

SECOND QUARTER 2000 RESULTS

(2Q00)

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GFNorte generated earnings of Ps623.9 million for the first half of the year, with a Ps578.9 million contribution from the Banking Sector of the Group, being the latter 3.7% higher than that accumulated in 1S99.

The Loan Portfolio grew by 5.2% during the quarter.

The banking sector showed a 1.9% increase in its total portfolio compared to the first quarter of 2000, and 5.2% excluding the Fobaproa. New loans were channalized mainly to commercial and financial intermediaries.

The Past-Due Loans Portfolio decreased by 5.5% compared to 1Q00.

The past due loans portfolio of the Banking Sector of the Group decreased by \$239 million compared to the first quarter of 2000, equivalent to a decrease of 5.5%, reflected mainly in the commercial and mortgage portfolios, ending the period with a 4.9% past due loan ratio.

Reserve coverage increases to 105.6%.

The Banking Sector of the Group ended the first half of the year with a 105.6% reserve coverage, higher than the 102.4% of 1Q00.

Expenses drop 6.9% compared to a year ago.

The Group's Non Interest Expense of 1H00 decreased 6.9% when compared to 1H99 going from Ps3,377.8 million to Ps3,146.3 being the main contribution that of the Banking Division. This drop was a result of the actions taken since 2H99 in order to improve efficiency and decrease expenses.

New Internet services for companies.

During the second quarter a new Internet service for companies was launched which will allow to carry out transfers to local and foreign banks automatically, benefiting 5,000 present customers.

Transfer of collection rights for the Serfin Portfolio to Goldman Sachs.

On April 14, Ps 4,769 million of collection rights were ceded to Goldman Sachs, representing approximately 50% of the Serfin Mortgage Portfolio, enabling the Group to decrease its initial investment and also decreasing the administration risk of the portfolio.

I. Macroeconomic Environment

During the second quarter of the year, Mexican markets showed a mixed behavior, influenced to a large degree by external events. The strong correction experienced by the US stock market - particularly the market associated with technology companies - was the biggest event to affect the performance of the stock market. Nevertheless, Mexico came through this phase relatively unscathed, due to the continued strength of the macroeconomic fundamentals of the country. During the period, the Mexican Stock Exchange experienced an accumulated loss of 7%.

For the fixed rate market, this was an equally volatile period. It was not only the uncertainty of the foreign markets caused by the NASDAQ developments and the decisions made by the FED that pushed the rates up but, in addition, the more restrictive monetary policy followed by the Banco de México (increasing the "corto" twice), as well as pre-election speculation, caused the 28 day CD (Cete) rate to climb from 12.88% to 17.01%. After the elections of July 2, the rates resumed their downward trend, in harmony with the decrease in country risk and the continuation of the downward inflation cycle.

The exchange rate also felt some pressure, primarily fed by pre-election speculation. The fear in the markets that there might be a post-election conflict contributed to the peso devaluating a total of 7.8% during the quarter. Once Election Day passed without incident, the peso bounced back to its levels from May. International reserves remained untouched during the period of reference.

The downward trend in inflation continued during the quarter, though at a slower pace. For the period under review, inflation was at 1.54%, increasing to a rate of 4.39% by the end of the first half of the year, a figure that compares favorably with the 7.2% during the first half of last year. The inflationary goal of 10% looks completely attainable.

Compared with the first quarter, when the GDP grew at a rate of 7.9% - the largest gain for a first quarter since 1981 - economic activity saw a modest deceleration. Industrial production, grew by 7.1% in the April - May period, compared to 8.7% during the first quarter.

Both consumer spending and exports continued to grow at a significant pace. Exports, supported by the strong demand coming from the United States, grew by 25.2%

during the April - May period (compared with 26.9% in the first quarter). For its part, consumer spending maintained a strong growth rate. Given all these facts, one can expect that the GDP growth during the second quarter will not be far from the 7.9% seen in the first quarter.

In general, the macroeconomic environment has remained stable. It is particularly worth noting that the indicators for trouble in the economy, brought on by the traditional election year problems, are virtually nonexistent this time around. If you add to this the fact that the elections were carried out in an orderly manner, thereby reducing the country risk substantially, there are good reasons to assume that the economic growth will be sustained during the coming quarters.

II. Recent Events

Grupo Financiero Banorte

Annual Shareholders Meeting. GFNorte held its Annual Shareholders Meeting on April 27, 2000, where it was agreed to distribute the 1999 earnings, amounting to Ps1, 133.1 million, as follows: 1) transfer Ps 842.8 million to Retained Earnings; 2) apply Ps56.7 million to Capital Reserves; and 3) cancel out Ps233.6 million worth of Goodwill in Investments in Subsidiaries.

Alliance with IBM Mexico. - Banorte, the principal subsidiary of GFNorte, and IBM Mexico signed an agreement on May 31, 2000, through which they will formalize an alliance that has as its objective to promote the sale of IBM computer equipment and products on payment terms, with financing provided by Banorte.

Advances in the Internet. - During the second quarter of 2000, a new Internet application was launched which replaces the PC banking services that will provide solutions to about 5,000 companies, allowing them to carry out any type of transaction automatically with any Bank inside and outside the country, with high security protection devices that have been validated by outside firms. With this new application we expect to double our client base. For individual customers, we are ready to launch an application in the third quarter of 2000 with user-friendly navigation that will offer transfers between accounts and credit card payments, as well as information on transactions and balances which are already available.

Banking Sector

Moody's assigns the Prime-1 rating to Banorte Issues. - On June 19, 2000, Moody's Investor Service assigned Banorte the Prime-1 rating for \$200 million dollars corresponding to a letter of credit backed by a commercial paper program of Banorte, maturing in June, 2002. These resources will be channeled to companies involved in international business.

Cede of rights of collection to Goldman Sachs.-On April 14 of this year, collection rights on Serfin mortgage loans were ceded to Goldman Sachs for Ps4,769, equivalent to about 50% of the Mortgage Portfolio contained within the Serfin portfolio, whose collection rights were acquired by Banorte in the first quarter of 2000. We were thereby able to decrease the initial investment of the Group, increasing the yield on the investment and also decreasing the administration risk of the portfolio.

Cross Currency Swap Operations.- During the months of April and May 2000, USD50 million was placed in "Cross Currency Swap" operations at an average term of 3 years, from which USD25 million were included in 1Q00, and other USD25 million in 2Q00, accumulating a total of USD150 million. These resources will be used to support companies involved in international business.

III. Strategy

Branch Network- Grupo Financiero Banorte is continuing its strategy to complete its branch network expansion on a national level to reinforce its presence in Mexico City, the northwest, and the southeastern parts of the country. In order to do so, it has considered several options: 1)growing by means of acquisitions, on several occasions the Group has expressed an interest in acquiring Bancrecer; 2)purchasing branches that may be available as a result of the mergers of Bancomer-BBVA and Serfin-Santander; and 3) by opening new branches. The final mid term objective is to have 800 branches in the country.

Increases in Operating Efficiency: In 1999, GFNorte began a revision of its internal operating processes at the branch, "back office," and central and corporate areas with the goal of improving operational efficiency through new processes that will reduce the operating expenses of the banking sector. This gave rise to the process named "Evolution" which, with the help of Anderson Consulting, is geared toward automating processes and revising the personnel structures, and also to other project named

"Transformación" focused in improving the credit process efficiency. The results of these projects will start to become noticeable in the second half of 2000. These benefits will be in addition to the downsizing of personnel carried out in the latter half of 1999.

IV. Accounting Changes and Regulations

Grupo Financiero Banorte (GFNorte)-The Commission for Accounting Principles of the Mexican Institute of Public Accountants modified Report D-4, wherein they explain the accounting treatment of deferred Income Tax, Asset Tax, and Profit Sharing. It shows that there is one prevailing method for determining the basis for calculating the Deferred Income Tax, consisting of comparing the accounting and fiscal valuations of assets and liabilities, among other things. These stipulations went into effect on January 1, 2000. As of June, the effect of this D-4 Report was a reduction of Ps259 million in Banortes' Stockholders Equity. For Bancen the impact would be positive due to the important existing tax loss carry forwards, however it has not been registered yet in the Stockholder's Equity because there is no certainty we would make use of them entirely.

Following instructions of the CNByV we eliminated the adjustments presented in the 1Q00 release for the net interest income and loan loss provisions of Bancen, of the banking sector, and the consolidated figures of the Group related to a transfer operation, in accounting terms, of loan provisions over and above the UDIS trusts to the balance sheet of Bancen for Ps181.7 million which, in accordance with these rules, must be entered via the net interest income on the income statement to then provide for the loan risks by way of the loan provisions account, increasing the amount of both items by this sum.

In order to improve the transparency and comparability of the Income Statement of the 1Q00 for the Banking Sector and for the Group, we incorporated all January, 2000 income and expense figures of Banpaís (was merged into Banorte in February, 2000) in their corresponding income statement accounts at the Banking Sector and Group levels. January results of Banpaís were shown as a net number in the Subsidiaries Net Income account in the 1Q00 release, following the accounting regulations. Besides, beginning this quarter, a line item will be added to Banorte's income statement called: Corporate Expense Recoveries given that this bank

concentrates corporate and central processes expenses that are latter charged to Bancen, and previously also to Banpaís. While in the case of Banorte this amount can be seen clearly, this figure converts to zero when consolidating the Banking Sector and the Group due to inter-company eliminations.

V. Highlights

Grupo Financiero Banorte Consolidated with Subsidiaries (GFNorte) Earned net profits of Ps185.7 million during the quarter, 57.6% lower than those of 1Q00, equivalent to earnings of Ps0.36 per share (fully diluted) due to the losses registered in Bancassurance, Annuities and the Brokerage House. Accumulated profits for the 1H00 amounted Ps 623.9 million, 7.2% lower than those accumulated in the 1H99. Total Assets of GFNorte were Ps120,764 million and its Loan Portfolio was Ps84,100 million, been the first 5.2% lower and the later 1.9% higher to those of the previous quarter. The Stockholders Equity was \$8,849 million, 4.3% lower than in 1Q00.

The Banking Sector (Banorte and Bancen) generated earnings of Ps214.2 million during the quarter, 41.3% lower than those of 1Q00. Accumulated profits for the 1H00 amounted Ps578.9 million, 3.7% higher than those accumulated in the 1H99. With the largest contributions coming from Bancen, with Ps351.9 million and Banorte with Ps226.9 million. The past due loan ratio at the close of the quarter was 4.9%, and the Reserve Coverage was 105.6%, compared to 5.3% and 102.4% respectively at the end of 1Q00.

The Brokerage Sector (the Brokerage House) registered a loss of Ps10.3 million for the quarter vs. a profit of Ps17.8 million in the previous quarter. This drop was due to the negative impact of the valuation of marketable securities in the risk position of the Brokerage House.

Long-Term Savings Sector - This sector reported losses for the quarter of Ps43.4 million vs. a Ps43.3 million profit in 1Q00, equivalent to a decrease of 200.2% compared to 1Q00, due mainly to the negative impact of higher interest rates on the fixed income securities portfolio valuation in the Bancassurance and Annuities subsidiaries.

Auxiliary Organizations Sector - Accumulated earnings during the quarter in this Sector were Ps16.2 million, 17.4% higher than in 1Q00, with the largest contributor being the Factoring business, which accounted for roughly 55% of the sectors profits.

VI. Grupo Financiero- Consolidated

Grupo Financiero Banorte Earnings

(Millions as of June 00 Ps)

	QUARTER		ACUM.	
	1Q00	2Q00	2Q99	2Q00
G. F. Banorte [holding]	(1.4)	9.1	(2.3)	7.7
Banking Sector				
Banco Mercantil del Norte (1)	82.1	144.8	424.2	226.9
Banco del Centro	<u>282.5</u>	<u>69.4</u>	<u>133.9</u>	<u>351.9</u>
	364.7	214.2	558.1	578.9
Brokerage Sector				
Brokerage House	17.8	(10.3)	83.6	7.5
Long-Term Saving Sector				
Pension Funds Afore	32.2	2.1	19.1	34.3
Bancassurance	2.1	(19.6)	(0.6)	(1.5)
Annuities	<u>9.0</u>	<u>(25.9)</u>	<u>(15.1)</u>	<u>(16.9)</u>
	43.3	(43.4)	3.4	(0.1)
Auxiliary Organization Sector				
Leasing	3.8	4.4	7.4	8.2
Factoring	8.7	8.6	16.7	17.3
Warehousing	0.5	0.6	1.7	1.2
Bonding	<u>0.7</u>	<u>2.6</u>	<u>3.4</u>	<u>3.3</u>
	13.8	16.2	29.2	30.0
Total	438.2	185.7	672.0	623.9

RATIOS

Net Income per Share (2)	0.93	0.39	1.42	1.32
Net Inc. per Share (diluted) (3)	0.84	0.36	1.29	1.19
Dividends per share (2)	-	-	-	-
Book Value per share (2) (4)	17.87	17.17	16.46	17.17
Book Value per share (3) (4)	16.16	15.52	14.88	15.52

- 1) 94.09% owned by GFNorte. Excludes the AFORE.
- 2) Per Share data, based on 472.1 million shares outstanding on June 30,2000.
- 3) Assumes a conversion of the Subordinated Convertible Debt. at a minimum conversion price of Ps8.50 per share (50 millions of shares)
- 4) Excluding Minority holdings.

GFNorte Ownership in Subsidiaries- 2Q00

(Percentages)

	2Q00
Banco Mercantil del Norte (1)	94.09%
Banco del Centro	99.99%
Brokerage House	99.99%
Pension Funds Afore (2)	50.99%
Bancassurance	51.00%
Annuities	51.00%
Leasing	99.99%
Factoring	99.99%
Warehousing	99.99%
Bonding	99.99%

- (1) As a result of merging Banpaís in February, 2000.
- (2) Subsidiary of Banco Mercantil del Norte.

