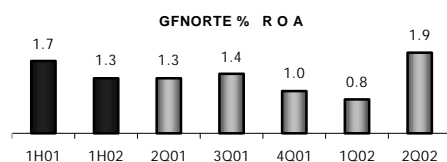
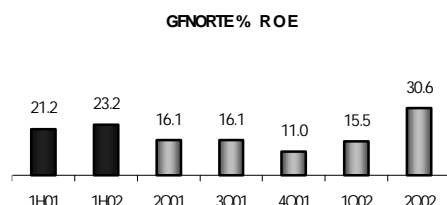
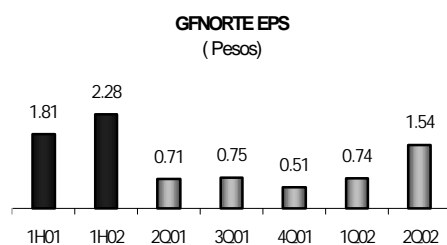
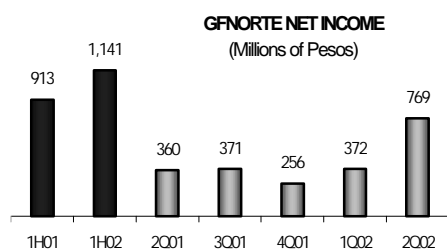


*GFNorte generates a net profit of Ps 1,141.0 million for the first half of the year.*

## GRUPO FINANCIERO BANORTE



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- GFNorte's **profit** in the first half of 2002 was Ps 1,141.0 millions, 25.0% higher than that of the same period in 2001.
- GFNorte's 23.2% **ROE** in the period, and 15.2% excluding the extraordinary income from Generali, were reached despite the substantial drop in interest rates over the last twelve months.
- Banorte receives USD 45 million from **Assicurazioni Generali** because of Bancrecre's incorporation and the technological developments in the infrastructure used for selling the services of Afore, Bancaseguros and Pensions.
- GFNorte's organizational structure** was modified in June in order to enhance efficiency and customer service. Now, Othón Ruiz is the CEO of GFNorte, Banorte and Bancen. Business areas are concentrated in a new Banking Directorship. The Group's Finance and Administration Directorship was created and the Planning and Control Directorship was transformed.
- Fitch**, the rating agency, gave Sólida Administradora de Portafolios S.A. de C.V. a score of Average High (mex) as administrator of financial assets. This rating is the highest granted in Mexico for this kind of business.

## BANKING SECTOR

- On June 22, Banorte **commemorated its 10th anniversary** as a private institution. Banorte was privatized in 1992 when Roberto Gonzalez Barrera, heading an important Group of Mexican Investors, won the bid to purchase this Bank.
- During the quarter the program for optimizing the branch network continued. As a result, **67 Bancrecre and Banorte branches were closed down**, which to date has totaled 97 closed branches; and a 1,974 employee reduction so far this year.

## OTHER SECTORS

- The **Brokerage House** showed a profit of \$53.9 million in 1H02, 296.3% higher than last year, as a result of a considerable increase in transactions.

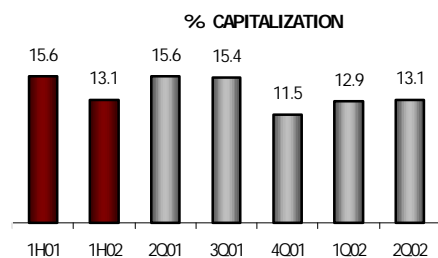
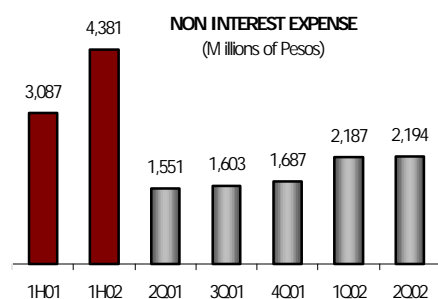
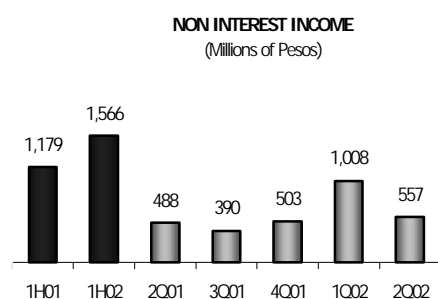
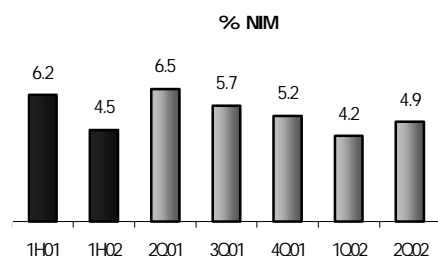
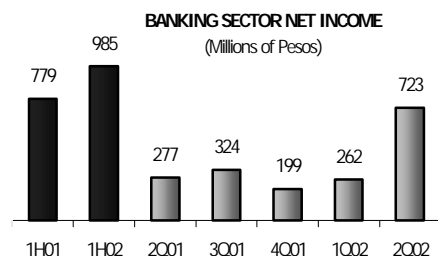
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## Highlights



### BANKING SECTOR

#### Net Profit

Profit in the first half of the year (excluding the Afore) was Ps 984.8 million, which represents a 26.4% upturn from that of 1H01 as a result of Bancrecer's incorporation and the extraordinary revenues from Assicurazioni Generali's USD 45 million payment in 2Q02.

#### Net Interest Margin

Net Interest Margin, before Repomo, fell from 6.2% in 1H01 to 4.5% in 1H02 mainly due to an important interest rate decrease as well as Bancrecer incorporation as its assets generate a lower net interest margin than those of Banorte.

#### Non Interest Income

Non Interest Income in 1H02 was 32.8% higher than in 1H01 due to Bancrecer's contribution departing 2002 and also to the new service fees implemented since February 2002.

#### Non Interest Expense

Non Interest Expense increased by 41.9% in the first six months of the year, as compared to the same period last year mainly as a consequence of the Bancrecer merger since 1Q02. However, important benefits of the synergies of this integration are now becoming apparent.

#### Capitalization

The first half closed with a 13.1 Capitalization ratio vs. 15.6% in 1H01. This decrease came mainly since the Bancrecer acquisition in 4Q01.

#### Loan Portfolio

At the close of June 2002, the Banking Sector portfolio balance was Ps 138,250 million, 70% greater than that of June 2001, as a result of the Bancrecer incorporation and Banorte's placement strategy. Stand out increases of 281.0% in Housing and Consumer, and 45.0% in Commercial loans within the Traditional Banking Portfolio.

#### Asset Quality

The Banking Sector ended 1H02 with a past due loans balance of Ps 4,649 million; an overall rate of 3.4%. The reserve coverage totaled 117.2%.

## Executive Summary

### **GRUPO FINANCIERO BANORTE**

GFNorte and its subsidiaries showed earnings for Ps 769.1 million during the second quarter of the year, 113.9% higher than in the same quarter last year, for an accumulated profit of Ps 1,141.0 million in the first half, which is 25% higher than last year's accumulated result. The above results rendered an average 23.2% Return on Equity (ROE). Excluding the extraordinary income from Generali, which will be explained later on, the net income for the quarter was 7.4% higher than that of 2Q01 and 16.9% lower when taking the first half of the year vs. 1H01, mainly due to a 780 bp drop in the level of interest rates as an average for these periods, that had a negative impact in the net interest margin. Another negative impact came from the interest volatility at the close of the period.

The Banking Sector represented 94% of GFNorte's overall profit during the second quarter of the year, generating Ps 722.6 million, 161.3% higher than in the same quarter last year and a 24.1% Return on Equity (ROE). This result enabled an accrual of Ps 984.8 million in the first half of the year, 26.4% higher than in the same period last year. Excluding the extraordinary income from Generali, the net income for the quarter was 22.8% higher than that of 2Q01 and 22.7% lower when compared in a six months base vs. 1H01. Other sectors contributed to the overall profit as follows: Brokerage Sector with Ps 53.9 million; Long Term Saving Sector with Ps 75.7 million; and the Auxiliary Organization Sector with Ps 32.8 million.

Assicurazioni Generali confirms its trust in Grupo Financiero Banorte and in Mexico by signing an agreement last June, 27 with Banco Mercantil del Norte (Banorte) and paying to the latter the sum of USD 45 million. The net contribution of this payment (after PTU, related costs and minority interests) was Ps 383 million. This payment was made to compensate Banorte's efforts in technology, brand placement and usage of Bancrecer's branch network to sell the products and services of: Seguros Banorte-Generali, Afore Banorte-Generali and Pensiones Banorte-Generali, in which Generali holds a 49% share.

GFNorte's assets under management at the close of June, 2002, which include: deposits, Banking Sector third party and mutual funds, Brokerage House assets under management, and the Afore's assets under management, totaled Ps 315,706 million.

### **BANKING SECTOR**

Total deposits ended the quarter with a Ps 184.9 billion balance, 5.9% lower than the previous quarter, due to Treasury operations which switched funding from Time Deposits to lower cost short term Loans from Banks. Total Deposits grew by 48.7% vs. 1H01 due to Bancrecer's contribution as well as to the positive results of the promotional efforts carried out during the period.

The Banking Sector's total loan portfolio at the close of June, amounted to Ps 138,250 million. On the other hand, Total loans excluding Fobaproa / IPAB reached Ps 47,365 million, a 3% increase over those of the previous quarter despite the Ps 1.7 billion payment of the Federal Government for loans related to the Debtors Support Programs to Banorte and Bancen. Commercial loans totaled Ps 14,542 million, 5.2% higher than in the previous quarter. Mortgage loans closed June with a Ps 9,211 million balance, a 5.7% increase in the quarter. Car loans reached Ps 2,241 million, a 20.5% growth in the quarter. There have been eight quarters in a row showing growth in Mortgage and Car loans. Banorte's loan success is based on its fixed-rate programs for mortgage and car loans, as well as for credit cards; a proactive attitude and quality service of the entire sales force of the Group.

As to asset quality, by June the Banking Sector closed the period with a past due loan portfolio of Ps 4,649 million, which represents a past due loan ratio of 3.4%. The past due loan coverage reserve closed June, 2002 at 117.2%.

Non Interest Income was negatively affected by the financial markets volatility at the close of the quarter as well as by lower Fobaproa fees. This impacted the Non Interest Income which lowered 44.7% vs. 1Q02. However, Service Fees from traditional banking operations increased 2.9% in the quarter due to a higher volume of transactions from clients.

By June 2002, the Banking Sector's efforts to reduce Non Interest Expense are already showing, as are some of the benefits obtained by the synergies of Bancrecer's integration. One such sign is that the Ps 6.7 million expense-per-branch that Banorte showed in 1H01 dropped 40.4% to Ps 4.0 million in 1H02, after Bancrecer's integration.

The capitalization ratio reached 14.0% for Banorte, considering loan and market risks. Bancentro's ratio was 9.7%. This enabled the Group's Banking Sector to reach a combined loan and market risk capitalization ratio of 13.1%.

These levels are higher than the minimum established by the authorities and give GFNorte's Banking Sector a sound growth platform.

In June, GFNorte announced a new organization structure to meet the new challenges of growth, competition and integration. Banorte's organizational model was modified to optimize operation efficiency, increase business generating capacity and speed-up the decision-making processes in order to respond efficiently and promptly to the need of the market and especially to those of its clients. In this context, important changes in the organization were made, in an attempt to concentrate strategic command units, business area specialization, differentiation in the support and control areas, as well as a proper division of functions and distribution of responsibilities. The main changes include: the Directorships of Grupo Financiero Banorte, Banco Mercantil de Norte and Banco del Centro are now headed by Othón Ruiz. Newly created Directorships include: the Banking Directorship under Manuel Sescosse, who will be in charge of Commercial, Business, Corporate and Government Banking, as well as the Territorial Directorships that make up the sales force and the Administration and Finance Directorship, under Federico Valenzuela. Sergio García Robles Gil will head the reformed Planning and Control Directorship.

On June 22, Banorte commemorated its 10th anniversary as a private institution. Banorte was privatized in 1992 when Roberto González Barrera, heading an important Group of Mexican Investors, won the bid to purchase this Bank. Today, ten years later, the vigorous transformation of Grupo Financiero Banorte is proof of its philosophy "Think Big" and reaffirms its commitment to clients, employees, shareholders and Mexico.

In June, Fitch, the prestigious rating agency, gave Sólida Administradora de Portafolios S.A. de C.V. a rate of **Above Average (mex)** as administrator of financial assets. This is the highest grade granted in Mexico for this kind of business. Sólida, a subsidiary of Bancen, has participated in loan biddings carried out by the Instituto de Protección al Ahorro Bancario (IPAB), and won around 50% of the portfolio up for bids.

#### **BROKERAGE SECTOR**

The Group's Brokerage Sector (Casa de Bolsa Banorte) earned a Ps 53.9 million profit in the first half of 2002, 293% higher than that of the same period last year, as a result of securities position optimization, increased client portfolio, and relocation of the mutual funds administration, which used to be located in Bancentro. Up until June, the Banorte Brokerage House holds a total portfolio of Ps 112,173 million in assets under management, 30% higher than that of the same period in 2001.

#### **LONG TERM SAVING SECTOR**

In its Long Term Savings Sector, Banorte-Generali AFORE continues to increase the number of affiliates, totaling 2,504,928. Banorte-Generali AFORE still has one of the lowest costs per affiliation in the industry and a 8.9% market share. Assets under management amounted to Ps 16,572 million by June, 2002, 44% higher than in the same period last year. Total assets in the Insurance business rose by 15.1% in this period. On the other hand, the Annuities company showed a substantial 43% increase in assets, as compared to the same period. GFNorte's 1H02 profit derived from the Long Term Saving Sector companies was Ps 75.7 million, 26.2% higher than in the same period last year. This was due mainly to a greater and improved affiliation quality in the Afores company and to increased sales in Bankassurance.

#### **AUXILIARY ORGANIZATION SECTOR**

In the Auxiliary Organization Sector the profit for 1H02 was Ps 32.8 million. The Leasing Company's growth of 27.2% vs. 2Q01 and a reduction from 3.3% to 2.8% in its past due loan ratio are noteworthy. On the other hand, Factor Banorte (Factoring) increased its portfolio by 17% in the same period.

#### **BANCRECER'S INTEGRATION**

The Banorte-Bancrecer integration is in progress and on schedule.

Regarding the Commercial issue in May we started the third stage of the integration process referred as Commercial Integration. Besides, an extensive training program at the Bancrecer branches was carried out with the purpose of training employees to operate and sell Banorte's products. In the second quarter, 67 branches were close down, accumulating 97 branches as of June, leaving a branch network of 1,091 branches operating. In July, 13 more branches will be closed down.

With respect to human resources, as of June, 30 the Banking Sector had 13,313 employees. The redimensioning efforts has been reflected in a 1,974 personnel reduction, which translates in a Ps 25 million monthly savings,

equivalent to 13.6% the Dec'01 payroll. Personnel annualized expense savings reached Ps 540 million. Communication to employees has been reinforced through Banorte's Intranet and Salaries of Bancrecer have been equalized to those of Banorte.

Regarding the technological aspect, the inter-operations project, running since April, has facilitated our clients to make the most frequent transactions in either of both banks branches indistinctively. Beginning October, both banks services to the public will be fully operating.

In the Marketing area, the rebranding of Bancrecer's branches continues and we estimate to finish it at the end of the third quarter.

## Grupo Financiero Banorte

Grupo Financiero Banorte Earnings (Millions of Pesos)	QUARTER			ACCUMULATE	
	2Q01	1Q02	2Q02	2Q01	2Q02
<b>G. F. Banorte [holding]</b>	<b>11.8</b>	<b>(1.8)</b>	<b>(4.4)</b>	<b>17.6</b>	<b>(6.2)</b>
Banco Mercantil del Norte (1)	4.9	151.9	640.9	265.7	792.7
Banco del Centro	271.6	110.3	81.7	513.4	192.0
<b>Banking Sector</b>	<b>276.5</b>	<b>262.2</b>	<b>722.6</b>	<b>779.1</b>	<b>984.8</b>
<b>Brokerage Sector (Brokerage House)</b>	<b>0.9</b>	<b>23.6</b>	<b>30.3</b>	<b>13.6</b>	<b>53.9</b>
Afore	5.0	43.4	12.9	38.2	56.2
Insurance	27.9	27.0	(2.5)	8.1	24.6
Annuities	18.7	3.0	(8.1)	13.6	(5.1)
<b>Long-Term Saving Sector</b>	<b>51.7</b>	<b>73.4</b>	<b>2.3</b>	<b>59.9</b>	<b>75.7</b>
Leasing	6.8	4.8	6.7	13.9	11.5
Factoring	7.5	5.0	7.9	20.6	12.9
Warehousing	2.5	2.1	2.4	4.6	4.5
Bonding	2.0	2.6	1.3	3.4	3.9
<b>Auxiliary Organization Sector</b>	<b>18.7</b>	<b>14.5</b>	<b>18.3</b>	<b>42.4</b>	<b>32.8</b>
<b>Total</b>	<b>359.5</b>	<b>371.9</b>	<b>769.1</b>	<b>912.6</b>	<b>1,141.0</b>

1) 96.11% owned by GFNorte.

GFNorte Income Statement (Millions of Pesos)	QUARTER			ACCUMULATE	
	2Q01	1Q02	2Q02	2Q01	2Q02
<b>Net Interest Income (NII)</b>	<b>1,873.8</b>	<b>1,888.7</b>	<b>2,117.9</b>	<b>3,584.6</b>	<b>4,006.6</b>
+ REPOMO-Margin	9.2	26.9	38.6	16.3	65.5
<b>= NET Interest Income after Repomo</b>	<b>1,883.0</b>	<b>1,915.6</b>	<b>2,156.5</b>	<b>3,601.0</b>	<b>4,072.2</b>
- Loan Loss Provisions	452.4	163.6	189.1	636.0	352.7
- Loss Sharing Provisions	53.6	1.9	11.5	131.4	13.4
<b>=Net Interest Income after Provisions</b>	<b>1,376.9</b>	<b>1,750.1</b>	<b>1,955.9</b>	<b>2,833.6</b>	<b>3,706.0</b>
+ Non Interest Income	636.5	1,335.6	838.3	1,567.6	2,173.9
<b>= Total Operating Income</b>	<b>2,013.4</b>	<b>3,085.7</b>	<b>2,794.2</b>	<b>4,401.2</b>	<b>5,879.9</b>
- Non Interest Expense	1,792.5	2,444.9	2,460.8	3,519.2	4,905.7
<b>= Net Operating Income</b>	<b>220.9</b>	<b>640.8</b>	<b>333.4</b>	<b>882.1</b>	<b>974.2</b>
+ Non Operating Income (Expense) Net	185.9	(138.5)	203.1	255.3	64.6
<b>= Pre-tax Income</b>	<b>406.9</b>	<b>502.3</b>	<b>536.5</b>	<b>1,137.3</b>	<b>1,038.8</b>
- Income Tax & profit sharing	49.1	38.0	71.5	69.3	109.6
- Tax on asset	5.3	21.3	25.5	7.3	46.8
- Deferred Income Tax & profit sharing	60.1	74.0	12.1	170.1	86.1
<b>= Net Income before Subsidiaries</b>	<b>292.3</b>	<b>368.9</b>	<b>427.4</b>	<b>890.6</b>	<b>796.3</b>
+ Undistributed Earnings of Subsidiaries	72.2	50.9	(18.4)	70.3	32.4
<b>=Net Income-contin. Operation</b>	<b>364.5</b>	<b>419.8</b>	<b>409.0</b>	<b>960.9</b>	<b>828.7</b>
+ Extraordinary Items, net	-	-	398.4	-	398.4
- Minority Income	4.9	47.8	38.3	48.3	86.1
<b>=Total Net Income</b>	<b>359.5</b>	<b>371.9</b>	<b>769.1</b>	<b>912.6</b>	<b>1,141.0</b>

Figures are presented in constant pesos set at the close of June' 2002.

<b>Group's Balance Sheet Highlights</b>			
<i>(Millions of Pesos)</i>	2Q01	1Q02	2Q02
Performing loans excluding Fobaproa – IPAB (1)	28,799	43,109	44,060
FOBAPROA Loans	49,040	91,745	90,885
Past Due Loans	4,410	4,698	4,699
Total Loans	82,249	139,552	139,644
Loan Loss Reserves	4,400	5,408	5,471
Total Assets	106,233	174,191	174,209
Deposits	78,225	130,109	119,318
Equity	9,891	10,595	11,295
Assets under Management (2)	213,581	314,724	315,706

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

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

<b>GFNorte Share Data</b>	<b>QUARTER</b>			<b>ACCUMULATE</b>	
	2Q01	1Q02	2Q02	2Q01	2Q02
Net Income per Share <i>(Pesos)</i>	0.71	0.74	1.54	1.81	2.28
Dividends per Share <i>(Pesos)</i>	-	-	-	-	-
Book Value per Share (1) <i>(Pesos)</i>	18.03	19.44	20.78	18.03	20.78
Shares Outstanding <i>(Millions of Shares)</i>	503.7	500.7	500.7	503.7	500.7
Price <i>(Pesos)</i>	18.99	21.41	22.94	18.99	22.94
P/BV <i>(Times)</i>	1.05	1.10	1.10	1.05	1.10
Market Cap <i>(Millions of Dollars)</i>	1,058	1,188	1,154	1,058	1,154

1) Excluding Minority holdings.

