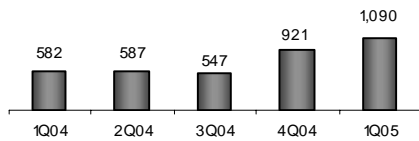


GFNorte generates a net profit of Ps 1,090 million for the quarter.

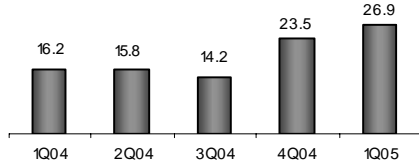
GFNORTE's NET INCOME
(Millions of Pesos)



GRUPO FINANCIERO BANORTE

- **Net income** for GFNorte stood at Ps 1.1 billion for 1Q05, 87% higher than 1Q04. The banking sector contributed with Ps 900 million (excluding the Afore pension fund). **ROE** was 27% and **ROA** 2.5% during the period.
- In January the **Banorte Foundation** (Fundación Banorte) donated US 100,000 to aid the victims of the Asian tsunami.

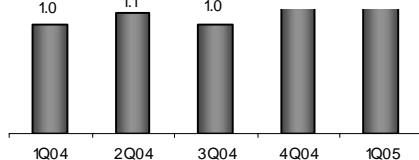
GFNORTE % ROE



BANKING SECTOR

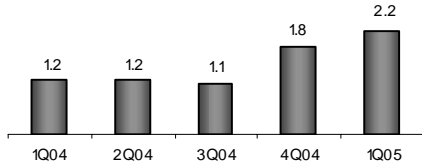
- During 1Q05 the **consumer loans** grew by 22%. This portfolio represents 34% of the overall loan portfolio w/o Fobaproa/IPAB.
- In March Banorte launched its credit card **program to attract customers**. The program is called "**Ya bájale con Banorte**" and offers customers the opportunity to transfer their balances outstanding to the bank, paying the balance over a maximum term of 36 months at a fixed rate of 25%, with no annual fees nor interests for 4 months.

GFNORTE % ROA



- In order to improve its competitive position while benefiting its customers with lower interest rates at the same time, **Banorte reduced its rates** on its **mortgage loans** from 14.90% to 12.40% as well as on its **car loans** from 16.9% to 14.50%.

GFNORTE EPS



OTHER SECTORS

- **Profits in the long-term savings sector** rose 48% vs the previous quarter, closing 1Q05 at a cumulative profit for GFNorte of Ps 127 million, thus contributing 12% of the Group's overall bottom line.
- On March 17 the non-bank bank or SOFOL known as **Créditos Pronegocios**, began operations and close the quarter with 24 branches in 14 cities. The company is a Grupo Financiero Banorte subsidiary that provides micro loans of up to Ps 50,000.

F

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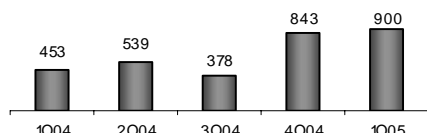
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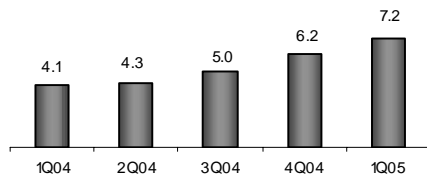
Highlights

BANKING SECTOR

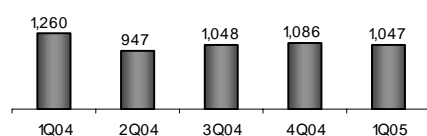
BANKING SECTOR'S NET INCOME (Millions of Pesos)



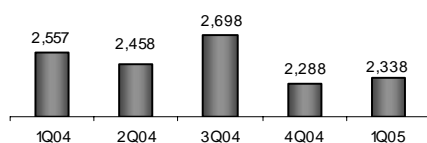
NIM



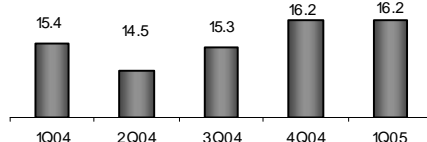
NOT INTEREST INCOME (Millions of Pesos)



NON INTEREST EXPENSE (Millions of Pesos)



CAPITALIZATION RATIO



Net Income

Accumulated Net Income stood at Ps 900 million in the quarter (excluding the Afore pension fund), mainly due to a higher Net Interest Income and a lower Non Interest Expense.

Net Interest Margin

The Net Interest Margin increased significantly from 4.1% in 1Q04 to 7.2% in 1Q05 due both to the loan portfolio growth and also to the securitization of Ps 46 billion of the IPAB portfolio in 4Q04, as well as to higher interest rates in 1Q05.

Non Interest Income

Non Interest Income declined in the quarter by 17% vs. the figure registered in 1Q04 as a result of lower Trading income. Recovery income increased 29% and Services fees by 3%.

Non Interest Expense

Non Interest Expense decreased 9% compared to 1Q04 primarily arising from the positive impact of the Efficiency Program carried out in the second half of 2004 and also to the strict cost control measures.

Capitalization Ratio

At quarter-end our capitalization ratio stood at 16.2% vs 15.4% in 1Q04. The ratio rose mainly due the period's net income and also to lower risk assets.

Loan Portfolio

At the close of 1Q05 the Loan Portfolio w/o Fobaproa/ IPAB and the Recovery managed portfolio recorded a balance outstanding of Ps 87,402 million, which represents an increase of 21% as compared to 1Q04, reflecting the highest growth rates in government and consumer loans at 27% and 22%, respectively.

Asset Quality

The company closed the quarter with a past due loan portfolio balance of Ps 1,727 million, which is 54% lower than the figure for 1Q04, primarily the result of write-offs realized in 2004. The foregoing was reflected in a lower past due loan portfolio to overall portfolio ratio that went from 4.8% to 1.9% and an improved reserve to past due loan coverage that went from 127% to 154%.

Executive Summary

Grupo Financiero Banorte (GFNORTE) today announced its operating profits to 1Q05, reporting net income of Ps 1,090 million pesos in the quarter, an increase of 87% as compared to 1Q04. GFNorte's return on equity for said quarter stood at 27% while its return on assets was 2.5%.

The banking sector contributed profits of Ps 900 million in the quarter, 99% higher than 1Q04 and representing 83% of Group overall profits. Profits quality continues to improve with an important increase in the recurrent revenues, as well as reaping the benefits of the Efficiency Program during the second half of 2004, the latter of which reflected lower expenses.

The net interest margin also rose significantly in 1Q05, going from 4.1% to 7.2% primarily derived from loan portfolio growth and an improved loan portfolio mix, the securitization of Ps 46 billion of the IPAB portfolio in 4Q04 and higher interest rates. The average 28-day TIIE (Equilibrium Interbank Interest Rate) rate rose by 352 basis points as compared to 1Q04.

Service fees grew by 3% vs 1Q04 as a result of the traditional banking operations growth reflected in e-banking and account management fees. Higher interest rates as compared to the previous year led to 68% lower trading income.

Non interest expense in the banking sector declined 9% vs. 1Q04 due to the Efficiency Program undertaken in the second half of 2004. While the efficiency rate experienced a marked improvement, going from 76% in 1Q04 to 61% in 1Q05.

Total deposits, not including third party paper, stood at a balance of Ps 120,370 million pesos to the month of December. Said deposits decreased 26% as a result of lower funding requirements resulting from the Ps 46 billion IPAB loan securitization and Ps16 billion in pre-payments made by the IPAB.

The loan portfolio –except IPAB and recovery- continued to experience sustained growth. To 1Q05 the performing loan portfolio increased 21% as compared the figure for the previous year, to stand at a balance outstanding of Ps 87,402 million. The commercial loan portfolio grew by 17% in one year to stand at Ps 28,842 million. While the corporate loan portfolio stood at Ps 16,230 million and the government loan portfolio was Ps 12,650 million a 27% increase vs 1Q04.

Consumer loans performed well. They represent 34% of the overall loan portfolio. As such, payroll loans grew by 48% over the past 12 months, closing at a balance of close to Ps 2,134 million. Credit cards and car loans grew 36% and 5%, respectively, in one year, to stand at balances outstanding of Ps 4,031 and Ps 5,791 million. Mortgages continued to trend up, closing the quarter with a balance of Ps 17,724 and an annual growth rate of 23%.

Banorte closed 1Q05 with a past due loan portfolio balance outstanding of Ps 1,727 million, 54% less than the figure registered last year. The past due loan portfolio ratio closed the quarter at 1.9%, with a reserve to past due loan coverage of 154%, higher than the 127% registered in 1Q04.

The long-term saving sector, made up of the afore pension fund, insurances and pensions, accumulated earnings of Ps 127 million during the quarter, which represents an increase of 48% vs 1Q04.

During the quarter the auxiliary organization sector contributed Ps 43 million, equivalent to an annual increase of 135%, while the brokerage sector registered profits that amounted to Ps 25 million pesos.

Grupo Financiero Banorte

Grupo Financiero Banorte Earnings (Millions of Pesos)	QUARTER		
	1Q04	1Q05	% CHANGE
Banco Mercantil del Norte (1)	339	698	106%
Banco del Centro	113	202	78%
Banking Sector	453	900	99%
Brokerage Sector (Brokerage House)	31	25	(18%)
Afore	40	56	39%
Insurance	22	61	182%
Annuities	24	10	(58%)
Long – Term Saving Sector	86	127	48%
Leasing	10	18	82%
Factoring	4	17	276%
Warehousing	4	5	10%
Bonding	-	4	N.C.
Auxiliary Organization Sector	18	43	135%
Créditos Pronegocio	-	(4)	N.C.
G. F. Banorte [holding]	(6)	(2)	N.C.
Total	582	1,090	87%

1) 96.11% owned by GFNorte.
N.C. = Not Comparable

GFNorte Income Statement (Millions of Pesos)	QUARTER		
	1Q04	1Q05	% CHANGE
Net Interest Income (NII)	2,202	2,891	31%
+ REPOMO-Margin	1	(33)	(4,048%)
= NET Interest Income after Repomo	2,203	2,858	30%
- Loan Loss Provisions	124	214	72%
- Loss Sharing Provisions	13	32	158%
= Net Interest Income after Provisions	2,066	2,612	26%
+ Non Interest Income	1,717	1,457	(15%)
= Total Operating Income	3,783	4,069	8%
- Non Interest Expense	2,896	2,633	(9%)
= Net Operating Income	887	1,436	62%
- Non Operating Income (Expense) Net	(179)	35	N.C.
= Pre-Tax Income	708	1,471	108%
- Income Tax & profit sharing	153	298	95%
- Tax on asset	18	14	(22%)
- Deferred Income Tax & profit sharing	(11)	99	N.C.
= Net Income before Subsidiaries	548	1,061	94%
+ Undistributed Earnings of Subsidiaries	87	111	28%
= Net Income-contin. Operation	635	1,171	85%
+ Extraordinary Items, net	-	-	-
- Minority Income	52	82	56%
=Net Income	582	1,090	87%

N.C. = Not Comparable

Figures are presented in constant pesos set at the close of March' 2005.

Group's Balance Sheet Highlights (Millions of Pesos)	QUARTER		
	1Q04	1Q05	% CHANGE
Performing loans excluding Fobaproa – IPAB (1)	78,022	92,704	19%
FOBAPROA Loans	77,678	12,457	(84%)
Past Due Loans	3,812	1,767	(54%)
Total Loans	159,512	106,929	(33%)
Loan Loss Reserves	4,838	2,724	(44%)
Total Assets	221,113	172,249	(22%)
Total Deposits	166,918	120,581	(28%)
Equity	15,506	17,749	14%
Assets under Management (2)	428,171	377,418	(12%)

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	QUARTER		
	1Q04	1Q05	% CHANGE
Net Income per Share (Pesos)	1.15	2.16	87%
Dividends per Share (Pesos)	-	-	-
Payout of Dividends	-	-	-
Book Value per Share (1) (Pesos)	28.78	33.26	16%
Shares Outstanding (Millions of Shares)	504.6	504.6	-
Price (Pesos)	43.93	72.75	66%
P/BV (Times)	1.53	2.19	43%
Market Cap (Billions)	1,160	3,284	183%

1) Excluding Minority holdings.

Group's Financial Ratios	QUARTER	
	1Q04	1Q05
Profitability		
ROA (1)	1.0%	2.5%
ROE (2)	16.2%	26.9%
Operation		
Efficiency Ratio (3)	74%	61%
Assets Quality		
Past Due Loans to Total Loans	4.7%	1.9%
Loan Loss Reserves to past Due Loans	127%	154%

1) Annualized earnings as a percentage of the average of quarterly assets over the period (Excluding Minority holdings).

2) Annualized earnings as a percentage of the average of quarterly equity over the period. (Excluding Minority holdings).

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

Banking Sector

Banking Sector's Financial Ratios	QUARTER	
	1Q04	1Q05
Profitability		
NIM before Repomo (1)	4.1%	7.2%
ROA (2)	0.9%	2.2%
ROE (3)	14.8%	26.1%
Operation		
Efficiency Ratio (4)	76%	61%
Assets Quality		
% Past Due Loans w/o Fobaproa	4.8%	1.9%
Loan Loss Reserves to past Due Loans	127%	154%
Growths (5)		
Performing Loans w/o Fobaproa –IPAB (7)	20%	21%
Traditional Deposits	9.2%	4.5%
Total Deposits	(0.7%)	(26.1%)
Capitalization		
Net Capital/ Credit Risk Assets (6)	21.3%	21.0%
Total Capitalization Ratio (6)	15.4%	16.2%

- 1) MIN= Annualized Net Interest Margin before REPOMO / Average Earnings Assets.
- 2) Annualized earnings as a percentage of the average of quarterly assets over the period.
- 3) Annualized earnings as a percentage of the average of quarterly equity over the period
- 4) Non Interest Expense / (Total Operating Income – Repomo Margin + Loan Loss Provisions)
- 5) Growth versus the previous period.
- 6) The Banking Sector Ratio is included for information purposes. A ratio for each bank is presented in the capitalization section.
- 7) Does not include Fobaproa / IPAB and Loans managed by Recovery Banking.

Information by Sectors

1.- Banking Sector

Income Statement <i>(Millions of Pesos)</i>	QUARTER		
	1Q04	1Q05	% CHANGE
Net Interest Income after Repomo	2,101	2,749	31%
- Loan Loss and Loss Sharing Provisions	122	243	100%
• Service	704	726	3%
• Recovery	129	166	29%
• Foreign Exchange	130	59	(54%)
• Trading (Securities- Realized and unrealized gains)	297	95	(68%)
+ Non Interest Income	1,260	1,047	(17%)
= Total Operating Income	3,239	3,552	10%
- Non Interest Expense	2,557	2,338	(9%)
= Net Operating Income	681	1,214	78%
- Non Operating Income (Expense) Net	(149)	37	N.C.
= Pre-Tax Income	532	1,251	135%
- Income Tax & profit sharing	(98)	(351)	258%
= Net Income before Subsidiaries	434	901	107%
+ Undistrib. Earnings of Subsid, Extraord. Items & Minority Income	72	83	15%
=Net Income	507	984	94%

(*) Includes Ps 202 millions of the extraordinary charge.
N.C.= Not comparable

Cumulative profits in the Banking Sector in 1Q05 (overall, including the Afore pension fund through the participation method) amounted to Ps 984 million, 94% higher than that registered in 1Q04. The consolidated Net Interest Income rose 31% as compared to 1Q04, derived from both the significant increase in the loan portfolio and increased interest rates. Loan loss Provisions and Fobaproa loss sharing provisions were 100% higher than those registered the previous year. Non Interest Income decreased 17% vs. the same quarter of 2004 primarily due to the decline in Trading income although Service and Recovery revenues were higher. Non interest expense dropped 9% as compared to 1Q04 resulting from the positive impact of the Efficiency Program implemented in the second half of 2004. Non operating income rose vs the negative figure registered the previous year, mainly due to both higher Income and lower Expense. The effective tax and profit sharing rate for 1Q05 stood at 28%, which was higher than the 18% recorded in 1Q04.