Capital Structure of the Holding Company

	Current Shares Outstanding as of June 30, 2000	%
O Series	472,106,483	100.0

Banorte's Rating – 2Q00

Calificadoras	Opinion	Category	Date
Moody's Investor	D	Banorte's Financial Strength	Jun- 1999
Bankwatch	IC-C	Banorte's Financial Strength	Feb-2000
Standard & Poors	BB/Stable/B	Banorte's Financial Strength	Aug-1999
Duff & Phelps	AAA	Remittance-Baked Certificates (Banorte)	Jul-1999

Relevant Numbers for Grupo Financiero

(Millions as of June '00 Ps)

Income Statement	QUARTER		ACUM.	
	1Q00	2Q00	2Q99	2Q00
Net Interest Income (NII)	1,581.0	1,426.5	3,550.5	3,007.5
+ REPOMO-Margin	4.4	(12.9)	586.0	(8.6)
= NII after Repomo	1,585.4	1,413.5	4,136.5	2,998.9
- Loan Loss Provisions	224.7	173.8	387.3	398.5
- Loss Sharing Provisions	40.1	35.2	154.9	75.3
=NII after Provisions	1,320.6	1,204.6	3,594.3	2,525.2
+ Non Interest Income	796.6	583.7	1,221.4	1,380.3
= Total Operating Income	2,117.2	1,788.3	4,815.7	3,905.5
- Non Interest Expense	1,540.6	1,605.8	3,377.8	3,146.3
= Net Operating Income	576.7	182.5	1,437.9	759.2
- Other Expense (Income)	(37.0)	67.0	(614.4)	30.0
= Pre-tax Income	539.6	249.5	823.5	789.2
- Income Tax & profit sharing	(35.6)	28.3	(91.6)	(7.3)
- Tax on asset	(5.4)	(4.4)	(17.3)	(9.7)
- Deff. Inc. Tax & profit sharing	(33.8)	(43.5)	22.8	(77.3)
= Net Income b/Subsidiaries	464.8	230.0	737.4	694.8
+ Undistrib. Earnings of Subs.	16.6	(32.9)	(15.6)	(16.3)
=Net Income-contin. Operation	481.4	197.1	721.8	678.5
+ Extraordinary Items, net	-	-	-	-
- Minority Income	(43.2)	(11.3)	(49.8)	(54.5)
=Total Net Income	438.2	185.7	672.0	623.9

Balance Sheet

	2Q99	1Q00	2Q00
Total Assets	104,613	127,363	120,764
Loan Portfolio	83,598	82,564	84,100
Deposits	71,687	97,186	88,443
Equity	8,496	9,247	8,849
PDL	5,847	4,375	4,135
LLR	5,780	4,465	4,355

Asset Quality Ratios

PDL to Total Loans	7.0%	5.3%	4.9%
LLR to PDL	98.9%	102.0%	105.3%

Profability Ratios

ROA (1)	1.0%	1.4%	0.6%
ROE (2)	12.7%	21.3%	9.1%

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

LLR= Loan Loss Reserves, PDL= Past Due Loans, NPDL= Net Past Due Loans

Grupo Financiero Banorte (GFNorte) - generated Ps185.7 million in earnings for the quarter, 57.6% lower than 1Q00. Accumulated profits for the 1H00 amounted Ps623.9 million, 7.2% lower than those accumulated in the 1H99. The Net Interest Income before Repomo was 9.8% lower when compared to the previous quarter principally due to Ps181.7 million included in 1Q00 derived from the accounting effect of transferring loan loss provisions from UDIS trusts to Bancen; to the positive effect in 2Q00 for Ps93.7 million of Interest Income stemming from an adjustment in the Debtors Programs from 1997 to 1Q00 reflected in 2Q00, and to a lower quarterly average interest rate level which was partly compensated by a 6.9% growth in Performing Loans (without Fobaproa). Accumulated for the year, the Net Interest Income showed a 15.3% decrease vs. 1H99 mainly due to lower interest rates levels and to a lower yield in Fobaproa Notes. During the quarter, Ps173.8 million in Loan Provisions were created as well as Ps35.2 million in Fobaproa loss sharing provisions. Non Interest Income decrease by 26.7% due mainly to the extraordinary fee income in the 1Q00 related to Serfin loans collections of 7 months of Ps192.4 million, that was shown in that quarter. For the first half of the year it showed a 13.0% increase when compared to 1H99 for the same reason. Non Interest Expense increased by 4.2% compared to the previous quarter due primarily to the annual salary increase at executive levels as well as to Tax Other than income tax. For the year, there was a 6.9% decrease vs 1H99 due primarily to the positive results of the cost efficiency and rationalization program started in second half of 1999.

The Group's stockholders' Equity decreased by Ps398 million vs 1Q00 mainly because of a Ps233.6 Goodwill cancelation in the Investment in Subsidiaries account against Retained Earnings as agreed in the last stockholders annual meeting, to the Bankassurance, Annuities and Brokerage House losses in the quarter, and to the negative effect of the D4 bulletin in Banortes capital for Ps259 million.

No of Employees & Distribution Network

EMPLOYEES	2Q99	1Q00	2Q00
Banking Sector	9,558	8,928	8,935
Other Sectors	1,277	2,170	2,192
Total Group	10,835	11,098	11,127

DISTRIBUTION NETWORK

Branches (*)	467	456	453
ATM	1,201	1,354	1,345

(*) Includes banking modules and excludes 3 branches located in Cayman Island.

The quarter ended with an annual personnel reduction of 623 employees from the Banking Sector of the Group, equivalent to 6.5% when compared to June, 1999. As a result of the program of cost reduction and rationalization of spending initiated in the second half of 1999.

With regard to other sectors of the Group, the number increased by 915 compared to June, 1999, due mainly to the hiring of 721 sales representatives for the Afore and 135 for the Annuities business, to support the sales efforts and to look for increasing our market share in these businesses.

We ended the quarter with 453 branches and 1,345 ATMS.

VII. Information by Sectors (See Annex I)
1. Banking Sector

(Millions of June 00 Ps)

	QUARTER		ACUM.	
	1Q00	2Q00	2Q99	2Q00
Income Statement				
Net Interest Income	1,638.7	1,507.2	3,669.6	3,146.0
+ REPOMO-Margin	24.3	(2.9)	624.8	21.4
= NII after Repomo	1,663.0	1,504.3	4,294.4	3,167.3
- Loan Loss Provisions	222.1	173.1	383.3	395.2
- Loss Sharing Provisions	40.1	35.2	154.9	75.3
=NII after Provisions	1,400.8	1,296.0	3,756.2	2,696.9
+ Non Interest Income	420.7	307.2	511.7	727.9
= Total Operating Income	1,821.5	1,603.2	4,267.8	3,424.7
- Non Interest Expense	1,357.9	1,406.2	3,045.3	2,764.3
= Net Operating Income	463.6	196.8	1,222.5	660.5
+ Other Expense (Income)	(33.3)	65.3	(608.7)	32.0
= Pre-tax Income	430.3	262.1	613.7	692.5
- Income Tax & profit sharing	-	-	(6.0)	-
- Tax on asset	(5.4)	(4.4)	(17.3)	(9.7)
- Deferred Inc. Tax & profit sharing	(51.3)	(38.5)	-	(89.9)
= Net Income b/Subsidiaries	373.6	219.4	590.4	592.8
+ Undistrib. Earnings of Subs.	33.6	6.2	21.6	39.8
= Net Income-continu. Operation	407.2	225.5	612.0	632.7
+ Extraordinary Items, net	-	-	-	-
Minoritary Income	(3.1)	-	(31.5)	(3.1)
=Total Net Income	404.1	225.5	580.5	629.5

Balance Sheet

	2Q99	1Q00	2Q00
Total Assets	100,871	123,622	116,440
Loan Portfolio	83,441	82,418	83,988

Deposits	71,984	97,484	88,729
Equity	6,715	7,250	7,179
PDL	5,716	4,346	4,107
LLR	5,716	4,448	4,337

Asset Quality Ratios

PDL to Total Loans	6.9%	5.3%	4.9%
LLR to PDL	100.0%	102.4%	105.6%
NPDL to Equity	0.0%	-1.4%	-3.2%

Profability Ratios

ROA (1)	0.9%	1.2%	0.8%
ROE (2)	13.8%	22.4%	13.2%

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

NII= Net Interest Income, LLP_ Loan Loss Provisions, PDL= Past Due Loans, LLR= Loan Loss Reserves, NPDL=Net Pat Due Loans

Profits from the Banking Sector totaled Ps225.5 million during the quarter, 44.2% less than the previous quarter. Accumulated profits for the 1H00 amounted Ps629.5 million, 8.4% higher than those accumulated in the 1H99. During the quarter, loan loss provisions increased by Ps173.1 million, and Ps35.2 million were charged for Fobaproa loss sharing provisions. Net Interest Income before Repomo decreased by 8.0% with respect to 1Q00. Non Interest Income for the quarter was Ps307.2 million, vs. Ps420.7 million of the previous quarter, a decrease of 27.0%, with the main factor being a lower fee income received from the Serfin loans collections (Fiduciary). Non Interest Expense was Ps1,406.2 for the quarter, 3.6% higher than in 1Q00 due primarily to the increase in management wages and to taxes other than income tax.

Net Interest Income

(Millions as of June .00 Ps)

	1Q00			2Q00	
	BN	BC	BP	BN	BC
Int. Inc.- loans & securit.	3,977.7	1,207.8	561.5	4,220.3	973.2
Int. Inc.- repo agreement.	111.6	0.1	9.8	121.3	0.5
Foreign exch. Valuation	16.1	-	3.6	3.4	-
UDI valuation	-	-	0.1	-	-
Interest Income	4,105.5	1,207.9	575.0	4,345.0	973.7
Loan Fees	104.7	8.8	2.5	117.7	7.6
Int. Exp.-dep.& funding	2,654.7	709.4	463.4	2,846.7	624.5
Int. exp.- repo agreement	492.1	4.4	9.6	448.6	4.8
Foreign exch. Valuation	-	0.5	-	-	(0.1)
UDI valuation	29.6	(1.0)	-	6.9	1.4
- Interest Expense	3,176.4	713.2	473.0	3,302.3	630.7

Fees paid	1.9	1.0	0.1	3.3	0.5
= NII	1,031.9	502.4	104.4	1,157.1	350.1
Ave. earn. Assets	89,276.4	23,491.5	43,615.5	102,606.	23,256.8
% NIM (1)	4.6%	8.6%	1.0%	4.5%	6.0%

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

NII= Net Interest Income

BN=Banorte & BC=Bancen

During the Second Quarter of 2000, there were two accounting changes that affected the net interest income figures, one pertaining to the interest income on loans and securities, and one to the loan loss provisions, respectively. In both cases for an amount of Ps93.7 million stemming from a calculation adjustment in the accounting of the debtors support programs from 1997 through the first quarter of 2000 in favor of Banorte and Bancen. As instructed by the CNByV (the National Banking and Securities Commission), we increased the interest income as a net positive result of this recalculation and, at the same time, we were instructed to create loan loss reserves for the same amount, while the official process for payment authorization is being completed by this same authority.

Net Interest Income before Repomo for the Banking Sector was Ps1,507.2 million, 8.0% lower than for the first quarter of 2000. This decrease was due primarily to the accounting effect for Ps181.7 million of transferring loan loss provisions from UDI trusts to Bancen in 1Q00; to the positive effect in 2Q00 for Ps93.7 million of Interest Income stemming from an adjustment in the Debtors Programs from 1997 to 1Q00. The impact of lower average interest rates during 2Q00 (28 day Cetes: 1Q00=15.3% vs 2Q00=14.1%) was partly compensated by a 6.9% growth in performing loans (without Fobaproa) and to the valuation of the interest income derived from dollar assets using a higher exchange rate than during the previous quarter (Exchange rate for 1Q00 =9.30 Ps/USD vs. 2Q00=9.90Ps/USD). When comparing the net interest income before Repomo for 1H00, it was down 14.2% compared to 1999, due primarily to lower interest rate levels (9.5 percentual points vs 1H99) and to the reduction in the yield of the Fobaproa Notes since December 1999.

Non Interest Income

(Millions as of June '00 Ps)

	QUARTER		ACUM.	
	1Q00	2Q00	2Q99	2Q00
Fees on purchased services:				
+ Fund Transfers	6.4	6.9	12.2	13.4
+ Account Manag. Fees	42.7	46.7	70.6	89.4
+ Fiduciary	201.5	33.7	18.9	235.2
+ Credit Card	2.7	2.5	10.7	5.1
+ From Fobaproa	83.5	216.3	225.7	299.8
+ Other Fees	<u>106.7</u>	<u>58.3</u>	<u>101.3</u>	<u>165.0</u>
	443.4	364.5	439.4	807.9
Fees on payed services:				
+ Fund Transfers	-	-	0.3	-
+ Other Fees	<u>84.1</u>	<u>85.3</u>	<u>115.2</u>	<u>169.3</u>
	84.1	85.3	115.5	169.3
=Net Fees	359.3	279.2	323.9	638.6
= Trading Income				
+ Foreign Exchange	31.1	45.9	126.4	77.0
+ Sec.- Realized gains	11.1	7.1	42.3	18.2
+ Sec.- Unrealized gains	<u>19.2</u>	<u>(25.0)</u>	<u>19.1</u>	<u>(5.8)</u>
	61.4	28.0	187.8	89.3
= Non Interest Income	420.7	307.2	511.7	727.9

Non-Interest Income for the quarter was 27.0% lower than for the first quarter of 2000, due mainly to Ps192.4 million in extraordinary fee income from collections of the Serfin portfolio, stemming from the fiduciary account in the previous quarter. This same line item reported only Ps 20.7 million in the second quarter of 2000, due to the lagging time for reception of files and the beginning of the collection process in the quarter. We expect these fees to normalize in 3Q00. On the other hand, fees from Fobaproa collections increased by 159.0% due to the fact that in June of this year fees were charged for the management of repossessed assets awarded from the onset until 1999 for Ps114 millions in addition to normal fees from collections. Trading Income decreased by 54.4% in the quarter due to the negative impact of higher interest rates in the valuation of marketable securities that went from Ps19.2 million in 1Q00 to a Ps25.0 million loss in 2Q00. In accumulated form, interest income for the first half of 2000 was 42.3% higher than during the same period in 1999, due mainly to income stemming from collections on the Serfin portfolio reported in the Fiduciary account, and to fees received from Fobaproa loans collections.

Note: The earnings presented in the first quarter 2000 report shown under the fiduciary heading are derived from collections on the Serfin portfolio made from August 31, 1999 (the cut-off date for the valuation of this portfolio in the IPAB tender process), up to the end of March

2000 (equivalent to 7 months). This amount was the net result of subtracting the cost of funding, plus the associated collection costs for the same period, from the gross income from collections on the portfolio. This portfolio was received for collection on March 1st, 2000.

