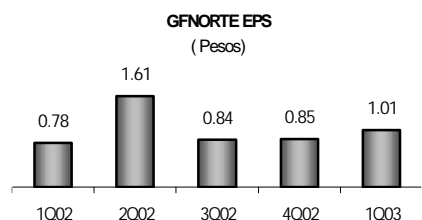
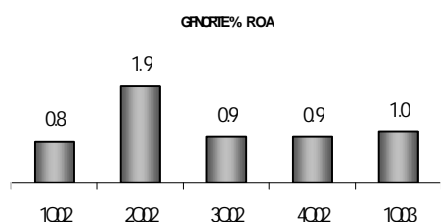
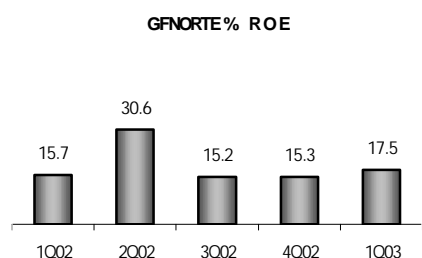
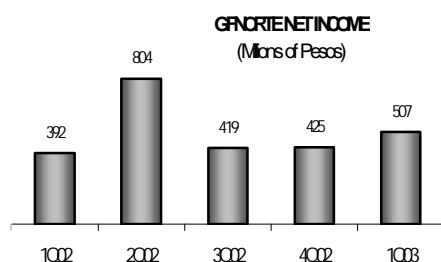




1Q03 Results

GFNorte generates a net profit of Ps 507 million for the quarter.



F

GRUPO FINANCIERO BANORTE

>GFNorte's **profit** for 1Q03 was Ps 507 million, 19.3% higher than that of 4Q02, with a Ps 399 million contribution from the Banking Sector (not including the Afore Pension Fund).

>The generation of higher Income made possible to reach an **ROE** of 17.5% in the period, a step above the 15.3% in 4Q02.

>**GFNorte and Export Development Canada (EDC)** signed an agreement on February 27, 2003 to offer financing and assistance to Small and Medium Mexican companies that import goods and services from Canada, for a total of US\$20 million.

BANKING SECTOR

>**The Net Interest Income and Non Interest Income** increased in the quarter, showing a 161% jump in the Net Operating Income line, well above that of 4Q02.

>**Banorte sells Ps 1.9 billion of its Loan Portfolio** to its subsidiary Sólida Administradora de Portafolios, for Ps 378 million in February, 2003, reflecting a substantial reduction of its past-due loans to close the quarter with a 2.3% past due loan ratio .

>**Past-due Loan Reserve Coverage** showed an increased vs 4Q02 closing the quarter at 127%, compared to 118% of the previous quarter.

OTHER SECTORS

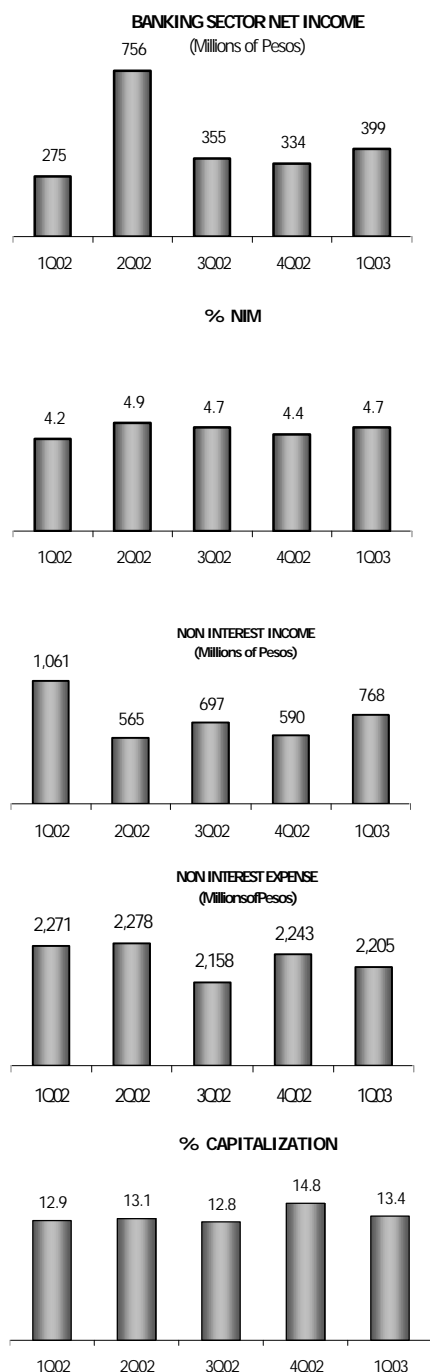
>**The Long-Term Saving Sector** rose by 68.4% over the previous quarter, closing with an accumulated Ps 74.6 million for GFNorte, as a result of a greater contribution by the three companies that make up this Sector.

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BANKING SECTOR

Net Income

The quarter accumulated an income of Ps 398.7 million (not including Afore), 19.4% higher than in 4Q02, as a result of the higher Net Interest Income and Non Interest Income.

Net Interest Margin

The Net Interest Margin before Repomo rose from 4.4% in 4Q02 to 4.7% in 1Q03, mainly due to the improvement of the loan portfolio mix as a result of Commercial and Consumer loans growth and also to the positive effect of higher interest rates.

Non Interest Income

The Non Interest Income for the quarter was 30.3% higher than that of the previous quarter because of the good results in Security Realized Gains, the normalization in the registration of Recovery Banking income, and higher service fee income.

Non Interest Expense

The Non Interest Expense dropped by 1.7% vs. the previous quarter mainly because of a reduction in Administration and Promotion Expenses and in Other Taxes.

Capitalization

The Capitalization ratio ended the quarter at 13.4% vs. 14.8% in 4Q02. This ratio decreased due to a higher risk position in Fixed Income Securities, and also to an increase in Investment in Securities (Sólida Administradora de Portafolios).

Loan Portfolio

By the closing of March 2003, the Banking Sector's portfolio showed a balance of Ps 146.9 billion. This 5.1% reduction with respect to the previous quarter was mainly due to the maturity of the short term loans for Ps 6.5 billion granted in December 2002 to a financial entity of the Federal Government, and also the sale of loans to Sólida Administradora de Portafolios for Ps 1.9 billions. Excluding both effects, the Total Portfolio grew by 0.3%.

Asset Quality

The Banking Sector showed a substantial reduction in its past-due loans by selling portfolio to Sólida Administradora de Portafolios, which closed the quarter with a past-due loan balance of Ps 3.4 billion, for an overall past-due loan ratio of 2.3%. The reserve coverage increased to close the quarter at 127.2%.

Executive Summary

GRUPO FINANCIERO BANORTE (GFNORTE) announced its results for the first quarter of 2003. GFNORTE and its subsidiaries reported earnings of Ps 507 million in the first quarter of the year, which are 19% higher than in the last quarter and 29% higher than in the same period last year. The Return on Equity was 17.5%.

The Banking Sector, which contributed with 79% of the total profits made for GFNORTE during the quarter, generated Ps 399 million (not including Afore Pension Fund) in 1Q03; 19% higher than in the last quarter and 45% greater than that of last year. The Return on Equity was 16%. This improvement was the result of higher volumes in the traditional banking business due to the reactivation of the Bancrecer branch network.

On the other hand, the Brokerage Sector showed a 1Q03 profit of Ps 7 million, 71%. The Long Term Saving Sector made Ps 75 million, while the Auxiliary Loan Sector registered Ps 20 million.

The Non Interest Income from service fees charged in the traditional business (Money transfers, Account Management Fees, Electronic Banking and Credit Card) grew by 3% as compared to the previous quarter, mainly due to a lower fees paid to other banks for the use of their ATMS.

The Banking Sector's Non Interest Expense fell by 2% vs. 4Q02 and 3% vs. 2002. Moreover, the annual expense per branch, which was Ps 14 million for Banorte in the 1Q01 before acquiring Bancrecer, dropped 41% to Ps 8.2 million in 1Q03, a clear reflection of the stringent expense control implemented. The efficiency ratio showed a sensible improvement going from 83.9% in 4Q02 to 73.9% in 1Q03.

Total Deposits closed March with a balance of Ps 198.7 billion, 6% higher than last quarter and 13% higher than the same period in 2002. Traditional Deposits contributed with Ps 153.7 billion.

A fundamental element of our strategy in Banorte is loan placement, taking advantage of the new installed capacity of our network to distribute loan products and services nationwide. The Banking Sector's total portfolio to March 2003 was Ps 146.9 billion. Whereas the total loan portfolio excluding Fobaproa/IPAB continues to grow, closing the quarter with a balance of Ps 61.0 billion, 1.2% greater than the last quarter (excluding the loan sale to Sólida Administradora de Portafolios and the payment of the loans granted to a federal government financial entity at the end of 4Q02), and 27% higher than that of a year before due to a remarked seasonality in December. The traditional banking commercial portfolio reached Ps 17.1 billion, increasing 19% in the quarter and 1% as compared to March 2002.

The credit card traditional banking portfolio closed with a balance of Ps 1.8 billion, a 9% increase in the quarter and 67% higher than the same period last year; the mortgage portfolio closed with a Ps 10.9 billion balance, a 4% growth in the quarter and 21% in the year, while car loans ended the first quarter with Ps 3.5 billion, a 17% increase in the quarter and 81% in the year. It is important to point out that both the mortgage and car loan portfolios showed substantial increased for the eleventh quarter in a row. The annual growths are influenced by the incorporation of the Bancrecer portfolio and the aggressive publicity campaign, especially in the commercial, consumer and business sectors.

As to the asset quality, the Banking Sector closed March with a past-due loan portfolio of Ps 3.4 billion, for a past-due loan portfolio ratio of 2.3% which compares favourably vs 4T02. Loan reserve coverage for past-due loans closed the quarter at 127% from 118% in 4Q02. In February, Banorte sold to Sólida Administradora de Portafolios, S.A. de C.V., a subsidiary of Bancen, a Ps 1.9 billion past-due loan package, which had an associated loan reserve of Ps 1.6 billion. This past-due loan package, made up principally of mortgage and commercial loans, previously processed by Sólida, was part of the efforts to make a clearer distinction of the Recovery Business in the Banking Sector.

Lance Family Lawsuit.

As to the lawsuit filed by Manuel Lance de la Torre's successors against Afin Casa de Bolsa, S.A. de C.V. (now Casa de Bolsa Banorte, S.A. de C.V.), on February 27, 2003, the Third District Judge in Monterrey dismissed the writ of relief presented. Grupo Financiero Banorte, S.A. de C.V., unsatisfied with the resolution, filed for a revision that will be processed and resolved by the third collegiate judge civil court of the fourth circuit, also based in Monterrey, N.L. The corresponding resolution is expected to be passed in approximately six months (see Annex 4).

Grupo Financiero Banorte

Grupo Financiero Banorte Earnings (Millions of Pesos)	QUARTER		
	1Q02	4Q02	1Q03
Banco Mercantil del Norte (1)	163.7	311.6	284.1
Banco del Centro	111.5	22.3	114.7
Banking Sector	275.1	333.9	398.7
Brokerage Sector (Brokerage House)	23.9	20.6	6.9
Afore	45.2	24.6	36.3
Insurance	30.6	12.7	21.8
Annuities	3.2	7.0	16.5
Long-Term Saving Sector	79.0	44.3	74.6
Leasing	5.3	8.8	4.6
Factoring	5.3	9.1	8.0
Warehousing	2.2	6.8	4.7
Bonding	2.7	3.1	2.1
Auxiliary Organization Sector	15.4	27.7	19.5
G. F. Banorte [holding]	(1.9)	(1.5)	7.4
Total	391.6	425.0	507.1

1) 96.11% owned by GFNorte.

GFNorte Income Statement (Millions of Pesos)	QUARTER		
	1Q02	4Q02	1Q03
Net Interest Income (NII)	1,969.0	2,185.0	2,311.1
+ REPOMO-Margin	28.1	32.5	15.0
= NET Interest Income after Repomo	1,997.0	2,217.5	2,326.1
- Loan Loss Provisions	170.3	250.0	235.7
- Loss Sharing Provisions	2.0	14.7	30.6
=Net Interest Income after Provisions	1,824.8	1,952.8	2,059.8
+ Non Interest Income	1,399.4	875.8	1,088.8
= Total Operating Income	3,224.1	2,828.6	3,148.6
- Non Interest Expense	2,537.4	2,535.4	2,463.6
= Net Operating Income	686.7	293.1	685.0
+ Non Operating Income (Expense) Net	(161.4)	27.9	(137.4)
= Pre-tax Income	525.3	321.1	547.6
- Income Tax & profit sharing	39.7	26.5	83.1
- Tax on asset	22.3	36.5	8.6
- Deferred Income Tax & profit sharing	76.7	(103.8)	(30.6)
= Net Income before Subsidiaries	386.8	361.9	486.5
+ Undistributed Earnings of Subsidiaries	54.9	101.7	67.0
=Net Income-contin. Operation	441.7	463.6	553.6
+ Extraordinary Items, net	-	(2.4)	-
- Minority Income	50.1	36.2	46.5
=Total Net Income	391.6	425.0	507.1

Figures are presented in constant pesos set at the close of March' 2003.

Group's Balance Sheet Highlights (Millions of Pesos)	1Q02	4Q02	1Q03
Performing loans excluding Fobaproa – IPAB (1)	44,953	65,403	59,919
FOBAPROA Loans	95,679	86,281	85,839
Past Due Loans	4,899	4,826	3,444
Total Loans	145,531	156,510	149,201
Loan Loss Reserves	5,639	5,673	4,362
Total Assets	181,654	201,815	195,983
Deposits	135,683	144,929	153,636
Equity	11,049	12,129	12,656
Assets under Management (2)	332,572	364,869	334,594

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

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

GFNorte Share Data	1Q02	QUARTER 4Q02	1Q03
Net Income per Share (Pesos)	0.78	0.85	1.01
Dividends per Share (Pesos)	-	-	-
Book Value per Share (1) (Pesos)	20.28	22.61	23.58
Shares Outstanding (Millions of Shares)	500.7	499.9	499.9
Price (Pesos)	21.41	25.50	24.99
P/BV (Times)	1.06	1.13	1.06
Market Cap (Millions of Dollars)	1,188	1,224	1,160

1) Excluding Minority holdings.

Group's Financial Ratios	1Q02	QUARTER 4Q02	1Q03
ROA (1)	0.8%	0.9%	1.0%
ROE (2)	15.7%	15.3%	17.5%
Efficiency Ratio (3)	83.6%	86.7%	77.6%
Efficiency Ratio (4)	75.3%	82.8%	72.5%
Past Due Loans to Total Loans	3.4%	3.1%	2.3%
Loan Loss Reserves to past Due Loans	115.1%	117.5%	126.7%

1) Annualized earnings as a percentage of the average of end of the month assets over the period.

2) Annualized earnings as a percentage of the average of end of the month equity over the period.

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

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

Banking Sector

Banking Sector's Financial Ratios	QUARTER		
	1Q02	4Q02	1Q03
<u>Profitability</u>			
% Net Interest Margin	4.2%	4.4%	4.7%
ROA (1)	0.6%	0.7%	0.9%
ROE (2)	13.1%	14.1%	16.0%
<u>Operation</u>			
Efficiency Ratio (3)	86.1%	87.5%	79.1%
Efficiency Ratio (4)	77.0%	83.9%	73.9%
<u>Assets Quality</u>			
% Past Due Loans w/o Fobaproa	10.1%	7.0%	5.6%
% Past Due Loans with Fobaproa	3.4%	3.1%	2.3%
Loan Loss Reserves to past Due Loans	116.1%	118.0%	127.2%
<u>Quarter Growths</u>			
Loans w/o Fobaproa	23.9%	25.8%	1.2% (6)
Total Loans	65.1%	5.9%	0.3% (6)
Traditional Deposits	68.0%	8.5%	6.0%
Total Deposits	56.6%	5.7%	(8.3)%
<u>Capitalization</u>			
% Tier 1 (5)	10.3%	12.2%	10.9%
% Total Capitalization Ratio (5)	12.9%	14.8%	13.4%

1) Annualized Net Income as a percentage of the average of end of the month assets over the period.

2) Annualized Net Income as a percentage of the average of end of the month equity over the period.

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

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

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

6) Excludes the sale of loans to Sólida Administradora de Portafolios for Ps 1.9 billion and the Ps 6.5 billion payment of the loans granted to a federal government financial entity at the end of 4Q02.

Information by Sectors

1.- Banking Sector

Income Statement (Millions of Pesos)	QUARTER		
	1Q02	4Q02	1Q03
Net Interest Income	1,888.9	2,083.5	2,217.3
+ REPOMO-Margin	36.7	41.7	23.9
= Net Interest Income after Repomo	1,925.7	2,125.3	2,241.2
- Loan Loss Provisions	170.2	249.8	233.7
- Loss Sharing Provisions	2.0	14.7	30.6
= Net Interest Income after Provisions	1,753.5	1,860.7	1,976.8
+ Non Interest Income	1,060.7	589.6	768.4
= Total Operating Income	2,814.3	2,450.3	2,745.3
- Non Interest Expense	2,270.7	2,243.4	2,205.3
= Net Operating Income	543.6	206.9	540.0
+ Non Operating Income (Expense) Net	(161.8)	32.9	(128.1)
= Pre-tax Income	381.8	239.8	411.9
- Income Tax & profit sharing	-	31.9	31.1
- Tax on asset	22.3	36.5	8.6
- Deferred Income Tax & profit sharing	81.7	(113.1)	(22.9)
= Net Income before Subsidiaries	277.8	284.6	395.0
+ Undistributed Earnings of Subsidiaries	49.2	88.9	51.6
= Net Income-continuous Operation	327.0	373.4	446.6
+ Extraordinary Items, net	-	(2.4)	-
Minoritary Income	-	-	0.1
= Total Net Income	327.0	371.0	446.6

First quarter Banking Sector profits in 2003 (including the Afore by the participation method), were Ps 446.6 million, 20.4% higher than that of 4Q02 given the higher Net Interest Income and Non Interest Income. The Net Interest Income before Repomo rose 6.4% as a result of the traditional banking loan portfolio growth, and also to the positive effect of higher market interest rates. The Loan Loss Provisions dropped 6.4% as compared to 4Q02, closing with a past-due loan reserve coverage of 127.2%. The Non Interest Income rose by 30.3% vs. the previous quarter due to greater Trading Income and normalization of Recovery Banking income registration. The Non Interest Expense fell by 1.7% as the Operation and Administration Expenses and Other Taxes were lower. Non Operating Income (Expense) showed a Ps 128.1 negative mainly due to a drop in Other Income and Recoveries as well as to the creation of sundry provisions accounted as other Expenses, as compared to the previous quarter. The Deferred Income Tax and Profit Sharing were lower than in 4Q02, as the previous quarter included an in advance amortization of Ps 113 million based on expected profits in 2003, and in this quarter only Ps 23 million were included, because the amortization will now be spread out over the whole year instead of doing it in the last quarter of 2002. Undistributed Earnings of Subsidiaries fell with respect to 4Q02 as a result of transferring Bancen income to Sólida Administradora de Portafolios last quarter for portfolio collecting services for Ps 102 million as all 2002 service fees were transferred in 4Q02.

Net Interest Income

Banking Sector Net Interest Income (Millions of Pesos)	QUARTER		
	1Q02	4Q02	1Q03
Interest Income	5,723.6	6,338.9	6,471.8
Interest Expense	3,950.2	4,417.6	4,430.1
Loan Fees	123.9	172.7	185.1
Fees Paid	8.4	10.5	9.6
Net Interest Income before Repomo	1,888.9	2,083.5	2,217.3
Average Earning Assets	181,056.7	190,565.8	190,172.5
% Net Interest Margin (1)	4.2%	4.4%	4.7%

Anualized Net Interest Income (NII) to average total earnings assets for the period.