Net Interest Income

Banking Sector Net Interest Income (Millions of Pesos)	QUARTER		
	1Q04	1Q05	% CHANGE
Interest Income	5,163	7,158	39%
Interest Expense	3,211	4,454	39%
Loan Fees	166	93	(44%)
Fees Paid	20	24	20%
Net Interest Income before Repomo	2,097	2,773	32%
Average Earning Assets	203,415	154,829	(24%)
NIM before REPOMO (1)	4.1%	7.2%	

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

In 1Q05 the Net Interest Income before REPOMO increased 32% vis-à-vis the same quarter of the previous year, in which the MIN rose from 4.1% to 7.2% due to several factors that impacted its performance as follows:

Increased due to:

- Annual growth of the performing loan portfolio w/o Fobaproa/IPAB and Recovery stood at 21%.
- Higher market interest rates, since the 28-day Cetes rate went from 5.56% in 1Q04 to 9.03% in 1Q05, while the TIIE rate went from 5.89% to 9.41% in the same period.
- The change in the accounting of the foreign currency net asset valuation in 2Q04 that affected in a Ps 78 million increase in 1Q05 vs 1Q04.

Decreased due to:

- A 44% decrease in loans fees vs due to a Ps 56 million revenue in 1Q04 from corporate loans granting.
- Higher corporate and government loan were granted in 1Q05 vs 1Q04 which have lower spreads than commercial and consumer loans.

Below readers shall find an analysis of the Net Interest Margin based on its originating components, with a breakdown of interest-producing assets. In 1Q05 the net interest margin on the loan portfolio rose from 7.9% to 9.4% vis-à-vis the previous year due to higher interest rates and an improvement in the loan portfolio mix; the margin on Fobaproa/IPAB loans rose from 2.1% to 4.6% due to lower cost of funding; whereas the other revenues heading (where Money Market operations, deposits in the Central Bank of Mexico, deposits in other banks and the securities portfolio are included) increased from 1.8% to 4.2% due to an increase in the gains from Money Market operations.

Net Interest Income & NIM by type of asset (Millions of Pesos)	QUARTER			
	VOL 1Q04	%	VOL 1Q05	%
Loan Portfolio	74,093	7.9%	87,817	9.4%
FOBAPROA / IPAB	79,009	2.1%	12,461	4.6%
Other ⁽¹⁾	50,313	1.8%	54,552	4.2%
TOTAL	203,415	4.1%	154,829	7.2%

1) Includes: Deposits in Central Bank, and in other banks, and fixed income securities.

(*) Volumes in average

Non Interest Income

Non Interest Income (Millions of Pesos)	QUARTER		
	1Q04	1Q05	% CHANGE
+ Fund Transfers	58	36	(38%)
+ Account Management Fees	197	241	22%
+ Fiduciary (1)	45	45	(1%)
+ Credit Card	287	242	(15%)
+ Income From loan portfolios acquired (1)	177	281	59%
+ Electronic Banking Services	77	142	84%
+ From Fobaproa (3)	91	78	(14%)
+ Other Fees	151	125	(17%)
Fees on purchased services:	1,083	1,190	10%
+ Fund Transfers	-	2	100%
+ Other Fees (2)	131	113	(14%)
+ Expense From loan portfolios acquired (2)	119	183	54%
Fees Paid :	250	298	19%
=Net Fees	833	892	7%
+ Foreign Exchange	130	59	(54%)
+ Securities- Realized gains	283	51	(82%)
+ Securities- Unrealized gains	13	44	229%
Trading Income	427	155	(64%)
= Non Interest Income	1,260	1,047	(17%)

- 1) The Income from the Serfin loan collecting, which used to be grouped as Trustee, is now included in the Acquired Loans Income concept.
- 2) The investment amortization on the purchase of the Serfin portfolio, which used to be grouped under Other Paid Fees, is now included in Acquired Loans Expenditures.
- 3) Includes Fees received by Recovery Banking and by the Bank.

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		
	1Q04	1Q05	% CHANGE
Service	704	726	3%
Recovery	129	166	29%
Foreign Exchange	130	59	(54%)
Trading (Securities- Realized and unrealized gains)	297	95	(68%)
= Non Interest Income	1,260	1,047	(17%)

Non interest income in 1Q05 fell 17% as compared to the same quarter of last year. The foregoing variations were the result of several factors that are covered in greater detail below:

Service Fees:

Service fees rose by 3% compared to 1Q04 primarily due to a 84% increase in fees collected on e-banking services and a 22% increase in account management fees.

Recovery:

Non Interest Income (Millions of Pesos)	QUARTER		
	4Q03	4Q04	% CHANGE
SERFIN			
Income	103	80	(22%)
- Expense	53	41	(23%)
= Net Fees from Serfin	50	39	(22%)
LOAN PORTFOLIOS ACQUIRED			
Income	74	201	172%

Figures are presented in constant pesos set at the close of March' 2005.

- Expense	66	142	115%
= Net Income from loan portfolios acquired	8	59	638%
FOBAPROA FEES			
From FOBAPROA (*)	71	68	(4%)
= Fobaproa Fees	71	68	(4%)
Non Interest Income – Recovery Bank	129	166	29%

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

Cumulative Non Interest Income derived from portfolio recoveries rose by 29% vs. 1Q04 as a result of significant corporate loan recoveries in the quarter. Net fees from the Serfin portfolio and fees collected from Fobaproa declined 22% and 4%, respectively. As regards the acquired portfolio the net income increased 638% due to the aforementioned corporate loan revenues.

Foreign Exchange:

Cumulative forex revenues in the quarter decreased 54% vis-à-vis 1Q04 due to the change in the accounting of the foreign currency net asset valuation in 2Q04 that affected in a Ps 85 million decrease in 1Q05 vs 1Q04. Excluding this effect in 1Q04 Forex revenues increased 31%.

Trading:

In 1Q05 Trading income declined 68% as compared to the same quarter last year primarily due to the fact that in 1Q04 market interest rates evolution was favorable while the increase in interest rates in 1Q05 had a negative impact in the results of quarter.

Non Interest Expense

Non Interest Expense <i>(Millions of Pesos)</i>	QUARTER		
	1Q04	1Q05	% CHANGE
Personnel Expenses	1,077	966	(10%)
+Professional Fees	120	137	14%
+Administrative and Promotion Expenses	623	632	2%
+Rent, Depreciation & Amortization	391	355	(9%)
+Tax other than income tax	160	102	(36%)
+Contributions to IPAB	188	146	(22%)
= Non Interest Expense	2,557	2,338	(9%)

Cumulative Non Interest Expense in the quarter dropped by 9% as compared to 1Q04 mostly resulting from the positive impact of the Efficiency Program undertaken in the second half of 2004. At the overall Group level the program entailed downsizing headcount by 2,008, and the close of 83 branches. Personnel expenses declined by 10% due to the foregoing downsizing, and professional fee expenses increased by 14% due to the annual bonus payment made to external personnel. Administrative and Promotional Expenses increased 2% mainly as a result of higher advertising and promotion expenses. The Rent, Depreciation and Amortization heading fell 9%, primarily due to the closing of branches in 2004. Other taxes was also down 36% above all because of higher VAT tax credits, which resulted from a favorable ruling in the injunction that had been filed against amendments made to the VAT tax Act in January 2003. Contributions to IPAB fell 22% as a result of lower funding requirements.

Non Operating Income (Expense) Net

Non Operating Income (Expense) <i>(Millions of Pesos)</i>	QUARTER		
	1Q04	1Q05	% CHANGE
+Other Revenues	68	97	42%
+Foreign Exchange	-	-	-
+Recoveries	22	44	97%
+Repomo-other revenues	8	3	(65%)
=Non Operating Income	98	144	46%
-Other Expenses	(119)	(75)	(37%)
-Foreign Exchange	-	-	-
-Repomo-other expenses	(128)	(32)	(75%)
=Non Operating Expense	(248)	(107)	(57%)
= Non Operating Income (Expense) Net	(149)	37	N.C.

Figures are presented in constant pesos set at the close of March' 2005.

N.C. = Not comparable

Net cumulative earnings for Non Operating Income amounted to Ps 37 million in 1Q05, which can be favorably compared to the minus Ps 149 million registered in 1Q04. The foregoing variation was due to the following factors:

Other revenues:

- Increase of Ps 34 million in sundry creditors and other creditors cancellations.
- Cancellation of Ps 22 million of diverse provisions created in 2004.

Other expenses

- Decrease of sundry debtors, damages and other for Ps 14 million.
- A 75% decrease in Repomo (Ps 97 million) due to a lower annualized inflation rate vs 1Q04 (6.3% in 1Q04 vs 3.2% in 1Q05).

Loan Portfolio

PERFORMING LOAN PORTFOLIO			
<i>(Millions of Pesos)</i>	1Q04	1Q05	% CHANGE
Commercial	24,571	28,842	17.4%
Consumer	24,362	29,681	21.8%
Corporate	13,320	16,230	21.8%
Government	9,983	12,650	26.7%
Sub Total	72,236	87,402	21.0%
Recovery Banking	1,882	1,624	(13.7%)
Total	74,118	89,027	20.1%

PERFORMING CONSUMER			
<i>(Millions of Pesos)</i>	1Q04	1Q05	% CHANGE
Mortgages	14,446	17,724	22.7%
Automobile	5,501	5,791	5.3%
Credit Card	2,970	4,031	35.7%
Electronic Payroll	1,446	2,134	47.6%
Total Consumer	24,362	29,681	21.8%

<i>(Millions of Pesos)</i>	1Q04	1Q05	% CHANGE
Fobaproa / IPAB Loans	77,676	12,457	(84.0%)
Past Due Loans	3,759	1,727	(54.0%)

The total loan portfolio w/o Fobaproa/IPAB increased 20% vs 1Q04, going from Ps 74,118 to Ps 89,027 million, and increased by 21% if one excludes the proprietary portfolio managed by the Recovery bank. The foregoing growth is explained below on a per portfolio basis:

- The commercial portfolio grew 17% due primarily to placement of new loans in SMEs which have experienced greater dynamism.
- The mortgage portfolio grew by 23% given the placement of 9,871 new loans in the last 12 months. Credit cards that grew 36%, due both to the promotion program to attract new customers and to greater credit card usage by our clientele. Credinómina or payroll loans were up by 48%, registering 194,284 new loans. By the same token automobile loans grew 5% with the placement of 33,495 new loans. The latter growth rate was lower than that of the remainder of the consumer loan portfolio in view of intense competition, particularly that of loans provided by the auto manufacturers themselves.

Figures are presented in constant pesos set at the close of March' 2005.

- The corporate portfolio grew 22% as a result of new loan granting during the quarter. Our strategy has been to seek greater profitability by focusing our loan placement efforts on mid-scale corporate customers.
- The government portfolio was up by 27% due to new lending particularly to state governments.
- The Fobaproa / IPAB portfolio declined 84%, on the one hand because the IPAB portfolio from Bancrecer, amounting to Ps 46 billion, was securitized, and on the other because of having received pre-payments amounting to Ps 16 billion over the past 12 months. The portfolio now only represents 12% of the overall loan portfolio.

The Past Due Loan Portfolio decreased 54% vs 1Q04 primarily as a result of the fact that in 2004 there were write-offs of past due portfolio, for which we had 100% reserves, in order to clean up that balance outstanding and transfer the portfolio to the Recovery unit. As such the balance outstanding of the past due loan portfolio amounted to Ps 1,727 million, which is equivalent to a past due loan ratio of 1.9%, less than one half of the 4.8% registered in 1Q04.

Classified Loans

Millions of Pesos		RESERVES			
Category	LOANS	COMMERCIAL	CONSUMER	MORTGAGE	RESERVES
A	26,538	-	52	57	108
A1	27,810	138	-	-	138
A2	25,407	242	-	-	242
B	4,410	-	104	109	213
B1	4,848	123	-	-	123
B2	286	15	-	-	15
B3	155	18	-	-	18
C	557	-	170	56	227
C1	112	23	-	-	23
C2	66	27	-	-	27
D	708	46	230	222	499
E	610	385	20	204	609
Total	91,507	1,018	576	648	2,242
Not Classified	(100)				
Exempted	14,006				
Total	105,412				2,242
Reserves					2,662
Excess / (Deficit)					420

Notes :

1.- The classified loans and the reserves created are based on the March 31st, 2005 Balance Sheet.

2.- The loan portfolio is classified in accordance with the rules issued by Secretaria de Hacienda y Crédito Público (SHCP) and the methodology established by the CNBV and those internal methodologies approved by the CNBV. For Mortgage and Consumer loans, Banorte uses the regulation described in the Official gazette published on August 20,2004, and for Commercial loans it uses internal methodologies approved by the CNBV.

3.- The surplus in reserves is the result of the Institution's own conservative policies.

The quarter closed with a surplus reserve balance amounting to Ps 2,662 million, on which Ps 158 million have been set aside for Fobaproa contingencies.

Loan Loss Reserves	1Q05
(Millions of Pesos)	Total
PREVIOUS PERIOD END BALANCE	2,710
Provision taken in the period	211
Recovery of penalized debts	46
Adjustment to fiduciary liabilities	-
Cancellation of reserve surplus vs. Results	-
Charge offs and discounts:	
Commercial Portfolio	(41)
Consumer Portfolio	(161)
Mortgage Portfolio	(59)
Foreclosed assets	(1)
	(262)
Cost of debtors support programs	(31)
Valuation and Others	(11)
LOAN LOSS RESERVES AT PERIOD END	2,662

Figures are presented in constant pesos set at the close of March' 2005.

During the quarter Ps 211 million were provisioned through the Income Statement and Ps 262 million were applied to write-offs, releases and partial write-offs, of which Ps 41 million were from commercial loans, Ps 161 million were from consumer loans, Ps 59 million were from housing loans and Ps 1 million from foreclosed assets. The balance of loan loss provisions at the close of 1Q05 amounted to Ps 2,662 million.

Reserve Coverage

Reserve Coverage (Millions of Pesos)	Past Due Loans	Reserves	Reserves/Past Due Loans
Comercial	577	577	100%
Financial Intermediaries	-	-	-
Consumer	329	329	100%
Mortgage	812	812	100%
Government Entities	9	9	100%
Surplus	-	935	-
Total	1,727	2,662	154%

Reserve coverage of the banking sector at the close of 1Q05 stood at 154%, which is higher than the 127% registered in 1Q04. The quarter was closed with a surplus of Ps 935 million after covering all of the different portfolio types.

Deposits

Deposits (Millions of Pesos)	1Q04	1Q05	% CHANGE
Demand Deposits-w/o Interests (1)	21,723	22,587	4%
Demand Deposits -with Interests (2)	38,982	40,708	4%
Demand Deposits	60,705	63,295	4%
Time Deposits - Retail	34,686	36,394	5%
Core Deposits	95,390	99,689	5%
Money Market (3)	67,543	20,681	(69%)
Total Deposits	162,933	120,370	(26%)
Out- of Balance Trading	59,385	109,636	85%
Assets Under Management	222,318	230,006	3%

(1) As of 4Q04, the checking accounts were excluded from IPAB where cash collecting was deposited over the managed loans from Banpais and Bancen, with a retroactive effect for comparison purposes. The balances of these accounts in 1Q04 and 1Q05 were Ps 4,097 million and Ps 391 million, respectively.

(2) Includes Debit Cards.

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

We closed the quarter with a total Deposits balance of Ps 120,370 million, which is 26% lower than the balance registered in 1Q04. The foregoing was primarily the result, on the one hand, of lower funding needs given the securitization in 4Q04 of Ps 46 billion of the IPAB portfolio from Bancrecer and which came out of Banorte's balance, consequently reflecting a decline in the money market deposits balance; while on the other, of pre-payments from IPAB amounting to Ps 16 billion over the past 12 months. Core Deposits rose 5%, with a 4% rise in demand deposits and growth of 5% in time deposits. Third party deposits also experienced significant growth, 85%, due to the migration of money desk customers into third party paper after having securitized the IPAB portfolio. Assets Under management amounted to Ps 230,006 million, which represents a 3% increase vs 1Q04.

Capitalization

Capitalization (Millions of Pesos)	1Q04	1Q05
Tier 1 Capital	12,549	14,481
Tier 2 Capital	5,957	4,211
Net Capital	18,506	18,691
Credit risk assets	87,051	89,198
Net Capital/ Credit Risk Assets	21.3%	21.0%
Total risk assets (1)	120,042	115,657
Tier 1	10.5%	12.5%
Tier 2	5.0%	3.6%
Capitalization Ratio	15.4%	16.2%

(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.

