

***GFNorte generates a net profit of Ps 876.9 million for the 1H01.***

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***The net profit of GFNorte was greater by 29.5% than that of 1H00.***

GFNorte generated earnings in the 1H01 for \$876.9 million, with a contribution of \$749.0 million of the Banking Sector. (not including the Afore), higher by 29.5% and 19.5%, respectively, as compared to the 1H00.

***GFNorte reached an Annual ROE of 21.3%***

GFNorte reached an annual ROE of 21.3% vs. 15.5% in the first semester of 2000, making it one of the most profitable Financial Groups in Mexico.

***Banorte increased it's Capitalization Ratio to 15.6%***

Banorte's capitalization ratio at the close of June 2001 was 15.6%, as a result of issuing Non-Convertible Subordinate Bonds for an equivalent of Ps 1,301 million in June.

***Commercial loans, excluding corporate loans, and automobile loans grew by 23.9%.***

The strategy of focusing the promotional efforts to bring new loan clients from the medium size companies and also from the consumer sector, proved to be succesful resulting in a 23.9% growth in the last 18 months.

***Issuance of Non-Convertible Subordinate Bonds for 436 million UDIS.***

On June 21, 2001 Banco Mercantil del Norte, S.A., a subsidiary of Grupo Financiero Banorte, placed on the domestic market Non-Convertible Subordinate Bonds for a total of 436 million Investment Units (UDIS), equivalent to \$1,301 million pesos. Fitch scored this issuance "AA-(mex)" which indicates very high loan quality.

***Banorte announces a reduction of interest rated in Mortgage and Car loans to a fixed rate of 17.90%***

GFNorte launched a strategy intended to make loan granting more dynamic, and announced a substantial reduction in its interest rates, setting a 17.90% fixed annual rate applicable to new Mortgage and Automobile (Autoestrene) loans. These actions make Banorte the best option in today's national financial market as to financing costs for housing and new automobiles acquisitions.

***Banorte begins the process for the possible purchase of Bancrecer.***

Banorte registered for the bidding for Bancrecer organized by IPAB, which opened this last June 1<sup>st</sup>. Bids will be presented in August 20 and it is estimated that the winner will be announced in mid September. This acquisition would strengthen Banorte's position in the domestic market.

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## I. Highlights

**Monterrey, N.L., July 26, 2001.** GRUPO FINANCIERO BANORTE (GFNorte) announced its results for the first half of 2001. GFNorte and its subsidiaries made a profit for Ps. 344.9 million in the 2Q01 then accumulating Ps 876.9 million for the year, being the latter 29.5% higher than that of 2000; and equivalent to an annual ROE of 21.3%.

As to the earning in the first semester of 2001, the Group's Banking Sector accounted for 85% of the Group's earnings, generating Ps 749.0 million, 19% higher than those of the same period last year and reaching a 21.6% annual ROE. The Brokerage Sector earned Ps 13.1 million, the Auxiliary Organizations Sector Ps 40.3 million, and the Long Term Savings Sector Ps 57.7 million.

The Banking Sector profits were obtained thanks to the continual improvement of its traditional banking business performance, through an increase in deposits from the public as well as in loans to small and medium size companies and consumer loans. Besides an increase in its non-interest income and a better control in operative expenses contributed to reach this level of profits. The accumulated Net Income of 1H01 was negatively affected by Ps 561 million of loan loss provisions created during the period (after the application of the new credit risk rating methodology issued by the CNBV) for maintaining the reserve coverage at a minimum level of 100%.

From the total income for the 1H01 of the Banking Sector, the Recovery Banking contributed with 22% of them, meanwhile in the same period of 2000, this contribution was 30%. This is explained by the improvement in the traditional banking business.

Demand Deposits of the Banking Sector grew by 4.7% with respect to June of last year, which kept it at the forefront of non interest demand deposits per branch of the Mexican banking market. On the other hand, total deposits grew 9.3% in the same period, allowing to improve its market share.

The GFNorte assets under management at the closing of the first semester, which consider deposit, on behalf of third party deposits and mutual funds of the Banking Sector; the Brokerage House and the Afore, added up to Ps 213,581 million.

The Banking Sector loan portfolio ended the quarter with a balance of Ps 77,650. Automobile and commercial loans (excluding corporate loans), showed a 24% increase from Dec' 99 to Jun'01, as a result of a strategy aimed to increase revenues in order to compensate the impact of lower interest rates. As a part of this strategy Banorte announced in June an aggressive program for lowering interest rates to 17.9% fixed rate for new mortgage and automobile loans, the lowest rate in the market. With this program Banorte expects to attract new clients and grow its loan portfolio .

As to Asset Quality, the Banking Sector closed the quarter with a past-due portfolio balance of Ps 4,185 million, 4.6% lower than in the same period last year, resulting in a past-due portfolio ratio of 5.4% on the total portfolio. Noteworthy is the fact that reserve coverage stood at 100%.

The capitalization ratio, applying the rules that will be in effect in 2003, reached a level of 17.1% for Banorte, for loan risks, and 15.6%, including market risks. Bancentro, on the other hand, reached 27.5% and 15.5%, respectively. This enabled the GFNorte Banking Sector to end the period with a capitalization ratio of 18.3% using loan risk, and 15.6%, considering loan and market risks. These figures are well above the established minimum, which allow for a sound growth position.

Moreover, the 1H01 Banking Sector's operative expenses remained stable vs. the same period of last year, as a result of the efforts that, in terms of efficiency, have been made at GFNorte in order to approach international standards. On the other hand and part of its expense-reduction strategy, Banorte won the IPAB bidding to acquire the building "Torre del Sur" in Monterrey, N.L., making it possible to concentrate the diverse offices in the city in a single facility and to cut down on expenses.

On June 21, 2001, Banco Mercantil del Norte issued Non Convertible Subordinate Bonds in UDIS. The issuance was for an amount of 436 million investment units, equivalent to Ps 1,301 million at an 8-year term with an 8% real annual interest rate. This issuance was scored "AA-(mex)" by Fitch, which is a very high loan score. These non IPAB backed resources received from this operation will be used to fund new loan portfolio acquisitions and will also strengthened Banortes capitalization.

The Internet banking has become a more relevant distribution channel for all the services that are offered, comparable to many of those of the branches. The volume of transactions through e-business increased by 125% from January (304 thousand transactions) to June of 2001. (683 thousand transactions) through the Home and Business e-banking services. Also, the number of users increased by 473% in the same period reaching a total of 109 thousand users in June. The strategy of the Internet banking is aimed to generate service fees, to attract new clients, and to lower operative expenses.

In early June, a bidding was announced for the sale of Bancrecer. Banco Mercantil del Norte signed up to participate in the bidding and started the evaluation of this Institution. This acquisition is one of the expansion alternatives for GFNorte.

The Group's Brokerage Sector, which consists of Brokerage House Banorte, generated a Ps 13.1 million earning during the first half of the year. This figure is 64% higher than the accumulated amount of the same period in 2000. At the close of first six months of the year, maintains a total asset under management of Ps 82,418 million.

Moreover, GFNorte continued increasing its market share in the Afores sector through Banorte-Generali AFORE, reaching a 9.0% market share and 1,715,374 affiliates, with one of the lowest affiliation costs in the industry. The assets under managemet totaled Ps 10,966 million, 50.9% higher than those of the same period last year. In the Insurance business, the total six months accumulated premiums sold grew by 18.1% from 2000 to 2001, with a sustained growth throughout the year. The accumulated earning in this Sector was Ps 57.7 million, a figure that is much higher than that of the same period in 2000, because in this year's second quarter there were outstanding earnings from mark to market valuation, both in the Insurance Company as well as in the Annuities Company.

In the Auxiliary Organizations Sector, the Factor Banorte portfolio's 6.8% growth stands out during the close of the first semester of 2000 to the first semester of 2001, keeping the past-due portfolio fully covered by reserves. On the other hand, the Leasing Company had a 9.9% portfolio increase, as well as a decrease in the past-due ratio from 3.7% in the first semester of 2000 to 3.0% in 2001. The accumulated earnings in this sector was Ps 40.3 million, 24.8% higher than the earnings generated in the same period last year.

## II. Macroeconomic Environment

Despite the adverse external environment, Mexican financial markets fared well in the second quarter of the year. Our country was able to stand out for the rest of Latin America, and its performance was linked closer to that of the United States. As the stock markets of our neighbor to the North, the Mexican Stock Exchange also increased as compared to the first quarter by 16.4%.

During the second quarter of the year, interest rates dropped considerable in the fixed income market. This fall was due mainly to the downward tendency of inflation and flow entries because investors have more confidence in our country. Additionally, this reduction was supported by a decrease in the "short" by Banco de Mexico. Lower interest rates were not exclusive to our country rather it seemed to be a worldwide trend. Thus, the Cetes at 28 days (primary bidding) closed the month of June at 8.92%, when in late March they had reached 15.43%.

The peso / dollar exchange rate continued to reevaluate as a result of the strong incoming capital flow. In the second quarter, the announcement that Citibank was purchasing Banamex not only enhanced the downward trend of interest rates, but also strengthened the peso even more. The exchange rate went down to values below 9.0 pesos per dollar. At the closing of June, it was at Ps 9.06, which represents an appreciation of over 5.0% as compared to the closing of 2000.

The strength of the exchange rate, along with favorable behavior by the price of agricultural goods, has brought on a faster reduction in inflation than anticipated. At the closing of June, the annualized inflation rate was 6.57% very close to the official 6.5% goal. Because of this stark downward trend, analyst estimates have been constantly and consistently revised accordingly.

Synchronous to what is happening in the United States, the economic activity indicators in Mexico showed signs of weakening in the second quarter of the year. Therefore, we'll probably see a growth lower than the 1.9% of January and March. Industrial production fell by 3.3% in April-May, adding to the 1.3% drop observed in the first months of the year.

Although consumption has been able to maintain a certain dynamics and has been the sector with the least deceleration in economic activity, April and May started showing a certain moderation in the retail sales growth rate.

The deceleration in the United States has impacted our exports strongly, which registered a decrease of 0.9% in the Second Quarter –well below the 22.2% growth in the same period last year. Despite this, the commercial balance has not suffered such a marked expansion as anticipated. The Mexico economy has decelerated along with our main business partner, therefore imports have also lost their dynamism. Imports grew only 0.10% in April-Jun, compared to a 22.7% increase in the same period in 2000.

In spite of the strong deceleration of our economy, the macroeconomic environment is still sound. In the quarter that is coming to a close, the exchange rate held strong, inflation showed a clear downward trend, and interest rates are in the one digit figures.

### III. Recent Events

#### **Grupo Financiero Banorte**

**Statute adjustment to meet the new requirements of the Mexican Stock Exchange.-** On June 20, 2001 GFNorte held an Extraordinary Stockholders Meeting with the sole purpose to present and approve a project to amend the Social Statutes so as to adjust them to the stipulations of Circular 11-31 issued by the CNByV, in regard to governance and best practices. GFNorte has already invited independent members to the Board of Directors and also has an Auditing and a Risk Management Committees already in place.

**Analysis of Strategic Alternatives.-** GFNortes continues analyzing strategic alternatives with Goldman Sachs in light of the alliance proposals received recently and considering the industry trends in Mexico and internationally. In this respect, th IPAB started the bidding process of Bancrecer, which acquisition is one of the growth options for Banorte, thus proceeding to register in that process.

**Robert W. Chandler's Resignation.-** El Sr. Robert Chandler, the Group's International Relations Officer presented his resignation as of June 15, 2001 to dedicate his time to personal projects and business. Mr. Robert Chandler collaborated with the Group over the last nine years contributing to enhance Banorte position in the industry. Antonio Ortiz Cobos, Corporate and International Banking Officer, will take charge of International Banking, and Othón Ruíz Montemayor, GFNorte C.E.O., will be in charge of Investor Relations.

#### **Banking Sector**

**Non-convertible Bonds issued for 436 million UDIS.-** To strengthen its capital, Banco Mercantil del Norte, S.A., a subsidiary of Grupo Financiero Banorte, issued on June 21, 2001, through public offer, Non-convertible Subordinate Bonds for a total of 436 million Investment Units (UDIS), equivalent to \$1,301 million pesos, at an 8-year term. These Bonds will earn interest at a real annual rate of 8%, which will remain the same for the term of the Issue, with 6-month interest payments and capital amortization at the end of the 8-year period. This Bond issuance reinforce Banorte's capitalization and brings non IPAB backed long term funding for future purchases of loan portfolios from IPAB. The General Stockholders Assembly authorized issuing these Bonds in the meeting held on June 15, 2001. Fitch scored this issuance "AA-(mex)" which indicates very high loan quality.

**Banorte lowers its Mortgage and Automobile Loan interest rates.-** On June 18, 2001, GFNorte announced a reduction in the interest rates of its Mortgage and Automobile Loans from 24% and 25%, respectively, to a fixed rate of 17.90% for the entire period of the loan. This cut in rates makes Banorte the bank with the lowest interest rates on the market. The purpose of such a measure is to benefit the clients and also to increase these types of loans.

**Relocation of the treasury positions from Banorte to Bancen.-** With the purpose of concentrating all fixed income securities risk operations in Bancen, the treasury paper position of Banorte was relocated in Bancen in May. Now this bank registers this activities.

## IV. Grupo Financiero- Consolidated

### Grupo Financiero Banorte Earnings

(Millions of Pesos)	QUARTER			ACCUMULATED	
	2Q00	1Q01	2Q01	2Q00	2Q01
G. F. Banorte [holding]	9.7	5.5	11.2	8.2	16.8
<b><u>Banking Sector</u></b>					
Banco Mercantil del Norte (1)	160.5	247.9	3.3	236.4	251.1
Banco del Centro (2)	<u>74.9</u>	<u>236.4</u>	<u>261.5</u>	<u>390.6</u>	<u>497.9</u>
	<b>235.4</b>	<b>484.3</b>	<b>264.8</b>	<b>627.0</b>	<b>749.0</b>
<b><u>Brokerage Sector</u></b>					
Brokerage House	<b>(11.0)</b>	<b>12.3</b>	<b>0.9</b>	<b>8.0</b>	<b>13.1</b>
<b><u>Long-Term Saving Sector</u></b>					
Pension Funds Afore	2.3	31.7	4.8	36.9	36.5
Insurance	(20.1)	(19.4)	27.3	(18.0)	7.9
Annuities	<u>(26.6)</u>	<u>(5.0)</u>	<u>18.3</u>	<u>(17.3)</u>	<u>13.3</u>
	<b>(44.4)</b>	<b>7.4</b>	<b>50.3</b>	<b>1.6</b>	<b>57.7</b>
<b><u>Auxiliary Organization Sector</u></b>					
Leasing	4.9	6.7	6.3	9.2	13.0
Factoring	9.2	12.5	7.1	18.5	19.7
Warehousing	0.7	2.0	2.4	1.3	4.3
Bonding	<u>2.6</u>	<u>1.4</u>	<u>1.9</u>	<u>3.4</u>	<u>3.3</u>
	<b>17.4</b>	<b>22.6</b>	<b>17.7</b>	<b>32.3</b>	<b>40.3</b>
<b>Total</b>	<b>207.0</b>	<b>532.0</b>	<b>344.9</b>	<b>677.1</b>	<b>876.9</b>
<b>RATIOS</b>					
Net Income per Share (3)	0.41	1.06	0.69	1.34	1.74
Dividends per share (3)	-	-	-	-	-
Book Value per share(3) (4)	17.20	16.01	17.22	17.20	17.22

- 1) 95.79% owned by GFNorte. Includes Banpaís until 4Q00.
- 2) Includes the Bank's Subsidiaries. Excludes the AFORE
- 3) Per Share data, based on 503.7 million shares outstanding on June 30,2001.
- 4) Excluding Minority holdings.

**Grupo Financiero Banorte** consolidated generated a net income of Ps 876.9 million in the first half of the year, 29.5% higher than that of 1H00. Equivalent to 1.74 pesos per share. The Book value per share at the close of the quarter was 17.22 pesos per share, similar to that of 2Q00 despite the accumulation of profits during the last 12 months, due to charges against Banorte's capital in 3Q00 for an amount of Ps 2,048 million, to fully reserve for Fobaproa contingencies.

<b>Relevant Numbers for Grupo Financiero</b>
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(Millions of Pesos)	QUARTER			ACCUMULATED	
	2Q00	1Q01	2Q01	2Q00	2Q01
<b>Income Statement</b>					
<b>Net Interest Income (NII)</b>	1,681.1	1,634.8	1,791.0	3,532.3	3,425.8
+ REPOMO-Margin	(13.6)	7.6	9.4	(7.9)	17.0
<b>= NET Interest Income after Repomo</b>	<b>1,667.5</b>	<b>1,642.4</b>	<b>1,800.5</b>	<b>3,524.3</b>	<b>3,442.9</b>
- Loan Loss Provisions	178.5	155.2	407.1	409.5	562.3
- Loss Sharing Provisions	37.6	94.9	76.8	80.4	171.7
<b>=Net Interest Income after Provisions</b>	<b>1,451.4</b>	<b>1,392.3</b>	<b>1,316.6</b>	<b>3,034.5</b>	<b>2,708.9</b>
+ Non Interest Income	452.7	894.5	610.1	1,139.8	1,504.6
<b>= Total Operating Income</b>	<b>1,904.0</b>	<b>2,286.8</b>	<b>1,926.7</b>	<b>4,174.3</b>	<b>4,213.5</b>
- Non Interest Expense	1,712.6	1,651.1	1,714.4	3,350.6	3,365.5
<b>= Net Operating Income</b>	<b>191.5</b>	<b>635.7</b>	<b>212.3</b>	<b>823.7</b>	<b>848.0</b>
- Other Revenues and Expenses	81.6	65.2	176.6	28.0	241.8
<b>= Pre-tax Income</b>	<b>273.0</b>	<b>701.0</b>	<b>388.8</b>	<b>851.8</b>	<b>1,089.8</b>
- Income Tax & profit sharing	30.3	(19.3)	(46.9)	(7.8)	(66.2)
- Tax on asset	(4.7)	(1.9)	(5.1)	(10.4)	(7.0)
- Deferred Income Tax & profit sharing	(44.9)	(105.0)	(57.4)	(78.9)	(162.4)
<b>= Net Income before Subsidiaries</b>	<b>253.7</b>	<b>574.8</b>	<b>279.4</b>	<b>754.7</b>	<b>854.2</b>
+ Undistributed Earnings of Subsidiaries	(34.1)	(1.4)	70.1	(21.8)	68.7
<b>=Net Income-contin. Operation</b>	<b>219.6</b>	<b>573.3</b>	<b>349.5</b>	<b>732.9</b>	<b>922.9</b>
+ Extraordinary Items, net	-	-	-	-	-
- Minority Income	(12.6)	(41.4)	(4.6)	(55.7)	(46.0)
<b>=Total Net Income</b>	<b>207.0</b>	<b>532.0</b>	<b>344.9</b>	<b>677.1</b>	<b>876.9</b>
<b>Profability Ratios</b>					
ROA (1)	0.6%	2.0%	1.3%	1.0%	1.7%
ROE (2)	9.5%	26.7%	16.2%	15.5%	21.3%
Efficiency Ratio (3)	81.1%	71.3%	74.1%	73.9%	72.7%
<b>Balance Sheet</b>					
	<b>2Q00</b>	<b>1Q01</b>	<b>2Q01</b>		
Total Assets	129,060	104,575	101,461		
Loan Portfolio	89,878	81,328	78,554		
Performing loans excl. Fobaproa and Govern. Ent.	26,536	25,581	23,896		
Deposits	94,519	70,560	74,710		
Assets under Management (4)	181,078	198,695	213,581		
Equity	9,457	8,830	9,447		
Past Due Loans	4,420	4,294	4,212		
Loan Loss Reserves	4,654	4,304	4,202		
<b>Asset Quality Ratios</b>					
Past Due Loans to Total Loans	4.9%	5.3%	5.4%		
Loan Loss Reserves to Past Due Loans	105.3%	100.2%	99.8%		

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

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

(3) Non Interest Expense / Total Operating Income – ( Repomo-Margin, Provisions & Trading Income)

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

## V. Information by Sectors

### 1. Banking Sector

(Millions of Pesos)	QUARTER			ACCUMULATED	
	2Q00	1Q01	2Q01	2Q00	2Q01
<b>Income Statement</b>					
<b>Net Interest Income</b>	1,598.9	1,542.4	1,653.9	3,337.5	3,196.3
+ REPOMO-Margin	(3.1)	14.1	17.8	23.8	32.0
<b>= Net Interest Income after Repomo</b>	<b>1,595.8</b>	<b>1,556.5</b>	<b>1,671.7</b>	<b>3,361.3</b>	<b>3,228.2</b>
- Loan Loss Provisions	177.8	154.8	405.9	406.0	560.7
- Loss Sharing Provisions	37.6	94.9	76.8	80.4	171.7
<b>= Net Interest Income after Provisions</b>	<b>1,380.4</b>	<b>1,306.8</b>	<b>1,189.0</b>	<b>2,874.9</b>	<b>2,495.8</b>
+ Non Interest Income	324.8	665.0	467.6	784.1	1,132.6
<b>= Total Operating Income</b>	<b>1,705.2</b>	<b>1,971.8</b>	<b>1,656.6</b>	<b>3,659.0</b>	<b>3,628.5</b>
- Non Interest Expense	1,500.3	1,468.4	1,482.8	2,944.2	2,951.2
<b>= Net Operating Income</b>	<b>204.9</b>	<b>503.4</b>	<b>173.8</b>	<b>714.8</b>	<b>677.3</b>
+ Other Revenues and Expenses	81.1	66.6	171.7	32.5	238.3
<b>= Pre-tax Income</b>	<b>286.0</b>	<b>570.1</b>	<b>345.5</b>	<b>747.3</b>	<b>915.6</b>
- Income Tax & profit sharing	-	(14.9)	(36.1)	-	(51.0)
- Tax on asset	(4.7)	(1.9)	(3.8)	(10.4)	(5.7)
- Deferred Income Tax & profit sharing	(39.6)	(65.9)	(46.5)	(92.3)	(112.3)
<b>= Net Income before Subsidiaries</b>	<b>241.7</b>	<b>487.4</b>	<b>259.2</b>	<b>644.6</b>	<b>746.6</b>
+ Undistributed Earnings of Subsidiaries	6.2	39.5	10.4	40.6	49.9
<b>= Net Income-continuous Operation</b>	<b>247.9</b>	<b>526.9</b>	<b>269.6</b>	<b>685.2</b>	<b>796.4</b>
+ Extraordinary Items, net	-	-	-	-	-
Minoritary Income	-	-	0.1	(3.2)	0.1
<b>=Total Net Income</b>	<b>247.9</b>	<b>526.9</b>	<b>269.6</b>	<b>682.0</b>	<b>796.5</b>
<b>Profability Ratios</b>					
ROA (1)	0.8%	1.9%	1.1%	1.0%	1.5%
ROE (2)	13.6%	29.4%	14.5%	18.0%	21.6%
Efficiency Ratio (3)	80.5%	68.2%	73.7%	73.5%	73.4%
<b>Balance Sheet</b>					
	<b>2Q00</b>	<b>1Q01</b>	<b>2Q01</b>		
Total Assets	124,439	102,160		97,618	
Loan Portfolio	89,758	81,023		77,650	
Deposits	94,825	70,696		74,092	
Equity	7,672	7,401		7,735	
Past Due Loans	4,389	4,268		4,185	
Loan Loss Reserves	4,635	4,287		4,185	
<b>Asset Quality Ratios</b>					
Past Due Loans to Total Loans		4.9%	5.3%		5.4%
Loan Loss Reserves to Past Due Loans		105.6%	100.4%		100.0%

Note: It does not consolidate the Afore which net results are shown in the Undistributed Earnings of Subsidiaries line.

