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

GFNorte Reports Net Income of Ps 1.76 billion in 4Q10 and Ps 6.7 billion during 2010.

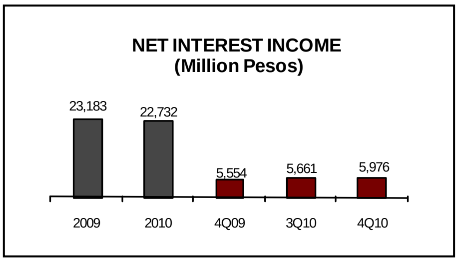
Operating Results (Million Pesos)	4Q09	3Q10	4Q10	Change QoQ	Change YoY	2009	2010	Change 2009
Net Interest Income	5,554	5,661	**5,976**	6%	8%	23,183	**22,732**	(2%)
Non Interest Income	2,719	2,554	**3,174**	24%	17%	9,177	**11,114**	21%
Total Income	8,273	8,215	**9,150**	11%	11%	32,360	**33,846**	5%
Non Interest Expense	4,604	4,296	**4,815**	12%	5%	17,024	**17,691**	4%
Provisions	1,782	1,905	**1,876**	(2%)	5%	8,286	**6,889**	(17%)
Operating Income	1,887	2,014	**2,459**	22%	30%	7,050	**9,266**	31%
Net Income	1,502	1,711	**1,758**	3%	17%	5,854	**6,705**	15%

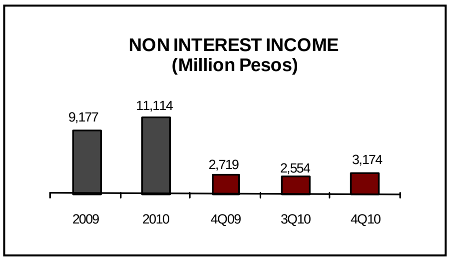
- **Net interest Income**

In 2010, *Net Interest Income* (NII) reached Ps 22.7 billion, a (2%) annual decline affected mainly by lower market interest rates with respect to 2009. NII increased 8% YoY vs. 4Q09 and 6% QoQ vs. 3Q10, as a result of higher loan origination volumes and an improvement in the portfolio mix.

- **Non Interest Income**

Non Interest Income reached Ps 11.1 billion during 2010, a 21% increase, 17% YoY vs. 4Q09 and 24% QoQ vs. 3Q10. The annual growth was due to greater revenues in all items. The increase vs. 4Q09 and vs. 3Q10 is a result of more service fees and recoveries of writen-off loans, mainly the loan to Comercial Mexicana that was charged off in 2009.



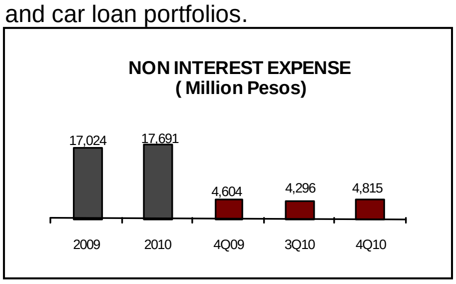


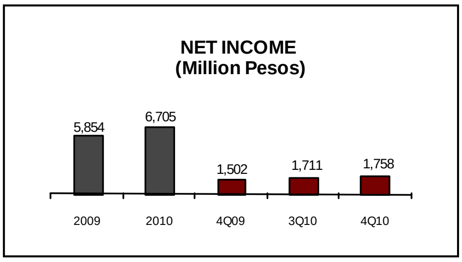
- **Non Interest Expense**

Non Interest Expenses were Ps 17.69 billion in 2010, growing 4% annually vs. 2009, 5% YoY vs. 4Q09 and 12% QoQ vs. 3Q10. The growth is explained by more expenses related to personnel, rents, depreciation and amortization, and employee profit sharing. The increase compared to 4Q09 is due to more personnel, administration & promotional expenses, and higher IPAB and profit sharing contributions. The QoQ increase was due to growth in almost every item, mainly personnel costs, professional fees and administration and promotional expenses. The Efficiency Ratio declined from 52.6% in 2009 to 52.3% in 2010. In 4Q10, it increased to 52.6% from 52.3% in 3Q10.

- **Loan Loss Provisions**

Provisions charged against results totaled Ps 6.89 billion in 2010, a (17%) annual decline vs. 2009 and a 5% YoY increase compared to 4Q09 derived mainly from the provisions created in order to reserve 100% of the loan to the airline Mexicana de Aviación. Provisions are (2%) lower with respect to 3Q10, in spite of Ps 563 million in provisions created in relation to the Mexicana loan, as well as a decrease in provisions for the government, mortgage and car loan portfolios.





- **Net Income**

GFNorte's *Net Income* was Ps 6.7 billion for 2010, 15% higher than in 2009. Excluding the benefits of the recovery related to the Comercial Mexicana loan and the negative impact of fully reserving the Mexicana loan, net income was Ps 7.0 billion during 2010, 20% higher compared to the profits recorded in 2009. Net income in 4Q10 was Ps 1.76 billion, a 17% YoY increase vs. 4Q09 and 3% higher QoQ vs. 3Q10. The annual accumulated growth was mainly due to more non interest income, a positive operating leverage and less loan loss provisions, while the YoY growth vs. 4Q09 is due to an important recovery in net interest income and higher non interest income, while the QoQ growth vs. 3Q10 is a result of higher net interest income, more non interest income and a reduction in loan loss provisions.

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

Income Statement and Balance Sheet Highlights-GFNorte	4Q09	3Q10	4Q10	Change		2009	2010	Change
(Million Pesos)				QoQ	YoY			2009
Income Statement-GFNorte								
Net Interest Income	5,554	5,661	**5,976**	6%	8%	23,183	**22,732**	(2%)
Non Interest Income	2,719	2,554	**3,174**	24%	17%	9,177	**11,114**	21%
Total Income	8,273	8,215	**9,150**	11%	11%	32,360	**33,846**	5%
Non Interest Expense	4,604	4,296	**4,815**	12%	5%	17,024	**17,691**	4%
Provisions	1,782	1,905	**1,876**	(2%)	5%	8,286	**6,889**	(17%)
Operating Income	1,887	2,014	**2,459**	22%	30%	7,050	**9,266**	31%
Non Operating Income (Expense), net	152	395	**147**	(63%)	(3%)	872	**581**	(33%)
Net Income Before taxes	2,039	2,410	**2,606**	8%	28%	7,922	**9,847**	24%
Taxes	496	628	**720**	15%	45%	2,045	**2,805**	37%
Subsidiaries & Minority Interest	(41)	(70)	**(128)**	82%	211%	(24)	**(337)**	1326%
Net Income	1,502	1,711	**1,758**	3%	17%	5,854	**6,705**	15%
Balance Sheet								
Asset Under Management	650,278	703,299	**712,414**	1%	10%	650,278	**712,414**	10%
Total Assets	567,138	589,783	**590,558**	0%	4%	567,138	**590,558**	4%
Performing Loans (a)	238,953	254,280	**263,549**	4%	10%	238,953	**263,549**	10%
Past Due Loans (b)	6,154	5,609	**6,664**	19%	8%	6,154	**6,664**	8%
Total Loans (a+b)	245,107	259,889	**270,214**	4%	10%	245,107	**270,214**	10%
Total Loans Net (d)	237,572	252,252	**261,969**	4%	10%	237,572	**261,969**	10%
Acquired Collection Rights (e)	2,548	2,183	**2,025**	(7%)	(21%)	2,548	**2,025**	(21%)
Total Loans (d+e)	240,120	254,435	**263,994**	4%	10%	240,120	**263,994**	10%
Total Liabilities	522,164	542,001	**540,331**	(0%)	3%	522,164	**540,331**	3%
Demand Deposits	137,581	133,824	**149,816**	12%	9%	137,581	**149,816**	9%
Time Deposits	137,327	153,688	**142,798**	(7%)	4%	137,327	**142,798**	4%
Equity	44,974	47,783	**50,227**	5%	12%	44,974	**50,227**	12%

Financial Ratios GFNorte	4Q09	3Q10	4Q10	Change		2009	2010	Change
				QoQ	YoY			2009
Profitability:								
NIM (1)	4.2%	4.1%	**4.3%**	0.3 pp	0.1 pp	4.3%	**4.2%**	(0.1 pp)
NIM after Provisions (2)	2.8%	2.7%	**3.0%**	0.3 pp	0.1 pp	2.8%	**2.9%**	0.1 pp
ROE (3)	14.8%	15.8%	**15.6%**	(0.2 pp)	0.9 pp	14.9%	**15.5%**	0.7 pp
ROA (4)	1.1%	1.2%	**1.2%**	0.0 pp	0.1 pp	1.0%	**1.2%**	0.1 pp
Operation:								
Efficiency Ratio (5)	55.7%	52.3%	**52.6%**	0.3 pp	(3.0 pp)	52.6%	**52.3%**	(0.3 pp)
Operating Efficiency Ratio (6)	3.2%	2.9%	**3.3%**	0.4 pp	0.0 pp	3.0%	**3.0%**	0.1 pp
Liquidity Ratio (7)	63.2%	91.7%	**84.0%**	(7.7 pp)	20.8 pp	63.2%	**84.0%**	20.8 pp
Asset Quality:								
Past Due Loan Ratio	2.5%	2.2%	**2.5%**	0.3 pp	(0.0 pp)	2.5%	**2.5%**	(0.0 pp)
Coverage Ratio	122.4%	136.2%	**123.7%**	(12.4 pp)	1.3 pp	122.4%	**123.7%**	1.3 pp
Past Due Loan Ratio w/o Banorte USA	2.2%	1.9%	**2.3%**	0.4 pp	0.1 pp	2.2%	**2.3%**	0.1 pp
Coverage Ratio w/o Banorte USA	139.4%	153.6%	**134.3%**	(19.3 pp)	(5.1 pp)	139.4%	**134.3%**	(5.1 pp)

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

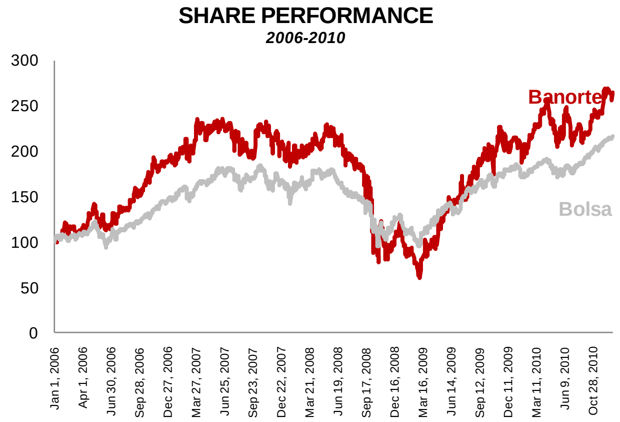
According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

Subsidiaries Net Income (Million Pesos)	4Q09	3Q10	4Q10	Change QoQ	Change YoY	2009	2010	Change 2009
Banking Sector	**1,136**	**1,387**	**1,329**	**(4%)**	**17%**	**4,786**	**5,387**	**13%**
Banco Mercantil del Norte (1)	1,136	1,387	**1,329**	(4%)	17%	4,786	**5,387**	13%
Broker Dealer	**88**	**66**	**184**	**178%**	**108%**	**203**	**403**	**98%**
Long Term Savings	**113**	**131**	**103**	**(21%)**	**(9%)**	**380**	**444**	**17%**
Retirement Funds (Afore)	52	70	**53**	(24%)	1%	141	**208**	48%
Insurance	60	61	**46**	(25%)	(24%)	224	**230**	3%
Annuities	1	1	**5**	761%	508%	16	**6**	(62%)
OtherFinanceCompanies	**114**	**152**	**128**	**(16%)**	**12%**	**425**	**500**	**18%**
Leasing and Factoring (2)	111	127	**111**	(13%)	(0%)	403	**443**	10%
Warehousing	3	24	**17**	(30%)	475%	22	**57**	152%
Microlending-Pronegocio (3)	**-**	**-**	**-**	**-**	**-**	**15**	**-**	**-**
G. F. Banorte (Holding	**50**	**(26)**	**14**	**(156%)**	**(71%)**	**45**	**(29)**	**(164%)**
Total Net Income	**1,502**	**1,711**	**1,758**	**3%**	**17%**	**5,854**	**6,705**	**15%**

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

Share Data	4Q09	3Q10	4Q10	Change QoQ	Change YoY	2009	2010	Change 2009
Earnings per share (Pesos)	0.74	0.85	**0.87**	3%	17%	2.90	**3.32**	15%
Dividend per Share (Pesos)	0.18	0.00	**0.17**	-	(6%)	0.52	**0.51**	(2%)
Dividend Payout (Recurring Net Income)	15.0%	0.0%	**18.3%**	-	22%	15.0%	**18.3%**	22%
Book Value per Share (1) (Pesos)	20.49	21.75	**22.85**	5%	11%	20.49	**22.85**	11%
Total Shares Outstanding (Million Shares)	2,017.8	2,018.2	**2,018.3**	0%	0%	2,017.8	**2,018.3**	0%
Stock Price (Pesos)	47.84	47.71	**58.86**	23%	23%	47.84	**58.86**	23%
P/BV (Times)	2.33	2.19	**2.58**	17%	10%	2.33	**2.58**	10%
Market Capitalization (Million Dollars)	7,388	7,642	**9,620**	26%	30%	7,388	**9,620**	30%
Market Capitalization (Million Pesos)	96,534	96,288	**118,800**	23%	23%	96,534	**118,800**	23%

1) Excluding Minority Interest.



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

RECENT EVENTS

- **Gruma has announced its intention to sell part or all of its stake in Grupo Financiero Banorte.**

On January 21, Gruma, made public that intends to sell part or all of its common shares in GFNORTE through a global offering, which as of today represent 8.8% of GFNORTE's share capital.

- **Grupo Financiero Banorte and Ixe Grupo Financiero reach a merger agreement.**

On November 17th, following the material event published on October 19th stating that Grupo Financiero Banorte S.A.B de C.V. ("GFNORTE") (BMV: GFNORTEO) and IXE Grupo Financiero S.A.B. de C.V. ("IXE") (BMV: IXEGFO) had reached a binding agreement to pursue an integration mechanism, GFNORTE informed that after having carried out the corresponding audits, both institutions had reached a binding merger agreement, subject to corporate approvals and by the corresponding authorities. It is estimated that the merger will be completed by the end of 1Q11.

- **Duff & Phelps issues a fairness opinion on the merger between Grupo Financiero Banorte and Ixe Grupo Financiero.**

Following the merger agreement between GFNORTE and IXE, on December 17th, Duff & Phelps, an international financial advisory and investment banking services firm, issued an opinion stating that as of the date of the binding agreement, the merger consideration is fair to GFNorte shareholders. This fairness opinion was issued after a comprehensive analysis of the share exchange ratio between the two financial groups.

- **Banorte and 7-Eleven Mexico initiate third party correspondent operations.**

On November 9th, Banorte and 7-Eleven formally began to offer financial services in seven states, enabling Banorte's clients and account holders to make deposits to their accounts, pay various services and their Banorte credit cards at more than 1,170 7-Eleven stores.

- **Mexicana de Aviación Exposure**

Following the material event published on August 4th, 2010 to inform the investment community of Banorte's exposure to Mexicana de Aviación's holding company, GFNORTE reports that as of December 31st, 2010 the loan's outstanding balance of Ps 1.25 billion has been 100% reserved.

- **Banorte Movil - the Bank in your Mobile phone demonstrates leadership.**

"Banorte Mobile" received the "Best Solution in the Mobile category" award granted by the Mexican Internet Association and the Latin American Institute of Electronic Commerce, as well as the "E-Commerce Award Mexico 2010". These recognitions demonstrate Banorte's leadership in technology and innovation in mobile banking.

- **Nacional Financiera (Nafin) recognizes Banorte as Leader in the SME sector.**

For the second consecutive year, on December 12th Banorte was recognized as the institution receiving the highest number of awards from Nacional Financiera (Nafin) for support offered to small and medium sized Mexican companies (SMEs) during 2010. Banorte received awards from Nafin for: "Financing to the SME Sector" and "Leadership in the Productive Chain Program to promote SME Growth".

- **Banorte builds a modern Call Center in Monterrey with an investment of Ps 616 million.**

On November 4th, 2010, the Governor of Nuevo Leon, Rodrigo Medina de la Cruz and Don Roberto Gonzalez Barrera, President of the GFNorte Board of Directors, accompanied by CEO Alejandro Valenzuela, set the first stone of what will be the "Banorte Call Center", an environmentally friendly, modern building through which the institution will generate approximately 2,000 jobs, primarily for Nuevo Leon students, with an investment of Ps 616 million.

- **Marcos Ramírez Miguel is named Chief Corporate Officer.**

On December 2010, Marcos Ramírez was named GFNorte's Chief Corporate Officer. Mr. Martinez has a successful professional trajectory of more than 27 years in the financial arena, and over the last three years served as President of the Mexican Stock Brokers' Association "Asociación Mexicana de Intermediarios Bursátiles.

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

GRUPO FINANCIERO BANORTE

Net Interest Income (Million Pesos)	4Q09	3Q10	4Q10	Change QoQ	Change YoY	2009	2010	Change 2009
Interest Income	10,105	10,350	**10,418**	1%	3%	44,873	**40,861**	(9%)
Interest Expense	4,681	4,787	**4,578**	(4%)	(2%)	22,235	**18,603**	(16%)
Loan Origination Fees	149	137	**179**	31%	20%	578	**619**	7%
Fees Paid	19	39	**43**	10%	127%	33	**144**	332%
Net Interest Income	**5,554**	**5,661**	**5,976**	**6%**	**8%**	**23,183**	**22,732**	**(2%)**
Average Interest Earning Assets	530,470	555,485	**552,232**	(1%)	4%	537,603	**545,229**	1%
Net Interest Margin (1)	4.2%	4.1%	**4.3%**	0.3 pp	0.1 pp	4.3%	**4.2%**	(0.14 pp)

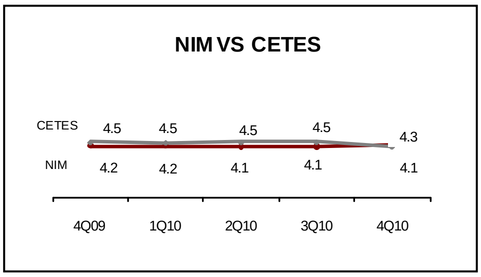
1) NIM = Annualized Net Interest Margin / Average Earnings Assets

- **Net Interest Income**

In 2010, Net Interest Income rose to Ps 22.73 billion, a (2%) YoY decline as a result of a (9%) decrease in interest income, as a result of a decline in market interest rates, which was partially offset by increased loan volumes in the second half of the year and a better portfolio mix, as well as by a (16%) reduction in interest expenses due to a stable cost of funding and a 7% annual expansion in core deposits. Net Interest Income increased 8% YoY vs. 4Q09 and 6% QoQ compared to 3Q10 as a result of increased interest revenues derived from higher loan volumes and reactivation of growth in higher yielding segments, such as consumer loans, coupled with reduced interest expenses resulting from an increase in core deposits and the temporary widening of the spread between the TIIE and the short term CETES rate.

Average Net Interest Margin (NIM) was 4.2% in 2010, a slight reduction of (0.1) percentage points (pp) compared to the average NIM registered in 2009, affected by the 1.0 pp drop in average market interest rates and a 1% growth in Average Productive Assets. During 4Q10, NIM was 4.3%, an increase of 0.1 pp compared to 4Q09 as a result of 8% growth in Net Interest Income which was greater than the 4% increase in Average Productive Assets. Compared with 3Q10, NIM increased 0.3 pp due to an important expansion of Net Interest Income resulting from growth in the loan portfolio and an improved mix, as well as a decline of (1%) in Average Productive Assets due to a reduction in the portfolio of Derivatives and Securities Held to Maturity.

The average NIM after provisions was 3.0% in 4Q10, slightly superior to the 2.7% and 2.8% registered for 3Q10 and 4Q09, respectively. Loan Provisions represented 31% of Net Interest Income in 4Q10, less than the 32% registered in 4Q09 and 34% in 3Q10, resulting from growth in net interest income during 4Q10 compared to both periods, and a reduction in provisions in 4Q10 vs. 3Q10.



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

Non Interest Income *(Million Pesos)*	4Q09	3Q10	4Q10	Change QoQ	Change YoY	2009	2010	Change 2009
Fees Charged on Services	**2,408**	**2,366**	**2,467**	**4%**	**2%**	**8,291**	**9,234**	**11%**
Fund Transfers	64	57	**61**	7%	(5%)	248	**239**	(4%)
Account Management Fees	246	237	**248**	5%	1%	946	**945**	(0%)
Fiduciary	74	68	**81**	19%	10%	254	**288**	13%
Income from Real Estate Portfolios	287	260	**227**	(13%)	(21%)	818	**906**	11%
Electronic Banking Services	271	201	**203**	1%	(25%)	1,030	**906**	(12%)
Credit Card Fees	629	659	**709**	8%	13%	2,310	**2,601**	13%
Fees from IPAB (1)	0	0	**-**	(100%)	(100%)	1	**0**	(74%)
Fees charged by Afore	311	330	**355**	8%	14%	1,070	**1,269**	19%
Other Fees Charged (2)	525	552	**582**	5%	11%	1,613	**2,081**	29%
Fees Paid on Services	**359**	**389**	**416**	**7%**	**16%**	**1,339**	**1,548**	**16%**
Fund transfers	5	6	**7**	17%	34%	21	**26**	23%
Other Fees Paid	354	383	**409**	7%	15%	1,317	**1,522**	16%
Expenses from Real Estate Portfolios	-	-	**-**	-	-	-	**-**	-
Net Fees	**2,048**	**1,977**	**2,051**	**4%**	**0%**	**6,953**	**7,686**	**11%**
Trading Income	**421**	**331**	**193**	**(42%)**	**(54%)**	**1,244**	**1,689**	**36%**
Other Operating Income (Expenses) (3)	**250**	**246**	**930**	**277%**	**272%**	**980**	**1,739**	**77%**
Non Interest Income	**2,719**	**2,554**	**3,174**	**24%**	**17%**	**9,177**	**11,114**	**21%**

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

- **Non Interest Income**

In 2010, *Non Interest Income* was Ps 11.11 billion, growing by 21% YoY compared to 2009, driven by growth in all items. On a quarterly basis, Non Interest Income rose 17% YoY vs. 4Q09 and 24% vs. 3Q10 due to increased service fees and recoveries of previously writen off loans.

Non Interest Income *(Million Pesos)*	4Q09	3Q10	4Q10	Change QoQ	Change YoY	2009	2010	Change 2009
Services	1,761	1,717	**1,824**	6%	4%	6,135	**6,780**	11%
Recovery	287	260	**227**	(13%)	(21%)	818	**906**	11%
Trading	421	331	**193**	(42%)	(54%)	1,244	**1,689**	36%
Other Operating Income (Expense)	250	246	**930**	277%	272%	980	**1,739**	77%
Non Interest Income	**2,719**	**2,554**	**3,174**	**24%**	**17%**	**9,177**	**11,114**	**21%**

- **Service Fees**

Service fees totaled Ps 6.78 billion during 2010, 11% higher YoY due to the favorable impact in volumes of a higher client base and an expansion in the commercial network, as well as the positive performance of credit card fees due to: i) more interchange fees, ii) higher revenues from campaigns to incentivize purchases with deferred fixed payments and iii) growth in annual fees due to a 6% increase in the number of credit card clients. Service Fees were also driven by increased Afore fees as a result of a 19% growth in AUMs, Fiduciary fees due to greater business volumes and wealth managed and various fees related to consumer insurance products, letters of credit, Telecomm-Telegrafos related services and prepayments, among others. Service fees were Ps 1.82 billion in 4Q10, increasing by 4% YoY and 6% vs. 3Q10 as a result of more revenues from credit cards, Afore, Fiduciary, account management and other fees.

