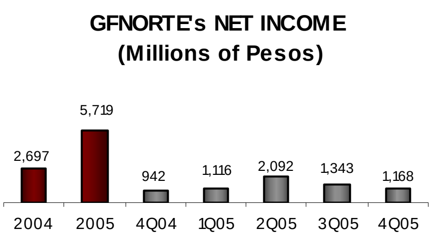
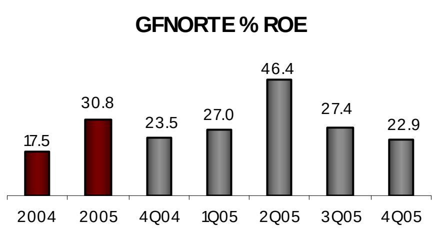
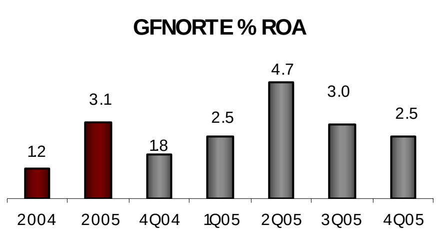
GRUPO FINANCIERO BANORTE

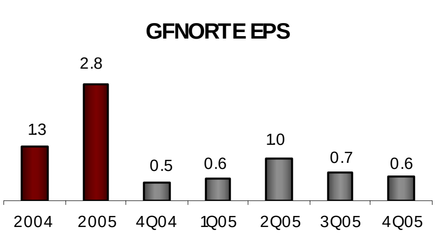
4Q05 Results

GFNorte accumulated a Ps 5,719 million net profit in the year.









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GRUPO FINANCIERO BANORTE

- GFNorte generated a **net income** of Ps5,719 million in the year, 112% higher than the figure reported in 2004. The Banking Sector (excluding the Afore pension fund) contributed with Ps5,090 million to this result, which is equivalent to an annualized **ROE** of 31% and **ROA** of 3.1%. Excluding the extraordinary income registered in 2Q05 and the extraordinary charge in 3Q04, profits increased 69%, amounting to Ps4,907 million.

- GFNorte's **Net Interest Margin** rose from 5% in 2004 to 8.1% in 2005 due to significant loan portfolio growth, the securitization of IPAB portfolio at the end of 2004 and higher average interest rates in 2005.

- **Performing Loans** grew 24% in real terms vis-à-vis 2004, with significant increases in Payroll Loans, Credit Cards, and the Corporate loans which rose 68%, 61% and 49%, respectively. The past due loan ratio stood at 1.6% while the reserve coverage amounted to 166%.

- As of December, the Group's headquarters in Mexico City were **relocated to a new building** in the Santa Fe area. This building was acquired by Banorte on December 2004.

BANKING SECTOR

- The balance of **IPAB notes** decreased considerably as a result of the payments received throughout the year. The balance outstanding at year-end stood at Ps161 million, which will be amortized in 2Q06.

- On October 5, 2005, Banorte signed an **agreement with Bank of America** to handle family remittances in order to increase the available options for sending remittances from the USA. Banorte also offers its Enlace Express account to the recipients of those remittances.

OTHER SECTORS

- **Cumulative net income in the Long Term Savings Sector** increased by 60% in real terms vs. the previous year, amounting to Ps390 million and contributing 8% of the Group's total profits (excluding extraordinary items).

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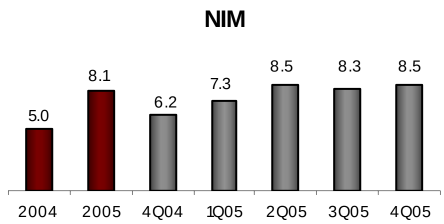
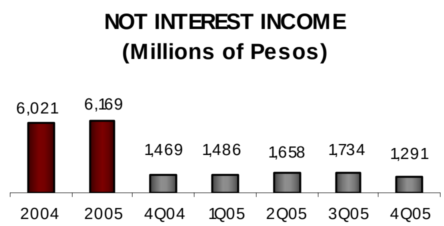
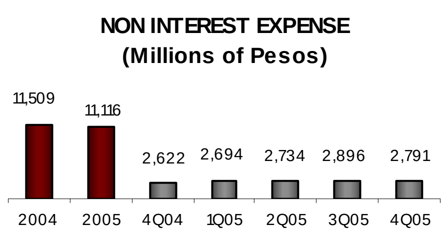
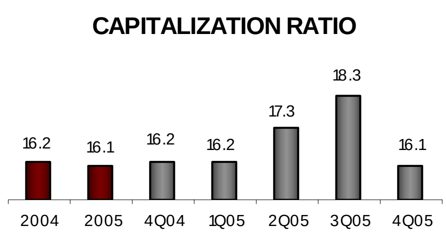
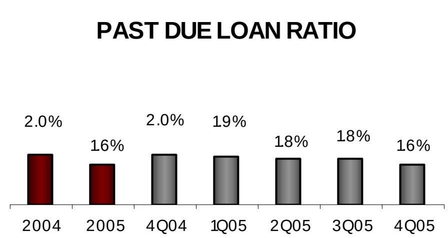
Highlights











Net Income

GFNorte´s annual profits amounted to Ps5,719 million, 112% higher than the figure reported in 2004, and Ps4,907 billion excluding the extraordinary income registered in 2Q05. The higher profits were mostly due to the 30% increase in the Net Interest Income and a 3% decline in Non Interest Expense.

Net Interest Margin

The cumulative Net Interest Margin rose from 5% in 2004 to 8.1% in 2005, mainly as a result of the loan portfolio growth, a better loan mix, the securitization of the IPAB portfolio's balance of Ps47 billion in 4Q04 and higher average interest rates.

Non Interest Income

Accumulated Non Interest Income in 2005 was 2% higher than the previous year, mainly as a result of the 43% increase in Trading income and a 9% increase in revenues from the Recovery bank. The former included a non-recurring income of Ps326 million on the sale of the AHMSA Eurobonds in 2Q05.

Non Interest Expense

Non Interest Expense declined 3% in real terms with respect to 2004 due mainly due to the positive impact of the efficiency program undertaken in 2H04, that translated into lower Personnel Expenses, as well s a strict control on expenses and lower contributions to IPAB.

Capitalization

The capitalization ratio attained in 4Q05 stood at 16.1% vs. 16.2% in 4Q04. This ratio was maintained in a similar level as a result of a 21% increase in the Net Capital derived mainly from the profits generated over the past 12 months and also due to a 22% increase in Risk Assets. Tier 1 capital represents 83% of Net Capital, an improvement over the 75% reached in 4Q04.

Loan Portfolio

At the close of 4Q05, the performing loan portfolio, excluding the one managed by the Recovery unit, registered an outstanding balance of Ps113 billion. This represents an increase of 24% vs. 4Q04, and reflects greater growth in the corporate and consumer loans portfolios, which increased 49% and 30% annualy, respectively, in real terms.

Asset Quality

The fourth quarter closed with a past due loan portfolio balance of Ps1.9 billion, which is similar to the figure reported in 4Q04, in spite of an important growth in the loan portfolio during the year. This result led to a decline in the past due loan ratio, from 2% to 1.6%, while the reserve coverage improved from 153% to 166% in the same period.

Executive Summary

Grupo Financiero Banorte announced today its operating results for 2005, reporting an accumulated Net Income of Ps5.7 billion, 112% higher in real terms than that reported for 2004, and 69% higher when excluding the extraordinary items. GFNorte´s Return on Equity for the year stood at 31%, while the ROA was 3%. Excluding the one offs, these figures stood at 26% and 2.7%, respectively. Net Income during the fourth quarter amounted to Ps1.2 billion, 24% higher than the figure reported in 4Q04.

The Banking Sector´s profits amounted to Ps5.1 billion in 2005, which contributed 89% of the Group's total earnings. This result was 125% greater than 2004 and 74% higher once the extraordinary items are excluded. Banorte continues to show an improvement in its recurring income, as well as in the benefits from lower expenses obtained through the Efficiency Program undertaken in the second half of 2004.

GFNorte's Net Interest Margin in 2005 rose substantially from 5% to 8.1% yoy. The improvement was the result of a robust loan growth as well as a better loan portfolio mix, the securitization of IPAB loans, lower funding costs and higher interest rates. The 28-day TIIE rate rose 246 basis points yoy.

Trading income increased 43% in real terms compared to 2004, benefiting from the sale of AHMSA eurobonds in 2Q05.

Non Interest Expense decreased 3% yoy in real terms, improving the efficiency ratio from 71% in 2004 to 57% in 2005.

Total Deposits, excluding out of balance trading, stood at Ps137 billion at the end of December, thus increasing 4% when compared to 4Q04. Demand and Time deposits grew 13% and 9%, respectively, and Money Markey decreased by 24% as a result of lower funding requirements due to the pre-payments received from IPAB over the last year which amounted to roughly Ps13 billion. The IPAB notes balance decreased from Ps 13 billion to Ps161 million yoy.

The Loan Portfolio – excluding IPAB and those managed by the Recovery unit – registered a solid growth. As of 4Q05, the performing portfolio rose 24% vs. 4Q04, with an outstanding balance of Ps113 billion. Commercial Loans grew 15% over the past 12 months, to stand at Ps39 billion. The Corporate Portfolio reached a balance of Ps20 billion and the Government Portfolio stood at Ps15 billion, both increasing 49% and 12%, respectively.

Consumer Loans continued to show robust growth during the year. These loans now represent 33% of the total performing loan portfolio. As a result of the "Ya Bajale" program, Credit Cards were up 61% over the past twelve months, reaching a balance of Ps6 billion. Payroll loans grew 68% in real terms to end the year with a balance of Ps3 billion, highlighting the launching of the Personal loan product that closed the year with a balance of Ps439 million and which is included in this line. Car Loans attainned a balance of Ps6 billion, while Mortgage Loans continued to trend up, closing the year at a balance of Ps22 billion, which represents a 28% annual growth.

The Past Due Loan Portfolio declined to Ps1.8 billion, a similar level to 4Q04, notwithstanding an important growth in the loan portfolio yoy. The Past Due Loan ratio stood at 1.6%, lower than the 2% a year ago, and the reserve coverage improved to 166% from 153% reported in 4Q04.

The Long-term Saving Sector, which includes the Pension Fund Afore and the Insurance and Annuities companies, contributed with Ps390 million to the Group´s profits during 2005, an increase of 60% compared to 2004.

The Auxiliary Organizations Sector contributed Ps182 million to the Group's profits in 2005, a figure that is 56% higher than in 2004, while the Brokerage Sector recorded profits of Ps74 million during the same period.

Since last 2Q05, Banorte submits its Quarterly Report with information Consolidated at the Financial Group level in order to comply with the new general provisions applicable to the financial information of the holding companies that control financial groups subject to the supervision of the CNByV, published in the Official Gazette of the Federation on April 27, 2005.

Grupo Financiero Banorte

Subsidiarie's Earnings	QUARTER			% CHANGE vs		ACCUMULATED		
(Millones de Pesos)	4Q04	3Q05	4Q05	4Q04	3Q05	2004	2005	% CH
Banco Mercantil del Norte (1)	705	900	1,155	64%	28%	1,834	4,559	149%
Banco del Centro	157	246	(58)	(137%)	(123%)	430	531	23%
Banking Sector	**862**	**1,147**	**1,097**	**27%**	**(4%)**	**2,264**	**5,090**	**125%**
Brokerage Sector (Brokerage House)	**25**	**13**	**19**	**(23%)**	**49%**	**79**	**74**	**(6%)**
Afore	21	55	3	(84%)	(94%)	119	137	15%
Insurance	1	64	10	1,469%	(85%)	110	207	89%
Annuities	(11)	22	(1)	(89%)	(105%)	15	46	217%
Long – Term Saving Sector	**11**	**142**	**12**	**6%**	**(92%)**	**243**	**390**	**60%**
Leasing	13	19	20	55%	5%	42	79	89%
Factoring	12	14	13	5%	(8%)	42	67	60%
Warehousing	6	2	4	(28%)	165%	17	13	(24%)
Bonding	5	8	7	33%	(12%)	16	23	42%
Auxiliary Organization Sector	**35**	**42**	**43**	**22%**	**3%**	**117**	**182**	**56%**
Créditos Pronegocio	**-**	**2**	**(8)**	**N.C.**	**(516%)**	**-**	**(18)**	**N.C.**
G. F. Banorte [holding]	**8**	**(2)**	**5**	**(47%)**	**312%**	**(6)**	**-**	**N.C.**
Total	**942**	**1,343**	**1,168**	**24%**	**(13%)**	**2,697**	**5,719**	**112%**

1) 96.11% owned by GFNorte.
N.C. = Not Comparable

Group's Balance Sheet Highlights *(Millions of Pesos)*	4Q04	3Q05	4Q05	% QUART, CHANGE	% ACCUM. CHANGE
Performing loans excluding Fobaproa – IPAB (1)	92,542	104,302	114,330	10%	24%
FOBAPROA Loans	12,749	2,575	161	(94%)	(99%)
Past Due Loans	1,857	1,886	1,851	(2%)	-
Total Loans	107,147	108,762	116,341	7%	9%
Loan Loss Reserves	2,832	3,116	3,067	(2%)	8%
Total Assets	181,348	180,865	190,186	5%	5%
Total Deposits (3)	131,876	127,843	136,854	7%	4%
Equity	16,846	21,411	21,475	-	27%
Assets under Management (2)	365,705	406,802	401,046	(1%)	10%

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.
3) The checking accounts were excluded from IPAB where cash collecting was deposited over the managed loans from Banpaís and Bancen.The balances of these accounts in 4Q04. 3Q05 and 4Q05 were Ps 258 million, Ps 529 million and Ps 584 million, respectively.

GFNorte Share Data	4Q04	3Q05	4Q05	2004	2005
Net Income per Share (2) *(Pesos)*	0.47	0.67	0.58	1.34	2.83
Dividends per Share (2) *(Pesos)*	0.25	-	0.31	0.25	0.31
Payout of Dividends	23%	-	24%	23%	24%
Book Value per Share (1 (2)) *(Pesos)*	7.90	10.03	10.16	7.90	10.16
Shares Outstanding (2) *(Millions of Shares)*	2,018.3	2,018.3	2,018.1	2,018.3	2,018.1
Price *(Pesos)*	17.5	24.0	22.28	17.5	22.28
P/BV *(Times)*	2.21	2.39	2.19	2.22	2.19
Market Cap *(Billions)*	3,174	4,505	4,229	3,174	4,229

1) Excluding Minority holdings. 2) The shares outstanding increased from 504.6 millions to 2,018.6 millions at 4Q05.

Group's Financial Ratios	QUARTER					ACCUMULATED	
	4Q04	1Q05	2Q05	3Q05	4Q05	2004	2005
Prfitability							
MIN before Repomo (1)	6.2%	7.3%	8.5%	8.3%	8.5%	5.0%	8.1%
MIN adjusted by Loan Loss Provisions (2)	5.2%	6.6%	7.5%	7.1%	7.6%	4.4%	7.1%
ROA (3)	1.8%	2.5%	4.7%	3.0%	2.5%	1.2%	3.1%
ROE (4)	23.5%	27.0%	46.4%	27.4%	22.9%	17.5%	30.8%
ROE without extraordinaries	23.5%	27.0%	28.4%	27.4%	22.9%	18.9%	26.4%
Operation							
Efficiency Ratio (5)	59.2%	60.6%	53.4%	56.5%	57.2%	70.6%	56.8%
Operative Efficiency Ratio (6)	5.1%	6.0%	6.1%	6.3%	6.0%	5.2%	6.1%
Liquidity Ratio (7)	65.5%	55.8%	58.7%	56.5%	56.9%	65.5%	56.9%
Asset Quality							
% Past Due Loans w/o Fobaproa	2.0%	1.9%	1.8%	1.8%	1.6%	2.0%	1.6%
Loan Loss Reserves to past Due Loans	152.5%	154.1%	160.6%	165.3%	165.8%	152.5%	165.8%

1) MIN= Annualized Net Interest Margin before REPOMO / Average Earnings Assets.
2) MIN= Annualized Net Interest Margin adjusted by Loan Loss Provisions / Average Earnings Assets.
3) Annualized earnings as a percentage of the average of quarterly assets over the period.
4) Annualized earnings as a percentage of the average of quarterly equity over the period
5) Non Interest Expense / (Total Operating Income – Repomo Margin + Loan Loss Provisions)
6) Annualized Administrative and Promotion Expenses / Average Total Assets.
7) Liquid Assets / Liquid Liabilities (Liquid Assets = Cash and due from Banks + Negotiable Instruments + Securities held for sale, Liquid Liabilities = Demand Deposits + Liquid Due to banks liabilities + short term loans from banks.

GFNorte Income Statement	QUARTER			% CHANGE vs		ACCUMULATED		
(Millions of Pesos)	4Q04	3Q05	4Q05	4Q04	3Q05	2004	2005	% CH
Net Interest Income after Repomo	**2,861**	**3,350**	**3,524**	**23%**	**5%**	**10,144**	**13,248**	**31%**
- Loan Loss and Loss Sharing Provisions	**382**	**466**	**332**	**(13%)**	**(29%)**	**1,227**	**1,446**	**18%**
• Service	1,132	1,177	1,129	-	(4%)	4,532	4,503	(1%)
• Recovery	117	318	61	(48%)	(81%)	574	629	9%
• Foreign Exchange	43	101	101	136%	-	401	301	(25%)
• Trading (Securities- Realized and unrealized gains)	178	137	1	(99%)	(99%)	513	736	43%
+ Non Interest Income	**1,469**	**1,734**	**1,291**	**(12%)**	**(26%)**	**6,021**	**6,169**	**2%**
= Total Operating Income	**3,948**	**4,618**	**4,484**	**14%**	**(3%)**	**14,938**	**17,971**	**20%**
- Non Interest Expense	2,622	2,896	2,791	6%	(4%)	11,509	11,116	(3%)
= Net Operating Income	**1,326**	**1,721**	**1,692**	**28%**	**(2%)**	**3,429**	**6,855**	**100%**
- Non Operating Income (Expense) Net	(59)	58	(3)	(94%)	(106%)	(36)	1,041	2,968%
= Pre-Tax Income	**1,268**	**1,779**	**1,689**	**33%**	**(5%)**	**3,393**	**7,896**	**133%**
- Income Tax & profit sharing	319	467	554	74%	19%	735	2,264	208%
= Net Income before Subsidiaries	**948**	**1,312**	**1,135**	**20%**	**(13%)**	**2,658**	**5,631**	**112%**
+ Undistrib. Earnings of Subsid, Extraord. Items & Minority Income	(7)	30	32	557%	7%	40	87	118%
=Net Income	**942**	**1,343**	**1,168**	**24%**	**(13%)**	**2,697**	**5,719**	**112%**

Net Interest Income

Net Interest Income *(Millions of Pesos)*	QUARTER 4Q04	QUARTER 3Q05	QUARTER 4Q05	% CHANGE vs 4Q04	% CHANGE vs 3Q05	ACCUMULATED 2004	ACCUMULATED 2005	ACCUMULATED % CH
Interest Income	7,333	9,293	9,201	25%	(1%)	25,536	34,737	36%
Interest Expense	4,522	6,021	5,786	28%	(4%)	15,745	21,808	39%
Loan Fees	172	150	206	20%	38%	586	585	-
Fees Paid	25	34	34	39%	-	91	120	33%
Net Interest Income before Repomo	**2,958**	**3,388**	**3,586**	**21%**	**6%**	**10,286**	**13,394**	**30%**
Average Earning Assets	190,344	163,157	167,917	(12%)	3%	204,087	165,485	(19%)
NIM before REPOMO (1)	**6.2%**	**8.3%**	**8.5%**			**5.0%**	**8.1%**	

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

During 2005, the Net Interest Income before Repomo rose 30% yoy and the NIM increased from 5% to 8.1%, as a result of the following factors:

Increased due to:

- Annual growth of 24% in the Performing Loan Portfolio, excluding IPAB and the loans managed by the Recovery unit.
- Higher interest rates. The average 28-day Cetes rates increased from 6.78% in 2004 to 9.2% in 2005, and the TIIE from 7.15% to 9.61%, in the same period.
- The book adjustment of the currency valuation entry in 2Q04, led to an increase of Ps197 million vs. 2004 that was compensated on the Foreign Exchange line.
- Better loan mix, especially in the consumer portfolio.