- 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.
- 3) Non Interest Expense / Total Operating Income – ( Repomo-Margin, Provisions & Trading Income)

The Banking Sector earnings were Ps 269.6 million during the quarter, 8.8% higher than those of the same quarter last year. The accumulated net earnings of 1H01 were Ps 796.5 million, 16.8% higher than the accumulated profit of the same period of 2000. During the quarter the loan loss provisions were increased by Ps 405.9 million because of new past-due portfolio in the period and Ps 76.8 million were charged to the earnings under the concept of provisions for the Fobaproa loss sharing. The Net Interest Income before Repomo increased 7.2% compared to 1Q01 due to important

Figures are presented in constant pesos set at the close of June' 2001.



money market and treasury gains in the period. The Non Interest Income of the quarter was Ps 467.6 million vs. Ps 665.0 million of the previous quarter, 29.7% lower mainly due to a reduction in the Serfin portfolio collecting fees, as the previous quarter marked higher income than anticipated. The Non Interest Expense was Ps 1,482.8 million in the quarter, 1.0% higher than that of 1Q01 because of the increase in Administrative and Promotion Expenses for the institutional campaigns undertaken in the quarter.

## Net Interest Income

<i>(Millions of Pesos)</i>	QUARTER			ACCUMULATED	
	2Q00	1Q01	2Q01	2Q00	2Q01
<b>BANKING SECTOR</b>					
Interest Income	5,655.1	8,361.2	4,468.3	11,897.2	12,829.5
Interest Expense	4,203.2	6,881.9	2,879.2	8,846.0	9,761.1
Loan Fees	151.0	66.8	68.8	293.5	135.6
Fees Paid	4.0	3.6	4.1	7.2	7.8
<b>Net Interest Income before Repomo</b>	<b>1,598.9</b>	<b>1,542.4</b>	<b>1,653.9</b>	<b>3,337.4</b>	<b>3,196.3</b>
Average Earning Assets	134,507	103,704	101,595	136,017	102,650
<b>% Net Interest Margin</b>	<b>4.8%</b>	<b>5.9%</b>	<b>6.3%</b>	<b>4.9%</b>	<b>6.2%</b>

  

<i>(Millions of Pesos)</i>	2Q00		1Q01		2Q01	
	BANORTE	BANCEN	BANORTE	BANCEN	BANORTE	BANCEN
Interest Income- loans & securities	3,968.7	1030.0	4,081.7	50.6	4,019.1	1,389.7
Interest Income- repo agreement	646.7	6.2	2,087.0	2,144.0	(811.6)	(131.3)
Foreign exchange Valuation	3.6	-	(2.1)	0.1	2.3	0.3
UDI valuation	-	-	-	-	-	-
Valorization Inst. Indizados	-	-	-	-	-	-
<b>Interest Income</b>	<b>4,619.0</b>	<b>1036.1</b>	<b>6,166.6</b>	<b>2,194.6</b>	<b>3,209.7</b>	<b>1,258.6</b>
Loan Fees	141.0	10.0	66.4	0.3	68.6	0.2
Interest Expenses-dep. & funding	2,904.4	661.8	2,707.3	14.3	2,154.4	56.5
Interest expenses- repo agreement	617.4	10.8	2,456.4	1,693.4	559.6	106.5
Foreign exchange Valuation	-	(0.1)	-	-	-	-
UDI valuation	-	-	-	-	-	-
Valorization Inst. Indizados	7.4	1.5	9.1	1.5	1.1	1.1
<b>- Interest Expense</b>	<b>3,529.2</b>	<b>674.0</b>	<b>5,172.8</b>	<b>1,709.2</b>	<b>2,715.1</b>	<b>164.1</b>
Fees paid	3.5	0.5	3.6	-	4.1	-
<b>= Net Interest Income</b>	<b>1,227.3</b>	<b>371.6</b>	<b>1,056.6</b>	<b>485.8</b>	<b>559.2</b>	<b>1,094.7</b>

The Net Interest Income before Repomo of the Banking Sector was Ps 1,653.9 million, 7.2% greater than that of 1Q01 as a result of the following movements:

- 1) The Money Market operation margin increased with the fall in interest rates thanks to the bank's own positions and those of securities' borrowing at higher interest rates, taken by the Treasury generating substantial earnings for approximately Ps 120 million.
- 2) The reduction in rates for Cetes at 28 days, for which the quarter average was 4.63% compared to the previous quarter (1Q01: 17.02% vs. 2Q01: 12.39%) reduced loans-deposits gain margin.

The accumulated Net Interest Income before Repomo dropped 4.2% with respect to 1H00 basically because of lower loan fees, as in 2000 concepts which were later regrouped in Non-Financial Income (charge for ATM usage and sales point terminals of other banks) were included.

Departing 2Q01, the Interest Expense on repo agreements were netted out with the Interest Income on repo agreements leaving only the premiums paid on repo agreements in the latter. In the quarter, they were netted out retroactively for the whole year, therefore Ps 1,507.3 million in interest expense of 1Q01 were included in 2Q01 (Ps 805.8 million in Banorte and Ps 701.5 million in Bancen) in addition to those of the quarter. This regrouping was carried out following the rules defined in bulletins B-2 and B-5 of Circular 1488 issued by the CNBV. This change does not affect the final Financial Margin before Repomo.

## Non Interest Income

(Millions of Pesos)

	QUARTER			ACCUMULATED	
	2Q00	1Q01	2Q01	2Q00	2Q01
<b>Fees on purchased services:</b>					
+ Fund Transfers	8.5	9.1	10.8	16.9	19.8
+ Account Management Fees	59.2	72.7	77.8	116.4	150.5
+ Fiduciary	40.4	242.0	115.2	254.6	357.2
+ Credit Card	5.5	78.8	83.6	11.5	162.5
+ From Fobaproa	224.3	77.6	81.2	313.5	158.8
+ Other Fees	<u>48.1</u>	<u>70.0</u>	<u>71.9</u>	<u>134.9</u>	<u>141.9</u>
	<b>386.0</b>	<b>550.2</b>	<b>440.5</b>	<b>847.8</b>	<b>990.7</b>
<b>Fees paid:</b>					
+ Fund Transfers	-	-	-	-	-
+ Other Fees	<u>91.1</u>	<u>82.6</u>	<u>83.5</u>	<u>180.9</u>	<u>166.1</u>
	<b>91.1</b>	<b>82.6</b>	<b>83.5</b>	<b>181.0</b>	<b>166.1</b>
<b>= Net Fees</b>	<b>294.9</b>	<b>467.6</b>	<b>357.0</b>	<b>666.8</b>	<b>824.6</b>
<b>Trading Income</b>					
+ Foreign Exchange	49.1	54.1	43.1	104.1	97.1
+ Securities- Realized gains	7.5	30.6	82.5	19.4	113.2
+ Securities- Unrealized gains	<u>(26.7)</u>	<u>112.7</u>	<u>(15.0)</u>	<u>(6.2)</u>	<u>97.7</u>
	<b>29.9</b>	<b>197.4</b>	<b>110.7</b>	<b>117.3</b>	<b>308.0</b>
<b>= Non Interest Income</b>	<b>324.8</b>	<b>665.0</b>	<b>467.6</b>	<b>784.1</b>	<b>1,132.6</b>

Non Interest Income of the quarter was 29.7% lower than that of 1Q01 mainly because of a drop in the Serfin portfolio collecting income (which come in through the Fiduciary account) since in 1Q01 commissions were collected by the Recovery Bank for an amount higher than anticipated, nearly doubling the income from this concept in the previous quarter. The Trading Income dropped by 43.9% caused by a drop in Security Unrealized Gains from Ps 112.7 million in 1Q01 to a negative figure of Ps 15.0 million in 2Q01. This effect was partially compensated by a 169.6% increase in Realized Gains due to higher margins of intermediations caused by a pronounced drop in interest rates during the period. The accumulated Non Interest Income for 1H01 was 44.4% higher than that of the same period in 2000 mainly because of the Income from the Serfin Portfolio collecting in 1Q01 (reflected through the Fiduciary account), to Credit Card fees due to the reclassification of the commissions charged to other banks for ATM usage and sales point terminals as of 4Q00, and to Account Management Fees which increased by 29.3%.

## Non Interest Expense

(Millions of Pesos)	QUARTER			ACCUMULATED	
	2Q00	1Q01	2Q01	2Q00	2Q01
Personnel Expenses	641.8	676.8	643.6	1,253.9	1,320.4
+ Fees Paid	82.9	82.1	70.0	159.4	152.2
+ Operation & Administration Expenses	387.6	350.4	426.1	778.8	776.4
+ Rent, Depreciation & Amortization	154.5	165.4	156.9	339.8	322.3
+ Tax other than income tax	128.0	102.3	101.9	222.6	204.2
+ Contributions to IPAB	105.5	91.4	84.2	189.7	175.7
- Corporate Expense Recoveries	=	=	=	=	=
<b>= Non Interest Expense</b>	<b>1,500.3</b>	<b>1,468.4</b>	<b>1,482.8</b>	<b>2,944.2</b>	<b>2,951.2</b>

The Non Interest Expense of the quarter increased by 1.0% with respect to that of 1Q01 because of the 21.6% increase in Operation and Administration Expenses, which was affected principally by the Promotion and Advertising Expenses (Ps 71 million) from the institutional advertising campaigns undertaken in the period, and to the increased in Surveillance and Securities Transportation, because departing from this year these services are outsourced. Personnel Expenses dropped by 4.9% due to the lay off of 531 employees in the previous quarter. However, the bank officials received a 10% raise in April, while union-affiliated personnel is pending and will be reflected in 3Q01. The yearly accumulated Non-Interest Expense remained at almost the same level as the previous year.

As part of the efficiency improvement and expense reduction program, in June 2001 a 15-floor building called Torre Sur, located in Monterrey, was purchased through Inmobiliaria Banorte so as to concentrate top management and the administrative areas in a single building, which until now had been distributed among different locations in the city. Through this operation 12 proprietary buildings and 8 more rented will be vacated. With the sale of these GFNortes buildings and other real state, as well as the rent and expense savings, not only the investment on this new building will be regained but also administrative expenses will be reduced from now and on. The name of the building will be changed to "Torre Banorte" and will concentrate 1,300 employees.

## Other Revenues and Expenses

(Millions of Pesos)	QUARTER			ACCUMULATED	
	2Q00	1Q01	2Q01	2Q00	2Q01
+ Other Revenues	153.0	92.2	132.3	274.5	224.5
+ Foreign Exchange	-	-	-	0.4	-
+ Recoveries	11.4	102.0	167.6	30.3	269.6
+ Repomo-other	=	<u>(17.7)</u>	<u>60.7</u>	<u>17.1</u>	<u>43.0</u>
<b>= Other Revenues</b>	<b>164.4</b>	<b>176.5</b>	<b>360.6</b>	<b>322.3</b>	<b>537.1</b>
- Other Expenses	(42.0)	(106.0)	(181.6)	(99.2)	(287.6)
- Foreign Exchange	-	-	-	(22.2)	-
- Repomo-other	<u>(41.3)</u>	<u>(3.9)</u>	<u>(7.3)</u>	<u>(168.4)</u>	<u>(11.2)</u>
<b>= Other Expenses</b>	<b>(83.4)</b>	<b>(109.9)</b>	<b>(188.9)</b>	<b>(289.8)</b>	<b>(298.8)</b>
<b>= Other Revenues and Expenses</b>	<b>81.1</b>	<b>66.6</b>	<b>171.7</b>	<b>32.5</b>	<b>238.3</b>

The net result of Other Products and Expenses was Ps 171.7 million, 157.8% higher than that of the previous quarter due to an important increase in the Repomo-other during the quarter which was due to the

transfer of Deferred Tax income for Ps 63.3 million, an increase in Other Products for Ps 40.1 million from the cancellation of Diverse Creditor items for Ps 16.3 million and to a Ps 18.6 million recovery of marketing expenses, and a Ps 75.6 million increase in Other Expenses generated largely by the creation of preventive provisions in Bancen securities for the Treasury position purchased from Banorte. The accumulated net earnings of Other Products and expenses increased by Ps 205.8 million, which is the result of an increase in Recoveries and in other expenses, and to the sharp drop in the Repomo-other.

## Loan Portfolio

(Millions of Pesos)	Local Currency			Foreign Currency			Total		
	2Q00	1Q01	2Q01	2Q00	1Q01	2Q01	2Q00	1Q01	2Q01
<b>Performing Loans</b>									
Commercial	11,842	13,321	12,022	4,455	4,926	4,265	16,297	18,247	16,288
Financial Intermediaries	4,719	973	694	464	769	541	5,183	1,742	1,235
Consumer	616	1,254	1,365	-	-	1	616	1,254	1,366
Mortgages	4,370	4,082	4,153	-	-	-	4,370	4,082	4,153
Government Entities	3,331	39,345	38,990	-	16	13	3,331	39,362	39,003
Fobaproa	46,520	6,070	5,881	9,053	5,999	5,540	55,573	12,069	11,422
<b>Total</b>	<b>71,397</b>	<b>65,045</b>	<b>63,105</b>	<b>13,972</b>	<b>11,711</b>	<b>10,361</b>	<b>85,369</b>	<b>76,756</b>	<b>73,465</b>
<b>Past Due Loans</b>									
Commercial	1,487	1,189	1,143	525	560	946	2,012	1,749	2,090
Financial Intermediaries	7	-	-	-	-	-	7	-	-
Consumer	623	622	304	-	-	-	623	622	304
Mortgages	1,747	1,897	1,791	-	-	-	1,747	1,897	1,791
Government Entities	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,864</b>	<b>3,708</b>	<b>3,239</b>	<b>525</b>	<b>560</b>	<b>946</b>	<b>4,389</b>	<b>4,268</b>	<b>4,185</b>
<b>Total Proprietary Loans</b>	<b>75,261</b>	<b>68,753</b>	<b>66,343</b>	<b>14,497</b>	<b>12,271</b>	<b>11,307</b>	<b>89,758</b>	<b>81,023</b>	<b>77,650</b>
<b>% Past Due Loans</b>	<b>5.1%</b>	<b>5.4%</b>	<b>4.9%</b>	<b>3.6%</b>	<b>4.6%</b>	<b>8.4%</b>	<b>4.9%</b>	<b>5.3%</b>	<b>5.4%</b>
FOBAPROA (**)	-	37,971	35,416	-	-	-	-	35,971	35,416

(\*) Includes valued UDIS

(\*\*) IPAB portfolio is included in the Loans to Government Agencies

(\*\*\*) Includes Fobaproa promissory notes.

Note: There is no scheme for Mortgage Earnings.

The quarter ended with a Loan Portfolio of Ps 77,650 million, 4.2% less than the previous quarter because of a reduction in the corporate portfolio (which is included in the Commercial Loans) –the sector that was most affected by the decelerated economic activity in the United States, however, the commercial loans for the medium and small company segment, which depends mainly on internal consumption as well as the automobile loans, had a favorable behavior during the year, growing together 23.9% from December 1999 to June 2001, due to the positive results of the strategy of focusing in these segments.

The past due portfolio shows a 1.9% decrease with respect to 1Q01 as a result of the following factors:

- 1) A USD 50 million increase with corporate loans falling into the past due portfolio.
- 2) A reduction due to important charge offs in the quarter, totaling Ps 462 million, specially in credit cards.
- 3) A reduction in consumer and mortgage non performing loans as a result of the collection efforts.

The past due loan ratio at the end of 2Q01 was 5.4%, slightly higher than that of 1Q01 because of the decrease in the overall portfolio which is the basis to calculate this indicator.

## Classified Loans

(Millions of Pesos)

Grade	COMMERCIAL (*)			MORTGAGES			CONSUMER			TOTAL		
	Loans	%	Reserve	Loans	%	Reserve	Loans	%	Reserve	Loans	%	Reserve
A	17,228	74.6	135	2,328	39.2	14	1,019	60.4	5	20,575	67.0	153
B	3,201	13.9	366	1,537	25.9	87	333	19.8	33	5,071	16.5	486
C	971	4.2	297	576	9.7	181	33	2.0	15	1,581	5.1	492
D	614	2.7	446	1,503	25.3	1,052	30	1.8	23	2,147	7.0	1,521
E	1,030	4.5	1,000	-	-	-	271	16.1	270	1,301	4.2	1,271
Not Classified	48	0.2	-	-	-	-	-	-	-	48	0.2	-
<b>Total</b>	<b>23,092</b>	<b>100.0</b>	<b>2,244</b>	<b>5,944</b>	<b>100.0</b>	<b>1,333</b>	<b>1,687</b>	<b>100.0</b>	<b>346</b>	<b>30,723</b>	<b>100.0</b>	<b>3,923</b>
Excepted	-	-	-	-	-	-	-	-	-	50,302	62.1	-
<b>Total</b>	<b>23,092</b>	<b>100.0</b>	<b>2,244</b>	<b>5,944</b>	<b>100.0</b>	<b>1,333</b>	<b>1,687</b>	<b>100.0</b>	<b>346</b>	<b>81,025</b>	<b>100.0</b>	<b>3,923</b>

Note : Consolidated with UDIS. Assessed with March'00 peso figures, except the Mortgage and Consumer, which uses the numbers from June 30, 2001, per application of Report 1480 of the CNByV (the National Banking and Securities Commission).

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

## Fobaproa-IPAB

(Million of Pesos)

### REMAINING CONTINGENCIES

	LOSS(1) SHARING	INCENTIVE(1) SCHEME	FOBA-70 (2)
Gross Fobaproa notes balance	9,528	5,714	950
- Cash recoveries	2,027	1,324	232
- Repossessed assets	=	=	<u>228</u>
= Balance net of recoveries	7,501	4,390	490
Contingency before reserves	2,000	329	490
- Reserves	<u>2,000</u>	<u>329</u>	<u>490</u>
<b>= Remaining contingencies</b>	<b>0</b>	<b>0</b>	<b>0</b>

1) Includes only cash recoveries.

