less) creditors from repos	(188,945)	(199,834)	(198,497)	(194,886)	(202,496)	(206,363)	(208,982)	**(4,341)**
Debtors from repos	15,894	11,203	13,004	7,198	9,583	5,768	9,269	**-**
(Less) Repurchase securities to be delivered	(15,915)	(11,201)	(13,009)	(7,199)	(9,595)	(5,764)	(9,273)	**-**
Other control accounts	-	-	-	-	-	-	-	**-**
	286,355	**285,306**	**313,225**	**308,649**	**332,747**	**369,279**	**370,680**	**337,890**

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

BANORTE USA

***BANORTE USA* – INCOME STATEMENT** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	2007	1Q08	2Q08	3Q08	4Q08	2008
Interest Income	302	277	296	319	1,195	299	293	298	363	1,253
Interest Expense	146	140	148	156	591	140	130	127	146	542
Loan Fees Charged	-	-	-	-	-	-	-	-	-	-
Fees Paid	-	-	-	-	-	-	-	-	-	-
Net Interest Income (NII)	**156**	**137**	**148**	**163**	**604**	**159**	**163**	**171**	**217**	**711**
Monetary Adjustment (Repomo) to margins	-	(1)	-	(2)	(3)	-	-	-	-	-
NII after Repomo	**156**	**136**	**148**	**161**	**601**	**159**	**163**	**171**	**217**	**711**
Preventive Provisions for Loan Losses	15	27	(20)	38	61	(7)	17	14	81	104
Loss Sharing Provisions	-	-	-	-	-	-	-	-	-	-
NII Adjusted for Credit Risk	**141**	**109**	**168**	**123**	**540**	**166**	**147**	**157**	**136**	**606**
Fund transfers	-	-	-	-	-	-	-	-	-	-
Account management	-	-	-	-	-	-	-	-	-	-
Fiduciary	-	-	-	-	-	-	-	-	-	-
Income from Loan Portfolios Acquired	-	-	-	-	-	-	-	-	-	-
Electronic Banking Services	-	-	-	-	-	-	-	-	-	-
Credit Card Fees	-	-	-	-	-	-	-	-	-	-
Fees Charged to IPAB	-	-	-	-	-	-	-	-	-	-
Other fees	24	25	25	27	101	24	24	32	67	147
Fees Charged on Services,	**24**	**25**	**25**	**27**	**101**	**24**	**24**	**32**	**67**	**147**
Fund transfers	-	-	-	-	-	-	-	-	-	-
Other fees	-	-	-	-	-	-	-	-	-	-
Expenses from Loan Portfolios Acquired	-	-	-	-	-	-	-	-	-	-
Fees Paid on Services	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Foreign exchange	-	-	-	-	-	-	-	-	-	-
Securities –Realized gains	-	-	-	-	-	-	-	-	-	-
Securities- Unrealized gains	-	-	-	-	-	-	-	-	-	-
Market Related Income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Non Interest Income	**24**	**25**	**25**	**27**	**101**	**24**	**24**	**32**	**67**	**147**
Total Operating Income	**165**	**133**	**193**	**150**	**641**	**190**	**170**	**189**	**204**	**753**
Personnel	50	51	53	59	213	57	60	57	72	245
Professional Fees Paid	6	7	7	8	29	7	7	7	11	32
Administrative and Promotional Expenses	50	61	65	74	250	70	75	75	106	326
Rents, depreciation and amortization	11	9	9	10	39	9	9	9	7	34
Taxes, other than income tax	-	-	-	-	-	-	-	-	-	-
Contributions to IPAB	-	-	-	-	-	-	-	-	-	-
Non-Interest Expense	**117**	**128**	**135**	**151**	**531**	**143**	**152**	**148**	**196**	**638**
Operating Income	**48**	**5**	**58**	**(1)**	**110**	**48**	**19**	**41**	**8**	**115**
Other Revenues	28	41	40	48	157	59	53	49	67	229
Foreign exchange	-	-	-	-	-	-	-	-	-	-
Recoveries	1	1	1	1	5	1	1	1	2	5
Repomo-other revenues	-	-	-	-	-	-	-	-	-	-
Non Operating Income	**29**	**42**	**41**	**49**	**162**	**60**	**55**	**50**	**69**	**234**
Other Expenses	-	-	-	-	-	-	-	-	-	-
Changes in Foreign Exchange Valuation	-	-	-	-	-	-	-	-	-	-
Repomo-other expenses (creditor balance)	-	(3)	-	(3)	(6)	-	-	-	-	-
Non Operating Expense	**-**	**(3)**	**-**	**(3)**	**(6)**	**-**	**-**	**-**	**-**	**-**
Non Operating Income (Expense), net	**29**	**39**	**41**	**46**	**156**	**60**	**55**	**50**	**69**	**234**
Pre-tax Income	**77**	**44**	**99**	**45**	**266**	**108**	**73**	**91**	**77**	**349**
Income Tax	(26)	(15)	(33)	(16)	(90)	(36)	(25)	(29)	(14)	(105)
Profit sharing	-	-	-	-	-	-	-	-	-	-
Tax on Assets	-	-	-	-	-	-	-	-	-	-
Deferred Income Tax and Profit sharing	-	-	-	-	-	-	-	-	-	-
	(26)	**(15)**	**(33)**	**(16)**	**(90)**	**(36)**	**(25)**	**(29)**	**(14)**	**(105)**
Net Income before subsidiaries	**51**	**30**	**66**	**29**	**176**	**71**	**48**	**62**	**63**	**245**
Subsidiaries' net income	-	-	-	-	-	-	-	-	-	-
Net Income from continuos operations	**51**	**30**	**66**	**29**	**176**	**71**	**48**	**62**	**63**	**245**
Extraodinary items, net	-	-	-	-	-	-	-	-	-	-
Minority Interest	(18)	(21)	(13)	(12)	(64)	(25)	(19)	(21)	(14)	(79)
TOTAL NET INCOME	**33**	**9**	**53**	**17**	**112**	**46**	**30**	**41**	**49**	**166**