Decreased due to:

- The peso appreciation vs. the US dollar. The average forex rate decreased from Ps11.31 per dollar in 2004 to Ps10.87 per dollar in 2005.

The Net Interest Income before Repomo in 4Q05 rose 21% as compared to 4Q04, and the NIM rose from 6.2% to 8.5% due to the following factors:

Increased due to:

- Annual growth of 24% in the performing loan portfolio, excluding IPAB and the loans managed by the Recovery unit.
- Higher interest rates. The average 28-day Cetes rose from 8.12% in 4Q04 to 8.63% in 4Q05, and the TIIE from 8.52% to 9.11% in the same period.
- An increase in income from the intermediation of Money Market operations of Ps 118 million.
- Better loan mix, especially in the consumer portfolio.

Decreased due to:

- The peso appreciation vs. the US dollar. The average forex rate decreased from Ps11.31 per dollar in 4Q04 to Ps10.67 per dollar in 4Q05.

Non Interest Income

Non Interest Income (Millions of Pesos)	QUARTER 4Q04	3Q05	4Q05	% CHANGE vs 4Q04	3Q05	ACCUMULATED 2004	2005	% CH
+ Fund Transfers	42	49	54	30%	10%	197	188	(4%)
+ Account Management Fees	279	243	241	(14%)	(1%)	1,005	981	(2%)
+ Fiduciary	48	54	64	34%	19%	196	219	12%
+ Credit Card	274	277	311	14%	12%	1,210	1,099	(9%)
+ Income From loan portf. acquired	162	714	256	58%	(64%)	704	1,409	100%
+ Electronic Banking Services	149	160	178	19%	11%	436	642	47%
+ From IPAB (2)	77	(6)	55	(29%)	978%	422	190	(55%)
+ Afore	200	318	207	3%	(35%)	978	1,016	4%
+ Brokerage House	116	85	93	(20%)	9%	438	346	(21%)
+ Other Fees (3)	131	123	142	8%	15%	514	538	5%
Fees on purchased services:	**1,478**	**2,018**	**1,602**	**8%**	**(21%)**	**6,101**	**6,629**	**9%**
+ Fund Transfers	-	2	3	100%	17%	-	10	100%
+ Other Fees (1)	127	135	161	27%	19%	523	545	4%
+ Expense From loan portf. acquired (1)	103	385	249	141%	(35%)	472	943	100%
Fees Paid :	**230**	**522**	**413**	**79%**	**(21%)**	**994**	**1,498**	**51%**
=Net Fees	**1,248**	**1,496**	**1,189**	**(5%)**	**(21%)**	**5,107**	**5,131**	**-**
+ Foreign Exchange	43	101	101	136%	-	401	301	(25%)
+ Securities- Realized gains	187	123	2	(99%)	(98%)	497	725	46%
+ Securities- Unrealized gains	(8)	15	(1)	(85%)	(109%)	17	11	(32%)
Trading Income	**221**	**238**	**102**	**(54%)**	**(57%)**	**914**	**1,037**	**13%**
= Non Interest Income	**1,469**	**1,734**	**1,291**	**(12%)**	**(26%)**	**6,021**	**6,169**	**2%**

1) 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.
2) Includes Fees received by Recovery Banking and by the Bank.
3) It includes fees from letters of credit, from pension funds, warehousing services, financial advisoty and for Brokerage House services, among other.

In order to identify the different origins that integrate the Non Interest Income, we present the following table:

Non Interest Income (Millions of Pesos)	QUARTER 4Q04	3Q05	4Q05	% CHANGE vs 4Q04	3Q05	ACCUMULATED 2004	2005	% CH
Service	1,132	1,177	1,129	-	(4%)	4,532	4,503	(1%)
Recovery	117	318	61	(48%)	(81%)	574	629	9%
Foreign Exchange	43	101	101	136%	-	401	301	(25%)
Trading (Securities- Realized and unrealized gains)	178	137	1	(99%)	(99%)	513	736	43%
= Non Interest Income	**1,469**	**1,734**	**1,291**	**(12%)**	**(26%)**	**6,021**	**6,169**	**2%**

Non Interest Income for 2005 rose 2% as compared to 2004 and decreased 12% in 4Q05 as compared to 4Q04. These variations were the result of several factors, as explained below:

Service fees:

Accumulated Service Fees in 2005 remained flat vs 2004, with increases in E-banking and Fiduciary of 47% and 12%, respectively, and declines in Brokerage House –mainly intermediation fees-, Credit Card Fees and Fund Transfers, of 21%, 9% and 4%, respectively. The lower Credit Card fees were due to both a re-classification of fees charged for the use of Banorte's ATMs to E-banking as of mid 4Q04 (amounting to Ps51 million), and to a decline in both customer and inter-bank service rates in 2005. During 4Q05, Service Fees also remained similar to those reported in 4Q04, with increases in most lines, except in Account Management Fees due to lower fees, and fees from the Brokerage House.

Recovery:

Non Interest Income (Millions of Pesos)	QUARTER 4Q04	3Q05	4Q05	% CHANGE vs 4Q04	3Q05	ACCUMULATED 2004	2005	% CH
SERFIN								
Income	93	53	44	(53%)	(17%)	397	265	(33%)
- Expense	51	23	150	194%	552%	231	254	10%
= Net Fees from Serfín	**42**	**30**	**(106)**	**(352%)**	**(453%)**	**166**	**11**	**(93%)**
LOAN PORTFOLIOS ACQUIRED								
Income	69	661	212	207%	(68%)	307	1,144	273%
- Expense	52	362	99	90%	(73%)	241	689	186%
= Net Income from loan portfolios acquired	**17**	**299**	**113**	**565%**	**(62%)**	**66**	**455**	**589%**
IPAB FEES								
From IPAB (*)	58	(11)	54	(7%)	591%	342	163	(52%)
= IPAB Fees	**58**	**(11)**	**54**	**(7%)**	**591%**	**342**	**163**	**(52%)**
Non Interest Income – Recovery Bank	**117**	**318**	**61**	**(48%)**	**(81%)**	**574**	**629**	**9%**

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

Non Interest Income derived from portfolio Recoveries in 2005 rose 9% as compared to the figure in 2004 thanks to important loan recoveries in 2005 (of the loan portfolios acquired). Net Fees from the Serfín Portfolio reported a reduction of 93% in the same period due to the anticipated amortization of the remaining balance of the original investment as the management agreement with IPAB will expire in Feb/06. During the quarter, Recovery Bank income decreased 48% vs. 4Q04, mostly derived from acelerated amortization of the original investment in the rights to manage Serfin loans. Net Income from Acquired Portfolios represented 72% of the total Non Interest Income from the Recovery Bank in 2005.

Foreign Exchange:

Accumulated Foreign Exchange Income during the year declined 25% as compared to 2004 mainly due to book adjustments in the currency valuation entry, which reflected a reduction of Ps187 million for this concept, and that was compensated on the Net Interest Income line. Excluding this impact that has no effect since May´04, foreign exchange income rose 22% vs 2004. In quarterly terms, foreign exchange reflected an increase of 136% vis-à-vis 4Q04 due to a substantial decrease in operations derived from synthetic funding, in which surplus dollars were used to fund peso-denominated transactions that registered a fx loss in exchange for obtaining a higher benefit from a lower cost of funding, which is reflected in the Net Interest Margin.

Trading:

Trading Income in 2005 rose 43% vs. 2004 mainly due to higher gains realized on securities, which included Ps326 million of non recurring earnings from the AHMSA eurobond sale in 2Q05. Excluding this effect, there was a 20% decrease. For the quarter, trading income decreased by Ps 177 million with respect to 4Q04 due mainly to a Ps41 million payment in premiums on option agreements used for hedging and to a Ps 130 million reduction in the income from Money Market operations registered as Trading which are compensated in the Net Interest Income line.

Non Interest Expense

Non Interest Expense (Millions of Pesos)	QUARTER 4Q04	3Q05	4Q05	% CHANGE vs 4Q04	3Q05	ACCUMULATED 2004	2005	% CH
Personnel Expenses	1,101	1,117	1,071	(3%)	(4%)	4,835	4,365	(10%)
+Professional Fees	136	155	158	16%	2%	527	652	24%
+Administrative and Promotion Expenses	695	947	919	32%	(3%)	3,052	3,398	11%
+Leases,Depreciation& Amortization	470	404	383	(18%)	(5%)	1,799	1,643	(9%)
+Tax other than income tax	24	123	110	361%	(11%)	513	457	(11%)
+Contributions to IPAB	196	150	151	(23%)	1%	782	600	(23%)
= Non Interest Expense	**2,622**	**2,896**	**2,791**	**6%**	**(4%)**	**11,509**	**11,116**	**(3%)**

Non Interest Expense declined 3% in 2005 compared to 2004 mostly due to the positive impact of the Efficiency Program implemented in 2H04. Personnel Expenses declined 10% as a result of the headcount reductions undertaken in the second half of 2004. Professional fees rose 24% due to payments related to performance, legal consulting fees, new product development projects and increased portfolio recovery expenses. Administrative and Promotion Expenses rose 11% primarily derived from higher expenses on advertising campaigns due to new product launches and to other expenses associated with a higher operating volume. Leases, Depreciations and Amortization declined 9% mostly as a result of the closure of 83 branch offices in 2H04 and also to the full amortization of some projects at the end of last year. Taxes Other than Income Tax declined 11%, primarily because of higher VAT credits as of 3Q04 derived from the favorable ruling in the injunction filed against the amendments made to the VAT law. Contributions to the IPAB declined 23% due to lower funding requirements after the 4Q04 securitization of the IPAB portfolio.

Non Interest Expense in 4Q05 was 6% higher than the figure reported in 4Q04, due mainly to a 32% increase in Administrative and Promotion Expenses derived from higher advertising campaign expenses due to new product launches and to other expenses associated with a higher operating volume. On the other hand, Personnel Expenses and Lease, Depreciation and Amortization Expenses declined by 3% and 18%, respectively, derived from the benefits of the Efficiency Program and the closing of branches undertaken in the second half of 2004.

Non Operating Income (Expense) Net

Non Operating Income (Expense) (Millions of Pesos)	QUARTER 4Q04	3Q05	4Q05	% CHANGE vs 4Q04	3Q05	ACCUMULATED 2004	2005	% CH
+Other Revenues	133	89	150	13%	69%	440	399	(9%)
+Foreign Exchange	-	-	-	-	-	-	-	-
+Recoveries	52	47	44	(14%)	(4%)	320	1,340	318%
+Repomo-other revenues	13	1	4	(67%)	229%	29	12	(60%)
+Warehousing	323	131	235	(27%)	80%	1,471	1,149	(22%)
=Non Operating Income	**521**	**268**	**434**	**(17%)**	**62%**	**2,261**	**2,900**	**28%**
-Other Expenses	(113)	(35)	(68)	(40%)	94%	(432)	(488)	13%
-Foreign Exchange	-	-	-	-	-	-	-	-
-Warehousing	(145)	(45)	(135)	(6%)	201%	(399)	(225)	(43%)
-Repomo-other expenses	(322)	(130)	(234)	(27%)	80%	(1,466)	(1,145)	(22%)
=Non Operating Expense	**(579)**	**(210)**	**(437)**	**(25%)**	**108%**	**(2,297)**	**(1,859)**	**(19%)**
= Non Operating Income (Expense) Net	**(59)**	**58**	**(3)**	**(94%)**	**(106%)**	**(36)**	**1,041**	**2,968%**

Non Operating Income in 2005 amounted to Ps1.0 billion, which compares to the Ps36 million loss reported in 2004. The variation was primarily due to the following factors:

<u>Other Products:</u>

- Income of Ps1.0 billion arising from a Value Added Tax (VAT) refund in 2Q05, which resulted from the favorable ruling in the injunction filed by the Group subsidiaries against amendments made to the VAT law.

- Lower income from inventory commercialization operations of Banorte's Warehouse customers, which declined by 22%.

Other Expenses

- A 43% reduction in Repomo due to lower inflation vs 2004 (3.3% in 2005 vs. 5.2% in 2004).
- Losses due to IPAB GEL (Gestión, Existencia y Legalidad) audits, amounting to Ps105 million.
- Write-offs amounting to Ps49 million due to IPAB pre-payments.
- Lower expenses from inventory commercialization operations of Banorte's Warehouse customers, which declined by 22%.

The net result of Non Operating Income in 4Q05 amounted to a Ps3 million loss, which compares favorably to the Ps59 million loss registered in 4Q04. The variation was primarily the result of the Ps88 million reduction in Repomo - other Expenses, higher Recoveries and lower amounts of Sundry Creditors cancelled.

Taxes

Taxes and profit-sharing in 2005 reported a 208% increase as compared to 2004, mainly due to the fact that Banorte has already used all it's tax loss carry forwards and also to the extraordinary income in 2Q05, that generated higher taxes. As of 2005, Banorte is generating income tax while Bancen made use of its remaining tax loss carry forwards in 4Q05. Starting 1Q06 both banks will pay their taxes at a normal rate. The effective tax and Profit-sharing rate for 2005 was 29% vs. 22% in 2004. In 4Q05, taxes and profit-sharing were 74% higher than in 4Q04, as Banorte did not have the tax loss carry forwards it had a year ago.

Loan Portfolio

PERFORMING LOAN PORTFOLIO *(Millions of Pesos)*	4Q04	3Q05	4Q05	% QUART, CHANGE	% ACCUM. CHANGE
Commercial	34,425	36,720	39,429	7%	15%
Consumer	29,205	35,090	37,868	8%	30%
Corporate	13,644	17,536	20,349	16%	49%
Goverment	13,556	13,445	15,216	13%	12%
Sub Total	**90,831**	**102,791**	**112,863**	**10%**	**24%**
Recovery Banking	1,711	1,511	1,466	(3%)	(14%)
Total	**92,542**	**104,302**	**114,329**	**10%**	**24%**

PERFORMING CONSUMER *(Millions of Pesos)*	4Q04	3Q05	4Q05	% QUART, CHANGE	% ACCUM. CHANGE
Mortgages	17,473	20,586	22,363	9%	28%
Automobile	5,850	5,887	5,887	-	1%
Credit Card	3,868	5,685	6,227	10%	61%
Electronic Payroll	2,013	2,931	3,391	16%	68%
Total Consumer	**29,205**	**35,090**	**37,868**	**8%**	**30%**

(Millions of Pesos)	4Q04	3Q05	4Q05	% QUART, CHANGE	% ACCUM. CHANGE
IPAB Loans	12,749	2,575	161	(94%)	(99%)
Past Due Loans	1,857	1,886	1,851	(2%)	-

The Total Performing Loan Portfolio rose 24% in annual terms, increasing from Ps92.5 billion to Ps114.3 billion. Excluding the proprietary portfolio managed by the Recovery Bank, the increase was also 24%. The increase is explained as follows:

- The Commercial Portfolio grew 15% primarily as a result of new lending to SMEs.

- Total Consumer loans increased 30%, with a 28% growth in Mortgage loans due to placement of 11,868 new loans over the past 12 months. The Credit Card Portfolio showed an increase of 61% due to both promotion programs to attract new customers (including the balance transfer program called ya bájale con Banorte), and greater credit card usage by our clientele. Payroll loans grew 62% with 224,457 new loans extended and Car Loans rose 1%, with 32,776 new car loans. Departing 3Q05 Banorte started to make Personal loans closing the year with a Ps439 million balance. This type of loans is included in the Payroll loans line.

- The Corporate Portfolio increased 49% as a result of implementing new loan placement strategies.
- The Government Portfolio was up 12%, as a consequence of the promotion efforts to place new loans particularly among state governments.
- The IPAB Portfolio declined 99% due to the pre-payments of approximately Ps13 billion received over the past 12 months. This portfolio represents less than 1% of the total loan portfolio and will be fully amortized on June 2006.
- The dollar-denominated loan portfolio was affected by the peso appreciation vs. the US dollar, which went from 11.15 pesos/dollar to 10.63 pesos/dollar from 4Q04 to 4Q05, equivalent to a 4.7% decrease.

The Past Due Loan Portfolio maintained a similar level to that of 4Q04 despite the 24% loan portfolio growth. The portfolio closed the quarter with a balance of Ps1.9 billion, equivalent to a 1.6% Past Due Loan Ratio, lower than the 2.0% reported in 4Q04.

During the quarter, the Total Loan Portfolio without IPAB and the loans managed by the Recovery unit, rose by 10%, with growth rates of 16% in both Corporate and Payroll loans, 13% in Government loans and 10% in Credit Cards. The IPAB Portfolio declined Ps2.4 billion due to the payments received during the quarter. Past due loans declined by 2% vs 3Q05, closing the quarter with a Ps1.9 billion balance, equivalent to a Past Due Loan Ratio of 1.6% lower than the 1.8% of 3Q05.

Past Due Loans Variations as of 4Q05

Cartera Vencida		
Balance as of Sept. 2005		**1,859**
	Performing loans to Past due loans transfers	903
	Renewals	(9)
	Cash Collections	(203)
	Discounts	(2)
	Charge Offs	(333)
	Foreclosures	(1)
	Past due loans to Performing loans transfers	(369)
	Exchange Adjustment	5
Balance as of Dec. 2005		**1,851**

Classified Loans

Millions of Pesos

		LOAN LOSS RESERVES			
Category	**LOANS**	**COMMERCIAL**	**CONSUMER**	**MORTGAGE**	**TOTAL**
A	38,243	-	68	74	142
A1	39,017	193	-	-	193
A2	28,103	265	-	-	265
B	4,666	-	117	103	220
B1	5,895	147	-	-	147
B2	385	22	-	-	22
B3	276	41	-	-	41
C	517	-	161	50	211
C1	170	39	-	-	39
C2	140	56	-	-	56
D	764	50	281	208	539
E	496	254	35	204	493
Total	**118,672**				
Not Classified	(61)				
Excempted	1,311	-	-	-	
Total	**119,922**	**1,067**	**662**	**639**	**2,368**
Reserves					3,067
Excess / (Deficit)					698

Notes :

1.- The classified loans and the reserves created are based on the December 31th, 2005 Balance Sheet.

2.-The loan portfolio is classified in accordance with the rules issued by Secretaria 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 rhe regulation described in the Official gazette pubished 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.

4.-Classified Leasing and Factoring loans are as of September 2005 and reserves as of December, 2005.

The quarter closed with a Ps3.1 billion balance of Loan Loss Reserves and a surplus reserve of Ps698 million.

Loan Loss Reserves *(Millions of Pesos)*	**4Q05 Total**
PREVIOUS PERIOD END BALANCE	3,116
Provision taken in the period	332
Recovery of penalized debts	43
Charge offs and discounts:	
Commercial Portfolio	(121)
Consumer Portfolio	(160)
Mortgage Portfolio	(73)
Foreclosed assets	(6)
	(360)
Cost of debtors support programs	(28)
Valuation and Others	(37)
LOAN LOSS RESERVES AT PERIOD END	3,067

During the quarter, Ps332 million of loan loss provisions were created through the Income Statement, and Ps360 million were applied to Charge-offs and discounts, of which Ps121 million corresponded to Commercial Loans, Ps160 million to Consumer loans, Ps37 million to Mortgage Loans and Ps6 million to Repossessed Assets. The 4Q05 balance of Loan Loss Provisions to 4Q05 amounted to Ps3.1 billion.

