

Mexico City, February 27, 2003.

To the Board of Directors of Grupo Financiero Banorte, S. A. de C. V. :

The Board of Directors of the Financial Group ensured the integration and functioning of the Audit Committee on a timely basis, for the purpose of supporting the Board in defining and updating the policies and procedures of the Internal Control System, in reviewing of the financial information, to verify compliance with the applicable laws and regulations and enhance the control environment, acting as a communications channel with the internal and external auditors.

As Chairman of the Committee and in representation of the same, I hereby inform you of the main activities carried out during the fiscal period ended December 31, 2002.

I. The timetable of scheduled monthly meetings was complied with and any extraordinary meetings required were convoked, and the agreements and activities carried out were evidenced in the minutes of the same, which are in the possession of Management.

II. The following matters were submitted for the approval of the Board of Directors:

1. The general internal control guidelines that establish the directives for the proper functioning of the same.
2. The code of ethics was updated and became applicable to the Members of the Board.
3. The designation of the external auditors, as well as the scope of its activities and the conditions for engaging the firm.
4. The accounting policies required for the recording, evaluation, presentation and revealing of information, to ensure that it is precise, integral, reliable and timely and that it serves as a support for decision-making.

III. In support of the Board of Directors:

1. Contributions were made related to the analysis and the opinion of the Banking Sector's Internal Control System in compliance with legislative requirements.
2. An evaluation was made to ensure that the policies and procedures set out in the operating manual are in accordance with internal control laws, regulations and guidelines.
3. The independence of the Internal Auditing area was ensured, since it reports to the Board through the Auditing Committee; the effectiveness and quality of the review programs were ascertained, as well as the punctual execution of the same, and the performance was evaluated.
4. A review was made of the reports issued by the competent government supervising authorities with respect to their inspection visits, the results of the same were reported to the Board and the implementation of the pertinent recommendations and corrective measures was followed up.
5. The observations made by Internal and External Auditing were reviewed, including the review of the risk management system, and a follow up was made of the corrective measures taken, reporting the relevant matters to the Board.
6. The performance of the External Auditing firm was evaluated, as was the opinion and reports it developed in compliance with the legal provisions in effect.
7. The establishment of the Internal Controllership functions was verified.
8. The Committee participated in ascertaining the reasonableness of the financial information and the issue process, based on the work of the internal and external auditors.
9. The Committee participated in reviewing the Banking Sector's consolidated financial statements as of December 31, 2002, as well as the reports, which we recommend be approved by the Board.

IV. We conducted an on-going review of the progress to strengthen the Internal Control System, in accordance with the plan established by Management.



Francisco J. Alcalá de León  
Chairman of the Audit Committee

JOSE ROCHA VACIO  
CONTADOR PUBLICO

Monterrey, Nuevo León, February 27, 2003.

To the General Shareholders' Meeting of Grupo Financiero Banorte, S. A. de C. V. and subsidiary companies:

In my capacity as Examiner and in compliance with the provisions of Article 166 of Mexican Corporate Law and with the Company Bylaws, I render my report on the truthfulness, completeness and reasonability of the financial information which the Board of Directors has submitted to you in relation to the situation of the Company for the year ended December 31, 2002.

I have attended the Shareholder's Meetings and the Sessions of the Board of Directors Meetings to which I have been summoned and have obtained from the directors and administrators the information on the operations, documentation and records which I considered it was necessary to examine. My review has been conducted in accordance with generally accepted auditing principles.

In addition, I have been present at the monthly and extraordinary sessions of the Risks Committee and the Audit Committee, which has enabled me to establish the due coordination in order to be apprised of the work carried out by the company's external and internal auditors and to identify and follow up the suggestions for enhancing internal controls as indicated by Company Management.

I obtained the information that allowed me to ascertain the functioning and observance of the Internal Control System, as well as the sufficiency and reasonableness of that system.

Based on the activities set out in the two preceding paragraphs, there are no significant recommendations to be made.

With respect to the financial statements, the report indicates the following:

1. As indicated in Note 2, the HOLDING is required to prepare and submit consolidated financial statements based on the accounting regulations issued by the National Banking and Securities Commission (COMMISSION), applicable to holding companies of financial groups, which do not coincide with generally accepted accounting principles in the cases indicated in Note 5. The financial statements of the HOLDING as of December 31, 2002 are subject to review by the COMMISSION.

2. As described in Note 2a, in September 2001, the Institute for the Protection of Bank Savings (IPAB), announced that Banco Mercantil del Norte, S. A., a Multiple Banking Institution (BANORTE), the main subsidiary of the HOLDING, won the bidding to acquire 100% of the shares comprising the capital stock of Bancrecer, S. A. (BANCRECER). The price paid was \$1,742 million pesos (\$1,650 million pesos nominal value), equivalent to 0.66 times the book value of the capital stock of the entity acquired at the transaction date. Due to the fact that BANORTE did not assume control over the administration until January 2, 2002, the COMMISSION granted authorization for the financial statements of BANORTE as of December 31, 2001 not to be consolidated with those of BANCRECER and, moreover, this investment was not valued under the equity method.

In my opinion, the accounting and financial information criteria and policies followed by the Company and considered by Management in preparing the financial information which it presented to this Meeting, are proper and sufficient and were applied consistently with the prior year; therefore, this information truly, reasonably and sufficiently reflects the financial situation of GRUPO FINANCIERO BANORTE, S. A. de C. V. and its subsidiary companies as of December 31, 2002, the results of its operations, variations in stockholders' equity and changes in financial situation for the year then ended, in conformity with the aforementioned accounting bases.

  
José Rocha Vacío, C. P. A.  
Examiner



PricewaterhouseCoopers, S. C.  
Mariano Escobedo 573, Col. Rincón del Bosque  
11580 México, D. F.  
Phone 5263 6000 / Fax 5263 6010

Monterrey, N. L., February 27, 2003.

To the Shareholders' Meeting of Grupo Financiero Banorte, S. A. de C. V. and subsidiaries:

1. We have audited the consolidated balance sheets of GRUPO FINANCIERO BANORTE, S. A. de C. V. and subsidiaries (the GRUPO), as of December 31, 2002 and 2001, and the related consolidated statements of income, of changes in stockholders' equity and of changes in financial position for the years then ended. These consolidated financial statements are the responsibility of the GRUPO's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audits in accordance with auditing standards generally accepted in Mexico, which are substantially the same as those followed in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, and are prepared in accordance with the accounting practices prescribed for GRUPO. An audit consists of examining, on a test basis, evidence supporting the amounts and disclosures of the consolidated financial statements. An audit also includes assessing the accounting practices used and significant estimates made by management, as well as the overall consolidated financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

3. As discussed in Note 4, GRUPO is required to prepare and present its consolidated financial statements in accordance with accounting practices prescribed by the Mexican Banking and Securities Commission (the COMMISSION) for financial groups. Those rules differ from Mexican Generally Accepted Accounting Principles in the cases discussed in Note 5. The consolidated financial statements of GRUPO as of December 31, 2002 are subject to review by the COMMISSION.

4. As discussed in Note 2a, on September 24, 2001, the Bank Savings Protection Institute (IPAB) announced that Banco Mercantil del Norte, S. A., Institución de Banca Múltiple (BANORTE) had won the purchase process for 100% of the capital stock of Bancrecer, S. A. (BANCRECER). The price paid amounted to 1,742 million pesos (1,650 million pesos nominal value), which equaled 0.66 times the book value of the stockholders' equity of the acquired entity at the date of the transaction. Inasmuch as BANORTE did not take control of BANCRECER's management until January 2, 2002, as authorized by the COMMISSION, the financial statements of BANCRECER at December 31, 2001 were not consolidated with those of BANORTE, nor was this investment valued by the equity method.

5. In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of GRUPO FINANCIERO BANORTE, S. A. de C. V. and subsidiaries as of December 31, 2002 and 2001, and the consolidated results of their operations, the changes in their consolidated stockholders' equity and the changes in their consolidated financial position for the years then ended, in conformity with accounting practices prescribed by the Mexican Banking and Securities Commission.

PricewaterhouseCoopers

A handwritten signature in dark ink, appearing to read 'Fernando J. Morales Gutiérrez', written over a horizontal line.