2) Includes the historical value of repossessed assets without inflation updating.

Banorte provisioned Ps 76.8 million through the Income Statement during the quarter to keep 100% provisioning on FOBAPROA-IPAB Loss Sharing program, Incentive scheme, and FOBA-70 program. Total cash recoveries represented 21.6% of Banorte's Gross FOBAPROA-IPAB notes balance. The provisioning for the repossessed assets in Foba 70 is carried out monthly and is calculated as the difference between the Fobaproa note balance and cash recoveries vs. their historical value.

## Loan Loss Reserves (LLR)

(Millions of Pesos)

2001

	BANORTE	BANCEN	Total
<b>PREVIOUS PERIOD END BALANCE</b>	<b>3,877</b>	<b>410</b>	<b>4,287</b>
Provision taken in the period	406	-	406
UDI trusts transfers	41	10	51
Charges offs and discounts:			
Commercial Portfolio	(107)	(6)	(113)
Foreclosed assets	(58)	-	(58)
Consumer Portfolio	(242)	-	(242)
Mortgage Portfolio	<u>(46)</u>	<u>(3)</u>	<u>(49)</u>
	<b>(453)</b>	<b>(9)</b>	<b>(462)</b>

Figures are presented in constant pesos set at the close of June' 2001.

Cost of debtors support programs	(26)	(4)	(30)
Valuation and Others	<u>(66)</u>	-	<u>(66)</u>
<b>LOAN LOSS RESERVES AT PERIOD END</b>	<b>3,779</b>	<b>407</b>	<b>4,185</b>

During the quarter, Ps 402 million were provisioned through the Income Statement and Ps 462 million were taken out through Charge offs and discounts related to the recovery and restructuring of past due loans specially coming from the Banpais loan portfolio which is fully reserved, from which Ps 171 million came from the Commercial Portfolio, Ps 242 million from Consumer and Ps 49 million from Mortgages. The cost of debtor support programs of the quarter was Ps 30 million. On the other hand, in the Valuation concept, there were Ps 63 million negative as a result of the reduction of the exchange rate in the dollar loan portfolio (exchange rates- 1Q01:Ps9.52 vs 2Q01:Ps9.09). The balance of Loan Loss Provisions at the close of 2Q01 was Ps 4,185 million.

### Reserve Coverage as of 2Q01

(Millions of Pesos)

	<u>Past Due</u>	<u>Reserves</u>	<u>Reserves/Past Due</u>
<b>BANORTE</b>			
Commercial	2,037	2,037	100.0%
Financial Intermediaries	-	-	-
Consumer	304	304	100.0%
Mortgage	1,662	1,437	86.5%
Government Entities	-	-	-
<b>Total</b>	<b>4,003</b>	<b>3,778</b>	<b>94.4%</b>
<b>BANCEN</b>			
Commercial	52	52	100.0%
Financial Intermediaries	-	-	-
Consumer	-	-	-
Mortgage	130	13	100.0%
Government Entities	-	-	-
Surplus	-	<u>225</u>	-
<b>Total</b>	<b>182</b>	<b>407</b>	<b>223.6%</b>
<b>Total</b>	<b>4,185</b>	<b>4,185</b>	<b>100.0%</b>

The Reserve Coverage of the Banking Sector was 100.0% at the end of 2Q01. In Banorte, the reserve coverage was 94.4%, with a 100% coverage of past due commercial and consumer loans, and 86.5% in Mortgage loans. In the case of Bancen, the reserve coverage was 223.6%, with individual coverage exceeding 100.0%, leaving a surplus of Ps 225 million to cover future contingencies.

### Deposits

(Millions of Pesos)	<u>2000</u>	<u>1Q01</u>	<u>2Q01</u>
Demand Deposits	24,037	24,587	25,156
Time Deposits	69,673	44,754	47,631
Bonds	<u>1,115</u>	<u>1,355</u>	<u>1,304</u>
<b>Total</b>	<b>94,825</b>	<b>70,696</b>	<b>74,092</b>
<b>On behalf of Third Parties Deposits (*)</b>	13,885	42,600	44,693
<b>Total Deposits</b>	<b>108,710</b>	<b>113,296</b>	<b>118,785</b>

(\*) Accounted in Memorandum Accounts. Historical data were changed due to a grouping correction.

Total deposits (including those of third parties) increased by 4.8% when compared to those of the previous quarter, stemming from growths in Demand and Time Deposits, for 2.3% and 6.4%, respectively. Time Deposit increase partially substituted the decrease in the funding through Loans from Banks. In relation with 2000, total deposits grow 9.3% as a result of implementing new promotional strategies.

## Risk Management

December 2000 marked the completion of what was stipulated in Circular 1423 of the National Bank Commission as "Provisions of a Prudential Nature in Risk Management." The corresponding Policies and Risks Manual was approved by the Board of Director.

Moreover, there is in effect an ongoing process related to the updating and improvement of risk management policies and procedures according to the established objectives and with the involvement of all related areas. Besides, the aforementioned Manual has been widely spreaded out, via satellite and through Internet to all employees in the bank.

### Market Risk

The methodology used to calculate market risk is Value at Risk (VaR). The main elements that affect this method are the volatility of the diverse risk factors, such as domestic interest rates, foreign interest rates, exchange rates, etc.

Said methodology is applied to the negotiable instruments portfolio in two ways: the first is through a 1-day tenure with a 95% level of trust, and the second is considering a 10-day tenure with a 99% level of trust.

The average quarterly Risk Value (VaR) of the Group's portfolio of negotiable instrument (Banking and Brokerage Sectors) including bonds, shares, money market operations, interest rate swaps, forwards and other derivatives and out balance are as follows:

Value at Risk  
(Millions of pesos)

	2Q00	3Q00	4Q00	1Q01	2Q01
VaR 1 day	51	66	82	69	131
VaR 10 days	228	290	363	294	540

The average VaR during the quarter under a 1-day tenure was Ps 131 million, equivalent to 1.69% of the Group's capital, and under a 10-day tenure, the average VaR was Ps 540 million, equivalent to 6.98% of the Group's capital.

The average VaR for the last quarters has been incrementing due to higher market volatility as well as to higher volumes on securities, mainly through the money market desk and Treasury.

Moreover, the Value at Risk of the negotiable instruments described, in a risk factor break down, performed as follows:

(Millios of pesos)

RISK FACTOR	VaR 1 day	VaR 10 days
Domestic interest rate	95	422
Foreign interest rate	16	51
Exchange rate	20	67
Total	131	540

The methodology and descriptions of the types of risks are included in the Notes to the Financial Statements of the Banking Sector.

## Capitalization

(Millions of Pesos)	RULES OF 2003			
	1Q01		2Q01	
	BANORTE	BANCEN	BANORTE	BANCEN
Basic Capital	4,671	1,047	4,713	1,334
Supplemental Capital	440	-	1,721	-
<b>Net Capital</b>	<b>5,111</b>	<b>1,047</b>	<b>6,434</b>	<b>1,334</b>
Credit risk assets	40,372	3,675	37,583	4,846
Net Capital / Risk Credit	12.0%(2)	28.5%	17.1%	27.5%
Total risks assets (1)	45,607	5,278	41,165	8,631
<b>Capitalization Ratio</b>				
Tier 1	10.5%	19.8%	11.4%	15.5%
Tier 2	1.0%	-	4.2%	-
<b>Total Capitalization Ratio</b>	<b>10.5%(2)</b>	<b>19.8%</b>	<b>15.6%</b>	<b>15.5%</b>

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

(2) This ratio was calculated adding Ps 3,106 million in total risk assets because the allowed limit of loans to subsidiaries was exceeded by Ps 252 million.

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

At the close of 2Q01, Banorte ended up with a 17.1% capitalization ratio with respect to the loan risk assets and, 15.6% considering also market risks. The capitalization ratio is divided into the Tier 1 capital ratio of 11.4% and 4.2% for Tier 2 capital. This ratio was positively affected with the issuance of Ps 1,301 million in Non-Convertible Subordinate Bonds on June 21. The latter, that is Bancen, closed with a 27.5% ratio with respect to the loan risk assets and 15.5% considering market risks. Its Tier 1 capital ratio was 15.5% and zero for the Tier 2 capital ratio.

## US Dollar Assets and Liabilities

(Millions of Dollars)	1Q01		2Q01	
	BANORTE	BANCEN	BANORTE	BANCEN
<b>Liabilities</b>				
Retail Deposits	829.4	-	846.7	-
Market Issues	330.7	-	319.9	-
Loans	351.3	-	295.4	-
Intergroup Funding	-	-	-	-
Development Banks	153.9	32.4	150.3	30.7
Cross Currency Swaps	150.0	-	150.0	-
Deferred payments	31.7	-	37.3	-
Loan Loss Reserves	52.7	-	53.0	-
Foreign Exchange Der	114.7	-	126.5	-
Other liabilities	15.6	-	12.9	0.8
<b>Total</b>	<b>2,030.0</b>	<b>32.4</b>	<b>1,992.0</b>	<b>31.5</b>
<b>Assets</b>				
Cash	10.1	-	11.2	-
Deposits on Foreign B	309.2	32.0	261.2	31.5
Intergroup Deposits	-	-	-	-
USCP	69.7	-	113.7	-
Remittances Securitization Trust	11.9	-	9.8	-

Figures are presented in constant pesos set at the close of June' 2001.



Investment portfolio	214.9	-	196.8	-
Loan portfolio	637.5	-	632.1	-
Fobaproa – IPAB Notes(1)	623.4	0.4	610.8	-
Foreign Exchange Der	113.4	-	130.9	-
Other assets	<u>39.9</u>	-	<u>25.5</u>	-
<b>Total</b>	<b>2,030.0</b>	<b>32.4</b>	<b>1,992.0</b>	<b>31.5</b>

During 2Q01, there was little variation as to the balance in dollars of 1Q01. Assets dropped by 1.9% as compared to the previous quarter because of a slight fall in the investment portfolio and the Fobaproa - IPAB promissory notes, which brought on a decrease in the Bank Loans in the Liabilities side. One part of the Deposits in Foreign Banks was passed to Investments in Securities looking for better interest rated in the mix of assets. The assets in dollars represent approximately 19% of the total assets of the Group's Banking Sector.

## Recovery Banking

This new section is intended to dimension the Recovery Banking business contribution to the Banking Sector.

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

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

(Millions of Pesos)

<b>Income Statement</b>	<b>1H00</b>	<b>1H01</b>
Net Interest Income	265	13
+REPOMO-margin	<u>(9)</u>	<u>(45)</u>
<b>=Net Interest Income After REPOMO</b>	<b>256</b>	<b>(32)</b>
- Loan Loss Provisions	<u>380</u>	<u>22</u>
<b>= Net Interest Income After Provisions</b>	<b>(124)</b>	<b>(55)</b>
+ Fiduciary	220	292
+ Fobaproa Fees	316	159
+ Other Fees	<u>11</u>	<u>17</u>
Non Interest Income	547	469
<b>= Total Operating Income</b>	<b>423</b>	<b>414</b>
Non Interest Expense	<u>234</u>	<u>226</u>
<b>= Net Operating Income</b>	<b>189</b>	<b>188</b>
- Other Revenues and Expenses	-	-
<b>= Pre-tax Income</b>	<b>189</b>	<b>188</b>
- Income Tax & Profit Sharing	4	24
- Tax on Asset	-	-
- Deferred Income Tax & Profit Sharing	-	-
<b>= Net Income before Subsidiaries</b>	<b>185</b>	<b>164</b>
+ Undistributed Earnings of Subsidiaries	-	-
<b>= Net Income-continuous Operation</b>	<b>185</b>	<b>164</b>
+ Extraordinary Items, net	-	-
- Minority Income	-	-
<b>= Total Net Income</b>	<b>185</b>	<b>164</b>

The basis to calculate these figures were the assets managed by Recovery Banking which consist of: the loan portfolios sold to Fobaproa by Bancen and Banpais, the purchase of collecting rights of the Serfin Portfolio for 4 years, and the portfolios bought from the IPAB in 4Q00 and 1Q01 (Serfin and Bancrecer). Additionally, it

administrates own portfolio which, given its characteristics, have been transferred to be collected through the Recovery Banking.

## Assets under Management

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

(Millions of Pesos)	1H01	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
<b>Fobaproa-IPAB Portfolios:</b>			
Banking Sector (*)	22,744	Out of balance trusts	Fees from FOBAPROA
Serfin	17,232	Serfin Trust	Fiduciary
Reposessed assets	7,208	Out of balance trusts	Fobaproa fees and Fiduciary
	47,184		
<b>Loans purchased to IPAB:</b>			
Serfin	2,760	Sólida Administradora de Portafolios	Undistributed Earnings from Subsidiaries
Bancrecer	2,061	Sólida Administradora de Portafolios	Undistributed Earnings from Subsidiaries
	4,821		
<b>Banking Sector Portfolio:</b>			
Banking Sector (*)	6,613	Banorte's Portfolio	Net Interest Income
Reposessed assets	1,307	Banorte's Reposessed assets	Other Revenues and Expenses
	7,920		
<b>Total</b>	<b>59,925</b>		

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

Following are the Recovery Banking earning as a percentage of the overall earnings of the Banking Sector:

(Millones de Pesos)	ACCUMULATED		
	1H00	2H00	1H01
Banking Sector Net Income(*)	613	922	760
Recovery Bank Net Income	185	221	164
<b>=% of Contribution</b>	<b>30%</b>	<b>24%</b>	<b>22%</b>

(\*) Banking Sector at 100%

During the year 2000, the Recovery Banking benefited with extraordinary fee income from IPAB as well as for the portfolio recovery programs called "Punto Final" and "Banorte es más que Punto Final", which contributed to increasing net interest margin.

## 2.-Brokerage Sector

(Millions of Pesos)	QUARTER			ACCUMULATED	
	2Q00	1Q01	2Q01	2Q00	2Q01
<b>Brokerage House</b>					
Net Income	(11.0)	12.3	0.9	8.0	13.1
Equity	551.8	157.4	217.4	551.8	217.4
Total Assets	3,309.2	290.6	325.0	3,309.2	325.0
Assets under Management	64,960.8	73,436.6	82,417.6	64,960.8	82,417.6

The **Brokerage House** registered a Ps 13.1 million earning during the first half of 2001 due to the excellent income in the money market derived from the strategy of placing 3 and 6-month positions, which enabled the promotion areas to offer investment terms other than those of 28 days, in addition to consolidating highly profitable operations

Figures are presented in constant pesos set at the close of June' 2001.

directly with institutional clients, which is ultimately reflected in earnings 63.8% higher than those of the same period last year, and also due to the strict expenditure control that was implemented.

As to the stock market derived income, there was a 7.3% increase with respect to the same period last year, even though in the first quarter of 2001 the Stock Exchange's behavior was complex and unclear due to the uncertainty in international circles, the last months of the second quarter have been favorable as this type of income shows.

### 3.-Long Term Savings Sector

(Millions of Pesos)	QUARTER			ACCUMULATED	
	2Q00	1Q01	2Q01	2Q00	2Q01
<b><u>Afore</u></b>					
Net Income	4.9	62.2	9.3	77.0	71.5
Equity	957.8	1,069.1	1,073.9	957.8	1,073.9
Total Assets	1,058.2	1,239.3	1,264.1	1,058.2	1,264.1
Assets under Management (SIEFORE)	7,266.5	9,952.5	10,966.0	7,266.5	10,966.0
<b><u>Insurance</u></b>					
Net Income	(39.4)	(38.0)	53.5	(35.3)	15.5
Equity	119.4	82.9	136.4	119.4	136.4
Total Assets	1,341.3	1,375.1	1,437.6	1,341.3	1,437.6
Technical Reserves	1,022.1	1,088.3	1,137.2	1,022.1	1,137.2
<b><u>Annuities</u></b>					
Net Income	(52.2)	(9.8)	35.9	(34.0)	26.1
Equity	96.9	95.0	130.6	96.9	130.6
Total Assets	1,682.3	2,488.9	2,810.8	1,682.3	2,810.8
Technical Reserves	1,574.7	2,385.1	2,668.5	1,574.7	2,668.5

**The Afore** totaled annual accumulated earnings for Ps 71.5 million (51% is for Bancen), 7.1% lower than in 1H00 due mainly to the application of deferred taxes which in 2000 were charged until 4Q00 and to the fact that as of 2Q01 taxes were beginning to be paid, as there were fiscal losses previously. There was an important annual increase of the managed assets for 50.9% and the inclusion of new affiliates for a total of 1,715,374 affiliates at the close of the quarter, thereby reaching a 9.0% market share. The variation with respect to the previous quarter is due to the business' cyclic nature because employer contributions are made bimonthly and, consequently, there are two contributions in the 1<sup>st</sup> and 3<sup>rd</sup> quarters of each year, while there is only one in the 2<sup>nd</sup> and 4<sup>th</sup> quarters.

**The Insurance Company** showed accumulated earnings for the year for a total of Ps 15.5 million (51% is for GFNorte) vs. a Ps 35.3 million loss in 1H00 due to the positive impact of the mark to market valuation on the investment portfolio and to non-recurrent income for Ps 26 million. During the quarter the Insurance company purchased the damages service department to Generali Mexico. Now the Insurance Company provides these services to Generali México. (Generali Mexico is independent of GFNorte and is owned by the Azzicurazioni Genrali Group). The Group's Insurance Company will benefit from the additional income from the concept of Damage Service Attention beginning of this quarter.

The **Annuities** company registered an accumulated earning of Ps 26.1 million in the first half of the year compared to a Ps 34.0 million loss in 2000 (51% is for GFNorte). This increase was due mostly to the favorable effect for Ps 25 million, of the mark to market valuation in the long-term investment portfolio position. The important increase in the operations volume is reflected in the 67% increase of the company's assets. At present, it holds a 9% market share in premiums sold.

## 4.-Auxiliary Organizations Sector

(Millions of Pesos)	QUARTER			ACCUMULATED	
	2Q00	1Q01	2Q01	2Q00	2Q01
<b>Leasing</b>					
Net Income	4.9	6.7	6.3	9.2	13.0
Equity	102.6	124.2	130.6	102.6	130.6
Loan Portfolio(*)	545.5	545.9	599.5	545.5	599.5
Past Due Loans	20.0	17.9	17.7	20.0	17.7
Loan Loss Reserves	9.1	8.6	8.6	9.1	8.6
Total Assets	547.9	549.8	603.6	547.9	603.6
<b>Factoring</b>					
Net Income	9.2	12.5	7.1	18.5	19.7
Equity	140.7	178.3	169.4	140.7	169.4
Loan Portfolio	1,495.6	1,542.0	1,597.6	1,495.6	1,597.6
Past Due Loans	10.4	8.5	9.1	10.4	9.1
Loan Loss Reserves	10.2	8.5	8.8	10.2	8.8
Total Assets	1,502.9	1,551.0	1,603.4	1,502.9	1,603.4
<b>Warehousing</b>					
Net Income	0.7	2.0	2.4	1.3	4.3
Equity	58.8	51.9	54.3	58.8	54.3
Inventories(**)	336.6	167.3	157.8	336.6	157.8
Total Assets	401.0	275.1	224.6	401.0	224.6
<b>Bonding</b>					
Net Income	2.6	1.4	1.9	3.4	3.3
Equity	60.3	64.0	65.6	60.3	65.6
Total Assets	123.4	133.3	135.3	123.4	135.3

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

(\*) Departing 2Q00 it includes operating lease.

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

The **Leasing** company accumulated profits of Ps 13 million in the first 6 months of the year, 41.3% higher than last year due to a 10% increase in its Loan Portfolio and a decrease in past-due loans, whose ratio went from 3.7% in 2Q00 to 3.0% in 2Q01. It is now in 8th place among 29 companies in the industry.

The **Factoring** company generated Ps 19.7 million in profits in 1H01, 6.5% greater than those accumulated in 2000, as a result of the 6.8% growth of its loan Portfolio and to a 12.5% reduction in its past-due loans. In May 2001, it paid a dividend for Ps 16 million to the Group's Holding company. It currently ranks 1<sup>st</sup> among the 10 companies in the Industry in terms of portfolio.

The **Warehousing** company accumulated a Ps 4.3 million profit in the year, more than twice those the accumulated in 2000, because it has undergone substantial changes in the integration of its income, a result of the economy's behavior in general. The inventory commercialization service has dropped considerably because of the deceleration of the United States economy, given that most products that are commercialized are tied to international activities.