Deposits

Deposits *(Millions of Pesos)*	**4Q04**	**3Q05**	**4Q05**	**% QUART, CHANGE**	**% ACCUM. CHANGE**
Demand Deposits-w/o Interests	23,792	24,141	28,617	19%	20%
Demand Deposits -with Interests (2)	43,219	41,526	46,886	13%	8%
Demand Deposits (1)	**67,012**	**65,667**	**75,502**	**15%**	**13%**
Time Deposits – Retail	36,703	39,044	39,952	2%	9%
Core Deposits	**103,714**	**104,711**	**115,454**	**10%**	**11%**
Money Market (3)	28,371	23,303	21,508	(8%)	(24%)
Banking Sector's Total Deposits	**132,085**	**128,014**	**136,962**	**7%**	**4%**
GFNorte's Total Deposits (4)	**131,876**	**127,843**	**136,854**	**7%**	**4%**
Out- of Balance Trading	89,728	122,637	101,978	(17%)	14%
Assets Under Management	**221,813**	**250,651**	**238,940**	**(5%)**	**8%**
Demand Deposits-w/o Interests (1)	**2.2%**	**2.8%**	**2.6%**		

(1) As of 4Q04, the checking accounts were excluded from IPAB where cash collecting was deposited over the managed loans from Banpaís and Bancen, with a retroactive effect for comparison purposes.The balances of these accounts in 4Q04. 3Q05 and 4Q05 were Ps 258 million, Ps 529 million and Ps 584 million, respectively.
(2) Includes Debit Cards.
(3) Includes Bonds Comprises, Customers and Financial Intermediaries.
(4) Includes the eliminations between the subsidiaries.The balances of these eliminations in 4Q04. 3Q05 and 4Q05 were Ps 208 million, Ps 170 million and Ps 108 million, respectively.

Total Deposits closed the quarter with a balance of Ps136.9 billion, which was 4% higher than in 4Q04. Core Deposits increased by 11% and Money Market deposits decreased by 24%. The latter was derived from lower funding requirements resulting from the almost Ps13 billion IPAB pre-payments received over the past 12 months. Demand Deposits grew 13% and Time Deposits increased 9% as a result of the promotion of new deposit products that include: Banorte Fácil, Mujer Banorte and Paga Más. Off Balance Trading reported a 14% growth vs 4Q04. Assets under Management amounted to Ps238.9 billion, which is 8% higher than the figure reported in 4Q04.

Banking Sector Capitalization

Capitalization *(Millions of Pesos)*	4Q04	1Q05	2Q05	3Q05	4Q05
Tier 1 Capital	13,661	14,812	16,447	17,790	18,135
Tier 2 Capital	4,528	4,307	3,869	3,834	3,839
Net Capital	**18,188**	**19,119**	**20,316**	**21,625**	**21,974**
Credit risk assets	87,589	91,241	96,820	97,507	103,660
Net Capital/ Credit Risk Assets	20.8%	21.0%	21.0%	22.2%	21.2%
Total risk assets (1)	112,089	118,305	117,122	118,214	136,643
Tier 1	12.2%	12.5%	14.0%	15.0%	13.3%
Tier 2	4.0%	3.6%	3.3%	3.2%	2.8%
Capitalization Ratio	**16.2%**	**16.2%**	**17.3%**	**18.3%**	**16.1%**

(1) Includes Market Risks. Without inter-company eliminations.
Note.- The disclosure of capital and credit risk assets is included in the Notes to Banking Sector Financial Statements section.

At the close of 4Q05 the capitalization ratio of the Banking Sector stood at 16.1%, considering credit and market risks, and 21.2% considering credit risk alone. The tier 1 capital ratio was 13.3%, while the tier 2 capital ratio was 2.8%. The capitalization ratio maintained a similar level to that of 4Q04 as a result of a 21% increase in the Net Capital –derived from the profits generated over the past year- and a 22% rise in Total Risk Assets. Net capital was also impacted by the cash dividend payment amounting to Ps631 million in 4Q05. At the Group level, Ps5.3 billion of Retained Earnings were capitalizaed resulting in an issuance of 1,513.8 million new shares for a total of 2,018.3 outstanding shares.

Stockholders' Equity for the group's holding company rose from Ps15.9 billion in 4Q04 to Ps20.5 billion in 4Q05, primarily due to the following factors:

1) The earnings generated over the past 12 months, amounting to Ps5.7 billion.
2) The Ps631 million cash dividend paid in 4Q05.
3) The increase in the Non Monetary Assets Result, which amounted to Ps515 million.

Information by Sectors

1.- Banking Sector

Income Statement & Balance Sheet (Millones de Pesos)	QUARTER 4Q04	3Q05	4Q05	% CHANGE vs 4Q04	3Q05	ACCUMULATED 2004	2005	% CH
INCOME STATEMENT								
Net Interest Income after Repomo	2,812	3,202	3,397	21%	6%	9,798	12,719	30%
Loan Loss and Loss Sharing Provisions	380	448	313	(18%)	(30%)	1,190	1,401	18%
Non Interest Income	1,111	1,312	969	(13%)	(26%)	4,440	4,704	6%
Non Interest Expense	2,341	2,539	2,466	5%	(3%)	10,230	9,814	(4%)
Non Operating Income (Expense), Net	(59)	55	24	141%	(57%)	27	1,065	3,795%
Pre-Tax Income	1,144	1,582	1,611	41%	2%	2,845	7,274	156%
Net Income	912	1,239	1,147	26%	(7%)	2,458	5,411	120%
BALANCE SHEET								
Loan Portfolio	103,154	104,897	111,777	8%	7%	103,154	111,777	8%
Deposits	132,342	128,542	137,546	4%	7%	132,342	137,546	4%

Banking Sector's Financial Ratios (Millones de Pesos)	QUARTER 4Q04	3Q05	4Q05	ACCUMULATED 2004	2005
Profitability					
MIN (1)	6.2%	8.2%	8.4%	4.9%	8.0%
ROA (2)	1.8%	2.7%	2.6%	1.1%	3.0%
ROE (3)	25.4%	27.3%	25.2%	17.4%	32.1%
ROE without extraordinaries	25.4%	27.3%	25.2%	18.8%	27.0%
Operation					
Eficiency Ratio (4)	58.9%	55.9%	56.0%	71.5%	56.0%
Operative Efficiency Ratio (5)	4.7%	5.8%	5.5%	4.8%	5.6%
Liquidity Ratio (6)	67.2%	56.8%	58.5%	67.2%	58.5%
Asset Quality					
% Past Due Loans w/o Fobaproa	2.0%	1.8%	1.6%	2.0%	1.6%
Loan Loss Reserves to past Due Loans	152.5	167.8	167.6	152.5	167.6
Growths (7)					
Loans w/o Fobaproa –IPAB (8)	8.0%	5.8%	9.5%	17.8%	24.8%
Traditional Deposits	2.4%	(0.6%)	10.3%	0.9%	11.3%
Total Deposits	(20.4%)	2.4%	7.0%	(23.4%)	3.7%
Capitalization					
Net Capital/ Credit Risk Assets (9)	20.8%	22.2%	21.2%	20.8%	21.2%
Total Capitalization Ratio (9)	16.2%	18.3%	16.1%	16.2%	16.1%

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) Annualized Administrative and Promotion Expenses / Average Total Assets.
6) Liquid Assets / Liquid Liabilities (Liquid Assets = Cash and due from Banks + Negotiable Instruments + Securities held for sale, Liquid Liabilities = Demand Deposits + Liquid Due to banks liabilities + short term loans from banks.
7) Growth versus the previous period.
8) Does not include Fobaproa / IPAB and Loans managed by Recovery Banking.
9) The Banking Sector Ratio is included for information purposes. A ratio for each bank is presented in the capitalization section.

Accumulated Net Income in 2005 in the Banking Sector (including the pension fund Afore, by equity participation method) amounted to Ps5.4 billion, which is 120% higher than in 2004, and 74% higher excluding the extraordinary entries from 2Q05 and 3Q04. Net Income in the quarter was 26% higher, amounting to Ps1.1 billion. The Net Interest Income after Repomo, rose 30% vs. 2004 mostly due to the 25% growth of the performing loan portfolio and higher interest rates. Loan Loss and Loss Sharing Provisions were 18% higher than in 2004. Non interest Income grew 6% resulting from higher Trading and Recovery income. Non Interest Expense declined 4% vis-à-vis 2004 due to lower Personnel Expenses, Taxes (VAT) and Contributions to IPAB. Non Operating Income rose significantly vs.2004 primarily due to the Ps1.0 billion VAT refund in 2Q05.

Recovery Banking

Achievements

The Banorte Recovery Banking continues being the most successful loan recovery and asset administration unit in the Mexican market, since its establishment in 1997. Over the last 4 years, it has contributed greatly albeit decreasingly to the Group's Banking Sector profits as the Traditional Banking profits have shown a greater growth. Its most outstanding achievements include: the purchase of nearly 1 out of 2 of the portfolios auctioned by the IPAB and by other banks as of today, a collection rate of 40% on average, the first securitization of mortgage loans in Mexico which received a "AAA" rating by Fitch, which means "the highest loan quality"; and being certified by the ISO 9001:2000 standard.

Loans and Real Estate purchases in 4Q05

During 4Q05, a new loan portfolio was acquired through Banorte amounting Ps 1.0 billion which included mortgage loans. Moreover, Ps 288 million in real estate were also acquired by Sólida Administradora de Portafolios.

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 to manage and market assets. 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**	
(Millones de Pesos)	**2004**	**2005**
Net Interest Income	47	25
+REPOMO-margin	-	-
=Net Interest Income After REPOMO	**47**	**25**
- Loan Loss Provisions	134	(1)
= Net Interest Income After Provisions	**(86)**	**26**
+ Fiduciary	166	11
+ Fobaproa Fees (1)	342	163
+ Other Fees	241	933
Non Interest Income	**748**	**1,107**
= Total Operating Income	**662**	**1,133**
Non Interest Expense	183	211
= Net Operating Income	**480**	**922**
- Other Revenues and Expenses	-	33
= Pre-tax Income	**480**	**955**
- Income Tax & Profit Sharing, Tax on Asset, Def. Inc. Tax & Prof. Sharing	-	183
= Net Income before Subsidiaries	**480**	**772**
+ Undistributed Earnings of Subsidiaries	148	76
= Net Income-continuos Operation	**627**	**848**
+ Extraordinary Items, net	-	-
- Minoritary Income	-	-
= Total Net Income	**627**	**848**

(1) Net Figures.
(2) Includes Net Income From Loan Portfolios.

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

Assets Under Management (Millions of Pesos)	4Q05	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
Fobaproa-IPAB: Portfolios			
Banking Sector (1)	3,033	Out of balance trusts	Fees from FOBAPROA
Serfin	7,905	Serfin Trust	Fiduciary
Repossesed assets	5,890	Out of balance trusts	Fobaproa fees and Fiduciary
	16,828		
Loans purchased to IPAB and to Other Banks:	**38,358**	Sólida Administradora de Portafolios Bancen	Undistributed Earnings from Subsidiaries (Sólida) and Non Interest Income (Bancen)
Banking Sector Portfolio:(2)			
Banking Sector	5,389	Banorte's Portfolio	Net Interest Income
Repossesed assets	3,811	Banorte's Repossesed assets	Other Revenues and Expenses
	9,200		
Total	**64,387**		

(1) Includes the loan portfolios sold to Fobaproa by Bancen and Banpaís.
(2) Includes Ps 1,899 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. 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 Banpaís 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 proprietary portfolio which, given its characteristics, have been transferred to be collected through the Recovery Banking.

Recovery Groups Contribution (Millions of Pesos)	ACCUMULATED 2004	2005
Traditional Banking Net Income	2,070	4,059
Recovery Bank Net Income	627	848
GFNorte's Net Income(*)	**2,697**	**4,907(1)**
=% of Contribution	**23.2%**	**17.3%**

(1) Excludes the extraordinary items.

The Recovery Banking contributed with Ps848 million to the Group's 2005 profit; equivalent to a contribution of 17.3%, a lower contribution than in 2004 due to the important traditional operations profit growth.

During 4Q05 the IPAB pre-paid Ps2.6 billion of the notes derived from the sale of loans of Banorte to Fobaproa. These notes were exchanged by IPAB notes at the end of the Management, Existence and Legality audits carried out by the authority. As of 4Q05, the IPAB notes balance outstanding was Ps 161 million.

ORIGINATION (Millons of pesos)	BALANCE AS OF 4Q05	YIELD	MATURITY	LOSS SHARING
BANORTE – Sale of Loans to Fobaproa • Loss Sharing	161	CETES 91 d– 135 pb	June 2006	YES

2.- Brokerage Sector

Brokerage Sector (Millions of Pesos)	QUARTER 4Q04	3Q05	4Q05	% CHANGE vs 4Q04	3Q05	ACCUMULATED 2004	2005	% CH
Brokerage House								
Net Income	25	13	19	(23%)	49%	79	74	(6%)
Equity	538	532	549	2%	3%	538	549	2%
Assets under Management	110,105	116,907	119,411	8%	2%	110,105	119,411	8%
Total Assets	654	895	899	38%	-	654	899	38%
ROE %	18.7%	9.6%	14.0%			15.6%	13.7%	
Net Capital								
Tier 1	434	441	465	7%	5%	434	465	7%
Tier 2	-	-	-	-	-	-	-	-
Net Capital	434	441	465	7%	5%	434	465	7%

The **Brokerage Sector** (Brokerage House) accumulated a Net Income of Ps74 million in 2005, 6% lower than that of 2004, due mainly to a higher income tax and profit sharing in 4Q05. Accumulated pre-tax income was 27% higher than in 2004 with a mix of lower revenues which were fully compensated with savings in operating expenses. The fixed income mutual funds increased their assets by Ps4.3 billion vs 4Q04 and Assets under Management grew by 8% in the same period. In 4Q05, Net Income amounted to Ps19 million, 23% lower than that of 4Q04 due to higher income tax and profit sharing since pre-tax income was 20% higher than in 4Q04. The brokerage house continued to follow a strict expense control policy and taking advantage of synergies with other companies of the group.

3.-Long Term Savings Sector

Long Term Savings Sector (Millions of pesos)	QUARTER 4Q04	3Q05	4Q05	% CHANGE vs 4Q04	3Q05	ACCUMULATED 2004	2005	% CH
Afore								
Net Income	41	109	7	(84%)	(94%)	234	268	15%
Equity	979	1,241	843	(14%)	(32%)	979	843	(14%)
Total Assets	1,096	1,531	933	(15%)	(39%)	1,096	933	(15%)
Assets under Management (SIEFORE)	31,850	36,544	39,018	23%	7%	31,850	39,018	23%
ROE %	14.2%	36.7%	2.5%			19.5%	25.4	
Insurance								
Net Income	1	126	19	1,469%	(85%)	215	407	89%
Equity	770	1,152	1,179	53%	2%	770	1,179	53%
Total Assets	4,252	5,579	5,318	25%	(5%)	4,252	5,318	25%
Technical Reserves	2,975	3,621	3,629	22%	-	2,975	3,629	22%
Premiums sold	687	878	819	19%	(7%)	2,280	4,105	80%
ROE %	0.6%	46.2%	6.4%			33.2%	40.5%	
Annuities								
Net Income	(21)	43	(2)	(89%)	(105%)	28	90	217%
Equity	230	321	320	39%	-	230	320	39%
Total Assets	6,032	6,629	6,785	12%	2%	6,032	6,785	12%
Technical Reserves	5,787	6,277	6,448	11%	3%	5,787	6,448	11%
Premiums sold	206	193	227	10%	18%	813	839	3%
ROE %	(34.3%)	57.8%	(2.8%)			12.1%	32.2%	

The ***Pension Fund Afore*** registered an accumulated Net Income of Ps268 million (51% Bancen), 15% higher than in 2004, primarily due to higher fee collection from new affiliates, to the affiliation of higher-income customers and to higher interest revenues. Net Income in 4Q05 was Ps7 million, lower than that of 4Q04 due to an important increase in promotion expenses with the recruitment of sales people in order to attract new affiliates from other Afore businesses due to a fierce competitive environment for attracting new clients. As of 4Q05, the Pension Fund Afore had a total of 3,044,085 affiliates, reaching a share of 10.5% in certified accounts. Assets under Management by the SIEFORE (Specialized Retirement Mutual Fund) rose 23% vis-à-vis 4Q04 as a result of a higher number of affiliates and the strategy to attract new higher-income customers.

The ***Insurance Company*** showed an accumulated profit of Ps407 million during the year (51% GFNorte), 89% higher than in 2004, mostly arising from the 80% increase in premiums sold and higher income from the investment portfolio derived from higher interest rates. Net Income for 4Q05 was 19%, higher than in 4Q04 due to increased claims a year ago when quarterly Net Income was only Ps1 million. In 4Q05, there was an increase in auto and damage claims, being the latter impacted by the hurricanes that hit several states of our country in the last part of the year. Premiums sold in 2005 amounted to Ps4.1 billion, 22% higher than those issued in 2004.

The ***Annuities Company*** accumulated a Net Income of Ps90 million during the year (51% GFNorte), 217% higher than in 2004 as a result of a reduction in UDI-denominated Technical Reserves created due to lower inflation and to higher income from the investment portfolio. There was a Ps2 million loss during 4Q05 which compares favorably vs the Ps21 million loss of 4Q04 which was due to the creation of higher Technical Reserves. The company presently ranks 2nd in the industry in terms of premiums sold.

3.- Auxiliary Organizations Sector

Auxiliary Organizations Sector *(Millions of Pesos)*	QUARTER			% CHANGE vs		ACCUMULATED		
	4Q04	3Q05	4Q05	4Q04	3Q05	2004	2005	% CH
Leasing								
Net Income	13	19	20	55%	5%	42	79	89%
Equity	197	256	277	40%	8%	197	277	40%
Loan Portfolio	2,206	2,602	2,766	25%	6%	2,206	2,766	25%
Past Due Loans	14	30	32	120%	7%	14	32	120%
Loan Loss Reserves	21	34	41	102%	24%	21	41	102%
Total Assets	2,271	2,593	2,759	21%	6%	2,271	2,759	21%
ROE %	26.6	30.4%	29.4%			20.7%	33.6%	
Factoring								
Net Income	12	14	13	5%	(8%)	42	67	60%
Equity	260	314	327	26%	4%	260	327	26%
Loan Portfolio	3,158	3,076	3,839	22%	25%	3,158	3,839	22%
Past Due Loans	25	41	34	33%	(18%)	25	34	33%
Loan Loss Reserves	40	48	52	31%	10%	40	52	31%
Total Assets	3,145	3,051	3,818	21%	25%	3,145	3,818	21%
ROE %	19.0%	18.1%	15.9%			17.3%	22.6%	
Warehousing								
Net Income	6	2	4	(28%)	165%	17	13	(24%)
Equity	94	102	105	12%	3%	94	105	12%
Inventories (*)	117	43	174	49%	300%	117	174	49%
Total Assets	247	140	385	56%	176%	247	385	56%
ROE %	24.1%	6.0%	15.5%			19.6%	13.2%	
Bonding								
Net Income	5	8	7	33%	(12%)	16	23	42%
Equity	82	98	105	28%	7%	82	105	28%
Total Assets	292	373	406	39%	9%	292	406	39%
Technical Reserves	134	190	192	43%	1%	134	192	43%
Premiums sold	48	46	63	32%	38%	193	245	27%
ROE%	20.5%	32.4%	26.5%			15.5%	24.7%	

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

The ***Leasing Company*** accumulated a Net Income of Ps79 million during the year, equivalent to a 89% increase over 2004, mostly due to a significant 25% growth in its loan portfolio vs 4Q04. Net Income in 4Q05 amounted to Ps20 million, 55% higher than in 4Q04, also due to a higher lending volume. The past due loan ratio closed 4Q05 at 1.2%, and the reserve coverage at 128%. The company currently stands in 2nd place among the 27 Leasing companies in the market, with a market share of 12% in loans.

The ***Factoring Company*** accumulated a Net Income of Ps67 million in the year, 60% more than to 2004 derived from a 22% loan growth, greater margins and lower operating expenses. Net Income in 4Q05 stood at Ps13 million, which represents a 5% increase vs. the figure for 4Q04 due to greater margins and an increase in its loan portfolio, ending the quarter with a Ps3.8 billion balance. The past due loan portfolio closed at Ps34 million, equivalent to a past due loan portfolio of 0.9%, and with reserve coverage of 153%. The company presently leads the industry's 10 factoring companies.

