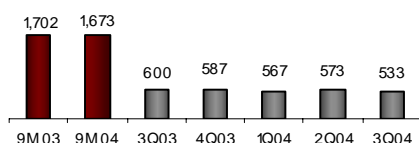
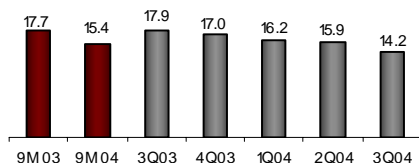


GFNorte accumulated a net profit of Ps 1,673 million as of 3Q04 and Ps 1,872 million before the extraordinary charge.

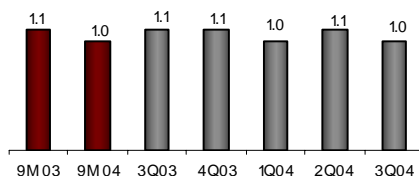
GFNORTE's NET INCOME
(Millions of Pesos)



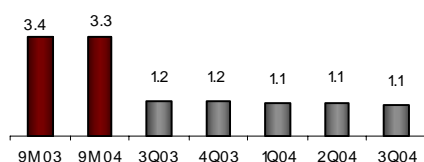
GFNORTE % ROE



GFNORTE % ROA



GFNORTE EPS



F

GRUPO FINANCIERO BANORTE

- By 3Q04, GFNorte's accumulated **net profit** reached Ps 1,673 million, a 1.7% drop vs. 3Q03 with a Banking Sector's contribution (excluding the Afore Pension Fund) of Ps 1,338 million. Excluding the extraordinary charge, the Group's net income was Ps 1,872 million, 10% higher than 9M03.
- The GFNorte General Stockholders Meeting held on October 4th decreed a cash **dividend** of 1.00 peso per share, payable on October 18. This is equivalent to a 22.7% payout and a 1.85% yield.
- The **Expense Reduction and Efficiency Program**, announced in late July, showed an important progress by the end of September downsizing 1,780 employees and closing 73 branches.
- GFNorte established commercial alliances with **Wells Fargo & Company** and **Citizens South Bank**, expanding Banorte's Remittance receiving points in the United States, mainly in the states of Texas and North Carolina.
- GFNorte, in a joint effort with Reuters, launched its **currency exchange portal** in real time, which is an automated on-line currency negotiating system. GFNorte is the first bank in Latin America to offer this tool.

BANKING SECTOR

- At an IPAB auction on September 14, 2004 Sólida Administradora de Portafolios **purchased a loan portfolio for Ps 422 million** made up of 2,724 Mortgage loans.
- Banorte, the Ministry of Economy and Nafin subscribed an **agreement to facilitate loans to Small and Medium Companies (Pymes)**. Banorte currently ranks first in placing Pymes Bank Loans with a 57% market share.
- Sólida Administradora de Portafolios, a subsidiary of Banorte specializing in recovering loan assets, was certified **ISO 9001:2000** by Société Générale de Surveillance, from Geneve, Switzerland.

Contacts:

Jorge Colin
Gabriela Renovato

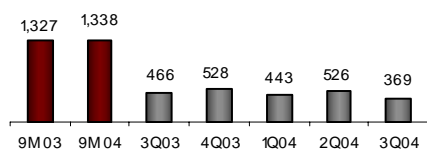
(5281) 8318 50 02
(5281) 8318 50 65

E-mail: investor@banorte.com
web page: www.banorte.com
web cast: www.banorte.com/ri

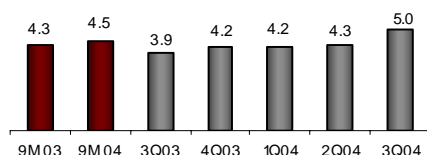
Highlights

BANKING SECTOR

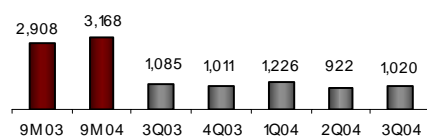
BANKING SECTOR'S NET INCOME (Millions of Pesos)



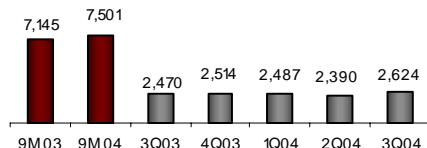
NIM



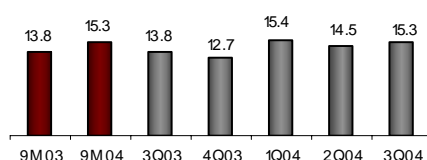
NOT INTEREST INCOME (Millions of Pesos)



NON INTEREST EXPENSE (Millions of Pesos)



CAPITALIZATION RATIO



Net Profit

The accumulated profits by 3Q04 were Ps 1,338 million (not including the Afore pension fund), a 1% increase vs. 3Q03, excluding the extraordinary charge it was 15% higher. Although the Operating Profit was greater than in 2003, higher Taxes and Profit Sharing dampened the positive impact.

Net Interest Margin

The accumulated Net Interest Margin (NIM) before Repomo increased from 4.3% in 9M03 to 4.5% in 9M04, mainly as a result of the growth in the loan portfolio, especially in consumer and mortgage loans. In the 3Q04 the NIM was 5.0%.

Non-Interest Income

The 3Q04 accumulated Non Interest Income was 9% higher than that of the same period last year. This is due mainly to the higher Service Fees and Forex despite the declining Trading income.

Non-Interest Expense

The 3Q04 Non Interest Expense increased 5% vs. last year as a result of the Ps 187 million in Expenses for personnel Severance Pay during 3Q04 as per the Expense Reduction and Efficiency Program, and to higher Administrative and Promotion Expenses incurred in greater promotional and business-making efforts.

Capitalization

The quarter closed with a 15.3% Capitalization ratio vs. 13.8% in 3Q03. This indicator increased because of the USD 300 million in Non Convertible Subordinate Debenture that were placed and also to the profits generated in the period.

Loan Portfolio

At the closing of 3Q04, the Loan Portfolio without Fobaproa/IPAB and Recovery showed a Ps 78,409 million balance; a 15% increase vs. 3Q03, highlighting consumer loan growth.

Asset Quality

The Banking Sector showed a substantial decrease in its past-due loans as a result of charge offs applied during 2Q04 of Ps 1,053 million of fully reserved non performing loans, from which Ps 940 million were charged off in order to clean the Balance Sheet. The Past-due loan portfolio closed the quarter with a Ps 2,767 million balance, which equates to a 3.4% past-due loan ratio, and a reserve coverage of 128%.

Executive Summary

Today Grupo Financiero Banorte announced its results at the close of the third quarter of 2004, showing a Net Profit of Ps 533 million in the quarter. The accumulated profit totals Ps 1,673 million, 1.7% lower than that observed last year after having incorporated the extraordinary charge of Ps 210 million derived from the Expense Reduction and Efficiency Program. GFNorte's ROE was 15.4% in the third quarter. Excluding the extraordinary charge, the annual profit was Ps 1,872 million an increase of 10%, equivalent to 17.2% ROE.

The Banking Sector contributed Ps 369 million to the 3Q04 profit, accumulating Ps 1,338 million from January to September 2004, 1% higher YoY. Excluding the extraordinary charge from the Expense Reduction and Efficiency Program, the annual profit was Ps 1,526 million, an increase of 15%. The Banking Sector accounted for 80% of the Group's profits. Revenue quality continues to improve, increasing the net interest income, the loan portfolio, recurring non interest income and expense control.

The net interest income for the 3Q04 was 5%, due to the improvement in the loan mix and the 75 basis points increase in the TIIE rate.

The accumulated service fees for the year rose 34% vs. the same period last year, mainly in credit cards, electronic banking and account management. Trading income (including Forex) fell 35% vs. the first 9 months of 2003 because of the increase in interest rates in 2004. Notwithstanding this increase, the Trading income (including Forex) for 9M04 was Ps 550 million.

The non interest expense rose 5% vs. the first 9 months last year due mainly to the incorporation of the extraordinary severance expenses made as per the Expense Reduction and Efficiency Program announced late last July, for a total of Ps 187 million, and to higher administrative and promotional expenses incurred to generate business. At the Group level severance expenses amounted Ps 210 million (Ps 199 million just majority interest). In the Banking Sector there was a downsize of 1,474 employees, and Group-wide the downsized employees totaled 1,780, which represents a 10% and 11% of the head-count, respectively. The efficiency ratio improved from 81% in 3Q03 to 75% in 3Q04.

Non-interest-bearing demand deposits rose 10% in the last twelve months, contributing to the optimization of our funding costs, whereas the total deposits showed a balance of Ps 162.4 billion in September.

The loan portfolio –excluding IPAB and the recovery unit- continued to show a sustained and sound growth. By the third quarter of 2004, it rose 15% YoY, reaching a balance of Ps 78.4 billion. Commercial loans rose 27% in one year, totaling Ps 26.3 billion. Corporate loans were over Ps 14.5 billion, and Government loans reached Ps 9.7 billion.

The most dynamic loans were consumer and commercial. The consumer loans represent 35% of the loan portfolio and offer wider margins. Payroll loans rose 78% YoY, closing with a balance of Ps 1.9 billion. Credit cards and auto loans rose 39% and 20% in one year, respectively, reaching balances of Ps 3.7 and Ps 5.7 billion, respectively. Mortgage loans held their upward trend to close the third quarter at Ps 16.5 billion, a 26% annual increase.

Banorte closed September with a past-due loan balance of Ps 2.7 billion, 23% lower YoY and a past-due loan ratio of 3.4%, with a reserve coverage of 128%.

The Long-term Savings Sector, made up of the Afore Pension Fund, Insurance and Annuities, totaled profits for Ps 221 million by the third quarter, a 1% increase YoY. This can be understood given the 47% annual increase in the Insurance company profit resulting from a greater volume of operations and the Seguros Generali de México merger in 2Q04.

The Auxiliary Organization Sector contributed with Ps 76 million up to Sept, a 9% increase YoY, whereas the Brokerage sector showed a Ps 52 million profit.

Grupo Financiero Banorte

Utilidad de Subsidiarias (Millones de Pesos)	ACCUMULATED			QUARTER		
	9M03	9M04	% CHANGE	3Q03	3Q04	% CHANGE
Banco Mercantil del Norte (1)	733	1,074	46%	284	276	(3)%
Banco del Centro	594	264	(56)%	182	93	(49)%
Banking Sector	1,327	1,338	1%	465	369	(21)%
Brokerage Sector (Brokerage House)	75	52	(32)%	42	12	(71)%
Afore	102	93	(9)%	43	43	1%
Insurance	71	104	47%	17	70	305%
Annuities	46	24	(48)%	7	7	(5)%
Long – Term Saving Sector	219	221	1%	68	121	78%
Leasing	20	26	29%	9	12	34%
Factoring	29	28	(4)%	9	17	82%
Warehousing	13	11	(13)%	5	4	(19)%
Bonding	7	11	45%	3	4	40%
Auxiliary Organization Sector	70	76	9%	25	36	43%
G. F. Banorte [holding]	10	(14)	(233)%	(1)	(5)	724%
Total	1,702	1,673	(2)%	599	533	(11)%

1) 96.11% owned by GFNorte.

Estado de Resultados del Grupo (Millones de Pesos)	ACCUMULATED			QUARTER		
	9M03	9M04	% CHANGE	3Q03	3Q04	% CHANGE
Net Interest Income (NII)	6,700	6,969	4%	2,066	2,610	26%
+ REPOMO-Margin	36	(43)	(220)%	7	(44)	(766)%
= NET Interest Income after Repomo	6,736	6,926	3%	2,072	2,565	24%
- Loan Loss Provisions	781	740	(5)%	171	317	85%
- Loss Sharing Provisions	49	64	31%	2	32	1,911%
= Net Interest Income after Provisions	5,906	6,122	4%	1,900	2,217	17%
+ Non Interest Income	3,968	4,330	9%	1,500	1,415	(6)%
= Total Operating Income	9,875	10,452	6%	3,400	3,632	7%
- Non Interest Expense	7,998	8,450(*)	6%	2,779	2,927(*)	5%
= Net Operating Income	1,877	2,001	7%	621	705	14%
- Non Operating Income (Expense) Net	1	20	1,449%	78	(54)	(169)%
= Pre-Tax Income	1,878	2,022	8%	699	651	(7)%
- Income Tax & profit sharing	265	345	30%	103	109	6%
- Tax on asset	32	47	49%	11	14	22%
- Deferred Income Tax & profit sharing	(76)	4	105%	(20)	13	166%
= Net Income before Subsidiaries	1,657	1,626	(2)%	604	515	(15)%
+ Undistributed Earnings of Subsidiaries	173	180	5%	48	71	49%
= Net Income-contin. Operation	1,829	1,806	(1)%	652	586	(10)%
+ Extraordinary Items, net	1	-	(100)%	-	-	-%
- Minority Income	128	133	4%	53	53	-%
=Net Income	1,702	1,673(*)	(2)%	599	533(*)	(11)%

(*) Includes Ps 210 millions of the extraordinary charge.

Figures are presented in constant pesos set at the close of September' 2004.

Group's Balance Sheet Highlights			
<i>(Millions of Pesos)</i>	3Q03	3Q04	% CHANGE
Performing loans excluding Fobaproa – IPAB (1)	71,146	82,070	15%
FOBAPROA Loans	86,747	72,165	(17)%
Past Due Loans	3,626	2,807	(23)%
Total Loans	161,520	157,042	(3)%
Loan Loss Reserves	4,598	3,596	(22)%
Total Assets	221,563	218,847	(1)%
Total Deposits	167,995	162,258	(3)%
Equity	14,657	16,308	11%
Assets under Management (2)	391,927	364,759	(7)%

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

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

GFNorte Share Data	ACCUMULATED			QUARTER		
	9M03	9M04	% CHANGE	3Q03	3Q04	% CHANGE
Net Income per Share <i>(Pesos)</i>	3.37	3.32	(2)%	1.19	1.06	(11)%
Dividends per Share <i>(Pesos)</i>	-	-	-	-	-	-
Book Value per Share (1) <i>(Pesos)</i>	27.07	30.26	12%	27.07	30.26	12%
Shares Outstanding <i>(Millions of Shares)</i>	504.6	504.6	-	504.6	504.6	-
Price <i>(Pesos)</i>	33.16	53.78	62%	33.16	53.78	62%
P/BV <i>(Times)</i>	1.22	1.78	45%	1.22	1.78	45%
Market Cap <i>(Billions)</i>	16.73	27.14	62%	16.73	27.14	62%

1) Excluding Minority holdings.

Indicadores Financieros del Grupo	ACCUMULATED		QUARTER	
	9M03	9M04	3Q03	3Q04
Profitability				
ROA (1)	1.1%	1.0%	1.1%	1.0%
ROE (2)	17.7%	15.4%	17.9%	14.2%
Operation				
Efficiency Ratio (3)	75.0%	74.8%	77.9%	72.7%
Assets Quality				
Past Due Loans to Total Loans	4.8%	3.3%	4.8%	3.3%
Loan Loss Reserves to past Due Loans	126.8%	128.1%	126.8%	128.1%

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

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

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

Banking Sector

Banking Sector's Financial Ratios	ACCUMULATED		QUARTER	
	9M03	9M04	3Q03	3Q04
Profitability				
NIM before Repomo (1)	4.3%	4.5%	3.9%	5.0%
ROA (2)	0.9%	0.9%	0.9%	0.7%
ROE (3)	16.0%	14.5%	16.3%	11.6%
Operation				
Efficiency Ratio (4)	76.9%	76.3%	81.4%	74.6%
Assets Quality				
% Past Due Loans w/o Fobaproa	5.0%	3.4%	5.0%	3.4%
Loan Loss Reserves to past Due Loans	127.6%	127.9%	127.6%	127.9%
Growths (5)				
Loans w/o Fobaproa –IPAB (7)	32.5%	14.6%	32.5%	14.6%
Traditional Deposits	10.4%	7.8%	10.4%	7.8%
Total Deposits	18.8%	(3.5)%	18.8%	(3.5)%
Capitalization				
Net Capital/ Credit Risk Assets (6)	17.4%	18.5%	17.4%	18.5%
Total Capitalization Ratio (6)	13.8%	15.3%	13.8%	15.3%

1) MIN= Annualized Net Interest Margin before REPOMO / Average Earnings Assets.

2) Annualized earnings as a percentage of the average of quarterly assets over the period.

3) Annualized earnings as a percentage of the average of quarterly equity over the period

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

5) Growth versus the previous period.

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

7) Does not include Fobaproa / IPAB and Loans managed by Recovery Banking.

Information by Sectors

1.- Banking Sector

Income Statement <i>(Millions of Pesos)</i>	ACCUMULATED			QUARTER		
	9M03	9M04	% CHANGE	3Q03	3Q04	% CHANGE
Net Interest Income after Repomo	6,435	6,643	3%	1,963	2,476	26%
- Loan Loss and Loss Sharing Provisions	816	771	(6)%	166	349	110%
• Service	1,626	2,180	34%	610	762	25%
• Recovery	431	438	2%	243	185	(24)%
• Foreign Exchange	319	341	7%	106	62	(41)%
• Trading (Securities- Realized and unrealized gains)	532	209	(61)%	126	12	(91)%
+ Non Interest Income	2,908	3,168	9%	1,085	1,020	(6)%
= Total Operating Income	8,528	9,039	6%	2,882	3,147	9%
- Non Interest Expense	7,145	7,501(*)	5%	2,470	2,624(*)	6%
= Net Operating Income	1,382	1,539	11%	412	523	27%
- Non Operating Income (Expense) Net	34	81	139%	86	(41)	(148)%
= Pre-Tax Income	1,416	1,620	14%	498	482	(3)%
- Income Tax & profit sharing	71	263	272%	29	81	182%
= Net Income before Subsidiaries	1,346	1,357	1%	469	401	(14)%
+ Undistrib. Earnings of Subsid, Extraord. Items & Minority Income	113	118	4%	51	23	(56)%
=Net Income	1,459	1,475(*)	1%	520	424(*)	(18)%

(*) Includes Ps 187 millions of the extraordinary charge.

The Banking Sector's accumulated profit in 3Q04 (100% including the Afore pension fund using the participation method) rose Ps 1,475 million, 1% higher than in 9M03, and excluding severance expenses in 3Q04, it was 15% higher. Compared to 3Q03, the quarterly profit was 18% lower, with a Ps 424 million earning. And excluding severance expenses was 19% higher. The accumulated Net Interest Income after Repomo, rose 3% vs. 9M03 principally because of the increase in the loan portfolio. The Loan Loss and Loss Sharing Provisions were 6% lower YoY although when adding the Ps 264 million of reserve restitution against Capital made in 1Q04 they were 27% higher. The accumulated Non Interest Income rose 9% YoY due mainly to the higher income from Services, despite the substantial drop in Trading Income. Non Interest Expenses increased 5% vs. 9M03 given the higher Personnel Expenses, which included the Ps 187 million of severance expenses in 3Q04, and higher Administrative and Promotion Expenses for business-generating efforts. Non Operating Income (Expense) increased 139% vs. 9M03 mainly because of an increase in Recoveries, which more than offset the negative effect of Repomo. The effective Tax and Profit Sharing rate in 9M04 was 16.2% vs. last year's 5.0%, mainly due to a greater Profit Sharing in Banorte and higher deferred Income Tax and Profit Sharing.