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

BANORTE USA – BALANCE SHEET *(Million Pesos)*	**1Q07**	**2Q07**	**3Q07**	**4Q07**	**1Q08**	**2Q08**	**3Q08**	**4Q08**
ASSETS								
Cash and due from Banks	**1,503**	**407**	**283**	**570**	**347**	**459**	**332**	**480**
Negotiable Instruments	-	-	-	-	-	-	-	-
Securities available for sale	4,091	3,976	4,663	4,635	5,312	5,487	5,249	6,227
Securities held to maturity	11	11	10	11	10	10	10	13
Investment in Securities	**4,103**	**3,988**	**4,673**	**4,646**	**5,322**	**5,497**	**5,259**	**6,240**
Non-assigned securities pending Settlement	-	-	-	-	-	-	-	-
Debtor Balance in Repo Trans, net	-	-	-	-	-	-	-	-
Repo Transactions with Collateral	-	-	-	-	-	-	-	-
Secs to be received in Repo Trans, net	-	-	-	-	-	-	-	-
Transactions with derivatives	-	-	-	-	-	-	-	-
Operations w/ Derivatives & Securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Commercial Loans	8,947	9,528	9,617	8,909	9,063	8,834	10,004	12,845
Financial Intermediaries' Loans	-	-	-	-	-	-	-	-
Consumer Loans	157	159	171	175	180	166	186	249
Mortgage Loans	725	724	795	1,691	1,641	1,683	1,950	2,532
Goverment Entities' Loans	-	-	-	-	-	-	-	-
IPAB Loans	-	-	-	-	-	-	-	-
Fiduciary Collection Rights	-	-	-	-	-	-	-	-
Performing Loans	**9,828**	**10,410**	**10,582**	**10,776**	**10,884**	**10,683**	**12,140**	**15,625**
Commercial PDL's	73	50	40	66	120	57	96	183
Financial Intermediaries' PDL's	-	-	-	-	-	-	-	-
Consumer PDL's	1	-	-	-	1	1	1	1
Mortgage PDL's	5	10	6	16	16	21	19	41
Goverment Entities PDL's	-	-	-	-	-	-	-	-
Past Due Loans	**79**	**60**	**46**	**83**	**137**	**79**	**117**	**225**
Gross Loan Portfolio	**9,908**	**10,470**	**10,628**	**10,858**	**11,021**	**10,762**	**12,256**	**15,850**
Preventive loan loss reserves	192	215	125	131	119	128	149	259
Net Loan Portfolio	**9,717**	**10,255**	**10,504**	**10,727**	**10,902**	**10,634**	**12,107**	**15,591**
Credit Assets Portfolio	-	-	-	-	-	-	-	-
Sundry debtors and other accs rec,net	-	14	7	-	-	-	-	89
Foreclosed assets, net	20	15	17	25	152	313	326	484
Real Estate, Furniture & Equipment, net	569	570	585	585	580	572	606	753
Investments in subsidiaries	7	7	7	7	7	7	7	9
Deferred taxes, net	-	-	-	-	-	-	-	18
Risk Coverage for Mortgage	-	-	-	-	-	-	-	-
GoodWill	2,642	2,648	2,582	2,575	2,512	2,431	2,590	3,263
Intangible	156	159	148	139	126	114	112	133
Otros Assets	445	416	433	565	485	685	666	680
Other Assets	**3,243**	**3,223**	**3,164**	**3,278**	**3,123**	**3,229**	**3,368**	**4,076**
TOTAL ASSETS	**19,161**	**18,478**	**19,241**	**19,838**	**20,434**	**20,712**	**22,005**	**27,740**

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

BANORTE USA – BALANCE SHEET *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
LIABILITIES								
Demand Deposits	8,222	7,645	6,901	7,741	7,909	7,269	7,313	8,530
Time Deposits	6,816	6,585	7,172	7,577	7,372	7,349	8,204	10,535
Bank Bonds	-	-	-	-	-	-	-	-
Deposits	**15,039**	**14,229**	**14,074**	**15,318**	**15,280**	**14,618**	**15,517**	**19,065**
Immediate Redemption Loans	-	-	-	-	-	845	824	1,245
Short term	-	111	60	-	768	1,040	1,102	1,634
Long term	88	85	916	264	77	71	73	89
Due to banks and correspondents	**88**	**195**	**976**	**264**	**844**	**1,956**	**1,998**	**2,968**
Non-assigned securities pending settlement	-	-	-	-	-	-	-	-
Cerditor Balance in Repo Trans, net	-	-	-	-	-	-	-	-
Repo transactions with collateral	-	-	-	-	-	-	-	-
Securities to be received in Repo Trans, net	-	-	-	-	-	-	-	-
Transactions with derivatives, net	-	-	-	-	-	-	-	-
Operations w/ Derivatives & Securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Income Tax & Profit Sharing Payable	33	-	-	-	2	-	2	-
Other creditors & accounts payable	220	122	117	135	141	141	137	168
Other payable accounts	**252**	**122**	**117**	**135**	**143**	**141**	**139**	**168**
Subordinated non Convertible Debenture	233	230	229	225	220	213	226	285
Deferred Taxes	31	7	17	19	44	52	-	-
Deferred credits	-	19	24	30	33	34	38	52
TOTAL LIABILITIES	**15,645**	**14,803**	**15,438**	**15,991**	**16,564**	**17,014**	**17,919**	**22,538**
STOCKHOLDER´S EQUITY								
Paid-in Capital	3,131	3,350	3,331	3,344	3,344	3,346	3,346	3,346
Share subscription premiums	-	-	-	-	-	-	-	-
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	**3,133**	**3,350**	**3,331**	**3,344**	**3,344**	**3,346**	**3,346**	**3,346**
Capital Reserves	-	-	-	-	-	-	-	-
Retained Earnings	10	10	10	11	122	122	122	122
Results from Valuation of Secs Available for Sale	22	2	40	57	105	(2)	82	98
Results from Conversions of Foreign Ops	50	(25)	20	15	(81)	(199)	43	1,082
Surplus (Deficit) in capital restatement	-	-	-	-	-	-	-	-
Results of Non Monetary fixed assets	-	-	-	-	-	-	-	-
Results on non monetary - investment assets	-	-	-	-	-	-	-	-
Adjustment in employees' pensions	-	-	-	-	-	-	-	-
Accumulated effect of Deferred Liabilities	-	-	-	-	-	-	-	-
Net Income	34	44	97	112	46	76	117	166
Earned Capital	**117**	**30**	**168**	**194**	**192**	**(3)**	**365**	**1,468**
Minority Holdings	266	296	304	309	334	354	376	387
Total Stockholder´s Equity	**3,517**	**3,674**	**3,803**	**3,847**	**3,870**	**3,698**	**4,087**	**5,202**
TOTAL LIABILITIES & STOCKHOLDER´S CAPITAL	**19,161**	**18,478**	**19,241**	**19,838**	**20,434**	**20,712**	**22,005**	**27,740**