Net Interest Income (Millions of Pesos)	1Q02		4Q02		1Q03	
	BANORTE	BANCEN	BANORTE	BANCEN	BANORTE	BANCEN
Interest Income- loans & securities	3,984.0	1,095.2	4,149.9	1,247.0	4,567.5	1,520.0
Interest Income- repo agreement	23.6	620.7	46.6	895.4	28.1	356.2
Foreign exchange Valuation	-	-	-	-	-	-
UDI valuation	-	-	-	-	-	-
Interest Income	4,007.6	1,715.9	4,196.5	2,142.4	4,595.6	1,876.2
Interest Expenses-dep. & funding	2,218.5	28.1	2,421.6	16.0	2,617.5	6.1
Interest expenses- repo agreement	1,039.4	651.0	1,297.1	644.2	1,105.2	675.5
Foreign exchange Valuation	(1.4)	(0.4)	19.8	0.4	10.8	0.6
UDI valuation	13.3	1.7	21.5	(3.1)	13.8	0.6
- Interest Expense	3,269.7	680.4	3,760.1	657.5	3,747.3	682.8
Loan Fees	123.8	0.2	172.6	0.1	185.1	-
Fees paid	8.4	-	10.5	-	9.5	-
= Net Interest Income	853.3	1,035.7	598.5	1,485.0	1,023.9	1,193.4

During the quarter, the Net Interest Income before Repomo increased by 6.4% vs. the previous quarter, due to a number of factors that positively impacted its performance, as follows:

Increase because:

- >The Traditional loan portfolio mix improvement as a result of Commercial and Consumer loans growth.
- >Loan Service Fees charged for new loans granted during the quarter.
- >The market rates increased during the quarter. The average 28 day Cetes rate rose from 7.35% in 4Q02 to 8.78% in 1Q03. The 28 day TIIE went from 8.42% to 9.64% in the same period. This accounts for an important part of the increase in the Net Interest Income.
- >The peso-dollar exchange rate rose from Ps 10.44/dollar at the end of December 2002 to Ps10.79/dollar at the close of 1Q03; an impact of nearly Ps 10 million.

Despite the fact that the deposit mix is usually less favourable in the first quarter than in the last quarter of every year, the policies for interest payment on deposits helped keep the deposits cost at a level similar to that of 4Q02, hereby benefiting the Net Interest Income.

The Net Interest Margin of the quarter rose from 4.4% in 4Q02 to 4.7% in 1Q03 given the factors already mentioned.

Non Interest Income

Non Interest Income (Millions of Pesos)	QUARTER		
	1Q02	4Q02	1Q03
+ Fund Transfers	42.9	45.7	42.9
+ Account Management Fees	161.0	149.3	147.2
+ Fiduciary	192.8	176.2	158.3
+ Credit Card	127.0	146.3	146.9
+ Income From loan portfolios acquired	110.7	(43.7)	50.3
+ Electronic Banking Services	90.0	61.0	63.7
+ From Fobaproa	139.0	116.7	46.8
+ Other Fees	123.2	128.7	125.4
Fees on purchased services:	986.6	780.2	781.5
+ Fund Transfers	-	-	-
+ Other Fees	171.4	276.0	170.5
+ Expense From loan portfolios acquired	65.2	26.0	40.7
Fees Paid :	236.6	302.0	211.2
=Net Fees	750.0	478.2	570.3
+ Foreign Exchange	67.9	84.5	82.8
+ Securities- Realized gains	250.3	10.8	118.6
+ Securities- Unrealized gains	(7.5)	16.2	(3.2)
Trading Income	310.7	111.4	198.2
= Non Interest Income	1,060.7	589.6	768.4

With the purpose of identifying the different origins that integrate the Non Interest Income, we present the following table:

Non Interest Income (Millions of Pesos)	QUARTER		
	1Q02	4Q02	1Q03
Service	485.4	455.2	470.4
Recovery	264.6	23.0	99.9
Trading	310.7	111.4	198.2
= Non Interest Income	1,060.7	589.6	768.4

Non Interest Income in the quarter rose by 30.3% vs. the previous quarter due to several factors explained below:

Service Fees:

The 3.3% increase vs. the last quarter was due to an approximate Ps 8 million reduction in Service Fees paid for using other banks' ATMs, as our clients now use our own ATMs because of the lower cost involved.

Service Fees have shown an increasing pressure since 3Q02 basically because of the following two situations:

- 1) Clients have been using the banking services more efficiently as a result of the new service charges and the increases in the service fees established since 1Q02. For instance, the effect of cashing checks (not charged before) was an immediate increase in Banorte's income but clients are now writing fewer checks. Additionally, Banorte gave the clients a debit card linked to the check account, which has helped Banorte lower the cost per transaction but has decreased the use of checks.
- 2) Banorte has had to adjust the service charges for special clients in order to remain competitive and retain such clients.

Recovery:

Non Interest Income-Recovery Bank (Millions of Pesos)	QUARTER		
	1Q02	4Q02	1Q03
SERFIN			
Fee Income (Fiduciary)	139.6	132.0	113.0
- Fee Expense (Other Fees Paid)	<u>59.5</u>	<u>156.0</u>	<u>69.5</u>
= Net Fees from Serfin	80.1	(24.0)	43.5
LOAN PORTFOLIOS ACQUIRED			
Income	110.7	(43.7)	50.3
- Expense	<u>65.2</u>	<u>26.0</u>	<u>40.7</u>
= Net Income from loan portfolios acquired	45.5	(69.7)	9.6
FOBAPROA FEES			
From FOBAPROA	<u>139.0</u>	<u>116.7</u>	<u>46.8</u>
= Fobaproa Fees	139.0	116.7	46.8
Non Interest Income – Recovery Bank	264.6	23.0	99.9

The Net Income derived from loan collections rose by 334% vs. 4Q02 because the Net Fees of the Serfin Portfolio collections went from Ps (24) million to Ps 43.5 million given the increase in last quarter's amortizations of the original investment in purchasing this portfolio. This quarter these amortizations returned to levels slightly higher than those in 3Q02.

The net Income from loan portfolios acquired went from Ps(69.7) million to Ps 9.6 million given the normalization in Bancen's Income participation that it shares with Sólida Administradora de Portafolios for collecting services. In 4Q02, this subsidiary showed an income of Ps 101 million, which was equivalent to the payment for collecting services for the whole 2002 -a highly disproportionate outflow for a single quarter. As of 2003, these payments are made on a monthly basis.

The Fees from Fobaproa dropped by 59.9% as there was less collecting during the quarter than in 4Q02.

Trading:

Trading Income rose by 77.9% mainly because of substantial increase in the Security Realized Gains Income from Ps 10.8 million to Ps 118.6 million as a result of investments made by the Treasury which benefited from the interest rates behaviour during the quarter, as these decreased at the end of March.

Non Interest Expense

Non Interest Expense (Millions of Pesos)	QUARTER		
	1Q02	4Q02	1Q03
Personnel Expenses	1,011.2	926.1	988.1
+Professional Fees	88.0	101.8	81.9
+Operation & Administration Expenses	588.3	582.4	516.1
+Rent,Depreciation& Amortization	298.0	273.5	304.5
+Tax other than income tax	125.0	187.2	138.1
+Contributions to IPAB	160.1	172.4	176.7
- Corporate Expense Recoveries	-	-	-
= Non Interest Expense	2,270.7	2,243.4	2,205.3

The Non Interest Expense of the quarter fell 1.7% vs. 4Q02 due mainly to an 11.4% drop in the Operation & Administration Expenses. A lower Expense in Other Taxes also contributed to the reduction, because in 4Q02 pending payments from previous months were made on Value Added Tax (VAT) on the investments made during the year. As there were fewer payments for outside services in loan recovery, notaries and loan reports, there was a 19.6% drop in the Professional Fees concept. Personnel Expenses rose by 6.7% because provisions were added for

severance expenses, medical care and for incentives for placing Products throughout the network. Additionally, provisions were created for Performance Bonuses for Bank executives.

Non Operating Income (Expense) Net

Non Operating Income (Expense) (Millions of Pesos)	QUARTER		
	1Q02	4Q02	1Q03
+Other Revenues	78.6	172.9	89.7
+Foreign Exchange	-	-	-
+Recoveries	55.6	90.7	8.1
+Repomo-other revenues	0.7	10.8	4.9
=Non Operating Income	134.9	274.4	102.7
-Other Expenses	(251.3)	(100.5)	(148.0)
-Foreign Exchange	(1.8)	(0.2)	-
-Repomo-other expenses	(43.6)	(140.9)	(82.8)
=Non Operating Expense	(296.6)	(241.6)	(230.8)
= Non Operating Income (Expense) Net	(161.8)	32.9	(128.1)

The Non Operating Income (Expenses) in the quarter was a negative Ps 128.1 million vs. the Ps 32.9 million in 4Q02. This variation was due to the following factors:

Other Revenues:

A Ps 83.2 million drop in Other Income because in the previous quarter Ps 38 million in Diverse Creditors accounts were canceled and Ps 36.5 million in dividends from insurance policies were received in 4Q02. Additionally, Recoveries fell by Ps 82.6 million due to the cancellation of various provisions from Bancrecer for Ps 23.0 million and to Ps 46.7 million of Bancen UDI Trusts Diverse Creditors that were cancelled in 4Q02.

Other Expenses

This concept rose by Ps 47.5 million as a result of the creation of various provisions which include: repossessed assets valuation (Ps 11.0 million), Fraud (Ps 13.0 million), Fiduciary Operations (Ps 29.0 million), and Guarantees, among others. Also, the Repomo-Other Expenses fell by Ps 58.1 million.

Loan Portfolio

Loan Portfolio (Millions of Pesos)	TRADITIONAL BANKING		RECOVERY BANKING		FOBAPROA		TOTAL	
	4Q02	1Q03	4Q02	1Q03	4Q02	1Q03	4Q02	1Q03
Commercial	31,482	30,194	1,572	1,164	-	-	33,054	31,358
Corporate	14,186	13,090	24	-	-	-	14,210	13,090
Commercial	17,296 ^(*)	17,104	1,548	1,165	-	-	18,844	18,268
Financial Entities	10,009 ^(*)	3,556	-	-	-	-	10,009	3,556
Consumer	5,258	5,978	114	35	-	-	5,372	6,014
Credit Card	1,684	1,831	-	-	-	-	1,684	1,831
Automobile	3,007	3,509	20	9	-	-	3,027	3,518
Electronic Payroll	568	639	94	26	-	-	662	665
Mortgages	10,550	10,949	3,683	2,512	-	-	14,233	13,461
Government Entities	5,894	6,636	-	8	80,082	79,256	85,975	85,900
Government Entities	5,894	6,636	-	8	-	-	5,894	6,644
IPAB	-	-	-	-	80,082	79,256	80,082	79,256
Fobaproa	-	-	-	-	6,199	6,583	6,199	6,583
Total	63,193	57,314	5,370	3,719	86,281	85,840	154,842	146,872
Total Loans w/o Fobaproa/ IPAB							68,561	61,033
Fobaproa / IPAB loans							86,281	85,840
Past Due Loans							4,791	3,412

^(*) In 1Q03; Ps 2,061 million were re-classified from Comercial to Financial Entities which were mis-classified. For comparative purposes this change was also reflected in 4Q02 figures.

There were two extraordinary events during the quarter that affected the loan portfolio: 1) the sale of loans to Solida Administradora de Portafolios (subsidiary of Banorte), for Ps 1.9 billion, and 2) the payment of Ps 6.5 billion of the loans granted to a federal government financial entity at the end of 4Q02.

With the purpose of showing the loan growth in a clear way, we include the following comparative table which excludes these two extraordinary events:

Loan Portfolio

Loan Portfolio (Millions of Pesos)	4Q02	1Q03				
		BALANCE	LOAN PORTFOLIO SALES TO SOLIDA	PAYMEN T OF THE LOANS FROM FIN. ENT.	BALANCE W/O EXTRAORDI NARIES	% GROWTH
Commercial	33,054	31,358	709	-	32,067	(3.0)%
Corporate	14,210	13,090	-	-	13,090	(7.9)%
Commercial	18,844	18,268	709	-	18,977	0.7%
Financial Entities	10,009	3,556	-	6,507	10,063	0.5%
Consumer	5,372	6,014	77	-	6,091	13.4%
Credit Card	1,684	1,831	77	-	1,908	13.3%
Automobile	3,027	3,518	-	-	3,518	16.2%
Electronic Payroll	662	665	-	-	665	0.5%
Mortgages	14,233	13,461	1,070	-	14,531	2.1%
Government Entities	85,975	85,900	-	-	85,900	(0.1)%
Government Entities	5,894	6,644	-	-	6,644	12.7%
IPAB	80,082	79,256	-	-	79,256	(1.0)%
Fobaproa	6,199	6,583	-	-	6,583	6.2%
Total	154,842	146,872	1,856	6,507	155,235	0.3%
Total Loans w/o Fobaproa/ IPAB	68,561	61,033			69,396	1.2%

The Total Portfolio without Fobaproa/IPAB rose 1.2%, from Ps 68.6 billion to Ps 69.4 billion, as explained below:

>Corporate Loans fell by 7.9% given the seasonality in consumer-related business, such as auto assembly. During the quarter, a USD 75 million loan was given to Axtel, a wireless telephone service company.

- >The Credit Card Portfolio increased by 13.3% thanks to the promotion program for attracting new clients.
- >A total of 9,930 Car Loans were granted during the quarter, for an increase of 16.2%.
- >Commercial Loans increased by 0.7% vs. 4Q02.
- >The 2.1% increase in the Mortgage Portfolio was due to new loans granted in the quarter.
- >The Financial Entities Loan Portfolio increased by 0.5%, a similar level to that of 4Q02.
- >FOBAPROA Notes rose 6.2% because interest capitalization was higher than collections in the quarter.
- >The Loan Portfolio increased Ps 323 million given the increase in the peso-dollar exchange rate, which went from 10.44 pesos/dollar to 10.79 pesos/dollar from December, 2002 to March, 2003.

Past-due loans dropped by 28.8% vs. 4Q02, closing with a Ps 3.4 billion balance and a past-due loan ratio of 2.3%. The Ps 1.9 billion portfolio that Banorte sold to Sólida Administradora de Portafolios was the main factor for this variation.

LOANS PORTFOLIO OF TRADITIONAL BANKING				
<i>(Millions of Pesos)</i>	1Q02	4Q02	1Q03	%Annual Growth
Commercial (1)	14,418	17,296 ⁽²⁾	17,104	18.6%
Mortgage and Consumer	12,448	15,809	16,928	36.0%
Mortgage	9,084	10,550	10,949	20.5%
Credit Card	1,098	1,684	1,831	66.7%
Automobile	1,939	3,007	3,509	81.0%
Other	327	568	639	95.5%
Corporate	9,102	14,186	13,090	43.8%
Recovery Banking	6,265	5,370	3,719	(40.6)%

(1) Includes Other loans

(2) In 1Q03: Ps 2,061 million were re-classified from Commercial to Financial Entities which were mis-classified. For comparative purposes this change was also reflected in 4Q02 figures.

When comparing the loan portfolio at the quarter closing to that at 1Q02, we can appreciate important increases due new loan placements. The growth in Mortgage and Consumer loans was 20.5%, in Corporate loans was 43.8% and in Commercial Loans was 18.6%. These growths are the result of the important promotion carried out by Banorte for loan placements, and they also reflect that the Consumer Sector continues to be very dynamic and that there is a high loan demand from businesses.

Classified Loans

Category	COMMERCIAL (*)			MORTGAGE			CONSUMER			TOTAL		
	Loans	%	Reserve	Loans	%	Reserve	Loans	%	Reserve	Loans	%	Reserve
A	34,303	87.5	265	8,865	65.9	47	4,920	81.8	25	48,088	82.0	336
B	1,665	4.2	209	2,963	22.0	168	661	11.0	66	5,288	9.0	443
C	1,557	4.0	411	683	5.1	214	150	2.5	68	2,390	4.1	693
D	48	0.1	34	603	4.5	422	175	2.9	127	826	1.4	583
E	1,611	4.1	1,601	-	-	-	161	2.7	158	1,772	3.0	1,759
Not Classified	12	-	-	348	2.6	-	(52)	(0.9)	-	308	0.5	-
Total	39,197	100.0	2,520	13,461	100.0	852	6,014	100.0	443	58,672	100.0	3,814
Exempted	-	-	-	-	-	-	-	-	-	89,076	-	-
Total	39,197	100.0	2,520	13,461	100.0	852	6,014	100.0	443	147,748	100.0	3,814

Note : Consolidated with UDIS. With March'03, per application of Report 1449,1460,1480 Y 14 of the CNByV (the National Banking and Securities Commission).

(*) Includes Financial Intermediaries, Government Entities, Irrevocable Lines of Credit and Signatures Guarantees Granted.

Includes Ps 875,441 millions of Irrevocable lines of credit

Loan Portfolio Sales to Sólida Administradora de Portafolios

As part of the strategy to concentrate past-due loans in the subsidiary specially created for this purpose, last February, Banorte sold Ps 1.9 billion (Ps 1.861 billion in Past-due loans & Ps 64 million in Performing loans) of its own portfolio (including interests) to its subsidiary Sólida Administradora de Portafolios, S.A. de C.V. for Ps 378 million. As the transaction was based on the August 2002 figures, the final figure that affected the February balance was Ps 1.856 billion, considering collecting since August 2002. Along with the past-due portfolio, Ps 1.577 billion in associated loan reserves were transferred.

Past-due Loans of Banorte to Sólida Administradora de Portafolios (Millions of Pesos)	AUGUST 2002			SECURITIZATION FEB'03	TO LOAN RESERVES
	PAST-DUE	PERFORMING	TOTAL		
Types of Loans					
Commercial	707	10	717	747 (*)	657
Consumer	81	-	81	81	80
Mortgage	1,073	54	1,127	1,127	840
	1,861	64	1,925	1,955	1,577
- Collecting from Aug' 02 to Feb'03				99	
= Transferred loans' balance				1,856	

(*) Loans in dollars are valued at the new exchange rate.

The benefits of selling these loans are twofold: 1) to enhance Banorte asset quality, and 2) to concentrate past-due loans in the Recovery Banking (Sólida Administradora de Portafolios) as an independent business unit within the Group, taking care of the loans it had already been handling.

Loans Loss Reserves (LLR)

Loan Loss Reserves (Millions of Pesos)	1Q03		
	BANORTE	BANCEN	Total
PREVIOUS PERIOD END BALANCE	5,212	440	5,652
Provision taken in the period	213	3	216
UDI trusts transfers	42	6	48
Charge offs and discounts ⁽¹⁾ :			
Commercial Portfolio	(636)	(4)	(640)
Foreclosed assets	-	-	-
Consumer Portfolio	(82)	-	(82)
Mortgage Portfolio	(835)	(2)	(836)
	(1,553)	(6)	(1,559)
Cost of debtors support programs	(32)	(3)	(35)
Valuation and Others	15	-	15
LOAN LOSS RESERVES AT PERIOD END	3,897	440	4,338

(*) It does not include UDI trusts eliminations.

(1) Includes the loan reserves associated with the Ps 1577 million portfolio sale to Sólida Administradora de Portafolios.

During the quarter, Ps 216 million were provisioned through the Income Statement and Ps 1.559 billion were taken out through Charge offs and discounts related to Collections and restructuring of loans, which included Ps 1.577 billion of loan reserves associated with the portfolio sale to Sólida Administradora de Portafolios. The Loan Loss Reserve balance at the end of 1Q03 was Ps 4.3 billion.

Reserve Coverage

Reserve Coverage (Millions of Pesos)	Past Due Loans	Reserves	Reserves/Past Due Loans
BANORTE			
Commercial	1,731	1,731	100.0%
Financial Intermediaries	-	-	-
Consumer	321	321	100.0%
Mortgage	1,030	1,030	100.0%
Government Entities	8	8	100.0%
Surplus	-	808	-
Total Banorte	3,089	3,897	126.2%
BANCEN			
Commercial	175	175	100.0%
Financial Intermediaries	-	-	-
Consumer	-	-	-
Mortgage	147	147	100.0%
Government Entities	-	-	-
Surplus	-	118	-
Total Bancen	323	441	136.5%
Total Banking Sector	3,412	4,338	127.2%

The Reserve Coverage of the Banking Sector at 1Q03 was 127.2%. For Banorte the reserve coverage was 126.2% and 136.5% for Bancen. Both Banks have individual coverages of 100.0% for each type loan portfolio, with surpluses of Ps 808 million in Banorte and Ps 118 million in Bancen.

Deposits

Deposits (Millions of Pesos)	1Q02	4Q02	1Q03
Demand Deposits	51,390	53,284	52,308
Time Deposits	83,093	90,367	100,037
Bonds	1,405	1,309	1,323
Traditional Deposits	135,888	144,961	153,668
On behalf of Third Parties Deposits (*)	68,986	72,039	45,057
Total Deposits	204,874	217,000	198,725

(*) Accounted in Memorandum Accounts.

The quarter closed with a Total Deposit balance of Ps 198.7 billion. This 8.4% drop vs. 4Q02 was caused by the redirecting of clients with third party Deposits, for approximately Ps 27.0 billion, in substitution of the Treasury Transactions with Financial Intermediaries. This changed was triggered by the fiscal changes as of 2003 under which the new government fixed income securities are no longer tax exempt. Traditional Deposit increased by 6.0% vs. 4Q02 given a 10.7% increase in Time Deposits as a result of the forementioned impact. This also caused a reduction in the Loans from Banks requirements for approximately Ps 16.0 billion. The third party deposits dropped 37.5% as these clients were redirected to Time Deposits.