Net Interest Income

Banking Sector Net Interest Income (Millions of Pesos)	ACCUMULATED			QUARTER		
	9M03	9M04	% CHANGE	3Q03	3Q04	% CHANGE
Interest Income	16,718	16,624	(1)%	4,475	6,115	37%
Interest Expense	10,883	10,296	(5)%	2,704	3,715	37%
Loan Fees	590	394	(33)%	195	119	(39)%
Fees Paid	41	63	54%	16	22	38%
Net Interest Income before Repomo	6,384	6,658.2	4%	1,950	2,497	28%
Average Earning Assets	196,016	198,534	1%	198,792	199,254	-%
NIM before REPOMO (1)	4.3%	4.5%		3.9%	5.0%	

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

During 9M04 the Net Interest Margin before Repomo increased 4% vs. last year. The NIM moved from 4.3% to 4.5% as a result of the various factors that influenced its performance as follows:

Increase:

- A 12% annual growth in the loan portfolio, without Fobaproa/IPAB.
- Improved loan mix, with a more rapid growth in Consumer and Commercial loans; being those the ones with greater margins.
- The average peso's depreciation vs. the dollar: from 10.71 pesos/dollar in 9M03 to 11.31 pesos/dollar in 9M04.
- The change in the foreign currency net assets valuation in 3Q04.

Decrease:

- Lower market interest rates: the average 28-day Cete went from 6.56% in 9M03 to 6.33% in 9M04, and the TIIE from 7.17% to 6.69%.
- Lower Loan Fees in the period due to the reclassification of some credit card fees to Non Interest Income as of 1Q04.
- A reduction in the differential between the average 28-day Cete and the 28-day TIIE rates, from 61 bp to 36 bp, as the IPAB portfolio and a large part of the loan portfolio are referred to the latter.

The Net Interest Margin before Repomo in 3Q04 rose 28% vs. 3Q03, thus the NIM went from 3.9% to 5.0% because of the following factors:

Increase:

- A 12% growth in the loan portfolio without Fobaproa/IPAB.
- The average peso's depreciation vs. the dollar: from 10.86 pesos/dollar in 3Q03 to 11.39 pesos/dollar in 3Q04
- Higher average interest rates in 3Q04, as the 28-day Cete went from 4.60% to 7.09% and the TIIE from 5.09% to 7.46%.
- The accounting change in the way the foreign currency net asset valuation is distributed between Net Interest Income and Foreign Exchange (in Non Interest Interest Income) which had a positive impact in 3Q04 of Ps 126 million vs 2Q04.

Decrease:

- A reduction in the differential between the average 28-day Cete and the 28-day TIIE rates, from 49 bp to 37 bp, as the IPAB portfolio and a large part of the loan portfolio are referred to the latter.
- Lower Fees in the period due to the reclassification of some credit card fees to Non Interest Income as of 1Q04.

The following analysis of the Net Interest Margin with a breakdown of the interest-generating assets shows an increase in the accumulated Net Interest Margin from the Loan Portfolio from 7.4% to 8.2%, and a reduction in the Margin from IPAB Promissory Notes from 2.9% to 2.7%, as well as a drop in the concept of Others (which, for the purpose of this analysis, includes Deposits in Banxico, Deposits in Other Banks and Stock Portfolio) from 2.4% to 1.5%.

Net Interest Income & NIM by type of asset	ACCUMULATED				QUARTER			
	VOL 9M03	%	VOL 9M04	%	VOL 3Q03	%	VOL 3Q04	%
<i>(Millions of Pesos)</i>								
Loan Portfolio	66,101	7.4%	74,623	8.2%	66,547	7.8%	77,191	8.7
FOBAPROA / IPAB	90,624	2.9%	74,723	2.7%	88,247	2.2%	72,615	3.2
Other ⁽¹⁾	39,292	2.4%	49,188	1.5%	43,999	1.5%	49,448	1.9
TOTAL	196,016	4.3%	198,534	4.5%	198,792	3.9%	199,254	5.0

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

Non Interest Income

Non Interest Income <i>(Millions of Pesos)</i>	ACCUMULATED			QUARTER		
	9M03	9M04	%	3Q03	3Q04	%
+ Fund Transfers	138	148	7%	47	44	(6)%
+ Account Management Fees	521	690	32%	193	274	43%
+ Fiduciary (1)	136	141	3%	47	48	3%
+ Credit Card	482	890	84%	162	306	89%
+ Income From loan portfolios acquired (1)	459	522	14%	162	201	24%
+ Electronic Banking Services	188	254	35%	62	100	61%
+ From Fobaproa (3)	349	327	(6)%	264	142	(46)%
+ Other Fees	441	356	(19)%	155	76	(51)%
Fees on purchased services:	2,715	3,327	23%	1,091	1,191	9%
+ Fund Transfers	-	-	-%	-	-	-%
+ Other Fees (2)	356	355	-%	128	105	(18)%
+ Expense From loan portfolios acquired (2)	302	354	17%	111	139	26%
Fees Paid :	658	709	8%	238	244	3%
=Net Fees	2,057	2,618	27%	853	946	11%
+ Foreign Exchange	319	341	7%	106	62	(41)%
+ Securities- Realized gains	521	185	(64)%	73	41	(44)%
+ Securities- Unrealized gains	11	24	115%	53	(29)	(155)%
Trading Income	851	550	(35)%	232	74	(68)%
= Non Interest Income	2,908	3,168	9%	1,085	1,020	(6)%

1) The Income from the Serfin loan collecting, which used to be grouped as Trustee, in now included in the Acquired Loans Income concept.

2) The investment amortization on the purchase of the Serfin portfolio, which used to be grouped under Other Paid Fees, is now included in Acquired Loans Expenditures.

3) Includes Fees received by Recovery Banking and by the Bank.

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

Non Interest Income <i>(Millions of Pesos)</i>	ACCUMULATED			QUARTER		
	9M03	9M04	%	3Q03	3Q04	%
Service	1,626	2,180	34%	610	762	25%
Recovery	431	438	2%	243	185	(24)%
Foreign Exchange	319	341	7%	106	62	(41)%
Trading (Securities- Realized and unrealized gains)	532	209	(61)%	126	12	(91)%
= Non Interest Income	2,908	3,168	9%	1,085	1,020	(6)%

The Non Interest Income for 9M04 rose 9% YoY and in 3Q04 it dropped 6% vs. 3Q03. These variations were due to the various factors explained below:

Service Fees:

Annualized fees rose 34% YoY due mainly to increases in the Fees charged on Credit Cards 84% (given the larger transaction volumes and the reclassification of some fees as of 1Q04 that used to be included in the Net Interest Margin), Account Management Fees 32%, and in Electronic Banking Services 35%. For the quarter, Service Fees rose 25% vs. 3Q03 given the 89% increasing in Credit Card fees (greater volume and reclassification of some fees as of 1Q04), the 61% increase in Electronic Banking Services, and the 43% increase in Account Management Fees.

Recovery:

Non Interest Income <i>(Millions of Pesos)</i>	ACCUMULATED			QUARTER		
	9M03	9M04	%	3Q03	3Q04	%
SERFIN						
Income	339	289	(15)%	127	104	(8)%
- Expense	204	171	(17)%	84	71	(15)%
= Net Fees from Serfin	135	118	(12)%	43	33	(23)%
LOAN PORTFOLIOS ACQUIRED						
Income	119	233	95%	35	96	176%
- Expense	98	184	88%	27	68	152%
= Net Income from loan portfolios acquired	22	50	126%	8	28	260%
FOBAPROA FEES						
From FOBAPROA (*)	274	270	(1)%	192	123	(38)%
= Fobaproa Fees	274	270	(1)%	192	123	(38)%
Non Interest Income – Recovery Bank	431	438	2%	243	185	(24)%

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

The accumulated Non Interest Income derived from loan Recovery was 2% higher YoY, with a 126% increase in the Net Income from loan portfolios acquired and a 12% drop in the Net Fees Income from the Serfin portfolio. The quarterly income of Recovery Banking dropped 24% vs. 3Q03. The highest net contribution was made by Fees Charged to Fobaproa, which accounted for 67% of the total.

Foreign Exchange:

The accumulated Forex income increased 7% vs. 9M03, from Ps 319 million to Ps 341 million, and fell 41% in 3Q04 vs. 3Q03 because of a decrease in foreign currency net asset valuation given a recording adjustment of this concept between Net Interest Income and Forex since mid 2Q04, showing an Ps 82 million decrease vs 2Q04.

Trading:

Trading Income for 9M04 dropped substantially vs. 9M03, from Ps 532 million to Ps 209 million, mainly because of the fall in the Security Realized Gains as a result of the increase in interest rates during the year. For 3Q04, Trading Income was 91% lower than in 3Q03 given the negative impact of a marked drop in the interest rates and the positive effect in 3Q04 when they increased.

Non Interest Expense

Non Interest Expense <i>(Millions of Pesos)</i>	ACCUMULATED			QUARTER		
	9M03	9M04	% CHANGE	3Q03	3Q04	% CHANGE
Personnel Expenses	2,972	3,253	9%	977	1,218	25%
+Professional Fees	334	364	9%	129	128	(1)%
+Administrative and Promotion Expenses	1,757	1,821	4%	642	626	(3)%
+Rent, Depreciation & Amortization	1,047	1,100	5%	375	354	(6)%
+Tax other than income tax	471	406	(14)%	158	107	(32)%
+Contributions to IPAB	564	557	(1)%	189	191	1%
- Corporate Expense Recoveries	-	-	-%	-	-	-
= Non Interest Expense	7,145	7,501	5%	2,470	2,624	6%

The accumulated Non Interest Expense for the year rose 5% vs. the same period in 2003. The reason was an increase in Personnel Expenses to cover the severance expenses for 1,474 employees in 3Q04 for a total of Ps 187 million, derived from the Expense Reduction and Efficiency Program announced late in July 2004. Professional Fees rose 9.0% due mainly to the start of a new project of technology for credit cards and other project to measure operating risk. Administration and Promotion Expenses rose 4% due mainly to increased advertising campaigns for Products and Image, an increase in the Payment of Mortgage Loan Insurance Premiums given the growth of the mortgage portfolio, and to greater maintenance expenses. Rents, Depreciations and Amortizations rose 5% due mainly to the fact that as

of June 2003 the 3-year amortization of the Operating and Technological Integration project started and the accelerated depreciation of the closing of 4 branches as of 2004. Other Taxes fell 14% as a result of lower VAT in 3Q04.

The Non Interest Expense for 3Q04 was 6% higher than in 3Q03 basically because of the severance pay expense incurred in this quarter for Ps 187 million, a result of the Expense Reduction and Efficiency Program. All the other expense concepts showed reductions given the expense control efforts.

Expense Reduction and Optimization Program

In 3Q04 there was significant progress in the Expense Reduction and Efficiency Program announced last July, with a downsizing of 1,780 employees in the administrative areas and the closing of 73 branches on September 30th. This Program includes a total reduction of 2,119 employees and the closing of 80 branches, and will be completed in 4Q04.

The total estimated cost in severance expenses at the Group level will be Ps 226 million, Ps 210 million of which were included in the 3Q04 Personnel Expense, and the rest will be included in 4Q04.

GFNORTE PERSONNEL DOWNSIZING	3Q04				4Q04	
	BANK		OTHER	TOTAL	TOTAL	TOTAL
No. of Employees	STAFF	BUSINESS	SUBSIDIARIES	GROUP	GROUP	PROGRAM
Senior Management	71	88	10	169	3	172
General Employees	570	745	296	1,611	336	1,947
	641	833	306	1,780	339	2,119
Severance Pay Expense (Millions of pesos)				210	16	226

Non Operating Income (Expense) Net

Non Operating Income (Expense) (Millions of Pesos)	ACCUMULATED			QUARTER		
	9M03	9M04	% CHANGE	3Q03	3Q04	% CHANGE
+Other Revenues	298	341	14%	131	124	(5)%
+Foreign Exchange	-	-	-%	-	-	-%
+Recoveries	146	250	72%	68	28	(59)%
+Repomo-other revenues	10	14	47%	3	6	85%
=Non Operating Income	453	605	34%	202	158	(22)%
-Other Expenses	(242)	(300)	24%	(54)	(107)	96%
-Foreign Exchange	(2)	-	(100)%	(2)	-	(100)%
-Repomo-other expenses	(176)	(225)	28%	(60)	(92)	54%
=Non Operating Expense	(419)	(525)	25%	(116)	(199)	71%
= Non Operating Income (Expense) Net	34	81	139%	86	(41)	(148)%

The net accumulated Result of Non Operating Income (Expense) for 9M04 was Ps 81 million vs. Ps 34 million in 1Q04. This variation was due mainly to the following factors:

Other Revenues:

- Cancellation of Ps 150 million in Bancen's Loan Reserve surplus in 2Q04. This was registered in Other Income (See Annex 3).
- A 72% increase in Recoveries from taxes (VAT), Dividends received on insurance policies, and the cancellation of Diverse Creditors.

Other Expenses

- A 28% increase in Repomo, due to a higher inflation rate than in 9M03 (3.37% in 9M04 vs. 2.30% in 9M03).

The net result of Non Operating Income (Expense) for 3Q04 was a negative Ps 41 million compared with the Ps 86 million in 3Q03. The variation is due mainly to a 59% reduction in Recoveries, a 96% increase in Other Expenses

derived mainly from write offs, and to the 54% increase in the Repomo - Other Expenses.

Loan Portfolio

LOAN PORTFOLIO <i>(Millions of Pesos)</i>	3Q03	3Q04	% CHANGE
Consumer	21,553	27,814	29%
Commercial	20,750	26,264	27%
Corporate	16,896	14,562	(14)%
Government	9,239	9,768	6%
Sub Total	68,438	78,409	15%
Recovery Banking	3,578	2,521	(30)%
Total	72,016	80,930	12%

CONSUMER <i>(Millions of Pesos)</i>	3Q03	3Q04	% CHANGE
Mortgages	13,083	16,542	26%
Automobile	4,798	5,753	20%
Credit Card	2,622	3,650	39%
Electronic Payroll	1,050	1,869	78%
Total Consumer	21,553	27,814	29%

<i>(Millions of Pesos)</i>	3Q03	3Q04	% CHANGE
Fobaproa / IPAB Loans	86,744	72,165	(17)%
Past Due Loans	3,582	2,767	(23)%

Total Loans without Fobaproa/IPAB showed an annualized increase of 12%, from Ps 72,020 to Ps 80,930 million, and 14.6% if excluding the loan portfolio managed by the Recovery Banking. This increase, per loan types, is explained below:

- Mortgage Loans rose 26% thanks to 9,594 new loans. Consumer Loans showed an important increase as reflected in Automobile Loans that rose 20% as a result of the 38,132 new loans; the Credit Card portfolio rose 39% because of the promotional efforts to attract new clients and to increase usage among our existing clients; Electronic Payroll Loans increased 78% from the 179,898 new loans.
- Commercial Loans rose 26% mainly because of the new loans granted to medium and small companies (Pymes).
- Corporate Loans fell 14% because of payments made by some important clients and the loan placement strategy that strives for greater profitability focusing on intermediate corporations.
- The Government Loans rose 6% given the new loans granted, particularly to state and municipal governments.
- The Fobaproa/IPAB portfolio fell 17% because of Ps 10,810 million in pre-payments received over the last 12 months.
- The exchange rate had a favorable impact on the loans in dollars, as the exchange rate depreciated from 11.01 pesos/dollar to 11.39 pesos/dollar from 3Q03 to 3Q04.

Past-due loans dropped 23% vs. 3Q03 mainly because during 2Q04 Ps 940 million of fully reserved-past due loans were charged off with the intention of cleaning the balance as these loans were hard to recover. The quarter closed at Ps 2,767 million, equivalent to a Past-due Loan ration of 3.4%.

Classified Loans

Millions of Pesos		RESERVES			
Category	LOANS	COMMERCIAL	CONSUMER	MORTGAGE	RESERVES
A	68,248	324	46	65	435
B	6,367	105	125	178	408
C	2,306	384	151	175	710
D	1,300	48	296	578	923
E	494	329	153	-	482
Total	78,716	1,190	770	996	2,957
Not Classified	(129)				
Exempted	76,281				
Total	154,868				2,957
Reserves					3,540
Excess / (Deficit)					583

Note : Consolidated with UDIS. With September 04, 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.

The quarter closed with a balance of Ps 3,540 million in Loan Loss Reserves and Ps 583 million in surplus reserves, Ps 156 million of which were set aside for Fobaproa contingencies.

Loan Loss Reserves	3Q04
(Millions of Pesos)	Total
PREVIOUS PERIOD END BALANCE	3,745
Provision taken in the period	316
Recovery of penalized debts	25
Adjustment to fiduciary liabilities	-
Cancellation of reserve surplus vs. Results	-
Charge offs and discounts:	
Commercial Portfolio	(342)
Consumer Portfolio	(87)
Mortgage Portfolio	(43)
Foreclosed assets	-
	(472)
Cost of debtors support programs	(30)
Valuation and Others	(44)
LOAN LOSS RESERVES AT PERIOD END	3,540

During the quarter Ps 316 million were provisioned through the Income Statement and Ps 472 million were taken out through Charge offs and discounts associated with Loan recoveries and restructurings, from which Ps 342 million came from Commercial Loans, Ps 87 million from Consumer Loans, and Ps 43 million from Mortgage Loans. The balance for Loan Loss Reserves at the close of 3Q04 was Ps 3,540 million.

Reserve Coverage

Reserve Coverage <i>(Millions of Pesos)</i>	Past Due Loans	Reserves	Reserves/Past Due Loans
Comercial	928	928	100.0%
Financial Intermediaries	-	-	-
Consumer	501	501	100.0%
Mortgage	1,324	1,324	100.0%
Government Entities	14	14	100.0%
Surplus	-	773	-
Total	2,767	3,540	127.9%

The Banking Sector's Reserve coverage at the close of 3Q04 was 127.9% which is similar to the 127.6% of the 2Q04, and ended with a surplus of Ps 773 million after covering 100% of the different types of loans.

Deposits

Deposits <i>(Millions of Pesos)</i>	3Q03	3Q04	% CHANGE
Demand Deposits-w/o Interests	23,903	26,264	10%
Demand Deposits -with Interests (1)	36,200	38,583	7%
Demand Deposits	60,103	64,847	8%
Time Deposits - Retail	33,565	36,152	8%
Core Deposits	93,667	100,999	8%
Money Market (2)	74,549	61,399	(18)%
Total Deposits	168,216	162,398	(4)%
Out- of Balance Trading	57,010	69,191	21%
Assets Under Management	225,226	231,589	3%

(1) Includes Debit Cards.