- **Recoveries**

Non Interest Income from *Recoveries* of previously written-off proprietary loans and sale of foreclosured assets (revenues that are classified as Other Operating Income and Expenses) and also of real estate portfolios, increased by 47% YoY in 2010. This was due to higher recoveries of previously written-off loans, including a recovery of Ps 629 million related to the Comercial Mexicana loan, as well as a 12% increase in the returns of investment projects in light of a more favorable economic environment and an increase in the invested amount to Ps 5.01 billion at closing of 4Q10 (+17% compared to 4Q09). The portfolio of investments continues with adequate geographical diversification by projects and by industries. Recovery revenues grew by 115% YoY in 4Q10 vs. 4Q09 and 129% QoQ vs. 3Q10 due to recoveries of previously written-off loans, mainly Comercial Mexicana.

- **Intermediation**

Intermediation Revenues increased by 36% YoY due to adequate strategies followed in order to take advantage of value opportunities in the trading positions as a result of a flattening yield curve, as well as by profits from the sale of the remaining Mastercard shares. Trading Revenues declined by (54%) YoY in 4Q10 vs. 4Q09 and (42%) QoQ vs. 3Q10 due to higher volatility in the middle and long end of the yield curve.

Non Interest Expense *(Million Pesos)*	4Q09	3Q10	4Q10	Change QoQ	Change YoY	2009	2010	Change 2009
Personnel	1,817	1,713	**1,952**	14%	7%	6,763	**7,166**	6%
Professional Fees	483	297	**459**	55%	(5%)	1,465	**1,408**	(4%)
Administrative and Promotional	1,090	1,092	**1,232**	13%	13%	4,452	**4,400**	(1%)
Rents, Depreciation & Amortization	436	522	**440**	(16%)	1%	1,727	**1,949**	13%
Taxes other than income tax	335	203	**241**	19%	(28%)	865	**847**	(2%)
Contributions to IPAB	270	271	**281**	4%	4%	1,073	**1,084**	1%
Employee Profit Sharing (PTU) (1)	174	198	**210**	6%	21%	679	**837**	23%
Non Interest Expense	**4,604**	**4,296**	**4,815**	**12%**	**5%**	**17,024**	**17,691**	**4%**

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

- **Non Interest Expense**

Non Interest Expenses increased by 4% during 2010 compared to 2009 on an accumulated basis (lower than the annual inflation rate of 4.4% reported by Banxico), driven by more personnel expenses resulting from the expansion in the branch network and the strengthening of some business and staff areas. Operating Expenses also increased YoY due to more rents, depreciations and amortizations resulting from the acquisition of new and previously leased ATMs as part of the renovation strategy and the depreciation of equipment related to commercial projects; as well as an increase in employee profit sharing (PTU) resulting from increased profitability. These increases were partially offset by reductions in administration and promotional expenses, professional fees paid and other taxes. The 5% YoY increase vs. 4Q09 was due to greater administration and promotional expenses linked to product sales and operation of the credit card business, as well as to more personnel expenses arising from the branch expansion program and reinforcement of business and staff areas, and an increase in PTU.

Compared with 3Q10, Non Interest Expenses grew by 12% QoQ mainly due to an increase in personnel expenses in order to cover vacancies and an adjustment to provisions for bonuses and incentives for product sales. Operating expenses also grew QoQ due to more professional fees related to technological projects and strategic planning, as well as greater portfolio recoveries. The increase in administration and promotional expenses was related to higher business volumes, such as courier services related to the growth of credit cards and payment of insurance associated to the loan portfolio, among others. Additionally there was an increase in expenses for projects related to the improvement of infrastructure and ATM relocations; an increase in other taxes, particularly the Value Added Tax (IVA) linked to higher expenses during 4Q10 and an increase in IPAB contributions due to growth in deposits and PTU.

The efficiency ratio was 52.3% in 2010, (0.3) pp lower than 2009 as a result of positive operating leverage throughout the year. At closing of 4Q10, the efficiency ratio was 52.6%, 0.3 pp higher than in 3Q10 due to more expenses. Compared to 4Q09, the efficiency ratio declined (3.0) pp resulting from growth in revenues at a higher rate than expenses. After eliminating the effect of reclassifying PTU as an expense in 2009, the Efficiency Ratio was 49.8% for 2010, (0.7) pp less vs. 2009.

- **Provisions**

Provisions charged to results totaled Ps 6.89 billion during 2010, a (17%) YoY decline resulting from lower requirements for the commercial portfolio (excluding corporate loans), mortgages and all the segments of consumer loans. On a quarterly basis, the 5% QoQ increase vs. 4Q09 was due to more requirements in the corporate portfolio resulting from Ps 563 million in reserves created to fully provision the Mexicana loan, and a 2% QoQ reduction compared to 3Q10 due to a decrease in provisions for the government, mortgage and car loan portfolios.

Accumulated annual loan provisions for 2010 represent 2.7% of the average loan portfolio, a decline of (0.8) percentage points vs. 2009. On a quarterly basis, loan provisions represent 2.8% of the average loan portfolio, a (0.1) pp YoY decline compared to 4Q09 and (0.2) pp vs. 3Q10. When excluding the Ps 563 million provisions created to fully reserve the Mexicana loan, provisions represented 2.1% of the average portfolio in 4Q10.

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

Non Operating Income (Expense), net *(Million Pesos)*	4Q09	3Q10	4Q10	Change QoQ	Change YoY	2009	2010	Change 2009
Non Operating Income	**658**	**511**	**911**	**78%**	**38%**	**2,438**	**1,880**	**(23%)**
Other Revenues	233	399	**880**	121%	278%	939	**1,503**	60%
Foreign Exchange	-	-	**-**	-	-	-	**-**	-
Recoveries	83	106	**10**	(90%)	(88%)	525	**240**	(54%)
Repomo-Other Revenues	-	-	**-**	-	-	-	**-**	-
Warehousing	342	7	**21**	196%	(94%)	975	**137**	(86%)
Non Operating Expense	**(506)**	**(116)**	**(764)**	**559%**	**51%**	**(1,566)**	**(1,298)**	**(17%)**
Other Expenses	(171)	(110)	**(744)**	579%	334%	(609)	**(1,166)**	92%
Foreign Exchange	-	-	**-**	-	-	-	**-**	-
Repomo-Other Expenses	-	-	**-**	-	-	-	**-**	-
Warehousing	(335)	(6)	**(20)**	212%	(94%)	(958)	**(132)**	(86%)
Non Operating Income (Expense), net	**152**	**395**	**147**	**(63%)**	**(3%)**	**872**	**581**	**(33%)**

- **Non Operating Income**

In 2010, "Other Income and Expenses, Net" totaled Ps 581 million, a (33%) YoY drop due to higher expenses resulting from an increase in estimates for items more than 90 days overdue, contingencies, bankruptcies and losses in portfolio sale transactions, as well as reduced recovery income from the sale of loan portfolios purchased, furniture and properties, and in revenues from the commercialization of warehousing inventories, which offset an increase in "Other Revenues".

"Other Income and Expenses, Net" was Ps147 million in 4Q10, a (3%) YoY decline vs. 4Q09 resulting from reduced revenues from commercialization of inventories and recoveries from the sale of loan portfolios, the negative impact in the valuation of securitizations and larger estimates for bankruptcies and contingencies, which offset an increase in revenues from dividends and diverse creditors.

This item decreased by (63%) with respect to 3Q10, mainly due to increased expenses related to bankruptcies and contingencies and the booking in 3Q10 of non recurrent recovery revenues from the investments made in the alliance with Comercial Mexicana, which offset an increase in revenues from dividends and diverse creditors.

- **Taxes**

Taxes were Ps 2.80 billion in 2010, a 37% YoY increase due to a higher income tax rate as a result of the new fiscal regime that went into effect in January 2010, a 45% YoY increase vs. 4Q09 and a 15% QoQ increase vs. 3Q10 due to a higher profit base in 4Q10. The effective tax and profit sharing rate for 4Q10 was 33.0%, higher compared to 30.2% of 4Q09 and 31.7% of 3Q10. The effective accumulated rate in 2010 was 34.1%, 2.4 pp higher vs. 31.7% registered in 2009.

- **Subsidiaries and Minority Interest**

During 2010, the income of subsidiaries and minority interest was (Ps 337) million, vs (Ps 24) million in 2009, due to higher contribution to the IFC by the increase in the profits of Banco Mercantil del Norte and also to a higher contribution to Generali by the increase in the profits in the Afore and the insurance company. The (Ps128) million in 4Q10 compares against the (Ps 41) million loss of 4Q09 for the same reasons. The loss in subsidiaries and minority interest increased 82% compared to the loss of (Ps 70) million in 3Q10 due to a reduction in net income of the bank and the insurance company.

- **Net Income**

In 2010, the Group reported net income of Ps 6.70 billion, a 15% YoY increase and 17% when excluding the non recurring gain booked in 2009 from changes in the valuation of loan securitizations. GFNORTE increased its profits sequentially for a sixth consecutive quarter to Ps1.76 billion (76% generated by the bank), 17% higher compared to the same quarter in 2009 and 3% more compared with 3Q10. During 2010, excluding the benefits of the recovery related to the Comercial Mexicana loan and the negative impact of fully reserving the Mexicana loan, net income was Ps 7.0 billion, 20% higher compared to the profits recorded in 2009. The return on equity (ROE) for 2010 was 15.5%, 0.7 pp higher than the previous year. The return on assets (ROA) for 2010 was 1.2%, 0.1 pp higher than the same period of the previous year.

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

Capitalization *(Million Pesos)*	4Q09	1Q10	2Q10	3Q10	4Q10	Change QoQ	Change YoY
Tier 1 Capital	35,380	36,023	36,148	37,233	39,369	6%	11%
Tier 2 Capital	14,277	13,855	14,035	13,954	13,252	(5%)	(7%)
Net Capital	49,657	49,878	50,184	51,187	52,620	3%	6%
Credit Risk Assets	203,305	200,487	207,841	216,406	222,146	3%	9%
Net Capital / Credit Risk Assets	24.4%	24.9%	24.1%	23.7%	23.7%	0.0 pp	(0.7 pp)
Total Risk Assets (1)	296,046	296,284	300,503	308,862	326,481	6%	10%
Tier 1	12.0%	12.2%	12.0%	12.1%	12.1%	0.0 pp	0.1 pp
Tier 2	4.8%	4.7%	4.7%	4.5%	4.1%	(0.5 pp)	(0.8 pp)
Capitalization Ratio	16.8%	16.8%	16.7%	16.6%	16.1%	(0.5 pp)	(0.7 pp)

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

- **Capitalization**

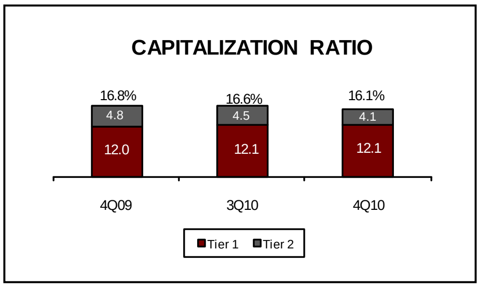
The Capitalization Ratio (IC) at closing of 4Q10 was 16.1% considering credit, market and operational risks, and 23.7% considering only credit risks. The Tier 1 ratio was 12.1% and 4.1% for Tier 2l.

The Capitalization Ratio declined by (0.5pp) QoQ vs. 3Q10 due to the following effects:

1) Reinvesting profits generated in 4Q10: + 0.5 pp.
2) Valuation of hedging instruments: + 0.3 pp.
3) Increase in Risk Assets: - 0.9 pp.
4) Valuation of Securitization instruments: -0.2 pp.
5) FX effect on Subordinated Obligations in Dollars: -0.1 pp.
6) Payment of Dividends: -0.1 pp.

The Capitalization Ratio for 4Q10 declined (0.7 pp) YoY compared to 4Q09 due to:
1) Effects of profits generated in 2010: +1.8 pp.
2) Increase in Risk Assets: -1.7 pp.
3) Effects of valuation of hedging instruments: -0.3 pp.
4) Payment of Dividends: -0.2 pp.
5) Valuation of Securitization instruments: -0.2 pp.
6) FX effect on Subordinated Obligations: -0.1 pp.

In 2008, the authorities determined that 100% of the required capital for operational risk must be constituted during a 3 year term in proportional monthly allotments. At closing of 4Q10, the period of March 2008 to December 2010 was covered (34/36 months), having an impact of 2.17 basis points on the capitalization ratio.



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

Deposits *(Million Pesos)*	4Q09	3Q10	4Q10	Change QoQ	Change YoY
Non Interest Bearing Demand Deposits	61,611	61,409	**69,615**	13%	13%
Interest Bearing Demand Deposits (1)	75,977	72,422	**80,218**	11%	6%
Total Demand Deposits (2)	137,588	133,831	**149,833**	12%	9%
Time Deposits – Retail	84,808	88,644	**88,805**	0%	5%
Core Deposits	222,396	222,475	**238,638**	7%	7%
Money Market (3)	52,646	65,421	**54,142**	(17%)	3%
Total Bank Deposits	**275,042**	**287,896**	**292,780**	2%	6%
GFNorte's Total Deposits (4)	**274,888**	**287,461**	**292,615**	2%	6%
Third Party Deposits	**156,864**	**156,341**	**145,602**	(7%)	(7%)
Total Assets Under Management	**431,906**	**444,236**	**438,382**	(1%)	1%

1) Excludes IPAB cash management checking accounts for loan portfolios managed from Banpaís and Bancen. The balances of these accounts in 4Q09, 3Q10 and 4Q10 were Ps $20 million, Ps $51 million and Ps $0 million, respectively.
2) Includes Debit Cards.
3) Includes Bank Bonds (Customers and Financial intermediaries).
4) Includes the eliminations between the subsidiaries (4Q09=154 millions, 3Q10=435 millions and 4Q10=165 millions).

- **Total Deposits**

At closing of 4Q10, *Total Deposits* were Ps 292.6 billion, a 6% YoY increase, driven mainly by a 9% YoY growth in Demand Deposits, as well as a 5% in retail Time Deposits. Total deposits increased by 2% QoQ vs. 3Q10 due to a 12% increase in Demand Deposits.

- **Demand and Time Deposits**

At closing of 4Q10, Demand Deposits grew by 9% YoY, driven by a 13% YoY increase in Non-Interest bearing Demand Deposits as a result of higher balances in all products, mainly Enlace Global accounts for individuals and companies, and to a lesser degree, Enlace Fuerte and Mujer Banorte; as well as a 6% increase in Interest bearing Demand Deposits due to growth in the balances of all products, especially Sumanomina and to a lesser degree Suma and Banorte Facil.

On a quarterly basis, Demand Deposits grew by 12% QoQ due to growth in both components. Non-Interest bearing Demand Deposits increased by 13% due to higher penetration by the Enlace Global account, and to a lesser degree the Enlace Fuerte and Mujer Banorte products. In the case of Interest bearing Demand Deposits, the 11% growth is mainly due to the positive performance of the Sumanomina product, and to a lesser degree the Banorte Facil, Suma and Inversion Vista products.

Retail Time Deposits grew by 5% YoY as a result of campaigns to sell promissory notes through the branches, as well as the attractive yields offered. Time Deposits show no growth QoQ as a result of more competition and the migration of clientele to other products offered by the bank, such as mutual funds.

As a result of efforts to increase deposits, there were net openings of 1 million individual accounts during the year. Additionally, Banorte is ranked as the second most important bank in terms of core deposits' growth in individual accounts and is ranked first in time deposits' growth in individual accounts until the end of November 2010.

- **Money Market Deposits**

The 3% YoY increase is explained by higher balances managed by individual and corporate private banking clients and the (17%) QoQ decline by a reduction in Pagaré Banorte deposits offered to the treasury through the money market.

- **Third Party Deposits**

Third Party Deposits show a reduction of (7%) YoY and QoQ compared to 3Q10.

- **Assets Under Management**

At closing of 4Q10, AUMs totaled Ps 438.4 billion, a 1% YoY increase, due to growth in all core deposit and money market items. The (1%) QoQ decline from 3Q10 is due to a reduction in money market and third party deposits.

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

Performing Loan Portfolio *(Million Pesos)*	**4Q09**	**3Q10**	**4Q10**	**Change** QoQ	YoY
Commercial	84,118	84,815	**87,825**	4%	4%
Consumer	74,932	80,976	**83,545**	3%	11%
Corporate	40,245	43,495	**44,176**	2%	10%
Government	38,993	44,443	**47,550**	7%	22%
Sub Total	238,288	253,728	**263,096**	4%	10%
Recovery Bank	666	552	**454**	(18%)	(32%)
Total	238,954	254,280	**263,550**	4%	10%

Performing Consumer Loan Portfolio *(Million Pesos)*	**4Q09**	**3Q10**	**4Q10**	**Change** QoQ	YoY
Mortgages	49,221	53,788	**55,718**	4%	13%
Car Loans	7,424	8,004	**8,208**	3%	11%
Credit Cards	11,801	11,211	**11,159**	(0%)	(5%)
Payroll	6,487	7,974	**8,460**	6%	30%
Consumer Loans	74,932	80,976	**83,545**	3%	11%

(Million Pesos)	**4Q09**	**3Q10**	**4Q10**	**Change** QoQ	YoY
Past Due Loans	6,154	5,609	**6,664**	19%	8%
Loan Loss Reserves	7,535	7,637	**8,245**	8%	9%
Acquired Rights	2,548	2,183	**2,025**	(7%)	(21%)

- **Total Performing Loans**

Total Performing Loans grew by 10% YoY, or Ps 24.8 billion to a total balance of Ps 263.1 billion at closing of 4Q10. This increase is mainly due to growth in the Government, Consumer (except credit card), Mortgage and Corporate portfolios. Total Performing Loans grew by 4% QoQ or Ps 9.37 billion due to growth in almost all segments. For the second consecutive quarter, the loan portfolio has shown sequential growth, business dynamics not seen since prior to the crisis that began in late 2008. This is evidence of greater loan demand in Mexico, and also a reflection of the policies implemented by Banorte to reactivate loan volumes. In the coming months, we anticipate that the favorable trends in loan growth will continue in the banking industry.

Growth of the portfolio by item:

I. Individual Loans

- **Consumer + Housing:** Increased by 11% YoY compared to 4Q09 as a result of growth in the mortgage, payroll and car loans and 3% QoQ due to growth in all components of the portfolio, except for a slight decline in credit cards.

  - ***Mortgages***: Grew by 13% YoY, driven by the increase in mortgage sales for middle market home acquisition, as well as the reactivation of mortgage products for liquidity, improvement of loan conditions, construction, remodeling and payment of liabilities. The portfolio grew by 4% QoQ as a result of positive dynamics in all mortgage programs, including middle market home acquisition, Pemex mortgages and loans for liquidity, construction, remodeling and payment of liabilities. Mortgage sales increased by 38% in 2010 compared to the same period of the previous year, with Ps 12.55 billion in new sales. Also, a total of 14,401 mortgages were sold in 2010, 23% more than in the 2009.

  - ***Credit Cards:*** Registered a (5%) YoY reduction and practically remained at the same level QoQ at closing of 4Q10 as a result of the portfolio's cleanup and higher payments from customers. The rate of decline of the portfolio's balance has diminished in the last quarters due to: a) the proper management of the product life cycle, b) the issuance of 306,247 new cards, during the year, that represents an increase of 97% YoY and 3% QoQ, in spite of tighter origination criteria and more conservative risk management, and c) total net billing grew by 13% YoY and 9% QoQ as a result of campaigns to promote the use of credit cards and promotions for interest- free purchases with fixed monthly installments. At closing of 4Q10, Banorte had 1.14 million accounts, a 6% annual growth.

- ***Payroll Loans:*** At closing of 4Q10, the portfolio grew by 30% YoY and 6% QoQ, as a result of campaigns to promote the payroll product and the strategy to place more loans to government employees. The number of new payroll loans in the year increased by 48% compared to the same period of last year.

- ***Car Loans:*** The portfolio grew by 11% YoY and 3% QoQ in 4Q10 as a result of promotional campaigns for the product and a recovery of car sales in the country. Also, loan sales were favored by an alliance with Isuzu Motors to finance its units. The number of new car loans in the year increased by 22% compared to the same period last year.

II. Loans to Institutions

- **Commercial:** Grew by 4% YoY mainly as a result of the bank's strategies to reactivate loans during the second half of 2010, resulting in an increase of Ps 1.18 billion (+8%) in the SME's portfolio balance. Also, the balance of the commercial portfolio grew by 4% during the last quarter, composed of SME, middle market companies, leasing and factoring.

- **Corporate**: Grew by10% YoY in 4Q10 and 2% QoQ vs. 3Q10, mainly due to the reactivation of loans in this sector, resulting in the placement of several loans during the third and fourth quarters of 2010 which offset prepayments received from other clients. It is important to emphasize that Banorte's loan portfolio is diversified by sectors and regions, and shows a low concentration. The bank's 20 most important corporate exposures represent only 14% of the bank's total loan portfolio (14% in 3Q10 and in 4Q09). The largest corporate loan represents 1.8% of the total portfolio (1.6% in 3Q10 and 1.4% in 4Q09), while number 20 represents 0.4% of the total portfolio (0.4% in 3Q10 and 0.5% in 4Q09).

- **Government:** Increased by 22% YoY and 7% QoQ in 4Q10 as a result of the placement of several loans to state governments and to a lower extent to municipal governments and decentralized entities, as well as promotional efforts by the area, its specialization and the creation of products and services that offer comprehensive solutions to the financial needs of all three levels of government.

- **Past Due Loans**

At closing of 4Q10, past due loans grew by 8% YoY and 19% QoQ closing at Ps 6.66 billion, driven mainly by the classification of the Mexicana de Aviacion loan as delinquent during the fourth quarter of 2010.

At the end of 4Q10, the PDL Ratio was 2.5%, the same level as in 4Q09, and 0.3 percentage points higher than in 3Q10. Whithout the impact of the asset quality indicators in the US operations, the PDL Ratio was 2.3%, with a 0.1 percentage point YoY growth compared to 4Q09.

Most of the loan portfolio items showed improvement in asset quality. The PDL ratios by segment evolved as followed during the last 12 months:

- Credit cards: 8.5% in 4Q10; lower when compared to the 9.3% in 3Q10 and the 12.0% in 4Q09, an improvement despite the contraction in the loan portfolio during the last 12 months.
- Car loans: 1.0% in 4Q10 (vs. 1.4% in 3Q10 and 2.0% in 4Q09).
- Payroll: 1.8% in 4Q10 (vs. 1.9% in 3Q10 and 2.8% in 4Q09).
- Mortgages: 1.7% in 4Q10 (vs. 1.9% in 3Q10 and 2.1% in 4Q09 (however, it is 1.3% in 4Q10 when excluding the INB PDL portfolio).
- Commercial: 3.9% in 4Q10 (vs. 4.1% in 3Q10 and 4.0% in 4Q09, (however, it is 3.7% in 4Q10 when excluding the INB PDL portfolio).
- Corporate: 2.5% in 4Q10 (vs. 0.1% in 3Q10 and 0.1% in 4Q09); increasing in the fourth quarter due to the classification of the Gamma Servicios de Negocio (Mexicana) loan as delinquent.
- Government: 0% throughout the entire year.

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

PAST DUE LOAN VARIATIONS *(Million Pesos)*		
Balance as of September 2010		**5,609**
	Transfer from Performing Loans to Past Due Loans	4,227
	Renewals	(124)
	Cash Collections	(470)
	Discounts	(27)
	Charge Offs	(1,001)
	Foreclosures	(56)
	Transfer from Past Due Loans to Performing Loans	(1,474)
	Foreign Exchange Adjustments	(19)
Balance as of December 2010		**6,664**

During the 4Q10, 55% of the new NPL formation corresponds to Corporate loans due to the impact of the Mexicana loan, 28% to Consumer, 13% to Commercial and 4% to Mortgages. On the other hand, 33% of the required reserves correspond to Consumer, 31% to Corporate, 14% to Commercial and the remaining 22% to other segments, benefits and write-downs, among other concepts. Finally, 62% of the portfolio write-offs correspond to Consumer, 16% to Mortgages, 14% to Commercial and the remaining 8% to Recovery.