The ***Warehousing Company*** accumulated a Net Income of Ps13 million in 2005, 24% lower than in to 2004 primarily due to decreased customer inventory commercialization and fewer warehousing services rendered. In 4Q05, the company reported earnings of Ps4 million, 28% less that in 4Q04 due to the same reasons aforementioned. The Warehousing Company currently ranks 16th among the country's 20 market participants in terms of certification volume.

The ***Bonding Company*** registered an accumulated Net Income of P23 million in the year, 42% more than in 2004, due both to the 27% increase in premiums sold as well as to lower operating expenses. In quarterly terms, the company's net income for 4Q05 amounted to Ps7 million, 33% higher than the figure reported in 4Q04, derived from a reduction in the creation of Technical Reserves and to lower operating expenses.

5.- Microcredit Sofol

Pronegocio (Millones de Pesos)	QUARTER 4Q04	3Q05	4Q05	% CHANGE vs 4Q04	3Q05	ACCUMULATED 2004	2005	% CH
Pronegocio								
Ner Income	-	2	(8)	-	(516%)	-	(18)	-
Equity	-	61	54	-	(12%)	-	54	-
Loan Portfolio	-	240	339	-	41%	-	339	-
Past Due Loans	-	8	15	-	80%	-	15	-
Loan Loss Reserves	-	4	6	-	49%	-	6	-
Total Assets	-	251	352	-	40%	-	352	-
ROE%	-	12.1%	(53.0%)	-		-	(34%)	-

Pronegocio reported a Ps 18 million loss in 2005 since it started operations in 1Q05. In 4Q05 it generated a Ps8 million loss due to the payment of advertising expenses and also to higher personnel expenses. At a close of 4Q05 its loan portfolio amounted to Ps339 million, 41% higher than 3Q05, with a past due loan ratio of 4.4% and a reserve coverage of 40%. As of 4Q05 it had 39 fully operative branches and presence in 21 cities.

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 GRUPO FINANCIERO FINANCIAL STATEMENTS

ANNEX 1. Macroeconomic Environment

In 2005, the performance of international markets bore the impact of high liquidity levels, world imbalances, high oil prices and concern over the direction being taken by growth and inflation. In growth terms, the year's balance was positive since the world economy performed in a similar fashion as it did in 2004, growing close to 3.5%. Within this environment the FED continued its cycle of monetary restraint, taking fed fund rates to levels of 4.25% at year end. Meanwhile the European Central Bank increased its reference rate by 25 bps to 2.3%, following a long period during which the rate had remained unchanged. Stock exchanges in the United States did not perform very well, with the Dow Jones slipping 0.61% and the NASDAQ rising 1.4% during the year. Quite to the contrary, the Mexican Stock Exchange distinguished itself among North American markets, rising 37.8% in 2005.

Monetary policy in Mexico also followed a different heading than that observed in the United States. After a period of limited liquidity, positive inflation results made it possible to change the direction of monetary policy. This began with a downward rate cycle that took 28-day Cetes to 8.0% at year end. Yet despite lower rates the peso remained strong and closed the year at levels of 10.78, well below the 11.15 registered at year end 2004. Inflation was a positive surprise, as it ended the year at 3.3% after having closed 2004 at 5.2%.

As regards the performance of economic activity in 2005, during the first nine months of the year economic activity figures pointed to moderate GDP growth (2.4% in 1Q05, 3.1% in 2Q05 and 3.3% in 3Q05). Estimates for y/y growth in 2005 stand close to 3.0%. Explanations for the moderate growth in 2005 can be summarized as follows: less dynamism in the US industrial sector and its impact on Mexican exports; the conjunction of seasonal events, such as lagging agricultural sector growth; and a weaker automotive sector given the problems facing several major assemblers.

When GDP components are analyzed, one can see that private consumption was driven by loan growth, increased salary mass and remittance inflows. Whereas investment growth was more moderate vis-à-vis the growth rates experienced in 2004. The reasons underlying the foregoing moderation have to do with a high basis of comparison, less dynamism in the construction sector and less growth of investment as well in machinery and equipment of domestic origin, while imported machinery and equipment continued to grow at high rates. Finally, exports also grew at a slower pace, bearing the impact of both a less dynamic industrial sector in the US and a loss of US market share.

In 2006, economic activity is expected to show moderate growth; inflation is expected to upturn slightly, albeit well within the range accepted by the Central Bank of Mexico; and the Mexican peso is expected to slip moderately vis-à-vis the US dollar.

ANNEX 2 .-Grupo Financiero- General Information

GFNorte Ownership in Subsidiaries

	4Q05
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%
Microcredit Sofol	99.99%

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

Holding Company Capital Structure

Number of Shares	SERIE O As of December 2005
Number of shares issued	2,018,347,548
- Shares held on Treasury	**206,600**
= Number of shares outstanding	2,018,140,948

Banorte Ratings

International Ratings

Rating Agency	Rated Institution	Rating	Category	Date
Moody's	Banorte	Stable	Outlook	
		D+	Modest Financial Strength	
		Baa1	Foreign long - term bank deposits	January 2005
		P-2	Foreign short- term bank deposits	
		A-3	Local long - term bank deposits	
		P-2	Local short- term bank deposits	
Standard & Poors	Banorte	Positive	Outlook	
		BB+	Long Term foreign issuer credit	
		BB+	Long Term local currency deposits	September 2005
		B	Short term foreign issuer credit	
		B	Short tem local issuer credit	
Fitch	Banorte	Positive	Outlook	
		BBB-	Long Term Foreign currency	December 2005
	Grupo Financiero Banorte	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

Domestics Ratings				
Rating Agency	**Rated Institution**	**Rating**	**Category**	**Date**
Fitch	Banorte	F1 + (mex) AA (mex) F1 + (mex) AA (mex)	Short term counterparty risk Long term counterparty risk Short term CD's and Term Deposits Long term CD's and Term Deposits	June 2005
Moody's National Scale	Banorte	Aaa.mx MX-1	Long Term Deposits ShortTerm Deposits	July 2004
	Arrendadora Banorte	Aa1.mx	Issue Rating in National Scale	July 2004
	Arrendadora Banorte	Aa1.mx	Issue Rating in National Scale	July 2004
Other Subsidiaries				
Fitch	Sólida	AAFC1-(mex)	Financial Asset Administrator	December 2004
	Operadora de Fondos	AA+ (mex)	Investment Financial Assets Administrator	January 2005
	Seguros Banorte Generali	AA- (mex)	Insurance Financial Strength	August 2002

No. of Employees & Distribution Network

EMPLOYEES	4Q04	3Q05	4Q05
Banking Sector (1)	12,296	12,357	12,683
Other Sectors (2)	2,187	2,437	2,329
Total Group	**14,483**	**14,794**	**15,012**
DISTRIBUTION NETWORK			
Banking Branches	960	968	968
ATM	2,622	2,722	2,800

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

Group Officers

NAME	CURRENT POSITION
Luis Peña Kegel	Chief Executive Officer
LINE	
Manuel Sescosse Varela	Managing Director - Commercial
Jesús Garza Martínez	Managing Director - Consumer
Enrique Catalán Guzmán	Managing Director - Entrepreneurial
Alejandro Valenzuela del Río	Managing Director – Treasury & Investor Relations
Luis Fernando Orozco	Managing Director – Asset Recovery
Enrique Castillón 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
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 Farías	Managing Director - Risk Management

ANNEX 3 .-Accounting Changes and Regulations

General provisions applicable to the financial information of the regulating agencies of financial institutions subject to CNByV supervision.- On April 27, 2005, the CNByV issued general provisions applicable to the financial information of the regulating agencies of financial groups. The purpose is to uniform the type of financial information of the financial groups that the regulating agencies make public in order to make the analysis of their solvency and economic stability easier and serve as a basis for informed saving and investment decision-making. GFNorte´s Financial Statements can be find in our website at www.banorte.com/informacion_financiera

General provisions that establish the requirements that external auditors and loan institutions must meet regarding External Auditing services.- Last April 27, 2005, the CNByV issued general provisions applicable to the requirements that external auditors should meet in the work and reports submitted to the CNByV.

Provisions for implementation of the new Basil Capital Agreement.- Last October 3, the CNBV (Mexico's National Banking and Securities Commission) published the agreement entered into by the financial authorities and the Mexican Association of Banks for implementation of the new Capital Agreement, which contains the standards and principles known as Basil II . The agreement establishes the principles and guidelines that enable bank capital to more precisely and sensitively reflect credit, market and operational risk.

General provisions applicable to credit institutions.- On December 2, 2005, the CNBV issued the Sole Banking System Circular, which includes all circulars, official communiqué-circulars, rules, general provisions and other previously issued administrative standards. The only circulars excluded from the foregoing are those that refer to support for Bank System Debtors and others mentioned specifically to that effect.

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			Total		
	Aug'05	Sep'05	Dec'05	Aug'05	Sep'05	Dec'05	Aug'05	Sep'05	Dec'05
Performing Loans									
Commercial	5	22	2	5	-	-	10	22	2
Consumer	-	-	-	-	-	-	-	-	-
Mortgage	54	90	89	-	-	-	54	90	89
Total	**59**	**112**	**91**	**5**	**-**	**-**	**64**	**112**	**91**
Non Performing Loans									
Commercial	405	400	418	293	150	148	698	550	566
Consumer	81	75	75	-	-	-	81	75	75
Mortgage	1,112	620	588	-	-	-	1,112	620	588
Total	**1,598**	**1,095**	**1,081**	**293**	**150**	**148**	**1,891**	**1,245**	**1,229**
TOTAL LOANS	**1,657**	**1,207**	**1,172**	**298**	**150**	**148**	**1,955**	**1,357**	**1,320**
Loan Loss Reserves (1)									
Commercial	326	403	402	246	142	140	572	545	542
Consumer	77	75	74	-	-	-	77	75	74
Mortgage	669	567	536	-	-	-	669	567	536
Total	**1,072**	**1,045**	**1,012**	**246**	**142**	**140**	**1,318(4)**	**1,187**	**1,152**

(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'05 was Ps 119 million.
Note 2.- Banorte has a 99.99% stake in Sólida.

In 4Q05 the Loan portfolio showed changes due to allocations for Ps 22 million, restructuring for Ps 4 million, and foreclosed for Ps 9 millons and Ps 13 million in write-offs and scale-downs. There were write-offs and scale-downs for Ps 4 million and foreclosed of Ps 9 millions in the Loan Reserves. There were transfers from performing loans to past due loans for Ps 8 million and transfers from past due loans to performing loans for Ps 6 million.

BANORTE'S LOAN PORTFOLIO INCLUDING LOANS SOLD TO SÓLIDA

(Millions of Nominal Pesos)	Local Currency (1) Sep'05	Local Currency (1) Dec'05	Foreign Currency (USD)(2) Sep'05	Foreign Currency (USD)(2) Dec'05	Total Sep'05	Total Dec'05
Performing Loans						
Commercial	38,674	43,505	6,894	7,387	45,568	50,892
Financial Intermediaries	2,949	2,849	443	803	3,392	3,652
Consumer	14,306	12,891	1	1	14,307	12,892
Mortgage	21,614	23,664	-	-	21,614	23,664
Goverment Entities	12,673	14,645	529	522	13,202	15,167
Fobaproa / IPAB	2,539	161	-	-	2,539	161
Performing Loans	**92,755**	**97,715**	**7,867**	**8,713**	**100,622**	**106,428**
Non Performing Loans						
Commercial	835	865	214	223	1,049	1,088
Consumer	448	472	-	-	448	472
Mortgage	1,383	1,342	-	-	1,383	1,342
Goverment Entities	-	-	-	-	-	-
Non Performing Loans	**2,666**	**2,679**	**214**	**223**	**2,880**	**2,902**
TOTAL LOANS	**95,421**	**100,394**	**8,081**	**8,936**	**103,502**	**109,330**
Loan Loss Reserves	**3,677**	**3,631**	**347**	**330**	**4,024**	**3,961**
Net Loan Portfolio	**91,744**	**96,763**	**7,734**	**8,606**	**99,478**	**105,369**
Loan Loss Reserves					**139.72%**	**136.49%**
% Past Due Loans					**2.78%**	**2.65%**

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

ANNEX 5 .- Financial Statements

HOLDING – Income Statement *(Millions of Pesos)*

	1Q04	2Q04	3Q04	4Q04	ACUM	1Q05	2Q05	3Q05	4Q05	ACUM
Income from Subsidiaries and	602	604	565	935	2,707	1,119	2,094	1,346	1,164	5,724
Interest Expense	-	-	-	-	-	-	-	-	-	-
Trading Income	-	-	-	-	-	-	-	-	-	-
Fees & Tarifs	-	-	-	-	-	-	-	-	-	-
REPOMO	(2)	-	(1)	(3)	(5)	-	-	(1)	(1)	(2)
Total Operating Income	**601**	**604**	**564**	**932**	**2,701**	**1,119**	**2,094**	**1,346**	**1,163**	**5,722**
Operation & Administrative expenses	1	1	1	1	2	1	-	-	-	1
Operating Income	**600**	**604**	**564**	**931**	**2,699**	**1,118**	**2,093**	**1,346**	**1,163**	**5,721**
Non Operating Income	-	-	-	15	15	-	-	-	7	7
Non Operating Expense	-	-	(1)	(1)	(2)	-	-	-	(1)	(1)
Non Operating Income	**-**	**-**	**-**	**14**	**13**	**-**	**-**	**-**	**6**	**6**
Pre-tax Income	**600**	**604**	**564**	**945**	**2,712**	**1,118**	**2,093**	**1,346**	**1,170**	**5,727**
Income Tax & Profit Sharing	4	4	4	4	15	2	2	3	1	8
Tax on Assets	-	-	-	-	-	-	-	-	-	-
Deferred Inc. Tax and Profit sharing	-	-	-	-	-	-	-	-	-	-
	4	4	4	4	15	2	2	3	2	8
Net income from Continuos	**596**	**600**	**560**	**942**	**2,697**	**1,116**	**2,092**	**1,343**	**1,168**	**5,719**
Extraordinary Items, net	-	-	-	-	-	-	-	-	-	-
Total Net Income	**596**	**600**	**560**	**942**	**2,697**	**1,116**	**2,092**	**1,343**	**1,168**	**5,719**

HOLDING - BALANCE SHEET *(Millions of Pesos)*

	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05
Cash and due from Banks	68	69	74	60	50	61	93	63
Financial Instruments:	-	-	-	-	-	10	-	-
Sundry debtors and other assets,net	4	4	57	45	4	4	-	8
Real Estate, Furniture & Equipment, net	-	-	-	-	-	-	-	-
Investments in subsidiaries	14,739	15,377	15,896	15,799	17,074	18,794	20,123	20,386
Deferred taxes	-	-	-	-	-	-	-	-
Goodwill	45	44	43	41	41	40	39	38
Other Assets, Deferred charges, intang	1	1	-	-	1	1	1	1
TOTAL ASSETS	**14,857**	**15,495**	**16,070**	**15,946**	**17,170**	**18,910**	**20,256**	**20,496**
LIABILITIES								
Due to banks and correspondents								
Income Tax & Profit Sharing	4	8	11	-	1	3	1	-
Other Payable accounts	-	-	-	-	-	-	-	-
Other payable accounts	**4**	**8**	**11**	**-**	**2**	**3**	**1**	**1**
Deferred taxes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL LIABILITIES	**4**	**8**	**11**	**-**	**2**	**3**	**1**	**1**
STOCKHOLDER´S EQUITY								
Paid-in Capital	5,784	5,784	5,785	5,784	5,784	5,784	5,784	11,117
Share subscription premiums	1,719	1,719	1,719	1,719	1,719	1,719	1,719	1,719
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	**7,503**	**7,503**	**7,504**	**7,503**	**7,503**	**7,503**	**7,503**	**12,836**
Capital Reserves	1,432	1,550	1,555	1,555	1,555	1,675	1,696	1,671
Retained Earnings	14,513	14,413	14,413	13,886	16,583	16,450	16,450	10,480
Surplus (Deficit) from securities	-	-	-	-	-	-	-	-
Results of foreign operations exchange	-	-	-	-	-	-	-	-
Excess (Insuf.) in capital restatement	(5,900)	(5,895)	(5,897)	(5,901)	(5,903)	(5,903)	(5,901)	(5,901)
Non Mon assets results Fixed Assets	-	-	-	-	-	-	-	-
Non Mon assets results Investm	(3,290)	(3,279)	(3,271)	(3,794)	(3,687)	(4,027)	(4,043)	(4,309)
Adjustment in the employees pension	-	-	-	-	-	-	-	-
Accumulated Deferred tax effect	-	-	-	-	-	-	-	-
Net Income	596	1,196	1,756	2,697	1,116	3,208	4,551	5,719
Earned Capital	**7,351**	**7,985**	**8,556**	**8,443**	**9,665**	**11,404**	**12,752**	**7,659**
Total Stockholder´s Equity	**14,854**	**15,488**	**16,059**	**15,946**	**17,168**	**18,907**	**20,255**	**20,496**
TOTAL LIABILITIES &	**14,857**	**15,495**	**16,070**	**15,946**	**17,170**	**18,910**	**20,256**	**20,496**

MEMORANDUM ACCOUNTS OF HOLDING *(Millions of Pesos)*

	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05
Client securities held in custody	3,695	3,909	3,856	3,773	3,801	3,793	3,769	3,716
Other trust account items	119	118	117	114	114	113	113	111
	3,814	**4,028**	**3,973**	**3,887**	**3,915**	**3,906**	**3,882**	**3,827**