Capitalization

Capitalization (Millions of Pesos)	RULES OF 2003			
	4Q02		1Q03	
	BANORTE	BANCEN	BANORTE	BANCEN
Tier 1 Capital	8,613	1,802	8,413	1,916
Tier 2 Capital	2,254	9	2,307	2
Net Capital	10,867	1,811	10,720	1,918
Credit risk assets	67,435	6,964	67,487	6,168
Net Capital/ Credit Risk Assets	16.1%	26.0%	15.9%	31.1%
Total risk assets (1)	76,486	9,236	77,428	16,985
Tier 1	11.3%	19.5%	10.9%	11.3%
Tier 2	2.9%	0.1%	3.0%	0.0%
Total Capitalization Ratio	14.2%	19.6%	13.8%	11.3%

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

Note.- The disclosure of capital and credit risk assets is included in the Notes to Banking Sector Financial Statements section.

At the close of 1Q03, The Banking Sector's capitalization ratio was 13.4% considering both loan and market risks. Banorte ended the quarter with a credit risk capitalization ratio of 15.9%, and 13.8% considering also market risks, with 10.9% of Tier 1 and 3.0% of Tier 2. Banorte's Tier 1 capital fell by Ps 200 million given the Ps 380 million capital increase in its subsidiary Sólida Administradora de Portafolios during the quarter. Bancen, on the other hand, closed with a 31.1% ratio with respect to the credit risk assets, and with 11.3% including market risks. Its Tier 1 ratio was 11.3% and 0% for Tier 2. Bancen's capitalization ratio was lower than in 4Q02 because of an increase in its position in fixed income investments, taking it back to a similar level to that of 3Q02. Worth reminding that Bancen concentrates the Group's Banking Sector's risk position.

US Dollar Assets and Liabilities

US Dollar Assets and Liabilities (Millions of Dollars)	4Q02		1Q03	
	BANORTE	BANCEN	BANORTE	BANCEN
Assets				
Cash	36.6	-	36.6	-
Deposits on Foreign Banks	432.3	25.6	297.9	25.0
Intergroup Deposits	-	-	-	-
USCP	51.5	-	115.5	-
Remittances Securitization Trust	10.4	-	8.7	-
Investment portfolio	505.6	-	549.3	-
Loan portfolio	922.6	1.2	938.5	1.2
Fobaproa – IPAB Notes(1)	(14.5)	-	(22.0)	-
Cross Currency Swaps	27.4	-	28.0	-
Foreign Exchange Derivatives	34.0 ⁽²⁾	-	35.2	-
Other assets	46.4	1.8	29.3	1.9
Total Assets	2,052.2	28.6	2,016.9	28.1
Liabilities				
Retail Deposits	1,050.8	-	1,092.3	-
Market Issues	52.0	-	46.0	-
Loans from Banks	78.2	-	106.7	-
Intergroup Funding	-	-	-	-
Development Banks	77.7	26.9	77.1	26.4
Cross Currency Swaps	550.6	-	533.2	-
Deferred payments	-	-	-	-
Loan Loss Reserves	142.3	1.7	116.0	1.7
Subordinated Debentures	111.9 ⁽³⁾	-	111.9	-
Foreign Exchange Derivatives	2.7 ⁽²⁾	-	4.3	-
Other liabilities	(13.9) ⁽²⁾	-	(70.4)	-
Total Liabilities	2,052.2	28.6	2,016.9	28.1

(1) The balance is net of Fobaproa checking accounts.

(2) Corrections were made on the 4Q02 report figures.

(3) Included for comparison purposes.

Figures are presented in constant pesos set at the close of March' 2003.

The combined balance of the total assets of Banorte and Bancen in dollars at the close of 1Q03 was USD 2.0 billion, 1.7% lower than 4Q02. Funds deposited in Foreign Banks were used to invest in Money Market Investment Instruments and in Debt Instruments in order to increase total asset's yield.

Recovery Banking

Background.

Recovery Banking has made important contributions to Banorte's earning since it was formally established as a business unit in 1997. This area was created to respond to the need of collecting the Bancen and Banpais portfolios for Fobaproa (in addition to the Banorte portfolio), after such portfolios were purchased by Banorte in 1997.

Recovery Banking has been a supplementary source of income for the traditional banking business while it gets back on a sustained growth course.

Recovery Banking Contribution to Banking Sector Net Income			
2000	2001	2002 ⁽¹⁾	1T03
32.4%	31.5%	36.0%	24.8%

(*) Banking Sector 100.0%

(1) Excludes Ps 416 millions of extraordinary income from Generali

Since the beginning, Recovery Banking was made up of over 500 persons entirely dedicated to collecting on portfolios. Its segmented structure was intended to help these people concentrate their efforts on each of the different types of portfolios and to make operations more efficient. Recovery Banking has its own, totally independent from the banks, legal and administrative areas, and regional centers were opened to resolve the cases more effectively.

Loan Portfolio Purchasing:

As collecting the Bancen and Banpais portfolios turned out to be good business because of the substantial income from fees, the business was expanded and intends to purchase other portfolios from the IPAB using the existing infrastructure. As of 2000, Banorte started taking part in the loan auctions held by the IPAB. Between March 2000 and March 2003, Banorte has purchased more than 50% of the IPAB-auctioned portfolios, for the sum of Ps 34.6 billion on portfolio, from which Ps 20.9 billion were the 4-year collecting rights of the Serfin portfolio, and the rest were loans purchased as proprietary loans for Ps 13.7 billion.

The portfolios purchased up until March, 2003, are listed below:

(Millions of Pesos)				
PROJECT	DATE	PORTFOLIO SUM	PRICE PAID	ACQUIRER
Serfin Base	March, 2000	20,931	2,481	Bancen
Vipesa	December, 2000	188	21	Sólida
Serfin Meseta	January, 2001	2,691	622	Sólida
Bancrer I	March, 2001	2,049	556	Bancen
Serfin-Santander	July, 2001	2,753	800	Bancen
Bancrer II	August, 2001	211	38	Sólida
Goldman Sachs	October, 2001	3,191	649	Sólida
Cremi	November, 2002	364	93	Sólida
Quadrum	December, 2002	344	282	Banorte
Banorte	February, 2003	1,925	378	Sólida
Total		34,647	5,920	

To date, we have been able to collect an average of 43% of the original sums of the portfolios purchased from the IPAB (of the Ps 34.6 billion of the table above) vs. the 17.1 cents average paid for them, and the Net Profit generated by the Recovery Banking for acquired portfolios amounts to Ps 1.6 billion up to February 2003.

Figures are presented in constant pesos set at the close of March' 2003.

Sólida Administradora de Portafolios:

Sólida Administradora de Portafolios, S.A. de C.V. (subsidiary of Banorte) used to be a service provider company until it was turned into a financial assets administrator early in 2001 in order to purchase new portfolios. To this end, the Recovery Banking operations and personnel were drawn in to this company, which has purchased 6 loan portfolios. This company is intended to be kept as an independent business unit with the possibility of selling it or looking for a specialized partner in the future.

Future Plans:

Banorte intends to continue participating in the purchase of new loan portfolios and, in so doing, extend the life span of this business area. The IPAB still has important portfolios to sell estimated at approximately Ps 100 billion.

Even if no more portfolios were purchased in the future, which is an extreme case, the Recovery Banking's contribution would still be substantial for another 3 to 4 years. However, we have plans to keep purchasing new portfolios, which would prolong this unit's contribution even further.

Recovery Banking Income Statement (Millones de Pesos)	ACCUMULATED	
	1Q02	1Q03
Net Interest Income	(3)	(7)
+ REPOMO-margin	-	-
= Net Interest Income After REPOMO	(3)	(7)
- Loan Loss Provisions	-	5
= Net Interest Income After Provisions	(3)	(13)
+ Fiduciary	80	44
+ Fobaproa Fees (1)	139	47
+ Other Fees	92	68
Non Interest Income	312	159
= Total Operating Income	309	146
Non Interest Expense	165	53
= Net Operating Income	144	94
- Other Revenues and Expenses	-	-
= Pre-tax Income	144	94
- Income Tax & Profit Sharing	-	-
- Tax on Asset	-	-
- Deferred Income Tax & Profit Sharing	-	-
= Net Income before Subsidiaries	144	94
+ Undistributed Earnings of Subsidiaries	-	17
= Net Income-continuous Operation	144	111
+ Extraordinary Items, net	-	-
- Minority Income	-	-
= Total Net Income	144	111

(1) Net Figures.

(2) Includes Net Income From Loan Portfolios.

(3) Non Interest Expense of Sólida was netted out in the Undistributed Earnings of Subsidiaries line where Sólida's Net Income is shown.

The following table shows the amounts of assets managed by the Recovery Bank and the concepts where these assets are found, as well as the items where the income from each portfolio are registered

Assets Under Management (Millions of Pesos)	1Q03	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
Fobaproa-IPAB: Portfolios			
Banking Sector (1)	17,025	Out of balance trusts	Fees from FOBAPROA
Serfin	12,419	Serfin Trust	Fiduciary (3)
Reposessed assets	11,752	Out of balance trusts	Fobaproa fees and Fiduciary
	41,196		
Loans purchased to IPAB(2):	12,548	Sólida Administradora de Portafolios Bancen	Undistributed Earnings from Subsidiaries (Sólida) and Non Interest Income (Bancen)
Banking Sector Portfolio:			
Banking Sector (1)	3,252	Banorte's Portfolio	Net Interest Income
Reposessed assets	1,333	Banorte's Reposessed assets	Other Revenues and Expenses
	4,585		
Total	58,330		

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

(2) Includes 9 packages.

(3) Departing 3Q01 this trust is consolidated and affects the following accounts: Interest Expenses, Fiduciary, Other Fees Paid, and Operation & Administration Expenses.

This section is intended to dimension the Recovery Banking business contribution to the Banking Sector. Recovery Banking has contributed substantially in the last years to the Banking Sector's earnings. However, it is important to mention that this contribution tends to be smaller as the Traditional GFNorte Banking Business is strengthened.

A breakdown of the Recovery Banking contribution to the earnings of said Sector is given below.

The basis to calculate these figures were the assets managed by Recovery Banking which consist of: the loan portfolios ceded to Fobaproa by Bancen and Banpais before being sold, the purchase of collecting rights of the Serfin Portfolio, and the portfolios bought to the IPAB. Additionally, it administrates own portfolio which, given its characteristics, have been transferred to be collected through the Recovery Banking.

The Recovery Banking earnings as a percentage of the overall earnings of the Banking:

Recovery Banking Contribution (Millions of Pesos)	ACCUMULATED	
	1Q02	1Q03
Traditional Banking Net Income	288	336
Recovery Bank Net Income	144	111
Banking Sector Net Income(*)	432⁽¹⁾	447
= % of Contribution	33.4%	24.8%

(*) Banking Sector 100.0%

(1) Includes Ps 105 million of securities mark to market precautionary reserve.

The Recovery Banking contributed with Ps 111 million to the year profits of the Banking Sector, equivalent to a 24.8% participation.

2.- Brokerage Sector

Brokerage Sector (Millions of Pesos)	QUARTER		
	1Q02	4Q02	1Q03
Brokerage House			
Net Income	23.9	20.6	6.9
Equity	278.3	329.6	335.4
Total Assets	407.7	462.2	431.2
Assets under Management	111,186.0	126,756.2	113,618.4
ROE %	35.1%	25.4%	8.1%

The **Brokerage Sector** (Brokerage House) showed a Ps 6.9 million profit in 1Q03, a 67% drop from 4Q02. The money market transaction income was practically the same as in the same period last year, despite the heightened volatility of the financial markets in 1Q03.

As to the Institution's stock brokerage income, the beginning of the war in the Middle East was a major influence factor in the global financial markets. For the time being, aversion to risk is still high. Although this caused a 50% drop in stock brokerage income for the Institution as compared to the same period last year –Ps 20.1 million in 1Q02 vs. Ps 10.0 million in 1Q03. The Brokerage House has been during 2003 the Institution with the highest transaction volume in the stock market, with a market share of nearly 14%.

In spite of the above and thanks to the diversity of the products the Institution handles, such as fixed income operations and Mutual Funds offered by our subsidiary abroad, Banorte Securities LTD (previously AFIN Securities), operating income has been kept practically at the same level as that reached in the same period last year. This situation plus a strict control of company expenses were instrumental in making a profit in this year's first quarter.

3.-Long Term Savings Sector

Long Term Savings Sector (Millions of pesos)	QUARTER		
	1Q02	4Q02	1Q03
Afore			
Net Income	88.7	48.2	71.3
Equity	1,268.4	1,028.0	1,099.2
Total Assets	1,508.4	1,313.8	1,287.3
Assets under Management (SIEFORE)	16,398.4	19,427.1	20,394.1
ROE %	28.7%	19.0%	26.5%
Insurance			
Net Income	60.1	25.0	42.8
Equity	202.3	229.4	272.3
Total Assets	1,765.2	2,009.2	2,233.9
Technical Reserves	1,419.6	1,609.8	1,721.6
Premium sold	359.9	344.8	534.6
ROE %	135.2%	44.9%	67.1%
Annuities			
Net Income	6.2	13.7	32.3
Equity	134.4	127.9	160.2
Total Assets	4,083.8	4,498.4	4,581.7
Technical Reserves	3,936.2	4,362.6	4,412.7
ROE %	18.0%	43.8%	92.3%

The **Afore** showed a 1Q03 Net Profit of Ps 71.3 million (51% for Bancen), an increase of 47.9% vs. 4Q02. This variation is due mainly to the cyclic nature of the business, as the employee contributions are made bimonthly; therefore, two contributions are received in the 1st and 3rd quarters of every year, whereas only one contribution is received in the 2nd and 4th quarters. At the end of 1Q03, the total number of affiliates was 2,651,877, and there was a 10.0% market share in affiliate certified accounts. Since last January, the fees charged to the affiliates were reduced: the fee over balance was lowered from 1.0% to 0.7%, and the fee per contribution went from 1.45% to 1.40%. These reductions were made in order to keep up with the market and be more competitive.

The **Insurance Company** registered a Ps 42.8 million profit (51% for GFNorte) in the quarter, a 71.0% increase vs. 4Q02. This was due to the substantial 54.1% increase in the premiums sold throughout the new expanded banking

branch network during the quarter and a low level of damage incidents.

The **Annuities** showed a Ps 32.3 million profit in the quarter (51% for GFNorte), 135.8% higher than in 4Q02. This variation stems from the earnings from its investment portfolio as a favourable impact of interest rates in the quarter as well as lower expenses. The Company currently ranks 5th in the industry with a 10.5% share in premiums sold and 5th in the number of pensions placed, with an 11.9% market share.

Auxiliary Organizations Sector (Millions of pesos)	QUARTER		
	1Q02	4Q02	1Q03
Leasing			
Net Income	5.3	8.8	4.6
Equity	139.7	166.0	170.6
Loan Portfolio(*)	827.8	959.0	972.2
Past Due Loans	23.4	23.0	19.1
Loan Loss Reserves	13.7	12.6	15.1
Total Assets	832.9	977.5	998.3
ROE %	15.4%	21.6%	10.9%
Factoring			
Net Income	5.3	9.1	8.0
Equity	146.6	170.8	178.9
Loan Portfolio	1,853.1	2,256.1	3,005.1
Past Due Loans	37.3	12.6	12.9
Loan Loss Reserves	9.1	8.5	8.4
ROE %	1,871.6	2,266.5	3,018.7
Total Assets	14.5%	21.8%	18.2%
Warehousing			
Net Income	2.2	6.8	4.7
Equity	66.0	59.8	62.8
Inventories(**)	251.5	283.8	187.6
Total Assets	316.2	376.6	281.8
ROE %	13.4%	39.6%	30.6%
Bonding			
Net Income	2.7	3.1	2.1
Equity	78.4	83.1	85.2
Total Assets	160.0	198.0	203.3
Technical Reserves	55.7	71.4	78.8
Premium sold	17.9	29.6	24.5
ROE %	13.9%	15.0%	10.2%

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

(*) Departing 2Q00 it includes operating lease.

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

The **Leasing company** reported a Ps 4.6 million profit in the quarter, 47.7% less than in 4Q02 because a Ps 2.5 million Loan Reserve was created, fewer fees were charged, and leased goods' depreciation increased. The Total loan portfolio grew by 1.4% vs. 4Q02 and the past-due ratio dropped 2.0% at the close of 1Q03. It currently ranks 7th among the 28 Leasing Companies.

The **Factoring company** drew an Ps 8.0 million profit in the quarter, 12.1% less than in 4Q02 due to the Ps 1.5 million decrease in fee income. The Total Loan Portfolio grew by 33.2% vs. 4Q02 as a result of the loan placement promotional efforts. The past-due loans closed with a Ps 12.9 million balance. The company currently ranks 1ts in the 11-factoring company system.

The **Warehousing company** registered a net profit of Ps 4.7 million during 1Q03, a 30.9% decrease as compared to the previous quarter because of a 33.9% reduction in the inventories handled due to as some clients' businesses seasonality. The profit was achieved through inventory commercialization and direct national warehousing services that made it possible to make up for the drop in its in-bond services greatly affected by the economic deceleration.

The **Bonding company** made a 1Q03 net profit of Ps 2.1 million, 32.3% lower than in the previous quarter. The reason is that, during the first quarter of the year, there was a considerable increase in the bonds granted to gas

stations to operate with PEMEX. This raised the requirements of creating new technical reserve in the period, thereby affecting the quarter's results.



ANNEXES

1. MACROECONOMIC ENVIRONMENT
2. GRUPO FINANCIERO – GENERAL INFORMATION
3. ACCOUNTING CHANGES AND REGULATIONS
4. COMBINED BANORTE+BANCRECER BALANCE SHEET (PROFORM)
5. FINANCIAL STATEMENTS
6. NOTES TO BANKING SECTOR FINANCIAL STATEMENTS

ANNEX 1. Macroeconomic Environment

1Q03 was tainted largely by the apprehension about the U.S. (and G.B.) war against Iraq. The diplomatic discussions stretched practically through the entire quarter putting extra pressure on financial markets and deteriorating investor and consumer confidence. The result was slowing growth and negative expectations as to the time and magnitude of economic recovery. Finally, towards the end of the quarter, war broke out and the markets swayed at the slightest development, whether good or bad. However, despite the above, macroeconomic stability prevailed.

The Mexican Stock Exchange started the year with a certain recovery inertia from the previous quarter. Nevertheless, the edginess over the war was behind the 3.48% drop in the first three months of 2003. The ups and downs of the Stock Market in the quarter responded mostly to the news about the armed conflict.

As to the exchange rates, speculation about the war against Iraq, current account deficit and the fiscal deficit put a lot of pressure on the dollar-to-euro parity, reaching a 1.105 euros per dollar rate before the war broke out. Once the attack was underway, speculation died down and the dollar made a slight recovery with respect to the euro. Something similar happened to the peso-dollar exchange rate that reached a high of 11.26 pesos/dollar and, after a short while, fell back to around Ps10.70/dollar.

The monetary policy in 2003 started off as restrictive. In the first three months, Banco de Mexico increased the "short" three times. This measure was mainly in response to the yearly inflation expectations, which show a rising trend. The monetary restriction is mostly a preventive measure. In other words, it intends, among other things, to relieve the potential pressure that could affect prices due to the consistent exchange rate depreciation started last April 2002, the effect of higher energy prices on the costs of other services and to higher salary costs. On the other hand, public finance in the first months of the year profited from higher oil-related income.

The expected GDP growth for 1Q03 is set at 2.6% annual. This growth, although contrasting with the 1.94% of the previous quarter, does not mean an improvement in economic activity, but rather that the basis of comparison, which is the 1Q02, was a slow period due to fewer business days because of the Holy Week holiday. The growth in the first months of 2003 is still very moderate and will continue to be supported by the services sector, since foreign demand is still weak keeping industrial production low.

2003 took off in a wave of uncertainty, which has gradually been dispelled since the occupation of Iraq. However, there are still important international conflicts, fear of terrorism and, mainly, great economic challenges to resolve both in the U.S. as well as in Mexico. The former is concerned about its fiscal deficit and current account. Mexico is faced with the need to sustain and forward its macroeconomic stability through structural reforms. This is how our country will be able to take full advantage of its potential and stand up to the worldwide economic slump.