To 1Q05 the capitalization ratio for the banking sector stood at 16.2%, including loan and market risk, and of 21.0%, only including loan risk. The tier 1 capital ratio stood at 12.5%, while tier 2 was of 3.6%. The capitalization ratio increased vs 1Q04 mainly due to the profit generation during the last year and also to a decrease in market risk assets. The net capital was also affected by other events which were: 1) the pre-payment of Ps 1,487 million of Non Convertible Subordinated Debentures in 2Q04 that computed as Tier 2 Capital; 2) a cash dividend payment of Ps 504 million in 4Q04; and 3) in 4Q04 Ps 531 million were applied to the results of previous fiscal years account, within capital, due to the creation of initial reserves for repossessed assets, hence decreasing Tier 1 capital accordingly.

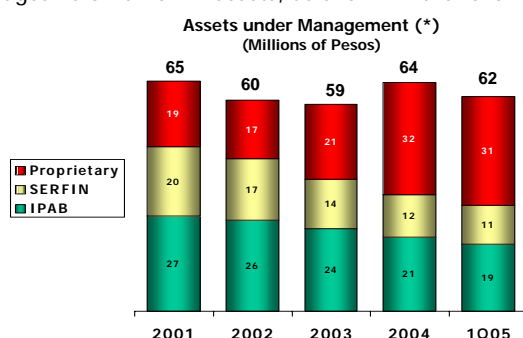
Recovery Banking

Achievements

The Banorte Recovery Banking continues being the most successful loan recovery and asset administration unit in the Mexican market, ever since it was established in 1997. Over the last 3 years, it has contributed greatly the Group's Banking Sector profits albeit decreasingly as the Traditional Banking profits have shown a greater growth. Its most outstanding achievements include: the purchase of nearly 46% of the portfolios auctioned by the IPAB and other banks as of today, over 40% in collecting on loans managed, and having performed the first securitization of mortgage loans in Mexico which received a "AAA" rating by Fitch, which means "the highest loan quality".

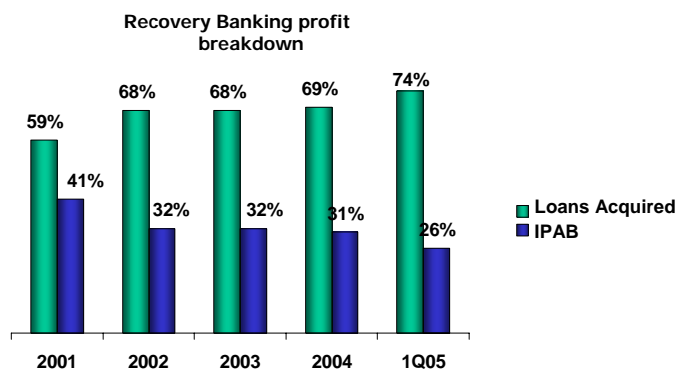
Current Situation

At present, it manages Ps 62 billion in assets, as shown in the following chart:



(*) At face value

The contribution that the income from acquired loans (Proprietary) make to this business unit's profit has become increasingly important, more so than those from the IPAB portfolio administration. In 2001 made a 59% of contribution and as of 1Q05 reached a 74% of contribution.



Note: Serfin is included in Loans Acquired.

Rating for Sólida Administradora de Portafolios

Fitch Ratings increased the rating for Sólida Administradora de Portafolios to AAFC1-(mex) in December 2004, which acknowledges the highest performance and standards of the industry.

Future Plans

Banorte intends to continue purchasing new loan portfolios from IPAB and from other banks, as well as manage and market assets. The purpose is to extend this important business unit's life. The vision of management of the recovery and asset management business is that it shall continue to contribute substantially to the Group's Banking Sector even in the long run by creating formulas to market assets that go beyond a mere loan portfolio recovery.

Recovery Banking

Recovery Banking Income Statement (Millones de Pesos)	QUARTER	
	1Q04	1Q05
Net Interest Income	15	12
+REPOMO-margin	-	-
= Net Interest Income After REPOMO	15	12
- Loan Loss Provisions	(1)	-
= Net Interest Income After Provisions	15	12
+ Fiduciary	50	39
+ Fobaproa Fees (1)	71	68
+ Other Fees	37	138
Non Interest Income	158	245
= Total Operating Income	174	257
Non Interest Expense	46	43
= Net Operating Income	128	214
- Other Revenues and Expenses	-	-
= Pre-tax Income	128	214
- Income Tax & Profit Sharing, Tax on Asset, Def. Inc. Tax & Prof. Sharing	13	49
= Net Income before Subsidiaries	115	164
+ Undistributed Earnings of Subsidiaries	36	42
= Net Income-continuous Operation	151	206
+ Extraordinary Items, net	-	-
- Minority Income	-	-
= Total Net Income	151	206

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

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:

Figures are presented in constant pesos set at the close of March' 2005.

Assets Under Management (Millions of Pesos)	1Q05	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
Fobaproa-IPAB: Portfolios			
Banking Sector (1)	13,936	Out of balance trusts	Fees from FOBAPROA
Serfin	8,606	Serfin Trust	Fiduciary
Reposessed assets	7,816	Out of balance trusts	Fobaproa fees and Fiduciary
	30,358		
Loans purchased to IPAB and to Other Banks:	26,068	Sólida Administradora de Portafolios Bancen	Undistributed Earnings from Subsidiaries (Sólida) and Non Interest Income (Bancen)
Banking Sector Portfolio:(2)			
Banking Sector	4,013	Banorte's Portfolio	Net Interest Income
Reposessed assets	1,323	Banorte's Reposessed assets	Other Revenues and Expenses
	5,336		
Total	61,761		

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

(2) Includes Ps 2,178 millions of Portfolio managed by the Recovery Bank since 1997, originated from the economic crisis of 1995.

This section is intended to dimension the Recovery Banking business contribution to the Banking Sector. 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 and to other banks. Additionally, it administrates own portfolio which, given its characteristics, have been transferred to be collected through the Recovery Banking.

Recovery Banking Contribution (Millions of Pesos)	ACCUMULATED	
	1Q04	1Q05
Traditional Banking Net Income	356	778
Recovery Bank Net Income	151	206
Banking Sector Net Income(*)	507	984
=% of Contribution	30%	21%

(*) Banking Sector 100.0%

The Recovery Banking contributed with Ps 206 million to the Banking Sector's 1Q05 profit; equivalent to a contribution of 21%, a lower contribution than in 1Q04 due to the traditional banking profit growth.

Banorte has Ps 7,015 million in net Fobaproa notes derived from the sale of loans to this entity in 1995 and 1996, and Ps 5,442 million in loans to IPAB from the banks acquired (Bancen and Banpais in 1997), after the Ps 16 billion of IPAB pre-payments and the securitization of IPAB loans for Ps 46 billion in 4Q04, with the following characteristics:

ORIGINATION (Millions of pesos)	BALANCE AS OF 1Q05	YIELD	MATURITY	LOSS SHARING
BANCEN – BANPAIS – Banks Acquired	5,442	TIIE + 85 pb	2010	NO
BANORTE – Sale of Loans to Fobaproa	7,015	CETES – 135 pb	2005/2006	YES
	12,457			

There is loss sharing only in the Fobaproa notes which is fully provisioned (see Annex 6).

2.- Brokerage Sector

Brokerage Sector (Millions of Pesos)	QUARTER		
	1Q04	1Q05	% CHANGE
Brokerage House			
Net Income	31	25	(18%)
Equity	483	551	14%
Assets under Management	171,188	112,526	(34%)
Total Assets	628	660	5%
ROE %	26.0%	18.8%	

The **Brokerage Sector** (brokerage house) accumulated profits of Ps 25 million in 1Q05, which represents a 18% decrease vs. the previous year primarily due to lower revenues from mutual funds as a result of the increasing interest rates. Brokerage income decreased as a result of a drop in the stock market in 1Q05. Assets under management declined by 34% as important clients withdrew funds in 2004. The brokerage house has a 9% share of the stock market, ranking 3rd in market transactions.

3.-Long Term Savings Sector

Long Term Savings Sector (Millions of pesos)	QUARTER		
	1Q04	1Q05	% CHANGE
Afore			
Net Income	79	109	39%
Equity	1,215	1,067	(12%)
Total Assets	1,372	1,248	(9%)
Assets under Management (SIEFORE)	28,238	32,761	16%
ROE %	26.7%	43.2%	
Insurance			
Net Income	43	121	182%
Equity	544	873	61%
Total Assets	4,318	4,674	8%
Technical Reserves	2,905	2,986	3%
Premiums sold	1,068	1,306	22%
ROE %	32.5%	59.3%	
Annuities			
Net Income	48	20	(58%)
Equity	246	245	-
Total Assets	5,346	6,082	14%
Technical Reserves	5,091	5,818	14%
Premiums sold	114	205	80%
ROE %	86.5%	33.9%	

The **Afore pension fund** registered cumulative net income in the quarter of Ps 109 million (51% from Bancen), which is 39% higher than the cumulative figure for 1Q04 despite the decline in fees collected over balance in 2004 and 2005, primarily as a result of a higher number of affiliated customers and lower expenses. At the close of 1Q05 the Afore pension fund had a total of 2,917,658 affiliated customers, thus representing a 10.3% market share of certified accounts. Assets under management of the SIEFORE rose 16% as compared to 1Q04 given the higher number of affiliated customers and the strategy to attract new higher income customers. Equity decreased 12% due to a capital reduction of Ps 400 million from excess of capital in 4Q04.

The **Insurance** company accumulated quarterly profits amounting to Ps 121 million (51% from GFNorte), 182% higher than in 1Q04, resulting from both the Seguros Generali México merger in 2Q04 and the 22% increase in premiums sold, which amounted to Ps 1,306 million in 1Q05.

The **Annuities** company accumulated profits amounting to Ps 20 million in the year (51% from GFNorte), 58% lower than in the previous year due to mainly to lower mark to market gains as interest rates increased in 1Q05, despite the 80% increase in premiums sold. The company currently ranks 2nd place in the industry in terms of premiums sold.

4.-Auxiliary Organizations Sector (Millions of Pesos)	QUARTER		
	1Q04	1Q05	% CHANGE
Leasing			
Net Income	10	18	82%
Equity	202	210	4%
Loan Portfolio	1,739	2,268	30%
Past Due Loans	30	16	(46%)
Loan Loss Reserves	30	23	(23%)
Total Assets	1,778	2,296	29%
ROE %	18.9%	35.1%	
Factoring			
Net Income	4	17	276%
Equity	228	271	19%
Loan Portfolio	3,486	3,266	(6%)
Past Due Loans	24	25	4%
Loan Loss Reserves	29	39	36%
ROE %	3,481	3,250	(7%)
Total Assets	7.8%	25.2%	
Warehousing			
Net Income	4	5	10%
Equity	83	96	16%
Inventories (*)	203	205	1%
Total Assets	313	344	10%
ROE %	21.0%	19.9%	
Bonding			
Net Income	-	4	-
Equity	102	84	(17%)
Total Assets	306	345	13%
Technical Reserves	123	171	39%
Premiums sold	61	92	51%
ROE %	(0.2%)	20.5%	

New Accounting Principles : Warehousing, Leasing & Factoring= Circular 1490
 (*) Accounted in Other Assets, Deferred charges and Intangibles account.

The **Leasing** company accumulated profits of Ps 18 million in the quarter, which are 82% higher than those registered in 1Q04, particularly due to the notable 30% growth of its loan portfolio and to higher spreads as a result of the increase in interest rates. The past due loan portfolio ratio closed the quarter at 0.7%, a significant improvement vs the 1.7% registered in 1Q04. The past due loan portfolio is presently reserved at 144%. The company ranks 2nd among the 27 leasing companies in the market, and has a market share of 12%.

The **Factoring** company accumulated profits amounting to Ps 17 million in the quarter, which represents growth of 276% vs. 1Q04 due to the portfolio placement margin in Nacional Financiera's productive chains program and also to higher spreads as a result of the increase in interest rates. The past due loan portfolio closed the quarter at a balance of Ps 25 million, which is equivalent to a past due loan portfolio ratio of 0.8% and with a reserve coverage of 156%. The company currently stands in 1st place among the industry's 11 factoring companies with a 25% loan market share.

The **Warehousing** company accumulated a net income amounting to Ps 5 million in 1Q05, 10% higher than the figure registered in 1Q04 primarily the result of higher inventory commercialization volumes of our major customers. The company presently ranks 8th in terms of certification volume among the 23 deposit warehouses in existence.

The **Bonding** company accumulated profits amounting to Ps 4 million in 1Q05, vs practically zero profits in 1Q04 basically due to the 51% rise in premiums sold in the quarter as compared to the same quarter of last year. Equity decreased by 17% due to a Ps 40 million dividend payment in 4Q04.

5.- Microcredit Sofol

Pronegocio (Millions of Pesos)	QUARTER		
	1Q04	1Q05	% CHANGE
Pronegocio			
Net Income	-	(4)	N.C.
Equity	-	46	N.C.
Loan Portfolio	-	9	N.C.

Figures are presented in constant pesos set at the close of March' 2005.

Total Assets	-	48	N.C.
ROE %	-	(34.9%)	N.C.

The ***Pronegocio*** company showed a Ps 4 million loss in the quarter as it started its operations this quarter. At the end of 1Q05 it had 24 branches and a presence in 14 cities.



ANNEXES

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

ANNEX 1. Macroeconomic Environment

During the first quarter of 2005 one of the major spotlights was on inflation. After having closed 2004 well in excess of the official goal set by the Central Bank of Mexico (5.19% vs. 3 +/- 1%) the central bank maintained its restrictive monetary policy in 1Q05 and increased its "*corto*" or short position on three occasions during the quarter. It also continued to tie the country's monetary policy to interest rate performance in the United States.

Inflation began to ease at the beginning of the year, to stand in March at 4.39% in annualized terms. Nonetheless according to the Central Bank of Mexico's March survey of private sector analysts inflation expectations have risen, albeit only slightly, from 3.90% (in the February survey) to 3.95%.

On the economic activity front, the data reported points to a strong internal market and, as such, to a dynamic economy. Growth forecasts for 2005 trended up according to the Central Bank of Mexico survey, taking expected growth to 3.88% in March, while in January the forecast stood at 3.76%. Growth has reaped the benefits of external demand performance since according to the data reported in February, non oil exports grew at an annual rate of 9.7% during the year's first two-month period. While on the internal demand side of affairs, retail sales were up 6.2% in annual terms in January. Finally, industrial activity rose 2.4% in January and February vis-à-vis the same period last year. It is noteworthy to mention that demand has been one of the major factors referred to by the Central Bank of Mexico as a potential focus of inflationary pressure, meaning that the economic data has supported the need to maintain a restrictive monetary policy.

Hence interest rates have remained high; the 28-day Cetes rate registered an average of 9.03% in the quarter vs. 5.56% in 1Q04.

The stock market experienced mixed results in the quarter. During the first few weeks of the year investor optimism was on the rise in view of the favorable economic climate. However, during the final few weeks of the quarter doubts began to emerge as regards the pace of growth. The foregoing doubts were added to high oil prices and the possibility that the US Fed would accelerate the pace of interest rate growth. The Mexican Stock Exchange index recorded one of the highest growth rates registered among emerging markets. During the first quarter of 2005, the index fell 1.87%.

Finally, in January the foreign exchange rate reached Ps 11.38 per US dollar. Nevertheless, in view of concerns over the US current account and fiscal deficits, the dollar declined as compared to other major currencies. The foregoing failed to leave the Mexican peso unscathed, as it even dipped below Ps 11 pesos per dollar, to close the quarter at Ps 11.17 per US dollar.

ANNEX 2 .-Grupo Financiero- General Information

GFNorte Ownership in Subsidiaries

	1Q05
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%
Microcredit Sofol	99.99%

(1) As a result of merging Banpais in February, 2000.
 (2) Subsidiary of Banco del Centro.