<b>Group's Financial Ratios</b>	<b>QUARTER</b>			<b>ACCUMULATE</b>	
	2Q01	1Q02	2Q02	2Q01	2Q02
ROA (1)	1.3%	0.8%	1.9%	1.7%	1.3%
ROE (2)	16.1%	15.5%	30.6%	21.2%	23.2%
Efficiency Ratio (3)	74.1%	83.8%	81.1%	72.8%	82.4%
Efficiency Ratio (w/o Depreciation & contributions to IPAB) (4)	66.3%	72.1%	68.9%	65.0%	70.5%
Past Due Loans to Total Loans	5.4%	3.4%	3.4%	5.4%	3.4%
Loan Loss Reserves to past Due Loans	99.8%	115.1%	116.4%	99.5%	116.4%

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

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

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

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

4) Excludes from the Operating Income Ps 120 millions of extrarodinary earnings.

**Banking Sector**

Banking Sector's Financial Ratios	QUARTER			ACCUMULATE	
	2Q01	1Q02	2Q02	2Q01	2Q02
<b>Profitability</b>					
% Net Interest Margin	6.5%	4.2%	4.9%	6.2%	4.5%
ROA (1)	1.1%	0.6%	1.8%	1.5%	1.2%
ROE (2)	14.5%	13.1%	34.7%	21.5%	24.1%
<b>Operation</b>					
Efficiency Ratio (3)	73.8%	86.3%	81.7%	73.5%	83.9%
Efficiency Ratio (w/o Depreciation & contribution to IPAB) (4)	65.9%	74.3%	69.4%	61.4%	77.9%
<b>Assets Quality</b>					
% Past Due Loans w/o Fobaproa	13.6%	10.1%	9.8%	13.6%	9.8%
% Past Due Loans with Fobaproa	5.4%	3.4%	3.4%	5.4%	3.4%
Loan Loss Reserves to past Due Loans	100.0%	116.1%	117.2%	100.0%	117.2%
<b>Quarter Growths</b>					
Loans w/o Fobaproa	(6.6)%	23.9%	3.1%	(21.1)%	46.8%
Total Loans	(4.2)%	65.1%	0.4%	(18.0)%	70.0%
Traditional Deposits	4.8%	68.0%	(8.3)%	(18.2)%	54.0%
Total Deposits	4.8%	55.8%	(5.9)%	9.3%	48.7%
<b>Capitalization</b>					
% Tier 1 (5)	12.1%	10.3%	10.6%	12.1%	10.6%
% Total Capitalization Ratio (5)	15.6%	12.9%	13.1%	15.6%	13.1%

- 1) Annualized Net Income as a percentage of the average of end of the month assets over the period.
- 2) Annualized Net Income as a percentage of the average of end of the month equity over the period.
- 3)  $\text{Non Interest Expense} / (\text{Total Operating Income} - \text{Repomo Margin} + \text{Loan Loss Provisions} - \text{Trading Income})$
- 4)  $(\text{Non Interest Expense} - \text{Contributions to IPAB} - \text{Depreciation}) / (\text{Total Operating Income} - \text{Repomo Margin} + \text{Loan Loss Provisions} - \text{Trading Income})$
- 5) The Banking Sector Ratio is included for information purposes. A ratio for each bank is presented in the capitalization section.
- 6) Excludes from the Operating Income Ps 120 millions of extraordinary earnings.



## Information by Sectors

### 1.- Banking Sector

Income Statement <i>(Millions of Pesos)</i>	QUARTER			ACCUMULATE	
	2001	1Q02	2Q02	2Q01	2Q02
<b>Net Interest Income</b>	1,730.8	1,811.9	2,036.8	3,344.8	3,848.7
+ REPOMO-Margin	18.0	35.2	47.2	32.0	82.4
<b>= Net Interest Income after Repomo</b>	<b>1,748.8</b>	<b>1,847.2</b>	<b>2,084.0</b>	<b>3,376.8</b>	<b>3,931.2</b>
- Loan Loss Provisions	451.3	163.5	189.1	634.4	352.6
- Loss Sharing Provisions	53.6	1.9	11.5	131.4	13.4
<b>= Net Interest Income after Provisions</b>	<b>1,243.9</b>	<b>1,681.8</b>	<b>1,883.3</b>	<b>2,611.0</b>	<b>3,565.1</b>
+ Non Interest Income	487.5	1,008.4	557.3	1,178.8	1,565.7
<b>= Total Operating Income</b>	<b>1,731.4</b>	<b>2,690.2</b>	<b>2,440.7</b>	<b>3,789.8</b>	<b>5,130.8</b>
- Non Interest Expense	1,550.9	2,187.0	2,193.8	3,086.8	4,380.8
<b>= Net Operating Income</b>	<b>180.6</b>	<b>503.2</b>	<b>246.8</b>	<b>703.0</b>	<b>750.0</b>
+ Non Operating Income (Expense) Net	180.8	(138.9)	204.7	251.8	65.8
<b>= Pre-tax Income</b>	<b>361.4</b>	<b>364.3</b>	<b>451.5</b>	<b>954.8</b>	<b>815.8</b>
- Income Tax & profit sharing	37.8	-	35.1	53.4	35.1
- Tax on asset	4.0	21.3	25.5	5.9	46.8
- Deferred Income Tax & profit sharing	48.6	78.9	17.1	117.6	96.0
<b>= Net Income before Subsidiaries</b>	<b>271.0</b>	<b>264.0</b>	<b>373.8</b>	<b>777.8</b>	<b>637.8</b>
+ Undistributed Earnings of Subsidiaries	10.7	47.7	(10.9)	51.1	36.8
<b>= Net Income-continuous Operation</b>	<b>281.7</b>	<b>311.7</b>	<b>362.9</b>	<b>828.9</b>	<b>674.6</b>
+ Extraordinary Items, net	-	-	398.4	-	398.4
Minoritary Income	(0.1)	-	-	(0.1)	-
<b>=Total Net Income</b>	<b>281.7</b>	<b>311.7</b>	<b>761.3</b>	<b>829.0</b>	<b>1,073.1</b>

Banking Sector's profits in the second quarter of 2002 (including the Afore by means of the participation method), were Ps 761.3 million; 144.2% higher than in 1Q02 given the extraordinary net revenues for Ps 399 million by Assicurazioni Generali. Profit increased by 16.4%, not counting this concept. Net accumulated profit totaled Ps 1,073.1 million; 29.5% higher than the accumulated profit in 1H01. Net Interest Margin, before Repomo, rose 15.1% in the first half due to the Bancrecer merger and a non-recurrent revenue in 2Q02 derived from the Debtor Support Program for the Agriculture and Livestock Sector. Loan Loss Provisions were 44.4% lower than the accumulated provisions in 1H01, thus closing the first half with a reserve coverage of 117.2%. Accumulated Non Interest Income this year has increased by 32.8%, due both to Bancrecer's contribution and higher Service Fees. Accumulated Non Interest Expense this year rose by 41.9% because of the Bancrecer merger. Considerable improvements in Personnel Expenses were made as 1,974 employees were dismissed and 97 branches were closed down. Other Revenues and Expenses dropped as compared to the same period last year because, as of January 2002, the Group's Brokerage House regained the administration of the Mutual Funds.

## Net Interest Income

Banking Sector Net Interest Income (Millions of Pesos)	QUARTER			ACCUMULATE	
	2001	1Q02	2Q02	2Q01	2Q02
Interest Income	4,672.4	5,500.8	5,333.6	13,428.4	10,834.4
Interest Expense	3,009.4	3,799.9	3,491.9	10,217.4	7,291.8
Loan Fees	72.1	121.4	207.1	142.0	328.5
Fees Paid	4.3	10.3	12.1	8.1	22.3
<b>Net Interest Income before Repomo</b>	<b>1,730.8</b>	<b>1,811.9</b>	<b>2,036.8</b>	<b>3,344.8</b>	<b>3,848.7</b>
Average Earning Assets	106,363.0	174,348	166,034	107,441.8	170,191
% Net Interest Margin (1)	<b>6.5%</b>	<b>4.2%</b>	<b>4.9%</b>	<b>6.2%</b>	<b>4.5%</b>

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

Net Interest Income (Millions of Pesos)	2Q01		1Q02		2Q02	
	BANORTE	BANCEN	BANORTE	BANCEN	BANORTE	BANCEN
Interest Income- loans & securities	4,204.7	1,455.0	3,831.6	1,050.4	3,476.2	1,206.5
Interest Income- repo agreement	(849.9)	(137.6)	22.1	595.2	150.7	497.3
Foreign exchange Valuation	-	0.3	1.4	-	2.6	-
UDI valuation	-	-	-	-	-	-
Valorization Inst. Indizados	-	-	-	-	0.5	-
<b>Interest Income</b>	<b>3,354.8</b>	<b>1,317.7</b>	<b>3,855.1</b>	<b>1,645.7</b>	<b>3,629.9</b>	<b>1,703.7</b>
Interest Expenses-dep. & funding	2,255.9	56.2	2,136.7	27.1	1,831.4	8.5
Interest expenses- repo agreement	585.9	111.5	997.9	624.3	1,006.7	630.7
Foreign exchange Valuation	(2.4)	-	-	(0.4)	-	1.5
UDI valuation	-	-	-	-	-	-
Valorization Inst. Indizados	1.1	1.2	12.7	1.6	11.9	1.2
<b>- Interest Expense</b>	<b>2,840.5</b>	<b>168.9</b>	<b>3,147.4</b>	<b>652.6</b>	<b>2,849.9</b>	<b>641.9</b>
Loan Fees	71.8	0.3	121.2	0.2	206.9	0.2
Fees paid	4.3	-	8.5	1.8	9.7	2.4
<b>= Net Interest Income</b>	<b>581.8</b>	<b>1,149.0</b>	<b>820.5</b>	<b>991.5</b>	<b>977.2</b>	<b>1,059.6</b>

During the quarter, the Net Interest Margin, before Repomo, increased by 12.4% due to several factors, as explained below:

### Increase due to:

- Interest Income for Ps 176 million from a non-recurrent concept as the Federal Government covered the pending payments for its participation in the Debtor's Support Programs for the Agriculture and Livestock Sector, for the period of September 1996 to December 2001. Payments were made out to Banorte and Bancen.
- Loan margin increased by Ps 93.8 million due to greater loan placement in the quarter, mainly consumer loans.
- The Exchange Rate increased from 9.07 to 9.76 pesos per dollar from March to June. The effect was positive though not very significant.
- A 70.6% increase in fees charged for higher loan placement.

### Decrease due to:

- A negative effect of reduced market interest rates, as the average rate for the 28-day Cete fell from 7.35% in 1Q02 to 6.54% in 2Q02.

Banking Sector's accumulated Net Interest Margin, before Repomo, increased by 15.1% in 1H02 as compared to 1H01, because of Bancrecer's contribution to the Sector's results beginning 1Q02. Some other factors also influenced the Net Interest Margin, as explained below:

- Reduction in market interest rates. The 6-month average for the 28-day Cete rate fell from 14.71% in 1H01 to 6.95% in 1H02; a negative impact on the net interest margin.
- A 131.3% increase in fees charged as a greater number of loans were placed.
- Increased volume of 115.1% in the consumer, commercial and housing portfolio between June 2001 and June 2002.

The Net Interest Margin fell from 6.2% in 1H01 to 4.5% in 1H02. The reasons include the negative impact of the substantial drop in interest rates as well as the effect of the Bancrecer merger as this institution had a lower NIM due to a greater concentration of IPAB promissory notes in its total Earning Assets.

### Non Interest Income

Non Interest Income (Millions of Pesos)	QUARTER			ACCUMULATE	
	2Q01	1Q02	2Q02	2Q01	2Q02
+ Fund Transfers	11.3	38.6	48.3	20.8	86.9
+ Account Management Fees	81.4	154.4	166.7	157.6	321.2
+ Fiduciary	118.5	188.8	237.2	366.9	426.0
+ Credit Card	87.6	121.8	147.1	170.1	268.9
+ From Fobaproa	85.0	133.3	61.2	166.3	194.5
+ Other Fees	75.3	248.0	173.7	148.6	421.7
<b>Fees on purchased services:</b>	<b>459.1</b>	<b>884.9</b>	<b>834.3</b>	<b>1,030.2</b>	<b>1,719.2</b>
+ Fund Transfers	-	-	-	-	-
+ Other Fees	87.5	163.8	178.7	173.9	342.6
<b>Fees Paid :</b>	<b>87.5</b>	<b>163.8</b>	<b>178.8</b>	<b>173.9</b>	<b>342.6</b>
<b>=Net Fees</b>	<b>371.6</b>	<b>721.1</b>	<b>655.5</b>	<b>856.3</b>	<b>1,376.6</b>
+ Foreign Exchange	45.1	65.1	103.8	101.7	168.9
+ Securities- Realized gains	86.4	229.4	(157.7)	118.5	71.6
+ Securities- Unrealized gains	(15.7)	(7.2)	(44.3)	102.3	(51.5)
<b>Trading Income</b>	<b>115.9</b>	<b>287.3</b>	<b>(98.2)</b>	<b>322.5</b>	<b>189.1</b>
<b>= Non Interest Income</b>	<b>487.5</b>	<b>1,008.4</b>	<b>557.3</b>	<b>1,178.8</b>	<b>1,565.7</b>

The Non Interest Income of the quarter fell by 44.7% with respect to the previous quarter. The causes are described below:

### Service Fees

- Account management Fees rose by 8.0% in the period, mainly because in 1Q02 clients were charged for only 2 months of fees for checks, and the revision of service fee rates. This new fees were included in this account as they were implemented as of February. All three months were included in 2Q02.
- Fees Charged to Fobaproa fell by 54.1% as compared to 1Q02, because some charges expected to be collected in the future, were anticipated in the previous quarter.
- Net fees charged to the IPAB for collecting on the Serfin portfolio totaled Ps 125.5 million as compared to the Ps76.8 million of the previous quarter, which represents an increase of 58.2%. Likewise, the Total Contribution rose by 63.2%, for a total of Ps 119.0 million in 1Q02.

REVENUES FROM SERFIN PORTFOLIO (Millions of Pesos)	QUARTER			ACCUMULATE	
	2Q01	1Q02	2Q02	2Q01	2Q02
Fee Income (Fiduciary)	161.2	134.0	197.9	533.3	330.0
- Fee Expense (Other Fees Paid)	50.3	57.0	76.4	156.7	132.7
<b>= Net Fees</b>	<b>111.0</b>	<b>76.8</b>	<b>121.5</b>	<b>376.6</b>	<b>197.3</b>
- Interest Expense	22.4	2.3	0.2	58.9	2.5
- Other Expenses (Other Accounts)	(3.9)	1.6	2.3	3.1	3.8
<b>= Net Contribution</b>	<b>92.4</b>	<b>72.9</b>	<b>119.0</b>	<b>314.6</b>	<b>191.0</b>

## Trading Income

- Trading Income suffered a negative impact as a result of the increase in interest rates volatility in the quarter, which represented losses for Ps 157.7 million in the Securities Unrealized Gains and Ps 44.3 million in Securities Unrealized Gains.

Accumulated Non Interest Income in the first half rose by 32.8% with respect to the same period last year. Two factors are responsible for the increase: Bancrecer's contribution to this Sector's results departing 1Q02; and new service fees charges for checks made out by clients and a revision of the service charge rates. Fees charged to Fobaproa increased by 17.0% over last year. Serfin showed a 47.6% negative variation due to early collecting last year. Trading Income fell 41.4% with respect to the same period last year due to the negative impact of the increased interest-rate volatility.

## Non Interest Expense

Non Interest Expense (Millions of Pesos)	QUARTER			ACCUMULATE	
	2Q01	1Q02	2Q02	2Q01	2Q02
Personnel Expenses	674.0	969.6	925.6	1,382.6	1,895.3
+Professional Fees	73.3	84.4	99.6	159.3	184.0
+Operation & Administration Expenses	446.1	569.2	545.5	813.0	1,114.7
+Rent, Depreciation & Amortization	162.6	290.4	329.3	334.2	619.7
+Tax other than income tax	106.7	119.9	134.0	213.8	253.9
+Contributions to IPAB	88.2	153.5	159.0	183.9	313.4
- Corporate Expense Recoveries	-	-	-	-	-
<b>= Non Interest Expense</b>	<b>1,550.9</b>	<b>2,187.0</b>	<b>2,193.8</b>	<b>3,086.8</b>	<b>4,380.8</b>

Quarterly Non Interest Expense remained similar to that of 1Q02, as greater professional fees were paid for assistance in integrating the technological platform and the depreciation of the Systems Security Reinforcement project. However, there is a steady reduction in operation expenses thanks to the synergy with Bancrecer. The elimination of 455 job positions mainly from the 67 branches closed down in the quarter rendered most of the 4.5% reduction in Personnel Expense and 4.2% in Operation & Administration Expenses. Accumulated Non Interest Expense for the first half increased by 41.9% over 1H01, principally because of the Bancrecer merger in 1Q02. However, the synergies with Bancrecer are apparent when comparing the Non Interest Expense per branch, which dropped from Ps 6.7 million in 1H01 to Ps 4.0 million in 1H02. The Efficiency ratio fell from 86.3% in 1Q02 to 81.7% in 2Q02.

## Non Operating Income (Expense) Net

Non Operating Income (Expense) (Millions of Pesos)	QUARTER			ACCUMULATE	
	2Q01	1Q02	2Q02	2Q01	2Q02
+Other Revenues	138.5	75.5	178.3	235.0	253.7
+Foreign Exchange	-	-	-	-	-
+Recoveries	175.8	57.6	68.4	283.1	126.0
+Repomo-other revenues	64.3	0.6	1.1	46.4	1.7
<b>=Non Operating Income</b>	<b>378.7</b>	<b>133.7</b>	<b>247.8</b>	<b>564.6</b>	<b>381.4</b>
-Other Expenses	(190.2)	(229.1)	30.5	(301.2)	(198.6)
-Foreign Exchange	-	(1.7)	(4.6)	-	(6.3)
-Repomo-other expenses	(7.7)	(41.8)	(69.0)	(11.6)	(110.7)
<b>=Non Operating Expense</b>	<b>(197.9)</b>	<b>(272.6)</b>	<b>(43.1)</b>	<b>(312.8)</b>	<b>(315.7)</b>
<b>= Non Operating Income (Expense) Net</b>	<b>180.8</b>	<b>(138.9)</b>	<b>204.7</b>	<b>251.8</b>	<b>65.8</b>

The net result in the quarter for Other Revenues and Expenses was Ps 204.7 million vs. Ps 138.9 million negative in 1Q02. This variation was mainly due to the cancellation of the securities mark to market precautionary reserve for Ps 100 million created last quarter for interest rate volatility, and of other provisions and expense reimbursements as well as to increase in Diverse Creditor accounts. Accumulated Other Revenues and Expenses for the first half fell by 73.9% with respect to 1H01, due mainly to a 55.5% drop in Recoveries, a substantial 854.3% increase in the Repomo-Other Expenses, and the transfer of the mutual funds administration to the Brokerage House in January, 2002.

## Loan Portfolio

Loan Portfolio (Millions of Pesos)	TRADITIONAL BANKING		RECOVERY BANKING		FOBAPROA		TOTAL	
	1Q02	2Q02	1Q02	2Q02	1Q02	2Q02	1Q02	2Q02
	Commercial	22,553	23,895	1,886	1,786	-	-	24,439
Corporate	8,728	9,353	97	99	-	-	8,825	9,452
Commercial	13,592	14,259	1,787	1,686	-	-	15,379	15,945
Other	233	283	2	2	-	-	235	285
<b>Financial Entities</b>	<b>609</b>	<b>1,232</b>	-	-	-	-	<b>609</b>	<b>1,232</b>
Consumer	3,225	3,817	298	207	-	-	3,523	4,024
Credit Card	1,053	1,204	140	89	-	-	1,193	1,293
Automobile	1,859	2,241	18	18	-	-	1,877	2,259
Other	313	372	140	100	-	-	453	472
<b>Mortgages</b>	<b>8,711</b>	<b>9,211</b>	<b>3,815</b>	<b>3,687</b>	-	-	<b>12,525</b>	<b>12,898</b>
<b>Government Entities</b>	<b>4,849</b>	<b>3,521</b>	<b>10</b>	<b>9</b>	<b>35,854</b>	<b>81,655</b>	<b>40,712</b>	<b>85,185</b>
Government Entities	4,849	3,521	10	9	-	-	4,858	3,530
IPAB	-	-	-	-	35,854	81,655	35,854	81,655
<b>Fobaproa</b>	-	-	-	-	<b>55,891</b>	<b>9,230</b>	<b>55,891</b>	<b>9,230</b>
<b>Total</b>	<b>39,947</b>	<b>41,676</b>	<b>6,008</b>	<b>5,689</b>	<b>91,745</b>	<b>90,885</b>	<b>137,701</b>	<b>138,250</b>
Total Loans w/o Fobaproa/ IPAB							45,955	47,365
Fobaproa / IPAB loans							91,745	90,885
Past Due Loans							4,639	4,649

The quarter closed with a Ps 47,365 million balance in the Total Loan Portfolio without Fobaproa / IPAB, a 3.1% increase compared to the previous quarter. The highlights were a 102.3% growth in loans to Financial Entities because of new loans granted to Group's subsidiaries, 20.4% in Car Loans, and 7.1% Corporate loans due to the new loan granting to triple A companies. Loans to Government Entities decreased by 27.3% because of the Ps 1,711 million Federal Government payment for their Debtors Support Program participation.

Bancrecer's IPAB loans were reclassified for almost Ps 45 billion, which in the previous quarter appeared as Fobaproa as they were grouped incorrectly.

