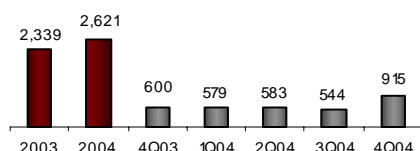
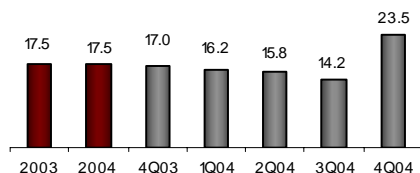


GFNorte accumulated a Ps \$2,621 million net profit in the year.

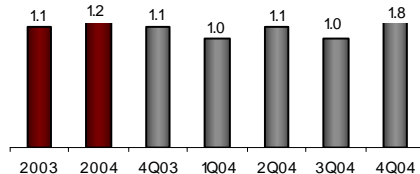
GFNORTE's NET INCOME
(Millions of Pesos)



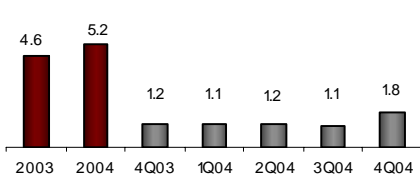
GFNORTE % ROE



GFNORTE % ROA



GFNORTE EPS



F

GRUPO FINANCIERO BANORTE

- GFNorte generated a Ps 2,621 million **net profit** in the year, 12% higher than that of 2003, with a Ps 2,200 million contribution by the Banking Sector (excluding the Afore Pension Fund). Not considering the extraordinary charge from the Efficiency Program, the Group's profit totaled Ps 2,825 million, 21% higher than the accumulated profit in 2003.
- GFNorte's Net Income in 4Q04 was Ps 915 million, 68% higher than the previous quarter, a record high for the Group.
- The GFNorte General Stockholders Meeting held in October 2004 authorized a **new organizational structure**, which is composed of 16 Directorships, all reporting to the Group's CEO.

BANKING SECTOR

- Banorte significantly reduced its IPAB portfolio balance through the **Securitization** of Ps 45,940 million of IPAB loans on December 22, by issuing a 5-year note at an average daily TIIE +40bp. This operation along with the IPAB pre-payments for Ps 13,557 in 4Q04 enabled the IPAB balance to close at Ps 12,389 million.
- During the quarter, the Recovery Banking **purchased 5 loan portfolios** for a total of Ps 7,153 million. These portfolios were made up of 26,383 Commercial and Mortgage loans.
- Banorte launched **two new Deposit products**: "Banorte Fácil" –a savings account with minimal opening requirements and no fees at all and "Enlace Express" that is a card through which users can receive Remittances from the U.S. and use it as a means of payment. It also created the first concept of integrated products and services for women named "Mujer Banorte".
- On January 6, 2005, **Moody's raised the rating** of Banorte's long term Deposits in foreign currency from Baa2 to **Baa1**, which is the same rating for Mexico's sovereign Debt.

OTHER SECTORS

- On December 15, **the Banorte Brokerage House** placed on the market Ps 2,250 million in long-term notes, issued by Nacional Financiera, as trustee, that is guaranteed by the toll rights on the Monterrey-Cadereyta toll road. Given its innovative features, Project Finance International magazine in the Americas section called it the "Infrastructure Deal of the year."

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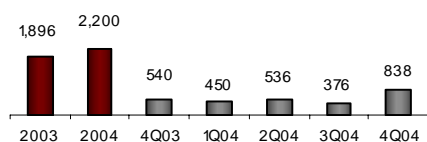
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Highlights

BANKING SECTOR

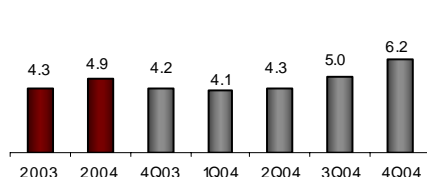
BANKING SECTOR'S NET INCOME (Millions of Pesos)



Net Income

The Banking Sector contributed with an annual profit of Ps 2,200 million to the Group (not including the Afore Pension Fund), 16% higher than the accumulated profit in 2003; and excluding the extraordinary charge of 2H04, it was 26% higher. The profit rose mainly because of the increase in operation volume as reflected in greater revenue in Net Interest Income and Services Income.

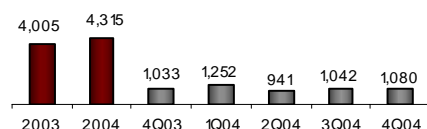
NIM



Net Interest Margin

The Net Interest Margin (NIM) before Repomo rose from 4.3% in 2003 to 4.9% in 2004. This was due mainly to an increase in the loan portfolio, especially in consumer and commercial loans.

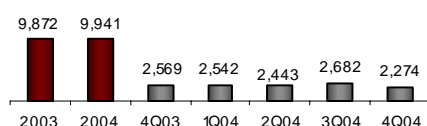
NOT INTEREST INCOME (Millions of Pesos)



Non-Interest Income

The accumulated Non Interest Income in 2004 was 8% higher than in the previous year mainly because of a 31% increase in the Service Fees, despite the income drop in Trading and Recovery Banking.

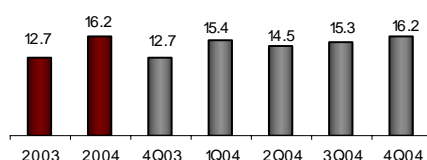
NON INTEREST EXPENSE (Millions of Pesos)



Non-Interest Expense

The Non-Interest Expense for 2004 increased 1% vs. 2003 as a result of the Ps 202 million in Severance Expenses in 2H04 the Efficiency Program. Disregarding this effect, the Non-Interest Expense dropped 1%.

CAPITALIZATION RATIO



Capitalization

The year closed with a Capitalization ratio of 16.2% vs. 12.7% in 4Q03. The increase was due mainly to the placement of USD 300 million in No-Convertible Subordinate Debt in 1Q04, as well as to substantial profits generated in the period.

Loan Portfolio

At the close of 2004, the performing Loan Portfolio without Fobaproa/IPAB and the Recovery-managed portfolio, showed a balance of Ps 84,420 million, 18% higher than in 4Q03, as there was greater growth in government and consumer loans.

Asset Quality

The Banking Sector had a substantial annual drop in its past-due loans as a result of important charge-offs during the year on fully reserved past-due loans to clear the Balance Sheet. Past-Due Loans closed the year with a Ps 1,766 million balance, equivalent to a 2.0% past-due ratio, and with a 153% loan reserve coverage.

Executive Summary

Grupo Financiero Banorte (GFNORTE) announced its results of the 4Q04 operations, reporting a Net Profit of Ps 915 million for the quarter, 53% higher than in 4Q03. The accumulated annual net profit was Ps 2,621 million, 12% higher than that of 2003, after incorporating the extraordinary severance expenses, a sum of Ps 204 million, derived from the Efficiency Program. GFNorte's Return on Capital for 4Q04 was 23.5% and 17.5% for 2004. The 4Q04 Return on Assets reached 1.8%

The Banking Sector contributed with a quarterly profit of Ps 838 million, 55% higher than the same quarter last year, accumulating Ps 2,200 million in the year, 16% higher than last year. The Banking Sector represented 84% of the Group's profits. Revenue quality continued to improve as the interest margin and recurrent non-interest income increased, and a strict expense control continued.

The net interest margin for 4Q04 rose from 4.2% to 6.2% vs. 4Q03, and YoY went from 4.3% to 4.9%. This was due principally to the growth and improvement of the loan mix as well as the increase in interest rates. The average TIIE rate for 28 days rose 32 basis points in the year.

The accumulated service fees for the year rose 31% vs. 2003, especially in credit cards, electronic banking and account management. Trading income was 25% lower than in 2003, given the increase in interest rates during 2004.

The non-interest expense of the Banking Sector rose 1% vs. 2003, mainly because of the increased administrative and promotion expenses targeted to generating business and also to the incorporation of the extraordinary severance expenses of the Efficiency Program carried out in 2H04. For GFNorte this severance expenses totaled Ps 218 million (Ps 204 million of the majority part), derived from downsizing 2,008 employees. Excluding the extraordinary charge, the expense fell 1%. The efficiency ratio improved greatly from 81% in 4Q03 to 59% in 4Q04.

Total deposits, not including third-party deposits, reached a balance of Ps 128,350 million by December. These deposits dropped 23% because of the fewer funding requirements that resulted from the securitization of Ps 46 million of loans to IPAB and to the pre-payments for Ps 17 billion the IPAB made in the year.

The loan portfolio –excluding IPAB and recovery– continued to show a consistent growth. By the fourth quarter of 2004, total performing loans showed a 18% increase vs. last year, for a total balance of Ps 84,420 million. Commercial loans rose 21% in the year, reaching Ps 28,960 million. Corporate loans reached Ps 13,948 million and government loans reached Ps 13,134 million. The latter showed an annual growth of 36%.

Consumer loans were the most dynamic. They represents 34% of the total loan portfolio and offers the greatest margins. Payroll loans grew 61% in 2004, ending the year with a close to Ps 2,000 million balance. Credit card and car loans rose 34% and 12%, respectively in the year, reaching balances of Ps 3,759 million and Ps 5,864 million, Mortgage loans has kept its upward trend closing the year at Ps 16,979 million, a 24% annual increase. Banorte was the institution that placed the highest number of banking mortgage loans in 2003 and 2004.⁽¹⁾

Banorte made charge offs during the fourth quarter for a total of Ps 1,182 million, closing December with a past-due loan balance of Ps 1,766 million, 52% lower than last year. The past-due loan ratio was 2.0%, with a reserve coverage of 153%, which is 122% greater than that of last year.

The Long Term Saving Sector, made up of the Afore Pension Fund, Insurance and Annuities, accumulated profits in the Group for Ps 237 million during 2004, a 4% increase vs. last year.

The Auxiliary Organization Sector contributed with Ps 114 million in the year, a 16% annual growth, while the Brokerage Sector showed a Ps 77 million profit.

(1) Source: Information exchange through the Mexican Banking Association.

Grupo Financiero Banorte

Utilidad de Subsidiarias (Millones de Pesos)	ACCUMULATED			QUARTER		
	2003	2004	% CHANGE	4Q03	4Q04	% CHANGE
Banco Mercantil del Norte (1)	1,017	1,782	75%	267	685	156%
Banco del Centro	880	418	(52)%	273	153	(44)%
Banking Sector	1,896	2,200	16%	540	838	55%
Brokerage Sector (Brokerage House)	107	77	(29)%	30	24	(21)%
Afore	116	116	-%	11	20	82%
Insurance	83	107	28%	11	1	(95)%
Annuities	29	14	(52)%	(18)	(10)	(42)%
Long – Term Saving Sector	229	237	4%	5	11	136%
Leasing	29	41	41%	8	12	53%
Factoring	37	41	9%	7	12	65%
Warehousing	21	17	(21)%	8	5	(33)%
Bonding	11	16	40%	4	5	37%
Auxiliary Organization Sector	98	114	16%	27	34	28%
G. F. Banorte [holding]	9	(6)	(166)%	(2)	8	580%
Total	2,339	2,621	12%	600	915	53%

1) 96.11% owned by GFNorte.

Estado de Resultados del Grupo (Millones de Pesos)	ACCUMULATED			QUARTER		
	2003	2004	% CHANGE	4Q03	4Q04	% CHANGE
Net Interest Income (NII)	9,126	9,995	10%	2,277	2,874	26%
+ REPOMO-Margin	58	(138)	(336)%	22	(94)	(527)%
= NET Interest Income after Repomo	9,184	9,857	7%	2,299	2,780	21%
- Loan Loss Provisions	797	1,103	38%	(1)	347	N.C.
- Loss Sharing Provisions	56	90	61%	6	25	314%
= Net Interest Income after Provisions	8,331	8,665	4%	2,294	2,408	5%
+ Non Interest Income	5,408	5,850	8%	1,352	1,428	6%
= Total Operating Income	13,739	14,515	6%	3,646	3,836	5%
- Non Interest Expense	11,080	11,183(*)	1%	2,905	2,548	(12)%
= Net Operating Income	2,659	3,332	25%	741	1,289	74%
- Non Operating Income (Expense) Net	(122)	(35)	(71)%	(124)	(57)	(54)%
= Pre-Tax Income	2,537	3,297	30%	617	1,232	99%
- Income Tax & profit sharing	321	436	36%	50	83	67%
- Tax on asset	41	62	52%	8	14	62%
- Deferred Income Tax & profit sharing	(105)	216	306%	(28)	213	871%
= Net Income before Subsidiaries	2,280	2,582	13%	586	922	57%
+ Undistributed Earnings of Subsidiaries	212	222	5%	35	41	16%
= Net Income-contin. Operation	2,491	2,805	13%	622	963	55%
+ Extraordinary Items, net	1	-	N.C.	-	-	-%
- Minority Income	153	184	20%	22	47	119%
=Net Income	2,339	2,621(*)	12%	600	915	53%

(*) Includes Ps 204 millions of the extraordinary charge.
N.C. = Not Comparable

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

Group's Balance Sheet Highlights			
<i>(Millions of Pesos)</i>	4Q03	4Q04	% CHANGE
Performing loans excluding Fobaproa – IPAB (1)	77,200	89,924	16%
FOBAPROA Loans	79,853	12,389	(84)%
Past Due Loans	3,757	1,804	(52)%
Total Loans	160,810	104,117	(35)%
Loan Loss Reserves	4,551	2,752	(40)%
Total Assets	224,805	176,220	(22)%
Total Deposits	171,298	128,398	(25)%
Equity	15,143	16,369	8%
Assets under Management (2)	416,921	355,364	(15)%

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		
	2003	2004	% CHANGE	4Q03	4Q04	% CHANGE
Net Income per Share <i>(Pesos)</i>	4.64	5.19	12%	1.19	1.81	52%
Dividends per Share <i>(Pesos)</i>	0.7	1.0	43%	0.7	1.0	43%
Payout of Dividends	17.5%	22.8%	-	17.5%	22.8%	-
Book Value per Share (1) <i>(Pesos)</i>	28.15	30.71	9%	28.15	30.71	9%
Shares Outstanding <i>(Millions of Shares)</i>	504.6	504.6	-	504.6	504.6	-
Price <i>(Pesos)</i>	39.00	70.14	80%	39.00	70.14	80%
P/BV <i>(Times)</i>	1.39	2.28	65%	1.39	2.28	65%
Market Cap <i>(Billions)</i>	1,751	3,174	81%	1,751	3,174	81%

1) Excluding Minority holdings.

Group's Financial Ratios	ACCUMULATED		QUARTER	
	2003	2004	4Q03	4Q04
Profitability				
ROA (1)	1.1%	1.2%	1.1%	1.8%
ROE (2)	17.5%	17.5%	17.0%	23.5%
Operation				
Efficiency Ratio (3)	76.2%	70.6%	80.0%	59.2%
Assets Quality				
Past Due Loans to Total Loans	4.6%	2.0%	4.6%	2.0%
Loan Loss Reserves to past Due Loans	121.2%	152.5%	121.2%	152.5%

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	
	2003	2004	4Q03	4Q04
Profitability				
NIM before Repomo (1)	4.3%	4.9%	4.2%	6.2%
ROA (2)	0.9%	1.1%	1.0%	1.8%
ROE (3)	16.5%	17.4%	17.9%	25.4%
Operation				
Efficiency Ratio (4)	77.9%	71.5%	80.9%	58.9%
Assets Quality				
% Past Due Loans w/o Fobaproa	4.8%	2.0%	4.8%	2.0%
Loan Loss Reserves to past Due Loans	121.7%	152.5%	121.7%	152.5%
Growths (5)				
Performing Loans w/o Fobaproa –IPAB (7)	8%	18%	8%	18%
Traditional Deposits	15%	1%	15%	1%
Total Deposits	9%	(23)%	9%	(23)%
Capitalization				
Net Capital/ Credit Risk Assets (6)	16.9%	20.8%	16.9%	20.8%
Total Capitalization Ratio (6)	12.7%	16.2%	12.7%	16.2%

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

Information by Sectors

1.- Banking Sector

Income Statement <i>(Millions of Pesos)</i>	ACCUMULATED			QUARTER		
	2003	2004	% CHANGE	4Q03	4Q04	% CHANGE
Net Interest Income after Repomo	8,750	9,521	9%	2,173	2,733	26%
- Loan Loss and Loss Sharing Provisions	829	1,157	40%	(6)	369	6,250%
• Service	2,296	3,018	31%	635	790	24%
• Recovery	827	558	(33)%	386	113	(71)%
• Foreign Exchange	415	390	(6)%	89	42	(53)%
• Trading (Securities- Realized and unrealized gains)	468	349	(25)%	(77)	135	N.C.
+ Non Interest Income	4,005	4,315	8%	1,033	1,080	5%
= Total Operating Income	11,927	12,679	6%	3,212	3,443	7%
- Non Interest Expense	9,872	9,941(*)	1%	2,569	2,275	(11)%
= Net Operating Income	2,055	2,738	33%	642	1,169	82%
- Non Operating Income (Expense) Net	(53)	27	150%	(88)	(57)	(35)%
= Pre-Tax Income	2,002	2,764	38%	554	1,112	101%
- Income Tax & profit sharing	(103)	(552)	436%	(31)	(284)	825%
= Net Income before Subsidiaries	1,899	2,212	17%	524	828	58%
+ Undistrib. Earnings of Subsid, Extraord. Items & Minority Income	155	176	14%	39	58	50%
= Net Income	2,053	2,388(*)	16%	562	886	58%

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

The Banking Sector's accumulated profit in 2004 (100% including the Afore pension fund using the participation method) rose to Ps 2,388 million, 16% higher than in 2003, and excluding severance expenses in 2H04, it was 26% higher. Compared to 4Q03, the quarterly profit was 58% higher, with a Ps 886 million net income. The Net Interest Margin accumulated after Repomo, rose 9% vs. 2003 because of both the important increase in the loan portfolio as well as higher interest rates. The Loan Loss and Loss Sharing Provisions were 40% higher than in 2003 and 72% higher when adding the Ps 270 million of reserve restitution against Capital made in 1Q04. The accumulated Non Interest Income rose 8% vs. last year due mainly to the higher income from Services, despite the substantial drop in Trading Income and Recovery. Non Interest Expenses increased 1% vs. 2003 given the higher Personnel Expenses, which included the Ps 202 million in severance expenses in 2H04, and higher Administrative and Promotion Expenses for business-generating efforts. Not considering the extraordinary charge, Expenses dropped 1%. Non Operating Income increased 150% vs. last year's negative figures mainly because of an increase in Recoveries, which more than offset the negative effect of a higher Repomo and higher Expense. The effective Tax and Profit Sharing (PTU) rate in 2004 was 20% vs. last year's 5%.