Non Interest Expense

	QUARTER		ACUM.	
	1Q00	2Q00	2Q99	2Q00
Personnel Expenses	574.2	600.5	1,165.0	1,174.7
+Fees Paid	71.8	77.6	201.1	149.4
+Operation & Adminis. Expenses	367.5	362.7	953.0	730.2
+Rent, Depreciation & Amortization	176.5	147.1	389.3	323.6
+Tax other than income tax	88.8	119.8	220.4	208.6
+Contributions to IPAB	79.0	98.7	116.6	177.8
- Corporate Expense Recoveries	-	-	-	-
= Non Interest Expense	1,357.9	1,406.4	3,045.3	2,764.3

Non-interest expense for the quarter increased by 3.6% compared to the first quarter of 2000, due mainly to the 12% annual salary at the executive level starting in April of this year which explains the 4.6% increase in Personnel Expenses (non executive personnel salary increase will be reflected until 3Q00), and to higher VAT taxes derived from higher purchase volumes during the quarter compared to the first quarter of 2000 (Ps24.4 million), and Ps7.4 million from the impact of salary increases in terms of the 2% payroll tax, and to a lesser degree, an increase in consulting fees paid to contract outside personnel to strengthen the collection efforts on the Serfin portfolio acquired in the first quarter of 2000. When comparing the second quarter of 2000 to the same period in 1999, a Ps281.0 million drop in spending is noticeable, which represents a reduction of 9.2%. This is due to the positive effects of the program to reduce spending, the rationalization efforts started in the second half of last year.

Other Expenses (Revenues)

	QUARTER		ACUM.	
	1Q00	2Q00	2Q99	2Q00
+Other Revenues	105.4	133.4	103.8	238.8
+Foreign Exchange	-	-	-	-
+Recoveries	17.1	9.9	178.9	27.0
+Repomo-other	<u>16.7</u>	-	-	<u>16.7</u>
=Other Products	139.2	143.3	282.6	282.5
-Other Expenses	(53.5)	(39.3)	(190.5)	(92.9)
-Repomo-other	<u>(119.0)</u>	<u>(38.7)</u>	<u>(700.9)</u>	<u>(157.6)</u>
=Other Expenses	(172.5)	(78.0)	(891.4)	(250.5)
= Other Expenses(Revenues)	(33.3)	65.3	(608.7)	32.0

The net results from other products and expenses were Ps65.3 million versus Ps33.3 million negative in the previous quarter due to a major decrease of Ps80.3 million in Repomo-other resulting from lower inflation during the quarter (Inflation 1Q00=2.8% vs. 2Q00=1.5%) and to a Ps28.0 million increase in Other Products coming from profits from selling repossessed assets (Ps10 million), from the administration of the mutual funds of the Group (Ps6 million) and from several other products. In annualized form, the net result from other products and expenses increased by Ps640.7 million, 85% of which is explained by the decrease in the Repomo- other account versus the first half of 1999.

Loan Portfolio

(Millions as of June '00 Ps)

	2Q99	1Q00	2Q00
Performing Loans			
Commercial	15,941	14,340	15,249
Financial Intermediaries	1,418	3,937	4,850
Consumer	524	565	576
Mortgages	3,496	4,101	4,089
Government Entities	2,974	3,103	3,117
Fobaproa	<u>53,373</u>	<u>52,025</u>	<u>52,000</u>
Total	77,725	78,072	79,881
PDL			
Commercial	2,318	2,052	1,883
Financial Intermediaries	-	-	6
Consumer	660	588	583
Mortgages	2,738	1,704	1,635
Government Entities	-	-	-
Total	5,716	4,346	4,107
Total Proprietary Loans	83,441	82,418	83,988
% PDL	6.9%	5.3%	4.9%

PDL= Past Due Loans

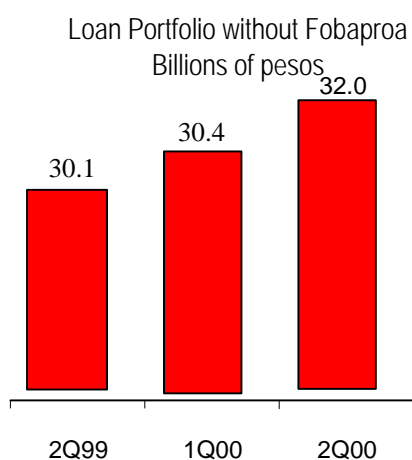
Don't exists Mortgages Rents Esquem

(*We reclassified a loan in the commercial loans to Financial Intermediaries portfolio in both 1Q00 and 2Q00, related to the purchase of the rights for the Serfin Portfolio, for an amount of Ps1,300 millions.

The quarter ended with an increase in the loan portfolio of 1.9% compared to the previous quarter to end with a balance of Ps 83,988 million. The portfolio without Fobaproa grew by 5.2% during the quarter and 6.4% vs 2T99 due to the granting of new commercial and financial intermediaries loans, which are reflected in a 6.3% increase in the Performing loans. There was also an increase of 23.2% in loans to Financial Intermediaries, of which about 50% were granted to non-banking subsidiaries of the Group and the remainder to businesses, which provide auto-financing. The high activity level in the growth of the economy in the country

is seen in a greater demand for loans, which is reflected in the growth of the loan portfolio (without Fobaproa).

The past due portfolio decreased by 5.5% compared to the first quarter of 2000, due mainly to the collection efforts on the commercial portfolio, which decreased by 8.3%. On the other hand, the mortgage past due loans went down by Ps69 million due to a reclassification of other type of loans which were restructured long-term with a mortgage guarantee and which have now been turned back into commercial loans. The past due loan ratio at the end of the second quarter of 2000 was 4.9%, versus 5.3% in the first quarter of 2000.



Classified Loans

(Millions of June '00 Pesos)

Category	1Q00		2Q00	
	Loans	%	Loans	%
A	17,332	64.5	17,867	62.7
B	3,722	13.9	5,105	17.9
C	1,658	6.2	1,746	6.1
D	2,495	9.3	3,032	10.6
E (*)	1,644	6.1	766	2.7
Total	26,851	100.0	28,516	100.0
Excepted	51,168	65.3	53,047	64.9
Not Classified	389	0.5	185	0.2
	78,408	65.8	81,748	65.1

(*) Net of Charges offs

Note : Consolidated with UDIS

(**) Assessed with December '99 peso figures, except the credit card, which uses the numbers from March 31, 2000, per application of Report 1449 of the CNByV (the National Banking and Securities Commission).

(***) Assessed with March '00 peso figures, except the credit card and mortgage, which use the numbers from June 30, 2000, per application of Report 1449 and 1460 of the CNByV, respectively.

Fobaproa Loss Sharing Provisions

During the quarter, Ps30.0 million in Fobaproa Loss Sharing Provisions were charged through the income statement, that together with the amortization of Ps5.2 million in provisions charged against Deferred Assets (originally created since 3Q98) totaled Ps35.2 million. The

balance of Fobaproa reserves at the end of the quarter was at Ps468.7 million and the reserves charged against Deferred Assets amounted to Ps0 million due to the application of Bulletin 601-II-DGT-13825 of the CNByV by which we cancelled out Ps354 million worth of deferred assets against Fobaproa loss sharing provisions. Even after this cancellation of provisions we still are fully accomplishing the required provising as of June 2000, since we had excess reserves on top of what is required by the authorities.

Maximum Additional Contingency with Fobaproa

This information was calculated as of June, 2000 and includes the calculation of the Maximum Additional Contingency for the Banorte's Fobaproa Notes that is the only bank (from the original three banks) that has Loss Sharing stemming from the sold of Loans to Fobaproa and contingency on the notes exchanged for Repossessed Assets (Foba-70).

The balance of the Banorte's Fobaproa notes, net of deposits in checking accounts was Ps7,140 million. The Cash Recoveries to-date is equivalent to 18.1% of the gross note amount and 40.9% including Repossessed Assets.

(Millones de Pesos Constantes)

Fobaproa Notes	Balance	Recoveries
Gross Balance	9,286	
Checking account balance	1,677	18.1%
Balance Net of Deposits	7,609	
Loss Sharing Reserves	469	
Net Balance	7,140	
Repossessed Assets	2,120	22.8%
Loans	1,403	3,523
TOTAL		40.9%

Maximum Additional Contingency (includes Incentive Scheme)

Recoveries as % Loans and Repossessed Assets	(Millones de Pesos Constantes)			
	0%	20%	40%	60%
Recoveries as % Fobaproa Notes	0%	11%	23%	34%
Gross Balance	9,286	9,286	9,286	9,286
-Checking account balance	1,677	1,677	1,677	1,677
=Balance Net of Deposits	7,609	7,609	7,609	7,609
- Collections	-	705	1,409	2,114
=Promissory Note Net of Checking and Collections	7,609	6,905	6,200	5,496
Contingency before Reserves	1,834	1,664	1,494	1,324
-Reserves	469	469	469	469
= Fobaproa Contingency	1,365	1,195	1,026	856
June '00 Incentives Program	373	373	187	0
-Reserves	70	70	70	70
=Total Incentives Plan	302	302	117	(70)
Maximum Additional Contingency	1,668	1,498	1,143	786

(1): The calculation was based on Ps1,600 million of loans of the first sale to Fobaproa with a 29% loss sharing, Ps2,000 of the second sale with a 25%

loss sharing, and, Ps400 millions of the third sale with 0% loss sharing which gives a 24.1% weighted average percentage for all Fobaproa Notes.

Maximum Contingency with Fobaproa (F-70)

Banorte has a Fobaproa note representing the Repossessed Assets transferred to Fobaproa ("Foba-70"). The Gross balance of the note was Ps802.7millions and the balance of the note as of June 2000, net of deposits in checking account, was Ps630 millions. Furthermore a reserve for Ps258.7 millions was created. The restated balance of the Repossessed Assets was Ps434 million at the end of June, 2000.

Maximum Additional Contingency (Millones de Pesos Constantes)

Recoveries as % Repossessed Assets	0%	20%	40%	50%(1)	60%
Gross Balance	803	803	803	803	803
-Checking account balance	<u>172</u>	<u>172</u>	<u>172</u>	<u>172</u>	<u>172</u>
=Balance Net of Deposits	630	630	630	630	630
- Collections	-	<u>87</u>	<u>174</u>	<u>217</u>	<u>260</u>
=Promissory Note Net of Collections	630	544	457	413	370
-Reserves	<u>259</u>	<u>259</u>	<u>259</u>	<u>259</u>	<u>259</u>
= Fobaproa Contingency	372	285	198	155	111
Reserves for market valuations(2)	<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>
=Maximum Additional Contingency	311	224	137	94	50

Notes: (1) Estimated from the Net Estimated Sales Value (VNRE)

(2) In December 1999, we created a reserve for a decrease in repossessed assets value based on comparing the book values with the possible recovery values based on the market.

The sum of losses from the sale of repossessed assets not recognized in the results at the close of June 2000 was Ps0, since these were all recognized in the first quarter of 2000 for an amount of Ps1.0 million through the Other Income/Expense account of Banorte.

The procedure for determining the "Net Estimated Sales Value" (VNRE) of the repossessed assets is to estimate this based on the results obtained to date and on the quality of the remaining ones, which is estimated at 50% of the updated book value of those assets.

Loan Loss Reserves (LLR)

(Millions as of June '00 Ps)

	2000		
	BN	BC	Total
Previous Period end-LLR	3,124	1,324	4,448
+ Provisions taken in the period	112	61	173
- Charge offs and discounts	181	81	262
-Special Fobaproa Notes Rsvs	-	-	-
+ Valuation & Other	(18)	(4)	(22)
= LLR at period end	3,037	1,300	4,337

BN=Banorte & BC=Bancan

During the quarter, Ps173.1 million was set aside for provisions, of which Ps93.7 million was done per instructions from the CNByV in relation with the calculation adjustment for the debtors support programs, in favor of Banorte and Bancan. On the other hand, Ps262 million was reported in charge offs and discounts related to the collections and restructuring of the commercial and mortgage past due portfolio.

Reserve Coverage as of 2Q00

(Millions as of June '00 Ps)

BANORTE	PDL	LLR	LLR/PDL
Commercial	1,529	1,529	100.0%
Financial Intermediaries	-	-	-
Consumer	477	477	100.0%
Mortgage	1,300	1,031	79.3%
Government Entities	-	-	-
Total	3,306	3,037	91.9%
BANCEN			
Commercial	354	354	100.0%
Financial Intermediaries	6	6	100.0%
Consumer	106	106	100.0%
Mortgage	335	335	100.0%
Government Entities	-	-	-
Surplus	-	<u>499</u>	-
Total	801	1,300	162.3%
Total	4,107	4,337	105.6%

The Reserve Coverage of the banking sector of the Group was 105.6% at the end of 2Q00, higher than the 102.4% of 1Q00. Banorte had a 91.9% reserve coverage, with a 100.0% coverage in Commercial and Consumer loans and 79.3% in Mortgage; and Bancan showed a 162.3% reserve coverage with 100.0% coverage in all three types of loans with Ps499 million as a surplus.

Deposits

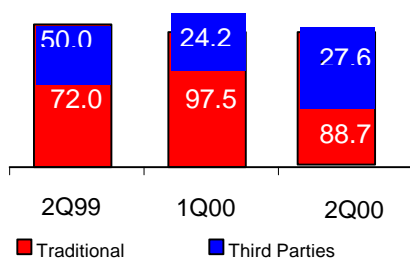
(Millions as of June '00 Ps)

	2Q99	1Q00	2Q00
Demand Deposits	20,214	21,647	22,492
Time Deposits	48,429	74,818	65,194
Bonds	<u>3,341</u>	<u>1,018</u>	<u>1,043</u>
Total	71,984	97,484	88,729
On behalf of Third Parties Deposits	50,001	24,210	27,560

During the quarter, there was a decrease of 9.0% in deposits, which was primarily reflected in time

deposits. This decrease owes itself to the maturity of treasury operations, contracted in the month of December 1999, which were not renewed due to market conditions, for an amount of Ps7,000 million, which had been invested in fixed rate securities, registered in the Negotiable Instruments account on the Balance Sheet.

Traditional and Behalf of third Parties Deposits
Billions of pesos



Capitalization

(Millions as of June 00 Ps)

	1Q00		2Q00	
	BN	BC	BN	BC
Basic Capital	3,926	1,929	4,335	1,999
Supplemental Capital	468	35	445	33
Net Capital (NC)	4,395	1,964	4,780	2,032
Risk credit assets	37,016	2,910	38,206	2,854
NC / RCA	11.9%	67.5%	12.5%	71.2%
Total risks assets (1)	39,595	3,580	41,043	3,666
Capitalization Ratio				
Tier 1	9.9%	53.9%	10.6%	54.5%
Tier 2	1.2%	1.0%	1.1%	0.9%
Total Capitaliz. Ratio	11.1%	54.9%	11.7%	55.4%

(1) Includes Market Risks. Without inter-company eliminations
BN=Banorte & BC=Bancan

The capitalization ratios for each bank at the close of the quarter were as follows: Banorte 11.7%, higher than the 11.1% of the previous quarter, and Bancan 55.4%, higher than the 54.9%. The net capital of Banorte increased by Ps385 million principally due to the cancellation of Ps354 million of Deferred assets against Loss provisions for Fobaproa that was subtracted to the basic Capital on 1Q00 following the new capitalization rules effective departing January, 2000. In the Net capital of Bancan it increases by Ps68 million basically due to the earnings of the quarter.