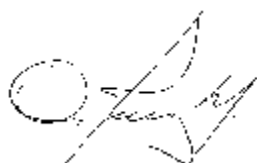
Fernando J. Morales Gutiérrez, C. P.  
Assurance and Business Advisory Services Partner

# BALANCE SHEETS

GRUPO FINANCIERO BANORTE, S. A. DE C. V.  
AND SUBSIDIARIES

CONSOLIDATED AS OF DECEMBER 31, 2002 AND 2001  
(Amounts stated in thousands of Mexican Pesos of December 2002 purchasing power)  
(Notes 1, 2, 3, 4, 5, 6, 23, 26, 31, 33, 34, 35 and 36)

ASSETS	2002	2001
CASH AND CASH EQUIVALENTS (Note 7)	Ps 23,525,329	Ps 8,105,293
INVESTMENT SECURITIES (Note 8):		
Trading securities	2,984,102	2,529,798
Available-for-sale securities	1,309,108	1,114,755
Held-to-maturity securities	7,693,095	3,207,408
<b>TOTAL INVESTMENT SECURITIES</b>	<b>11,986,305</b>	<b>6,851,961</b>
SECURITIES AND DERIVATIVES TRADING (Note 9):		
Debit balances on repo transactions	75,029	166,599
Derivatives trading	10,032	16,129
	<b>85,061</b>	<b>182,728</b>
CURRENT LOAN PORTFOLIO (Notes 10 and 12):		
Commercial portfolio	34,956,165	24,422,542
Loans to financial intermediaries	6,563,580	93,738
Consumer loans	5,158,834	2,498,304
Mortgage loans	12,151,817	4,954,993
Loans to government entities	84,999,977	41,231,516
Loans to FOBAPROA or IPAB (Note 11)	6,128,627	10,402,800
<b>TOTAL CURRENT LOAN PORTFOLIO</b>	<b>149,959,000</b>	<b>83,603,893</b>
PAST-DUE LOAN PORTFOLIO (Notes 10 and 12):		
Commercial portfolio	2,516,005	2,630,815
Consumer loans	336,040	343,719
Mortgage loans	1,919,581	1,795,957
<b>TOTAL PAST-DUE LOAN PORTFOLIO</b>	<b>4,771,626</b>	<b>4,770,491</b>
<b>TOTAL LOAN PORTFOLIO</b>	<b>154,730,626</b>	<b>88,374,384</b>
ALLOWANCE FOR LOAN LOSSES	5,608,727	4,744,687
<b>NET LOAN PORTFOLIO</b>	<b>149,121,899</b>	<b>83,629,697</b>
CREDIT ASSETS PORTFOLIO (Note 13)	1,855,479	2,696,161
OTHER RECEIVABLES, NET	2,636,194	1,337,529
FORECLOSED ASSETS (Note 14)	1,216,381	1,431,799
PROPERTY, FURNITURE AND EQUIPMENT, NET (Note 15)	5,721,597	3,826,221
PERMANENT STOCK INVESTMENTS (Note 16)	1,023,920	1,045,800
DEFERRED TAXES, NET (Note 17)	809,306	750,470
OTHER ASSETS (Note 18):		
Other assets, deferred charges and intangibles	1,539,273	1,433,185
<b>TOTAL ASSETS</b>	<b>Ps 199,520,744</b>	<b>Ps 111,290,844</b>



C. P. Othón Ruiz Montemayor  
General Director



C. P. Federico A. Valenzuela Ochoa  
Planning and Control General Director

LIABILITIES	2002	2001
<b>DEPOSITS:</b>		
Demand deposits (Note 19)	Ps 52,664,069	Ps 31,147,296
Time deposits (Note 20)		
General public	29,395,506	18,197,635
Money market	59,927,342	29,052,386
Bank bonds (Note 21)	1,294,548	1,374,262
<b>TOTAL DEPOSITS</b>	<b>143,281,465</b>	<b>79,771,579</b>
<b>BANK AND OTHER ENTITY LOANS (Note 22):</b>		
Demand loans	13,466,607	2,652,576
Short term	13,453,184	5,210,860
Long term	10,641,516	9,197,053
	<b>37,561,307</b>	<b>17,060,489</b>
<b>SECURITIES AND DERIVATIVES TRADING (Note 9):</b>		
Credit balances on repo transactions	32,072	112,726
Derivatives trading	817,328	10,394
	<b>849,400</b>	<b>123,120</b>
<b>OTHER PAYABLES:</b>		
Income tax and employees' statutory profit sharing	378,579	31,424
Sundry creditors and other payables	2,850,639	2,430,861
	<b>3,229,218</b>	<b>2,462,285</b>
OUTSTANDING SUBORDINATED DEBENTURES (Note 24)	2,586,053	1,409,877
DEFERRED CREDITS	22,436	54,431
CONTINGENCIES (Note 25)	-	-
<b>TOTAL LIABILITIES</b>	<b>187,529,879</b>	<b>100,881,781</b>
<b>STOCKHOLDERS' EQUITY (Notes 27, 28, 29 and 30)</b>		
<b>PAID-IN CAPITAL:</b>		
Capital stock	5,113,532	5,114,174
Paid stock premiums	1,495,613	1,483,277
<b>TOTAL PAID-IN CAPITAL</b>	<b>6,609,145</b>	<b>6,597,451</b>
<b>EARNED SURPLUS:</b>		
Capital reserves	1,053,178	980,336
Retained earnings	9,491,239	8,490,560
Surplus or deficit from restatement of stockholders' equity	( 5,233,046 )	( 5,233,046 )
Loss from holding nonmonetary assets:		
from valuation of permanent stock investments	( 2,760,917 )	( 2,853,545 )
Net income	2,015,863	1,587,888
<b>TOTAL EARNED SURPLUS</b>	<b>4,566,317</b>	<b>2,972,193</b>
MINORITY INTEREST IN STOCKHOLDERS' EQUITY	815,403	839,419
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>11,990,865</b>	<b>10,409,063</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>Ps 199,520,744</b>	<b>Ps 111,290,844</b>

MEMORANDUM ACCOUNTS (Note 32)

The accompanying notes are part of these consolidated financial statements



C. P. Isaías Velázquez González  
Audit Executive Director



C. P. Nora Elia Cantú Suárez  
Accounting Director

# STATEMENTS OF INCOME

GRUPO FINANCIERO BANORTE, S. A. DE C. V.  
AND SUBSIDIARIES


CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001  
(Amounts stated in thousands of Mexican Pesos of December 2002 purchasing power)  
(Notes 1, 2, 3, 4, 5, 6, 12, 35 and 36)

	2002	2001
Interest income	Ps 24,317,147	Ps 23,837,690
Interest expense	( 15,869,066 )	( 17,070,298 )
Monetary gain, relative to net interest income	77,089	58,384
<b>NET INTEREST INCOME</b>	<b>8,525,170</b>	<b>6,825,776</b>
Allowance for loan losses	( 823,746 )	( 1,211,209 )
<b>NET INTEREST INCOME ADJUSTED FOR CREDIT RISKS</b>	<b>7,701,424</b>	<b>5,614,567</b>
Fee and commission income	4,922,806	3,362,188
Fee and commission expense	( 1,142,615 )	( 676,836 )
Brokerage income	390,430	348,124
	4,170,621	3,033,476
<b>TOTAL OPERATING INCOME</b>	<b>11,872,045</b>	<b>8,648,043</b>
Administrative and promotion expenses	( 9,948,667 )	( 7,499,105 )
<b>OPERATING INCOME</b>	<b>1,923,378</b>	<b>1,148,938</b>
Other income	2,439,477	1,797,317
Other expenses	( 2,397,743 )	( 962,147 )
	41,734	835,170
<b>INCOME BEFORE INCOME TAX AND EMPLOYEES' STATUTORY PROFIT SHARING</b>	<b>1,965,112</b>	<b>1,984,108</b>
Current income tax and employees' statutory profit sharing (Note 31)	( 341,260 )	( 142,564 )
Deferred income tax and employees' statutory profit sharing (Note 17)	( 7,168 )	( 207,314 )
	( 348,428 )	( 349,878 )
<b>INCOME BEFORE EQUITY IN EARNINGS OF NONCONSOLIDATED SUBSIDIARY AND ASSOCIATED AND AFFILIATED COMPANIES, AND MINORITY INTEREST</b>	<b>1,616,684</b>	<b>1,634,230</b>
Equity in earnings of nonconsolidated subsidiary and associated, and affiliated companies, Net	165,444	62,592
<b>INCOME FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST</b>	<b>1,782,128</b>	<b>1,696,822</b>
Discontinues operation, extraordinary departure and changes in accounting standards	410,837	-
	2,192,965	1,696,822
Minority interest	( 177,102 )	( 108,934 )
<b>NET INCOME (Notes 29 and 30)</b>	<b>Ps 2,015,863</b>	<b>Ps 1,587,888</b>

The accompanying notes are part of these consolidated financial statements.