The **Bonding** company totaled a Ps 3.3 million net income in the 1H01, a figure similar to that registered in 1H00, despite the fact that the number of sureties sold dropped because of the national economy slow-down and also to a claims increase.

## V. Accounting Changes and Regulations

**Grupo Financiero Banorte.**- The CNByV issued bulletin 1489 dated October 30, 2000 which considers that due to several adjustments in domestic and international accounting, it is necessary to update certain accounting criteria to add rules of disclosure of financial information consolidated in the mid term, to incorporate the concept of overall (integral) profit, as well as to set certain rules of registration, appraisal, presentation and disclosure as to investments in shares, thereby partially replacing the provision of Circular 1456. This circular was effective as of January 1, 2001.

**Banking Sector (Banorte y Bancen)**- The National Banking and Shares Commission published on October 30, 2000 circular 1488, which went into effect as of January 1, 2001, thereby replacing several of the accounting criteria of Circular 1448, relative to the application of specific rules, investments in shares, derived financial instruments, loan portfolio, guarantees, related parties, accounting statement or balance sheet, earnings statement and the state of variation in stockholder's equity.

During the second quarter of 2001, the interest expense from repo operations were reclassified, to be netted out with the income derived from these same operations, in accordance with the stipulations of bulletins B-2 and B-5 of circular 1488 issued by the CNBV.

## ANNEX 1- GRUPO FINANCIERO- GENERAL INFORMATION

### GFNorte Ownership in Subsidiaries- 2Q01

<i>(Percentages)</i>	<b>2Q01</b>
Banco Mercantil del Norte (1)	95.79%
Banco del Centro	99.99%
Brokerage House	99.99%
Pension Funds Afore (2)	51.00%
Insurance	51.00%
Annuities	51.00%
Leasing	99.99%
Factoring	99.99%
Warehousing	99.99%
Bonding	99.99%

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

### Capital Structure of the Holding Company

<b>Number of Shares</b>	<b>SERIE O as of June 30,2001</b>
Number of shares issued	504,586,887
- Shares held on Treasury	865,000
<b>= Number of shares outstanding</b>	<b>503,721,887</b>

### Banorte's Rating – 2Q01

<u>Calificadoras</u>	<u>Calificated Entity</u>	<u>Opinion</u>	<u>Category</u>	<u>Date</u>
Moody's Investor	Banorte	D+	Modest Financial Strength	Feb- 2001
Standard & Poors	Banorte	BB/Stable/B	Banorte's Financial Strength	Aug-2000
Fitch	Banorte	BBB- BB+ C/D	Long Term-local money Long Term- Individual-	Dec.-2000

<b>No of Employees &amp; Distribution Network</b>
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<b>EMPLOYEES</b>	<b>2Q00</b>	<b>1Q01</b>	<b>2Q01</b>
Banking Sector	8,935	8,641	8,552
Other Sectors	<u>2,192</u>	<u>2,156</u>	<u>2,444</u>
<b>Total Group</b>	<b>11,127</b>	<b>10,797</b>	<b>10,996</b>
<b>DISTRIBUTION NETWORK</b>			
<b>Branches (*)</b>	453	458	458
<b>ATM</b>	1,345	1,468	1,519

(\*) Includes banking modules and excludes 1 branch located in Cayman Island.

## ANNEX 2- Grupo Financiero- Information by Segments

### Proforma consolidated data as of 2Q01

<i>(Millions of Pesos)</i>	<b>BANORTE (1)</b>	<b>BANCEN (3)</b>	<b>TOTAL SECTOR</b>
<b>Income Statement</b>			
Net Interest Income	559.2	1,094.7	1,653.9
Non Interest Income	345.0	122.6	467.6
Non Interest Expense	1,458.9	23.9	1,482.8
Other income (expense)	182.5	(10.8)	171.7
Extraordinary items, net	-	-	-
Net Income	(909.8)	1,179.4	269.6
<b>Balance Sheet</b>			
Assets	94,157	3,461	97,618
Loans	76,952	699	77,650
Deposits	74,092	-	74,092
Equity	5,852	1,883	7,735
Past Due Loans	4,003	182	4,185
Loan Loss Reserves	3,778	407	4,185
<b>Ratios</b>			
Expense/ Total Assets	6.2%	2.8%	6.1%
% Past Due Loans	5.2%	26.1%	5.4%
Reserves / Past Due Loans	94.4%	223.1%	100.0%
% Capitalization (2)	15.6%	15.5%	N.A.

1) Includes a 95.41% participation of the Group.

2) Includes Market Risks. Using 2003 rules.

3) Excludes the AFORE.

With the ultimate goal of improving the understanding of information of the Group and given the importance of the 2 banks (Banorte and Bancen) within the Financial Group, (together representing more than 90% each of the Shares, Deposits, and Profits of the Group), we have included their financial statements and combined indicators 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 Bancen), which is not considered part of this Sector for management reasons (as of the end of 1998). We have also grouped companies corresponding to other Sectors, which are defined in accordance with the orientation of the companies. These Sectors are as follows: The Brokerage Sector which is made up of the Brokerage House; the Long-Term Savings Sector, made up of the Annuities, Insurance and Afore companies, and the Auxiliary Organizations Sector which includes the Leasing, the Brokerage, the Warehousing, and the Bonding companies. For purposes of the Reconciliation Table by Sector, these sectors are all put under the heading "Other Sectors" 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

<i>(Millions of Pesos)</i>	<b>BANORTE</b>	<b>BANCEN</b>	<b>INTERBANK ELIMINATIONS</b>
<b>Income Statement</b>			
Net Interest Income	(913.2)	913.2	-
Non Interest Income	-	-	-
Non Interest Expense	(10.1)	10.1	-
Other Income (expense)	-	-	-
Extraordinary items, net	-	-	-
<b>Balance Sheet</b>			
Assets	(1,129)	-	(1,129)
Loans	-	-	-
Deposits	-	(1,059)	(1,059)
Due to Banks	-	(70)	(70)
Equity	-	-	-
Past Due Loans	-	-	-
Loan Loss Reserves	-	-	-

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

## Reconciliation of Segments Summary-2Q01

<i>(Millions of Pesos)</i>	<b>BANKING SECTOR</b>	<b>OTHER SECTORS</b>	<b>WITHOUT OT. SECT.</b>	<b>TOTAL GROUP</b>
<b>Income Statement</b>				
Net Interest Income	1,653.9	137.1	-	1,791.0
Non Interest Income	467.6	142.5	-	610.1
Non Interest Expense	1,482.8	231.6	-	1,714.4
Other Income (expense)	171.7	4.9	-	176.6
Extraordinary items, net	-	-	-	-
<b>Balance Sheet</b>				
Assets	97,618	13,528	(9,685)	101,461
Loans	77,650	2,110	(1,207)	78,554
Deposits	74,092	-	619	74,710
Equity	7,735	10,617	(8,905)	9,447
Past Due Loans	4,185	27	-	4,212
Loan Loss Reserves	4,185	17	-	4,202

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.

**HOLDING - Balance Sheet** (Millions of Pesos)

ASSETS	1Q00	2Q00	3Q00	4Q00	1Q01	2Q01	3Q01	4Q01
<b>Cash and due from Banks</b>	298	283	277	213	198	410		
Negotiable Instruments	-	-	-	-	-	-		
Securities held for sale	-	-	-	-	-	-		
Securities held to maturity	-	-	-	-	-	-		
<b>Financial Instruments:</b>	-	-	-	-	-	-		
Sundry debtors and other assets, net	6	8	6	33	44	1		
Real Estate, Furniture & Equipment,	-	-	-	-	-	-		
Investments in subsidiaries	8,459	8,371	6,958	7,462	7,823	8,262		
Deferred taxes	-	-	-	-	-	-		
Goodwill	253	-	-	-	-	-		
Other Assets, Deferred charges,	-	-	-	-	1	1		
	253	-	-	-	1	1		
<b>TOTAL ASSETS</b>	<b>9,017</b>	<b>8,662</b>	<b>7,241</b>	<b>7,708</b>	<b>8,066</b>	<b>8,675</b>		
<b>LIABILITIES</b>								
<b>Due to banks and correspondents</b>	-	-	-	-	-	-		
Income Tax & Profit Sharing	1	-	-	-	-	-		
Other Payable accounts	-	-	-	-	5	-		
<b>Other payable accounts</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>		
Deferred taxes	-	-	-	-	-	-		
<b>TOTAL LIABILITIES</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>		
<b>STOCKHOLDER'S EQUITY</b>								
Paid-in Capital	4,639	4,638	4,605	4,713	4,712	4,750		
Share subscription premiums	974	974	974	1,294	1,299	1,371		
Subordinated Convertible Debentures	461	456	451	-	-	-		
<b>Subscribed Capital</b>	<b>6,074</b>	<b>6,069</b>	<b>6,029</b>	<b>6,008</b>	<b>6,011</b>	<b>6,121</b>		
Capital Reserves	633	692	608	762	755	944		
Retained Earnings	6,714	6,401	6,401	6,227	7,950	7,865		
Surplus (Deficit) from securities	-	-	-	-	-	-		
Results of foreign operations	-	-	-	-	-	-		
Excess (Insuf.) in capital	(4,849)	(4,857)	(4,847)	(4,848)	(4,845)	(4,848)		
Non Mon assets results Fixed Assets	-	-	-	-	-	-		
Non Mon assets results Investm	(26)	(320)	(2,201)	(2,164)	(2,340)	(2,286)		
Adjustment in the employees	-	-	-	-	-	-		
Accumulated Deferred tax effect	-	-	-	-	-	-		
Net Income	470	677	1,251	1,773	532	877		
<b>Earned Capital</b>	<b>2,942</b>	<b>2,593</b>	<b>1,212</b>	<b>1,700</b>	<b>2,051</b>	<b>2,553</b>		
<b>Total Stockholder's Equity</b>	<b>9,017</b>	<b>8,662</b>	<b>7,241</b>	<b>7,708</b>	<b>8,062</b>	<b>8,674</b>		
<b>TOTAL LIABILITIES &amp;</b>	<b>9,017</b>	<b>8,662</b>	<b>7,241</b>	<b>7,708</b>	<b>8,066</b>	<b>8,675</b>		

**MEMORANDUM ACCOUNTS OF HOLDING** (Millions of Pesos)

	1Q00	2Q00	3Q00	4Q00	1Q01	2Q01	3Q01	4Q01
Client securities held in custody	13,471	2,644	2,600	2,813	2,775	2,738		
Other trust account items	12,784	14,690	14,424	14,099	13,912	13,725		
<b>Total</b>	<b>26,255</b>	<b>17,334</b>	<b>17,024</b>	<b>16,911</b>	<b>16,687</b>	<b>16,464</b>		

**HOLDING-Consolidated Income Statement** (Millions of Pesos)

MARGEN FINANCIERO NETO	1Q00	2Q00	3Q00	4Q00	1Q01	2Q01	3Q01	4Q01
Income from Subsidiaries and Interest	507.0	228.3	588.9	460.5	535.6	342.1		
Interest Expense	23.9	20.5	21.6	16.2	-	-		
Trading Income	-	-	-	-	-	-		
Fees & Tariffs	-	-	-	-	-	-		
REPOMO	(9.0)	(4.4)	(4.4)	(5.8)	(3.2)	(3.3)		
<b>Total Operating Income</b>	<b>474.1</b>	<b>203.4</b>	<b>562.9</b>	<b>438.5</b>	<b>532.3</b>	<b>338.8</b>		
Operation & Administrative expenses	0.8	0.7	0.7	0.8	0.3	0.5		
<b>Operating Income</b>	<b>473.4</b>	<b>202.7</b>	<b>562.2</b>	<b>437.7</b>	<b>532.1</b>	<b>338.3</b>		
Other Income	(2.6)	4.9	12.4	34.8	(0.1)	7.9		
Other Expense	-	-	-	-	-	-		
<b>Otros Expenses (Revenues), Net</b>	<b>(2.6)</b>	<b>4.9</b>	<b>12.4</b>	<b>34.8</b>	<b>(0.1)</b>	<b>7.9</b>		
<b>Pre-tax Income</b>	<b>470.7</b>	<b>207.7</b>	<b>574.6</b>	<b>472.5</b>	<b>532.0</b>	<b>346.2</b>		
Income Tax & Profit Sharing	(0.6)	(0.6)	(0.6)	(0.6)	-	-		
Tax on Assets	-	-	-	-	-	(1.3)		
Deferred Inc. Tax and Profit sharing	-	-	-	-	-	-		
	(0.6)	(0.6)	(0.6)	(0.6)	-	(1.3)		
<b>Net income from Continuos</b>	<b>470.1</b>	<b>207.0</b>	<b>574.0</b>	<b>471.9</b>	<b>532.0</b>	<b>344.9</b>		
Extraordinary Items, net	-	-	-	-	-	-		
<b>Total Net Income</b>	<b>470.1</b>	<b>207.0</b>	<b>574.0</b>	<b>471.9</b>	<b>532.0</b>	<b>344.9</b>		

**GRUPO FINANCIERO BANORTE – Consolidated Balance Sheet** (Millions of Pesos)

<b>ASSETS</b>	<b>1Q00</b>	<b>2Q00</b>	<b>3Q00</b>	<b>4Q00</b>	<b>1Q01</b>	<b>2Q01</b>	<b>3Q01</b>	<b>4Q01</b>
<b>Cash and due from Banks</b>	<b>11,750</b>	<b>11,146</b>	<b>9,387</b>	<b>9,778</b>	<b>7,860</b>	<b>7,773</b>		
Negotiable Instruments	25,833	18,676	15,190	4,256	6,294	6,024		
Securities held for sale	51	49	169	174	1,780	1,587		
Securities held to maturity	5,075	4,952	3,292	3,010	1,274	1,324		
<b>Financial Instruments:</b>	<b>30,959</b>	<b>23,678</b>	<b>18,651</b>	<b>7,440</b>	<b>9,348</b>	<b>8,935</b>		
Repurchase agreements, net	64	223	171	131	169	208		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	-	-	-	-	-	-		
Options and derivatives, net	196	74	2	6	5	49		
<b>Repos &amp; Derivatives :</b>	<b>260</b>	<b>298</b>	<b>173</b>	<b>138</b>	<b>174</b>	<b>257</b>		
Commercial	18,245	18,203	18,837	22,020	20,173	18,295		
Financial Intermediaries	1,396	3,348	2,096	168	65	59		
Consumer	604	616	624	640	1,262	1,390		
Mortgage	4,382	4,370	4,256	4,178	4,082	4,153		
Government Entities	3,334	3,350	2,791	38,800	39,384	39,024		
Fobaproa	55,600	55,573	54,086	12,200	12,069	11,422		
Fiduciary collection rights	-	-	-	-	-	-		
<b>Performing Loans</b>	<b>83,560</b>	<b>85,459</b>	<b>82,691</b>	<b>78,005</b>	<b>77,034</b>	<b>74,342</b>		
Commercial	2,226	2,042	1,848	1,796	1,766	2,107		
Financial Intermediaries	-	7	1	-	-	-		
Consumer	628	623	611	611	631	313		
Mortgage	1,821	1,747	1,809	1,852	1,897	1,791		
Government Entities	-	-	-	-	-	-		
<b>Past Due Loans</b>	<b>4,676</b>	<b>4,420</b>	<b>4,269</b>	<b>4,259</b>	<b>4,294</b>	<b>4,212</b>		
<b>Total Loans</b>	<b>88,236</b>	<b>89,878</b>	<b>86,960</b>	<b>82,265</b>	<b>81,328</b>	<b>78,554</b>		
Preventive loan loss reserves	4,771	4,654	4,384	4,297	4,304	4,202		
<b>Net Loan Portfolio</b>	<b>83,465</b>	<b>85,224</b>	<b>82,576</b>	<b>77,968</b>	<b>77,024</b>	<b>74,351</b>		
Sundry debtors and other assets, net	1,865	1,500	1,769	2,831	2,306	2,407		
Foreclosed assets, net	1,462	1,455	1,419	1,552	1,462	1,501		
Real Estate, Furniture & Equipment, net	3,437	3,399	3,357	3,392	3,310	3,260		
Investments in subsidiaries	870	888	856	873	934	958		
Deferred taxes	414	17	150	638	618	642		
Goodwill	253	-	-	-	-	-		
Deferred charges & Intangibles	1,343	1,457	1,643	1,311	1,538	1,376		
UDIS Mortgage loans reserve coverage	34	-	-	-	-	-		
<b>Other Assets</b>	<b>9,679</b>	<b>8,715</b>	<b>9,193</b>	<b>10,597</b>	<b>10,169</b>	<b>10,144</b>		
<b>TOTAL ASSETS</b>	<b>136,113</b>	<b>129,060</b>	<b>119,981</b>	<b>105,920</b>	<b>104,575</b>	<b>101,461</b>		

**GRUPO FINANCIERO BANORTE – Consolidated Balance Sheet** (Millions of Pesos)

<b>LIABILITIES</b>	<b>1Q00</b>	<b>2Q00</b>	<b>3Q00</b>	<b>4Q00</b>	<b>1Q01</b>	<b>2Q01</b>	<b>3Q01</b>	<b>4Q01</b>
Demand Deposits	23,121	24,021	24,484	26,645	24,564	25,129		
Time Deposits	79,654	69,384	63,199	41,519	44,641	48,277		
Bonds	1,088	1,115	1,323	1,344	1,355	1,304		
<b>Deposits</b>	<b>103,863</b>	<b>94,519</b>	<b>89,006</b>	<b>69,508</b>	<b>70,560</b>	<b>74,710</b>		
Demand	399	2,672	314	3,982	4,239	8		
Short term	7,301	7,464	10,079	10,427	8,935	4,151		
Long term	10,019	9,722	9,936	10,436	9,686	9,588		
<b>Due to banks and correspondents</b>	<b>17,719</b>	<b>19,858</b>	<b>20,330</b>	<b>24,845</b>	<b>22,860</b>	<b>13,746</b>		
Repurchase agreements, net	16	244	77	126	50	102		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	2	-	-	-	-	-		
Options and derivatives, net	346	458	57	38	20	2		
<b>Repos &amp; Derivatives:</b>	<b>365</b>	<b>702</b>	<b>134</b>	<b>164</b>	<b>71</b>	<b>103</b>		
Income Tax & Profit Sharing	117	61	81	227	284	107		
Other Payable accounts	3,845	4,321	2,347	2,630	1,866	1,938		
<b>Other payable accounts</b>	<b>3,962</b>	<b>4,382</b>	<b>2,428</b>	<b>2,857</b>	<b>2,150</b>	<b>2,045</b>		
Subordinated non Convertible Debenture	205	-	-	-	-	1,306		
Deferred Taxes	15	39	-	-	-	-		
Deferred credits	102	104	104	103	105	103		
<b>TOTAL LIABILITIES</b>	<b>126,231</b>	<b>119,603</b>	<b>112,001</b>	<b>97,477</b>	<b>95,745</b>	<b>92,014</b>		
<b>STOCKHOLDER 'S EQUITY</b>								
Paid-in Capital	4,639	4,638	4,605	4,713	4,712	4,750		
Share subscription premiums	974	974	974	1,294	1,299	1,371		
Subordinated Convertible Debentures	461	456	451	-	-	-		
<b>Subscribed Capital</b>	<b>6,074</b>	<b>6,069</b>	<b>6,029</b>	<b>6,008</b>	<b>6,011</b>	<b>6,121</b>		
Capital Reserves	633	692	608	762	755	944		
Retained Earnings	6,714	6,401	6,401	6,227	7,950	7,865		
Surplus (Deficit) from securities	-	-	-	-	-	-		
Results of foreign operations exchange	-	-	-	-	-	-		
Excess (Insuf.) in capital restatement	(4,849)	(4,857)	(4,847)	(4,848)	(4,845)	(4,848)		
Non Mon assets results Fixed Assets	-	-	-	-	-	-		
Non Mon assets results Investm subsidiaries	(26)	(320)	(2,201)	(2,164)	(2,340)	(2,286)		
Adjustment in the employees pension funds	-	-	-	-	-	-		
Accumulated Deferred tax effect	-	-	-	-	-	-		
Net Income	470	677	1,251	1,723	532	877		
<b>Earned Capital</b>	<b>2,942</b>	<b>2,593</b>	<b>1,212</b>	<b>1,700</b>	<b>2,051</b>	<b>2,553</b>		
Minority Holdings	866	795	739	736	768	773		
<b>Total Stockholder 's Equity</b>	<b>9,882</b>	<b>9,457</b>	<b>7,980</b>	<b>8,444</b>	<b>8,830</b>	<b>9,447</b>		
<b>TOTAL LIABILITIES &amp; STOCKHOLDER 'S</b>	<b>136,113</b>	<b>129,060</b>	<b>119,981</b>	<b>105,920</b>	<b>104,575</b>	<b>101,461</b>		