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

Total Deposits closed the quarter at Ps 162,398 million, 3% less than in 3Q03 due to a 18% decrease in Money Market deposits as a result of lower funding needs from Treasury that has been using the US dollar funding surplus to fund peso operations(*). Core Deposits increased 8% given the 8% increase in Demand Deposits and 8% in Certificates of Deposit. Assets Under Management totaled Ps 231,589 million, 3% higher than in 3Q03. Banorte continues with its strategy of deposit cost mixture optimization reaching a 40% share of Demand Deposits with respect to Overall Deposit vs. 36% in 3Q03.

(*) Due to these kind of operations Other Payable accounts showed a 100% increase in 3Q04 on the Balance Sheet, where 24 and 48 hrs US dollar buying operations are reflected.

Capitalization

Capitalization <i>(Millions of Pesos)</i>	3Q03	3Q04
Tier 1 Capital	11,915	13,282
Tier 2 Capital	2,547	4,464
Net Capital	14,461	17,746
Credit risk assets	83,344	95,714
Net Capital/ Credit Risk Assets	17.4%	18.5%
Total risk assets (1)	104,754	116,050
Tier 1	11.4%	11.4%
Tier 2	2.4%	3.8%
Capitalization Ratio	13.8%	15.3%

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

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

Figures are presented in constant pesos set at the close of September' 2004.

The Banking Sector's capitalization ratio at the close of 3Q04 was 15.3% considering loan and market risks, and 18.5% considering only loan risks. The Tier 1 capital ratio was 11.4% and 3.8% for Tier 2. Net Capital and the capitalization ratio rose vs. 3Q03 mainly because of the issuance of Non Convertible Subordinate Debentures equivalent to USD 300 million in 1Q04 (computed as Tier 2 Capital) and to the generation of profit in the last year.

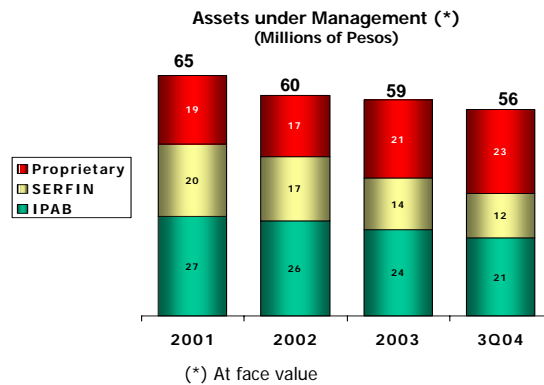
Recovery Banking

Achievements

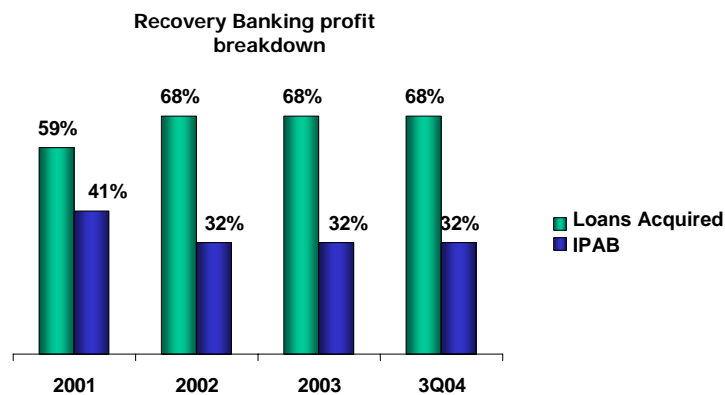
The Banorte Recovery Banking has been the most important loan recovery and asset administration unit in the Mexican market since it was established in 1997. For the last 3 years, it has contributed with about 30% of the Group's Banking Sector profits. Its most outstanding achievements include: the purchase of around 40% of the portfolios auctioned by the IPAB and other banks as of today, an average collecting rate close to 40%, and having performed the first securitization of mortgage loans in Mexico which received a "AAA" rating by Fitch, which means "the highest loan quality" and represents the highest rating given by Fitch Mexico in the scale of domestic ratings.

Current Situation

At present, it manages Ps 56,120 million in assets, as shown in the following chart:



The contribution that the income from acquired loans (Proprietary) make to this business unit's profit has become increasingly important, more so than those from the IPAB portfolio administration.



Note: Serfin is included in Loans Acquired.

Figures are presented in constant pesos set at the close of September' 2004.

Loan Purchases in 3Q04

During 3Q04, a IPAB loan portfolio was purchased for a face value of Ps 422 million, made up of 2,724 mortgage loans. This operation was performed through Sólida Administradora de Portafolios.

Future Plans

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

Recovery Banking

Recovery Banking Income Statement (Millones de Pesos)	ACCUMULATED	
	9M03	9M04
Net Interest Income	(8)	39
+REPOMO-margin	-	-
= Net Interest Income After REPOMO	(8)	39
- Loan Loss Provisions	69	64
= Net Interest Income After Provisions	(78)	(25)
+ Fiduciary	135	118
+ Fobaproa Fees (1)	274	270
+ Other Fees	116	162
Non Interest Income	525	550
= Total Operating Income	447	525
Non Interest Expense	166	130
= Net Operating Income	282	394
- Other Revenues and Expenses	37	-
= Pre-tax Income	319	394
- Income Tax & Profit Sharing	-	-
- Tax on Asset	-	-
- Deferred Income Tax & Profit Sharing	-	-
= Net Income before Subsidiaries	319	394
+ Undistributed Earnings of Subsidiaries	18	78
= Net Income-continuous Operation	338	472
+ Extraordinary Items, net	-	-
- Minority Income	-	-
= Total Net Income	338	472

(1) Net Figures.

(2) Includes Net Income From Loan Portfolios.

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

Assets Under Management (Millions of Pesos)	3Q04	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
Fobaproa-IPAB: Portfolios			
Banking Sector (1)	16,933	Out of balance trusts	Fees from FOBAPROA
Serfin	9,090	Serfin Trust	Fiduciary
Reposessed assets	7,251	Out of balance trusts	Fobaproa fees and Fiduciary
	33,274		
Loans purchased to IPAB and to Other Banks:	16,976	Sólida Administradora de Portafolios Bancen	Undistributed Earnings from Subsidiaries (Sólida) and Non Interest Income (Bancen)
Banking Sector Portfolio:(2)			
Banking Sector	4,522	Banorte's Portfolio	Net Interest Income
Reposessed assets	1,348	Banorte's Reposessed assets	Other Revenues and Expenses
	5,870		
Total	56,120		

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

(2) Includes Ps 2,521 millions of Portfolio managed by the Recovery Bank since 1997, originated from the economic crisis.

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 and its future contribution will depend on the development of this business unit as well as that of the Traditional GFNorte Banking Business.

A breakdown of the Recovery Banking contribution to the earnings of the Banking 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 and to other banks. Additionally, it administrates own portfolio which, given its characteristics, have been transferred to be collected through the Recovery Banking.

Recovery Banking Contribution (Millions of Pesos)	ACCUMULATED	
	9M03	9M04
Traditional Banking Net Income	1,121	1,003
Recovery Bank Net Income	338	472
Banking Sector Net Income(*)	1,459	1,475
= % of Contribution	23%	32%

(*) Banking Sector 100.0%

The Recovery Banking contributed with Ps 472 million to the Banking Sector's 9M04 profit; equivalent to a contribution of 32%

As of June, Banorte has Ps 6,878 million in Fobaproa notes derived from the sale of loans to this entity in 1995 and 1996, and Ps 65,287 million in loans to IPAB from the three banks acquired (Bancen and Banpais in 1997 and Bancrecer in 2001), with the following characteristics:

ORIGINATION (Millions of pesos)	BALANCE AS OF 3Q04	YIELD	MATURITY	LOSS SHARING
BANCEN – BANPAIS – Banks Acquired	19,034	TIIE + 85 pb	2010	NO
BANCRECER – Bank Acquired	46,253	TIIE + 40 pb	2009	NO
BANORTE – Sale of Loans to Fobaproa	6,878	CETES – 135 pb	2005/2006	YES
	72,165			

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

2.- Brokerage Sector

Brokerage Sector (Millions of Pesos)	ACCUMULATED			QUARTER		
	9M03	9M04	% CHANGE	3Q03	3Q04	% CHANGE
Brokerage House						
Net Income	75	52	(32)%	42	12	(71)%
Equity	419	490	17%	419	490	17%
Assets under Management	139,382	101,961	(27)%	139,382	101,961	(27)%
Total Assets	577	613	6%	577	613	6%
ROE %	26.7%	14.6%		41.9%	10.0%	

The **Brokerage Sector** (Casa de Bolsa – Brokerage House) showed an accumulated profit in 9M04 of Ps 52 million, 32% lower YoY. The 3Q04 profit was Ps 12 million, which is 71% lower than in 3Q03, explained by the 36% reduction in Money Market income as a result of the increase in the 28- and 91-day Cetes rates. However, there was a Ps 5,491 million increase in average deposits, that is 17% higher than in the previous quarter. There was also a Ps 6 million extraordinary charge in severance expenses as a result of the Expense Reduction and Efficiency Program.

Moreover, Stock Mutual Funds Income showed a 39% increase in their total assets over the last twelve months given the Stock Market's favorable performance. Fixed Income Securities Mutual Funds of Banorte have obtained well over the average yield of competitors. Assets under Management decreased by 27% due to the transfer of resources of important clients in 3Q04. The Brokerage House has a 10.3% share in the stock market, ranking 4th in volume of operations.

3.-Long Term Savings Sector

Long Term Savings Sector (Millions of pesos)	ACCUMULATED			QUARTER		
	9M03	9M04	% CHANGE	3Q03	3Q04	% CHANGE
Afore						
Net Income	201	183	(9)%	84	85	1%
Equity	1,290	1,289	-%	1,290.2	1,288.7	-%
Total Assets	1,570	1,452	(7)%	1,570	1,452	(7)%
Assets under Management (SIEFORE)	24,460	29,466	21%	24,460	29,466	21%
ROE %	22.5%	20.4%		26.9%	27.3%	
Insurance						
Net Income	139	204	47%	34	138	305%
Equity	378	730	93%	378	730	93%
Total Assets	2,637	4,127	56%	2,637	4,127	56%
Technical Reserves	1,951	2,617	34%	1,951	2,617	34%
Premiums sold	1,389	1,517	9%	456	694	52%
ROE %	58.9%	46.4%		37.7%	83.2%	
Annuities						
Net Income	90	47	(48)%	15	14	(5)%
Equity	226	239	6%	226	239	6%
Total Assets	5,004	5,590	12%	5,004	5,590	12%
Technical Reserves	4,768	5,338	12%	4,768	5,338	12%
Premiums sold	231	578	150%	73	160	119%
ROE %	65.0%	27.9%		26.8%	23.9%	

The **Afore** showed an accumulated Net Profit of Ps 183 million (51% correspond to Bancen), 9% lower than last year's because of the 0.7% to 0.6% reduction in fees over balance since January 2004. The 3Q04 profit was 1% higher than in 3Q03 due to the increasing number of affiliates. In 3Q04 there were a total of 2,881,906 affiliates for a 10.4% market share in certified accounts. The Assets Managed by SIEFORE increased 21% vs. 3Q03 because of the 12% increase in the number of affiliates and the business strategy of attracting higher-income clients.

The **Insurance Company** showed an accumulated profit of Ps 204 million in the year (51% correspond to GFNorte), a 47% increase vs. 9M03 as a result of the Seguros Generali México merger in 2Q04 and to a higher profit in 3Q04 that reached Ps 138 million, 305% higher than in 3Q03. This increase was due to various factors: a substantial decrease in claims, the release of a Ps 37 million surplus in Technical Reserves, and the higher policy issuance income equivalent to Ps 21 million. The premiums issued in 9M04 were Ps 1,517 million, 9% greater than in last year.

The **Annuities Company** accumulated a Ps 47 million profit in the year (GFNorte accounts for 51%), 48% lower than last year because in late 2003 Social Security pension delivery was reactivated, substantially increasing the

Technical Reserves. The 3Q04 profit was Ps 14 million, a 5% drop vs. 3Q03 given the higher Technical Reserves generated by a 119% increase in Premiums sold. The Company currently ranks 2nd in the industry in premiums sold.

Auxiliary Organizations Sector (Millions of Pesos)	ACCUMULATED			QUARTER		
	9M03	9M04	% CHANGE	3Q03	3Q04	% CHANGE
Leasing						
Net Income	20	26	29%	9	12	34%
Equity	196	174	(11)%	196	174	(11)%
Loan Portfolio	1,302	1,874	44%	1,302	1,874	44%
Past Due Loans	30	14	(54)%	30	14	(54)%
Loan Loss Reserves	16	20	20%	16	20	20%
Total Assets	1,373	1,889	38%	1,373	1,889	38%
ROE %	14.7%	18%		18.0%	24.7%	
Factoring						
Net Income	29	28	(4)%	9	17	82%
Equity	210	236	12%	210	236	12%
Loan Portfolio	3,168	3,452	9%	3,168	3,452	9%
Past Due Loans	14	26	93%	14	26	93%
Loan Loss Reserves	12	37	197%	12	37	197%
ROE %	3,166	3,438	9%	3,166	3,438	9%
Total Assets	20.1%	16.7%		18.0%	29.1%	
Warehousing						
Net Income	13	11	(13)%	5	4	(19)%
Equity	72	87	21%	72	87	21%
Inventories (*)	281	198	(29)%	281	198	(29)%
Total Assets	338	322	(5)%	338	322	(5)%
ROE %	25.1%	17.9%		25.8%	17.4%	
Bonding						
Net Income	7	11	45%	3	4	40%
Equity	96	110	15%	96	110	15%
Total Assets	241	299	24%	241	299	24%
Technical Reserves	95	130	37%	95	130	37%
Premiums sold	84	141	68%	26	38	47%
ROE %	10.8%	13.8%		10.7%	13.1%	

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

The **Leasing Company** registered an annualized profit of Ps 26 million, a 29% increase vs. 9M03. This was due mainly to a considerable 44% increase in its loan portfolio vs. 3Q03. The 3Q04 profit was Ps 12 million, 34% higher than in 3Q03 given the greater loan placement volume. The past-due loan ratio closed 3Q04 at 0.7%, which is an important improvement over the 2.3% in 3Q03. Past-Due Loan reserve coverage is 141%. At present the Company ranks 3rd among the 27 Leasing Companies, with a 10.0% market share.

The **Factoring Company** showed a Ps 28 million profit in the year, 4% lower than in 9M03 mainly because of the creation of higher loan reserve since as of 2004 a new classification system was put in place has been used. The 3Q04 profit reached Ps 17 million, 82% higher than in 3Q03 given the larger loan portfolio and the fact that no additional reserves were created during the quarter. Total Loan Portfolio increased 9% vs. 3Q03, and past-due loans closed with a Ps 26 million balance, equivalent to a 0.8% past-due loan ratio, with a reserve coverage of 141%. The Company ranks 1st in the industry, among 11 factoring companies.

The **Warehousing Company** showed an annualized net profit of Ps 11 million, a 13% drop vs. 9M03 as a result of a reduction in inventory commercialization due to circumstances pertaining to our main clients. The 3Q04 profit was Ps 4.0 million, an 19% drop vs. 3Q03 given lower inventories from clients. The Company currently ranks 11th among the 23 Leasing Companies in certification volume.

The **Bonding Company** registered an annualized profit of Ps 11 million, 45% higher than in 9M03. This was due mainly to the 68% increase in the premiums sold in 2004 as compared with last year. The quarterly profit in 3Q04 was Ps 4 million, 40% higher than in 3Q03 because the premiums sold were 47% over the same quarter last year.



ANNEXES

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

ANNEX 1. Macroeconomic Environment

In the third quarter of the year the perception of the U.S. economic growth rate was less positive causing a regression in long-term rates. The 10-year U.S. bond fell back to under 4.0%. The FED however, sustained its monetary policy increasing the "fed funds" rate twice in this quarter, the third increase this year. The rate is at 1.75%. The U.S. stock markets suffered during the third quarter with a 3.40% drop in the Dow Jones and 7.37% in Nasdaq. The Mexican Stock Exchange was able to break free and registered a 6.57% increase.

Given the increase in U.S. reference rates and the increasingly complicated inflationary situation in our country, the short-term rates rose substantially. The deterioration of the inflation risk balance compelled the Bank of Mexico to increase the "short" on three occasions in the quarter. The 28-day Cetes (primary offering) averaged 7.36% in September vs. 6.57% in June. The 91-day term, on the other hand, rose from the 7.26% average in June to 7.75% in September.

Inflation data have been surprisingly negative over the last months and expectations for this year and the next are on the rise. The inflation rate closed in 2003 at 3.98%. In June, the rate was an annual 4.37%, while in September it reached 5.06%. The expectations for this year have worsened and, according to some surveys, are currently set at around 4.80%. For next year higher inflation has been expected for some months and is estimated to be around 4.0%.

The exchange rate closed September at 11.41, practically the same as at the close of the second quarter. So far no strong instability is expected in external accounts: the commercial balance accumulated a deficit of US 2,882 million in the first eight months of the year while the international reserves remain high at over US 57,500 million. Remittances continue to grow, registering US 10,972 million from January to August, which is a 25.6% increase over the same period last year.

Finally, economic activity is showing positive signs and upward adjustments to growth expectations for this year are continually being made. Increasing external demand is benefiting growth, as the non-oil exports increased 14.4% in the first eight months of the year. On the other hand, the consumer sector continues to grow: retail sales rose to an annual rate of 4.8% in July while investment rose 7.0% in the same month. Economic activity is expected to maintain this dynamism over the next quarters. After a growth of 3.7% and 3.9% in the first and second quarters, respectively, the GDP is expected to increase by 4.02% in 2004, according to a survey conducted by the Bank of Mexico.

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

	3Q04
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 September 2004
Number of shares issued	504,586,887
- Shares held on Treasury	-
= Number of shares outstanding	504,586,887

Banorte Ratings

International Ratings				
Rating Agency	Rated Institution	Rating	Category	Date
Moody's	Banorte	Stable	Outlook	July 2004
		D+	Modest Financial Strength	
		Baa2	Foreign long - term bank deposits	
		P-2	Foreign short- term bank deposits	
		A-3	Local long - term bank deposits	
Standard & Poors	Banorte	P-2	Local short- term bank deposits	August 2004
		Stable	Outlook	
		BB+	Long Term foreign issuer credit	
		BB+	Long Term local currency deposits	
Fitch	Banorte	B	Short term foreign issuer credit	October 2004
		B	Short tem local issuer credit	
		Stable	Outlook	
		BBB-	Long Term Foreign currency	
		BBB-	Long Term Local currency	
		F3	Short Term Local Currency	
		F3	Short Term Foreign Currency	
C/D	Individual - Foreign Currency			
3	Support Rating			
4	Support Rating			

Figures are presented in constant pesos set at the close of September' 2004.