Holding Company Capital Structure

Number of Shares	SERIE O As of March 2005
Number of shares issued	504,586,887
- Shares held on Treasury	-
= Number of shares outstanding	504,586,887

Banorte Ratings

International Ratings				
Rating Agency	Rated Institution	Rating	Category	Date
Moody's	Banorte	Stable	Outlook	January 2005
		D+	Modest Financial Strength	
		Baa1	Foreign long - term bank deposits	
		P-2	Foreign short- term bank deposits	
Standard & Poors	Banorte	A-3	Local long - term bank deposits	February 2005
		P-2	Local short- term bank deposits	
		Positive	Outlook	
		BB+	Long Term foreign issuer credit	
Fitch	Banorte	BB+	Long Term local currency deposits	October 2004
		B	Short term foreign issuer credit	
		B	Short tem local issuer credit	
		Stable	Outlook	
	Grupo Financiero Banorte	Banorte	BBB-	Long Term Foreign currency
			BBB-	Long Term Local currency
			F3	Short Term Local Currency
			F3	Short Term Foreign Currency
		C/D	Individual – Foreign Currency	
		3	Support Rating	
		4	Support Rating	

Banorte Ratings

Domestic Ratings				
Rating Agency	Rated Institution	Rating	Category	Date
Fitch	Banorte	F1 + (mex)	Short term counterparty risk	October 2004
		AA (mex)	Long term counterparty risk	
		F1 + (mex)	Short term CD's and Term Deposits	
		AA (mex)	Long term CD's and Term Deposits	
Moody's National Scale	Banorte	Aaa.mx	Long Term Deposits	July 2004
		MX-1	ShortTerm Deposits	
		Arrendadora Banorte	Issue Rating in National Scale	July 2004
	Arrendadora Banorte	Aa1.mx	Issue Rating in National Scale	July 2004
Other Subsidiaries				
Fitch	Sólida	Average High (mex)	Financial Asset Administrator	June 2002
	Operadora de Fondos	AA- (mex)	Investment Financial Assets Administrator	February 2004
	Seguros Banorte Generali	AA- (mex)	Insurance Financial Strength	August 2002

No. of Employees & Distribution Network

EMPLOYEES	1Q04	4Q04	1Q05
Banking Sector (1)	13,510	12,296	12,235
Other Sectors (2)	<u>2,617</u>	<u>2,187</u>	<u>2,292</u>
Total Group	16,127	14,483	14,527
DISTRIBUTION NETWORK			
Branches	1,026	960	959
ATM	2,520	2,649	2,678

(1) Includes Sólida Administradora de Portafolios.

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

Group Officers

NAME	CURRENT POSITION
Luis Peña Kegel	Chief Executive Officer
LINE	
Manuel Sescosse Varela	Managing Director - Commercial
Jesús Garza Martínez	Managing Director - Consumer
Enrique Catalán Guzmán	Managing Director - Entrepreneurial
Alejandro Valenzuela del Río	Managing Director – Treasury & Investor Relations
Miguel A. García Padilla Fernández	Managing Director – Asset Recovery
Enrique Castellón Vega	Managing Director - Long Term Savings Sector
Antonio E. Ortiz Cobos	Managing Director - Development USA
STAFF	
Sergio García Robles Gil	Managing Director - CFO
Juan M. Quiroga Garza	Managing Director - Corporate Affairs
Alma Rosa Moreno	Managing Director - Administration
Prudencio Frigolet Gómez	Managing Director - Operations and Technology
Aurora Cervantes Martínez	Managing Director - Legal
Cecilia Miller Suárez	Managing Director - Marketing
Eduardo Sastre de la Riva	Managing Director - Institutional Relations
Román Martínez Méndez	Managing Director - Audit
Gerardo Coindreau Farías	Managing Director - Risk Management

ANNEX 3 .-Accounting Changes and Regulations

New rules for disclosing financial information of banks.- Last June 30, 2003 the CNByV issued new general rules to disclose the financial information of banks in order to standardize the way this information is presented to the general public. New, more detailed information of Banorte and Bancen can be found in our web site: banorte.com/informacionfinanciera (only in Spanish version).

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

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 cancelled.

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

(Millions of Nominal Pesos)	Local Currency ⁽²⁾			Foreign Currency (USD) ⁽³⁾			Total		
	Aug'02	Dec'04	Mar'05	Aug'02	Dec'04	Mar'05	Aug'02	Dec'04	Mar'05
Performing Loans									
Commercial	5	4	25	5	-	-	10	4	25
Consumer	-	-	-	-	-	-	-	-	-
Mortgage	54	104	100	-	-	-	54	104	100
Total	59	108	125	5	-	-	64	108	125
Non Performing Loans									
Commercial	405	308	408	293	229	157	698	537	565
Consumer	81	75	75	-	-	-	81	75	75
Mortgage	1,112	688	667	-	-	-	1,112	688	667
Total	1,598	1,071	1,150	293	229	157	1,891	1,300	1,307
TOTAL LOANS	1,657	1,179	1,275	298	229	157	1,955	1,408	1,432
Loan Loss Reserves (1)									
Commercial	326	306	416	246	213	148	572	519	564
Consumer	77	75	75	-	-	-	77	75	75
Mortgage	669	616	607	-	-	-	669	616	607
Total	1,072	997	1,098	246	213	148	1,318(4)	1,210	1,246

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

(2) Includes UDIS.

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

(4) The original amount of Ps 1,577 million was correct as instructed by CNBV in 1Q04.

Note 1.- The Reserve surplus as of March'05 was Ps 170 million.

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

In 1Q05 the Loan portfolio showed changes due to allocations for Ps 20 million, restructuring for Ps 7 million, and foreclosed for Ps 129 millions and Ps 16 million in write-offs and scale-downs. There were write-offs and scale-downs for Ps 11 million and foreclosed of Ps 5 millions in the Loan Reserves. There were transfers from performing loans to past due loans for Ps 6 million and transfers from past due loans to performing loans for Ps 11 million.

BANORTE'S LOAN PORTFOLIO INCLUDING LOANS SOLD TO SÓLIDA

(Millions of Nominal Pesos)	Local Currency ⁽¹⁾		Foreign Currency (USD) ⁽²⁾		Total	
	Dec'04	Mar'05	Dec'04	Mar'05	Dec'04	Mar'05
Performing Loans						
Commercial	34,603	35,937	6,732	7,053	41,335	42,990
Financial Intermediaries	859	986	231	587	1,090	1,573
Consumer	11,406	11,964	3	2	11,409	11,966
Mortgage	18,397	19,111	-	-	18,397	19,111
Government Entities	18,175	17,481	638	594	18,813	18,075
Fobaproa / IPAB	6,948	7,053	-	(38)	6,948	7,015
Performing Loans	90,388	92,532	7,604	8,198	97,992	100,730
Non Performing Loans						
Commercial	688	780	298	223	986	1,003
Consumer	414	404	-	-	414	414
Mortgage	1,491	1,466	-	-	1,491	1,466
Government Entities	13	8	-	-	13	8
Non Performing Loans	2,606	2,658	298	223	2,904	2,881
TOTAL LOANS	92,994	95,190	7,902	8,421	100,896	103,611
Loan Loss Reserves	3,314	3,387	432	367	3,746	3,754
Net Loan Portfolio	89,680	91,803	7,470	8,054	97,150	99,857
Loan Loss Reserves					128.99%	130.30%
% Past Due Loans					2.88%	2.78%

(1) Includes UDIS.

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

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

	1Q04	2Q04	3Q04	4Q04	ACUM	1Q05	2Q05	3Q05	4Q05	ACUM
Income from Subsidiaries and	589	591	553	914	2,646	1,092				1,092
Interest Expense	-	-	-	-	-	-				-
Trading Income	-	-	-	-	-	-				-
Fees & Tarifs	-	-	-	-	-	-				-
REPOMO	(1)	-	(1)	(3)	(5)	-				-
Total Operating Income	587	591	552	911	2,641	1,092				1,092
Operation & Administrative expenses	1	1	1	1	2	1				1
Operating Income	587	590	551	911	2,639	1,091				1,091
Non Operating Income	-	-	-	14	15	-				-
Non Operating Expense	-	-	-	(1)	(2)	-				-
Non Operating Income	-	-	-	14	13	-				-
Pre-tax Income	586	590	551	924	2,652	1,091				1,091
Income Tax & Profit Sharing	-	-	-	-	-	-				-
Tax on Assets	4	4	4	4	15	1				1
Deferred Inc. Tax and Profit sharing	-	-	-	-	-	-				-
	4	4	4	4	15	2				2
Net income from Continuos	582	587	547	921	2,637	1,090				1,090
Extraordinary Items. net	-	-	-	-	-	-				-
Total Net Income	582	587	547	921	2,637	1,090				1,090

HOLDING -BALANCE SHEET *(Millions of Pesos)*

ASSETS	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05
Cash and due from Banks	66	67	72	59	49			
Financial Instruments:								
Sundry debtors and other assets,net	4	4	56	44	4			
Real Estate, Furniture & Equipment, net	-	-	-	-	-			
Investments in subsidiaries	14,410	15,033	15,540	15,446	16,692			
Deferred taxes	-	-	-	-	-			
Goodwill	44	43	42	40	40			
Other Assets, Deferred charges, intang	1	1	-	-	1			
TOTAL ASSETS	14,525	15,149	15,711	15,590	16,785			
LIABILITIES								
Due to banks and correspondents	-	-	-	-	-			
Income Tax & Profit Sharing	4	7	11	-	1			
Other Payable accounts	-	-	-	-	-			
Other payable accounts	4	7	11	-	2			
Deferred taxes	-	-	-	-	-			
TOTAL LIABILITIES	4	7	11	-	2			
STOCKHOLDER 'S EQUITY								
Paid-in Capital	5,655	5,655	5,655	5,655	5,655			
Share subscription premiums	1,680	1,681	1,681	1,681	1,680			
Subordinated Convertible Debentures	-	-	-	-	-			
Subscribed Capital	7,335	7,336	7,336	7,336	7,335			
Capital Reserves	1,400	1,515	1,520	1,520	1,520			
Retained Earnings	14,189	14,091	14,091	13,576	16,212			
Surplus (Deficit) from securities	-	-	-	-	-			
Results of foreign operations exchange	-	-	-	-	-			
Excess (Insuf.) in capital restatement	(5,768)	(5,764)	(5,765)	(5,769)	(5,769)			
Non Mon assets results Fixed Assets	-	-	-	-	-			
Non Mon assets results Investm	(3,216)	(3,205)	(3,198)	(3,709)	(3,604)			
Adjustment in the employees pension	-	-	-	-	-			
Accumulated Deferred tax effect	-	-	-	-	-			
Net Income	582	1,169	1,716	2,637	1,090			
Earned Capital	7,186	7,806	8,364	8,254	9,448			
Total Stockholder 's Equity	14,522	15,142	15,700	15,590	16,784			
TOTAL LIABILITIES &	14,525	15,149	15,711	15,590	16,785			

MEMORANDUM ACCOUNTS OF HOLDING *(Millions of Pesos)*

	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05
Client securities held in custody	3,613	3,822	3,770	3,689	3,716			
Other trust account items	116	116	114	112	111			
	3,729	3,938	3,884	3,800	3,827			

Figures are presented in constant pesos set at the close of March' 2005.

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

NET INTEREST INCOME	1Q04	2Q04	3Q04	4Q04	ACUM	1Q05	2Q05	3Q05	4Q05	ACUM
Interest Income	5,382	5,855	6,559	7,169	24,965	7,231				7,231
Interest Expense	3,326	3,670	3,976	4,421	15,393	4,409				4,409
Loan Fees	166	117	122	168	573	93				93
Fees Paid	20	22	22	24	89	24				24
Net Interest Income (NII)	2,202	2,279	2,683	2,892	10,056	2,891				2,891
Repomo-Margin	1	-	(45)	(94)	(138)	(33)				(33)
NII after Repomo	2,203	2,280	2,638	2,797	9,918	2,858				2,858
Loan Loss Provisions	124	311	325	349	1,110	214				214
Loss Sharing Provisions	13	20	33	25	90	32				32
NII after Provisions	2,066	1,950	2,279	2,423	8,718	2,612				2,612
Fund transfers	58	48	45	41	192	36				36
Account management	197	231	282	273	982	241				241
Fiduciary	45	51	49	47	192	45				45
Income from Loan Portfolios Acquired	177	150	204	158	689	281				281
Electronic Banking Services	77	95	108	146	426	142				142
Credit Card	287	314	314	268	1,183	242				242
Fees from FOBAPROA	91	100	146	76	412	78				78
Other fees	565	434	451	437	1,887	514				514
Fees on services,	1,497	1,421	1,601	1,445	5,964	1,578				1,578
Fund transfers	-	-	-	-	-	2				2
Other fees	139	132	116	124	511	121				121
Expenses from Loan Portfolios Acquired	119	100	142	101	461	183				183
Fees paid,	258	231	258	225	972	306				306
Foreign exchange	130	157	64	42	392	59				59
Securities –Realized gains	333	(109)	78	183	485	85				85
Securities- Unrealized gains	15	40	(30)	(8)	16	40				40
Market-related Income	478	88	112	216	894	185				185
Total Non Interest Income	1,717	1,278	1,455	1,437	5,886	1,457				1,457
Total Operating Income	3,783	3,227	3,734	3,860	14,604	4,069				4,069
Personnel	1,191	1,113	1,347	1,077	4,727	1,054				1,054
Professional Fees	122	125	135	133	515	142				142
Administrative and Promotion Expenses	769	755	780	680	2,984	753				753
Rents, depreciation and amortization	446	433	421	459	1,759	418				418
Taxes, other than income tax	180	168	131	23	502	119				119
Contributions to IPAB	188	189	196	191	765	146				146
Corporate expenses Recoveries	-	-	-	-	-	-				-
Non-Interest Expense	2,896	2,783	3,010	2,563	11,251	2,633				2,633
Operating Income	887	445	724	1,296	3,353	1,436				1,436
Other Revenues	454	506	463	446	1,869	366				366
Foreign exchange	-	-	-	-	-	-				-
Recoveries	23	210	29	51	313	45				45
Repomo-other revenues	8	1	7	12	28	4				4
Non Operating Income	485	717	499	509	2,210	414				414
Other Expense	(519)	(451)	(461)	(425)	(1,856)	(346)				(346)
Foreign exchange	-	-	-	-	-	-				-
Repomo-other Expenses	(146)	(9)	(94)	(141)	(390)	(33)				(33)
Non Operating Expense	(664)	(460)	(554)	(566)	(2,246)	(379)				(379)
Non Operating Income (Expense), net	(179)	256	(55)	(57)	(35)	35				35
Pre-tax Income	708	701	669	1,239	3,317	1,471				1,471
Income Tax	77	33	70	18	198	166				166
Profit sharing	76	56	43	66	241	132				132
Tax on Assets	18	17	14	14	62	14				14
Deferred Inc. Tax and Profit sharing	(11)	1	13	214	218	99				99
	160	107	140	312	719	410				410
Net Income before subsidiaries	548	594	529	927	2,598	1,061				1,061
Subsidiaries' net income	87	23	73	41	224	111				111
Net Income from continuous operations	635	617	602	968	2,822	1,171				1,171
Extraordinary items, net	-	-	-	-	-	-				-
Minority Interest	52	30	54	48	185	82				82
TOTAL NET INCOME	582	587	547	921	2,637	1,090				1,090

Figures are presented in constant pesos set at the close of March' 2005.