GRUPO FINANCIERO BANORTE

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

	1Q04	2Q04	3Q04	4Q04	ACUM	1Q05	2Q05	3Q05	4Q05	ACUM
Interest Income	5,505	5,989	6,709	7,333	25,536	7,270	8,973	9,293	9,201	34,737
Interest Expense	3,402	3,754	4,067	4,522	15,745	4,380	5,621	6,021	5,786	21,808
Loan Fees	169	120	125	172	586	95	134	150	206	585
Fees Paid	21	23	23	25	91	25	27	34	34	120
Net Interest Income (NII)	**2,252**	**2,332**	**2,744**	**2,958**	**10,286**	**2,960**	**3,459**	**3,388**	**3,586**	**13,394**
Repomo-Margin	1	1	(46)	(96)	(142)	(33)	(12)	(39)	(62)	(147)
NII after Repomo	**2,253**	**2,332**	**2,698**	**2,861**	**10,144**	**2,927**	**3,447**	**3,350**	**3,524**	**13,248**
Loan Loss Provisions	127	318	333	357	1,135	219	360	476	312	1,367
Loss Sharing Provisions	13	20	34	25	92	33	36	(10)	20	79
NII after Provisions	**2,113**	**1,994**	**2,331**	**2,478**	**8,917**	**2,675**	**3,051**	**2,884**	**3,192**	**11,802**
Fund transfers	60	49	46	42	197	37	48	49	54	188
Account management	201	236	289	279	1,005	245	253	243	241	981
Fiduciary	46	52	51	48	196	46	55	54	64	219
Income from Loan Portfolios Acquired	181	153	209	162	704	285	153	714	256	1,409
Electronic Banking Services	79	97	111	149	436	145	159	160	178	642
Credit Card	293	321	322	274	1,210	249	261	277	311	1,099
Fees from IPAB	93	102	149	77	422	80	62	(6)	55	190
Other fees	578	444	462	447	1,930	526	405	526	442	1,900
Fees on services,	**1,531**	**1,454**	**1,638**	**1,478**	**6,101**	**1,613**	**1,396**	**2,018**	**1,602**	**6,629**
Fund transfers	-	-	-	-	-	2	2	2	3	10
Other fees	142	135	119	127	523	124	126	135	161	545
Expenses from Loan Portfolios Acquired	122	102	145	103	472	186	123	385	249	943
Fees paid,	**264**	**237**	**264**	**230**	**994**	**312**	**251**	**522**	**413**	**1,498**
Foreign exchange	133	160	65	43	401	61	39	101	101	301
Securities –Realized gains	341	(111)	80	187	497	83	517	123	2	725
Securities- Unrealized gains	15	41	(31)	(8)	17	41	(43)	15	(1)	11
Market-related Income	**489**	**90**	**114**	**221**	**914**	**185**	**513**	**238**	**102**	**1,037**
Total Non Interest Income	**1,756**	**1,307**	**1,488**	**1,469**	**6,021**	**1,486**	**1,658**	**1,734**	**1,291**	**6,169**
Total Operating Income	**3,869**	**3,301**	**3,819**	**3,948**	**14,938**	**4,161**	**4,709**	**4,618**	**4,484**	**17,971**
Personnel	1,218	1,138	1,377	1,101	4,835	1,078	1,099	1,117	1,071	4,365
Professional Fees	125	128	138	136	527	146	194	155	158	652
Administrative and Promotion Expenses	787	772	797	695	3,052	772	760	947	919	3,398
Rents, depreciation and amortization	456	443	431	470	1,799	427	429	404	383	1643
Taxes, other than income tax	184	172	134	24	513	122	101	123	110	457
Contributions to IPAB	192	194	200	196	782	150	150	150	151	600
Corporate expenses Recoveries	-	-	-	-	-	-	-	-	-	-
Non-Interest Expense	**2,962**	**2,846**	**3,079**	**2,622**	**11,509**	**2,694**	**2,734**	**2,896**	**2,791**	**11,116**
Operating Income	**907**	**455**	**741**	**1,326**	**3,429**	**1,467**	**1,974**	**1,721**	**1,692**	**6,855**
Other Revenues	465	517	473	456	1,911	384	558	220	385	1,548
Foreign exchange	-	-	-	-	-	-	-	-	-	-
Recoveries	24	215	30	52	320	36	1,214	47	44	1,340
Repomo-other revenues	8	1	7	13	29	2	4	1	4	12
Non Operating Income	**496**	**733**	**510**	**521**	**2,261**	**422**	**1,776**	**268**	**434**	**2,900**
Other Expense	(530)	(462)	(471)	(435)	(1,898)	(352)	(814)	(165)	(302)	(1,633)
Foreign exchange	-	-	-	-	-	-	-	-	-	-
Repomo-other Expenses	(149)	(9)	(96)	(145)	(399)	(32)	(13)	(45)	(135)	225
Non Operating Expense	**(680)**	**(471)**	**(567)**	**(579)**	**(2,297**	**(385)**	**(827)**	**(210)**	**(437)**	**(1,859)**
Non Operating Income (Expense), net	**(183)**	**262**	**(57)**	**(59)**	**(36)**	**38**	**949**	**58**	**(3)**	**1,041**
Pre-tax Income	**724**	**717**	**684**	**1,268**	**3,393**	**1,504**	**2,923**	**1,779**	**1,689**	**7,896**
Income Tax	87	42	79	25	233	175	394	396	650	1,616
Profit sharing	78	57	43	68	246	135	277	146	115	672
Tax on Assets	10	10	7	7	33	9	8	8	(25)	-
Deferred Inc. Tax and Profit sharing	(11)	1	14	219	223	101	145	(84)	(185)	(23)
	163	110	143	319	735	420	824	467	554	2,264
Net Income before subsidiaries	**560**	**608**	**541**	**948**	**2,658**	**1,085**	**2,099**	**1,312**	**1,135**	**5,631**
Subsidiaries´ net income	89	23	75	42	229	115	85	120	82	403
Net Income from continuos operations	**649**	**631**	**616**	**991**	**2,886**	**1,200**	**2,185**	**1,432**	**1,218**	**6,035**
Extraodinary items, net	-	-	-	-	-	-	-	-	-	-
Minority Interest	53	31	56	49	189	84	93	90	50	316
TOTAL NET INCOME	**596**	**600**	**560**	**942**	**2,697**	**1,116**	**2,092**	**1,343**	**1,168**	**5,719**

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

	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05
Cash and due from Banks	**32,462**	**35,817**	**34,274**	**40,510**	**36,043**	**40,042**	**36,368**	**38,788**
Negotiable Instruments	5,868	6,365	6,917	10,960	5,272	6,464	4,180	8,995
Securities held for sale	636	438	189	249	278	248	252	135
Securities held to maturity	11,466	10,998	10,632	9,268	10,167	12,591	12,473	12,303
Financial Instruments:	**17,969**	**17,801**	**17,738**	**20,477**	**15,717**	**19,304**	**16,906**	**21,433**
Non-assigned securities to pay	7	52	-	-	-	-	-	-
Repurchase agreements, net	149	69	102	52	71	95	66	156
Operations with collateral	-	-	-	-	-	-	-	-
Futures receivable, net	-	-	-	-	-	-	-	-
Options and derivatives, net	7	26	6	6	38	-	281	468
Repos & Derivatives :	**163**	**147**	**109**	**57**	**109**	**95**	**348**	**624**
Commercial	40,369	42,446	43,841	47,768	49,517	49,865	52,243	57,856
Financial Intermediaries	2,490	2,553	2,524	411	406	1,839	2,055	1,964
Consumer	10,164	10,902	11,355	11,742	12,240	13,430	14,511	15,511
Mortgage	16,567	17,518	18,312	19,062	19,677	20,889	22,048	23,781
Goverment Entities	82,484	79,952	78,964	19,158	18,554	13,204	13,445	15,216
IPAB	7,186	7,250	7,234	7,150	7,176	7,148	2,575	161
Fiduciary collection rights	-	-	-	-	-	-	-	-
Performing Loans	**159,259**	**160,622**	**162,231**	**105,291**	**107,570**	**106,374**	**106,877**	**114,491**
Commercial	2,093	1,246	1,018	651	632	668	724	671
Financial Intermediaries	-	-	-	-	-	-	-	-
Consumer	517	449	527	349	336	370	379	412
Mortgage	1,281	1,348	1,392	844	831	776	783	767
Goverment Entities	9	16	15	13	9	-	-	-
Past Due Loans	**3,899**	**3,059**	**2,952**	**1,857**	**1,808**	**1,815**	**1,886**	**1,851**
Total Loans	**163,158**	**163,681**	**165,183**	**107,147**	**109,377**	**108,189**	**108,762**	**116,341**
Preventive loan loss reserves	4,949	3,999	3,783	2,832	2,786	2,914	3,116	3,067
Net Loan Portfolio	**158,210**	**159,682**	**161,401**	**104,315**	**106,591**	**105,275**	**105,646**	**113,274**
Credit Assets Portfolio	2,083	1,991	1,820	2,212	1,946	1,815	3,036	3,233
Sundry debtors and other assets,net	3,533	4,210	3,703	2,943	5,033	7,795	8,688	2,785
Foreclosed assets, net	1,107	1,105	998	376	423	418	504	446
Real Estate, Furniture & Equipment, net	6,075	5,919	5,734	6,114	5,972	5,726	5,607	5,682
Investments in subsidiaries	1,903	1,922	1,940	1,931	2,053	2,123	2,231	2,226
Deferred taxes	1,049	1,040	1,022	698	677	323	400	403
Deferred charges & Intangibles	1,614	1,533	1,453	1,715	1,630	1,459	1,132	1,293
Other Assets	**17,364**	**17,720**	**16,670**	**15,988**	**17,734**	**19,659**	**21,598**	**16,068**
TOTAL ASSETS	**226,168**	**231,167**	**230,192**	**181,348**	**176,194**	**184,375**	**180,865**	**190,186**

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

	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05
Demand Deposits	66,233	68,149	68,173	67,170	65,099	67,937	66,153	76,041
Time Deposits	104,501	109,555	102,497	64,965	58,243	57,606	62,219	61,397
Bonds	-	-	-	-	-	-	-	-
Deposits	**170,734**	**177,704**	**170,669**	**132,134**	**123,343**	**125,543**	**128,372**	**137,438**
Demand	6,348	3,638	5,666	4,748	1,291	2,367	1,267	2,564
Short term	9,122	11,812	11,375	7,000	8,190	9,282	4,793	5,538
Long term	12,006	11,643	11,279	11,955	11,498	11,694	11,741	11,468
Due to banks and correspondents	**27,476**	**27,093**	**28,320**	**23,704**	**20,978**	**23,343**	**17,800**	**19,570**
Non-assigned securities to pay	8	30	-	-	-	-	-	-
Repurchase agreements, net	86	41	110	79	88	159	387	334
Operations with collateral	-	-	-	-	-	-	-	-
Futures receivable, net	-	-	-	-	-	-	-	-
Options and derivatives, net	4	1	3	9	3	8	271	447
Repos & Derivatives:	**98**	**72**	**114**	**88**	**90**	**167**	**659**	**780**
Income Tax & Profit Sharing	284	235	289	297	373	970	1,334	1,702
Other Payable accounts	5,112	4,493	8,713	3,486	8,486	9,660	6,560	4,595
Other payable accounts	**5,396**	**4,728**	**9,001**	**3,782**	**8,859**	**10,629**	**7,894**	**6,297**
Subordinated non Convertible Debenture	6,548	4,979	4,877	4,744	4,718	4,672	4,637	4,554
Deferred Taxes	-	-	-	-	-	-	-	-
Deferred credits	55	64	57	50	50	48	92	72
TOTAL LIABILITIES	**210,307**	**214,640**	**213,038**	**164,502**	**158,038**	**164,402**	**159,454**	**168,711**
STOCKHOLDER´S EQUITY								
Paid-in Capital	5,784	5,784	5,785	5,784	5,784	5,784	5,784	11,117
Share subscription premiums	1,719	1,719	1,719	1,719	1,719	1,719	1,719	1,719
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	**7,503**	**7,503**	**7,504**	**7,503**	**7,503**	**7,503**	**7,503**	**12,836**
Capital Reserves	1,432	1,550	1,555	1,555	1,555	1,675	1,696	1,671
Retained Earnings	14,513	14,413	14,413	13,886	16,583	16,450	16,450	10,480
Surplus (Deficit) from securities	-	-	-	-	-	-	-	-
Results of foreign operations exchange	-	-	-	-	-	-	-	-
Excess (Insuf.) in capital restatement	(5,900)	(5895)	(5,897)	(5,901)	(5,903)	(5,903)	(5,901)	(5,901)
Non Mon assets results Fixed Assets	-	-	-	-	-	-	-	-
Non Mon assets results Investm	(3,290)	(3,279)	(3,271)	(3,794)	(3,687)	(4,027)	(4,043)	(4,309)
Adjustment in the employees pension	-	-	-	-	-	-	-	-
Accumulated Deferred tax effect	-	-	-	-	-	-	-	-
Net Income	596	1,196	1,756	2,697	1,116	3,208	4,551	5,719
Earned Capital	**7,351**	**7,985**	**8,556**	**8,443**	**9,665**	**11,404**	**12,752**	**7,659**
Minority Holdings	1,007	1,039	1,095	899	987	1,066	1,156	979
Total Stockholder´s Equity	**15,861**	**16,527**	**17,154**	**16,846**	**18,156**	**19,973**	**21,411**	**21,475**
TOTAL LIABILITIES &	**226,168**	**231,167**	**230,192**	**181,348**	**176,194**	**184,375**	**180,865**	**190,186**

MEMORANDUM ACCOUNTS OF GRUPO FINANCIERO BANORTE CONSOLIDATED

(Millions of Pesos)	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05
ONBEHALF OF THIRD PARTY								
Customers' banks	27	9	70	8	9	12	49	14
Dividends receivable from customers	-	-	-	-	-	-	-	-
Interest receivable from customers	-	-	-	-	-	-	-	-
Liquidation of customer transactions	(19)	111	52	10	99	(186)	(233)	(125)
Customer loans	-	-	-	-	-	-	-	-
Liquidation with foreign currencies of	-	-	-	-	-	-	-	-
Margin accounts in futures operations	-	-	-	-	-	-	-	-
Other current accounts	-	-	-	-	-	-	-	-
CUSTOMERS CURRENT ACCOUNT	**8**	**120**	**121**	**18**	**108**	**(174)**	**(185)**	**(111)**
Client securities held in custody	174,901	164,481	107,068	109,873	114,872	113,657	116,493	118,902
Securities and documents received in	-	-	5	-	-	-	43	-
Client securities abroad	-	-	-	-	-	-	-	-
CLIENT SECURITIES	**174,901**	**164,481**	**107,073**	**109,873**	**114,872**	**113,657**	**116,536**	**118,902**
Repurchase operations for customers	23,882	21,585	30,203	30,146	31,049	33,729	29,734	25,276
Clients securities loans	-	-	-	-	-	-	43	-
Purchase of Futures & forward contracts	-	-	-	-	-	-	-	-
Sale of futures and forward contracts	-	-	-	-	-	-	-	-
Purchasing operations (option price)	2	2	2	-	-	-	170	157
Sales operations (option price)	-	-	-	-	-	-	-	-
Purchase of derivative packages	-	-	-	-	-	-	-	-
Sale of derivative packages	-	-	-	-	-	-	-	-
Administration trusts	2,684	2,365	1,809	1,750	1,872	2,791	2,379	2,771
TRANSACTIONS ON BEHALF CLIENT	**26,568**	**23,951**	**32,015**	**31,896**	**32,921**	**36,521**	**32,325**	**28,204**
TOTAL ON BEHALF OF THIRD PARTY	**201,476**	**188,552**	**139,209**	**141,786**	**147,901**	**150,004**	**148,676**	**146,995**
Signature guarantees granted	35	65	64	62	62	61	60	27
Issuing of irrevocable letters of credit	1,434	1,485	1,801	2,360	2,192	1,913	1,731	2,170
Property in trust and guardianship	93,193	89,357	74,700	63,234	68,011	66,663	67,837	67,776
Assets held in custody or in administration	121,868	126,788	118,063	78,810	75,665	77,892	81,541	83,348
Amounts committed to operations with	7,901	8,203	4,607	431	648	942	786	598
In Transit drafts	-	-	-	-	-	-	-	-
Certificates of Deposit in circulation	599	667	768	663	620	489	390	735
Secured Credit Cards from the company	-	-	-	-	-	-	-	-
Securities given to the company in custody	266	284	160	261	222	274	243	212
Government securities in custody of the	11	1	91	48	83	1	249	372
Securities given to the company on	-	-	-	-	-	-	-	-
Securities outside the country	-	-	-	-	-	-	-	-
Liquidations with foreign currencies abroad	-	-	-	-	-	-	-	-
Debits to the contingency fund	-	-	-	-	-	-	-	-
Other contingent obligations	16,277	13,470	13,169	8,447	3,627	1,168	1,153	1,137
Banking transactions on behalf of third-	56,413	66,298	66,218	82,985	101,612	112,061	106,619	89,945
Investments in funds for the retirem.saving	-	-	-	-	-	-	-	-
Integration of the credit portfolio	-	-	-	-	-	-	-	-
Amounts contracted in derivative	11,060	18,371	26,116	27,869	247,708	40,355	-	-
Other trust account items	-	-	-	-	-	-	-	-
OWN ACCOUNT OPERATIONS	**309,057**	**324,990**	**305,757**	**265,169**	**500,451**	**301,817**	**260,608**	**246,318**
Repurchase agreements								
Securities to be received	126,553	109,217	126,099	149,820	175,653	203,128	234,911	239,825
(Less) Securities to be delivered	(126,461)	(109,192)	(126,180)	(149,819)	(175,700)	(203,148)	(235,203)	(240,087)
REPURCHASE TRANSACTIONS-	**92**	**25**	**(81)**	**1**	**(47)**	**(20)**	**(292)**	**(262)**
Securities to be received	57,794	37,576	77,255	52,496	44,014	42,415	66,672	71,091
(Less) securities to be delivered	(57,823)	(37,573)	(77,182)	(52,524)	(43,984)	(42,460)	(66,701)	(71,006)
REPURCHASE TRANSACTIONS- SOLD	**(29)**	**3**	**73**	**(28)**	**30**	**(44)**	**(29)**	**85**
TOTAL ON OWN ACCOUNT	**309,119**	**325,018**	**305,749**	**265,142**	**500,434**	**301,753**	**260,287**	**246,141**

GRUPO FINANCIERO BANORTE CONSOLIDATED STATEMENT OF CASH FLOW

JANUARY 1, 2004 –DECEMBER 31, 2005

(Millions of Pesos)

CASH FLOW FROM OPERATING ACTIVITIES :	
Net Income	**5,719**
Adjustments to Reconcile Net Income to Net Cash by Operating Activities	
Mark to Market Valuation Results	(42)
Provisions for loan losses	1,445
Depreciation and amortization	948
Defferred Taxes	(24)
Provisions for Obligations	1,864
Minoritary Interest	316
Undistribuated Earnings of Subsidiaries	(403)
	4,104
Cash Flows From Investing Activities:	
Banks Deposits	5,305
Decrease (Increase) loan portfolio	(10,406)
Decrease (Increase) credit assets portfolio	(1,020)
Decrease (Increase) treasury operations	(913)
Decrease (Increase) financial instruments	126
Loans from banks and other entities	(4,134)
Decrease (Increase) Deferred taxes	318
Decrease (Increase) in accounts receivable and payable	808
Net Resources provided by operations	**(9,916)**
Financial Activities:	
Subordinated Debentures Issue and Interest	(190)
Issuance of stock	(16)
Cash Dividend decreed by the General Ordinary Shareholders Meeting held on October 6th, 2005	(637)
Net Resources provided by Investing activities	(843)
CASH FLOW FROM FINANCING ACTIVITIES :	
Fixed Assets increase	(170)
Proceeds from issuance of common stock	(644)
Decrease (Increase) Deferred charges or credits	99
Decrease (Increase) Foreclosed assets	(71)
Net Cash provided by financing activities	**(786)**
Decrease (increase) in cash and due from banks	**(1,722)**
Cash and due from banks at the beginning of the year	**40,510**
Cash and due from banks at the end of the year	**38,788**

GRUPO FINANCIERO BANORTE
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS´ EQUITY
JANUARY 1, 2005- DECEMBER 31, 2005.
(Millions of Pesos)

	CONTRIBUATED CAPITAL		
	Fixed Paid-in Capital Variable	Paid-in Capital Premium, Bonds	& oth. Securities
Balance as of December 31,2004	**3,448**	**2,336**	**1,719**
Stock Changes			
Issuance of stock	-	1	-
Profits Capitalization	-	-	-
Provisions Created	-	-	-
Increment in the Paid-in Capital by the General Ordinary Shareholders Meeting held on October 6th, 2005	-	5,332	-
Total	**-**	**5,333**	**-**
Total Income			
Total Income:	-	-	-
Net Income	-	-	-
Results of assets holdings	-	-	-
Minority Interest	-	-	-
Total	**-**	**-**	**-**
Balance as of December 31,2005	**3,448**	**7,669**	**1,719**

	EARNED CAPITAL						
	Capital Reserves	Retained earnings	Excess if Insuf. Capital Restatement	Non Monetary Assets Results (Investment)	Net Income of the year	Minoritary Interest	**Total Stockholders´ Equity**
Balance as of December 31,2004	**1,554**	**13,886**	**(5,901)**	**(3,793)**	**2,697**	**899**	**16,845**
Stock Changes							
Issuance of stock	(17)	-	-	-	-	-	**(16)**
Profits Capitalization	-	2,697	-	-	(2,697)	-	**-**
Provisions created by the General Ordinary Shareholders Meeting held on April 28th, 2005	134	(134)	-	-	-	-	**-**
Cash Dividend decreed by the General Ordinary Shareholders Meeting held on October 6th, 2005	-	(637)	-	-	-	-	**(637)**
Increment in the Paid-in Capital by the General Ordinary Shareholders Meeting held on October 6th, 2005	-	(5,332)	-	-	-	-	**-**
Total	**117**	**(3,406)**	**-**	**-**	**(2,697)**	**-**	**(653)**
Total Income							
Total Income:	-	-	-	-	-	-	**-**
Net Income	-	-	-	-	5,719	-	**5,719**
Results of assets holdings	-	-	-	(516)	-	-	**(516)**
Total	-	-	-	(516)	5,719	-	**5,203**
Minority Interest	-	-	-	-	-	80	**80**
Balance as of December 31,2005	1,671	10,480	(5,901)	(4,309)	5,719	979	**21,475**