***BANORTE USA* – MEMORANDUM ACCOUNTS** *(Million Pesos)*	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
Endorsement guarantees granted	-	-	-	-	-	-	-	-
Other contingent obligations	-	-	-	-	-	-	-	-
Credit commitments	18	21	14	14	23	26	33	36
Irrevocable lines of credit	-	-	-	-	-	-	-	-
Assets held in trusts or mandate	-	-	-	-	-	-	-	-
Assets held in custody or in administration	-	-	-	-	-	-	-	-
Investment banking transactions for third parties, net	-	-	-	-	-	-	-	-
Amounts committed to fobaproa operations	-	-	-	-	-	-	-	-
Investment of retirement saving funds	-	-	-	-	-	-	-	-
Integration of loan portfolio	-	-	-	-	-	-	-	-
Amounts received in derivative instruments	-	-	-	-	-	-	-	-
Fobaproa trusts	-	-	-	-	-	-	-	-
Repurchase securities to be received	-	-	-	-	-	-	-	-
(Less) creditors from repos	-	-	-	-	-	-	-	-
Debitors from repos	-	-	-	-	-	-	-	-
(Less) Repurchase securities to be delivered	-	-	-	-	-	-	-	-
Other control accounts	-	-	-	-	-	-	-	-
Endorsement guarantees granted	**18**	**21**	**14**	**14**	**23**	**26**	**33**	**36**

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

- **Information by Segments**

GFNORTE – INCOME STATEMENT 4Q08
(Million Pesos)

	Holding	Banorte	Brokerage	Leasing & Factoring	Warehouse	Pronego cio	Total	Elimination s	Final Balance
Interest Income	13	48,088	2,530	1,536	2	170	52,338	(2,456)	49,883
Interest Expense	-	26,857	2,441	806	1	37	30,143	(2,354)	27,789
Loan Fees	-	516	-	-	-	17	533	-	533
Net Interest Income (NII)	**13**	**21,747**	**88**	**730**	**1**	**150**	**22,728**	**(101)**	**22,627**
Repomo-Margin	-	-	-	-	-	-	-	-	-
NII after Repomo	**13**	**21,747**	**88**	**730**	**1**	**150**	**22,728**	**(101)**	**22,627**
Loan Loss & Loss Sharing Provisions	-	6,722	-	62	-	111	6,896	-	6,896
NII after Provisions	**13**	**15,024**	**88**	**668**	**1**	**38**	**15,833**	**(101)**	**15,731**
Fees on services,	-	7,857	713	14	47	7	8,638	(103)	8,535
Fees paid,	-	1,174	-	15	-	22	1,211	(3)	1,208
Market-related Income	-	878	162	-	-	-	1,040	-	1,040
Total Non Interest Income	**-**	**7,561**	**875**	**29**	**47**	**29**	**8,467**	**(100)**	**8,367**
Total Operating Income	**13**	**22,584**	**964**	**667**	**48**	**24**	**24,300**	**(202)**	**24,098**
Non-Interest Expense	**6**	**14,936**	**608**	**384**	**24**	**172**	**16,130**	**(323)**	**15,807**
Operating Income	**7**	**7,648**	**356**	**283**	**24**	**(148)**	**8,169**	**121**	**8,290**
Non Operating Income	-	3,190	59	37	617	15	3,919	(130)	3,789
Non Operating Expense	-	828	129	5	612	3	1,578	(9)	1,569
Non Operating Income (Expense)NET	**-**	**2,362**	**(69)**	**32**	**5**	**12**	**2,342**	**(121)**	**2,220**
Pre-tax Income	**7**	**10,010**	**286**	**316**	**28**	**(136)**	**10,511**	**-**	**10,511**
Tax and Profit sharing	**2**	**3,288**	**118**	**3**	**5**	**(16)**	**3,400**	**-**	**3,400**
Net Income before subsidiaries	**5**	**6,723**	**168**	**313**	**23**	**(120)**	**7,111**	**-**	**7,111**
Subsidiaries´net income	7,009	1	15	-	-	-	7,025	(6,749)	276
Net Inc. from continuos operations	**7,014**	**6,723**	**183**	**313**	**23**	**(120)**	**14,136**	**(6,749)**	**7,386**
Extraodinary items, net	-	-	-	-	-	-	-	-	-
Minority Interest	-	(180)	-	-	-	-	(180)	(192)	(373)
TOTAL NET INCOME	**7,014**	**6,543**	**183**	**313**	**23**	**(120)**	**13,956**	**(6,942)**	**7,014**

BANORTE

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

GFNORTE – BALANCE SHEET AS OF 4Q08

(Million Pesos)