**MEMORANDUM ACCOUNTS OF GRUPO FINANCIERO BANORTE CONSOLIDATED**

(Millions of Pesos)

	1Q00	2Q00	3Q00	4Q00	1Q01	2Q01	3Q01	4Q01
<b>ON BEHALF OF THIRD PARTY TRANSACTIONS</b>								
Customers' banks	-	4	1	3	3	2		
Dividends receivable from customers	-	-	-	-	-	-		
Interest receivable from customers	-	-	-	-	-	-		
Liquidation of customer transactions	(1,980)	170	3,230	3,645	7,595	9,475		
Customer loans	-	-	-	-	-	-		
Liquidation with foreign currencies of customers	-	-	-	-	-	-		
Margin accounts in futures operations	-	-	-	-	-	-		
Other current accounts	-	-	-	-	-	-		
<b>CUSTOMERS CURRENT ACCOUNT</b>	<b>(1,980)</b>	<b>174</b>	<b>3,231</b>	<b>3,647</b>	<b>7,598</b>	<b>9,478</b>		
Client securities held in custody	69,175	60,722	68,797	61,534	69,664	81,121		
Securities and documents received in guarantee	4	4	-	-	-	-		
Client securities abroad	-	-	-	-	-	-		
<b>CLIENT SECURITIES</b>	<b>69,179</b>	<b>60,726</b>	<b>68,797</b>	<b>61,535</b>	<b>69,664</b>	<b>81,121</b>		
Repurchase operations for customers	22,089	30,022	15,400	24,945	19,531	20,352		
Clients securities loans	-	-	-	-	-	-		
Purchase of Futures & forward contracts (nati.	-	-	-	-	-	-		
Sale of futures and forward contracts (national	-	-	-	-	-	-		
Purchasing operations (option price)	247	349	348	345	340	40		
Sales operations (option price)	247	349	348	345	340	40		
Purchase of derivative packages	-	-	-	-	-	-		
Sale of derivative packages	-	-	-	-	-	-		
Administration trusts	1,085	996	917	974	1,060	814		
<b>TRANSACTIONS ON BEHALF OF CLIENT</b>	<b>23,420</b>	<b>31,367</b>	<b>16,665</b>	<b>26,264</b>	<b>20,935</b>	<b>21,206</b>		
<b>TOTAL ON BEHALF OF THIRD PARTY</b>	<b>90,619</b>	<b>92,267</b>	<b>88,693</b>	<b>91,447</b>	<b>98,197</b>	<b>111,804</b>		
Signature guarantees granted	3	3	3	3	3	3		
Issuing of irrevocable letters of credit	573	456	670	510	1,147	999		
Property in trust and guardianship	36,893	37,780	36,321	37,186	37,688	35,072		
Assets held in custody or in administration	118,137	98,104	90,651	75,262	78,323	80,185		
Amounts committed to operations with	9,235	9,648	8,580	3,703	3,862	4,000		
In Transit drafts	-	-	-	-	-	-		
Certificates of Deposit in circulation	140	482	415	440	154	111		
Secured Credit Cards from the company	-	-	-	-	-	-		
Securities given to the company in custody	2,025	2,671	55	30	22	20		
Government securities in custody of the company	21	25	23	25	26	34		
Securities given to the company on guarantee	2	-	-	-	-	-		
Securities outside the country	20	20	-	-	-	-		
Liquidations with foreign currencies abroad	-	-	-	-	-	-		
Debits to the contingency fund	-	-	-	-	-	-		
Other contingent obligations	17,611	18,689	21,287	20,479	16,298	16,459		
Banking transactions on behalf of third-parties	25,873	29,454	47,846	71,228	81,596	96,863		
Investments in funds for the retirem.saving	2,520	2,545	2,227	2,221	2,243	2,262		
Integration of the credit portfolio	-	-	-	-	-	-		
Amounts contracted in derivative instruments	2,424	2,579	2,627	2,722	2,618	2,370		
Other trust account items	295,966	295,319	368,104	210,389	249,107	249,441		
<b>OWN ACCOUNT OPERATIONS</b>	<b>511,443</b>	<b>497,775</b>	<b>578,808</b>	<b>424,196</b>	<b>473,088</b>	<b>487,819</b>		
Repurchase agreements								
Securities to be received	35,432	44,241	64,443	93,724	106,666	130,617		
(Less) Securities to be delivered	(35,368)	(44,370)	(64,552)	(93,763)	(105,516)	(130,423)		
<b>REPURCHASE TRANSACTIONS- RECEIVED</b>	<b>64</b>	<b>(129)</b>	<b>(109)</b>	<b>(39)</b>	<b>150</b>	<b>195</b>		
Securities to be received	13,713	19,578	32,929	56,178	58,559	92,267		
(Less) securities to be delivered	(13,729)	(19,470)	(32,781)	(56,134)	(58,590)	(92,355)		
<b>REPURCHASE TRANSACTIONS- SOLD</b>	<b>(16)</b>	<b>109</b>	<b>148</b>	<b>44</b>	<b>(31)</b>	<b>(88)</b>		
<b>TOTAL ON OWN ACCOUNT OPERATIONS</b>	<b>511,491</b>	<b>497,755</b>	<b>578,848</b>	<b>424,202</b>	<b>473,207</b>	<b>487,926</b>		

**GRUPO FINANCIERO BANORTE-Consolidated Income Statement** (Millions of Pesos)

<b>NET INTEREST INCOME</b>	<b>1Q00</b>	<b>2Q00</b>	<b>3Q00</b>	<b>4Q00</b>	<b>1Q01</b>	<b>2Q01</b>	<b>3Q01</b>	<b>4Q01</b>
Interest Income	7,374.3	6,481.3	7,348.4	9,478.5	8,399.1	4,606.5		
Interest Expense	5,665.9	4,950.1	5,937.2	7,872.8	6,827.3	2,880.2		
Loan Fees	146.0	153.6	147.8	(112.0)	66.8	68.8		
Fees Paid	3.2	3.7	3.0	5.0	3.6	4.1		
<b>Net Interest Income (NII)</b>	<b>1,851.2</b>	<b>1,681.1</b>	<b>1,555.9</b>	<b>1,488.7</b>	<b>1,634.8</b>	<b>1,791.0</b>		
Repomo-Margin	5.7	(13.6)	(27.1)	(21.5)	7.6	9.4		
<b>NII after Repomo</b>	<b>1,856.9</b>	<b>1,667.5</b>	<b>1,528.9</b>	<b>1,502.2</b>	<b>1,642.4</b>	<b>1,800.5</b>		
Loan Loss Provisions	230.9	178.5	6.8	263.5	155.2	407.1		
Loss Sharing Provisions	42.8	37.6	83.0	-	94.9	76.8		
<b>NII after Provisions</b>	<b>1,583.1</b>	<b>1,451.4</b>	<b>1,439.1</b>	<b>1,238.7</b>	<b>1,392.3</b>	<b>1,316.6</b>		
Fund transfers	8.4	8.5	8.0	8.7	9.1	10.8		
Account management	57.2	59.2	70.1	79.0	72.7	77.8		
Fiduciary	214.2	40.4	229.2	139.9	242.0	115.2		
Credit Card	6.0	5.5	8.0	9.2	78.8	83.6		
Fees from FOBAPROA	89.2	224.3	141.3	106.6	77.6	81.2		
Other fees	278.0	177.9	252.5	459.4	278.4	228.0		
<b>Fees on services,</b>	<b>653.1</b>	<b>515.8</b>	<b>709.1</b>	<b>802.7</b>	<b>758.6</b>	<b>596.6</b>		
Fund transfers	-	-	-	-	-	-		
Other fees	81.3	84.8	79.5	81.0	79.2	75.3		
<b>Fees paid,</b>	<b>81.3</b>	<b>84.8</b>	<b>79.5</b>	<b>81.0</b>	<b>79.2</b>	<b>75.3</b>		
Foreign exchange	55.0	49.1	50.5	46.1	54.1	43.1		
Securities -Realized gains	37.8	33.2	8.4	11.0	50.8	59.3		
Securities- Unrealized gains	22.6	(60.7)	55.6	4.9	110.1	(13.6)		
<b>Market-related Income</b>	<b>115.4</b>	<b>21.6</b>	<b>114.5</b>	<b>62.1</b>	<b>215.0</b>	<b>88.8</b>		
<b>Total Non Interest Income</b>	<b>687.1</b>	<b>452.7</b>	<b>744.1</b>	<b>783.7</b>	<b>894.5</b>	<b>610.1</b>		
<b>Total Operating Income</b>	<b>2,270.2</b>	<b>1,904.0</b>	<b>2,183.2</b>	<b>2,022.5</b>	<b>2,286.8</b>	<b>1,926.7</b>		
Personnel	734.2	772.9	741.1	779.7	734.9	722.5		
Fees Paid	78.8	84.7	66.3	82.1	83.7	71.0		
Operation & Administrative expenses	432.7	436.9	511.1	452.2	443.7	549.6		
Rents, depreciation and amortization	210.8	181.0	198.1	173.5	192.3	182.4		
Taxes, other than income tax	97.3	131.6	126.8	185.9	105.1	104.6		
Contributions to IPAB	84.2	105.5	95.1	93.9	91.4	84.2		
Corporate expenses Recoveries	-	-	-	-	-	-		
<b>Non-Interest Expense</b>	<b>1,638.0</b>	<b>1,712.6</b>	<b>1,738.5</b>	<b>1,767.3</b>	<b>1,651.1</b>	<b>1,714.4</b>		
<b>Operating Income</b>	<b>632.2</b>	<b>191.5</b>	<b>444.7</b>	<b>255.2</b>	<b>635.7</b>	<b>212.3</b>		
Other Income	120.0	149.2	281.1	825.7	152.6	310.2		
Foreign exchange	0.4	-	-	-	-	-		
Recoveries	20.5	11.9	209.7	91.3	103.6	169.1		
Repomo-other (Debtor balance)	14.5	4.9	12.4	34.8	(17.1)	68.6		
<b>Total Other Products</b>	<b>155.4</b>	<b>166.0</b>	<b>503.1</b>	<b>951.8</b>	<b>239.0</b>	<b>547.9</b>		
Other Expense	(57.2)	(42.0)	(247.9)	(742.0)	(169.9)	(364.0)		
Foreign exchange	(22.2)	-	-	-	-	-		
Repomo-other (Creditor balance)	(129.6)	(42.4)	(35.4)	(41.0)	(3.9)	(7.3)		
<b>Total Other Expense</b>	<b>(208.9)</b>	<b>(84.5)</b>	<b>(283.3)</b>	<b>(783.0)</b>	<b>(173.8)</b>	<b>(371.3)</b>		
<b>Other revenues and expenses, net</b>	<b>(53.5)</b>	<b>81.6</b>	<b>219.8</b>	<b>168.8</b>	<b>65.2</b>	<b>176.6</b>		
<b>Pre-tax Income</b>	<b>578.7</b>	<b>273.0</b>	<b>664.5</b>	<b>424.0</b>	<b>701.0</b>	<b>388.8</b>		
Income tax	(29.5)	23.7	(42.7)	(22.1)	(3.5)	(8.3)		
Profit sharing	(8.6)	6.6	(9.8)	(1.9)	(15.8)	(38.6)		
Tax on Assets	(5.7)	(4.7)	(5.8)	(0.5)	(1.9)	(5.1)		
Deferred Inc. Tax and Profit sharing	(34.0)	(44.9)	(22.2)	75.8	(105.0)	(57.4)		
	<b>(77.8)</b>	<b>(19.3)</b>	<b>(80.5)</b>	<b>51.4</b>	<b>(126.2)</b>	<b>(109.4)</b>		
<b>Net income before subsidiaries</b>	<b>501.0</b>	<b>253.7</b>	<b>583.9</b>	<b>475.4</b>	<b>574.8</b>	<b>279.4</b>		
Subsidiaries' net income	12.3	(34.1)	21.2	11.3	(1.4)	70.1		
<b>Net Income from continuous operations</b>	<b>513.2</b>	<b>219.6</b>	<b>605.1</b>	<b>486.7</b>	<b>573.3</b>	<b>349.5</b>		
Extraordinary items, net	-	-	-	-	-	-		
Minority Interest	(43.1)	(12.6)	(31.1)	(14.9)	(41.4)	(4.6)		
<b>TOTAL NET INCOME</b>	<b>470.1</b>	<b>207.0</b>	<b>574.0</b>	<b>471.9</b>	<b>532.0</b>	<b>344.9</b>		

**GRUPO CONSOLIDATED STATEMENT OF CASH FLOW**  
**JANUARY 1, 2001 –JUNE 30,2001**  
*(Millions of Pesos)*

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**CASH FLOW FROM OPERATING ACTIVITIES :**

<b>Net Income</b>	<b>876.9</b>
<b>Adjustments to Reconcile Net Income to Net Cash by Operating Activities</b>	
Mark to Market Valuation Results	(96.5)
Provisions for loan losses	733.9
Depreciation and amortization	184.7
Deffered Taxes	162.4
Provisions for Obligations	269.0
Minoritary Interest	36.7
Undistributed Earnings of Subsidiaries	=
	<b>2,167.1</b>

**Cash Flows From Investing Activities:**

Banks Deposits	5,202.4
Decrease (Increase) loan portfolio	2,881.8
Decrease (Increase) treasury operations	(1,398.5)
Decrease (Increase) financial instruments	(179.6)
Loans from banks and other entities	(11,098.9)

**Net Resources provided by operations** **(4,592.8)**

**Financial Activities:**

Subordinated Debentures	1,305.8
Subordinated Debentures amortization	-
Equity Variation	211.7

**Net Resources provided by Investing activities** **1,517.5**

**CASH FLOW FROM FINANCING ACTIVITIES :**

Proceeds from issuance of common stock	(297.0)
Decrease (Increase) Deferred charges or credits	(63.8)
Decrease (Increase) Deferred taxes	(166.5)
Decrease (Increase) Foreclosed assets	51.0
Decrease (Increase) in accounts receivable and payable	(620.2)

**Net Cash provided by financing activities** **(1,096.4)**

**Decrease (increase) in cash and due from banks** **(2,004.7)**

**Cash and due from banks at the beginning of the year** **9,777.5**

**Cash and due from banks at the end of the year** **7,772.9**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
JANUARY 1, 2001- JUNE 30, 2000-**

(Millions of Pesos)	CONTRIBUTED CAPITAL		
	Fixed Paid-in Capital	Variable Paid-in Capital	Premium, Bonds & oth. Securities
Balance as of December 31,2000	2,832.9	1,880.3	1,294.4
<b>Stock Changes</b>			
Issuance of stock		37.0	76.8
Profits Capitalization			
<b>Total</b>	-	37.0	76.8
<b>Total Income</b>			
Total Income:			
Net Income			
Results of assets holdings			
Minority Interest			
<b>Total</b>	-	-	-
Balance as of June 30,2001	2,832.9	1,917.3	1,371.2

	EARNED CAPITAL						Total Stockholders' Equity
	Capital Reserves	Retained earnings	Excess if Insuf. Capital	Resultado por Tenencia de Activos (val.	Net Income of the year	Minoritary Interest	
Balance as of December 31,2000	761.6	6,226.8	(4,847.7)	(2,163.6)	1,723.0	736.0	8,443.6
<b>Stock Changes</b>							
Issuance of stock	97.9						211.7
Profits Capitalization		1,723.0			(1,723.0)		-
Provisioning	84.3	(84.3)					
<b>Total</b>	182.3	1,638.6	-	-	(1,723.0)	-	211.7
<b>Total Income</b>							
Total Income:							
Net Income					876.9		876.9
Results of assets holdings				(122.0)			(122.0)
Minority Interest						36.7	36.7
<b>Total</b>	-	-	-	(122.0)	876.9	36.7	791.6
Balance as of June 30,2001	943.8	7,865.4	(4,847.7)	(2,285.7)	876.9	772.7	9,446.9



**BANKING SECTOR- Balance Sheet (\*)**

(Millions of Pesos)

<b>ASSETS</b>	<b>1Q00</b>	<b>2Q00</b>	<b>3Q00</b>	<b>4Q00</b>	<b>1Q01</b>	<b>2Q01</b>	<b>3Q01</b>	<b>4Q01</b>
<b>Cash and due from Banks</b>	<b>11,734</b>	<b>11,141</b>	<b>9,151</b>	<b>9,510</b>	<b>7,476</b>	<b>7,478</b>		
Negotiable Instruments	23,760	15,876	15,069	4,162	6,202	4,866		
Securities held for sale	51	49	169	174	1,780	1,587		
Securities held to maturity	5,075	4,952	3,292	3,010	1,274	1,324		
<b>Financial Instruments:</b>	<b>28,886</b>	<b>20,877</b>	<b>18,530</b>	<b>7,346</b>	<b>9,256</b>	<b>7,778</b>		
Repurchase agreements, net	31	65	106	29	130	152		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	-	-	-	-	-	-		
Options and derivatives, net	10	9	-	6	5	49		
<b>Repos &amp; Derivatives :</b>	<b>41</b>	<b>75</b>	<b>106</b>	<b>35</b>	<b>135</b>	<b>200</b>		
Commercial	16,714	16,297	16,901	19,744	18,247	16,288		
Financial Intermediaries	2,819	5,183	3,852	2,657	1,742	1,235		
Credit Card & Consumer	604	616	624	640	1,254	1,366		
Mortgage	4,382	4,370	4,256	4,178	4,082	4,153		
Government Entities	3,317	3,331	2,774	38,782	39,362	39,003		
Fobaproa	55,600	55,573	54,086	12,200	12,069	11,422		
Fiduciary collection rights	-	-	-	-	-	-		
<b>Performing Loans</b>	<b>83,435</b>	<b>85,369</b>	<b>82,493</b>	<b>78,201</b>	<b>76,756</b>	<b>73,465</b>		
Commercial	2,195	2,012	1,819	1,769	1,749	2,090		
Financial Intermediaries	-	7	1	-	-	-		
Credit Card & Consumer	628	623	611	611	622	304		
Mortgage	1,821	1,747	1,809	1,852	1,897	1,791		
Government Entities	0	-	-	-	-	-		
<b>Past Due Loans</b>	<b>4,645</b>	<b>4,389</b>	<b>4,240</b>	<b>4,232</b>	<b>4,268</b>	<b>4,185</b>		
<b>Total Loans</b>	<b>88,080</b>	<b>89,758</b>	<b>86,733</b>	<b>82,433</b>	<b>81,023</b>	<b>77,650</b>		
Preventive loan loss reserves	4,754	4,635	4,365	4,279	4,287	4,185		
<b>Net Loan Portfolio</b>	<b>83,326</b>	<b>85,123</b>	<b>82,368</b>	<b>78,153</b>	<b>76,737</b>	<b>73,465</b>		
Sundry debtors and other assets, net	1,605	1,455	1,483	1,724	1,529	1,822		
Foreclosed assets, net	1,446	1,440	1,405	1,543	1,454	1,493		
Real Estate, Furniture & Equipment, net	3,264	3,212	3,196	3,224	3,139	3,081		
Investments in subsidiaries	832	766	806	853	960	929		
Deferred taxes	337	17	132	750	768	800		
Deferred charges & Intangibles	610	332	356	490	708	572		
UDIS Mortgage loans reserve coverage	34	-	-	-	-	-		
<b>Other Assets</b>	<b>8,128</b>	<b>7,222</b>	<b>7,378</b>	<b>8,584</b>	<b>8,556</b>	<b>8,696</b>		
<b>TOTAL ASSETS</b>	<b>132,115</b>	<b>124,439</b>	<b>117,533</b>	<b>103,628</b>	<b>102,160</b>	<b>97,618</b>		

**BANKING SECTOR- Balance Sheet (\*)** (Millions of Pesos)

LIABILITIES	1Q00	2Q00	3Q00	4Q00	1Q01	2Q01	3Q01	4Q01
Demand Deposits	23,135	24,037	24,494	26,685	24,587	25,156		
Time Deposits	79,958	69,673	63,373	41,647	44,754	47,631		
Bonds	1,088	1,115	1,323	1,344	1,355	1,304		
<b>Deposits</b>	<b>104,181</b>	<b>94,825</b>	<b>89,189</b>	<b>69,676</b>	<b>70,696</b>	<b>74,092</b>		
Demand	399	2,672	314	3,982	4,239	8		
Short term	7,298	7,181	9,522	9,632	8,097	3,029		
Long term	10,019	9,722	9,854	10,417	9,533	9,348		
<b>Due to banks and correspondents</b>	<b>17,715</b>	<b>19,575</b>	<b>19,691</b>	<b>24,030</b>	<b>21,868</b>	<b>12,385</b>		
Repurchase agreements, net	5	65	25	35	18	54		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	-	-	-	-	-	-		
Options and derivatives, net	-	69	57	33	17	1		
<b>Repos &amp; Derivatives:</b>	<b>5</b>	<b>134</b>	<b>81</b>	<b>68</b>	<b>35</b>	<b>55</b>		
Income Tax & Profit Sharing	7	1	15	178	258	84		
Other Payable accounts	2,143	2,104	1,920	2,505	1,781	1,847		
<b>Other payable accounts</b>	<b>2,150</b>	<b>2,105</b>	<b>1,934</b>	<b>2,682</b>	<b>2,040</b>	<b>1,931</b>		
Subordinated non Convertible Debenture	205	-	-	-	-	1,306		
Deferred Taxes	-	19	-	-	-	-		
Deferred credits	111	109	106	120	119	114		
<b>TOTAL LIABILITIES</b>	<b>124,367</b>	<b>116,767</b>	<b>111,002</b>	<b>96,576</b>	<b>94,758</b>	<b>89,883</b>		
<b>STOCKHOLDER 'S EQUITY</b>								
Paid-in Capital	4,429	4,429	4,225	4,406	4,874	4,874		
Share subscription premiums	298	299	299	555	555	555		
Subordinated Convertible Debentures	461	456	450	-	-	-		
<b>Subscribed Capital</b>	<b>5,188</b>	<b>5,184</b>	<b>4,975</b>	<b>4,961</b>	<b>5,429</b>	<b>5,429</b>		
Capital Reserves	2,592	2,912	1,650	1,474	2,196	2,268		
Retained Earnings	2,286	1,814	1,695	1,759	2,174	2,101		
Surplus (Deficit) from securities	(472)	(494)	(489)	(327)	(503)	(409)		
Results of foreign operations exchange	-	-	-	-	-	-		
Excess (Insuf.) in capital restatement	(2,104)	(2,110)	(2,115)	(2,114)	(2,112)	(2,114)		
Non Mon assets results fixed assets	(121)	-	-	-	-	-		
Non Mon assets results Investm	48	(40)	(64)	(59)	(62)	(90)		
Adjustment in the employees pension	(104)	-	-	-	-	-		
Accumulated Deferred tax effect	-	(276)	(276)	(247)	(247)	(247)		
Net Income	434	682	1,155	1,605	527	797		
<b>Earned Capital</b>	<b>2,560</b>	<b>2,488</b>	<b>1,556</b>	<b>2,090</b>	<b>1,972</b>	<b>2,306</b>		
Minority Holdings	-	-	-	-	-	-		
<b>Total Stockholder 's Equity</b>	<b>7,748</b>	<b>7,672</b>	<b>6,531</b>	<b>7,051</b>	<b>7,401</b>	<b>7,735</b>		
<b>TOTAL LIABILITIES &amp;</b>	<b>132,115</b>	<b>124,439</b>	<b>117,533</b>	<b>103,628</b>	<b>102,160</b>	<b>97,618</b>		

(\*) Does not include Afore.