RISK RATING OF PERFORMING LOANS – *GFNorte*

(Million Pesos)

		LOAN LOSS RESERVES			
CATEGORY	**LOANS**	**COMMERCIAL**	**CONSUMER**	**MORTGAGES**	**TOTAL**
A	66,862	0	75	181	256
A1	115,479	576	0	0	576
A2	65,389	621	0	0	621
B	6,711	0	115	168	283
B1	6,824	101	391	0	492
B2	7,628	51	468	0	519
B3	2,684	274	0	0	274
C	1,944	0	628	92	720
C1	968	219	0	0	219
C2	1,190	552	0	0	552
D	1,992	227	873	317	1,417
E	2,240	1,919	326	0	2,245
Total	279,911				
Not Classified	(220)				
Exempt	107				
Total	279,798	4,541	2,876	757	8,174
Reserves					8,245
Excess (Deficit)					71

Notes:
1.- The ratings of loans and reserves created correspond to the last day referred in the Balance Sheet at December 31st, 2010.
2.- The loan portfolio is rated according to the rules issued by the Ministry of Finance and Public Credit (SHCP), the methodology established by the CNBV and internal methodologies approved by the CNBV. For Mortgage and Consumer loans, Banorte uses the regulation described in the Official Gazette published on December 2, 2005, and for Commercial loans it uses internal methodologies approved by the CNBV.
3.- The excess in preventive reserves, follow the rules issued by the CNBV, to regulate support programs, that were constituted mainly in UDIS Trusts.
4.- The Ratings of Leasing and Factoring loans are dated as of November 2010 and Reserves, as of December, 2010.

Of the total loan portfolio:

- 89% is rated as Risk A,
- 8.5% as Risk B,
- 2% as Risk C,
- The rest as Risk D and E.

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

LOAN LOSS RESERVES *(Million Pesos)*	4Q10
Previous Period Ending Balance	**7,637**
Provisions charged to results	**1,872**
Created with profitability margin	**-**
Other items	**(3)**
Charge offs and discounts:	
Commercial Loans	**(213)**
Consumer Loans	**(739)**
Mortgage Loans	**(187)**
Foreclosed assets	**(84)**
	(1,223)
Cost of debtor support programs	**(34)**
Valorization and Others	**(5)**
Loan Loss Reserves at Period End	**8,245**

- **Loan Loss Reserves**

At closing of 4Q10, loan loss reserves were Ps 8.24 billion, 8% higher than at the end of 3Q10 due to an increase in provisions charged to results as a consequence of the Ps 563 million provisions created to reserve 100% of the Gamma Servicios de Negocio (Mexicana) loan at the end of the quarter, as well as to lower write-offs.

- **Provisions for Loan Loss Reserves**

Total provisions created in 2010 were Ps 6.89 billion, resulting in a (17%) YoY decline due to less requirements in the Commercial (excluding corporate loans), Mortgage and in most of the components of Consumer loans.

On a quarterly basis, the 5% QoQ increase vs. 4Q09 is due to higher provisions in the Corporate portfolio related to Mexicana loan reserves, and a 2% reduction compared with 3Q10 due to a decrease in provisions for the Government, Mortgage and Car loan portfolios.

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

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

BANKING SECTOR

Income Statement and Balance Sheet Highlights-Banking Sector (Million Pesos)	4Q09	3Q10	4Q10	Change QoQ	Change YoY	2009	2010	Change 2009
Income Statement-GFNorte								
Net Interest Income	5,388	5,390	**5,682**	5%	5%	22,307	**21,700**	(3%)
Non Interest Income	2,014	1,998	**2,555**	28%	27%	7,181	**8,910**	24%
Total Income	7,402	7,388	**8,236**	11%	11%	29,488	**30,610**	4%
Non Interest Expense	4,205	3,887	**4,415**	14%	5%	15,412	**16,080**	4%
Provisions	1,757	1,892	**1,834**	(3%)	4%	8,164	**6,772**	(17%)
Operating Income	1,440	1,609	**1,987**	24%	38%	5,912	**7,758**	31%
Non Operating Income (Expense), net	155	398	**91**	(77%)	(42%)	852	**521**	(39%)
Net Income Before taxes	1,596	2,008	**2,078**	4%	30%	6,763	**8,279**	22%
Taxes	392	514	**641**	25%	63%	1,807	**2,467**	37%
Subsidiaries & Minority Interest	62	77	**52**	(32%)	(16%)	161	**222**	38%
Net Income	1,266	1,571	**1,490**	(5%)	18%	5,117	**6,035**	18%
Balance Sheet								
Performing Loans	228,827	241,964	**251,434**	4%	10%	228,827	**251,434**	10%
Total Deposits	275,062	287,947	**292,780**	2%	6%	275,062	**292,780**	6%

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

- **Net Interest Income**

In 2010, *Net Interest Income* totaled Ps 21.70 billion, a (3%) YoY decline mainly due to a drop in market interest rates compared to 2009, which was partially off-set by a 10% YoY increase in the performing loan portfolio and an 9% YoY growth in demand deposits. The quarterly NII was Ps 5.68 billion, a 5% YoY increase vs.4Q09 and also QoQ vs. 3Q10 due to a 10% and 4% growth in the performing loan portfolio, respectively, as well as a 9% YoY and a 12% QoQ growth in demand deposits.

- **Non Interest Income**

Accumulated *Non Interest Income* in 2010 reached Ps 8.91 billion, a 24% YoY increase due to favorable dynamics in all items. Non Interest Income for the quarter totaled Ps 2.56 billion, an increase of 27% YoY vs. 4Q09 and 28% QoQ vs. 3Q10 mainly due to recoveries from previously written off loans, including the recovery of Ps 629 million corresponding to the Comercial Mexicana loan in 4Q10, and to more revenues from service fees.

- **Loan Loss Provisions**

Loan Loss Provisions for 2010 were Ps 6.77 billion, (17%) less YoY due to reduced requirements for the Commercial (excluding corporate loans), Mortgage and all the Consumer loans sectors. In 4Q10, loan loss provisions were Ps 1.83 billion, increasing by 4% YoY due to an increase in requirements in Corporate loans in order to cover the remaining 50% unreserved portion of the Mexicana loan, but declined (3)% QoQ as a result of reduced requirements in the Government, Mortgage and Car Loan portfolios.

- **Non Interest Expenses**

Non Interest Expenses for 2010 were Ps 16.08 billion, increasing by 4% YoY mainly mainly due to higher rents, depreciation and amortizations, personnel related expenses and employee profit sharing. In 4Q10, Non Interest Expenses were Ps 4.42 billion, growing by 5% YoY mainly due to higher administration and promotional expenses, personnel expenses, as well as an increase in the PTU. Non Interest Expenses grew 14% QoQ mainly as a result of increased Personnel expenses, Professional fees paid, Administration and promotional expenses, including shared expenses with subsidiaries (Banorte Securities), and increases in Other Taxes and IPAB contributions.

- **Non Operating Income**

In 2010, Other Income and Expenses was Ps 521 million, a (39%) reduction compared to 2009 resulting from greater expense in estimates, bankruptcies and losses, as well as lower recovery revenues.

In 4Q10, Other Income and Expenses were Ps 91 million, a (42%) YoY decline resulting from reduced recoveries, the negative impact of the valuation of loan securitizations and higher bankruptcy and contingency estimates. Compared to 3Q10, this item declined (77%), mainly due to greater bankruptcy and contingencies, as well as a non recurrent recovery revenues during 3Q10 of investments made in the Comercial Mexicana alliance.

- **Net Income**

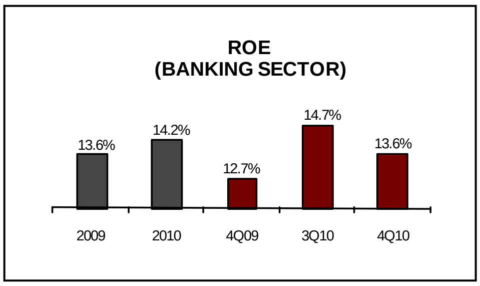
The accumulated net income of the Banking Sector (100%, including the AFORE by the participation method) was Ps 6.04 billion in 2010, 18% higher compared to 2009 due to an increase in non interest income and lower provisions. Net Income was Ps 1.49 billion in 4Q10, 18% higher YoY vs. 4Q09 due to an important recovery in net interest income and greater non interest income; the (5%) QoQ decline vs. 3Q10 was a result of more non interest expenses, a decline in non operating income and higher income taxes in the quarter.

- **Past Due Loan Ratio**

The PDL Ratio of the Banking Sector was 2.5%, which compares favorably with 2.6% in 4Q09 but is higher than the 2.2% registered in 3Q10. This percentage declines to 2.3% when excluding the past due loans of INB.

Financial Ratios Banking Sector	4Q09	3Q10	4Q10	Change QoQ	Change YoY	2009	2010	Change 2009
Profitability:								
NIM (1)	4.2%	4.0%	**4.3%**	0.2 pp	0.1 pp	4.2%	**4.1%**	(0.1 pp)
NIM after Provisions (2)	2.8%	2.6%	**2.9%**	0.3 pp	0.1 pp	2.7%	**2.8%**	0.2 pp
ROE (3)	12.7%	14.7%	**13.6%**	(1.1 pp)	0.9 pp	13.6%	**14.2%**	0.6 pp
ROA (4)	0.9%	1.1%	**1.0%**	(0.0 pp)	0.1 pp	0.9%	**1.0%**	0.1 pp
Operation:								
Efficiency Ratio (5)	56.8%	52.6%	**53.6%**	1.0 pp	(3.2 pp)	52.3%	**52.5%**	0.3 pp
Operating Efficiency Ratio (6)	3.1%	2.7%	**3.1%**	0.4 pp	0.1 pp	2.8%	**2.9%**	0.1 pp
Liquidity Ratio (7)	63.6%	90.2%	**82.2%**	(8.0 pp)	18.5 pp	63.6%	**82.2%**	18.5 pp
Asset Quality:								
Past Due Loan Ratio	2.6%	2.2%	**2.5%**	0.3 pp	(0.0 pp)	2.6%	**2.5%**	(0.0 pp)
Coverage Ratio	121.6%	134.7%	**122.0%**	(12.8 pp)	0.4 pp	121.6%	**122.0%**	0.4 pp
Past Due Loan Ratio w/o Banorte USA	2.3%	2.0%	**2.3%**	0.4 pp	0.1 pp	2.3%	**2.3%**	0.1 pp
Coverage Ratio w/o Banorte USA	138.7%	152.4%	**132.6%**	(19.8 pp)	(6.2 pp)	138.7%	**132.6%**	(6.2 pp)
Growth (8)								
Performing Loans (9)	(1.1%)	7.3%	**10.0%**	2.7 pp	11.1 pp	(1.1%)	**10.0%**	11.1 pp
Core Deposits	9.3%	7.9%	**7.3%**	(0.6 pp)	(2.0 pp)	9.3%	**7.3%**	(2.0 pp)
Total Deposits	5.4%	6.6%	**6.4%**	(0.2 pp)	1.0 pp	5.4%	**6.4%**	1.0 pp
Capitalization:								
Net Capital/ Credit Risk Assets	24.4%	23.7%	**23.7%**	0.0 pp	(0.7 pp)	24.4%	**23.7%**	(0.7 pp)
Total Capitalization Ratio	16.8%	16.6%	**16.1%**	(0.5 pp)	(0.7 pp)	16.8%	**16.1%**	(0.7 pp)

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



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

BANORTE USA

I. Banorte USA

INCOME STATEMENT & BALANCE SHEET *HIGHLIGHTS – Banorte USA* *Figures in MEX GAAP (Million Pesos)*	4Q09	3Q10	4Q10	QoQ	YoY	2009	2010	YoY
Income Statement								
Net Interest Income	199	167	**164**	(2%)	(18%)	825	**699**	(15%)
Non Interest Income*	56	47	**35**	(26%)	(39%)	155	**236**	52%
Total Income	256	213	**198**	(7%)	(23%)	981	**935**	(5%)
Non Interest Expense	205	180	**202**	13%	(1%)	755	**737**	(2%)
Loan Loss Reserves	91	37	**48**	28%	(47%)	378	**191**	(49%)
Operating Income	(40)	(4)	**(52)**	(1323%)	(30%)	(152)	**7**	105%
Non Operating Income (Expense)*	49	12	**14**	13%	(72%)	199	**44**	(78%)
Taxes and Profit Sharing	0	1	**(15)**	(1091%)	(100%)	14	**12**	(16%)
Net Income	9	7	**(24)**	(449%)	(365%)	34	**39**	16%

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

Under generally accepted accounting practices in Mexico (MEX GAAP), net income of Banorte USA (subsidiary that owns 100% of Inter National Bank, as well as 100% of the remittance companies Uniteller and Motran) was Ps 39 million in 2010, increasing 16% from the previous year mainly due to lower loan loss provisions of Inter National Bank, a reduction in non interest expenses, as well as growth in non interest income.

II. InterNational Bank (US GAAP)

INCOME STATEMENT & BALANCE SHEET *HIGHLIGHTS - InterNational Bank* *Figures in US GAAP (Millon Dollars)*	4Q09	3Q10	4Q10	QoQ	YoY	2009	2010	YoY
Income Statement								
Net Interest Income	16	13	**13**	1%	(15%)	60	**56**	(7%)
Non Interest Income	5	5	**1**	(87%)	(86%)	16	**14**	(11%)
Total Income	20	18	**14**	(22%)	(31%)	76	**70**	(8%)
Non Interest Expense	12	14	**17**	24%	47%	39	**55**	41%
Loan Loss Reserves	7	3	**(1)**	(134%)	(112%)	24	**19**	(21%)
Operating Income	2	2	**(2)**	(220%)	(240%)	13	**(4)**	(129%)
Net Income	1	1	**(1)**	(205%)	(225%)	9	**(2)**	(124%)
Balance Sheet								
Investments in Securities	504	599	**636**	6%	26%	504	**636**	26%
Performing Loans	1,042	915	**903**	(1%)	(13%)	1,042	**903**	(13%)
Past Due Loans	107	82	**87**	6%	(19%)	107	**87**	(19%)
Demand Deposits	687	646	**748**	16%	9%	687	**748**	9%
Time Deposits	1,028	1,056	**1,113**	5%	8%	1,028	**1,113**	8%
Total Deposits	1,715	1,702	**1,861**	9%	9%	1,715	**1,861**	9%
Equity	406	404	**397**	(2%)	(2%)	406	**397**	(2%)

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

Financial Ratios *INB Figures in US GAAP*	4Q09	3Q10	4Q10	QoQ	YoY	2009	2010	YoY
Profitability:								
NIM	3.6%	3.2%	**3.1%**	(0.1) pp	(0.5) pp	**3.6%**	3.2%	(0.4) pp
ROE	1.0%	1.2%	**(1.3%)**	(2.6) pp	(2.4) pp	**3.0%**	(0.5%)	(3.5) pp
ROA	0.2%	0.2%	**(0.2%)**	(0.5) pp	(0.4) pp	**0.4%**	(0.1%)	(0.5) pp
Operational:								
Efficiency Ratio	57.2%	75.9%	**121.4%**	45.5 pp	64.2 pp	**51.3%**	78.4%	27.2 pp
Asset Quality:								
Past Due Loan Ratio	9.3%	8.2%	**8.8%**	0.5 pp	(0.5) pp	**9.3%**	8.8%	(0.5) pp
Coverage Ratio	22.2%	35.1%	**30.7%**	(4.4) pp	8.6 pp	**22.2%**	30.7%	8.6 pp
Capitalization:								
Leverage Ratio	9.4%	9.4%	**9.0%**	(0.4) pp	(0.4) pp	**9.4%**	9.0%	(0.4) pp
Capitalization Ratio	17.4%	18.2%	**18.6%**	0.4 pp	1.2 pp	**17.4%**	18.6%	1.2 pp

Under generally accepted accounting practices in the United States, (US GAAP) Inter National Bank (INB) registered a loss of ($2.1) million US dollars in 2010, a (124%) YoY decline from the net income reported in 2009 mainly due to higher non interest expenses arising from costs related to foreclosed assets. As part of the process to clean up INB's balance sheet, Inter National Bank sold foreclosed assets with book value of US $62 million dollars to Sólida Administradora de Portafolios, S.A. de C.V in November 2010, a transaction that generated a pre-tax loss of US ($4.22) million dollars. The amount transferred to Solida represents 67% of INB's total foreclosed assets. As a result of the sale, INB's ratio of classified assets to basic capital reduced from 120% in 3Q10 to 90% in 4Q10, gradually approaching the 60% considered as acceptable by the regulator. The transferred assets will be managed by Solida USA, a vehicle created by Banorte in the United States to manage these types of assets.

Regarding INB's assets, the bank has a portfolio of investments concentrated mainly in mortgage-backed securities, which increased by 6% QoQ and 26% YoY. The underlying quality of the mortgages backing these securities is rated AAA, and at 4Q10 the portfolio has unrealized mark to market gains of $6 million US dollars. The expected average weighted maturity of the portfolio is 5.7 years.

Deposits increased by 9% QoQ and YoY; Performing loans declined by (13%) YoY, while Past due loans fell by (19%) YoY due to strategy adopted by the bank as a result of the need to reduce classified assets.

The capitalization and leverage ratios remained strong and are well above regulatory minimums. The Capitalization Ratio at closing of 2010 remains at 18.6% and the Leverage Ratio at 9.0%. The PDL Ratio declined (0.5) pp YoY to 8.8% and the Reserve Coverage increased 8.6 pp YoY to 30.7%.

ROE declined (2.6) percentage points QoQ vs. 3Q10 to (1.3%), ROA declined (0.5) pp QoQ to (0.2%) and the NIM also declined (0.1) pp QoQ to 3.1% in 4Q10.

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

RECOVERY BANKING

INCOME STATEMENT HIGHLIGHTS – Recovery Banking *(Million Pesos)*	2009	2010	YoY
Net Interest Income	**(197)**	**(201)**	(2%)
Loan Loss Provisions	**42**	**27**	(36%)
Non Interest Income	**1,594**	**1,882**	18%
Non Interest Expense (2)	**922**	**972**	5%
Non Operating Income (Expense), net	**449**	**305**	(32%)
Pre-tax Income & Subsidiaries	**882**	**987**	12%
Income Tax & Profit Sharing	**242**	**294**	22%
Net Income	**640**	**692**	8%

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

ASSETS UNDER MANAGEMENT *(Million Pesos)*	4Q10	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
Fobaproa-IPAB Portfolios:	-	Off balance trusts	Non Interest Income / Fees from IPAB
Loans purchased:	**28,331**	Sólida Asset Management and Banorte	Non Interest Income and Other Revenues and Expenses (Sólida / Banorte)
Investment Projects:	**5,013**	Sólida Asset Management	Non Interest Income
Banking Sector Portfolio:	**37,331**	Banorte's Portfolio and Repossessed assets	Net Interest Income and Other Revenues and Expenses
Total	**70,675**		

- At closing of 4Q10, of the total Ps 28.3 billion in portfolios acquired by the Recovery Bank, 40% correspond to mortgages, 39% to corporate and commercial, 13% to real estate portfolios and 8% to foreclosed assets. Revenues generated by these portfolios in 2010 reached Ps 478 million, (20%) less YoY, while net income reached Ps 13 million, (89%) less YoY. In 4Q10, the Recovery Bank acquired US $83.2 million dollars of INB's real estate portfolio.

- At closing of 4Q10, Solida had invested Ps 5.0 billion in projects, 18% more than in 4Q09. This amount is invested in 50 projects nationwide. Revenues generated by these projects during 2010 totaled Ps 712 million, a 14% YoY increase, while profits were Ps 310 million, a 20% YoY increase.

- Banorte's proprietary assets managed by the Recovery Bank amounted to Ps 37.3 billion at closing of 4Q10, of which 32% corresponds to credit cards, 24% to mortgages, 14% to business, corporate and commercial, 13% to Crediactivo, 9.0% to payroll and personal loans, 7% to car loans and 1% to Pronegocio. Revenues generated by this portfolio during 2010 totaled Ps 995 million, a 19% YoY increase, while profits were Ps 370 million, 42% higher YoY.

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

BROKERAGE

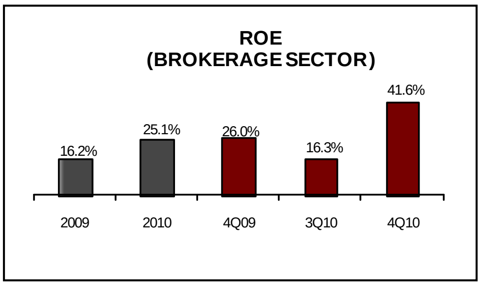
Brokerage *(Million Pesos)*	4Q09	3Q10	4Q10	QoQ	YoY	2009	2010	YoY
Brokerage								
Net Income	88	66	**184**	178%	108%	203	**403**	98%
Shareholder's Equity	1,396	1,653	**1,883**	14%	35%	1,396	**1,883**	35%
Assets Under Custody	135,621	160,559	**174,068**	8%	28%	135,621	**174,068**	28%
Total Assets	5,273	10,971	**10,169**	(7%)	93%	5,273	**10,169**	93%
ROE	26.0%	16.3%	**41.6%**	25.3 pp	15.6 pp	16.2%	**25.1%**	8.9 pp
Net Capital								
Net Capital	1,153	1,385	**1,589**	15%	38%	1,153	**1,589**	38%

- **Broker-Dealer**

Net Income
During 2010, the Broker Dealer reported profits of Ps 403 million, representing an increase of 98% YoY resulting from more revenues derived from management fees in mutual funds and from risk money market trading positions. In 4Q10, net income was Ps 184 million, increasing 108% YoY vs. 4Q09 and 178% vs. 3Q10, resulting from financial advisory revenues, and cancellation of provisions.

Mutual Funds
At closing of 4Q10, mutual funds' AUMs grew by 32% YoY, driven by efforts to improve the funds' returns and promotional efforts with the clientele. Assets managed by fixed income mutual funds totaled Ps 31 billion, a 32% YoY increase, growing at a greater pace than the system, while assets managed by equity funds were Ps 6.2 billion, a 32% YoY increase. At the end of September 2010, Banorte's market share in mutual funds was 3% the same level registered at the end of 2009.

Assets Under Custody
At closing of 4Q10, assets under custody totaled Ps 174 billion, a 28% YoY and 8% QoQ increase, mainly driven by more deposits from private banking clients, mutual funds, money and capital markets, as well as Banorte Securities.



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

LONG TERM SAVINGS

LONG TERM SAVINGS *(Million Pesos)*	4Q09	3Q10	4Q10	QoQ	YoY	2009	2010	YoY
Afore								
Net Income	108	147	**111**	(24%)	3%	288	**440**	53%
Equity	1,340	1,669	**1,780**	7%	33%	1,340	**1,780**	33%
Total Assets	1,557	1,960	**2,096**	7%	35%	1,557	**2,096**	35%
AUM (SIEFORE)*	72,287	85,023	**86,271**	1%	19%	72,287	**86,271**	19%
ROE	33.7%	37.0%	**25.8%**	(11.2 pp)	(7.9 pp)	24.4%	**28.4%**	4.0 pp
Insurance								
Net Income	118	120	**90**	(25%)	(24%)	438	**451**	3%
Equity	2,370	2,308	**2,436**	6%	3%	2,370	**2,436**	3%
Total Assets	12,257	13,694	**13,419**	(2%)	9%	12,257	**13,419**	9%
Technical Reserves	7,740	8,499	**8,319**	(2%)	7%	7,740	**8,319**	7%
Premiums sold	1,967	1,824	**1,672**	(8%)	(15%)	7,183	**7,095**	(1%)
ROE	20.4%	19.5%	**15.1%**	(4.4 pp)	(5.3 pp)	19.2%	**18.4%**	(0.8 pp)
Annuities								
Net Income	2	1	**10**	761%	508%	31	**12**	(62%)
Equity	1,016	1,018	**1,028**	1%	1%	1,016	**1,028**	1%
Total Assets	18,212	23,098	**25,478**	10%	40%	18,212	**25,478**	40%
Technical Reserves	16,938	21,844	**24,134**	10%	42%	16,938	**24,134**	42%
Premiums sold	1,184	1,893	**2,085**	10%	76%	3,199	**6,920**	116%
ROE	0.6%	0.5%	**3.9%**	3.4 pp	3.3 pp	3.1%	**1.2%**	(1.9 pp)

- **Afore**

During 2010, the AFORE reported net income of Ps 440 million (51% corresponds to Banorte), a 53% YoY increase, due to higher operating income and financial revenues and to an improvement in efficiency resulting in lower operating expenses and sales costs. A (24%) less compared to 3Q10 due to greater operating expenses and the negative impact in financial revenues of impairments in the SIEFORES during the quarter due to movements in the yield curve. At closing of 4Q10, the AFORE's AUMs grew by 19% YoY and 1.5% QoQ, reaching Ps 86.27 billion.