ANNEX 2 .-Grupo Financiero- General Information
GFNorte Ownership in Subsidiaries

	1Q03
Banco Mercantil del Norte (1)	96.11%
Banco del Centro	99.99%
Brokerage House	99.99%
Pension Funds Afore (2)	51.00%
Insurance	51.00%
Annuities	51.00%
Leasing	99.99%
Factoring	99.99%
Warehousing	99.99%
Bonding	99.99%

(1) As a result of merging Banpaís in February, 2000.

(2) Subsidiary of Banco del Centro.

Holding Company Capital Structure

Number of Shares	SERIE O As of March 31, 2003
Number of shares issued	504,586,887
- Shares held on Treasury	4,660,763
= Number of shares outstanding	499,926,124

Banorte Ratings

International Ratings				
Rating Agency	Rated Institution	Rating	Category	Date
Moody's Investor	Banorte	Stable	Outlook	March 2003
		D+	Modest Financial Strength	
		Baa2	Foreign long - term bank deposits	
Standard & Poors	Banorte	P-2	short- term bank deposits	September 2002
		NEGATIVE	Outlook	
		BB	Long Term foreign issuer credit	
		BB	Long Term local currency deposits	
		B	Short term foreign issuer credit	
Fitch	Banorte	B	Short tem local issuer credit	June 2002
		Stable	Outlook	
		BBB-	Long Term Local currency	
		BBB-	Short Term Local currency	
		F3	Short Term Local Currency	
		F3	Short Term Foreign Currency	
		C/D	Individual – Foreign Currency	
		4	Support Rating	

Figures are presented in constant pesos set at the close of March' 2003.

Banorte Ratings

Domestics Ratings				
Rating Agency	Rated Institution	Rating	Category	Date
Fitch	Banorte	F1 + (mex)	Short term counterparty risk	August 2002
		AA (mex)	Long term counterparty risk	
		F1 + (mex)	Short term CD's and Term Deposits	
		AA (mex)	Long term CD's and Term Deposits	
		AA (mex)	Bonds (1-00)	
		AA (mex)	Bonds (2-00)	
		AA - (mex)	Subordinated Debt (436,000 UDI'S)	
Other Subsidiaries				
Fitch	Sólida	Average High (mex)	Financial Asset Administrator	June 2002
	Operadora de Fondos	AA (mex)	Investment Financial Assets Administrator	August 2002
	Seguros Banorte Generali	AA (mex)	Insurance Financial Strength	August 2002

No. of Employees & Distribution Network

EMPLOYEES	1Q02	4Q02	1Q03
Banking Sector (*)	13,948	12,778	12,861
Other Sectors	<u>2,366</u>	<u>2,090</u>	<u>2,173</u>
Total Group	16,314	14,868	15,034
DISTRIBUTION NETWORK			
Branches (**)	1,158	1,069	1,075
ATM	2,591	2,508	2,513

(*) Includes Sólida Administradora de Portafolios.

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

ANNEX 3 .-Accounting Changes and Regulations

Terms and Particular Features of the Merger Process.

The Secretaría de Hacienda y Crédito Público authorized the Banorte – Bancrecer merger, in which the latter is the merging company and Banorte is the merged company. The merging party thereby changed its name to “Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte”.

This merger is a reorganization or transaction between companies under common control, pursuant to the Generally Accepted Accounting Principles of the United States of America, which were complementarily applied in accordance with the Accounting Criteria for Financial Institutions referred to in Circulars 1448 and 1488, issued by the National Banking and Securities Commission.

Up to February 28, 2002, both Institutions issued separate financial statements. As of March 2002, a single financial statement is drawn up for the merged entity.

For this purpose, Banorte’s book balances of assets, liabilities and stockholders’ equity were transferred to Bancrecer, thereby proceeding to eliminate the inter-company operations between both Institutions.

There were no changes made to the accounting policies applicable to Financial Institutions as a result of the reorganization in question.

The following table summarizes the merger process, indicating the effect on financial statements as well as detailing the inter-company transactions that were eliminated.

Millions of nominal pesos	Banorte (before consolidation)	Bancrecer	Total	Intercompany Operations	Intercompany Operations	Balance of the Merged entity
				Debit	Credit	
ASSETS	106,528	69,681	176,209		12,107	164,102
LIABILITIES	99,839	67,838	167,677	10,264		157,413
STOCKHOLDER'S EQUITY	6,689	1,843	8,532	1,843		6,689

As the above table shows, the remaining stockholders’ equity is that of Banorte, as it is the Holder of Bancrecer shares. The stockholders’ equity of the latter Institution is eliminated against Permanent Investment in shares that Banorte kept in its assets.

The stockholders’ equity of the merged company totals Ps 2,273,482,963.00 (Two billion, two hundred seventy-three million, four hundred eighty two thousand, nine hundred and sixty three Mexican pesos 00/100) (nominal pesos) represented by 22,734,829,630 ordinary nominative shares of the “O” series, for a nominal value of Ps 0.10 (ten cents Mexican Currency).

Bancrecer, S.A., as a result of the merger, cancelled the shares it had deposited in the Company Treasury which had not been paid.

The nominal value of each stockholders’ equity representative shares was modified from Ps 100.00 (one hundred Mexican pesos 00/100) to Ps 0.10 (ten cents Mexican Currency).

Interbank Eliminations in Balance lines

(Millions of Nominal Pesos)

	Debit	Credit
Stockholder's Equity	1,843	
Investments in Subsidiaries		1,843
Interbank loans	10,201	

Figures are presented in constant pesos set at the close of March’ 2003.

Cash and due from banks	10,201
Deferred Taxes (Liabilities)	63
Deferred Taxes (Assets)	63
(The last registers were reclassifications only, in accordance to CNBV and accounting criteria for presentation)	

Interbank Eliminations in Income lines

Interest Income – Expense

(Millions of Nominal Pesos)	Debit	Credit
Interest Income.- Loans & Securities	39.1	
Interest Expense.- Deposits & funding		39.1
Interest Income.- Repo agreements	0.7	
Interest Expense.- Repo agreements		0.7
Earnings of Subsidiaries	84.6	
Net Interest Income before Repomo		645.4
REPOMO – margin	11.1	
Loan Loss Provisions	11.6	
Non Interest Income		283.8
Non Interest Expense	789.0	
Non Operating Income (Expense)	22.9	
Tax on Asset	11.8	
Deferred Income Tax & Profit Sharing		1.3
Earnings of Subsidiaries		0.5

For comparability purposes, Bancrecre's quarterly figures appear consolidated in the corresponding accounts of Banorte's (merged) earnings statements. Therefore, to avoid duplicating figures, the profit that, by means of the participation method Banorte had registered as subsidiaries profit, is eliminated.

Reserves for Integration Expenses.-

In Official Document number 60-II-105587, dated December 11, 2001, the National Banking and Securities Commission authorized the creation in December 2001 of a Reserve for Integration Expenses against Capital Reserves for a total of Ps 678.0 million. Said provision contemplates the following concepts:

1. Reorganization

1.1 Restructuring Cost

The amount to cover the Bancrecre personnel severance pay to those laid off because of the organizational restructuring, product of the integration.

1.2 Outplacement Program

Fees to pay to specialized external advisors that will help the dismissed personnel to take on new productive activities on their own or to find new jobs.

1.3 Acquittance on loans made out to personnel laid off

Pursuant to internal policies, the Bank will grant an acquittance on the loans granted to the personnel subject to dismissal, 30% on commercial loans and 20% on mortgage loans.

2. Integration

2.1 Operative Integration

The necessary expenses to integrate all the branches into a single operative framework.

2.2 Re-branding

The necessary expenses to re-brand Bancrecer's branches, these expenses such concepts as indoor and outdoor painting, carpeting, sign make-over, and project coordination. Also included are the expenses needed to uniform signage and image inside the branches.

2.3 Amortization of Installation Expenses due to branch shutdowns

Installation expenses incurred at the Bancrecer branches that will soon close down according to Banorte's strategic plan.

3. After Retirement obligations (medical service)

The actuarial study of medical service benefits up to January 1, 2000, showed accumulated debts for retirement benefits for a total of Ps 132.3 million. Banorte does not have the corresponding detailed actuarial calculation; therefore, a conservative adjustment of Ps 80.7 million has been included.

The present actuarial calculation shows a need for Ps 49.8 million, which was reclassified as Obligations After Withdrawal. The surplus was canceled against Commercial Loans.

The amounts of each concept are:

(Millions of pesos)

	Initial Balance	March 2003 changes	March, 2003 Balance
1. Reorganization	368.1	(363.6)	4.5
2. Integration	229.2	(134.4)	94.8
3. After Retirement obligations (medical service)	80.7	(80.7)	0.0
Total	678.0	(578.7)	99.3

If these reserve had not been constituted by December 2002, the movements in the present business year associated with the Banorte-Bancrecer integration would have been in assets as a goodwill for the same amount as said reserves, as per Bulletin B-8 of the Generally Accepted Accounting Principles, paragraph 22, "Acquisition and sales of subsidiaries."

Deferred Taxes.-

Taxes are calculated on the fiscal income of the year, applying the fiscal regulation currently in effect. However, due to the temporary differences in acknowledging income and expense for accounting and fiscal purposes, as well as the differences in the book and fiscal balance accounts, Banorte (already merged) has acknowledged a deferred tax in its favor for Ps 835,769, that is made up as follows:

(Millions of Nominal Pesos)

CONCEPT	2002		
	Temporary	Deferred	
	Differences	ISR	PTU
Loan Loss Provisions (not deducted)	Ps 3,162.8	Ps 1,107.0	Ps 23.1
Tax loss carryforwards	10.3	3.6	-
Deficit from retirement obligations	601.4	210.5	60.1
Tax on assets	-	-	-
Excess of fiscal on account value of foreclosed assets	171.1	59.9	-
Total Assets	Ps 3,945.6	Ps 1,381.0	Ps 83.3

CONCEPT	2002		
	Temporary	Deferred	
	Differences	ISR	PTU
Excess of fiscal over account value of fixed assets and expenses, Intangible and Others	Ps 1,560.8	546.3	42.3

Figures are presented in constant pesos set at the close of March' 2003.

Accrued interest and inflationary effect on special CETES	-	-	-
Value market results	-	-	-
UDI trusts payable income tax	-	39.8	-
	<u>Ps 1,560.8</u>	<u>Ps 586.1</u>	<u>Ps 42.3</u>
Total Liabilities			
	<u>Ps 2,384.8</u>	<u>Ps 794.8</u>	<u>Ps 40.9</u>
Accumulated Net Effect			
DEFERRED TAX			<u>Ps 835.8</u>

As a result of the modifications to the Income Tax Law (ISR), published on January 1, 2002, the ISR rate (35%) will be reduced annually as of 2003 until the nominal rate of 32% is reached in 2005. Consequently, this gradual reduction in Income Tax, in turn, will reduce the assets from deferred taxes in the same years, thereby affecting the year's earnings.

Pursuant to paragraph 28 of Bulletin D-4 of the Generally Accepted Accounting Principles, issued by the Mexican Institute of Public Accountants, the administration has made financial and fiscal projections based on conservative economic condition scenarios. They will enable recovery of the deferred asset tax with future fiscal profit within the normal course of operations of Banorte (already merged). Additionally, as mentioned in item (b) of the aforementioned paragraph, the right to deferred tax generated by Bancreer's fiscal loss, which totals Ps 1,596,350, will be considered when there is a greater likelihood of having sufficient future taxable profits, as contemplated in the paragraph cited above.

In regard to the updated fiscal accounts balance related to the Stockholder's Equity, based on Bulletin D-4 paragraph 75, it is convenient to highlight that the deferred tax movements of the current year were not created against Capital accounts, and that fiscal accounts (Net Income and Updated Capital Contributions) were calculated according to the current fiscal regulations.

Goodwill.-

As per Bulletin B-8 of the Generally Accepted Accounting Principles, paragraph 22 "Acquisition and sales of subsidiaries," an Asset Goodwill was created in 2Q02 for the amount of Ps 69.6 million, which mostly consists of:

- >Interests shown in assets derived from the Agriculture, Livestock and Fishing Support Programs that were not acknowledged by the Federal Government by 39.6 millions, and
- >Integration-associated expenses not covered by the Integration Reserve, as the latter is insufficient according to the new estimate of Ps 19.9 million.

As of March 2003, the Goodwill adds up to Ps 57.9 million.

Accounts Receivable and Accounts Payable for 3Q02 – 4Q02.

The 24- and 48-hour currency buying-selling was considered as advance contracts under Operations with Options (Securities) and Derivatives. However as of October 2002 the CNByV decided that the buying operations be registered as restricted availabilities, while the currency sold be registered as SALIDA DE DISPONIBILIDADES, with a Ps 14 million variation, which in the Account Receivable and Accounts Payable in the Balance show up as Ps 421 million and Ps 435 million for 3Q02 and 4Q02, respectively.

Variation in Permanent Shares Investments in 4Q02.-

During 4Q02 the Permanent Shares Investments account dropped as a result of the net effect of canceling the capital increase of two Bancrecer real estate companies (Inmobiliaria Bancrecer and Inmobiliaria Innova), as the Treasury Department [Secretaría de Hacienda y Crédito Público] did not authorize said increase in 2001 but the correction was not made at the time. This movement was made against Accounts Receivable.

ANNEX 4 .-Lance Family Lawsuit

In 1994, a lawsuit was filed against AFIN CASA DE BOLSA, (later Casa de Bolsa Banorte), by the widow and heir of Mr. Manuel Lance de la Torre, who claim the right to AFIN stockholder equity shares that were the property of the late Mr. Lance as well as the payment of the corresponding dividends on said shares generated from 1990 to 1994.

Throughout the process, the legal teams designated by AFIN CASA DE BOLSA at the time, have worked to give documented proof of several facts, pointing out that the lawsuit is groundless as the shares bequeath by Mr. Lance de la Torre to his wife and children were handed over and later sold, through the Mexican Stock Exchange, in June 1990. four year before the lawsuit in question was filed.

There have been attempts to involve Grupo Financiero Banorte, S.A. de C.V., which was never sued nor summoned. Therefore, it has never been heard nor defeated in a court of law. For this reason, Grupo Financiero Banorte, S.A. de C.V., in the face of the conspicuous and blatant violation of its constitutional guarantees, filed last July 5, 2002, a writ of relief, as it is clear that it cannot be forced to serve a sentence of a trial of which it was never a part. At the time, the respective suit was admitted and the institution was granted the definite suspension of the acts being claimed.

Having used the writ of relief procedure in its various stages. the third judge of the district in civil and labor court of the city of Monterrey, Nuevo León, before whom said writ of relief was substantiated, determined to dismiss said trial on the grounds that it was belatedly filed.

ANNEX 5 .- Financial Statements

HOLDING –Income Statement (Millions of Pesos)

	1Q02	2Q02	3Q02	4Q02	ACUM	1Q03	2Q03	3Q03	4Q03	ACUM
Income from Subsidiaries and	396	811	425	427	2,060	500				500
Interest Expense	-	-	-	-	-	-				-
Trading Income	-	-	-	-	-	-				-
Fees & Tariffs	-	-	-	-	-	-				-
REPOMO	(2)	(3)	(3)	(2)	(11)	(1)				(1)
Total Operating Income	394	808	422	425	2,050	499				499
Operation & Administrative expenses	-	1	1	1	3	1				-
Operating Income	394	807	421	425	2,047	499				499
Non Operating Income	-	1	1	4	5	12				12
Non Operating Expense	-	-	-	-	-	-				-
Non Operating Income	-	1	1	4	5	12				12
Pre-tax Income	394	808	422	428	2,052	511				511
Income Tax & Profit Sharing	3	3	3	3	13	4				4
Tax on Assets	-	-	-	-	-	-				-
Deferred Inc. Tax and Profit sharing	(1)	1	-	-	-	-				-
	2	4	3	3	13	4				4
Net income from Continuos	392	804	419	425	2,039	507				507
Extraordinary Items, net	-	-	-	-	-	-				-
Total Net Income	392	804	419	425	2,039	507				507

HOLDING -BALANCE SHEET (Millions of Pesos)

ASSETS	1Q02	2Q02	3Q02	4Q02	1Q03	2Q03	3Q03	4Q03
Cash and due from Banks	167	163	138	18	10			
Financial Instruments:								
Sundry debtors and other assets, net	46	51	66	63	64			
Real Estate, Furniture & Equipment, net	-	-	-	-	-			
Investments in subsidiaries	9,963	10,661	10,795	11,259	11,734			
Deferred taxes	-	-	-	-	-			
Goodwill	-	-	-	-	-			
Other Assets, Deferred charges, intang	1	1	1	-	1			
TOTAL ASSETS	10,177	10,876	11,000	11,339	11,809			
LIABILITIES								
Due to banks and correspondents	-	-	-	-	-			
Income Tax & Profit Sharing	9	8	11	13	3			
Other Payable accounts	-	1	515	-	-			
Other payable accounts	9	9	526	13	3			
Deferred taxes	16	18	23	22	20			
TOTAL LIABILITIES	25	27	549	35	23			
STOCKHOLDER 'S EQUITY								
Paid-in Capital	5,175	5,175	5,173	5,172	5,172			
Share subscription premiums	1,506	1,511	1,515	1,513	1,512			
Subordinated Convertible Debentures	-	-	-	-	-			
Subscribed Capital	6,681	6,686	6,687	6,685	6,684			
Capital Reserves	1,002	1,080	1,065	1,065	1,065			
Retained Earnings	10,195	10,115	9,601	9,600	11,640			
Surplus (Deficit) from securities	-	-	-	-	-			
Results of foreign operations exchange	-	-	-	-	-			
Excess (Insuf.) in capital restatement	(5,298)	(5,299)	(5,297)	(5,293)	(5,293)			
Non Mon assets results Fixed Assets	-	-	-	-	-			
Non Mon assets results Investm	(2,820)	(2,929)	(3,219)	(2,793)	(2,817)			
Adjustment in the employees pension	-	-	-	-	-			
Accumulated Deferred tax effect	-	-	-	-	-			
Net Income	392	1,195	1,614	2,039	507			
Earned Capital	3,471	4,164	3,764	4,619	5,102			
Total Stockholder 's Equity	10,152	10,849	10,451	11,304	11,786			
TOTAL LIABILITIES & STOCKHOLDER 'S	10,177	10,876	11,000	11,339	11,809			

MEMORANDUM ACCOUNTS OF HOLDING (Millions of Pesos)

	1Q02	2Q02	3Q02	4Q02	1Q03	2Q03	3Q03	4Q03
Client securities held in custody	3,080	3,611	3,568	3,503	3,463			
Other trust account items	117	116	114	112	111			
	3,197	3,727	3,683	3,615	3,574			

Figures are presented in constant pesos set at the close of March' 2003.