The Past Due Loan Portfolio stayed practically the same as that of 1Q02, with a Ps 4,649 million balance, placing the past due loans ratio at the same 3.4% as in the last quarter.

LOANS PORTFOLIO			
(Millions of Pesos)	2Q01	2Q02	% Growth
<b>Commercial (1)</b>	<b>10,028</b>	<b>14,542</b>	<b>45.0%</b>
<b>Mortgage and Consumer</b>	<b>3,419</b>	<b>13,028</b>	<b>281.0%</b>
Mortgage	1,970	9,211	367.5%
Credit Card	530	1,204	127.3%
Automobile	730	2,241	207.0%
Other	189	372	96.3%
<b>Corporate</b>	<b>7,193</b>	<b>9,353</b>	<b>30.0%</b>
<b>Recovery Banking</b>	<b>6,587</b>	<b>5,689</b>	<b>(13.6)%</b>

(1) Includes Other loans

Comparing the loan portfolio at the close of 1H01, substantial increases are reflected both because of the Bancrecer merger, as well as loan placements among which Housing and Consumer loans stand out with 281.0% and Commercial Loans with a 45.0% upturn. These increases are the result of the important promotion Banorte has made toward loan placement, and also shows that the Consumer Sector is still very dynamic and there is a greater demand among medium and small companies. The growth in corporate loans was 30.0 % mainly due to new loans granted in 2002, to the drop in this type of portfolio in 2001 which reduced the basis for growth calculations, and to the peso depreciation.

### Classified Loans

Category	COMMERCIAL (*)			MORTGAGE			CONSUMER			TOTAL		
	Loans	%	Reserve	Loans	%	Reserve	Loans	%	Reserve	Loans	%	Reserve
A	23,548	83.3	182	6,563	50.9	38	3,148	77.3	16	33,259	73.5	236
B	1,485	5.3	229	3,695	28.6	192	543	13.3	54	5,722	12.7	475
C	1,017	3.6	329	773	6.0	234	96	2.3	43	1,886	4.2	607
D	68	0.2	48	1,484	11.5	1,038	96	2.4	70	1,647	3.6	1,157
E	2,016	7.1	1,996	-	-	-	188	4.6	187	2,204	4.9	2,183
Not Classified	122	0.4	-	388	3.0	-	(2)	-	-	510	1.1	-
<b>Total</b>	<b>28,256</b>	<b>100</b>	<b>2,785</b>	<b>12,902</b>	<b>100</b>	<b>1,503</b>	<b>4,070</b>	<b>100.0</b>	<b>370</b>	<b>45,228</b>	<b>100</b>	<b>4,658</b>
Excepted										94,234		
<b>Total</b>	<b>28,256</b>	<b>100</b>	<b>2,785</b>	<b>12,902</b>	<b>100</b>	<b>1,503</b>	<b>4,070</b>	<b>100.0</b>	<b>370</b>	<b>139,462</b>	<b>100</b>	<b>4,658</b>

Note : Consolidated with UDIS. With March'02, per application of Report 1449,1460,1480 Y 14 of the CNByV (the National Banking and Securities Commission).  
 (\*) Includes Financial Intermediaries, Government Entities, Irrevocable Lines of Credit and Signatures Guarantees Granted.

### Loans Loss Reserves (LLR)

Loan Loss Reserves (Millions of Pesos)	2Q02		
	BANORTE	BANCEN	Total
<b>PREVIOUS PERIOD END BALANCE</b>	<b>4,960</b>	<b>426</b>	<b>5,386</b>
Provision taken in the period	172	1	173
UDI trusts transfers	8	6	13
Charge offs and discounts:			
Commercial Portfolio	(38)	(1)	(39)
Foreclosed assets	(1)	-	(1)
Consumer Portfolio	(124)	-	(124)
Mortgage Portfolio	4	(5)	-
	<b>(159)</b>	<b>(5)</b>	<b>(165)</b>
Cost of debtors support programs	(33)	(4)	(37)
Valuation and Others	77	1	79
<b>LOAN LOSS RESERVES AT PERIOD END</b>	<b>5,025</b>	<b>425</b>	<b>5,450</b>

(\*) It does not include UDI trusts eliminations.

During the quarter, Ps 173 million were provisioned through the Income Statement and Ps 165 million were taken out through Charge offs and discounts related to Collections and restructuring of loans, from which Ps 39 million came from Commercial loans, Ps 1 million from Foreclosed assets and Ps 124 million from Consumer loans. The Loan Loss Reserve balance at the end of 2Q02 was Ps 5,450 million.

## Reserve Coverage

<b>Reserve Coverage</b> <i>(Millions of Pesos)</i>			
	Past Due Loans	Reserves	Reserves/Past Due Loans
<b>BANORTE</b>			
Commercial	2,370	2,370	100.0%
Financial Intermediaries	-	-	-
Consumer	274	274	100.0%
Mortgage	1,683	1,683	100.0%
Government Entities	2	2	100.0%
Surplus	-	696	-
<b>Total Banorte</b>	<b>4,329</b>	<b>5,025</b>	<b>116.1%</b>
<b>BANCEN</b>			
Commercial	186	186	100.0%
Financial Intermediaries	-	-	-
Consumer	-	-	-
Mortgage	-	-	-
Government Entities	134	134	100.0%
Surplus	-	105	-
<b>Total Bancen</b>	<b>320</b>	<b>425</b>	<b>132.8%</b>
<b>Total Banking Sector</b>	<b>4,649</b>	<b>5,450</b>	<b>117.2%</b>

The Reserve Coverage of the Banking Sector at 2Q02 was 117.2%. For Banorte the reserve coverage was 116.1% and 132.8% for Bancen. Both Banks have individual coverages of 100.0% for each type loan portfolio, with surpluses of Ps 696 million in Banorte and Ps 105 million in Bancen.

## Deposits

<b>Deposits</b> <i>(Millions of Pesos)</i>			
	2Q01	1Q02	2Q02
Demand Deposits	26,340	49,279	47,274
Time Deposits	49,872	79,679	70,921
Bonds	1,366	1,347	1,297
<b>Traditional Deposits</b>	<b>77,577</b>	<b>130,305</b>	<b>119,493</b>
On behalf of Third Parties Deposits (*)	46,795	66,150	65,447
<b>Total Deposits</b>	<b>124,372</b>	<b>196,455</b>	<b>184,940</b>

(\*) Accounted in Memorandum Accounts.

Total Deposits closed the quarter at Ps 184,940 million, 5.9% below that of the previous quarter mainly due to Treasury operations to fund assets with lower cost Loans from Banks instead of Time Deposits. Total Deposits increased by 48.7% as compared to 1H01 because of the Bancreer merger, principally. Demand Deposits represented a 39.6% of the Overall Traditional Deposits at the close of 1H02.

## Capitalization

Capitalization (Millions of Pesos)	RULES OF 2003			
	1Q02		2Q02	
	BANORTE	BANCEN	BANORTE	BANCEN
Basic Capital	6,155	1,559	6,742	1,642
Supplemental Capital	1,966	-	1,983	2
<b>Net Capital</b>	<b>8,120</b>	<b>1,559</b>	<b>8,726</b>	<b>1,644</b>
Credit risk assets	55,250	7,712	55,667	7,907
Net Capital/ Credit Risk Assets	14.7%	20.2%	15.7%	20.8%
Total risk assets (1)	58,928	15,263	62,485	16,968
Tier 1	10.3%	10.2%	10.8%	9.7%
Tier 2	3.3%	0.0%	3.2%	0.0%
<b>Total Capitalization Ratio</b>	<b>13.6%</b>	<b>10.2%</b>	<b>14.0%</b>	<b>9.7%</b>

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

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

At the close of 2Q02, Banorte presented a credit risk capitalization ratio of 15.7%, and 14.0% considering also market risks, with 10.8% of Tier 1 and 3.2% of Tier 2. Bancen, on the other hand, closed with a 20.8% ratio with respect to the credit risk assets, and with 9.7% including market risks. Its Tier 1 ratio was 9.7% and zero as for Tier 2. The Net Capital of both banks increased basically for profits generated in the quarter.

## US Dollar Assets and Liabilities

US Dollar Assets and Liabilities (Millions of Dollars)	1Q02		2Q02	
	BANORTE	BANCEN	BANORTE	BANCEN
<b>Liabilities</b>				
Retail Deposits	1,198.0	-	1,126.9	-
Market Issues	246.1	-	231.5	-
Loans from Banks	173.9	-	108.9	-
Intergroup Funding	-	-	-	-
Development Banks	104.8	29.2	97.3	28.3
Cross Currency Swaps	125.2	-	125.2	-
Deferred payments	24.4	-	-	-
Loan Loss Reserves	131.0	1.8	140.0	1.8
Foreign Exchange Derivatives	56.3	-	117.8	-
Other liabilities	8.4	-	9.2	-
<b>Total Liabilities</b>	<b>2,068.1</b>	<b>30.9</b>	<b>1,956.9</b>	<b>30.1</b>
<b>Assets</b>				
Cash	26.4	-	25.9	-
Deposits on Foreign Banks	315.9	28.1	268.5	26.9
Intergroup Deposits	-	-	-	-
USCP	124.5	-	133.3	-
Remittances Securitization Trust	13.1	-	13.2	-
Investment portfolio	185.5	-	145.3	-
Loan portfolio	803.3	1.8	750.2	1.8
Fobaproa – IPAB Notes(1)	500.7	-	495.8	-
Foreign Exchange Derivatives	73.8	-	97.6	-
Other assets	24.9	1.1	27.1	1.4
<b>Total Assets</b>	<b>2,068.1</b>	<b>30.9</b>	<b>1,956.9</b>	<b>30.1</b>

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

(2) Se realizó una corrección en el 4T01 por USD 43.8 millones, ya que faltó netear la chequera Fobaproa en el Pagaré, por lo que se afectan los conceptos marcados con esta nota.

The total balance in dollars of both banks dropped by 4.9% in the quarter due mainly to a 6.6% drop in the Loan Portfolio and a 21.7% reduction in the Investment Portfolio. The closing balance was USD 1,987 million. The items with the greatest liability variation were Retail Deposits, with a 5.9% decrease, and loans from Banks, which fell 37.4%.



## Recovery Banking

<b>Recovery Banking Income Statement</b>		
<i>(Millones de Pesos)</i>	<b>1H01</b>	<b>1H02</b>
Net Interest Income	20	8
+REPOMO-margin	-	-
<b>=Net Interest Income After REPOMO</b>	<b>20</b>	<b>8</b>
- Loan Loss Provisions	-	25
<b>= Net Interest Income After Provisions</b>	<b>20</b>	<b>(17)</b>
+ Fiduciary	377	197
+ Fobaproa Fees (1)	166	195
+ Other Fees	-	133
Non Interest Income	543	525
<b>= Total Operating Income</b>	<b>563</b>	<b>508</b>
Non Interest Expense	237	294
<b>= Net Operating Income</b>	<b>326</b>	<b>214</b>
- Other Revenues and Expenses	-	-
<b>= Pre-tax Income</b>	<b>326</b>	<b>214</b>
- Income Tax & Profit Sharing	-	44
- Tax on Asset	-	-
- Deferred Income Tax & Profit Sharing	-	-
<b>= Net Income before Subsidiaries</b>	<b>326</b>	<b>170</b>
+ Undistributed Earnings of Subsidiaries	-	78
<b>= Net Income-continuos Operation</b>	<b>326</b>	<b>248</b>
+ Extraordinary Items, net	-	-
- Minoritary Income	-	-
<b>= Total Net Income</b>	<b>326</b>	<b>248</b>

(1) Net Figures.

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

<b>Assets Under Management</b>	<b>2Q02</b>	<b>ACCOUNTING IN THE BALANCE SHEET</b>	<b>ACCOUNTING IN THE INCOME STATEMENT</b>
<i>(Millions of Pesos)</i>			
<b>Fobaproa-IPAB: Portfolios</b>			
Banking Sector (1)	19,680	Out of balance trusts	Fees from FOBAPROA
Serfin	13,748	Serfin Trust	Fiduciary (3)
Reposessed assets	11,510	Out of balance trusts	Fobaproa fees and Fiduciary
	44,938		
<b>Loans purchased to IPAB(2):</b>	11,196	Sólida Administradora de Portafolios	Undistributed Earnings from Subsidiaries
<b>Banking Sector Portfolio:</b>			
Banking Sector (1)	5,549	Banorte's Portfolio	Net Interest Income
Reposessed assets	1,228	Banorte's Reposessed assets	Other Revenues and Expenses
	6,777		
<b>Total</b>	<b>62,911</b>		

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

(2) Includes 5 packages.

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

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

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

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

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

Recovery Banking Contribution (Millions of Pesos)	ACCUMULATED	
	1H01	1H02
Traditional Banking Net Income	503	427
Recovery Bank Net Income	326	248
Banking Sector Net Income(*)	<b>829</b>	<b>675 (1)</b>
= % of Contribution	<b>39.3%</b>	<b>36.7%</b>

(\*) Sector Banca al 100.0%

(1) Excludes Ps 398 millions of extraordinary income from Generali

The Recovery Banking contributed with Ps 248 million to the 1H02 profits of the Banking Sector, equivalent to a 36.7% participation, which is a lower proportion when comparing to the 39.3% of 1H01, due to an important growth of the Traditional Banking business.

## 2.- Brokerage Sector

Brokerage Sector (Millions of Pesos)	QUARTER			ACCUMULATE	
	2Q01	1Q02	2Q02	2Q01	2Q02
<b>Brokerage House</b>					
Net Income	0.9	23.6	30.3	13.6	53.9
Equity	227.6	266.8	295.3	227.6	295.3
Total Assets	340.2	390.9	451.4	340.2	451.4
Assets under Management	86,294.5	106,618.1	112,173.4	86,294.5	112,173.4
ROE %	1.8%	36.1%	41.4%	14.7%	38.9%

The **Brokerage Sector** showed a Ps 30.3 million profit in 2Q02, 28.4% higher than the previous quarter. The accumulated profits in 1H02 totaled Ps 53.9 million, a substantial 296% higher than in 1H01. The revenues created by the 30% growth in the assets under management and the income from the administration of the mutual funds since 1Q02 account for the above.

The stock brokerage income revenues in the second quarter amounted to Ps 20.8 million, 3.4% higher than the Ps 20.1 million obtained in the first quarter. Thus, the accumulated revenues in the first half are Ps 41.0 million, which is practically the same as those in the same period last year despite the fall in Stock transactions in this year's second quarter.

It is important to point out that a strict control of the Company's expenses is still in effect. The result is that expenditures were 7.0% lower than those in the first half of 2001, which contributed to the profits of 1H02.

## 3.-Long Term Savings Sector

Long Term Savings Sector (Millions of pesos)	QUARTER			ACCUMULATE	
	2Q01	1Q02	2Q02	2Q01	2Q02
<b>Afore</b>					
Net Income	9.8	85.0	25.2	74.9	110.2
Equity	1,124.4	1,216.3	1,236.6	1,124.4	1,236.6
Total Assets	1,323.5	1,446.5	1,486.5	1,323.5	1,486.5
Assets under Management (SIEFORE)	11,481.6	15,724.3	16,572.0	11,481.6	16,572.0
ROE %	3.5%	28.7%	8.2%	13.5%	18.2%
<b>Insurance</b>					
Net Income	54.8	53.0	(4.8)	15.9	48.2
Equity	142.9	194.0	189.0	142.9	189.0
Total Assets	1,505.2	1,692.7	1,732.6	1,505.2	1,732.6
Technical Reserves	1,190.7	1,361.3	1,393.8	1,190.7	1,393.8
Premium sold	215.2	335.5	280.6	478.0	616.1
ROE %	204.4%	124.4%	(9.7)	30.7%	52.1%
<b>Annuities</b>					
Net Income	36.7	6.0	(15.9)	26.7	(10.0)
Equity	136.7	128.9	112.8	136.7	112.8
Total Assets	2,943.0	3,916.0	4,208.1	2,943.0	4,208.1
Technical Reserves	2,794.1	3,774.5	4,083.0	2,794.1	4,083.0
ROE %	119.1%	18.1%	(51.4)%	48.5%	(15.6)%

The **Afore** showed a Net Profit in the quarter of Ps 25.2 million (51% for Bancen), 70.4% less than in 1Q02. However, the accumulated Net Profit rose by 47.1% vs. 1H01, mainly as a result of a considerable increase of 44.3% in Assets under Management by SIEFORE, derived from promotional efforts. At the close of 2Q02, there were a total of 2,504,928 affiliates –representing a 8.9% market share. The variation in profit with respect to the previous quarter is due to the business' cyclic nature as the employer contributions are made every two months, so there are two contributions in the 1<sup>st</sup> and 3<sup>rd</sup> quarters whereas in the 2<sup>nd</sup> and 4<sup>th</sup> there is only one contribution made.

The **Insurance Company** lost Ps 4.8 million (51% for GFNorte) in the quarter because the volatility of interest rates

had a negative mark to market impact on the fixed income securities portfolio and, in a lower degree, to a moderate life and car insurance claims increase. The accumulated 1H02 profits were Ps 48.2 million, 203% greater than in 1H01. The premiums issued rose by 28.9% vs. last year.

**Annuities** showed a Ps 15.9 million loss in the quarter (51% for GFNorte). This variation is accounted for by the important negative impact of the mark to market caused by the volatility of interest rates on its fixed income securities portfolio. The company, at present, ranks 5<sup>th</sup> in the industry with a 9.8% market share in premiums sold.

<b>Auxiliary Organizations Sector</b> (Millones de pesos)	<b>QUARTER</b>			<b>ACCUMULAATE</b>	
	<b>2Q01</b>	<b>1Q02</b>	<b>2Q02</b>	<b>2Q01</b>	<b>2Q02</b>
<b>Leasing</b>					
Net Income	6.8	4.8	6.7	13.9	11.5
Equity	136.7	133.9	140.8	136.7	140.8
Loan Portfolio(*)	627.7	793.7	798.7	627.7	798.7
Past Due Loans	18.5	22.4	22.1	18.5	22.1
Loan Loss Reserves	9.0	13.1	12.7	9.0	12.7
Total Assets	632.0	798.6	805.3	632.0	805.3
ROE %	20.1%	14.4%	19.5%	21.2%	11.5%
<b>Factoring</b>					
Net Income	7.5	5.0	7.9	20.6	12.9
Equity	177.3	140.5	148.4	177.3	148.4
Loan Portfolio	1,672.8	1,777.0	1,957.4	1,672.8	1,957.4
Past Due Loans	9.6	35.8	27.8	9.6	27.8
Loan Loss Reserves	9.2	8.7	8.6	9.2	8.6
ROE %	1,678.8	1,794.8	1,957.6	1,678.8	1,957.6
Total Assets	16.6%	14.5%	21.6%	22.7%	18.1%
<b>Warehousing</b>					
Net Income	2.5	2.1	2.4	4.6	4.5
Equity	56.8	63.3	65.6	56.8	65.6
Inventories(**)	165.2	241.1	478.8	165.2	478.8
Total Assets	235.2	303.2	537.3	235.2	537.3
ROE %	17.7%	13.4%	14.7%	16.6%	14.1%
<b>Bonding</b>					
Net Income	2.0	2.6	1.3	3.4	3.9
Equity	68.6	75.2	76.3	68.6	76.3
Total Assets	141.6	153.5	160.9	141.6	160.9
ROE %	11.5%	14.1%	7.1%	10.0%	10.5%

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

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

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

The **Leasing** company reported quarterly profits equal to Ps 6.7 million, 39.6% greater than in 1Q03, due to greater placement of fixed-rate loans and increased fees. The Accumulated Net Profit for 1H02 was Ps 11.5 million, 17.3% lower than in 1H01 as a result of lower intermediation margins derived from lower interest rates levels. The Total loan portfolio grew by 27.2% vs. June 2001 as a result of loan placement efforts. The past due loan ratio held fast at 2.8% at the close of 2Q02. The reserve coverage closed the first half at 58%. The company currently ranks 7<sup>th</sup> among the 29 leasing companies in the sector.

**Factoring** generated a quarterly profit of Ps 7.9 million, 58.0% higher than in 1Q02, and accumulated a Ps 12.9 million profit in the first half, 37.4% lower than in 1H01. The Loan Portfolio grew by 17.1% vs. 1H01 as a result of loan placement efforts. The past due loans closed with a balance of Ps 27.8 million, 22.4% lower than in 1Q02. The company at present ranks 1<sup>st</sup> among the 11 factoring companies.

**Warehousing** showed a net profit of Ps 2.4 million during 2Q02, 14.3% higher than in the previous quarter. The accumulated 1H02 profit was Ps 4.5 million, very similar to that of 1H01. This profit was attained by commercializing inventory and direct domestic warehousing services, which has made up for the reduction in fiscal deposit services, still under the effect of the economic slowdown. The level of inventories in the quarter increased by 98% as compared to 1Q02.

**Bonding** generated a Ps 1.3 million quarterly net profit, 50.0% lower than in the previous quarter as the Reserve requirements increased. Accumulated net profits for the year amounted Ps 3.9 million, 14.7% higher than in 1H01, despite the smaller number of construction projects due to market contraction. This profit improvement was the result of fewer claims, promotional efforts among smaller clientele, and stringent expense control.