Net Interest Income

Banking Sector Net Interest Income <i>(Millions of Pesos)</i>	ACCUMULATED			QUARTER		
	2003	2004	% CHANGE	4Q03	4Q04	% CHANGE
Interest Income	22,062	23,809	8%	4,974	6,820	37%
Interest Expense	14,160	14,702	4%	3,037	4,179	38%
Loan Fees	824	569	(31)%	221	167	(24)%
Fees Paid	56	88	58%	14	24	70%
Net Interest Income before Repomo	8,670	9,588	11%	2,144	2,784	30%
Average Earning Assets	201,295	193,783	(4)%	205,475	180,270	(12)%
NIM before REPOMO (1)	4.3%	4.9%		4.2%	6.2%	

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

During 2004 the Net Interest Margin before Repomo increased 11% vs. last year, increasing the NIM from 4.3% to 4.9%, as a result of the various factors that influenced its performance as follows:

Increase:

- A 18% annual growth in the performing loan portfolio without Fobaproa/IPAB and Recovery.
- Improved loan mixture, with a greater participation of Commercial and Consumer loans, from 62% in 2003 to 67% in 2004, which have greater margins than the rest of the loan portfolio.
- An increase in the market interest rates, as the 28-day Cete averaged from 6.26% in 2003 to 6.78% in 2004, and the TIIE went from 6.83% to 7.15% in the same period.
- The peso's depreciation vs. the dollar: from 10.84 pesos/dollar in 2003 to 11.31 pesos/dollar in 2004.

Decrease:

- A 31% reduction in 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 57 bp to 37 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 4Q04 rose 30% vs. 4Q03, increasing the NIM from 4.2% to 6.2%, because of the following factors:

Increase:

- The substantial 18% growth in the performing loan portfolio without Fobaproa/IPAB and Recovery.
- An improvement in the loan mixture, increasing the participation of Consumer and Commercial loans from 62% in 4Q03 to 67% in 4Q04, as these have greater margins than the rest of the loan portfolio.
- Higher average interest rates in 4Q04, as the 28-day Cete went from 5.36% to 8.12% and the TIIE from 6.83% to 8.52%.
- The peso's depreciation vs. the dollar: from 11.23 pesos/dollar at the close of 4Q03 to 11.31 pesos/dollar at the close of 4Q04.

Decrease:

- A reduction of 24% in Fees Collected 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 49 bp to 37 bp, as the IPAB portfolio and a large part of the loan portfolio are referred to the latter.

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 7.8% to 8.5% vs 2003, an increase in the Margin in Fobaproa/IPAB from 2.6% to 3.3%, 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 Securities Portfolio) from 2.2% to 1.5%.

In 4Q04, Ps 45,940 million of IPAB loans from Bancrecer were securitized (through a trustee), at a 5-year term and a average daily TIIE rate plus 40 bp, and IPAB made pre-payments for a sum of Ps 13,557 million. This transaction reduced the relative importance of the FOBAPROA/IPAB concept on the net interest margin which also will contribute to an increase in the NIM as the productive assets drop in a greater proportion than the drop in the contribution to

the net interest margin. The effect will be clearer as of the next quarter as this transaction was made in late December 2004.

Net Interest Income & NIM by type of asset	ACCUMULATED				QUARTER			
	VOL 2003	%	VOL 2004	%	VOL 4Q03	%	VOL 4Q04	%
<i>(Millions of Pesos)</i>								
Loan Portfolio	68,772	7.8%	78,233	8.5%	71,783	8.2%	82,987	9.4%
FOBAPROA / IPAB	90,072	2.6%	63,577	3.3%	84,255	2.2%	43,074	5.6%
Other ⁽¹⁾	42,451	2.2%	51,973	1.5%	49,437	1.7%	54,209	1.6%
TOTAL	201,295	4.3%	193,783	4.9%	205,475	4.2%	180,270	6.2%

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

(*) Volumes in average

Non Interest Income

Non Interest Income	ACCUMULATED			QUARTER		
	2003	2004	%	4Q03	4Q04	%
<i>(Millions of Pesos)</i>						
+ Fund Transfers	188	191	2%	46	41	(13)%
+ Account Management Fees	749	976	30%	217	271	25%
+ Fiduciary (1)	188	191	2%	48	47	(4)%
+ Credit Card	690	1,176	70%	197	267	35%
+ Income From loan portfolios acquired (1)	747	684	(8)%	278	157	(43)%
+ Electronic Banking Services	274	424	55%	82	145	77%
+ From Fobaproa (3)	503	410	(19)%	147	75	(49)%
+ Other Fees	612	461	(25)%	162	117	(28)%
Fees on purchased services:	3,951	4,513	14%	1,176	1,119	(5)%
+ Fund Transfers	-	-	-%	-	-	-%
+ Other Fees (2)	501	478	(5)%	137	115	(16)%
+ Expense From loan portfolios acquired (2)	327	458	40%	19	100	442%
Fees Paid :	828	937	13%	156	216	38%
=Net Fees	3,123	3,576	15%	1,020	903	(12)%
+ Foreign Exchange	415	390	(6)%	89	42	(53)%
+ Securities- Realized gains	493	335	(32)%	(40)	145	467%
+ Securities- Unrealized gains	(26)	14	155%	(37)	(10)	(73)%
Trading Income	883	738	(16)%	13	177	1,317%
= Non Interest Income	4,005	4,315	8%	1,033	1,080	5%

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

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

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

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

Non Interest Income	ACCUMULATED			QUARTER		
	2003	2004	%	4Q03	4Q04	%
<i>(Millions of Pesos)</i>						
Service	2,296	3,018	31%	635	790	24%
Recovery	827	558	(33)%	386	113	(71)%
Foreign Exchange	415	390	(6)%	89	42	(53)%
Trading (Securities- Realized and unrealized gains)	468	349	(25)%	(77)	135	277%
= Non Interest Income	4,005	4,315	8%	1,033	1,080	5%

The Non Interest Income for 2004 rose 8% YoY and in 4Q04 it increased 5% vs. 4Q03. These variations were due to the various factors explained below:

Service Fees:

Annualized fees rose 31% vs. last year due mainly to increases in the Fees charged on Credit Cards for 70% 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 for 30%, and in Electronic Banking Services for 55%. For the quarter, Service Fees rose 24% vs. 4Q03 given the 35% increase in Credit Card fees, the 77% increase in Electronic Banking Services, and the 25% increase in Account Management Fees.

Recovery:

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

Non Interest Income (Millions of Pesos)	ACCUMULATED			QUARTER		
	2003	2004	%	4Q03	4Q04	%
SERFIN						
Income	572	387	(32)%	226	91	(60)%
- Expense	297	225	(24)%	88	51	(42)%
= Net Fees from Serfin	275	161	(41)%	137	40	(71)%
LOAN PORTFOLIOS ACQUIRED						
Income	174	298	71%	52	66	27%
- Expense	30	233	677%	(70)	49	170%
= Net Income from loan portfolios acquired	144	65	(55)%	122	17	194%
FOBAPROA FEES						
From FOBAPROA (*)	408	332	(19)%	127	56	(56)%
= Fobaproa Fees	408	332	(19)%	127	56	(56)%
Non Interest Income – Recovery Bank	827	558	(33)%	386	113	(71)%

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

The accumulated Non Interest Income derived from Recovery was 33% lower than last year because in 2003 additional income for Ps 236 million was included, coming from the retroactive accounting of income from modifying the original contract for managing the Serfin portfolio and from renegotiating with IPAB the contract for managing the Bancen and Banpais portfolios. The Net Fees from the Serfin portfolio and the Fees charged to Fobaproa dropped 41% and 19%, respectively, as a result of the non-recurrent income mentioned above. In the case of Loan Portfolios Acquired, although income increased 71%, it was decided to speed up the amortization of the investment, thus the Net Fees dropped 55%. The quarterly income of Recovery Banking dropped 71% vs. 4Q03 because nearly 50% of the non-recurrent income registered in 2003 occurred in 4Q03.

Foreign Exchange:

The accumulated annual Foreign Exchange Income dropped 6% vs. 2003 because of the sale transactions of surplus dollars to fund peso operations made in 2004. This was especially noticeable in 4Q04, when compared to 4Q03, as the Forex income dropped 53%, negatively affected by Ps 61 million resulting from such transactions.

Trading:

Trading Income for 2004 decreased 25% vs. 2003, mainly because of the increase in interest rates during most of the year. For 4Q04, Trading Income was 277% higher than in 4Q03 given the positive impact of a marked drop in the long-term interest rates in Banorte's securities position at the end of the quarter, and also due to the negative effect in 4Q03 when the rates increased.

Non Interest Expense

Non Interest Expense (Millions of Pesos)	ACCUMULATED			QUARTER		
	2003	2004	% CHANGE	4Q03	4Q04	% CHANGE
Personnel Expenses	4,001	4,305	8%	963	980	2%
+Professional Fees	444	496	12%	103	124	20%
+Administrative and Promotion Expenses	2,508	2,438	(3)%	712	578	(19)%
+Rent, Depreciation & Amortization	1,467	1,519	4%	396	394	(1)%
+Tax other than income tax	680	424	(38)%	198	9	(96)%
+Contributions to IPAB	772	760	(2)%	196	190	(3)%
= Non Interest Expense	9,872	9,941	1%	2,569	2,274	(11)%

The Non-Interest Expense for 2004 increased 1% vs. 2003 as a result of the Ps 202 million in severance expenses in 2H04 according to the Efficiency Program. Disregarding this effect, the Non-Interest Expense dropped 1%. Professional Fees rose 12% because of the start of the Credit Card technology project and the Project to measure Operating Risks, both started in 2004. Administration and Promotion Expenses dropped 3% due mainly to lower expenses on maintenance, subscription fees, mail, telephone and stationary derived from the strict expense control. Rents, Depreciations and Amortizations rose 4% due mainly to the accelerated depreciation of the Operating and Technological Integration project and other projects, and to the amortization for closing 83 branches in 2004. Other Taxes fell 38% as a result of higher VAT crediting as of 3Q04 derived from a favourable resolution in the injunction against the VAT law modifications in January 2003.

The Non Interest Expense for 4Q04 was 11% lower than in 4Q03 basically because of the 19% reduction in Administrative and Promotion Expenses, a result of the Expense Reduction and Optimization Program and in the case of Other Taxes, the drop was due mainly to the VAT refund mentioned above.

Efficiency Program

In 4Q04 the Efficiency Program that had been announced last July, was completed with a downsizing of 2,008 employees in the Group and the closing a total of 83 branches in the year. The total estimated cost in severance pay is Ps 213 million (Ps 200 million for the majority portion)

Non Operating Income (Expense) Net

Non Operating Income (Expense) (Millions of Pesos)	ACCUMULATED			QUARTER		
	2003	2004	% CHANGE	4Q03	4Q04	% CHANGE
+Other Revenues	432	494	14%	128	146	14%
+Foreign Exchange	-	-	-%	-	-	-%
+Recoveries	166	292	76%	17	35	104%
+Repomo-other revenues	22	24	13%	12	10	(16)%
=Non Operating Income	620	810	31%	156	191	22%
-Other Expenses	(345)	(412)	19%	(98)	(105)	7%
-Foreign Exchange	(2)	-	-%	-	-	-%
-Repomo-other expenses	(325)	(372)	14%	(145)	(142)	(2)%
=Non Operating Expense	(672)	(784)	17%	(244)	(248)	2%
= Non Operating Income (Expense) Net	(53)	27	150%	(87)	(57)	(35)%

The accumulated Non Operating Income for 2004 was Ps 27 million vs. Ps 53 million negative in 2003. This variation was due mainly to the following factors:

Other Revenues:

- Cancellation of Ps 150 million in Bancen's Loan Reserve surplus in 2Q04. (See Annex 3).
- Ps 53 million in dividends received from insurance policies; Ps 41 million from Diverse Creditors cancellation; Ps 37 million from the sale of repossessed assets; and Ps 17 million of loan portfolios, and tax recovery (VAT)
- Cancellation of Ps 22 million in integration reserves

Other Expenses

- Ps 44 million in losses from Diverse Debtors, Claims and Others
- A 14% increase in Repomo, due to a higher inflation rate than in 2003 (5.2% in 2004 vs. 4.0% in 2003).

The Non Operating Income for 4Q04 was negative Ps 57 million which compared favorably with the Ps 88 million negative in 4Q03. The variation is due mainly to a Ps 18 million increase in Other Income and the same amount in Recoveries, as Other Expenses rose only Ps 4 million.

Loan Portfolio

PERFORMING LOAN PORTFOLIO			
<i>(Millions of Pesos)</i>	4Q03	4Q04	% CHANGE
Commercial	23,851	28,960	21%
Consumer	22,824	28,378	24%
Corporate	15,339	13,948	(9)%
Government	9,646	13,134	36%
Sub Total	71,659	84,420	18%
Recovery Banking	1,957	1,663	(15)%
Total	73,616	86,083	17%

PERFORMING CONSUMER			
<i>(Millions of Pesos)</i>	4Q03	4Q04	% CHANGE
Mortgages	13,714	16,979	24%
Automobile	5,093	5,684	12%
Credit Card	2,804	3,759	34%
Electronic Payroll	1,214	1,956	61%
Total Consumer	22,824	28,378	24%

<i>(Millions of Pesos)</i>	4Q03	4Q04	% CHANGE
Fobaproa / IPAB Loans	79,853	12,389	(85)%
Past Due Loans	3,709	1,766	(52)%

Total performing loans without Fobaproa/IPAB showed an annualized increase of 17%, from Ps 73,616 to Ps 86,083 million, and 18% if excluding the loan portfolio managed by Recovery Banking. This increase, per loan types, is explained below:

- Mortgage loans rose 24% as 9,890 new loans were placed. Consumer Loans showed a considerable increase as reflected in Credit Card portfolio that rose 34% because of the promotional efforts to attract new clients and to increase usage among our existing clients; Electronic Payroll Loans increased 61% from the 188,549 new loans; Car loans increased 12% with 36,110 new loans. This growth was lower than the rest of the Consumer loans given the aggressive competition especially by the dealerships themselves.
- Commercial Loans rose 21% mainly because of the new loans granted to medium and small companies (Pymes) that showed a greater dynamism.
- Corporate Loans fell 9% because of payments made by some important clients and the fact that some

corporations have sought direct financing in the debt market. The strategy to place loans is to focus on efforts targeted to intermediate corporations looking for greater profitability.

- The Government Loans rose 36% given the new loans granted, especially to state governments.
- The Fobaproa/IPAB portfolio fell substantially due to the securitization of the IPAB loans from Bancrecer for a total of Ps 45,940 million and Ps 17,357 million in pre-payments received over the last 12 months. This Portfolio now just represents 12% of the total loans portfolio.
- The exchange rate had a slightly unfavorable impact on the loans in dollars, due to the peso appreciation from 11.24 pesos/dollar to 11.15 pesos/dollar from 4Q03 to 4Q04.

Past-due Loans dropped 52% vs. 4Q03 mainly because during 2Q04 there were important charge offs of past-due loans that were 100% reserved with the intention of cleaning the balance, and send those loans to the Recovery unit. The quarter closed at Ps 1,766 million, equivalent to a past-due Loan ratio of 2.0%, less than half of the 4.8% in 4Q03.

Classified Loans

Millions of Pesos		RESERVES			
Category	LOANS	COMMERCIAL	CONSUMER	MORTGAGE	RESERVES
A	25,401	-	48	55	103
A1	23,518	117	-	-	117
A2	26,378	251	-	-	251
B	4,396	-	109	97	206
B1	5,889	145	-	-	145
B2	309	16	-	-	16
B3	839	137	-	-	137
C	462	-	131	55	185
C1	255	53	-	-	53
C2	28	11	-	-	11
D	692	35	237	218	490
E	528	303	18	206	527
Total	88,694	1,067	543	631	2,241
Not Classified	(112)				
Exempted	14,008				
Total	102,591				2,241
Reserves					2,693
Excess / (Deficit)					452

Notes :

- 1.- The classified loans and the reserves created are based on the December 31st, 2004 Balance Sheet.
- 2.- The loan portfolio is classified in accordance with the rules issued by Secretaría de Hacienda y Crédito Público (SHCP) and the methodology established by the CNBV and those internal methodologies approved by the CNBV. For Mortgage and Consumer loans, Banorte uses the regulation described in the Official gazette published on August 20, 2004, and for Commercial loans it uses internal methodologies approved by the CNBV.
- 3.- The surplus in reserves is the result of the Institution's own conservative policies.

The quarter closed with a balance of Ps 2,693 million in Loan Loss Reserves and Ps 452 million in surplus reserves, Ps 158 million of which were set aside for Fobaproa contingencies.