Banorte has a 6.2% market share in AUM's, ranking 7th in the market at closing of 2010.

At closing of 4Q10, the AFORE had a total of 3.92 million affiliates, with a 9.4% share of total affiliates in the system and certified accounts.

- **Insurance**

Reported profits were Ps 451 million in 2010 (51% corresponds to GFNorte), a 3% YoY increase, due to a containment in damage related costs and greater financial revenues. On a quarterly basis, net income declined by (25%) QoQ compared to 3Q10 due to increased operating expenses mainly resulting from higher damage related costs.

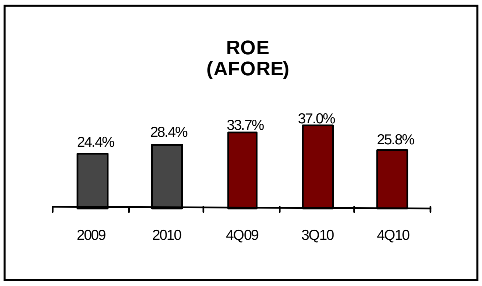
Issued premiums reduced slightly by (1%) YoY reaching Ps 7.01 billion, while accrued premiums totaled Ps 5.43 billion at the end of 4Q10, declining by (3%) YoY compared to 4Q09 due to increased competition.

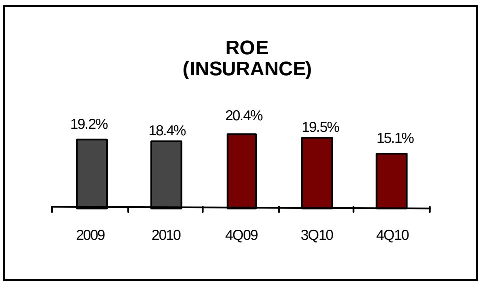
Technical reserves were Ps 8.32 billion, increasing by 7% YoY and declining (2%) QoQ.

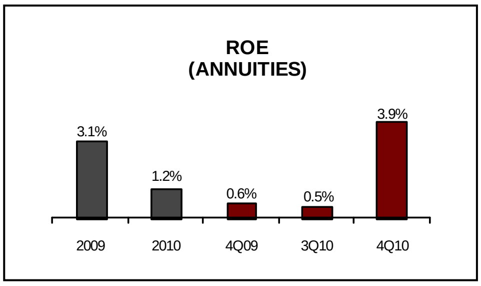
- **Annuities**

Reported net income of Ps 12 million in 2010 (51% corresponds to GFNorte), declining (62%) YoY due to an increase in expenses related to life annuities derived from 15% growth in the number of cases, as well as write-offs in some positions in the investment portfolio, increased technical reserves and a reduction in financial revenues generated by capital and reserves, all of which reduced revenues by Ps 69 million. When eliminating the one off impact of the write-offs in the securities portfolios, net income was Ps 61 million, similar to the level registered in 2009. On a quarterly basis, net income grew by 761% QoQ, due to improved net interest income.

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







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

OTHER FINANCE COMPANIES

OTHER FINANCE COMPANIES (1) *(Million Pesos)*	4Q09	3Q10	4Q10	QoQ	YoY	2009	2010	YoY
Leasing and Factoring								
Net Income	111	127	**111**	(13%)	-%	403	**443**	10%
Equity	1,486	1,819	**1,930**	6%	30%	1,486	**1,930**	30%
Loan Portfolio (1)	13,461	15,965	**15,884**	(1%)	18%	13,461	**15,884**	18%
Past Due Loans	103	125	**141**	13%	37%	103	**141**	37%
Loan Loss Reserves	177	248	**289**	17%	63%	177	**289**	63%
Total Assets	13,434	15,771	**15,679**	(1%)	17%	13,434	**15,679**	17%
ROE	31.1%	29.0%	**23.6%**	(5.4 pp)	(7.5 pp)	30.0%	**26.0%**	(4.0 pp)
Warehousing								
Net Income	3	24	**17**	(30%)	475%	22	**57**	152%
Equity	144	176	**206**	17%	43%	144	**206**	43%
Inventories	119	39	**49**	26%	(58%)	119	**49**	(58%)
Total Assets	211	214	**777**	262%	268%	211	**777**	268%
ROE	8.3%	57.5%	**35.7%**	(21.8 pp)	27.4 pp	16.7%	**33.7%**	17.0 pp

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

- **Leasing and Factoring**

Leasing and Factoring generated profits of Ps 443 million during 2010, increasing by 10% YoY due to an increase of 9% in the volume of leasing and of 22% in the volume of factoring. It improved its performance by an efficient factoring product, also maintained treasury dynamics improving funding costs. Profits in 4Q10 declined (13%) YoY mainly due to greater required portfolio reserves, which were unable to offset the gains from the sale of operating leases that reached maturity.

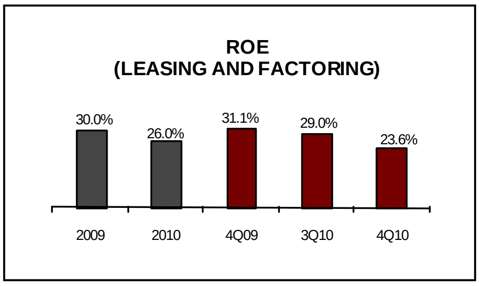
At closing of 4Q10, the PDL ratio closed at 0.9% which compares favorably with 3Q10, while the Capitalization Ratio was 12.7%, considering total risk weighted assets of Ps16.14 billion.

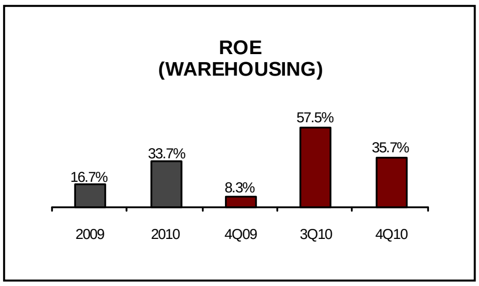
Arrendadora and Factor Banorte ranked 2nd place in terms of portfolio size among the 39 companies of this sector, according to the information available to date.

- **Warehousing**

The warehouse reported net income of Ps 57 million in 2010, 152% higher YoY due to increased revenues related to the commercialization of inventories, and increased enabiling operations as well as the beginning of logistics services, and Ps 17 million in 4Q10, (30%) QoQ decline due to the recognition of impairments in financial instruments.

At closing of 4Q10, the Capitalization Ratio was 8.5% considering Ps 2.43 billion in total certificates at risk. The Warehouse ranks 3rd among the 20 Warehousing Companies in terms of generated profits.





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

PRONEGOCIO

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

- **Pronegocio**

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

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

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

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

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

RATINGS

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

S&P has informed us that it intends to place three series of Banorte's structured securities on negative watch with a possibility of a downgrade. S&P further informed us that it is taking such action as a result of a change of its methodology for rating asset-backed securities in Mexico generally. The underlying securities involved in the securitizations are Mexican state obligations secured by Federal tax receipts or bonds issued by the government of Mexico. The aggregate principal amount of the structured securities expected to be placed on negative watch is approximately Ps. 7.39 billion. We anticipate that any downgrade of these securities by S&P would not have a material adverse effect on our financial position or results of operations.

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

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

INFRASTRUCTURE

INFRASTRUCTURE	4Q09	3Q10	4Q10
Employees	19,311	19,584	**19,747**
Banking (1)	15,343	15,741	**15,895**
Other	3,968	3,843	**3,852**
Branches (2)(3)	1,088	1,108	**1,134**
INB	20	20	20
Pronegocio	0	0	0
ATM's	4,478	4,846	**5,004**

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

- During the quarter 27 new branches were opened and 1 branch closed at the request of the lessee, ending the year with 1,134 branches.
- In 4Q10, 158 ATMs were enabled, increasing the network to 5,004 ATMs by the end of 2010, an annual growth of 12%. Also, 3,967 Point of Sale Terminals (POS's) were activated during the quarter, reaching a total of 58,336 POS's installed at closing of December, 23% more than one year ago.

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

ANNEXES

1. GROUP'S GENERAL INFORMATION

2. SUMMARY OF RESULTS AND FINANCIAL STATEMENTS

3. ACCOUNTING CHANGES AND REGULATIONS

4. LOAN PORTFOLIO SALES TO SOLIDA ADMINISTRADORA DE PORTAFOLIOS

5. NOTES TO THE GROUP'S FINANCIAL STATEMENTS

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

GFNORTE'S GENERAL INFORMATION

GFNorte Ownership of Subsidiaries	4Q10
Banco Mercantil del Norte (1)	**92.72%**
Brokerage House	**99.99%**
Retirement Funds – Afore (2)	**51.00%**
Insurance	**51.00%**
Annuities	**51.00%**
Leasing and Factoring	**99.99%**
Warehouse	**99.99%**
Banorte USA (2)	**100.00%**

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

Holding Company Capital Structure	
Number of Shares	**SERIES O As of december 31, 2010**
Number of Shares Outstanding	2,018,347,548
Shares held in the bank's Treasury	0

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

Strengthening of Banorte's Organizational Structure.

On December 16th, the creation of 18 Deputy Managing Directors was announced by GFNORTE, which were determined for the purpose of creating a more efficient organizational structure for supporting future growth, as well as facing new challenges for the Institution, seeking to generate short-term organizational synergies and strengthening areas of responsibility.

GFNORTE Deputy Managing Directors		
Sector	**Name**	**Title**
Bank	Carlos Javier Zambrano Elizondo	Deputy Managing Director of Retail Banking
	Héctor Abrego Pérez	Deputy Managing Director of Alternate Channels
	Andrés Emmanuel Aymes Ansoleaga	Deputy Managing Director of Entities Banking
Asset Recovery	Mario Alberto Barraza Barrón	Deputy Managing Director of Consumer Recoveries
Corporate Services	Javier Beltrán Cantú	Deputy Managing Director of Material Resources
Risk Management	Heleodoro Ruíz Santos	Deputy Managing Director of Risk Management
Legal	Héctor Martín Ávila Flores	Deputy Managing Director of Fiduciary
Marketing	José Federico García Cruz	Deputy Managing Director of Marketing
Government	Gerardo Zamora Nañez	Deputy Managing Director of Leasing, Factoring and Warehouse
	Alejandro Vázquez Salido	Deputy Managing Director of Federal Government
	Jorge de la Vega Grajales	Deputy Managing Director of Institutions and Public Associations
	David Alberto Salazar Vite	Deputy Managing Director of State and Municipal Governments
Planning and Finance	Nora Elia Cantú Suárez	Deputy Managing Director of Accounting and Fiscal
	Fausto José Hernández Pintado	Deputy Managing Director of Planning and Strategic Projects
Global Markets	Arturo Monroy Ballesteros	Deputy Managing Director of Investment Banking and Structured Financing
	Carlos Alberto Arciniega Navarro	Deputy Managing Director of Treasury
	Ursula Margarete Wilhelm Nieto	Deputy Managing Director of Planning and Private Banking
	David Ricardo Suárez Cortazar	Deputy Managing Director of Investor Relations

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

SUMMARY OF RESULTS

Mexico D.F. January 25th, 2011. Grupo Financiero Banorte (GFNORTE) announced today operating results as of December 31st, 2010 (4Q10). For the sixth consecutive quarter, GFNORTE posted profits, reaching Ps 1.76 billion, a 17% increase compared against 4Q09 and 3% QoQ increase. The bank contributed 76% of these profits, for a total of Ps 1.33 billion. The net profit for 2010 was Ps 6.71 billion, 17% higher than recurrent profits in 2009. Excluding the benefits of the recovery related to the Comercial Mexicana loan and the negative impact of fully reserving the Mexicana loan, net income was Ps. 7.0 billion during 2010, 23% higher compared to the recurrent profits recorded in 2009.

The return on equity (ROE) during 2010 was 15.5% and the return on assets (ROA) was 1.2%, larger than the 14.9% and 1.0% returns of 2009, respectively.

Net Interest Income and Deposits

Core deposits grew by 7% annually to Ps 239 billion in 4Q10, higher than the Ps 222 billion of 4Q09, driven by growth in demand deposits and retail time deposits. During 4Q10, net interest income grew by 8% compared against the same period of the previous year, totaling Ps 5.98 billion.

Loan Portfolio

At closing of 4Q10, performing loans grew by 10% YoY and 4% QoQ to Ps 263.10 billion. For a second consecutive quarter the loan portfolio shown continuous growth, business dynamics not seen since the crisis that struck in late 2008. This trend is a result of the bank's strategies to reactivate loan originations and take advantage of a more favorable economic environment.

Government loans increased by 22% YoY and 7% QoQ, reaching Ps 47.55 billion being the sector with the highest growth in terms of loan originations during the past 12 months. Commercial loans totaled Ps 87.83 billion, a 4% QoQ and YoY growth driven mainly by the SME sector. The corporate portfolio reached Ps 44.18 billion, increasing by 10% YoY and 2% QoQ due to reactivation of demand in this sector. Consumer loans grew by 11% compared with the same period of last year. Mortgages maintained a positive trend, finishing the quarter with a balance of Ps 55.72 billion, increasing 13% YoY and 4% QoQ, which consolidates Banorte as the number two mortgage bank in the country. Payroll loans totaled Ps 8.46 billion, an increase of 30% YoY and 6% QoQ. Credit card loans were at levels similar to 3Q10 with Ps 11.16 billion.

The bank's PDL ratio was 2.5% at the end of 4Q10 the same that we reported on 4Q09. Grupo Financiero Banorte closed 4Q10 with a PDL balance of Ps 6.66 billion. Without consider the fully reserving the Mexicana loan, the PDL ratio have been 2.0% at the end of the year.

The reserve coverage of the Group was 124% at closing of 4Q10, higher than the 122% registered during the same quarter of last year.

Efficiency Ratio

The Efficiency Ratio for 2010 was 52%, slightly lower than the level registered last year.

Capitalization

The Capitalization Ratio was 16.1% at closing of 4Q10, with a Tier 1 of 12.1%. This solid level will allow Banorte to take advantage of high quality growth opportunities.

Other Subsidiaries

Long Term Savings, which includes the AFORE, Insurance and Annuities, reported net income of Ps 444 million during 2010, 17% higher than during previous year. During 2010, Other Finance Companies which includes the Factoring & Leasing company and Warehouse registered profits of Ps 500 million, 18% higher than in 2009. The Broker Dealer (Brokerage House) posted profits during 2010 of Ps 403 million, a 98% increase from 2009.

Material Events of the Quarter

During 4Q10, Banorte continued its efforts to strengthen its fundamentals, and emerge a more solid institution that will take advantage of growth opportunities under a more favorable economic environment, despite growing competition. These efforts are reflected in the following events:

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- **Gruma has announced its intention to sell part or all of its stake in Grupo Financiero Banorte.**

On January 21st, Gruma, made public that intends to sell part or all of its common shares in GFNORTE through a global offering, which as of today represent 8.80% of GFNORTE's share capital.

- **Grupo Financiero Banorte and Ixe Grupo Financiero reach a merger agreement.**

On November 17th, following the material event published on October 19th stating that Grupo Financiero Banorte S.A.B de C.V. ("GFNORTE") (BMV: GFNORTEO) and IXE Grupo Financiero S.A.B. de C.V. ("IXE") (BMV: IXEGFO) had reached a binding agreement to pursue an integration mechanism, GFNORTE revealed that after having carried out the corresponding audits, both institutions had reached a binding merger agreement, subject to corporate approvals by corresponding authorities. It is estimated that the merger will be completed before the end of 1Q11. Duff & Phelps, issued an opinion stating that as of the date of the binding agreement, the merger consideration is fair to GFNorte shareholders.

- **Mexicana de Aviación had been 100% reserved**

GFNORTE reported that as of December 31st, 2010, the loan's outstanding balance of Ps 1.25 billion had been 100% reserved.

- **Banorte Movil - the Bank in your Mobile phone demonstrates leadership.**

"Banorte Mobile" received the "Best Solution in the Mobile category" award granted by the Mexican Internet Association and the Latin American Institute of Electronic Commerce, as well as the "E-Commerce Award Mexico 2010". These recognitions demonstrate Banorte's leadership in technology and innovation in mobile banking.

- **Nacional Financiera (Nafin) recognizes Banorte as Leader in the SME sector.**

Banorte was recognized as the institution receiving the highest number of awards from Nacional Financiera (Nafin) for support offered to small and medium sized Mexican companies (SME's) during 2010. This year, Banorte introduced the innovative "Solución Integral PyME " which offers, by signing a single contract- twelve products to support these companies.

- **Banorte and 7-Eleven Mexico initiate third party correspondent operations.**

On November 9th, Banorte and 7-Eleven formally began to offer financial services in seven states, enabling Banorte's clients and account holders to make deposits to their accounts, pay for various services and pay their Banorte credit cards at more than 1,170 7-Eleven stores.

- **Banorte builds a modern Call Center in Monterrey with an investment of Ps 616 million.**

On November 4th, 2010, the Governor of Nuevo Leon, Rodrigo Medina de la Cruz, and Don Roberto Gonzalez Barrera, President of the GFNorte Board of Directors, accompanied CEO Alejandro Valenzuela to set the first stone of what will be the "Banorte Call Center", an environmentally friendly, modern building through which the institution will generate approximately 2,000 jobs, primarily for Nuevo Leon students, with an investment of Ps 616 million.

The Mexican banking system operates in a low interest rates environment and increasing regulatory measures that significantly impact the banks' performance. Nonetheless, Mexico's economy is showing signs of recovery, offering significant opportunities in the financial system by having low banking penetration levels compared to other countries. Moreover, Banorte has grown with strength, and is committed to continue in the same path, keeping its solid capital base, always ensuring asset quality, while providing support and service to Mexican families and businesses as well as growing its presence as a Mexican financial institution.

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

HOLDING

Holding – INCOME STATEMENT *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	Accum. 2009	1Q10	2Q10	3Q10	4Q10	Accum. 2010
Income Subsidiaries & Other	1,613	1,315	1,429	1,452	5,809	1,589	1,664	1,736	**1,744**	**6,734**
Interest Income	1	2	2	2	7	2	2	2	2	**7**
Interest Expense	-	-	-	-	-	-	-	-	-	**-**
Fees & Tariffs	-	-	-	-	-	-	-	-	-	**-**
Trading Income	-	-	-	-	-	-	-	-	-	**-**
Monetary Position REPOMO	-	-	-	-	-	-	-	-	-	**-**
Total Operating Income	1,614	1,317	1,431	1,454	5,815	1,591	1,666	1,738	**1,746**	**6,741**
Admin & Promotion Expense	1	3	2	4	11	3	4	3	3	**14**
Operating Income	1,612	1,314	1,429	1,450	5,805	1,588	1,662	1,735	**1,742**	**6,727**
Non Operating Income	2	-	-	-	-	-	-	-	**-**	**-**
Non Operating Expense	-	-	-	-	-	-	-	-	**-**	**-**
Non Operating Income, net	2	-	-	-	2	-	-	-	**-**	**-**
Pre-tax Income	1,614	1,314	1,429	1,450	5,806	1,588	1,662	1,735	**1,742**	**6,727**
Income Tax & Profit Sharing	1	(1)	-	-	-	-	-	-	**-**	**-**
Tax on Assets	-	-	-	-	-	-	-	-	**-**	**-**
Deferred Income Tax & PS	2	3	-	(1)	4	-	-	-	**-**	**-**
	3	2	-	(1)	4	-	-	-	**-**	**-**
Profit from Cont Ops	1,611	1,312	1,428	1,450	5,802	1,588	1,663	1,734	**1,743**	**6,727**
Extraordinary Items, net	-	-	-	-	-	-	-	-	**-**	**-**
Total Net Income	1,611	1,312	1,428	1,450	5,802	1,588	1,663	1,734	**1,743**	**6,727**

Holding – BALANCE SHEET *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
ASSETS								
Cash & Due from Banks	63	150	254	127	145	147	346	**149**
Margin Accounts	-	-	-	-	-	-	-	**-**
Investment in Securities	-	-	-	-	-	-	-	**-**
Sundry Debtors & Other Accts Receivable, net	2	3	104	9	8	7	6	**6**
Real Estate, Furniture & Equipment, net	-	-	-	-	-	-	-	**-**
Investments in Subsidiaries	39,186	39,455	40,655	42,156	42,806	43,521	44,328	**46,866**
Deferred Taxes	3	1	1	1	1	2	1	**2**
Goodwill	34	31	31	30	33	31	29	**28**
Other Assets, Deferred Charges & Intangibles	-	-	-	-	-	-	-	**-**
TOTAL ASSETS	**39,288**	**39,640**	**41,044**	**42,323**	**42,993**	**43,708**	**44,710**	**47,051**
LIABILITIES								
Due to Banks & Correspondents	-	-	-	-	-	-	-	**-**
Income Tax & Profit Sharing	-	-	-	-	-	-	-	**-**
Other Accounts Payable	1	1	1	5	1	8	1	**-**
Deferred Taxes	-	-	-	-	-	-	-	**-**
TOTAL LIABILITIES	**1**	**1**	**1**	**5**	**1**	**8**	**1**	**-**
STOCKHOLDER´S EQUITY								
Paid-in Capital	12,007	12,020	12,020	12,018	12,020	12,019	12,019	**12,020**
Premium of Share Subscription & Issuance	1,859	1,853	1,852	2,246	2,246	2,246	2,246	**2,247**
Subordinated Convertible Debt	-	-	-	-	-	-	-	**-**
Subscribed Capital	**13,866**	**13,873**	**13,871**	**14,263**	**14,266**	**14,266**	**14,266**	**14,266**
Capital Reserves	2,748	3,173	3,175	3,154	3,178	3,172	3,174	**3,181**
Retained Earnings	23,965	23,459	21,228	20,681	26,153	25,817	25,811	**25,457**
Surplus (Deficit) from Valuation of Securities	(1,315)	(867)	452	428	521	532	406	**633**
Mark To Market of Securities	-	(1,342)	(1,547)	(1,369)	(1,766)	(2,628)	(3,097)	**(2,215)**
Results from Conversions of Foreign Ops	1,244	(1,580)	(488)	(641)	(946)	(710)	(835)	**(1,000)**
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-	**-**
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-	**-**
Results of Non Monetary Investment Assets	(2,833)	-	-	-	-	-	-	**-**
Adjustments in the Employees' Liabilities	-	-	-	-	-	-	-	**-**
Net Income	1,611	2,923	4,352	5,802	1,588	3,250	4,984	**6,727**
Earned Capital	**25,421**	**25,767**	**27,172**	**28,055**	**28,727**	**29,434**	**30,443**	**32,784**
Total Stockholder´s Equity	**39,287**	**39,640**	**41,043**	**42,318**	**42,993**	**43,699**	**44,709**	**47,051**
TOTAL LIABILITIES & EQUITY	**39,288**	**39,640**	**41,044**	**42,323**	**42,993**	**43,708**	**44,710**	**47,051**