Banorte Ratings

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

No. of Employees & Distribution Network

EMPLOYEES	3Q03	2Q04	3Q04
Banking Sector (1)	13,315	13,710	12,236
Other Sectors (2)	<u>2,280</u>	<u>2,728</u>	<u>2,422</u>
Total Group	15,595	16,438	14,658
DISTRIBUTION NETWORK			
Branches (3)	1,056	1,029	956(3)
ATM	2,494	2,546	2,593

(1) Includes Sólida Administradora de Portafolios.

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

(3) 1,029 branches were reported to the SHCP as the close of 73 branches were officially closed on October 1st, 2004.

Group Officers

NAME	CURRENT POSITION
Luis Peña Kegel	Chief Executive Officer
LINE	
Manuel Sescosse Varela	Managing Director - Commercial
Jesús Garza Martínez	Managing Director - Consumer
Miguel A. García Padilla Fernández	Managing Director – Asset Recovery
Federico A. Valenzuela Ochoa	Managing Director - Treasury
Enrique Castellón Vega	Managing Director - Long Term Savings Sector
Antonio E. Ortiz Cobos	Managing Director - Development USA
STAFF	
Sergio García Robles Gil	Managing Director - CFO
Juan M. Quiroga Garza	Managing Director - Corporate Affairs
Alejandro Valenzuela del Río	Managing Director - Investor Relations
Alma Rosa Moreno	Managing Director - Administration
Alejandro Ramos Larios	Managing Director - Operations and Technology

Figures are presented in constant pesos set at the close of September' 2004.

Aurora Cervantes Martínez
Cecilia Miller Suárez
Eduardo Sastre de la Riva
Román Martínez Méndez
Gerardo Coindreau Farías

Managing Director - Legal
Managing Director - Marketing
Managing Director - Institutional Relations
Managing Director - Audit
Managing Director - Risk Management

ANNEX 3 .-Accounting Changes and Regulations

Cancellation of Bancen Loan Loss Reserve surplus. Last May 2004, Ps 150 million in Bancen loan reserve surplus were cancelled. This surplus was generated in various mortgage and commercial loans UDIS trusts, for which Bancen acted as the Trustee Institution, as a result of the settled loans recovery and which were not eligible for cancellation given the norms applicable to such trusts.

In October, the 421 trust "Housing, Mortgage Loan and liquidity with a 20-year mortgage guarantee" was cancelled when Bancen was paid the corresponding liability. Therefore the loan portfolio and the loan loss provisions were incorporated to the Banks financial statements.

When including these reserves to Bancen a surplus was generated under the loan classification methodology. The cancellation of these reserves generated a Ps 150 million income for the bank. This sum was registered in the Other Revenues account under the Non Operating Income line in the Income Statement.

The CNByV informed that in accordance with the GAAP criteria, agreed with this cancellation as per circular N° SJIF "A-2" 601-II-34997 dated May 17, 2004.

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

Terms and Particular Features of the Banorte and Bancrecer Merger Process.

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

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

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

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

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

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

Millions of nominal pesos	Banorte (before consolidation)	Bancrecer	Total	Intercompany Operations		Balance of the Merged entity
				Debit	Credit	
ASSETS	106,528	69,681	176,209		12,107	164,102

Figures are presented in constant pesos set at the close of September' 2004.

LIABILITIES	99,839	67,838	167,677	10,264		157,413
STOCKHOLDER'S EQUITY	6,689	1,843	8,532	1,843		6,689

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

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

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

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

Interbank Eliminations in Balance lines

(Millions of Nominal Pesos)

	Debit	Credit
Stockholder's Equity	1,843	
Investments in Subsidiaries		1,843
Interbank loans	10,201	
Cash and due from banks		10,201
Deferred Taxes (Liabilities)	63	
Deferred Taxes (Assets)		63

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

Interbank Eliminations in Income lines

Interest Income – Expense

(Millions of Nominal Pesos)

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

Figures are presented in constant pesos set at the close of September' 2004.

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 678.0 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)

	Inicial Balance	September, 2004 changes	September, 2004 Balance
1. Reorganization	368.1	(368.1)	0.0
2. Integration	229.2	(204.1)	38.1
3. After Retirement obligations (medical service)	80.7	(80.7)	0.0
Total	678.0	(653.0)	38.1

If these reserve had not been constituted by December 2002, the movements in the present business year associated

with the Banorte-Bancrecer integration would have been in assets as a goodwill for the same amount as said reserves, as per Bulletin B-8 of the Generally Accepted Accounting Principles, paragraph 22, "Acquisition and sales of subsidiaries."

Deferred Taxes.-

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

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

	2002		
	Temporary	Deferred	
	<u>Differences</u>	<u>ISR</u>	<u>PTU</u>
Excess of fiscal over account value of fixed assets and expenses, Intangible and Others	Ps 1,560.8	546.3	42.3
Accrued interest and inflationary effect on special CETES	-	-	-
Value market results	-	-	-
UDI trusts payable income tax	-	39.8	-
Total Liabilities	<u>Ps 1,560.8</u>	<u>Ps 586.1</u>	<u>Ps 42.3</u>
Accumulated Net Effect	<u>Ps 2,384.8</u>	<u>Ps 794.8</u>	<u>Ps 40.9</u>
DEFERRED TAX			<u>Ps 835.8</u>

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

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

In regard to the updated fiscal accounts balance related to the Stockholder's Equity, based on Bulletin D-4 paragraph

75, it is convenient to highlight that the deferred tax movements of the current year were not created against Capital accounts, and that fiscal accounts (Net Income and Updated Capital Contributions) were calculated according to the current fiscal regulations.

Goodwill.-

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

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

As of September 2004, the Goodwill adds up to Ps 37.5 million.

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

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

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

(Millions of Nominal Pesos)	Local Currency ⁽²⁾			Foreign Currency (USD) ⁽³⁾			Total		
	Aug'02	Jun'04	Sep'04	Aug'02	Jun'04	Sep'04	Aug'02	Jun'04	Sep'04
Performing Loans									
Commercial	5	4	4	5	-	-	10	4	4
Consumer	-	-	-	-	-	-	-	-	-
Mortgage	54	110	103	-	-	-	54	110	103
Total	59	114	107	5	-	-	64	114	107
Non Performing Loans									
Commercial	405	319	316	293	250	235	698	569	551
Consumer	81	76	75	-	-	-	81	76	75
Mortgage	1,112	746	718	-	-	-	1,112	746	718
Total	1,598	1,141	1,109	293	250	235	1,891	1,391	1,344
TOTAL LOANS	1,657	1,255	1,216	298	250	235	1,955	1,505	1,451
Loan Loss Reserves (1)									
Commercial	326	309	305	246	228	219	572	537	524
Consumer	77	75	75	-	-	-	77	75	75
Mortgage	669	492	473	-	-	-	669	492	473
Total	1,072	876	853	246	228	219	1,318(4)	1,104	1,072

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

(2) Includes UDIS.

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

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

Note 1.- The Reserve surplus as of September'04 was Ps 37 million.

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

In 3Q04 the Loan portfolio showed changes due to allocations for Ps 25 million, restructuring for Ps 9 million, and foreclosed for Ps 19 millions and Ps 19 million in write-offs and scale-downs. There were write-offs and scale-downs for Ps 13 million and foreclosed of Ps 5 millions in the Loan Reserves. There were transfers from performing loans to past due loans for Ps 14 million and transfers from past due loans to performing loans for Ps 11 million.

BANORTE'S LOAN PORTFOLIO INCLUDING LOANS SOLD TO SÓLIDA

(Millions of Nominal Pesos)	Local Currency ⁽¹⁾		Foreign Currency (USD) ⁽²⁾		Total	
	Mar'04	Jun'04	Mar'04	Jun'04	Mar'04	Jun'04
Performing Loans						
Commercial	28,991	30,291	6,367	6,383	35,358	36,674
Financial Intermediaries	2,858	3,058	315	202	3,173	3,260
Consumer	10,218	10,784	5	3	10,223	10,787
Mortgage	16,294	17,274	-	-	16,294	17,274
Government Entities	74,261	74,379	702	648	74,963	75,027
Fobaproa / IPAB	7,010	6,878	(210)	-	6,800	6,878
Performing Loans	139,632	142,664	7,179	7,236	146,811	149,900
Non Performing Loans						
Commercial	940	716	608	613	1,548	1,329
Consumer	497	576	-	-	497	576
Mortgage	1,865	1,901	-	-	1,865	1,901
Government Entities	15	14	-	-	15	14
Non Performing Loans	3,317	3,207	608	613	3,925	3,820
TOTAL LOANS	142,949	145,871	7,787	7,849	150,736	153,720
Loan Loss Reserves						
Net Loan Portfolio	3,740	3,611	780	731	4,520	4,342
Loan Loss Reserves	139,209	142,260	7,007	7,118	146,216	149,378
% Past Due Loans					115.16%	113.66%
					2.60%	2.49%

(1) Includes UDIS.

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

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

	1Q03	2Q03	3Q03	4Q03	ACUM	1Q04	2Q04	3Q04	4Q04	ACUM
Income from Subsidiaries and	542	562	601	590	2,295	573	577	538		1,689
Interest Expense	-	-	-	-	-	-	-	-	-	-
Trading Income	-	-	-	-	-	-	-	-	-	-
Fees & Tarifs	-	-	-	-	-	-	-	-	-	-
REPOMO	(1)	-	(1)	(4)	(5)	(1)	-	(1)		(2)
Total Operating Income	541	562	600	587	2,290	572	577	537		1,686
Operation & Administrative expenses	1	1	1	-	2	1	-	1		2
Operating Income	541	562	599	586	2,288	571	577	537		1,685
Non Operating Income	-	-	-	1	1	-	-	-		-
Non Operating Expense	-	-	-	-	-	-	-	-		(1)
Non Operating Income	-	-	-	1	1	-	-	-		(1)
Pre-tax Income	541	562	599	587	2,289	571	577	537		1,684
Income Tax & Profit Sharing	4	(4)	-	-	-	-	-	-		-
Tax on Assets	-	-	-	-	-	4	4	4		11
Deferred Inc. Tax and Profit sharing	-	-	-	-	-	-	-	-		-
	4	(4)	-	-	-	4	4	4		11
Net income from Continuos	537	566	599	587	2,289	567	573	533		1,673
Extraordinary Items. net	-	-	-	-	-	-	-	-		-
Total Net Income	537	566	599	587	2,289	567	573	533		1,673

HOLDING -BALANCE SHEET *(Millions of Pesos)*

	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04
ASSETS								
Cash and due from Banks	10	93	166	89	65	65	70	
Financial Instruments:								
Sundry debtors and other assets, net	68	146	4	4	4	4	54	
Real Estate, Furniture & Equipment, net	-	-	-	-	-	-	-	
Investments in subsidiaries	12,437	13,007	13,504	13,782	14,013	14,619	15,112	
Deferred taxes	-	-	-	-	-	-	-	
Goodwill	-	-	-	44	42	42	41	
Other Assets, Deferred charges, intang	1	1	-	-	1	1	-	
TOTAL ASSETS	12,516	13,247	13,675	13,919	14,125	14,732	15,278	
LIABILITIES								
Due to banks and correspondents	-	-	-	-	-	-	-	
Income Tax & Profit Sharing	3	12	16	21	4	7	11	
Other Payable accounts	-	-	-	1	-	-	-	
Other payable accounts	3	12	16	22	4	7	11	
Deferred taxes	21	45	-	-	-	-	-	
TOTAL LIABILITIES	25	57	16	22	4	7	11	
STOCKHOLDER 'S EQUITY								
Paid-in Capital	5,482	5,494	5,499	5,499	5,499	5,499	5,499	
Share subscription premiums	1,602	1,672	1,640	1,634	1,634	1,634	1,634	
Subordinated Convertible Debentures	-	-	-	-	-	-	-	
Subscribed Capital	7,084	7,166	7,139	7,133	7,133	7,134	7,134	
Capital Reserves	1,129	1,363	1,362	1,361	1,361	1,473	1,478	
Retained Earnings	12,336	12,145	12,146	11,777	13,798	13,703	13,703	
Surplus (Deficit) from securities	-	-	-	-	-	-	-	
Results of foreign operations exchange	-	-	-	-	-	-	-	
Excess (Insuf.) in capital restatement	(5,609)	(5,608)	(5,607)	(5,610)	(5,610)	(5,608)	(5,610)	
Non Mon assets results Fixed Assets	-	-	-	-	-	-	-	
Non Mon assets results Investm	(2,986)	(2,979)	(3,082)	(3,053)	(3,128)	(3,117)	(3,110)	
Adjustment in the employees pension	-	-	-	-	-	-	-	
Accumulated Deferred tax effect	-	-	-	-	-	-	-	
Net Income	537	1,102	1,702	2,289	567	1,140	1,673	
Earned Capital	5,407	6,024	6,520	6,763	6,988	7,591	8,134	
Total Stockholder 's Equity	12,492	13,190	13,659	13,897	14,122	14,725	15,268	
TOTAL LIABILITIES &	12,516	13,247	13,675	13,919	14,125	14,732	15,278	

MEMORANDUM ACCOUNTS OF HOLDING *(Millions of Pesos)*

	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04
Client securities held in custody	3,670	3,660	3,633	3,573	3,513	3,717	3,666	
Other trust account items	118	117	117	115	113	113	111	
	3,788	3,777	3,750	3,687	3,626	3,829	3,777	

Figures are presented in constant pesos set at the close of September' 2004.

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

NET INTEREST INCOME	1Q03	2Q03	3Q03	4Q03	ACUM	1Q04	2Q04	3Q04	4Q04	ACUM
Interest Income	6,999	5,535	4,677	5,103	22,314	5,235	5,695	6,379		17,308
Interest Expense	4,740	3,528	2,791	3,077	14,137	3,234	3,570	3,866		10,670
Loan Fees	196	198	195	216	806	161	114	119		394
Fees Paid	10	15	16	14	55	20	22	22		63
Net Interest Income (NII)	2,445	2,190	2,066	2,228	8,928	2,142	2,217	2,610		6,969
Repomo-Margin	16	13	7	21	57	1	-	(44)		(43)
NII after Repomo	2,461	2,203	2,072	2,250	8,986	2,143	2,218	2,565		6,926
Loan Loss Provisions	249	360	171	(1)	780	121	302	317		740
Loss Sharing Provisions	32	15	2	6	54	12	19	32		64
NII after Provisions	2,179	1,828	1,900	2,245	8,151	2,010	1,896	2,217		6,122
Fund transfers	45	46	47	45	183	57	47	44		148
Account management	156	172	193	212	733	191	224	274		690
Fiduciary	48	42	47	47	184	44	49	48		141
Income from Loan Portfolios Acquired	170	127	162	272	730	174	147	201		522
Electronic Banking Services	68	59	62	80	268	69	86	100		254
Credit Card	156	165	162	193	675	279	305	306		890
Fees from FOBAPROA	50	35	264	144	492	89	97	142		327
Other fees	448	421	543	442	1,854	556	428	444		1,427
Fees on services,	1,140	1,066	1,479	1,435	5,120	1,458	1,383	1,558		4,399
Fund transfers	-	-	-	-	-	-	-	-		-
Other fees	115	127	138	140	521	135	128	113		376
Expenses from Loan Portfolios Acquired	115	76	111	18	320	117	98	139		354
Fees paid,	230	203	249	158	841	252	226	252		730
Foreign exchange	88	126	106	87	406	126	152	62		341
Securities –Realized gains	154	371	104	-	629	325	(105)	77		296
Securities- Unrealized gains	(4)	(38)	60	(42)	(24)	14	39	(29)		24
Market-related Income	238	458	270	45	1,011	465	86	109		661
Total Non Interest Income	1,148	1,321	1,500	1,322	5,291	1,671	1,243	1,415		4,330
Total Operating Income	3,326	3,149	3,400	3,567	13,442	3,681	3,139	3,632		10,452
Personnel	1,140	1,045	1,079	1,037	4,300	1,158	1,082	1,310		3,550
Professional Fees	88	120	132	107	447	119	121	131		371
Administrative and Promotion Expenses	671	698	792	861	3,022	748	734	758		2,240
Rents, depreciation and amortization	369	398	422	437	1,626	434	421	410		1,266
Taxes, other than income tax	150	165	165	209	689	175	163	127		465
Contributions to IPAB	187	187	189	192	756	183	184	191		557
Corporate expenses Recoveries	-	-	-	-	-	-	-	-		-
Non-Interest Expense	2,605	2,614	2,779	2,842	10,840	2,817	2,706	2,927		8,450
Operating Income	721	535	621	725	2,602	863	433	705		2,001
Other Revenues	580	365	840	640	2,425	442	492	450		1,383
Foreign exchange	-	-	-	-	-	-	-	-		-
Recoveries	22	70	68	22	182	22	204	28		255
Repomo-other revenues	6	1	4	14	25	8	1	7		15
Non Operating Income	608	436	912	675	2,632	472	697	485		1,653
Other Expense	(662)	(342)	(771)	(630)	(2,404)	(504)	(439)	(448)		(1,391)
Foreign exchange	-	-	(2)	-	(2)	-	-	-		-
Repomo-other Expenses	(88)	(30)	(61)	(166)	(345)	(142)	(9)	(91)		(242)
Non Operating Expense	(750)	(372)	(834)	(796)	(2,751)	(646)	(448)	(539)		(1,633)
Non Operating Income (Expense), net	(142)	64	78	(121)	(120)	(175)	249	(54)		20
Pre-tax Income	579	599	699	604	2,482	689	682	651		2,022
Income Tax	67	43	71	11	194	75	32	68		175
Profit sharing	25	26	32	38	121	74	54	41		170
Tax on Assets	9	11	11	8	40	17	16	14		47
Deferred Inc. Tax and Profit sharing	(37)	(19)	(20)	(27)	(103)	(11)	1	13		4
	65	62	95	30	252	155	104	136		396
Net Income before subsidiaries	515	538	604	574	2,231	533	578	515		1,626
Subsidiaries' net income	71	53	48	35	207	84	25	71		180
Net Income from continuous operations	586	591	652	608	2,438	618	603	586		1,806
Extraordinary items, net	-	1	-	-	1	-	-	-		-
Minority Interest	49	26	53	21	149	51	29	53		133
TOTAL NET INCOME	537	566	599	587	2,289	567	573	533		1,673

Figures are presented in constant pesos set at the close of September' 2004.