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C. P. Othón Ruiz Montemayor  
General Director



C. P. Federico A. Valenzuela Ochoa  
Planning and Control General Director



C. P. Isaías Velázquez González  
Audit Executive Director



C. P. Nora Elia Cantú Suárez  
Accounting Director

# STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

GRUPO FINANCIERO BANORTE, S. A. DE C. V.  
AND SUBSIDIARIES

CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001  
(Amounts stated in thousands of Mexican Pesos of December 2002 purchasing power)

	PAID-IN CAPITAL			
	CAPITAL STOCK	VARIABLE CAPITAL STOCK	PAID STOCK PREMIUMS	CAPITAL RESERVES
Balance at January 1, 2001	Ps 3,058,103	Ps 2,029,788	Ps 1,397,275	Ps 822,106
CHANGES RESULTING FROM RESOLUTIONS ADOPTED BY STOCKHOLDERS:				
Issuance of stock (Stock repurchase)	-	26,283	86,002	67,179
Appropriation of income	-	-	-	-
Reserves created	-	-	-	91,051
CHANGES RELATED TO THE RECOGNITION OF COMPREHENSIVE INCOME:				
Net income of the year	-	-	-	-
Gain (loss) from holding non-monetary assets	-	-	-	-
Comprehensive income for the year (Note 29)	-	-	-	-
MINORITY INTEREST	-	-	-	-
Balance at December 31, 2001	Ps 3,058,103	Ps 2,056,071	Ps 1,483,277	Ps 980,336
CHANGES RESULTING FROM RESOLUTIONS ADOPTED BY STOCKHOLDERS:				
Issuance of stock (Stock repurchase)	-	(642)	12,336	(5,113)
Appropriation of income	-	-	-	-
Reserves created	-	-	-	77,955
Dividend decreed in Ordinary General Assembly of Shareholders at September 30, 2002	-	-	-	-
CHANGES RELATED TO THE RECOGNITION OF COMPREHENSIVE INCOME:				
Net income of the year	-	-	-	-
Gain (loss) from holding non-monetary assets	-	-	-	-
Comprehensive income for the year (Note 29)	-	-	-	-
MINORITY INTEREST	-	-	-	-
Balance at December 31, 2002	Ps 3,058,103	Ps 2,055,429	Ps 1,495,613	Ps 1,053,178

The accompanying notes are part of these consolidated financial statements.



C. P. Othón Ruiz Montemayor  
General Director



C. P. Federico A. Valenzuela Ochoa  
Planning and Control General Director



**EARNED SURPLUS**

PRIOR YEARS RETAINED EARNINGS	DEFICIT IN RESTATEMENT OF CAPITAL ACCOUNTS	GAIN (LOSS) FROM HOLDING NON- MONETARY ASSETS	NET INCOME OF THE YEAR	TOTAL MAJORITY INTEREST	MINORITY INTEREST IN CAPITAL	TOTAL STOCK- HOLDERS' EQUITY
Ps 6,721,708	( Ps 5,233,046 )	( Ps 2,335,588 )	Ps 1,859,903	Ps 8,320,249	Ps 794,466	Ps 9,114,715
-	-	-	-	179,464	-	179,464
1,859,903	-	-	( 1,859,903 )	-	-	-
( 91,051 )	-	-	-	-	-	-
-	-	-	1,587,888	1,587,888	-	1,587,888
-	-	( 517,957 )	-	( 517,957 )	-	( 517,957 )
-	-	( 517,957 )	1,587,888	1,069,931	-	1,069,931
-	-	-	-	-	44,953	44,953
Ps 8,490,560	( Ps 5,233,046 )	( Ps 2,853,545 )	Ps 1,587,888	Ps 9,569,644	Ps 839,419	Ps 10,409,063
-	-	-	-	6,581	-	6,581
1,587,888	-	-	( 1,587,888 )	-	-	-
( 77,955 )	-	-	-	-	-	-
( 509,254 )	-	-	-	( 509,254 )	-	( 509,254 )
-	-	-	2,015,863	2,015,863	-	2,015,863
-	-	92,628	-	92,628	-	92,628
-	-	92,628	2,015,863	2,108,491	-	2,108,491
-	-	-	-	-	( 24,016 )	( 24,016 )
Ps 9,491,239	( Ps 5,233,046 )	( Ps 2,760,917 )	Ps 2,015,863	Ps 11,175,462	Ps 815,403	Ps 11,990,865



C. P. Isaías Velázquez González  
Audit Executive Director



C. P. Nora Elia Cantú Suárez  
Accounting Director

# STATEMENTS OF CHANGES IN FINANCIAL POSITION

GRUPO FINANCIERO BANORTE, S. A. DE C. V.  
AND SUBSIDIARIES

CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001  
(Amounts stated in thousands of Mexican Pesos of December 2002 purchasing power)

	2002	2001
<b>OPERATING ACTIVITIES:</b>		
Net income of the year	Ps 2,015,863	Ps 1,587,888
Items charged (credited) to income that did not affect resources:		
Allowance for loan losses	823,746	1,211,209
Depreciation and amortization	765,598	453,716
Deferred taxes	7,168	207,314
Minority interest	( 177,102 )	108,934
Provision for other obligations	707,519	( 534,971 )
Equity in earnings of nonconsolidated subsidiary and associated and affiliated companies, net	( 165,444 )	( 62,592 )
Unrealized investment income	46,586	( 54,467 )
	<u>4,023,934</u>	<u>2,917,031</u>
Items related to operations:		
Increase (decrease) in deposits	63,509,886	4,739,140
(Increase) decrease in investment securities	( 5,180,930 )	1,234,224
Increase (decrease) in bank and other entity loans	20,500,818	( 9,759,338 )
Decrease (increase) in credit assets portfolio	840,682	( 1,058,521 )
Increase in loan portfolio	( 66,315,948 )	( 676,811 )
Increase in deferred taxes	( 66,004 )	( 268,976 )
Decrease (increase) in derivatives trading	823,947	( 87,569 )
Increase in accounts receivable and payable	( 1,239,251 )	( 5,688 )
Resources provided by (used in) operating activities	<u>16,897,134</u>	<u>( 2,966,508 )</u>
<b>FINANCING ACTIVITIES:</b>		
Issuance of outstanding subordinated debentures	1,176,176	1,409,877
Common stock repurchase	6,581	179,465
Decree Dividends	( 509,254 )	-
Resources used in financing activities	<u>673,503</u>	<u>1,589,342</u>
<b>INVESTMENT ACTIVITIES:</b>		
Decrease in foreclosed assets	215,418	243,298
Decrease (increase) in permanent stock investments	433,040	( 623,267 )
Increase in deferred charges and credits	( 486,953 )	( 74,065 )
Net purchases of property, furniture and equipment	( 2,312,106 )	( 618,146 )
Resources used in investment activities	<u>( 2,150,601 )</u>	<u>( 1,072,180 )</u>
Increase (decrease) in cash and cash equivalents	15,420,036	( 2,449,346 )
Cash and cash equivalents at beginning of year	8,105,293	10,554,639
Cash and cash equivalents at end of year	<u>Ps 23,525,329</u>	<u>Ps 8,105,293</u>

The accompanying notes are part of these consolidated financial statements.

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C. P. Othón Ruiz Montemayor  
General Director



C. P. Federico A. Valenzuela Ochoa  
Planning and Control General Director



C. P. Isaías Velázquez González  
Audit Executive Director



C. P. Nora Elia Cantú Suárez  
Accounting Director

# NOTES TO THE FINANCIAL STATEMENTS

GRUPO FINANCIERO BANORTE, S. A. DE C. V.  
AND SUBSIDIARIES

CONSOLIDATED AS OF DECEMBER 31, 2002 AND 2001  
(Amounts stated in thousands of Mexican pesos of December 2002 purchasing power,  
except number of shares, debentures, and exchange rates)

## NOTE 1 – DESCRIPTION OF BUSINESS:

GRUPO FINANCIERO BANORTE, S. A. de C. V. and subsidiaries (GRUPO) is authorized by the Secretaría de Hacienda y Crédito Público (Mexican Ministry of Finance and Public Credit, or “SHCP”) to be incorporated and operate as a financial group in the terms established in the Ley para Regular las Agrupaciones Financieras (Financial Groups Regulation Law or “LRAF”), subject to inspection and oversight by the Comisión Nacional Bancaria y de Valores (Mexican Banking and Securities Commission or “the COMMISSION”). Its operations consist of rendering all kinds of banking services and acting as a broker in the securities market, as well as acquiring and managing shares issued by insurance, pension and bonding institutions, leasing and financial factoring companies, mutual funds and any other type of companies or financial entities allowed by the SHCP, pursuant to the provisions of the LRAF. Its operations are regulated by the COMMISSION, the Instituciones de Crédito (Credit Institutions) Law, the Banco de México (Central Bank of Mexico or “BANXICO”) Law, the Securities Market Law, the Comisión Nacional de Seguros y Fianzas (Mexican Insurance and Bonding Commission), the Comisión Nacional del Sistema de Ahorro para el Retiro (Mexican Commission for the Retirement Savings System) and other applicable laws and agencies.