# ANNEXES

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1. MACROECONOMIC ENVIRONMENT
2. GRUPO FINANCIERO – GENERAL INFORMATION
3. ACCOUNTING CHANGES AND REGULATIONS
4. FINANCIAL STATEMENTS
5. NOTES TO BANKING SECTOR FINANCIAL STATEMENTS

## ANNEX 1. Macroeconomic Environment

The instability of the international markets in the second quarter of the year affected the Mexican financial market dynamics. However, given a flexible exchange rate, sound monetary and fiscal policies, strong macroeconomic bases, and the recovery of the U.S., the Mexican economy continues on the path to reactivation and has withstood the external shocks without any major trouble.

The uneasiness in the U.S. market caused by the corporate scandals affected the Stock Markets of our main trade partner. Nasdaq fell by 20.7%, whereas the Dow Jones dropped 11.6% in the second quarter of the year. The Mexican Stock Market also experienced a drop of 12.2%, given its close relationship with the U.S. stock markets.

As a result of the financial turbulence in Brazil and the U.S. dollar's depreciation vs. the Euro, in the second quarter the peso suffered a 9.7% devaluation with respect to the dollar, reaching an exchange rate of over 10 pesos/dollar in June. Consequently, interest rates rose an average of 7.16% in June (primary bid on 28-day Cete). This increase followed the substantial decreases in March and April, when the average bidding rate for the 28-day Cete was 7.24% and 5.95%, respectively.

The accumulated inflation for the first half of the year was 2.63%; whereas in June the twelve-month rate was 4.94%. Although the annual inflation is over the official goal of 4.5% for 2002, the principal increases are due to significantly higher prices of agricultural products. By June, the exchange rate depreciation had no effect on price dynamics.

Industrial production fell 0.92% in first five months of the year as compared to the same period in 2001. However, the first annual increases showed up in April (8%) and May (0.9%), and are a sign that the economy is going through a moderate expansion phase. (The figure for April is a comparative percentage with respect to April 2001 and as such, it should be viewed with reserve because Holy Week last year fell in April and there were fewer working days. According to non-seasonal figures, the annual increase in that month was 1.9%).

Sales have evolved favorably in the first five months of the year with an average annual growth of 4.2%, so increased consumer spending may be expected in the second quarter. Note that in the first quarter consumer spending showed an annual decrease of 1.5%, the only one in the recessive period, which proves that despite employment deceleration, the increase in actual salaries (product of salary raises and low inflation) has contributed to curbing buying power deterioration.

As the U.S. economy recovers, conditions in the foreign sector have improved. After an annual 7.5% decrease in exports in the first two months of the year, there was a slight annual upturn of 0.13% in the following period. Although exports have shown a monthly upward trend, there was another setback of 1.03% in May, as compared to the same month last year. On the other hand, imports fell in the third and fourth months by 2.12%, and 1.48% in May; a consequence of the slow reactivation of exports (for which materials are imported) and the domestic market.

Although 2002 shows clear signs of recovery, it has been a moderate come back in the second quarter of the year. However, economic activity should be more vigorous toward the second half of the year.

## ANNEX 2 .-Grupo Financiero- General Information

### GFNorte Ownership in Subsidiaries

	2Q02
Banco Mercantil del Norte (1)	96.11%
Banco del Centro	99.99%
Brokerage House	99.99%
Pension Funds Afore (2)	51.00%
Insurance	51.00%
Annuities	51.00%
Leasing	99.99%
Factoring	99.99%
Warehousing	99.99%
Bonding	99.99%

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

(2) Subsidiary of Banco del Centro.

### Holding Company Capital Structure

Number of Shares	SERIE O As of June 30, 2002
Number of shares issued	504,586,887
- Shares held on Treasury	3,894,663
<b>= Number of shares outstanding</b>	<b>500,692,224</b>

### Banorte Ratings

Firm	Calificated Entity	Opinion	Category	Date
Moody's Investor	Banorte	POSITIVE	Outlook	Feb. 2002
		Baa2	LT Foreign Currency Deposits	
		D+	Modest Bank Financial Strength	
Standard & Poors	Banorte	P-2	ST Foreign Currency Deposits	Oct 2001
		NEGATIVE	Outlook	
		BB	LT Foreign Issuer Credit	
Fitch	Banorte	BB	LT Local Issuer Credit	January 2002
		B	ST Foreign Issuer Credit	
		B	ST Local Issuer Credit	
Fitch	Sólida	STABLE	Outlook	June 2002
		BBB-	Foreign Currency LT Debt	
		BBB-	Local Currency LT Debt	
		F3	Foreign Currency ST Debt	
		F3	Local Currency ST Debt	
C/D	Individual-Foreign Currency			
Fitch	Sólida	Average High (mex)	Financial Assets Administrator	June 2002

### No. of Employees & Distribution Network

EMPLOYEES	2Q01	1Q02	2Q02
Banking Sector	8,552	13,327	12,522
Other Sectors	<u>2,444</u>	<u>2,919</u>	<u>2,812</u>
<b>Total Group</b>	<b>10,996</b>	<b>16,246</b>	<b>15,334</b>
<b>DISTRIBUTION NETWORK</b>			
Branches (*)	458	1,158	1,091
ATM	1,519	2,591	2,527

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



### ANNEX 3 .-Accounting Changes and Regulations

#### Clarification of the terms and particular characteristics of the Bancrecer-Banorte Merger Process of the 1Q02 report.

Figures of the Deferred Tax section in Annex 3 –Accounting and Regulatory Changes – of the 1Q02 quarterly report were wrongly referred as expressed in pesos. Those numbers are in **thousands of pesos**.

The historical information of Bancrecer was not reconstructed because the situation of that institution in the past does not represent the reality of business when it was acquired.

#### Reforms in the rules to calculate capital requirements of Banking Institutions

On May 14, 2002 the Official Journal of the Federation published a number of reforms to calculate the capital requirements of the Banking Institutions. These changes shall go into effect as of the end of May 2002. Relevant changes are related to the classification and treatment of: Transactions with related parties, Housing Loans, Integration of Net Capital (Reserves and Non-Authorized Operations) and Information Disclosure.

#### Terms and Particular Features of the Merger Process.

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

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

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

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

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

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

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

Figures are presented in constant pesos set at the close of June' 2002.

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

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

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

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

<b>Interbank Eliminations in Balance lines</b>		
<b>(Millions of Pesos)</b>	<b>Debit</b>	<b>Credit</b>
Stockholder's Equity	1,843	
Investments in Subsidiaries		1,843
Interbank loans	10,201	
Cash and due from banks		10,201
Deferred Taxes (Liabilities)	63	
Deferred Taxes (Assets)		63

(The last registers were reclassifications only, in accordance to CNBV and accounting criteria for presentation)

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

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

**Reserves for Integration Expenses.-**

In Official Document number 60-II-105587, dated December 11, 2001, the National Banking and Securities Commission authorized the creation in December 2001 of a Reserve for Integration Expenses against Capital Reserves for a total of Ps 678.1 million. Said provision contemplates the following concepts:

**1. Reorganization**

**1.1 Restructuring Cost**

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

**1.2 Outplacement Program**

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

**1.3 Acquittance on loans made out to personnel laid off**

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

**2. Integration**

**2.1 Operative Integration**

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

**2.2 Re-branding**

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

**2.3 Amortization of Installation Expenses due to branch shutdowns**

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

**3. After Retirement obligations (medical service)**

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

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

The amounts of each concept are:

(Millions of pesos)	Initial Balance	June 2002 changes	June, 2002 Balance
1. Reorganization	368.1	(229.2)	138.9
2. Integration	229.3	(37.4)	191.9
3. After Retirement obligations (medical service)	80.7	(80.7)	-
<b>Total</b>	<b>678.1</b>	<b>(347.3)</b>	<b>330.7</b>

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



accounts, and that fiscal accounts (Net Income and Updated Capital Contributions) were calculated according to the current fiscal regulations.

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**Goodwill.-**

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

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

### ANNEX 4 .- Financial Statements

#### HOLDING –Income Statement (Millions of Pesos)

	1Q01	2Q01	3Q01	4Q01	ACUM	1Q02	2Q02	3Q02	4Q02	ACUM
Income from Subsidiaries and	557	357	370	246	1,529	377	776			1,153
Interest Expense	-	-	-	-	-	-	-	-	-	-
Trading Income	-	-	-	-	-	-	-	-	-	-
Fees & Tarifs	-	-	-	-	-	-	-	-	-	-
REPOMO	(3)	(3)	(3)	(4)	(15)	(2)	(3)			(5)
<b>Total Operating Income</b>	<b>553</b>	<b>353</b>	<b>366</b>	<b>242</b>	<b>1,515</b>	<b>374</b>	<b>773</b>			<b>1,147</b>
Operation & Administrative expenses	-	1	1	1	2	-	1			1
<b>Operating Income</b>	<b>553</b>	<b>353</b>	<b>366</b>	<b>241</b>	<b>1,513</b>	<b>374</b>	<b>773</b>			<b>1,147</b>
Non Operating Income	-	8	10	17	35	-	1			1
Non Operating Expense	-	-	-	-	-	-	-			-
<b>Non Operating Income</b>	<b>-</b>	<b>8</b>	<b>10</b>	<b>17</b>	<b>35</b>	<b>-</b>	<b>1</b>			<b>1</b>
<b>Pre-tax Income</b>	<b>553</b>	<b>361</b>	<b>375</b>	<b>258</b>	<b>1,548</b>	<b>374</b>	<b>773</b>			<b>1,148</b>
Income Tax & Profit Sharing	-	-	-	-	-	3	3			6
Tax on Assets	-	1	24	2	27	-	-			-
Deferred Inc. Tax and Profit sharing	-	-	(20)	-	(20)	(1)	1			-
	-	1	4	2	8	2	4			6
<b>Net income from Continuos</b>	<b>553</b>	<b>360</b>	<b>371</b>	<b>256</b>	<b>1,540</b>	<b>372</b>	<b>769</b>			<b>1,141</b>
Extraordinary Items, net	-	-	-	-	-	-	-			-
<b>Total Net Income</b>	<b>553</b>	<b>360</b>	<b>371</b>	<b>256</b>	<b>1,540</b>	<b>372</b>	<b>769</b>			<b>1,141</b>

#### HOLDING -BALANCE SHEET (Millions of Pesos)

ASSETS	1Q01	2Q01	3Q01	4Q01	1Q02	2Q02	3Q02	4Q02
Cash and due from Banks	207	430	307	149	160	156		
Financial Instruments:								
Sundry debtors and other assets,net	46	2	-	35	44	49		
Real Estate, Furniture & Equipment, net	-	-	-	-	-	-		
Investments in subsidiaries	8,191	8,650	8,920	9,117	9,553	10,223		
Deferred taxes	-	-	1	-	-	-		
Goodwill	-	-	-	-	-	-		
Other Assets, Deferred charges, intang	1	1	1	-	1	1		
<b>TOTAL ASSETS</b>	<b>8,446</b>	<b>9,083</b>	<b>9,228</b>	<b>9,301</b>	<b>9,759</b>	<b>10,429</b>		
LIABILITIES								
Due to banks and correspondents	-	-	-	-	-	-		
Income Tax & Profit Sharing	-	-	5	6	8	8		
Other Payable accounts	5	-	11	-	-	1		
Other payable accounts	5	-	16	6	8	9		
Deferred taxes	-	-	-	12	15	17		
<b>TOTAL LIABILITIES</b>	<b>5</b>	<b>-</b>	<b>16</b>	<b>19</b>	<b>24</b>	<b>26</b>		
STOCKHOLDER 'S EQUITY								
Paid-in Capital	4,933	4,974	4,950	4,961	4,963	4,962		
Share subscription premiums	1,360	1,436	1,414	-	1,444	1,449		
Subordinated Convertible Debentures	-	-	-	1,439	-	-		
<b>Subscribed Capital</b>	<b>6,294</b>	<b>6,409</b>	<b>6,364</b>	<b>6,399</b>	<b>6,407</b>	<b>6,411</b>		
Capital Reserves	790	988	906	951	961	1,036		
Retained Earnings	8,324	8,235	8,236	8,236	9,776	9,700		
Surplus (Deficit) from securities	-	-	-	-	-	-		
Results of foreign operations exchange	-	-	-	-	-	-		
Excess (Insuf.) in capital restatement	(5,069)	(5,070)	(5,072)	(5,076)	(5,076)	(5,076)		
Non Mon assets results Fixed Assets	-	-	-	-	-	-		
Non Mon assets results Investm	(2,450)	(2,393)	(2,505)	(2,768)	(2,704)	(2,808)		
Adjustment in the employees pension	-	-	-	-	-	-		
Accumulated Deferred tax effect	-	-	-	-	-	-		
Net Income	553	913	1,284	1,540	372	1,141		
<b>Earned Capital</b>	<b>2,147</b>	<b>2,673</b>	<b>2,848</b>	<b>2,883</b>	<b>3,328</b>	<b>3,993</b>		
<b>Total Stockholder 's Equity</b>	<b>8,441</b>	<b>9,082</b>	<b>9,212</b>	<b>9,282</b>	<b>9,735</b>	<b>10,404</b>		
<b>TOTAL LIABILITIES &amp; STOCKHOLDER 'S</b>	<b>8,446</b>	<b>9,083</b>	<b>9,228</b>	<b>9,301</b>	<b>9,759</b>	<b>10,429</b>		

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

	1Q01	2Q01	3Q01	4Q01	1Q02	2Q02	3Q02	4Q02
Client securities held in custody	2,906	2,867	2,848	2,985	2,953	3,463		
Other trust account items	14,566	14,371	115	114	113	111		
	<b>17,472</b>	<b>17,238</b>	<b>2,963</b>	<b>3,099</b>	<b>3,066</b>	<b>3,574</b>		

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

<b>NET INTEREST INCOME</b>	<b>1Q01</b>	<b>2Q01</b>	<b>3Q01</b>	<b>4Q01</b>	<b>ACUM</b>	<b>1Q02</b>	<b>2Q02</b>	<b>3Q02</b>	<b>4Q02</b>	<b>ACUM</b>
Interest Income	8,796	4,817	4,800	4,370	22,782	5,600	5,427			11,027
Interest Expense	7,151	3,011	3,309	3,063	16,534	3,823	3,504			7,327
Loan Fees	70	72	92	105	340	121	207			328
Fees Paid	4	4	6	10	24	10	12			22
<b>Net Interest Income (NII)</b>	<b>1,711</b>	<b>1,874</b>	<b>1,577</b>	<b>1,402</b>	<b>6,564</b>	<b>1,889</b>	<b>2,118</b>			<b>4,007</b>
Repomo-Margin	7	9	20	20	57	27	39			66
<b>NII after Repomo</b>	<b>1,718</b>	<b>1,883</b>	<b>1,597</b>	<b>1,423</b>	<b>6,621</b>	<b>1,916</b>	<b>2,157</b>			<b>4,072</b>
Loan Loss Provisions	184	452	171	194	1,001	164	189			353
Loss Sharing Provisions	78	54	25	17	174	2	12			13
<b>NII after Provisions</b>	<b>1,457</b>	<b>1,377</b>	<b>1,400</b>	<b>1,212</b>	<b>5,446</b>	<b>1,750</b>	<b>1,956</b>			<b>3,706</b>
Fund transfers	10	11	14	16	51	39	48			87
Account management	76	81	78	61	297	154	167			321
Fiduciary	248	119	433	200	1,001	189	237			426
Credit Card	83	88	86	96	352	122	147			269
Fees from FOBAPROA	81	85	64	43	273	133	61			195
Other fees	291	239	361	397	1,288	562	441			1,002
<b>Fees on services,</b>	<b>789</b>	<b>623</b>	<b>1,037</b>	<b>813</b>	<b>3,261</b>	<b>1,198</b>	<b>1,101</b>			<b>2,300</b>
Fund transfers	-	-	-	-	-	-	-			-
Other fees	83	79	323	172	657	171	184			355
<b>Fees paid,</b>	<b>83</b>	<b>79</b>	<b>323</b>	<b>172</b>	<b>657</b>	<b>171</b>	<b>184</b>			<b>355</b>
Foreign exchange	57	45	47	49	198	65	104			169
Securities –Realized gains	53	62	(16)	2	101	247	(136)			111
Securities- Unrealized gains	115	(14)	(102)	39	38	(4)	(47)			(51)
<b>Market-related Income</b>	<b>225</b>	<b>93</b>	<b>(70)</b>	<b>90</b>	<b>338</b>	<b>308</b>	<b>(79)</b>			<b>229</b>
<b>Total Non Interest Income</b>	<b>931</b>	<b>636</b>	<b>644</b>	<b>731</b>	<b>2,942</b>	<b>1,336</b>	<b>838</b>			<b>2,174</b>
<b>Total Operating Income</b>	<b>2,388</b>	<b>2,013</b>	<b>2,044</b>	<b>1,943</b>	<b>8,388</b>	<b>3,086</b>	<b>2,794</b>			<b>5,880</b>
Personnel	769	756	775	715	3,016	1,058	1,013			2,071
Professional Fees	88	74	88	93	343	86	101			187
Operation & Administrative expenses	464	575	535	616	2,191	695	683			1,378
Rents, depreciation and amortization	200	189	221	222	831	329	368			697
Taxes, other than income tax	110	109	106	202	527	123	136			259
Contributions to IPAB	96	88	90	92	366	154	160			313
Corporate expenses Recoveries	-	-	-	-	-	-	-			-
<b>Non-Interest Expense</b>	<b>1,727</b>	<b>1,792</b>	<b>1,816</b>	<b>1,939</b>	<b>7,274</b>	<b>2,445</b>	<b>2,461</b>			<b>4,906</b>
<b>Operating Income</b>	<b>661</b>	<b>221</b>	<b>229</b>	<b>4</b>	<b>1,114</b>	<b>641</b>	<b>333</b>			<b>974</b>
Other Revenues	160	325	270	399	1,154	251	464			715
Foreign exchange	-	-	-	-	-	-	-			-
Recoveries	109	177	87	151	524	59	69			128
Repomo-other revenues	(17)	73	52	(42)	66	1	2			3
<b>Non Operating Income</b>	<b>251</b>	<b>575</b>	<b>410</b>	<b>508</b>	<b>1,743</b>	<b>311</b>	<b>535</b>			<b>846</b>
Other Expense	(178)	(381)	(152)	(169)	(879)	(404)	(256)			(660)
Foreign exchange	-	-	-	-	-	(2)	(5)			(6)
Repomo-other Expenses	(4)	(8)	(14)	(28)	(54)	(44)	(72)			(115)
<b>Non Operating Expense</b>	<b>(182)</b>	<b>(389)</b>	<b>(166)</b>	<b>(197)</b>	<b>(933)</b>	<b>(449)</b>	<b>(332)</b>			<b>(781)</b>
<b>Non Operating Income (Expense), net</b>	<b>69</b>	<b>186</b>	<b>244</b>	<b>311</b>	<b>810</b>	<b>(139)</b>	<b>203</b>			<b>65</b>
<b>Pre-tax Income</b>	<b>730</b>	<b>407</b>	<b>473</b>	<b>314</b>	<b>1,925</b>	<b>502</b>	<b>537</b>			<b>1,039</b>
Income Tax	4	9	31	51	94	36	33			69
Profit sharing	17	40	(33)	(21)	3	2	38			40
Tax on Assets	2	5	27	7	41	21	25			47
Deferred Inc. Tax and Profit sharing	110	60	32	(1)	201	74	12			86
	<b>132</b>	<b>115</b>	<b>57</b>	<b>36</b>	<b>339</b>	<b>133</b>	<b>109</b>			<b>243</b>
<b>Net Income before subsidiaries</b>	<b>598</b>	<b>292</b>	<b>416</b>	<b>279</b>	<b>1,585</b>	<b>369</b>	<b>427</b>			<b>796</b>
Subsidiaries' net income	(2)	72	(4)	(6)	61	51	(18)			32
<b>Net Income from continuous operations</b>	<b>596</b>	<b>364</b>	<b>412</b>	<b>273</b>	<b>1,646</b>	<b>420</b>	<b>409</b>			<b>829</b>
Extraordinary items, net	-	-	-	-	-	-	398			398
Minority Interest	43	5	41	17	106	48	38			86
<b>TOTAL NET INCOME</b>	<b>553</b>	<b>360</b>	<b>371</b>	<b>256</b>	<b>1,540</b>	<b>372</b>	<b>769</b>			<b>1,141</b>

Figures are presented in constant pesos set at the close of June' 2002.