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

ASSETS	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04
Cash and due from Banks	23,617	27,137	31,326	31,718	30,863	34,051	32,585	
Negotiable Instruments	4,256	4,171	4,310	9,541	5,579	6,051	6,576	
Securities held for sale	1,399	1,399	196	247	604	416	180	
Securities held to maturity	8,908	9,676	11,130	9,665	10,901	10,456	10,108	
Financial Instruments:	14,564	15,246	15,636	19,453	17,084	16,923	16,864	
Non-assigned securities to pay	-	1	65	1	7	50	-	
Repurchase agreements, net	167	46	172	53	142	66	97	
Operations with collateral	-	-	-	-	-	-	-	
Futures receivable, net	-	-	-	-	-	-	-	
Options and derivatives, net	15	1	-	3	7	25	6	
Repos & Derivatives :	182	48	236	57	155	140	103	
Commercial	34,898	36,314	36,979	39,367	38,380	40,354	41,680	
Financial Intermediaries	2,268	2,321	2,477	2,613	2,367	2,427	2,400	
Consumer	6,284	7,129	8,118	8,933	9,663	10,364	10,795	
Mortgage	13,020	13,612	14,339	15,181	15,750	16,655	17,409	
Government Entities	91,036	90,724	89,002	80,667	78,420	76,012	75,072	
Fobaproa	6,977	7,012	6,980	6,897	6,832	6,893	6,878	
Fiduciary collection rights	-	-	-	-	-	-	-	
Performing Loans	154,483	157,111	157,893	153,658	151,413	152,706	154,235	
Commercial	2,044	2,492	1,997	1,974	1,990	1,184	968	
Financial Intermediaries	-	-	-	-	-	-	-	
Consumer	350	360	405	473	491	427	501	
Mortgage	1,247	1,287	1,216	1,220	1,218	1,282	1,324	
Government Entities	8	8	8	8	8	15	14	
Past Due Loans	3,650	4,147	3,626	3,675	3,707	2,909	2,807	
Total Loans	158,133	161,258	161,520	157,333	155,120	155,614	157,042	
Preventive loan loss reserves	4,623	4,784	4,598	4,453	4,705	3,802	3,596	
Net Loan Portfolio	153,510	156,473	156,921	152,880	150,415	151,812	153,446	
Credit Assets Portfolio	1,851	1,765	1,641	2,131	1,980	1,893	1,730	
Sundry debtors and other assets, net	2,678	4,080	4,582	2,301	3,359	4,003	3,520	
Foreclosed assets, net	1,235	1,266	1,225	1,159	1,053	1,050	949	
Real Estate, Furniture & Equipment, net	6,032	5,960	5,849	5,894	5,776	5,627	5,451	
Investments in subsidiaries	1,559	1,596	1,636	1,758	1,809	1,827	1,844	
Deferred taxes	924	902	997	1,001	998	988	972	
Goodwill	-	-	-	-	-	-	-	
Deferred charges & Intangibles	1,564	1,886	1,515	1,594	1,534	1,457	1,382	
UDIS Mortgage loans reserve coverage	-	-	-	-	-	-	-	
Other Assets	15,843	17,455	17,443	15,837	16,509	16,846	15,848	
TOTAL ASSETS	207,715	216,359	221,563	219,945	215,025	219,774	218,847	

Figures are presented in constant pesos set at the close of September' 2004.

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

LIABILITIES	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04
Demand Deposits	55,415	58,532	60,053	68,256	62,970	64,790	64,813	
Time Deposits	106,016	99,450	107,942	99,338	99,352	104,156	97,445	
Bonds	1,402	279	-	-	-	-	-	
Deposits	162,833	158,261	167,995	167,594	162,322	168,946	162,258	
Demand	6,002	13,862	4,184	4,888	6,035	3,459	5,387	
Short term	4,964	9,265	12,990	13,895	8,673	11,230	10,815	
Long term	12,535	11,967	11,813	11,463	11,415	11,069	10,723	
Due to banks and correspondents	23,501	35,094	28,987	30,246	26,123	25,758	26,924	
Non-assigned securities to pay	-	1	48	1	8	28	-	
Repurchase agreements, net	53	25	128	222	82	39	104	
Operations with collateral	-	-	-	-	-	-	-	
Futures receivable, net	-	-	-	-	-	-	-	
Options and derivatives, net	989	960	1,491	13	3	1	3	
Repos & Derivatives:	1,043	987	1,667	235	94	68	108	
Income Tax & Profit Sharing	261	175	273	275	270	223	274	
Other Payable accounts	3,757	4,876	5,003	3,894	4,860	4,272	8,283	
Other payable accounts	4,018	5,051	5,276	4,169	5,130	4,495	8,557	
Subordinated non Convertible Debenture	2,856	2,754	2,870	2,818	6,225	4,734	4,637	
Deferred Taxes	-	-	-	-	-	-	-	
Deferred credits	51	74	111	67	52	61	54	
TOTAL LIABILITIES	194,301	202,220	206,906	205,129	199,946	204,062	202,538	
STOCKHOLDER 'S EQUITY								
Paid-in Capital	5,482	5,494	5,499	5,499	5,499	5,499	5,499	
Share subscription premiums	1,602	1,672	1,640	1,634	1,634	1,634	1,634	
Subordinated Convertible Debentures	-	-	-	-	-	-	-	
Subscribed Capital	7,084	7,166	7,139	7,133	7,133	7,134	7,134	
Capital Reserves	1,129	1,363	1,362	1,361	1,361	1,473	1,478	
Retained Earnings	12,336	12,145	12,146	11,777	13,798	13,703	13,703	
Surplus (Deficit) from securities	-	-	-	-	-	-	-	
Results of foreign operations exchange	-	-	-	-	-	-	-	
Excess (Insuf.) in capital restatement	(5,609)	(5,608)	(5,607)	(5,610)	(5,610)	(5,608)	(5,610)	
Non Mon assets results Fixed Assets	-	-	-	-	-	-	-	
Non Mon assets results Investm	(2,986)	(2,979)	(3,082)	(3,053)	(3,128)	(3,117)	(3,110)	
Adjustment in the employees pension	-	-	-	-	-	-	-	
Accumulated Deferred tax effect	-	-	-	-	-	-	-	
Net Income	537	1,102	1,702	2,289	567	1,140	1,673	
Earned Capital	5,407	6,024	6,520	6,763	6,988	7,591	8,134	
Minority Holdings	923	949	998	919	958	988	1,041	
Total Stockholder 's Equity	13,414	14,139	14,657	14,816	15,079	15,712	16,308	
TOTAL LIABILITIES &	207,715	216,359	221,563	219,945	215,025	219,774	218,847	

Figures are presented in constant pesos set at the close of September' 2004.

MEMORANDUM ACCOUNTS OF GRUPO FINANCIERO BANORTE CONSOLIDATED

<i>(Millions of Pesos)</i>	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04
ONBEHALF OF THIRD PARTY								
Customers' banks	1	17	7	5	25	8	66	
Dividends receivable from customers	-	-	-	-	-	-	-	-
Interest receivable from customers	-	-	-	-	-	-	-	-
Liquidation of customer transactions	14,678	(24)	(107)	(8)	(18)	106	49	
Customer loans	-	-	-	-	-	-	-	-
Liquidation with foreign currencies of	-	-	-	-	-	-	-	-
Margin accounts in futures operations	-	-	-	-	-	-	-	-
Other current accounts	-	-	-	-	-	-	-	-
CUSTOMERS CURRENT ACCOUNT	14,679	(7)	(100)	(3)	7	114	115	
Client securities held in custody	120,211	132,281	139,232	151,830	166,284	156,374	101,791	
Securities and documents received in	1	-	1	-	-	-	4	
Client securities abroad	-	-	-	-	-	-	-	-
CLIENT SECURITIES	120,212	132,281	139,233	151,830	166,284	156,374	101,795	
Repurchase operations for customers	24,113	26,478	21,769	17,869	22,705	20,521	28,715	
Clients securities loans	1	-	-	-	-	-	-	-
Purchase of Futures & forward contracts	-	-	-	-	-	-	-	-
Sale of futures and forward contracts	-	-	-	-	-	-	-	-
Purchasing operations (option price)	51	46	7	9	2	2	2	
Sales operations (option price)	-	-	-	-	-	-	-	-
Purchase of derivative packages	-	-	-	-	-	-	-	-
Sale of derivative packages	-	-	-	-	-	-	-	-
Administration trusts	2,433	2,594	2,206	2,459	2,552	2,248	1,720	
TRANSACTIONS ON BEHALF CLIENT	26,598	29,118	23,981	20,337	25,259	22,771	30,437	
TOTAL ON BEHALF OF THIRD PARTY	161,489	161,393	163,114	172,164	191,550	179,259	132,347	
Signature guarantees granted	-	-	-	33	33	62	61	
Issuing of irrevocable letters of credit	928	991	1,058	804	1,363	1,412	1,712	
Property in trust and guardianship	84,278	85,851	86,921	84,937	88,602	84,953	71,018	
Assets held in custody or in administration	142,616	136,736	126,866	112,441	115,864	120,539	112,244	
Amounts committed to operations with	6,092	6,490	6,781	6,955	7,511	7,799	4,380	
In Transit drafts	-	-	-	-	-	-	-	-
Certificates of Deposit in circulation	466	597	577	705	569	634	730	
Secured Credit Cards from the company	-	-	-	-	-	-	-	-
Securities given to the company in custody	105	196	257	236	253	270	152	
Government securities in custody of the	-	7	-	1	11	1	87	
Securities given to the company on	-	-	-	-	-	-	-	-
Securities outside the country	-	-	-	-	-	-	-	-
Liquidations with foreign currencies abroad	-	-	-	-	-	-	-	-
Debits to the contingency fund	-	-	-	-	-	-	-	-
Other contingent obligations	16,939	17,186	17,101	18,292	15,475	12,807	12,520	
Banking transactions on behalf of third-	50,540	50,831	51,146	56,589	53,634	63,031	62,954	
Investments in funds for the retirem.saving	236	248	256	255	-	-	-	
Integration of the credit portfolio	-	-	-	-	-	-	-	-
Amounts contracted in derivative	6,676	6,960	7,890	10,749	10,515	17,465	24,829	
Other trust account items	438,831	417,245	291,225	287,377	-	-	-	
OWN ACCOUNT OPERATIONS	747,708	723,338	590,078	579,375	293,830	308,973	290,686	
Repurchase agreements								
Securities to be received	149,153	157,830	155,948	90,242	120,318	103,834	119,883	
(Less) Securities to be delivered	(148,971)	(157,829)	(155,778)	(90,439)	(120,231)	(103,810)	(119,961)	
REPURCHASE TRANSACTIONS-	182	1	169	(197)	87	23	(77)	
Securities to be received	80,838	85,354	87,476	19,163	54,946	35,724	73,447	
(Less) securities to be delivered	(80,906)	(85,334)	(87,601)	(19,135)	(54,974)	(35,721)	(73,378)	
REPURCHASE TRANSACTIONS- SOLD	(68)	20	(125)	28	(28)	3	70	
TOTAL ON OWN ACCOUNT	747,822	723,360	590,122	579,206	293,890	309,000	290,679	

Figures are presented in constant pesos set at the close of September' 2004.

GRUPO FINANCIERO BANORTE CONSOLIDATED STATEMENT OF CASH FLOW
JANUARY 1, 2004 –SEPTEMBER 30,2004
(Millions of Pesos)

CASH FLOW FROM OPERATING ACTIVITIES :	
Net Income	1,673
Adjustments to Reconcile Net Income to Net Cash by Operating Activities	
Mark to Market Valuation Results	(29)
Provisions for loan losses	803
Depreciation and amortization	761
Deffered Taxes	(4)
Provisions for Obligations	422
Minoritary Interest	133
Undistributed Earnings of Subsidiaries	(180)
	1,914
Cash Flows From Investing Activities:	
Banks Deposits	(5,343)
Decrease (Increase) loan portfolio	(1,364)
Decrease (Increase) credit assets portfolio	400
Decrease (Increase) treasury operations	2,618
Decrease (Increase) financial instruments	(174)
Loans from banks and other entities	(3,322)
Decrease (Increase) Deferred taxes	25
Decrease (Increase) in accounts receivable and payable	2,748
Charge off for sale of loans (CNBV circular No 601-II-34966)	(253)
Creation of provisions for non performing loans in Arrendadora Banorte, S.A. de C.V.	(11)
Net Resources provided by operations	(4,675)
Financial Activities:	
Subordinated Debentures Issue and Interest	1,819
Dividends Declared	-
Issuance of stock	5
Merge of Seguros Generali México, S.A. de C.V	17
Net Resources provided by Investing activities	1,840
CASH FLOW FROM FINANCING ACTIVITIES :	
Fixed Assets increase	82
Proceeds from issuance of common stock	26
Decrease (Increase) Deferred charges or credits	(201)
Decrease (Increase) Foreclosed assets	211
Charge offs of repossessed assets of Arrendadora Banorte, S.A. de C.V.	(4)
Net Cash provided by financing activities	114
Decrease (increase) in cash and due from banks	866
Cash and due from banks at the beginning of the year	32,000
Cash and due from banks at the end of the year	33,000

Figures are presented in constant pesos set at the close of September' 2004.

GRUPO FINANCIERO BANORTE
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
JANUARY 1, 2004- SEPTEMBER 30, 2004.
(Millions of Pesos)

	CONTRIBUTED CAPITAL		
	Fixed Paid-in Capital Variable	Paid-in Capital Premium, Bonds	& oth. Securities
Balance as of December 31,2002	3,279	2,221	1,634
Stock Changes			
Issuance of stock	-	118	-
Profits Capitalization	-	-	-
Provisions Created	-	-	-
Total	-	118	-
Total Income			
Total Income:	-	-	-
Net Income	-	-	-
Results of assets holdings	-	-	-
Minority Interest	-	-	-
Total	-	-	-
Balance as of September 30,2004	3,279	2,221	1,634

	EARNED CAPITAL						Total Stockholder s' Equity
	Capital Reserve s	Retained earnings	Excess if Insuf. Capital Restatement	Non Monetary Assets Results (Investment)	Net Income of the year	Minorit ary Inter est	
Balance as of December 31,2003	1,361	11,777	(5,610)	(3,053)	2,289	919	14,816
Stock Changes							
Issuance of stock	5	-	-	-	-	-	5
Profits Capitalization	-	2,289	-	-	(2,289)	-	-
Provisions Created	112	(112)	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-
Total	117	2,177	-	-	(2,289)	-	5
Total Income							
Total Income:	-	-	-	-	-	-	-
Net Income	-	-	-	-	1,673	-	1,673
Results of assets holdings	-	-	-	(56)	-	-	(56)
Charge off for sale of loans (CNBV circular No 601- II-34966)	-	(253)	-	-	-	-	(253)
Charge offs of repossessed assets and provisioning of non performing loan of Arrendadora Banorte S.A. de C.V.	-	(15)	-	-	-	-	(15)
Merge of Seguros Banorte Generali México, S.A. de C.V.	-	17	-	-	-	-	17
Total	-	(251)	-	(56)	1,673	-	1,366
Minority Interest	-	-	-	-	-	122	122
Balance as of September 30,2004	1,478	13,703	(5,610)	(3,110)	1,673	1,041	16,308

Figures are presented in constant pesos set at the close of September' 2004.

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

NET INTEREST INCOME	1Q03	2Q03	3Q03	4Q03	ACUM	1Q04	2Q04	3Q04	4Q04	ACUM	% 3Q04 VS 2Q04
Interest Income	6,857	5,386	4,475	4,867	21,584	5,021	5,488	6,115		16,624	11%
Interest Expense	4,695	3,484	2,704	2,971	13,854	3,122	3,459	3,715		10,296	7%
Loan Fees	196	198	195	216	806	161	114	119		394	4%
Fees Paid	10	15	16	14	55	20	22	22		63	-%
Net Interest Income (NII)	2,349	2,085	1,950	2,098	8,482	2,040	2,122	2,497		6,658	18%
Repomo-Margin	25	13	13	28	79	4	2	(21)		(16)	(1,409)%
NII after Repomo	2,374	2,099	1,963	2,126	8,561	2,044	2,123	2,476		6,643	17%
Loan Loss Provisions	247	356	164	(11)	756	107	284	317		707	12%
Loss Sharing Provisions	32	15	2	6	54	12	19	32		64	66%
NII after Provisions	2,094	1,728	1,797	2,131	7,750	1,925	1,820	2,127		5,872	17%
Fund transfers	45	46	47	45	183	57	47	44		148	(6%)
Account management	156	172	193	212	733	191	224	274		690	22%
Fiduciary	48	42	47	47	184	44	49	48		141	(2%)
Income from Loan Portfolios Acquired	170	127	162	272	730	174	147	201		522	36%
Electronic Banking Services	68	59	62	80	268	69	86	100		254	16%
Credit Card	156	165	162	193	675	279	305	306		890	-%
Fees from FOBAPROA	50	35	264	144	492	89	97	142		327	46%
Other fees	128	158	155	158	599	154	126	76		356	(40%)
Fees on services,	820	803	1,091	1,151	3,865	1,055	1,081	1,191		3,327	10%
Fund transfers	-	-	-	-	-	-	-	-		-	-
Other fees	107	121	128	134	490	127	123	105		355	(14%)
Expenses from Loan Portfolios Acquired	115	76	111	18	320	117	98	139		354	42%
Fees paid,	222	197	238	152	810	244	221	244		709	11%
Foreign exchange	88	126	106	87	406	126	152	62		341	(59%)
Securities-Realized gains	126	322	73	(39)	483	276	(131)	41		185	(131)%
Securities- Unrealized gains	(3)	(39)	53	(36)	(25)	13	40	(29)		24	(173)%
Market-related Income	210	409	232	12	863	415	61	74		550	21%
Total Non Interest Income	808	1,015	1,085	1,011	3,919	1,226	922	1,020		3,168	11%
Total Operating Income	2,903	2,743	2,882	3,142	11,669	3,151	2,742	3,147		9,039	15%
Personnel	1,047	947	977	943	3,914	1,047	988	1,218		3,253	23%
Professional Fees	87	118	129	101	435	116	119	128		364	8%
Administrative and Promotion Expenses	542	573	642	696	2,454	605	590	625		1,820	6%
Rents, depreciation and amortization	323	350	375	388	1,435	380	366	354		1,100	(3%)
Taxes, other than income tax	146	167	158	194	665	155	144	107		406	(26%)
Contributions to IPAB	187	187	189	192	756	183	184	191		557	3%
Corporate expenses Recoveries	-	-	-	-	-	-	-	-		-	-
Non-Interest Expense	2,333	2,342	2,470	2,514	9,659	2,487	2,390	2,624		7,501	10%
Operating Income	570	401	412	628	2,010	664	352	523		1,539	49%
Other Revenues	95	72	131	125	423	66	150	124		341	(18%)
Foreign exchange	-	-	-	-	-	-	-	-		-	-
Recoveries	9	69	68	17	162	21	202	28		250	(86%)
Repomo-other revenues	5	1	3	11	21	7	1	6		14	606%
Non Operating Income	110	141	202	153	606	95	353	158		605	(55%)
Other Expense	(157)	(31)	(54)	(96)	(338)	(116)	(78)	(106)		(300)	37%
Foreign exchange	-	-	(2)	-	(2)	-	-	-		-	-%
Repomo-other Expenses	(88)	(28)	(60)	(142)	(318)	(125)	(8)	(92)		(225)	1.110%
Non Operating Expense	(245)	(58)	(116)	(238)	(658)	(241)	(85)	(199)		(525)	133%
Non Operating Income (Expense), net	(135)	83	86	(86)	(52)	(146)	268	(41)		81	(115%)
Pre-tax Income	435	484	498	542	1,958	518	619	482		1,620	(22%)
Income Tax	8	9	8	13	38	6	6	6		17	(5%)
Profit sharing	25	26	31	38	120	74	54	40		168	(26%)
Tax on Assets	9	11	11	8	40	14	13	10		36	(20%)
Deferred Inc. Tax and Profit sharing	(24)	(22)	(21)	(30)	(97)	2	14	25		41	84%
	18	24	29	30	101	95	86	81		263	(6%)
Net Income before subsidiaries	417	459	469	512	1,858	423	533	401		1,357	(25%)
Subsidiaries' net income	53	9	51	38	151	72	23	23		118	-%
Net Income from continuous operations	470	468	520	550	2,008	495	556	424		1,475	(24%)
Extraordinary items, net	-	1	-	-	1	-	-	-		-	-%
Minority Interest	-	-	-	-	-	-	-	-		-	99%
TOTAL NET INCOME	470	469	520	550	2,009	495	556	424		1,475	(24%)