Among the powers that it may exercise in its capacity as a regulator of financial groups, the COMMISSION may review the financial information of GRUPO and require changes to be made thereto.

GRUPO has entered into a liability agreement in accordance with the LRAF, through which it is fully liable for the obligations and losses of each of its subsidiary companies.

## NOTE 2 – HIGHLIGHTS:

In fiscal 2000, a comprehensive business strategy was established with the fundamental purpose of strengthening the capital of Banco Mercantil del Norte, S. A., Institución de Banca Múltiple (BANORTE) and improving its position in the market. This strategy required structural changes in GRUPO such as:

### a. Acquisition of the stock of Bancrecer, S. A. (BANCRECER)

At September 24, 2001, the Instituto para la Protección del Ahorro Bancario (Bank Savings Protection Institute or “IPAB”) announced that BANORTE had won the purchase process for 100% of the capital stock of BANCRECER. BANORTE paid Ps 1,742,082 (Ps 1,650,000 nominal value), which equaled 0.66 times the book value of the stockholders’ equity of the acquired entity at the date of the transaction.

In accordance with the sales contract for the stock of BANCRECER, BANORTE proceeded to pay for the stock in the following manner: 25% of the offered price, that is Ps 435,520 (Ps 412,500 nominal value), on October 5, 2001 (date on which the contract was entered into) and the total settlement of the remaining Ps 1,306,561 (Ps 1,237,500 nominal value) on December 4 of that same year.

For the period between the first payment and the final payment, interest was accrued in favor of the IPAB on the outstanding balance of the offered price at the average 28-day CETES (“Treasury Certificates”) rate, in the amount of Ps 16,881 (Ps 15,989 nominal value). Furthermore, other expenses directly related with the acquisition Ps 6,191 (Ps 5,864 nominal value) brought the total cost to Ps 1,765,154 (Ps 1,671,853 nominal value).

The acquisition of BANCRECER was funded with resources of GRUPO, including resources in cash and dividends obtained from its subsidiaries, as well as the use of the surplus from the recent issuance of debentures by BANORTE and the use of additional financing obtained before the date of the purchase of the stock.

Through official letter 60-II-105587, dated December 11, 2001, the COMMISSION, authorized BANORTE to temporarily record this investment in investment securities. Inasmuch as BANORTE did not take control of BANCRECER’s management until January 2, 2002, the financial statements of BANORTE at December 31, 2001 were not consolidated with those of BANCRECER, nor were BANCRECER’s income for December recognized at the end of the year by applying the equity method.

With regard to the stockholders' equity of BANCRECER, the aforementioned official letter established that at the end of 2001 BANCRECER should reduce the book value of its stockholders' equity by an allowance for the known integration expenses. In this connection, and taking advantage of the negative goodwill of approximately Ps 897 million (Ps 850 million nominal value) in BANORTE as a result of the purchase of BANCRECER at a price lower than the stockholders' equity value, BANCRECER proceeded to constitute reserves, in December, in the amount of Ps 715,942 (Ps 678,100 nominal value) to cover these integration expenses during 2002.

The provision recorded in other payables comprises the following concepts:

### 1. Reorganization

#### 1.1 Restructuring cost

This corresponds to the amount required to cover indemnities for personnel dismissals in BANCRECER, which will take place due to the organizational restructuring resulting from the integration.

#### 1.2 Out-placement program

This corresponds to the fees to be paid to external advisors specializing in helping personnel dismissed due to the restructuring undertake productive activities on their own or get new jobs.

#### 1.3 Reduction of debt due from dismissed personnel

According to its internal policies, BANCRECER will grant a reduction of debt due from dismissed personnel as follows: 30% on commercial loans and 20% on mortgage loans.

### 2. Integration

#### 2.1 Operating integration

This corresponds to the expenses required to integrate all the branches under a single operating model.

#### 2.2 Change of image

This corresponds to the expenses relative to the need to change the image of BANCRECER's branches.

#### 2.3 Amortization of installation expenses due to the closing of branches

This refers to installation expenses recorded in BANCRECER and corresponding to branches that will cease operations in accordance with GRUPO's strategic plan.

### 3. Post-retirement benefits

These liabilities correspond to the partial recognition of benefits from medical services derived from the actuarial calculation made in January 2000, in which accrued liabilities for retirement benefits were established in the amount of Ps 132,300 (nominal value) for BANCRECER's employees. In this respect, BANORTE did not have its actuarial calculation updated for 2002 at the time of the creation of the reserve; therefore a conservative estimate was established in the amount of Ps 80,700.

At December 31, 2002, GRUPO obtained a definitive actuarial calculation, which required an additional charge of Ps 49,800.

The analysis of the amounts (nominal value) comprises the following concepts:

Concept	Beginning Balance	Annual Movements	Ending Balance
Reorganization	Ps 368,100	( Ps 341,500 )	Ps 26,600
Integration	229,300	( 123,000 )	106,300
Post- retirement benefits	80,700	( 80,700 )	-
<b>Total</b>	<b>Ps 678,100</b>	<b>( Ps 545,200 )</b>	<b>Ps 132,900</b>

BANORTE's management estimates that the reorganization expense will be fully applied by the end of the first quarter of 2003. Furthermore, the integration expense will be applied during 2003.

Once the book adjustments of BANCRECER were made for the aforementioned integration expenses, its stockholders' equity amounted to Ps 1,799,488 (Ps 1,704,372 nominal value) at December 31, 2001.

Therefore, the purchase of BANCRECER's stock generated a negative goodwill in the amount of Ps 34,334 (Ps 32,519 nominal value) representing an excess of stockholders' equity of the acquired entity over the acquisition cost of the stock, which was recorded in BANORTE on January 31, 2002.

Through official letter 601-DGSIF"A"-112901, dated August 23,2002, the COMMISSION requested the filing of the balance sheet giving retroactive effect to the acquisition of the assets and liabilities of BANCRECER, for comparative purposes. Consequently, had the financial statements of BANORTE and those of BANCRECER been consolidated at December 31, 2001, the amounts of the principal items comprising the combined balance sheets of BANORTE at December 31, 2002 and 2001, would have been shown as follows:

	2002	2001
<b>Assets</b>		
Cash, investment securities and securities and derivatives trading	Ps 35,033,721	Ps 28,286,933
Loan portfolio, net	147,406,732	140,416,354
Foreclosed assets	1,190,161	1,409,949
Property, furniture and equipment, net	5,354,951	5,716,295
Permanent stock investments	448,646	473,041
Other assets, net	3,919,052	3,077,623
<b>Total assets</b>	<b>Ps 193,353,263</b>	<b>Ps 179,380,195</b>
<b>Liabilities and stockholders' equity</b>		
Interbank and other entity deposits and loans	Ps 178,893,183	Ps 164,573,439
Other payables, securities and derivatives trading and deferred loans	3,719,260	4,831,726
Outstanding subordinated debentures	2,586,053	1,409,868
Stockholders' equity	8,154,767	8,565,162
<b>Total liabilities and stockholders' equity</b>	<b>Ps 193,353,263</b>	<b>Ps 179,380,195</b>

This same methodology was not followed for the statements of income, since their combination would have produced distorted results since BANCRECER's operations had been subject to preventive management and under a clean-up process by the authorities, especially during 2001. Therefore, the presentation of this statement would not show the bank results that would have been obtained had they been going concerns. It was not practical to determine the effect on BANCRECER's results of the aforementioned clean-up process and preventive management, in order to reflect what would have been its result's on a going-concern basis.

At a General Ordinary Shareholders' Meeting held on January 4, 2002, the shareholders of BANCRECER agreed to appoint a new Board of Directors, as well as a new General Director.

At General Extraordinary Shareholders' Meetings held on March 11, 2002, BANORTE and BANCRECER's shareholders approved a merger of the two branches, with figures as of February 28, 2002. BANCRECER survived as the merging company, and subsequently changed its name to Banco Mercantil del Norte, S. A., Institución de Banca Múltiple. At April 24, 2002 the SHCP authorized the merger operation, with the corresponding effects between the parties, as from the end of March 2002.