**MEMORANDUM ACCOUNTS OF THE BANKING SECTOR**

(Millions of Pesos)

	1Q00	2Q00	3Q00	4Q00	1Q01	2Q01	3Q01	4Q01
Signature guarantees granted	3	3	3	3	3	3		
Other contingent obligations	8,496	9,174	10,477	9,538	9,797	9,733		
Irrevocable lines of credit	573	456	670	510	1,147	999		
Assets held in trust and mandate	36,893	37,780	36,321	37,186	37,688	35,072		
Assets held in custody or in administration	103,498	93,957	86,501	70,555	73,971	75,852		
Investment banking transactions for third	25,873	29,454	47,846	71,228	81,596	96,863		
Engaged amounts in fobaproa operations	9,235	9,648	8,580	3,703	3,862	4,000		
Investment of retirement saving funds	2,520	2,545	2,227	2,221	2,243	2,262		
Integration of loan portfolio	-	-	-	-	-	-		
Received amounts in derivative instruments	2,263	2,579	2,627	2,722	2,618	2,370		
Fobaproa trusts	-	-	-	-	-	-		
Securities to be received	13,343	14,219	49,072	68,779	87,130	110,265		
(Less) payable for reversal	(13,312)	(14,284)	(48,838)	(68,805)	(87,000)	(110,114)		
Receivables for reversal	3,006	3,711	19,287	31,329	39,592	71,957		
(Less) securities to be delivered	(3,011)	(3,646)	(19,114)	(31,310)	(39,610)	(72,011)		
Other control accounts	282,969	280,486	353,538	196,153	232,540	232,879		
	<b>472,348</b>	<b>466,082</b>	<b>549,197</b>	<b>393,812</b>	<b>445,577</b>	<b>460,131</b>		

**BANKING SECTOR - Income Statement (\*)**

(Millions of Pesos)

	1Q00	2Q00	3Q00	4Q00	1Q01	2Q01	3Q01	4Q01
<b>NET INTEREST INCOME</b>								
Interest Income	6,242.1	5,655.1	6,935.6	9,977.9	8,361.2	4,468.3		
Interest Expense	4,642.8	4,203.2	5,632.5	8,404.5	6,881.9	2,879.2		
Loan Fees	142.5	151.0	145.6	(114.5)	66.8	68.8		
Fees Paid	3.2	4.0	3.9	5.2	3.6	4.1		
<b>Net Interest Income (NII)</b>	<b>1,738.5</b>	<b>1,598.9</b>	<b>1,444.8</b>	<b>1,453.6</b>	<b>1,542.4</b>	<b>1,653.9</b>		
Repomo-Margin	26.9	(3.1)	(17.4)	7.4	14.1	17.8		
<b>NII after Repomo</b>	<b>1,765.4</b>	<b>1,595.8</b>	<b>1,427.4</b>	<b>1,461.0</b>	<b>1,556.5</b>	<b>1,671.7</b>		
Loan Loss Provisions	228.2	177.8	6.5	263.1	154.8	405.9		
Loss Sharing Provisions	42.8	37.6	83.0	-	94.9	76.8		
<b>NII after Provisions</b>	<b>1,494.5</b>	<b>1,380.4</b>	<b>1,337.9</b>	<b>1,197.9</b>	<b>1,306.8</b>	<b>1,189.0</b>		
Fund transfers	8.4	8.5	8.0	8.7	9.1	10.8		
Account management	57.2	59.2	70.1	79.0	72.7	77.8		
Fiduciary	214.2	40.4	229.2	139.9	242.0	115.2		
Credit Card	6.0	5.5	8.0	9.2	78.0	83.6		
Fees from FOBAPROA	89.2	224.3	141.3	106.6	77.6	81.2		
Other fees	86.8	48.1	52.6	322.4	70.0	71.9		
<b>Fees on services,</b>	<b>461.8</b>	<b>386.0</b>	<b>509.3</b>	<b>665.6</b>	<b>550.2</b>	<b>440.5</b>		
Fund transfers	0.0	0.0	0.0	0.0	0.0	0.0		
Other fees	89.8	91.1	86.5	85.9	82.6	83.5		
<b>Fees paid,</b>	<b>89.8</b>	<b>91.1</b>	<b>86.5</b>	<b>85.9</b>	<b>82.6</b>	<b>83.5</b>		
Foreign exchange	55.0	49.1	50.5	46.1	54.1	43.1		
Securities -Realized gains	11.9	7.5	(1.2)	(0.6)	30.6	82.5		
Securities- Unrealized gains	20.5	(26.7)	(9.1)	7.9	112.7	(15.0)		
<b>Market-related Income</b>	<b>87.4</b>	<b>29.9</b>	<b>40.2</b>	<b>53.5</b>	<b>197.4</b>	<b>110.7</b>		
<b>Total Non Interest Income</b>	<b>459.3</b>	<b>324.8</b>	<b>462.9</b>	<b>633.2</b>	<b>665.0</b>	<b>467.6</b>		
<b>Total Operating Income</b>	<b>1,953.8</b>	<b>1,705.2</b>	<b>1,800.8</b>	<b>1,831.2</b>	<b>1,971.8</b>	<b>1,656.6</b>		
Personnel	612.1	641.8	609.7	674.2	676.8	643.6		
Fees Paid	76.5	82.9	63.4	80.0	82.1	70.0		
Operation & Administrative expenses	391.2	387.6	457.7	392.6	350.4	426.1		
Rents, depreciation and amortization	185.3	154.5	171.8	151.9	165.4	156.9		
Taxes, other than income tax	94.7	128.0	123.5	182.6	102.3	101.9		
Contributions to IPAB	84.2	105.5	95.1	93.9	91.4	84.2		
Corporate expenses Recoveries	-	-	-	-	-	-		
<b>Non-Interest Expense</b>	<b>1,443.9</b>	<b>1,500.3</b>	<b>1,521.1</b>	<b>1,575.3</b>	<b>1,468.4</b>	<b>1,482.8</b>		
<b>Operating Income</b>	<b>509.9</b>	<b>204.9</b>	<b>279.7</b>	<b>255.8</b>	<b>503.4</b>	<b>173.8</b>		
Other Income	121.5	153.0	163.2	203.3	92.2	132.3		
Foreign exchange	0.4	-	-	0.0	-	-		
Recoveries	18.9	11.4	208.8	90.8	102.0	167.6		
Repomo-other (Debtor balance)	17.1	-	-	-	(17.7)	60.7		
<b>Total Other Products</b>	<b>157.9</b>	<b>164.4</b>	<b>372.0</b>	<b>294.0</b>	<b>176.5</b>	<b>360.6</b>		
Other Expense	(57.2)	(42.0)	(136.2)	(150.3)	(106.0)	(181.6)		
Foreign exchange	(22.2)	-	(0.0)	0.0	-	-		
Repomo-other (Creditor balance)	(127.1)	(41.3)	(34.3)	(42.0)	(3.9)	(7.3)		
<b>Total Other Expense</b>	<b>(206.5)</b>	<b>(83.4)</b>	<b>(170.5)</b>	<b>(192.3)</b>	<b>(109.9)</b>	<b>(188.9)</b>		
<b>Other revenues and expenses, net</b>	<b>(48.5)</b>	<b>81.1</b>	<b>201.5</b>	<b>101.7</b>	<b>66.6</b>	<b>171.7</b>		
<b>Pre-tax Income</b>	<b>461.3</b>	<b>286.0</b>	<b>481.2</b>	<b>357.6</b>	<b>570.1</b>	<b>345.5</b>		
Income tax	-	-	(6.3)	(21.7)	-	(0.1)		
Profit sharing	-	-	-	-	(14.9)	(36.0)		
Tax on Assets	(5.7)	(4.7)	(5.8)	(0.5)	(1.9)	(3.8)		
Deferred Inc. Tax and Profit sharing	(52.7)	(39.6)	(24.3)	106.6	(65.9)	(46.5)		
	<b>(58.4)</b>	<b>(44.3)</b>	<b>(36.5)</b>	<b>84.4</b>	<b>(82.7)</b>	<b>(86.3)</b>		
<b>Net income before subsidiaries</b>	<b>402.9</b>	<b>241.7</b>	<b>444.7</b>	<b>442.0</b>	<b>487.4</b>	<b>259.2</b>		
Subsidiaries 'net income	34.4	6.2	28.3	8.2	39.5	10.4		
<b>Net Income from continuous operations</b>	<b>437.3</b>	<b>247.9</b>	<b>473.0</b>	<b>450.2</b>	<b>526.9</b>	<b>269.6</b>		
Extraordinary items, net	-	-	-	-	-	-		
Minority Interest	(3.2)	-	-	-	-	0.1		
<b>TOTAL NET INCOME</b>	<b>434.0</b>	<b>247.9</b>	<b>473.0</b>	<b>450.2</b>	<b>526.9</b>	<b>269.6</b>		

(\*) Does not include Afore.

**BANCO MERCANTIL DEL NORTE- Balance Sheet (\*)**

(Millions of Pesos)

<b>ASSETS</b>	<b>1Q00</b>	<b>2Q00</b>	<b>3Q00</b>	<b>4Q00</b>	<b>1Q01</b>	<b>2Q01</b>	<b>3Q01</b>	<b>4Q01</b>
<b>Cash and due from Banks</b>	<b>10,497</b>	<b>10,218</b>	<b>10,383</b>	<b>8,533</b>	<b>6,750</b>	<b>6,511</b>		
Negotiable Instruments	23,760	15,876	24,020	5,086	7,186	5,925		
Securities held for sale	51	49	49	48	1,621	1,434		
Securities held to maturity	4,461	4,474	2,999	2,738	992	1,034		
<b>Financial Instruments:</b>	<b>28,272</b>	<b>20,399</b>	<b>27,068</b>	<b>7,872</b>	<b>9,799</b>	<b>8,393</b>		
Repurchase agreements, net	30	65	71	19	89	70		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	-	-	-	-	-	-		
Options and derivatives, net	10	9	-	6	5	49		
<b>Repos &amp; Derivatives :</b>	<b>41</b>	<b>75</b>	<b>71</b>	<b>25</b>	<b>94</b>	<b>119</b>		
Commercial	16,167	15,697	16,873	19,717	17,940	15,985		
Financial Intermediaries	2,798	4,731	3,852	2,657	1,742	1,235		
Credit Card & Consumer	596	602	624	640	1,254	1,366		
Mortgage	2,993	3,012	3,888	3,834	3,763	3,835		
Government Entities	2,955	2,953	2,774	38,776	39,350	38,987		
Fobaproa	36,626	36,461	35,401	12,200	12,159	11,542		
Fiduciary collection rights	-	-	-	-	-	-		
<b>Performing Loans</b>	<b>62,136</b>	<b>63,456</b>	<b>63,412</b>	<b>77,824</b>	<b>76,207</b>	<b>72,949</b>		
Commercial	1,754	1,634	1,687	1,703	1,697	2,037		
Financial Intermediaries	-	-	1	-	-	-		
Credit Card & Consumer	514	510	611	611	622	304		
Mortgage	1,461	1,389	1,685	1,714	1,754	1,662		
Government Entities	-	-	-	-	-	-		
<b>Past Due Loans</b>	<b>3,728</b>	<b>3,533</b>	<b>3,985</b>	<b>4,028</b>	<b>4,072</b>	<b>4,003</b>		
<b>Total Loans</b>	<b>65,864</b>	<b>66,988</b>	<b>67,396</b>	<b>81,852</b>	<b>80,279</b>	<b>76,952</b>		
Preventive loan loss reserves	3,339	3,246	3,973	3,887	3,877	3,778		
<b>Net Loan Portfolio</b>	<b>62,525</b>	<b>63,742</b>	<b>63,423</b>	<b>77,965</b>	<b>76,402</b>	<b>73,173</b>		
Sundry debtors and other assets, net	1,288	1,081	1,047	1,169	759	971		
Foreclosed assets, net	674	662	1,405	1,458	1,370	1,410		
Real Estate, Furniture & Equipment, net	2,849	2,799	3,196	3,222	3,137	3,079		
Investments in subsidiaries	624	659	293	337	414	381		
Deferred taxes	414	17	132	750	768	800		
Deferred charges & Intangibles	1,237	944	356	489	706	569		
UDIS Mortgage loans reserve coverage	34	-	-	-	-	-		
<b>Other Assets</b>	<b>7,121</b>	<b>6,162</b>	<b>6,428</b>	<b>7,425</b>	<b>7,153</b>	<b>7,210</b>		
<b>TOTAL ASSETS</b>	<b>108,456</b>	<b>100,597</b>	<b>107,373</b>	<b>101,821</b>	<b>100,198</b>	<b>95,406</b>		

**BANCO MERCANTIL DEL NORTE- Balance Sheet (\*)**

(Millions of Pesos)

<b>LIABILITIES</b>	<b>1Q00</b>	<b>2Q00</b>	<b>3Q00</b>	<b>4Q00</b>	<b>1Q01</b>	<b>2Q01</b>	<b>3Q01</b>	<b>4Q01</b>
Demand Deposits	20,721	21,544	24,494	26,625	24,587	25,156		
Time Deposits	63,318	53,084	54,820	41,641	44,754	47,631		
Bonds	1,088	1,115	1,323	1,344	1,355	1,304		
<b>Deposits</b>	<b>85,127</b>	<b>75,743</b>	<b>80,637</b>	<b>69,611</b>	<b>70,696</b>	<b>74,092</b>		
Demand	399	2,672	314	3,982	4,239	78		
Short term	6,051	5,776	11,460	9,632	8,097	3,029		
Long term	8,470	8,223	7,546	10,074	9,218	9,060		
<b>Due to banks and correspondents</b>	<b>14,920</b>	<b>16,671</b>	<b>19,320</b>	<b>23,688</b>	<b>21,553</b>	<b>12,167</b>		
Repurchase agreements, net	4	65	25	-	9	49		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	-	-	-	-	-	-		
Options and derivatives, net	-	69	2	33	17	1		
<b>Repos &amp; Derivatives:</b>	<b>4</b>	<b>134</b>	<b>27</b>	<b>33</b>	<b>26</b>	<b>51</b>		
Income Tax & Profit Sharing	5	1	13	163	244	69		
Other Payable accounts	1,902	1,951	1,920	2,493	1,766	1,755		
<b>Other payable accounts</b>	<b>1,907</b>	<b>1,951</b>	<b>1,932</b>	<b>2,656</b>	<b>2,010</b>	<b>1,824</b>		
Subordinated non Convertible Debenture	205	-	-	-	-	1,306		
Deferred Taxes	-	19	-	-	-	-		
Deferred credits	100	98	106	119	119	114		
<b>TOTAL LIABILITIES</b>	<b>102,264</b>	<b>94,616</b>	<b>102,023</b>	<b>96,108</b>	<b>94,404</b>	<b>89,554</b>		
<b>STOCKHOLDER 'S EQUITY</b>								
Paid-in Capital	3,278	3,278	3,732	3,912	3,912	3,912		
Share subscription premiums	298	299	299	555	555	555		
Subordinated Convertible Debentures	461	456	450	-	-	-		
<b>Subscribed Capital</b>	<b>4,038</b>	<b>4,033</b>	<b>4,482</b>	<b>4,468</b>	<b>4,468</b>	<b>4,468</b>		
Capital Reserves	2,307	2,386	1,650	1,474	2,045	2,118		
Retained Earnings	1,952	1,720	1,695	1,759	1,930	1,857		
Surplus (Deficit) from securities	(472)	(494)	(481)	(302)	(479)	8399		
Results of foreign operations exchange	-	-	-	-	-	-		
Excess (Insuf.) in capital restatement	(2,117)	(2,123)	(2,120)	(2,114)	(2,115)	(2,114)		
Non Mon assets results fixed assets	(121)	-	-	-	-	-		
Non Mon assets results Investm	46	(41)	(75)	(67)	(68)	(93)		
Adjustment in the employees pension	(104)	-	-	-	-	-		
Accumulated Deferred tax effect	-	(276)	(276)	(247)	(247)	(247)		
Net Income	132	305	475	743	259	262		
<b>Earned Capital</b>	<b>1,622</b>	<b>1,478</b>	<b>868</b>	<b>1,246</b>	<b>1,325</b>	<b>1,384</b>		
Minority Holdings	532	469	-	-	-	-		
<b>Total Stockholder 's Equity</b>	<b>6,192</b>	<b>5,981</b>	<b>5,350</b>	<b>5,713</b>	<b>5,793</b>	<b>5,852</b>		
<b>TOTAL LIABILITIES &amp;</b>	<b>108,456</b>	<b>100,597</b>	<b>107,373</b>	<b>101,821</b>	<b>100,198</b>	<b>95,406</b>		

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

**MEMORANDUM ACCOUNTS OF BANCO MERCANTIL DEL NORTE (Banorte)** (Millions of Pesos)

	<b>1Q00</b>	<b>2Q00</b>	<b>3Q00</b>	<b>4Q00</b>	<b>1Q01</b>	<b>2Q01</b>	<b>3Q01</b>	<b>4Q01</b>
Signature guarantees granted	3	3	3	3	3	3		
Other contingent obligations	6,123	6,675	10,477	6,870	8,047	7,976		
Irrevocable lines of credit	550	435	670	510	1,147	999		
Assets held in trust and mandate	19,500	18,125	16,766	18,315	19,410	17,864		
Assets held in custody or in administration	75,506	62,532	86,501	69,631	72,995	74,802		
Investment banking transactions for third	25,614	29,216	47,846	71,221	81,596	96,863		
Engaged amounts in fobaproa operations	8,652	9,328	8,257	3,639	3,772	3,879		
Investment of retirement saving funds	2,520	2,545	2,227	2,221	2,243	2,262		
Integration of loan portfolio	-	-	-	-	-	-		
Received amounts in derivative instruments	2,263	2,579	2,627	2,722	2,618	2,370		
Fobaproa trusts	-	-	-	-	-	-		
Securities to be received	13,211	14,099	25,081	38,108	45,404	44,029		
(Less) payable for reversal	(13,181)	(14,165)	(25,106)	(38,098)	(45,315)	(43,959)		
Receivables for reversal	2,875	3,592	8,033	17,688	20,814	44,595		
(Less) securities to be delivered	(2,879)	(3,526)	(7,962)	(17,679)	(20,824)	(44,644)		
Other control accounts	222,043	218,565	353,538	164,432	188,422	191,793		
	<b>362,801</b>	<b>350,003</b>	<b>528,957</b>	<b>339,583</b>	<b>380,333</b>	<b>398,831</b>		