Notes:

- 1) The adjustment between the current Net Value of the repossessed assets with regard to appraisals made in 1Q00, was for Ps114 million that affected in 2Q00 to the accounts Retained Earnings an Non monetary assets results for valuation of fixed assets in Banorte. Both of them were registered in the Stockholders' Equity account, agreed with the official letter 601-II-DGT-13807 from CNByV. In the case of Bancan there was not adjustment because of the appraisals value was higher than the Book Value.
- 2) There was a cancellation of Ps31.2 million of Deferred Assets against Retained Earnings of Banorte agreed to the Official letter 601-II-DGT-13825. In the case of Bancan there was not impact resulted from this official letter.

US Dollar Assets and Liabilities

(Millions of Dollars)

	1Q00		2Q00	
	BN(1)	BC	BN	BC
Liabilities				
Retail Deposits	759.3	119.0	883.7	118.8
Market Deposits	464.4	-	400.8	-
Loans	538.2	0.3	433.5	0.3
Intergroup Funding	-	110.0	-	110.0
Development Banks	179.1	41.9	198.3	40.5
Cross Currency Swaps	100.0	-	150.0	-
Deferred payments	7.9	-	10.6	-
Loan Loss Reserves	31.1	20.0	31.7	18.3
Foreign Exchange Der	118.3	-	102.3	-
Other liabilities	-	12.0	-	4.9
Total	2,198.3	303.2	2,210.9	292.8
Assets				
Cash	13.9	0.8	8.8	1.1
Deposits on Foreign B	311.2	40.8	349.9	33.3
Intergroup Deposits	110.0	-	110.0	-
USCP A1P1	9.9	-	45.0	-
Investment portfolio	251.9	-	216.9	-
Loan portfolio	536.3	10.6	516.7	7.6
Fobaproa or IPAB Note	827.3	250.4	824.9	250.8
Foreign Exchange Der	111.2	-	107.5	-
Other assets	26.6	0.6	31.3	-
Total	2,198.3	303.2	2,210.9	292.8

BN=Banorte & BC=Bancan

Note: Starting with this quarterly report, we will no longer be including the loan that the Cayman Branch has with Banorte in the bank loans and deposits in foreign Banks. In March 2000, this represented US\$289.3 million and in June 2000, US\$189.0 million.

During the quarter, a similar dollar position was maintained as in the first quarter of 2000. Nevertheless, Retail Deposits increased 16.4% in Banorte, due to the pre-election uncertainty and volatility, which was reflected in a greater number of dollar operations. This funding replaced the Market Deposits and loans from banks.

During the months of April and May 2000, US\$50 million were placed in "Cross Currency Swap" operations at an average term of 3 years, from which USD25 million were included in 1Q00, and other USD25 million in 2Q00, accumulating a total of USD150 million. These resources will

be used to support companies involved in international business.

2. Other Sectors

Brokerage Sector

(Millions as of June '00 Ps)

	QUARTER		ACUM.	
	1Q00	2Q00	2Q99	2Q00
Brokerage House				
Net Income	17.8	(10.3)	83.6	7.5
Equity	525	516	446	516
Total Assets	2,543	3,096	2,715	3,096
Assets under Management	64,125	58,243	62,487	58,243

The **Brokerage House** posted a Ps10.3 million loss during the second quarter of 2000, compared with the last quarter when it showed a profit of Ps17.8 million. This drop was due to the negative impact of the valuation of marketable securities in the risk position of the Brokerage House. In total for the first half of 2000 versus the first half of 1999, the major decrease in net earnings is owed, in addition to the aforementioned impact from the second quarter of 2000, to the transfer of the administration of the mutual funds to Bancen starting the fourth quarter of 1999. Because of this transfer, such large inflows of revenue are no longer being reported for the Brokerage House.

Long Term Savings Sector

(Millions as of June '00 Ps)

	QUARTER		ACUM.	
	1Q00	2Q00	2Q99	2Q00
Afore				
Net Income	67.1	4.3	37.5	71.4
Equity	1,015	896	818	896
Total Assets	1,057	990	846	990
Assets under Management	6,272	6,799	4,334	6,799
Bancassurance				
Net Income	4.1	(38.4)	(1.2)	(34.3)
Equity	133	112	115	112
Total Assets	1,282	1,255	662	1,255
Annuities				
Net Income	17.7	(50.8)	(29.5)	(33.1)
Equity	115	91	82	91
Total Assets	1,344	1,574	639	1,574

The **Afore** had profits for Ps4.3 million in 2Q00 (51% for Banorte), 93.6% lower than those of 1Q00 due, in an important portion, to the results emerged from the business cycle because bimonthly contributions from the companies that are received by the AFORE unevenly distributed throughout the year receiving two contributions in

1st. and 3rd. quarters an just one contribution in 2nd and 4th quarters. In total, the earnings for the first half of 2000 were 90.4% higher than in 1999 as a consequence of the 57% increase in managed assets.

The **Bancassurance** business had a loss of Ps38.4 million vs. a Ps4.1 million profit in the previous quarter (51% for GFNorte). This major decline is due to the negative impact of the valuation of marketable securities from the investment portfolio's position in which the technical reserves are invested. This impact was important and was because part of the investments are mid and long term. In total for 2000, the accumulated losses for the first half of the year were greater than the year before due to the aforementioned factor in the second quarter of 2000.

The **Annuities Company** showed a loss of Ps50.8 million, which compares unfavorably with the Ps17.7 million profit in the previous quarter (51% of which GFNorte). This significant decline is due to the negative impact of the valuation of marketable securities from the investment portfolio's position in which the technical reserves are invested. This impact was very important because of the investments are long term by it's bussines nature. In total for 2000, the accumulated losses for the first half of the year were greater than the year before due to the aforementioned factor in the Second Quarter of 2000.

Auxiliary Organizations Sector

(Millions as of June '00 Ps)

	QUARTER		ACUM.	
	1Q00	2Q00	2Q99	2Q00
Leasing				
Net Income	3.8	4.4	7.4	8.2
Equity	94	96	86	96
Loan Portfolio(*)	468	510	577	510
Past Due Loans	19	19	117	19
Loan Loss Reserves	7	9	56	9
Total Assets	472	513	537	513
Factoring				
Net Income	8.7	8.6	16.7	17.3
Equity	124	132	103	132
Loan Portfolio	1,084	1,399	875	1,400
Past Due Loans	10	10	9	10
Loan Loss Reserves	10	10	6	10
Total Assets	1,092	1,406	873	1,406
Warehousing				
Net Income	0.5	0.6	1.7	1.2
Equity	54	55	53	55
Inventories(**)	-	315	-	315
Total Assets	59	375	56	375

Bonding

Net Income	0.7	2.6	3.4	3.3
Equity	54	56	52	56
Total Assets	114	116	107	116

New Accounting Principles : Warehousing, Leasing & Factoring= Circular 1458

(*) Departing 2000 it includes operating lease.

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

The **Leasing Company** earned Ps4.4 million for the quarter, up from the Ps3.8 million earned in the first quarter of 2000, since the portfolio increased by 9.0% with respect to the previous quarter. The accumulated earnings as of the second quarter of 2000 were 10.8% higher than the year before due to an important decrease in the past due portfolio, which went down by 84%. Currently we are number 8 out of 32 leasing companies in the sector. We moved up from 9th to 8th place compared to the first quarter of 2000.

The **Factoring Company** generated Ps8.6 million in profits in the second quarter of 2000, very similar to what it earned in the first quarter of 2000, due to the fact that the average portfolio during the quarter was much the same as in the first quarter of 2000, given that the 29.1% growth of the portfolio occurred toward end of the month of June. Accumulated earnings for the first half of 2000 were 3.6% greater than accumulated earnings for the first half of 1999 due to a strategy of working with larger companies that offer greater security. This was reflected in the 60% growth of the portfolio without increasing the past due portfolio. Currently, we are in first place among 11 factoring businesses.

The **Warehousing** posted second quarter 2000 earnings of Ps0.6 million, 20% higher than the previous quarter. In annual terms, this translates to a profit of Ps1.2 million in 1S00. At the close of the first half of 2000, we are starting a new service for marketing inventories for the industry, thereby achieving outstanding financial advantages for those companies who contract this service. In this way, the warehousing unit is not only generating more business, but also positioning itself as a new channel of placement for low risk loans for GFNorte and continues to stand out on a national level as an innovator in the warehousing environment.

The **Bonding Company** generated Ps2.6 million in net profits for the quarter, 271.4% more than in the first quarter of 2000. This was because in the previous quarter it had to pay out claims from earlier administrations, which impacted expenses. In accumulated terms, earnings for 2000 are similar to those in 1999.

ANNEX I.- Grupo Financiero-Information by Segments

Proforma consolidated data as of 2Q00(*)

(Millions as of June '00 Ps)	(1) BANORTE	(3) BANCEN	TOTAL SECTOR
Income Statement			
NII	1,157.1	350.1	1,057.2
Non Interest Income	278.7	28.5	307.2
Non Interest Expense	1,122.1	284.3	1,406.2
Other income (expense)	(4.0)	69.3	65.3
Extraordinary items, net	-	-	-
Net Income	132.9	92.5	225.5
Balance Sheet			
Assets	92,517	23,923	116,440
Loans	62,682	21,306	83,988
Deposits	70,876	17,853	88,729
Equity	5,157	2,022	7,179
PDL	3,306	801	4,107
LLR	3,037	1,300	4,337
Ratios			
% NII	4.5	6.0	N.A.
Expense/ Total Assets	4.9	4.8	4.8
% PDL	5.3%	3.8%	4.9%
Reserves / PDL	91.9%	162.2%	105.6%
% Capitalization (2) (*)	11.7%	55.4%	N.A.

(*) Without taking intercompanies accounts

1) Includes a 94.73% participation of the Group.

2) Includes Market Risks.

3) Excludes the AFORE.

NII= Net Interest Income, PDL= Past Due Loans, LLR= Loan Loss Reserves

With the ultimate goal of improving the understanding of information of the Group and given the importance of the 3 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 pro-forma 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 Banorte), 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, Bancassurance 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" given that they each represent only a very small participation in the group. This segmentation was done on the basis of the International Accounting Normative (NIC 14) and the Statement of Financial and Accounting Standards N° 131 that refers to the rules for presenting financial information by segment.

Inter-bank Eliminations Summary

(Millions as of June '00 Ps)	BANORTE	BANCEN	INTERBANK ELIMINATIONS
Income Statement			
NII	(23.1)	23.1	-
Non Interest Income	-	-	-
Non Interest Expense	(88.2)	-	(88.2)
Other Income (expense)	1.1	-	1.1
Extraordinary items, net	-	-	-
Balance Sheet			
Assets	(1,081)	(1)	(1,082)
Loans	-	-	-
Deposits	(1)	-	(1)
Equity	-	-	-
PDL	-	-	-
LLR	-	-	-

NII= Net Interest Income, PDL= Past Due Loans, LLR= Loan Loss Reserves

The afore mentioned table shows the eliminations between the three 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 Banorte but is, nevertheless, included in the individual Financial Statements of Banorte.

Reconciliation of Segments Summary-2Q00

(Millions as of June '00 Ps)	BANKING SECTOR	OTHER SECTORS	WITHOUT OT. SECT.	TOTAL GROUP
Income Statement				
NII	1,507.2	26.8	(107.5)	1,426.5
Non Interest Income	307.2	160.5	116.0	583.7
Non Interest Expense	1,406.4	201.0	(1.7)	1,605.8
Other Income (expense)	65.3	2.8	(1.1)	67.0
Extraordinary items, net	-	-	-	-
Balance Sheet				
Assets	116,440	14,486	(10,162)	120,764
Loans	83,988	1,847	(1,734)	84,100
Deposits	88,729	-	(286)	88,443
Equity	7,179	9,800	(8,130)	8,849
PDL	4,107	28	-	4,135
LLR	4,337	18	-	4,355

NII= Net Interest Income, PDL= Past Due Loans, LLR= Loan Loss Reserves

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, and also to the expenses for maintaining the corporate structure.