Loan Loss Reserves	4Q04
(Millions of Pesos)	Total
PREVIOUS PERIOD END BALANCE	3,618
Provision taken in the period	345
Recovery of penalized debts	15
Adjustment to fiduciary liabilities	-
Cancellation of reserve surplus vs. Results	-
Charge offs and discounts:	
Commercial Portfolio	(303)
Consumer Portfolio	(302)
Mortgage Portfolio	(577)
Foreclosed assets	-
	(1,182)
Cost of debtors support programs	(33)
Valuation and Others	(71)
LOAN LOSS RESERVES AT PERIOD END	2,693

During the quarter Ps 345 million were provisioned through the Income Statement and Ps 1,182 million were Charged

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

off associated with Loan recoveries and restructurings, from which Ps 303 million came from Commercial Loans, Ps 302 million from Consumer Loans, and Ps 577 million from Mortgage Loans. In December, Ps 984 million of fully reserved past due loans were charged off in order to clean up the Balance Sheet. The balance for Loan Loss Reserves at the close of 4Q04 was Ps 2,693 million.

Reserve Coverage

Reserve Coverage (Millions of Pesos)	Past Due Loans	Reserves	Reserves/Past Due Loans
Comercial	593	593	100.0%
Financial Intermediaries	-	-	-
Consumer	339	339	100.0%
Mortgage	819	819	100.0%
Government Entities	13	13	100.0%
Surplus	-	929	-
Total	1,766	2,693	153%

The Banking Sector's Reserve coverage at the close of 4Q04 was 153%, higher than the 122% attained in 4Q03, and ended with a surplus of Ps 929 million after covering 100% of the different types of loans.

Deposits

Deposits (Millions of Pesos)	4Q03	4Q04	% CHANGE
Demand Deposits-w/o Interests (1)	23,200	23,120	-%
Demand Deposits -with Interests (2)	42,644	41,997	(2)%
Demand Deposits	65,844	65,117	(1)%
Time Deposits - Retail	34,034	35,665	5%
Core Deposits	99,878	100,781	1%
Money Market (3)	67,591	27,568	(59)%
Total Deposits	167,469	128,350	(23)%
Out- of Balance Trading	61,706	87,191	41%
Assets Under Management	229,174	215,540	(6)%

(1) As of 4Q04, the checking accounts were excluded from IPAB where cash collecting was deposited over the managed loans from Banpais and Bancen, with a retroactive effect for comparison purposes. The balances of these accounts in 4Q03 and 4Q04 were Ps 3,954 million and Ps 250 million, respectively.

(2) Includes Debit Cards.

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

Total Deposits closed the quarter at Ps 128,350 million, 23% less than in 4Q03 due mainly to lower funding needs as Ps 46 million of the IPAB loan from Bancrecer were securitized and therefore removed in 4Q04, and was reflected in a drop in the Money Market Deposit balance; and also to pre-payment for Ps 17,357 million from IPAB during the year. Core deposits increased 1% showing a 1% decrease in Demand Deposits, as some important government entities maintained balances Ps 2,600 million higher in 4Q03 vs. 4Q04 and Time Deposits rose 5%. Out of Balance Trading rose 41% as the Money Market clients were channeled there after the securitization of the IPAB loan to third parties paper. Assets Under Management totaled Ps 215,540 million, 6% lower than in 4Q03.

Capitalization

Capitalization (Millions of Pesos)	4Q03	4Q04
Tier 1 Capital	12,324	13,275
Tier 2 Capital	2,497	4,400
Net Capital	14,184	17,674
Credit risk assets	84,162	85,112
Net Capital/ Credit Risk Assets	16.9%	20.8%
Total risk assets (1)	117,450	108,919
Tier 1	10.5%	12.2%
Tier 2	2.2%	4.0%
Capitalization Ratio	12.7%	16.2%

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

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

The Banking Sector's capitalization ratio at the close of 4Q04 was 16.2% considering credit and market risks, and 20.8% considering only credit risks. The Tier 1 capital ratio was 12.2% and 4.0% for Tier 2. During 4Q04 a 1.0 peso per share cash dividend was paid, equivalent to a 22.8% payout. Net Capital and the capitalization ratio rose vs. 4Q03 mainly because of the issuance of Non Convertible Subordinate Debentures equivalent to USD 300 million in 1Q04 (computed as Tier 2 Capital) and also to the important generation of profit in the last year. In December, Ps 516 million were charged to Retained Earnings, as part of the Stockholder's Equity, due to the creation of initial reserves for repossessed assets, that decreased Tier 1 capital by this same amount (See Annex 3).

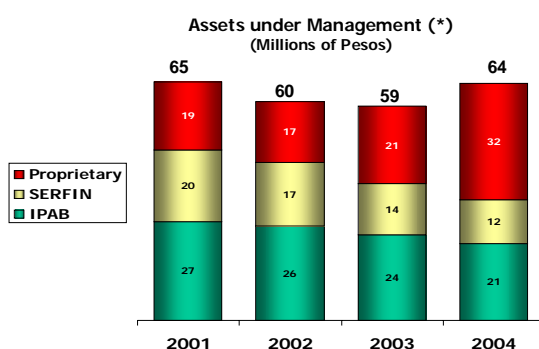
Recovery Banking

Achievements

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

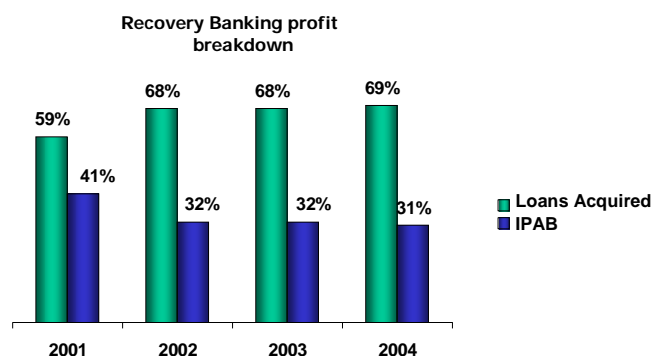
Current Situation

At present, it manages Ps 64,202 million in assets, as shown in the following chart:



(*) At face value

The contribution that the income from acquired loans (Proprietary) make to this business unit's profit has become increasingly important, more so than those from the IPAB portfolio administration. In 2001 made a 59% of contribution and as of 2004 reached a 69% of contribution.



Note: Serfin is included in Loans Acquired.

Loan Purchasing in 4Q04

During 4Q04, five portfolios were purchased; 3 of them set up for bids by IPAB and 2 private, for a value of Ps 7,153 million. These loans are made up of 26,383 commercial and mortgage loans. These transactions were made through Sólida Administradora de Portafolios and Bancen.

Rating for Sólida Administradora de Portafolios

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

Future Plans

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

Recovery Banking

Recovery Banking Income Statement	ACCUMULATED	
<i>(Millones de Pesos)</i>	2003	2004
Net Interest Income	(6)	46
+REPOMO-margin	-	-
=Net Interest Income After REPOMO	(6)	46
- Loan Loss Provisions	113	130
= Net Interest Income After Provisions	(107)	(84)
+ Fiduciary	275	161
+ Fobaproa Fees (1)	408	332
+ Other Fees	286	234
Non Interest Income	969	727
= Total Operating Income	850	643
Non Interest Expense	205	178
= Net Operating Income	646	466
- Other Revenues and Expenses	42	-
= Pre-tax Income	689	466
- Income Tax & Profit Sharing	-	-
- Tax on Asset	-	-
- Deferred Income Tax & Profit Sharing	-	-
= Net Income before Subsidiaries	689	466
+ Undistributed Earnings of Subsidiaries	52	144
= Net Income-continuous Operation	739	609
+ Extraordinary Items, net	-	-
- Minority Income	-	-
= Total Net Income	739	609

(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 <i>(Millions of Pesos)</i>	2004	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
Fobaproa-IPAB: Portfolios			
Banking Sector (1)	16,604	Out of balance trusts	Fees from FOBAPROA
Serfin	8,749	Serfin Trust	Fiduciary
Reposessed assets	<u>6,780</u>	Out of balance trusts	Fobaproa fees and Fiduciary
	32,133		
Loans purchased to IPAB and to Other Banks:	25,891	Sólida Administradora de Portafolios Bancen	Undistributed Earnings from Subsidiaries (Sólida) and Non Interest Income (Bancen)
Banking Sector Portfolio:(2)			
Banking Sector	4,801	Banorte's Portfolio	Net Interest Income
Reposessed assets	<u>1,377</u>	Banorte's Reposessed assets	Other Revenues and Expenses
	<u>6,178</u>		
Total	64,202		

(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 of 1995.

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 <i>(Millions of Pesos)</i>	ACCUMULATED	
	2003	2004
Traditional Banking Net Income	1,314	1,779
Recovery Bank Net Income	739	609
Banking Sector Net Income(*)	2,053	2,388
= % of Contribution	36%	26%

(*) Banking Sector 100.0%

The Recovery Banking contributed with Ps 609 million to the Banking Sector's 2004 profit; equivalent to a contribution of 26%, a lower contribution than in 2003.

As of December, Banorte has Ps 6,948 million in net Fobaproa notes derived from the sale of loans to this entity in 1995 and 1996, and Ps 5,441 million in loans to IPAB from the banks acquired (Bancen and Banpais in 1997), after the Ps 13,557 million of IPAB pre-payments and the securitization of IPAB pre-payments and the securitization of IPAB loans for Ps 45,940 million in 4Q04, with the following characteristics:

ORIGINATION <i>(Millions of pesos)</i>	BALANCE AS OF 4Q04	YIELD	MATURITY	LOSS SHARING
BANCEN – BANPAIS – Banks Acquired	5,441	TIIE + 85 pb	2010	NO
BANORTE – Sale of Loans to Fobaproa	6,948	CETES – 135 pb	2005/2006	YES
	12,389			

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		
	2003	2004	% CHANGE	4Q03	4Q04	% CHANGE
Brokerage House						
Net Income	107	77	(29)%	30	24	(21)%
Equity	457	523	14%	457	523	14%
Assets under Management	155,350	106,992	(31)%	155,350	106,992	(31)%
Total Assets	574	635	11%	574	635	11%
ROE %	26.9%	15.6%		27.5%	18.7%	

The **Brokerage Sector** (Brokerage House) showed an annualized profit in 2004 of Ps 77 million, 29% lower than last year's due to the negative effect of higher interest rates during most of the year. The 4Q04 profit was Ps 24 million, which is 21% lower than in 4Q03, due to the reduction in money market and Mutual Funds income as a result of the increase in interest rates in the 1H04. However, brokerage income increase substantially given the Stock Market's positive performance. Assets under Management dropped 31% as important clients withdrew funds in 2004. The Brokerage House has a 9.3% market share, ranking 3rd in market operations. On December 15th, Banortes brokerage house placed in the market long term notes issued by Nacional Financiera for an amount of Ps 2,250 million, which are guaranteed by toll rights of the Monterrey-Cadereyta toll road. Because of its innovative characteristics the Project Finance International magazine considered it as "the deal of the year".

3.-Long Term Savings Sector

Long Term Savings Sector (Millions of pesos)	ACCUMULATED			QUARTER		
	2003	2004	% CHANGE	4Q03	4Q04	% CHANGE
Afore						
Net Income	227	227	-%	22	40	82%
Equity	1,130	951	(16)%	1,130	951	(16)%
Total Assets	1,336	1,065	(20)%	1,336	1,065	(20)%
Assets under Management (SIEFORE)	26,103	30,949	19%	26,103	30,949	19%
ROE %	19.0%	19.5%		7.2%	14.2%	
Insurance						
Net Income	163	209	28%	22	1	(95)%
Equity	504	748	48%	504	748	48%
Total Assets	3,508	4,132	18%	3,508	4,132	18%
Technical Reserves	2,488	2,890	16%	2,488	2,890	16%
Premiums sold	1,906	2,216	16%	485	668	38%
ROE %	45.7%	33.2%		19.4%	0.6%	
Annuities						
Net Income	58	28	(52)%	(35)	(20)	(42)%
Equity	196	224	14%	196	224	14%
Total Assets	5,182	5,861	13%	5,182	5,861	13%
Technical Reserves	4,979	5,624	13%	4,979	5,624	13%
Premiums sold	353	790	124%	112	200	79%
ROE %	30.2%	12.1%		(64.9)%	(34.3)%	

The **Afore Pension Fund** showed an accumulated Net Profit of Ps 227 million (51% correspond to Bancen), the same as last year's despite the 0.7% to 0.6% reduction in fees over balance as of January 2004. The 4Q04 profit was 82% higher than in 4Q03 due to the increasing number of affiliates. In 4Q04 there were a total of 2,901,588 affiliates for a 10.4% market share in certified accounts. The Assets Managed by SIEFORE increased 19% vs. 4Q03 because of the increase in the number of affiliates and the business strategy of attracting higher-income clients.

The **Insurance Company** showed an accumulated profit of Ps 209 million in the year (51% correspond to GFNorte), a 28% increase vs. 2003 as a result of the Seguros Generali México merger in 2004 and also to a 16% increase in premiums issued, which totaled Ps 2,890 million in 2004. The 4Q04 profit was 95% lower than in 4Q03 due to an increase in claims.

The **Annuities Company** accumulated a Ps 28 million profit in the year (GFNorte accounts for 51%), 52% lower than last year because in late 2003 Social Security pension delivery was reactivated, substantially increasing the Technical Reserves. In 4Q04 there was a Ps 20 million loss, a 42% drop vs. 4Q03 given the higher Technical Reserves generated by a 79% increase in Premiums issued. The Company currently ranks 2^o in the industry in premiums sold.

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

Auxiliary Organizations Sector (Millions of Pesos)	ACCUMULATED			QUARTER		
	2003	2004	% CHANGE	4Q03	4Q04	% CHANGE
Leasing						
Net Income	12 ⁽¹⁾	41	243%	(9) ⁽¹⁾	12	236%
Equity	192	192	-%	192	192	-%
Loan Portfolio	1,696	2,144	26%	1,696	2,144	26%
Past Due Loans	32	14	(56)%	32	14	(56)%
Loan Loss Reserves	28	20	(29)%	28	20	(29)%
Total Assets	1,755	2,207	26%	1,755	2,207	26%
ROE %	6.3%	20.7%		(18.4)%	26.6%	
Factoring						
Net Income	37	41	9%	7	12	65%
Equity	222	253	14%	222	253	14%
Loan Portfolio	3,378	3,069	(9)%	3,378	3,069	(9)%
Past Due Loans	16	25	57%	16	25	57%
Loan Loss Reserves	20	39	94%	20	39	94%
ROE %	3,384	3,056	(10)%	3,384	3,056	(10)%
Total Assets	18.2%	17.3%		13.0%	19.0%	
Warehousing						
Net Income	21	17	(21)%	8	5	(33)%
Equity	79	91	15%	79	91	15%
Inventories (*)	206	114	(45)%	206	114	(45)%
Total Assets	317	240	(24)%	317	240	(24)%
ROE %	29.7%	19.6%		42.5%	24.1%	
Bonding						
Net Income	11	16	40%	4	5	37%
Equity	101	80	(21)%	101	80	(21)%
Total Assets	254	284	12%	254	284	12%
Technical Reserves	94	131	39%	94	131	39%
Premiums sold	118	187	58%	32	47	47%
ROE %	11.7%	15.5%		14.5%	20.5%	

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

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

(1) The figures of 4Q03 were modified in order to reflect the loan loss provisions and charge offs of repossessed assets for Ps 17 million, as per instructions of the CNBV. At the Group level no changes were made in 4Q03.

The **Leasing Company** registered an annualized profit of Ps 41 million, a 243% increase vs. 2003, due mainly to a considerable 26% increase in its loan portfolio vs. 4Q03 and to the sale of Ps 9 million in fixed assets. The 4Q04 profit was Ps 12 million, 236% higher than in 4Q03 given the greater loan placement volume and the fixed assets sale. The past-due loan ratio closed 4Q04 at 0.7%, which is an important improvement over the 1.9% in 4Q03. Past-Due Loan reserve coverage is 143%. At present the Company ranks 2nd among the 27 Leasing Companies, with a 10% market share.

The **Factoring Company** showed a Ps 41 million profit in the year, 9% higher than in 2003 mainly because of the placement of loans in Nacional Financiera's "Cadenas Productivas" program. The 4Q04 profit reached Ps 12 million, 75% higher than in 4Q03. The Past Due Loan Portfolio closed with a balance of Ps 25 million, equivalent to a 0.8% past-due loan ratio, with a reserve coverage of 156%. The Company ranks 1st in the industry, among 11 factoring companies.

The **Warehousing Company** showed an annualized net profit of Ps 17 million, a 21% drop vs. 2003 as a result of a reduction in inventory commercialization due to circumstances pertaining to our main clients. The 4Q04 profit was Ps 5 million, a 33% drop vs. 4Q03 given lower inventories of clients. The Company currently ranks 11th among the 23 Leasing Companies in certification volume.

The **Bonding Company** registered an annualized profit of Ps 16 million, 40% higher than in 2003. This was due mainly to the 58% increase in the issued premiums in 2004 as compared with last year. The quarterly profit in 4Q04 was Ps 5 million, 37% higher than in 4Q03 because the premiums issued 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
6. NOTES TO BANKING SECTOR FINANCIAL STATEMENTS

ANNEX 1. Macroeconomic Environment

Some of the most important events that drew the attention of the markets during 2004 were: high oil prices, high fiscal and current account deficit, as well as presidential elections uncertainty in the U.S. and China's economy performance.

The United States grew almost 4.5% in 2004 after a 3.0% increase in the GDP during 2003. The dynamism in the economy was accompanied by a change in the monetary policy, with an increase in the "fed funds" rates from 1.0% to 2.25%. Thus the year's balance for the U.S. stock markets was positive; the Dow Jones showed a 3% earning, whereas Nasdaq rose 9%. The Mexican Stock Exchange, on the other hand, showed a substantial increase of 47%.