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

NET INTEREST INCOME	1Q02	2Q02	3Q02	4Q02	ACUM	1Q03	2Q03	3Q03	4Q03	ACUM
Interest Income	5,827	5,645	6,026	6,427	23,925	6,605				6,605
Interest Expense	3,974	3,641	3,993	4,404	16,012	4,470				4,470
Loan Fees	124	214	161	173	672	185				185
Fees Paid	8	10	11	11	40	10				10
Net Interest Income (NII)	1,969	2,209	2,182	2,185	8,545	2,311				2,311
Repomo-Margin	28	40	(23)	33	78	15				15
NII after Repomo	1,997	2,250	2,159	2,217	8,623	2,326				2,326
Loan Loss Provisions	170	197	179	250	797	236				236
Loss Sharing Provisions	2	12	8	15	36	31				31
NII after Provisions	1,825	2,041	1,972	1,953	7,790	2,060				2,060
Fund transfers	43	52	48	46	189	43				43
Account management	161	174	164	149	648	147				147
Fiduciary	193	241	191	176	801	158				158
Income from Loan Portfolios Acquired	111	64	269	(44)	400	50				50
Electronic Banking Services	90	33	64	61	248	64				64
Credit Card	127	153	149	146	575	147				147
Fees from FOBAPROA	139	64	52	117	371	47				47
Other fees	448	402	502	394	1,747	427				427
Fees on services,	1,311	1,184	1,438	1,046	4,979	1,083				1,083
Fund transfers	-	-	-	-	-	-				-
Other fees	179	192	215	282	868	178				178
Expenses from Loan Portfolios Acquired	65	41	155	26	288	41				41
Fees paid,	244	234	370	308	1,156	219				219
Foreign exchange	68	108	71	84	331	83				83
Securities—Realized gains	268	(153)	(65)	34	84	146				146
Securities- Unrealized gains	(4)	(49)	(13)	19	(47)	(3)				(3)
Market-related Income	332	(94)	(7)	138	368	225				225
Total Non Interest Income	1,399	856	1,061	876	4,192	1,089				1,089
Total Operating Income	3,224	2,896	3,033	2,829	11,982	3,149				3,149
Personnel	1,103	1,056	986	1,006	4,150	1,075				1,075
Professional Fees	90	105	113	105	413	83				83
Operation & Administrative expenses	719	707	698	733	2,856	638				638
Rents, depreciation and amortization	338	378	321	329	1,366	349				349
Taxes, other than income tax	128	142	157	190	617	142				142
Contributions to IPAB	160	167	161	172	660	177				177
Corporate expenses Recoveries	-	-	-	-	-	-				-
Non-Interest Expense	2,537	2,555	2,436	2,535	10,063	2,464				2,464
Operating Income	687	342	597	293	1,919	685				685
Other Revenues	262	484	751	600	2,096	559				559
Foreign exchange	-	-	-	-	-	-				-
Recoveries	57	69	134	91	351	9				9
Repomo-other revenues	1	2	2	15	21	5				5
Non Operating Income	320	555	887	706	2,468	573				573
Other Expense	(434)	(255)	(815)	(536)	(2,040)	(628)				(628)
Foreign exchange	(2)	(5)	-	-	(7)	-				-
Repomo-other Expenses	(45)	(75)	(81)	(142)	(343)	(83)				(83)
Non Operating Expense	(481)	(335)	(896)	(678)	(2,390)	(710)				(710)
Non Operating Income (Expense), net	(161)	220	(10)	28	77	(137)				(137)
Pre-tax Income	525	562	588	321	1,996	548				548
Income Tax	38	35	63	(6)	130	59				59
Profit sharing	2	40	28	32	102	24				24
Tax on Assets	22	27	27	36	113	9				9
Deferred Inc. Tax and Profit sharing	77	12	22	(104)	7	(31)				(31)
	139	113	141	(41)	352	61				61
Net Income before subsidiaries	387	448	447	362	1,644	487				487
Subsidiaries' net income	55	(20)	22	102	159	67				67
Net Income from continuous operations	442	428	469	464	1,803	554				554
Extraordinary items, net	-	416	2	(2)	416	-				-
Minority Interest	50	40	53	36	179	46				46
TOTAL NET INCOME	392	804	419	425	2,039	507				507

Figures are presented in constant pesos set at the close of March' 2003.

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

ASSETS	1Q02	2Q02	3Q02	4Q02	1Q03	2Q03	3Q03	4Q03
Cash and due from Banks	17,712	18,023	20,133	23,796	22,283			
Negotiable Instruments	3,871	3,339	2,405	3,018	4,016			
Securities held for sale	968	1,083	867	1,324	1,320			
Securities held to maturity	4,074	4,197	6,532	7,782	8,405			
Financial Instruments:	8,913	8,619	9,804	12,124	13,741			
Non-assigned securities to pay	-	-	-	-	-			
Repurchase agreements, net	154	146	192	76	157			
Operations with collateral	-	-	-	-	-			
Futures receivable, net	-	-	-	-	-			
Options and derivatives, net	27	-	-	10	14			
Repos & Derivatives :	181	146	192	86	172			
Commercial	25,288	26,623	30,206	35,358	32,927			
Financial Intermediaries	74	60	54	6,639	2,140			
Consumer	3,379	4,026	4,609	5,218	5,929			
Mortgage	11,141	11,556	11,945	12,292	12,284			
Government Entities	42,461	88,838	85,515	85,977	85,894			
Fobaproa	58,288	9,625	10,161	6,199	6,583			
Fiduciary collection rights	-	-	-	-	-			
Performing Loans	140,632	140,729	142,490	151,684	145,758			
Commercial	2,601	2,708	2,647	2,545	1,929			
Financial Intermediaries	-	-	-	-	-			
Consumer	378	296	341	340	330			
Mortgage	1,920	1,895	1,908	1,942	1,177			
Government Entities	-	2	-	-	8			
Past Due Loans	4,899	4,900	4,896	4,826	3,444			
Total Loans	145,531	145,629	147,386	156,510	149,201			
Preventive loan loss reserves	5,639	5,705	5,787	5,673	4,362			
Net Loan Portfolio	139,891	139,924	141,600	150,837	144,839			
Credit Assets Portfolio	2,523	2,370	2,120	1,877	1,746			
Sundry debtors and other assets, net	1,823	1,709	1,834	2,667	2,527			
Foreclosed assets, net	1,413	1,353	1,301	1,230	1,165			
Real Estate, Furniture & Equipment, net	5,871	5,809	5,798	5,787	5,691			
Investments in subsidiaries	1,203	1,334	1,354	1,036	1,471			
Deferred taxes	607	617	630	819	872			
Goodwill	-	-	-	-	-			
Deferred charges & Intangibles	1,516	1,771	1,383	1,557	1,476			
UDIS Mortgage loans reserve coverage	-	-	-	-	-			
Other Assets	14,957	14,963	14,420	14,972	14,948			
TOTAL ASSETS	181,654	181,675	186,148	201,815	195,983			

Figures are presented in constant pesos set at the close of March' 2003.

GRUPO FINANCIERO BANORTE – CONSOLIDATED BALANCE SHEET

(Millions of Pesos)

LIABILITIES	1Q02	2Q02	3Q02	4Q02	1Q03	2Q03	3Q03	4Q03
Demand Deposits	51,352	49,280	48,901	53,270	52,285			
Time Deposits	82,926	73,798	83,129	90,350	100,028			
Bonds	1,405	1,353	1,367	1,309	1,323			
Deposits	135,683	124,431	133,397	144,929	153,636			
Demand	1,512	12,151	634	13,621	5,663			
Short term	14,517	15,195	23,272	13,608	4,684			
Long term	13,245	12,884	11,033	10,764	11,827			
Due to banks and correspondents	29,274	40,231	34,939	37,993	22,173			
Non-assigned securities to pay	-	-	-	-	-			
Repurchase agreements, net	70	168	246	32	50			
Operations with collateral	-	-	-	827	-			
Futures receivable, net	-	-	-	-	-			
Options and derivatives, net	-	86	531	-	934			
Repos & Derivatives:	70	254	777	859	984			
Income Tax & Profit Sharing	45	146	314	383	246			
Other Payable accounts	4,015	3,395	3,824	2,883	3,545			
Other payable accounts	4,060	3,541	4,139	3,266	3,791			
Subordinated non Convertible Debenture	1,455	1,426	1,455	2,616	2,694			
Deferred Taxes	-	-	-	-	-			
Deferred credits	63	13	13	23	48			
TOTAL LIABILITIES	170,605	169,896	174,720	189,686	183,326			
STOCKHOLDER'S EQUITY								
Paid-in Capital	5,175	5,175	5,173	5,172	5,172			
Share subscription premiums	1,506	1,511	1,515	1,513	1,512			
Subordinated Convertible Debentures	-	-	-	-	-			
Subscribed Capital	6,681	6,686	6,687	6,685	6,684			
Capital Reserves	1,002	1,080	1,065	1,065	1,065			
Retained Earnings	10,195	10,115	9,601	9,600	11,640			
Surplus (Deficit) from securities	-	-	-	-	-			
Results of foreign operations exchange	-	-	-	-	-			
Excess (Insuf.) in capital restatement	(5,298)	(5,299)	(5,297)	(5,293)	(5,293)			
Non Mon assets results Fixed Assets	-	-	-	-	-			
Non Mon assets results Investm	(2,820)	(2,929)	(3,219)	(2,793)	(2,817)			
Adjustment in the employees pension	-	-	-	-	-			
Accumulated Deferred tax effect	-	-	-	-	-			
Net Income	392	1,195	1,614	2,039	507			
Earned Capital	3,471	4,164	3,764	4,619	5,102			
Minority Holdings	897	930	977	825	870			
Total Stockholder's Equity	11,049	11,779	11,428	12,129	12,656			
TOTAL LIABILITIES &	181,654	181,675	186,148	201,815	195,983			

Figures are presented in constant pesos set at the close of March' 2003.

MEMORANDUM ACCOUNTS OF GRUPO FINANCIERO BANORTE CONSOLIDATED

(Millions of Pesos)	1Q02	2Q02	3Q02	4Q02	1Q03	2Q03	3Q03	4Q03
ON BEHALF OF THIRD PARTY								
Customers' banks	4	3	2	2	1			
Dividends receivable from customers	-	-	-	-	-			
Interest receivable from customers	-	-	-	-	-			
Liquidation of customer transactions	18,102	18,171	14,184	13,733	13,849			
Customer loans	-	-	-	-	-			
Liquidation with foreign currencies of	-	-	-	-	-			
Margin accounts in futures operations	-	-	-	-	-			
Other current accounts	-	-	-	-	-			
CUSTOMERS CURRENT ACCOUNT	18,106	18,174	14,186	13,735	13,850			
Client securities held in custody	109,867	115,695	126,259	126,542	113,421			
Securities and documents received in	-	1	-	-	1			
Client securities abroad	-	-	-	-	-			
CLIENT SECURITIES	109,867	115,696	126,259	126,542	113,422			
Repurchase operations for customers	26,244	26,202	24,423	25,905	22,751			
Clients securities loans	-	-	-	-	1			
Purchase of Futures & forward contracts	-	-	-	-	-			
Sale of futures and forward contracts	-	-	-	-	-			
Purchasing operations (option price)	48	27	73	56	48			
Sales operations (option price)	-	-	-	-	-			
Purchase of derivative packages	-	-	-	-	-			
Sale of derivative packages	-	-	-	-	-			
Administration trusts	1,108	1,099	1,280	1,533	2,296			
TRANSACTIONS ON BEHALF CLIENT	27,400	27,328	25,776	27,494	25,095			
TOTAL ON BEHALF OF THIRD PARTY	155,373	161,198	166,221	167,770	152,367			
Signature guarantees granted	15	-	-	-	-			
Issuing of irrevocable letters of credit	705	974	943	851	875			
Property in trust and guardianship	81,829	77,086	82,940	82,601	79,518			
Assets held in custody or in administration	127,504	119,631	128,515	129,035	134,561			
Amounts committed to operations with	55,012	54,229	5,827	5,816	5,748			
In Transit drafts	-	-	-	-	-			
Certificates of Deposit in circulation	87	87	185	469	440			
Secured Credit Cards from the company	-	-	-	-	-			
Securities given to the company in custody	89	125	145	189	99			
Government securities in custody of the	-	85	75	-	-			
Securities given to the company on	-	-	-	-	-			
Securities outside the country	-	-	-	-	-			
Liquidations with foreign currencies abroad	-	-	-	-	-			
Debits to the contingency fund	-	-	-	-	-			
Other contingent obligations	14,247	18,760	14,787	14,341	15,983			
Banking transactions on behalf of third-	113,566	146,792	155,754	74,378	47,685			
Investments in funds for the retirem.saving	2,470	2,484	2,452	1,567	223			
Integration of the credit portfolio	-	-	-	-	-			
Amounts contracted in derivative	4,250	3,210	2,627	4,828	6,299			
Other trust account items	358,623	359,553	329,559	418,048	414,044			
OWN ACCOUNT OPERATIONS	758,398	783,017	723,808	732,123	705,474			
Repurchase agreements								
Securities to be received	182,903	181,899	203,694	208,946	140,728			
(Less) Securities to be delivered	(182,859)	(182,042)	(203,920)	(208,909)	(140,557)			
REPURCHASE TRANSACTIONS-	44	(144)	(225)	37	172			
Securities to be received	120,757	132,947	139,663	142,915	76,272			
(Less) securities to be delivered	(120,717)	(132,825)	(139,492)	(142,908)	(76,336)			
REPURCHASE TRANSACTIONS- SOLD	40	122	171	7	(64)			
TOTAL ON OWN ACCOUNT	758,482	782,995	723,754	732,166	705,582			

Figures are presented in constant pesos set at the close of March' 2003.

GRUPO FINANCIERO BANORTE CONSOLIDATED STATEMENT OF CASH FLOW
JANUARY 1, 2003 –MARCH 31,2003
(Millions of Pesos)

CASH FLOW FROM OPERATING ACTIVITIES :	
Net Income	
Adjustments to Reconcile Net Income to Net Cash by Operating Activities	507.1
Mark to Market Valuation Results	3.3
Provisions for loan losses	266.3
Depreciation and amortization	187.5
Deferred Taxes	(30.6)
Provisions for Obligations	187.8
Minoritary Interest	(46.5)
Undistributed Earnings of Subsidiaries	67.0
	634.9
Cash Flows From Investing Activities:	
Banks Deposits	8,704.8
Decrease (Increase) loan portfolio	5,733.0
Decrease (Increase) credit assets portfolio	130.7
Decrease (Increase) treasury operations	(1,620.0)
Decrease (Increase) financial instruments	38.6
Loans from banks and other entities	(15,820.3)
Decrease (Increase) Deferred taxes	(22.8)
Decrease (Increase) in accounts receivable and payable	509.2
Net Resources provided by operations	(2,379.3)
Financial Activities:	
Subordinated Debentures Issue and Interest	78.5
Dividends Declared	-
Issuance of stock	(1)
Net Resources provided by Investing activities	77.5
CASH FLOW FROM FINANCING ACTIVITIES :	
Proceeds from issuance of common stock	(438.5)
Decrease (Increase) Deferred charges or credits	19.3
Decrease (Increase) Foreclosed assets	65.4
Net Cash provided by financing activities	(353.8)
Decrease (increase) in cash and due from banks	(1,513.6)
Cash and due from banks at the beginning of the year	23,796.2
Cash and due from banks at the end of the year	22,282.6

Figures are presented in constant pesos set at the close of March' 2003.

GRUPO FINANCIERO BANORTE
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
JANUARY 1, 2003- MARCH 31, 2003.

(Millions of Pesos)

	Fixed Paid-in Capital	CONTRIBUTED CAPITAL Paid-in Capital Premium	& oth. Securities
Balance as of December 31,2001	3,093.3	2,079.1	1,512.8
Stock Changes			
Issuance of stock	-	-	(0.9)
Profits Capitalization	-	-	-
Total	-	-	(0.9)
Total Income			
Total Income:			
Net Income	-	-	-
Results of assets holdings	-	-	-
Minority Interest	-	-	-
Total	-	-	-
Balance as of December 31,2002	3,093.3	2,079.1	1,511.8

	Capital Reserve s	Retained earnings	Excess if Insuf. Capital Restatement	Non Monetary Assets Results (Investment)	Net Income of the year	Minorit ary Intere st	Total Stockholder s' Equity
Balance as of December 31,2001	1,065.3	9,600.5	(5,293.3)	(2,792.7)	2,039.1	824.8	12,128.9
Stock Changes							
Issuance of stock	-	-	-	-	-	-	(0.9)
Profits Capitalization	-	2,039.1	-	-	(2,039.1)	-	-
Provisions Created	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-
Total	-	2,039.1	-	-	(2,039.1)	-	(0.9)
Total Income							
Total Income:							
Net Income	-	-	-	-	507.1	-	50.7.1
Results of assets holdings	-	-	-	(24.3)	-	-	(24.3)
Minority Interest	-	-	-	-	-	45.6	45.6
Total	-	-	-	(24.3)	507.1	45.6	528.4
Balance as of December 31,2002	1,065.3	11,639.6	(5,293.3)	(2,817.0)	507.1	870.4	12,656.4

Figures are presented in constant pesos set at the close of March' 2003.

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

NET INTEREST INCOME	1Q02	2Q02	3Q02	4Q02	ACUM	1Q03	2Q03	3Q03	4Q03	ACUM
Interest Income	5,724	5,548	5,935	6,339	23,546	6,472				6,472
Interest Expense	3,950	3,628	3,985	4,418	15,981	4,430				4,430
Loan Fees	124	214	161	173	672	185				185
Fees Paid	8	10	11	11	40	10				10
Net Interest Income (NII)	1,889	2,125	2,099	2,084	8,196	2,217				2,217
Repomo-Margin	37	49	(11)	42	116	24				24
NII after Repomo	1,926	2,174	2,088	2,125	8,313	2,241				2,241
Loan Loss Provisions	170	197	179	250	796	234				234
Loss Sharing Provisions	2	12	8	15	36	31				31
NII after Provisions	1,754	1,965	1,901	1,861	7,480	1,977				1,977
Fund transfers	43	52	48	46	189	43				43
Account management	161	174	164	149	648	147				147
Fiduciary	193	241	191	176	801	158				158
Income from Loan Portfolios Acquired	111	64	269	(44)	400	50				50
Electronic Banking Services	90	33	64	61	248	64				64
Credit Card	127	153	149	146	575	147				147
Fees from FOBAPROA	139	64	52	117	371	47				47
Other fees	123	125	151	129	528	125				125
Fees on services,	987	907	1,087	780	3,761	781				781
Fund transfers	-	-	-	-	-	-				-
Other fees	171	187	207	276	841	171				171
Expenses from Loan Portfolios Acquired	65	41	155	26	288	41				41
Fees paid,	237	228	362	302	1,129	211				211
Foreign exchange	68	108	71	84	331	83				83
Securities -Realized gains	250	(175)	(90)	11	(4)	119				119
Securities- Unrealized gains	(8)	(46)	(10)	16	(47)	(3)				(3)
Market-related Income	311	(113)	(29)	111	280	198				198
Total Non Interest Income	1,061	565	696	590	2,912	768				768
Total Operating Income	2,814	2,530	2,597	2,450	10,392	2,745				2,745
Personnel	1,011	965	910	926	3,812	988				988
Professional Fees	88	104	111	102	405	82				82
Operation & Administrative expenses	589	565	545	583	2,280	516				516
Rents, depreciation and amortization	298	338	279	274	1,189	304				304
Taxes, other than income tax	125	140	153	187	605	138				138
Contributions to IPAB	160	167	161	172	660	177				177
Corporate expenses Recoveries	-	-	-	-	-	-				-
Non-Interest Expense	2,271	2,278	2,158	2,243	8,951	2,205				2,205
Operating Income	544	252	439	207	1,441	540				540
Other Revenues	79	186	80	173	517	90				90
Foreign exchange	-	-	-	-	-	-				-
Recoveries	56	68	134	91	348	8				8
Repomo-other revenues	1	1	1	11	14	5				5
Non Operating Income	135	255	215	274	880	103				103
Other Expense	(251)	43	(141)	(100)	(450)	(148)				(148)
Foreign exchange	(2)	(5)	-	-	(7)	-				-
Repomo-other Expenses	(44)	(72)	(80)	(141)	(337)	(83)				(83)
Non Operating Expense	(297)	(33)	(222)	(242)	(793)	(231)				(231)
Non Operating Income (Expense), net	(162)	222	(7)	33	86	(128)				(128)
Pre-tax Income	382	474	432	240	1,528	412				412
Income Tax	-	-	-	-	-	7				7
Profit sharing	-	37	28	32	96	24				24
Tax on Assets	22	27	27	36	113	9				9
Deferred Inc. Tax and Profit sharing	82	17	24	(113)	10	(23)				(23)
	104	81	79	(45)	219	17				17
Net Income before subsidiaries	278	393	353	285	1,309	395				395
Subsidiaries' net income	49	(12)	54	89	180	52				52
Net Income from continuous operations	327	381	407	373	1,488	447				447
Extraordinary items, net	-	416	2	(2)	416	-				-
Minority Interest	-	-	-	-	-	-				-
TOTAL NET INCOME	327	796	410	371	1,904	447				447

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

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

ASSETS	1Q02	2Q02	3Q02	4Q02	1Q03	2Q03	3Q03	4Q03
Cash and due from Banks	17,268	17,700	19,670	23,543	21,922			
Negotiable Instruments	3,720	3,127	2,185	2,827	3,831			
Securities held for sale	968	1,083	867	1,324	1,320			
Securities held to maturity	4,074	4,197	6,532	7,782	8,405			
Financial Instruments:	8,762	8,407	9,583	11,933	13,557			
Non-assigned securities to pay	-	-	-	-	-			
Repurchase agreements, net	110	101	165	37	125			
Operations with collateral	-	-	-	-	-			
Futures receivable, net	-	-	-	-	-			
Options and derivatives, net	27	-	-	9	14			
Repos & Derivatives :	137	101	165	46	139			
Commercial	22,938	24,116	27,725	32,596	29,452			
Financial Intermediaries	636	1,285	1,542	7,948	3,556			
Consumer	3,306	3,910	4,464	5,042	5,692			
Mortgage	11,141	11,556	11,945	12,292	12,284			
Government Entities	42,458	88,834	85,512	85,975	85,892			
Fobaproa	58,288	9,625	10,161	6,199	6,583			
Fiduciary collection rights	-	-	-	-	-			
Performing Loans	138,767	139,326	141,348	150,051	143,461			
Commercial	2,550	2,665	2,620	2,519	1,906			
Financial Intermediaries	-	-	-	-	-			
Consumer	368	286	331	331	321			
Mortgage	1,920	1,895	1,908	1,942	1,177			
Government Entities	-	2	-	-	8			
Past Due Loans	4,838	4,848	4,860	4,791	3,412			
Total Loans	143,605	144,175	146,208	154,842	146,872			
Preventive loan loss reserves	5,617	5,683	5,765	5,652	4,338			
Net Loan Portfolio	137,988	138,492	140,444	149,190	142,534			
Credit Assets Portfolio	2,523	2,370	2,120	1,877	1,746			
Sundry debtors and other assets, net	1,678	1,525	1,625	2,260	2,257			
Foreclosed assets, net	1,405	1,345	1,294	1,225	1,160			
Real Estate, Furniture & Equipment, net	5,619	5,539	5,501	5,417	5,333			
Investments in subsidiaries	1,095	1,095	1,150	991	1,416			
Deferred taxes	793	763	775	947	984			
Deferred charges & Intangibles	668	706	584	750	773			
UDIS Mortgage loans reserve coverage	-	-	-	-	-			
Other Assets	13,781	13,343	13,049	13,466	13,670			
TOTAL ASSETS	177,936	178,043	182,911	198,178	191,822			

Figures are presented in constant pesos set at the close of March' 2003.