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

ASSETS	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05
Cash and due from Banks	31,736	35,016	33,508	39,605	35,236			
Negotiable Instruments	5,736	6,223	6,762	10,715	5,154			
Securities held for sale	621	428	185	244	272			
Securities held to maturity	11,210	10,752	10,395	9,061	9,939			
Financial Instruments:	17,568	17,403	17,342	20,019	15,365			
Non-assigned securities to pay	7	51	-	-	-			
Repurchase agreements, net	146	68	100	51	70			
Operations with collateral	-	-	-	-	-			
Futures receivable, net	-	-	-	-	-			
Options and derivatives, net	7	25	6	5	37			
Repos & Derivatives :	160	144	106	56	107			
Commercial	39,467	41,498	42,861	46,700	48,408			
Financial Intermediaries	2,434	2,496	2,468	402	397			
Consumer	9,936	10,658	11,101	11,479	11,966			
Mortgage	16,196	17,127	17,903	18,636	19,237			
Government Entities	80,640	78,166	77,200	18,730	18,138			
Fobaproa	7,026	7,088	7,072	6,990	7,015			
Fiduciary collection rights	-	-	-	-	-			
Performing Loans	155,700	157,032	158,605	102,937	105,161			
Commercial	2,046	1,218	995	636	617			
Financial Intermediaries	-	-	-	-	-			
Consumer	505	439	515	341	329			
Mortgage	1,253	1,318	1,361	825	812			
Government Entities	9	16	15	13	9			
Past Due Loans	3,812	2,991	2,886	1,815	1,767			
Total Loans	159,512	160,023	161,492	104,752	106,929			
Preventive loan loss reserves	4,838	3,910	3,698	2,769	2,724			
Net Loan Portfolio	154,674	156,114	157,794	101,983	104,205			
Credit Assets Portfolio	2,036	1,947	1,779	2,162	1,903			
Sundry debtors and other assets, net	3,454	4,116	3,620	2,877	4,920			
Foreclosed assets, net	1,083	1,080	975	367	414			
Real Estate, Furniture & Equipment, net	5,939	5,787	5,606	5,977	5,838			
Investments in subsidiaries	1,860	1,879	1,896	1,888	2,007			
Deferred taxes	1,026	1,016	999	682	661			
Goodwill	-	-	-	-	-			
Deferred charges & Intangibles	1,578	1,498	1,421	1,677	1,594			
UDIS Mortgage loans reserve coverage	-	-	-	-	-			
Other Assets	16,976	17,324	16,297	15,631	17,337			
TOTAL ASSETS	221,113	226,000	225,048	177,295	172,249			

Figures are presented in constant pesos set at the close of March' 2005.

GRUPO FINANCIERO BANORTE – CONSOLIDATED BALANCE SHEET

(Millions of Pesos)

LIABILITIES	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05
Demand Deposits	64,752	66,626	66,649	65,669	63,642			
Time Deposits	102,165	107,107	100,206	63,513	56,939			
Bonds	-	-	-	-	-			
Deposits	166,918	173,733	166,855	129,181	120,581			
Demand	6,206	3,557	5,539	4,642	1,262			
Short term	8,919	11,548	11,121	6,844	8,006			
Long term	11,738	11,382	11,027	11,688	11,240			
Due to banks and correspondents	26,862	26,488	27,687	23,174	20,508			
Non-assigned securities to pay	8	29	-	-	-			
Repurchase agreements, net	85	40	107	77	86			
Operations with collateral	-	-	-	-	-			
Futures receivable, net	-	-	-	-	-			
Options and derivatives, net	3	1	3	9	3			
Repos & Derivatives:	96	70	111	86	88			
Income Tax & Profit Sharing	278	230	282	290	364			
Other Payable accounts	4,998	4,393	8,518	3,408	8,296			
Other payable accounts	5,276	4,622	8,800	3,698	8,660			
Subordinated non Convertible Debenture	6,401	4,868	4,768	4,638	4,612			
Deferred Taxes	-	-	-	-	-			
Deferred credits	54	63	56	49	49			
TOTAL LIABILITIES	205,607	209,843	208,277	160,825	154,500			
STOCKHOLDER 'S EQUITY								
Paid-in Capital	5,655	5,655	5,655	5,655	5,655			
Share subscription premiums	1,680	1,681	1,681	1,681	1,680			
Subordinated Convertible Debentures	-	-	-	-	-			
Subscribed Capital	7,335	7,336	7,336	7,336	7,335			
Capital Reserves	1,400	1,515	1,520	1,520	1,520			
Retained Earnings	14,189	14,091	14,091	13,576	16,212			
Surplus (Deficit) from securities	-	-	-	-	-			
Results of foreign operations exchange	-	-	-	-	-			
Excess (Insuf.) in capital restatement	(5,768)	(5,764)	(5,765)	(5,769)	(5,769)			
Non Mon assets results Fixed Assets	-	-	-	-	-			
Non Mon assets results Investm	(3,216)	(3,205)	(3,198)	(3,709)	(3,604)			
Adjustment in the employees pension	-	-	-	-	-			
Accumulated Deferred tax effect	-	-	-	-	-			
Net Income	582	1,169	1,716	2,637	1,090			
Earned Capital	7,186	7,806	8,364	8,254	9,448			
Minority Holdings	985	1,015	1,070	879	965			
Total Stockholder 's Equity	15,506	16,157	16,771	16,469	17,749			
TOTAL LIABILITIES &	221,113	226,000	225,048	177,295	172,249			

MEMORANDUM ACCOUNTS OF GRUPO FINANCIERO BANORTE CONSOLIDATED

<i>(Millions of Pesos)</i>	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05
ONBEHALF OF THIRD PARTY								
Customers' banks	26	9	68	8	9			
Dividends receivable from customers	-	-	-	-	-			
Interest receivable from customers	-	-	-	-	-			
Liquidation of customer transactions	(19)	109	51	10	97			
Customer loans	-	-	-	-	-			
Liquidation with foreign currencies of	-	-	-	-	-			
Margin accounts in futures operations	-	-	-	-	-			
Other current accounts	-	-	-	-	-			
CUSTOMERS CURRENT ACCOUNT	7	117	119	17	105			
Client securities held in custody	170,992	160,805	104,675	107,417	112,301			
Securities and documents received in	-	-	5	-	-			
Client securities abroad	-	-	-	-	-			
CLIENT SECURITIES	170,992	160,805	104,680	107,417	112,301			
Repurchase operations for customers	23,348	21,102	29,528	29,472	30,354			
Clients securities loans	-	-	-	-	-			
Purchase of Futures & forward contracts	-	-	-	-	-			
Sale of futures and forward contracts	-	-	-	-	-			
Purchasing operations (option price)	2	2	2	-	-			
Sales operations (option price)	-	-	-	-	-			
Purchase of derivative packages	-	-	-	-	-			
Sale of derivative packages	-	-	-	-	-			
Administration trusts	2,624	2,312	1,768	1,711	1,830			
TRANSACTIONS ON BEHALF CLIENT	25,974	23,416	31,299	31,183	32,184			
TOTAL ON BEHALF OF THIRD PARTY	196,973	184,338	136,098	138,618	144,590			
Signature guarantees granted	34	64	63	61	60			
Issuing of irrevocable letters of credit	1,402	1,452	1,760	2,308	2,142			
Property in trust and guardianship	91,111	87,360	73,030	61,821	66,489			
Assets held in custody or in administration	119,145	123,955	115,425	77,049	73,971			
Amounts committed to operations with	7,724	8,020	4,504	421	633			
In Transit drafts	-	-	-	-	-			
Certificates of Deposit in circulation	585	652	751	648	606			
Secured Credit Cards from the company	-	-	-	-	-			
Securities given to the company in custody	260	278	156	255	217			
Government securities in custody of the	11	1	89	47	81			
Securities given to the company on	-	-	-	-	-			
Securities outside the country	-	-	-	-	-			
Liquidations with foreign currencies abroad	-	-	-	-	-			
Debits to the contingency fund	-	-	-	-	-			
Other contingent obligations	15,913	13,169	12,875	8,258	3,546			
Banking transactions on behalf of third-	55,153	64,817	64,738	81,131	99,338			
Investments in funds for the retirem.saving	-	-	-	-	-			
Integration of the credit portfolio	-	-	-	-	-			
Amounts contracted in derivative	10,813	17,960	25,533	27,246	242,163			
Other trust account items	-	-	-	-	-			
OWN ACCOUNT OPERATIONS	302,149	317,727	289,923	259,243	489,247			
Repurchase agreements								
Securities to be received	123,725	106,776	123,280	146,471	81,721			
(Less) Securities to be delivered	(123,635)	(106,751)	(123,360)	(146,470)	(81,767)			
REPURCHASE TRANSACTIONS-	90	24	(79)	1	(46)			
Securities to be received	56,502	36,736	75,529	51,322	43,029			
(Less) securities to be delivered	(56,531)	(36,733)	(75,457)	(51,350)	(42,999)			
REPURCHASE TRANSACTIONS- SOLD	(29)	3	72	(27)	30			
TOTAL ON OWN ACCOUNT	302,211	317,754	298,915	259,216	489,231			

Figures are presented in constant pesos set at the close of March' 2005.

GRUPO FINANCIERO BANORTE CONSOLIDATED STATEMENT OF CASH FLOW
JANUARY 1, 2004 –MARCH 31, 2004
(Millions of Pesos)

CASH FLOW FROM OPERATING ACTIVITIES :	
Net Income	1,090
Adjustments to Reconcile Net Income to Net Cash by Operating Activities	
Mark to Market Valuation Results	(49)
Provisions for loan losses	246
Depreciation and amortization	235
Deffered Taxes	99
Provisions for Obligations	31
Minoritary Interest	82
Undistributed Earnings of Subsidiaries	(111)
	534
Cash Flows From Investing Activities:	
Banks Deposits	(8,596)
Decrease (Increase) loan portfolio	(2,471)
Decrease (Increase) credit assets portfolio	259
Decrease (Increase) treasury operations	4,702
Decrease (Increase) financial instruments	(48)
Loans from banks and other entities	(2,665)
Decrease (Increase) Deferred taxes	(78)
Decrease (Increase) in accounts receivable and payable	2,888
Net Resources provided by operations	(6,008)
Financial Activities:	
Subordinated Debentures Issue and Interest	(26)
Dividends Declared	-
Issuance of stock	-
Net Resources provided by Investing activities	(25)
CASH FLOW FROM FINANCING ACTIVITIES :	
Fixed Assets increase	(13)
Proceeds from issuance of common stock	101
Decrease (Increase) Deferred charges or credits	-
Decrease (Increase) Foreclosed assets	(47)
Net Cash provided by financing activities	41
Decrease (increase) in cash and due from banks	(4,368)
Cash and due from banks at the beginning of the year	39,604
Cash and due from banks at the end of the year	35,236

Figures are presented in constant pesos set at the close of March' 2005.

GRUPO FINANCIERO BANORTE
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
JANUARY 1, 2005- MARCH 31, 2005.
(Millions of Pesos)

	CONTRIBUTED CAPITAL		
	Fixed Paid-in Capital Variable	Paid-in Capital Premium, Bonds	& oth. Securities
Balance as of December 31,2004	3,371	2,284	1,680
Stock Changes			
Issuance of stock	-	-	-
Profits Capitalization	-	-	-
Provisions Created	-	-	-
Total	-	-	-
Total Income			
Total Income:			
Net Income	-	-	-
Results of assets holdings	-	-	-
Minority Interest	-	-	-
Total	-	-	-
Balance as of March 31,2005	3,371	2,284	1,680

	EARNED CAPITAL						Total Stockholders' Equity
	Capital Reserves	Retained earnings	Excess if Insuf. Capital Restatement	Non Monetary Assets Results (Investment)	Net Income of the year	Minority Interest	
Balance as of December 31,2004	1,520	13,575	(5,769)	(3,709)	2,637	879	16,469
Stock Changes							
Issuance of stock	-	-	-	-	-	-	-
Profits Capitalization	-	2,637	-	-	(2,637)	-	-
Provisions Created	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-
Total	-	2,637	-	-	(2,637)	-	-
Total Income							
Total Income:							
Net Income	-	-	-	-	1,090	-	1,090
Results of assets holdings	-	-	-	105	-	-	105
Total	-	-	-	105	1,090	-	1,194
Minority Interest	-	-	-	-	-	86	86
Balance as of March 31,2005	1,520	16,212	(5,769)	(3,604)	1,090	965	17,749

Figures are presented in constant pesos set at the close of March' 2005.

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

NET INTEREST INCOME	1Q04	2Q04	3Q04	4Q04	ACUM	1Q05	2Q05	3Q05	4Q05	ACUM	% 1Q05 VS 4Q04
Interest Income	5,163	5,642	6,288	6,862	23,954	7,158				7,158	4%
Interest Expense	3,211	3,556	3,821	4,205	14,792	4,454				4,454	6%
Loan Fees	166	117	122	168	573	93				93	(45%)
Fees Paid	20	22	22	24	89	24				24	2%
Net Interest Income (NII)	2,097	2,181	2,567	2,801	9,647	2,773				2,773	(1%)
Repomo-Margin	4	2	(21)	(52)	(68)	(24)				(24)	N.A.
NII after Repomo	2,101	2,183	2,545	2,750	9,579	2,749				2,749	-
Loan Loss Provisions	110	292	325	347	1,074	211				211	(39%)
Loss Sharing Provisions	13	20	33	25	90	32				32	30%
NII after Provisions	1,979	1,871	2,187	2,378	8,415	2,505				2,505	5%
Fund transfers	58	48	45	41	192	36				36	(11%)
Account management	197	231	282	273	982	241				241	(12%)
Fiduciary	45	51	49	47	192	45				45	(5%)
Income from Loan Portfolios Acquired	177	150	204	158	689	281				281	77%
Electronic Banking Services	77	95	108	146	426	142				142	(3%)
Credit Card	287	314	314	268	1,183	242				242	(10%)
Fees from FOBAPROA	91	100	146	76	412	78				78	4%
Other fees	151	123	72	117	464	125				125	7%
Fees on services,	1,083	1,110	1,222	1,125	4,540	1,190				1,190	6%
Fund transfers	-	-	-	-	-	2				2	100%
Other fees	131	126	108	116	481	113				113	(3%)
Expenses from Loan Portfolios Acquired	119	100	142	101	461	183				183	81%
Fees paid,	250	226	250	217	943	298				298	37%
Foreign exchange	130	157	64	42	392	59				59	42%
Securities -Realized gains	283	(135)	42	146	337	51				51	(65%)
Securities- Unrealized gains	13	41	(30)	(10)	14	44				44	N.A.
Market-related Income	427	63	76	178	743	155				155	(13%)
Total Non Interest Income	1,260	947	1,048	1,086	4,341	1,047				1,047	(4%)
Total Operating Income	3,239	2,818	3,235	3,464	12,756	3,552				3,552	3%
Personnel	1,077	1,016	1,253	986	4,331	966				966	(2%)
Professional Fees	120	123	132	124	499	137				137	10%
Administrative and Promotion Expenses	622	606	643	581	2,453	632				632	8%
Rents, depreciation and amortization	391	376	364	397	1,528	355				355	(11%)
Taxes, other than income tax	160	148	110	9	426	102				102	1,061%
Contributions to IPAB	188	189	196	191	765	146				146	(23%)
Corporate expenses Recoveries	-	-	-	-	-	-				-	-
Non-Interest Expense	2,557	2,458	2,698	2,288	10,001	2,338				2,338	2%
Operating Income	681	361	537	1,176	2,754	1,214				1,214	3%
Other Revenues	68	155	127	147	497	97				97	(34%)
Foreign exchange	-	-	-	-	-	-				-	-
Recoveries	22	208	29	35	294	44				44	24%
Repomo-other revenues	8	1	6	10	24	3				3	(72%)
Non Operating Income	98	363	162	192	815	144				144	(25%)
Other Expense	(119)	(80)	(109)	(106)	(414)	(75)				(75)	(29%)
Foreign exchange	-	-	-	-	-	-				-	-
Repomo-other Expenses	(128)	(8)	(95)	(143)	(374)	(32)				(32)	(78%)
Non Operating Expense	(247)	(88)	(204)	(249)	(788)	(107)				(107)	(57%)
Non Operating Income (Expense), net	(149)	275	(42)	(57)	27	37				37	165%
Pre-tax Income	532	636	495	1,118	2,781	1,251				1,251	12%
Income Tax	6	6	6	5	22	93				93	1,881%
Profit sharing	76	56	41	64	237	131				131	105%
Tax on Assets	14	13	10	10	47	12				12	23%
Deferred Inc. Tax and Profit sharing	2	14	26	207	249	114				114	(45%)
	98	89	84	285	555	350				350	23%
Net Income before subsidiaries	434	547	412	833	2,226	901				901	8%
Subsidiaries' net income	72	23	23	58	177	83				83	42%
Net Income from continuous operations	507	570	435	891	2,403	984				984	10%
Extraordinary items, net	-	-	-	-	-	-				-	-
Minority Interest	-	-	-	-	-	-				-	-
TOTAL NET INCOME	507	570	435	891	2,403	984				984	10%