ASSETS	Holding	Banorte	Brokerage	Leasing & Factoring	Warehouse	Pronegocio	Total	Eliminations	Final balance
Cash and due from Banks	24	54,393	4	11	32	70	54,534	(132)	54,402
Negotiable Instruments	-	6,131	499	-	-	-	6,630	-	6,630
Securities held for sale	-	12,033	144	-	-	-	12,177	(455)	11,722
Securities held to maturity	-	221,268	349	-	-	-	221,617	-	221,617
Financial Instruments:	-	239,432	992	-	-	-	240,424	(455)	239,968
Non-assigned securities to pay	-	-	-	-	-	-	-	-	-
Futures receivable, net	-	1	148	-	-	-	148	-	148
Options and derivatives, net	-	8,168	-	-	-	-	8,168	-	8,168
Repos & Derivatives :	-	8,169	148	-	-	-	8,317	-	8,317
Commercial	-	114,446	-	12,120	-	231	126,798	-	126,798
Financial Intermediaries	-	14,331	-	57	-	-	14,388	(3,528)	10,860
Consumer	-	29,365	-	5	-	-	29,369	-	29,369
Mortgage	-	46,282	-	-	-	-	46,282	-	46,282
Goverment Entities	-	26,977	-	12	-	-	26,989	-	26,989
Fobaproa	-	-	-	-	-	-	-	-	-
Performing Loans	-	231,400	-	12,194	-	231	243,826	(3,528)	240,298
Commercial	-	1,591	-	74	-	38	1,703	-	1,703
Financial Intermediaries	-	-	-	-	-	-	-	-	-
Consumer	-	2,499	-	-	-	-	2,499	-	2,499
Mortgage	-	746	-	-	-	-	746	-	746
Goverment Entities	-	-	-	-	-	-	-	-	-
Past Due Loans	-	4,836	-	74	-	38	4,948	-	4,948
Total Credit	-	236,236	-	12,268	-	269	248,774	(3,528)	245,246
Preventive loan loss reserves	-	6,582	-	79	-	29	6,690	-	6,690
Net Loan Portfolio	-	229,654	-	12,190	-	240	242,084	(3,528)	238,556
Acquired collection rights	-	3,049	-	-	-	-	3,049	-	3,049
Total Loans	-	232,704	-	12,190	-	240	245,134	(3,528)	241,605
Sundry debtors and other	12	9,161	154	142	35	9	9,513	1	9,514
Merchandise Inventory	-	-	-	-	165	-	165	-	165
Foreclosed assets, net	-	863	-	-	-	-	863	-	863
Real Estate, Furniture & Equipment,	-	6,649	12	1,645	59	64	8,429	-	8,429
Investments in subsidiaries	38,184	952	18	-	-	-	39,154	(36,595)	2,559
Deferred taxes	5	481	-	-	-	34	520	(50)	471
GoodWill	32	5,345	-	-	-	-	5,377	-	5,377
Intangible	-	275	-	-	-	-	275	-	275
Otros Assets	-	4,687	334	13	29	16	5,079	-	5,079
Total Other Assets	38,233	28,413	519	1,800	288	123	69,376	(36,644)	32,732
TOTAL ASSETS	38,257	563,111	1,662	14,001	321	433	617,785	(40,759)	577,025

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

***GFNORTE* – BALANCE SHEET AS OF 4Q08**
(Million Pesos)

LIABILITIES	Holding	Banorte	Brokerage	Leasing & Factoring	Warehouse	Prone-gocio	Total	Eliminations	Final balance
Demand Deposits	-	128,367	-	-	-	-	128,367	(17)	128,350
Time Deposits	-	132,539	-	-	-	-	132,539	(120)	132,419
Bonds	-	-	-	-	-	-	-	-	-
Deposits	**-**	**260,906**	**-**	**-**	**-**	**-**	**260,906**	**(137)**	**260,769**
Demand	-	1,245	-	-	-	-	1,245	-	1,245
Short term	-	17,886	-	9,898	175	372	28,331	(3,528)	24,803
Long term	-	8,105	-	2,531	-	-	10,636	-	10,636
Due to banks & corresp.	**-**	**27,236**	**-**	**12,429**	**175**	**372**	**40,212**	**(3,528)**	**36,684**
Assigned securities to pay	-	-	-	-	-	-	-	-	-
Non-assigned securities to pay	-	-	-	-	-	-	-	-	-
Futures receivable, net	-	192,581	145	-	-	-	192,727	-	192,727
Options and derivatives, net	-	10,748	-	-	-	-	10,748	-	10,748
Repos & Derivatives:	**-**	**203,330**	**145**	**-**	**-**	**-**	**203,475**	**-**	**203,475**
Income Tax & Profit Sharing	-	1,138	134	-	-	-	1,272	-	1,272
Other Payable accounts	1	12,556	201	341	11	6	13,115	6	13,121
Other payable accounts	**1**	**13,694**	**335**	**341**	**11**	**6**	**14,387**	**6**	**14,393**
Subordinated non Convertible Debenture	-	20,613	-	-	-	-	20,613	-	20,613
Deferred Taxes	-	-	39	-	10	-	50	(50)	-
Deferred credits	-	1,291	-	47	-	8	1,346	-	1,346
TOTAL LIABILITIES	**1**	**527,070**	**519**	**12,817**	**197**	**38 5**	**540,989**	**(3,709)**	**537,280**
STOCKHOLDER´S EQUITY									
Paid-in Capital	12,004	10,955	540	306	87	195	24,088	(12147)	11,941
Share subscription premiums	1,860	853	-	-	-	-	2,713	(1,245)	1,468
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-	-
Subscribed Capital	**13,865**	**11,808**	**540**	**306**	**87**	**195**	**26,801**	**(13,392)**	**13,409**
Capital Reserves	2,720	4,005	72	164	15	-	6,975	(4,255)	2,720
Retained Earnings	16,935	13,426	263	402	(1)	(27)	30,997	(14,062)	16,935
Surplus (Deficit) from securities	(550)	(237)	64	-	-	-	(723)	173	(550)
Results from coverage securities valuation	-	(1,626)	-	-	-	-	(1,626)	1,626	-
Results of foreign operations exchange	1,094	1,123	21	-	-	-	2,238	(1,144)	1,094
Excess (Insuf.) in capital restatement	-	-	-	-	-	-	-	-	-
Non Mon assets results Fixed Assets	-	-	-	-	-	-	-	-	-
Non Mon assets results Investm subsidiaries	(2,821)	87	-	-	-	-	(2,734)	(87)	(2,821)
Adjustment in the employees pension funds	-	-	-	-	-	-	-	-	-
Net Income	7,014	6,543	183	313	23	120	13,956	(6,942)	7,014
Earned Capital	**24,391**	**23,320**	**603**	**878**	**37**	**(14**	**49,082**	**(24,690)**	**24,391**
Minority Holdings	-	913	-	-	-	-	913	1,032	1,945
Total Stockholder´s Equity	**38,256**	**36,041**	**1,143**	**1,184**	**124**	**48**	**76,796**	**(37,050)**	**39,746**
TOT. LIAB. & STOCKHOL. EQUITY	**38,257**	**563,111**	**1,662**	**14,001**	**321**	**433**	**617,785**	**(40,759)**	**577,025**