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

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

ASSETS	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04	% 3Q04 VS 2Q04
Cash and due from Banks	23,235	26,689	30,703	31,248	30,411	33,542	31,874		(5%)
Negotiable Instruments	4,061	3,965	4,051	9,301	5,312	5,777	6,334		10%
Securities held for sale	1,399	1,399	196	247	604	416	180		(57%)
Securities held to maturity	8,908	9,676	11,130	9,665	10,901	10,456	10,108		(3%)
Financial Instruments:	14,368	15,040	15,377	19,214	16,817	16,649	16,622		-%
Non-assigned securities to pay	-	-	12	1	7	49	-		(99%)
Repurchase agreements, net	132	29	147	32	117	53	76		44%
Operations with collateral	-	-	-	-	-	-	-		-
Futures receivable, net	-	-	-	-	-	-	-		-
Options and derivatives, net	15	-	-	3	7	25	6		(76%)
Repos & Derivatives :	148	29	159	36	130	127	83		(35%)
Commercial	31,215	32,499	32,920	35,021	33,895	36,148	36,945		2%
Financial Intermediaries	3,769	3,497	3,824	3,456	3,065	3,216	3,260		1%
Consumer	6,033	7,066	8,114	8,929	9,660	10,363	10,787		4%
Mortgage	13,020	13,612	14,339	15,181	15,750	16,655	17,409		5%
Government Entities	91,034	90,723	89,002	80,667	78,416	76,008	75,049		(1%)
Fobaproa	6,977	7,012	6,980	6,897	6,832	6,893	6,878		-%
Fiduciary collection rights	-	-	-	-	-	-	-		-
Performing Loans	152,049	154,409	155,178	150,151	147,619	149,284	150,328		1%
Commercial	2,020	2,458	1,962	1,937	1,947	1,145	928		(19%)
Financial Intermediaries	-	-	-	-	-	-	-		-
Consumer	341	350	395	464	482	427	501		17%
Mortgage	1,247	1,287	1,216	1,220	1,218	1,282	1,324		3%
Government Entities	8	8	8	8	8	15	14		(7%)
Past Due Loans	3,616	4,104	3,582	3,629	3,656	2,869	2,767		(4%)
Total Loans	155,665	158,513	158,760	153,780	151,274	152,153	153,095		1%
Preventive loan loss reserves	4,598	4,758	4,570	4,418	4,648	3,745	3,540		(6%)
Net Loan Portfolio	151,067	153,755	154,191	149,362	146,626	148,408	149,555		1%
Credit Assets Portfolio	1,851	1,765	1,641	2,131	1,980	1,893	1,730		(9%)
Sundry debtors and other assets, net	2,392	3,688	4,334	2,051	3,101	3,768	3,322		(12%)
Foreclosed assets, net	1,229	1,261	1,220	1,155	1,053	1,050	949		(10%)
Real Estate, Furniture & Equipment, net	5,652	5,567	5,446	5,285	5,157	5,023	4,860		(3%)
Investments in subsidiaries	1,501	1,496	1,543	1,525	1,527	1,529	1,498		(2%)
Deferred taxes	1,043	1,048	1,091	1,099	1,079	1,057	1,027		(3%)
Deferred charges & Intangibles	820	795	736	833	820	770	729		(5%)
UDIS Mortgage loans reserve coverage	-	-	-	-	-	-	-		-
Other Assets	14,488	15,620	16,012	14,079	14,718	15,091	14,115		(6%)
TOTAL ASSETS	203,306	211,133	216,442	213,938	208,703	213,817	212,249		(1%)

Figures are presented in constant pesos set at the close of September' 2004.

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

LIABILITIES	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04	% 3Q04 VS 2Q04
Demand Deposits	55,440	58,593	60,099	68,290	63,018	64,854	64,847		-
Time Deposits	106,026	99,543	108,108	99,427	99,417	104,221	97,551		(6%)
Bonds	1,402	279	-	-	-	-	-		-
Deposits	162,867	158,415	168,207	167,716	162,435	169,075	162,398		(4%)
Demand	6,002	13,862	4,184	4,888	6,035	3,459	5,387		56%
Short term	2,888	6,520	10,768	10,987	5,512	8,634	7,726		(11%)
Long term	12,123	11,619	11,301	10,625	10,590	10,122	9,789		(3%)
Due to banks and correspondents	21,013	32,001	26,253	26,499	22,137	22,215	22,901		3%
Non-assigned securities to pay	-	-	-	1	8	28	-		(99%)
Repurchase agreements, net	59	12	108	204	62	29	87		196%
Operations with collateral	-	-	-	-	-	-	-		-
Futures receivable, net	-	-	-	-	-	-	-		-
Options and derivatives, net	989	960	1,491	12	3	-	3		676%
Repos & Derivatives:	1,048	972	1,599	217	73	58	90		56%
Income Tax & Profit Sharing	180	67	96	137	204	137	191		40%
Other Payable accounts	3,607	4,691	4,733	3,702	4,630	4,029	8,042		100%
Other payable accounts	3,787	4,758	4,828	3,839	4,834	4,166	8,233		98%
Subordinated non Convertible Debenture	2,856	2,754	2,870	2,818	6,225	4,734	4,637		(2%)
Deferred Taxes	-	-	-	-	-	-	-		-
Deferred credits	63	81	115	84	65	70	59		(16%)
TOTAL LIABILITIES	191,634	198,981	203,872	201,174	195,770	200,317	198,318		(1%)
STOCKHOLDER'S EQUITY									
Paid-in Capital	5,836	5,836	5,836	5,836	5,836	5,836	5,836		-
Share subscription premiums	1,014	1,014	1,014	1,014	1,014	1,014	1,014		-
Subordinated Convertible Debentures	-	-	-	-	-	-	-		-
Subscribed Capital	6,850	6,850	6,850	6,850	6,850	6,850	6,850		-
Capital Reserves	2,574	2,773	2,773	2,773	2,773	2,970	2,970		-
Retained Earnings	4,444	4,245	4,245	3,864	5,610	5,412	5,413		-
Surplus (Deficit) from securities	218	232	149	134	145	173	228		32%
Results of foreign operations exchange	-	-	-	-	-	-	-		-
Excess (Insuf.) in capital restatement	(2,444)	(2,442)	(2,442)	(2,447)	(2,445)	(2,444)	(2,447)		-%
Non Mon assets results Fixed Assets	12	12	12	12	12	12	12		-
Non Mon assets results Investm	(167)	(171)	(191)	(145)	(221)	(239)	(284)		19%
Adjustment in the employees pension	-	-	-	-	-	-	-		-
Accumulated Deferred tax effect	(286)	(286)	(286)	(286)	(286)	(286)	(286)		-
Net Income	470	939	1,459	2,009	495	1,051	1,475		40%
Earned Capital	4,822	5,302	5,719	5,914	6,082	6,650	7,080		6%
Minority Holdings	-	-	1	1	1	1	1		8%
Total Stockholder's Equity	11,672	12,152	12,569	12,764	12,933	13,501	13,931		3%
TOTAL LIABILITIES &	203,306	211,133	216,442	213,938	208,703	213,817	212,249		(1%)

MEMORANDUM ACCOUNTS OF BANKING SECTOR (Millions of Pesos)

	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04	% 3Q04 VS 2Q04
Signature guarantees granted	-	-	-	33	33	62	61		(2%)
Other contingent obligations	16,939	17,186	17,101	18,292	15,475	12,807	12,520		(2%)
Irrevocable lines of credit	928	991	1,058	804	1,363	1,412	1,712		21%
Assets held in trust and mandate	84,278	85,851	86,921	84,937	88,602	84,953	71,018		(16%)
Assets held in custody or in administration	135,764	129,991	120,267	108,869	112,351	116,823	108,578		(7%)
Investment banking transactions for third	50,540	50,831	51,146	56,589	53,634	63,031	62,954		-%
Engaged amounts in fobaproa operations	6,092	6,490	6,781	6,955	7,511	7,799	4,380		(44%)
Investment of retirement saving funds	236	248	256	255	-	-	-		-
Integration of loan portfolio	-	-	-	-	-	-	-		-
Received amounts in derivative instruments	6,676	6,960	7,890	10,749	10,515	17,465	24,829		42%
Fobaproa trusts	-	-	-	-	-	-	-		-
Securities to be received	123,864	131,312	134,158	72,059	97,578	81,279	91,169		12%
(Less) payable for reversal	(123,731)	(131,322)	(134,010)	(72,242)	(97,510)	(81,259)	(91,233)		12%
Receivables for reversal	55,592	62,471	69,428	6,936	36,419	17,701	52,614		197%
(Less) securities to be delivered	(55,651)	(62,444)	(69,536)	(6,925)	(36,433)	(17,697)	(52,561)		197%
Other control accounts	422,521	401,696	277,923	277,276	-	-	-		-
	724,048	700,261	569,382	564,586	289,539	304,375	286,041		(6%)

Figures are presented in constant pesos set at the close of September' 2004.

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

NET INTEREST INCOME	1Q03	2Q03	3Q03	4Q03	ACUM	1Q04	2Q04	3Q04	4Q04	ACUM
Interest Income	6,166	4,936	4,089	4,726	19,918	4,991	5,434	6,076		16,500
Interest Expense	4,014	3,045	2,364	2,837	12,260	3,117	3,424	3,695		10,236
Loan Fees	196	198	195	216	806	161	114	119		394
Fees Paid	10	15	16	14	54	20	22	22		63
Net Interest Income (NII)	2,338	2,075	1,904	2,092	8,410	2,015	2,102	2,478		6,594
Repomo-Margin	25	14	17	45	100	10	2	(10)		2
NII after Repomo	2,363	2,089	1,921	2,137	8,510	2,025	2,103	2,468		6,596
Loan Loss Provisions	238	350	160	(7)	742	106	284	317		706
Loss Sharing Provisions	32	15	2	6	54	12	19	32		64
NII after Provisions	2,093	1,724	1,759	2,138	7,714	1,907	1,800	2,120		5,827
Fund transfers	45	46	47	45	183	57	47	44		148
Account management	156	172	193	212	733	191	224	274		690
Fiduciary	42	37	40	42	161	38	44	43		125
Income from Loan Portfolios Acquired	-	-	-	-	-	-	-	-		-
Electronic Banking Services	68	59	62	80	268	69	86	100		254
Credit Card	156	165	162	193	675	279	305	306		890
Fees from FOBAPROA	47	33	229	132	442	74	85	105		265
Other fees	128	158	155	158	599	154	126	76		356
Fees on services,	643	669	888	862	3,062	861	918	947		2,726
Fund transfers	-	-	-	-	-	-	-	-		-
Other fees	101	117	123	130	471	124	121	103		348
Expenses from Loan Portfolios Acquired	-	-	-	-	-	-	-	-		-
Fees paid,	101	117	123	130	471	124	121	103		348
Foreign exchange	88	126	106	87	406	126	152	62		341
Securities -Realized gains	(11)	3	67	(79)	(20)	206	26	14		247
Securities- Unrealized gains	(3)	(6)	14	(40)	(35)	6	40	(41)		5
Market-related Income	74	123	186	(32)	351	338	218	36		592
Total Non Interest Income	616	675	952	700	2,942	1,075	1,015	880		2,971
Total Operating Income	2,709	2,399	2,711	2,837	10,655	2,982	2,815	2,999		8,797
Personnel	1,047	947	977	943	3,914	1,047	988	1,218		3,253
Professional Fees	79	93	120	91	383	106	115	120		340
Administrative and Promotion Expenses	552	576	642	696	2,467	606	620	629		1,856
Rents, depreciation and amortization	323	350	375	388	1,435	380	366	354		1,100
Taxes, other than income tax	142	160	157	191	650	151	142	105		398
Contributions to IPAB	186	186	188	191	750	182	183	190		554
Corporate expenses Recoveries	(27)	(18)	(7)	(7)	(60)	(8)	(41)	(21)		(71)
Non-Interest Expense	2,301	2,295	2,452	2,492	9,540	2,464	2,372	2,594		7,431
Operating Income	408	103	259	345	1,115	518	443	405		1,367
Other Revenues	95	71	131	125	422	66	149	124		339
Foreign exchange	-	-	-	-	-	-	-	-		-
Recoveries	8	68	25	12	113	19	50	28		97
Repomo-other revenues	5	1	3	11	21	7	1	6		14
Non Operating Income	108	141	159	148	557	93	199	158		450
Other Expense	(134)	(30)	(54)	(96)	(314)	(116)	(76)	(106)		(299)
Foreign exchange	-	-	(2)	-	(2)	-	-	-		-
Repomo-other Expenses	(66)	(23)	(47)	(118)	(254)	(89)	(5)	(66)		(161)
Non Operating Expense	(201)	(54)	(103)	(214)	(571)	(205)	(82)	(173)		(460)
Non Operating Income (Expense), net	(92)	88	56	(66)	(14)	(112)	117	(15)		(10)
Pre-tax Income	315	191	315	279	1,101	406	561	390		1,357
Income tax	8	9	8	13	38	6	6	6		17
Profit sharing	25	26	31	38	120	74	54	40		168
Tax on Assets	9	11	11	8	40	14	13	10		36
Deferred Inc. Tax and Profit sharing	(25)	(23)	(22)	(28)	(97)	2	14	25		41
	17	23	28	32	101	95	86	81		263
Net income before subsidiaries	298	168	287	247	1,000	311	474	309		1,094
Subsidiaries' net income	14	(13)	8	25	34	33	11	(21)		23
Net Income from continuous operations	313	154	295	272	1,034	344	486	287		1,117
Extraordinary items, net	-	1	-	-	1	-	-	-		-
Minority Interest	-	-	-	-	-	-	-	-		-
TOTAL NET INCOME	313	155	295	272	1,035	344	486	287		1,117

(*) Consolidate Subsidiaries.

Figures are presented in constant pesos set at the close of September' 2004.

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

ASSETS	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04
Cash and due from Banks	23,245	26,588	30,945	31,797	30,468	33,478	31,495	
Negotiable Instruments	4,657	4,488	4,180	9,132	5,323	6,129	7,073	
Securities held for sale	1,399	1,399	196	247	604	416	180	
Securities held to maturity	8,562	9,344	10,797	9,334	10,571	10,159	9,812	
Financial Instruments:	14,618	15,231	15,173	18,713	16,499	16,704	17,065	
Non-assigned securities to pay	-	-	11	1	6	47	-	
Repurchase agreements, net	68	13	59	27	100	52	76	
Operations with collateral	-	-	-	-	-	-	-	
Futures receivable, net	-	-	-	-	-	-	-	
Options and derivatives, net	15	-	-	3	7	25	6	
Repos & Derivatives :	83	13	70	32	113	123	83	
Commercial	30,912	32,275	32,715	34,877	33,788	35,839	36,670	
Financial Intermediaries	3,769	3,289	3,488	3,456	3,065	3,216	3,260	
Consumer	6,033	7,066	8,114	8,929	9,660	10,363	10,787	
Mortgage	12,740	13,337	14,062	14,910	15,492	16,406	17,171	
Government Entities	91,016	90,717	88,992	80,654	78,400	75,990	75,027	
Fobaproa	6,977	7,012	6,980	6,898	6,832	6,893	6,878	
Fiduciary collection rights	-	-	-	-	-	-	-	
Performing Loans	151,447	153,696	154,350	149,723	147,238	148,708	149,793	
Commercial	1,834	2,279	1,784	1,773	1,787	992	778	
Financial Intermediaries	-	-	-	-	-	-	-	
Consumer	340	350	395	464	482	427	501	
Mortgage	1,091	1,131	1,068	1,070	1,064	1,134	1,183	
Government Entities	8	8	8	8	8	15	14	
Past Due Loans	3,274	3,768	3,256	3,315	3,342	2,569	2,476	
Total Loans	154,721	157,464	157,607	153,038	150,580	151,276	152,269	
Preventive loan loss reserves	4,130	4,291	4,104	3,967	4,201	3,462	3,270	
Net Loan Portfolio	150,590	153,173	153,502	149,071	146,379	147,814	148,999	
Credit Assets Portfolio	-	-	-	-	-	-	-	
Sundry debtors and other assets, net	2,323	3,646	4,240	1,846	2,904	3,580	3,236	
Foreclosed assets, net	1,206	1,239	1,199	1,134	1,033	1,030	930	
Real Estate, Furniture & Equipment, net	5,652	5,567	5,446	5,285	5,157	5,023	4,860	
Investments in subsidiaries	893	866	871	947	910	900	826	
Deferred taxes	1,053	1,058	1,102	1,099	1,079	1,057	1,027	
Deferred charges & Intangibles	818	794	735	833	820	770	729	
UDIS Mortgage loans reserve coverage	-	-	-	-	-	-	-	
Other Assets	11,946	13,172	13,593	11,144	11,904	12,361	11,609	
TOTAL ASSETS	200,482	208,176	213,284	210,756	205,363	210,48	209,251	

Figures are presented in constant pesos set at the close of September' 2004.