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

<b>ASSETS</b>	<b>1Q01</b>	<b>2Q01</b>	<b>3Q01</b>	<b>4Q01</b>	<b>1Q02</b>	<b>2Q02</b>	<b>3Q02</b>	<b>4Q02</b>
<b>Cash and due from Banks</b>	<b>8,230</b>	<b>8,138</b>	<b>8,992</b>	<b>7,862</b>	<b>16,984</b>	<b>17,283</b>		
Negotiable Instruments	6,590	6,307	2,116	2,454	3,712	3,202		
Securities held for sale	1,864	1,662	1,291	1,081	929	1,038		
Securities held to maturity	1,334	1,387	1,436	3,111	3,906	4,025		
<b>Financial Instruments:</b>	<b>9,787</b>	<b>9,356</b>	<b>4,843</b>	<b>6,646</b>	<b>8,547</b>	<b>8,265</b>		
Repurchase agreements, net	177	218	123	162	148	140		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	-	-	-	-	-	-		
Options and derivatives, net	5	51	8	16	26	-		
<b>Repos &amp; Derivatives :</b>	<b>182</b>	<b>269</b>	<b>130</b>	<b>177</b>	<b>174</b>	<b>140</b>		
Commercial	21,122	19,155	20,108	23,689	24,249	25,529		
Financial Intermediaries	68	61	116	91	71	58		
Consumer	1,321	1,455	1,747	2,423	3,240	3,860		
Mortgage	4,274	4,348	4,501	4,806	10,684	11,081		
Government Entities	41,236	40,860	40,293	39,993	40,717	85,187		
Fobaproa	12,637	11,959	12,167	10,090	55,893	9,230		
Fiduciary collection rights	-	-	-	-	-	-		
<b>Performing Loans</b>	<b>80,657</b>	<b>77,839</b>	<b>78,933</b>	<b>81,093</b>	<b>134,854</b>	<b>134,945</b>		
Commercial	1,849	2,206	2,494	2,552	2,494	2,597		
Financial Intermediaries	-	-	-	-	-	-		
Consumer	661	328	320	333	363	284		
Mortgage	1,987	1,876	1,796	1,742	1,841	1,817		
Government Entities	-	-	-	-	-	2		
<b>Past Due Loans</b>	<b>4,496</b>	<b>4,410</b>	<b>4,610</b>	<b>4,627</b>	<b>4,698</b>	<b>4,699</b>		
<b>Total Loans</b>	<b>85,153</b>	<b>82,249</b>	<b>83,543</b>	<b>85,720</b>	<b>139,552</b>	<b>139,644</b>		
Preventive loan loss reserves	4,506	4,400	4,604	4,602	5,408	5,471		
<b>Net Loan Portfolio</b>	<b>80,647</b>	<b>77,849</b>	<b>78,939</b>	<b>81,118</b>	<b>134,144</b>	<b>134,173</b>		
Credit Assets Portfolio	-	-	2,467	2,615	2,419	2,273		
Sundry debtors and other assets, net	2,414	2,520	1,162	1,297	1,749	1,639		
Foreclosed assets, net	1,531	1,571	1,531	1,389	1,355	1,297		
Real Estate, Furniture & Equipment, net	3,466	3,414	3,578	3,711	5,630	5,570		
Investments in subsidiaries	978	1,003	1,017	1,014	1,154	1,279		
Deferred taxes	647	672	689	728	582	592		
Goodwill	-	-	-	-	-	-		
Deferred charges & Intangibles	1,611	1,440	1,402	1,390	1,454	1,698		
UDIS Mortgage loans reserve coverage	-	-	-	-	-	-		
<b>Other Assets</b>	<b>10,647</b>	<b>10,621</b>	<b>11,846</b>	<b>12,145</b>	<b>14,343</b>	<b>14,348</b>		
<b>TOTAL ASSETS</b>	<b>109,494</b>	<b>106,233</b>	<b>104,750</b>	<b>107,949</b>	<b>174,191</b>	<b>174,209</b>		



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

<b>LIABILITIES</b>	<b>1Q01</b>	<b>2Q01</b>	<b>3Q01</b>	<b>4Q01</b>	<b>1Q02</b>	<b>2Q02</b>	<b>3Q02</b>	<b>4Q02</b>
Demand Deposits	25,720	26,311	26,781	30,212	49,242	47,255		
Time Deposits	46,740	50,548	45,227	45,831	79,519	70,766		
Bonds	1,419	1,366	1,385	1,333	1,347	1,297		
<b>Deposits</b>	<b>73,879</b>	<b>78,225</b>	<b>73,393</b>	<b>77,376</b>	<b>130,109</b>	<b>119,318</b>		
Demand	4,438	8	21	2,573	1,449	11,652		
Short term	9,356	4,346	7,775	5,054	13,921	14,571		
Long term	10,141	10,039	9,736	8,921	12,701	12,355		
<b>Due to banks and correspondents</b>	<b>23,935</b>	<b>14,393</b>	<b>17,532</b>	<b>16,548</b>	<b>28,071</b>	<b>38,577</b>		
Repurchase agreements, net	53	107	134	109	67	161		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	-	-	-	-	-	-		
Options and derivatives, net	21	2	41	10	-	82		
<b>Repos &amp; Derivatives:</b>	<b>74</b>	<b>108</b>	<b>175</b>	<b>119</b>	<b>67</b>	<b>244</b>		
Income Tax & Profit Sharing	297	112	108	30	43	140		
Other Payable accounts	1,953	2,029	2,034	2,358	3,850	3,256		
<b>Other payable accounts</b>	<b>2,251</b>	<b>2,141</b>	<b>2,142</b>	<b>2,388</b>	<b>3,893</b>	<b>3,396</b>		
Subordinated non Convertible Debenture	-	1,367	1,395	1,368	1,395	1,367		
Deferred Taxes	-	-	-	-	-	-		
Deferred credits	110	108	56	53	61	12		
<b>TOTAL LIABILITIES</b>	<b>100,248</b>	<b>96,342</b>	<b>94,693</b>	<b>97,852</b>	<b>163,596</b>	<b>162,914</b>		
<b>STOCKHOLDER 'S EQUITY</b>								
Paid-in Capital	4,933	4,974	4,950	4,961	4,963	4,962		
Share subscription premiums	1,360	1,436	1,414	1,439	1,444	1,449		
Subordinated Convertible Debentures	-	-	-	-	-	-		
<b>Subscribed Capital</b>	<b>6,294</b>	<b>6,409</b>	<b>6,364</b>	<b>6,399</b>	<b>6,407</b>	<b>6,411</b>		
Capital Reserves	790	988	906	951	961	1,036		
Retained Earnings	8,324	8,235	8,236	8,236	9,776	9,700		
Surplus (Deficit) from securities	-	-	-	-	-	-		
Results of foreign operations exchange	-	-	-	-	-	-		
Excess (Insuf.) in capital restatement	(5,069)	(5,070)	(5,072)	(5,076)	(5,076)	(5,076)		
Non Mon assets results Fixed Assets	-	-	-	-	-	-		
Non Mon assets results Investm	(2,450)	(2,393)	(2,505)	(2,768)	(2,704)	(2,808)		
Adjustment in the employees pension	-	-	-	-	-	-		
Accumulated Deferred tax effect	-	-	-	-	-	-		
Net Income	553	913	1,284	1,540	372	1,141		
<b>Earned Capital</b>	<b>2,147</b>	<b>2,673</b>	<b>2,848</b>	<b>2,883</b>	<b>3,328</b>	<b>3,993</b>		
Minority Holdings	804	809	845	814	860	892		
<b>Total Stockholder 's Equity</b>	<b>9,245</b>	<b>9,891</b>	<b>10,057</b>	<b>10,096</b>	<b>10,595</b>	<b>11,295</b>		
<b>TOTAL LIABILITIES &amp;</b>	<b>109,494</b>	<b>106,233</b>	<b>104,750</b>	<b>107,949</b>	<b>174,191</b>	<b>174,209</b>		

**MEMORANDUM ACCOUNTS OF GRUPO FINANCIERO BANORTE CONSOLIDATED**

(Millions of Pesos)	1Q01	2Q01	3Q01	4Q01	1Q02	2Q02	3Q02	4Q02
<b>ON BEHALF OF THIRD PARTY</b>								
Customers' banks	3	2	3	3	4	3		
Dividends receivable from customers	-	-	-	-	-	-		
Interest receivable from customers	-	-	-	-	-	-		
Liquidation of customer transactions	7,952	9,921	12,055	14,612	17,358	17,425		
Customer loans	-	-	-	-	-	-		
Liquidation with foreign currencies of	-	-	-	-	-	-		
Margin accounts in futures operations	-	-	-	-	-	-		
Other current accounts	-	-	-	-	-	-		
<b>CUSTOMERS CURRENT ACCOUNT</b>	<b>7,955</b>	<b>9,923</b>	<b>12,058</b>	<b>14,615</b>	<b>17,362</b>	<b>17,427</b>		
Client securities held in custody	72,941	84,937	88,513	96,979	105,353	110,941		
Securities and documents received in	-	-	1	24	-	1		
Client securities abroad	-	-	-	-	-	-		
<b>CLIENT SECURITIES</b>	<b>72,941</b>	<b>84,937</b>	<b>88,515</b>	<b>97,003</b>	<b>105,353</b>	<b>110,942</b>		
Repurchase operations for customers	20,455	21,310	22,329	26,161	25,166	25,125		
Clients securities loans	-	-	-	-	-	-		
Purchase of Futures & forward contracts	-	-	-	-	-	-		
Sale of futures and forward contracts	-	-	-	-	-	-		
Purchasing operations (option price)	356	42	87	37	46	26		
Sales operations (option price)	-	-	-	-	-	-		
Purchase of derivative packages	-	-	-	-	-	-		
Sale of derivative packages	-	-	-	-	-	-		
Administration trusts	1,109	852	1,045	1,011	1,063	1,054		
<b>TRANSACTIONS ON BEHALF CLIENT</b>	<b>21,920</b>	<b>22,204</b>	<b>23,462</b>	<b>27,210</b>	<b>26,274</b>	<b>26,205</b>		
<b>TOTAL ON BEHALF OF THIRD PARTY</b>	<b>102,816</b>	<b>117,064</b>	<b>124,035</b>	<b>138,828</b>	<b>148,989</b>	<b>154,574</b>		
Signature guarantees granted	3	3	3	3	14	-		
Issuing of irrevocable letters of credit	1,201	1,046	808	532	676	934		
Property in trust and guardianship	39,460	36,722	36,398	40,751	78,467	73,918		
Assets held in custody or in administration	82,007	83,957	79,300	81,380	122,266	114,715		
Amounts committed to operations with	4,043	4,188	4,337	4,839	52,752	52,000		
In Transit drafts	-	-	-	-	-	-		
Certificates of Deposit in circulation	161	116	97	94	84	83		
Secured Credit Cards from the company	-	-	-	-	-	-		
Securities given to the company in custody	24	21	46	110	85	120		
Government securities in custody of the	28	36	44	88	-	81		
Securities given to the company on	-	-	-	-	-	-		
Securities outside the country	-	-	-	-	-	-		
Liquidations with foreign currencies abroad	-	-	-	-	-	-		
Debits to the contingency fund	-	-	-	-	-	-		
Other contingent obligations	17,064	17,234	10,473	10,501	13,661	17,989		
Banking transactions on behalf of third-	85,433	101,420	61,509	105,691	108,901	140,760		
Investments in funds for the retirem.saving	2,348	2,368	2,351	2,359	2,369	2,382		
Integration of the credit portfolio	-	-	-	-	-	-		
Amounts contracted in derivative	2,741	2,481	2,720	3,364	4,076	3,078		
Other trust account items	260,824	261,175	182,926	182,682	343,890	344,777		
<b>OWN ACCOUNT OPERATIONS</b>	<b>495,340</b>	<b>510,766</b>	<b>381,012</b>	<b>432,395</b>	<b>727,240</b>	<b>750,838</b>		
Repurchase agreements								
Securities to be received	111,683	136,762	148,182	148,174	175,389	174,423		
(Less) Securities to be delivered	(111,526)	(136,558)	(148,294)	(148,018)	(175,346)	(174,561)		
<b>REPURCHASE TRANSACTIONS-</b>	<b>157</b>	<b>204</b>	<b>(112)</b>	<b>156</b>	<b>42</b>	<b>(138)</b>		
Securities to be received	61,313	96,607	107,458	94,630	115,795	127,484		
(Less) securities to be delivered	(61,345)	(96,700)	(107,357)	(94,734)	(115,757)	(127,367)		
<b>REPURCHASE TRANSACTIONS- SOLD</b>	<b>(32)</b>	<b>(92)</b>	<b>101</b>	<b>(104)</b>	<b>38</b>	<b>117</b>		
<b>TOTAL ON OWN ACCOUNT</b>	<b>495,464</b>	<b>510,878</b>	<b>381,001</b>	<b>432,447</b>	<b>727,321</b>	<b>750,817</b>		

**GRUPO FINANCIERO BANORTE CONSOLIDATED STATEMENT OF CASH FLOW**  
 JANUARY 1, 2002 –MARCH 31,2002  
 (Millions of Pesos)

<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>	
<b>Net Income</b>	<b>1,141.0</b>
<b>Adjustments to Reconcile Net Income to Net Cash by Operating Activities</b>	
Mark to Market Valuation Results	52.0
Provisions for loan losses	366.2
Depreciation and amortization	371.3
Deferred Taxes	86.1
Provisions for Obligations	1,223.2
Minoritary Interest	(86.1)
Undistributed Earnings of Subsidiaries	-
	<b>2,012.5</b>
<b>Cash Flows From Investing Activities:</b>	
Banks Deposits	41,944.8
Decrease (Increase) loan portfolio	(53,424.6)
Decrease (Increase) credit assets portfolio	342.6
Decrease (Increase) treasury operations	(1,671.1)
Decrease (Increase) financial instruments	161.5
Loans from banks and other entities	22,029.8
<b>Net Resources provided by operations</b>	<b>9,383.0</b>
<b>Financial Activities:</b>	
Subordinated Debentures Interest	55.0
Payment of Subordinated Debentures Interest	(55.2)
Issuance of stock	21.0
<b>Net Resources provided by Investing activities</b>	<b>20.1</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>	
Proceeds from issuance of common stock	(2,185.1)
Decrease (Increase) Deferred charges or credits	(535.9)
Decrease (Increase) Deferred taxes	50.0
Decrease (Increase) Foreclosed assets	92.0
Decrease (Increase) in accounts receivable and payable	(557.0)
<b>Net Cash provided by financing activities</b>	<b>(3,136.1)</b>
<b>Decrease (increase) in cash and due from banks</b>	<b>9,421.2</b>
<b>Cash and due from banks at the beginning of the year</b>	<b>7,861.6</b>
<b>Cash and due from banks at the end of the year</b>	<b>17,282.8</b>

**GRUPO FINANCIERO BANORTE**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**JANUARY 1, 2002- MARCH 31, 2002-**  
(Millions of Pesos)

	CONTRIBUTED CAPITAL		
	Fixed Paid-in Capital	Paid-in Capital Premium	& oth. Securities
<b>Balance as of December 31,2001</b>	<b>2,966.1</b>	<b>1,994.2</b>	<b>1,438.7</b>
<b>Stock Changes</b>			
Issuance of stock	-	2.0	10.0
Profits Capitalization	-	-	-
<b>Total</b>	<b>-</b>	<b>2.0</b>	<b>10.0</b>
<b>Total Income</b>			
Total Income:			
Net Income	-	-	-
Results of assets holdings	-	-	-
Minority Interest	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as of March 31,2002</b>	<b>2,966.1</b>	<b>1,996.3</b>	<b>1,448.5</b>

	EARNED CAPITAL						Total Stockholders' Equity
	Capital Reserves	Retained earnings	Excess if Insuf. Capital Restatement	Non Monetary Assets Results (Investment)	Net Income of the year	Minorit ary Interest	
<b>Balance as of December 31,2001</b>	<b>950.9</b>	<b>8,235.3</b>	<b>(5,075.3)</b>	<b>(2,767.7)</b>	<b>1,540.1</b>	<b>814.2</b>	<b>10,096.1</b>
<b>Stock Changes</b>							
Issuance of stock	9.1	-	-	-	-	-	21.0
Profits Capitalization	-	1,540.1	-	-	(1,540.1)	-	-
<b>Total</b>	<b>75.6</b>	<b>(75.6)</b>	<b>-</b>	<b>-</b>	<b>(1,540.1)</b>	<b>-</b>	<b>21.0</b>
<b>Total Income</b>							
Total Income:							
Net Income	-	-	-	-	-	-	-
Results of assets holdings	-	-	-	-	1,141.0	-	1,141.0
Minority Interest	-	-	-	(40.5)	-	-	(40.5)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(40.5)</b>	<b>1,141.0</b>	<b>77.7</b>	<b>77.7</b>
<b>Balance as of March 31,2002</b>	<b>1,035.6</b>	<b>9,699.8</b>	<b>(5,075.7)</b>	<b>(2,808.2)</b>	<b>1,141.0</b>	<b>891.8</b>	<b>11,295.3</b>

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

<b>NET INTEREST INCOME</b>	<b>1Q01</b>	<b>2Q01</b>	<b>3Q01</b>	<b>4Q01</b>	<b>ACUM</b>	<b>1Q02</b>	<b>2Q02</b>	<b>3Q02</b>	<b>4Q02</b>	<b>ACUM</b>
Interest Income	8,756	4,672	4,695	4,258	22,381	5,501	5,334			10,834
Interest Expense	7,208	3,009	3,309	3,043	16,570	3,800	3,492			7,292
Loan Fees	70	72	92	105	340	121	207			328
Fees Paid	4	4	6	10	24	10	12			22
<b>Net Interest Income (NII)</b>	<b>1,614</b>	<b>1,731</b>	<b>1,473</b>	<b>1,310</b>	<b>6,128</b>	<b>1,812</b>	<b>2,037</b>			<b>3,849</b>
Repomo-Margin	14	18	27	38	98	35	47			82
<b>NII after Repomo</b>	<b>1,628</b>	<b>1,749</b>	<b>1,500</b>	<b>1,349</b>	<b>6,225</b>	<b>1,847</b>	<b>2,084</b>			<b>3,931</b>
Loan Loss Provisions	183	451	166	194	994	163	189			353
Loss Sharing Provisions	78	54	25	17	174	2	12			13
<b>NII after Provisions</b>	<b>1,367</b>	<b>1,244</b>	<b>1,309</b>	<b>1,138</b>	<b>5,058</b>	<b>1,682</b>	<b>1,883</b>			<b>3,565</b>
Fund transfers	10	11	14	16	51	39	48			87
Account management	76	81	78	61	297	154	167			321
Fiduciary	248	119	433	200	1,001	189	237			426
Credit Card	83	88	86	96	352	122	147			269
Fees from FOBAPROA	81	85	64	43	273	133	61			195
Other fees	73	75	112	194	455	248	174			422
<b>Fees on services,</b>	<b>571</b>	<b>459</b>	<b>788</b>	<b>610</b>	<b>2,429</b>	<b>885</b>	<b>834</b>			<b>1,719</b>
Fund transfers	-	-	-	-	-	-	-			-
Other fees	86	87	325	177	676	164	179			343
<b>Fees paid,</b>	<b>86</b>	<b>87</b>	<b>325</b>	<b>177</b>	<b>676</b>	<b>164</b>	<b>179</b>			<b>343</b>
Foreign exchange	57	45	47	49	198	65	104			169
Securities -Realized gains	32	86	(24)	(20)	74	229	(158)			72
Securities- Unrealized gains	118	(16)	(97)	40	46	(7)	(44)			(51)
<b>Market-related Income</b>	<b>207</b>	<b>116</b>	<b>(73)</b>	<b>69</b>	<b>318</b>	<b>287</b>	<b>(98)</b>			<b>189</b>
<b>Total Non Interest Income</b>	<b>691</b>	<b>488</b>	<b>390</b>	<b>502</b>	<b>2,072</b>	<b>1,008</b>	<b>557</b>			<b>1,566</b>
<b>Total Operating Income</b>	<b>2,058</b>	<b>1,731</b>	<b>1,699</b>	<b>1,641</b>	<b>7,130</b>	<b>2,690</b>	<b>2,441</b>			<b>5,131</b>
Personnel	709	674	701	634	2,718	970	926			1,895
Professional Fees	86	73	87	92	337	84	100			184
Operation & Administrative expenses	367	446	429	492	1,734	569	545			1,115
Rents, depreciation and amortization	172	163	193	179	706	290	329			620
Taxes, other than income tax	107	107	103	198	516	120	134			254
Contributions to IPAB	96	88	90	92	366	154	160			313
Corporate expenses Recoveries	-	-	-	-	-	-	-			-
<b>Non-Interest Expense</b>	<b>1,536</b>	<b>1,551</b>	<b>1,603</b>	<b>1,687</b>	<b>6,377</b>	<b>2,187</b>	<b>2,194</b>			<b>4,381</b>
<b>Operating Income</b>	<b>522</b>	<b>181</b>	<b>96</b>	<b>(46)</b>	<b>753</b>	<b>503</b>	<b>247</b>			<b>750</b>
Other Revenues	96	139	119	199	553	75	178			254
Foreign exchange	-	-	-	-	-	-	-			-
Recoveries	107	176	87	151	520	58	68			126
Repomo-other revenues	(18)	64	42	(61)	28	1	1			2
<b>Non Operating Income</b>	<b>186</b>	<b>379</b>	<b>249</b>	<b>289</b>	<b>1,102</b>	<b>134</b>	<b>248</b>			<b>381</b>
Other Expense	(111)	(190)	(3)	34	(270)	(229)	30			(199)
Foreign exchange	-	-	-	-	-	(2)	(5)			(6)
Repomo-other Expenses	(4)	(8)	(14)	(28)	(54)	(42)	(69)			(111)
<b>Non Operating Expense</b>	<b>(115)</b>	<b>(198)</b>	<b>(18)</b>	<b>6</b>	<b>(324)</b>	<b>(273)</b>	<b>(43)</b>			<b>(316)</b>
<b>Non Operating Income (Expense), net</b>	<b>71</b>	<b>181</b>	<b>231</b>	<b>295</b>	<b>778</b>	<b>(139)</b>	<b>205</b>			<b>66</b>
<b>Pre-tax Income</b>	<b>593</b>	<b>361</b>	<b>327</b>	<b>249</b>	<b>1,531</b>	<b>364</b>	<b>451</b>			<b>816</b>
Income Tax	-	-	30	(30)	-	-	-			-
Profit sharing	16	38	(33)	(19)	1	-	35			35
Tax on Assets	2	4	3	5	14	21	25			47
Deferred Inc. Tax and Profit sharing	69	49	1	77	195	79	17			96
<b>Net Income before subsidiaries</b>	<b>507</b>	<b>271</b>	<b>327</b>	<b>216</b>	<b>1,321</b>	<b>264</b>	<b>374</b>			<b>638</b>
Subsidiaries' net income	40	11	39	-	91	48	(11)			37
<b>Net Income from continuous operations</b>	<b>547</b>	<b>282</b>	<b>366</b>	<b>217</b>	<b>1,412</b>	<b>312</b>	<b>363</b>			<b>675</b>
Extraordinary items, net	-	-	-	-	-	-	398			398
Minority Interest	-	-	-	-	-	-	-			-
<b>TOTAL NET INCOME</b>	<b>547</b>	<b>282</b>	<b>366</b>	<b>217</b>	<b>1,412</b>	<b>312</b>	<b>761</b>			<b>1,073</b>