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

ACCOUNTING CHANGES AND REGULATIONS

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

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

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

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

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

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

- **Changes to accounting criteria.**

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

The most relevant changes are listed below:

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

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

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

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

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

- **B-11 Bulletin.**

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

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

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

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

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

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

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

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

- **Repo Transactions and reclassification of investments in securities**

NEW ACCOUNTING CRITERIA

On October 14, 2008 the CNBV published a series of changes to its accounting criteria in the Official Gazette of the Federation (DOF). Such changes became effective the following day. The most important changes include:

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

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

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

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

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

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

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

PREVIOUS ACCOUNTING CRITERIA

Repurchase or Resale Agreement Operations

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

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

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

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

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

a. Reclassification of Securities

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

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

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

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

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

LOAN PORTFOLIO SALES TO SOLIDA ADMINISTRADORA DE PORTAFOLIOS

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

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

	Local Currency (2)			Foreign Currency (USD) (3)			Total		
(Millions of Nominal Pesos)	Aug'02	Sep'08	Dec'08	Aug'02	Sep'08	Dec'08	Aug'02	Sep'08	Dec'08
Performing Loans									
Commercial	5	-	-	5	-	-	10	-	-
Consumer	-	-	-	-	-	-	-	-	-
Mortgage	54	39	34	-	-	-	54	39	34
Total	**59**	**39**	**34**	**5**	**-**	**-**	**64**	**39**	**34**
Non Performing Loans									
Commercial	405	372	367	293	96	116	698	468	483
Consumer	81	73	72	-	-	-	81	73	72
Mortgage	1,112	413	393	-	-	-	1,112	413	393
Total	**1,598**	**858**	**832**	**293**	**96**	**116**	**1,891**	**954**	**948**
TOTAL LOANS	**1,657**	**897**	**866**	**298**	**96**	**116**	**1,955**	**993**	**982**
Loan Loss Reserves (1)									
Commercial	326	359	355	246	96	116	572	455	471
Consumer	77	73	72	-	-	-	77	73	72
Mortgage	669	392	369	-	-	-	669	392	369
Total	**1,072**	**824**	**796**	**246**	**96**	**116**	**1,318**	**920**	**912**

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

In 4Q08 the Loan portfolio showed changes due to: collections for Ps $18 million, restructures for Ps $1.5 million, repossessed assets for Ps $7 millon and Ps $72 million in charge-offs and discounts. In the Loan loss provisions, there were charge-offs and discounts for Ps $15 million. There were transfers from performing loans to past due loans for Ps $1 million and transfers from past due loans to performing loans for Ps $3 million.

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

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

	Local Currency (1)		Foreign Currency (USD)(2)		Total	
(Millions of Nominal Pesos)	**Sep'08**	**Dec'08**	**Sep'08**	**Dec'08**	**Sep'08**	**Dec'08**
Performing Loans						
Commercial	126,033	129,995	14,915	15,377	140,948	145,372
Consumer	31,224	29,116	-	-	31,224	29,116
Mortgage	41,770	43,784	-	-	41,770	43,784
Fobaproa / IPAB	-	-	-	-	-	-
Performing Loans	**199,027**	**202,895**	**14,915**	**15,377**	**213,942**	**218,272**
Non Performing Loans						
Commercial	1,424	1,738	128	153	1,552	1,891
Consumer	2,028	2,570	-	-	2,028	2,570
Mortgage	1,098	1,098	-	-	1,098	1,098
Non Performing Loans	**4,550**	**5,406**	**128**	**153**	**4,678**	**5,559**
TOTAL LOANS	**203,577**	**208,301**	**15,043**	**15,530**	**218,620**	**223,831**
Loan Loss Reserves	**5,335**	**6,950**	**227**	**285**	**5,562**	**5,559**
Net Loan Portfolio	**198,242**	**201,351**	**14,816**	**15,245**	**213,058**	**223,831**
Loan Loss Reserves					**118.90%**	**130.15%**
% Past Due Loans					**2.14%**	**2.48%**

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

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

NOTES TO FINANCIAL STATEMENTS

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 4Q08
(Million Pesos)

NEGOTIABLE INSTRUMENTS	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Goverment Securities	101	1	-	102
Cetes	-	-	-	-
Bonds	-	-	-	-
Bondes	-	-	-	-
Bpas	101	1	-	102
Brems	-	-	-	-
UMS	-	-	-	-
UdiBonds	-	-	-	-
Stock Certificates	-	-	-	-
Banking Securities	5,824	22	-	5,846
Notes	5,824	22	-	5,846
Cedes	-	-	-	-
Bonds	-	-	-	-
Stock Certificates	-	-	-	-
Other Bank Papers	-	-	-	-
Private	252	-	327	579
Commercial Paper Pesos	16	-	9	25
Commercial Paper U.S. Dollars	-	-	-	-
PEMEX	-	-	-	-
Eurobonds	-	-	-	-
Stock Certificates	-	-	-	-
Bank Paper	236	-	318	554
Foreign Goverment	98	-	-	98
Treasury Bonds	-	-	-	-
Treasury Bill	-	-	-	-
Treasury Notes	-	-	-	-
Shares listed in the SIC	-	-	-	-
Guarantee (collateral) for futures	4	-	1	4
Mutual Funds	-	-	-	-
Total	**6,279**	**23**	**327**	**6,630**
SECURITIES HELD TO MATURITY				
Cetes	684	6	-	691
Affected papers as collateral	-	-	-	-
Derechos Fiduciarios	-	-	-	-
Goverment Securities	160,977	257	-	161,234
Bonds	653	2	-	656
Bondes	33,062	(5)	-	33,057
Bpas	124,691	182	-	124,873
Brems	-	-	-	-
UMS	2,541	68	-	2,609
UdiBonds	3	-	-	3
Cetes	3	-	-	3
Stock Certificates	24	10	-	33
Banking Securities	31,493	63	-	31,556
Notes	-	-	-	-
Cedes	11,749	12	-	11,761
Bonds	4,710	13	-	4,723
Stock Certificates	14,513	38	-	14,551
Other Bank Papers	521	-	-	521
Private	27,603	150	-	27,753
Commercial Paper Pesos	-	-	-	-
Commercial Paper U.S. Dollars	-	-	-	-
PEMEX	5,361	102	-	5,463
Eurobonds	-	-	-	-
Stock Certificates	21,722	48	-	21,770
Structured Notes	520	-	-	520
Other Debt Securities	349	-	-	349
Government Securities	13	-	-	13
Subordinated Notes	22	-	-	22
Total	**221,142**	**476**	**-**	**221,617**