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

GRUPO FINANCIERO BANORTE

Income Statement -GFNorte (Million Pesos)	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	2009	2010
Interest Income	13,141	11,358	10,269	10,105	9,919	10,173	10,350	10,418	44,873	40,861
Interest Expense	7,094	5,656	4,803	4,681	4,492	4,746	4,787	4,578	22,235	18,603
Loan Origination Fees	153	139	137	149	163	140	137	179	578	619
Fees Paid	-	4	11	19	28	34	39	43	33	144
Net Interest Income (NII)	**6,199**	**5,838**	**5,592**	**5,554**	**5,562**	**5,533**	**5,661**	**5,976**	**23,183**	**22,732**
Preventive Provisions for Loan Losses	2,162	2,188	2,154	1,782	1,772	1,337	1,905	1,876	8,286	6,889
Loan Losses Sharing Provisions Fobaproa	-	-	-	-	-	-	-	-	-	-
Net Interest Income Adjusted for Credit Risk	**4,037**	**3,650**	**3,438**	**3,772**	**3,790**	**4,196**	**3,756**	**4,100**	**14,897**	**15,843**
Fund Transfers	60	61	63	64	57	63	57	61	248	239
Account Management Fees	230	237	233	246	224	236	237	248	946	945
Fiduciary	51	68	62	74	65	73	68	81	254	288
Income from Real Estate Portfolios	137	164	229	287	195	224	260	227	818	906
Electronic Banking Services	250	256	253	271	263	238	201	203	1,030	906
Credit Card Fees	590	520	571	629	616	617	659	709	2,310	2,601
Fees from IPAB	0	0	0	0	0	0	0	-	1	0
Other Fees	597	611	640	836	771	759	882	937	2,683	3,350
Fees Charged on Services	**1,915**	**1,917**	**2,052**	**2,408**	**2,192**	**2,210**	**2,366**	**2,467**	**8,291**	**9,234**
Fund transfers	6	5	5	5	7	6	6	7	21	26
Other Fees	324	301	338	354	375	355	383	409	1,317	1,522
Expenses from Real Estate Portfolios	-	-	-	-	-	-	-	-	-	-
Fees Paid on Services	**330**	**306**	**343**	**359**	**382**	**361**	**389**	**416**	**1,339**	**1,548**
Foreign Exchange	360	162	199	155	189	193	175	146	875	703
Securities-Realized Gains	17	92	179	234	265	188	45	30	522	527
Securities-Unrealized Gains	(131)	(86)	32	32	131	199	111	18	(153)	458
Trading Income	**246**	**167**	**411**	**421**	**585**	**580**	**331**	**193**	**1,244**	**1,689**
Other Operating Income (Expenses)	235	154	340	250	286	277	246	930	980	1,739
Non Interest Income	**2,065**	**1,932**	**2,460**	**2,719**	**2,681**	**2,706**	**2,554**	**3,174**	**9,177**	**11,114**
Total Operating Income	**6,102**	**5,582**	**5,898**	**6,491**	**6,471**	**6,902**	**6,310**	**7,274**	**24,074**	**26,957**
Personnel	1,699	1,544	1,704	1,817	1,742	1,759	1,713	1,952	6,763	7,166
Professional Fees	334	340	307	483	308	345	297	459	1,465	1,408
Administrative and Promotional Expenses	1,163	1,098	1,101	1,090	960	1,116	1,092	1,232	4,452	4,400
Rents, Depreciation & Amortization	452	435	404	436	494	493	522	440	1,727	1,949
Taxes other than income tax	209	172	149	335	212	192	203	241	865	847
Contributions to IPAB	267	265	271	270	263	269	271	281	1,073	1,084
Employee Profit Sharing (PTU)	199	169	136	174	211	217	198	210	679	837
Non Interest Expense	**4,324**	**4,023**	**4,073**	**4,604**	**4,189**	**4,391**	**4,296**	**4,815**	**17,024**	**17,691**
Operating Income	**1,778**	**1,559**	**1,825**	**1,887**	**2,281**	**2,511**	**2,014**	**2,459**	**7,050**	**9,266**
Other Revenues	468	581	289	575	125	208	406	901	1,914	1,639
Changes in Foreign Exchange Valuation	-	-	-	-	-	-	-	-	-	-
Recoveries	181	108	152	83	71	54	106	10	525	240
Repomo-Other Revenues	-	-	-	-	-	-	-	-	-	-
Non Operating Income	**649**	**690**	**442**	**658**	**196**	**261**	**511**	**911**	**2,438**	**1,880**
Other Expenses	(235)	(521)	(304)	(506)	(178)	(240)	(116)	(764)	(1,566)	(1,298)
Foreign Exchange	-	-	-	-	-	-	-	-	-	-
Repomo-Other Expenses	-	-	-	-	-	-	-	-	-	-
Non Operating Expense	**(235)**	**(521)**	**(304)**	**(506)**	**(178)**	**(240)**	**(116)**	**(764)**	**(1,566)**	**(1,298)**
Non Operating Income (Expense), net	**413**	**168**	**138**	**152**	**18**	**21**	**395**	**147**	**872**	**581**
Pre-Tax Income	**2,192**	**1,728**	**1,964**	**2,039**	**2,299**	**2,532**	**2,410**	**2,606**	**7,922**	**9,847**
Income Tax	258	413	765	1,146	578	888	590	679	2,581	2,735
Profit Sharing	-	-	-	-	-	-	-	-	-	-
Tax on Assets	-	-	-	-	-	-	-	-	-	-
Deferred Income Tax	317	17	(220)	(650)	80	(89)	39	41	(536)	70
Taxes	**574**	**429**	**545**	**496**	**659**	**798**	**628**	**720**	**2,045**	**2,805**
Net Income before Subsidiaries	**1,617**	**1,298**	**1,418**	**1,543**	**1,640**	**1,734**	**1,781**	**1,886**	**5,877**	**7,042**
Subsidiaries' Net Income	89	45	85	94	95	74	115	37	312	320
Net Income from Continuous Operations	**1,706**	**1,343**	**1,503**	**1,637**	**1,735**	**1,808**	**1,896**	**1,923**	**6,190**	**7,362**
Extraordinary Items, net	-	-	-	-	-	-	-	-	-	-
Minority Interest	95	31	75	135	155	151	185	165	336	657
Net Income	**1,611**	**1,312**	**1,428**	**1,502**	**1,580**	**1,656**	**1,711**	**1,758**	**5,854**	**6,705**

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

GFNorte - Balance Sheet *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
ASSETS								
Cash and Due from Banks	**56,303**	**56,918**	**55,439**	**59,268**	**58,325**	**59,003**	**67,143**	**62,497**
Margin Accounts	**14**	**17**	**20**	**18**	**46**	**90**	**171**	**177**
Negotiable Instruments	5,172	25,672	18,439	24,460	44,335	81,412	57,653	66,181
Securities Available for Sale	11,870	11,566	13,268	11,701	12,836	12,376	11,950	12,288
Securities Held to Maturity	217,922	210,702	201,066	190,332	173,072	156,368	149,165	139,913
Investment in Securities	**234,965**	**247,939**	**232,774**	**226,493**	**230,243**	**250,155**	**218,768**	**218,382**
Non-assigned Securities for Settlement	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Debtor Balance in Repo Trans,net	**1,620**	**16**	**6**	**4**	**3**	**2**	**5**	**583**
Securities Lending	**-**	**-**	**-**	**-**	**-**	**-**	**0**	**-**
For trading purposes	6,406	5,525	5,381	4,824	4,963	7,695	10,502	7,463
For hedging purposes	2,529	1,142	1,313	1,056	762	775	694	596
Transactions with Derivatives	**8,936**	**6,667**	**6,694**	**5,880**	**5,725**	**8,470**	**11,196**	**8,060**
Operations w/ Derivatives & Securities	**10,556**	**6,684**	**6,700**	**5,884**	**5,728**	**8,471**	**11,201**	**8,643**
Commercial Loans	122,563	120,616	118,508	117,237	113,274	116,765	123,238	126,483
Financial Intermediaries´ Loans	10,229	8,462	8,214	7,131	6,091	4,850	5,075	5,521
Consumer Loans	27,775	26,651	26,177	25,712	25,759	26,267	27,189	27,828
Mortgage Loans	47,023	47,691	48,792	49,881	51,082	52,843	54,336	56,168
Government Entities´ Loans	28,592	31,921	33,738	38,993	41,003	41,222	44,443	47,550
IPAB Loans	-	-	-	-	-	-	-	-
Performing Loans	**236,181**	**235,342**	**235,429**	**238,953**	**237,210**	**241,948**	**254,280**	**263,549**
Commercial PDL´s	2,181	2,796	2,914	3,163	3,703	3,185	3,133	4,417
Financial Intermediaries' PDL´s	3	-	-	-	-	-	-	-
Consumer PDL´s	2,541	2,584	2,195	1,942	1,565	1,551	1,418	1,276
Mortgage PDL´s	825	919	994	1,049	860	894	1,058	971
Government Entities PDL´s	-	-	-	-	-	-	-	-
Past Due Loans	**5,550**	**6,299**	**6,103**	**6,154**	**6,128**	**5,630**	**5,609**	**6,664**
Gross Loan Portfolio	**241,731**	**241,641**	**241,532**	**245,107**	**243,337**	**247,578**	**259,889**	**270,214**
Preventive Loan Loss Reserves	6,051	6,426	7,547	7,535	7,498	7,012	7,637	8,245
Net Loan Portfolio	**235,680**	**235,216**	**233,985**	**237,572**	**235,840**	**240,566**	**252,252**	**261,969**
Acquired Collection Rights	2,923	2,804	2,705	2,548	2,426	2,311	2,183	2,025
Total Credit Portfolio	**238,603**	**238,020**	**236,690**	**240,120**	**238,266**	**242,877**	**254,435**	**263,994**
Benef.receivab.securization transactions	699	557	465	433	406	411	405	950
Sundry Debtors & Other Accs Rec, Net	13,769	10,770	15,719	11,324	12,288	15,527	12,859	10,864
Inventories	479	312	427	119	111	35	39	49
Foreclosed Assets, Net	841	800	870	928	911	1,413	1,584	809
Real Estate, Furniture & Equipment, Net	8,459	8,419	8,535	8,623	8,678	8,873	8,894	9,316
Investment in Subsidiaries	2,668	2,896	2,940	3,036	3,222	3,283	3,163	3,130
Deferred Taxes, Net	147	141	759	1,411	1,287	1,377	1,345	1,339
Goodwill and Intangibles	5,799	4,330	4,638	4,214	4,418	4,476	4,414	4,503
Other Assets Short and Long-Term	4,499	4,119	4,371	5,270	5,081	5,150	5,362	5,905
Other Assets	-	-	-	-	-	-	-	-
	37,361	32,345	38,724	35,356	36,403	40,545	38,065	36,865
TOTAL ASSETS	**577,802**	**581,922**	**570,347**	**567,138**	**569,012**	**601,140**	**589,783**	**590,558**

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

GFNorte - Balance Sheet *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
LIABILITIES								
Demand Deposits	120,255	123,755	122,312	137,581	125,917	133,849	133,824	149,816
Time Deposits	134,964	141,608	147,447	137,327	145,358	144,653	149,875	139,020
Senior Unsecured Debt	-	-	-	-	-	-	3,813	3,778
Deposits	**255,219**	**265,363**	**269,759**	**274,908**	**271,275**	**278,502**	**287,512**	**292,615**
Immediate Redemption Loans	4,180	501	2,711	21	1	2,516	2,949	4,837
Short Term Loans	25,322	25,057	19,266	13,385	13,037	10,795	12,347	13,114
Long Term Loans	10,723	9,727	9,648	7,562	7,524	7,408	7,347	8,496
Due to Banks & Correspondents	**40,225**	**35,285**	**31,626**	**20,968**	**20,562**	**20,719**	**22,644**	**26,447**
Non-assigned Securities for Settlement	**420**	**540**	**-**	**159**	**268**	**3,781**	**1,262**	**-**
Creditor Balance in Repo Trans, Net	**191,479**	**200,933**	**185,203**	**185,480**	**191,073**	**202,328**	**177,601**	**178,747**
Secs to be received in Repo Trans, Net	**-**	**-**	**-**	**-**	**-**	**-**	**0**	**-**
Repo Transactions with Collateral	**304**	**0**	**1**	**2**	**0**	**0**	**27**	**11**
For trading purposes	6,300	5,219	5,079	4,553	4,773	7,552	10,235	7,238
For hedging purposes	5,345	3,976	4,446	3,822	3,423	4,738	4,779	3,499
Transactions with Derivatives	**11,646**	**9,195**	**9,524**	**8,376**	**8,196**	**12,291**	**15,014**	**10,737**
Operations w/ Derivatives & Securities	**203,849**	**210,668**	**194,727**	**194,017**	**199,537**	**218,400**	**193,904**	**189,495**
Income Tax Payable	211	170	496	617	443	828	694	711
Profit Sharing Payable	285	371	505	675	249	436	621	797
Creditors for settlement of transactions	6,832	1,709	2,264	2,224	2,523	6,146	7,235	867
Other Creditors & Accounts Payable	10,894	8,516	9,108	8,968	9,329	9,930	9,686	9,871
Other Payable Accounts	**18,222**	**10,767**	**12,373**	**12,485**	**12,544**	**17,340**	**18,237**	**12,246**
Subordinated Non Convertible Debt	18,053	17,783	18,505	18,168	17,838	18,039	18,005	17,803
Deferred Taxes	-	-	-	-	-	-	-	-
Deferred Credits	1,336	1,464	1,568	1,619	1,600	1,662	1,699	1,725
TOTAL LIABILITIES	**536,903**	**541,330**	**528,559**	**522,164**	**523,356**	**554,662**	**542,001**	**540,331**
EQUITY								
Paid-in Capital	11,932	11,945	11,945	11,956	11,961	11,959	11,965	11,971
Share Subscription Premiums	1,530	1,247	966	1,526	1,545	1,534	1,596	1,673
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	**13,462**	**13,192**	**12,911**	**13,481**	**13,506**	**13,493**	**13,561**	**13,644**
Capital Reserves	2,748	3,173	3,175	3,154	3,178	3,172	3,174	3,181
Retained Earnings	23,965	23,459	21,228	20,681	26,188	25,852	25,846	25,492
Surplus (Deficit) of Secs Available for Sale	(1,315)	(867)	452	206	233	304	298	309
Results from Valuation of Hedging Secs	-	(1,342)	(1,547)	(1,369)	(1,766)	(2,628)	(3,097)	(2,215)
Results from Conversions	1,244	(1,580)	(488)	(641)	(946)	(710)	(835)	(1,000)
Surplus (Deficit) in Capital Restatement	(0)	(0)	0	-	0	(0)	-	-
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-	-
Results of Non Monetary - Investment	(2,833)	-	-	-	-	-	-	-
Adjustments in the Employes´ Pensions	-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Liabilities	-	-	-	-	-	-	-	-
Net Income	1,611	2,923	4,352	5,854	1,580	3,236	4,947	6,705
Earned Capital	**25,421**	**25,767**	**27,172**	**27,885**	**28,466**	**29,226**	**30,333**	**32,473**
Minority Interest	2,016	1,633	1,706	3,608	3,683	3,759	3,889	4,110
Total Equity	**40,899**	**40,592**	**41,789**	**44,974**	**45,655**	**46,479**	**47,783**	**50,227**
TOTAL LIABILITIES & EQUITY	**577,802**	**581,922**	**570,347**	**567,138**	**569,012**	**601,140**	**589,783**	**590,558**

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

***GFNORTE* – MEMORANDUM ACCOUNTS** *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
On behalf of Third Parties								
Customer's Banks	30	7	4	4	12	39	30	**9**
Dividends Receivable from Customers	-	-	-	-	-	-	-	**-**
Interest Receivable from Customers	-	-	-	-	-	-	-	**-**
Settlement of Customer Transactions	246	118	(196)	(80)	18	(376)	(9)	**1**
Customer Premiums	-	-	-	-	-	-	-	-
Settlement with Clients' Foreign Currency	-	-	-	-	-	-	-	-
Margin Accounts in Futures' Operations	-	-	-	-	-	-	-	-
Other Current Accounts	-	-	-	-	-	-	-	-
Customers' Current Account	**276**	**125**	**(192)**	**(75)**	**30**	**(337)**	**21**	**10**
Client Securities Received in Custody	97,315	113,978	130,648	134,480	150,022	147,609	159,547	**172,922**
Securities and Documents Received in Guarantee	-	-	-	-	-	-	-	**-**
Client Securities Abroad	-	-	-	-	-	-	-	**-**
Clients' Securities	**97,315**	**113,978**	**130,648**	**134,480**	**150,022**	**147,609**	**159,547**	**172,922**
Clients' Repurchase Operations	30,925	27,617	32,058	35,680	30,034	41,531	35,774	**28,647**
Clients' Repo Transactions w/ Securities	-	-	-	-	-	-	46	**-**
Purchase of Futures & Forward Contracts, notional	-	-	-	-	-	-	-	-
Sale of Futures and Forward Contracts, notional	-	-	-	-	-	-	-	-
Clients' Option Purchase Operations	281	-	-	-	-	-	-	**-**
Clients' Option Sales Operations	-	-	-	-	-	-	-	**-**
Purchase of Derivatives' Packages	-	-	-	-	-	-	-	**-**
Sale of Derivatives' Packages	-	-	-	-	-	-	-	**-**
Trusts And under Administration	2,244	3,422	3,702	4,641	4,099	4,087	4,761	**4,348**
Transactions On Behalf of Clients	**33,450**	**31,039**	**35,760**	**40,321**	**34,133**	**45,618**	**40,582**	**32,996**
TOTAL ON BEHALF OF THIRD PARTIES	**131,042**	**145,142**	**166,215**	**174,726**	**184,185**	**192,890**	**200,149**	**205,928**
Loan Obligations	3,129	2,503	2,135	2,271	2,421	3,899	4,521	**3,155**
Trusts	88,471	98,397	104,565	110,795	113,540	108,022	116,516	**122,628**
Mandates	2,161	1,924	2,107	2,147	2,097	2,185	2,188	**2,096**
Properties in Trusts and Warrant	90,632	100,321	106,673	112,942	115,637	110,208	118,705	**124,723**
Properties in Custody or Administration	150,235	161,005	169,018	158,547	210,338	212,782	233,666	**230,140**
Collateral Received	31,156	24,990	31,716	33,464	34,792	69,187	76,017	**62,224**
Collateral Received or sold	-	26,794	42,144	43,165	36,082	45,596	51,787	**36,195**
Drafts in Transit	-	-	-	-	-	-	-	**-**
Certificates of Deposits in Circulation	2,825	2,013	1,538	1,632	1,632	1,491	1,184	**2,429**
Letters of Credit to the Corporation as Guarantee	-	-	-	-	-	-	-	**-**
Securities to the Corporation for Custody	900	-	-	-	-	-	-	**-**
Government Secs of the Corp under Custody	100	-	-	-	-	-	-	**-**
Securities of the Corp given as Guarantee	-	-	-	-	-	-	-	-
Securities of the Corp Abroad	-	-	-	-	-	-	-	-
Settlement with FX of the Corp Abroad	-	-	-	-	-	-	-	-
Debts with the Contingency Fund	-	-	-	-	-	-	-	-
Contingent Assets & Liabilities	264	267	266	273	272	264	258	**256**
Investment bank Trans on Behalf of Third Parties	91,943	87,165	84,921	74,646	72,539	76,771	71,427	**78,069**
Uncollected Accrued Interest from Past Due Loans	181	220	203	198	161	152	146	**136**
Investments of Retirement Savings Funds	-	-	-	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-	-	-
Amounts Contracted in Derivatives	-	-	-	-	-	-	-	-
Other Registration Accounts	-	-	-	-	-	-	-	-
Proprietary Transactions	**371,364**	**405,279**	**438,613**	**427,139**	**473,874**	**520,350**	**557,711**	**537,327**
Repo Securities to be Received	31,324	-	-	-	-	-	-	**-**
(Minus) Repurchase Creditors	(31,414)	-	-	-	-	-	-	**-**
Repurchase Transactions	**(90)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Repurchase Debtors	27,757	-	-	-	-	-	-	**-**
(Minus) Repo Securities to be Delivered	(27,663)	-	-	-	-	-	-	**-**
Repurchase Transactions	**93**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL PROPRIETARY	**371,367**	**405,279**	**438,613**	**427,139**	**473,874**	**520,350**	**557,711**	**537,327**

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

GFNORTE - CONSOLIDATED STATEMENT OF CASH FLOW JANUARY 1, 2010 –DECEMBER 31, 2010 *(Million Pesos)*	
Cash Flow from Operating Activities	
Net Income	**6,705**
Items charged to results that do not generate or require use of resources	
Provisions for loan losses	6,889
Estimate for non recovery or difficult collection	164
Depreciation and amortization	1,181
Provisions for obligations	430
Effective and deferred taxes on profits	2,805
Minority Interest	337
	11,806
	18,511
Change in items related to operations:	
Change in Margin Accounts	(159)
Change in Invesment in Securities	7,626
Change in repo debtors	(579)
Change in derivatives (assets)	(2,639)
Changein Loan Portfolio	(32,062)
Change in purchased receivables	523
Change in benefits to receive from securitizations	(518)
Change in foreclosed assets	94
Change in other operating assets	(1,461)
Change in core deposits	18,975
Change in interbank loans and other entities	5,483
Change in repo creditors	(6,892)
Change in collateral pledged sold	9
Change in derivatives (liability)	2,684
Change in subordinated debt with characteristics of liabilities	(350)
Change in other operating liabilities	(3,274)
Change in hedging instruments (the related hedged transaction activities)	136
Net cash generated or used from operations	**6,107**
Investment Activities:	
Charges for disposal of property, furniture and equipment	304
Payments for acquisition of property, furniture and equipment	(2,215)
Subsidiaries and associated acquisitions charges	69
Subsidiaries and associated acquisitions payment	(171)
Charges for other permanent investments	1
Charges for cash dividends	227
Net cash generated or used from investment activities	**(1,785)**
Financing Activities :	
Payments of cash dividends	(1,029)
Payments associated with the repurchase of proprietary shares	69
	(960)
Net Cash Increase (decrease)	**3,362**
Cash flow adjustments given exchange rate or inflation variations	**(133)**
Cash and cash equivalents at beginning of period	**59,268**
Cash and cash equivalents at end of period	**62,497**

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

GFNORTE – CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY JANUARY 1, 2010 – DECEMBER 31, 2010.