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

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

<b>ASSETS</b>	<b>1Q01</b>	<b>2Q01</b>	<b>3Q01</b>	<b>4Q01</b>	<b>1Q02</b>	<b>2Q02</b>	<b>3Q02</b>	<b>4Q02</b>
<b>Cash and due from Banks</b>	<b>7,828</b>	<b>7,830</b>	<b>8,594</b>	<b>7,472</b>	<b>16,558</b>	<b>16,973</b>		
Negotiable Instruments	6,494	5,095	1,978	2,203	3,567	2,999		
Securities held for sale	1,864	1,662	1,291	1,081	929	1,038		
Securities held to maturity	1,334	1,387	1,436	3,111	3,906	4,025		
<b>Financial Instruments:</b>	<b>9,691</b>	<b>8,144</b>	<b>4,704</b>	<b>6,395</b>	<b>8,402</b>	<b>8,062</b>		
Repurchase agreements, net	136	159	73	143	106	97		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	-	-	-	-	-	-		
Options and derivatives, net	5	51	-	16	26	-		
<b>Repos &amp; Derivatives :</b>	<b>141</b>	<b>210</b>	<b>73</b>	<b>158</b>	<b>132</b>	<b>97</b>		
Commercial	19,105	17,054	17,815	20,999	21,996	23,125		
Financial Intermediaries	1,824	1,293	610	604	609	1,232		
Consumer	1,313	1,430	1,695	2,349	3,170	3,749		
Mortgage	4,274	4,348	4,501	4,806	10,684	11,081		
Government Entities	41,213	40,837	40,289	39,990	40,714	85,183		
Fobaproa	12,637	11,959	12,167	10,090	55,893	9,230		
Fiduciary collection rights	-	-	-	-	-	-		
<b>Performing Loans</b>	<b>80,366</b>	<b>76,921</b>	<b>77,077</b>	<b>78,838</b>	<b>133,066</b>	<b>133,601</b>		
Commercial	1,831	2,188	2,464	2,514	2,445	2,556		
Financial Intermediaries	-	-	-	-	-	-		
Consumer	651	318	320	324	353	275		
Mortgage	1,987	1,876	1,796	1,742	1,841	1,817		
Government Entities	-	-	-	-	-	2		
<b>Past Due Loans</b>	<b>4,468</b>	<b>4,382</b>	<b>4,581</b>	<b>4,579</b>	<b>4,639</b>	<b>4,649</b>		
<b>Total Loans</b>	<b>84,834</b>	<b>81,303</b>	<b>81,658</b>	<b>83,418</b>	<b>137,705</b>	<b>138,250</b>		
Preventive loan loss reserves	4,488	4,382	4,581	4,580	5,386	5,450		
<b>Net Loan Portfolio</b>	<b>80,346</b>	<b>76,921</b>	<b>77,077</b>	<b>78,838</b>	<b>132,319</b>	<b>132,800</b>		
Credit Assets Portfolio	-	-	2,467	2,615	2,419	2,273		
Sundry debtors and other assets, net	1,601	1,907	1,080	1,137	1,609	1,463		
Foreclosed assets, net	1,522	1,563	1,524	1,381	1,348	1,290		
Real Estate, Furniture & Equipment, net	3,286	3,226	3,377	3,450	5,388	5,311		
Investments in subsidiaries	1,005	973	1,021	990	1,050	1,050		
Deferred taxes	804	838	903	909	760	732		
Deferred charges & Intangibles	741	599	571	662	640	677		
UDIS Mortgage loans reserve coverage	-	-	-	-	-	-		
<b>Other Assets</b>	<b>8,959</b>	<b>9,105</b>	<b>10,942</b>	<b>11,145</b>	<b>13,214</b>	<b>12,795</b>		
<b>TOTAL ASSETS</b>	<b>106,965</b>	<b>102,210</b>	<b>101,390</b>	<b>104,008</b>	<b>170,625</b>	<b>170,726</b>		

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

LIABILITIES	1Q01	2Q01	3Q01	4Q01	1Q02	2Q02	3Q02	4Q02
Demand Deposits	25,744	26,340	26,813	30,240	49,279	47,274		
Time Deposits	46,859	49,872	45,534	45,980	79,679	70,921		
Bonds	1,419	1,366	1,385	1,333	1,347	1,297		
<b>Deposits</b>	<b>74,021</b>	<b>77,577</b>	<b>73,732</b>	<b>77,553</b>	<b>130,305</b>	<b>119,493</b>		
Demand	4,438	8	21	2,573	1,449	11,652		
Short term	8,478	3,172	6,107	3,001	12,307	13,170		
Long term	9,981	9,788	9,592	8,658	12,404	12,079		
<b>Due to banks and correspondents</b>	<b>22,897</b>	<b>12,967</b>	<b>15,720</b>	<b>14,232</b>	<b>26,161</b>	<b>36,901</b>		
Repurchase agreements, net	19	56	90	95	34	123		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	-	-	-	-	-	-		
Options and derivatives, net	18	2	31	10	-	82		
<b>Repos &amp; Derivatives:</b>	<b>37</b>	<b>58</b>	<b>122</b>	<b>105</b>	<b>34</b>	<b>205</b>		
Income Tax & Profit Sharing	271	88	85	5	10	95		
Other Payable accounts	1,865	1,934	1,914	2,079	3,677	3,020		
<b>Other payable accounts</b>	<b>2,136</b>	<b>2,022</b>	<b>1,999</b>	<b>2,084</b>	<b>3,687</b>	<b>3,115</b>		
Subordinated non Convertible Debenture	-	1,367	1,395	1,368	1,395	1,367		
Deferred Taxes	-	-	-	-	-	-		
Deferred credits	125	120	65	71	71	17		
<b>TOTAL LIABILITIES</b>	<b>99,215</b>	<b>94,111</b>	<b>93,032</b>	<b>95,412</b>	<b>161,653</b>	<b>161,098</b>		
<b>STOCKHOLDER 'S EQUITY</b>								
Paid-in Capital	5,103	5,103	5,103	5,280	5,280	5,280		
Share subscription premiums	581	581	581	917	917	917		
Subordinated Convertible Debentures	-	-	-	-	-	-		
<b>Subscribed Capital</b>	<b>5,684</b>	<b>5,684</b>	<b>5,684</b>	<b>6,197</b>	<b>6,197</b>	<b>6,197</b>		
Capital Reserves	2,299	2,375	2,375	2,375	2,375	2,375		
Retained Earnings	2,276	2,200	2,200	1,758	3,169	2,581		
Surplus (Deficit) from securities	(527)	(428)	(538)	(571)	(543)	(40)		
Results of foreign operations exchange	-	-	-	-	-	-		
Excess (Insuf.) in capital restatement	(2,206)	(2,209)	(2,210)	(2,214)	(2,214)	(2,214)		
Non Mon assets results Fixed Assets	-	-	-	-	-	-		
Non Mon assets results Investm	(65)	(94)	(91)	(103)	(65)	(86)		
Adjustment in the employees pension	-	-	-	-	-	-		
Accumulated Deferred tax effect	(259)	(259)	(259)	(259)	(259)	(259)		
Net Income	547	829	1,195	1,412	312	1,073		
<b>Earned Capital</b>	<b>2,065</b>	<b>2,414</b>	<b>2,674</b>	<b>2,398</b>	<b>2,775</b>	<b>3,431</b>		
Minority Holdings	-	-	-	-	-	-		
<b>Total Stockholder 's Equity</b>	<b>7,749</b>	<b>8,099</b>	<b>8,358</b>	<b>8,596</b>	<b>8,973</b>	<b>9,629</b>		
<b>TOTAL LIABILITIES &amp;</b>	<b>106,965</b>	<b>102,210</b>	<b>101,390</b>	<b>104,008</b>	<b>170,625</b>	<b>170,726</b>		

**MEMORANDUM ACCOUNTS OF BANKING SECTOR** (Millions of Pesos)

	1Q01	2Q01	3Q01	4Q01	1Q02	2Q02	3Q02	4Q02
Signature guarantees granted	3	3	3	3	14	-		
Other contingent obligations	10,258	10,191	10,473	10,501	13,661	17,989		
Irrevocable lines of credit	1,201	1,046	808	532	676	934		
Assets held in trust and mandate	39,640	36,722	36,398	40,751	78,467	73,918		
Assets held in custody or in administration	77,451	79,420	74,582	76,101	117,540	109,301		
Investment banking transactions for third	85,433	101,420	61,509	105,691	108,901	140,760		
Engaged amounts in fobaproa operations	4,043	4,188	4,337	4,839	52,752	52,000		
Investment of retirement saving funds	2,348	2,368	2,351	2,359	2,369	2,382		
Integration of loan portfolio	-	-	-	-	-	-		
Received amounts in derivative instruments	2,741	2,481	2,720	3,364	4,076	3,078		
Fobaproa trusts	-	-	-	-	-	-		
Securities to be received	91,228	115,452	125,853	122,012	150,223	149,298		
(Less) payable for reversal	(91,092)	(115,293)	(125,943)	(121,870)	(150,188)	(149,421)		
Receivables for reversal	41,454	75,342	85,107	68,496	91,157	102,338		
(Less) securities to be delivered	(41,473)	(75,398)	(85,034)	(68,591)	(91,120)	(102,241)		
Other control accounts	243,478	243,834	173,723	170,754	332,326	333,586		
	<b>466,534</b>	<b>481,775</b>	<b>366,886</b>	<b>414,944</b>	<b>710,854</b>	<b>733,923</b>		

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

NET INTEREST INCOME	1Q01	2Q01	3Q01	4Q01	ACUM	1Q02	2Q02	3Q02	4Q02	ACUM
Interest Income	7,048	4,336	4,023	3,412	18,818	4,851	4,654			9,505
Interest Expense	5,494	2,862	2,609	2,256	13,222	3,167	2,877			6,044
Loan Fees	70	72	92	105	339	121	207			328
Fees Paid	4	4	6	9	22	8	10			18
<b>Net Interest Income (NII)</b>	<b>1,619</b>	<b>1,541</b>	<b>1,500</b>	<b>1,252</b>	<b>5,913</b>	<b>1,797</b>	<b>1,974</b>			<b>3,771</b>
Repomo-Margin	19	21	21	36	97	25	41			66
<b>NII after Repomo</b>	<b>1,639</b>	<b>1,562</b>	<b>1,521</b>	<b>1,288</b>	<b>6,010</b>	<b>1,822</b>	<b>2,015</b>			<b>3,837</b>
Loan Loss Provisions	152	443	170	175	940	151	183			333
Loss Sharing Provisions	78	54	25	17	174	2	12			13
<b>NII after Provisions</b>	<b>1,409</b>	<b>1,065</b>	<b>1,326</b>	<b>1,096</b>	<b>4,896</b>	<b>1,670</b>	<b>1,821</b>			<b>3,491</b>
Fund transfers	10	11	14	16	51	39	48			87
Account management	76	81	78	61	297	154	167			321
Fiduciary	19	20	17	16	71	52	35			87
Credit Card	83	88	86	96	352	122	147			269
Fees from FOBAPROA	76	82	62	38	258	130	60			190
Other fees	73	75	71	135	355	204	152			356
<b>Fees on services,</b>	<b>337</b>	<b>358</b>	<b>329</b>	<b>361</b>	<b>1,384</b>	<b>702</b>	<b>609</b>			<b>1,311</b>
Fund transfers	-	-	-	-	-	-	-			-
Other fees	75	74	75	79	303	107	102			209
<b>Fees paid,</b>	<b>75</b>	<b>74</b>	<b>75</b>	<b>79</b>	<b>303</b>	<b>107</b>	<b>102</b>			<b>209</b>
Foreign exchange	57	45	47	49	198	65	104			169
Securities -Realized gains	13	79	(2)	27	117	123	-			123
Securities- Unrealized gains	67	(46)	(23)	22	20	5	(33)			(28)
<b>Market-related Income</b>	<b>137</b>	<b>78</b>	<b>22</b>	<b>98</b>	<b>335</b>	<b>194</b>	<b>70</b>			<b>264</b>
<b>Total Non Interest Income</b>	<b>398</b>	<b>361</b>	<b>276</b>	<b>381</b>	<b>1,416</b>	<b>788</b>	<b>577</b>			<b>1,365</b>
<b>Total Operating Income</b>	<b>1,808</b>	<b>1,426</b>	<b>1,601</b>	<b>1,477</b>	<b>6,312</b>	<b>2,458</b>	<b>2,398</b>			<b>4,856</b>
Personnel	709	674	701	634	2,718	970	926			1,895
Professional Fees	73	66	79	84	302	77	100			171
Operation & Administrative expenses	364	445	422	484	1,714	566	553			1,119
Rents, depreciation and amortization	172	163	191	179	704	290	329			620
Taxes, other than income tax	98	103	99	194	494	116	130			245
Contributions to IPAB	94	86	93	85	358	151	157			308
Corporate expenses Recoveries	(32)	(11)	-	-	(42)	(15)	(26)			(41)
<b>Non-Interest Expense</b>	<b>1,477</b>	<b>1,526</b>	<b>1,584</b>	<b>1,660</b>	<b>6,247</b>	<b>2,154</b>	<b>2,163</b>			<b>4,317</b>
Operating Income	330	(100)	17	(183)	65	304	235			539
Other Revenues	42	69	49	138	299	53	151			203
Foreign exchange	-	-	-	-	-	-	-			-
Recoveries	107	175	84	150	516	57	68			124
Repomo-other revenues	(18)	64	42	(61)	28	1	1			2
<b>Non Operating Income</b>	<b>131</b>	<b>309</b>	<b>176</b>	<b>227</b>	<b>843</b>	<b>110</b>	<b>220</b>			<b>329</b>
Other Expense	(111)	(116)	(76)	34	(269)	(153)	(44)			(198)
Foreign exchange	-	-	-	-	-	(2)	(5)			(6)
Repomo-other Expenses	-	-	-	-	-	(17)	(41)			(59)
<b>Non Operating Expense</b>	<b>(111)</b>	<b>(117)</b>	<b>(76)</b>	<b>34</b>	<b>(269)</b>	<b>(172)</b>	<b>(91)</b>			<b>(263)</b>
<b>Non Operating Income (Expense), net</b>	<b>20</b>	<b>192</b>	<b>100</b>	<b>261</b>	<b>574</b>	<b>(62)</b>	<b>129</b>			<b>67</b>
Pre-tax Income	351	92	117	78	638	242	364			606
Income tax	-	-	18	(18)	-	-	-			-
Profit sharing	16	38	(33)	(19)	1	-	35			35
Tax on Assets	2	4	3	5	14	21	25			47
Deferred Inc. Tax and Profit sharing	69	49	1	17	135	67	8			75
<b>Net income before subsidiaries</b>	<b>87</b>	<b>90</b>	<b>(11)</b>	<b>(16)</b>	<b>150</b>	<b>89</b>	<b>69</b>			<b>157</b>
Subsidiaries' net income	8	3	3	(16)	(3)	5	(27)			(22)
<b>Net Income from continuous operations</b>	<b>272</b>	<b>5</b>	<b>131</b>	<b>78</b>	<b>486</b>	<b>158</b>	<b>268</b>			<b>426</b>
Extraordinary items, net	-	-	-	-	-	-	398			398
Minority Interest	-	-	-	-	-	-	-			-
<b>TOTAL NET INCOME</b>	<b>272</b>	<b>5</b>	<b>131</b>	<b>78</b>	<b>486</b>	<b>158</b>	<b>667</b>			<b>825</b>

(\*) Consolidate Subsidiaries.



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

<b>ASSETS</b>	<b>1Q01</b>	<b>2Q01</b>	<b>3Q01</b>	<b>4Q01</b>	<b>1Q02</b>	<b>2Q02</b>	<b>3Q02</b>	<b>4Q02</b>
<b>Cash and due from Banks</b>	<b>7,067</b>	<b>6,817</b>	<b>8,333</b>	<b>8,328</b>	<b>16,044</b>	<b>16,860</b>		
Negotiable Instruments	7,524	6,204	1,978	2,202	3,304	3,914		
Securities held for sale	1,697	1,501	1,138	962	929	1,038		
Securities held to maturity	1,038	1,083	1,128	2,801	3,595	3,712		
<b>Financial Instruments:</b>	<b>10,260</b>	<b>8,788</b>	<b>4,244</b>	<b>5,965</b>	<b>7,827</b>	<b>8,664</b>		
Repurchase agreements, net	93	73	33	76	54	64		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	-	-	-	-	-	-		
Options and derivatives, net	5	51	-	16	26	-		
<b>Repos &amp; Derivatives :</b>	<b>98</b>	<b>124</b>	<b>33</b>	<b>92</b>	<b>79</b>	<b>64</b>		
Commercial	18,783	16,736	17,806	20,676	21,734	22,827		
Financial Intermediaries	1,824	1,293	1,008	1,459	713	1,232		
Consumer	1,313	1,430	1,695	2,349	3,170	3,749		
Mortgage	3,940	4,015	4,168	4,491	10,388	10,797		
Government Entities	41,201	40,821	40,262	39,953	40,673	85,174		
Fobaproa	12,730	12,085	12,316	10,345	56,154	9,508		
Fiduciary collection rights	-	-	-	-	-	-		
<b>Performing Loans</b>	<b>79,792</b>	<b>76,381</b>	<b>77,254</b>	<b>79,273</b>	<b>132,833</b>	<b>133,287</b>		
Commercial	1,776	2,133	2,235	2,311	2,257	2,370		
Financial Intermediaries	-	-	-	-	-	-		
Consumer	651	318	320	324	353	274		
Mortgage	1,836	1,740	1,671	1,616	1,702	1,683		
Government Entities	-	-	-	-	-	2		
<b>Past Due Loans</b>	<b>4,263</b>	<b>4,191</b>	<b>4,226</b>	<b>4,251</b>	<b>4,312</b>	<b>4,329</b>		
<b>Total Loans</b>	<b>84,055</b>	<b>80,572</b>	<b>81,480</b>	<b>83,524</b>	<b>137,145</b>	<b>137,616</b>		
Preventive loan loss reserves	4,059	3,956	4,168	4,162	4,960	5,025		
<b>Net Loan Portfolio</b>	<b>79,996</b>	<b>76,615</b>	<b>77,312</b>	<b>79,361</b>	<b>132,185</b>	<b>132,591</b>		
Credit Assets Portfolio	-	-	-	-	-	-		
Sundry debtors and other assets, net	795	1,016	995	1,055	1,533	1,368		
Foreclosed assets, net	1,434	1,476	1,424	1,368	1,329	1,271		
Real Estate, Furniture & Equipment, net	3,284	3,224	3,377	3,450	5,388	5,311		
Investments in subsidiaries	434	399	407	396	417	406		
Deferred taxes	804	838	903	984	847	827		
Deferred charges & Intangibles	739	596	564	657	635	674		
UDIS Mortgage loans reserve coverage	-	-	-	-	-	-		
<b>Other Assets</b>	<b>7,490</b>	<b>7,549</b>	<b>7,669</b>	<b>7,910</b>	<b>10,150</b>	<b>9,858</b>		
<b>TOTAL ASSETS</b>	<b>104,910</b>	<b>99,894</b>	<b>97,591</b>	<b>101,657</b>	<b>166,285</b>	<b>168,038</b>		

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

<b>LIABILITIES</b>	<b>1Q01</b>	<b>2Q01</b>	<b>3Q01</b>	<b>4Q01</b>	<b>1Q02</b>	<b>2Q02</b>	<b>3Q02</b>	<b>4Q02</b>
Demand Deposits	25,744	26,340	26,844	30,288	49,299	47,294		
Time Deposits	46,859	49,872	45,534	45,980	78,394	70,921		
Bonds	1,419	1,366	1,385	1,333	1,347	1,297		
<b>Deposits</b>	<b>74,021</b>	<b>77,577</b>	<b>73,763</b>	<b>77,601</b>	<b>129,040</b>	<b>119,512</b>		
Demand	4,438	81	21	2,573	943	11,652		
Short term	8,478	3,172	4,914	3,001	12,307	13,170		
Long term	9,651	9,487	9,252	8,350	12,120	11,770		
<b>Due to banks and correspondents</b>	<b>22,567</b>	<b>12,740</b>	<b>14,187</b>	<b>13,923</b>	<b>25,370</b>	<b>36,592</b>		
Repurchase agreements, net	10	52	20	53	34	40		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	-	-	-	-	-	-		
Options and derivatives, net	18	2	31	10	-	82		
<b>Repos &amp; Derivatives:</b>	<b>27</b>	<b>53</b>	<b>52</b>	<b>63</b>	<b>34</b>	<b>122</b>		
Income Tax & Profit Sharing	255	73	58	5	10	95		
Other Payable accounts	1,849	1,837	1,889	2,065	3,587	2,989		
<b>Other payable accounts</b>	<b>2,104</b>	<b>1,910</b>	<b>1,947</b>	<b>2,070</b>	<b>3,597</b>	<b>3,084</b>		
Subordinated non Convertible Debenture	-	1,367	1,395	1,368	1,395	1,367		
Deferred Taxes	-	-	-	-	-	-		
Deferred credits	125	119	64	70	71	17		
<b>TOTAL LIABILITIES</b>	<b>98,844</b>	<b>93,766</b>	<b>91,407</b>	<b>95,095</b>	<b>159,506</b>	<b>160,694</b>		
<b>STOCKHOLDER 'S EQUITY</b>								
Paid-in Capital	4,096	4,096	4,097	4,274	4,274	4,274		
Share subscription premiums	581	581	581	917	917	917		
Subordinated Convertible Debentures	-	-	-	-	-	-		
<b>Subscribed Capital</b>	<b>4,678</b>	<b>4,678</b>	<b>4,678</b>	<b>5,191</b>	<b>5,191</b>	<b>5,191</b>		
Capital Reserves	2,141	2,217	2,218	2,217	2,217	2,217		
Retained Earnings	2,021	1,945	1,945	1,750	2,236	1,648		
Surplus (Deficit) from securities	(501)	(418)	(497)	(548)	(530)	(27)		
Results of foreign operations exchange	-	-	-	-	-	-		
Excess (Insuf.) in capital restatement	(2,216)	(2,217)	(2,217)	(2,214)	(2,216)	(2,214)		
Non Mon assets results Fixed Assets	-	-	-	-	-	-		
Non Mon assets results Investm	(71)	(98)	(92)	(62)	(20)	(38)		
Adjustment in the employees pension	-	-	-	-	-	-		
Accumulated Deferred tax effect	(259)	(259)	(259)	(259)	(259)	(259)		
Net Income	272	277	408	486	158	825		
<b>Earned Capital</b>	<b>1,388</b>	<b>1,449</b>	<b>1,506</b>	<b>1,371</b>	<b>1,587</b>	<b>2,153</b>		
Minority Holdings	-	-	-	-	-	-		
<b>Total Stockholder 's Equity</b>	<b>6,066</b>	<b>6,127</b>	<b>6,184</b>	<b>6,563</b>	<b>6,778</b>	<b>7,344</b>		
	<b>104,910</b>	<b>99,894</b>	<b>97,591</b>	<b>101,657</b>	<b>166,285</b>	<b>168,038</b>		

(\*) Consolidate Subsidiaries.