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

LIABILITIES	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04
Demand Deposits	55,679	58,975	60,336	68,320	63,039	69,940	64,866	
Time Deposits	106,026	99,543	108,108	99,427	99,417	104,221	97,920	
Bonds	1,402	279	-	-	-	-	-	
Deposits	163,107	158,797	168,443	167,747	162,456	169,161	162,786	
Demand	6,002	13,862	4,184	4,886	6,034	3,458	5,555	
Short term	2,888	6,519	10,767	10,973	5,499	8,622	7,715	
Long term	11,796	11,314	11,177	10,523	10,492	10,026	9,697	
Due to banks and correspondents	20,686	31,695	26,128	26,382	22,025	22,106	22,967	
Non-assigned securities to pay	-	-	-	1	7	27	-	
Repurchase agreements, net	50	-	45	200	62	29	87	
Operations with collateral	-	-	-	-	-	-	-	
Futures receivable, net	-	-	-	-	-	-	-	
Options and derivatives, net	989	960	1,491	12	3	-	3	
Repos & Derivatives:	1,040	960	1,536	214	72	57	90	
Income Tax & Profit Sharing	180	67	96	137	204	137	191	
Other Payable accounts	3,518	4,625	4,705	3,683	4,605	4,007	8,017	
Other payable accounts	3,698	4,692	4,801	3,820	4,809	4,144	8,208	
Subordinated non Convertible Debenture	2,856	2,754	2,870	2,818	6,225	4,734	4,637	
Deferred Taxes	-	-	-	-	-	-	-	
Deferred credits	62	81	115	83	65	69	59	
TOTAL LIABILITIES	191,449	198,979	203,893	201,063	195,651	200,271	198,746	
STOCKHOLDER 'S EQUITY								
Paid-in Capital	4,724	4,723	4,724	4,724	4,724	4,724	4,724	
Share subscription premiums	1,014	1,014	1,014	1,014	1,014	1,014	1,014	
Subordinated Convertible Debentures	-	-	-	-	-	-	-	
Subscribed Capital	5,738	5,737	5,737	5,738	5,738	5,738	5,738	
Capital Reserves	2,400	2,555	2,555	2,555	2,555	2,657	2,657	
Retained Earnings	3,179	3,023	3,023	3,023	3,795	3,694	3,694	
Surplus (Deficit) from securities	231	245	162	147	158	186	241	
Results of foreign operations exchange	-	-	-	-	-	-	-	
Excess (Insuf.) in capital restatement	(2,446)	(2,446)	(2,446)	(2,447)	(2,446)	(2,446)	(2,447)	
Non Mon assets results Fixed Assets	12	12	12	12	12	12	12	
Non Mon assets results Investm	(107)	(111)	(131)	(85)	(159)	(176)	(222)	
Adjustment in the employees pension	-	-	-	-	-	-	-	
Accumulated Deferred tax effect	(286)	(286)	(286)	(286)	(286)	(286)	(286)	
Net Income	313	467	763	1,035	344	830	1,117	
Earned Capital	3,295	3,460	3,652	3,955	3,973	4,470	4,766	
Minority Holdings	-	-	1	1	1	1	1	
Total Stockholder 's Equity	9,033	9,198	9,390	9,693	9,712	10,209	10,505	
TOTAL LIABILITIES &	200,482	208,176	213,284	210,756	205,363	210,480	209,251	

(*) Consolidate Subsidiaries.

MEMORANDUM ACCOUNTS OF BANORTE

<i>(Millions of Pesos)</i>	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04
Signature guarantees granted	-	-	-	33	33	62	61	
Other contingent obligations	15,240	15,512	15,526	16,743	14,101	11,482	11,314	
Irrevocable lines of credit	928	991	1,058	804	1,363	1,412	1,712	
Assets held in trust and mandate	59,526	57,992	58,282	56,629	58,735	55,788	56,256	
Assets held in custody or in	134,995	129,225	119,792	108,787	112,018	115,631	107,378	
Investment banking transactions for	50,540	50,831	51,146	56,589	53,634	63,031	62,954	
Engaged amounts in fobaproa operations	6,092	6,490	6,781	6,955	7,511	7,799	4,380	
Investment of retirement saving funds	236	248	256	255	-	-	-	
Integration of loan portfolio	-	-	-	-	-	-	-	
Received amounts in derivative	6,676	6,960	7,890	10,749	10,515	17,465	24,829	
Fobaproa trusts	-	-	-	-	-	-	-	
Securities to be received	47,787	51,467	55,354	71,600	82,724	77,118	91,055	
(Less) payable for reversal	(47,719)	(51,465)	(55,295)	(71,780)	(82,672)	(77,099)	(91,119)	
Receivables for reversal	47,722	51,410	55,765	6,616	36,419	17,701	52,614	
(Less) securities to be delivered	(47,772)	(51,399)	(55,809)	(6,609)	(36,433)	(17,697)	(52,561)	
Other control accounts	378,419	357,745	232,662	233,305	-	-	-	
	652,670	626,007	493,407	490,677	257,949	272,692	268,873	

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

NET INTEREST INCOME	1Q03	2Q03	3Q03	4Q03	ACUM	1Q04	2Q04	3Q04	4Q04	ACUM
Interest Income	2,036	1,330	1,071	528	4,965	90	119	73		281
Interest Expense	2,020	1,308	1,015	508	4,850	59	91	45		194
Loan Fees	-	-	-	-	-	-	-	-		-
Fees Paid	-	-	-	-	-	-	-	-		-
Net Interest Income (NII)	16	22	57	20	115	31	28	28		87
Repomo-Margin	(6)	(2)	(10)	(34)	(52)	(18)	(1)	(22)		(40)
NII after Repomo	10	20	47	(14)	63	13	27	6		47
Loan Loss Provisions	10	6	4	(4)	15	2	-	-		2
Loss Sharing Provisions	-	-	-	-	-	-	-	-		-
NII after Provisions	1	15	43	(10)	48	12	27	6		46
Fund transfers	-	-	-	-	-	-	-	-		-
Account management	-	-	-	-	-	-	-	-		-
Fiduciary	6	5	6	6	23	6	5	6		16
Income from Loan Portfolios Acquired	170	127	162	272	730	174	147	201		522
Electronic Banking Services	-	-	-	-	-	-	-	-		-
Credit Card	-	-	-	-	-	-	-	-		-
Fees from FOBAPROA	2	1	35	12	51	15	12	37		63
Other fees	244	168	274	176	863	269	179	292		740
Fees on services,	422	302	477	465	1,666	463	343	535		1,341
Fund transfers	-	-	-	-	-	-	-	-		-
Other fees	14	9	13	9	45	10	6	9		25
Expenses from Loan Portfolios Acquired	115	76	111	18	320	117	98	139		354
Fees paid,	129	85	124	27	365	127	105	148		379
Foreign exchange	-	-	-	-	-	-	-	-		-
Securities -Realized gains	137	319	6	41	503	69	(157)	27		(61)
Securities- Unrealized gains	(1)	(33)	40	4	10	7	-	11		19
Market-related Income	136	286	46	44	512	77	(157)	38		(42)
Total Non Interest Income	429	503	399	483	1,814	413	82	425		920
Total Operating Income	430	517	442	472	1,862	425	109	431		965
Personnel	1	2	1	2	6	1	2	2		5
Professional Fees	8	25	10	12	55	12	5	10		27
Administrative and Promotion Expenses	116	103	118	110	448	104	109	130		343
Rents, depreciation and amortization	28	28	29	30	115	27	28	27		82
Taxes, other than income tax	5	3	6	16	30	22	19	21		62
Contributions to IPAB	2	2	1	1	5	1	1	1		3
Corporate expenses Recoveries	-	-	-	-	-	-	-	-		-
Non-Interest Expense	160	163	166	170	659	166	163	191		520
Operating Income	270	354	277	302	1,202	259	(54)	240		445
Other Revenues	-	-	-	-	-	-	-	2		2
Foreign exchange	-	-	-	-	-	-	-	-		-
Recoveries	1	-	43	5	49	2	152	-		154
Repomo-other revenues	-	-	-	-	-	-	-	-		-
Non Operating Income	1	-	43	5	49	2	153	-		156
Other Expense	(23)	-	-	-	(23)	-	(1)	-		(1)
Foreign exchange	-	-	-	-	-	-	-	-		-
Repomo-other Expenses	(22)	(4)	(13)	(25)	(64)	(35)	(2)	(26)		(64)
Non Operating Expense	(44)	(5)	(13)	(25)	(87)	(36)	(3)	(26)		(65)
Non Operating Income (Expense), net	(43)	(5)	30	(20)	(38)	(33)	150	(26)		(9)
Pre-tax Income	227	350	306	282	1,165	226	96	214		535
Income tax	50	31	53	(2)	131	54	19	54		128
Profit sharing	-	-	-	-	-	-	-	-		-
Tax on Assets	-	-	-	-	-	-	-	-		-
Deferred Inc. Tax and Profit sharing	(11)	-	(6)	1	(16)	(10)	(8)	(8)		(27)
	39	31	46	-	116	44	11	46		101
Net income before subsidiaries	188	319	260	282	1,049	182	85	168		434
Subsidiaries' net income	7	15	6	6	34	7	(4)	10		13
Net Income from continuous operations	195	334	266	288	1,083	189	80	178		447
Extraordinary items, net	-	-	-	-	-	-	-	-		-
Minority Interest	37	20	41	11	109	37	11	42		90
TOTAL NET INCOME	158	314	225	278	974	151	70	136		357

(*) Consolidate Afore

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

ASSETS	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04
Cash and due from Banks	1,124	1,374	933	779	788	973	1,229	
Negotiable Instruments	173	244	346	251	322	843	836	
Securities held for sale	-	-	-	-	-	-	-	
Securities held to maturity	347	332	332	331	330	297	296	
Financial Instruments:	520	576	679	582	651	1,140	1,132	
Valores no asignados por liquidar	-	-	1	-	1	3	-	
Repurchase agreements, net	65	16	89	4	17	1	-	
Operations with collateral	-	-	-	-	-	-	-	
Futures receivable, net	-	-	-	-	-	-	-	
Options and derivatives, net	-	-	-	-	-	-	-	
Repos & Derivatives :	65	16	89	4	17	3		
Commercial	303	224	205	144	107	309	275	
Financial Intermediaries	-	208	336	-	-	-	-	
Consumer	-	-	-	-	-	-	-	
Mortgage	280	275	277	271	258	249	239	
Government Entities	19	6	10	12	16	18	22	
Fobaproa	-	-	-	-	-	-	-	
Fiduciary collection rights	-	-	-	-	-	-	-	
Performing Loans	603	713	828	428	381	576	535	
Commercial	186	179	178	164	160	153	150	
Financial Intermediaries	-	-	-	-	-	-	-	
Consumer	-	-	-	-	-	-	-	
Mortgage	156	156	148	150	154	148	141	
Government Entities	-	-	-	-	-	-	-	
Past Due Loans	342	335	326	314	314	301	291	
Total Loans	945	1,049	1,154	742	695	877	826	
Preventive loan loss reserves	468	467	465	451	448	282	269	
Net Loan Portfolio	477	582	689	292	247	595	557	
Credit Assets Portfolio	1,851	1,765	1,641	2,131	1,980	1,893	1,730	
Sundry debtors and other assets, net	225	196	249	325	304	301	134	
Foreclosed assets, net	23	22	21	21	20	20	18	
Real Estate, Furniture & Equipment, net	118	120	120	121	120	119	117	
Investments in subsidiaries	313	326	330	329	372	367	376	
Deferred taxes	-	-	-	-	-	-	-	
Deferred charges & Intangibles	417	390	364	336	311	288	265	
UDIS Mortgage loans reserve coverage	-	-	-	-	-	-	-	
Other Assets	2,946	2,819	2,726	3,263	3,107	2,988	2,640	
TOTAL ASSETS	5,131	5,367	5,116	4,919	4,811	5,699	5,557	

Figures are presented in constant pesos set at the close of September, 2004

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

LIABILITIES	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04
Demand Deposits	-	-	-	1	-	-	-	-
Time Deposits	769	767	476	82	333	1,195	1,206	-
Bonds	-	-	-	-	-	-	-	-
Deposits	769	767	476	82	333	1,196	1,206	
Demand	519	443	322	882	388	322	1	
Short term	-	-	1	14	13	11	11	
Long term	326	306	124	102	98	97	92	
Due to banks and correspondents	846	749	447	998	498	429	104	
Non-assigned securities to pay	-	-	-	-	1	1	-	
Repurchase agreements, net	9	12	64	4	-	-	-	
Operations with collateral	-	-	-	-	-	-	-	
Futures receivable, net	-	-	-	-	-	-	-	
Options and derivatives, net	-	-	-	-	-	-	-	
Repos & Derivatives:	9	12	64	4	1	1	-	
Income Tax & Profit Sharing	53	76	133	90	34	54	42	
Other Payable accounts	130	104	84	35	59	61	80	
Other payable accounts	184	180	217	125	93	115	122	
Subordinated non Convertible Debenture	-	-	-	-	-	-	-	
Deferred Taxes	114	114	102	97	84	77	67	
Deferred credits	-	-	-	1	-	1	-	
TOTAL LIABILITIES	1,922	1,821	1,305	1,306	1,010	1,818	1,499	
STOCKHOLDER'S EQUITY								
Paid-in Capital	1,112	1,112	1,112	1,112	1,112	1,112	1,112	
Share subscription premiums	-	-	-	-	-	-	-	
Subordinated Convertible Debentures	-	-	-	-	-	-	-	
Subscribed Capital	1,112	1,112	1,112	1,112	1,112	1,112	1,112	
Capital Reserves	174	218	218	218	218	313	313	
Retained Earnings	1,265	1,222	1,222	840	1,815	1,719	1,719	
Surplus (Deficit) from securities	(13)	(13)	(13)	(13)	(13)	(13)	(13)	
Results of foreign operations exchange	-	-	-	-	-	-	-	
Excess (Insuf.) in capital restatement	2	4	4	-	1	2	-	
Non Mon assets results Fixed Assets	-	-	-	-	-	-	-	
Non Mon assets results Investm	(60)	(60)	(60)	(60)	(62)	(62)	(63)	
Adjustment in the employees pension	-	-	-	-	-	-	-	
Accumulated Deferred tax effect	-	-	-	-	-	-	-	
Net Income	158	472	696	974	151	221	357	
Earned Capital	1,526	1,842	2,067	1,959	2,109	2,180	2,314	
Minority Holdings	571	591	632	542	579	590	631	
Total Stockholder's Equity	3,209	3,545	3,811	3,613	3,801	3,882	4,058	
TOTAL LIABILITIES &	5,131	5,367	5,116	4,919	4,811	5,699	5,557	

(*) Consolidate Afore

MEMORANDUM ACCOUNTS OF BANCEN

	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04
Signature guarantees granted	-	-	-	-	-	-	-	-
Other contingent obligations	1,700	1,674	1,575	1,549	1,374	1,325	1,207	
Irrevocable lines of credit	-	-	-	-	-	-	-	-
Assets held in trust and mandate	24,752	27,859	28,639	28,308	29,867	29,165	14,762	
Assets held in custody or in	768	766	475	82	333	1,192	1,200	
Investment banking transactions for	-	-	-	-	-	-	-	
Engaged amounts in fobaproa operations	-	-	-	-	-	-	-	
Investment of retirement saving funds	-	-	-	-	-	-	-	
Integration of loan portfolio	-	-	-	-	-	-	-	
Received amounts in derivative	-	-	-	-	-	-	-	
Fobaproa trusts	-	-	-	-	-	-	-	
Securities to be received	76,077	79,845	78,804	459	14,855	4,161	113	
(Less) payable for reversal	(76,012)	(79,857)	(78,715)	(463)	(14,838)	(4,160)	(113)	
Receivables for reversal	7,871	11,061	13,663	320	-	-	-	
(Less) securities to be delivered	(7,879)	(11,045)	(13,727)	(316)	-	-	-	
Other control accounts	44,102	43,950	45,260	43,970	-	-	-	
	71,378	74,254	75,975	73,910	31,590	31,683	17,168	

Annex 6. Notes to Banking Sector Financial Statements

Financial Instruments and Valuation Effects 3Q04

NEGOTIABLE INSTRUMENTS	BOOK VALUE	MARKET VALUE	UNREALIZED GAIN (LOSS)
Government Securities	3,494	3,487	(8)
Banking Securities	1,934	1,928	(6)
Private	289	289	-
Commercial Paper	614	627	13
Swap of Coverage purposes	3	3	-
Total	6,334	6,334	-
SECURITIES HELD FOR SALE			
Government Securities	-	-	-
-Mexican Government Securities (UMS)	-	-	-
Bonds public company	-	-	-
Eurobonds	811	180	(631)
Swap of Coverage purposes	-	-	-
Total	811	180	(631)
SECURITIES HELD TO MATURITY			
Special Cetes	2,931	2,931	-
Trust Bonds	-	-	-
Fiduciary Rights	36	27	(9)
Bonds	186	186	-
Mexican Government Securities (UMS) (US Dollars)	7,187	7,187	-
Mexican Government Securities (UMS) (Euros)	400	400	-
US Clearing Master Trust	-	-	-
Swap Private company	-	-	-
Swap Public company	1,045	1,045	-
Swap of Coverage purposes	(1,668)	(1,668)	-
Total	10,117	10,108	(9)
TOTAL	17,262	16,622	(640)

Repurchase Agreement Operations 3Q04

(Millions of Pesos)

REPURCHASE AGREEMENT DEBTORS	MARKET VALUE (1)	ASSET BALANCE
Government Securities	89,351	(87)
Banking Securities	1,818	-
Total	91,169	(87)
REPURCHASE AGREEMENT CREDITORS	MARKET VALUE (2)	LIABILITY BALANCE
Government Securities	52,337	(76)
Banking Securities	200	-
Total	52,537	(76)

1) RECEIVABLES ON REPURCHASE AGREEMENT

2) PAYABLES ON REPURCHASE AGREEMENT

Non-governmental Financial Instruments above by 5% of Net Capital 3Q04

(Millions of Pesos)

INDUSTRY	INVESTMENT INSTRUMENT	AMOUNT	% NET CAPITAL
BANSAN	Term Deposits	920	5.2%

Figures are presented in constant pesos set at the close of September, 2004

Loan Portfolio

(Million of Pesos)	LOCAL CURRENCY(*)		FOREIGN CURRENCY		TOTAL	
	3Q03	3Q04	3Q03	3Q04	3Q03	3Q04
Performing Loans						
Commercial	23,983	30,562	8,937	6,383	32,920	36,945
Financial Intermediaries	3,013	3,058	811	202	3,820	3,260
Consumer	8,109	10,783	6	3	8,114	10,787
Mortgages	14,339	17,409	-	-	14,339	17,409
Government Entities	88,251	74,401	751	648	89,002	75,049
Fobaproa	7,184	6,878	(205)	-	6,980	6,878
Total	144,878	143,092	10,300	7,236	155,178	150,328
Past Due Loans						
Commercial	1,152	547	810	381	1,962	928
Financial Intermediaries	-	-	-	-	-	-
Consumer	395	501	-	-	395	501
Mortgages	1,216	1,324	-	-	1,216	1,324
Government Entities	8	14	-	-	8	14
Total	2,772	2,386	810	381	3,582	2,767
Total Proprietary Loans	147,650	145,478	11,111	7,617	158,760	153,095
% Past Due Loans	1.9%	1.6%	7.3%	5.0%	2.3%	1.8%

(*) 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 3Q04

(Millions of Pesos)	TOTAL	
	PERIOD COST	BALANCE LOAN PORTFOLIO
FINAPE	1.5	9.2
FOPYME	2.9	9.0
Mortgage UDIS	36.1	97.4
Mortgage FOVI	46.7	57.5
	87.2	173.1

The quarter ending with a balance of Ps 173.1 million pesos in debtors support programs with a cost of the period of Ps 87.2 million. The 99% of this portfolio are concentrated in Banorte.