**BANCO MERCANTIL DEL NORTE – Income Statement (\*)**

(Millions of Pesos)

NET INTEREST INCOME	1Q00	2Q00	3Q00	4Q00	1Q01	2Q01	3Q01	4Q01
Interest Income	4,389.7	4,650.2	5,022.2	7,004.8	6,729.8	4,143.9		
Interest Expense	3,399.5	3,535.4	3,948.8	5,529.3	5,245.2	2,736.0		
Loan Fees	126.7	141.0	139.6	(115.4)	66.4	68.6		
Fees Paid	2.0	3.5	3.5	5.2	3.6	4.1		
<b>Net Interest Income (NII)</b>	<b>1,114.8</b>	<b>1,252.4</b>	<b>1,209.4</b>	<b>1,354.9</b>	<b>1,547.4</b>	<b>1,472.3</b>		
Repomo-Margin	61.5	6.3	(9.0)	12.7	19.3	20.5		
<b>NII after Repomo</b>	<b>1,176.3</b>	<b>1,258.6</b>	<b>1,200.4</b>	<b>1,367.7</b>	<b>1,566.6</b>	<b>1,492.8</b>		
Loan Loss Provisions	26.7	115.0	(0.1)	223.7	128.4	402.4		
Loss Sharing Provisions	42.8	37.6	83.0	-	91.1	72.6		
<b>NII after Provisions</b>	<b>1,106.8</b>	<b>1,106.1</b>	<b>1,117.5</b>	<b>1,144.0</b>	<b>1,347.1</b>	<b>1,017.8</b>		
Fund transfers	7.5	8.0	7.7	8.7	9.1	10.8		
Account management	47.2	51.9	65.8	79.0	72.7	77.8		
Fiduciary	14.1	16.2	13.9	12.5	18.2	19.0		
Credit Card	5.3	5.1	7.7	9.2	78.8	83.6		
Fees from FOBAPROA	75.2	220.3	135.8	103.3	72.9	78.6		
Other fees	206.4	144.3	145.5	322.5	70.0	71.9		
<b>Fees on services,</b>	<b>355.6</b>	<b>445.8</b>	<b>376.4</b>	<b>535.1</b>	<b>321.7</b>	<b>341.7</b>		
Fund transfers	0.0	0.0	-	0.0	-	-		
Other fees	80.2	84.0	82.2	81.0	71.9	70.9		
<b>Fees paid,</b>	<b>80.2</b>	<b>84.0</b>	<b>82.2</b>	<b>81.0</b>	<b>71.9</b>	<b>70.9</b>		
Foreign exchange	47.1	42.1	45.8	46.1	54.1	43.1		
Securities -Realized gains	11.9	7.5	(3.4)	(12.4)	12.3	75.0		
Securities- Unrealized gains	29.1	(21.7)	18.6	14.9	64.3	(43.8)		
<b>Market-related Income</b>	<b>88.0</b>	<b>28.0</b>	<b>61.0</b>	<b>48.7</b>	<b>130.6</b>	<b>74.3</b>		
<b>Total Non Interest Income</b>	<b>363.4</b>	<b>389.7</b>	<b>355.1</b>	<b>502.8</b>	<b>380.4</b>	<b>345.0</b>		
<b>Total Operating Income</b>	<b>1,470.2</b>	<b>1,495.8</b>	<b>1,472.6</b>	<b>1,646.8</b>	<b>1,727.5</b>	<b>1,362.8</b>		
Personnel	539.2	597.4	594.4	671.2	676.8	643.6		
Fees Paid	62.4	70.8	58.9	76.6	69.8	63.2		
Operation & Administrative expenses	331.0	368.5	455.1	391.7	347.8	424.6		
Rents, depreciation and amortization	169.2	156.2	168.3	151.6	165.3	156.9		
Taxes, other than income tax	71.2	103.9	108.1	170.6	93.1	98.0		
Contributions to IPAB	54.1	85.5	79.3	88.8	90.1	82.6		
Corporate expenses Recoveries	(67.0)	(95.4)	(53.0)	(41.5)	(30.4)	(10.1)		
<b>Non-Interest Expense</b>	<b>1,160.2</b>	<b>1,286.9</b>	<b>1,411.1</b>	<b>1,508.9</b>	<b>1,412.4</b>	<b>1,458.9</b>		
<b>Operating Income</b>	<b>310.0</b>	<b>208.8</b>	<b>61.5</b>	<b>137.9</b>	<b>315.1</b>	<b>(96.0)</b>		
Other Income	38.5	65.1	110.1	135.2	40.0	66.3		
Foreign exchange	-	-	-	-	-	-		
Recoveries	14.3	9.4	203.9	90.8	101.8	166.7		
Repomo-other (Debtor balance)	-	-	-	-	(17.7)	60.7		
<b>Total Other Products</b>	<b>52.8</b>	<b>74.5</b>	<b>314.0</b>	<b>225.9</b>	<b>124.1</b>	<b>293.7</b>		
Other Expense	(46.9)	(40.7)	(134.5)	(150.3)	(105.8)	(111.2)		
Foreign exchange	(22.2)	-	-	-	-	-		
Repomo-other (Creditor balance)	(96.2)	(29.4)	(27.0)	(44.4)	-	-		
Total Other Expense	(165.3)	(70.1)	(161.5)	(194.7)	(105.8)	(111.2)		
<b>Other revenues and expenses, net</b>	<b>(112.4)</b>	<b>4.4</b>	<b>152.5</b>	<b>31.3</b>	<b>18.4</b>	<b>182.5</b>		
<b>Pre-tax Income</b>	<b>197.6</b>	<b>213.3</b>	<b>214.1</b>	<b>169.2</b>	<b>333.5</b>	<b>86.5</b>		
Income tax	-	-	(6.3)	(7.4)	-	(0.1)		
Profit sharing	-	-	-	-	(14.9)	(36.0)		
Tax on Assets	(4.3)	(2.8)	(3.6)	(1.3)	(1.9)	(3.8)		
Deferred Inc. Tax and Profit sharing	(43.0)	(39.6)	(24.3)	106.6	(65.9)	(46.5)		
	(47.2)	(42.4)	(34.3)	98.0	(82.7)	(86.3)		
<b>Net income before subsidiaries</b>	<b>150.4</b>	<b>170.9</b>	<b>179.8</b>	<b>267.1</b>	<b>250.9</b>	<b>0.2</b>		
Subsidiaries net income	17.0	4.5	6.5	0.7	7.9	3.2		
<b>Net Income from continuous operations</b>	<b>167.4</b>	<b>175.4</b>	<b>186.3</b>	<b>267.8</b>	<b>258.7</b>	<b>3.3</b>		
Extraordinary items, net	-	-	-	-	-	-		
Minority Interest	(35.3)	(2.4)	(16.3)	-	-	0.1		
<b>TOTAL NET INCOME</b>	<b>132.1</b>	<b>173.1</b>	<b>170.0</b>	<b>267.8</b>	<b>258.7</b>	<b>3.4</b>		

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

Note: Consolidates the Afore until August, 2000.

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

(Millions of Pesos)

<b>ASSETS</b>	<b>1Q00</b>	<b>2Q00</b>	<b>3Q00</b>	<b>4Q00</b>	<b>1Q01</b>	<b>2Q01</b>	<b>3Q01</b>	<b>4Q01</b>
<b>Cash and due from Banks</b>	<b>2,358</b>	<b>2,079</b>	<b>836</b>	<b>1,139</b>	<b>1,507</b>	<b>1,329</b>		
Negotiable Instruments	-	-	-	-	1	-		
Securities held for sale	-	-	120	126	159	153		
Securities held to maturity	613	478	293	272	282	290		
<b>Financial Instruments:</b>	<b>613</b>	<b>478</b>	<b>413</b>	<b>398</b>	<b>441</b>	<b>443</b>		
Repurchase agreements, net	1	-	35	9	41	82		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	-	-	-	-	-	-		
Options and derivatives, net	-	-	-	-	-	-		
<b>Repos &amp; Derivatives :</b>	<b>1</b>	<b>-</b>	<b>35</b>	<b>9</b>	<b>41</b>	<b>82</b>		
Commercial	547	599	28	27	307	303		
Financial Intermediaries	20	452	-	-	-	-		
Credit Card & Consumer	9	14	-	-	-	-		
Mortgage	1,389	1,358	368	344	319	318		
Government Entities	361	378	-	6	12	16		
Fobaproa	18,973	19,112	18,685	-	-	-		
Fiduciary collection rights	-	-	-	-	-	-		
<b>Performing Loans</b>	<b>21,299</b>	<b>21,914</b>	<b>19,081</b>	<b>378</b>	<b>638</b>	<b>637</b>		
Commercial	441	378	131	65	52	52		
Financial Intermediaries	-	7	-	-	-	-		
Credit Card & Consumer	115	113	-	-	-	-		
Mortgage	361	358	124	138	144	130		
Government Entities	-	-	-	-	-	-		
<b>Past Due Loans</b>	<b>916</b>	<b>856</b>	<b>255</b>	<b>203</b>	<b>196</b>	<b>182</b>		
<b>Total Loans</b>	<b>22,216</b>	<b>22,770</b>	<b>19,336</b>	<b>581</b>	<b>834</b>	<b>819</b>		
Preventive loan loss reserves	1,415	1,389	391	393	410	407		
<b>Net Loan Portfolio</b>	<b>20,800</b>	<b>21,381</b>	<b>18,945</b>	<b>188</b>	<b>424</b>	<b>413</b>		
Sundry debtors and other assets, net	364	379	441	559	779	870		
Foreclosed assets, net	771	778	-	85	84	83		
Real Estate, Furniture & Equipment, net	442	440	26	28	26	26		
Investments in subsidiaries	17	16	374	341	339	349		
Deferred taxes	-	-	-	-	-	-		
Deferred charges & Intangibles	19	17	614	609	596	583		
UDIS Mortgage loans reserve coverage	-	-	-	-	-	-		
<b>Other Assets</b>	<b>1,615</b>	<b>1,629</b>	<b>1,454</b>	<b>1,621</b>	<b>1,824</b>	<b>1,910</b>		
<b>TOTAL ASSETS</b>	<b>25,386</b>	<b>25,567</b>	<b>21,683</b>	<b>3,355</b>	<b>4,236</b>	<b>4,177</b>		

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

(Millions of Pesos)

<b>LIABILITIES</b>	<b>1Q00</b>	<b>2Q00</b>	<b>3Q00</b>	<b>4Q00</b>	<b>1Q01</b>	<b>2Q01</b>	<b>3Q01</b>	<b>4Q01</b>
Demand Deposits	2,413	2,491	-	59	90	120		
Time Deposits	16,640	16,589	17,503	930	984	1,059		
Bonds	-	-	-	-	-	-		
<b>Deposits</b>	<b>19,053</b>	<b>19,080</b>	<b>17,053</b>	<b>989</b>	<b>1,074</b>	<b>1,180</b>		
Demand	-	-	-	-	507	-		
Short term	2,354	2,560	-	-	-	-		
Long term	1,549	1,499	2,309	342	315	287		
<b>Due to banks and correspondents</b>	<b>3,903</b>	<b>4,060</b>	<b>2,309</b>	<b>342</b>	<b>822</b>	<b>287</b>		
Repurchase agreements, net	1	-	-	35	9	4		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	-	-	-	-	-	-		
Options and derivatives, net	-	-	55	-	-	-		
<b>Repos &amp; Derivatives:</b>	<b>1</b>	<b>-</b>	<b>55</b>	<b>35</b>	<b>9</b>	<b>4</b>		
Income Tax & Profit Sharing	2	-	2	15	15	15		
Other Payable accounts	329	255	140	26	35	116		
<b>Other payable accounts</b>	<b>331</b>	<b>255</b>	<b>142</b>	<b>40</b>	<b>49</b>	<b>131</b>		
Subordinated non Convertible Debenture	-	-	-	-	-	-		
Deferred Taxes	-	-	-	114	151	166		
Deferred credits	10	11	-	0	-	-		
<b>TOTAL LIABILITIES</b>	<b>23,298</b>	<b>23,406</b>	<b>20,008</b>	<b>1,522</b>	<b>2,105</b>	<b>1,769</b>		
<b>STOCKHOLDER 'S EQUITY</b>								
Paid-in Capital	1,151	1,151	493	493	961	961		
Share subscription premiums	-	-	-	-	-	-		
Subordinated Convertible Debentures	-	-	-	-	-	-		
<b>Subscribed Capital</b>	<b>1,151</b>	<b>1,151</b>	<b>493</b>	<b>493</b>	<b>961</b>	<b>961</b>		
Capital Reserves	285	526	-	-	151	151		
Retained Earnings	334	93	-	-	244	244		
Surplus (Deficit) from securities	-	-	(8)	(25)	(25)	(10)		
Results of foreign operations exchange	-	-	-	-	-	-		
Excess (Insuf.) in capital restatement	14	13	5	-	3	-		
Non Mon assets results fixed assets	-	-	-	-	-	-		
Non Mon assets results Investm	3	1	11	8	5	3		
Adjustment in the employees pension	-	-	-	-	-	-		
Accumulated Deferred tax effect	-	-	-	-	-	-		
Net Income	302	377	680	862	268	534		
<b>Earned Capital</b>	<b>937</b>	<b>1,010</b>	<b>688</b>	<b>845</b>	<b>647</b>	<b>922</b>		
Minority Holdings	-	-	494	496	524	526		
<b>Total Stockholder 's Equity</b>	<b>2,088</b>	<b>2,161</b>	<b>1,674</b>	<b>1,834</b>	<b>2,131</b>	<b>2,409</b>		
<b>TOTAL LIABILITIES &amp;</b>	<b>25,386</b>	<b>25,567</b>	<b>21,683</b>	<b>3,355</b>	<b>4,236</b>	<b>4,177</b>		

(\*) Consolidate Afore

**MEMORANDUM ACCOUNTS OF BANCO DEL CENTRO (Bancen)** (Millions of Pesos)

	<b>1Q00</b>	<b>2Q00</b>	<b>3Q00</b>	<b>4Q00</b>	<b>1Q01</b>	<b>2Q01</b>	<b>3Q01</b>	<b>4Q01</b>
Signature guarantees granted	-	-	-	-	-	-		
Other contingent obligations	2,373	2,499	-	2,669	1,750	1,757		
Irrevocable lines of credit	22	21	-	-	-	-		
Assets held in trust and mandate	17,393	19,655	19,556	18,870	18,278	17,208		
Assets held in custody or in administration	27,992	31,425	-	924	976	1,050		
Investment banking transactions for third	260	238	-	8	-	-		
Engaged amounts in fobaproa operations	583	319	323	63	90	121		
Investment of retirement saving funds	-	-	-	-	-	-		
Integration of loan portfolio	-	-	-	-	-	-		
Received amounts in derivative instruments	-	-	-	-	-	-		
Fobaproa trusts	-	-	-	-	-	-		
Securities to be received	132	119	23,961	30,671	41,726	66,236		
(Less) payable for reversal	(131)	(119)	(24,016)	(30,706)	(41,685)	(66,154)		
Receivables for reversal	131	119	11,219	13,641	18,777	27,362		
(Less) securities to be delivered	(132)	(119)	(11,184)	(13,631)	(18,787)	(27,367)		
Other control accounts	60,925	61,921	-	31,721	44,118	41,087		
	<b>109,547</b>	<b>116,078</b>	<b>19,859</b>	<b>54,230</b>	<b>65,244</b>	<b>61,300</b>		



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

(Millions of Pesos)

NET INTEREST INCOME	1Q00	2Q00	3Q00	4Q00	1Q01	2Q01	3Q01	4Q01
Interest Income	1,292.1	1,042.3	2,103.6	3,425.7	2,277.5	1,290.8		
Interest Expense	785.4	705.0	1,872.0	3,320.9	2,272.3	1,098.2		
Loan Fees	11.4	10.0	6.1	0.9	0.3	0.2		
Fees Paid	1.1	0.5	0.4	-	-	-		
<b>Net Interest Income (NII)</b>	<b>517.0</b>	<b>346.9</b>	<b>237.3</b>	<b>105.7</b>	<b>5.5</b>	<b>192.8</b>		
Repomo-Margin	(10.4)	(9.3)	(7.6)	(3.4)	(5.8)	(4.2)		
<b>NII after Repomo</b>	<b>506.6</b>	<b>337.6</b>	<b>229.7</b>	<b>102.3</b>	<b>(0.3)</b>	<b>188.6</b>		
Loan Loss Provisions	200.5	62.8	6.6	39.4	26.4	3.6		
Loss Sharing Provisions	-	-	-	-	3.8	4.2		
<b>NII after Provisions</b>	<b>306.0</b>	<b>274.8</b>	<b>223.1</b>	<b>62.8</b>	<b>(30.5)</b>	<b>180.8</b>		
Fund transfers	0.6	0.5	0.3	-	-	-		
Account management	6.6	7.3	4.4	-	-	-		
Fiduciary	198.6	24.3	215.3	127.4	223.8	96.2		
Credit Card	0.3	0.4	0.3	-	-	-		
Fees from FOBAPROA	14.0	4.0	5.5	3.3	4.7	2.6		
Other fees	2.4	3.0	82.8	122.9	180.5	124.8		
<b>Fees on services,</b>	<b>222.6</b>	<b>39.4</b>	<b>308.6</b>	<b>253.6</b>	<b>409.1</b>	<b>223.6</b>		
Fund transfers	-	-	-	-	-	-		
Other fees	13.7	16.8	10.3	9.8	17.5	16.9		
<b>Fees paid,</b>	<b>13.7</b>	<b>16.8</b>	<b>10.3</b>	<b>9.8</b>	<b>17.5</b>	<b>16.9</b>		
Foreign exchange	7.9	7.0	4.7	0.0	-	-		
Securities -Realized gains	0.0	0.0	2.2	11.8	18.3	7.5		
Securities- Unrealized gains	(0.0)	0.0	(18.0)	(0.7)	48.4	28.9		
<b>Market-related Income</b>	<b>7.9</b>	<b>7.0</b>	<b>(11.1)</b>	<b>11.1</b>	<b>66.8</b>	<b>36.4</b>		
<b>Total Non Interest Income</b>	<b>216.8</b>	<b>29.6</b>	<b>287.2</b>	<b>254.9</b>	<b>458.3</b>	<b>243.2</b>		
<b>Total Operating Income</b>	<b>522.8</b>	<b>304.4</b>	<b>510.3</b>	<b>317.7</b>	<b>427.8</b>	<b>424.0</b>		
Personnel	81.0	91.8	64.2	37.4	1.5	3.0		
Fees Paid	10.6	13.6	7.0	4.7	13.5	7.3		
Operation & Administrative expenses	109.9	137.0	84.1	83.7	105.6	112.3		
Rents, depreciation and amortization	18.8	16.0	20.8	17.5	19.2	17.0		
Taxes, other than income tax	17.7	25.2	16.5	15.1	10.0	4.8		
Contributions to IPAB	21.9	20.0	15.8	5.2	1.3	1.6		
Corporate expenses Recoveries	-	-	-	-	-	-		
<b>Non-Interest Expense</b>	<b>260.0</b>	<b>303.6</b>	<b>208.4</b>	<b>163.5</b>	<b>151.3</b>	<b>145.9</b>		
<b>Operating Income</b>	<b>262.8</b>	<b>0.8</b>	<b>301.9</b>	<b>154.3</b>	<b>276.5</b>	<b>278.0</b>		
Other Income	79.1	86.8	55.2	68.2	52.1	66.0		
Foreign exchange	0.1	-	-	-	-	-		
Recoveries	1.8	2.0	4.9	-	0.2	0.9		
Repomo-other (Debtor balance)	-	-	-	-	-	-		
<b>Total Other Products</b>	<b>81.0</b>	<b>88.8</b>	<b>60.0</b>	<b>68.2</b>	<b>52.4</b>	<b>66.9</b>		
Other Expense	(9.5)	(1.4)	(1.7)	(0.1)	(0.3)	(70.4)		
Foreign exchange	-	-	-	-	-	-		
Repomo-other (Creditor balance)	(30.9)	(11.9)	(7.4)	2.4	(3.9)	(7.3)		
Total Other Expense	(40.4)	(13.3)	(9.1)	2.4	(4.1)	(77.7)		
<b>Other revenues and expenses, net</b>	<b>40.6</b>	<b>75.5</b>	<b>51.0</b>	<b>70.6</b>	<b>48.2</b>	<b>(10.8)</b>		
<b>Pre-tax Income</b>	<b>303.4</b>	<b>76.2</b>	<b>352.8</b>	<b>224.8</b>	<b>324.8</b>	<b>267.2</b>		
Income tax	-	-	-	(14.3)	-	-		
Profit sharing	-	-	-	-	-	-		
Tax on Assets	(1.4)	(1.9)	(2.2)	0.8	-	-		
Deferred Inc. Tax and Profit sharing	-	-	(37.2)	(33.2)	(38.6)	(17.3)		
	(1.4)	(1.9)	(39.4)	(46.8)	(38.6)	(17.3)		
<b>Net income before subsidiaries</b>	<b>302.0</b>	<b>74.3</b>	<b>313.4</b>	<b>178.0</b>	<b>286.2</b>	<b>249.9</b>		
Subsidiaries 'net income	(0.1)	0.5	0.7	9.7	12.4	20.9		
<b>Net Income from continuous operations</b>	<b>301.9</b>	<b>74.8</b>	<b>314.1</b>	<b>187.8</b>	<b>298.6</b>	<b>270.8</b>		
Extraordinary items, net	-	-	-	-	-	-		
Minority Interest	-	-	(11.0)	(5.4)	(30.5)	(4.6)		
<b>TOTAL NET INCOME</b>	<b>301.9</b>	<b>74.8</b>	<b>303.1</b>	<b>182.4</b>	<b>268.1</b>	<b>266.3</b>		