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

NET INTEREST INCOME	1Q04	2Q04	3Q04	4Q04	ACUM	1Q05	2Q05	3Q05	4Q05	ACUM	% 4Q05 VS 3Q05
Interest Income	5,281	5,771	6,432	7,019	24,502	7,196	8,584	8,862	8,857	33,498	-
Interest Expense	3,284	3,637	3,908	4,301	15,130	4,430	5,370	5,744	5,596	21,140	(3%)
Loan Fees	169	120	125	172	586	95	131	145	201	572	39%
Fees Paid	21	23	23	25	91	25	27	34	30	116	(13%)
Net Interest Income (NII)	**2,145**	**2,231**	**2,625**	**2,865**	**9,867**	**2,836**	**3,318**	**3,228**	**3,433**	**12,814**	**6%**
Repomo-Margin	4	2	(22)	(53)	(69)	(24)	(8)	(26)	(36)	(95)	38%
NII after Repomo	**2,149**	**2,233**	**2,603**	**2,812**	**9,798**	**2,811**	**3,309**	**3,202**	**3,397**	**12,719**	**6%**
Loan Loss Provisions	112	298	333	355	1,098	216	355	458	293	1,322	(36%)
Loss Sharing Provisions	13	20	34	25	92	33	36	(10)	20	79	298%
NII after Provisions	**2,024**	**1,914**	**2,237**	**2,432**	**8,607**	**2,563**	**2,918**	**2,754**	**3,084**	**11,319**	**12%**
Fund transfers	60	49	46	42	197	37	48	49	54	188	10%
Account management	201	236	289	279	1,005	245	253	243	241	981	(1%)
Fiduciary	46	52	51	48	196	46	55	54	64	219	19%
Income from Loan Portfolios Acquired	181	153	209	162	704	285	153	714	256	1,409	(64%)
Electronic Banking Services	79	97	111	149	436	145	159	160	178	642	11%
Credit Card	293	321	322	274	1,210	249	261	277	311	1,099	12%
Fees from IPAB	93	102	149	77	422	80	62	(6)	55	190	978%
Other fees	155	126	74	120	474	128	124	115	130	497	13%
Fees on services,	**1,108**	**1,136**	**1,250**	**1,151**	**4,644**	**1,216**	**1,115**	**1,606**	**1,290**	**5,227**	**(20%)**
Fund transfers	-	-	-	-	-	2	2	2	3	10	17%
Other fees	134	129	110	119	492	115	119	127	152	513	19%
Expenses from Loan Portfolios Acquired	122	102	145	103	472	186	123	385	249	943	(35%)
Fees paid,	**256**	**231**	**255**	**222**	**964**	**304**	**245**	**515**	**404**	**1,467**	**(22%)**
Foreign exchange	133	160	65	43	401	61	39	101	101	301	-
Securities –Realized gains	290	(138)	43	149	344	53	488	90	(15)	616	(117%)
Securities- Unrealized gains	14	42	(31)	(10)	15	45	(44)	29	(3)	27	(110%)
Market-related Income	**436**	**64**	**77**	**182**	**760**	**158**	**483**	**220**	**83**	**944**	**(62%)**
Total Non Interest Income	**1,289**	**969**	**1,072**	**1,111**	**4,440**	**1,070**	**1,354**	**1,312**	**969**	**4,704**	**(26%)**
Total Operating Income	**3,313**	**2,883**	**3,309**	**3,543**	**13,048**	**3,632**	**4,272**	**4,066**	**4,053**	**16,023**	**-**
Personnel	1,101	1,039	1,281	1,009	4,430	988	1,020	1,033	1,034	4,075	-
Professional Fees	122	125	135	127	510	140	183	141	137	600	(3%)
Administrative and Promotion Expenses	637	620	658	594	2,509	646	620	778	738	2,783	(5%)
Rents, depreciation and amortization	400	385	372	406	1,563	363	363	337	323	1,387	(4%)
Taxes, other than income tax	163	151	113	9	436	104	81	99	84	369	(16%)
Contributions to IPAB	192	194	200	196	782	150	150	150	151	600	1%
Corporate expenses Recoveries	-	-	-	-	-	-	-	-	-	-	
Non-Interest Expense	**2,616**	**2,514**	**2,760**	**2,341**	**10,230**	**2,392**	**2,418**	**2,539**	**2,466**	**9,814**	**(3%)**
Operating Income	**697**	**369**	**549**	**1,203**	**2,817**	**1,241**	**1,854**	**1,527**	**1,587**	**6,209**	**4%**
Other Revenues	70	158	130	150	509	110	60	88	186	443	112%
Foreign exchange	-	-	-	-	-	-	-	-	-	-	-
Recoveries	23	212	29	36	300	35	1,207	46	37	1,325	(20%)
Repomo-other revenues	8	1	6	10	25	3	3	1	1	7	175%
Non Operating Income	**100**	**371**	**166**	**196**	**834**	**147**	**1,269**	**134**	**225**	**1,775**	**68%**
Other Expense	(122)	(82)	(112)	(108)	(424)	(77)	(309)	(34)	(67)	(487)	95%
Foreign exchange	-	-	-	-	-	-	-	-	-	-	-
Repomo-other Expenses	(131)	(8)	(97)	(146)	(383)	(32)	(12)	(45)	(134)	(223)	199%
Non Operating Expense	**(253)**	**(90)**	**(209)**	**(255)**	**(807)**	**(109)**	**(321)**	**(79)**	**(201)**	**(710)**	**154%**
Non Operating Income (Expense), net	**(153)**	**282**	**(43)**	**(59)**	**27**	**38**	**948**	**55**	**24**	**1,065**	**(57%)**
Pre-tax Income	**544**	**650**	**506**	**1,144**	**2,845**	**1,279**	**2,802**	**1,582**	**1,611**	**7,274**	**2%**
Income Tax	11	10	9	8	38	99	362	299	661	1,420	121%
Profit sharing	78	57	42	65	242	134	277	144	110	664	(24%)
Tax on Assets	10	10	7	7	33	9	8	8	(25)	-	(405%)
Deferred Inc. Tax and Profit sharing	2	15	27	212	255	117	146	(40)	(223)	(1)	461%
	100	**91**	**85**	**292**	**568**	**358**	**792**	**411**	**522**	**2,083**	**27%**
Net Income before subsidiaries	**444**	**560**	**421**	**852**	**2,277**	**920**	**2,010**	**1,172**	**1,089**	**5,191**	**(7%)**
Subsidiaries´ net income	74	24	24	60	181	83	12	67	58	220	(13%)
Net Income from continuos operations	**518**	**583**	**445**	**912**	**2,458**	**1,004**	**2,022**	**1,239**	**1,147**	**5,411**	**(7%)**
Extraodinary items, net	-	-	-	-	-	-	-	-	-	-	-
Minority Interest	-	-	-	-	-	-	-	-	-	-	-
TOTAL NET INCOME	**518**	**583**	**444**	**912**	**2,458**	**1,004**	**2,022**	**1,239**	**1,147**	**5,411**	**(7%)**

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

N.C.= Not comparable

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

	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05	% 4Q05 VS 3Q05
Cash and due from Banks	**31,987**	**35,281**	**33,526**	**40,264**	**35,628**	**39,493**	**35,686**	**38,736**	**9%**
Negotiable Instruments	5,587	6,076	6,662	10,649	4,965	6,186	3,931	8,650	120%
Securities held for sale	636	438	189	249	278	248	252	135	(46%)
Securities held to maturity	11,466	10,998	10,632	9,268	10,167	12,591	12,473	12,303	(1%)
Financial Instruments:	**17,689**	**17,512**	**17,484**	**20,166**	**15,410**	**19,025**	**16,657**	**21,088**	**27%**
Non-assigned securities to pay	7	52	-	-	-	-	-	-	-
Repurchase agreements, net	123	56	80	40	47	66	54	129	137%
Operations with collateral	-	-	-	-	-	-	-	-	-
Futures receivable, net	-	-	-	-	-	-	-	-	-
Options and derivatives, net	7	26	6	6	38	-	27	227	739%
Repos & Derivatives :	**137**	**133**	**87**	**46**	**85**	**66**	**81**	**355**	**337%**
Commercial	35,651	38,022	38,860	43,146	44,600	44,689	47,121	51,725	10%
Financial Intermediaries	3,224	3,383	3,429	1,121	1,609	3,029	3,440	3,652	6%
Consumer	10,161	10,900	11,346	11,741	12,239	13,429	14,510	15,510	7%
Mortgage	16,567	17,518	18,312	19,062	19,677	20,889	22,048	23,781	8%
Goverment Entities	82,480	79,949	78,940	19,116	18,506	13,150	13,397	15,177	13%
IPAB	7,186	7,250	7,234	7,150	7,176	7,148	2,575	161	(94%)
Fiduciary collection rights	-	-	-	-	-	-	-	-	-
Performing Loans	**155,26**	**157,02**	**158,12**	**101,33**	**103,80**	**102,33**	**103,09**	**110,00**	**7%**
Commercial	2,048	1,204	976	611	590	613	644	591	(8%)
Financial Intermediaries	-	-	-	-	-	-	-	-	-
Consumer	507	449	527	349	336	370	379	412	9%
Mortgage	1,281	1,348	1,392	844	831	776	783	767	(2%)
Goverment Entities	9	16	15	13	9	-	-	-	-
Past Due Loans	**3,845**	**3,018**	**2,910**	**1,817**	**1,766**	**1,760**	**1,806**	**1,770**	**(2%)**
Total Loans	**159,11**	**160,04**	**161,03**	**103,15**	**105,57**	**104,09**	**104,89**	**111,77**	**7%**
Preventive loan loss reserves	4,889	3,939	3,723	2,772	2,723	2,846	3,031	2,967	(2%)
Net Loan Portfolio	**154,22**	**156,10**	**157,30**	**100,38**	**102,85**	**101,24**	**101,86**	**108,80**	**7%**
Credit Assets Portfolio	2,083	1,991	1,820	2,212	1,946	1,815	3,036	3,233	6%
Sundry debtors and other assets,net	3,262	3,964	3,495	2,730	4,814	7,652	8,457	2,412	(71%)
Foreclosed assets, net	1,107	1,105	998	376	423	417	503	446	(11%)
Real Estate, Furniture & Equipment, net	5,424	5,283	5,112	5,464	5,288	5,040	4,951	5,041	2%
Investments in subsidiaries	1,607	1,608	1,575	1,407	1,484	1,478	1,522	1,272	(16%)
Deferred taxes	1,135	1,112	1,080	759	722	385	422	463	10%
Deferred charges & Intangibles	863	810	767	1,113	968	838	694	751	8%
UDIS Mortgage loans reserve coverage	-	-	-	-	-	-	-	-	-
Other Assets	**15,481**	**15,873**	**14,847**	**14,030**	**15,646**	**17,625**	**19,587**	**13,618**	**(30%)**
TOTAL ASSETS	**219,518**	**224,901**	**223,253**	**174,889**	**169,619**	**177,458**	**173,876**	**182,607**	**5%**

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

	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05	% 4Q05 VS 3Q05
Demand Deposits	66,284	68,216	68,209	67,269	65,145	67,977	66,195	76,086	15%
Time Deposits	104,569	109,624	102,609	65,073	58,382	57,677	62,347	61,460	(1%)
Bonds	-	-	-	-	-	-	-	-	-
Deposits	**170,85**	**177,84**	**170,81**	**132,34**	**123,52**	**125,65**	**128,54**	**137,54**	**7%**
Demand	6,348	3,638	5,666	4,748	1,291	2,367	1,267	2,564	102%
Short term	5,797	9,081	8,126	4,117	5,554	6,593	2,717	2,560	(6%)
Long term	11,139	10,647	10,296	10,784	10,290	10,404	10,292	9,999	(3%)
Due to banks and correspondents	**23,284**	**23,366**	**24,089**	**19,649**	**17,134**	**19,364**	**14,276**	**15,123**	**6%**
Non-assigned securities to pay	8	30	-	-	-	-	-	-	-
Repurchase agreements, net	65	31	92	72	66	134	375	305	(19%)
Operations with collateral	-	-	-	-	-	-	-	-	-
Futures receivable, net	-	-	-	-	-	-	-	-	-
Options and derivatives, net	4	-	3	8	2	8	6	199	3,355%
Repos & Derivatives:	**77**	**61**	**95**	**80**	**69**	**142**	**381**	**504**	**32%**
Income Tax & Profit Sharing	215	144	201	249	274	873	1,139	1,664	46%
Other Payable accounts	4,870	4,238	8,459	3,224	8,180	9,373	6,249	4,360	(30%)
Other payable accounts	**5,085**	**4,382**	**8,660**	**3,473**	**8,455**	**10,247**	**7,388**	**6,024**	**(18%)**
Subordinated non Convertible Debenture	6,548	4,979	4,877	4,744	4,718	4,672	4,637	4,554	(2%)
Deferred Taxes	-	-	-	-	-	-	-	-	-
Deferred credits	68	73	62	64	61	54	95	86	(10%)
TOTAL LIABILITIES	**205,915**	**210,701**	**208,600**	**160,352**	**153,963**	**160,133**	**155,320**	**163,837**	**5%**
STOCKHOLDER´S EQUITY									
Paid-in Capital	6,138	6,138	6,139	6,138	6,138	6,139	6,138	9,938	62%
Share subscription premiums	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	-
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-	-
Subscribed Capital	**7,205**	**7,205**	**7,205**	**7,205**	**7,205**	**7,205**	**7,205**	**11,005**	**53%**
Capital Reserves	2,916	3,124	3,124	3,084	3,084	3,328	3,328	3,150	(5%)
Retained Earnings	5,900	5,693	5,693	4,673	7,282	7,039	7,038	2,587	(63%)
Surplus (Deficit) from securities	152	182	240	288	261	(96)	(90)	(93)	3%
Results of foreign operations exchange	-	-	-	-	-	-	-	-	-
Excess (Insuf.) in capital restatement	(2,569)	(2,567)	(2,568)	(2,574)	(2,571)	(2,571)	(2,570)	(2,574)	-
Non Mon assets results Fixed Assets	12	12	12	12	12	12	12	12	-
Non Mon assets results Investm	(233)	(251)	(299)	(310)	(321)	(317)	(331)	(429)	30%
Adjustment in the employees pension	-	-	-	-	-	-	-	-	-
Accumulated Deferred tax effect	(301)	(301)	(301)	(301)	(301)	(301)	(301)	(301)	-
Net Income	518	1,101	1,546	2,458	1,004	3,025	4,264	5,411	27%
Earned Capital	**6,398**	**6,995**	**7,447**	**7,331**	**8,450**	**10,119**	**11,351**	**7,764**	**(32%)**
Minority Holdings	1	1	1	1	1	1	1	1	3%
Total Stockholder´s Equity	**13,603**	**14,200**	**14,653**	**14,537**	**15,656**	**17,325**	**18,556**	**18,770**	**1%**
TOTAL LIABILITIES &	**219,518**	**224,901**	**223,253**	**174,889**	**169,619**	**177,458**	**173,876**	**182,607**	**5%**

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

	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05	% 4Q05 VS 3Q05
Signature guarantees granted	35	65	64	62	62	61	60	27	(56%)
Other contingent obligations	16,277	13,470	13,169	8,447	3,627	1,168	1,153	1,137	(1%)
Irrevocable lines of credit	1,434	1,485	1,801	2,360	2,192	1,913	1,731	2,170	25%
Assets held in trust and mandate	93,193	89,357	74,700	63,234	68,011	66,663	67,837	67,776	-
Assets held in custody or in administration	118,173	122,879	114,207	75,037	71,864	74,099	77,772	79,631	2%
Investment banking transactions for third	56,413	66,298	66,218	82,985	101,612	112,061	106,619	89,945	(16%)
Engaged amounts in fobaproa operations	7,901	8,203	4,607	431	648	942	786	598	(24%)
Investment of retirement saving funds	-	-	-	-	-	-	-	-	-
Integration of loan portfolio	-	-	-	-	-	-	-	-	-
Received amounts in derivative instruments	11,060	18,371	26,116	27,869	247,708	40,355	-	-	-
Fobaproa trusts	-	-	-	-	-	-	-	-	-
Securities to be received	102,635	85,492	95,895	119,056	141,095	167,745	204,047	209,296	3%
(Less) payable for reversal	(102,563	(85,472)	(95,962)	(119,065)	(141,126	(167,794	(204,344)	(209,535	3%
Receivables for reversal	38,306	18,618	55,341	27,886	18,747	16,834	44,470	49,601	12%
(Less) securities to be delivered	(38,321)	(18,614)	(55,265)	(27,909)	(18,736)	(16,854)	(44,494)	(49,538)	11%
Other control accounts	-	-	-	-	-	-	-	-	-
	304,543	**320,154**	**300,870**	**260,394**	**495,705**	**297,192**	**255,636**	**241,108**	**(6%)**

Annex 6. Notes to Grupo Financiero Banorte Financial Statements

Financial Instruments and Valuation Effects 4Q05

NEGOTIABLE INSTRUMENTS	BOOK VALUE	INTEREST	MARKET VALUE	UNREALIZED GAIN (LOSS)
Goverment Securities	999	18	1,018	1
Banking Securities	5,626	31	5,656	(1)
Private	308	3	315	3
Banks paper	106	-	106	-
UMS	-	-	-	-
Commercial Paper	1,861	-	1,864	3
Shares listed in the SIC	7	-	8	1
Guarantee (collateral) for futures	1	-	1	-
Mutual Funds	25	-	25	-
Swap of Coverage purposes	1	-	1	-
Total	**8,936**	**52**	**8,995**	**7**
SECURITIES HELD FOR SALE				
Goverment Securities	-	-	-	-
Mexican Government Securities (UMS)	-	-	-	-
Bonds public company	19	-	28	9
Eurobonds	-	-	-	-
Banks paper	106	1	107	-
Structured note	-	-	-	-
Swap of Coverage purposes	-	-	-	-
Total	**125**	**-**	**135**	**9**
SECURITIES HELD TO MATURITY				
Special Cetes	570	10	580	-
Trust Bonds	-	-	-	-
Fiduciary Rights	33	-	25	(8)
Bonds	-	-	-	-
Mexican Government Securities (UMS) (US Dollars)	7,658	245	7,903	-
Mexican Government Securities (UMS) (Euros)	827	42	869	-
PEMEX (Euros)	548	13	561	-
PEMEX (dlls)	3,341	24	3,365	-
Eurobonds	-	-	-	-
Bonos Strip	121	-	122	-
Swap of Coverage purposes	(871)	(251)	(1,122)	-
Total	**12,227**	**84**	**12,303**	**(8)**
TOTAL	**21,288**	**136**	**21,433**	**8**

Repurchase Agreement Operations 4Q05
(Millions of Pesos)

SALES	MARKET VALUE			FINANCIAL STATEMENT INDIVIDUAL COMPENSATION	
	RECEIVABLES ON REPURCHASE AGREEMENT	SECURITIES TO BE DELIVERED	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE
Goverment Securities	169,603	169,830	(226)	56	282
Banking Securities	17,588	17,595	(7)	1	8
Private Securities	52,634	52,663	(29)	3	32
Total	239,825	240,087	(262)	61	323

PURCHASE	MARKET VALUE			FINANCIAL STATEMENT INDIVIDUAL COMPENSATION	
	SECURITIES TO BE RECEIVED	PAYABLES ON REPURCHASE AGREEMENT	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE
Goverment Securities	41,761	41,693	(69)	79	10
Banking Securities	5,886	5,884	(2)	2	-
Private Securities	23,444	23,429	(14)	15	1
Total	71,091	71,006	(85)	96	11
			Balance	156	334

Derivative Financial Instruments Operations 4Q05
(Millions of Pesos)