This merger was accounted for as a reorganization or transaction between companies under common control, in accordance with US-GAAP, which were applied in conformity with accounting criteria for credit institutions referred to in Circulars 1448 and 1488, issued by the COMMISSION, under which the substance of a transaction prevails over its form, so that for accounting purposes the surviving entity is BANORTE, even if for legal purposes the surviving entity is BANCRECER. This reflects the fact that the stockholders' equity that subsists is that of BANORTE, since it is the owner of BANCRECER's shares.

Following is a summarized chart of the merging process of March 2002, showing eliminated intercompany transactions and their effect on the financial statements:

Millions of nominal pesos	BANORTE (excluding BANCRECER)	BANCRECER	Combined	Intercompany balances	Post- merge balances
Assets	Ps 106,528	Ps 69,681	Ps 176,209	( Ps 12,107 )	Ps 164,102
Liabilities	99,839	67,838	167,677	10,264	157,413
Stockholders' equity	6,689	1,843	8,532	1,843	6,689

#### b. Growth strategies

During the year 2002, GRUPO carried out some corporate readjustments and business strategies in order to continue maintain a sound financial structure and to offer more competitive products in the banking environment. The most important strategies are mentioned below:

##### 1. Organizational structure changes.

The GRUPO presented a new organizational structure in line with the new growth, competition and integration challenges. Its organization model was adjusted to make operations more efficient, improve the ability to generate business, and speed up the decision processes, in order to respond more efficiently and promptly to the needs of the market and particularly those of its customers. Among the main changes, the top management Grupo, BANORTE and BANCEN were merged into a single global decision-making unit. The office of Director General of Banking was created, to undertake the responsibility of managing commercial, business, corporate and government banking, as well as Territorial Directors Offices, which comprise the sales force of the banking sector; the office of Director General of Administration and Finance was created, and the office of Director General of Planning and Operating Control was strengthened.

##### 2. Promotion of business and commercial loans.

As part of the BANORTE's strategy to promote commercial and business loans, in April 2002, it entered into a credit risk participation agreement for up to Ps 1,200,000 with Nacional Financiera, S. C., that will allow for the assignment of Ps 2,400,000 in loans to small and medium –sized business. As a result, BANORTE will strengthen its CrediActivo product and launch the new Business CrediActivo product, under a parametric scheme of credit evaluation, granting of loans of up to Ps 10,000.

##### 3. Support to the rural sector.

In April 2002, GRUPO, New Holland de México, S. A. and FIRAratified their participation in Mexico's rural sector, supporting rural modernization. During 2002, this alliance resulted in granting of 1,495 loans equivalent to Ps 270,000 pesos that benefited 3,208 farmers.

##### 4. Joint venture with Money Gram Payment System, Inc. (MoneyGram).

In April 2002, GRUPO signed a joint venture with MoneyGram to facilitate sending remittances from the United States of America to México. This important market currently represents 10,000 million dollars a year. MoneyGram is a subsidiary of Travelers Express Company, a leading company in money transfer services, with more than 50,000 branches in more than 150 countries around the world.

#### c. Assicuriazoni Generali

On June 27, 2002, Assicuriazoni Generali (Generali) signed an agreement with BANORTE under which it paid Ps 449,013 (US\$45 million) in order to compensate it for technological efforts, brand positioning and use of BANCRECER's branch network for the sale of products and services of the following companies: Seguros Banorte Generali, Afore Banorte Generali and Pensiones Banorte Generali, which are 49% owned by Generali. This operation was recorded in the income statement of BANORTE as extraordinary income.

This item is shown in the caption corresponding to “discontinued operations, extraordinary items and changes in accounting policies” amounting to Ps 410,837, including relative expenses and restatement for inflation purposes, including relative expenses and restatement for inflation purposes, in the 2002 income statement.

#### d. Purchases of portfolio packages

##### 1. Negotiated by Sólida Administradora de Portafolios, S. A. de C. V. (Sólida):

Through one of the subsidiaries of BANORTE “Sólida Administradora de Portafolios, S. A de C. V.”, in March 2001, GRUPO won three of the six portfolio loan packages auctioned by the IPAB. The gross amount of these packages was Ps 2,176,018 (Ps 2,061,000 nominal value) of the mortgage portfolio of BANCRECER, and Sólida paid a price of Ps 590,196 (Ps 559,000 nominal value).

Furthermore, during the third quarter of 2001 two further loan portfolio packages were purchased from the IPAB, one amounting to Ps 2,906,637 (Ps 2,753,000 nominal value) for which Ps 844,646 (Ps 800,000 nominal value) was paid, main consulting of commercial loans, and another amounting to Ps 222,775 (Ps 211,000 nominal value), for which Ps 40,121 (Ps 38,000 nominal value) was paid, comprising mortgage loans.

In October 2001, GRUPO purchased an additional mortgage loan package in the amount of Ps 3,369,291 (Ps 3,191,200 nominal value) from Goldman Sachs, for a price of Ps 684,796 (Ps 648,600 nominal value).

In February 2000, the trust division of Banca Serfin, S. A. ceded the rights over the flows generated by the loans and assets included in Tranches I and II of commercial portfolio and Tranche III of mortgage loans in the amount of Ps 22,037,332 (Ps 20,872,500 nominal value), to BANCEN. A price of Ps 2,474,465 was paid for the foregoing. At December 31, 2001, the amount of loans and goods pending recovery were Ps 8,185,371 and Ps 10,474,872 (Ps 9,921,200 nominal value), respectively, and the amount of cost pending amortization were Ps 778,852 and Ps 1,217,248 (Ps 1,152,908 nominal value), respectively.

At October 2002, Sólida bought Ps 363,900 in mortgage loans from the IPAB at a price of Ps 93,478.

##### 2. Negotiated by BANORTE:

At December 20, 2002, BANORTE purchased a commercial and consumer loan package for Ps 343,696 from Banca Quadrum, S. A., Institución de Banca Múltiple, at a price of Ps 281,831, which was recorded in “Other accounts receivable”. GRUPO will incorporate the abovementioned acquisitions in its loan portfolio applicative system, in order to handle it in accordance with its credit management and credit rating process, once it has all the necessary supporting documentation for each individual acquisition.

At February 27, 2003, date of issuance of the financial statements, BANORTE recorded in “sundry creditors and other accounts payable” an amount of Ps 74,291 corresponding to recoveries of the aforementioned loan portfolio (principal and interest corresponding to December 2002 and January 2003).

##### 3. Negotiated by BANCEN:

During 2002 and 2001 BANCEN made several purchases and sales of rights over flows derived from auctioned loan portfolios mainly with the IPAB and through Sólida.

The loan portfolios acquired are analyzed at nominal value as follows:

Project	Type of portfolio	Acquisition date	Portfolio amount	Purchase price	Amount paid
Meseta	Mortgage	June 01	Ps 2,670,373	21.83%	Ps 583,000
Bancrecer I	Mortgage	July 01	2,006,754	28.13%	564,500
Goldman Sachs	Mortgage	October 01	1,405,906	18.46%	259,643
Serfin-Santander	Mortgage and Commercial	January 02	1,964,992	40.44%	794,713
Total			Ps 8,048,025		Ps 2,201,856



Also, during 2002, rights over flows of loan portfolios denominated Meseta and the social interest portfolio of Goldman Sachs were ceded to Sólida, in the amount of Ps 889,923 (Ps 842,884 nominal value), without affecting income for the year (see Note 13).

#### e. Goodwill

In June 2002, GRUPO recorded goodwill from the acquisition of the shares of BANCRECER mentioned in paragraph a above, in the amount of Ps 69,600, mainly comprising:

- Interest recorded on assets derived from Support Programs for the Farming and Fishing sectors, which were not recognized by the Federal Government, in the amount of Ps 39,600, and
- Expenses resulting from the merged, which will not be covered by the Integration Reserve, since this is estimated to be insufficient by an amount of Ps 19,900.

At December 31, 2002, goodwill amounted to Ps 61,295 (see Note 18).

#### f. New methodology for rating the commercial portfolio

At January 1, 2001, the COMMISSION issued Circular 1480 “Methodology for the rating and constitution of the allowance for loan losses of the commercial portfolio”, which supersedes Circular 1128.

The implementation of this new methodology for rating the commercial portfolio did not require any additional charge to income, since the allowances for loan losses constituted by GRUPO while the prior methodology was effective was sufficient.