**MEMORANDUM ACCOUNTS OF BANORTE**

(Millions of Pesos)	<b>1Q01</b>	<b>2Q01</b>	<b>3Q01</b>	<b>4Q01</b>	<b>1Q02</b>	<b>2Q02</b>	<b>3Q02</b>	<b>4Q02</b>
Signature guarantees granted	3	3	3	3	-	-		
Other contingent obligations	8,425	8,351	8,739	8,766	8,519	15,418		
Irrevocable lines of credit	1,201	1,046	808	532	673	934		
Assets held in trust and mandate	20,323	18,704	18,484	18,197	17,654	51,362		
Assets held in custody or in	76,429	78,321	74,582	76,101	77,243	108,109		
Investment banking transactions for	85,433	101,420	61,509	105,691	106,542	140,760		
Engaged amounts in fobaproa operations	3,949	4,061	4,188	4,585	5,584	51,725		
Investment of retirement saving funds	2,348	2,368	2,351	2,359	2,369	2,382		
Integration of loan portfolio	-	-	-	-	-	-		
Received amounts in derivative	2,741	2,481	2,720	3,364	4,076	3,078		
Fobaproa trusts	-	-	-	-	-	-		
Securities to be received	47,540	46,100	50,825	45,998	46,581	61,271		
(Less) payable for reversal	(47,446)	(46,027)	(50,845)	(45,922)	(46,545)	(61,311)		
Receivables for reversal	21,793	46,692	48,763	44,914	45,271	61,326		
(Less) securities to be delivered	(21,803)	(46,744)	(48,729)	(44,967)	(45,294)	(61,262)		
Other control accounts	197,284	200,814	130,812	128,460	128,700	292,218		
	<b>398,222</b>	<b>417,592</b>	<b>304,208</b>	<b>348,081</b>	<b>351,371</b>	<b>666,011</b>		

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

NET INTEREST INCOME	1Q01	2Q01	3Q01	4Q01	ACUM	1Q02	2Q02	3Q02	4Q02	ACUM
Interest Income	2,385	1,351	1,824	1,771	7,331	1,673	1,737			3,410
Interest Expense	2,379	1,150	1,842	1,701	7,073	1,649	1,666			3,315
Loan Fees	-	-	-	-	1	-	-			-
Fees Paid	-	-	-	1	1	2	2			4
<b>Net Interest Income (NII)</b>	<b>6</b>	<b>202</b>	<b>(18)</b>	<b>69</b>	<b>258</b>	<b>23</b>	<b>69</b>			<b>92</b>
Repomo-Margin	(6)	(4)	5	(9)	(14)	6	2			8
<b>NII after Repomo</b>	<b>(1)</b>	<b>197</b>	<b>(13)</b>	<b>60</b>	<b>244</b>	<b>29</b>	<b>71</b>			<b>100</b>
Loan Loss Provisions	32	8	(4)	18	54	13	7			20
Loss Sharing Provisions	-	-	-	-	-	-	-			-
<b>NII after Provisions</b>	<b>(32)</b>	<b>189</b>	<b>(9)</b>	<b>42</b>	<b>190</b>	<b>16</b>	<b>64</b>			<b>80</b>
Fund transfers	-	-	-	-	-	-	-			-
Account management	-	-	-	-	-	-	-			-
Fiduciary	229	99	417	185	930	137	202			339
Credit Card	-	-	-	-	-	-	-			-
Fees from FOBAPROA	5	3	2	5	15	3	1			4
Other fees	189	131	257	205	782	263	179			442
<b>Fees on services,</b>	<b>423</b>	<b>232</b>	<b>676</b>	<b>395</b>	<b>1,726</b>	<b>403</b>	<b>383</b>			<b>785</b>
Fund transfers	-	-	-	-	-	-	-			-
Other fees	18	18	257	103	396	63	81			145
<b>Fees paid,</b>	<b>18</b>	<b>18</b>	<b>257</b>	<b>103</b>	<b>396</b>	<b>63</b>	<b>81</b>			<b>145</b>
Foreign exchange	-	-	-	-	-	-	-			-
Securities -Realized gains	19	8	(22)	(48)	(42)	106	(157)			(51)
Securities- Unrealized gains	51	30	(74)	18	25	(12)	(11)			(23)
<b>Market-related Income</b>	<b>70</b>	<b>38</b>	<b>(96)</b>	<b>(29)</b>	<b>(17)</b>	<b>94</b>	<b>(168)</b>			<b>(75)</b>
<b>Total Non Interest Income</b>	<b>475</b>	<b>253</b>	<b>323</b>	<b>263</b>	<b>1,314</b>	<b>433</b>	<b>133</b>			<b>566</b>
<b>Total Operating Income</b>	<b>443</b>	<b>442</b>	<b>315</b>	<b>304</b>	<b>1,504</b>	<b>449</b>	<b>197</b>			<b>646</b>
Personnel	2	3	2	1	7	1	1			2
Professional Fees	14	8	9	8	38	9	6			15
Operation & Administrative expenses	111	118	98	96	423	110	110			220
Rents, depreciation and amortization	20	18	19	32	88	26	26			53
Taxes, other than income tax	11	5	5	6	27	5	5			10
Contributions to IPAB	1	2	(3)	7	7	3	2			5
Corporate expenses Recoveries	-	-	-	-	-	-	-			-
<b>Non-Interest Expense</b>	<b>158</b>	<b>153</b>	<b>130</b>	<b>150</b>	<b>591</b>	<b>153</b>	<b>151</b>			<b>304</b>
<b>Operating Income</b>	<b>284</b>	<b>289</b>	<b>185</b>	<b>154</b>	<b>913</b>	<b>295</b>	<b>46</b>			<b>342</b>
Other Revenues	55	69	70	61	255	23	27			50
Foreign exchange	-	-	-	-	-	-	-			-
Recoveries	-	1	3	1	5	1	1			2
Repomo-other revenues	-	-	-	-	-	-	-			-
<b>Non Operating Income</b>	<b>55</b>	<b>70</b>	<b>73</b>	<b>62</b>	<b>259</b>	<b>24</b>	<b>28</b>			<b>52</b>
Other Expense	-	(74)	73	-	(2)	(76)	75			(1)
Foreign exchange	-	-	-	-	-	-	-			-
Repomo-other Expenses	(4)	(8)	(14)	(28)	(54)	(24)	(28)			(52)
<b>Non Operating Expense</b>	<b>(4)</b>	<b>(81)</b>	<b>58</b>	<b>(28)</b>	<b>(55)</b>	<b>(100)</b>	<b>47</b>			<b>(53)</b>
<b>Non Operating Income (Expense), net</b>	<b>51</b>	<b>(11)</b>	<b>131</b>	<b>34</b>	<b>204</b>	<b>(77)</b>	<b>76</b>			<b>(1)</b>
Pre-tax Income	335	278	316	188	1,117	219	122			341
Income tax	-	-	11	66	77	25	15			40
Profit sharing	-	-	-	-	-	-	-			-
Tax on Assets	-	-	-	-	-	-	-			-
Deferred Inc. Tax and Profit sharing	40	18	38	(14)	82	12	9			20
	<b>40</b>	<b>18</b>	<b>49</b>	<b>52</b>	<b>160</b>	<b>36</b>	<b>24</b>			<b>61</b>
<b>Net income before subsidiaries</b>	<b>295</b>	<b>260</b>	<b>267</b>	<b>136</b>	<b>957</b>	<b>182</b>	<b>97</b>			<b>280</b>
Subsidiaries 'net income	12	22	3	18	56	13	10			23
<b>Net Income from continuous operations</b>	<b>307</b>	<b>281</b>	<b>271</b>	<b>154</b>	<b>1,013</b>	<b>195</b>	<b>107</b>			<b>302</b>
Extraordinary items, net	-	-	-	-	-	-	-			-
Minority Interest	32	5	35	15	87	42	12			54
<b>TOTAL NET INCOME</b>	<b>275</b>	<b>277</b>	<b>235</b>	<b>139</b>	<b>926</b>	<b>154</b>	<b>95</b>			<b>248</b>

(\*) Consolidate Afore

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

<b>ASSETS</b>	<b>1Q01</b>	<b>2Q01</b>	<b>3Q01</b>	<b>4Q01</b>	<b>1Q02</b>	<b>2Q02</b>	<b>3Q02</b>	<b>4Q02</b>
<b>Cash and due from Banks</b>	<b>1,577</b>	<b>1,392</b>	<b>1,516</b>	<b>1,558</b>	<b>1,312</b>	<b>1,784</b>		
Negotiable Instruments	1	-	-	1	263	278		
Securities held for sale	166	160	153	119	-	-		
Securities held to maturity	295	304	308	310	312	313		
<b>Financial Instruments:</b>	<b>462</b>	<b>464</b>	<b>461</b>	<b>430</b>	<b>575</b>	<b>590</b>		
Repurchase agreements, net	43	86	40	66	52	33		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	-	-	-	-	-	-		
Options and derivatives, net	-	-	-	-	-	-		
<b>Repos &amp; Derivatives :</b>	<b>43</b>	<b>86</b>	<b>40</b>	<b>66</b>	<b>52</b>	<b>33</b>		
Commercial	322	318	9	323	262	298		
Financial Intermediaries	-	-	-	-	-	-		
Consumer	-	-	-	-	-	-		
Mortgage	334	333	333	315	295	284		
Government Entities	12	17	28	37	41	9		
Fobaproa	-	-	-	-	-	-		
Fiduciary collection rights	-	-	-	-	-	-		
<b>Performing Loans</b>	<b>668</b>	<b>667</b>	<b>370</b>	<b>675</b>	<b>598</b>	<b>592</b>		
Commercial	55	55	229	202	188	186		
Financial Intermediaries	-	-	-	-	-	-		
Consumer	-	-	-	-	-	-		
Mortgage	150	136	125	126	-	-		
Government Entities	-	-	-	-	138	134		
<b>Past Due Loans</b>	<b>205</b>	<b>191</b>	<b>355</b>	<b>329</b>	<b>327</b>	<b>320</b>		
<b>Total Loans</b>	<b>873</b>	<b>858</b>	<b>724</b>	<b>1,004</b>	<b>925</b>	<b>912</b>		
Preventive loan loss reserves	429	426	413	418	426	425		
<b>Net Loan Portfolio</b>	<b>444</b>	<b>432</b>	<b>312</b>	<b>586</b>	<b>499</b>	<b>487</b>		
Credit Assets Portfolio	-	-	2,467	2,615	2,419	2,273		
Sundry debtors and other assets, net	815	911	130	148	100	147		
Foreclosed assets, net	88	87	100	13	19	19		
Real Estate, Furniture & Equipment, net	28	27	31	50	55	56		
Investments in subsidiaries	355	366	371	390	474	620		
Deferred taxes	-	-	-	-	-	-		
Deferred charges & Intangibles	624	610	600	518	488	467		
UDIS Mortgage loans reserve coverage	-	-	-	-	-	-		
<b>Other Assets</b>	<b>1,910</b>	<b>2,000</b>	<b>3,699</b>	<b>3,735</b>	<b>3,555</b>	<b>3,581</b>		
<b>TOTAL ASSETS</b>	<b>4,436</b>	<b>4,374</b>	<b>6,027</b>	<b>6,375</b>	<b>5,994</b>	<b>6,475</b>		

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

<b>LIABILITIES</b>	<b>1Q01</b>	<b>2Q01</b>	<b>3Q01</b>	<b>4Q01</b>	<b>1Q02</b>	<b>2Q02</b>	<b>3Q02</b>	<b>4Q02</b>
Demand Deposits	94	126	149	255	261	278		
Time Deposits	1,030	1,109	-	-	1,285	1,193		
Bonds	-	-	-	-	-	-		
<b>Deposits</b>	<b>1,124</b>	<b>1,235</b>	<b>149</b>	<b>255</b>	<b>1,546</b>	<b>1,471</b>		
Demand	531	-	831	1,152	861	1,345		
Short term	-	-	1,193	1,449	-	-		
Long term	330	301	738	541	388	309		
<b>Due to banks and correspondents</b>	<b>860</b>	<b>301</b>	<b>2,762</b>	<b>3,143</b>	<b>1,250</b>	<b>1,654</b>		
Repurchase agreements, net	10	5	70	42	-	83		
Operations with collateral	-	-	-	-	-	-		
Futures receivable, net	-	-	-	-	-	-		
Options and derivatives, net	-	-	-	-	-	-		
<b>Repos &amp; Derivatives:</b>	<b>10</b>	<b>5</b>	<b>70</b>	<b>42</b>	<b>-</b>	<b>83</b>		
Income Tax & Profit Sharing	15	15	27	-	-	-		
Other Payable accounts	36	121	50	103	156	149		
<b>Other payable accounts</b>	<b>52</b>	<b>137</b>	<b>77</b>	<b>103</b>	<b>156</b>	<b>149</b>		
Subordinated non Convertible Debenture	-	-	-	-	-	-		
Deferred Taxes	158	174	210	240	250	227		
Deferred credits	-	-	-	1	-	-		
<b>TOTAL LIABILITIES</b>	<b>2,204</b>	<b>1,852</b>	<b>3,268</b>	<b>3,783</b>	<b>3,203</b>	<b>3,585</b>		
<b>STOCKHOLDER 'S EQUITY</b>								
Paid-in Capital	1,006	1,006	1,006	1,006	1,006	1,006		
Share subscription premiums	-	-	-	-	-	-		
Subordinated Convertible Debentures	-	-	-	-	-	-		
<b>Subscribed Capital</b>	<b>1,006</b>	<b>1,006</b>	<b>1,006</b>	<b>1,006</b>	<b>1,006</b>	<b>1,006</b>		
Capital Reserves	158	158	158	158	158	158		
Retained Earnings	255	255	255	8	934	934		
Surplus (Deficit) from securities	(26)	(11)	(41)	(24)	(13)	(13)		
Results of foreign operations exchange	-	-	-	-	-	-		
Excess (Insuf.) in capital restatement	9	8	7	-	2	-		
Non Mon assets results Fixed Assets	-	-	-	-	-	-		
Non Mon assets results Investm	6	3	2	(41)	(45)	(48)		
Adjustment in the employees pension	-	-	-	-	-	-		
Accumulated Deferred tax effect	-	-	-	-	-	-		
Net Income	275	552	787	926	154	248		
<b>Earned Capital</b>	<b>677</b>	<b>965</b>	<b>1,168</b>	<b>1,027</b>	<b>1,188</b>	<b>1,278</b>		
Minority Holdings	548	551	585	559	596	606		
<b>Total Stockholder 's Equity</b>	<b>2,232</b>	<b>2,522</b>	<b>2,759</b>	<b>2,592</b>	<b>2,791</b>	<b>2,891</b>		
	<b>4,436</b>	<b>4,374</b>	<b>6,027</b>	<b>6,375</b>	<b>5,994</b>	<b>6,475</b>		

(\*) Consolidate Afore

**MEMORANDUM ACCOUNTS OF BANCEN**

	<b>1Q01</b>	<b>2Q01</b>	<b>3Q01</b>	<b>4Q01</b>	<b>1Q02</b>	<b>2Q02</b>	<b>3Q02</b>	<b>4Q02</b>
Signature guarantees granted	-	-	-	-	-	-		
Other contingent obligations	1,833	1,840	1,734	1,736	1,717	2,571		
Irrevocable lines of credit	-	-	-	-	-	-		
Assets held in trust and mandate	19,138	18,018	17,914	22,554	22,153	22,556		
Assets held in custody or in	1,022	1,099	-	-	1,282	1,192		
Investment banking transactions for	-	-	-	-	-	-		
Engaged amounts in fobaproa operations	94	127	149	255	261	276		
Investment of retirement saving funds	-	-	-	-	-	-		
Integration of loan portfolio	-	-	-	-	-	-		
Received amounts in derivative	-	-	-	-	-	-		
Fobaproa trusts	-	-	-	-	-	-		
Securities to be received	43,689	69,352	75,028	76,014	86,884	88,027		
(Less) payable for reversal	(43,646)	(69,266)	(75,098)	(75,948)	(86,875)	(88,110)		
Receivables for reversal	19,661	28,649	36,345	23,582	29,118	41,013		
(Less) securities to be delivered	(19,670)	(28,654)	(36,305)	(23,623)	(29,075)	(40,980)		
Other control accounts	46,194	43,019	42,911	42,294	41,909	41,367		
	<b>68,313</b>	<b>64,184</b>	<b>62,679</b>	<b>66,863</b>	<b>67,375</b>	<b>67,912</b>		

**Annex 5. Notes to Banking Sector Financial Statements**
**Financial Instruments and Valuation Effects 2Q02**

(Millions of Pesos)

**BANORTE**

	BOOK VALUE	MARKET VALUE	UNREALIZED GAIN (LOSS)
<b>NEGOTIABLE INSTRUMENTS</b>			
Government Securities	654.5	646.0	(8.5)
Banking Securities	1,847.3	1,879.8	32.5
Private	60.3	60.8	0.5
Commercial Paper	1,327.3	1,327.0	(0.2)
<b>Total</b>	<b>3,889.3</b>	<b>3,913.6</b>	<b>24.3</b>
<b>SECURITIES HELD FOR SALE</b>			
Government Securities	-	-	-
Stock	284.8	280.4	(4.3)
Eurobonds	1,377.4	758.0	(619.4)
<b>Total</b>	<b>1,662.2</b>	<b>1,038.4</b>	<b>(623.8)</b>
<b>SECURITIES HELD TO MATURITY</b>			
Special Cetes	3,081.0	3,081.0	-
Trust Bonds	41.0	41.0	-
Fiduciary Rights	23.5	23.5	-
Bonds	285.4	285.4	-
Others	150.3	150.3	-
US Clearing Master Trust	131.0	131.0	-
<b>Total</b>	<b>3,712.1</b>	<b>3,712.1</b>	<b>-</b>
<b>TOTAL</b>	<b>9,263.6</b>	<b>8,664.1</b>	<b>(599.5)</b>

**BANCEN**

	BOOK VALUE	MARKET VALUE	UNREALIZED GAIN (LOSS)
<b>NEGOTIABLE INSTRUMENTS</b>			
Government Securities	-	-	-
Banking Securities	50.5	50.4	(0.1)
Private	250.9	227.5	(23.5)
Commercial Paper	-	-	-
<b>Total</b>	<b>301.5</b>	<b>277.9</b>	<b>(23.6)</b>
<b>SECURITIES HELD FOR SALE</b>			
Government Securities	-	-	-
Stock	-	-	-
Eurobonds	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>SECURITIES HELD TO MATURITY</b>			
Special Cetes	312.5	312.5	-
Trust Bonds	-	-	-
Fiduciary Rights	-	-	-
US Clearing Master Trust	-	-	-
<b>Total</b>	<b>312.5</b>	<b>312.5</b>	<b>-</b>
<b>TOTAL</b>	<b>614.0</b>	<b>590.4</b>	<b>(23.6)</b>

Figures are presented in constant pesos set at the close of June' 2002.