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

LIABILITIES	1Q02	2Q02	3Q02	4Q02	1Q03	2Q03	3Q03	4Q03
Demand Deposits	51,390	49,300	48,927	53,284	52,308			
Time Deposits	83,093	73,961	83,267	90,367	100,037			
Bonds	1,405	1,353	1,367	1,309	1,323			
Deposits	135,888	124,614	133,560	144,961	153,668			
Demand	1,512	12,151	634	13,621	5,663			
Short term	12,834	13,734	22,328	12,088	2,725			
Long term	12,936	12,597	10,757	10,485	11,438			
Due to banks and correspondents	27,282	38,482	33,719	36,194	19,826			
Non-assigned securities to pay	-	-	-	-	-			
Repurchase agreements, net	35	128	222	30	55			
Operations with collateral	-	-	-	-	-			
Futures receivable, net	-	-	-	-	-			
Options and derivatives, net	-	86	531	827	934			
Repos & Derivatives:	35	214	753	856	989			
Income Tax & Profit Sharing	10	99	120	168	170			
Other Payable accounts	3,834	3,149	3,128	2,758	3,404			
Other payable accounts	3,845	3,248	3,248	2,925	3,574			
Subordinated non Convertible Debenture	1,455	1,426	1,455	2,616	2,694			
Deferred Taxes	-	-	-	-	-			
Deferred credits	74	18	16	37	59			
TOTAL LIABILITIES	168,579	168,002	172,751	187,590	180,810			
STOCKHOLDER 'S EQUITY								
Paid-in Capital	5,506	5,506	5,506	5,506	5,506			
Share subscription premiums	957	957	957	957	957			
Subordinated Convertible Debentures	-	-	-	-	-			
Subscribed Capital	6,463	6,463	6,463	6,463	6,463			
Capital Reserves	2,477	2,477	2,477	2,477	2,428			
Retained Earnings	3,305	2,692	2,289	2,289	4,193			
Surplus (Deficit) from securities	(566)	(42)	59	168	205			
Results of foreign operations exchange	-	-	-	-	-			
Excess (Insuf.) in capital restatement	(2,311)	(2,313)	(2,312)	(2,308)	(2,308)			
Non Mon assets results Fixed Assets	-	-	11	11	11			
Non Mon assets results Investm	(68)	(90)	(91)	(145)	(157)			
Adjustment in the employees pension	-	-	-	-	-			
Accumulated Deferred tax effect	(270)	(270)	(270)	(270)	(270)			
Net Income	327	1,123	1,533	1,904	447			
Earned Capital	2,894	3,578	3,696	4,125	4,549			
Minority Holdings	-	-	-	-	-			
Total Stockholder 's Equity	9,357	10,041	10,160	10,588	11,012			
TOTAL LIABILITIES &	177,936	178,043	182,911	198,178	191,822			

MEMORANDUM ACCOUNTS OF BANKING SECTOR (Millions of Pesos)

	1Q02	2Q02	3Q02	4Q02	1Q03	2Q03	3Q03	4Q03
Signature guarantees granted	15	-	-	-	-			
Other contingent obligations	14,247	18,760	14,787	14,341	15,983			
Irrevocable lines of credit	705	974	943	851	875			
Assets held in trust and mandate	81,829	77,086	82,940	82,601	79,518			
Assets held in custody or in administration	122,576	113,986	122,931	123,265	128,095			
Investment banking transactions for third	113,566	146,792	155,754	74,378	47,685			
Engaged amounts in fobaproa operations	55,012	54,229	5,827	5,816	5,748			
Investment of retirement saving funds	2,470	2,484	2,452	1,567	223			
Integration of loan portfolio	-	-	-	-	-			
Received amounts in derivative instruments	4,250	3,210	2,627	4,828	6,299			
Fobaproa trusts	-	-	-	-	-			
Securities to be received	156,659	155,697	179,271	180,704	116,867			
(Less) payable for reversal	(156,622)	(155,825)	(179,494)	(180,681)	(116,742)			
Receivables for reversal	95,063	106,724	115,233	114,682	52,452			
(Less) securities to be delivered	(95,024)	(106,623)	(115,068)	(114,698)	(52,508)			
Other control accounts	346,565	347,882	317,511	404,713	398,655			
	741,310	765,377	705,714	712,366	683,151			

Figures are presented in constant pesos set at the close of March' 2003.

BANCO MERCANTIL DEL NORTE- INCOME STATEMENT (*) (Millions of Pesos)

NET INTEREST INCOME	1Q02	2Q02	3Q02	4Q02	ACUM	1Q03	2Q03	3Q03	4Q03	ACUM
Interest Income	5,047	4,840	5,227	5,665	20,778	5,819				5,819
Interest Expense	3,290	2,986	3,333	3,822	13,431	3,787				3,787
Loan Fees	124	214	161	173	671	185				185
Fees Paid	8	10	11	11	40	10				10
Net Interest Income (NII)	1,872	2,058	2,044	2,005	7,978	2,208				2,208
Repomo-Margin	26	43	(13)	44	101	24				24
NII after Repomo	1,898	2,100	2,031	2,049	8,079	2,231				2,231
Loan Loss Provisions	156	190	178	232	756	225				225
Loss Sharing Provisions	2	12	8	15	36	31				31
NII after Provisions	1,740	1,898	1,845	1,803	7,286	1,976				1,976
Fund transfers	43	52	48	46	189	43				43
Account management	161	174	164	149	648	147				147
Fiduciary	55	37	38	30	159	40				40
Income from Loan Portfolios Acquired	-	-	-	-	-	-				-
Electronic Banking Services	90	33	64	61	248	64				64
Credit Card	127	153	149	146	575	147				147
Fees from FOBAPROA	136	62	45	113	357	45				45
Other fees	123	125	151	129	528	125				125
Fees on services,	735	637	659	674	2,705	611				611
Fund transfers	-	-	-	-	-	-				-
Other fees	112	107	112	114	445	95				95
Expenses from Loan Portfolios Acquired	-	-	-	-	-	-				-
Fees paid,	112	107	112	114	445	95				95
Foreign exchange	68	108	71	84	331	83				83
Securities -Realized gains	140	(11)	15	(18)	126	(11)				(11)
Securities- Unrealized gains	5	(35)	(7)	5	(32)	(2)				(2)
Market-related Income	213	62	79	71	426	70				70
Total Non Interest Income	835	592	627	632	2,686	586				586
Total Operating Income	2,575	2,490	2,472	2,435	9,972	2,561				2,561
Personnel	1,011	965	910	926	3,812	988				988
Professional Fees	80	98	104	94	376	74				74
Operation & Administrative expenses	585	573	550	589	2,295	525				525
Rents, depreciation and amortization	298	338	279	274	1,189	304				304
Taxes, other than income tax	121	135	150	183	589	134				134
Contributions to IPAB	157	164	159	171	651	175				175
Corporate expenses Recoveries	(16)	(27)	(22)	(23)	(89)	(26)				(26)
Non-Interest Expense	2,236	2,246	2,129	2,213	8,824	2,176				2,176
Operating Income	339	244	344	222	1,148	385				385
Other Revenues	55	157	56	152	420	90				90
Foreign exchange	-	-	-	-	-	-				-
Recoveries	55	67	133	43	298	7				7
Repomo-other revenues	1	1	1	11	14	5				5
Non Operating Income	110	226	191	206	732	102				102
Other Expense	(172)	(35)	(134)	(94)	(435)	(127)				(127)
Foreign exchange	(2)	(5)	-	-	(7)	-				-
Repomo-other Expenses	(18)	(43)	(57)	(110)	(228)	(63)				(63)
Non Operating Expense	(192)	(83)	(191)	(204)	(670)	(189)				(189)
Non Operating Income (Expense), net	(82)	143	(1)	1	62	(88)				(88)
Pre-tax Income	257	386	343	224	1,210	298				298
Income tax	-	-	-	-	-	7				7
Profit sharing	-	37	28	32	96	24				24
Tax on Assets	22	27	27	36	113	9				9
Deferred Inc. Tax and Profit sharing	70	8	11	(109)	(20)	(23)				(23)
	92	72	66	(41)	189	16				16
Net income before subsidiaries	165	315	277	265	1,021	281				281
Subsidiaries' net income	6	(28)	11	62	50	14				14
Net Income from continuous operations	170	286	288	327	1,071	296				296
Extraordinary items, net	-	416	2	(2)	416	-				-
Minority Interest	-	-	-	-	-	-				-
TOTAL NET INCOME	170	702	290	324	1,487	296				296

(*) Consolidate Subsidiaries.

BANCO MERCANTIL DEL NORTE-BALANCE SHEET (*) (Millions of Pesos)

ASSETS	1Q02	2Q02	3Q02	4Q02	1Q03	2Q03	3Q03	4Q03
Cash and due from Banks	16,731	17,583	19,429	23,208	21,932			
Negotiable Instruments	3,445	4,081	3,012	3,395	4,394			
Securities held for sale	968	1,083	867	1,324	1,320			
Securities held to maturity	3,749	3,871	6,204	7,464	8,078			
Financial Instruments:	8,162	9,035	10,083	12,183	13,792			
Non-assigned securities to pay	-	-	-	-	-			
Repurchase agreements, net	56	67	118	37	64			
Operations with collateral	-	-	-	-	-			
Futures receivable, net	-	-	-	-	-			
Options and derivatives, net	27	-	-	9	14			
Repos & Derivatives :	83	67	118	46	78			
Commercial	22,665	23,806	27,417	32,271	29,166			
Financial Intermediaries	744	1,285	1,542	7,948	3,556			
Consumer	3,306	3,910	4,464	5,042	5,692			
Mortgage	10,833	11,260	11,656	12,008	12,020			
Government Entities	42,415	88,824	85,499	85,961	85,875			
Fobaproa	58,560	9,915	10,528	6,602	6,583			
Fiduciary collection rights	-	-	-	-	-			
Performing Loans	138,524	139,000	141,106	149,832	142,892			
Commercial	2,354	2,472	2,444	2,348	1,731			
Financial Intermediaries	-	-	-	-	-			
Consumer	368	286	331	330	321			
Mortgage	1,775	1,755	1,770	1,804	1,030			
Government Entities	-	2	-	-	8			
Past Due Loans	4,497	4,514	4,545	4,482	3,089			
Total Loans	143,021	143,514	145,651	154,314	145,981			
Preventive loan loss reserves	5,173	5,240	5,326	5,212	3,897			
Net Loan Portfolio	137,848	138,274	140,324	149,102	142,084			
Credit Assets Portfolio	-	-	-	-	-			
Sundry debtors and other assets, net	1,599	1,426	1,573	2,202	2,192			
Foreclosed assets, net	1,386	1,325	1,275	1,204	1,138			
Real Estate, Furniture & Equipment, net	5,619	5,539	5,501	5,417	5,333			
Investments in subsidiaries	435	424	439	454	843			
Deferred taxes	883	863	888	1,014	993			
Deferred charges & Intangibles	663	703	582	748	772			
UDIS Mortgage loans reserve coverage	-	-	-	-	-			
Other Assets	10,585	10,281	10,257	11,038	11,272			
TOTAL ASSETS	173,409	175,240	180,212	195,577	189,158			

Figures are presented in constant pesos set at the close of March' 2003.

BANCO MERCANTIL DEL NORTE-BALANCE SHEET (*) (Millions of Pesos)

LIABILITIES	1Q02	2Q02	3Q02	4Q02	1Q03	2Q03	3Q03	4Q03
Demand Deposits	51,411	49,320	49,213	53,388	52,534			
Time Deposits	81,753	73,961	83,267	90,367	100,037			
Bonds	1,405	1,353	1,367	1,309	1,323			
Deposits	134,569	124,634	133,846	145,065	153,894			
Demand	983	12,151	644	13,621	5,663			
Short term	12,834	13,734	22,328	12,088	2,725			
Long term	12,639	12,274	10,436	10,176	11,130			
Due to banks and correspondents	26,457	38,160	33,408	35,886	19,518			
Non-assigned securities to pay	-	-	-	-	-			
Repurchase agreements, net	35	41	89	15	47			
Operations with collateral	-	-	-	-	-			
Futures receivable, net	-	-	-	-	-			
Options and derivatives, net	-	86	531	827	934			
Repos & Derivatives:	35	127	620	842	981			
Income Tax & Profit Sharing	10	99	120	168	170			
Other Payable accounts	3,741	3,117	2,887	2,715	3,320			
Other payable accounts	3,751	3,216	3,008	2,883	3,490			
Subordinated non Convertible Debenture	1,455	1,426	1,455	2,616	2,694			
Deferred Taxes	-	-	-	-	-			
Deferred credits	74	18	16	37	59			
TOTAL LIABILITIES	166,340	167,581	172,353	187,328	180,635			
STOCKHOLDER 'S EQUITY								
Paid-in Capital	4,457	4,457	4,457	4,457	4,457			
Share subscription premiums	957	957	957	957	957			
Subordinated Convertible Debentures	-	-	-	-	-			
Subscribed Capital	5,413	5,413	5,414	5,413	5,413			
Capital Reserves	2,312	2,312	2,313	2,312	2,264			
Retained Earnings	2,332	1,718	1,512	1,512	2,999			
Surplus (Deficit) from securities	(553)	(28)	72	180	218			
Results of foreign operations exchange	-	-	-	-	-			
Excess (Insuf.) in capital restatement	(2,316)	(2,321)	(2,318)	(2,308)	(2,308)			
Non Mon assets results Fixed Assets	-	-	11	11	11			
Non Mon assets results Investm	(21)	(40)	(38)	(90)	(101)			
Adjustment in the employees pension	-	-	-	-	-			
Accumulated Deferred tax effect	(270)	(270)	(270)	(270)	(270)			
Net Income	170	872	1,163	1,487	296			
Earned Capital	1,655	2,245	2,445	2,835	3,109			
Minority Holdings	-	-	-	-	-			
Total Stockholder 's Equity	7,069	7,659	7,859	8,249	8,523			
TOTAL LIABILITIES &	173,409	175,240	180,212	195,577	189,158			

(*) Consolidate Subsidiaries.

MEMORANDUM ACCOUNTS OF BANORTE

(Millions of Pesos)	1Q02	2Q02	3Q02	4Q02	1Q03	2Q03	3Q03	4Q03
Signature guarantees granted	-	-	-	-	-			
Other contingent obligations	8,884	16,079	12,468	12,712	14,379			
Irrevocable lines of credit	702	974	943	851	875			
Assets held in trust and mandate	18,410	53,563	59,685	59,841	56,164			
Assets held in custody or in	80,552	112,743	121,920	122,531	127,370			
Investment banking transactions for	111,107	146,792	155,754	74,378	47,685			
Engaged amounts in fobaproa operations	5,823	53,941	5,460	5,414	5,748			
Investment of retirement saving funds	2,470	2,484	2,452	1,567	223			
Integration of loan portfolio	-	-	-	-	-			
Received amounts in derivative	4,250	3,210	2,627	4,828	6,299			
Fobaproa trusts	-	-	-	-	-			
Securities to be received	48,577	63,897	75,074	72,509	45,088			
(Less) payable for reversal	(48,539)	(63,939)	(75,164)	(72,472)	(45,024)			
Receivables for reversal	47,210	63,954	75,181	72,494	45,026			
(Less) securities to be delivered	(47,234)	(63,887)	(75,062)	(72,509)	(45,073)			
Other control accounts	134,214	304,742	274,941	362,844	357,044			
	366,426	694,554	636,278	644,987	615,805			

BANCO DEL CENTRO (Bancen)- INCOME STATEMENT (*) (Millions of Pesos)

NET INTEREST INCOME	1Q02	2Q02	3Q02	4Q02	ACUM	1Q03	2Q03	3Q03	4Q03	ACUM
Interest Income	1,745	1,811	2,026	2,209	7,791	1,921				1,921
Interest Expense	1,719	1,737	1,963	2,126	7,545	1,906				1,906
Loan Fees	-	-	-	-	1	-				-
Fees Paid	-	-	-	-	-	-				-
Net Interest Income (NII)	26	74	63	84	246	15				15
Repomo-Margin	6	2	(3)	(18)	(12)	(6)				(6)
NII after Repomo	32	76	60	66	234	10				10
Loan Loss Provisions	14	7	1	18	40	9				9
Loss Sharing Provisions	-	-	-	-	-	-				-
NII after Provisions	18	69	59	48	194	1				1
Fund transfers	-	-	-	-	-	-				-
Account management	-	-	-	-	-	-				-
Fiduciary	138	205	153	146	642	118				118
Income from Loan Portfolios Acquired	111	64	269	(44)	400	50				50
Electronic Banking Services	-	-	-	-	-	-				-
Credit Card	-	-	-	-	-	-				-
Fees from FOBAPROA	3	1	6	4	14	2				2
Other fees	229	164	252	171	816	230				230
Fees on services,	481	434	680	277	1,872	401				401
Fund transfers	-	-	-	-	-	-				-
Other fees	66	85	103	167	421	83				83
Expenses from Loan Portfolios Acquired	65	41	155	26	288	41				41
Fees paid,	131	127	258	193	709	123				123
Foreign exchange	-	-	-	-	-	-				-
Securities - Realized gains	111	(164)	(105)	29	(130)	129				129
Securities- Unrealized gains	(13)	(11)	(3)	12	(16)	(1)				(1)
Market-related Income	98	(176)	(108)	40	(146)	128				128
Total Non Interest Income	447	132	314	124	1,017	406				406
Total Operating Income	465	201	373	171	1,211	407				407
Personnel	1	1	1	4	8	1				1
Professional Fees	9	6	8	9	33	8				8
Operation & Administrative expenses	114	115	107	100	435	109				109
Rents, depreciation and amortization	28	27	27	41	124	27				27
Taxes, other than income tax	5	5	4	6	21	5				5
Contributions to IPAB	3	3	2	2	9	2				2
Corporate expenses Recoveries	-	-	-	-	-	-				-
Non-Interest Expense	160	157	150	162	629	151				151
Operating Income	305	44	223	9	582	256				256
Other Revenues	24	29	24	21	98	-				-
Foreign exchange	-	-	-	-	-	-				-
Recoveries	1	1	1	48	50	1				1
Repomo-other revenues	-	-	-	-	-	-				-
Non Operating Income	25	30	25	69	148	1				1
Other Expense	(79)	78	(7)	(7)	(14)	(21)				(21)
Foreign exchange	-	-	-	-	-	-				-
Repomo-other Expenses	(25)	(29)	(24)	(31)	(109)	(20)				(20)
Non Operating Expense	(105)	49	(31)	(37)	(123)	(42)				(42)
Non Operating Income (Expense), net	(80)	79	(6)	31	25	(40)				(40)
Pre-tax Income	226	123	217	41	606	215				215
Income tax	26	16	54	(11)	85	42				42
Profit sharing	-	-	-	-	-	-				-
Tax on Assets	-	-	-	-	-	-				-
Deferred Inc. Tax and Profit sharing	12	9	13	(4)	30	(6)				(6)
	38	25	67	(15)	115	37				37
Net income before subsidiaries	188	98	150	55	491	178				178
Subsidiaries' net income	12	10	10	15	47	8				8
Net Income from continuous operations	200	107	161	70	539	186				186
Extraordinary items, net	-	-	-	-	-	-				-
Minority Interest	43	13	41	24	121	35				35
TOTAL NET INCOME	157	94	119	47	417	151				151