#### g. Adaptation of by-laws in conformity with the new regulation requirements

Several amendments to the banking laws were published from June 1 to June 4, 2001, in the Official Gazette. Among these laws are: the Ley del Mercado de Valores (Securities Market Law or “LMV”) and the Ley de Instituciones de Crédito (Credit Institutions Law or “LIC”).

Among the most important are the changes in the LMV affecting issuers, which affect all public companies due to the incorporation of measures established in the “Código de Mejores Prácticas Corporativas” (Code of Best Corporate Practices). Furthermore, the changes to the LIC basically refer to the incorporation of independent directors in the Board of Directors of the institutions, the constitution of an Audit Committee and stricter regulation of the handling of transactions with related parties.

In this respect, a General Extraordinary Shareholders' Meeting of GRUPO was held on June 20, 2001, with the sole purpose of amending the by-laws, for the consideration and approval of the shareholders; and to further adapt these by-laws as required by the LMV and Circular 1133 of the COMMISSION. GRUPO has already incorporated independent Directors in the Board of directors. It also has an Audit Committee and a Risk Policies Committee.

#### h. Amendments in the rules for the calculation of capital requirements of banking institutions

At May 14, 2002, the Official Gazette published several regulations that amend, abolish or add rules for the calculation of capital requirements of banking institutions. Relevant changes are focused on the classification and treatment of the following elements: transactions with related parties, mortgage loans, net capital integration (non-authorized reserves and operations) and information disclosure. The GRUPO's management has applied the abovementioned amendments during 2002 for both bank entities.

#### i. New Pronouncements

At November 2001, the Mexican Institute of Public Accountants or IMCP issued Statement C-9 “Liabilities, Provisions and Contingent Assets and Liabilities, and Commitments”, which replaces Statement C-9 “Liabilities” and Statement C-12 “Contingencies and Commitments”, this statement is effective as from January 1, 2003, but its early application is recommended. This statement establishes guidelines for the valuation, recording and disclosure of liabilities, provisions,

contingent assets and liabilities and the disclosure of commitments. Furthermore, includes a detailed discussion of provisions, and the use of present values, consideration of future events in estimating the amount of provisions, the accounting treatment of possible excess provisions and changes in the estimated amount of provisions, among other things. It also establishes the rules for the accounting treatment of the redemption of debentures when it is owned in advance or in connection with a new issue. GRUPO management is evaluating the effects on the financial statements of the application of this statement.

At December 2001, the IMCP issued Statement C-8 "Intangible Assets", which are defined as the costs incurred of rights or privileges acquired that generate future economic benefits. This statement establishes the rules for deferring research and development costs and preoperating expenses, as well as the rules for the amortization of intangible assets. This statement is effective as from January 1, 2003, but its early application is recommended. GRUPO's management is evaluating the effects on the financial statements from the application of this statement.

#### NOTE 3 – ECONOMIC ENVIRONMENT:

The economic environment has been characterized by a restrictive monetary policy imposed by BANXICO, as well as depreciation in the exchange rate and a moderate variation in inflation rates. The relevant economic indicators are the following:

	2002	2001
National Consumer Price Index (INPC), inflation for the year	5.70%	4.40%
Average cost of deposit funds (CPP)		
- Annual average	5.76%	10.58%
- Year-end average	5.36%	5.81%
28-day Federal Treasury Certificates:		
- Annual average interest rate	7.08%	11.37%
- Year-end interest rate	6.98%	6.75%
Reference value of Investment Units (UDIs)	3.225778	3.055273
Exchange rate against the US dollar:		
- Annual average (pesos)	Ps 9.6689	Ps 9.3408
- Year-end average (pesos)	Ps 10.4393	Ps 9.1695
(Decrease) increase in Price Index of the Mexican Stock Exchange	( 3.85% )	14.70%

#### NOTE 4 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying financial statements have been prepared in accordance with the accounting practices established by the COMMISSION. For this purpose, the COMMISSION issued Circulars 1456, 1448, 1458 and 10-234, applicable to financial groups, credit institutions, auxiliary credit organizations and exchange brokers, respectively, which were updated in October 2000 with the issuance of Circulars 1489, 1488 and 1490 effective January 1, 2001. Those Circulars modify various accounting rules in order to add disclosure rules relative to interim financial information. They also incorporate the concept of comprehensive income, change the recording and valuation rules for considering a mortgage loan as past due, as well as set forth rules for the recording, valuation, presentation and disclosure of investment securities, derivative financial instruments, loan portfolios, guarantees and related party transactions.

In the absence of a specific accounting criterion from the COMMISSION, the following shall be applied in the given order: Generally Accepted Accounting Principles ("MEX GAAP"), issued by the Mexican Institute of Public Accountants; International Accounting Standards, issued by the International Accounting Standards Committee (IASC) and Generally Accepted Accounting Principles in North America ("US GAAP"), issued by the Financial Accounting Standards Board (FASB).

The financial statements of GRUPO and its subsidiaries at December 31, 2002 are subject to the approval of the COMMISSION, which is empowered to require make changes therein.

The most significant accounting practices, including the methods and criteria relative to the recognition of the effects of inflation on the financial information, are summarized below:

**a. Principles of consolidation**

The accompanying consolidated financial statements include the financial statements of GRUPO and its subsidiaries that belong to the financial sector, including the retirement funds management company, companies that render supplementary or auxiliary services to banking institutions and real estate management companies. Permanent stock investments in mutual funds, as well as investments in insurance, bonding and pension fund companies are valued by using the equity method, even though GRUPO has significant influence on their management. As mentioned in Note 2a; the GRUPO's financial statements at December 31, 2001 were not consolidated with those of BANCRECER.

The financial statements the main unconsolidated subsidiaries are summarized as follow:

Company	2002				
	%	Assets	Liabilities	Stockholders' equity	Income for the year
Fianzas Banorte, S. A. de C. V.	99.99	Ps 195,764	Ps 113,589	Ps 82,175	Ps 7,821
Seguros Banorte Generali, S. A. de C. V.	51.00	1,986,860	1,760,116	226,744	79,168
Pensiones Banorte Generali, S. A. de C. V.	51.00	4,447,257	4,320,763	126,494	-
<b>Total</b>		<b>Ps 6,629,881</b>	<b>Ps 6,194,468</b>	<b>Ps 435,413</b>	<b>Ps 86,989</b>

Company	2001				
	%	Assets	Liabilities	Stockholders' equity	Income for the year
Fianzas Banorte, S. A. de C. V.	99.99	Ps 153,327	Ps 78,620	Ps 74,707	Ps 7,331
Seguros Banorte Generali, S. A. de C. V.	51.00	1,550,482	1,405,429	145,053	14,654
Pensiones Banorte Generali, S. A. de C. V.	51.00	3,752,651	3,626,157	126,494	( 11,575 )
<b>Total</b>		<b>Ps 5,456,460</b>	<b>Ps 5,110,206</b>	<b>Ps 346,254</b>	<b>Ps 10,410</b>

**b. Recognition of the effects of inflation on the financial information**

The accompanying financial statements have been restated in terms of purchasing power at the end of the most recent fiscal year, thus recognizing the effects of inflation. The financial statements of the prior year have been restated in terms of purchasing power at the end of the latest year and the figures differ from those originally stated in the corresponding year's purchasing power. Consequently, the financial statements are comparable with each other and with those of the prior year, since they are all stated in currency of the same purchasing power.

To recognize the effects of inflation in terms of the purchasing power at the end of the year, the following procedure was followed:

In the balance sheet:

Property, furniture and equipment were restated based on factors derived from the Investment Unit (UDI) reference value.

Foreclosed assets are considered as monetary assets; hence, their value is not restated. They further form part of the base for calculating the monetary gain of GRUPO. Moreover, subordinated debentures and permanent investments in entities that do not recognize the effect of inflation are considered monetary assets.

Permanent investments are valued based on the equity method as a specific cost, presenting as gain (loss) from holding non-monetary assets the difference between the restatement of the balance at the beginning of the period based on the restatement factor and the increase or decrease from applying the equity method.

Capital stock and retained earnings are restated based on the UDI factor, to maintain stockholders' equity at pesos of constant purchasing power.

The deficit on restatement of stockholders' equity represents the change in the specific price level of non-monetary assets vis-à-vis the UDI factor.

In the statement of income:

The consolidated statement of income for the period from January 1 to December 31, 2002 and 2001, is presented in pesos of December 31, 2002 purchasing power. For that purpose, that end, the historical amounts of transactions are restated by using the factor resulting from dividing the UDI reference value at December 31 by the UDI value at the date of those transactions.

The gain or loss on monetary position represents the loss in the value of monetary assets and liabilities in real terms, caused by inflation. It is calculated on average daily balances.