Concern about the high current account and fiscal deficit in the United States weakened the dollar during the last months of the year. The peso, on the other hand, gained ground closing 2004 at 11.15 pesos per dollar after having dropped to around 11.70 during the year. Other factors that contributed to the peso's strength were the high levels of international reserves that closed the year at USD 61,496 million, and the considerable inflow of remittances that reached a record high.

Interest rates also responded to the increase in the U.S. reference rates and to an increasingly complicated inflationary situation in our country. The Bank of Mexico increased the "short" nine times during 2004. The 28-day Cetes (primary bid) registered an 8.50% average in December, vs. the 6.06% in the same month last year. On the other hand, the 91-day term rate was 8.72% in the last month of the year.

Inflation closed 2004 far above the 3.0% goal set by the Bank of Mexico and ended at 5.2%. The underlying inflation also rose and reached levels of 3.80%, when in mid-year it had been around 3.50%. Given this scenario, expectations for 2005 were lowered considerably, and although they started to drop toward the end of the year, at present they're set around 4.10%, still above the goal set by the Bank of Mexico.

Finally, Mexico benefited by the recovery of its main commercial partner with an increase in external demand. Non-oil exports rose 13.8% between January and November. During these eleven months industrial production grew 3.9%. The internal market continued to grow: retail sales rose at a 4.4% annual rate in the period between January and October, while investment increased 6.3% in the first nine months of the year. A growth of nearly 4.0% is expected for 2004.

ANNEX 2 .-Grupo Financiero- General Information

GFNorte Ownership in Subsidiaries

	4Q04
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 December 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	January 2005
		D+	Modest Financial Strength	
		Baa1	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	
		B	Short term foreign issuer credit	
Fitch	Banorte	B	Short tem local issuer credit	October 2004
		Stable	Outlook	
	Grupo Financiero Banorte	BBB-	Long Term Foreign currency	
		BBB-	Long Term Local currency	
		F3	Short Term Local Currency	
		F3	Short Term Foreign Currency	
		C/D	Individual – Foreign Currency	
3	Support Rating			
4	Support Rating			

Banorte Ratings

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

No. of Employees & Distribution Network

EMPLOYEES	4Q03	3Q04	4Q04
Banking Sector (1)	13,336	12,269	12,296
Other Sectors (2)	<u>2,504</u>	<u>2,375</u>	<u>2,187</u>
Total Group	15,840	14,644	14,483
DISTRIBUTION NETWORK			
Branches (3)	1,029	956(3)	960
ATM	2,524	2,593	2,649

(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

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

Alma Rosa Moreno	Managing Director - Administration
Prudencio Frigolet Gómez	Managing Director - Operations and Technology
Aurora Cervantes Martínez	Managing Director - Legal
Cecilia Miller Suárez	Managing Director - Marketing
Eduardo Sastre de la Riva	Managing Director - Institutional Relations
Román Martínez Méndez	Managing Director - Audit
Gerardo Coindreau Fariás	Managing Director - Risk Management

ANNEX 3 .-Accounting Changes and Regulations

Creation of Reserves for Repossessed Assets: As per the sixth transitory rule of the general provisions applicable to the loan rating methodology issued by the National Banking and Securities Commission [Comisión Nacional Bancaria y de Valores] that became effective on December 1, 2004, which also set the rules for a quarterly constitution of additional provisions to address the potential loss of value over time on repossessed assets, Banorte and Bancen decided to acknowledge in their Shareholders' Equity, in the Retained Earnings account, the accumulated financial effect derived from the first application of such provisions.

The book entry for acknowledging the initial accumulated financial effect lowered the concept of Retained Earnings by Ps 516 million in Banorte and by Ps 8 million in Bancen, thereby creating a provision for loss of value over time on repossessed assets; such a provision is indicated by lowering the amount of the repossessed assets account.

If the option granted in the aforementioned provisions had not been taken, such provision would have been acknowledged in the 2004 results, reducing them by Ps 516 million in Banorte and Ps 8 million in Bancen. The Balance Sheet and Statement of Income would be as follows:

(figures in millions of pesos)

<u>CONCEPT</u>	ACKNOWLEDGEMENT IN RETAINED EARNINGS		ACKNOWLEDGEMENT IN 2004 RESULTS	
	BANORTE	BANCEN	BANORTE	BANCEN
Repossessed Assets	354	11	354	11
Retained Earnings	2,792	1,749	3,308	1,757
Net Income 2004	1,854	534	1,338	526

As per Article 44 of the present Provisions, the sum of Ps 516 million in Banorte and Ps 8 million in Bancen is the result of applying the reserve percentage that corresponds to the value of repossessed assets according to the following tables:

RESERVES FOR NON REAL ESTATE ASSETS	
TIME LAPSED AS OF ASSET REPOSSESSION (MONTHS)	RESERVE PERCENTAGE
Up to 6	0%
More than 6 and up to 12	10%
More than 12 and up to 18	20%
More than 18 and up to 24	45%
More than 24 and up to 30	60%
Over 30	100%

RESERVES FOR REAL ESTATE	
TIME LAPSED AS OF ASSET REPOSSESSION (MONTHS)	RESERVE PERCENTAGE
Up to 12	0%
More than 12 and up to 24	10%
More than 24 and up to 30	15%
More than 30 and up to 36	25%

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

More than 36 and up to 42	30%
More than 42 and up to 48	35%
More than 48 and up to 54	40%
More than 54 and up to 60	50%
Over 60	100%

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.

In 4Q04, Ps 22 million in integration reserves were canceled because they were no longer used, thus totally eliminating the reserve balance derived from the Bancrecer-Banorte merger.

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	Sep'04	Dec'04	Aug'02	Sep'04	Dec'04	Aug'02	Sep'04	Dec'04
Performing Loans									
Commercial	5	4	4	5	-	-	10	4	4
Consumer	-	-	-	-	-	-	-	-	-
Mortgage	54	103	104	-	-	-	54	103	104
Total	59	107	108	5	-	-	64	107	108
Non Performing Loans									
Commercial	405	316	308	293	235	229	698	551	537
Consumer	81	75	75	-	-	-	81	75	75
Mortgage	1,112	718	688	-	-	-	1,112	718	688
Total	1,598	1,109	1,071	293	235	229	1,891	1,344	1,300
TOTAL LOANS	1,657	1,216	1,179	298	235	229	1,955	1,451	1,408
Loan Loss Reserves (1)									
Commercial	326	305	306	246	219	213	572	524	519
Consumer	77	75	75	-	-	-	77	75	75
Mortgage	669	473	616	-	-	-	669	473	616
Total	1,072	853	997	246	219	213	1,318(4)	1,072	1,210

(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 December'04 was Ps 119 million.

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

In 4Q04 the Loan portfolio showed changes due to allocations for Ps 28 million, restructuring for Ps 6 million, and foreclosed for Ps 7 millions and Ps 18 million in write-offs and scale-downs. There were write-offs and scale-downs for Ps 14 million and foreclosed of Ps 4 millions in the Loan Reserves. There were transfers from performing loans to past due loans for Ps 10 million and transfers from past due loans to performing loans for Ps 16 million.

BANORTE'S LOAN PORTFOLIO INCLUDING LOANS SOLD TO SÓLIDA

(Millions of Nominal Pesos)	Local Currency ⁽¹⁾		Foreign Currency (USD) ⁽²⁾		Total	
	Sep'04	Dec'04	Sep'04	Dec'04	Sep'04	Dec'04
Performing Loans						
Commercial	30,291	34,603	6,383	6,732	36,674	41,335
Financial Intermediaries	3,058	859	202	231	3,260	1,090
Consumer	10,784	11,406	3	3	10,787	11,409
Mortgage	17,274	18,397	-	-	17,274	18,397
Government Entities	74,379	17,925	648	638	75,027	18,563
Fobaproa / IPAB	6,878	6,948	-	-	6,878	6,948
Performing Loans	142,664	90,138	7,236	7,604	149,900	97,742
Non Performing Loans						
Commercial	716	688	613	298	1,329	986
Consumer	576	414	-	-	576	414
Mortgage	1,901	1,491	-	-	1,901	1,491
Government Entities	14	13	-	-	14	13
Non Performing Loans	3,207	2,606	613	298	3,820	2,904
TOTAL LOANS	145,871	92,744	7,849	7,902	153,720	100,646
Loan Loss Reserves	3,611	3,314	731	432	4,342	3,746
Net Loan Portfolio	142,260	89,430	7,118	7,470	149,378	96,900
Loan Loss Reserves					113.66%	128.99%
% Past Due Loans					2.49%	2.89%

(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	554	575	614	603	2,346	585	587	549	908	2,630
Interest Expense	-	-	-	-	-	-	-	-	-	-
Trading Income	-	-	-	-	-	-	-	-	-	-
Fees & Tarifs	-	-	-	-	-	-	-	-	-	-
REPOMO	(1)	-	(1)	(4)	(5)	(1)	-	(1)	(3)	(5)
Total Operating Income	553	575	613	600	2,341	584	587	548	906	2,625
Operation & Administrative expenses	1	1	1	-	2	1	1	1	1	2
Operating Income	553	574	613	599	2,338	583	587	548	905	2,623
Non Operating Income	-	-	-	1	1	-	-	-	14	15
Non Operating Expense	-	-	-	-	-	-	-	-	(1)	(2)
Non Operating Income	-	-	-	1	1	-	-	-	14	13
Pre-tax Income	553	574	613	600	2,339	583	587	548	919	2,636
Income Tax & Profit Sharing	4	(4)	-	-	-	-	-	-	-	-
Tax on Assets	-	-	-	-	-	4	4	4	4	15
Deferred Inc. Tax and Profit sharing	-	-	-	-	-	-	-	-	-	-
Net income from Continuos	4	(4)	-	-	-	4	4	4	4	15
Extraordinary Items. net	-	-	-	-	-	-	-	-	-	-
Total Net Income	549	578	613	600	2,339	579	583	544	915	2,621

HOLDING -BALANCE SHEET *(Millions of Pesos)*

ASSETS	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04
Cash and due from Banks	10	95	170	91	66	67	72	58
Financial Instruments:								
Sundry debtors and other assets, net	70	149	4	4	4	4	55	44
Real Estate, Furniture & Equipment, net	-	-	-	-	-	-	-	-
Investments in subsidiaries	12,711	13,295	13,802	14,087	14,322	14,942	15,446	15,352
Deferred taxes	-	-	-	-	-	-	-	-
Goodwill	-	-	-	45	43	43	42	40
Other Assets, Deferred charges, intang	1	1	-	-	1	1	-	-
TOTAL ASSETS	12,793	13,540	13,977	14,226	14,437	15,057	15,616	15,495
LIABILITIES								
Due to banks and correspondents	-	-	-	-	-	-	-	-
Income Tax & Profit Sharing	3	12	16	22	4	7	11	-
Other Payable accounts	-	-	-	1	-	-	-	-
Other payable accounts	3	12	16	23	4	7	11	-
Deferred taxes	22	46	-	-	-	-	-	-
TOTAL LIABILITIES	25	59	16	23	4	7	11	-
STOCKHOLDER 'S EQUITY								
Paid-in Capital	5,603	5,615	5,621	5,621	5,621	5,621	5,621	5,621
Share subscription premiums	1,638	1,709	1,676	1,670	1,670	1,670	1,670	1,670
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	7,241	7,324	7,297	7,291	7,291	7,291	7,291	7,291
Capital Reserves	1,154	1,393	1,392	1,391	1,391	1,506	1,511	1,511
Retained Earnings	12,609	12,414	12,414	12,037	14,102	14,005	14,006	13,493
Surplus (Deficit) from securities	-	-	-	-	-	-	-	-
Results of foreign operations exchange	-	-	-	-	-	-	-	-
Excess (Insuf.) in capital restatement	(5,733)	(5,732)	(5,731)	(5,734)	(5,733)	(5,729)	(5,730)	(5,734)
Non Mon assets results Fixed Assets	-	-	-	-	-	-	-	-
Non Mon assets results Investm	(3,052)	(3,044)	(3,151)	(3,121)	(3,197)	(3,186)	(3,178)	(3,687)
Adjustment in the employees pension	-	-	-	-	-	-	-	-
Accumulated Deferred tax effect	-	-	-	-	-	-	-	-
Net Income	549	1,127	1,739	2,339	579	1,162	1,706	2,621
Earned Capital	5,527	6,157	6,664	6,913	7,143	7,759	8,314	8,204
Total Stockholder 's Equity	12,768	13,481	13,961	14,204	14,434	15,050	15,605	15,495
TOTAL LIABILITIES &	12,793	13,540	13,977	14,226	14,437	15,057	15,616	15,495

MEMORANDUM ACCOUNTS OF HOLDING *(Millions of Pesos)*

	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04
Client securities held in custody	3,751	3,741	3,714	3,652	3,591	3,799	3,747	3,666
Other trust account items	120	120	119	117	115	115	114	111
	3,871	3,861	3,833	3,769	3,706	3,914	3,861	3,777

Figures are presented in constant pesos set at the close of December' 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	7,154	5,657	4,781	5,216	22,807	5,350	5,819	6,519	7,125	24,814
Interest Expense	4,845	3,606	2,853	3,145	14,449	3,306	3,648	3,952	4,394	15,300
Loan Fees	201	203	200	221	824	165	116	121	167	569
Fees Paid	10	15	16	14	56	20	22	22	24	88
Net Interest Income (NII)	2,499	2,238	2,111	2,277	9,126	2,188	2,266	2,667	2,874	9,995
Repomo-Margin	16	13	7	22	58	1	-	(45)	(94)	(138)
NII after Repomo	2,515	2,252	2,118	2,299	9,184	2,189	2,266	2,622	2,780	9,857
Loan Loss Provisions	255	368	175	(1)	797	123	309	323	347	1,103
Loss Sharing Provisions	33	15	2	6	56	12	20	33	25	90
NII after Provisions	2,227	1,868	1,942	2,294	8,331	2,053	1,938	2,265	2,408	8,665
Fund transfers	46	47	48	46	187	58	48	45	40	191
Account management	159	176	197	217	749	195	229	280	271	976
Fiduciary	49	42	48	48	188	45	50	49	47	191
Income from Loan Portfolios Acquired	174	130	165	278	746	175	149	203	157	684
Electronic Banking Services	69	60	63	82	274	77	94	108	145	424
Credit Card	159	168	166	197	690	285	312	313	266	1,176
Fees from FOBAPROA	51	35	270	147	503	91	99	145	75	410
Other fees	458	430	555	452	1,895	562	431	449	434	1,876
Fees on services,	1,165	1,090	1,512	1,467	5,233	1,488	1,412	1,591	1,436	5,928
Fund transfers	-	-	-	-	-	-	-	-	-	-
Other fees	118	130	141	143	532	138	131	116	123	508
Expenses from Loan Portfolios Acquired	117	78	113	18	327	118	99	141	100	458
Fees paid,	235	208	254	162	859	256	230	256	223	966
Foreign exchange	90	128	108	89	415	129	156	63	42	390
Securities –Realized gains	157	379	107	-	643	331	(108)	78	181	483
Securities- Unrealized gains	(4)	(39)	61	(43)	(24)	14	40	(30)	(8)	16
Market-related Income	243	468	276	46	1,034	475	88	111	215	889
Total Non Interest Income	1,173	1,350	1,533	1,352	5,408	1,706	1,270	1,446	1,428	5,850
Total Operating Income	3,400	3,218	3,475	3,646	13,739	3,760	3,208	3,711	3,836	14,515
Personnel	1,165	1,068	1,102	1,060	4,395	1,184	1,106	1,338	1,070	4,698
Professional Fees	90	123	135	109	457	121	124	134	132	512
Administrative and Promotion Expenses	686	714	809	880	3,089	764	750	775	675	2,965
Rents, depreciation and amortization	377	407	431	446	1,662	443	430	418	456	1,748
Taxes, other than income tax	153	169	169	213	704	179	167	130	23	499
Contributions to IPAB	191	191	193	196	772	187	188	195	190	760
Corporate expenses Recoveries	-	-	-	-	-	-	-	-	-	-
Non-Interest Expense	2,663	2,672	2,840	2,905	11,080	2,878	2,766	2,991	2,548	11,183
Operating Income	737	547	635	741	2,659	881	442	720	1,289	3,332
Other Revenues	593	373	859	654	2,479	451	503	460	443	1,857
Foreign exchange	-	-	-	-	-	-	-	-	-	-
Recoveries	23	71	70	22	186	23	209	29	50	311
Repomo-other revenues	6	1	4	14	25	8	1	7	12	28
Non Operating Income	622	446	932	690	2,690	482	712	496	506	2,197
Other Expense	(676)	(349)	(788)	(644)	(2,457)	(515)	(449)	(458)	(422)	(1,844)
Foreign exchange	-	-	(2)	-	(2)	-	-	-	-	-
Repomo-other Expenses	(90)	(31)	(62)	(170)	(352)	(145)	(9)	(93)	(141)	(388)
Non Operating Expense	(766)	(380)	(852)	(814)	(2,812)	(660)	(458)	(551)	(563)	(2,232)
Non Operating Income (Expense), net	(145)	66	80	(124)	(122)	(178)	255	(55)	(57)	(35)
Pre-tax Income	592	613	715	617	2,537	703	697	665	1,232	3,297
Income Tax	69	44	73	12	198	76	33	70	18	197
Profit sharing	26	26	32	39	123	76	55	42	66	239
Tax on Assets	9	12	11	8	41	18	17	14	14	62
Deferred Inc. Tax and Profit sharing	(38)	(19)	(20)	(28)	(105)	(11)	1	13	213	216
Net Income before subsidiaries	526	550	618	586	2,280	545	590	526	922	2,582
Subsidiaries' net income	73	55	49	35	212	86	23	72	41	222
Net Income from continuous operations	599	604	667	622	2,491	631	613	598	963	2,805
Extraordinary items, net	-	1	-	-	1	-	-	-	-	-
Minority Interest	50	27	54	22	153	52	30	54	47	184
TOTAL NET INCOME	549	578	613	600	2,339	579	583	544	915	2,621