INSTRUMENT	TO RECEIVE	TO DELIVER	NET
FORWARDS			
Over INC	21	(21)	-
FORWARD CONTRACT WITH FOREIGN CURRENCIES			
Market Value	(11)	10	-
Agreed Price	34	(33)	1
SWAPS			
Interest rate	73	(74)	-
Valuation	325	(288)	36
OPTIONS WITH FOREIGN CURRENCIES			
Actives			
Swaptions	1	-	2
Rate Options	188	1	189
Index Options (ipc)	247	(6)	241
Passives			
Swaptions	(10)	(5)	(15)
Currency Options	-	-	-
Rate Options	(179)	(4)	(183)
Index Oprions (ipc)	(253)	5	(248)
Debt Balance			**468**
Creditor Balance			**(447)**

NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 4Q05

(Millions of Pesos)

PRODUCT	KIND	UNDERLYING	CURRENCY	POSITION
Forwards of Foreign Currency	Purchases	Exchange Rate (Dolar)	MXN	11
Forwards of Foreign Currency	Sells	Exchange Rate (Dolar)	MXN	35
				46
Options with Foreign Currency	Purchases	Exchange Rate (Dolar)	MXN	-
Options with Foreign Currency	Sells	Exchange Rate (Dolar)	MXN	11
				11
Rate Options	Purchases	TIIE	MXN	3,915,000
Rate Options	Sells	TIIE	MXN	3,899,100
				7,814,100
Swaps with Rate	USLI/IRS	TIIE	MXN	10,620
Swaps with Rate	TIIE/IRS	TIIE	MXN	1,000
				11,620
Swaps with Rate	USLI/IRS	LIBOR	MXN	875
Swaps with Rate	TIIE/IRS	TIIE	MXN	31,607
				32,482
Swaps with Foreign Currency	TIIE-EU/CS	TIIE	MXN	1,321
Swaps with Foreign Currency	TIIE-US/BS	TIIE	MXN	2,127
Swaps with Foreign Currency	TIIE-US/CS	TIIE	MXN	8,480
Swaps with Foreign Currency	TIIE-US/CS	TIIE	MXN	1,063
Swaps with Foreign Currency	IMPL-US/CS	IMPLICITA	MXN	2,184
				15,175
Forwards in MEXDER	Compras	TASA	MXN	105,595
Forwards in MEXDER	Venta	TASA	MXN	-
				105,595

Non-governmental Financial Instruments above by 5% of Net Capital 4Q05

(Millions of Pesos)

INDUSTRY	INVESTMENT INSTRUMENT	AMOUNT	% NET CAPITAL
BANSAN	Term Deposits	1,301	6%

Loan Portfolio

(Million of Pesos)	LOCAL CURRENCY(*)		FOREIGN CURRENCY		TOTAL	
	4Q04	4Q05	4Q04	4Q05	4Q04	4Q05
Performing Loans						
Commercial	40,041	49,285	7,727	8,571	47,768	57,856
Financial Intermediaries	173	1,161	238	804	411	1,964
Consumer	11,739	15,510	3	1	11,742	15,511
Mortgages	19,062	23,781	-	-	19,062	23,781
Goverment Entities	18,501	14,695	657	522	19,158	15,216
Fobaproa	7,150	161	-	-	7,150	161
Total	**96,666**	**104,594**	**8,624**	**9,897**	**105,291**	**114,491**
Past Due Loans						
Commercial	578	595	73	77	651	671
Financial Intermediaries	-	-	-	-	-	-
Consumer	349	412	-	-	349	412
Mortgages	844	767	-	-	844	767
Goverment Entities	13	-	-	-	13	-
Total	**1,783**	**1,774**	**73**	**77**	**1,857**	**1,851**
Total Propietary Loans	**98,450**	**106,368**	**8,697**	**9,974**	**107,147**	**116,341**

(*) Includes valued UDIS
Note: There is no scheme for Mortgage Earnings.

Cost and Balances of FINAPE, FOPIME, Mortgage UDIS and Mortgage FOVI loan portfolios as of 4Q05

(Millions of Pesos)	TOTAL	
	PERIOD COST	BALANCE LOAN PORTFOLIO
FINAPE	1.5	5.1
FOPYME	1.7	1.8
Mortgage UDIS	58.4	112.6
Mortgage FOVI	56.6	68.6
	118.0	**188.2**

The quarter ending with a balance of Ps 188 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.

Troubled Portfolio 4Q05

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	1,260
Total Loans	116,341
Troubled Portfolio / Total Loans	**1.1%**

Fobaproa

(Millions of Pesos)	REMAINING CONTINGENCIES LOSS(1) SHARING	INCENTIVE(1) SCHEME
Gross Fobaproa notes balance	1,732	1,732 (2)
- Cash recoveries	11	11 (2)
Repossessed assets	-	-
= Balance net of recoveries	1,721	1,721
Contingency before reserves	1,212	358
- Reserves	1,212	358
= Remaining contingencies	**-**	**-**

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

Banorte provisioned Ps 20 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.

IPAB Notes Integration 4Q05

(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	1,732	-	13	(1)	-	-	-	1,745
- Checking account balance	13	-	-	(1)	-	-	-	13
- Reserves	1,212	-	-	358	-	-	-	1,570
= Net Balance	507	-	13	(358)	-	-	507	161
Interest Rate	CETES 91–1.35	-	CETES 91	N.A.	N.A.	-	-	
Maturity	2005/2006	-	2006	2006	N.A.	-	-	
Remaining Contingencies	-0-	-	No exist	-0-	No exist	-	-	

1) Ps 1,732 and Ps 11, 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 following list:

FOBAPROA NOTES	YEAR	ORIGIN
BANORTE		
LOSS SHARING	1995-1996	Sale of Loans to Fobaproa
WITHOUT RISK	1996	Sale of Loans to Fobaproa
BANPAIS	1996-1997	Reorganization
SIMPLE CREDIT	2000	Reorganization
BANCRECER	1999	Reorganization (Securitized in 4Q04)

SIGNIFICANCE IN BANORTE BALANCE

	1997	1998	1999	2000	2001	2002	2003	2004	2005
% Total Loans	70.9%	64.6%	63.5%	58.7%	55.5%	55.7%	50.8%	12.4%	0%
% Total Assets	60.6%	53.5%	43.7%	46.7%	44.5%	43.5%	36.5%	7.3%	0%

Deferred Taxes 4Q05

(Millions of Pesos) ASSETS	ISR	PTU	NET
Tax loss carryforwards	117	-	117
Non deductible provisions and accumulative income	152	50	202
Obligations FOBAPROA, Net	455	-	455
Excess of accunting value over fiscal value on Reposessed Assets	237	83	320
Diminishable profit sharing	187	-	187
Past-due loan reserves	16	-	16
Share dealing loss 2000,2001,2002 and 2003	-	-	-
Tax on Assets to recover	-	-	-
Installation expenses	9	-	9
Effects of financial instrument appreciation	-	-	1
Taxes on Assets to recover	2	-	2
Total Assets	**1,175**	**133**	**1,308**
LIABILITIES			
Accrued interest and inflationary component of Fixed Assets, Foreclosed, Intangible & Others	(153)	-	(153)
Loan Portfolio Acquisitions	(393)	(136)	(528)
Capitalizable projects	(75)	(26)	(101)
Income tax to pay on UDIS Trust funds	(26)	-	(26)
Expenses paid in advance	(6)	-	(6)
Effects of other accounts	(4)	(1)	(5)
Sale Cost Revers	(18)	-	(18)
Organization and Recording Expenses & Installation Expenses	(44)	-	(44)
Unrealized capital gain from investments in siefore	(26)	-	(26)
Total liabilities	**(743)**	**(163)**	**(905)**
Assets (Liabilities) Accumulated Net	**433**	**(30)**	**403**

Long term debt as of 4Q05

TYPE OF DEBT BANORTE	CURRENCY	DATE OF ISSUE	AMOUNT (Ps)	ORIGINAL AMOUNT (Millons Ps, Dls o UDIS)	TERM	INTEREST RATE	MATURITY	INTEREST PAYMENT
CD's- Banorte U01001	UDIs	11-Ene-01	329	90	10 years	8.13%	30-Dic-10	E/182 days
Non Convertible Subordinate Bonds QBanorte 02D	Ps	28-Nov-02	1,190	1,136	10 years	8.00%	28-Nov-12	E/182 days
Certificados – Banorte 03004	Ps	27-Ene-03	100	100	3 years	TIIE-0.45%	10-Jul-06	E/28 days
Certificados – Banorte 05006	Ps	7-Sep-05	55	55	1 year	TIIE-0.16%	6-Sep.06	E/28 days
Step-Up Subordinated Callable Notes Due 2014	Dls	17-Feb-04	3,283	300	10 years	5.875 %	17-Feb-14	E/180 days

Bank and Other entities loans as of 4Q05

(Millions of Pesos)	LOCAL CURRENCY	INTERE ST RATE	TERM (DAYS)	FOREIGN CURRENCY	INTEREST RATE	TERM (DAYS)	TOTAL
LOANS FROM LOCAL BANKS	-	-	-	1,196	L+6	544	1,196
LOANS FROM FOREIGN BANK CONCERTED FROM THE COUNTRY	-	-	-	614	L+1.2	1,288	614
LOANS FROM FOREIGN BANK CONCERTED FROM CAYMAN	-	-	-	320	4.87	487	320
LOANS FROM DEVELOPING BANKS	2,855	9.71%	725	216	8.97%	1369	3,071
LOANS FROM PUBLIC FUNDS	9,076	7.94%	692	201	5.39%	509	9,277
LOANS FROM BANKS	457	8.66	10	-	-	-	457
CALL MONEY	1,471	8.24	3	-	-	-	1,471
LOANS FROM FIDUCIARY FUNDS	3,076	9.77%	5643	-	-	-	3,076
PROVISIONS FOR INTEREST	86	N.A	N.A	-	-	-	86
	17,021			**2,547**			**19,570**

Trading Income 4Q05

(Millions of Pesos)

VALUATION EFFECTS	NET
Negotiable Instruments	8
Repurchase	(4)
Derived instruments	8
Futures	1
Securities loans	-
Range	-
Inflation Adjustment	1
Total	**14**
RESULTS FROM BUYING AND SELLING	
Negotiable Instruments	360
Securities Held for Sell	316
Derived for coverage purposes	61
Inflation Adjustment	-
Total of Buying and Selling Instruments	**738**
FX Spot	265
FX Forwards	4
FX Futures	-
FX Futures TIIE	-
Forwards	1
Trading currencies securitization	(5)
Gain from metal intermediation	2
Metals Valuation	3
Total of Foreign Exchange	**270**
Inflation Adjustment	**15**
Total of Buying and Selling	**1,023**
TOTAL TRADING INCOME	**1,037**

Risk Management

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

The Banks of the Group separate the loan portfolio into two large groups: consumer loans and company loans.

The individual loan risk for consumer loans is identified, measured and controlled by a parametric system (scoring) that includes origination and behavior models for each of the consumer products: mortgage, car, payroll loans and credit cards.

The individual risk for company loans is identified, measures and controlled by the Target Markets, Risk Acceptance Criteria and Banorte's Internal Risk Qualification (CIR).

The Target Markets and Risk Acceptance Criteria are tools that, along with the Internal Risk Qualification, are part of GFNorte's Loan Strategy and give support to loan risk level estimation.

The Target Markets are activities selected by region and economic activity – backed by economic research and loan behavior analysis – where Banorte is interested in placing loans.

The Risk Acceptance Criteria are parameters that describe the risk identified by the industry, which makes it possible to estimate the risk involved for the bank when granting a loan to customer on the bases of their economic activity. The types of risk contemplated in the Risk Acceptance Criteria are financial risk, operation risk, market risk, company life cycle, legal, regulatory, loan experience and management quality.

Banorte's CIR aligns with the "general PROVISIONS applicable to the loan qualification method of loan institution" issued by the CNByV on August 20, 2004. Banorte's CIR was certified by the CNBV and by an international external auditor in 2001.

Banorte's CIR is applied to commercial loans equal to or greater than an amount in Mexican pesos equivalent to nine hundred thousand investment units on the qualification date.

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 the Banks (including 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 the Banks calculate from the migration of the debtors through different risk qualification levels. The *recovery ratio* is the percentage of total exposure that is estimated to be recovered if the debtor fails to comply. The *classification of the debtor*, based on the Merton model, associates 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, which is used to measure the following year's expected loss due to non-compliance or variations in debtors' credit quality. This unexpected loss is an indicator of the loss that could be expected in extreme scenarios and is measured as the difference between the maximum loss given the distribution of losses, at a specific reliability level that in the case of the Banking Sector is 95%, and the expected loss.

The results obtained are used as a tool for better decision-making in granting loans and in the diversification of the portfolio, according to the Banks' 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.

By December 31, 2005, the Banking Sector's total portfolio was Ps 111,458 million. The expected loss represents 1.9% and the unexpected loss is 4.0% with respect to the total portfolio. The average expected loss is 2.0% during the period between October and December 2005.

General rules for risk diversification in asset and liability operations applicable to loan institutions

In March 2003, the COMMISSION issued the "General Rules for Risk Diversification in asset and liability operations applicable to loan institutions". Such rules are mandatory as of the business year of 2003.

According to these provisions, the Banks shall make an analysis of the debtors and/or financings they have to determine the amount of their "Common Risk". Additionally, the Banks should have the necessary information and documentation to prove that a person or group of persons represents a common risk as per the cases referred to in the aforementioned Rules.

Upon granting financings to the same person or group of persons that represent a "Common Risk", the banks shall adjust to the maximum Financing limit that is the result of applying to the basic capital a factor that is associated with the Banks' capitalization level.

On the other hand, regarding public deposits, the Banking Sector shall diversify its risks, trying to make a proper integration of its liabilities in terms of the placement of the deposited funds.

In compliance with the risk diversification rules in asset and liability operations, Banco Mercantil del Norte submits the following information:

Basic capital by September 30, 2005	$13,747
I. Financings whose individual amount represents more than 10% of the basic capital:	
Credit operations	
– Number of financings	3
– Total amount of financings	$3,863
– % vs. basic capital	28%
Money Market operations	
– Number of financings	9
– Total amount of financings	$18,059
– % vs. basic capital	131%

II. Maximum amount of financing with the 3 major
Common Risk debtors and groups — $8,812

Banco del Centro submits the following information:
Basic capital by September 30, 2005 — $3,794

I. Financings whose individual amount represents more than 10% of the basic capital:

Credit operations

– Number of financings	0
– Total amount of financings (i)	$0
– % vs. basic capital	0%

Money Market operations

– Number of financings	2
– Total amount of financings (i)	$1,104
% vs. basic capital	29%

II. Maximum amount of financing with the 3 major
Common Risk debtors and groups — $2,059

Market Risk

Value at Risk

The exposure to market risk is determined by calculating Value at Risk (VaR). VaR, in this method, is defined as the potential loss for one day that could affect the loan portfolio valuation at a certain date. This method is used for calculating the market risk as well as for setting and controlling the internal limits.

The Banking Sector of Grupo Financiero Banorte, S.A. and the Brokerage House applies the non-parametric historical simulation method to estimate the Value at Risk (VaR), considering a two-tail 99% reliability level, using the 500 immediate historical scenarios, multiplying the result by a safety factor that insures covering the unexpected volatility in the main risk factors that affect such portfolios and which is established according to the their behavior.

This method is applied to the financial instrument portfolio in and outside the balance, including money market and treasury operations, capital, foreign exchange and derived instruments for negotiation and coverage purposes, that are exposed to variations in risk factors that can have a direct effect on their market valuation (domestic interest rates, foreign interest rates, exchange rates, among others).

The average VaR for the October-December 2005 quarter for the portfolio is Ps 333 million.

Millions of Pesos	4Q04	1Q05	2Q05	3Q05	4Q05
Total VaR*	250	273	298	372	333
Net Capital **	18,108	19,150	20,331	21,763	22,411
VaR / Net Capital	1.38%	1.43%	1.47%	1.71%	1.49%

* Quarter Average of Banking Sector and Brokerage House
*** Net capital at the close of the corresponding quarter
**** Net capital of the Banking Sector is the arithmetic sum of the net capitals of Banking Sector and Brokerage House.

Moreover, the average Value at Risk per risk factor of the portfolio of instruments described for the Banking Sector and Brokerage House, during the fourth quarter of 2005 is shown below:

Millions of Pesos

Risk Factor	VaR
Domestic interest rate	273
Foreign interest rate	233
Exchange rate	187
Capitals	4
Prices of Bonds in Foreign Currency	162
Total VaR of Banking Sector and Brokerage House	332

The VaR for each of the risk factors shown is determined by simulating 500 historical scenarios of the variables that make up each of such factors, maintaining constant the variables that affect the other risk factors mentioned above. Similarly, the consolidated Value at Risk for the Banking Sector and Brokerage House considers the correlations of all the risk factors that affect portfolio valuation. That is why the arithmetic sum of the Value at Risk per Risk Factor does not match.

Backtesting Analysis

In order to validate the daily VaR calculation measurement effectiveness, as a measure of market risk, the Backtesting analysis is updated weekly. This analysis makes it possible to compare the results estimated by VaR with the actual results.

Sensitivity and Testing Analysis under Extreme Conditions

In order to enhance the analysis and get the impact that the risk factor movements had on positions, a sensitivity-and-testing analysis under extreme conditions is made periodically. These analyses make it possible to prevent situations in which the Institution could suffer extraordinary losses in the valuation of the financial instruments in place.

Liquidity Risk and Balance

In response to the Banking Sector's need to measure Liquidity Risk and to have consistent follow-up, the Banks us financial ratios, such as the Liquidity Ratios (Liquid Assets / Liquid Liabilities). Liquid Assets include availabilities, securities to negotiate and securities available for sale. Liquid Liabilities include demand deposits, demand interbanking loans and short-term interbanking loans.

For liquidity risk quantification and follow-up, the Banking Sector uses for the dollar portfolios, the criteria that the Bank of Mexico established for developing the Liquidity Coefficient, which makes it possible to evaluate the differentials between asset and liability flows in different periods of time. This promotes a healthier distribution of terms for these assets.

Moreover, to prevent the risk of concentrating terms and re-appreciation date for each of the Banks in the Banking Sector, a Gap Analysis is made to face the resources with sources of funding, detecting any concentration in advance. These analyses are made separately per currency (domestic, foreign, and udis).

Additionally a balance simulation analysis is made for each of the Banks in the Banking Sector. It is used to evaluate the future behavior of the Balance Sheet in a statistic and dynamic manner. An analysis of sensitivity to changes in domestic, foreign and actual rates is made on the base scenario. Tests are also made under extreme condition to evaluate the result of extreme changes in rates, funding and the exchange rate.

As a measure of the evaluation effectiveness of the simulation model, projections are periodically compared with actual data. These tests make it possible to evaluate the assumptions and the method used, and to make any necessary adjustments.

Operational Risk

In January 2003, the Bank Sector of Grupo Financiero Banorte created a formal Operational Risk Department, known as Operational Risk Management Office (ARO for its acronym in Spanish), as part of the Risk Management Office. The latter department developed a master implementation plan (2004 – 2007) pursuant to local authority requirements, and the plan was approved by the Risk Policy Committee (CPR for its acronym in Spanish). In general, the plan covers institutional management of Operational Risk, records dealing with losses and calculation of Operational Risk capital requirements.

The master plan consists of the following phases:

a. Close coordination with Comptrollership, Internal Audit and Risk generating areas,

b. Identification of main sources of information,

c. Creation of database,

d. Definition of the type of software for Operational Risk Management and for calculating Op VaR,

e. Acquisition or development of software,

f. Implementation of software and testing, and

g. Development of reports through the Managerial Information System.

As the cornerstone of Operational Risk Management, and considering the II Agreement of Basel, events that imply an actual or potential economic loss are being recorded in order to have the bases to calculate the Op VaR according to the Advanced Method (AMA) recommended in Basel II.

The Operational Risk Office works together with the Internal Audit and Comptrollership Offices in order to promote and provide assistance on achieving the goals of the former two, to wit: having effective Internal Controls that establish process procedures and ensure process compliance, and ongoing Audit oversight. Moreover, the ARO works closely with the Business, Systems and Operations Departments to develop strategies that mitigate operational risk.