Depreciation of non-monetary assets is determined based on their restated value.

In the other statements:

The statement of changes in financial position presents such changes in constant pesos, based on the financial position at the end of the prior year restated in terms of purchasing power at the end of the latest year.

**c. Cash and cash equivalents**

This item is recorded at its nominal value, except for minted (precious) metals, which are valued at their fair value at year-end. Cash and cash equivalents in foreign currency are valued at the exchange rate published by BANXICO at the end of the year.

**d. Range operations**

Through official letter 60-II-DGDEE-189001, dated December 19, 2001, the COMMISSION established the accounting treatment relative to range operations (not assigned nor paid) and value date (assigned pending payment) made by credit institutions, which became obligatory on January 1, 2002. During 2002, GRUPO's management applied the aforementioned accounting treatment to its financial statements.

**e. Investment securities**

Investment securities include government and fixed income securities, classified as trading securities, available-for-sale securities and held-to-maturity securities. The latter are recorded at historical cost, plus the yields generated by those securities calculated in accordance with the imputed interest or straight-line method, as the case may be, which are recognized as realized in the statement of income as earned. These classifications are determined according to the intention of GRUPO's management at the date of purchase; also there is a possibility of transferring between categories.

Trading securities and available-for-sale securities are stated at their fair value (market value), which represents the amount for which an instrument can be traded between parties willing to carry out transactions. The fair value is determined based on prices provided by a price supplier authorized by the COMMISSION (price supplier). The difference between the fair value and the historical cost plus accrued interest is recorded in income of the year in the case of trading securities and in stockholders' equity, in the case of available for sale securities.

Held-to-maturity securities are recorded at their historical cost and the yields obtained are recorded in income for the year.

#### f. Repo transactions

Securities traded under a repo agreement are recorded at their agreed value. Those transactions recognize a premium on the agreed price that is recorded in income as accrued. It is realized in accordance with the maturity date of the agreement.

The items denominated "Debit balances in repo transactions" and "Credit balances in repo transactions" represent the excess of the valuation at market of the securities covered by repo transactions over the present value of the price at maturity when GRUPO acts as seller or buyer, respectively.

The debit and credit portions representing securities receivable or payable in the transactions are valued in conformity with the provisions set forth in criterion B-2 "Inversiones en Valores" (Investments in securities) of Circular 1448 issued by the COMMISSION, with regard to trading securities.

In addition, debit and credit positions are recorded in memorandum accounts when the GRUPO acts as seller and buyer.

#### g. Derivative financial instruments trading

GRUPO considers contracts entered into with other primarily financial entities as derivative financial instruments trading. When they contracts meet the following characteristics:

1. The price is determined in accordance with one or more underlying assets.
2. One or more nominal amounts or provisions of payments or both are incorporated.
3. The underlying face amounts or payment provisions, together with the specific characteristics of each contract, determine the settlement terms of each instrument. In some cases, such as call and put options, they determine whether or not a settlement is required.
4. Cash settlements are permitted or, if applicable, settlements are carried out by delivering an asset so that the other party is in the same condition as if it had been a cash settlement.

Derivative financial instrument transactions are recorded at their agreed value and valued in accordance with their intended use, whether for hedging or trading purposes.

GRUPO has entered into the following derivative instrument transactions, which are recorded and valued at year-end as shown below:

##### Trading activities:

#### 1. Forward contracts

In this type of transactions, the buyer and seller record an asset position and a liability position. At the time the contract is entered into, the buyer records the asset position at the face value of the contract. At the closing, that contract is valued at fair value. The liability position at closing is maintained at face value. On the other hand, the seller records and values the contract in the opposite way, that is, the liability position is maintained at face value and the liability position is valued at fair value.

#### 2. Futures contracts

At the time these contracts are entered into, an asset position and a liability position are recorded at the face amount of the contracts. They are valued at fair value every day, by recognizing price fluctuations in net interest income.

### 3. Option contracts

GRUPO, when acting as the buyer of the option, records the premium paid in the asset caption Securities and derivatives trading. At closing, the asset is valued at fair value (market value or based on formal valuation techniques).

GRUPO, when issuing the option, records the cash receipt by recognizing the premium charged in the liabilities caption of Securities and derivatives trading. At closing, the liability is valued in accordance with the fair value of the option.

### 4. Swaps

The contract value of the asset or liability position, respectively, is recorded. At each month-end, the foregoing is valued in accordance with the fair values of cash flows receivable or payable. In the event of a swap in face amounts, that amount will be incorporated as cash flows receivable or payable, as the case may be.

Any foreign currency denominated derivative will be translated into Mexican pesos, taking into account the exchange rate published by BANXICO, once it has been valued in accordance with the rules of the COMMISSION.

Increments or reductions between the fair value and the agreed value of derivative financial instruments are recognized in the income statement as "Result from brokerage".

#### Hedging transactions:

##### 1. Futures contracts and forward contracts

In this type of transactions, the buyer and seller record an asset position and a liability position. In the case of the buyer, the asset position will reflect the spot price (price or equivalent of the underlying asset on the market). Subsequently, the asset part is valued at the fair value of the underlying asset. The liability position is maintained at the face value of the contract. On the other hand, the seller records and values the transaction in the opposite way, the asset position is maintained at face value and the borrowing position is valued at the spot price and subsequently valued at the fair value of the underlying asset.

The differences between the face amount and the spot price of the underlying asset are recorded as a deferred charge or credit that is amortized on a straight-line basis over the term of the contract.

##### 2. Option contracts

GRUPO, when acting as the buyer of the option to hedge an open risk position, records the premium paid in the assets caption Securities and derivatives trading. At closing, the contract is valued at the fair value of the option.

GRUPO, when issuing the option or acting as a seller to hedge an open risk position, records the cash receipt by recognizing the premium charged in the liabilities caption Securities and derivatives trading. At closing, the liability is valued in accordance with the fair value of the option.

##### 3. Swaps

The contract value of the asset or liability position, respectively, is recorded. At each month-end, the contract is valued in accordance with the fair values of cash flows receivable or payable. In the event of a swap in face amounts, that amount will be recorded as cash flows receivable or payable, as the case may be.

When cash flows receivable or payable are denominated in foreign currency, these are valued at the exchange rates published by BANXICO.

Increments and reductions in the valuation of the asset and liability positions of these derivative financial instruments are recognized in the income statement in the same caption where the result from valuation of the primary position is recorded.

The fair value of these transactions, for trading as well as hedging purposes, is determined using formal valuation techniques performed by independent experts.

#### h. Loan portfolio

##### Banking Sector

Loans and negotiable instruments in effect or renewed are stated at their nominal value in accordance with the LIC. Loans are granted based on an analysis of the financial position of the borrower, the economic viability of the investment projects and the other general characteristics referred to by the LIC, as well as the manuals and internal policies of GRUPO.

The loan portfolio balance shown on the balance sheet represents the amounts effectively lent to borrowers, plus uncollected accrued interest less the interest charged in advance. Moreover, the loan portfolio balance is net of the allowance for loan losses.

Loans are considered as past due for the total unpaid balance thereof when the bank has not received payment of interest or principal for the following periods of time:

- Loans payable in a single installment of principal and interest, when 30 or more days past due.
- Loans payable in a single installment and periodic interest payments when the interest 90 or more days past due, or the principal 30 or more days past due.
- Loans payable in periodic instrument of principal and interest, when 90 or more days past due.
- Revolving loans when there are two monthly billing periods or 60 or more days past due.
- Mortgage loans when there are periodic installments of principal and interest 180 or more days past due.

The unpaid balance of the loans is also considered past due portfolio when it is known that the debtors has been declared in mercantile bankruptcy, in accordance with the Law of Mercantile Bankruptcy.

Interest is recognized as income earned. However, recognizing interest is suspended when the loans are transferred to past due loan portfolio.

An allowance is set up in an amount equivalent to the total uncollected accrued ordinary interest considered as past due loan portfolio, at the time when the loan is transferred to past due loan portfolio.

As long as the loans are part of the past due portfolio, accrued interest is controlled in memorandum accounts. When such interest is collected, it is directly recognized in income for that year.

Commissions on loan granting are recognized as income when they are charged.

Restructured loans are considered as past due portfolio until there is evidence of sustained payment; that is, when the bank receives the complete payment without delay for three consecutive monthly payments, or else, on the collection of one installment in cases where the installment covers of more than 60 days.

Reserved loans in which the creditor has not paid the accrued interest and at least 25% of the original loan amount on time will be considered as past due as long as there is no evidence of sustained payment.