### BANKING SECTOR

	BOOK VALUE	MARKET VALUE	UNREALIZED GAIN (LOSS)
<b>NEGOTIABLE INSTRUMENTS</b>			
Government Securities	654.5	646.0	(8.5)
Banking Securities	705.0	737.4	32.4
Private	311.2	288.3	(22.9)
Commercial Paper	1,327.3	1,327.0	(0.2)
<b>Total</b>	<b>2,997.9</b>	<b>2,998.7</b>	<b>0.8</b>
<b>SECURITIES HELD FOR SALE</b>			
Government Securities	-	-	-
Stock	284.8	280.4	(4.3)
Eurobonds	1,377.4	758.0	(619.4)
<b>Total</b>	<b>1,662.2</b>	<b>1,038.4</b>	<b>(623.8)</b>
<b>SECURITIES HELD TO MATURITY</b>			
Special Cetes	3,393.5	3,393.5	-
Trust Bonds	41.0	41.0	-
Fiduciary Rights	23.5	23.5	-
Bonds	285.4	285.4	-
Others	150.3	150.3	-
US Clearing Master Trust	131.0	131.0	-
<b>Total</b>	<b>4,024.7</b>	<b>4,024.7</b>	<b>-</b>
<b>TOTAL</b>	<b>8,684.8</b>	<b>8,061.8</b>	<b>623.0</b>

### Repurchase Agreement Operations 2002

(Millions of Pesos)

#### BANORTE

REPURCHASE AGREEMENT DEBTORS	MARKET VALUE (1)	ASSET BALANCE
Government Securities	51,836.9	(40.8)
Banking Securities	9,434.6	1.3
<b>Total</b>	<b>61,271.5</b>	<b>(39.5)</b>
REPURCHASE AGREEMENT CREDITORS	MARKET VALUE (2)	LIABILITY BALANCE
Government Securities	51,827.1	(63.5)
Banking Securities	9,434.6	(0.5)
<b>Total</b>	<b>61,261.7</b>	<b>(64.0)</b>

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

#### BANCEN

REPURCHASE AGREEMENT DEBTORS	MARKET VALUE (1)	ASSET BALANCE
Government Securities	68,297.7	(82.6)
Banking Securities	19,729.2	(0.5)
<b>Total</b>	<b>88,026.8</b>	<b>(83.1)</b>
REPURCHASE AGREEMENT CREDITORS	MARKET VALUE (2)	LIABILITY BALANCE
Government Securities	40,979.2	(33.1)
Banking Securities	0.3	-
<b>Total</b>	<b>40,979.5</b>	<b>(33.1)</b>

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

## BANKING SECTOR

REPURCHASE AGREEMENT DEBTORS	MARKET VALUE (1)	ASSET BALANCE
Government Securities	120,134.6	(123.4)
Banking Securities	29,163.8	0.8
<b>Total</b>	<b>149,298.3</b>	<b>(122.6)</b>
REPURCHASE AGREEMENT CREDITORS	MARKET VALUE (2)	LIABILITY BALANCE
Government Securities	92,806.3	(96.6)
Banking Securities	9,434.8	(0.5)
<b>Total</b>	<b>102,241.2</b>	<b>(97.1)</b>

1) RECEIVABLES ON REPURCHASE AGREEMENT

2) PAYABLES ON REPURCHASE AGREEMENT

## Derivate Financial Instruments 2002

(Millions of Pesos)

### BANORTE

NEGOTIABLE INSTRUMENTS FOREIGN CURRENCY FUTURES	BUY	SELL	NET
Market Value	-	-	-
Agreed Price	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>
FOREIGN CURRENCY FORWARDS			
Market Value	974.0	(1,176.0)	(202.0)
Agreed Price	(971.6)	1,172.7	201.1
<b>Total</b>	<b>2.3</b>	<b>(3.3)</b>	<b>(1.0)</b>
DEBTOR BALANCE NOTE			-

COVERAGE INSTRUMENTS	FLOW PAYABLE	FLOW RECEIVABLE	NET FLOWS
SWAPS			
Cross Currency	(1,253.0)	1,175.5	(77.6)
Interest Rate	(12.1)	8.3	(3.8)
<b>Total</b>	<b>(1,265.1)</b>	<b>1,183.8</b>	<b>(81.3)</b>
FOREIGN CURRENCY OPTIONS	OPENING PREMIUM	VALUED PREMIUM	VALUATION
Foreign Currency Options	(0.3)	-	(0.2)
<b>Total</b>	<b>(0.3)</b>	<b>-</b>	<b>(0.2)</b>
BALANCE NOTE			82.5

## Non-governmental Financial Instruments above by 5% of Net Capital 2002

(Millions of Pesos)

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



## Loan Portfolio

(Million of Pesos)	LOCAL CURRENCY			FOREIGN CURRENCY			TOTAL		
	2001	1Q02	2002	2001	1Q02	2002	2001	1Q02	2002
<b>Performing Loans</b>									
Commercial	12,588	17,182	17,327	4,466	7,003	5,798	17,054	21,996	23,125
Financial Intermediaries	727	365	744	566	244	488	1,293	609	1,232
Consumer	1,429	3,536	3,745	1	1	4	1,430	3,170	3,749
Mortgages	4,348	16,278	11,081	-	-	-	4,348	10,684	11,081
Government Entities	40,824	41,903	85,176	14	10	7	40,837	40,714	85,183
Fobaproa	6158	98,226	4,293	5,801	4,574	4,937	11,959	55,893	9,230
<b>Total</b>	<b>66,073</b>	<b>177,491</b>	<b>122,366</b>	<b>10,848</b>	<b>11,832</b>	<b>11,234</b>	<b>76,921</b>	<b>133,066</b>	<b>133,601</b>
<b>Past Due Loans</b>									
Commercial	1,197	1,370	1,359	991	1,086	1,197	2,514	2,445	2,556
Financial Intermediaries	-	-	-	-	-	-	-	-	-
Consumer	318	361	274	-	-	-	324	353	275
Mortgages	1,876	1,940	1,817	-	-	-	1,742	1,841	1,817
Government Entities	-	-	-	-	-	-	-	-	2
<b>Total</b>	<b>3,391</b>	<b>3,672</b>	<b>3,450</b>	<b>991</b>	<b>1,086</b>	<b>1,199</b>	<b>4,579</b>	<b>4,639</b>	<b>4,649</b>
<b>Total Proprietary Loans</b>	<b>69,464</b>	<b>181,162</b>	<b>125,817</b>	<b>11,839</b>	<b>12,919</b>	<b>12,433</b>	<b>83,418</b>	<b>137,705</b>	<b>138,250</b>
<b>% Past Due Loans</b>									<b>3.4%</b>

(\*) Includes valued UDIS

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

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

Note: There is no scheme for Mortgage Earnings.

## Cost and Balances of FINAPE, FOPIME, Mortgage UDIS and Mortgage FOVI loan portfolios as of 2Q02

(Millions of Pesos)	BANORTE		BANCEN		TOTAL	
	PERIOD	BALANCE	PERIOD	BALANCE	PERIOD	BALANCE
	COST	LOAN	COST	LOAN	COST	LOAN
	PORTFOLIO		PORTFOLIO		PORTFOLIO	
FINAPE	0.9	2.6	0.1	3.2	0.9	5.8
FOPYME	2.4	4.9	-	0.1	2.5	5.0
Mortgage UDIS	15.7	56.2	3.6	27.6	19.4	83.8
Mortgage tipo FOVI	11.5	30.7	2.2	9.7	13.8	40.3
	<b>30.6</b>	<b>94.3</b>	<b>6.0</b>	<b>40.6</b>	<b>36.5</b>	<b>134.9</b>

The quarter ending with a balance of Ps 134.9 million pesos in debtors support programs with a cost of the period of Ps61.1 million. The 99% of this portfolio are concentrated in Banorte.

## Past Due Loans Variations as of 2Q02

BALANCE DEC'01	IN	OUT	BALANCE MAR'01
4,578	195	124	4,649

Figures are presented in constant pesos set at the close of June' 2002.

## Troubled Portfolio 2Q02

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	3,851
Total Loans	138,250
Troubled Portfolio / Total Loans	<b>2.8%</b>

## Fobaproa-IPAB

(Millions of Pesos)	LOSS(1) SHARING	REMAINING CONTINGENCIES INCENTIVE(1) SCHEME
Gross Fobaproa notes balance	10,057	6,132 (2)
- Cash recoveries	2,557	1,583 (2)
- Repossessed assets	=	=
= Balance net of recoveries	7,680	4,549
Contingency before reserves	2,039	343
- Reserves	<u>2,039</u>	<u>343</u>
= Remaining contingencies	-	-

- 1) Includes only cash recoveries.  
2) Included in Loss Sharing program.

Banorte provisioned Ps 11.5 million through the Income Statement during the quarter to keep 100% provisioned on the FOBAPROA-IPAB Loss Sharing program and Incentive Scheme. Cash recoveries in the Loss Sharing program represented 25.0% of Banorte's Gross FOBAPROA-IPAB notes balance.

## Fobaproa - IPAB Notes Integration 2Q02

(Millions of Pesos)	BANORTE				BANCEN	BANPAIS		BANKING SECTOR
	LOSS SHARING LOCAL CURRENCY	LOSS SHARING DOLLARS	WITHOUT RISK	INCENTIVE SCHEM	LOCAL CURRENCY	LOCAL CURRENCY	DOLLARS	TOTAL
Gross Balance	10,058	161	1,274	(1)	-	-	5,259	16,748
- Checking account balance	2,303	254	151	(1)	278	1,920	229	5,137
- Reserves	2,039	-	-	343	-	-	-	2,382
<b>= Net Balance</b>	<b>5,716</b>	<b>(94)</b>	<b>1,123</b>	<b>(343)</b>	<b>(278)</b>	<b>(1,920)</b>	<b>5,030</b>	<b>9,229</b>
Interest Rate	CETES 91-1.35	LIBOR +5	CETES 91	N.A.	N.A.	N.A.	CPT DOL+0.17	
Maturity	2005	2006	2006	2005/2006	N.A.	N.A.	2007	
Remaining Contingencies	-0-	-0-	No existe	-0-	No existe	No existe	No existe	

- 1) The figures of Ps 6,028 & Ps 1,494 are included in Loss Sharing.  
2) Is included in Government Entities, has a rate of TIIE 28+0.86 and its maturity is in 2010.  
3) Interest rate of TIIE 28 days +0.40 and maturity in 2009, with a single capital payment at maturity.  
N.A.- Not Applicable

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

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

**SIGNIFICANCE IN BANORTE BALANCE**

	1997	1998	1999	2000	2001	2Q02
% Total Loans	70.9%	64.6%	63.5%	58.7%	55.5%	65.7%
% Total Assets	60.6%	53.5%	43.7%	46.7%	44.5%	53.2%

**Deferred Taxes 2002**

<i>(Millions of Pesos)</i>			
ASSETS	ISR	PTU	NET
Allowance for loan losses (not deducted)	347.2	-	347.2
Tax loss carryforwards	63.7	-	63.7
Deficit from retirement obligations	208.3	59.5	267.8
Obligations FOBAPROA, Net	711.5	-	711.5
Others	=	=	=
<b>Total Assets</b>	<b>1,330.7</b>	<b>59.5</b>	<b>1,390.2</b>
LIABILITIES			
Accrued interest and inflationary component of Fixed Assets, Foreclosed, Intangible & Others	(619.1)	(39.2)	(658.3)
<b>Total liabilities</b>	<b>(619.1)</b>	<b>(39.2)</b>	<b>(658.3)</b>
<b>Assets (Liabilities) Accumulated Net</b>	<b>711.6</b>	<b>20.3</b>	<b>731.9</b>

**Long term debt as of 2Q02**

TYPE OF DEBT	CURRE NCY	DATE OF ISSUE	AMOUNT (Millions Ps o DIs)	ORIGINAL AMOUNT (Millions Ps, DIs o UDIS)	TERM	INTEREST RATE	MATURITY	INTEREST PAYMENT
<b>BANORTE</b>								
Bank Bonds - Banorte 1-00	Ps	23-Mar-00	1,000	1,000	3 years	15.59%	1- May-03	E/189 days
Bank Bonds - Banorte 2-00	Ps	27-Jul-00	250	250	3 years	16.00%	4-Sep-03	E/189 days
CD's- Banorte U01001	UDIs	11-Ene-01	90	90	10 years	8.13%	30-Dic-10	E/182 days
CD's -Banorte U01002	Ps	29-May-01	20	20	3 years	TIIIE-0.25%	25-May-04	E/28 days
Non Convertible Subordinate Bonds- Obanorte 01U	UDIs	21-Jun-01	436	436	8 years	8.00%	21-Jun-09	E/182 days
CD's -Banorte M7001	Ps	30-Sep-97	16	16	7 years	17.65%	21-Sep-04	E/182 days
CD's Serie 1999-1	DIs	15-Jul-99	167.8	200	7 years	Libor+1.15%	15-Jul-06	Monthly
CD's 1999-2A	DIs	15-Jul-99	42.4	75	5 years	8.94%	15-Jul-04	Monthly
CD's Serie 1999-2B	DIs	15-Jul-99	21.3	25	7 years	9.49%	15-Jul-06	Monthly
Cedes Bancrecer 00265	Ps	5-Oct-00	500	500	2 years	TIIIE-0.30%	3-Oct-02	E/28 days

BANCEN. does not present balance as of March 31, 2002.

### Bank and Other entities loans as of 2002

(Millions of Pesos)	LOCAL CURRENCY	INTEREST RATE	TERM (DAYS)	FOREIGN CURRENCY	INTEREST RATE	TERM (DAYS)	TOTAL
LOANS FROM LOCAL BANKS (*)	-	-	-	875.3	8.0	730.8	875.3
LOANS FROM LOCAL BANKS	-	-	-	-	-	-	-
LOANS FROM FOREIGN BANK CONCERTED FROM THE COUNTRY	-	-	-	-	-	-	-
LOANS FROM FOREIGN BANK CONCERTED FROM CAYMAN	-	-	-	209.5	3.2	233.0	209.5
SECURITIZATION	-	-	-	2,305.3	4.7	709.7	2,305.3
LOANS FROM DEVELOPING BANKS	-	-	-	1,080.3	N.D.	N.D.	1,080.3
LOANS FROM PUBLIC FUNDS	-	-	-	178.8	N.D.	N.D.	178.8
CALL & LOANS FROM BANKS	23,743.2	7.8	4.2	-	-	-	23,743.2
LOANS FROM DEVELOPING BANKS	628.3	N.D.	N.D.	-	-	-	628.3
LOANS FROM PUBLIC FUNDS	2,825.9	N.D.	N.D.	-	-	-	2,825.9
LOANS FROM FIDUCIARY FUNDS	4,957.3	N.D.	N.D.	-	-	-	4,957.3
PROVISIONS FOR INTEREST	97.1	N.D.	N.D.	-	-	-	97.1
	<b>32,251.8</b>			<b>4,649.2</b>			<b>36,901.0</b>

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

(\*\*) In UDIS.

### Trading Income 2002

(Millones de Pesos)

VALUATION EFFECTS	NET
Negotiable Instruments	(47.6)
Repurchase	(10.9)
Futures	-
Foreign Currency Forwards	7.1
Options	(0.2)
Inflation Adjustment	-
<b>Total</b>	<b>(51.6)</b>
RESULTS FROM BUYING AND SELLING	
Negotiable Instruments	51.8
Securities Held for Sell	16.7
Inflation Adjustment	-
<b>Total of Buying and Selling Instruments</b>	<b>68.5</b>
FX Spot	167.7
FX Forwards	(0.6)
FX Futures	-
FX Futures TIIE	-
Forwards	0.5
<b>Total of Foreign Exchange</b>	<b>167.6</b>
Inflation Adjustment	4.6
<b>Total of Buying and Selling</b>	<b>240.7</b>
<b>TOTAL TRADING INCOME</b>	<b>189.1</b>



## Risk Management

### Market Risk

The methodology used to calculate market risk is the Value at Risk by historical simulation, which is determined by simulating 500 historical scenarios of Grupo Financiero Banorte's current portfolios.

Said method is applied to all the Group's portfolios exposed to risk factor variations that have a direct effect on their appraisal (domestic interest rates, foreign interest rates, exchange rates, among others), using a 99% reliability rate and a 10-day portfolio tenure.

The average quarterly Value at Risk (VaR) of the financial instrument portfolios of the Group (Sectors, Banking and Brokerage) including bonds, shares, money market operations, interest rate swaps, forwards, futures, and others derived in and outside the balance, is as follows:

Value at Risk  
(Millions of pesos)

	2Q01	3Q01	4Q01	1Q02	2Q02
VaR 10 days	567	327	230	228	131

The Value at Risk make up for the second quarter 2002, calculated under the aforementioned premises per Institution and Sector is as follows:

(Millions of Pesos)

	VaR 10 days
Banorte	115
Bancen	125
Banking Sector	130
Brokerage House	1
GFNorte	131

The consolidated Value at Risk both for the Banking Sector and for Grupo Financiero Banorte, considers the correlations of every risk factor involved in portfolio appraisal. Therefore, the mathematical sum of the Value at Risk per Institution may not match.

Additionally, the Value at Risk per risk factor of the instruments portfolio described for Grupo Financiero Banorte as a whole, was as follows for the second quarter of 2002:

(Millios of pesos)

RISK FACTOR	Total
Domestic interest rate	109
Foreign interest rate	11
Exchange rate	62
Stock Exchange	17
Eurobonds Price	45

The VaR for each of the risk factors presented is determined by simulating 500 historical scenarios of the variables that make up each one of said factors, while keeping the variables that affect the rest of the indicated risk factors constant.

### Loan Risk

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

The objectives of 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,

Figures are presented in constant pesos set at the close of June' 2002.

### *Second Quarter Results 2002*

geographical regions, economic activities, currency and type of product.

- To create diversification strategies of the loan portfolio, setting down its limits.
- To implement a global loan risk management supervising all the operations and aspects related to loan risk.

#### **Individual Loan Risk**

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

As to the Qualification of Loan Risk, during 2000, 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 are risk measures such as the expected and unexpected loss at a one-year horizon. The expected loss is the credit portfolio's loss distribution average. The unexpected loss is the maximum loss at a specific confidence level (95% in this case) given the loss distribution.

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

## Information by Segments

With the ultimate goal of improving the understanding of information of the Group and given the importance of the 2 banks (Banorte and Bancen) within the Financial Group, (together representing more than 90% each of the Shares, Deposits, and Profits of the Group), we have included their financial statements and combined indicators 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" as they each represent only a very small participation in the group. This segmentation was done on the basis of the International Accounting Normative (NIC 14) and the Statement of Financial and Accounting Standards N° 131 that refers to the rules for presenting financial information by segment.

## Proforma Consolidated Data-2Q02

<i>(Millions of pesos)</i>	<b>BANORTE (1)</b>	<b>BANCEN (3)</b>	<b>TOTAL</b>
<b>Income Statement</b>			
Net Interest Income	977.2	1,059.6	2,036.8
Non Interest Income	576.9	(19.6)	557.3
Non Interest Expense	2,163.3	30.6	2,193.8
Other income (expense)	129.0	75.7	204.7
Extraordinary items, net	398.4	-	398.4
Net Income	(330.4)	1,091.8	761.3
<b>Balance Sheet</b>			
Assets	165,500	5,226	170,726
Loans	137,616	634	138,250
Deposits	119,493	-	119,493
Equity	7,344	2,285	9,629
Past Due Loans	4,329	320	4,649
Loan Loss Reserves	5,025	425	5,450
<b>Ratios</b>			
Non Interest Expense/ Total Assets	1.3%	0.6%	1.3%
% Past Due Loans	3.1%	50.5%	3.4%
Reserves / Past Due Loans	116.1%	132.8%	117.2%
% Capitalization (2)	14.0%	9.7%	13.1%

1) Includes a 96.11% participation of the Group.

2) Includes Market Risks. Using 2003 rules.

3) Excludes the AFORE.



## Inter-bank Eliminations Summary

(Millions of Pesos)	BANORTE	BANCEN	INTERBANK ELIMINATIONS
<b>Income Statement</b>			
Net Interest Income	(997.2)	997.2	-
Non Interest Income	-	-	-
Non Interest Expense	(25.9)	25.9	-
Other Income (expense)	-	-	-
Extraordinary items, net	-	-	-
<b>Balance Sheet</b>			
Assets	(2,538)	(393)	(2,931)
Cash and Due from Banks	(1,345)	(20)	(1,365)
Loans	(1,193)	-	(1,193)
Deposits	-	(278)	(278)
Due to Banks	(20)	(1,471)	(1,491)
Equity	-	(1,345)	(1,345)
Past Due Loans	-	-	-
Loan Loss Reserves	-	-	-
Investments in Subsidiaries	-	-	-
Deferred Taxes, (Liabilities) (*)	-	-	-
Deferred Taxes, (Assets)(*)	-	(95)	(95)
	-	(95)	(95)

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

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

## Reconciliation per Segments Table

(Millions of Pesos)	BANKING SECTOR	OTHER SECTORS	WITHOUT OT. SECT.	TOTAL GROUP
<b>Income Statement</b>				
Net Interest Income	2,036.8	96.1	(15.0)	2,117.9
Non Interest Income	557.3	281.0	-	838.3
Non Interest Expense	2,193.8	282.3	(15.3)	2,460.8
Other Income (expense)	204.7	(1.3)	(0.3)	203.1
Extraordinary items, net	398.4	-	-	398.4
<b>Balance Sheet</b>				
Assets	170,726	15,667	(12,185)	174,209
Loans	138,250	2,619	(1,225)	139,644
Deposits	119,493	-	(175)	119,318
Equity	9,629	12,290	(10,624)	11,295
Past Due Loans	4,649	50	-	4,699
Loan Loss Reserves	5,450	21	-	5,471

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

### Financial Statements basis for presentation.

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

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

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

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

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