(Million Pesos)

	CONTRIBUTED CAPITAL	
	Fixed Paid-in Capital	Premium from sale of securities
Balance as of December 31, 2009	**11,956**	**1,525**
Changes stemming from stockholders' decisions		
Stock repurchases	15	146
Capitalization of profits	-	-
Dividends declared by the General Assembly of Shareholders on:		
- February 15, 2010	-	-
- April 23, 2010	-	-
- October 4, 2010	-	-
Total	**15**	**146**
Changes stemming from profits		
Total profits:		
Net Income	-	-
Result from valuation of securities available for sale	-	-
Effect of subsidiaries	-	2
Result from valuation of instruments of cash flow hedges	-	-
Total	**-**	**2**
Balance as of December 31, 2010	**11,971**	**1,673**

	EARNED CAPITAL							
	Capital Reser-ves	Retained earnings	Valuation Effects of Securities Availabl e for	Results from val of instrum Cash flow hedges	Results from Conversions	Net Income	Minority Interest	Total Stockholders´ Equity
Balance as of December 31, 2009	**3,154**	**20,681**	**206**	**(1,369)**	**(641)**	**5,854**	**3,608**	**44,974**
Changes stemming from stockholder's decisions								
Stock repurchases	27	(17)	(102)	-	-	-	-	69
Application of profits	-	5,854	-	-	-	(5,854)	-	-
Dividends declared by the General Assembly of Shareholders on :								
- February 15, 2010	-	(343)	-	-	-	-	-	(343)
- April 23, 2010	-	(343)	-	-	-	-	-	(343)
- October 4, 2010	-	(343)	-	-	-	-	-	(343)
Total	**27**	**4,808**	**(102)**	**-**	**-**	**(5,854)**	**-**	**(960)**
Changes stemming from profits								
Total profits:								
Net Income	-	-	-	-	-	6,705	-	**6,705**
Result from valuation of securities available for sale	-	-	205	-	-	-	-	**205**
Effect of subsidiaries	-	3	-	-	(359)	-	-	**(354)**
Result from valuation of instruments of cash flow hedges	-	-	-	(845)	-	-	-	**(845)**
Total	**-**	**3**	**205**	**(845)**	**(359)**	**6,705**	**-**	**5,711**
Recognition of minority interest	-	-	-	-	-	-	502	**502**
Balance as of December 31, 2010	**3,181**	**25,492**	**309**	**(2,214)**	**(1,000)**	**6,705**	**4,110**	**50,227**

BANKING SECTOR

Income Statement-Banking Sector *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	2009	2010
Interest Income	12,688	10,899	9,920	9,779	9,563	9,721	9,864	9,892	43,286	39,040
Interest Expense	6,873	5,455	4,669	4,521	4,350	4,546	4,572	4,346	21,517	17,815
Loan Origination Fees	149	137	136	149	163	140	137	179	571	619
Fees Paid	-	4	11	19	28	34	39	43	33	144
Net Interest Income (NII)	**5,965**	**5,578**	**5,376**	**5,388**	**5,348**	**5,281**	**5,390**	**5,682**	**22,307**	**21,700**
Preventive Provisions for Loan Losses	2,144	2,151	2,113	1,757	1,746	1,300	1,892	1,834	8,164	6,772
Loan Losses Sharing Provisions Fobaproa	-	-	-	-	-	-	-	-	-	-
Net Interest Income Adjusted for Credit Risk	**3,822**	**3,427**	**3,263**	**3,632**	**3,602**	**3,980**	**3,498**	**3,848**	**14,143**	**14,928**
Fund Transfers	60	61	63	64	57	63	57	61	248	239
Account Management Fees	230	237	233	246	224	236	237	248	946	945
Fiduciary	51	68	62	74	65	73	68	81	254	288
Income from Real Estate Portfolios	137	164	229	287	195	224	260	227	818	906
Electronic Banking Services	250	256	253	271	263	238	201	203	1,030	906
Credit Card Fees	590	520	571	629	616	617	659	709	2,310	2,601
Fees from IPAB	0	0	0	0	0	0	0	-	1	0
Other Fees	225	226	195	223	305	311	361	345	868	1,322
Fees Charged on Services	**1,543**	**1,532**	**1,606**	**1,795**	**1,726**	**1,762**	**1,844**	**1,874**	**6,476**	**7,207**
Fund transfers	6	5	5	5	7	6	6	7	21	26
Other Fees	293	282	310	330	357	342	366	390	1,215	1,455
Expenses from Real Estate Portfolios	-	-	-	-	-	-	-	-	-	-
Fees Paid on Services	**300**	**287**	**315**	**335**	**364**	**348**	**372**	**397**	**1,237**	**1,481**
Foreign Exchange	360	162	199	155	189	193	175	146	875	703
Securities-Realized Gains	(25)	36	94	131	184	126	(10)	(14)	237	285
Securities-Unrealized Gains	(133)	(73)	32	16	133	193	115	17	(158)	459
Trading Income	**202**	**125**	**324**	**302**	**506**	**512**	**280**	**149**	**953**	**1,447**
Other Operating Income (Expenses)	237	159	339	252	285	277	246	929	987	1,737
Non Interest Income	**1,683**	**1,529**	**1,955**	**2,014**	**2,153**	**2,204**	**1,998**	**2,555**	**7,181**	**8,910**
Total Operating Income	**5,504**	**4,956**	**5,218**	**5,645**	**5,756**	**6,184**	**5,496**	**6,402**	**21,323**	**23,838**
Personnel	1,571	1,376	1,544	1,664	1,590	1,604	1,543	1,819	6,156	6,556
Professional Fees	330	335	285	474	292	330	296	465	1,425	1,382
Administrative and Promotional Expenses	1,065	991	973	977	850	988	972	1,092	4,005	3,902
Rents, Depreciation & Amortization	355	337	299	338	404	406	430	343	1,329	1,583
Taxes other than income tax	191	126	127	313	188	170	178	209	756	746
Contributions to IPAB	267	265	271	270	263	269	271	281	1,073	1,084
Employee Profit Sharing (PTU)	197	167	134	170	208	215	196	208	668	827
Non Interest Expense	**3,976**	**3,597**	**3,633**	**4,205**	**3,795**	**3,983**	**3,887**	**4,415**	**15,412**	**16,080**
Operating Income	**1,528**	**1,359**	**1,584**	**1,440**	**1,961**	**2,201**	**1,609**	**1,987**	**5,912**	**7,758**
Other Revenues	393	186	130	241	102	124	401	826	950	1,453
Changes in Foreign Exchange Valuation	-	-	-	-	-	-	-	-	-	-
Recoveries	175	102	149	83	70	46	102	8	509	227
Repomo-Other Revenues	-	-	-	-	-	-	-	-	-	-
Non Operating Income	**568**	**288**	**279**	**324**	**173**	**170**	**503**	**834**	**1,459**	**1,680**
Other Expenses	(156)	(141)	(142)	(169)	(154)	(157)	(105)	(743)	(607)	(1,159)
Foreign Exchange	-	-	-	-	-	-	-	-	-	-
Repomo-Other Expenses	-	-	-	-	-	-	-	-	-	-
Non Operating Expense	**(156)**	**(141)**	**(142)**	**(169)**	**(154)**	**(157)**	**(105)**	**(743)**	**(607)**	**(1,159)**
Non Operating Income (Expense), net	**412**	**147**	**137**	**155**	**18**	**13**	**398**	**91**	**852**	**521**
Pre-Tax Income	**1,940**	**1,506**	**1,721**	**1,596**	**1,979**	**2,214**	**2,008**	**2,078**	**6,763**	**8,279**
Income Tax	209	380	712	1,049	507	812	483	629	2,350	2,431
Profit Sharing	-	-	-	-	-	-	-	-	-	-
Tax on Assets	-	-	-	-	-	-	-	-	-	-
Deferred Income Tax	318	17	(222)	(657)	85	(92)	31	12	(543)	36
Taxes	**527**	**398**	**490**	**392**	**592**	**720**	**514**	**641**	**1,807**	**2,467**
Net Income before Subsidiaries	**1,413**	**1,108**	**1,231**	**1,204**	**1,387**	**1,494**	**1,494**	**1,438**	**4,956**	**5,812**
Subsidiaries' Net Income	29	27	42	62	49	44	77	52	161	222
Net Income from Continuos Operations	**1,442**	**1,136**	**1,274**	**1,266**	**1,435**	**1,538**	**1,571**	**1,490**	**5,117**	**6,035**
Extraordinary Items, net	-	-	-	-	-	-	-	-	-	-
Minority Interest	24	(24)	-	-	-	-	-	-	-	-
Net Income	**1,418**	**1,160**	**1,274**	**1,266**	**1,435**	**1,538**	**1,571**	**1,490**	**5,117**	**6,035**

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

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

Banking Sector - Balance Sheet (Million Pesos)	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
ASSETS								
Cash and Due from Banks	**55,776**	**56,598**	**55,106**	**58,876**	**57,827**	**58,372**	**66,368**	**61,640**
Margin Accounts	**14**	**12**	**16**	**18**	**46**	**90**	**171**	**177**
Negotiable Instruments	4,629	21,375	15,806	20,131	37,673	68,872	47,916	57,321
Securities Available for Sale	12,163	12,074	13,983	12,538	13,674	13,169	12,505	12,907
Securities Held to Maturity	217,573	210,344	200,703	189,964	172,599	155,889	148,680	139,427
Investment in Securities	**234,365**	**243,793**	**230,492**	**222,633**	**223,947**	**237,930**	**209,102**	**209,655**
Non-assigned Securities for Settlement	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0**
Debtor Balance in Repo Trans, net	**1,502**	**8**	**3**	**2**	**2**	**0**	**4**	**11**
Securities Lending	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0**
For trading purposes	6,406	5,525	5,381	4,824	4,963	7,695	10,502	7,463
For hedging purposes	2,529	1,142	1,313	1,056	762	775	694	596
Transactions with Derivatives	**8,936**	**6,667**	**6,694**	**5,880**	**5,725**	**8,470**	**11,196**	**8,060**
Operations w/ Derivatives & Securities	**10,437**	**6,676**	**6,697**	**5,882**	**5,727**	**8,470**	**11,200**	**8,070**
Commercial Loans	111,385	108,861	107,070	105,338	101,489	104,667	108,746	112,181
Financial Intermediaries´ Loans	13,374	11,224	9,958	8,923	7,918	6,677	7,270	7,709
Consumer Loans	27,770	26,647	26,171	25,704	25,754	26,258	27,178	27,826
Mortgage Loans	47,023	47,691	48,792	49,881	51,082	52,843	54,336	56,168
Government Entities´ Loans	28,574	31,906	33,725	38,982	40,995	41,216	44,435	47,549
IPAB Loans	-	-	-	-	-	-	-	0
Performing Loans	**228,126**	**226,328**	**225,716**	**228,827**	**227,239**	**231,660**	**241,964**	**251,434**
Commercial PDL´s	2,065	2,666	2,815	3,060	3,592	3,049	3,008	4,276
Financial Intermediaries PDL´s	3	-	-	-	-	-	-	0
Consumer PDL´s	2,540	2,584	2,195	1,942	1,565	1,551	1,418	1,276
Mortgage PDL´s	825	919	994	1,049	860	894	1,058	971
Government Entities PDL´s	-	-	-	-	-	-	-	0
Past Due Loans	**5,434**	**6,169**	**6,004**	**6,051**	**6,017**	**5,494**	**5,484**	**6,523**
Gross Loan Portfolio	**233,560**	**232,496**	**231,720**	**234,878**	**233,255**	**237,154**	**247,449**	**257,957**
Preventive Loan Loss Reserves	5,942	6,295	7,390	7,358	7,295	6,775	7,389	7,955
Net Loan Portfolio	**227,618**	**226,201**	**224,329**	**227,520**	**225,961**	**230,379**	**240,060**	**250,001**
Acquired Collection Rights	2,923	2,804	2,705	2,548	2,426	2,311	2,183	2,025
Total Credit Portfolio	**230,541**	**229,005**	**227,034**	**230,068**	**228,387**	**232,690**	**242,243**	**252,026**
Benef.receivab.securization transactions	699	557	465	433	406	411	405	950
Sundry Debtors & Other Accs Rec, Net	13,361	10,385	15,268	11,005	12,071	15,321	12,623	10,543
Inventories	-	-	-	-	-	-	-	0
Foreclosed Assets, Net	841	800	870	928	911	1,413	1,584	809
Real Estate, Furniture & Equipment, Net	6,654	6,610	6,780	7,083	7,296	7,458	7,474	7,768
Investment in Subsidiaries	977	1,128	1,169	1,230	1,369	1,401	1,443	1,407
Deferred Taxes, Net	138	150	817	1,470	1,374	1,469	1,449	1,493
Goodwill and Intangibles	5,766	4,132	4,454	4,025	4,230	4,289	4,224	4,314
Other Assets Short and Long-Term	4,190	3,775	3,985	4,909	4,700	4,765	5,002	5,534
Other Assets	-	-	-	-	-	-	-	0
	32,625	27,537	33,808	31,083	32,356	36,526	34,203	32,818
TOTAL ASSETS	**563,758**	**563,620**	**553,153**	**548,560**	**548,290**	**574,077**	**563,287**	**564,386**

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

Banking Sector - Balance Sheet *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
LIABILITIES								
Demand Deposits	120,269	123,778	122,445	137,608	125,971	133,863	133,882	149,833
Time Deposits	135,038	141,760	147,600	137,454	145,502	144,865	150,252	139,169
Retail	127,101	132,363	133,614	134,141	140,573	137,364	141,075	132,673
Money Market	7,937	9,397	13,987	3,313	4,929	7,501	9,177	6,496
Senior Unsecured Debt	-	-	-	-	-	-	3,813	3,778
Deposits	**255,307**	**265,538**	**270,046**	**275,062**	**271,473**	**278,727**	**287,947**	**292,780**
Immediate Redemption Loans	4,180	501	2,711	21	1	2,516	2,949	4,837
Short Term Loans	19,223	18,289	11,775	6,207	6,495	4,033	3,679	5,764
Long Term Loans	8,193	7,253	7,150	5,058	4,814	4,720	4,686	4,132
Due to Banks & Correspondents	**31,596**	**26,043**	**21,637**	**11,286**	**11,310**	**11,269**	**11,314**	**14,733**
Non-assigned Securities for Settlement	**420**	**540**	**-**	**159**	**268**	**3,781**	**1,262**	**-**
Creditor Balance in Repo Trans, Net	**191,364**	**197,102**	**183,139**	**181,959**	**185,135**	**190,766**	**168,670**	**170,848**
Secs to be received in Repo Trans, Net	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Repo Transactions with Collateral	**304**	**0**	**1**	**2**	**0**	**0**	**27**	**11**
For trading purposes	6,300	5,219	5,079	4,553	4,773	7,552	10,235	7,238
For hedging purposes	5,345	3,976	4,446	3,822	3,423	4,738	4,779	3,499
Transactions with Derivatives	**11,646**	**9,195**	**9,524**	**8,376**	**8,196**	**12,291**	**15,014**	**10,737**
Operations w/ Derivatives & Securities	**203,733**	**206,837**	**192,664**	**190,497**	**193,599**	**206,838**	**184,972**	**181,595**
Income Tax Payable	141	122	416	473	379	721	522	504
Profit Sharing Payable	285	369	502	672	247	434	618	792
Creditors for settlement of transactions	6,832	1,709	2,263	2,223	2,523	5,932	7,235	867
Other Creditors & Accounts Payable	10,180	7,817	8,360	8,265	8,642	9,274	8,988	9,317
Other Payable Accounts	**17,437**	**10,017**	**11,541**	**11,633**	**11,791**	**16,362**	**17,364**	**11,480**
Subordinated Non Convertible Debt	18,053	17,783	18,505	18,168	17,838	18,039	18,005	17,803
Deferred Taxes	-	-	-	-	-	-	-	-
Deferred Credits	1,275	1,400	1,508	1,566	1,536	1,593	1,631	1,678
TOTAL LIABILITIES	**527,402**	**527,617**	**515,901**	**508,212**	**507,547**	**532,828**	**521,233**	**520,070**
EQUITY								
Paid-in Capital	10,955	10,955	11,151	11,488	11,488	11,488	11,488	11,488
Share Subscription Premiums	852	850	848	2,490	2,490	2,491	2,491	2,491
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	**11,807**	**11,805**	**11,998**	**13,977**	**13,978**	**13,978**	**13,979**	**13,979**
Capital Reserves	4,005	4,659	4,659	4,659	4,659	5,172	5,172	5,172
Retained Earnings	19,988	19,346	18,505	18,339	23,109	22,235	22,227	22,066
Surplus (Deficit) of Secs Available for Sale	(999)	(329)	330	315	386	393	273	432
Results from Valuation of Hedging Secs	(1,637)	(1,382)	(1,594)	(1,404)	(1,832)	(2,762)	(3,267)	(2,316)
Results from Conversions	1,274	(682)	(522)	(679)	(1,003)	(751)	(885)	(1,061)
Surplus (Deficit) in Capital Restatement	(0)	(0)	-	-	(0)	-	-	-
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-	-
Results of Non Monetary - Investment	87	-	-	-	-	-	-	-
Adjustments in the Employes´ Pensions	-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Liabilities	-	-	-	-	-	-	-	-
Net Income	1,418	2,578	3,866	5,132	1,435	2,973	4,545	6,035
Earned Capital	**24,135**	**24,189**	**25,244**	**26,361**	**26,755**	**27,261**	**28,066**	**30,328**
Minority Interest	415	10	10	10	10	10	10	10
Total Equity	**36,356**	**36,003**	**37,252**	**40,348**	**40,743**	**41,249**	**42,054**	**44,316**
TOTAL LIABILITIES & EQUITY	**563,758**	**563,620**	**553,153**	**548,560**	**548,290**	**574,077**	**563,287**	**564,386**

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

***BANKING SECTOR* – MEMORANDUM ACCOUNTS** *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
Endorsement Guarantees Granted	-	-	-	-	-	-	-	**-**
Contingent Assets & Liabilities	264	267	266	273	272	264	258	**256**
Irrevocable Lines of Credit	3,129	2,503	2,135	2,271	2,421	3,899	4,521	**3,155**
Trust	88,471	98,397	104,565	110,795	113,540	108,022	116,516	**122,628**
Mandate	2,161	1,924	2,107	2,147	2,097	2,185	2,188	**2,096**
Assets held in Trusts or Mandate	90,632	100,321	106,673	112,942	115,637	110,207	118,705	**124,723**
Assets held in custody or in administration	146,493	157,269	165,302	154,831	206,262	209,066	229,949	**226,424**
Investment banking transactions for third parties, net	91,943	87,165	84,921	74,646	72,539	76,771	71,427	**78,069**
Uncharged accrued interest from past due loans	180	220	203	198	161	152	146	**136**
Collaterals Received	31,156	24,990	31,716	33,464	34,792	39,211	49,150	**40,914**
Amounts committed to fobaproa operations	-	-	-	-	-	-	-	**-**
Collateral received or sold or delivered as guaranteed by the entirty	-	2,999	9,520	11,097	12,043	15,687	24,902	**15,452**
Integration of loan portfolio	-	-	-	-	-	-	-	**-**
Amounts received in derivative instruments	-	-	-	-	-	-	-	**-**
Fobaproa trusts	-	-	-	-	-	-	-	**-**
Repurchase securities to be received	-	-	-	-	-	-	-	**-**
(Less) creditors from repos	-	-	-	-	-	-	-	**-**
Debtors from repos	-	-	-	-	-	-	-	**-**
(Less) Repurchase securities to be delivered	-	-	-	-	-	-	-	**-**
Other control accounts	-	-	-	-	-	-	-	**-**
	363,798	**375,735**	**400,735**	**389,723**	**444,487**	**455,257**	**499,058**	**489,129**

BANORTE

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

BANORTE USA

***BANORTE USA* – INCOME STATEMENT** *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Interest Income	379	340	364	328	**1,411**	326	270	271	257	**1,121**
Interest Expense	158	153	145	129	**586**	119	113	109	99	**440**
Loan Fees Charged	-	-	-	-	**-**	-	5	4	5	**17**
Fees Paid	-	-	-	-	**-**	-	-	-	-	**-**
Net Interest Income (NII)	**221**	**187**	**218**	**199**	**825**	**207**	**162**	**167**	**164**	**699**
Preventive Provisions for Loan Losses	9	164	115	91	**378**	128	(22)	37	48	**191**
Loan Loss Sharing Provisions	-	-	-	-	**-**	-	-	-	-	**-**
NII Adjusted for Credit Risk	**212**	**23**	**103**	**109**	**448**	**78**	**184**	**129**	**116**	**191**
Fund transfers	-	-	-	-	**-**	-	-	-	-	**-**
Account Management Fees	-	-	-	-	**-**	-	-	-	-	**-**
Fiduciary	-	-	-	-	**-**	-	-	-	-	**-**
Income from Loan Portfolios Acquired	-	-	-	-	**-**	-	-	-	-	**-**
Electronic Banking Services	-	-	-	-	**-**	-	-	-	-	**-**
Credit Card Fees	-	-	-	-	**-**	-	-	-	-	**-**
Fees Charged to IPAB	-	-	-	-	**-**	-	-	-	-	**-**
Other Fees	34	32	34	32	**133**	64	77	75	75	**291**
Fees Charged on Services	**34**	**32**	**34**	**32**	**133**	**64**	**77**	**75**	**75**	**291**
Fund transfers	-	-	-	-	**-**	-	-	-	-	**-**
Other fees	-	-	-	-	**-**	27	29	28	27	**111**
Expenses from Loan Portfolios Acquired	-	-	-	-	**-**	-	-	-	-	**-**
Fees Paid on Services	**-**	**-**	**-**	**-**	**-**	**27**	**29**	**28**	**27**	**111**
Foreign exchange	-	-	-	-	**-**	-	-	-	-	**-**
Securities-Realized gains	-	-	-	-	**-**	-	-	-	-	**-**
Securities- Unrealized gains	-	-	-	-	**-**	-	-	-	-	**-**
Market Related Income	**4**	**10**	**13**	**27**	**54**	**33**	**28**	**19**	**19**	**99**
Other Operating Income (Expenses)	**(1)**	**-**	**(28)**	**(2)**	**(31)**	**(5)**	**13**	**(19)**	**(33)**	**(43)**
Total Non Interest Income	**38**	**42**	**19**	**56**	**155**	**65**	**90**	**47**	**35**	**236**
Total Operating Income	**250**	**66**	**122**	**165**	**603**	**143**	**274**	**176**	**150**	**744**
Personnel	71	64	65	65	**265**	70	69	73	69	**280**
Profit Sharing	-	-	-	-	**-**	-	-	-	-	**-**
Professional Fees Paid	11	13	13	18	**55**	17	19	16	20	**72**
Administrative and Promotional Expenses	111	116	70	117	**414**	68	77	73	96	**314**
Rents, depreciation and amortization	6	5	5	5	**21**	17	18	18	17	**70**
Taxes, other than income tax	-	-	-	-	**-**	-	-	-	-	**-**
Contributions to IPAB	-	-	-	-	**-**	-	-	-	-	**-**
Non Interest Expense	**198**	**198**	**153**	**205**	**755**	**173**	**182**	**180**	**202**	**737**
Operating Income	**51**	**(132)**	**(31)**	**(40)**	**(152)**	**(29)**	**92**	**(4)**	**(52)**	**7**
Other Revenues	48	48	50	47	**193**	12	9	12	14	**47**
Foreign exchange	-	-	-	-	**-**	-	-	-	-	**-**
Recoveries	1	2	2	1	**6**	-	-	-	-	**-**
Repomo-other revenues	-	-	-	-	**-**	-	-	-	-	**-**
Non Operating Income	**50**	**50**	**52**	**49**	**199**	**12**	**9**	**12**	**14**	**47**
Other Expenses	-	-	-	-	**-**	-	(2)	-	-	**(3)**
Changes in Foreign Exchange Valuation	-	-	-	-	**-**	-	-	-	-	**-**
Repomo-other expenses (creditor balance)	-	-	-	-	**-**	-	-	-	-	**-**
Non Operating Expense	**-**	**-**	**-**	**-**	**-**	**-**	**(2)**	**-**	**-**	**(3)**
Non Operating Income (Expense), net	**50**	**50**	**52**	**49**	**199**	**12**	**7**	**12**	**14**	**44**
Pre-tax Income	**101**	**(83)**	**20**	**9**	**48**	**(18)**	**99**	**8**	**(38)**	**51**
Income Tax	(38)	30	(5)	-	**(14)**	8	(33)	(1)	15	**(12)**
Profit sharing	-	-	-	-	**-**	-	-	-	-	**-**
Tax on Assets	-	-	-	-	**-**	-	-	-	-	**-**
Deferred Income Tax and Profit sharing	-	-	-	-	**-**	-	-	-	-	**-**
	(38)	**30**	**(5)**	**-**	**(14)**	**8**	**(33)**	**(1)**	**15**	**(12)**
Net Income before subsidiaries	**62**	**(53)**	**15**	**9**	**34**	**(10)**	**66**	**7**	**(24)**	**39**
Subsidiaries' net income	-	-	-	-	**-**	-	-	-	-	**-**
Net Income from continuous operations	**62**	**(53)**	**15**	**9**	**34**	**(10)**	**66**	**7**	**(24)**	**39**
Extraodinary items, net	-	-	-	-	**-**	-	-	-	-	**-**
Minority Interest	(24)	24	-	-	**-**	-	-	-	-	**-**
TOTAL NET INCOME	**38**	**(29)**	**15**	**9**	**34**	**(10)**	**66**	**7**	**(24)**	**39**