(\*) Consolidate Afore

## Notes to Banking Sector Financial Statements

### Financial Instruments and Valuation Effects 2Q01

(Millions of Pesos)

	BOOK VALUE	MARKET VALUE	UNREALIZED GAIN (LOSS)
<b>NEGOTIABLE INSTRUMENTS</b>			
Government Securities	25.1	25.3	0.1
Banking Securities	3,661.0	3,700.8	39.8
Private	111.5	109.7	(1.8)
Commercial Paper	1,031.4	1,030.8	(0.1)
<b>Total</b>	<b>4,829.1</b>	<b>4,866.5</b>	<b>37.4</b>
<b>SECURITIES HELD FOR SALE</b>			
Government Securities	46.4	46.5	0.1
Stock	155.8	153.0	(2.8)
Eurobonds	1,843.0	1,387.5	(455.5)
<b>Total</b>	<b>2,045.2</b>	<b>1,587.0</b>	<b>(458.2)</b>
<b>SECURITIES HELD TO MATURITY</b>			
Special Cetes	4,037.9	4,037.9	-
Trust Bonds	(2,825.5)	(2,825.5)	-
US Clearing Master Trust	119.2	112.1	(7.0)
<b>Total</b>	<b>1,331.5</b>	<b>1,324.5</b>	<b>(7.0)</b>
<b>TOTAL</b>	<b>8,205.8</b>	<b>7,778.0</b>	<b>(427.8)</b>

### Repurchase Agreement Operations 2Q01

(Millions of Pesos)

REPURCHASE AGREEMENT DEBTORS	MARKET VALUE (1)	ASSET BALANCE
Government Securities	82,132.9	106.5
Banking Securities	28,132.2	45.0
Total	110,265.1	151.5
<b>REPURCHASE AGREEMENT CREDITORS</b>	<b>MARKET VALUE (2)</b>	<b>LIABILITY BALANCE</b>
Government Securities	57,572.1	19.7
Banking Securities	14,438.9	34.3
Total	72,011.0	53.9

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

**Derivate Financial Instruments 2Q01**

(Millions of Pesos)

**NEGOTIABLE INSTRUMENTS**

<b>FOREIGN CURRENCY FUTURES</b>	<b>BUY</b>	<b>SELL</b>	<b>NET</b>
Market Value	-	1.5	1.5
Agreed Price	-	-	-
Total	-	1.5	1.5

**FOREIGN CURRENCY FORWARDS**

Market Value	1,197.0	(1,151.7)	45.3
Agreed Price	(1,212.9)	1,166.7	(46.2)
Total	(15.9)	15.0	(1.0)

**DEBTOR BALANCE NOTE** 48.7

**COVERAGE INSTRUMENTS**

**SWAPS**

	<b>FLOW PAYABLE</b>	<b>FLOW RECEIVABLE</b>	<b>NET FLOWS</b>
Cross Currency	(1,363.9)	1,411.6	47.7
Interest Rate	(5.6)	5.1	(0.5)
Total	(1,369.5)	1,416.6	47.2

**FOREIGN CURRENCY OPTIONS**

	<b>OPENING PREMIUM</b>	<b>VALUED PREMIUM</b>	<b>VALUATION</b>
Foreign Currency Options	(0.4)	(0.1)	(0.6)
Total	(0.4)	(0.1)	(0.6)

**CREDIT BALANCE** (1.5)

**Nongovernmental Financial Instruments above by 5% of Net Capital 2Q01**

(Millions of Pesos)

**BANORTE**

<b>INDUSTRY</b>	<b>INVESTMENT INSTRUMENT</b>	<b>AMOUNT</b>	<b>% NET CAPITAL</b>
SANTANDER	Term Deposits	1,000.3	15.5%
UNION	Certificates of Deposits	802.4	12.5%
SERFIN	Bank Bonds	601.5	9.3%
BANAMEX	Term Deposits	500.2	7.8%
COPAMEX	Eurobonds	371.6	5.8%

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

**Cost and Balances of FINAPE, FOPIME, Mortgage UDIS and Mortgage FOVI loan portfolios as of 1Q01**

(Million of Pesos)	BANORTE		BANCEN		TOTAL	
	PERIOD COST	BALANCE LOAN PORTFOLIO	PERIOD COST	BALANCE LOAN PORTFOLIO	PERIOD COST	BALANCE LOAN PORTFOLIO
FINAPE	0.3	341.5	0.0	0.6	0.3	342.1
FOPIME	2.5	465.4	0.0	0.3	2.5	465.7
Mortgage UDIS	19.0	58.0	3.3	15.0	22.3	73.0
Mortgage FOVI	<u>2.9</u>	<u>12.0</u>	<u>3.0</u>	<u>0.0</u>	<u>5.9</u>	<u>12.0</u>
	<b>24.7</b>	<b>876.9</b>	<b>6.3</b>	<b>15.9</b>	<b>31.0</b>	<b>892.8</b>

The quarter ending with a balance of Ps 892.8 million pesos in debtors support programs with a cost of the period of Ps 31.0 million. The 98.2% of this portfolio are concentrated in Banorte.

**Troubled Portfolio 2001**

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

(Millions of Pesos)	TOTAL
Troubled Portfolio	3,448
Total Loans	77,650
Troubled Portfolio / Total Loans	<b>4.4%</b>

**Fobaproa - IPAB Notes Integration 2Q01**

(Millions of Pesos)	BANORTE				BANCEN	BANPAIS		BANKING SECTOR
	LOSS SHARING	WITHOUT RISK	FOBA-70	INCENTIVE SCHEME		LOCAL CURRENCY	DOLLARS	TOTAL
Gross Balance	9,528	1,178	950	(2)			5,661	17,317
- Checking account balance	2,027	122	(1)	(2)	120	687	120	3,076
- Reserves	<u>2,000</u>	=	<u>490</u>	<u>329</u>			=	<u>2,819</u>
<b>= Net Balance</b>	<b>5,501</b>	<b>1,056</b>	<b>460</b>	<b>(329)</b>	<b>(120)</b>	<b>(687)</b>	<b>5,541</b>	<b>11,422</b>

- 1) Actually doesn't less from the Gross Balance. The amount at 2Q01 is Ps 232.2 millions.
- 2) The figures of Ps 5,714 & Ps 1,324 are included in Loss Sharing.

**Credit Risk Rating Methodology**

The National Banking and Stock Commission, (Comisión Nacional Bancaria y de Valores, CNBV), through Document No. 601-II-105524 dated June 15, 2001, allowed this Institution the temporary and conditional use of its Internal Credit Risk Rating Methodology. The credits' rating and their provisions are carried out in accordance to the seventeenth clause of Circular 1480, dated September 29, 2000.

**Background.**

The Internal Credit Risk Rating Methodology (CIR Banorte) operates in accordance to the best international accepted practices, in order to have a reliable and objective estimate of the quality of loan assets, as well as

to have its own tool to identify clearly the risk level each loan client represents.

In September 2000, the CNBV issued Circular 1480 " Rating methodology for the commercial credit portfolio," in which it proposes a method to assign a rating per client and to grade each loan in terms of the value of guarantees to estimate a probable loss and define the percentage of preventive reserves needed.

Said circular gave the option to use one's own method to assign risk rating per client, prior CNBV assessment and certification.

**Client Internal Risk Rating Model: CIR Banorte.**

The CIR Banorte has ten levels of risk, in which 1 is the lowest and 10 is the highest. The score is determined based on the analysis of 4 risk criteria which, in turn, are divided into 7 factors and considers the GFNorte's loan strategy concepts: Target Market and Risk Acceptance Criteria.

Risk Criteria	Risk Factors
1. Financial Risk	1. Financial structure and payment capability
	2. Financing sources
	3. Management and decision making
	4. Quality and timeliness of financial information
2. Industry Risk	5. Positioning and market in which it participates
	→ Target Markets
	→ Risk Acceptance Criteria
3. Borrower's experience	6. Borrower's experience
4. Country Risk	7. Country Risk

Risk factors are analyzed through descriptive evaluation tables where it is possible to assign a score to each factor. Once this is done, the model obtains the CIR Banorte.

It is worth mentioning that the risk level for the "Financial structure and payment capability" factor is determined by a financial ratio importance assignment model, which renders a quantitative score of risk. The evaluation of the "Borrower's experience" risk criterion is based on direct consultation with the Credit Bureau, respecting all the norms and criteria established by the authority in Circular 1480.

The risk level equivalence of the CIR Banorte with respect to those established by the methodology of Circular 1480, is based on the statistical study of the default probabilities. Said equivalence is detailed below.

<b>CIR BANORTE</b>		<b>CNBV 1480</b>
1	Substantially Risk-free	A-1
2	Below Minimum Risk	A-2
3	Minimum Risk	
4	Moderate Risk	B
5	Average Risk	

6	Above Average Risk	C-1
7	Requires Management Attention	C-2
8	Potential Partial Loss	
9	High Loss Percentage	D
10	Total Loss	E

The Internal Credit Risk Rating Methodology (CIR Banorte) has ten risk levels in which the first five are acceptable risk levels.

The impact of the new Credit Risk Rating Methodology in the loan portfolio increased the reserve requirements by Ps 653 million, which are fully covered with the actual level of loan loss reserves.

<i>(Millions of pesos)</i>	RESERVE REQUIREMENTS		
	1Q01(1)	2Q01(2)	DIF.
LOAN PORTFOLIO:			
Commercial	1,207	2,244	1,037
Consumer	280	207	(73)
Credit Cards	380	139	(241)
Mortgages	1,403	1,333	(70)
<b>Total</b>	<b>3,270</b>	<b>3,923</b>	<b>653</b>

(1)Using the previous methodology.

(2) Using the new methodology.

### Deferred Taxes 2Q01

*(Millions of Pesos)*

ASSETS	ISR	PTU	NET
Allowance for loan losses (not deducted)	331.4	50.0	381.3
Tax loss carryforwards	737.4	-	737.4
Deficit from retirement obligations	143.7	41.1	184.8
Others	<u>30.4</u>	=	<u>30.4</u>
<b>Total Assets</b>	<b>1,242.9</b>	<b>91.0</b>	<b>1,333.9</b>
<b>LIABILITIES</b>			
Obligations FOBAPROA, Net	(32.7)	-	(32.7)
Accrued interest and inflationary component of del Fixed Assets, Foreclosed, Intangible & Others	(463.6)	(37.6)	(501.2)
<b>Total liabilities</b>	<b>(496.3)</b>	<b>(37.6)</b>	<b>(533.9)</b>
<b>Assets (Liabilities) Accumulated Net</b>	<b>746.6</b>	<b>53.4</b>	<b>800.0</b>

**Long term debt as of 2Q01**

TYPE OF DEBT	CURRENCY	DATE OF ISSUE	AMOUNT (Millions Ps o Dis)	ORIGINAL AMOUNT (Millions Ps, Dis o UDIS)	TERM	INTEREST RATE	MATURITY	INTEREST PAYMENT
<b>BANORTE</b>								
Bonos Bancarios - Banorte 1-00	Ps	23-Mar-00		1,000	3 years	15.59%	1- May-03	E/189 days
Bonos Bancarios - Banorte 2-00	Ps	27-Jul-00		250	3 years	16.00%	4-Sep-03	E/189 days
Certificados-Banorte U01001	UDIs	11-Ene-01		90	10 years	8.13%	30-Dec-10	E/182 days
Certificados-Banorte U01002	Ps	29-May-01		20	3 years	TIIIE-0.25%	25-May-04	E/28 dias
Non Convertible Subordinate Bonds-QBanorte 01U	UDIs	21-Jun-01		436	8 years	8.00%	21-Jun-09	E/182 dias
Certificados Serie 1999-1	Dis	15-Jul-99	200	200	7 years	Libor+1.15%	15-Jul-06	Monthly
Certificados 1999-2A	Dis	15-Jul-99	60.1	75	5 years	8.94%	15-Jul-04	Monthly
Certificados Serie 1999-2B	Dis	15-Jul-99	25	25	7 years	9.49%	15-Jul-06	Monthly
Certificados Serie 2000-1	Dis	10-Mar-00	27.5	35	5 years	Libor+2.375%	15-Mar-05	Monthly

BANCEN. does not present balance as of June 30, 2001.

**Bank and Other entities loans as of 2Q01**

(Millions of Pesos)

	LOCAL CURRENCY	INTEREST RATE	TERM (DAYS)	FOREIGN CURRENCY	INTEREST RATE	TERM (DAYS)	TOTAL
LOANS FROM LOCAL BANKS (*)	-	-	-	1,046.4	LIBOR+6.00	909	1,046.4
LOANS FROM FOREIGN BANK CONCERTED FROM THE COUNTRY	-	-	-	82.7	5.75	239	82.7
LOANS FROM FOREIGN BANK CONCERTED FROM CAYMAN	-	-	-	1,550.2	6.43	174	1,550.2
SECURITIZATION	-	-	-	2,835.8	6.38	1,658	2,835.8
LOANS FROM DEVELOPING BANKS	-	-	-	1,457.1	N.D.	N.D.	1,457.1
LOANS FROM PUBLIC FUNDS	-	-	-	207.9	N.D.	N.D.	207.9
CALL & LOANS FROM BANKS	275.0	12.08	28	-	-	-	275.0
LOANS FROM DEVELOPING BANKS	1,137.3	N.D.	N.D.	-	-	-	1,137.3
LOANS FROM PUBLIC FUNDS	2,044.0	N.D.	N.D.	-	-	-	2,044.0
LOANS FROM FIDUCIARY FUNDS	1,671.1	N.D.	N.D.	-	-	-	1,671.1
PROVISIONS FOR INTEREST	77.4	N.D.	N.D.	-	-	-	77.4
	<b>5,204.8</b>			<b>7,180.1</b>			<b>12,384.9</b>

(\*) Includes "Banco Nacional de Comercio Exterior".

**Trading Income 2Q01**

(Millions of Pesos)

	NET
<b>VALUATION EFFECTS</b>	
Negotiable Instruments	21.4
Repurchase	74.7
Futures	1.4
Foreign Currency Forwards	(1.3)
Options	(0.3)
Inflation Adjustment	1.8
<b>Total</b>	<b>97.7</b>
<b>RESULTS FROM BUYING AND SELLING</b>	
Negotiable Instruments	112.5

Figures are presented in constant pesos set at the close of June' 2001.

Securities Held for Sell	(0.1)
Inflation Adjustment	-
<b>Total of Buying and Selling Instruments</b>	<b>112.4</b>
FX Spot	92.9
FX Forwards	0.7
FX Futures	1.7
Forwards	0.8
<b>Total of Foreign Exchange</b>	<b>96.2</b>
Inflation Adjustment	1.7
<b>TOTAL INGRESOS POR INTERMEDIACION</b>	<b>308.0</b>

### Capitalization

(Millions of Pesos)

	2003 RULES	
	BANORTE	BANCEN
<b>Tier 1 Capital:</b>		
Stockholders Equity	5,852	1,883
(+) Subordinated debt and Capitalization Instruments	-	-
(-) Investment in Subordinated debt	-	-
(-) Investment in Financial Institutions	36	-
(-) Investment in Non-Financial Institutions	-	-
(-) Financing granted for the acquisition of shares of the bank or other Group subsidiaries	197	548
(-) Excess on deferred taxes	489	-
(-) Restructuring Charges and others intangibles	417	1
(-) Others Assets	-	-
<b>Total Deductions</b>	1,138	548
<b>Total Tier 1</b>	<b>4,714</b>	<b>1,334</b>
<b>Tier 2 Capital :</b>		
Capitalization Instruments	1,303	-
(+) General Preventive Reserves	420	-
(-) Subordinated Debt	=	=
<b>Total Tier 2</b>	<b>1,723</b>	<b>=</b>
<b>Net Capital</b>	<b>6,437</b>	<b>1,334</b>

	BANORTE			BANCEN		
	Total Assets	Weighted Assets	Required Capital	Total Assets	Weighted Assets	Required Capital
<b>Credit Risk-Weighted</b>						
Group 1 (risk weight 0%)	56,311	-	-	24,781	-	-
Group 2 (risk weight 20%)	9,291	1,858	149	15,626	3,125	250
Group 2bis (risk weight 10%)	5,323	532	41	257	26	2
Group 3 (risk weight 100%)	32,292	32,292	2,585	1,695	1,695	136
Group 3bis2 (risk weight 115%)	1,495	1,719	138	-	-	-
Group 3V (risk weight 150%)	788	1,181	94	-	-	-
<b>Total Credit Risk-Weighted Assets</b>	<b>105,499</b>	<b>37,583</b>	<b>3,007</b>	<b>42,358</b>	<b>4,846</b>	<b>388</b>



	BANORTE		BANCEN	
	Amount in equivalent positions in assets	Required Capital	Amount in equivalent positions in assets	Required Capital
Market risk-weighted assets:				
Peso Nominal interest rate operations	2,752	220	3,773	302
Peso or UDI real interest rate operations	62	5	-	-
Interest rate operations in foreign currency with nominal rate	675	54	12	1
Position in UDIS or with a return indexed to inflation	8	1	-	-
Positions in foreign currency or indexed to the FX rate	84	7	-	-
Positions in share or index to the price of securities	-	-	-	-
<b>Total market risk weighted assets</b>	<b>3,582</b>	<b>287</b>	<b>3,785</b>	<b>303</b>
<b>Total credit and market risk-weighted assets</b>	<b>41,165</b>	<b>3,293</b>	<b>8,631</b>	<b>691</b>

## Risk Management

### Loan Risk

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

The objectives of loan risk management at GFNorte are:

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

### Individual Loan Risk

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

As to the Qualification of Loan Risk, during the year 2000 the clients were qualified applying two methods: the first, proposed by the CNBV in Circular 1128, consists of 5 levels of risk: A, B, C, D, and E; and the second is the Banorte Loan Risk Qualification method, developed internally in accordance with internationally accepted standards and practices. It indicates 10 levels of risk, in which 1 is the lowest and 10 is the highest. Additionally there is a parameter-oriented risk level calculation system for minor loans.

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

### Portfolio Loan Risk

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

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

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

The method, in addition to contemplating loan exposure, takes into consideration the probability of non-compliance, the recovery level associated to each client and the classification of the debtor based on the Merton model. The *probability of non-compliance* is the probability that the debtor will

not meet his/her debt obligation with the bank according to the originally agreed terms and conditions. The probability of non-compliance is based on the transition matrixes that GFNorte calculates from the migration of the debtor through different risk qualification levels. The *recovery ratio* is the percentage of total exposure that is estimated to be recovered in the debtor fails to comply. The *classification of the debtor*, based on the Merton model, associated the debtor's future behavior to loan and market factors on which his "credit health" depends, as determined by statistical techniques.

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

#### **Financial Statements basis for presentation.**

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

**The Banking Sector (Banorte and Bancen )**-The new groupings contained in bulletin 1488 of October 30, 2000 of the CNByV that was effective from January 1, 2001 & The Presentation Rules from the bulletin 1455 from December 14, 1999 from CNBV used since July 1st, 2000. For all periods, figures are presented in constant pesos set at the close of the current reporting period. 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.

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

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

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