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

SECURITIES HELD FOR SALE 4Q08
(Million Pesos)

SECURITIES HELD FOR SALE	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Goverment Securities	6,153	26	48	6,227
Mexican Government Securities (UMS)	502	13	1	516
Treasury Bonds	-	-	-	-
Private company bonds	2	-	94	96
Private company bonds	-	-	21	21
BMV's Stock	234	-	(90)	144
Bonds	4,086	56	(434)	3,708
Eurobonds	553	12	(1)	563
Bank Paper	-	-	-	-
Structured notes	-	-	-	-
PEMEX	212	2	(10)	204
Subordinated securities	21	-	222	242
Swaps for hedging purposes	-	-	-	-
Total	**11,764**	**108**	**(150)**	11,722

SECURITIES ASSIGNED FOR SETTLEMENT 4Q08
(Million Pesos)

SECURITIES ASSIGNED FOR SETTLEMENT	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Government securities	-	-	-	-
Cetes	-	-	-	-
Bonds	-	-	-	-
Bondes	-	-	-	-
Bpas	-	-	-	-
Brems	-	-	-	-
UMS	-	-	-	-
UdiBonds	-	-	-	-
2U CBIC	-	-	-	-
Stock Certificates	-	-	-	-
Bank Paper	-	-	-	-
Private	-	-	-	-
Foreign Goverment	-	-	-	-
Total	**-**	**-**	**-**	**-**

REPURCHASE AGREEMENT OPERATIONS 4Q08
(Million Pesos)

SALES	MARKET VALUE		FINANCIAL STATEMENT		
				INDIVIDUAL COMPENSATION	
	RECEIVABLES ON REPURCHASE AGREEMENT	SECURITIES TO BE DELIVERED	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE
Goverment Securities	38,685	196,949	(158,264)	1	158,266
Banking Securities	1,254	20,415	(19,161)	-	19,161
Private Securities	-	15,299	(15,299)	-	15,299
Total	39,939	232,663	(192,725)	1	192,726

PURCHASES	MARKET VALUE		FINANCIAL STATEMENT		
				INDIVIDUAL COMPENSATION	
	RECEIVABLES ON REPURCHASE AGREEMENT	SECURITIES TO BE DELIVERED	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE
Goverment Securities	43,981	43,840	(141)	144	3
Banking Securities	569	566	(3)	3	-
Private Securities	-	-	-	-	-
Total	44,550	44,406	(144)	147	3
				148	192,729

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

DERIVATIVE FINANCIAL INSTRUMENTS OPERATIONS 4Q08
(Million Pesos)

INSTRUMENT	TO RECEIVE	TO DELIVER	NET	DEBTOR BALANCE	CREDITOR BALANCE
FUTURES					
Over Inflation (INPC)	-	-	-	-	-
					-
FORWARD FX CONTRACTS	AGREED PRICE	MARKET VALUE	VALUATION		
Negotiable	1,696	(1,717)	(21)		
Purchases	(1,778)	1,793	15		
Sells	(83)	76	(7)	40	46
Total					(7)
Hedging					
Purchases					
Sells					
Total					
SWAPS	TO RECEIVE	TO DELIVER	NET		
Negotiable					
Capital	20,193	(20,138)	55		
Interest rate	963	(938)	24		
Valuation	50,620	(50,648)	(27)		
Subtotal	71,776	(71,724)	52	5,210	5,157
					52
Hedging					
Capital	18,174	(19,100)	(926)		
Interest rate	219	(311)	(91)		
Valuation	7,148	(8,944)	(1,795)		
Subtotal	25,541	(28,354)	(2,813)	2,664	5,476
					(2,813)
OPTIONS	Initial Premium	Valuation	Valued Premium		
Negociable-Assets					
Swaptions	6	(2)	4		
Rate Options	77	(5)	71		
Index Options (ipc)	-	-	-		
Total	-	-	-		
	83	(7)	76	76	-
Hedging -Assets					
Swaptions	-	-	-		
Rate Options	214	(35)	179		
Index Options (ipc)	-	-	-		
Total	214	(35)	179	179	-
Negociable-Liability					
Swaptions	(6)	1	(4)		
FX	(4)	1	(2)		
Rate Options	(89)	29	(60)		
Index Options (ipc)	-	-	-		
Total	(98)	31	(66)	-	66
Debtor Balance				8,168	
Creditor Balance					10,746

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

NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 4Q08

(Mililon Pesos)

PRODUCT	KIND	UNDERLYING	CURRENCY	NOTIONAL
FX Forwards	Purchases	Exchange Rate (Dollar)	MXN	123
FX Forwards	Sales	Exchange Rate (Dollar)	MXN	129
FX Options	Purchases	Exchange Rate (Dollar)	MXN	-
FX Options	Sales	Exchange Rate (Dollar)	MXN	67
Interest Rate Options	Purchases	TIIE	MXN	33,383
Interest Rate Options	Sells	TIIE	MXN	9,827
Interest Rate Swaptionse	USLI/IRS	TIIE	MXN	500
Interest Rate Swaptions	TIIE/IRS	TIIE	MXN	1,000
Interest Rate Swaps	USLI/IRS	LIBOR	MXN	9
Interest Rate Swaps	TIIE/IRS	TIIE	MXN	574
FX Swaps	CS EURMXN	FIX/FIX	MXN	946
FX Swaps	CS USDCETE	CETE	MXN	5,948
FX Swaps	CS USDMXN	FIX/FIX	MXN	31,393
Futures in MEXDER	Purchases	TIIE	MXN	-
Futures in MEXDER	Sales	TIIE	MXN	150
Futures in MEXDER	Purchases	CETE	MXN	-
Futures in MEXDER	Sales	CETE	MXN	-
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 4Q08

(Million Pesos)