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

N.C. = Not comparable

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

ASSETS	1Q04	2Q04	3Q04	4Q04	1Q05	2Q04	3Q05	4Q05	% 1Q05 VS 4Q04
Cash and due from Banks	31,272	34,493	32,777	39,364	34,831				(12%)
Negotiable Instruments	5,463	5,940	6,513	10,411	4,854				(53%)
Securities held for sale	621	428	185	244	272				12%
Securities held to maturity	11,210	10,752	10,395	9,061	9,939				10%
Financial Instruments:	17,294	17,120	17,093	19,716	15,065				-
Non-assigned securities to pay	7	51	-	-	-				-
Repurchase agreements, net	120	54	79	39	46				16%
Operations with collateral	-	-	-	-	-				-
Futures receivable, net	-	-	-	-	-				-
Options and derivatives, net	7	25	6	5	37				573%
Repos & Derivatives :	134	130	85	45	83				84%
Commercial	34,855	37,172	37,992	42,181	43,602				3%
Financial Intermediaries	3,152	3,308	3,353	1,096	1,573				43%
Consumer	9,934	10,657	11,092	11,479	11,965				4%
Mortgage	16,196	17,127	17,903	18,636	19,237				3%
Government Entities	80,636	78,162	77,176	18,689	18,091				(3%)
Fobaproa	7,026	7,088	7,072	6,990	7,015				-
Fiduciary collection rights	-	-	-	-	-				-
Performing Loans	151,79	153,51	154,58	99,072	101,48				2%
Commercial	2,002	1,178	954	597	577				(3%)
Financial Intermediaries	-	-	-	-	-				100%
Consumer	496	439	515	341	329				(4%)
Mortgage	1,253	1,318	1,361	825	812				(2%)
Government Entities	9	16	15	13	9				(35%)
Past Due Loans	3,759	2,951	2,845	1,776	1,727				(3%)
Total Loans	155,55	156,46	157,43	100,84	103,21				2%
Preventive loan loss reserves	4,780	3,851	3,640	2,710	2,662				(2%)
Net Loan Portfolio	150,77	152,61	153,79	98,139	100,54				2%
Credit Assets Portfolio	2,036	1,947	1,779	2,162	1,903				(12%)
Sundry debtors and other assets, net	3,189	3,875	3,416	2,669	4,706				76%
Foreclosed assets, net	1,083	1,080	975	367	414				13%
Real Estate, Furniture & Equipment, net	5,303	5,165	4,998	5,313	5,169				(3%)
Investments in subsidiaries	1,571	1,572	1,540	1,376	1,451				5%
Deferred taxes	1,110	1,087	1,056	742	706				(5%)
Deferred charges & Intangibles	844	792	750	1,088	947				(13%)
UDIS Mortgage loans reserve coverage	-	-	-	-	-				-
Other Assets	15,135	15,518	14,515	13,716	15,296				12%
TOTAL ASSETS	214,61	219,87	218,26	170,98	165,82				(3%)

Figures are presented in constant pesos set at the close of March' 2005.

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

LIABILITIES	1Q04	2Q04	3Q04	4Q04	1Q05	2Q04	3Q05	4Q05	% 1Q05 VS4Q04
Demand Deposits	64,803	66,691	66,684	65,766	63,687				(3%)
Time Deposits	102,232	107,174	100,315	63,619	57,075				(10%)
Bonds	-	-	-	-	-				-
Deposits	167,034	173,865	167,000	129,385	120,761				(7%)
Demand	6,206	3,557	5,539	4,642	1,262				(73%)
Short term	5,668	8,878	7,945	4,025	5,429				35%
Long term	10,890	10,409	10,066	10,543	10,059				(5%)
Due to banks and correspondents	22,764	22,844	23,550	19,210	16,750				(13%)
Non-assigned securities to pay	8	29	-	-	-				-
Repurchase agreements, net	64	30	90	70	65				(7%)
Operations with collateral	-	-	-	-	-				-
Futures receivable, net	-	-	-	-	-				-
Options and derivatives, net	3	-	3	8	2				(72%)
Repos & Derivatives:	76	60	93	78	67				(14%)
Income Tax & Profit Sharing	210	141	196	244	268				10%
Other Payable accounts	4,761	4,143	8,270	3,151	7,997				154%
Other payable accounts	4,971	4,284	8,467	3,395	8,266				143%
Subordinated non Convertible Debenture	6,401	4,868	4,768	4,638	4,612				(1%)
Deferred Taxes	-	-	-	-	-				-
Deferred credits	67	72	60	62	59				(5%)
TOTAL LIABILITIES	201,313	205,992	203,938	156,768	150,516				(4%)
STOCKHOLDER'S EQUITY									
Paid-in Capital	6,001	6,001	6,001	6,001	6,001				-
Share subscription premiums	1,043	1,043	1,043	1,043	1,043				-
Subordinated Convertible Debentures	-	-	-	-	-				-
Subscribed Capital	7,044	7,044	7,044	7,044	7,044				-
Capital Reserves	2,851	3,054	3,054	3,015	3,015				-
Retained Earnings	5,768	5,566	5,566	4,569	7,119				56%
Surplus (Deficit) from securities	149	178	234	282	255				(9%)
Results of foreign operations exchange	-	-	-	-	-				-
Excess (Insuf.) in capital restatement	(2,511)	(2,509)	(2,511)	(2,516)	(2,516)				-
Non Mon assets results Fixed Assets	12	12	12	12	12				-
Non Mon assets results Investm	(228)	(245)	(292)	(303)	(314)				4%
Adjustment in the employees pension	-	-	-	-	-				-
Accumulated Deferred tax effect	(294)	(294)	(294)	(294)	(294)				-
Net Income	507	1,077	1,511	2,403	984				(59%)
Earned Capital	6,255	6,838	7,281	7,167	8,261				15%
Minority Holdings	1	1	1	1	1				2%
Total Stockholder's Equity	13,299	13,883	14,326	14,212	15,305				8%
TOTAL LIABILITIES &	214,612	219,875	218,263	170,980	165,822				(3%)

MEMORANDUM ACCOUNTS OF BANKING SECTOR (Millions of Pesos)

	1Q04	2Q04	3Q04	4Q04	1Q05	2Q04	3Q05	4Q05	% 1Q05 VS4Q04
Signature guarantees granted	34	64	63	61	60				-
Other contingent obligations	15,913	13,169	12,875	8,258	3,546				(57%)
Irrevocable lines of credit	1,402	1,452	1,760	2,308	2,142				(7%)
Assets held in trust and mandate	91,111	87,360	73,030	61,821	66,489				8%
Assets held in custody or in administration	115,532	120,133	111,654	73,360	70,255				(4%)
Investment banking transactions for third	55,153	64,817	64,738	81,131	99,338				22%
Engaged amounts in fobaproa operations	7,724	8,020	4,504	421	633				50%
Investment of retirement saving funds	-	-	-	-	-				-
Integration of loan portfolio	-	-	-	-	-				-
Received amounts in derivative instruments	10,813	17,960	25,533	27,246	242,163				789%
Fobaproa trusts	-	-	-	-	-				-
Securities to be received	100,341	83,582	93,752	116,395	137,936				19%
(Less) payable for reversal	(100,271)	(83,561)	(93,818)	(116,404)	(137,966)				N.C.
Receivables for reversal	37,450	18,202	54,105	27,263	18,327				(33%)
(Less) securities to be delivered	(37,464)	(18,198)	(54,050)	(27,285)	(18,316)				N.C.
Other control accounts	-	-	-	-	-				-
	297,737	312,998	294,146	254,574	484,607				90%

Figures are presented in constant pesos set at the close of March' 2005.

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

NET INTEREST INCOME	1Q04	2Q04	3Q04	4Q04	ACUM	1Q05	2Q05	3Q05	4Q05	ACUM
Interest Income	5,132	5,587	6,247	6,834	23,800	7,111				7,111
Interest Expense	3,206	3,521	3,799	4,206	14,732	4,472				4,472
Loan Fees	166	117	122	168	573	93				93
Fees Paid	20	22	22	24	89	24				24
Net Interest Income (NII)	2,071	2,161	2,548	2,772	9,551	2,707				2,707
Repomo-Margin	10	2	(10)	(25)	(23)	(8)				(8)
NII after Repomo	2,081	2,162	2,537	2,747	9,528	2,699				2,699
Loan Loss Provisions	108	292	325	325	1,050	208				208
Loss Sharing Provisions	13	20	33	25	90	32				32
NII after Provisions	1,961	1,851	2,179	2,397	8,388	2,458				2,458
Fund transfers	58	48	45	41	192	36				36
Account management	197	231	282	273	982	241				241
Fiduciary	39	45	44	42	170	38				38
Income from Loan Portfolios Acquired	-	-	-	20	20	201				201
Electronic Banking Services	77	95	108	146	426	142				142
Credit Card	287	314	314	268	1,183	242				242
Fees from FOBAPROA	76	88	108	63	335	68				68
Other fees	151	123	72	117	464	125				125
Fees on services,	886	944	974	969	3,773	1,094				1,094
Fund transfers	-	-	-	-	-	2				2
Other fees	128	124	106	114	472	110				110
Expenses from Loan Portfolios Acquired	-	-	-	18	18	142				142
Fees paid,	128	124	106	132	490	254				254
Foreign exchange	130	157	64	42	392	59				59
Securities -Realized gains	212	27	14	120	373	47				47
Securities- Unrealized gains	6	41	(42)	-	5	37				37
Market-related Income	348	224	37	162	770	143				143
Total Non Interest Income	1,106	1,044	905	999	4,054	984				984
Total Operating Income	3,066	2,895	3,084	3,396	12,441	3,442				3,442
Personnel	1,077	1,016	1,253	986	4,331	966				966
Professional Fees	109	118	123	114	464	117				117
Administrative and Promotion Expenses	624	638	648	581	2,491	631				631
Rents, depreciation and amortization	391	376	364	397	1,528	355				355
Taxes, other than income tax	156	146	108	9	418	97				97
Contributions to IPAB	187	188	195	190	760	146				146
Corporate expenses Recoveries	(8)	(43)	(22)	(18)	(91)	(13)				(13)
Non-Interest Expense	2,534	2,439	2,668	2,259	9,900	2,301				2,301
Operating Income	533	456	416	1,137	2,541	1,141				1,141
Other Revenues	68	153	128	130	478	97				97
Foreign exchange	-	-	-	-	-	-				-
Recoveries	20	51	29	35	135	41				41
Repomo-other revenues	8	1	6	10	24	3				3
Non Operating Income	96	205	162	175	638	141				141
Other Expense	(119)	(79)	(109)	(106)	(413)	(74)				(74)
Foreign exchange	-	-	-	-	-	-				-
Repomo-other Expenses	(92)	(6)	(68)	(105)	(271)	(27)				(27)
Non Operating Expense	(211)	(84)	(177)	(211)	(683)	(101)				(101)
Non Operating Income (Expense), net	(115)	121	(15)	(36)	(45)	40				40
Pre-tax Income	417	577	401	1,101	2,496	1,181				1,181
Income tax	6	6	6	5	22	93				93
Profit sharing	76	56	41	64	237	131				131
Tax on Assets	14	13	10	10	47	12				12
Deferred Inc. Tax and Profit sharing	2	14	26	340	383	246				246
	98	89	84	419	689	483				483
Net income before subsidiaries	320	488	318	682	1,807	699				699
Subsidiaries' net income	33	12	(22)	35	59	27				27
Net Income from continuous operations	353	499	296	717	1,865	726				726
Extraordinary items, net	-	-	-	-	-	-				-
Minority Interest	-	-	-	-	-	-				-
TOTAL NET INCOME	353	499	296	717	1,865	726				726

(*) Consolidate Subsidiaries.

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

ASSETS	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05
Cash and due from Banks	31,331	34,426	32,387	40,141	34,673			
Negotiable Instruments	5,474	6,302	7,273	9,950	5,290			
Securities held for sale	621	428	185	244	272			
Securities held to maturity	10,871	10,447	10,090	9,061	9,939			
Financial Instruments:	16,966	17,177	17,549	19,254	15,501			
Non-assigned securities to pay	6	48	-	-	-			
Repurchase agreements, net	103	54	79	39	46			
Operations with collateral	-	-	-	-	-			
Futures receivable, net	-	-	-	-	-			
Options and derivatives, net	7	25	6	5	37			
Repos & Derivatives :	116	127	85	45	83			
Commercial	34,744	36,854	37,709	41,583	42,965			
Financial Intermediaries	3,152	3,308	3,353	1,096	1,573			
Consumer	9,934	10,657	11,092	11,479	11,965			
Mortgage	15,931	16,871	17,657	18,404	19,012			
Government Entities	80,620	78,143	77,153	18,676	18,075			
Fobaproa	7,026	7,089	7,072	6,990	7,015			
Fiduciary collection rights	-	-	-	-	-			
Performing Loans	151,406	152,921	154,037	98,229	100,605			
Commercial	1,838	1,020	800	452	438			
Financial Intermediaries	-	-	-	-	-			
Consumer	496	439	515	341	329			
Mortgage	1,095	1,166	1,217	808	799			
Government Entities	9	16	15	13	9			
Past Due Loans	3,436	2,642	2,546	1,614	1,574			
Total Loans	154,843	155,562	156,584	99,843	102,179			
Preventive loan loss reserves	4,320	3,561	3,363	2,552	2,508			
Net Loan Portfolio	150,523	152,002	153,221	97,292	99,671			
Credit Assets Portfolio	-	-	-	1,701	1,485			
Sundry debtors and other assets, net	2,986	3,681	3,328	2,609	4,671			
Foreclosed assets, net	1,062	1,060	957	357	403			
Real Estate, Furniture & Equipment, net	5,303	5,165	4,998	5,313	5,169			
Investments in subsidiaries	936	926	849	872	892			
Deferred taxes	1,110	1,087	1,056	609	440			
Deferred charges & Intangibles	844	791	750	1,088	947			
UDIS Mortgage loans reserve coverage	-	-	-	-	-			
Other Assets	12,241	12,711	11,938	12,548	14,007			
TOTAL ASSETS	211,177	216,443	215,180	169,280	163,935			

Figures are presented in constant pesos set at the close of March' 2005.

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

LIABILITIES	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05
Demand Deposits	64,824	66,780	66,704	67,502	63,830			
Time Deposits	102,232	107,174	100,694	63,998	57,075			
Bonds	-	-	-	-	-			
Deposits	167,055	173,954	167,399	131,500	120,905			
Demand	6,205	3,556	5,713	4,640	3,321			
Short term	5,655	8,867	7,933	4,015	5,419			
Long term	10,789	10,310	9,972	10,455	9,976			
Due to banks and correspondents	22,649	22,733	23,617	19,110	18,716			
Non-assigned securities to pay	7	28	-	-	-			
Repurchase agreements, net	64	30	89	70	64			
Operations with collateral	-	-	-	-	-			
Futures receivable, net	-	-	-	-	-			
Options and derivatives, net	3	-	3	8	2			
Repos & Derivatives:	74	59	93	78	67			
Income Tax & Profit Sharing	210	141	196	244	268			
Other Payable accounts	4,735	4,120	8,244	3,120	7,946			
Other payable accounts	4,945	4,261	8,440	3,363	8,214			
Subordinated non Convertible Debenture	6,401	4,868	4,768	4,638	4,612			
Deferred Taxes	-	-	-	-	-			
Deferred credits	66	71	60	62	59			
TOTAL LIABILITIES	201,191	205,945	204,377	158,753	152,574			
STOCKHOLDER 'S EQUITY								
Paid-in Capital	4,857	4,858	4,858	4,857	4,857			
Share subscription premiums	1,043	1,043	1,043	1,043	1,043			
Subordinated Convertible Debentures	-	-	-	-	-			
Subscribed Capital	5,900	5,900	5,900	5,900	5,900			
Capital Reserves	2,627	2,732	2,732	2,693	2,693			
Retained Earnings	3,902	3,798	3,798	2,809	4,820			
Surplus (Deficit) from securities	163	192	248	295	269			
Results of foreign operations exchange	-	-	-	-	-			
Excess (Insuf.) in capital restatement	(2,514)	(2,514)	(2,516)	(2,516)	(2,516)			
Non Mon assets results Fixed Assets	12	12	12	12	12			
Non Mon assets results Investm	(163)	(181)	(228)	(239)	(250)			
Adjustment in the employees pension	-	-	-	-	-			
Accumulated Deferred tax effect	(294)	(294)	(294)	(294)	(294)			
Net Income	353	852	1,148	1,865	726			
Earned Capital	4,086	4,597	4,901	4,626	5,460			
Minority Holdings	1	1	1	1	1			
Total Stockholder 's Equity	9,987	10,498	10,802	10,527	11,361			
TOTAL LIABILITIES &	211,177	216,443	215,180	169,280	163,935			

(*) Consolidate Subsidiaries.