(*) Consolidate Afore

BANCO DEL CENTRO (Bancen)-BALANCE SHEET (Millions of Pesos)

ASSETS	1Q02	2Q02	3Q02	4Q02	1Q03	2Q03	3Q03	4Q03
Cash and due from Banks	1,368	1,860	1,154	852	1,060			
Negotiable Instruments	274	290	184	166	163			
Securities held for sale	-	-	-	-	-			
Securities held to maturity	325	326	328	318	327			
Financial Instruments:	599	616	512	484	490			
Valores no asignados por liquidar	-	-	-	-	-			
Repurchase agreements, net	55	34	46	-	61			
Operations with collateral	-	-	-	-	-			
Futures receivable, net	-	-	-	-	-			
Options and derivatives, net	-	-	-	-	-			
Repos & Derivatives :	55	34	46	-	61			
Commercial	273	311	307	325	286			
Financial Intermediaries	-	-	-	-	-			
Consumer	-	-	-	-	-			
Mortgage	308	296	289	283	264			
Government Entities	43	10	13	14	18			
Fobaproa	-	-	-	-	-			
Fiduciary collection rights	-	-	-	-	-			
Performing Loans	624	617	610	622	569			
Commercial	196	194	176	171	175			
Financial Intermediaries	-	-	-	-	-			
Consumer	-	-	-	-	-			
Mortgage	-	-	139	137	147			
Government Entities	144	140	-	-	-			
Past Due Loans	341	334	315	309	323			
Total Loans	965	951	925	931	891			
Preventive loan loss reserves	444	443	438	440	441			
Net Loan Portfolio	521	508	487	491	450			
Credit Assets Portfolio	2,523	2,370	2,120	1,877	1,746			
Sundry debtors and other assets, net	104	153	119	318	212			
Foreclosed assets, net	20	20	20	21	21			
Real Estate, Furniture & Equipment, net	57	58	58	112	111			
Investments in subsidiaries	494	646	649	292	295			
Deferred taxes	-	-	-	-	-			
Deferred charges & Intangibles	509	487	462	418	393			
UDIS Mortgage loans reserve coverage	-	-	-	-	-			
Other Assets	3,707	3,734	3,428	3,038	2,780			
TOTAL ASSETS	6,250	6,753	5,626	4,865	4,842			

BANCO DEL CENTRO (Bancen)-BALANCE SHEET (Millions of Pesos)

LIABILITIES	1Q02	2Q02	3Q02	4Q02	1Q03	2Q03	3Q03	4Q03
Demand Deposits	272	290	367	403	-	-	-	-
Time Deposits	1,340	1,244	1,011	734	726	-	-	-
Bonds	-	-	-	-	-	-	-	-
Deposits	1,613	1,534	1,378	1,136	726	-	-	-
Demand	898	1,403	155	167	490	-	-	-
Short term	-	-	-	-	-	-	-	-
Long term	405	322	321	309	308	-	-	-
Due to banks and correspondents	1,303	1,725	476	476	798	-	-	-
Non-assigned securities to pay	-	-	-	-	-	-	-	-
Repurchase agreements, net	-	87	133	14	8	-	-	-
Operations with collateral	-	-	-	-	-	-	-	-
Futures receivable, net	-	-	-	-	-	-	-	-
Options and derivatives, net	-	-	-	-	-	-	-	-
Repos & Derivatives:	-	87	133	14	8	-	-	-
Income Tax & Profit Sharing	-	-	141	153	50	-	-	-
Other Payable accounts	163	156	284	65	123	-	-	-
Other payable accounts	163	156	425	218	173	-	-	-
Subordinated non Convertible Debenture	-	-	-	-	-	-	-	-
Deferred Taxes	261	236	244	177	108	-	-	-
Deferred credits	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	3,340	3,738	2,655	2,022	1,813	-	-	-
STOCKHOLDER'S EQUITY	-	-	-	-	-	-	-	-
Paid-in Capital	1,049	1,049	1,049	1,049	1,049	-	-	-
Share subscription premiums	-	-	-	-	-	-	-	-
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	1,049	1,049	1,049	1,049	1,049	-	-	-
Capital Reserves	164	164	164	164	164	-	-	-
Retained Earnings	974	974	777	777	1,194	-	-	-
Surplus (Deficit) from securities	(14)	(14)	(14)	(13)	(13)	-	-	-
Results of foreign operations exchange	-	-	-	-	-	-	-	-
Excess (Insuf.) in capital restatement	5	8	6	-	-	-	-	-
Non Mon assets results Fixed Assets	-	-	-	-	-	-	-	-
Non Mon assets results Investm	(47)	(50)	(53)	(55)	(56)	-	-	-
Adjustment in the employees pension	-	-	-	-	-	-	-	-
Accumulated Deferred tax effect	-	-	-	-	-	-	-	-
Net Income	157	251	370	417	151	-	-	-
Earned Capital	1,239	1,333	1,251	1,290	1,440	-	-	-
Minority Holdings	622	632	671	504	539	-	-	-
Total Stockholder's Equity	2,910	3,015	2,971	2,843	3,028	-	-	-
TOTAL LIABILITIES &	6,250	6,753	5,626	4,865	4,842	-	-	-

(*) Consolidate Afore

MEMORANDUM ACCOUNTS OF BANCEN

	1Q02	2Q02	3Q02	4Q02	1Q03	2Q03	3Q03	4Q03
Signature guarantees granted	-	-	-	-	-	-	-	-
Other contingent obligations	1,791	2,681	2,320	1,629	1,604	-	-	-
Irrevocable lines of credit	-	-	-	-	-	-	-	-
Assets held in trust and mandate	23,102	23,523	23,256	22,760	23,354	-	-	-
Assets held in custody or in	1,337	1,243	1,011	733	725	-	-	-
Investment banking transactions for	-	-	-	-	-	-	-	-
Engaged amounts in fobaproa operations	272	287	367	402	-	-	-	-
Investment of retirement saving funds	-	-	-	-	-	-	-	-
Integration of loan portfolio	-	-	-	-	-	-	-	-
Received amounts in derivative	-	-	-	-	-	-	-	-
Fobaproa trusts	-	-	-	-	-	-	-	-
Securities to be received	90,607	91,799	104,197	108,195	71,780	-	-	-
(Less) payable for reversal	(90,597)	(91,886)	(104,330)	(108,209)	(71,719)	-	-	-
Receivables for reversal	30,365	42,770	40,052	42,188	7,426	-	-	-
(Less) securities to be delivered	(30,321)	(42,736)	(40,006)	(42,189)	(7,434)	-	-	-
Other control accounts	43,705	43,140	42,570	41,869	41,611	-	-	-
	70,262	70,822	69,436	67,379	67,347	-	-	-

Annex 6. Notes to Banking Sector Financial Statements

Financial Instruments and Valuation Effects 1Q03

(Millions of Pesos)

BANORTE

	BOOK VALUE	MARKET VALUE	UNREALIZED GAIN (LOSS)
NEGOTIABLE INSTRUMENTS			
Government Securities	1,034	1,037	3
Banking Securities	2,045	2,047	1
Private	62	64	1
Commercial Paper	1,246	1,246	-
Total	4,388	4,394	6
SECURITIES HELD FOR SALE			
Government Securities	-	-	-
Mexican Government Securities (UMS)	1,001	1,052	51
Eurobonds	943	268	(675)
Total	1,944	1,320	(623)
SECURITIES HELD TO MATURITY			
Special Cetes	3,146	3,146	-
Trust Bonds	-	-	-
Fiduciary Rights	34	25	(8)
Bonds	256	256	-
Mexican Government Securities (UMS) (US Dollars)	4,200	4,200	-
Mexican Government Securities (UMS) (Euros)	195	195	-
Others	162	162	-
US Clearing Master Trust	94	94	-
Total	8,086	8,078	(8)
TOTAL	14,418	13,792	(626)

BANCEN

	BOOK VALUE	MARKET VALUE	UNREALIZED GAIN (LOSS)
NEGOTIABLE INSTRUMENTS			
Government Securities	11	11	1
Banking Securities	1	1	1
Private	-	-	-
Commercial Paper	169	152	(17)
Total	180	163	(17)
SECURITIES HELD FOR SALE			
Government Securities	-	-	-
Mexican Government Securities (UMS) (US Dollars)	-	-	-
Eurobonds	-	-	-
Total	-	-	-
SECURITIES HELD TO MATURITY			
Special Cetes	327	327	-
Trust Bonds	-	-	-
Fiduciary Rights	-	-	-
Bonds	-	-	-
Mexican Government Securities (UMS)	-	-	-
US Clearing Master Trust	-	-	-
Total	327	327	-
TOTAL	507	490	(17)

Figures are presented in constant pesos set at the close of March, 2003

BANKING SECTOR

NEGOTIABLE INSTRUMENTS	BOOK VALUE	MARKET VALUE	UNREALIZED GAIN (LOSS)
Government Securities	1,045	1,048	3
Banking Securities	2,046	1,322	(724)
Private	62	64	1
Commercial Paper	1,415	1,398	(17)
Total	4,568	3,831	(736)
SECURITIES HELD FOR SALE			
Government Securities	-	-	-
Mexican Government Securities (UMS)	1,001	1,052	51
Eurobonds	943	268	(675)
Total	1,944	1,320	(623)
SECURITIES HELD TO MATURITY			
Special Cetes	3,474	3,474	-
Trust Bonds	-	-	-
Fiduciary Rights	34	25	(8)
Bonds	256	256	-
Mexican Government Securities (UMS) (US Dollars)	4,200	4,200	-
Mexican Government Securities (UMS) (Euros)	195	195	-
Others	162	162	-
US Clearing Master Trust	94	94	-
Total	8,414	8,405	(8)
TOTAL	14,925	13,557	(1,368)

Repurchase Agreement Operations 1Q03

(Millions of Pesos)

BANORTE

REPURCHASE AGREEMENT DEBTORS	MARKET VALUE (1)	ASSET BALANCE
Government Securities	40,392	62
Banking Securities	4,696	2
Total	45,088	64
REPURCHASE AGREEMENT CREDITORS	MARKET VALUE (2)	LIABILITY BALANCE
Government Securities	40,378	46
Banking Securities	4,696	1
Total	45,073	47

1) RECEIVABLES ON REPURCHASE AGREEMENT

2) PAYABLES ON REPURCHASE AGREEMENT

BANCEN

REPURCHASE AGREEMENT DEBTORS	MARKET VALUE (1)	ASSET BALANCE
Government Securities	57,373	60
Banking Securities	14,407	1
Total	71,780	61
REPURCHASE AGREEMENT CREDITORS	MARKET VALUE (2)	LIABILITY BALANCE
Government Securities	7,335	8
Banking Securities	99	-
Total	7,434	8

1) RECEIVABLES ON REPURCHASE AGREEMENT

2) PAYABLES ON REPURCHASE AGREEMENT

Figures are presented in constant pesos set at the close of March, 2003

BANKING SECTOR

REPURCHASE AGREEMENT DEBTORS	MARKET VALUE (1)	ASSET BALANCE
Government Securities	97,795	122
Banking Securities	19,103	3
Total	116,867	125
REPURCHASE AGREEMENT CREDITORS	MARKET VALUE (2)	LIABILITY BALANCE
Government Securities	47,713	55
Banking Securities	4,795	1
Total	52,508	55

1) RECEIVABLES ON REPURCHASE AGREEMENT

2) PAYABLES ON REPURCHASE AGREEMENT

Derivate Financial Instruments 1Q03

(Millions of Pesos)

BANORTE

NEGOTIABLE INSTRUMENTS	BUY	SELL	NET
FOREIGN CURRENCY FUTURES			
Market Value	-	-	-
Agreed Price	-	-	-
Total	-	-	-
FOREIGN CURRENCY FORWARDS			
Market Value (Nominal Amount)	390	(47)	343
Agreed Price	(377)	48	(329)
Total	13	1	14
DEBTOR BALANCE NOTE			14

COVERAGE INSTRUMENTS	NOTIONAL AMOUNT ASSETS	NOTIONAL AMOUNT LIABILITIES	FLOW PAYABLE	FLOW RECEIVABLE	NET FLOWS
SWAPS					
Cross Currency (Cover Financial Instruments and Loan Portfolio)	(5,249)	(5,649)	(555)	32	(924)
Interest Rate (Cover Financial Instruments and Loan Portfolio)	5,916	(5,916)	(45)	36	(9)
Total			(600)	68	(933)
FOREIGN CURRENCY OPTIONS			OPENING PREMIUM	VALUED PREMIUM	VALUATION
Foreign Currency Options			(1)	1	(1)
Total			(1)	1	(1)
BALANCE NOTE					(934)

Non-governmental Financial Instruments above by 5% of Net Capital 1Q03

(Millions of Pesos)

BANORTE

INDUSTRY	INVESTMENT INSTRUMENT	AMOUNT	% NET CAPITAL
BANCEN	Term Deposits	725	5.7%
BANCOMER	Term Deposits	1,006	8.0%

BANCEN don't have Nongovernmental Financial Instruments above by 5% of Net Capital.

Figures are presented in constant pesos set at the close of March, 2003

Loan Portfolio

(Million of Pesos)	LOCAL CURRENCY			FOREIGN CURRENCY			TOTAL		
	1Q02	4Q02	1Q03	1Q02	4Q02	1Q03	1Q02	4Q02	1Q03
Performing Loans									
Commercial	16,578	25,628	21,413	6,360	6,968	8,039	22,938	32,596	29,452
Financial Intermediaries	381	7,147	3,129	255	800	427	636	7,948	3,556
Consumer	3,304	5,035	5,685	2	7	7	3,306	5,042	5,692
Mortgages	11,141	12,292	12,284	-	-	-	11,141	12,292	12,284
Government Entities	42,448	85,201	85,147	10	774	745	42,458	85,975	85,892
Fobaproa	53,518	6,320	6,752	4,770	(121)	(169)	58,288	6,199	6,583
Total	127,370	141,622	134,412	11,396	8,429	9,049	138,767	150,051	143,461
Past Due Loans									
Commercial	1,422	1,194	868	1,129	1,324	1,038	2,550	2,519	1,906
Financial Intermediaries	-	-	-	-	-	-	-	-	-
Consumer	368	330	321	-	1	-	368	331	321
Mortgages	1,920	1,942	1,177	-	-	-	1,920	1,942	1,177
Government Entities	-	-	8	-	-	-	-	-	8
Total	3,710	3,466	2,373	1,129	1,325	1,039	4,838	4,791	3,412
Total Proprietary Loans	131,080	145,088	136,785	12,525	9,754	10,088	143,605	154,842	146,872
% Past Due Loans									

(*) Includes valued UDIS

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

(2) Includes Fobaproa promissory notes and loans to IPAB registered in Government Entities.

Note: There is no scheme for Mortgage Earnings.

Cost and Balances of FINAPE, FOPIME, Mortgage UDIS and Mortgage FOVI loan portfolios as of 1Q03

(Millions of Pesos)	BANORTE		BANCEN		TOTAL	
	PERIOD COST	BALANCE	PERIOD COST	BALANCE	PERIOD COST	BALANCE
		LOAN PORTFOLIO		LOAN PORTFOLIO		LOAN PORTFOLIO
FINAPE	0.6	6.5	-	3.2	0.6	9.6
FOPYME	1.6	11.3	-	0.1	1.6	11.4
Mortgage UDIS	13.4	129.5	2.4	27.6	15.8	157.1
Mortgage FOVI	15.5	84.6	-	9.7	15.5	94.3
	31.1	231.9	2.4	40.6	33.5	272.4

The quarter ending with a balance of Ps 272.4 million pesos in debtors support programs with a cost of the period of Ps 33.5 million. The 99% of this portfolio are concentrated in Banorte.

Past Due Loans Variations as of 1Q03

Past Due Loans	
Balance as of December 31, 02	4,737
Performing loans to Past due loans transfers	2,839
Renewals	(19)
Cash Collections	(704)
Charge Offs	(44)
Foreclosures	(3)
Past due loans to Performing loans transfers	(1,597)
Portfolio Sales	(1,814)
Exchange Adjustment	63
Balance as of March 31, 03	3,456

Troubled Portfolio 1Q03

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

(Millions of Pesos)	TOTAL
Troubled Portfolio	2,598
Total Loans	146,872
Troubled Portfolio / Total Loans	1.8%

Fobaproa-IPAB

(Millions of Pesos)	REMAINING CONTINGENCIES LOSS(1) SHARING	INCENTIVE(1) SCHEME
Gross Fobaproa notes balance	10,756	6,458 ⁽²⁾
- Cash recoveries	2,929	1,844 ⁽²⁾
- Repossessed assets	=	=
= Balance net of recoveries	7,827	4,614
Contingency before reserves	2,085	350
- Reserves	2,085	350
= Remaining contingencies	-	-

1) Includes only cash recoveries.

2) Included in Loss Sharing program.

Banorte provisioned Ps 30.6 million through the Income Statement during the quarter to keep 100% provisioned on the FOBAPROA-IPAB Loss Sharing program and Incentive Scheme. Cash recoveries in the Loss Sharing program represented 27.2% of Banorte's Gross FOBAPROA-IPAB notes balance.

Fobaproa - IPAB Notes Integration 1Q03

(Millions of Pesos)	BANORTE				BANCEN	BANPAIS		BANKING SECTOR
	LOSS SHARING LOCAL CURRENCY	LOSS SHARING DOLLARS	WITHOUT RISK	INCENTIVE SCHE	LOCAL CURRENCY	LOCAL CURRENCY	DOLLARS	TOTAL
Gross Balance	10,632	124	1,354	(1)	-	-	-	12,110
- Checking account balance	2,636	293	162	(1)	176	-	-	3,091
- Reserves	2,085	-	-	350	-	-	-	2,435
= Net Balance	5,911	(169)	1,192	(350)	(176)	-	-	6,584
Interest Rate	CETES 91-1.35	LIBOR +5	CETES 91	N.A.	N.A.	-	-	
Maturity	2005	2006	2006	2005/2006	N.A.	-	-	
Remaining Contingencies	-0-	-0-	No exist	-0-	No exist	-	-	

1) Ps 6,458y Ps 1,844 , Gross Balance and Checking account balance of Incentive Scheme are included in Loss Sharing.

2) Is included in Government Entities, has a rate of TIIE 28+0.86 and it's maturity is in 2010.

3) Interest rate of TIIE 28 days +0.40 and maturity in 2009, with a single capital payment at maturity.

N.A.- Not Applicable

ORIGIN OF THE NOTES

The source of the Fobaproa-IPAB notes is different as each was given for different objectives, according to the following list:

FOBAPROA NOTES	YEAR	ORIGIN
BANORTE		
LOSS SHARING	1995-1996	Sale of Loans to Fobaproa
WITHOUT RISK	1996	Sale of Loans to Fobaproa
BANPAIS	1996-1997	Reorganization
SIMPLE CREDIT	2000	Reorganization
BANCRECER	1999	Reorganization

SIGNIFICANCE IN BANORTE BALANCE

	1997	1998	1999	2000	2001	2002	1T03
% Total Loans	70.9%	64.6%	63.5%	58.7%	55.5%	55.7%	58.4%
% Total Assets	60.6%	53.5%	43.7%	46.7%	44.5%	43.5%	44.7%

Deferred Taxes 1Q03

(Millions of Pesos)			
ASSETS	ISR	PTU	NET
Allowance for loan losses (not deducted)			
Tax loss carryforwards	351	-	351
Deficit from retirement obligations	209	62	271
Reserves for BN+BCR integration expenses	35	10	45
Obligations FOBAPROA, Net	667	-	667
Others	-	-	-
Total Assets	1,262	72	1,333
LIABILITIES			
Accrued interest and inflationary component of Fixed Assets, Foreclosed, Intangible & Others	(303)	(47)	(349)
Total liabilities	(303)	(47)	(349)
Assets (Liabilities) Accumulated Net	959	25	984

Long term debt as of 1Q03

TYPE OF DEBT	CURRENCY	DATE OF ISSUE	AMOUNT (Millions Ps o Dls)	ORIGINAL AMOUNT (Millions Ps, Dls o UDIs)	TERM	INTEREST RATE	MATURITY	INTEREST PAYMENT
BANORTE								
Bank Bonds - Banorte 1-00	Ps	23-Mar-00	1,000	1,000	3 years	15.59%	1-May-03	E/189 days
Bank Bonds - Banorte 2-00	Ps	27-Jul-00	250	250	3 years	16.00%	4-Sep-03	E/189 days
CD's - Banorte U01001	UDIs	11-Ene-01	90	90	10 years	8.13%	30-Dic-10	E/182 days
CD's - Banorte U01002	Ps	29-May-01	20	20	3 years	TIIE-0.25%	25-May-04	E/28 days
Non Convertible Subordinate Bonds-Qbanorte 01U	UDIs	21-Jun-01	436	436	8 years	8.00%	21-Jun-09	E/182 days
CD's - Banorte M7001	Ps	30-Sep-97	16	16	7 years	17.65%	21-Sep-04	E/182 days
Non Convertible Subordinate Bonds -QBanorte 02D	Ps	28-Nov-02	1,136	1,136	10 years	8.00%	28-Nov-12	E/182 days
Certificados - Banorte M7001	Ps	27-Ene-03	100	100	3 years	TIIE-0.25%	10-Jul-06	E/28 days
CD's 1999-2A	Dls	15-Jul-99	28.0	75	5 years	8.94%	15-Jul-04	Monthly
CD's Serie 1999-2B	Dls	15-Jul-99	17.9	25	7 years	9.49%	15-Jul-06	Monthly

BANCEN. does not present balance as of March 31, 2003.