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

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

ASSETS	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04
Cash and due from Banks	24,138	27,737	32,018	32,419	31,544	34,804	33,305	39,365
Negotiable Instruments	4,350	4,263	4,405	9,751	5,702	6,185	6,721	10,650
Securities held for sale	1,430	1,430	200	253	618	425	184	242
Securities held to maturity	9,105	9,890	11,376	9,878	11,142	10,687	10,332	9,006
Financial Instruments:	14,885	15,583	15,981	19,883	17,461	17,297	17,237	19,898
Non-assigned securities to pay	-	1	66	1	7	51	-	-
Repurchase agreements, net	171	47	175	54	145	67	99	50
Operations with collateral	-	-	-	-	-	-	-	-
Futures receivable, net	-	-	-	-	-	-	-	-
Options and derivatives, net	16	1	-	3	7	25	6	5
Repos & Derivatives :	186	49	242	58	159	143	106	56
Commercial	35,669	37,116	37,796	40,237	39,227	41,246	42,601	46,417
Financial Intermediaries	2,318	2,372	2,531	2,670	2,419	2,481	2,453	399
Consumer	6,423	7,286	8,298	9,131	9,876	10,593	11,034	11,410
Mortgage	13,308	13,913	14,656	15,517	16,098	17,023	17,794	18,523
Government Entities	93,048	92,729	90,968	82,449	80,151	77,692	76,732	18,616
Fobaproa	7,131	7,167	7,134	7,049	6,983	7,045	7,030	6,948
Fiduciary collection rights	-	-	-	-	-	-	-	-
Performing Loans	157,897	160,583	161,383	157,053	154,756	156,080	157,644	102,313
Commercial	2,090	2,547	2,041	2,017	2,033	1,211	989	632
Financial Intermediaries	-	-	-	-	-	-	-	-
Consumer	358	368	414	484	502	437	512	339
Mortgage	1,275	1,316	1,243	1,247	1,245	1,310	1,353	820
Government Entities	9	9	9	9	9	16	15	13
Past Due Loans	3,730	4,239	3,706	3,757	3,789	2,973	2,869	1,804
Total Loans	161,628	164,821	165,089	160,810	158,545	159,053	160,512	104,117
Preventive loan loss reserves	4,725	4,890	4,700	4,551	4,809	3,886	3,676	2,752
Net Loan Portfolio	156,903	159,931	160,389	156,258	153,736	155,167	156,837	101,365
Credit Assets Portfolio	1,892	1,804	1,678	2,178	2,024	1,935	1,769	2,149
Sundry debtors and other assets, net	2,737	4,171	4,683	2,352	3,433	4,091	3,598	2,859
Foreclosed assets, net	1,262	1,294	1,252	1,185	1,076	1,074	970	365
Real Estate, Furniture & Equipment, net	6,165	6,091	5,978	6,024	5,903	5,752	5,572	5,941
Investments in subsidiaries	1,594	1,631	1,672	1,797	1,849	1,868	1,885	1,877
Deferred taxes	945	922	1,019	1,023	1,020	1,010	993	678
Goodwill	-	-	-	-	-	-	-	-
Deferred charges & Intangibles	1,599	1,927	1,548	1,629	1,568	1,489	1,412	1,667
UDIS Mortgage loans reserve coverage	-	-	-	-	-	-	-	-
Other Assets	16,193	17,841	17,829	16,187	16,873	17,219	16,199	15,536
TOTAL ASSETS	212,306	221,140	226,459	224,805	219,773	224,630	223,683	176,220

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

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

LIABILITIES	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04
Demand Deposits	56,640	59,826	61,380	69,764	64,360	66,222	66,245	65,270
Time Deposits	108,359	101,648	110,327	101,533	101,546	106,457	99,598	63,128
Bonds	1,433	285	-	-	-	-	-	-
Deposits	166,432	161,759	171,707	171,298	165,906	172,679	165,843	128,398
Demand	6,135	14,168	4,276	4,996	6,168	3,535	5,506	4,614
Short term	5,074	9,470	13,277	14,202	8,864	11,478	11,054	6,803
Long term	12,812	12,231	12,074	11,716	11,667	11,313	10,960	11,617
Due to banks and correspondents	24,020	35,869	29,627	30,914	26,699	26,327	27,519	23,034
Non-assigned securities to pay	-	1	49	1	8	29	-	-
Repurchase agreements, net	54	26	130	226	84	40	107	76
Operations with collateral	-	-	-	-	-	-	-	-
Futures receivable, net	-	-	-	-	-	-	-	-
Options and derivatives, net	1,011	981	1,524	13	3	1	3	9
Repos & Derivatives:	1,066	1,008	1,704	241	96	70	110	85
Income Tax & Profit Sharing	267	179	279	281	276	228	280	288
Other Payable accounts	3,840	4,984	5,114	3,980	4,967	4,366	8,466	3,387
Other payable accounts	4,106	5,163	5,393	4,261	5,244	4,594	8,747	3,675
Subordinated non Convertible Debenture	2,919	2,815	2,934	2,880	6,362	4,838	4,739	4,610
Deferred Taxes	-	-	-	-	-	-	-	-
Deferred credits	52	75	114	68	54	62	55	48
TOTAL LIABILITIES	198,595	206,689	211,479	209,662	204,360	208,571	207,014	159,850
STOCKHOLDER 'S EQUITY								
Paid-in Capital	5,603	5,615	5,621	5,621	5,621	5,621	5,621	5,621
Share subscription premiums	1,638	1,709	1,676	1,670	1,670	1,670	1,670	1,670
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	7,241	7,324	7,297	7,291	7,291	7,291	7,291	7,291
Capital Reserves	1,154	1,393	1,392	1,391	1,391	1,506	1,511	1,511
Retained Earnings	12,609	12,414	12,414	12,037	14,102	14,005	14,006	13,493
Surplus (Deficit) from securities	-	-	-	-	-	-	-	-
Results of foreign operations exchange	-	-	-	-	-	-	-	-
Excess (Insuf.) in capital restatement	(5,733)	(5,732)	(5,731)	(5,734)	(5,733)	(5,729)	(5,730)	(5,734)
Non Mon assets results Fixed Assets	-	-	-	-	-	-	-	-
Non Mon assets results Investm	(3,052)	(3,044)	(3,151)	(3,121)	(3,197)	(3,186)	(3,178)	(3,687)
Adjustment in the employees pension	-	-	-	-	-	-	-	-
Accumulated Deferred tax effect	-	-	-	-	-	-	-	-
Net Income	549	1,127	1,739	2,339	579	1,162	1,706	2,621
Earned Capital	5,527	6,157	6,664	6,913	7,143	7,759	8,314	8,204
Minority Holdings	943	970	1,020	940	979	1,009	1,064	874
Total Stockholder 's Equity	13,710	14,451	14,981	15,143	15,412	16,059	16,669	16,369
TOTAL LIABILITIES &	212,306	221,140	226,459	224,805	219,773	224,630	223,683	176,220

Figures are presented in constant pesos set at the close of December' 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	2	5	26	9	68	8
Dividends receivable from customers	-	-	-	-	-	-	-	-
Interest receivable from customers	-	-	-	-	-	-	-	-
Liquidation of customer transactions	15,002	(24)	(109)	(8)	(19)	108	50	10
Customer loans	-	-	-	-	-	-	-	-
Liquidation with foreign currencies of	-	-	-	-	-	-	-	-
Margin accounts in futures operations	-	-	-	-	-	-	-	-
Other current accounts	-	-	-	-	-	-	-	-
CUSTOMERS CURRENT ACCOUNT	15,003	(7)	(103)	(3)	7	116	118	17
Client securities held in custody	122,868	135,205	142,309	155,185	169,955	159,830	104,040	106,766
Securities and documents received in	1	-	1	-	-	-	5	-
Client securities abroad	-	-	-	-	-	-	-	-
CLIENT SECURITIES	122,869	135,205	142,310	155,185	169,955	159,830	104,045	106,766
Repurchase operations for customers	24,645	27,063	22,250	18,264	23,206	20,974	29,349	29,294
Clients securities loans	1	-	-	-	-	-	-	-
Purchase of Futures & forward contracts	-	-	-	-	-	-	-	-
Sale of futures and forward contracts	-	-	-	-	-	-	-	-
Purchasing operations (option price)	52	47	7	9	2	2	2	-
Sales operations (option price)	-	-	-	-	-	-	-	-
Purchase of derivative packages	-	-	-	-	-	-	-	-
Sale of derivative packages	-	-	-	-	-	-	-	-
Administration trusts	2,487	2,651	2,254	2,514	2,608	2,298	1,758	1,700
TRANSACTIONS ON BEHALF CLIENT	27,186	29,761	24,511	20,786	25,816	23,274	31,109	30,994
TOTAL ON BEHALF OF THIRD PARTY	165,058	164,959	166,719	175,968	195,779	183,220	135,272	137,777
Signature guarantees granted	-	-	-	34	34	63	62	60
Issuing of irrevocable letters of credit	948	1,013	1,082	822	1,393	1,443	1,750	2,294
Property in trust and guardianship	86,141	87,748	88,842	86,814	90,558	86,830	72,587	61,446
Assets held in custody or in administration	145,768	139,758	129,670	114,926	118,422	123,203	114,725	76,582
Amounts committed to operations with	6,226	6,633	6,931	7,109	7,677	7,971	4,477	419
In Transit drafts	-	-	-	-	-	-	-	-
Certificates of Deposit in circulation	477	610	590	721	582	648	746	644
Secured Credit Cards from the company	-	-	-	-	-	-	-	-
Securities given to the company in custody	107	201	262	241	258	276	155	254
Government securities in custody of the	-	7	-	1	11	1	89	46
Securities given to the company on	-	-	-	-	-	-	-	-
Securities outside the country	-	-	-	-	-	-	-	-
Liquidations with foreign currencies abroad	-	-	-	-	-	-	-	-
Debits to the contingency fund	-	-	-	-	-	-	-	-
Other contingent obligations	17,314	17,566	17,479	18,696	15,816	13,090	12,797	8,208
Banking transactions on behalf of third-	51,657	51,955	52,276	57,840	54,818	64,424	64,345	80,639
Investments in funds for the retirem.saving	242	253	261	261	-	-	-	-
Integration of the credit portfolio	-	-	-	-	-	-	-	-
Amounts contracted in derivative	6,824	7,114	8,064	10,986	10,747	17,851	25,378	27,081
Other trust account items	448,529	426,466	297,661	293,728	-	-	-	-
OWN ACCOUNT OPERATIONS	764,232	739,324	603,118	592,179	300,317	315,800	297,111	257,671
Repurchase agreements	-	-	-	-	-	-	-	-
Securities to be received	152,449	161,318	159,394	92,237	122,975	106,128	122,533	145,583
(Less) Securities to be delivered	(152,263)	(161,317)	(159,221)	(92,438)	(122,885)	(106,104)	(122,612)	(145,582)
REPURCHASE TRANSACTIONS-	186	1	173	(201)	89	24	(79)	1
Securities to be received	82,624	87,240	89,409	19,587	56,159	36,514	75,071	51,011
(Less) securities to be delivered	(82,694)	(87,220)	(89,537)	(19,558)	(56,188)	(36,510)	(74,999)	(51,038)
REPURCHASE TRANSACTIONS- SOLD	(70)	20	(128)	28	(29)	3	71	(27)
TOTAL ON OWN ACCOUNT	764,348	739,345	603,163	592,006	300,378	315,828	297,103	257,645

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

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

CASH FLOW FROM OPERATING ACTIVITIES :	
Net Income	2,621
Adjustments to Reconcile Net Income to Net Cash by Operating Activities	
Mark to Market Valuation Results	(17)
Provisions for loan losses	1,193
Depreciation and amortization	1,071
Deffered Taxes	217
Provisions for Obligations	237
Minoritary Interest	184
Undistributed Earnings of Subsidiaries	(222)
	2,660
Cash Flows From Investing Activities:	
Banks Deposits	(42,901)
Decrease (Increase) loan portfolio	53,702
Decrease (Increase) credit assets portfolio	28
Decrease (Increase) treasury operations	2
Decrease (Increase) financial instruments	(153)
Loans from banks and other entities	(7,881)
Decrease (Increase) Deferred taxes	129
Decrease (Increase) in accounts receivable and payable	(1,330)
Charge off for sale of loans (CNBV circular No 601-II-34966)	(259)
Creation of provisions for non performing loans in Arrendadora Banorte, S.A. de C.V.	(11)
Net Resources provided by operations	1,327
Financial Activities:	
Subordinated Debentures Issue and Interest	1,730
Dividends Declared	(512)
Issuance of stock	5
Merge of Seguros Generali México, S.A. de C.V	17
Net Resources provided by Investing activities	1,240
CASH FLOW FROM FINANCING ACTIVITIES :	
Fixed Assets increase	(633)
Proceeds from issuance of common stock	(673)
Decrease (Increase) Deferred charges or credits	(412)
Decrease (Increase) Foreclosed assets	820
Charge offs of repossessed assets of Arrendadora Banorte, S.A. de C.V.	(4)
Net Cash provided by financing activities	(902)
Decrease (increase) in cash and due from banks	6,946
Cash and due from banks at the beginning of the year	32,419
Cash and due from banks at the end of the year	39,365

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

GRUPO FINANCIERO BANORTE
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
JANUARY 1, 2004- DECEMBER 31, 2004.
(Millions of Pesos)

	CONTRIBUTED CAPITAL		
	Fixed Paid-in Capital Variable	Paid-in Capital Premium, Bonds	& oth. Securities
Balance as of December 31,2003	3,351	2,270	1,670
Stock Changes			
Issuance of stock	-	-	-
Profits Capitalization	-	-	-
Provisions Created	-	-	-
Total	-	-	-
Total Income			
Total Income:	-	-	-
Net Income	-	-	-
Results of assets holdings	-	-	-
Minority Interest	-	-	-
Total	-	-	-
Balance as of December 31,2004	3,351	2,270	1,670

	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 Intere st	
Balance as of December 31,2003	1,391	12,037	(5,734)	(3,121)	2,339	940	15,143
Stock Changes							
Issuance of stock	5	-	-	-	-	-	5
Profits Capitalization	-	2,339	-	-	(2,339)	-	-
Provisions Created	115	(115)	-	-	-	-	-
Dividends Declared	-	(512)	-	-	-	-	(512)
Total	120	1,713	-	-	(2,339)	-	(507)
Total Income							
Total Income:							
Net Income	-	-	-	-	2,621	-	2,621
Results of assets holdings	-	-	-	(566)	-	-	(566)
Charge off for sale of loans (CNBV circular No 601- II-34966)	-	(259)	-	-	-	-	(259)
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	-	(257)	-	(566)	2,621	-	1,799
Minority Interest	-	-	-	-	-	(66)	(66)
Balance as of December 31,2004	1,511	13,493	(5,734)	(3,687)	2,621	874	16,369