GRUPO FINANCIERO BANORTE – Consolidated Balance Sheet

(Millions as of June '00 Pesos)

ASSETS	1Q99	2Q99	3Q99	4Q99	1Q00	2Q00	3Q00	4Q00
Cash and due from Banks	10,583	11,014	11,956	13,656	10,995	10,429		
Negotiable Instruments	1,525	2,640	2,572	16,232	24,172	17,475		
Securities held for sale	352	343	336	300	48	46		
Securities held to maturity	5,259	4,295	4,497	4,457	4,749	4,364		
Financial Instruments:	7,136	7,279	7,405	20,989	28,969	22,156		
Repurchase agreements, net	85	56	19	80	60	209		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	-	-	2	-	-	-		
Options and derivatives, net	6	4	6	79	183	69		
Repos & Derivatives :	91	60	27	160	243	279		
Commercial	16,052	17,180	15,946	16,058	15,772	17,033		
Financial Intermediaries	596	206	666	1,737	2,606	3,133		
Consumer	618	524	549	543	565	576		
Mortgage	3,706	3,496	3,478	3,656	4,101	4,089		
Government Entities	2,894	2,974	3,079	3,087	3,120	3,134		
Fobaproa	53,277	53,373	53,166	51,817	52,025	52,000		
Fiduciary collection rights	-	-	-	-	-	-		
Performing Loans	77,142	77,752	76,884	76,898	78,189	79,965		
Commercial	2,472	2,448	2,006	2,150	2,083	1,911		
Financial Intermediaries	-	-	-	-	-	6		
Consumer	516	660	636	695	588	583		
Mortgage	2,875	2,738	2,338	1,935	1,704	1,635		
Government Entities	-	-	-	-	-	-		
Past Due Loans	5,864	5,847	4,981	4,781	4,375	4,135		
Total Loans	83,006	83,598	81,865	81,679	82,564	84,100		
Preventive loan loss reserves	5,805	5,780	4,961	4,790	4,465	4,355		
Net Loan Portfolio	77,202	77,818	76,904	76,889	78,099	79,745		
Sundry debtors and other assets, net	1,850	1,709	1,728	1,504	1,745	1,403		
Foreclosed assets, net	610	629	805	1,421	1,368	1,361		
Real Estate, Furniture & Equipment, net	3,326	3,296	3,310	3,371	3,216	3,180		
Investments in subsidiaries	464	498	568	712	814	831		
Deferred taxes	613	599	583	548	387	16		
Goodwill	277	262	254	245	237	-		
Deferred charges & Intangibles	1,484	1,450	1,436	1,341	1,257	1,363		
UDIS Mortgage loans reserve coverage	-	-	-	-	32	-		
Other Assets	8,624	8,443	8,683	9,142	9,057	8,155		
TOTAL ASSETS	103,635	104,613	104,975	120,835	127,363	120,764		

GRUPO FINANCIERO BANORTE – Consolidated Balance Sheet

(Millions as of June 00 Pesos)

LIABILITIES	1Q99	2Q99	3Q99	4Q99	1Q00	2Q00	3Q00	4Q00
Demand Deposits	18,472	20,192	22,621	24,020	21,634	22,476		
Time Deposits	49,384	48,154	45,597	61,813	74,534	64,923		
Bonds	3,986	3,341	3,235	3,165	1,018	1,043		
Deposits	71,842	71,687	71,453	88,998	97,186	88,443		
Demand	-	-	-	-	373	2,500		
Short term	-	-	-	-	6,832	6,984		
Long term	-	-	-	-	9,375	9,097		
Due to banks and correspondents	17,850	17,853	18,781	18,784	16,580	18,581		
Reurchase agreements, net	14	22	2	41	15	228		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	-	-	1	-	2	-		
Options and derivatives, net	-	-	1	96	324	428		
Repos & Derivatives:	14	22	4	137	341	657		
Income Tax & Profit Sharing	46	93	116	136	109	57		
Other Payable accounts	3,727	4,803	4,262	2,651	3,598	4,043		
Other payable accounts	3,773	4,896	4,378	2,787	3,707	4,100		
Subordinated non Convertible Debenture	1,403	1,383	1,361	1,034	192	-		
Deferred Taxes	182	158	159	192	14	37		
Deferred credits	143	120	135	98	95	97		
TOTAL LIABILITIES	95,207	96,117	96,271	112,029	118,116	111,915		
STOCKHOLDER'S EQUITY								
Paid-in Capital	4,325	4,341	4,341	4,341	4,341	4,340		
Share subscription premiums	860	911	911	911	911	911		
Subordinated Convertible Debentures	489	467	460	451	432	427		
Subscribed Capital	5,674	5,720	5,713	5,703	5,684	5,679		
Capital Reserves	396	626	626	625	592	647		
Retained Earnings	5,679	5,157	5,146	5,146	6,283	5,990		
Surplus (Deficit) from securities	-	-	-	-	-	-		
Results of foreign operations exchange	-	-	-	-	-	-		
Excess (Insuf.) in capital restatement	(4,457)	(4,404)	(4,439)	(4,623)	(4,536)	(4,535)		
Non Mon assets results Fixed Assets	-	-	-	-	-	-		
Non Mon assets results Investm subsidiaries	-	-	-	-	(24)	(299)		
Adjustment in the employees pension funds	-	-	-	-	-	-		
Accumulated deffered tax effect	-	-	-	-	-	-		
Net Income	425	672	904	1,186	438	624		
Earned Capital	2,042	2,051	2,237	2,334	2,753	2,427		
Minority Holdings	711	725	755	769	810	744		
Total Stockholder's Equity	8,427	8,496	8,704	8,806	9,247	8,849		
TOTAL LIABILITIES & STOCKHOLDER'S	103,635	104,613	104,975	120,835	127,363	120,764		

MEMORANDUM ACCOUNTS OF GRUPO FINANCIERO BANORTE CONSOLIDATED (Million as of June '00 Pesos)

	1Q99	2Q99	3Q99	4Q99	1Q00	2Q00	3Q00	4Q00
ON BEHALF OF THIRD PARTY TRANSACTIONS								
Customers' banks	5	1	14	4	-	4		
Dividends receivable from customers	-	-	-	-	-	-		
Interest receivable from customers	-	-	-	-	-	-		
Liquidation of customer transactions	404	(2,047)	(4,430)	(886)	(1,853)	159		
Customer loans	-	-	-	-	-	-		
Liquidation with foreign currencies of customers	-	-	-	-	-	-		
Margin accounts in futures operations	-	-	-	-	-	-		
Other current accounts	-	-	-	-	-	-		
CUSTOMERS CURRENT ACCOUNT	408	(2,046)	(4,416)	(883)	(1,853)	163		
Client securities held in custody	62,019	63,521	69,376	63,065	64,728	56,819		
Securities and documents received in guarantee	1	1	-	1	4	3		
Client securities abroad	-	-	-	-	-	-		
CLIENT SECURITIES	62,020	63,522	69,376	63,066	64,731	56,822		
Repurchase operations for customers	15,207	27,974	31,106	22,738	20,669	28,092		
Clients securities loans	-	-	-	-	-	-		
Purchase of Futures & forward contracts (nati. total)	-	-	-	-	-	-		
Sale of futures and forward contracts (national total)	-	-	-	-	-	-		
Purchasing operations (option price)	18	18	24	146	231	326		
Sales operations (option price)	-	-	-	-	-	-		
Purchase of derivative packages	-	-	-	-	-	-		
Sale of derivative packages	-	-	-	-	-	-		
Administration trusts	442	994	1,053	1,047	1,015	932		
TRANSACTIONS ON BEHALF OF CLIENT	15,667	28,986	32,183	23,931	21,915	29,350		
TOTAL ON BEHALF OF THIRD PARTY	78,095	90,462	97,143	86,114	84,793	86,336		
Signature guarantees granted	91	3	3	3	3	3		
Issuing of irrevocable letters of credit	909	653	458	549	536	427		
Property in trust and guardianship	54,083	54,725	54,986	34,974	34,521	35,352		
Assets held in custody or in administration	66,862	68,912	65,905	86,349	110,542	91,798		
Amounts committed to operations with FOBAPROA	8,168	9,711	10,018	8,181	8,641	9,027		
In Transit drafts	-	403	272	112	-	-		
Certificates of Deposit in circulation	-	-	-	-	131	451		
Secured Credit Cards from the company	12,743	13,095	13,249	13,559	-	-		
Securities given to the company in custody	-	573	17	15	1,895	2,499		
Government securities in custody of the company	-	-	-	-	20	24		
Securities given to the company on guarantee	-	-	-	-	2	-		
Securities outside the country	-	-	-	-	19	19		
Liquidations with foreign currencies abroad	-	-	-	-	-	-		
Debits to the contingency fund	-	-	-	-	-	-		
Other contingent obligations	43,766	50,001	46,877	31,095	16,479	17,487		
Banking transactions on behalf of third-parties	-	-	-	2,375	24,210	27,560		
Investments in funds for the retirem.saving system	81,840	81,830	82,512	80,315	2,358	2,381		
Integration of the credit portfolio	2,611	2,356	2,258	2,377	79,605	82,111		
Amounts contracted in derivative instruments	205,252	260,036	261,538	284,082	2,268	2,413		
Other trust account items	476,323	542,298	538,092	543,985	276,940	276,335		
OWN ACCOUNT OPERATIONS	476,323	542,298	538,092	543,985	558,171	547,888		
Repurchase agreements								
Securities to be received	28,198	44,147	48,206	36,996	33,154	41,397		
(Less) Securities to be delivered	(28,113)	(44,092)	(48,190)	(36,915)	(33,094)	(41,518)		
REPURCHASE TRANSACTIONS- RECEIVED	85	55	16	80	60	(121)		
Securities to be received	5,195	17,900	17,646	10,896	12,831	18,320		
(Less) securities to be delivered	(5,209)	(17,904)	(17,644)	(10,937)	(12,847)	(18,218)		
REPURCHASE TRANSACTIONS- SOLD	(14)	(4)	2	(41)	(15)	102		
TOTAL ON OWN ACCOUNT OPERATIONS	476,394	542,350	538,111	544,024	558,215	547,869		

GRUPO FINANCIERO BANORTE-Consolidated Income Statement

(Millions as of June 00 Pesos)

	1Q99	2Q99	3Q99	4Q99	1Q00	2Q00	3Q00	4Q00
NET INTEREST INCOME								
Interest Income	7,817.7	5,884.8	6,228.9	6,107.0	5,833.0	5,241.2		
Interest Expense	5,952.4	4,381.1	4,681.2	4,609.6	4,368.3	3,938.9		
Loan Fees	91.3	101.7	119.5	130.3	119.3	127.7		
Fees Paid	3.6	7.8	9.7	4.2	3.0	3.5		
Net Interest Income (NII)	1,953.0	1,597.5	1,657.5	1,623.6	1,581.0	1,426.5		
Repomo-Margin	412.1	173.9	134.1	109.5	4.4	(12.9)		
NII after Repomo	2,365.2	1,771.4	1,791.6	1,733.1	1,585.4	1,413.5		
Loan Loss Provisions	220.0	167.3	75.6	176.0	224.7	173.8		
Loss Sharing Provisions	55.6	99.3	125.6	(10.8)	40.1	35.2		
NII after Provisions	2,089.5	1,504.8	1,590.4	1,568.0	1,320.6	1,204.6		
Fund transfers	6.0	6.2	6.4	7.6	6.4	6.9		
Account management	35.4	35.2	45.1	44.6	42.7	46.7		
Fiduciary	6.3	12.7	11.4	9.6	201.5	33.7		
Credit Card	5.4	5.3	5.5	2.6	2.7	2.5		
Fees from FOBAPROA	141.9	83.7	472.7	138.7	83.5	216.3		
Other fees	194.9	162.9	266.2	174.4	284.9	179.3		
Fees on purchased services,	389.8	306.0	807.4	377.5	621.7	485.5		
Fund transfers	0.2	0.1	-	-	-	-		
Other fees	54.2	61.1	101.2	101.5	76.1	79.1		
Fees on payed services,	54.4	61.1	101.3	101.6	76.1	79.1		
Foreign exchange	65.4	60.8	41.8	3.6	31.1	45.9		
Securities -Realized gains	210.5	309.3	274.4	262.3	198.9	188.2		
Securities- Unrealized gains	16.4	(21.2)	(10.4)	33.6	21.1	(56.8)		
Market-related Income	292.3	348.9	305.8	299.5	251.1	177.3		
Total Non Interest Income	627.7	593.7	1,012.0	575.5	796.6	583.7		
Total Operating Income	2,717.2	2,098.5	2,602.3	2,143.5	2,117.2	1,788.3		
Personnel	668.8	680.6	784.8	767.6	688.5	723.1		
Fees Paid	105.2	99.7	100.9	92.5	73.9	79.1		
Operation & Administrative expenses	546.2	506.3	841.1	346.7	406.8	409.3		
Rents, depreciation and amortization	238.7	191.1	192.2	206.2	200.6	172.2		
Taxes, other than income tax	85.2	139.6	166.0	328.3	91.8	123.1		
Contributions to IPAB	52.3	64.3	85.4	85.9	79.0	98.7		
Corporate expenses Recoveries	-	-	-	-	-	-		
Non-Interest Expense	1,696.4	1,681.5	2,170.5	1,827.1	1,540.6	1,605.8		
Operating Income	1,020.9	417.0	431.8	316.4	576.7	182.5		
Other Income	22.9	75.2	39.2	160.3	105.0	131.0		
Foreign exchange	-	-	-	-	-	-		
Recoveries	105.6	73.9	82.6	27.0	18.6	10.4		
Repomo-other (Debtor balance)	-	-	-	-	14.2	4.6		
Total Other Products	128.5	149.0	121.8	187.3	137.7	146.0		
Other Expense	(115.7)	(75.0)	(67.7)	(16.3)	(53.5)	(39.3)		
Repomo-other (Creditor balance)	(519.9)	(181.3)	(167.6)	(153.9)	(121.2)	(39.6)		
Total Other Expense	(635.6)	(256.3)	(235.3)	(170.2)	(174.7)	(79.0)		
Other expenses (Revenues), net	(507.1)	(107.2)	(113.5)	17.1	(37.0)	67.0		
Pre-tax Income	513.7	309.8	318.4	333.5	539.6	249.5		
Income tax	(30.4)	(39.5)	(16.7)	4.8	(27.6)	22.2		
Profit sharing	(9.8)	(11.9)	(5.1)	(1.5)	(8.0)	6.1		
Tax on Assets	(8.1)	(9.2)	(8.4)	(15.9)	(5.4)	(4.4)		
Deferred Inc. Tax and Profit sharing	2.7	20.0	(9.2)	(57.0)	(33.8)	(43.5)		
	(45.5)	(40.6)	(39.3)	(69.6)	(74.8)	(19.6)		
Net income before subsidiaries	468.3	269.1	279.1	264.0	464.8	230.0		
Subsidiaries net income	(3.8)	(11.8)	(14.9)	38.1	16.6	(32.9)		
Net Income from continuous operations	464.5	257.4	264.2	302.1	481.4	197.1		
Extraordinary items, net	-	-	-	-	-	-		
Minority Interest	(39.2)	(10.5)	(32.3)	(20.1)	(43.2)	(11.3)		
TOTAL NET INCOME	425.2	246.8	232.0	282.0	438.2	185.7		

GRUPO CONSOLIDATED STATEMENT OF CASH FLOW
JANUARY 1, 2000 – JUNE 30, 2000
(Millions as of June '00 Pesos)

CASH FLOW FROM OPERATING ACTIVITIES :

Net Income	623.9
Adjustments to Reconcile Net Income to Net Cash by Operating Activities	
Mark to Market Valuation Results	(24.2)
Provisions for loan losses	472.9
Depreciation and amortization	177.8
Deffered Taxes	67.8
Provisions for Obligations	(2.7)
	1,315.6
Cash Flows From Investing Activities:	
Banks Deposits	749.6
Decrease (Increase) loan portfolio	(4,456.0)
Decrease (Increase) treasury operations	(1,450.0)
Decrease (Increase) financial instruments	400.3
Loans from banks and other entities	72.7
Net Resources provided by operations	(4,683.4)
Financial Activities:	
Subordinated Debentures	(17.0)
Subordinated Debentures amortization	(1,018.7)
Equity Variation	-
Net Resources provided by Investing activities	(1,035.7)
CASH FLOW FROM FINANCING ACTIVITIES :	
Proceeds from issuance of common stock	(601.3)
Decrease (Increase) deferred charges or credits	503.7
Decrease (Increase) Foreclosed assets	38.8
Decrease (Increase) in accounts receivable and payable	1,436.0
Net Cash provided by financing activities	1,377.2
Decrease (increase) in cash and due from banks	(3,026.3)
Cash and due from banks at the beginning of the year	13,455.7
Cash and due from banks at the end of the year	10,429.4