Figures are presented in constant pesos set at the close of March, 2003

Bank and Other entities loans as of 1Q03

(Millions of Pesos)	LOCAL CURRENCY	INTERE ST RATE	TERM (DAYS)	FOREIGN CURRENCY	INTEREST RATE	TERM (DAYS)	TOTAL
LOANS FROM LOCAL BANKS	-	-	-	800	L+6	499	800
LOANS FROM FOREIGN BANK CONCERNED FROM THE COUNTRY	-	-	-	9	2.16	80	9
LOANS FROM FOREIGN BANK CONCERNED FROM CAYMAN	-	-	-	342	2.36	754	342
SECURITIZATION	-	-	-	496	9.15	597	496
LOANS FROM DEVELOPING BANKS	419	14.09	749	908	4.25	968	1,327
LOANS FROM PUBLIC FUNDS	4,592	8.47	697	206	3.00	587	4,798
LOANS FROM BANKS	5,129	9.15	8	-	-	-	5,129
CALL MONEY	2,184	8.92	1	-	-	-	2,184
LOANS FROM FIDUCIARY FUNDS	4,696	7.78	9,685	-	-	-	4,696
PROVISIONS FOR INTEREST	45	N.A.	N.A.	-	-	-	45
	17,065			2,761			19,826

Trading Income 1Q03

(Millones de Pesos)

VALUATION EFFECTS	NET
Negotiable Instruments	(10)
Repurchase	(1)
Futures	-
Foreign Currency Forwards	6
Options	1
Inflation Adjustment	-
Total	(4)
RESULTS FROM BUYING AND SELLING	
Negotiable Instruments	132
Securities Held for Sell	(13)
Inflation Adjustment	-
Total of Buying and Selling Instruments	119
FX Spot	81
FX Forwards	-
FX Futures	-
FX Futures TIIE	-
Forwards	1
Total of Foreign Exchange	82
Inflation Adjustment	-
Total of Buying and Selling	202
TOTAL TRADING INCOME	198

Banco Mercantil del Norte, S.A.**AD1.- CAPITALIZATION RATIO**

Breakdown of capitalization ratio for credit risk assets as well as assets subject to credit and market risk.

Net Capital to Credit Risk Assets: 15.9

Net Capital to Assets subject to Credit and Market Risk: 13.8

AD2.- CAPITAL INTEGRATION

The net capital, divided by the basic and supplementary capital, as well as a brief integration of both broken down with the most important elements that make them up. The following should be incorporated as the minimum concepts relative to capital integration:

Net Capital: 10,720

Tier 1 Capital		8,413	Tier 2 Capital		2,307
Stockholders Equity		8,522	Capitalization Instruments		1,532
Subordinated debt and Capitalization Instruments		1,097	(+)General Preventive Reserves		774
Deferred for Tier 1		1,014			
(-) Investment in Subordinated debt		-			
(-) Investment in Financial Institutions		85			
(-) Investment in Non-Financial Institutions		493			
(-) Financing granted for the acquisition of shares of the bank or other Group subsidiaries		-			
(-) Excess on deferred taxes		1,014			
(-) Restructuring Charges and others intangibles		628			
(-) Others Assets		-			

AD3.- RISK ASSETS

Amount of weighted assets with market risk and credit risk.

Market risk weighted assets: 9,941		Weighted Assets	Required Capital
Peso Nominal interest rate operations		6,344	507
Peso or UDI real interest rate operations		1,208	97
Interest rate operations in foreign currency with nominal rate		1,123	90
Position in UDIS or with a return indexed to inflation		11	1
Positions in foreign currency or indexed to the FX rate		1,256	101
Positions in share or index to the price of securities		-	-

Credit Risk-Weighted Assets: 67,487		Weighted Assets	Required Capital
Group 1 (risk weight 0%)		-	-
Others (risk weight 2.5%)		-	-
Others (risk weight 10%)		631	51
Group 2 (risk weight 120%)		1,430	114
Others (risk weight 50%)		1,092	87
Others (risk weight 75%)		-	-
Group 3 (risk weight 100%)		58,383	4,671
Others (risk weight 112%)		-	-
Others (risk weight 115%)		5,602	448
Others (risk weight 150%)		-	-
Others		349	28

Banco del Centro, S.A.**AD1.- CAPITALIZATION RATIO**

Breakdown of capitalization ratio for credit risk assets as well as assets subject to credit and market risk.

Net Capital to Credit Risk Assets: 31.1

Net Capital to Assets subject to Credit and Market Risk: 11.3

AD2.- CAPITAL INTEGRATION

The net capital, divided by the basic and supplementary capital, as well as a brief integration of both broken down with the most important elements that make them up. The following should be incorporated as the minimum concepts relative to capital integration:

Net Capital: 1,918

Tier 1 Capital	1,916		Tier 2 Capital	2
Stockholders Equity	2,490		Capitalization Instruments	-
Subordinated debt and Capitalization Instruments	-		(+)General Preventive Reserves	2
Deferred for Tier 1	-			
(-) Investment in Subordinated debt	-			
(-) Investment in Financial Institutions	574			
(-) Investment in Non-Financial Institutions	-			
(-) Financing granted for the acquisition of shares of the bank or other Group subsidiaries	-			
(-) Excess on deferred taxes	-			
(-) Restructuring Charges and others intangibles	-			
(-) Others Assets	-			

AD3.- RISK ASSETS

Amount of weighted assets with market risk and credit risk.

Market risk Weighted Assets: 10,817	Weighted Assets	Required Capital
Peso Nominal interest rate operations	10,333	827
Peso or UDI real interest rate operations	-	-
Interest rate operations in foreign currency with nominal rate	10	1
Position in UDIS or with a return indexed to inflation	-	-
Positions in foreign currency or indexed to the FX rate	-	-
Positions in share or index to the price of securities	474	38

Credit Risk-Weighted Assets: 6,167.7	Weighted Assets	Required Capital
Group 1 (risk weight 0%)	-	-
Others (risk weight 2.5%)	-	-
Others (risk weight 10%)	50	4
Group 2 (risk weight 1 20%)	2,896	232
Others (risk weight 50%)	-	-
Others (risk weight 75%)	-	-
Group 3 (risk weight 100%)	3,157	253
Others (risk weight 112%)	-	-
Others (risk weight 115%)	-	-
Others (risk weight 150%)	-	-
Others	65	5

Risk Management

Market Risk

In January 2003, the Board of Directors approved for the Value at Risk (VaR) calculation the non-parametric historical simulation method, thereby replacing the previous parametric historical simulation method that had been applied until December 2002. This modification was approved to apply the best international practices in measuring the VaR.

This new methodology is used both to calculate the market risk as well as to set and control internal limits, considering a 99% reliability level.

This method is applied to all the Group's portfolios that are exposed to variations in risk factors that can have a direct effect on their valuation (domestic interest rates, foreign interest rates, exchange rates, among others).

The VaR under this method means the potential loss for one day that could affect the loan portfolio valuation at a certain date, with a 99% reliability level assuming that the 500 immediate historical scenarios repeat in the future.

The average Value at Risk (VaR) for the January-March 2003 quarter for the Group's (Banking and Brokerage Sectors) financial instrument portfolios, including bonds, shares, money market transactions, swaps, forwards, futures, and others derived within and out of the balance, is Ps 185 million.

The VaR for other periods are as follows:

Value at Risk

(Millions of pesos)

	1Q02*	2Q02*	3Q02*	4Q02*	1Q03
VaR	237	136	144	206	185

*The VaR figures for these periods were estimated using the parametric historical simulation method considering a 10-day term to break up the portfolios.

The Value at Risk made up for the first quarter 2003, calculated under the aforementioned premises per Institution and Sector is as follows:

(Millions of Pesos)

	VaR
Banorte	161
Bancan	153
Banking Sector	184
Brokerage House	3
GFNorte	185

Additionally, the Value at Risk per risk factor of the instruments portfolio described for Grupo Financiero Banorte as a whole, was as follows for the first quarter of 2003:

(Millions of pesos)

RISK FACTOR	VaR
Domestic interest rate	173
Foreign interest rate	70
Exchange rate	24
Stock Exchange	14
Eurobonds Price	164
Total	185

The VaR for each of the risk factors presented is determined by simulating 500 historical scenarios of the variables that make up each one of said factors, while keeping the variables that affect the rest of the indicated risk factors constant. The consolidated Value at Risk both for the Banking sector as well as for the Financial Group takes into consideration the correlations of all the risk factors affecting the portfolio appraisal, which is why the sum of the Value at Risk per Institution does not match.

Loan Risk

Loan Risk is the risk of clients failing to meet their payments. Therefore, it is essential to correctly manage such a

Figures are presented in constant pesos set at the close of March, 2003

risk in order to maintain a quality loan portfolio.

The objectives of loan risk management at GFNorte are:

- >To develop and carry out loan risk policies that are compatible with the strategic objectives of the institution.
- >To support strategic decision-making, maximizing the creation of value for the stockholders and guaranteeing security for our clients.
- >To set specific policies and procedures to identify the level of risk of the debtor, using said procedures as a basis for granting loans as well as for their follow-up.
- >To calculate the exposure of loan risk in time, considering and evaluating the concentration of exposure by qualifying risk, geographical regions, economic activities, currency and type of product.
- >To create diversification strategies of the loan portfolio, setting down its limits.
- >To implement a global loan risk management supervising all the operations and aspects related to loan risk.

Individual Loan Risk

Individual risk is identified and measured at GFNorte by Qualifying Loan Risk, per Target Markets and pursuant to the Risk Acceptance Criteria.

Regarding the commercial loans credit risk classification, departing 1Q01, this process carried out based on Circular 1480 of the CNBV, using Banorte's Risk Internatl Classification (RIC) in order to calculate debtor rank and circular 1480 to calculate credit ranking. For small credits, a parametric system is used. Mortgage loans, Consumer loans and Credit Cards are classified using their specific CNBV circulars.

The Target Markets and the Risk Acceptance Criteria are tools that are part of GFNorte's loan strategy which help in determining individual loan risk levels. The Target Markets are activities selected by region and economic activity, backed up by economic and quality studies of the portfolio in which Banorte is interested in placing loans. The Risk Acceptance Criteria are parameters that describe the identified risks per industry, making it possible to identify the risk implied for the bank in granting a loan to a client depending on the economic activity involved. The types of risk considered in the Risk Acceptance Criteria are financial, operation, market, company life cycle, legal and regulatory, loan experience and management quality.

Portfolio Loan Risk

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

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

The method, in addition to contemplating loan exposure, takes into consideration the probability of non-compliance, the recovery level associated to each client and the classification of the debtor based on the Merton model. The *probability of non-compliance* is the probability that the debtor will not meet his/her debt obligation with the bank according to the originally agreed terms and conditions. The probability of non-compliance is based on the transition matrixes that GFNorte calculates from the migration of the debtor through different risk qualification levels. The *recovery ratio* is the percentage of total exposure that is estimated to be recovered in the debtor fails to comply. The *classification of the debtor*, based on the Merton model, associated 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. The unexpected loss is the maximum loss at a specific confidence level (95% in this case) given the loss distribution.

The results obtained are used as a tool for better decision-making in granting loans and in the diversification of the portfolio, according to GFNorte's global strategy. The individual risk identification tools and the portfolio loan risk methodology are periodically checked and updated to allow the application of new techniques that may support or strengthen them. As a result, GFNorte has tools and methods of the highest quality on an international scale to identify, measure, control and follow up loan risks.

The implementation of Circular 1423 of the CNBV for the portfolio loan risk was finished and includes Banco Mercantil del Norte and Bancen Portfolio, additionally we are working in the implementation of a methodology that includes the financial instruments, it will be concluded in this year.

Information by Segments

With the ultimate goal of improving the understanding of information of the Group and given the importance of the 2 banks (Banorte and Bancen) within the Financial Group, (together representing more than 90% each of the Shares, Deposits, and Profits of the Group), we have included their financial statements and combined indicators proforma together under the "Banking Sector" heading. The Banking Sector is defined as the 2 banks with their respective subsidiaries, except the Afore unit (a subsidiary of Bancen), which is not considered part of this Sector for management reasons (as of the end of 1998). We have also grouped companies corresponding to other Sectors, which are defined in accordance with the orientation of the companies. These Sectors are as follows: The Brokerage Sector which is made up of the Brokerage House; the Long-Term Savings Sector, made up of the Annuities, Insurance and Afore companies, and the Auxiliary Organizations Sector which includes the Leasing, the Brokerage, the Warehousing, and the Bonding companies. For purposes of the Reconciliation Table by Sector, these sectors are all put under the heading "Other Sectors" as they each represent only a very small participation in the group. This segmentation was done on the basis of the International Accounting Normative (NIC 14) and the Statement of Financial and Accounting Standards N° 131 that refers to the rules for presenting financial information by segment.

Proforma Consolidated Data-1Q03

<i>(Millions of pesos)</i>	BANORTE (1)	BANCEN (3)	TOTAL
Income Statement			
Net Interest Income	1,023.9	1,193.4	2,217.3
Non Interest Income	585.6	182.9	768.4
Non Interest Expense	2,175.9	29.4	2,205.3
Other income (expense)	(87.7)	(40.4)	(128.1)
Extraordinary items, net	-	-	-
Net Income	(888.1)	1,334.7	446.6
Balance Sheet			
Assets	187,942	3,880	191,822
Loans	145,981	891	146,872
Deposits	153,668	-	153,668
Equity	8,523	2,490	11,012
Past Due Loans	3,089	323	3,412
Loan Loss Reserves	3,897	441	4,338
Ratios			
Non Interest Expense/ Total Assets	1.2%	0.8%	1.2%
% Past Due Loans	2.1%	36.2%	2.3%
Reserves / Past Due Loans	126.2%	136.8%	127.2%
% Capitalization (2)	13.8%	11.3%	13.4%

1) Includes a 96.11% participation of the Group.

2) Includes Market Risks. Using 2003 rules.

3) Excludes the AFORE.

Inter-bank Eliminations Summary

(Millions of Pesos)	BANORTE	BANCEN	INTERBANK ELIMINATIONS
Income Statement			
Net Interest Income	(1,183.6)	1,183.6	-
Non Interest Income	-	-	-
Non Interest Expense	-	-	-
Other Income (expense)	-	-	-
Extraordinary items, net	-	-	-
Balance Sheet			
Assets	(1,216)	(235)	(1,451)
Cash and Due from Banks	(490)	(226)	(716)
Financial Instruments	(726)	-	(726)
Loans	-	-	-
Deposits	(226)	(726)	(952)
Due to Banks	-	(490)	(490)
Equity	-	-	-
Past Due Loans	-	-	-
Loan Loss Reserves	-	-	-
Investments in Subsidiaries	-	-	-
Deferred Taxes, (Liabilities) (*)	-	(9)	(9)
Deferred Taxes, (Assets) (*)	-	(9)	(9)

(*)Reclassifications, in accordance to CNBV and accounting criteria presentation

The aforementioned table shows the eliminations between the two banks, considered as the "Banking Sector," showing the balance of the same under each heading in the Income Statement and the Balance Sheet. Note, however, that the individual numbers from the pro-forma table of combined indicators cannot be compared directly with those of the individual Financial Statements of each Bank, as one must consider the eliminations contained in this section, and also take into account that the Afore unit is not included under Bancen but *is*, nevertheless, included in the individual Financial Statements of Bancen.

Reconciliation per Segments Table

(Millions of Pesos)	BANKING SECTOR	OTHER SECTORS	WITHOUT OT. SECT.	TOTAL GROUP
Income Statement				
Net Interest Income	2,217.3	96.3	(2.4)	2,311.1
Non Interest Income	768.4	320.4	-	1,088.8
Non Interest Expense	2,205.3	278.4	(20.2)	2,463.6
Other Income (expense)	(128.1)	8.5	(17.8)	(137.4)
Extraordinary items, net	-	-	-	-
Balance Sheet				
Assets	191,822	17,827	(13,666)	195,983
Loans	146,872	3,798	(1,469)	149,201
Deposits	153,668	-	(32)	153,636
Equity	11,012	13,633	(11,989)	12,656
Past Due Loans	3,412	32	-	3,444
Loan Loss Reserves	4,338	24	-	4,362

The criteria for distributing income and expenditures between the Subsidiaries of the Group is done on the basis of the relative size and operational volume of each company, depending on the type of primary service it provides. These criteria are applied to the expenses related to the operation of primary areas, these being Accounting, Systems, and Operations, as well as to the expenses for maintaining the corporate structure.

Financial Statements basis for presentation.

The Grupo Financiero Banorte (GFNorte)- Financial Statements of the Financial Group are presented in consolidated form with the figures from its respective subsidiaries as stipulated in regulations of the National Banking and Securities Commission (CNBV) and circular 1400 of March 31, 1998, and the "Accounting Criteria for Controlling Companies of Financial Groups" contained in circular 1489 of the National Banking and Securities Commission (CNBV) of October 30, 2000. This circular was effective as of January 1, 2001. In addition, the Financial Statements of the Banking Institutions were presented consolidated with UDIS and their respective Subsidiaries.

The Banking Sector (Banorte and Bancen)-The new groupings contained in bulletin 1488 of October 30, 2000 of the CNBV that was effective from January 1, 2001 & The Presentation Rules from bulletin 1455 from December 14, 1999 from CNBV used since July 1st, 2000. For all periods, figures are presented in constant pesos set at the close of the current reporting period. Therefore the UDI price at the end of each period was used. The information contained herein is based on non-audited information of each of the entities described herein. Results for any interim period are not necessarily indicative of results that may be achieved for a full fiscal year or any other interim period.

Grupo Financiero Banorte (GFNorte) and the Banking Sector (Banorte y Bancen) are using the same practices and accounting criteria used in the last Annual Report, according with the stipulated in regulations of the National Banking and Securities Commission (CNBV) in circular 1400 of March 31, 1998, in the circular 1456 of December 22, 1999, in the circular 1448 of October 14, 1999 and the circular 1455 of December 14, 1999. Adding the stipulations of the circular 1488 and the circular 1489 of October 30, 2000 that were effective as of January 1, 2001.

In order to improve the transparency and comparability of the Income Statement of the 1Q00 for the Banking Sector and for the Group, we incorporated all January, 2000 income and expense figures of Banpais (was merged into Banorte in February, 2000) in their corresponding income statement accounts at the Banking Sector and Group levels. January results of Banpais were shown as a net number in the Subsidiaries Net Income account in the 1Q00 release, following the accounting regulations. Besides, beginning 2Q00, a line item was added to Banorte's income statement called: Corporate Expense Recoveries given that this bank concentrates corporate and central processes expenses that are latter charged to Bancen, and previously also to Banpais. While in the case of Banorte this amount can be seen clearly, this figure becomes zero when consolidating the Banking Sector and the Group due to inter-company eliminations.

The financial information contained herein has been prepared in accordance with accounting principles and regulations issued by the National Banking and Securities Commission for those entities, which comprise Grupo Financiero Banorte. These regulations and principles differ from the generally accepted accounting principles established by the Mexican Institute of Public Accountants (Mexican GAAP). They also differ from the accounting principles which are accepted in the United States (US GAAP), and from regulations and principles established by US authorities for the types of businesses, which are part of Grupo Financiero Banorte. In order to present the financial information contained herein in an international format, the classification and presentation format differs from the format used in the publication of such financial information in Mexico. In the United Kingdom, this document may only be distributed to those persons displaying the characteristics described in Article 9 (3) of the Financial Services Act, 1986, or to those to whom its distribution is otherwise fully lawful. The information contained in this report is not, and therefore should not be interpreted as, a solicitation for the purchase or sale of any of the securities issued by the companies of the financial groups described herein.