INDUSTRY	INVESTMENT INSTRUMENT	AMOUNT	% NET CAPITAL
BANCOMER	Banking Bond	10,056	23%
INBURSA	PRLV	5,551	13%

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

LOAN PORTFOLIO (Million Pesos)	Local Currency		UDIS		Foreign Currency		Total	
	4Q07	4Q08	4Q07	4Q08	4Q07	4Q08	4Q07	4Q08
Performing Loans								
Commercial	72,194	96,170	290	297	25,607	30,330	98,091	126,798
Financial Intermediaries	12,367	10,530	-	-	791	330	13,158	10,860
Consumer	26,957	29,027	93	94	176	249	27,225	29,369
Mortgages	34,483	42,878	1,042	872	1,691	2,532	37,216	46,282
Goverment Entities	17,591	26,650	-	-	357	339	17,948	26,989
Fobaproa	-	-	-	-	-	-	-	-
Total	**163,592**	**205,255**	**1,425**	**1,263**	**28,621**	**33,780**	**193,638**	**240,298**
Past Due Loans								
Commercial	828	1,477	6	6	93	221	927	1,703
Financial Intermediaries	-	-	-	-	-	-	-	-
Consumer	1,109	2,498	-	-	-	1	1,109	2,499
Mortgages	496	645	345	60	16	41	858	746
Goverment Entities	-	-	-	-	-	-	-	-
Total	**2,433**	**4,620**	**351**	**66**	**109**	**262**	**2,893**	**4,948**
Total Propietary Loans	**166,025**	**209,875**	**1,776**	**1,328**	**28,731**	**34,043**	**196,531**	**245,246**

COST OF BALANCES OF FINAPE, FOPIME, MORTGAGE UDIS AND MORTGAGE FOVI LOAN PORTFOLIOS AS OF 4Q08 ()Million Pesos)	TOTAL	
	PERIOD COST	BALANCE OF LOAN PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	40	73
Mortgage FOVI	-	-
	40	**73**

Quarter ending balance of Ps 73 million pesos in debtors support programs with a cost for the period of Ps 40 million.

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

- **Distressed Portfolio**

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

(Million Pesos)	**Total**
Distressed Portfolio	1,705
Total Loans	241,605
Distressed Portfolio / Total Loans	**0.7%**

DEFERRED TAXES

(Million Pesos)

ASSETS	**INCOME TAX**	**PROFIT SHARING**	**NET**
Tax losses pending amortization	22	-	22
Provisions for possible loss in loans	69	-	69
Earnings per Society	-	-	-
Deferred compensation	-	-	-
Non deductible provisions and cumulative income	351	121	473
Net operating loss carryforward – Uniteller and Banorte USA corp.	39	-	39
Excess of preventive reserves accounts over the fiscal limit	262	94	356
State Tax on Assets Deferred	-	-	-
Excess of accounting value over fiscal value on Reposessed Assets	315	68	383
Diminishable profit sharing	251	90	341
Past-due loan reserves	9	-	9
Anticipated Income and Expenses	3	-	3
Installation expenses	-	-	-
Effects from valuation of instruments	-	-	-
Other	15	-	15
Total Assets	**1,334**	**373**	**1,707**
LIABILITIES			
Accrued interest and inflationary component of Fixed Assets, Foreclosed, Intangible & Others	(280)	(100)	(380)
Pension Funds Contribution	(583)	(100)	(683)
Loan Portfolio Acquisitions	-	-	-
Projects to be capitalized	(39)	-	(39)
Income tax to pay on UDIS Trust funds			
Book value depreciation	(2)	-	(2)
Dividends Federal Home Loan Bank	(38)	-	(38)
Intangibles' amortizations	(17)	-	(17)
Unrealized loss from Securities held for sale	-	-	-
Expenses paid in advance	(1)	-	(1)
Effects of other accounts	(48)	-	(48)
Effects from valuation of instruments	(5)	-	(5)
Reversal of Sale Costs	-	-	-
Organization and Recording Expenses & Installation Expenses	(24)	-	(24)
Unrealized capital gain from investments in Siefore	**(1,037)**	**(200)**	**(1,237)**
Total liabilities	**297**	**173**	**471**
Assets (Liabilities) Accumulated Net	(280)	(100)	(380)

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

LONG TERM DEBT AS OF 4Q08
(Million Pesos)

TYPE OF DEBT	CURRENCY	DATE OF ISSUE	AMOUNT (Pesos)	ORIGINAL AMOUNT (Million Ps, Dlls or UDIS)	TERM	INTEREST RATE	MATURITY	INTEREST PAYMENT
CD's- Banorte U01001	UDIs	Jan 11 '01	378	90	10 years	8.13%	Dec 30 '10	E/182 days
Step-Up Subordinated Callable Notes Due 2014	USD	Feb 17 '04	4,150	300	10 years	5.875%	Feb 17 '14	E/ 180 days
Non Convertible Subordinated Bonds 2006	USD	Oct 13 '06	5,533	400	1 year	6.135%	Oct 13 '16	E/ 180 days
Non Convertible Subordinated Bonds 2006	USD	Oct 13 '06	2,767	200	15 years	6.862%	Oct 13 '21	E/ 180 days
Non Convertible Subordinated Bonds Q Banorte 08	MXN	11-Mar-08	3,000	3,000	10 years	TIIE + 0.60%	27-Feb-18	E/ 28 days
Non Convertible Subordinated Bonds Q Banorte 08U	UDIs	11-Mar-08	1,871	441	20 years	4.95%	27-Feb-18	E/ 182 days
Non Convertible Subordinated Bonds Q Banorte 08-2	MXN	27-Jun-08	2,750	2,750	10 years	TIIE + 0.77%	15-Jun-18	E/ 28 days

BANK AND OTHER ENTITIES LOANS' AS OF 4Q08
(Million Pesos)