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

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

NET INTEREST INCOME	1Q03	2Q03	3Q03	4Q03	ACUM	1Q04	2Q04	3Q04	4Q04	ACUM	% 4Q04 VS 3Q04
Interest Income	7,009	5,505	4,574	4,974	22,061	5,131	5,608	6,250	6,820	23,809	9%
Interest Expense	4,798	3,561	2,764	3,037	14,160	3,191	3,534	3,798	4,179	14,702	10%
Loan Fees	201	203	200	221	824	165	116	121	167	569	38%
Fees Paid	10	15	16	14	56	20	22	22	24	88	8%
Net Interest Income (NII)	2,401	2,131	1,993	2,144	8,670	2,085	2,168	2,551	2,784	9,588	9%
Repomo-Margin	26	14	13	29	81	4	2	(21)	(51)	(67)	141%
NII after Repomo	2,426	2,145	2,006	2,173	8,750	2,088	2,170	2,530	2,733	9,521	8%
Loan Loss Provisions	253	364	168	(11)	773	109	290	323	345	1,067	7%
Loss Sharing Provisions	33	15	2	6	56	12	20	33	25	90	(24%)
NII after Provisions	2,141	1,766	1,837	2,178	7,922	1,967	1,860	2,174	2,363	8,364	9%
Fund transfers	46	47	48	46	187	58	48	45	40	191	(10%)
Account management	159	176	197	217	749	195	229	280	271	976	(3%)
Fiduciary	49	42	48	48	188	45	50	49	47	191	(5%)
Income from Loan Portfolios Acquired	174	130	165	278	746	175	149	203	157	684	(22%)
Electronic Banking Services	69	60	63	82	274	77	94	108	145	424	34%
Credit Card	159	168	166	197	690	285	312	313	266	1,176	(15%)
Fees from FOBAPROA	51	35	270	147	503	91	99	145	75	410	(48%)
Other fees	131	161	159	161	612	150	122	72	116	461	62%
Fees on services,	838	821	1,115	1,176	3,951	1,076	1,103	1,215	1,118	4,513	(8%)
Fund transfers	-	-	-	-	-	-	-	-	-	-	-
Other fees	109	124	130	137	501	130	126	107	115	478	7%
Expenses from Loan Portfolios Acquired	117	78	113	18	327	118	99	141	100	458	(29%)
Fees paid,	227	202	244	156	828	248	225	248	216	937	(13%)
Foreign exchange	90	128	108	89	415	129	156	63	42	390	(34%)
Securities-Realized gains	129	330	75	(40)	493	282	(134)	42	145	334	249%
Securities- Unrealized gains	(3)	(40)	54	(37)	(26)	13	41	(30)	(10)	14	(67%)
Market-related Income	215	418	237	12	882	424	62	75	177	738	135%
Total Non Interest Income	826	1,037	1,109	1,033	4,005	1,252	941	1,042	1,080	4,315	4%
Total Operating Income	2,967	2,803	2,946	3,211	11,927	3,219	2,801	3,215	3,443	12,679	7%
Personnel	1,070	968	999	963	4,001	1,070	1,010	1,245	980	4,305	(21%)
Professional Fees	89	120	132	103	444	119	122	131	124	495	(6%)
Administrative and Promotion Expenses	554	586	656	713	2,509	618	602	639	577	2,438	(8%)
Rents, depreciation and amortization	330	358	383	396	1,467	389	374	362	394	1,519	9%
Taxes, other than income tax	150	171	162	198	680	159	147	109	9	424	(92%)
Contributions to IPAB	191	191	193	196	772	187	188	195	190	760	(2%)
Corporate expenses Recoveries	-	-	-	-	-	-	-	-	-	-	-
Non-Interest Expense	2,384	2,394	2,525	2,569	9,872	2,542	2,443	2,682	2,274	9,941	(15%)
Operating Income	583	409	421	642	2,055	677	358	534	1,169	2,738	119%
Other Revenues	97	73	134	128	432	68	154	127	146	494	15%
Foreign exchange	-	-	-	-	-	-	-	-	-	-	-
Recoveries	9	70	69	17	166	22	206	28	35	292	23%
Repomo-other revenues	5	1	3	12	21	8	1	6	10	24	58%
Non Operating Income	112	145	207	156	620	98	361	161	191	810	18%
Other Expense	(160)	(31)	(55)	(98)	(345)	(118)	(79)	(109)	(105)	(412)	(3%)
Foreign exchange	-	-	(2)	-	(2)	-	-	-	-	-	-
Repomo-other Expenses	(90)	(29)	(61)	(145)	(325)	(128)	(8)	(94)	(142)	(372)	51%
Non Operating Expense	(250)	(60)	(119)	(244)	(672)	(246)	(87)	(203)	(248)	(784)	22%
Non Operating Income (Expense), net	(138)	85	88	(87)	(53)	(148)	274	(42)	(57)	27	37%
Pre-tax Income	445	494	509	554	2,002	529	632	492	1,112	2,764	126%
Income Tax	8	9	9	13	39	6	6	6	5	22	(18%)
Profit sharing	26	26	31	39	122	76	55	41	63	235	55%
Tax on Assets	9	12	11	8	41	14	13	10	10	47	(2%)
Deferred Inc. Tax and Profit sharing	(25)	(22)	(22)	(30)	(99)	2	14	26	206	248	689%
	18	25	29	31	103	97	88	83	284	552	242%
Net Income before subsidiaries	427	470	479	523	1,899	432	544	409	828	2,212	102%
Subsidiaries' net income	54	9	52	39	154	72	23	23	58	176	153%
Net Income from continuous operations	481	479	531	562	2,053	503	567	432	886	2,388	105%
Extraordinary items, net	-	1	-	-	1	-	-	-	-	-	-
Minority Interest	-	-	-	-	-	-	-	-	-	-	(44%)
TOTAL NET INCOME	481	479	531	562	2,053	503	567	432	886	2,388	105%

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

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

ASSETS	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04	% 4Q04 VS 3Q04
Cash and due from Banks	23,748	27,279	31,382	31,939	31,082	34,284	32,578	39,126	20%
Negotiable Instruments	4,150	4,053	4,141	9,507	5,429	5,904	6,474	10,348	60%
Securities held for sale	1,430	1,430	200	253	618	425	184	242	32%
Securities held to maturity	9,105	9,890	11,376	9,878	11,142	10,687	10,332	9,006	(13%)
Financial Instruments:	14,686	15,372	15,717	19,638	17,189	17,016	16,990	19,596	15%
Non-assigned securities to pay	-	-	12	1	7	50	-	-	(100%)
Repurchase agreements, net	135	30	151	32	119	54	78	39	(50%)
Operations with collateral	-	-	-	-	-	-	-	-	-
Futures receivable, net	-	-	-	-	-	-	-	-	-
Options and derivatives, net	16	-	-	3	7	25	6	5	(10%)
Repos & Derivatives :	151	30	163	37	133	130	85	45	(47%)
Commercial	31,905	33,218	33,648	35,795	34,643	36,947	37,761	41,926	11%
Financial Intermediaries	3,852	3,575	3,908	3,532	3,133	3,287	3,332	1,090	(67%)
Consumer	6,166	7,222	8,294	9,127	9,873	10,592	11,025	11,409	3%
Mortgage	13,308	13,913	14,656	15,517	16,098	17,023	17,794	18,523	4%
Government Entities	93,046	92,728	90,968	82,449	80,147	77,688	76,708	18,576	(76%)
Fobaproa	7,131	7,167	7,134	7,049	6,983	7,045	7,030	6,948	(1%)
Fiduciary collection rights	-	-	-	-	-	-	-	-	-
Performing Loans	155,409	157,822	158,607	153,469	150,878	152,583	153,650	98,471	(36%)
Commercial	2,065	2,512	2,005	1,979	1,990	1,170	948	594	(37%)
Financial Intermediaries	-	-	-	-	-	-	-	-	-
Consumer	348	358	404	474	493	437	512	339	(34%)
Mortgage	1,275	1,316	1,243	1,247	1,245	1,310	1,353	820	(39%)
Government Entities	9	9	9	9	9	16	15	13	(11%)
Past Due Loans	3,696	4,194	3,661	3,709	3,736	2,933	2,828	1,766	(38%)
Total Loans	159,105	162,016	162,269	157,178	154,614	155,515	156,478	100,237	(36%)
Preventive loan loss reserves	4,700	4,863	4,671	4,515	4,751	3,827	3,618	2,693	(26%)
Net Loan Portfolio	154,405	157,153	157,598	152,663	149,863	151,688	152,860	97,544	(36%)
Credit Assets Portfolio	1,892	1,804	1,678	2,178	2,024	1,935	1,769	2,149	22%
Sundry debtors and other assets, net	2,445	3,769	4,430	2,097	3,170	3,852	3,396	2,652	(22%)
Foreclosed assets, net	1,256	1,289	1,247	1,180	1,076	1,074	970	365	(62%)
Real Estate, Furniture & Equipment, net	5,777	5,690	5,566	5,402	5,271	5,134	4,967	5,281	6%
Investments in subsidiaries	1,534	1,529	1,578	1,559	1,561	1,562	1,531	1,367	(11%)
Deferred taxes	1,066	1,071	1,115	1,123	1,103	1,081	1,049	738	(30%)
Deferred charges & Intangibles	838	813	752	852	838	787	746	1,081	45%
UDIS Mortgage loans reserve coverage	-	-	-	-	-	-	-	-	-
Other Assets	14,808	15,965	16,366	14,390	15,043	15,424	14,427	13,633	(6%)
TOTAL ASSETS	207,799	215,799	221,225	218,666	213,311	218,542	216,940	169,943	(22%)

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

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

LIABILITIES	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04	% 4Q04 VS 3Q04
Demand Deposits	56,665	59,888	61,427	69,799	64,410	66,287	66,280	65,367	(1%)
Time Deposits	108,369	101,743	110,497	101,624	101,612	106,524	99,707	63,233	(37%)
Bonds	1,433	285	-	-	-	-	-	-	-
Deposits	166,467	161,916	171,924	171,423	166,022	172,811	165,987	128,600	(23%)
Demand	6,135	14,168	4,276	4,996	6,168	3,535	5,506	4,614	(16%)
Short term	2,952	6,664	11,006	11,229	5,633	8,824	7,897	4,000	(49%)
Long term	12,391	11,876	11,551	10,860	10,824	10,346	10,005	10,479	5%
Due to banks and correspondents	21,477	32,708	26,833	27,085	22,626	22,705	23,408	19,093	(18%)
Non-assigned securities to pay	-	-	-	1	8	29	-	-	(100%)
Repurchase agreements, net	60	12	111	208	64	30	89	70	(22%)
Operations with collateral	-	-	-	-	-	-	-	-	-
Futures receivable, net	-	-	-	-	-	-	-	-	-
Options and derivatives, net	1,011	981	1,524	13	3	-	3	8	191%
Repos & Derivatives:	1,071	994	1,635	222	75	59	92	78	(16%)
Income Tax & Profit Sharing	184	69	98	140	209	140	195	242	24%
Other Payable accounts	3,687	4,795	4,837	3,784	4,732	4,118	8,220	3,132	(62%)
Other payable accounts	3,871	4,863	4,935	3,924	4,941	4,258	8,415	3,375	(60%)
Subordinated non Convertible Debenture	2,919	2,815	2,934	2,880	6,362	4,838	4,739	4,610	(3%)
Deferred Taxes	-	-	-	-	-	-	-	-	-
Deferred credits	64	83	118	85	67	71	60	62	3%
TOTAL LIABILITIES	195,869	203,378	208,378	205,620	200,092	204,743	202,701	155,817	(23%)
STOCKHOLDER'S EQUITY									
Paid-in Capital	5,965	5,965	5,965	5,965	5,965	5,965	5,965	5,965	-
Share subscription premiums	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	-
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-	-
Subscribed Capital	7,001	7,001	7,001	7,001	7,001	7,001	7,001	7,001	-
Capital Reserves	2,631	2,834	2,834	2,834	2,834	3,036	3,036	2,997	1%
Retained Earnings	4,542	4,339	4,339	3,949	5,733	5,532	5,532	4,541	(18%)
Surplus (Deficit) from securities	223	237	152	137	148	177	233	280	20%
Results of foreign operations exchange	-	-	-	-	-	-	-	-	-
Excess (Insuf.) in capital restatement	(2,498)	(2,496)	(2,496)	(2,501)	(2,496)	(2,494)	(2,496)	(2,501)	-
Non Mon assets results Fixed Assets	12	12	12	12	12	12	12	12	-
Non Mon assets results Investm	(170)	(175)	(195)	(148)	(226)	(244)	(290)	(301)	4%
Adjustment in the employees pension	-	-	-	-	-	-	-	-	-
Accumulated Deferred tax effect	(292)	(292)	(292)	(292)	(292)	(292)	(292)	(292)	-
Net Income	481	960	1,491	2,053	503	1,070	1,502	2,388	59%
Earned Capital	4,928	5,419	5,845	6,045	6,217	6,797	7,237	7,124	(2%)
Minority Holdings	-	1	1	1	1	1	1	1	-
Total Stockholder's Equity	11,930	12,420	12,847	13,046	13,219	13,799	14,239	14,126	(1%)
TOTAL LIABILITIES &	207,799	215,799	221,225	218,666	213,311	218,542	216,940	169,943	(22%)

MEMORANDUM ACCOUNTS OF BANKING SECTOR (Millions of Pesos)

	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04	% 4Q04 VS 3Q04
Signature guarantees granted	-	-	-	34	34	63	62	60	(3)%
Other contingent obligations	17,314	17,566	17,479	18,696	15,816	13,090	12,797	8,208	(36)%
Irrevocable lines of credit	948	1,013	1,082	822	1,393	1,443	1,750	2,294	31%
Assets held in trust and mandate	86,141	87,748	88,842	86,814	90,558	86,830	72,587	61,446	(15)%
Assets held in custody or in administration	138,764	132,864	122,925	111,275	114,831	119,404	110,977	72,915	(34)%
Investment banking transactions for third	51,657	51,955	52,276	57,840	54,818	64,424	64,345	80,639	25%
Engaged amounts in fobaproa operations	6,226	6,633	6,931	7,109	7,677	7,971	4,477	419	(91)%
Investment of retirement saving funds	242	253	261	261	-	-	-	-	-
Integration of loan portfolio	-	-	-	-	-	-	-	-	-
Received amounts in derivative instruments	6,824	7,114	8,064	10,986	10,747	17,851	25,378	27,081	7%
Fobaproa trusts	-	-	-	-	-	-	-	-	-
Securities to be received	126,601	134,213	137,122	73,651	99,733	83,075	93,184	115,690	24%
(Less) payable for reversal	(126,466)	(134,224)	(136,972)	(73,839)	(99,663)	(83,055)	(93,249)	(115,698)	24%
Receivables for reversal	56,821	63,852	70,962	7,090	37,223	18,092	53,777	27,098	(50)%
(Less) securities to be delivered	(56,881)	(63,824)	(71,073)	(7,078)	(37,237)	(18,088)	(53,722)	(27,119)	(50)%
Other control accounts	431,858	410,573	284,065	283,403	-	-	-	-	-
	740,049	715,736	581,965	577,063	295,931	311,101	292,362	253,030	13%

Figures are presented in constant pesos set at the close of December' 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	6,302	5,045	4,179	4,831	20,358	5,100	5,553	6,209	6,792	23,655
Interest Expense	4,102	3,112	2,416	2,900	12,531	3,186	3,500	3,776	4,180	14,643
Loan Fees	200	203	200	221	824	165	116	121	167	569
Fees Paid	10	15	16	14	56	20	22	22	24	88
Net Interest Income (NII)	2,390	2,121	1,946	2,138	8,595	2,059	2,148	2,532	2,755	9,493
Repomo-Margin	26	14	17	46	102	10	2	(10)	(25)	(23)
NII after Repomo	2,416	2,135	1,964	2,184	8,698	2,069	2,149	2,522	2,730	9,470
Loan Loss Provisions	243	358	164	(7)	758	108	290	323	323	1,044
Loss Sharing Provisions	33	15	2	6	56	12	20	33	25	90
NII after Provisions	2,139	1,762	1,798	2,185	7,884	1,949	1,840	2,166	2,383	8,337
Fund transfers	46	47	48	46	187	58	48	45	40	191
Account management	159	176	197	217	749	195	229	280	271	976
Fiduciary	43	37	41	42	165	39	45	43	41	169
Income from Loan Portfolios Acquired	-	-	-	-	-	-	-	-	20	20
Electronic Banking Services	69	60	63	82	274	77	94	108	145	424
Credit Card	159	168	166	197	690	285	312	313	266	1,176
Fees from FOBAPROA	48	34	234	135	452	76	87	107	63	333
Other fees	131	161	159	161	612	150	122	72	116	461
Fees on services,	657	684	908	881	3,129	880	938	968	963	3,750
Fund transfers	-	-	-	-	-	-	-	-	-	-
Other fees	103	120	126	133	481	127	123	105	114	469
Expenses from Loan Portfolios Acquired	-	-	-	-	-	-	-	-	18	18
Fees paid,	103	120	126	133	481	127	123	105	132	487
Foreign exchange	90	128	108	89	415	129	156	63	42	390
Securities -Realized gains	(11)	3	69	(81)	(20)	211	27	14	119	371
Securities- Unrealized gains	(3)	(6)	14	(41)	(36)	6	40	(41)	-	5
Market-related Income	76	126	190	(33)	359	346	223	36	161	766
Total Non Interest Income	629	690	973	715	3,007	1,099	1,038	899	993	4,029
Total Operating Income	2,769	2,452	2,770	2,900	10,891	3,048	2,877	3,065	3,375	12,366
Personnel	1,070	968	999	963	4,001	1,070	1,010	1,245	980	4,305
Professional Fees	81	96	123	93	392	108	117	122	113	461
Administrative and Promotion Expenses	564	589	656	712	2,521	620	635	644	579	2,476
Rents, depreciation and amortization	330	358	383	396	1,467	389	374	362	394	1,519
Taxes, other than income tax	145	164	160	195	664	155	145	107	9	415
Contributions to IPAB	190	190	192	195	767	186	187	194	189	756
Corporate expenses Recoveries	(28)	(19)	(7)	(7)	(61)	(8)	(42)	(22)	(18)	(91)
Non-Interest Expense	2,352	2,346	2,506	2,547	9,751	2,518	2,425	2,652	2,246	9,840
Operating Income	417	106	265	353	1,140	529	453	414	1,130	2,526
Other Revenues	97	73	134	127	432	67	152	127	129	475
Foreign exchange	-	-	-	-	-	-	-	-	-	-
Recoveries	8	70	26	12	116	20	51	28	35	135
Repomo-other revenues	5	1	3	12	21	8	1	6	10	24
Non Operating Income	111	144	163	151	569	95	204	161	174	634
Other Expense	(137)	(31)	(55)	(98)	(321)	(118)	(78)	(109)	(105)	(410)
Foreign exchange	-	-	(2)	-	(2)	-	-	-	-	-
Repomo-other Expenses	(68)	(24)	(48)	(120)	(260)	(91)	(6)	(68)	(104)	(269)
Non Operating Expense	(205)	(55)	(105)	(218)	(583)	(210)	(84)	(176)	(209)	(679)
Non Operating Income (Expense), net	(94)	89	58	(67)	(14)	(115)	120	(15)	(36)	(45)
Pre-tax Income	322	195	322	285	1,125	415	573	399	1,094	2,481
Income tax	8	9	9	13	39	6	6	6	5	22
Profit sharing	26	26	31	39	122	76	55	41	63	235
Tax on Assets	9	12	11	8	41	14	13	10	10	47
Deferred Inc. Tax and Profit sharing	(25)	(23)	(22)	(28)	(99)	2	14	26	338	380
	18	24	29	33	103	97	88	83	416	685
Net income before subsidiaries	305	171	293	253	1,022	318	485	316	678	1,796
Subsidiaries' net income	15	(14)	8	25	35	33	11	(21)	35	58
Net Income from continuous operations	319	158	302	278	1,057	351	496	294	713	1,854
Extraordinary items, net	-	1	-	-	1	-	-	-	-	-
Minority Interest	-	-	-	-	-	-	-	-	-	-
TOTAL NET INCOME	319	158	302	278	1,058	351	496	294	713	1,854

(*) Consolidate Subsidiaries.