MEMORANDUM ACCOUNTS OF BANORTE

<i>(Millions of Pesos)</i>	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05
Signature guarantees granted	34	64	63	61	60			
Other contingent obligations	14,500	11,807	11,634	7,158	3,157			
Irrevocable lines of credit	1,402	1,452	1,760	2,308	2,142			
Assets held in trust and mandate	60,398	57,369	57,850	46,605	51,552			
Assets held in custody or in	115,190	118,907	110,420	73,360	69,755			
Investment banking transactions for	55,153	64,817	64,738	81,131	99,338			
Engaged amounts in fobaproa operations	7,724	8,020	4,504	334	633			
Investment of retirement saving funds	-	-	-	-	-			
Integration of loan portfolio	-	-	-	-	-			
Received amounts in derivative	10,813	17,960	25,533	27,246	242,163			
Fobaproa trusts	-	-	-	-	-			
Securities to be received	85,066	79,303	93,636	116,286	135,914			
(Less) payable for reversal	(85,013)	(79,283)	(93,701)	(116,295)	(135,943)			
Receivables for reversal	37,450	18,202	54,105	27,263	18,327			
(Less) securities to be delivered	(37,464)	(18,198)	(54,050)	(27,285)	(18,316)			
Other control accounts	-	-	-	-	-			
	265,252	280,418	276,491	238,170	468,783			

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

NET INTEREST INCOME	1Q04	2Q04	3Q04	4Q04	ACUM	1Q05	2Q05	3Q05	4Q05	ACUM
Interest Income	92	121	75	74	363	95				95
Interest Expense	60	92	46	32	231	19				19
Loan Fees	-	-	-	-	-	-				-
Fees Paid	-	-	-	-	-	-				-
Net Interest Income (NII)	32	29	29	42	132	77				77
Repomo-Margin	(18)	(1)	(23)	(46)	(88)	(20)				(20)
NII after Repomo	14	28	6	(4)	44	57				57
Loan Loss Provisions	2	-	-	22	24	3				3
Loss Sharing Provisions	-	-	-	-	-	-				-
NII after Provisions	12	28	6	(26)	20	54				54
Fund transfers	-	-	-	-	-	-				-
Account management	-	-	-	-	-	-				-
Fiduciary	6	5	6	5	22	6				6
Income from Loan Portfolios Acquired	177	150	204	138	669	80				80
Electronic Banking Services	-	-	-	-	-	-				-
Credit Card	-	-	-	-	-	-				-
Fees from FOBAPROA	15	12	38	12	77	10				10
Other fees	277	184	300	195	956	288				288
Fees on services,	474	351	548	351	1,724	385				385
Fund transfers	-	-	-	-	-	-				-
Other fees	10	7	9	6	32	9				9
Expenses from Loan Portfolios Acquired	119	100	142	83	443	41				41
Fees paid,	129	106	151	89	476	50				50
Foreign exchange	-	-	-	-	-	-				-
Securities -Realized gains	71	(162)	27	26	(37)	5				5
Securities- Unrealized gains	8	-	12	(10)	9	6				6
Market-related Income	79	(162)	39	16	(28)	11				11
Total Non Interest Income	424	83	436	278	1,221	346				346
Total Operating Income	436	111	442	251	1,241	400				400
Personnel	1	2	2	1	5	1				1
Professional Fees	12	6	10	16	43	21				21
Administrative and Promotion Expenses	107	112	133	118	471	105				105
Rents, depreciation and amortization	28	28	28	28	112	28				28
Taxes, other than income tax	22	20	22	13	76	20				20
Contributions to IPAB	1	1	1	1	4	-				-
Corporate expenses Recoveries	-	-	-	-	-	-				-
Non-Interest Expense	171	168	196	176	711	176				176
Operating Income	265	(57)	246	76	530	224				224
Other Revenues	-	2	-	17	19	-				-
Foreign exchange	-	-	-	-	-	-				-
Recoveries	2	156	-	-	158	2				2
Repomo-other revenues	-	-	-	-	-	-				-
Non Operating Income	2	158	-	17	177	2				2
Other Expense	-	1	-	-	(2)	(1)				(1)
Foreign exchange	-	-	-	-	-	-				-
Repomo-other Expenses	(36)	(2)	(27)	(38)	(103)	(4)				(4)
Non Operating Expense	(37)	(4)	(27)	(38)	(105)	(5)				(5)
Non Operating Income (Expense), net	(34)	154	(27)	(21)	72	(3)				(3)
Pre-tax Income	231	98	219	54	602	221				221
Income tax	56	20	56	8	140	61				61
Profit sharing	-	-	-	-	-	-				-
Tax on Assets	-	-	-	-	-	-				-
Deferred Inc. Tax and Profit sharing	(11)	(8)	(9)	(137)	(165)	(145)				(145)
	45	11	47	(129)	(25)	(84)				(84)
Net income before subsidiaries	186	86	172	184	628	305				305
Subsidiaries' net income	6	(4)	10	11	22	6				6
Net Income from continuous operations	192	82	181	194	649	311				311
Extraordinary items, net	-	-	-	-	-	-				-
Minority Interest	39	11	43	20	112	54				54
TOTAL NET INCOME	153	71	139	174	537	258				258

(*) Consolidate Afore

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

ASSETS	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05
Cash and due from Banks	811	1,001	1,264	2,364	2,725			
Negotiable Instruments	331	867	860	841	68			
Securities held for sale	-	-	-	-	-			
Securities held to maturity	339	305	304	-	-			
Financial Instruments:	670	1,172	1,164	841	68			
Valores no asignados por liquidar	1	3	-	-	-			
Repurchase agreements, net	17	1	-	-	-			
Operations with collateral	-	-	-	-	-			
Futures receivable, net	-	-	-	-	-			
Options and derivatives, net	-	-	-	-	-			
Repos & Derivatives :	18	4	-	-	-			
Commercial	110	318	283	598	637			
Financial Intermediaries	-	-	-	-	-			
Consumer	-	-	-	-	-			
Mortgage	265	256	245	232	225			
Government Entities	16	19	22	13	16			
Fobaproa	-	-	-	-	-			
Fiduciary collection rights	-	-	-	-	-			
Performing Loans	392	593	550	843	878			
Commercial	164	157	154	145	139			
Financial Intermediaries	-	-	-	-	-			
Consumer	-	-	-	-	-			
Mortgage	158	152	145	16	13			
Government Entities	-	-	-	-	-			
Past Due Loans	323	309	299	162	153			
Total Loans	715	902	849	1,005	1,030			
Preventive loan loss reserves	460	290	277	158	154			
Net Loan Portfolio	254	612	572	847	876			
Credit Assets Portfolio	2,036	1,947	1,779	461	418			
Sundry debtors and other assets, net	312	310	138	141	133			
Foreclosed assets, net	20	21	19	11	11			
Real Estate, Furniture & Equipment, net	124	122	120	119	118			
Investments in subsidiaries	382	377	386	399	420			
Deferred taxes	-	-	-	70	216			
Deferred charges & Intangibles	320	296	272	247	223			
UDIS Mortgage loans reserve coverage	-	-	-	-	-			
Other Assets	3,195	3,073	2,714	1,447	1,538			
TOTAL ASSETS	4,947	5,861	5,715	5,499	5,208			

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

LIABILITIES	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05
Demand Deposits	-	-	-	-	-	-	-	-
Time Deposits	342	1,229	1,240	-	503	-	-	-
Bonds	-	-	-	-	-	-	-	-
Deposits	342	1,229	1,240	-	503	-	-	-
Demand	399	331	1	1,166	1	-	-	-
Short term	13	12	12	10	10	-	-	-
Long term	101	99	95	88	83	-	-	-
Due to banks and correspondents	512	441	107	1,264	94	-	-	-
Non-assigned securities to pay	1	1	-	-	-	-	-	-
Repurchase agreements, net	-	-	-	-	1	-	-	-
Operations with collateral	-	-	-	-	-	-	-	-
Futures receivable, net	-	-	-	-	-	-	-	-
Options and derivatives, net	-	-	-	-	-	-	-	-
Repos & Derivatives:	1	1	-	-	1	-	-	-
Income Tax & Profit Sharing	35	55	43	10	65	-	-	-
Other Payable accounts	61	63	82	72	77	-	-	-
Other payable accounts	96	118	125	82	142	-	-	-
Subordinated non Convertible Debenture	-	-	-	-	-	-	-	-
Deferred Taxes	87	79	69	-	-	-	-	-
Deferred credits	-	1	-	-	-	-	-	-
TOTAL LIABILITIES	1,039	1,869	1,542	1,345	740	-	-	-
STOCKHOLDER'S EQUITY	-	-	-	-	-	-	-	-
Paid-in Capital	1,144	1,144	1,144	1,144	1,144	-	-	-
Share subscription premiums	-	-	-	-	-	-	-	-
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	1,144	1,144	1,144	1,144	1,144	-	-	-
Capital Reserves	224	322	322	322	322	-	-	-
Retained Earnings	1,866	1,768	1,768	1,760	2,299	-	-	-
Surplus (Deficit) from securities	(14)	(14)	(14)	(14)	(14)	-	-	-
Results of foreign operations exchange	-	-	-	-	-	-	-	-
Excess (Insuf.) in capital restatement	3	5	5	-	-	-	-	-
Non Mon assets results Fixed Assets	-	-	-	-	-	-	-	-
Non Mon assets results Investm	(64)	(64)	(64)	(65)	(65)	-	-	-
Adjustment in the employees pension	-	-	-	-	-	-	-	-
Accumulated Deferred tax effect	-	-	-	-	-	-	-	-
Net Income	153	224	363	537	258	-	-	-
Earned Capital	2,169	2,241	2,380	2,541	2,801	-	-	-
Minority Holdings	596	606	649	469	523	-	-	-
Total Stockholder's Equity	3,908	3,992	4,173	4,154	4,467	-	-	-
TOTAL LIABILITIES &	4,947	5,861	5,715	5,499	5,208	-	-	-

(*) Consolidate Afore

MEMORANDUM ACCOUNTS OF BANCEN

	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05
Signature guarantees granted	-	-	-	-	-	-	-	-
Other contingent obligations	1,413	1,362	1,241	1,058	388	-	-	-
Irrevocable lines of credit	-	-	-	-	-	-	-	-
Assets held in trust and mandate	30,712	29,992	15,180	15,216	14,936	-	-	-
Assets held in custody or in	342	1,226	1,234	-	500	-	-	-
Investment banking transactions for	-	-	-	-	-	-	-	-
Engaged amounts in fobaproa operations	-	-	-	-	-	-	-	-
Investment of retirement saving funds	-	-	-	-	-	-	-	-
Integration of loan portfolio	-	-	-	-	-	-	-	-
Received amounts in derivative	-	-	-	-	-	-	-	-
Fobaproa trusts	-	-	-	-	-	-	-	-
Securities to be received	15,275	4,279	116	109	2,023	-	-	-
(Less) payable for reversal	(15,258)	(4,278)	(117)	(109)	(2,023)	-	-	-
Receivables for reversal	-	-	-	-	-	-	-	-
(Less) securities to be delivered	-	-	-	-	-	-	-	-
Other control accounts	-	-	-	-	-	-	-	-
	32,484	32,581	17,655	16,274	15,824	-	-	-

Annex 6. Notes to Banking Sector Financial Statements
Financial Instruments and Valuation Effects 1Q05

NEGOTIABLE INSTRUMENTS	BOOK VALUE	INTEREST	MARKET VALUE	UNREALIZED GAIN (LOSS)
Government Securities	2,782	43	2,822	(3)
Banking Securities	951	4	954	-
Private	314	5	311	(8)
Banks paper	224	-	224	-
UMS	224	-	224	-
Commercial Paper	309	-	313	5
Swap of Coverage purposes	6	-	6	-
Total	4,808	52	4,854	(7)
SECURITIES HELD FOR SALE				
Government Securities	-	-	-	-
-Mexican Government Securities (UMS)	-	-	-	-
Bonds public company	19	-	33	14
Eurobonds	672	33	240	(465)
Swap of Coverage purposes	-	-	-	-
-Total	690	33	272	(451)
SECURITIES HELD TO MATURITY				
Special Cetes	530	-	530	-
Trust Bonds	-	-	-	-
Fiduciary Rights	35	-	26	(9)
Bonds	-	-	-	-
Mexican Government Securities (UMS) (US Dollars)	7,714	93	7,807	-
Mexican Government Securities (UMS) (Euros)	391	2	393	-
US Clearing Master Trust	-	-	-	-
Swap Private company	-	-	-	-
Swap Public company	2,557	66	2,623	-
Eurobonds	155	-	155	-
Swap of Coverage purposes	(1,596)	-	(1,596)	-
Total	9,788	161	9,939	(9)
TOTAL	15,286	246	15,065	221

Repurchase Agreement Operations 1Q05
(Millions of Pesos)

REPURCHASE AGREEMENT DEBTORS	MARKET VALUE (1)	ASSET BALANCE
Government Securities	80,817	(59)
Banking Securities	12,212	(1)
Private Securities	44,908	(1)
Total	137,936	(61)
REPURCHASE AGREEMENT CREDITORS	MARKET VALUE (2)	LIABILITY BALANCE
Government Securities	13,675	(4)
Banking Securities	4,641	-
Total	18,316	(4)

1) RECEIVABLES ON REPURCHASE AGREEMENT
2) PAYABLES ON REPURCHASE AGREEMENT

Non-governmental Financial Instruments above by 5% of Net Capital 1Q05

(Millions of Pesos)

INDUSTRY	INVESTMENT INSTRUMENT	AMOUNT	% NET CAPITAL
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Loan Portfolio

(Million of Pesos)	LOCAL CURRENCY(*)		FOREIGN CURRENCY		TOTAL	
	1Q04	1Q05	1Q04	1Q05	1Q04	1Q05
Performing Loans						
Commercial	28,396	36,548	6,458	7,053	34,855	43,602
Financial Intermediaries	2,901	986	251	587	3,152	1,573
Consumer	9,929	11,964	5	2	9,934	11,965
Mortgages	16,196	19,237	-	-	16,196	19,237
Government Entities	79,926	17,498	710	594	80,636	18,091
Fobaproa	7,236	7,054	(211)	(38)	7,026	7,015
Total	144,585	93,286	7,213	8,197	151,798	101,483
Past Due Loans						
Commercial	1,220	510	782	67	2,002	577
Financial Intermediaries	-	-	-	-	-	-
Consumer	495	329	1	-	496	329
Mortgages	1,253	812	-	-	1,253	812
Government Entities	9	9	-	-	9	9
Total	2,976	1,659	783	68	3,759	1,727
Total Proprietary Loans	147,561	94,945	7,996	8,265	155,557	103,210
% Past Due Loans	2.0%	1.7%	9.8%	0.8%	2.4%	1.7%

(*) 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 1Q05

(Millions of Pesos)	TOTAL	
	PERIOD COST	BALANCE LOAN
		PORTFOLIO
FINAPE	1.0	348.0
FOPYME	8.4	9.0
Mortgage UDIS	77.8	116.4
Mortgage FOVI	20.2	21.2
	107.4	494.6

The quarter ending with a balance of Ps 494.6 million pesos in debtors support programs with a cost of the period of Ps 107.4 million. The 99% of this portfolio are concentrated in Banorte.

Past Due Loans Variations as of 4Q04

Past Due Loans

Figures are presented in constant pesos set at the close of March, 2005

Balance as of December 31,04		1,766
	Performing loans to Past due loans transfers	465
	Renewals	(1)
	Cash Collections	(153)
	Discounts	-
	Charge Offs	(169)
	Foreclosures	-
	Past due loans to Performing loans transfers	(183)
	Exchange Adjustment	3
Balance as of March 31,05		1,727

Troubled Portfolio 1Q05

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

(Millions of Pesos)	TOTAL
Troubled Portfolio	1,319
Total Loans	103,210
Troubled Portfolio / Total Loans	1.3%

Fobaproa

(Millions of Pesos)	REMAINING CONTINGENCIES	
	LOSS(1) SHARING	INCENTIVE(1) SCHEME
Gross Fobaproa notes balance	8,485	4,961 ⁽²⁾
- Cash recoveries	242	204 ⁽²⁾
Reposessed assets	-	-
= Balance net of recoveries	8,243	4,757
Contingency before reserves	2,200	376
- Reserves	<u>2,200</u>	<u>376</u>
= Remaining contingencies	-	-

1) Includes only cash recoveries.