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
/ JANUARY 1, 2000- JUNE 30, 2000-**

(Millions as of June '00 Ps)	CONTRIBUTED CAPITAL		
	Capital Stock	Premium, Bonds & oth. Securities	Subordinated Conv. Debt. Issuance
Balance as of December 31,1999	4,340.8	911.2	430.5
<u>Stock Changes</u>			
Issuance of stock	<1		
Net Income capitalization			
Reserves Creations			
Dividen Payment			
Profits transfers			
Total	<1	0	0
<u>Retained Earnings</u>			
Net Income			
Interests on Convertible Sub. Debt.			(3.5)
Total	0	0	(3.5)
<u>Effects of Accounting Changes</u>			
Securities valuation			
Results of converting foreign operations			
Stockholders' Equity restatement			
Results of assets holdings			
Adjustment in the employees pension fund			
Minority Interest			
Total	0	0	0
Balance as of June 30,2000	4,340.3	911.2	427.0

	EARNED CAPITAL						
	Capital Reserves	Retained earnings	Excess if Insuf. Capital Restatement	Resultado por Tenencia de Activos (val. de	Net Income of the year	Minoritary Interest	Total Stockholders' Equity
Balance as of December 31,1999	587.6	5,096.9	(4,623.4)	0	1,186.1	768.9	8,698.7
<u>Stock Changes</u>							
Issuance of stock	59.6						59.1
Net Income capitalization							
Reserves Creations							
Dividen Payment							
Profits transfers		893.0			(1,186.1)		(293.1)
Total	59.6	893.0	0	0	(1,186.1)	0	(234.0)
<u>Retained Earnings</u>							
Net Income					623.9		623.9
Interests on Convertible Sub. Debt.							(3.5)
Total	0	0	0	0	623.9		620.5
<u>Effects of Accounting Changes</u>							
Securities valuation							
Results of converting foreign operations							
Stockholders' Equity restatement			88.0				88.0
Results of assets holdings				(299.0)			(299.0)
Adjustment in the employees pension fund							
Minority Interest						(25.1)	(25.1)
Total	0	0	88.0	(299.0)	0	(25.1)	(236.2)
Balance as of June 30,2000	647.2	5,989.9	(4,535.5)	(299.0)	623.9	743.8	8,849.0

BANKING SECTOR- Balance Sheet (*)

(Millions as of June '00 Pesos)

ASSETS	1Q99	2Q99	3Q99	4Q99	1Q00	2Q00	3Q00	4Q00
Cash and due from Banks	10,575	11,006	11,944	13,650	10,980	10,425		
Negotiable Instruments	105	100	812	15,606	22,233	14,855		
Securities held for sale	352	343	336	300	48	46		
Securities held to maturity	5,259	4,295	4,497	4,457	4,749	4,634		
Financial Instruments:	5,716	4,738	5,645	20,363	27,029	19,535		
Repurchase agreements, net	31	42	13	35	29	61		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	-	-	-	-	-	-		
Options and derivatives, net	5	2	2	2	10	9		
Repos & Derivatives :	36	44	15	37	39	70		
Commercial	14,941	15,941	14,775	14,527	14,340	15,249		
Financial Intermediaries	1,473	1,418	1,755	3,190	3,937	4,850		
Credit Card & Consumer	618	524	549	543	565	576		
Mortgage	3,706	3,496	3,478	3,656	4,101	4,089		
Government Entities	2,894	2,974	3,079	3,069	3,103	3,117		
Fobaproa	53,277	53,373	53,166	51,817	52,025	52,000		
Fiduciary collection rights	-	-	-	-	-	-		
Performing Loans	76,909	77,725	76,802	76,803	78,072	79,881		
Commercial	2,335	2,318	1,961	2,112	2,054	1,883		
Financial Intermediaries	-	-	-	-	-	6		
Credit Card & Consumer	516	660	636	695	588	583		
Mortgage	2,875	2,738	2,338	1,935	1,704	1,635		
Government Entities	-	-	-	-	-	-		
Past Due Loans	5,726	5,716	4,936	4,743	4,346	4,107		
Total Loans	82,635	83,441	81,738	81,546	82,418	83,988		
Preventive loan loss reserves	5,738	5,716	4,945	4,774	4,448	4,337		
Net Loan Portfolio	76,897	77,725	76,793	76,771	77,969	79,651		
Sundry debtors and other assets, net	1,798	1,677	1,628	1,315	1,502	1,362		
Foreclosed assets, net	597	616	787	1,405	1,353	1,347		
Real Estate, Furniture & Equipment, net	3,183	3,155	3,168	3,216	3,054	3,006		
Investments in subsidiaries	544	562	592	698	779	717		
Deferred taxes	613	599	583	548	316	16		
Deferred charges & Intangibles	772	748	751	672	571	311		
UDIS Mortgage loans reserve coverage	-	-	-	-	32	-		
Other Assets	7,507	7,358	7,509	7,854	7,606	6,758		
TOTAL ASSETS	100,731	100,871	101,906	118,676	123,622	116,440		

BANKING SECTOR- Balance Sheet (*) (Millions as of June '00 Pesos)

LIABILITIES	1Q99	2Q99	3Q99	4Q99	1Q00	2Q00	3Q00	4Q00
Demand Deposits	18,483	20,214	22,636	24,033	21,647	22,492		
Time Deposits	49,583	48,429	45,866	62,095	74,818	65,194		
Bonds	3,986	3,341	3,235	3,165	1,018	1,043		
Deposits	72,052	71,984	71,736	89,293	97,484	88,729		
Demand	1,184	9	8	1,151	373	2,500		
Short term	4,121	6,574	7,092	6,499	6,829	6,719		
Long term	12,320	11,270	11,681	11,133	9,375	9,097		
Due to banks and correspondents	17,625	17,852	18,781	18,784	16,577	18,317		
Repurchase agreements, net	4	13	1	20	4	61		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	-	-	-	-	-	-		
Options and derivatives, net	-	-	-	-	-	64		
Repos & Derivatives:	4	13	2	20	4	125		
Income Tax & Profit Sharing	-	1	6	6	6	1		
Other Payable accounts	2,614	2,671	2,875	2,360	2,005	1,969		
Other payable accounts	2,614	2,671	2,881	2,365	2,011	1,969		
Subordinated non Convertible Debenture	1,403	1,383	1,361	1,034	192	-		
Deferred Taxes	135	132	139	154	-	18		
Deferred credits	143	120	135	98	104	102		
TOTAL LIABILITIES	93,977	94,156	95,034	111,748	116,372	109,261		
STOCKHOLDER'S EQUITY								
Paid-in Capital	3,831	3,831	3,831	4,053	4,144	4,144		
Share subscription premiums	30	30	30	31	279	280		
Subordinated Convertible Debentures	488	467	460	451	432	427		
Subscribed Capital	4,350	4,329	4,322	4,534	4,855	4,851		
Capital Reserves	2,284	2,420	2,429	2,424	2,425	2,725		
Retained Earnings	1,557	1,308	1,297	1,060	2,139	1,697		
Surplus (Deficit) from securities	(188)	(258)	(257)	(445)	(441)	(462)		
Results of foreign operations exchange	-	-	-	-	-	-		
Excess (Insuf.) in capital restatement	(1,922)	(1,988)	(2,029)	(1,895)	(1,966)	(1,966)		
Non Mon assets results fixed assets	-	-	-	-	(114)	-		
Non Mon assets results Investm subsidiaries	-	-	-	-	45	(37)		
Adjustment in the employees pension funds	-	-	-	(97)	(97)	-		
Accumulated deferred tax effect	-	-	-	-	-	(259)		
Net Income	358	581	784	1,011	404	630		
Earned Capital	2,088	2,062	2,223	2,058	2,395	2,328		
Minority Holdings	316	324	327	335	-	-		
Total Stockholder's Equity	6,754	6,715	6,872	6,928	7,250	7,179		
TOTAL LIABILITIES & STOCKHOLDER'S	100,731	100,871	101,906	118,676	123,622	116,440		

(*) Does not include Afore.

MEMORANDUM ACCOUNTS OF THE BANKING SECTOR

(Million of June '00 Pesos)

	1Q99	2Q99	3Q99	4Q99	1Q00	2Q00	3Q00	4Q00
Signature guarantees granted	91	3	3	3	3	3		
Other contingent obligations	7,259	8,913	8,954	10,520	7,950	8,584		
Irrevocable lines of credit	909	653	458	549	536	427		
Assets held in trust and mandate	54,083	54,725	54,986	34,974	34,521	35,352		
Assets held in custody or in administration	66,264	68,090	65,053	85,123	96,844	87,917		
Investment banking transactions for third parties,	43,766	50,001	46,877	31,095	24,210	27,560		
Engaged amounts in fobaproa operations	8,168	9,711	10,018	8,181	8,641	9,027		
Investment of retirement saving funds	2,820	2,495	2,394	2,375	2,358	2,381		
Integration of loan portfolio	81,840	81,830	82,512	80,315	79,605	82,111		
Received amounts in derivative instruments	2,611	2,356	2,258	2,377	2,118	2,413		
Fobaproa trusts	-	-	-	-	-	-		
Securities to be received	12,991	16,172	17,100	14,258	12,485	13,305		
(Less) payable for reversal	(12,960)	(16,131)	(17,090)	(14,223)	(12,456)	(13,365)		
Receivables for reversal	1,708	3,656	3,781	3,430	2,813	3,472		
(Less) securities to be delivered	(1,712)	(3,668)	(3,779)	(3,450)	(2,818)	(3,411)		
Other control accounts	185,545	240,535	242,192	263,530	264,778	262,455		
	453,382	519,341	515,716	519,057	521,589	518,232		

BANKING SECTOR - Income Statement (*) (Millions as of June '00 Pesos)

NET INTEREST INCOME	1Q99	2Q99	3Q99	4Q99	1Q00	2Q00	3Q00	4Q00
Interest Income	7,810.5	5,993.0	6,339.8	6,192.7	5,888.3	5,318.7		
Interest Expense	5,938.3	4,373.0	4,680.9	4,608.1	4,362.6	3,933.0		
Loan Fees	89.1	99.6	117.4	127.8	116.1	125.3		
Fees Paid	3.6	7.8	9.7	4.2	3.0	3.7		
Net Interest Income (NII)	1,957.7	1,711.9	1,766.8	1,708.2	1,638.7	1,507.2		
Repomo-Margin	437.9	186.9	149.3	132.6	24.3	(2.9)		
NII after Repomo	2,395.6	1,898.7	1,916.1	1,840.8	1,663.0	1,504.3		
Loan Loss Provisions	216.6	166.7	71.1	169.5	222.1	173.1		
Loss Sharing Provisions	55.6	99.3	125.6	(10.8)	40.1	35.2		
NII after Provisions	2,123.4	1,632.7	1,719.3	1,682.2	1,400.8	1,296.0		
Fund transfers	6.0	6.2	6.4	7.6	6.4	6.9		
Account management	35.4	35.2	45.1	44.6	42.7	46.7		
Fiduciary	6.3	12.7	11.4	9.6	201.5	33.7		
Credit Card	5.4	5.3	5.5	2.6	2.7	2.5		
Fees from FOBAPROA	141.9	83.7	472.7	138.7	83.5	139.4		
Other fees	60.0	41.3	73.1	69.6	106.7	135.2		
Fees on purchased services,	255.0	184.3	614.3	272.7	443.4	364.5		
Fund transfers	0.2	0.1	-	-	-	-		
Other fees	54.2	61.1	101.2	101.5	84.1	85.3		
Fees on payed services,	54.4	61.1	101.3	101.6	84.1	85.3		
Foreign exchange	65.5	60.9	42.0	5.5	31.1	45.9		
Securities -Realized gains	26.2	16.1	36.4	38.9	11.1	7.1		
Securities- Unrealized gains	5.6	13.5	(14.3)	(1.1)	19.2	(25.0)		
Market-related Income	97.3	90.5	64.0	43.3	61.4	28.0		
Total Non Interest Income	297.9	213.7	577.1	214.5	420.7	307.2		
Total Operating Income	2,421.4	1,846.4	2,296.4	1,896.7	1,821.5	1,603.2		
Personnel	579.3	585.7	681.5	646.9	574.2	600.5		
Fees Paid	103.3	97.7	98.7	88.9	71.8	77.6		
Operation & Administrative expenses	497.1	455.9	782.2	314.4	367.5	362.7		
Rents, depreciation and amortization	219.3	170.0	169.3	184.4	176.5	147.1		
Taxes, other than income tax	83.2	137.2	163.5	325.6	88.8	119.8		
Contributions to IPAB	52.3	64.3	85.4	85.9	79.0	98.7		
Corporate expenses Recoveries	-	-	-	-	-	-		
Non-Interest Expense	1,534.6	1,510.7	1,980.7	1,646.1	1,357.9	1,406.4		
Operating Income	886.8	335.7	315.7	250.5	463.6	197.0		
Other Income	27.8	76.0	45.3	165.3	105.4	133.4		
Foreign exchange	-	-	-	-	-	-		
Recoveries	105.2	73.6	76.3	26.4	17.1	9.9		
Repomo-other (Debtor balance)	-	-	-	-	16.7	-		
Total Other Products	133.0	149.6	121.7	191.7	139.2	143.3		
Other Expense	(115.3)	(75.2)	(67.8)	(16.3)	(53.5)	(39.3)		
Repomo-other (Creditor balance)	(519.7)	(181.2)	(167.5)	(153.1)	(119.0)	(38.7)		
Total Other Expense	(635.0)	(256.3)	(235.3)	(169.4)	(172.5)	(78.0)		
Other expenses (Revenues), net	(502.0)	(106.7)	(113.6)	(22.3)	(33.3)	65.3		
Pre-tax Income	384.7	229.0	202.1	272.8	430.3	262.3		
Income tax	(2.9)	(3.1)	(2.5)	(4.7)	-	-		
Profit sharing	-	-	-	-	-	-		
Tax on Assets	(8.1)	(9.2)	(7.7)	(14.5)	(5.4)	(4.4)		
Deferred Inc. Tax and Profit sharing	-	-	(14.4)	(39.0)	(51.3)	(38.5)		
	(11.0)	(12.4)	(24.6)	(48.8)	(56.7)	(42.9)		
Net income before subsidiaries	373.8	216.6	177.5	224.0	373.6	219.4		
Subsidiaries' net income	8.6	12.9	28.7	16.2	33.6	6.0		
Net Income from continuous operations	382.4	229.6	206.2	240.2	407.2	225.5		
Extraordinary items, net	-	-	-	-	-	-		
Minority Interest	(24.8)	(6.7)	(3.1)	(12.5)	(3.1)	-		
TOTAL NET INCOME	357.7	222.9	203.0	227.7	404.1	225.5		

(*) Does not include Afore.