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

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

ASSETS	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04
Cash and due from Banks	23,758	27,175	31,628	32,499	31,141	34,217	32,191	39,897
Negotiable Instruments	4,760	4,587	4,273	9,334	5,441	6,264	7,229	9,889
Securities held for sale	1,430	1,430	200	253	618	425	184	242
Securities held to maturity	8,751	9,551	11,036	9,540	10,805	10,383	10,029	9,006
Financial Instruments:	14,941	15,567	15,509	19,127	16,863	17,073	17,442	19,138
Non-assigned securities to pay	-	-	11	1	6	48	-	-
Repurchase agreements, net	69	14	60	28	103	53	78	39
Operations with collateral	-	-	-	-	-	-	-	-
Futures receivable, net	-	-	-	-	-	-	-	-
Options and derivatives, net	16	-	-	3	7	25	6	5
Repos & Derivatives :	85	14	71	32	115	126	85	45
Commercial	31,595	32,988	33,438	35,648	34,534	36,631	37,480	41,331
Financial Intermediaries	3,852	3,362	3,565	3,532	3,133	3,287	3,332	1,090
Consumer	6,166	7,222	8,294	9,127	9,873	10,592	11,025	11,409
Mortgage	13,021	13,632	14,373	15,239	15,834	16,769	17,550	18,293
Government Entities	93,027	92,722	90,958	82,437	80,131	77,669	76,685	18,563
Fobaproa	7,132	7,167	7,134	7,050	6,983	7,046	7,030	6,948
Fiduciary collection rights	-	-	-	-	-	-	-	-
Performing Loans	154,793	157,093	157,761	153,032	150,488	151,994	153,103	97,633
Commercial	1,875	2,330	1,824	1,812	1,827	1,014	795	449
Financial Intermediaries	-	-	-	-	-	-	-	-
Consumer	348	358	404	474	493	436	512	339
Mortgage	1,115	1,156	1,092	1,093	1,088	1,159	1,209	803
Government Entities	9	9	9	9	9	16	15	13
Past Due Loans	3,346	3,852	3,328	3,388	3,416	2,626	2,531	1,605
Total Loans	158,140	160,944	161,090	156,420	153,904	154,619	155,634	99,238
Preventive loan loss reserves	4,222	4,386	4,195	4,055	4,293	3,539	3,343	2,536
Net Loan Portfolio	153,918	156,558	156,895	152,365	149,611	151,080	152,292	96,702
Credit Assets Portfolio	-	-	-	-	-	-	-	1,691
Sundry debtors and other assets, net	2,375	3,727	4,334	1,887	2,968	3,659	3,308	2,593
Foreclosed assets, net	1,233	1,266	1,226	1,159	1,056	1,053	951	354
Real Estate, Furniture & Equipment, net	5,777	5,690	5,566	5,402	5,271	5,134	4,967	5,281
Investments in subsidiaries	913	886	891	968	930	920	844	867
Deferred taxes	1,076	1,082	1,127	1,123	1,103	1,081	1,049	605
Deferred charges & Intangibles	836	812	751	851	838	787	746	1,081
UDIS Mortgage loans reserve coverage	-	-	-	-	-	-	-	-
Other Assets	12,210	13,463	13,894	11,390	12,167	12,634	11,865	12,472
TOTAL ASSETS	204,912	212,777	217,997	215,414	209,897	215,131	213,875	168,254

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

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

LIABILITIES	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04
Demand Deposits	56,909	60,278	61,669	69,830	64,431	66,375	66,300	67,093
Time Deposits	108,369	101,743	110,497	101,624	101,612	106,524	100,084	63,610
Bonds	1,433	285	-	-	-	-	-	-
Deposits	166,711	162,306	172,166	171,454	166,043	172,899	166,384	130,703
Demand	6,135	14,168	4,276	4,994	6,167	3,535	5,678	4,612
Short term	2,952	6,664	11,005	11,216	5,620	8,813	7,885	3,991
Long term	12,057	11,564	11,424	10,755	10,724	10,247	9,911	10,392
Due to banks and correspondents	21,144	32,395	26,705	26,965	22,511	22,595	23,474	18,995
Non-assigned securities to pay	-	-	-	1	7	28	-	-
Repurchase agreements, net	51	-	46	205	64	30	89	70
Operations with collateral	-	-	-	-	-	-	-	-
Futures receivable, net	-	-	-	-	-	-	-	-
Options and derivatives, net	1,011	981	1,524	13	3	-	3	8
Repos & Derivatives:	1,062	981	1,570	219	74	58	92	78
Income Tax & Profit Sharing	184	69	98	140	209	140	195	242
Other Payable accounts	3,596	4,727	4,809	3,764	4,706	4,095	8,194	3,101
Other payable accounts	3,780	4,796	4,907	3,904	4,915	4,235	8,389	3,343
Subordinated non Convertible Debenture	2,919	2,815	2,934	2,880	6,362	4,838	4,739	4,610
Deferred Taxes	-	-	-	-	-	-	-	-
Deferred credits	64	83	118	84	66	71	60	62
TOTAL LIABILITIES	195,680	203,376	208,399	205,507	199,971	204,696	203,138	157,790
STOCKHOLDER 'S EQUITY								
Paid-in Capital	4,828	4,828	4,828	4,828	4,828	4,828	4,828	4,828
Share subscription premiums	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	5,864	5,864	5,864	5,864	5,864	5,864	5,865	5,864
Capital Reserves	2,453	2,611	2,611	2,611	2,611	2,715	2,715	2,677
Retained Earnings	3,249	3,090	3,090	3,090	3,879	3,775	3,775	2,792
Surplus (Deficit) from securities	236	251	166	151	162	190	246	293
Results of foreign operations exchange	-	-	-	-	-	-	-	-
Excess (Insuf.) in capital restatement	(2,500)	(2,500)	(2,500)	(2,501)	(2,499)	(2,499)	(2,500)	(2,501)
Non Mon assets results Fixed Assets	12	12	12	12	12	12	12	12
Non Mon assets results Investm	(109)	(114)	(134)	(87)	(163)	(180)	(227)	(237)
Adjustment in the employees pension	-	-	-	-	-	-	-	-
Accumulated Deferred tax effect	(292)	(292)	(292)	(292)	(292)	(292)	(292)	(292)
Net Income	319	478	779	1,058	351	847	1,141	1,854
Earned Capital	3,368	3,536	3,733	4,042	4,061	4,569	4,871	4,598
Minority Holdings	-	1	1	1	1	1	1	1
Total Stockholder 's Equity	9,233	9,401	9,598	9,907	9,926	10,434	10,737	10,463
TOTAL LIABILITIES &	204,912	212,777	217,997	215,414	209,897	215,131	213,875	168,254

(*) Consolidate Subsidiaries.

MEMORANDUM ACCOUNTS OF BANORTE

<i>(Millions of Pesos)</i>	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04
Signature guarantees granted	-	-	-	34	34	63	62	60
Other contingent obligations	15,576	15,855	15,869	17,113	14,412	11,736	11,564	7,114
Irrevocable lines of credit	948	1,013	1,082	822	1,393	1,443	1,750	2,294
Assets held in trust and mandate	60,842	59,273	59,570	57,880	60,032	57,021	57,500	46,322
Assets held in custody or in	137,979	132,081	122,439	111,191	114,491	118,186	109,751	72,915
Investment banking transactions for	51,657	51,955	52,276	57,840	54,818	64,424	64,345	80,639
Engaged amounts in fobaproa operations	6,226	6,633	6,931	7,109	7,677	7,971	4,477	332
Investment of retirement saving funds	242	253	261	261	-	-	-	-
Integration of loan portfolio	-	-	-	-	-	-	-	-
Received amounts in derivative	6,824	7,114	8,064	10,986	10,747	17,851	25,378	27,081
Fobaproa trusts	-	-	-	-	-	-	-	-
Securities to be received	48,843	52,604	56,577	73,182	84,550	78,822	93,068	115,581
(Less) payable for reversal	(48,774)	(52,602)	(56,517)	(73,366)	(84,497)	(78,803)	(93,133)	(115,590)
Receivables for reversal	48,776	52,546	56,997	6,762	37,223	18,092	53,777	27,098
(Less) securities to be delivered	(48,827)	(52,535)	(57,043)	(6,755)	(37,237)	(18,088)	(53,722)	(27,119)
Other control accounts	386,782	365,651	237,804	238,461	-	-	-	-
	667,094	639,841	504,311	501,520	263,644	278,718	274,815	236,726

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

NET INTEREST INCOME	1Q03	2Q03	3Q03	4Q03	ACUM	1Q04	2Q04	3Q04	4Q04	ACUM
Interest Income	2,081	1,359	1,095	540	5,074	92	120	75	74	361
Interest Expense	2,064	1,336	1,037	520	4,957	60	92	46	32	230
Loan Fees	-	-	-	-	-	-	-	-	-	-
Fees Paid	-	-	-	-	-	-	-	-	-	-
Net Interest Income (NII)	16	23	58	20	117	32	29	29	42	131
Repomo-Margin	(6)	(2)	(10)	(35)	(53)	(18)	(1)	(23)	(46)	(87)
NII after Repomo	10	21	48	(15)	64	14	28	6	(4)	44
Loan Loss Provisions	10	6	4	(4)	15	2	-	-	22	24
Loss Sharing Provisions	-	-	-	-	-	-	-	-	-	-
NII after Provisions	1	15	44	(10)	49	12	28	6	(26)	20
Fund transfers	-	-	-	-	-	-	-	-	-	-
Account management	-	-	-	-	-	-	-	-	-	-
Fiduciary	6	5	6	6	23	6	5	6	5	22
Income from Loan Portfolios Acquired	174	130	165	278	746	175	149	203	137	665
Electronic Banking Services	-	-	-	-	-	-	-	-	-	-
Credit Card	-	-	-	-	-	-	-	-	-	-
Fees from FOBAPROA	2	1	36	12	52	15	12	38	12	77
Other fees	250	172	280	180	882	275	183	298	194	951
Fees on services,	431	308	488	476	1,703	471	349	544	349	1,713
Fund transfers	-	-	-	-	-	-	-	-	-	-
Other fees	14	10	13	9	46	10	7	9	6	32
Expenses from Loan Portfolios Acquired	117	78	113	18	327	118	99	141	82	440
Fees paid,	132	87	126	28	373	128	106	150	89	473
Foreign exchange	-	-	-	-	-	-	-	-	-	-
Securities -Realized gains	140	326	6	42	514	71	(161)	27	26	(36)
Securities- Unrealized gains	(1)	(33)	40	4	10	8	-	12	(10)	9
Market-related Income	139	293	47	45	524	79	(161)	39	16	(27)
Total Non Interest Income	439	514	408	493	1,854	421	83	433	276	1,213
Total Operating Income	439	529	452	483	1,903	434	111	440	250	1,234
Personnel	1	2	1	2	7	1	2	2	1	5
Professional Fees	8	26	10	12	56	12	5	10	16	43
Administrative and Promotion Expenses	118	105	121	113	456	107	112	133	117	467
Rents, depreciation and amortization	29	29	29	31	118	27	28	28	28	112
Taxes, other than income tax	5	3	6	17	31	22	20	21	13	76
Contributions to IPAB	2	2	1	1	5	1	1	1	1	4
Corporate expenses Recoveries	-	-	-	-	-	-	-	-	-	-
Non-Interest Expense	164	167	169	174	674	170	167	195	175	707
Operating Income	275	362	283	309	1,229	264	(56)	244	75	527
Other Revenues	-	-	-	-	-	-	2	-	17	19
Foreign exchange	-	-	-	-	-	-	-	-	-	-
Recoveries	1	-	44	5	50	2	155	-	-	157
Repomo-other revenues	-	-	-	-	-	-	-	-	-	-
Non Operating Income	1	-	44	5	51	2	157	-	17	176
Other Expense	(23)	-	-	-	(24)	-	(1)	-	-	(2)
Foreign exchange	-	-	-	-	-	-	-	-	-	-
Repomo-other Expenses	(22)	(5)	(14)	(25)	(65)	(36)	(2)	(26)	(38)	(103)
Non Operating Expense	(45)	(5)	(14)	(25)	(89)	(36)	(3)	(27)	(38)	(105)
Non Operating Income (Expense), net	(44)	(5)	30	(20)	(39)	(34)	153	(27)	(21)	72
Pre-tax Income	232	358	313	288	1,190	230	97	218	54	599
Income tax	51	31	54	(2)	134	55	20	56	8	139
Profit sharing	-	-	-	-	-	-	-	-	-	-
Tax on Assets	-	-	-	-	-	-	-	-	-	-
Deferred Inc. Tax and Profit sharing	(11)	-	(7)	1	(16)	(11)	(8)	(9)	(137)	(164)
	40	31	47	-	118	45	11	47	(128)	(25)
Net income before subsidiaries	192	326	266	289	1,072	185	86	171	183	624
Subsidiaries' net income	7	15	6	6	35	6	(4)	10	11	22
Net Income from continuous operations	199	342	272	295	1,107	191	81	180	193	645
Extraordinary items, net	-	-	-	-	-	-	-	-	-	-
Minority Interest	38	21	42	11	111	38	11	43	20	111
TOTAL NET INCOME	161	321	230	284	996	153	70	138	173	534

(*) 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	1,149	1,404	954	796	806	995	1,256	2,350
Negotiable Instruments	177	249	354	257	329	862	854	836
Securities held for sale	-	-	-	-	-	-	-	-
Securities held to maturity	354	339	340	338	337	303	302	-
Financial Instruments:	531	589	694	595	666	1,165	1,157	836
Valores no asignados por liquidar	-	-	1	-	1	3	-	-
Repurchase agreements, net	66	16	91	4	17	1	-	-
Operations with collateral	-	-	-	-	-	-	-	-
Futures receivable, net	-	-	-	-	-	-	-	-
Options and derivatives, net	-	-	-	-	-	-	-	-
Repos & Derivatives :	66	16	91	4	18	4	-	-
Commercial	310	229	210	147	110	316	281	595
Financial Intermediaries	-	212	343	-	-	-	-	-
Consumer	-	-	-	-	-	-	-	-
Mortgage	287	281	283	277	264	254	244	231
Government Entities	19	7	10	13	16	19	22	13
Fobaproa	-	-	-	-	-	-	-	-
Fiduciary collection rights	-	-	-	-	-	-	-	-
Performing Loans	616	729	846	437	390	589	547	838
Commercial	190	182	182	167	163	156	153	144
Financial Intermediaries	-	-	-	-	-	-	-	-
Consumer	-	-	-	-	-	-	-	-
Mortgage	159	160	151	154	157	151	144	16
Government Entities	-	-	-	-	-	-	-	-
Past Due Loans	349	343	333	321	321	307	297	161
Total Loans	965	1,072	1,179	759	710	896	844	999
Preventive loan loss reserves	478	477	476	461	457	288	275	157
Net Loan Portfolio	487	595	704	298	253	608	569	842
Credit Assets Portfolio	1,892	1,804	1,678	2,178	2,024	1,935	1,769	459
Sundry debtors and other assets, net	230	200	255	332	311	308	137	140
Foreclosed assets, net	23	22	22	21	20	20	18	11
Real Estate, Furniture & Equipment, net	121	122	123	124	123	121	120	118
Investments in subsidiaries	320	333	337	336	380	375	384	396
Deferred taxes	-	-	-	-	-	-	-	69
Deferred charges & Intangibles	426	399	372	344	318	294	270	246
UDIS Mortgage loans reserve coverage	-	-	-	-	-	-	-	-
Other Assets	3,011	2,881	2,786	3,335	3,175	3,054	2,698	1,438
TOTAL ASSETS	5,245	5,485	5,229	5,028	4,917	5,825	5,680	5,466

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

LIABILITIES	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04
Demand Deposits	-	-	-	1	-	-	-	-
Time Deposits	786	784	486	83	340	1,222	1,233	-
Bonds	-	-	-	-	-	-	-	-
Deposits	786	784	486	84	340	1,222	1,233	-
Demand	531	453	329	902	396	329	1	1,159
Short term	-	-	1	14	13	11	11	10
Long term	334	312	126	104	100	99	94	87
Due to banks and correspondents	864	766	457	1,020	509	439	106	1,256
Non-assigned securities to pay	-	-	-	-	1	1	-	-
Repurchase agreements, net	9	12	65	4	-	-	-	-
Operations with collateral	-	-	-	-	-	-	-	-
Futures receivable, net	-	-	-	-	-	-	-	-
Options and derivatives, net	-	-	-	-	-	-	-	-
Repos & Derivatives:	9	12	65	4	1	1	-	-
Income Tax & Profit Sharing	55	78	136	92	35	55	43	10
Other Payable accounts	133	106	86	36	60	63	82	72
Other payable accounts	188	184	221	128	95	117	125	81
Subordinated non Convertible Debenture	-	-	-	-	-	-	-	-
Deferred Taxes	117	116	104	99	86	78	69	-
Deferred credits	-	-	-	1	-	1	-	-
TOTAL LIABILITIES	1,964	1,862	1,334	1,335	1,033	1,858	1,532	1,337
STOCKHOLDER'S EQUITY								
Paid-in Capital	1,137	1,137	1,137	1,137	1,137	1,137	1,137	1,137
Share subscription premiums	-	-	-	-	-	-	-	-
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	1,137	1,137	1,137	1,137	1,137	1,137	1,137	1,137
Capital Reserves	178	223	223	223	223	320	320	320
Retained Earnings	1,293	1,249	1,249	859	1,855	1,757	1,757	1,749
Surplus (Deficit) from securities	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)
Results of foreign operations exchange	-	-	-	-	-	-	-	-
Excess (Insuf.) in capital restatement	2	4	4	-	3	5	5	-
Non Mon assets results Fixed Assets	-	-	-	-	-	-	-	-
Non Mon assets results Investm	(61)	(61)	(61)	(61)	(64)	(64)	(64)	(64)
Adjustment in the employees pension	-	-	-	-	-	-	-	-
Accumulated Deferred tax effect	-	-	-	-	-	-	-	-
Net Income	161	482	712	996	153	223	361	534
Earned Capital	1,560	1,883	2,112	2,002	2,156	2,228	2,365	2,526
Minority Holdings	583	604	646	554	592	603	645	466
Total Stockholder's Equity	3,280	3,623	3,895	3,693	3,884	3,967	4,147	4,129
TOTAL LIABILITIES &	5,245	5,485	5,229	5,028	4,917	5,825	5,680	5,466