Management Model

The banks of Grupo Financiero Banorte have well-defined objectives that are reached through different plans, programs and projects. Reaching these objectives may be affected by operating risks. Therefore it is necessary to have a methodology to manage them within the organization and the operational risk management is now a definite institution policy that has top management backing.

To carry out Operational Risk Management, it is essential to identify each of the operating risks in the processes in order to analyze them properly. Thus, the identified risks are managed in order to eliminate or mitigate them (trying to reduce their severity or frequency) and defining the corresponding tolerance levels. At present, the development of an Institutional Operational Risk Management Model is underway. The first step is to record operational risk events.

Record of Events

Given the nature of Operational Risk, it is necessary to have an historical Database that contains operating events in which the institution has incurred to be able to determine the trends, frequency, impact and distribution.

To record operating loss events, an in-house system was developed. It is called the “Operating Loss Events Recording System” (SCERO). This system enables the central information supplying areas to record these events directly and on-line. The events are classified per Type of Event according to the following categories (in keeping with those proposed by Basel II):

Types of Events	Description
Internal Fraud	Acts intended to defraud, usurp the property or avoid the regulation, law or policies of the Institution that involve at least one internal party.
External Fraud	Acts, by a third party, Acts intended to defraud, usurp the property or avoid the law.
Labor Relations	Acts that inconsistent with the laws or agreements of employment, health or safety, or that result in payment of claims for personal damage or regarding discrimination issues.

Practices with Clients	Negligent or unintentional faults that hinder compliance with the professional obligations with clients, or faults derived from the nature or design of a product or service.
Damage to Assets	Loss or damage to physical assets due to natural disasters or other events.
System Failures	Interruption of business activities because of information system failures.
Execution, Delivery & Processes	Failures in processing transactions or in process management and in relationships with counterparts and suppliers.

Technological Risk

As Technological Risk is an inherent part of Operational Risk, they are managed together. The area of Technology and Operations performs the functions established by the CNBV for Technological Risk Management issues associated with the establishment of controls, vulnerability evaluation and contingency plans.

To face Operational Risk caused by high-impact external events, the banks of Grupo Financiero Banorte are working on a project to enhance their Business Continuity Plan (BCP) and their Business Recovery Plan (BRP). The project leader is the Executive Directorship of Comptrollership because of its relationship with processes, procedures and compliance. However, other fundamental areas participate: Technology and Operations, Business, and the ARO Directorship. Despite the above, we still have the services of an outside provider, of international renown, to backup the business' critical systems, guaranteeing operation continuity in the event of contingency or disaster.

Legal Risk

As part of the Leal Risk management, a detailed record is kept on judicial, administrative and fiscal issues (in favor of or against) the Institution. This record includes the attorneys' estimation of the contingencies based on their knowledge of each case. This makes it possible to create the necessary accounting reserves to face such contingencies.

It is essential to measure the Legal Risk as part of Operational Risk in order to understand and estimate its impact. Therefore, the legal issues that result in actual operating losses are recorded in the SCERO, according to a predefined taxonomy.

Based on the statistics of the legal issues underway and the actual loss events, it is possible to identify specific legal or operating risks, which are analyzed to eliminate them or mitigate (reduce or limit future occurrence) their impact.

Information by Segments

GFNORTE – INCOME STATEMENT AS OF 2005 *(Millions of Pesos)*

	Holding	Banorte	Bancen	okerag	Leasing	actorin	Wareho sing	Pronegc cio	Total	Eliminatio ns	Final Balance
Interest Income	7	33,205	1,848	3,138	416	339	5	69	39,027	(4,268)	34,758
Interest Expense	-	21,269	1,369	2,992	195	210	3	10	26,047	(4,237)	21,810
Loan Fees	-	564	-	-	-	-	-	-	564	-	564
Fees Paid	-	114	-	-	-	-	-	4	118	-	118
Net Interest Income (NII)	**7**	**12,38**	**479**	**146**	**221**	**129**	**2**	**55**	**13,42**	**(31)**	**13,394**
Repomo-Margin	(2)	(7)	(110)	(10)	(9)	(9)	2	(1)	(147)	-	(147)
NII after Repomo	**5**	**12,37**	**369**	**136**	**212**	**120**	**4**	**54**	**13,27**	**(31)**	**13,248**
Loan Loss & Loss Sharing Provisions	-	1,365	35	-	22	14	-	9	1,446	-	1,446
NII after Provisions	**5**	**11,01**	**334**	**136**	**189**	**106**	**4**	**45**	**11,83**	**(31)**	**11,802**
Fees on services,	-	4,420	1,823	346	10	11	20	-	6,631	(1)	6,629
Fees paid,	-	985	505	-	1	10	-	-	1,500	(1)	1,498
Market-related Income	-	922	22	93	-	-	-	-	1,037	-	1,037
Total Non Interest Income	**-**	**4,357**	**1,341**	**439**	**10**	**1**	**20**	**-**	**6,169**	**-**	**6,169**
Total Operating Income	**5**	**15,37**	**1,675**	**576**	**199**	**107**	**24**	**45**	**18,00**	**(31)**	**17,971**
Non-Interest Expense	**1**	**9,690**	**803**	**475**	**141**	**24**	**13**	**68**	**11,21**	**(100)**	**11,116**
Operating Income	**4**	**5,681**	**872**	**100**	**58**	**83**	**11**	**(23)**	**6,785**	**69**	**6,855**
Non Operating Income	7	1,734	41	5	24	10	1,150	-	2,971	(71)	2,900
Non Operating Expense	1	688	22	1	3	-	1,145	1	1,861	2	1,859
Non Operating Income (Expense)NET	**6**	**1,047**	**19**	**4**	**22**	**10**	**5**	**(1)**	**1,110**	**(69)**	**1,041**
Pre-tax Income	**10**	**6,728**	**891**	**104**	**79**	**93**	**16**	**(24)**	**7,896**	**-**	**7,896**
Tax and Profit sharing	**8**	**2,066**	**134**	**34**	**-**	**26**	**3**	**(6)**	**2,264**	**-**	**2,264**
Net Income before subsidiaries	**2**	**4,662**	**757**	**70**	**79**	**67**	**13**	**(18)**	**5,631**	**-**	**5,631**
Subsidiaries´net income	5,717	82	43	5	-	-	-	-	5,846	(5,443)	403
Net Inc. from continuos operations	**5,719**	**4,743**	**800**	**74**	**79**	**67**	**13**	**(18)**	**11,47**	**(5,443**	**6,035**
Extraodinary items, net	-	-	-	-	-	-	-	-	-	-	-
Minority Interest	-	-	(132)	-	-	-	-	-	(132)	(184)	(316)
TOTAL NET INCOME	**5,719**	**4,743**	**668**	**74**	**79**	**67**	**13**	**(18)**	**11,346**	**(5,627)**	**5,719**

GFNORTE - BALANCE SHEET AS OF 2005 *(Millions of Pesos)*

	Holding	Banorte	Bancen	rokerag	easing	actorin	Varehou ing	Pronego cio	Total	liminati ns	Final Balance
Cash and due from Banks	**63**	**38,386**	**1,011**	**1**	**5**	**5**	**6**	**1**	**39,477**	**(689)**	**38,788**
Negotiable Instruments	-	9,463	1,113	344	-	-	-	-	10,921	(1,926)	8,995
Securities held for sale	-	135	-	-	-	-	-	-	135	-	135
Securities held to maturity	-	12,303	-	-	-	-	-	-	12,303	-	12,303
Financial Instruments:	**-**	**21,901**	**1,113**	**344**	**-**	**-**	**-**	**-**	**23,359**	**(1,926)**	**21,433**
Non-assigned securities to pay	-	-	-	-	-	-	-	-	-	-	-
Futures receivable, net	-	128	1	28	-	-	-	-	156	-	156
Options and derivatives, net	-	227	-	241	-	-	-	-	468	-	468
Repos & Derivatives :	**-**	**354**	**1**	**269**	**-**	**-**	**-**	**-**	**624**	**-**	**624**
Commercial	-	50,890	835	-	2,003	3,805	-	323	57,856	-	57,856
Financial Intermediaries	-	3,652	-	-	263	-	-	-	3,915	(1,950)	1,964
Consumer	-	12,892	2,618	-	1	-	-	-	15,511	-	15,511
Mortgage	-	23,574	207	-	-	-	-	-	23,781	-	23,781
Goverment Entities	-	15,167	10	-	39	-	-	-	15,216	-	15,216
Fobaproa	-	161	-	-	-	-	-	-	161	-	161
Performing Loans	**-**	**106,337**	**3,670**	**-**	**2,306**	**3,805**	**-**	**323**	**116,441**	**(1,950)**	**114,491**
Commercial	-	522	69	-	32	34	-	15	671	-	671
Financial Intermediaries	-	-	-	-	-	-	-	-	-	-	-
Consumer	-	397	15	-	-	-	-	-	412	-	412
Mortgage	-	754	13	-	-	-	-	-	767	-	767
Goverment Entities		-	-	-	-	-	-	-	-	-	-
Past Due Loans	**-**	**1,673**	**97**	**-**	**32**	**34**	**-**	**15**	**1,851**	**-**	**1,851**
Total Loans	**-**	**108,010**	**3,767**	**-**	**2,337**	**3,839**	**-**	**339**	**118,292**	**(1,950)**	**116,341**
Preventive loan loss reserves	-	2,809	158	-	41	52	-	6	3,067	-	3,067
Net Loan Portfolio	**-**	**105,201**	**3,609**	**-**	**2,296**	**3,787**	**-**	**332**	**115,224**	**(1,950)**	**113,274**
Credit Assets Portfolio	-	3,019	214	-	-	-	-	-	3,233	-	3,233
Sundry debtors and other	8	2,389	162	42	29	1	149	4	2,785	-	2,785
Foreclosed assets, net	-	436	11	-	-	-	-	-	446	-	446
Real Estate, Furniture &	-	5,041	120	34	429	1	49	8	5,682	-	5,682
Investments in subsidiaries	20,386	826	486	44	-	-	-	-	21,742	(19,516))	2,226
Deferred taxes	-	347	63	-	-	10	-	6	427	(24)	403
Deferred charges & Intangibles	39	751	156	164	-	15	180	-	1,306	(13)	1,293
Total Other Assets	20,433	12,808	1,213	284	458	27	379	19	35,621	(19,553	16,068
TOTAL ASSETS	**20,496**	**178,650**	**6,946**	**899**	**2,759**	**3,818**	**385**	**352**	**214,305**	**(24,118)**	**190,186**

GFNORTE -BALANCE SHEET AS OF 2005 *(Millions of Pesos)*

	Holding	Banorte	Bancen	Brokerage	Leasing	Factoring	Warehousing	Pronegocio	Total	Eliminations	Final Balance
Demand Deposits	-	76,472	-	-	-	-	-	-	76,472	(430)	76,041
Time Deposits	-	61,460	1,926	-	-	-	-	-	63,386	(1,989)	61,397
Bonds	-	-	-	-	-	-	-	-	-	-	-
Deposits	**-**	**137,931**	**1,926**	**-**	**-**	**-**	**-**	**-**	**139,857**	**(2,419)**	**137,438**
Demand	-	2,563	228	-	-	-	-	-	2,792	(228)	2,564
Short term	-	2,553	8	-	896	3,485	248	290	7,479	(1,941)	5,538
Long term	-	9,939	61	-	1,469	-	-	-	11,468	-	11,468
Due to banks & corresp.	**-**	**15,054**	**297**	**-**	**2,365**	**3,485**	**248**	**290**	**21,738**	**(2,419)**	**19,570**
Non-assigned securities to pay	-	-	-	-	-	-	-	-	-	-	-
Futures receivable, net	-	287	18	29	-	-	-	-	334	-	334
Options and derivatives, net	-	199	-	248	-	-	-	-	447	-	447
Repos & Derivatives:	**-**	**486**	**18**	**277**	**-**	**-**	**-**	**-**	**780**	**-**	**780**
Income Tax & Profit Sharing	-	1,664	4	33	-	1	-	-	1,702	-	1,702
Other Payable accounts	1	4,340	54	35	118	5	13	8	4,573	22	4,595
Other payable accounts	**1**	**6,004**	**57**	**69**	**118**	**6**	**13**	**8**	**6,275**	**22**	**6,297**
Subordinated non Convertible	-	4,554	-	-	-	-	-	-	4,554	-	4,554
Deferred Taxes	-	-	-	4	-	-	20	-	24	(24)	-
Deferred credits	-	83	3	-	-	-	-	-	86	(13)	72
TOTAL LIABILITIES	**1**	**164,113**	**2,300**	**349**	**2,482**	**3,491**	**280**	**298**	**173,314**	**(4,602)**	**168,711**
STOCKHOLDER´S EQUITY											
Paid-in Capital	11,117	6,768	3,170	499	152	128	81	72	21,989	(10,871	11,117
Share subscription premiums	1,719	1,067	-	-	-	-	-	-	2,785	(1,067)	1,719
Subordinated Convertible	-	-	-	-	-	-	-	-	-	-	-
Subscribed Capital	**12,836**	**7,835**	**3,170**	**499**	**152**	**128**	**81**	**72**	**24,774**	**(11,938)**	**12,836**
Capital Reserves	1,671	2,766	384	41	54	40	10	-	4,967	(3,295)	1,671
Retained Earnings	10,480	2,496	91	434	178	173	57	(1)	13,909	(3,430)	10,480
Surplus (Deficit) from securities	-	(79)	(14)	-	-	-	-	-	(93)	93	-
Results of foreign operations	-	-	-	-	-	-	-	-	-	-	-
Excess (Insuf.) in capital	(5,901)	(2,574)	-	(490)	(188)	(81)	(3)	-	(9,236)	3,335	(5,901)
Non Mon assets results Fixed	-	12	-	-	-	-	-	-	13	(13)	-
Non Mon assets results Investm	(4,309)	(363)	(67)	(10)	-	-	(54)	-	(4,803)	493	(4,309)
Adjustment in the employees	-	(301)	-	-	-	-	-	-	(301)	301	-
Net Income	5,719	4,743	668	74	79	67	13	(18)	11,346	(5,627)	5,719
Earned Capital	**7,659**	**6,702**	**1,063**	**50**	**124**	**199**	**25**	**(19)**	**15,803**	**(8,143)**	**7,659**
Minority Holdings	-	1	413	-	-	-	-	-	414	565	979
Total Stockholder´s Equity	**20,496**	**14,537**	**4,646**	**549**	**277**	**327**	**105**	**54**	**40,991**	**(19,516)**	**21,475**
TOT. LIAB. & STOCKHOLD.	**20,496**	**178,650**	**6,946**	**899**	**2,759**	**3,818**	**385**	**352**	**214,305**	**(24,118)**	**190,186**

Internal Control

The companies that make up GFNorte have an Internal Control System (SCI) that complies with the guidelines established by both the Board of Directors and the regulatory authorities.

The mission of the Internal Control structure is to help ensure the proper working order of adequate internal control of its operations. Said structure is made up of several components:

A. The Board of Directors with the support of the Risk Policy Committee and the Audit Committee.
B. General Management and its support areas, to wit the Comprehensive Risk Management Unit (UAIR), and the Legal and Comptrollership Departments, which are in charge of ensuring that adequate control and risk levels are maintained in the Group's operations.
C. Internal Audit, External Audit and the Statutory Accountant, as structures of additional support to watch over the proper working order of the Internal Control System and to provide reasonable certainty as to the reliability of the information generated.
D. Documents that specify the general control criteria which must be followed to operate and register transactions; to put our human, material and technological resources to good use; to ensure proper usage, security, timeliness and reliability of information; due compliance with external and internal rules and regulations; and a Code of Ethics that regulates the conduct of all Group directors, officers and employees during the performance of their activities.
E. Manuals of policies and procedures that regulate the operations undertaken by the institution and that establish the points of control to be observed and the parties responsible for compliance thereof.

During the fourth quarter of 2005 the Board of Directors reviewed and approved the Internal Control Objectives and General Guidelines for subsequent implementation.

Treasury Policy

GFNorte's Banking Sector Treasury is the central unit in charge of balancing its resource needs, monitoring and managing the regulatory levels, eliminating the rate risk of fixed-rate placement operations by using coverage and implementing arbitrage strategies.

The cash currencies and investment in securities are in Mexican pesos and U.S. dollars.

Internal and External Liquidity Sources

The internal liquidity sources, in local as well as foreign currency, come from the various deposit products that the institution offers its customers, that is checking accounts and term deposits. Another source is the sales of the institution's assets.

External liquidity sources include various mechanisms to access the debt and capital markets. For instance, issuing credit titles, loans from other institution including the Central Bank and international agencies, as well as issuing subordinate debts. This concept also considers the liquidity that the bank obtains by reporting the securities the institution has that are feasible for this type of operation.

Another alternative for getting resources is by issuing capital shares.

Dividend Policy

During the April 30, 2003 session, the Board of Directors approved a dividend payment policy in which it will propose to the General Ordinary Stockholders' Meeting a dividend payment consisting of at leas 15% of the Partnership's net recurring profit, providing that there is no legal impediment and that market conditions and the Partnership's financial situation allow it.

Associated loans

At GFNorte, the amount of the loans performed with associated individuals and companies, does not exceed the established limit of 75% of the basic part of net capital.

By December 31, 2005 and 2004, the loans granted to associated parties total Ps 6,082 million and Ps. 3,888 million, respectively.

Persons In Charge

The undersigned represent under oath that, within the scope of our respective functions, we have drawn up the information relative to Grupo Financiero Banorte contained in this report, which, to the best of our knowledge, reasonably reflects its situation.

Ing. Luis Peña Kegel
Chief Executive Officer of Grupo Financiero Banorte, S. A. de C. V.

Ing. Sergio García Robles Gil
Chief Financial Officer

C.P. Román Martínez Méndez
Managing Director Audit

Lic. Jorge Eduardo Vega Camargo
Executive Director Comptrollership

C.P. Nora Elia Cantú Suárez
Executive Director Accounting

Basis for submitting Financial Statements

Grupo Financiero Banorte (GFNorte) Issues consolidated financial statements with its Subsidiaries in accordance with the General Provisions Applicable to Financial Information of the Regulating Agencies of Financial Groups Subject to Supervision by the National Banking and Securities Commission (CNByV) published in the Official Gazette of the Federation on April 27, 2005. Such provisions adhere to the “Accounting Criteria for Regulating Agencies of Financial Groups” published in the CNByV’s circulars 1456 and 1489 on December 22, 1999 and October 30, 2000, respectively. The figures are expressed in pesos at the close of all the periods being reported as per Bulletin B-9 “Financial Information on Intermediate Dates” of the Mexican Institute of Public Accountants. The value of the UDI is used at the end of each period in conformity with Criterion A-2 of the CNByV’s Circular 1489.

Banking Sector (Banorte & Bancen) Issues consolidated financial statements with trust funds in udis and its subsidiaries in conformity with the General Provisions for Financial Information of Credit Institutions in effect as published on June 30, 2003 and April 27, 2005. Such provisions adhere to the Accounting Criteria for Credit Institutions contained in circulars 1448 and 1488 of October 14, 1999 and October 30, 2000, respectively. The figures are expressed in pesos at the close of all the periods being reported as per Bulletin B-9 “Financial Information on Intermediate Dates” of the Mexican Institute of Public Accountants. The value of the UDI is used at the end of each period in conformity with Criterion A-2 of the CNByV’s Circular 1488.

Grupo Financiero Banorte (GFNorte) and Banking Sector (Banorte & Bancen) The financial information contained in this document has been developed according to the regulations issued by the CNByV for the regulating agency and the financial entities that make up the Financial Group and to the Generally Accepted Accounting Principles (GAAP) mentioned in criterion A-2 “Application of Specific Rules” of Circulars 1488 and 1489. The regulations of the CNByV and the GAAP mentioned above differ given the specialized operations of the Credit Institutions. Moreover, there is a difference in the generally accepted accounting principles of the United States (US GAAP) and the regulations and principles established by the American authorities for this type of financial entities. In order to present the information contained herein in an international format, the classification format and the presentation of certain financial information differ from the format used for the financial information published in Mexico.

The information contained in this document is based on the non-audited financial information of each of the entities to which it refers.