BANCO MERCANTIL DEL NORTE- Balance Sheet (*)

(Millions as of June '00 Pesos)

ASSETS	1Q99	2Q99	3Q99	4Q99	1Q00	2Q00	3Q00	4Q00
Cash and due from Banks	7,459	7,262	8,153	9,659	9,822	9,561		
Negotiable Instruments	104	99	812	15,606	22,233	14,855		
Securities held for sale	352	343	336	300	48	46		
Securities held to maturity	4,025	3,588	3,783	3,760	4,175	4,187		
Financial Instruments:	4,480	4,031	4,931	19,666	26,455	19,088		
Repurchase agreements, net	28	42	12	31	28	61		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	-	-	-	-	-	-		
Options and derivatives, net	5	2	2	2	10	9		
Repos & Derivatives :	33	44	14	33	38	70		
Commercial	13,292	14,086	12,685	11,587	13,828	14,688		
Financial Intermediaries	1,302	1,327	1,596	2,997	3,918	4,427		
Credit Card & Consumer	498	403	430	432	557	563		
Mortgage	1,204	1,126	1,099	1,168	2,801	2,818		
Government Entities	2,645	2,639	2,668	2,621	2,765	2,763		
Fobaproa	6,122	6,786	6,718	6,818	34,272	34,117		
Fiduciary collection rights	-	-	-	-	-	-		
Performing Loans	25,063	26,368	25,195	25,622	58,141	59,376		
Commercial	1,855	1,962	1,807	1,561	1,641	1,529		
Financial Intermediaries	-	-	-	-	-	-		
Credit Card & Consumer	89	89	90	170	481	477		
Mortgage	936	901	811	724	1,367	1,300		
Government Entities	-	-	-	-	-	-		
Past Due Loans	2,880	2,952	2,707	2,455	3,489	3,306		
Total Loans	27,943	29,320	27,903	28,077	61,630	62,682		
Preventive loan loss reserves	1,989	2,005	1,974	1,844	3,124	3,037		
Net Loan Portfolio	25,955	27,315	25,928	26,232	58,506	59,645		
Sundry debtors and other assets, net	1,603	1,933	2,568	2,460	1,206	1,011		
Foreclosed assets, net	588	610	714	667	631	620		
Real Estate, Furniture & Equipment, net	1,745	1,725	1,724	1,798	2,666	2,619		
Investments in subsidiaries	1,522	1,577	1,656	1,841	584	617		
Deferred taxes	613	599	583	548	387	16		
Deferred charges & Intangibles	1,363	1,324	1,335	1,231	1,158	883		
UDIS Mortgage loans reserve coverage	-	-	-	-	32	-		
Other Assets	7,435	7,767	8,579	8,545	6,663	5,766		
TOTAL ASSETS	45,362	46,420	47,606	64,136	101,484	94,130		

BANCO MERCANTIL DEL NORTE- Balance Sheet (*)

(Millions as of June '00 Pesos)

LIABILITIES	1Q99	2Q99	3Q99	4Q99	1Q00	2Q00	3Q00	4Q00
Demand Deposits	13,340	14,277	15,392	17,193	19,389	20,159		
Time Deposits	13,136	14,348	15,785	30,221	59,248	49,672		
Bonds	-	-	-	-	1,018	1,043		
Deposits	26,476	28,625	31,177	47,413	79,655	70,874		
Demand	1,122	6	6	837	373	2,500		
Short term	3,235	3,935	1,696	1,688	5,662	5,404		
Long term	6,478	5,965	6,729	6,437	7,926	7,695		
Due to banks and correspondents	10,835	9,906	8,431	8,963	13,961	15,599		
Repurchase agreements, net	1	13	-	16	4	61		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	-	-	-	-	-	-		
Options and derivatives, net	-	-	-	-	-	64		
Repos & Derivatives:	1	13	-	16	4	125		
Income Tax & Profit Sharina	-	1	6	1	5	1		
Other Payable accounts	1,585	1,566	1,582	1,472	1,780	1,825		
Other payable accounts	1,585	1,567	1,588	1,473	1,784	1,826		
Subordinated non Convertible Debenture	1,019	999	976	842	192	-		
Deferred Taxes	-	-	-	-	-	18		
Deferred credits	108	72	73	73	94	92		
TOTAL LIABILITIES	40,025	41,182	42,244	58,779	95,690	88,534		
STOCKHOLDER'S EQUITY								
Paid-in Capital	2,993	2,993	2,993	2,976	3,067	3,067		
Share subscription premiums	30	30	30	31	279	280		
Subordinated Convertible Debentures	488	467	460	451	432	427		
Subscribed Capital	3,512	3,491	3,484	3,457	3,778	3,774		
Capital Reserves	2,042	2,155	2,163	2,159	2,158	2,233		
Retained Earnings	1,299	1,062	1,052	1,060	1,827	1,610		
Surplus (Deficit) from securities	(188)	(258)	(257)	(445)	(441)	(462)		
Results of foreign operations exchange	-	-	-	-	-	-		
Excess (Insuf.) in capital restatement	(2,016)	(2,068)	(2,109)	(1,978)	(1,979)	(1,978)		
Non Mon assets results fixed assets	-	-	-	-	(114)	-		
Non Mon assets results Investm subsidiaries	-	-	-	-	43	(38)		
Adjustment in the employees pension funds	-	-	-	(97)	(97)	-		
Accumulated deferred tax effect	-	-	-	-	-	(259)		
Net Income	292	456	601	768	122	278		
Earned Capital	1,430	1,346	1,450	1,466	1,518	1,383		
Minority Holdings	395	401	428	434	497	439		
Total Stockholder's Equity	5,336	5,238	5,362	5,357	5,794	5,596		
TOTAL LIABILITIES & STOCKHOLDER'S	45,362	46,420	47,606	64,136	101,484	94,130		

(*) Consolidate Afore & Subsidiaries. Consolidated with Banpais since February, 2000.

MEMORANDUM ACCOUNTS OF BANCO MERCANTIL DEL NORTE (Banorte) (Million of June '00 Pesos)

	1Q99	2Q99	3Q99	4Q99	1Q00	2Q00	3Q00	4Q00
Signature guarantees granted	91	3	3	3	3	3		
Other contingent obligations	5,114	5,264	5,189	5,969	5,729	6,246		
Irrevocable lines of credit	860	601	416	499	515	407		
Assets held in trust and mandate	8,560	10,769	11,411	11,343	18,246	16,960		
Assets held in custody or in administration	17,873	20,505	18,572	34,098	70,652	58,512		
Investment banking transactions for third	43,054	48,432	44,940	28,301	23,967	27,338		
Engaged amounts in fobaproa operations	1,729	1,881	2,047	2,324	8,096	8,729		
Investment of retirement saving funds	1,421	1,375	2,394	2,375	2,358	2,381		
Integration of loan portfolio	29,066	28,301	29,340	27,702	59,878	61,605		
Received amounts in derivative instruments	2,387	2,356	2,258	2,377	2,118	2,413		
Fobaproa trusts	-	-	-	-	-	-		
Securities to be received	12,585	15,485	16,544	13,571	12,362	13,193		
(Less) payable for reversal	(12,556)	(15,443)	(16,533)	(13,540)	(12,334)	(13,254)		
Receivables for reversal	1,247	2,968	3,223	2,747	2,691	3,361		
(Less) securities to be delivered	(1,249)	(2,981)	(3,223)	(2,763)	(2,694)	(3,300)		
Other control accounts	105,251	108,167	109,106	125,322	207,769	204,515		
	215,432	227,683	225,686	240,330	399,356	389,109		

BANCO MERCANTIL DEL NORTE – Income Statement (*)

(Millions as of June '00 Pesos)

NET INTEREST INCOME	1Q99	2Q99	3Q99	4Q99	1Q00	2Q00	3Q00	4Q00
Interest Income	3,370.6	2,572.3	3,025.6	2,908.0	4,127.5	4,374.2		
Interest Expense	2,519.1	1,930.8	2,350.8	2,104.4	3,181.0	3,308.1		
Loan Fees	64.2	85.1	91.7	101.7	104.7	117.7		
Fees Paid	1.9	7.3	9.3	3.8	1.9	3.3		
Net Interest Income (NII)	913.8	719.3	757.3	901.5	1,049.3	1,180.6		
Repomo-Margin	348.5	172.7	178.5	168.7	57.5	5.7		
NII after Repomo	1,262.3	892.0	935.8	1,070.3	1,106.9	1,186.3		
Loan Loss Provisions	218.0	146.9	26.5	154.2	26.0	111.9		
Loss Sharing Provisions	55.6	99.3	125.6	(10.8)	40.1	35.2		
NII after Provisions	988.7	645.8	783.7	926.9	1,040.8	1,039.2		
Fund transfers	4.9	4.9	5.1	6.2	5.8	6.5		
Account management	21.6	22.1	27.8	27.0	34.0	40.3		
Fiduciary	3.3	4.8	5.8	2.3	7.3	10.3		
Credit Card	5.4	5.3	5.5	2.6	2.7	2.5		
Fees from FOBAPROA	78.5	62.8	296.2	78.5	97.0	135.1		
Other fees	131.4	107.9	184.8	132.3	187.9	224.4		
Fees on purchased services,	245.2	207.8	525.2	248.9	334.7	419.1		
Fund transfers	0.1	-	-	-	-	-		
Other fees	52.4	59.7	99.0	97.8	70.8	69.5		
Fees on payed services,	52.5	59.7	99.0	97.8	70.8	69.5		
Foreign exchange	40.9	42.8	27.9	(15.9)	23.3	39.4		
Securities -Realized gains	26.8	16.1	35.7	38.8	11.1	7.0		
Securities- Unrealized gains	7.9	17.2	(10.1)	0.8	27.2	(20.3)		
Market-related Income	75.6	76.1	53.4	23.7	61.6	26.1		
Total Non Interest Income	268.3	224.2	479.7	174.8	325.5	375.7		
Total Operating Income	1,257.0	870.0	1,263.4	1,101.7	1,362.0	1,405.8		
Personnel	333.7	406.0	486.4	484.7	504.3	558.8		
Fees Paid	50.2	76.0	60.6	73.4	58.3	66.2		
Operation & Administrative expenses	334.6	289.7	481.8	311.2	309.6	344.6		
Rents, depreciation and amortization	147.6	98.0	114.2	146.5	160.4	148.5		
Taxes, other than income tax	49.6	87.3	86.6	98.3	66.6	97.2		
Contributions to IPAB	21.8	25.7	35.8	36.2	50.6	80.0		
Corporate expenses Recoveries	(242.2)	(260.8)	(288.9)	(327.7)	(62.7)	(89.3)		
Non-Interest Expense	695.3	721.9	976.4	822.6	1,087.3	1,206.0		
Operating Income	561.7	148.0	287.0	279.1	274.7	199.8		
Other Income	19.8	50.2	27.2	57.5	28.6	52.2		
Foreign exchange	-	-	-	-	-	-		
Recoveries	94.1	71.5	72.6	(3.2)	12.8	8.2		
Repomo-other (Debtor balance)	-	-	-	-	-	-		
Total Other Products	113.9	121.7	99.8	54.3	41.4	60.4		
Other Expense	(101.7)	0.7	(53.4)	(60.7)	(43.9)	(38.1)		
Repomo-other (Creditor balance)	(366.0)	(134.6)	(166.9)	(152.3)	(90.0)	(27.5)		
Total Other Expense	(467.6)	(133.9)	(220.2)	(213.1)	(133.9)	(65.6)		
Other expenses (Revenues), net	(353.7)	(12.2)	(120.4)	(158.7)	(92.5)	(5.1)		
Pre-tax Income	208.0	135.8	166.6	120.4	182.2	194.7		
Income tax	(2.7)	(2.6)	(2.2)	6.5	-	-		
Profit sharing	-	-	-	-	-	-		
Tax on Assets	(3.1)	(3.0)	(3.1)	(6.4)	(4.0)	(2.6)		
Deferred Inc. Tax and Profit sharing	-	-	(4.7)	(20.0)	(41.8)	(38.5)		
	(5.7)	(5.6)	(10.0)	(20.0)	(45.9)	(41.1)		
Net income before subsidiaries	202.2	130.2	156.6	100.4	136.4	153.6		
Subsidiaries net income	104.4	37.2	17.3	74.6	18.0	4.6		
Net Income from continuous operations	306.7	167.4	173.9	175.0	154.4	158.2		
Extraordinary items, net	-	-	-	-	-	-		
Minority Interest	(14.6)	(3.8)	(29.0)	(7.6)	(32.9)	(2.1)		
TOTAL NET INCOME	292.1	163.6	144.9	167.4	121.5	156.1		

(*) Consolidate Afore & Subsidiaries. Consolidated with Banpais since February, 2000.