(*) Consolidate Afore

MEMORANDUM ACCOUNTS OF BANCEN

	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04
Signature guarantees granted	-	-	-	-	-	-	-	-
Other contingent obligations	1,737	1,711	1,610	1,583	1,404	1,354	1,233	1,052
Irrevocable lines of credit	-	-	-	-	-	-	-	-
Assets held in trust and mandate	25,299	28,475	29,272	28,934	30,526	29,810	15,088	15,123
Assets held in custody or in	785	783	486	83	340	1,219	1,227	-
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	77,758	81,609	80,545	469	15,183	4,253	116	109
(Less) payable for reversal	(77,692)	(81,621)	(80,455)	(473)	(15,166)	(4,252)	(116)	(109)
Receivables for reversal	8,045	11,306	13,965	327	-	-	-	-
(Less) securities to be delivered	(8,053)	(11,289)	(14,030)	(323)	-	-	-	-
Other control accounts	45,077	44,922	46,261	44,942	-	-	-	-
	72,956	75,895	77,654	75,543	32,287	32,383	17,548	16,175

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

Annex 6. Notes to Banking Sector Financial Statements
Financial Instruments and Valuation Effects 4Q04

NEGOTIABLE INSTRUMENTS	BOOK VALUE	MARKET VALUE	UNREALIZED GAIN (LOSS)
Government Securities	3,673	3,668	(6)
Banking Securities	5,030	5,027	(3)
Private	489	490	1
Commercial Paper	1,160	1,160	-
Swap of Coverage purposes	4	4	-
Total	10,356	10,348	(8)
SECURITIES HELD FOR SALE			
Government Securities	-	-	-
-Mexican Government Securities (UMS)	-	-	-
Bonds public company	-	-	-
Eurobonds	794	242	(552)
Swap of Coverage purposes	-	-	-
-Total	794	242	(552)
SECURITIES HELD TO MATURITY			
Special Cetes	515	515	-
Trust Bonds	-	-	-
Fiduciary Rights	35	26	(9)
Bonds	181	181	-
Mexican Government Securities (UMS) (US Dollars)	7,743	7,743	-
Mexican Government Securities (UMS) (Euros)	435	435	-
US Clearing Master Trust	-	-	-
Swap Private company	-	-	-
Swap Public company	1,802	1,802	-
Swap of Coverage purposes	(1,696)	(1,696)	-
Total	9,014	9,006	(9)
TOTAL	20,164	19,596	(568)

Repurchase Agreement Operations 4Q04
(Millions of Pesos)

REPURCHASE AGREEMENT DEBTORS	MARKET VALUE (1)	ASSET BALANCE
Government Securities	66,603	36
Banking Securities	4,640	-
Private Securities	44,447	2
Total	115,690	39
REPURCHASE AGREEMENT CREDITORS	MARKET VALUE (2)	LIABILITY BALANCE
Government Securities	25,067	70
Banking Securities	2,100	-
Total	27,167	70

1) RECEIVABLES ON REPURCHASE AGREEMENT

2) PAYABLES ON REPURCHASE AGREEMENT

Non-governmental Financial Instruments above by 5% of Net Capital 4Q04
(Millions of Pesos)

INDUSTRY	INVESTMENT INSTRUMENT	AMOUNT	% NET CAPITAL
BANSAN	Term Deposits	4,128	23.4%
SERFIN	Term Deposits	900	5.1%

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

Loan Portfolio

(Million of Pesos)	LOCAL CURRENCY(*)		FOREIGN CURRENCY		TOTAL	
	4Q03	4Q04	4Q03	4Q04	4Q03	4Q04
Performing Loans						
Commercial	28,751	35,194	7,043	6,732	35,795	41,926
Financial Intermediaries	3,214	858	318	231	3,532	1,090
Consumer	9,122	11,407	4	3	9,127	11,409
Mortgages	15,517	18,523	-	-	15,517	18,523
Government Entities	81,679	17,938	770	638	82,449	18,576
Fobaproa	7,261	6,948	(212)	-	7,049	6,948
Total	145,545	90,867	7,924	7,604	153,469	98,471
Past Due Loans						
Commercial	1,161	523	818	71	1,979	594
Financial Intermediaries	-	-	-	-	-	-
Consumer	474	339	-	-	474	339
Mortgages	1,247	820	-	-	1,247	820
Government Entities	9	13	-	-	9	13
Total	2,891	1,694	818	71	3,709	1,766
Total Proprietary Loans	148,435	92,562	8,743	7,675	157,178	100,237
% Past Due Loans	1.9%	1.8%	9.1%	0.9%	2.4%	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 4Q04

(Millions of Pesos)	TOTAL	
	PERIOD	BALANCE
	COST	LOAN PORTFOLIO
FINAPE	1.9	5.8
FOPYME	3.5	3.8
Mortgage UDIS	47.5	120.4
Mortgage FOVI	65.1	77.1
	118.0	207.2

The quarter ending with a balance of Ps 207.2 million pesos in debtors support programs with a cost of the period of Ps 118 million. The 99% of this portfolio are concentrated in Banorte.

Past Due Loans Variations as of 4Q04

Past Due Loans	
Balance as of September 30,04	2,767
Performing loans to Past due loans transfers	595
Renewals	(16)
Cash Collections	(197)
Discounts	(1)
Charge Offs	(1,056)
Foreclosures	-
Past due loans to Performing loans transfers	(334)
Exchange Adjustment	7
Balance as of December 31,04	1,766

Troubled Portfolio 4Q04

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	1,220
Total Loans	100,237
Troubled Portfolio / Total Loans	1.2%

Fobaproa

(Millions of Pesos)	REMAINING CONTINGENCIES	
	LOSS(1) SHARING	INCENTIVE(1) SCHEME
Gross Fobaproa notes balance	8,321	4,864 ⁽²⁾
- Cash recoveries	168	23 ⁽²⁾
Reposessed assets	=	=
= Balance net of recoveries	8,153	4,841
Contingency before reserves	2,175	368
- Reserves	<u>2,175</u>	<u>368</u>
= Remaining contingencies	-	-

1) Includes only cash recoveries.

2) Included in Loss Sharing program.

Banorte provisioned Ps 25 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 4Q04

(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	8,321	-	1,339	(1)	-	-	-	9,660	
- Checking account balance	168	-	-	(1)	-	-	-	169	
- Reserves	2,175	-	-	368	-	-	-	2,543	
= Net Balance	5,978	-	1,339	(368)	-	-	-	6,948	
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 4,864 and Ps23, 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 December, 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 (Securitized in 4Q04)

SIGNIFICANCE IN BANORTE BALANCE

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

Deferred Taxes 4Q04

<i>(Millions of Pesos)</i>			
ASSETS	ISR	PTU	NET
Allowance for loan losses (not deducted)	-	-	-
Tax loss carryforwards	660	-	660
Deficit from retirement obligations	188	63	251
Non deductible provisions and accumulative income	107	36	143
Reserves for BN+BCR integration expenses	-	-	-
Obligations FOBAPROA, Net	641	-	641
Others	=	-	=
Total Assets	1,596	98	1,695
LIABILITIES			
Accrued interest and inflationary component of Fixed Assets, Foreclosed, Intangible & Others	(375)	(70)	(445)
Loan Portfolio Acquisitions	(512)	-	(512)
Total liabilities	(887)	(70)	(957)
Assets (Liabilities) Accumulated Net	1,837	28	738

Long term debt as of 4Q04

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 -QBanorte 02D	Ps	28-Nov-02	1,247	1,136	10 years	8.00%	28-Nov-12	E/182 days
Certificados - Banorte M7001	Ps	27-Ene-03	100	100	3 years	TIE-0.45%	10-Jul-06	E/28 days
Step-Up Subordinated Callable Notes Due 2014	Dls	17-Feb-04	3,345	300	10 years	5.875 %	17-Feb-14	E/180 days
CD's Serie 1999-2B	Dls	15-Jul-99	103	25	7 years	9.49%	15-Jul-06	Monthly

Bank and Other entities loans as of 4Q04

<i>(Millions of Pesos)</i>	LOCAL CURRENCY	INTEREST RATE	TERM (DAYS)	FOREIGN CURRENCY	INTEREST RATE	TERM (DAYS)	TOTAL
LOANS FROM LOCAL BANKS	-	-	-	288	L+6	435	288
LOANS FROM FOREIGN BANK CONCERNED FROM THE COUNTRY	-	-	-	557	L+1.2	1,596	557
LOANS FROM FOREIGN BANK CONCERNED FROM CAYMAN	-	-	-	339	2.86	866	339
SECURITIZATION	-	-	-	103	9.49	299	103
LOANS FROM DEVELOPING BANKS	191	12.37	633	474	3.88	499	665
LOANS FROM PUBLIC FUNDS	7,156	6.96	628	394	2.86	465	7,550
LOANS FROM BANKS	2,603	8.37	10	-	-	-	6,926
CALL MONEY	3,166	8.60	3	-	-	-	3,166
LOANS FROM FIDUCIARY FUNDS	3,801	13.5	6,006	-	-	-	3,801
PROVISIONS FOR INTEREST	22	N.A.	N.A.	-	-	-	40
	16,939			2,155			19,093

Trading Income 4Q04

(Millions of Pesos)

VALUATION EFFECTS	NET
Negotiable Instruments	4
Repurchase	2
Futures	4
Foreign Currency Forwards	4
Options	(1)
Futures	1
Securities loans	-
Range	-
Inflation Adjustment	1
Total	14
RESULTS FROM BUYING AND SELLING	
Negotiable Instruments	400
Securities Held for Sell	(75)
Inflation Adjustment	-
Total of Buying and Selling Instruments	325
FX Spot	196
FX Forwards	6
FX Futures	-
FX Futures TIE	-
Forwards	2
Trading currencies securitization	172
Gain from metal intermediation	1
Metals Valuation	1
Total of Foreign Exchange	377
Inflation Adjustment	22
Total of Buying and Selling	724
TOTAL TRADING INCOME	738

US Dollar Assets and Liabilities

US Dollar Assets and Liabilities <i>(Millions of Dollars)</i>	3Q04	4Q04
Assets		
Cash	45	54
Deposits on Foreign Banks	365	754
Intergroup Deposits	-	-
USCP	51	102
Remittances Securitization Trust	7	6
Investment portfolio	754	893
Loan portfolio	728	746
Fobaproa – IPAB Notes(1)	(18)	(1)
Cross Currency Swaps	301	304
Foreign Exchange Derivatives	107	62
Fx Position	371	-
Other assets	15	12
Total Assets	2,725	2,930
Liabilities		
Retail Deposits	1,242	1,294
Market Issues	11	9
Loans from Banks	68	115
Intergroup Funding	-	-
Development Banks	70	78
Cross Currency Swaps	780	914
Deferred payments	-	-
Loan Loss Reserves	49	20
Subordinated Debentures	411	411
Foreign Exchange Derivatives	27	62
Fx Position	-	-
Other liabilities	68	26
Total Liabilities	2,725	2,930

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

Banco Mercantil del Norte, S.A.

AD1.- CAPITALIZATION RATIO

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

Net Capital to Credit Risk Assets: 17.6%

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: 14,497

Tier 1 Capital		10,112	Tier 2 Capital		4,385
Stockholders Equity		10,463	Capitalization Instruments		3,407
Subordinated debt and Capitalization Instruments		1,257	(+)General Preventive Reserves		978
Deferred for Tier 1		1,167			
(-) Investment in Subordinated debt		-			
(-) Investment in Financial Institutions		133			
(-) Investment in Non-Financial Institutions		605			
(-) Financing granted for the acquisition of shares of the bank or other Group subsidiaries					
(-) Excess on deferred taxes		1,167			
(-) Restructuring Charges and others intangibles		869			
(-) Others Assets		-			

AD3.- RISK ASSETS

Amount of weighted assets with market risk and credit risk.

Market risk weighted assets: 21,651	Weighted Assets	Required Capital
Peso Nominal interest rate operations	11,279	902
Peso or UDI real interest rate operations	194	15
Interest rate operations in foreign currency with nominal rate	9,760	781
Position in UDIS or with a return indexed to inflation	1	0
Positions in foreign currency or indexed to the FX rate	417	33
Positions in share or index to the price of securities	0	0

Credit Risk-Weighted Assets: 82,508	Weighted Assets	Required Capital
Group 1 (risk weight 0%)	0	0
Others (risk weight 2.5%)	0	0
Others (risk weight 10%)	0	0
Group 2 (risk weight 20%)	6,891	551
Others (risk weight 50%)	0	0
Others (risk weight 75%)	0	0
Group 3 (risk weight 100%)	71,364	5,709
Others (risk weight 112%)	0	0
Others (risk weight 115%)	0	0
Others (risk weight 150%)	0	0
Others	4,253	340

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:122.0%

Net Capital to Assets subject to Credit and Market Risk: 66.7%

AD2.- CAPITAL INTEGRATION

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

Net Capital:3,177

Tier 1 Capital		3,162	Tier 2 Capital		15
Stockholders Equity		3,662	Capitalization Instruments		-
Subordinated debt and Capitalization Instruments		-	(+)General Preventive Reserves		15
Deferred for Tier 1		-			
(-) Investment in Subordinated debt		-			
(-) Investment in Financial Institutions		500			
(-) 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: 2,156		Weighted Assets	Required Capital
Peso Nominal interest rate operations		1,856	148
Peso or UDI real interest rate operations		215	17
Interest rate operations in foreign currency with nominal rate		5	429
Position in UDIS or with a return indexed to inflation		2	161
Positions in foreign currency or indexed to the FX rate		0	0
Positions in share or index to the price of securities		77	6

Credit Risk-Weighted Assets: 2,604		Weighted Assets	Required Capital
Group 1 (risk weight 0%)		0	0
Others (risk weight 2.5%)		0	0
Others (risk weight 10%)		0	0
Group 2 (risk weight 120%)		198	16
Others (risk weight 50%)		0	0
Others (risk weight 75%)		0	0
Group 3 (risk weight 100%)		2,406	193
Others (risk weight 112%)		0	0
Others (risk weight 115%)		0	0
Others (risk weight 150%)		0	0
Others		0	15

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 4Q04 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 249 million.

The VaR for other periods are as follows:

Millions of nominal pesos	4Q03	1Q04	2Q04	3Q04	4Q04
Banorte VaR *	217	258	293	366	253
Banorte's Net Capital ***	11,739	15,135	14,595	14,953	14,497
VaR / Banorte's Net Capital	1.85%	1.70%	2.01%	2.45%	1.75%
Bancen VaR *	51	12	27	25	25
Bancen's Net Capital ***	2,445	2,603	2,675	2,793	3,177
VaR / Bancen's Net Capital	2.09%	0.46%	1.01%	0.90%	0.79%
Banking Sector's VaR *	242	259	302	370	249
Banking Sector Net Capital ****	14,184	17,738	17,270	17,746	17,674
VaR / Banking Sector Net Capital	1.71%	1.46%	1.75%	2.08%	1.41%

* 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 fourth quarter of 2004:

(Millios of pesos)

RISK FACTOR	VaR
Domestic interest rate	110
Foreign interest rate	256
Exchange rate	284
Stock Exchange	1
Eurobonds Price	200
Total	249

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 December, 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-4Q04

<i>(Millions of pesos)</i>	BANORTE (1)	BANCEN (3)	TOTAL
Income Statement			
Net Interest Income	2,733	51	2,784
Non Interest Income	993	87	1,080
Non Interest Expense	2,246	29	2,274
Other income (expense)	(36)	(21)	(57)
Extraordinary items, net	-	-	-
Net Income	691	195	886
Balance Sheet			
Assets	166,719	3,224	169,943
Loans	99,238	999	100,237
Deposits	128,977	(377)	128,600
Equity	10,463	3,662	14,126
Past Due Loans	1,605	161	1,766
Loan Loss Reserves	2,536	157	2,693
Ratios			
Non Interest Expense/ Total Assets	1.3	0.9	1.3
% Past Due Loans	1.6%	16.1%	1.8%
Reserves / Past Due Loans	158.1%	97.5%	152.5%
% Capitalization (2)	13.9%	66.7%	16.2%

1) Includes a 96.11% participation of the Group.

2) Includes Market Risks. Using 2003 rules.

3) Excludes the AFORE.

Inter-bank Eliminations Summary

<i>(Millions of Pesos)</i>	BANORTE	BANCEN	INTERBANK ELIMINATIONS
Income Statement			
Net Interest Income	(22)	22	-
Non Interest Income	-	-	-
Non Interest Expense	-	-	-
Other Income (expense)	-	-	-
Extraordinary items, net	-	-	-
Balance Sheet			
Assets	(1,535)	(1,726)	(3,260)
Cash and Due from Banks	(1,157)	(1,726)	(2,883)
Financial Instruments	(377)	-	(377)
Loans	-	-	-
Deposits	(1,726)	(377)	(2,103)
Due to Banks	-	(1,157)	(1,157)
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	2,784	130	(40)	2,874
Non Interest Income	1,080	348	-	1,428
Non Interest Expense	2,274	330	(57)	2,548
Other Income (expense)	(57)	17	(17)	(57)
Extraordinary items, net	-	-	-	-
Balance Sheet				
Assets	169,943	22,698	(16,422)	176,220
Loans	100,237	4,761	(880)	104,117
Deposits	128,600	-	(202)	128,398
Equity	14,126	17,505	(15,262)	16,369
Past Due Loans	1,766	39	-	1,804
Loan Loss Reserves	2,693	59	-	2,752

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

Financial Statements basis for presentation.

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

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

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

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