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

BANORTE USA – BALANCE SHEET *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
ASSETS								
Cash and due from Banks	**492**	**1,426**	**1,407**	**1,538**	**685**	**1,926**	**1,392**	**3,615**
Negotiable Instruments	-	-	-	-	-	-	-	-
Securities available for sale	6,484	6,411	7,583	6,603	7,276	6,893	7,558	7,872
Securities held to maturity	13	12	13	12	11	12	12	11
Investment in Securities	**6,498**	**6,423**	**7,596**	6,616	7,287	**6,905**	**7,570**	**7,884**
Non-assigned securities pending Settlement	-	-	-	-	-	-	-	-
Debtor Balance in Repo Trans, net	-	-	-	-	-	-	-	-
Repo Transactions with Collateral	-	-	-	-	-	-	-	-
Secs to be received in Repo Trans, net	-	-	-	-	-	-	-	-
Transactions with derivatives	-	-	-	-	-	-	-	-
Operations w/ Derivatives & Securities	-	-	-	-	-	-	-	-
Commercial Loans	13,495	11,866	12,269	11,391	10,393	10,312	9,417	9,251
Financial Intermediaries' Loans	-	-	-	-	-	-	-	-
Consumer Loans	239	199	195	179	186	182	189	189
Mortgage Loans	2,732	2,690	2,755	2,530	2,317	2,365	2,215	2,175
Goverment Entities' Loans	-	-	-	-	-	-	-	-
IPAB Loans	-	-	-	-	-	-	-	-
Fiduciary Collection Rights	-	-	-	-	-	-	-	-
Performing Loans	**16,466**	**14,755**	**15,219**	**14,100**	**12,897**	**12,859**	**11,822**	**11,615**
Commercial PDL's	172	411	498	798	1,055	705	587	504
Financial Intermediaries' PDL's	-	-	-	-	-	-	-	-
Consumer PDL's	-	1	1	1	-	-	1	1
Mortgage PDL's	30	35	104	248	207	204	254	270
Goverment Entities PDL's	-	-	-	-	-	-	-	-
Past Due Loans	**202**	**447**	**603**	**1,047**	**1,263**	**910**	**842**	**774**
Gross Loan Portfolio	**16,668**	**15,201**	**15,822**	**15,147**	**14,160**	**13,769**	**12,664**	**12,389**
Preventive loan loss reserves	266	327	426	416	422	325	315	334
Net Loan Portfolio	**16,402**	**14,874**	**15,397**	**14,731**	**13,738**	**13,443**	**12,349**	**12,054**
Credit Assets Portfolio	-	-	-	-	-	-	-	-
Sundry debtors and other accs rec,net	643	602	622	607	641	626	621	614
Foreclosed assets, net	452	409	471	527	484	989	1,152	337
Real Estate, Furniture & Equipment, net	760	695	705	684	639	646	617	597
Investments in subsidiaries	9	9	9	8	8	8	8	8
Deferred taxes, net	-	21	5	2	-	-	8	38
Risk Coverage for Mortgage	-	-	-	-	-	-	-	-
GoodWill and Intangibles	3,476	3,234	3,308	3,199	3,257	3,307	3,225	3,157
Other Assets	269	225	319	508	213	224	250	200
Other Assets	**3,746**	**3,460**	**3,627**	**3,706**	**3,470**	**3,531**	**3,475**	**3,357**
TOTAL ASSETS	**29,001**	**27,919**	**29,838**	**28,420**	**26,951**	**28,074**	**27,193**	**28,504**

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

BANORTE USA – BALANCE SHEET *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
LIABILITIES								
Demand Deposits	9,348	9,613	9,947	8,971	8,819	8,807	8,110	9,213
Time Deposits	12,814	12,696	13,705	13,427	12,515	13,256	13,303	13,747
Bank Bonds	-	-	-	-	-	-	-	-
Deposits	**22,162**	**22,309**	**23,652**	**22,398**	**21,334**	**22,063**	**21,413**	**22,960**
Immediate Redemption Loans	-	-	-	-	-	-	-	-
Short term	814	5	-	-	66	130	68	63
Long term	88	79	78	73	-	1	-	-
Due to banks and correspondents	**903**	**84**	**78**	**73**	**66**	**131**	**68**	**63**
Non-assigned securities pending settlement	-	-	-	-	-	-	-	-
Cerditor Balance in Repo Trans, net	-	-	-	-	-	39	13	6
Repo transactions with collateral	-	-	-	-	-	-	-	-
Securities to be received in Repo Trans, net	-	-	-	-	-	-	-	-
Transactions with derivatives, net	-	-	-	-	-	-	-	-
Operations w/ Derivatives & Securities	-	**-**	**-**	**-**	-	39	13	**6**
Income Tax & Profit Sharing Payable	-	-	-	-	-	4	5	-
Other creditors & accounts payable	179	212	214	217	165	123	125	114
Other payable accounts	**179**	**212**	**214**	**217**	**165**	**126**	**130**	**114**
Subordinated non Convertible Debenture	292	272	278	269	254	265	260	255
Deferred Taxes	9	-	-	-	8	11	-	-
Deferred credits	48	41	37	32	27	25	21	19
TOTAL LIABILITIES	**23,592**	**22,917**	**24,259**	**22,989**	**21,855**	**22,660**	**21,905**	**23,416**
STOCKHOLDER´S EQUITY								
Paid-in Capital	3,346	4,266	4,668	4,668	4,668	4,668	4,668	4,668
Share subscription premiums	-	-	-	-	-	-	-	-
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	**3,346**	**4,266**	**4,668**	**4,668**	**4,668**	**4,668**	**4,668**	**4,668**
Capital Reserves	-	-	-	-	-	-	-	-
Retained Earnings	284	284	284	284	304	304	304	304
Results from Valuation of Secs Available for Sale	122	59	87	104	101	133	107	44
Results from Conversions of Foreign Ops	1,213	383	514	341	34	253	145	33
Surplus (Deficit) in capital restatement	-	-	-	-	-	-	-	-
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-	-
Results on Non Monetary Investment Assets	-	-	-	-	-	-	-	-
Adjustments in employees' pensions	-	-	-	-	-	-	-	-
Accumulated effect of Deferred Liabilities	-	-	-	-	-	-	-	-
Net Income	38	10	25	34	(10)	56	63	39
Earned Capital	**1,657**	**736**	**911**	**763**	**429**	**746**	**619**	**420**
Minority Holdings	405	-	-	-	-	-	-	-
Total Stockholder´s Equity	**5,409**	**5,002**	**5,578**	**5,431**	**5,097**	**5,414**	**5,287**	**5,088**
TOTAL LIABILITIES & STOCKHOLDER´S CAPITAL	**29,001**	**27,919**	**29,838**	**28,420**	**26,951**	**28,074**	**27,193**	**28,504**

***BANORTE USA* – MEMORANDUM ACCOUNTS** *(Million Pesos)*	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
Endorsement guarantees granted	-	-	-	-	-	-	-	-
Other contingent obligations	-	-	-	-	-	-	-	-
Credit commitments	42	29	33	31	22	22	15	12
Irrevocable lines of credit	-	-	-	-	-	-	-	-
Assets held in trusts or mandate	-	-	-	-	-	-	-	-
Assets held in custody or in administration	-	-	-	-	-	-	-	-
Investment banking transactions for third parties, net	-	-	-	-	-	-	-	-
Amounts committed to fobaproa operations	-	-	-	-	-	-	-	-
Investment of retirement saving funds	-	-	-	-	-	-	-	-
Integration of loan portfolio	-	-	-	-	-	-	-	-
Amounts received in derivative instruments	-	-	-	-	-	-	-	-
Fobaproa trusts	-	-	-	-	-	-	-	-
Repurchase securities to be received	-	-	-	-	-	-	-	-
(Less) creditors from repos	-	-	-	-	-	-	-	-
Debitors from repos	-	-	-	-	-	-	-	-
(Less) Repurchase securities to be delivered	-	-	-	-	-	-	-	-
Other control accounts	-	-	-	-	-	-	-	-
Endorsement guarantees granted	**23**	**26**	**33**	**31**	**22**	**22**	**15**	**12**

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

- **Information by Segments**

GFNORTE – INCOME STATEMENT 4Q10
(Million Pesos)

	Holding	Banorte	Broker	Leasing & Factoring	Warehouse	Total	Eliminations	Final Balance
Interest Income	7	39,079	1,738	1,612	5	42,441	(1,580)	40,861
Interest Expense	-	17,959	1,646	693	5	20,303	(1,556)	18,747
Loan Fees	-	619	-	-	-	619	-	619
Net Interest Income (NII)	**7**	**21,739**	**92**	**919**	**-**	**22,756**	**(24)**	**22,732**
Loan Loss & Loss Sharing Provisions	-	6,722	-	117	-	6,889	-	6,889
NII after Provisions	**7**	**14,967**	**92**	**801**	**-**	**15,867**	**(24)**	**15,843**
Fees on services,	-	8,476	649	12	100	9,237	(2)	9,234
Fees paid,	-	1,508	63	22	-	1,593	(45)	1,548
Market-related Income	-	1,447	246	-	(5)	1,689	-	1,689
Other Operating Income (Expenses)	-	1,737	(3)	6	-	1,739	-	1,739
Total Non Interest Income	**-**	**10,152**	**829**	**(4)**	**95**	**11,072**	**43**	**11,114**
Total Operating Income	**7**	**25,119**	**921**	**797**	**95**	**26,939**	**18**	**26,957**
Non-Interest Expense	**14**	**16,831**	**450**	**383**	**28**	**17,706**	**(14)**	**17,691**
Operating Income	**(7)**	**8,288**	**471**	**414**	**67**	**9,233**	**32**	**9,266**
Non Operating Income	-	1,680	74	34	145	1,933	(54)	1,880
Non Operating Expense	-	1,159	1	5	135	1,299	(1)	1,298
Non Operating Income	**-**	**521**	**74**	**29**	**10**	**634**	**(53)**	**581**
Pre-tax Income	**(7)**	**8,809**	**545**	**443**	**77**	**9,868**	**(21)**	**9,847**
Tax and Profit sharing	**-**	**2,642**	**143**	**-**	**21**	**2,805**	**-**	**2,805**
Net Income before subsidiaries	**(6)**	**6,167**	**402**	**443**	**57**	**7,062**	**(21)**	**7,042**
Subsidiaries´net income	6,734	83	1	-	-	6,818	(6,498)	320
Net Inc. from continuous	**6,727**	**6,250**	**403**	**443**	**57**	**13,880**	**(6,519)**	**7,362**
Extraordinary items, net	-	-	-	-	-	-	-	-
Minority Interest	-	(216)	-	-	-	(216)	(441)	(657)
TOTAL NET INCOME	**6,727**	**6,035**	**403**	**443**	**57**	**13,665**	**(6,960)**	**6,705**

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

GFNORTE – BALANCE SHEET AS OF 4Q10 (Million Pesos)								
ASSETS	Holding	Banorte	Broker	Leasing & Factoring	Warehouse	Total	Eliminations	Final balance
Cash and due from Banks	**149**	**62,485**	**6**	**11**	**3**	**62,655**	**(158)**	**62,497**
Margin Accounts	-	177	-	-	-	177	-	**177**
Negotiable Instruments	-	57,321	8,858	-	2	66,181	-	**66,181**
Securities held for sale	-	12,907	368	-	53	13,328	(1,040)	**12,288**
Securities held to maturity	-	139,427	486	-	-	139,913	-	**139,913**
Financial Instruments:	**-**	**209,655**	**9,712**	**-**	**55**	**219,422**	**(1,040)**	**218,382**
Non-assigned securities to pay	-	-	-	-	-	-	-	**-**
Futures receivable, net	-	11	2	-	571	583	-	**583**
For trading purposes	-	7,463	-	-	-	7,463	-	**7,463**
For hedging purposes	-	596	-	-	-	596	-	**596**
Repos & Derivatives :	**-**	**8,070**	**2**	**-**	**571**	**8,643**	**-**	**8,643**
Commercial	-	112,181	-	14,301	-	126,483	-	**126,483**
Financial Intermediaries	-	7,709	-	9	-	7,718	(2,197)	**5,521**
Consumer	-	27,826	-	2	-	27,828	-	**27,828**
Mortgage	-	56,168	-	-	-	56,168	-	**56,168**
Government Entities	-	47,549	-	1	-	47,550	-	**47,550**
Fobaproa	-	-	-	-	-	-	-	**-**
Performing Loans	**-**	**251,434**	**-**	**14,313**	**-**	**265,747**	**(2,197)**	**263,549**
Commercial	-	4,276	-	141	-	4,417	-	**4,417**
Financial Intermediaries	-	-	-	-	-	-	-	**-**
Consumer	-	1,276	-	-	-	1,276	-	**1,276**
Mortgage	-	971	-	-	-	971	-	**971**
Goverment Entities	-	-	-	-	-	-	-	**-**
Past Due Loans	**-**	**6,523**	**-**	**141**	**-**	**6,664**	**-**	**6,664**
Total Credit	**-**	**257,957**	**-**	**14,454**	**-**	**272,411**	**(2,197)**	**270,213**
Preventive loan loss reserves	-	7,955	-	289	-	8,245	-	**8,245**
Net Loan Portfolio	**-**	**250,001**	**-**	**14,165**	**-**	**264,166**	**(2,197)**	**261,969**
Acquired collection rights	-	2,025	-	-	-	2,025	-	**2,025**
Total Loans	**-**	**252,026**	**-**	**14,165**	**-**	**266,191**	**(2,197)**	**263,994**
Benef.receivab.securitization	-	950	-	-	-	950	-	**950**
Sundry debtors and other assets,net	6	10,678	121	74	6	10,885	(21)	**10,864**
Merchandise Inventory	-	-	-	-	49	49	-	**49**
Foreclosed assets, net	-	809	-	-	-	809	-	**809**
Real Estate, Furniture & Equipment,	-	7,837	6	1,429	43	9,316	-	**9,316**
Investments in subsidiaries	46,866	1,342	21	-	-	48,229	(45,099)	**3,130**
Deferred taxes	2	1,474	-	-	-	1,476	(136)	**1,339**
Goodwill	28	2,922	-	-	-	2,950	-	**2,950**
Intangible	-	1,392	161	-	-	1,553	-	**1,553**
Other Assets Short and Long-Term	-	5,736	140	-	49	5,925	(20)	**5,905**
Total Other Assets	**46,901**	**32,191**	**449**	**1,503**	**148**	**81,192**	**(45,276)**	**35,915**
TOTAL ASSETS	**47,051**	**565,555**	**10,169**	**15,679**	**777**	**639,230**	**(48,672)**	**590,558**

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

***GFNORTE* – BALANCE SHEET AS OF 4Q10**
(Million Pesos)

LIABILITIES	Holding	Banorte	Broker	Leasing & Factoring	Warehouse	Total	Eliminations	Final balance
Demand Deposits	-	149,831	-	-	-	149,831	(15)	149,816
Time Deposits	-	142,947	-	-	-	142,947	(149)	142,798
Deposits	**-**	**292,778**	**-**	**-**	**-**	**292,778**	**(164)**	**292,615**
Demand	-	4,837	-	-	-	4,837	-	4,837
Short term	-	5,764	-	9,007	540	15,311	(2,197)	13,114
Long term	-	4,132	-	4,364	-	8,496	-	8,496
Due to banks & corresp.	**-**	**14,733**	**-**	**13,371**	**540**	**28,644**	**(2,197)**	**26,447**
Assigned securities to pay	-	-	-	-	-	-	-	-
Futures receivable, net	-	170,848	7,900	-	-	178,747	-	178,747
Collateral sold	-	11	-	-	-	11	-	11
For trading purposes	-	7,238	-	-	-	7,238	-	7,238
For hedging purposes	-	3,499	-	-	-	3,499	-	3,499
Repos & Derivatives:	**-**	**181,595**	**7,900**	-	**-**	**189,495**	**-**	**189,495**
Income Tax	-	674	30	-	7	711	-	711
Profit Sharing	-	792	5	-	-	797	-	797
Creditors for settlement of transactions	-	867	-	-	-	867	-	867
Other Creditors & Accounts Payable	-	9,446	225	311	12	9,995	(124)	9,871
Other payable accounts	**-**	**11,779**	**261**	**311**	**19**	**12,370**	**(124)**	**12,246**
Subordinated non Convertible Debenture	-	17,803	-	-	-	17,803	-	17,803
Deferred Taxes	-	-	125	-	12	136	(136)	-
Deferred credits	-	1,678	-	67	-	1,745	(20)	1,725
TOTAL LIABILITIES	**-**	**520,366**	**8,286**	**13,749**	**570**	**542,972**	**(2,641)**	**540,331**
STOCKHOLDER´S EQUITY								
Paid-in Capital	12,020	11,488	540	306	87	24,440	(12,469)	11,971
Share subscription premiums	2,247	2,491	-	-	-	4,738	(3,065)	1,673
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	**14,266**	**13,979**	**540**	**306**	**87**	**29,178**	**(15,534)**	**13,644**
Capital Reserves	3,181	5,172	91	235	21	8,700	(5,519)	3,181
Retained Earnings	25,457	22,066	630	945	41	49,139	(23,647)	25,492
Surplus (Deficit) from securities	633	432	207	-	1	1,273	(963)	309
Results from coverage securities valuation	(2,215)	(2,316)	-	-	-	(4,531)	2,316	(2,215)
Results of foreign operations exchange	(1,000)	(1,061)	12	-	-	(2,049)	1,049)	(1,000)
Excess (Insuf.) in capital restatement	-	-	-	-	-	-	-	-
Non Mon assets results Fixed Assets	-	-	-	-	-	-	-	-
Non Mon assets results Investment subsidiaries	-	-	-	-	-	-	-	-
Adjustment in the employees pension funds	-	-	-	-	-	-	-	-
Net Income	6,727	6,035	403	443	57	13,665	(6,960)	6,705
Earned Capital	**32,784**	**30,328**	**1,343**	**1,624**	**119**	**66,197**	**(33,725)**	**32,473**
Minority Holdings	-	882	-	-	-	882	3,228	4,110
Total Stockholders' Equity	**47,051**	**45,188**	**1,883**	**1,930**	**206**	**96,258**	**(46,031)**	**50,227**
TOT. LIAB. & STOCKHOL. EQUITY	**47,051**	**565,555**	**10,169**	**15,679**	**777**	**639,230**	**(48,672)**	**590,558**

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

ACCOUNTING CHANGES AND REGULATIONS

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

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

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

On October 3th, 2005, the CNBV published the agreement signed by financial authorities and the Mexican Banker Association in order to implement the new capital guidelines that contain the standards and principles known as Basel II that will enable the bank 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 bands and higher capital requirements. These new regulations came into effect in January, 2006.

- **B-11 Bulletin.**

The income and amortizations from investments in collection rights will be recognized 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".**

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

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

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

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

NEW ACCOUNTING CRITERIA

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

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

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

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

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

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

On the repurchase and sale agreement operation contract date, the entity acting as the purchaser of securities should record the outlay of availabilities or a creditor-liquidating account, as well as an account receivable at a reasonable value, initially at 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 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 valued 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.

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

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

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

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

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

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

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

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

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

The effects of said measure, applied to securitizations effective December 31st, 2008, are as follows:

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

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

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

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

- **Main changes to accounting criteria**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- **Changes in accounting rules**

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

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

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

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

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

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

In the consolidated financial statements with the Group's subsidiaries, the items recognized in its banking subsidiary derived from the recognition and valuation of the share plans granted have been eliminated through consolidation movements of Ps 103 million. In this sense, an expense incurred by the Financial Group of up to Ps 52 million has been recognized, which results at 4Q09 in a net positive effect in the financial statements of the holding company of Ps 51 million. At 1Q10 results in a net negative effect in the financial statements of the holding company of Ps (8) million. At 2Q10 results in a net negative effect in the financial statements of the holding company of Ps (6) million. At 3Q10 results in a net negative effect in the financial statements of the holding company of Ps (23) million. At 4Q10 results in a net positive effect in the financial statements of the holding company of Ps 15 million. All of this results in a negative accumulated effect of Ps (22) million.

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

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

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

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

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

Without applying the special authorized accounting criteria, the portfolio balances that the Institution would have presented in the Balance Sheet on December 31th, 2010, would have been:

PERFORMING LOAN PORTFOLIO	
Business Loans	
Business or Corporate Activity	$ 126,482
Financial Entities	5,521
Governmental Entities	47,550
Consumer Loans	27,825
Mortgages	56,168
TOTAL PERFORMING LOANS	**263,546**
PAST DUE LOANS PORTFOLIO	
Business Loans	
Business or Corporate Activity	4,417
Consumer Loans	1,280
Mortgages	971
TOTAL PAST DUE LOANS	**6,668**
LOAN PORTFOLIO	**270,214**
(Less) ESTIMATED LOAN LOSS PROVISIONS	(8,256)
LOAN PORTFOLIO, net	**261, 958**
ACQUIRED COLLECTION RIGHTS	2,025
TOTAL LOAN PORTFOLIO, net	**$ 263,983**

The result of the fiscal year would have been Ps 6,694, as a result of recording an additional Ps 11 in estimated loan loss reserves as a result of the support provided to loan holders.

The amount of deferred payments derived from the plans until December 31th, 2010, is integrated as follows:

	Amount Deferred
Consumer Loans	$ 6

LOAN PORTFOLIO SALES TO SOLIDA ADMINISTRADORA DE PORTAFOLIOS

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

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

	Local Currency (2)			Foreign Currency (USD) (3)			Total		
(Millions of Nominal Pesos)	Aug'02	Sep'10	Dec'10	Aug'02	Sep'10	Dec'10	Aug'02	Sep'10	Dec'10
Performing Loans									
Commercial	5	-	-	5	-	-	10	-	-
Consumer	-	-	-	-	-	-	-	-	-
Mortgage	54	23	20	-	-	-	54	23	20
Total	**59**	**23**	**20**	**5**	**-**	**-**	**64**	**23**	**20**
Non Performing Loans									
Commercial	405	338	331	293	106	104	698	444	435
Consumer	81	72	72	-	-	-	81	72	72
Mortgage	1,112	331	323	-	-	-	1,112	331	323
Total	**1,598**	**741**	**726**	**293**	**106**	**104**	**1,891**	**847**	**830**
TOTAL LOANS	**1,657**	**764**	**746**	**298**	**106**	**104**	**1,955**	**870**	**850**
Loan Loss Reserves (1)									
Commercial	326	325	318	246	106	104	572	431	422
Consumer	77	72	72	-	-	-	77	72	72
Mortgage	669	320	313	-	-	-	669	320	313
Total	**1,072**	**717**	**703**	**246**	**106**	**104**	**1,318**	**823**	**807**

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

In 4Q10 the Loan portfolio showed changes due to: collections of Ps $6 million, restructurings of Ps $1 million, repossessed assets of Ps $0.6 millon and Ps $18 million in charge offs and discounts. In the Loan loss provisions, there were charge offs and discounts of Ps $6 million. There were transfers from performing loans to past due loans of Ps $1 million and transfers from past due loans to performing loans of Ps $1 million.