BANCO DEL CENTRO (BANCEN)- Balance Sheet (*)

(Millions as of June '00 Pesos)

ASSETS	1Q99	2Q99	3Q99	4Q99	1Q00	2Q00	3Q00	4Q00
Cash and due from Banks	2,283	2,446	2,383	2,583	2,206	1,945		
Negotiable Instruments	-	-	-	-	-	-		
Securities held for sale	-	-	-	-	-	-		
Securities held to maturity	972	479	461	513	574	447		
Financial Instruments:	972	479	461	513	574	447		
Repurchase agreements, net	-	-	-	-	1	-		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	-	-	-	-	-	-		
Options and derivatives, net	-	-	-	-	-	-		
Repos & Derivatives :	-	-	-	-	1	-		
Commercial	380	497	605	640	512	561		
Financial Intermediaries	3	3	2	2	19	423		
Credit Card & Consumer	1	1	1	2	8	13		
Mortgage	1,225	1,179	1,161	1,191	1,300	1,270		
Government Entities	231	273	306	318	338	354		
Fobaproa	20,769	19,839	18,897	17,176	17,754	17,883		
Fiduciary collection rights	-	-	-	-	-	-		
Performing Loans	22,610	21,791	20,973	19,330	19,930	20,505		
Commercial	186	188	40	446	413	354		
Financial Intermediaries	-	-	-	-	-	-		
Credit Card & Consumer	131	128	115	112	107	106		
Mortgage	687	629	527	418	337	335		
Government Entities	-	-	-	-	-	-		
Past Due Loans	1,004	944	681	976	857	801		
Total Loans	23,613	22,735	21,654	20,305	20,788	21,306		
Preventive loan loss reserves	1,898	1,932	1,398	1,412	1,324	1,300		
Net Loan Portfolio	21,715	20,803	20,255	18,893	19,463	20,007		
Sundry debtors and other assets, net	170	239	202	151	341	355		
Foreclosed assets, net	8	6	72	735	722	728		
Real Estate, Furniture & Equipment, net	443	431	431	421	414	412		
Investments in subsidiaries	12	12	11	14	16	15		
Deferred taxes	-	-	-	-	-	-		
Deferred charges & Intangibles	38	41	30	31	18	16		
UDIS Mortgage loans reserve coverage	-	-	-	-	-	-		
Other Assets	671	729	747	1,352	1,511	1,524		
TOTAL ASSETS	25,642	24,458	23,846	23,342	23,754	23,923		

BANCO DEL CENTRO (BANCEN)- Balance Sheet (*)

(Millions as of June '00 Pesos)

LIABILITIES	1Q99	2Q99	3Q99	4Q99	1Q00	2Q00	3Q00	4Q00
Demand Deposits	2,137	2,517	3,052	2,658	2,258	2,331		
Time Deposits	14,742	13,874	11,606	11,692	15,570	15,522		
Bonds	3,986	3,341	3,235	3,165	-	-		
Deposits	20,864	19,731	17,893	17,515	17,829	17,853		
Demand	60	-	-	-	-	-		
Short term	869	939	2,008	1,984	2,203	2,396		
Long term	1,793	1,725	1,582	1,512	1,449	1,403		
Due to banks and correspondents	2,721	2,665	3,590	3,496	3,652	3,799		
Repurchase agreements, net	-	-	-	-	1	-		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	-	-	-	-	-	-		
Options and derivatives, net	-	-	-	-	-	-		
Repos & Derivatives:	-	-	-	-	1	-		
Income Tax & Profit Sharina	-	-	-	2	2	-		
Other Payable accounts	553	496	739	648	308	239		
Other payable accounts	553	496	740	650	310	239		
Subordinated non Convertible Debenture	-	-	-	-	-	-		
Deferred Taxes	-	-	-	-	-	-		
Deferred credits	6	11	11	11	10	10		
TOTAL LIABILITIES	24,146	22,903	22,234	21,673	21,800	21,901		
STOCKHOLDER'S EQUITY								
Paid-in Capital	838	838	838	1,077	1,077	1,077		
Share subscription premiums	-	-	-	-	-	-		
Subordinated Convertible Debentures	-	-	-	-	-	-		
Subscribed Capital	838	838	838	1,077	1,077	1,077		
Capital Reserves	241	265	265	265	267	492		
Retained Earnings	257	246	245	-	313	87		
Surplus (Deficit) from securities	-	-	-	-	-	-		
Results of foreign operations exchange	-	-	-	-	-	-		
Excess (Insuf.) in capital restatement	94	80	80	84	13	13		
Non Mon assets results fixed assets	-	-	-	-	-	-		
Non Mon assets results Investm subsidiaries	-	-	-	-	3	1		
Adjustment in the employees pension funds	-	-	-	-	-	-		
Accumulated deferred tax effect	-	-	-	-	-	-		
Net Income	66	125	183	243	283	352		
Earned Capital	668	716	773	592	877	945		
Minority Holdings	-	-	-	-	-	-		
Total Stockholder's Equity	1,497	1,554	1,611	1,669	1,954	2,022		
TOTAL LIABILITIES & STOCKHOLDER'S	25,642	24,458	23,846	23,342	23,754	23,923		

MEMORANDUM ACCOUNTS OF BANCO DEL CENTRO (Bancen)

(Million of June '00 Pesos)

	1Q99	2Q99	3Q99	4Q99	1Q00	2Q00	3Q00	4Q00
Signature guarantees granted	-	-	-	-	-	-		
Other contingent obligations	1,848	1,806	1,869	2,247	2,221	2,338		
Irrevocable lines of credit	15	18	15	25	21	20		
Assets held in trust and mandate	17,919	17,193	17,515	17,192	16,274	18,392		
Assets held in custody or in administration	26,149	24,927	23,681	23,284	26,192	29,405		
Investment banking transactions for third parties,	324	249	17	62	243	222		
Engaged amounts in fobaproa operations	2,624	2,990	3,204	3,372	546	299		
Investment of retirement saving funds	-	-	-	-	-	-		
Integration of loan portfolio	23,934	23,096	22,329	21,154	19,728	20,507		
Received amounts in derivative instruments	-	-	-	-	-	-		
Fobaproa trusts	-	-	-	-	-	-		
Securities to be received	120	14	17	43	123	112		
(Less) payable for reversal	(120)	(14)	(17)	(42)	(123)	(111)		
Receivables for reversal	120	14	17	42	123	111		
(Less) securities to be delivered	(120)	(14)	(17)	(43)	(123)	(112)		
Other control accounts	36,636	66,580	65,673	60,877	57,009	57,940		
	109,449	136,858	134,303	128,214	122,233	129,123		

BANCO DEL CENTRO (BANCEN) - Income Statement (*)

(Millions as of June '00 Pesos)

NET INTEREST INCOME	1Q99	2Q99	3Q99	4Q99	1Q00	2Q00	3Q00	4Q00
Interest Income	1,943.3	1,444.2	1,422.8	1,185.9	1,212.5	979.5		
Interest Expense	1,616.1	1,122.5	1,039.9	869.4	734.9	659.6		
Loan Fees	7.4	8.4	9.7	10.5	8.8	7.6		
Fees Paid	0.1	0.5	0.3	0.3	1.0	0.5		
Net Interest Income (NII)	334.5	329.5	392.3	326.8	485.4	327.0		
Repomo-Margin	12.3	(17.2)	(9.5)	9.6	(9.7)	(8.7)		
NII after Repomo	346.8	312.3	382.8	317.2	475.7	318.3		
Loan Loss Provisions	(0.3)	11.9	19.7	20.0	195.2	61.2		
Loss Sharing Provisions	-	-	-	-	-	-		
NII after Provisions	347.0	300.4	363.1	297.3	280.5	257.1		
Fund transfers	0.3	0.3	0.4	0.4	0.4	0.4		
Account management	5.8	5.1	6.0	6.1	5.6	6.4		
Fiduciary	1.1	3.1	2.3	4.8	192.9	23.4		
Credit Card	-	-	-	-	-	-		
Fees from FOBAPROA	14.7	9.3	13.0	6.0	13.0	4.3		
Other fees	15.1	3.8	5.4	5.2	3.6	3.2		
Fees on purchased services,	37.1	21.6	27.0	22.6	215.6	37.7		
Fund transfers	-	-	-	-	-	-		
Other fees	0.2	0.2	0.2	2.5	12.8	15.7		
Fees on payed services,	0.2	0.2	0.2	2.5	12.8	15.7		
Foreign exchange	8.4	7.6	6.3	5.2	7.5	6.5		
Securities -Realized gains	-	-	-	-	-	-		
Securities- Unrealized gains	-	-	-	-	-	-		
Market-related Income	8.4	7.6	6.3	5.3	7.5	6.6		
Total Non Interest Income	45.3	29.1	33.1	25.4	210.3	28.5		
Total Operating Income	392.3	329.5	396.3	322.7	490.8	285.6		
Personnel	71.8	69.5	76.3	78.0	75.8	85.9		
Fees Paid	27.1	14.1	20.1	5.3	10.0	12.8		
Operation & Administrative expenses	119.8	128.9	166.7	108.2	102.9	128.2		
Rents, depreciation and amortization	22.3	21.0	15.1	19.0	18.0	15.1		
Taxes, other than income tax	10.1	17.7	28.0	77.0	16.6	23.6		
Contributions to IPAB	14.7	17.5	20.5	19.0	20.5	18.7		
Corporate expenses Recoveries	-	-	-	-	-	-		
Non-Interest Expense	265.9	268.7	326.7	306.5	243.7	284.3		
Operating Income	126.4	60.8	69.6	16.2	247.1	1.3		
Other Income	4.2	8.0	5.4	65.6	73.1	80.1		
Foreign exchange	-	-	-	-	-	-		
Recoveries	7.0	0.4	0.9	2.2	1.5	1.7		
Repomo-other (Debtor balance)	-	-	-	-	-	-		
Total Other Products	11.2	8.4	6.3	67.8	74.6	81.8		
Other Expense	(8.6)	(4.9)	(5.3)	(7.8)	(8.9)	(1.3)		
Repomo-other (Creditor balance)	(61.8)	(4.9)	(11.0)	(13.8)	(28.9)	(11.2)		
Total Other Expense	(70.4)	(9.8)	(16.3)	(21.6)	(37.8)	(12.4)		
Other expenses (revenues), net	(59.2)	(1.4)	(10.1)	46.2	36.8	69.3		
Pre-tax Income	67.2	59.4	59.5	62.5	283.9	70.7		
Income tax	(0.2)	(0.5)	(0.3)	(1.8)	-	-		
Profit sharing	-	-	-	-	-	-		
Tax on Assets	(1.4)	(1.3)	(1.1)	(0.5)	(1.4)	(1.8)		
Deferred Inc. Tax and Profit sharing	-	-	-	(0.1)	-	-		
	(1.6)	(1.8)	(1.4)	2.4	(1.4)	(1.8)		
Net income before) su)bsidiaries	65.6	57.6	58.1	60.1	282.5	68.9		
Subsidiaries' net income	0.1	1.7	-	0.2	-	0.5		
Net Income from continuos operations	65.5	59.3	58.1	60.3	282.5	69.4		
Extraordinary items, net	-	-	-	-	-	-		
Minority Interest	-	-	-	-	-	-		
TOTAL NET INCOME	65.5	59.3	58.1	60.3	282.5	69.4		

BANPAIS - Income Statement

(Millions as of June '00 Pesos)

NET INTEREST INCOME	1Q99	2Q99	3Q99	4Q99	1Q00(*)	2Q00	3Q00	4Q00
Interest Income	2,589.3	2,070.6	2,029.4	2,240.2	575.1			
Interest Expense	1,895.8	1,413.7	1,428.3	1,774.9	473.1			
Loan Fees	17.5	6.1	16.1	15.6	2.5			
Fees Paid	1.7	-	0.1	0.1	0.1			
Net Interest Income (NII)	709.4	663.1	617.1	480.8	104.5			
Repomo-Margin	78.3	31.8	(19.2)	(25.9)	(22.8)			
NII after Repomo	787.6	694.8	597.9	455.0	81.7			
Loan Loss Provisions	(1.1)	7.9	25.0	(4.7)	0.9			
Loss Sharing Provisions	-	-	-	-	-			
NII after Provisions	788.7	686.9	573.0	459.6	80.8			
Fund transfers	0.8	0.9	0.9	1.0	0.2			
Account management	7.9	8.1	11.3	11.5	3.1			
Fiduciary	1.8	4.7	3.3	2.4	1.2			
Credit Card	-	-	-	-	-			
Fees from FOBAPROA	48.8	11.6	163.5	54.1	-			
Other fees	12.9	7.5	17.5	11.2	28.1			
Fees on purchased services,	72.1	32.8	196.6	80.3	32.6			
Fund transfers	0.1	-	-	-	-			
Other fees	1.6	1.2	2.1	1.2	0.4			
Fees on payed services,	1.7	1.2	2.1	1.3	0.4			
Foreign exchange	16.1	10.5	7.8	16.2	0.2			
Securities -Realized gains	(0.6)	-	0.7	-	-			
Securities- Unrealized gains	0.6	-	-	0.1	(0.1)			
Market-related Income	16.1	10.5	8.5	16.3	0.2			
Total Non Interest Income	86.5	42.1	203.0	95.3	32.3			
Total Operating Income	875.3	729.0	776.0	555.0	113.1			
Personnel	194.8	131.8	145.5	131.5	36.9			
Fees Paid	35.5	16.5	21.8	13.2	5.3			
Operation & Administrative expenses	309.7	322.9	453.7	235.5	37.5			
Rents, depreciation and amortization	72.3	73.6	63.0	34.2	15.1			
Taxes, other than income tax	24.5	33.1	49.5	150.8	6.0			
Contributions to IPAB	15.8	21.1	29.1	30.6	7.9			
Corporate expenses Recoveries	-	-	-	-	-			
Non-Interest Expense	652.7	599.0	762.6	595.8	108.7			
Operating Income	222.6	130.0	13.4	(40.9)	4.4			
Other Income	4.3	18.6	12.2	40.4	2.9			
Foreign exchange	-	-	-	-	-			
Recoveries	4.1	1.8	2.8	27.4	2.7			
Repomo-other (Debtor balance)	-	-	-	-	16.7			
Total Other Products	8.4	20.3	15.0	67.8	22.4			
Other Expense	(5.1)	(70.9)	(9.1)	52.2	(0.7)			
Repomo-other (Creditor balance)	(91.9)	(41.6)	10.4	13.0	-			
Total Other Expense	(97.0)	(112.6)	1.2	65.2	(0.7)			
Other expenses (revenues), net	(88.6)	(92.2)	16.2	133.0	21.6			
Pre-tax Income	134.0	37.7	29.6	92.1	26.0			
Income tax	-	-	-	-	-			
Profit sharing	-	-	-	-	-			
Tax on Assets	(3.6)	(4.9)	(3.5)	(7.5)	-			
Deferred Inc. Tax and Profit sharing	-	-	(9.7)	(18.9)	(9.5)			
	(3.6)	(4.9)	(13.1)	(26.4)	(9.5)			
Net income before) su)bsidiaries	130.4	32.8	16.5	65.7	16.5			
Subsidiaries' net income	-	2.5	-	-	-			
Net Income from continuous operations	130.4	35.3	16.5	65.7	17.6			
Extraordinary items, net	-	-	-	-	-			
Minority Interest	-	-	-	-	-			
TOTAL NET INCOME	130.4	35.3	16.5	65.7	17.6			

(*) Includes only figures since it was merged to Banorte in February 2000.

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 Series D of circular 1456 of the National Banking and Securities Commission (CNByV) of December 22, 1999. In addition, the Financial Statements of the Banking Institutions were presented consolidated with UDIS and their respective Subsidiaries. The UDI price at the end of period and the inflationary factor that were used : 2.796183 y 9.9003. In May 25, 1999 "A and B Series" shares were exchanged for the new "O Series Shares"

The Banking Sector (Banorte and Bancen)-The new groupings contained in circular 1448 of October 14, 1999 of the CNByV. For all periods, figured are presented in constant pesos set at the close of the current reporting period. For this the UDI price at the end of each period was used. The information contained herein is based on unaudited 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.

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.