Past Due Loans Variations as of 3Q04

Past Due Loans		
Balance as of June 30,04		2,831
	Performing loans to Past due loans transfers	676
	Renewals	(7)
	Cash Collections	(169)
	Discounts	(7)
	Charge Offs	(373)
	Foreclosures	(3)
	Past due loans to Performing loans transfers	(190)
	Exchange Adjustment	9
Balance as of September 30,04		2,767

Figures are presented in constant pesos set at the close of September, 2004

Troubled Portfolio 3Q04

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

(Millions of Pesos)	TOTAL
Troubled Portfolio	1,795
Total Loans	153,095
Troubled Portfolio / Total Loans	1.3%

Fobaproa

(Millions of Pesos)	REMAINING CONTINGENCIES	
	LOSS(1) SHARING	INCENTIVE(1) SCHEME
Gross Fobaproa notes balance	8,173	4,778 ⁽²⁾
- Cash recoveries	83	13 ⁽²⁾
Reposessed assets	=	=
= Balance net of recoveries	8,090	4,765
Contingency before reserves	2,158	361
- Reserves	<u>2,158</u>	<u>361</u>
= Remaining contingencies	-	-

1) Includes only cash recoveries.

2) Included in Loss Sharing program.

Banorte provisioned Ps 32 million through the Income Statement during the quarter to keep 100% provisioned on the FOBAPROA-IPAB Loss Sharing program and Incentive Scheme. Cash recoveries in the Loss Sharing program represented 1% of Banorte's Gross FOBAPROA-IPAB notes balance.

Fobaproa Notes Integration 3Q04

(Millions of Pesos)	BANORTE				BANCEN	BANPAIS			BANKING SECTOR
	LOSS SHARING LOCAL CURRENCY	LOSS SHARING DOLLARS	WITHOUT RISK	INCENTIVE SCHEME	LOCAL CURRENCY	LOCAL CURRENCY	DOLLARS	TOTAL	
Gross Balance	8,173	-	1,310(1)	(1)	-	-	-	9,483	
- Checking account balance	82	-	-	(1)	-	-	-	86	
- Reserves	2,158	-	-	361	-	-	-	2,519	
= Net Balance	5,933	-	1,310	(361)	-	-	-	6,878	
Interest Rate	CETES 91-1.35	LIBOR 6M+1	CETES 91	N.A.	N.A.	-	-		
Maturity	2005	2006	2006	2005/2006	N.A.	-	-		
Remaining Contingencies	-0-	-0-	No exist	-0-	No exist	-	-		

1) Ps 4,778 and Ps13, Gross Balance and Checking account balance of Incentive Scheme are included in Loss Sharing.
N.A.- Not Applicable

ORIGIN OF THE NOTES

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

Figures are presented in constant pesos set at the close of September, 2004

following list:

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

SIGNIFICANCE IN BANORTE BALANCE

	1997	1998	1999	2000	2001	2002	2003	3Q04
% Total Loans	70.9%	64.6%	63.5%	58.7%	55.5%	55.7%	50.8%	47.1%
% Total Assets	60.6%	53.5%	43.7%	46.7%	44.5%	43.5%	36.5%	34.0%

Deferred Taxes 3Q04

<i>(Millions of Pesos)</i>			
ASSETS	ISR	PTU	NET
Allowance for loan losses (not deducted)	-	-	-
Tax loss carryforwards	374	-	374
Deficit from retirement obligations	207	63	269
Non deductible provisions and accumulative income	44	13	58
Reserves for BN+BCR integration expenses	9	3	12
Obligations FOBAPROA, Net	688	-	688
Others	-	-	-
Total Assets	1,322	79	1,401
LIABILITIES			
Accrued interest and inflationary component of Fixed Assets, Foreclosed, Intangible & Others	(331)	(44)	(374)
Total liabilities	(331)	(44)	(374)
Assets (Liabilities) Accumulated Net	992	35	1,027

Long term debt as of 3Q04

TYPE OF DEBT	CURRENCY	DATE OF ISSUE	AMOUNT (Ps)	ORIGINAL AMOUNT (Millions Ps, Dls o UDIS)	TERM	INTEREST RATE	MATURITY	INTEREST PAYMENT
BANORTE								
CD's- Banorte U01001	UDIs	11-Ene-01	313	90	10 years	8.13%	30-Dic-10	E/182 days
Non Convertible Subordinate Bonds -OBanorte 02D	Ps	28-Nov-02	1,274	1,136	10 years	8.00%	28-Nov-12	E/182 days
Certificados – Banorte M7001	Ps	27-Ene-03	100	100	3 years	TIE-0.25%	10-Jul-06	E/28 days
Step-Up Subordinated Callable Notes Due 2014	Dls	17-Feb-04	3,417	300	10 years	5.875 %	17-Feb-14	E/180 days
CD's Serie 1999-2B	Dls	15-Jul-99	121	25	7 years	9.49%	15-Jul-06	Monthly

Bank and Other entities loans as of 3Q04

<i>(Millions of Pesos)</i>	LOCAL CURRENCY	INTEREST RATE	TERM (DAYS)	FOREIGN CURRENCY	INTEREST RATE	TERM (DAYS)	TOTAL
LOANS FROM LOCAL BANKS	-	-	-	426	L+6	435	426
LOANS FROM FOREIGN BANK CONCERNED FROM THE COUNTRY	-	-	-	-	-	-	-
LOANS FROM FOREIGN BANK CONCERNED FROM CAYMAN	-	-	-	346	2.18	896	346
SECURITIZATION	-	-	-	120	9.49	344	120
LOANS FROM DEVELOPING BANKS	248	14.41	679	516	3.95	612	764
LOANS FROM PUBLIC FUNDS	6,866	6.64	641	277	3.04	540	7,143
LOANS FROM BANKS	8,800	6.02	6	-	-	-	8,800
CALL MONEY	1,415	6.55	1	-	-	-	1,415
LOANS FROM FIDUCIARY FUNDS	3,847	9.16	8,354	-	-	-	3,847
PROVISIONS FOR INTEREST	40	N.A.	N.A.	-	-	-	40
	21,216			1,685			22,901

Trading Income 3Q04
(Millones de Pesos)

VALUATION EFFECTS	NET
Negotiable Instruments	8
Repurchase	1
Futures	4
Foreign Currency Forwards	4
Options	1
Futures	6
Securities loans	-
Range	-
Inflation Adjustment	-
Total	24
RESULTS FROM BUYING AND SELLING	
Negotiable Instruments	233
Securities Held for Sell	(53)
Inflation Adjustment	-
Total of Buying and Selling Instruments	181
FX Spot	157
FX Forwards	3
FX Futures	-
FX Futures TIIE	-
Forwards	2
Trading currencies securitization	173
Compra Venta de Metales	1
Total of Foreign Exchange	336
Inflation Adjustment	9
Total of Buying and Selling	526
TOTAL TRADING INCOME	550

US Dollar Assets and Liabilities

US Dollar Assets and Liabilities <i>(Millions of Dollars)</i>	3Q03	3Q04
Assets		
Cash	41	45
Deposits on Foreign Banks	312	365
Intergroup Deposits	-	-
USCP	96	51
Remittances Securitization Trust	15	7
Investment portfolio	641	754
Loan portfolio	979	728
Fobaproa – IPAB Notes(1)	(28)	(18)
Cross Currency Swaps	-	301
Foreign Exchange Derivatives	73	107
Fx Position	-	371
Other assets	17	15
Total Assets	2,147	2,725
Liabilities		
Retail Deposits	993	1,242
Market Issues	34	11
Loans from Banks	93	68
Intergroup Funding	-	-
Development Banks	83	70
Cross Currency Swaps	686	780
Deferred payments	-	-
Loan Loss Reserves	99	49
Subordinated Debentures	112	411
Foreign Exchange Derivatives	5	27
Fx Position	17	-
Other liabilities	25	68
Total Liabilities	2,147	2,725

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

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

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

Net Capital to Credit Risk Assets: 16.1%

Net Capital to Assets subject to Credit and Market Risk: 13.9%

AD2.- CAPITAL INTEGRATION

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

Net Capital: 14,953

Tier 1 Capital		10,527	Tier 2 Capital		4,426
Stockholders Equity	10,504		Capitalization Instruments	3,325	
Subordinated debt and Capitalization Instruments	1,312		(+)General Preventive Reserves	1,101	
Deferred for Tier 1	1,062				
(-) Investment in Subordinated debt	-				
(-) Investment in Financial Institutions	117				
(-) Investment in Non-Financial Institutions	545				
(-) Financing granted for the acquisition of shares of the bank or other Group subsidiaries	-				
(-) Excess on deferred taxes	1,062				
(-) Restructuring Charges and others intangibles	626				
(-) Others Assets	-				

AD3.- RISK ASSETS

Amount of weighted assets with market risk and credit risk.

Market risk weighted assets: 14,753	Weighted Assets	Required Capital
Peso Nominal interest rate operations	9,223	738
Peso or UDI real interest rate operations	105	8
Interest rate operations in foreign currency with nominal rate	4,387	351
Position in UDIS or with a return indexed to inflation	-	-
Positions in foreign currency or indexed to the FX rate	1,037	83
Positions in share or index to the price of securities	-	-

Credit Risk-Weighted Assets:	Weighted Assets	Required Capital
Group 1 (risk weight 0%)	-	-
Others (risk weight 2.5%)	-	-
Others (risk weight 10%)	-	-
Group 2 (risk weight 20%)	2,691	215
Others (risk weight 50%)	-	-
Others (risk weight 75%)	-	-
Group 3 (risk weight 100%)	84,979	6,798
Others (risk weight 112%)	-	-
Others (risk weight 115%)	-	-
Others (risk weight 150%)	-	-
Others	4,989	399

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

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

Net Capital to Credit Risk Assets: 91.4%

Net Capital to Assets subject to Credit and Market Risk: 32.3%

AD2.- CAPITAL INTEGRATION

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

Net Capital: 2,793

Tier 1 Capital	2,755	Tier 2 Capital	38
Stockholders Equity	3,426	Capitalization Instruments	-
Subordinated debt and Capitalization Instruments	-	(+) General Preventive Reserves	38
Deferred for Tier 1	-		
(-) Investment in Subordinated debt	-		
(-) Investment in Financial Institutions	672		
(-) Investment in Non-Financial Institutions	-		
(-) Financing granted for the acquisition of shares of the bank or other Group subsidiaries	-		
(-) Excess on deferred taxes	-		
(-) Restructuring Charges and others intangibles	-		
(-) Others Assets	-		

AD3.- RISK ASSETS

Amount of weighted assets with market risk and credit risk.

Market risk Weighted Assets: 5,584	Weighted Assets	Required Capital
Peso Nominal interest rate operations	5,351	428
Peso or UDI real interest rate operations	225	18
Interest rate operations in foreign currency with nominal rate	6	-
Position in UDIS or with a return indexed to inflation	2	-
Positions in foreign currency or indexed to the FX rate	-	-
Positions in share or index to the price of securities	-	-

Credit Risk-Weighted Assets: 3,055	Weighted Assets	Required Capital
Group 1 (risk weight 0%)	-	-
Others (risk weight 2.5%)	-	-
Others (risk weight 10%)	-	-
Group 2 (risk weight 120%)	127	10
Others (risk weight 50%)	-	-
Others (risk weight 75%)	-	-
Group 3 (risk weight 100%)	2,865	229
Others (risk weight 112%)	-	-
Others (risk weight 115%)	-	-
Others (risk weight 150%)	-	-
Others	63	5

Risk Management

Market Risk

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

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

The VaR under this method means the potential loss for one day that could affect the loan portfolio valuation at a certain date, with a two-tail 99% reliability level assuming that the 500 immediate historical scenarios repeat in the future, multiplying said result by a safety factor that guarantees coverage of all the unforeseen volatility in the main risk factors that affect such portfolios.

The average Value at Risk (VaR) for the 3Q04 for the Banking Sector's financial instrument portfolios, including bonds, shares, money market transactions, swaps, forwards, futures, and others derived within and out of the balance, is Ps 370 million.

The VaR for other periods are as follows:

Millions of nominal pesos	3Q03	4Q03	1Q04	2Q04	3Q04
Banorte VaR *	166	217	258	293	366
Banorte's Net Capital ***	11,329	11,739	15,135	14,595	14,953
VaR / Banorte's Net Capital	1.47%	1.85%	1.70%	2.01%	2.45%
Bancen VaR *	105	51	12	27	25
Bancen's Net Capital ***	2,453	2,445	2,603	2,675	2,793
VaR / Bancen's Net Capital	4.28%	2.09%	0.46%	1.01%	0.90%
Banking Sector's VaR *	182	242	259	302	370
Banking Sector Net Capital ****	13,782	14,184	17,738	17,270	17,746
VaR / Banking Sector Net Capital	1.32%	1.71%	1.46%	1.75%	2.08%

* Quarterly Average

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

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

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

Additionally, the Value at Risk per risk factor of the instruments portfolio described for the Banking Sector as a whole, was as follows for the third quarter of 2004:

(Millios of pesos)

RISK FACTOR	VaR
Domestic interest rate	188
Foreign interest rate	224
Exchange rate	273
Stock Exchange	2
Eurobonds Price	222
Total	370

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

Figures are presented in constant pesos set at the close of September, 2004

constant. The consolidated Value at Risk for the Banking sector takes into consideration the correlations of all the risk factors affecting the portfolio appraisal, which is why the sum of the Value at Risk per Institution does not match.

Credit risk

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

The objectives of credit risk management at GFNorte are:

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

Individual Credit risk

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

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

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

Portfolio Credit risk

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

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

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

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

The results are risk measures such as the expected and unexpected loss at a one-year horizon. The expected loss is the credit portfolio's loss distribution average. The unexpected loss is the maximum loss at a specific confidence level (95% in this case) given the loss distribution.

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

Information by Segments

With the ultimate goal of improving the understanding of information of the Group and given the importance of the 2 banks (Banorte and Bancen) within the Financial Group, (together representing more than 90% each of the Shares, Deposits, and Profits of the Group), we have included their financial statements and combined indicators proforma together under the "Banking Sector" heading. The Banking Sector is defined as the 2 banks with their respective subsidiaries, except the Afore unit (a subsidiary of Bancen), which is not considered part of this Sector for management reasons (as of the end of 1998). We have also grouped companies corresponding to other Sectors, which are defined in accordance with the orientation of the companies. These Sectors are as follows: The Brokerage Sector which is made up of the Brokerage House; the Long-Term Savings Sector, made up of the Annuities, Insurance and Afore companies, and the Auxiliary Organizations Sector which includes the Leasing, the Brokerage, the Warehousing, and the Bonding companies. For purposes of the Reconciliation Table by Sector, these sectors are all put under the heading "Other Sectors" as they each represent only a very small participation in the group. This segmentation was done on the basis of the 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-3Q04

<i>(Millions of pesos)</i>	BANORTE (1)	BANCEN (3)	TOTAL
Income Statement			
Net Interest Income	2,456.2	40.3	2,496.6
Non Interest Income	879.9	139.9	1,019.8
Non Interest Expense	2,594.4	29.3	2,623.7
Other income (expense)	(15.0)	(26.1)	(41.0)
Extraordinary items, net	-	-	-
Net Income	265.3	158.4	423.7
Balance Sheet			
Assets	207,507	4,743	212,249
Loans	152,269	826	153,095
Deposits	162,767	(369)	162,398
Equity	10,505	3,426	13,931
Past Due Loans	2,476	291	2,767
Loan Loss Reserves	3,270	269	3,540
Ratios			
Non Interest Expense/ Total Assets	1.3%	0.6%	1.2%
% Past Due Loans	1.6%	35.2%	1.8%
Reserves / Past Due Loans	132.1%	92.7%	127.9%
% Capitalization (2)	13.9%	32.3%	15.3%

1) Includes a 96.11% participation of the Group.

2) Includes Market Risks. Using 2003 rules.

3) Excludes the AFORE.

Inter-bank Eliminations Summary

<i>(Millions of Pesos)</i>	BANORTE	BANCEN	INTERBANK ELIMINATIONS
Income Statement			
Net Interest Income	(21.9)	21.9	-
Non Interest Income	-	-	-
Non Interest Expense	-	-	-
Other Income (expense)	-	-	-
Extraordinary items, net	-	-	-
Balance Sheet			
Assets	(1,744)	(19)	(1,763)
Cash and Due from Banks	(169)	(19)	(189)
Financial Instruments	(1,575)	-	(1,575)
Loans	-	-	-
Deposits	(19)	(1,575)	(1,594)
Due to Banks	-	(169)	(169)
Equity	-	-	-
Past Due Loans	-	-	-
Loan Loss Reserves	-	-	-
Investments in Subsidiaries	-	-	-
Deferred Taxes, (Liabilities) (*)	-	-	-
Deferred Taxes, (Assets) (*)	-	-	-

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

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

Reconciliation per Segments Table

<i>(Millions of Pesos)</i>	BANKING SECTOR	OTHER SECTORS	WITHOUT OT. SECT.	TOTAL GROUP
Income Statement				
Net Interest Income	2,496.6	123.1	(10.0)	2,609.6
Non Interest Income	1,019.8	395.4	-	1,415.2
Non Interest Expense	2,623.7	320.4	(17.1)	2,927.0
Other Income (expense)	(41.0)	(6.0)	(7.1)	(54.1)
Extraordinary items, net	-	-	-	-
Balance Sheet				
Assets	212,249	22,992	(16,394)	218,847
Loans	153,095	4,943	(996)	157,042
Deposits	162,398	-	(141)	162,258
Equity	13,931	17,543	(15,165)	16,308
Past Due Loans	2,767	40	-	2,807
Loan Loss Reserves	3,540	56	-	3,596

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

Financial Statements basis for presentation.

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

The Banking Sector (Banorte and Bancen)- The General applications applicable to loan institutions' financial information in effect since July 1, 2003 are the ones being used, as well as the new groupings contained in bulletin 1488 of October 30, 2000 of the CNByV that was effective from January 1,2001 & The Presentation Rules from bulletin 1455 from December 14, 1999 from CNBV used since July 1st, 2000. For all periods, figures are presented in constant pesos set at the close of the current reporting period. Therefore the UDI price at the end of each period was used. The information contained herein is based on non-audited information of each of the entities described herein. Results for any interim period are not necessarily indicative of results that may be achieved for a full fiscal year or any other interim period.

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

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.