2) Included in Loss Sharing program.

Banorte provisioned Ps 32 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 3% of Banorte's Gross FOBAPROA-IPAB notes balance.

Fobaproa Notes Integration 1Q05

(Millions of Pesos)	BANORTE				BANCEN	BANPAIS		BANKING SECTOR
	LOSS SHARING LOCAL CURRENCY	LOSS SHARING DOLLARS	WITHOUT RISK	INCENTIVE SCHEME	LOCAL CURRENCY	LOCAL CURRENCY	DOLLARS	TOTAL
Gross Balance	8,485	-	1,370	(1)	-	-	-	9,855
- Checking account balance	242	-	1	(1)	-	21	-	26
- Reserves	2,200	-	-	376	-	-	-	2,576
= Net Balance	6,043	-	1,369	(376)	-	(21)	-	7,015
Interest Rate	CETES 91-1.35	LIBOR 6M+1	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 4,961 and Ps 204, Gross Balance and Checking account balance of Incentive Scheme are included in Loss Sharing.
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 (Securitized in 4Q04)

SIGNIFICANCE IN BANORTE BALANCE

	1997	1998	1999	2000	2001	2002	2003	2004	1Q05
% Total Loans	70.9%	64.6%	63.5%	58.7%	55.5%	55.7%	50.8%	12.4%	12.1%
% Total Assets	60.6%	53.5%	43.7%	46.7%	44.5%	43.5%	36.5%	7.3%	7.5%

Deferred Taxes 1Q05

(Millions of Pesos)	ISR	PTU	NET
ASSETS			
Excess of accounting value over fiscal value on Repossessed Assets	306	-	306
Tax loss carryforwards	624	-	624
Deficit from retirement obligations	139	46	186
Non deductible provisions and accumulative income	44	15	59
Obligations FOBAPROA, Net	648	-	648
Others	39	-	39
Total Assets	1,799	61	1,861
LIABILITIES			
Accrued interest and inflationary component of Fixed Assets, Foreclosed, Intangible & Others	(431)	(57)	(488)
Loan Portfolio Acquisitions	(510)	(156)	(666)
Total liabilities	(941)	(214)	(1,154)
Assets (Liabilities) Accumulated Net	859	(152)	706

Long term debt as of 1Q05

TYPE OF DEBT	CURRENCY	DATE OF ISSUE	AMOUNT (Ps)	ORIGINAL AMOUNT (Millions Ps, Dls o UDIs)	TERM	INTEREST RATE	MATURITY	INTEREST PAYMENT
BANORTE								
CD's- Banorte U01001	UDIs	11-Ene-01	320	90	10 years	8.13%	30-Dic-10	E/182 days
Non Convertible Subordinate Bonds -OBanorte 02D	Ps	28-Nov-02	1,251	1,136	10 years	8.00%	28-Nov-12	E/182 days
Certificados – Banorte M7001	Ps	27-Ene-03	100	100	3 years	TIE-0.45%	10-Jul-06	E/28 days
Step-Up Subordinated Callable Notes Due 2014	Dls	17-Feb-04	3,342	300	10 years	5.875 %	17-Feb-14	E/180 days
CD's Serie 1999-2B	Dls	15-Jul-99	88	25	7 years	9.49%	15-Jul-06	Monthly

Bank and Other entities loans as of 1Q05

(Millions of Pesos)	LOCAL CURRENCY	INTEREST RATE	TERM (DAYS)	FOREIGN CURRENCY	INTEREST RATE	TERM (DAYS)	TOTAL
LOANS FROM LOCAL BANKS	-	-	-	289	L+6	424	289
LOANS FROM FOREIGN BANK CONCERNED FROM THE COUNTRY	-	-	-	559	L+1.2	1,506	559
LOANS FROM FOREIGN BANK CONCERNED FROM CAYMAN	-	-	-	338	3.91	795	338
SECURITIZATION	-	-	-	88	9.49	265	88
LOANS FROM DEVELOPING BANKS	169	16.93	610	462	5.19	505	631
LOANS FROM PUBLIC FUNDS	7,588	7.83	609	313	3.43	429	7,901
LOANS FROM BANKS	2,686	12.10	8	-	-	-	2,686
CALL MONEY	790	8.96	1	-	-	-	790
LOANS FROM FIDUCIARY FUNDS	3,432	5.89	5916	-	-	-	3,432
PROVISIONS FOR INTEREST	36	N.A.	N.A.	-	-	-	36
	14,701			2,049			16,750

Trading Income 1Q05

(Millions of Pesos)

VALUATION EFFECTS	NET
Negotiable Instruments	(1)
Repurchase	5
Futures	(8)
Foreign Currency Forwards	46
Options	(1)
Futures	4
Securities loans	-
Range	-
Inflation Adjustment	-
Total	44
RESULTS FROM BUYING AND SELLING	
Negotiable Instruments	29
Securities Held for Sell	22
Inflation Adjustment	-
Total of Buying and Selling Instruments	51
FX Spot	63
FX Forwards	2
FX Futures	-
FX Futures TIIE	-
Forwards	-
Trading currencies securitization	(6)
Gain from metal intermediation	-
Metals Valuation	-
Total of Foreign Exchange	59
Inflation Adjustment	-
Total of Buying and Selling	111
TOTAL TRADING INCOME	155

US Dollar Assets and Liabilities

US Dollar Assets and Liabilities (Millions of Dollars)	1Q04	1Q05
Assets		
Cash	46	50
Deposits on Foreign Banks	309	413
Intergroup Deposits	-	-
USCP	29	30
Remittances Securitization Trust	8	9
Investment portfolio	788	968
Loan portfolio	795	796
Fobaproa – IPAB Notes(1)	(32)	(6)
Cross Currency Swaps	514	301
Foreign Exchange Derivatives	86	333
Fx Position	77	-
Other assets	17	3
Total Assets	2,637	2,897
Liabilities		
Retail Deposits	1,079	1,229
Market Issues	21	8
Loans from Banks	79	106
Intergroup Funding	-	-
Development Banks	78	70
Cross Currency Swaps	806	986
Deferred payments	-	-
Loan Loss Reserves	85	20
Subordinated Debentures	411	411
Foreign Exchange Derivatives	37	35
Fx Position	-	-

Figures are presented in constant pesos set at the close of March, 2005

Other liabilities	42	32
Total Liabilities	2,637	2,897

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

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: 17.5%

Net Capital to Assets subject to Credit and Market Risk: 13.7%

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: 15,291

Tier 1 Capital	11,095	Tier 2 Capital	4,196
Stockholders Equity	11,360	Capitalization Instruments	3,367
Subordinated debt and Capitalization Instruments	1,285	(+)General Preventive Reserves	829
Deferred for Tier 1	966		
(-) Investment in Subordinated debt	-		
(-) Investment in Financial Institutions	141		
(-) Investment in Non-Financial Institutions	639		
(-) Financing granted for the acquisition of shares of the bank or other Group subsidiaries	-		
(-) Excess on deferred taxes	966		
(-) Restructuring Charges and others intangibles	770		
(-) Others Assets	-		

AD3.- RISK ASSETS

Amount of weighted assets with market risk and credit risk.

Market risk weighted assets: 24,615	Weighted Assets	Required Capital
Peso Nominal interest rate operations	18,315	1,465
Peso or UDI real interest rate operations	155	12
Interest rate operations in foreign currency with nominal rate	5,458	437
Position in UDIS or with a return indexed to inflation	-	-
Positions in foreign currency or indexed to the FX rate	576	46
Positions in share or index to the price of securities	111	9

Credit Risk-Weighted Assets: 87,305	Weighted Assets	Required Capital
Group 1 (risk weight 0%)	-	-
Others (risk weight 2.5%)	-	-
Others (risk weight 10%)	-	-
Group 2 (risk weight 1 20%)	6,676	534
Others (risk weight 50%)	-	-
Others (risk weight 75%)	-	-
Group 3 (risk weight 100%)	75,926	6,074
Others (risk weight 112%)	-	-
Others (risk weight 115%)	-	-
Others (risk weight 150%)	-	-
Others	4,703	376

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: 179.6%

Net Capital to Assets subject to Credit and Market Risk: 91.0%

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: 3,400

Tier 1 Capital	3,385	Tier 2 Capital	14
Stockholders Equity	3,945	Capitalization Instruments	-
Subordinated debt and Capitalization Instruments	-	(+) General Preventive Reserves	14
Deferred for Tier 1	305		
(-) Investment in Subordinated debt	-		
(-) Investment in Financial Institutions	559		
(-) Investment in Non-Financial Institutions	-		
(-) Financing granted for the acquisition of shares of the bank or other Group subsidiaries	-		
(-) Excess on deferred taxes	305		
(-) Restructuring Charges and others intangibles	-		
(-) Others Assets	-		

AD3.- RISK ASSETS

Amount of weighted assets with market risk and credit risk.

Market risk Weighted Assets: 1,845	Weighted Assets	Required Capital
Peso Nominal interest rate operations	1,507	121
Peso or UDI real interest rate operations	210	17
Interest rate operations in foreign currency with nominal rate	5	-
Position in UDIS or with a return indexed to inflation	2	-
Positions in foreign currency or indexed to the FX rate	42	3
Positions in share or index to the price of securities	79	6

Credit Risk-Weighted Assets: 1,893	Weighted Assets	Required Capital
Group 1 (risk weight 0%)	-	-
Others (risk weight 2.5%)	-	-
Others (risk weight 10%)	-	-
Group 2 (risk weight 120%)	737	59
Others (risk weight 50%)	-	-
Others (risk weight 75%)	-	-
Group 3 (risk weight 100%)	1,156	93
Others (risk weight 112%)	-	-
Others (risk weight 115%)	-	-
Others (risk weight 150%)	-	-
Others	-	-

Risk Management

Market Risk

The Banking Sector of Grupo Financiero Banorte, S.A. has been apply the non-parametric historical simulation method to estimate the Value at Risk (VaR). This new methodology is used both to calculate the market risk as well as to set and control internal limits, considering a two-tail 99% reliability level, besides being multiplied by a safety factor that depends on the behavior of the main risk factors that affect the appraisal of the Banking Sector's (BANORTE & BANCEN) current portfolios.

This method is applied to all the Banking Sector'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 two-tail 99% reliability level assuming that the 500 immediate historical scenarios repeat in the future, multiplying said result by a safety factor that guarantees coverage of all the unforeseen volatility in the main risk factors that affect such portfolios.

The average Value at Risk (VaR) for the 1Q05 for the Banking Sector's financial instrument portfolios, including bonds, shares, money market transactions, swaps, forwards, futures, and others derived within and out of the balance, is Ps 273 million.

The VaR for other periods are as follows:

Millions of nominal pesos	1Q04	2Q04	3Q04	4Q04	1Q05
Banorte VaR *	258	293	366	253	276
Banorte's Net Capital ***	15,135	14,595	14,953	14,497	15,291
VaR / Banorte's Net Capital	1.70%	2.01%	2.45%	1.75%	1.80%
Bancén VaR *	12	27	25	25	16
Bancén's Net Capital ***	2,603	2,675	2,793	3,177	3,400
VaR / Bancén's Net Capital	0.46%	1.01%	0.90%	0.79%	0.47%
Banking Sector's VaR *	259	302	370	249	273
Banking Sector Net Capital ****	17,738	17,270	17,746	17,674	18,691
VaR / Banking Sector Net Capital	1.46%	1.75%	2.08%	1.41%	1.46%

* Quarterly Average

*** Net Capital at the end of the period.

**** Banking Sector Net Capital is the sum of Banorte and Bancén's Net Capital.

The Value at Risk for the Banking Sector (BANORTE & BANCEN) takes into consideration the correlations between all the risk factors that influence portfolio appraisal, which explains the difference in the arithmetic sum of the Value at Risk per Institution.

Additionally, the Value at Risk per risk factor of the instruments portfolio described for the Banking Sector as a whole, was as follows for the first quarter of 2005:

(Millios of pesos)

RISK FACTOR	VaR
Domestic interest rate	165
Foreign interest rate	279
Exchange rate	300
Stock Exchange	1
Eurobonds Price	195
Total	273

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 for the Banking sector 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.

Credit risk

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

The objectives of credit risk management at GFNorte are:

- To develop and carry out credit 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 credit 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 credit risk management supervising all the operations and aspects related to credit risk.

Individual Credit risk

Individual risk is identified and measured at GFNorte by Qualifying Credit 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 InternatI 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 credit 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 Credit risk

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

This credit risk methodology makes it possible to know the current value of the portfolio loans (of 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 credit 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 credit risks.

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 criteria C-4 of financial information by segment by the circular 1448 and the bulletin B-5. Esta segmentación se realizó en base al criterio C-4 Información por Segmentos de la Circular 1448 y al Boletín B-5 of financial information by segment by IMCP (Instituto Mexicano de Contadores Públicos).

Proforma Consolidated Data-1Q05

<i>(Millions of pesos)</i>	BANORTE (1)	BANCEN (3)	TOTAL
Income Statement			
Net Interest Income	2,723	50	2,773
Non Interest Income	984	63	1,047
Non Interest Expense	2,301	37	2,338
Other income (expense)	40	(3)	37
Extraordinary items, net	-	-	-
Net Income	741	242	984
Balance Sheet			
Assets	163,431	2,391	165,822
Loans	102,179	1,030	103,210
Deposits	120,762	-	120,761
Equity	11,361	3,945	15,305
Past Due Loans	1,574	153	1,727
Loan Loss Reserves	2,508	154	2,662
Ratios			
Non Interest Expense/ Total Assets	6.0%	1.5%	6.3%
% Past Due Loans	1.5%	14.8%	1.7%
Reserves / Past Due Loans	159.3%	100.8%	154.2%
% Capitalization (2)	13.7%	91.0%	16.2%

1) Includes a 96.11% participation of the Group.

2) Includes Market Risks. Using 2003 rules.

3) Excludes the AFORE.

Inter-bank Eliminations Summary

<i>(Millions of Pesos)</i>	BANORTE	BANCEN	INTERBANK ELIMINATIONS
Income Statement			
Net Interest Income	15	(15)	-
Non Interest Income	-	-	-
Non Interest Expense	-	-	-
Other Income (expense)	-	-	-
Extraordinary items, net	-	-	-
Balance Sheet			
Assets	(504)	(2,164)	(2,667)
Cash and Due from Banks	-	(2,164)	(2,164)
Financial Instruments	(504)	-	(504)
Loans	-	-	-
Deposits	(143)	(504)	(647)
Due to Banks	(2,061)	-	(2,061)
Equity	-	-	-
Past Due Loans	-	-	-
Loan Loss Reserves	-	-	-
Investments in Subsidiaries	-	-	-
Deferred Taxes, (Liabilities) (*)	-	-	-
Deferred Taxes, (Assets) (*)	-	-	-

(*)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

<i>(Millions of Pesos)</i>	BANKING SECTOR	OTHER SECTORS	WITHOUT OT. SECT.	TOTAL GROUP
Income Statement				
Net Interest Income	2,773	126	(8)	2,891
Non Interest Income	1,047	410	-	1,457
Non Interest Expense	2,338	301	(6)	2,633
Other Income (expense)	37	(3)	1	35
Extraordinary items, net	-	-	-	-
Balance Sheet				
Assets	165,822	24,632	(18,205)	172,249
Loans	103,210	5,087	(1,368)	106,929
Deposits	120,761	-	(180)	120,581
Equity	15,305	19,025	(16,581)	17,749
Past Due Loans	1,727	41	-	1,767
Loan Loss Reserves	2,662	62	-	2,724

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 (CNByV) 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 (CNByV) 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 General applications applicable to loan institutions' financial information in effect since July 1, 2003 are the ones being used, as well as the new groupings contained in bulletin 1488 of October 30, 2000 of the CNByV 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 (CNByV) 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.

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.