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

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

	Local Currency (1)		Foreign Currency (USD)(2)		Total	
(Millions of Nominal Pesos)	**Sep10**	**Dec10**	**Sep10**	**Dec10**	**Sep10**	**Dec10**
Performing Loans						
Commercial	142,562	148,786	11,485	13,330	154,047	162,116
Consumer	26,989	27,637	-	-	26,989	27,637
Mortgage	52,144	54,013	-	-	52,144	54,013
Fobaproa / IPAB	-	-	-	-	-	-
Performing Loans	**221,695**	**230,436**	**11,485**	**13,330**	**233,180**	**243,766**
Non Performing Loans						
Commercial	2,682	3,954	183	252	2,865	4,206
Consumer	1,489	1,348	-	-	1,489	1,348
Mortgage	1,135	1,025	-	-	1,135	1,025
Non Performing Loans	**5,306**	**6,327**	**183**	**252**	**5,489**	**6,579**
TOTAL LOANS	**227,001**	**236,763**	**11,668**	**13,582**	**238,669**	**250,345**
Loan Loss Reserves	**7,601**	**8,131**	**296**	**297**	**7,897**	**8,428**
Net Loan Portfolio	**219,400**	**228,632**	**11,372**	**13,285**	**230,772**	**241,917**
Loan Loss Reserves					**143.87%**	**128.10%**
% Past Due Loans					**2.30%**	**2.63%**

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

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

NOTES TO FINANCIAL STATEMENTS

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 4Q10
(Million Pesos)

NEGOTIABLE INSTRUMENTS	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Government Securities	45,370	225	34	45,628
Unrestricted	130	1	(2)	130
Cetes	76	-	-	76
Bonds	54	1	(2)	53
Bondes	-	-	-	-
Bpas	-	-	-	-
Restricted	45,239	224	36	45,499
Cetes	2,468	-	-	2,468
Bonds	532	26	1	558
Bondes	3,241	4	3	3,247
Bpas	38,999	195	33	39,226
Brems	-	-	-	-
UMS	-	-	-	-
Udibonds	-	-	-	-
Stock Certificates	-	-	-	-
Banking Securities	17,217	12	6	17,235
Unrestricted	7,713	-	5	7,718
Notes	7,713	-	5	7,718
Cedes	-	-	-	-
Bonds	-	-	-	-
Stock Certificates	-	-	-	-
Other Banking Securities	-	-	-	-
Restricted	9,505	11	1	9,517
Notes	1,883	-	(1)	1,883
Cedes	3,150	4	-	3,153
Stock Certificates	595	-	-	595
Other Banking Securities	3,876	7	2	3,886
Private	3,144	16	42	3,200
Unrestricted	63	1	(1)	63
Commercial Paper Pesos	-	-	-	-
Commercial Paper U.S. Dollars	-	-	-	-
PEMEX	27	1	(1)	27
EUROBONDS	-	-	-	-
Stock Certificates	34	-	-	34
Subordinated paper	-	-	-	-
Other securities	2	-	-	2
Restricted	3,080	14	43	3,137
Stock Certificates	3,080	14	43	3,137
Foreign Government	23	-	-	23
Unrestricted	23	-	-	23
Treasury Bonds	-	-	-	-
Treasury Bill	-	-	-	-
Treasury Notes	23	-	-	23
Other securities	-	-	-	-
Shares listed in the SIC	32	-	1	33
Guarantee (collateral) for futures	-	-	-	-
Mutual Funds	61	-	-	61
Total	**65,847**	**253**	**83**	**66,181**

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

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 4Q10
(Million Pesos)

Securities Held to Maturity	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Cetes	756	3	-	759
Affected papers as collateral	-	-	-	-
Fiduciary duties	-	-	-	-
Goverment Securities	107,747	523	-	108,269
Restricted	107,385	515	-	107,900
Cetes	-	-	-	-
Bonds	578	28	-	606
Bondes	33,035	57	-	33,092
Bpas	71,756	377	-	72,133
Brems	-	-	-	-
UMS	2,012	54	-	2,066
Udibonds	3	-	-	3
Stock Certificates	-	-	-	-
Unrestricted	362	8	-	369
Bonds	-	-	-	-
Bondes	-	-	-	-
Bpas	70	-	-	70
UMS	265	7	-	272
Stock Certificates	27	1	-	28
Banking Securities	13,929	91	-	14,020
Restricted	7,058	26	-	7,084
Notes	-	-	-	-
Cedes	-	-	-	-
Bonds	-	-	-	-
Stock Certificates	7,058	26	-	7,083
Other Banking Securities	-	-	-	-
Unrestricted	6,871	65	-	6,936
Bonds	-	-	-	-
Stock Certificates	5,604	29	-	5,633
Other Banking Securities	1,267	36	-	1,303
Private	16,744	110	-	16,854
Restricted	10,877	78	-	10,954
Commercial Paper Pesos	-	-	-	-
Commercial Paper U.S. Dollars	-	-	-	-
PEMEX	2,961	56	-	3,017
EUROBONDS	-	-	-	-
Stock Certificates	7,915	22	-	7,938
Sructured Notes	-	-	-	-
Unrestricted	5,868	32	-	5,899
Stock Certificates	5,622	25	-	5,647
Bonds	-	-	-	-
PEMEX	246	6	-	253
Sructured Notes	-	-	-	-
Other Unrestricted				
Other Debt Securities	-	-	-	-
U.S. Government Securities	11	-	-	11
Subordinated paper	-	-	-	-
Total	**139,187**	**726**	**-**	**139,913**

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

SECURITIES HELD FOR SALE 4Q10
(Million Pesos)

SECURITIES HELD FOR SALE	BOOK VALUE	INTEREST	UNREALIZED GAIN (LOSS)	MARKET VALUE
Unrestricted	9,235	42	337	9,614
Goverment Securities	7,769	28	76	7,872
Mexican Government Securities (UMS)	124	5	-	129
Treasury Bonds	-	-	-	-
Private company bonds	-	-	-	-
Private company bonds	-	-	-	-
GFNorte's Stock	(136)	-	136	-
BMV's Stock	234	-	134	368
Bonds	-	-	-	-
Eurobonds	364	9	4	378
Bank Paper	-	-	-	-
Structured notes	756	1	(13)	743
PEMEX	124	-	-	124
Other	-	-	-	-
Restricted	2,501	33	140	2,675
Mexican Government Securities (UMS)	124	5	-	129
Treasury Bonds	-	-	-	-
Bonds	1,425	10	85	1,520
Eurobonds	244	6	30	279
PEMEX	709	12	25	747
Total	**11,736**	**76**	**477**	**12,288**

SECURITIES ASSIGNED FOR SETTLEMENT 4Q10
(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 4Q10
(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	-	151,040	(151,040)	-	151,040
Banking Securities	-	16,608	(16,608)	-	16,608
Private Securities	-	11,099	(11,099)	-	11,099
Total	-	178,747	(178,747)	-	178,747

PURCHASES	MARKET VALUE			FINANCIAL STATEMENT INDIVIDUAL COMPENSATION	
	RECEIVABLES ON REPURCHASE AGREEMENT	SECURITIES TO BE DELIVERED	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE
Goverment Securities	6.389	6,387	(2)	2	-
Banking Securities	7,467	7,460	(7)	7	-
Private Securities	2,166	1,603	(564)	574	11
Total	16,022	15,450	(573)	583	11
				583	178,758

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

DERIVATIVES FINANCIAL INSTRUMENTS OPERATIONS 4Q10

(Million Pesos)

INSTRUMENT	TO RECEIVE	TO DELIVER	NET	DEBTOR BALANCE	CREDITOR BALANCE
FUTURES					
Over Inflation (INPC)	10	(10)	-	-	-
					-
FORWARD FX CONTRACTS	AGREED PRICE	MARKET VALUE	VALUATION		
Negotiable					
Purchases	103	(36)	66		
Sells	(124)	128	3		
Total	(22)	92	70	72	2
Hedging					
Purchases	-	-	-		
Sells	-	-	-		
Total	-	-	-	-	-
SWAPS	TO RECEIVE	TO DELIVER	NET		
Negotiable					
Capital	10,349	(10,295)	55		
Interest rate	842	(843)	(1)		
Valuation	72,690	(72,572)	118		
Subtotal	83,882	(83,710)	172	7,134	6,962
Hedging					
Capital	10,901	(11,374)	(473)		
Interest rate	180	(332)	(153)		
Valuation	8,438	(10,795)	(2,358)		
Subtotal	19,518	(22,502)	(2,983)	516	3,499
OPTIONS					
Negociable-Assets					
Swaptions	-	-	-		
Rate Options	340	(83)	257		
Fx	-	-	-		
Index Options (ipc)	-	-	-		
Total	340	(83)	257	257	-
Hedging -Assets					
Swaptions	-	-	-		
Rate Options	166	(85)	81		
Index Options (ipc)	-	-	-		
Total	166	(85)	81	81	-
Negociable-Liability					
Swaptions	(27)	1	(26)		
FX	(6)	5	(1)		
Rate Options	(382)	135	(247)		
Index Options (ipc)	-	-	-		
Total	(416)	142	(274)	-	274
Debtor Balance				8,060	
Creditor Balance					10,737

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

NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 4Q10
(Mililon Pesos)

PRODUCT	TYPE	UNDERLYING	CURRENCY	NOTIONAL
FX Forwards	Purchases	Exchange Rate (Dollar)	MXN	105
FX Forwards	Sales	Exchange Rate (Dollar)	MXN	127
FX Options	Purchases	Exchange Rate (Dollar)	MXN	-
FX Options	Sales	Exchange Rate (Dollar)	MXN	931
Interest Rate Options	Purchases	TIIE	MXN	31,464
Interest Rate Options	Sells	TIIE	MXN	17,649
Interest Rate Options	Purchases	LIBOR	MXN	713
Interest Rate Options	Sells	LIBOR	MXN	863
Interest Rate Options	Swaption Purchases	TIIE	MXN	-
Interest Rate Options	Swaption Sells	TIIE	MXN	12,000
Interest Rate Options	Swaption Purchases	LIBOR	MXN	-
Interest Rate Options	Swaption Sells	LIBOR	MXN	170
Interest Rate Swaps	USLI/IRS	LIBOR	MXN	33,251
Interest Rate Swaps	TIIE/IRS	TIIE	MXN	316,185
FX Swaps	CS EURMXN	FIX/FIX	MXN	965
FX Swaps	CS USDCETE	CETE	MXN	1,235
FX Swaps	CS USDMXN	FIX/FIX	MXN	25,996

INVESTMENT IN NON GOVERNMENTAL FINANCIAL INSTRUMENTS THAT RESPRESENT MORE THAN 5% OF NET CAPITAL 4Q10
(Million Pesos)

INDUSTRY	INVESTMENT INSTRUMENT	AMOUNT	% NET CAPITAL
BANCOMER	Banking Bond	5,313	10,2%
INBURSA	Banking Bond	5,005	9.6%

Includes the Treasury position.

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

LOAN PORTFOLIO (Million Pesos)	Local Currency		UDIS		Foreign Currency		Total	
	4Q09	4Q10	4Q09	4Q10	4Q09	4Q10	4Q09	4Q10
Performing Loans								
Commercial	93,145	102,304	295	294	23,797	23,885	117,237	126,483
Financial Intermediaries	6,854	5,046	-	-	277	475	7,131	5,521
Consumer	25,464	27,617	68	23	179	189	25,712	27,828
Mortgages	46,597	53,577	753	416	2,530	2,175	49,881	56,168
Goverment Entities	38,779	47,449	-	-	214	101	38,993	47,550
Fobaproa	-	-	-	-	-	-	-	-
Total	**210,840**	**235,992**	**1,117**	**732**	**26,997**	**26,825**	**238,953**	**263,549**
Past Due Loans								
Commercial	2,318	3,759	6	6	838	652	3,163	4,417
Financial Intermediaries	-	-	-	-	-	-	-	-
Consumer	1,942	1,276	-	-	1	1	1,942	1,276
Mortgages	772	676	29	26	248	270	1,049	971
Goverment Entities	-	-	-	-	-	-	-	-
Total	**5,032**	**5,710**	**35**	**32**	**1,087**	**922**	**6,154**	**6,664**
Total Propietary Loans	**215,872**	**241,703**	**1,152**	**764**	**28,084**	**27,747**	**245,107**	**270,214**

COST OF BALANCES OF FINAPE, FOPIME, MORTGAGE UDIS AND MORTGAGE FOVI LOAN PORTFOLIOS AS OF 4Q10 ()Million Pesos)	TOTAL	
	PERIOD COST	BALANCE OF LOAN PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	46.6	80.0
Mortgage FOVI	-	-
	46.6	**80.0**

Quarter ending balance of Ps 80.0 million pesos in debtors support programs with a cost for the period of Ps 46.6 million.

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

- **Distressed Portfolio**

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

(Million Pesos)	**Total**
Distressed Portfolio	2,246
Total Loans	263,994
Distressed Portfolio / Total Loans	**0.9%**

DEFERRED TAXES 4Q10

(Million Pesos)

ASSETS	**INCOME TAX**	**PROFIT SHARING**	**NET**
Tax losses pending amortization	2	-	2
Provisions for possible loss in loans	119	-	119
Earnings per Society	4	-	4
Excess of preventive reserves accounts over the fiscal limit	1,547	553	2,100
Non deductible provisions and cumulative income	417	131	548
State Tax on Assets Deferred	6	-	6
Excess of accounting value over fiscal value on Reposessed Assets	372	60	433
Diminishable profit sharing	239	80	319
Past-due loan reserves	-	-	-
Anticipated Income	6	2	8
Installation expenses	-	-	-
Effects from valuation of instruments	-	-	-
Other	10	-	10
Total Assets	**2,723**	**826**	**3,548**
LIABILITIES			
Accrued interest and inflationary component of Fixed Assets, Foreclosed, Intangible & Others	-	-	-
Pension Funds Contribution	(560)	(200)	(760)
Loan Portfolio Acquisitions	(617)	(110)	(728)
Projects to be capitalized	(219)	(71)	(290)
Income tax to pay on UDIS Trust funds	(6)	-	(6)
Dividends Federal Home Loan Bank	(2)	-	(2)
Intangibles' amortizations	(22)	-	(22)
Unrealized loss from Securities held for sale	-	-	-
Effects from valuation of instruments	(219)	(46)	(265)
Effects of other accounts	-	-	-
Reversal of Sale Costs	(2)	-	(2)
Unrealized gains from investments in Siefore	-	-	-
Other	(134)	-	(134)
Total liabilities	**(1,782)**	**(427)**	**(2,209)**
Assets (Liabilities) Accumulated Net	**941**	**399**	**1,339**

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

LONG TERM DEBT AS OF 4Q10

(Million Pesos)

TYPE OF DEBT	CURRENCY	DATE OF ISSUE	AMOUNT (Pesos)	ORIGINAL AMOUNT (Million Ps, Dlls or UDIS)	TERM	INTEREST RATE	MATURITY	INTEREST PAYMENT
Non Convertible Subordinated Bonds 2006	USD	Oct 13 '06	4,940	400	10 years	6.135%	Oct 13 '16	E/ 180 days
Non Convertible Subordinated Bonds 2006	USD	Oct 13 '06	2,470	200	15 years	6.862%	Oct 13 '21	E/ 180 days
Non Convertible Subordinated Bonds Q Banorte 08	MXN	Mar 11 '08	3,000	3,000	10 years	TIIE + 0.60%	Feb 27 '18	E/ 28 days
Non Convertible Subordinated Bonds Q Banorte 08U	UDIs	Mar 11 '08	2,024	447	20 years	4.95%	Feb 15 '28	E/ 182 days
Non Convertible Subordinated Bonds Q Banorte 08-2	MXN	Jun 27 '08	2,750	2,750	10 years	TIIE + 0.77%	Jun 15 '18	E/ 28 days
Non Convertible Subordinated Bonds Q Banorte 09	MXN	Mar 30 '09	2,200	2,200	10 years	TIIE + 2.00%	Mar 18 '19	E/ 28 days
Senior Notes Due 2010	USD	Jul 19 '10	3,705	300	5 years	4.375%	Jul 19 '15	E/ 180 days

BANK AND OTHER ENTITIES LOANS' AS OF 4Q10

(Million Pesos)

	LOCAL CURRENCY	INTEREST RATE	TERM (DAYS)	FOREIGN CURRENCY	INTEREST RATE	TERM (DAYS)	TOTAL
LOANS FROM LOCAL BANKS	-	-	-	678	2.68%	1,142	678
LOANS FROM FOREIGN BANKS GENERATED IN THE COUNTRY	-	-	-	929	1.59%	326	929
LOANS FROM DEVELOPMENT BANKS	9,168	5.91%	382	1,479	2.76%	569	10,647
LOANS FROM PUBLIC FUNDS	6,420	5.34%	528	365	2.19%	596	6,785
CALL MONEY & LOANS FROM BANKS	9,134	5.13%	311	-	-	-	9,134
LOANS FROM FIDUCIARY FUNDS	381	7.51%	3,948	-	-	-	381
PROVISIONS FOR INTEREST	91	N.A.	N.A.	-	-	-	91
							28,645
Eliminations							(2,197)
Total	**25,194**			**3,451**			**26,447**

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

TRADING INCOME 4Q10 *(Million Pesos)*	
VALUATION EFFECTS	
Negotiable Instruments	46
Securities Held to Maturity	30
Repurchase Agreements	-
Derivative instruments	382
Futures	-
From repo transactions	-
Range	-
Inflation Adjustment	-
Total	**458**
Dividends Received	**-**
RESULTS FORM BUYING AND SELLING	
Negotiable Instruments	456
Securities Held for Sell	214
Hedging Derivatives	-
Securities Held to Maturity	-
Derivative Operations	(143)
Inflation Adjustment	-
Total of Buying and Selling Instruments	**527**
FX Spot	690
FX Forwards	(2)
FX Futures	(2)
FX Futures TIIE	-
FX Hedging	-
Changes in FX Valuation	3
Intermediation of metals	3
Changes in valuation of metals	11
Total Foreign Exchange	**704**
Inflation Adjustment	**-**
Total of Buying and Selling	**1,231**
TOTAL TRADING INCOME	**1,689**

- **Risk Management**

  - **Credit Risk**

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

The objectives of credit risk management at GFNorte are:

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

  - **Individual Credit Risk**

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

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

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

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

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

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

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

Banorte's CIR aligns with the "general PROVISIONS applicable to the loan qualification method of loan institution" issued by the CNBV 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 30, 2010, the Banco Mercantil del Norte total portfolio was Ps 249,495 million. The expected loss represents 2.2% and the unexpected loss is 3.7% with respect to the total portfolio. The average expected loss is 2.2% during the period between October and December 2010.

In the Brokerage House, the credit exposure of investments is Ps 8,527 milion and the expected loss represents 0.0747% of the exposure. The average expected loss is 0.0730% between October and December 2010.

The total operating portfolio of Arrendadora and Factor is Ps 15,883 billion. Prospective losses represent 1.0% and unforeseen losses 3.9% of the total operating portfolio. The prospective loss average represents 0.9% in the period of October and December 2010.

- **Credit Risks of Financial Instruments**

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

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

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

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

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

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

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

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

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

As of December 31, 2010, exposure to credit risk for Securities Investments of Banco Mercantil del Norte was Ps 200,026 billion, of which 99.2% is rated higher or similar to A-(mex) on a local scale, placing them in investment grade and the 3 main counterparties other than the Federal Government, State Governments and National Financial Institutions represent 20% of the Basic Capital of September 2010. Additionally, the exposure of investments with the same counterparty other than the Federal Government that represents a higher or similar concentration to 5% of the Net Capital of June 2010 has a higher or similar rating to AA+ (mex) and is made up of (average considered term, amount in millions of pesos and rate): Bancomer market certificates for 6 months for Ps 11,580 at 5.0%; market certificates and Pemex bonds for 5 years and 8 months for Ps 7,347 at 4.7%, Inbursa Certificates for 4 months for Ps 9,772 at 4.8%; and State and Municipal Government loan securitization certificates for 26 years and 5 months for Ps 4,085 at 4.9%.

The exposure of Derivatives is Ps -3.045 billion, of which 99.9% has a rating higher or equal to A-(mex) on local level, placing them in investment grade and the 3 main counterparties other than then Federal or State Governments and National Financial Institutions represent 3% of the Basic Capital of September 2010.

Credit risk exposure of the Broker-Dealer for Securities Investments is Ps 8.527 billion, with 100% rated higher or equal to A-(mex) on a local scale, placing them in investment grade, the three major originator other than the Federal or State Governments or Financial National Institutions represents 18% of Equity of September 2010. Additionally, the exposure of investments with the same counterparty other than the Federal Government represents 5% or more of the Equity of September 2010 has a rating higher or equal to AA-(mex) and is a promissory note with Banco Inbursa with term of 3 months for Ps 1.012 billion at a considered average interest rate of 4.8%; Stock certificates of Banco Santander term of 2 years and 4 months for Ps 495 million at 5.0%; Certificates of Banco del Bajío to 11 days for Ps 483 million at 4.7%; international investment for Deutsche Bank to two years and 5 months for Ps 296 million at 8.2% and Stock certificates of Banco Invex term of 10 months for Ps 100 million at 5.4%.There isn't Derivatives operations.

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

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

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

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

Basic Capital by September 30, 2010	37,233

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

Loan Transactions

–	Number of operations	1
–	Total amount of the loans	$4,437
–	% relative to basic capital	12%

Money Market Transactions

–	Number operations	2
–	Total amount of the transactions	$8,753
–	% relative to basic capital	24%

Overnight Transactions

– Number of operations	1
– Total amount of financing	$5,455
– % relative to basic capital	15%

I. Maximum amount of financing with the 3 largest borrowers and Common Risk groups	$18,527

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

Basic Capital as of September 30st, 2010	$1,819

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

Loan Transactions

– Number of operations	15
– Total amount of the financings	$5,703
– % relative to basic capital	313%

II. Maximum amount of financing with the 3 largest borrowers and Common Risk groups	$2,353

- **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 2010 quarter for the portfolio is Ps 1,618 million.

Million Pesos	4Q09	1Q10	2Q10	3Q10	4Q10
Total Var *	2,616	3,469	2,716	2,272	1,618
Net Capital **	50,831	51,124	51,503	52,572	54,208
VaR/Net Capital	5.15%	6.79%	5.27%	4.32%	2.98%

* 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 2010 is shown below:

Risk Factor	VaR
Domestic interest rate	1,595
Foreign interest rate	300
Exchange rate	141
Capitals	8
Total VaR of Bank and Brokerage House	1,618

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

- ***Backtesting Analysis***

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

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

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

- **Liquidity Risk and Balance**

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

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

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

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

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

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

- **Operational Risk**

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

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

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

Pillars of Operational Risk Management

I. Policies, Objectives and Guidelines

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

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

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

II. Quantitative and Qualitative Measuring Tools

Operating Losses Database

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

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

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

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

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

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

- ***Risk Management Model***

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

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

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

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

- **Technology risk**

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

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

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

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

- **Legal risk**

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

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

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

- **Internal Control**

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

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

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

In 4Q10, activities related to strengthening control, risk evaluation and administration, establishment and monitoring of controls, and assurance of quality information continued to be developed; highlighting the following:

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

- **Treasury Policy**

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

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

- **Internal and External Liquidity Sources**

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

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

Another alternative for getting resources is by issuing capital shares.

- **Dividend Policy**

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

- **Related Parties Loans**

At GFNorte, the amount of the loans performed with related individuals and companies, does not exceed the established limit of 50% of the Tier 1 capital. As of December 31, 2010 and September 30, 2010, the loans granted to related parties totaled Ps $8,771 million and Ps $7,306 million, respectively.

- **People in Charge**

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

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

Ing. Sergio García Robles Gil
Chief Financial Officer

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

Lic. Jorge Eduardo Vega Camargo
Executive Director Comptrollership

C.P. Nora Elia Cantú Suárez
Deputy Managing Director of Accounting and Fiscal

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

- **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 (CNBV) published in the Official Gazette of the Federation on April 27, 2005 and modified on August 11, 2006, August 14, 2006, December 19,2006 and January 8,2007. As a result of the norm NIF B10 “Inflation Effects” taking effect and according to INIF 9 “Presentation of comparable financial statements as a consequence of NIF B-10 taking effect”, which mentions that the economic enviornment is non inflationary when accumulated inflation for the last three years is lees than 26%. Under this context, it is not necessary to re-express financial statements as of January 2008.

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

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

Grupo Financiero Banorte (GFNorte) and Banking Sector (Banorte). The financial information contained in this document has been developed according to the regulations issued by the CNByV for the regulating agency and the financial entities that make up the Financial Group and to Norms of Financial Information (Normas de Información Financiera NIF), emitted by the Mexican Council for the Investigation and Development of Norms of Financial Information, A.C. (CINIF). The regulations of the CNBV 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.