	LOCAL CURRENCY	INTEREST RATE	TERM (DAYS)	FOREIGN CURRENCY	INTEREST RATE	TERM (DAYS)	TOTAL
LOANS FROM LOCAL BANKS	-	-	-	300	3.9%	1,610	300
LOANS FROM FOREIGN BANKS GENERATED IN THE COUNTRY	-	-	-	997	L+0.9	989	997
LOANS FROM FOREIGN BANK GENERATED FROM CAYMAN	-	-	-	6,149	3.19%	549	6,149
LOANS FROM DEVELOPMENT BANKS	6,090	6.62%	562	2,428	3.9%	35	8,518
LOANS FROM PUBLIC FUNDS	6,736	7.54%	507	652	2.80%	504	7,388
CALL MONEY & LOANS FROM BANKS	16,198	8.44%	161	-	-	-	16,198
LOANS FROM FIDUCIARY FUNDS	532	10.25%	4,578	-	-	-	532
PROVISIONS FOR INTEREST	132	N.A.	N.A.	-	-	-	132
	29,687			**10,525**			**40,212**
Eliminations	(3,528)			-			(3,528)
Total	**26,159**			**10,525**			**36,684**

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

TRADING INCOME 4Q08 *(Million Pesos)*	
VALUATION EFFECTS	
Negotiable Instruments	109
Securities Held to Maturity	-
Repurchase Agreements	49
Derivative instruments	(172)
Futures	(1)
From repo trasactions	-
Range	-
Inflation Adjustment	-
Total	**(15)**
Dividends Received	**1**
RESULTS FORM BUYING AND SELLING	
Negotiable Instruments	25
Securities Held for Sell	(62)
Hedging Derivatives	428
Securities Held to Maturity	(116)
Inflation Adjustment	-
Total of Buying and Selling Instruments	**275**
FX Spot	712
FX Forwards	48
FX Futures	1
FX Futures TIIE	-
FX Hedging	-
Changes in FX Valuation	6
Intermediation of metals	6
Changes in valuation of Metals	6
Total Foreign Exchange	**779**
Inflation Adjustment	**-**
Total of Buying and Selling	**1,054**
TOTAL TRADING INCOME	**1,040**

- **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.

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

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

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

  - **Portfolio Credit Risk**

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

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

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

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

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

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

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

By December 31, 2008, the Banco Mercantil del Norte and Pronegocio total portfolio was Ps 223,118 million. The expected loss represents 2.6% and the unexpected loss is 4.5% with respect to the total portfolio. The average expected loss is 2.4% during the period between October and December 2008.

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

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

Basic capital by September 30, 2008	$30,538
I. Financings whose individual amount represents more than 10% of the basic capital:	
Credit operations	
– Number of financings	1
– Total amount of financings	$4,542
– % vs. basic capital	15%
Money Market operations	
– Number of financings	1
– Total amount of financings	$3,491
– % vs. basic capital	11%
Transactions in overnight	
– Number of financings	1
– Amount of financings taken as a whole	$6,294
– % in relation to basic capital	21%

*Investments with Banks in checking accounts

II. Maximum amount of financing with the 3 major Common Risk debtors and groups	$31,710

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, 2008	$51

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

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

Credit transactions

– Number of financings 0

– Amount of financings taken as a whole $0

% in relation to basic capital 0%

Money market transactions

– Number of financings 1

– Amount of financings taken as a whole $70*

– % in relation to basic capital 138%

*Investments with Banks in checking accounts

IV. Maximum amount of financing with the 3 largest debtors and Common Risk groups $71*

*99.78% of this amount corresponds to checking account investments with Banks

Market Risk

- ***Value at Risk***

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

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

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

The average VaR for the October – December 2008 quarter for the portfolio is Ps 2,447 million.

Million Pesos	4Q07	1Q08	2Q08	3Q08	4Q08
Total Var *	1,891	2,230	2,298	2,210	**2,447**
Net Capital **	34,517	40,041	44,724	46,410	**44,149**
VaR/Net Capital	5.48%	5.57%	5.14%	4.76%	**5.54%**

* 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 2008 is shown below:

Risk Factor	VaR
Domestic interest rate	2,697
Foreign interest rate	167
Exchange rate	872
Capitals	54
Bond Prices in Foreign Currency	357
Total VaR of Bank and Brokerage House	**2,447**

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.

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

- ***Backtesting Analysis***

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

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

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

- **Liquidity Risk and Balance**

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

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

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

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

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

- **Operational Risk**

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

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

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

Pillars of Operational Risk Management

I. Policies, Objectives and Guidelines

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

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

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

II. Quantitative and Qualitative Measuring Tools

<u>Operating Losses Database</u>

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

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

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

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

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

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

- ***Risk Management Model***

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

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

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

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

- **Technology risk**

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

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

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

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

- **Legal risk**

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

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

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

- **Internal Control**

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

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

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

The Board of Directors ratified its authorization of the basic SCI documents: Code of Conduct, Internal Control Objectives and Guidelines, and General Policies to maximize Human and Material Resources as stipulated in the external regulations.

During 4Q08, SCI continued to work properly developing activities associated with strengthening risk control, assessment and management, establishing and monitoring controls, and insuring information quality.

A. The Board of Directors ratified its authorization of the basic SCI documents: Code of Conduct, Internal Control Objectives and Guidelines, and General Policies to maximize Human and Material Resources as stipulated in the external regulations
B. The various Corporate Governance Committees have had the required financial, economic, accounting and/or legal information for proper decision-making.
C. The policy and procedure manuals have been updated as per the changes in external regulations, new products, and changes in the Institution's processes or improvements to internal controls. Additionally, there has been continuous follow-up of the improvement actions regarding the observations made by the different members of the SCI.

The Supervisory Authorities’ requirements have been addressed and the information required by the external regulations has been submitted.

- **Internal and External Liquidity Sources**

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

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

Another alternative for getting resources is by issuing capital shares.

- **Dividend Policy**

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

- **Related Parties Loans**

At GFNorte, the amount of the loans performed with related individuals and companies, does not exceed the established limit of 50% of the Tier 1 capital. As of December 31, 2008 and September 30, 2007, the loans granted to related parties totaled Ps $8,216 million and Ps $6,349 million, respectively.

- **People in Charge**

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

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

Ing. Sergio García Robles Gil
Chief Financial Officer

C.P. Román Martínez Méndez
Managing Director Audit

Lic. Jorge Eduardo Vega Camargo
Executive Director Comptrollership

C.P. Nora Elia Cantú Suárez
Executive Director Accounting

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

- **Basis for submitting Financial Statements**

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

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

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

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

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