##### Auxiliary Credit Organizations and Activities Sector

The brokerage portfolio is recorded as follows:

- Assigned portfolio: The amount of the portfolio assigned to the subsidiary is shown as loan portfolio, reduced by the difference (appraisal) between the loan portfolio and the funded amount.

- Income from the acquisition of notes (interests): It is calculated in advance, monthly, due and at the due date, and shown in the brokerage portfolio. Both are applied to income as accrued.

The financial leasing portfolio is recorded as follows:

- Financial leasing (capitalized): It is recorded as a direct loan, considering the total amount of agreed rents as accounts receivable and considering the difference between such amount and the cost of leased goods as unrealized profits.
- Operating lease (pure): It is represented by assets of the subsidiary given to third parties for their temporary use, for a determined period of time equal to or greater than six months. The rents from operating leases are recorded in income as earned.

#### i. Allowance for loan losses

The allowance for loan losses is calculated based on the “Reglas para la Calificación de la Cartera de Créditos de las Instituciones de Crédito” (Rules for Rating the Loan Portfolio of Credit Institutions) issued by the Secretaría de Hacienda y Crédito Público (Ministry of Finance and Public Credit or “SHCP”) and the methodology established by the COMMISSION for each type of loan. Such rules establish that the commercial portfolio shall be rated every three months.

In the months when the commercial portfolio is not rated, the risk degrees determined based on the last rating should be applied to the amount of the portfolio in such months. Furthermore, the amounts recovered from the previously reserved loan portfolio shall be credited to the preventive allowance for loan losses and not to the income for the year.

As from the year 2001, the rating of the commercial portfolio is performed in conformity with Circular 1480 “Metodología para la calificación y constitución de reservas preventivas de la cartera crediticia comercial” (Methodology for the rating and constitution of the allowance for loan losses of the commercial portfolio) issued by the COMMISSION at September 29, 2000, which supersedes Circular 1128.

Said circular proposes a methodology which would assign a rating for each borrower and furthermore rate each loan in relation with the value of the guarantees in order to estimate a probable loss and define the percentage of necessary preventive reserves; however, the circular also establishes the option to use the GRUPO’s a bank’s own methodology to assign the risk rating per debtor, subject to the evaluation and certification process of the COMMISSION.

In this respect, the COMMISSION issued official letter number 601-II-105524 dated June 15, 2001, granting BANORTE the temporary (for the years ended December 31, 2001 and 2002) and limited use of an internal rating model for the commercial portfolio. On the other hand, BANCEN was not authorized to use the rating methodology of BANORTE for its commercial portfolio (see Note 25g).

The Calificación Interna de Riesgo (Internal Risk Rating or CIR BANORTE) is in compliance with internationally accepted best practices, and seeks to obtain a reliable and objective estimate of the quality of loan assets, as well as to clearly identify the risk level represented by each borrowed, through the assignment of an individual risk level. It also evaluates the financial, operating and credit liability of borrowers and evaluates the collateral supporting the loans. It also serves as a basis to analyze quality migration of the loan portfolio, estimates the probability of non-compliance and expected losses, unifies credit selection and authorization criteria determined by BANORTE and BANCEN, respecting differences between industries and business segments, and determines the allowances for loan losses necessary to cover the loan portfolio risk.

Allowances for loan losses relative to mortgage, credit card and consumer loans are calculated by applying certain percentages in accordance with the risk of these portfolios, determined based on the number of past due payments. As from June 2000, the mortgage portfolio considers additional allowance percentages, based on the probability of unpaid balances from the debtor. The ratings for this type of loans are performed on a monthly basis.



BANORTE and BANCEN constitute additional preventive allowances at 100% for those loans granted without previously consulting with a credit information organization (Credit Bureau) or that having been consulted present past due debts. Furthermore, GRUPO's management may create estimates if it concludes that the credit risk measurement process requires it. Finally, among the additional elements that serve as estimators in the constitution of allowances is the use of a "Transition Chart", which calculates the migration of borrowers between the different levels of risk rating and the particular characteristics of some borrowers with difficult situations in the concentration of credit risk in both banks.

In the case of the Auxiliary Credit Organizations and Activities Sector, the preventive allowance for credit risks represents doubtful loan portfolios and is determined based on studies and projections made by GRUPO.

The losses, cancellations or discounts on the portfolio are recorded by a charge to the allowance for loan losses. Also, when there is evidence of a non-recoverable loan, such loan is charged directly against the preventive allowance.

#### j. Loss sharing with FOBAPROA

As mentioned in Note 11, in accordance with the rules established by the COMMISSION, BANORTE comprehensively recognizes the shared loss generated by its participation in FOBAPROA loan portfolio flows.

During the year, BANORTE recognized allowances in income in the amount of Ps 35,903 (Ps 179,095 in 2001), corresponding to the loss sharing and incentives agreement in its participation portfolio flows with FOBAPROA.

#### k. Loan in portfolio

##### i. Purchase of loan portfolios:

This item is represented by the cost of acquisition of several loan packages acquired by BANCEN; so that is, it corresponds to the amounts effectively paid by BANCEN to obtain the rights on the flows that arise from such portfolios.

Additionally, BANCEN follows the practice of capitalizing the interest and monetary gain or loss associated with the financing entered into by BANCEN for the acquisition of such portfolio packages during the first three months after the acquisition of the loan portfolios.

This is because during this time BANCEN performs preoperating activities, such as reception of files and information from the seller, assignment of cases to executives, adaptation and loading of data into the operating systems, notices to debtors, etc.

Once the preoperating stage has concluded and the portfolio collecting activities begin, this item is amortized in the proportion in which the associated asset (loan portfolio) is reduced, either by collections, forgiveness of debt or write-offs or allowances for doubtful accounts.

In connection with the amortization of the cost which for loan portfolios, BANCEN follows the following criteria:

- Monthly application of the initial proportion percentage of the acquisition cost in relation with the total portfolio acquired.
- Through financial projections, it estimates expected flows generated by loan portfolios and reconsiders the accounting criterion for the amortization of the cost of rights shown in the balance sheet.

#### ii. Purchase of loan portfolio packages:

This item is represented by the cost of those loan portfolio packages that BANORTE and BANCEN acquire and that are initially recognized in "Other Accounts Receivable", while the files are received and the database is obtained for its subsequent incorporation to "Current Loan Portfolio" where they are handled in accordance with the loan management process and rating of established loans as indicated in paragraphs h and i, above.

#### i. Other accounts receivable and payable

Amounts corresponding to sundry debtors and creditors GROUP not recovered or paid within 60 or 90 days following their initial recording (depending on whether the balances are identified or not), are charged to income, independently of their possibility of recovery or of the clarification process of liabilities.

#### m. Property, furniture and equipment

Property, furniture and equipment and installation expenses are initially recorded at their acquisition cost. They are restated by applying UDI-derived factors.

Depreciation - The acquisition cost restated for inflation is depreciated on a straight-line basis, effective the month following the purchase of the assets.

#### n. Foreclosed assets

Foreclosed assets are recorded at the value at which they are adjudicated by the courts. That value should be the lower of cost or net realization value. Assets received as debt settlements are recorded in a similar manner.

In the event that the book value of the portfolio including the allowance for loan losses exceeds the value of the foreclosed assets, the amount of that allowance will be adjusted.

Those assets are considered as monetary items; hence, they are not subject to any restatement for inflation.

The recorded value of these assets can be written-down if there is sufficient evidence that the value at which the asset can be realized is lower than the value recorded in books.

#### o. Permanent stock investments

GRUPO recognizes its investments in nonconsolidated subsidiaries, as well as in associates, by using the equity method based on their book value in accordance with the last available financial statements of these entities. Effective fiscal 2000, the equity method is considered as a specific cost. The difference between the restatements of the balance at the beginning of the period, based on the restatement factor and the increase or decrease by using the equity method, is shown as a gain or loss on holding nonmonetary assets.

#### p. Income Tax and Employees' Profit Sharing

Income tax and employee's profit sharing charged to income of each fiscal year, based on the taxable income determined as the basis for paying those items.

GRUPO recognizes the effect of deferred taxes determined by the comprehensive asset and liability method, in accordance with Statement D-4 "Accounting for income tax, asset tax and employees profit sharing" issued by the IMCP, through a comparison of the accounting and tax values of the assets and liabilities. Temporary differences arising from this comparison are multiplied by the tax rate. On the other hand, employees' profit sharing is calculated taking into consideration the temporary differences of the year, which will presumably result in future liabilities or benefits.

The net effect of the aforementioned items is presented in the balance sheet within the assets caption under the caption "Deferred taxes".

#### q. Customer deposits

Customer deposit liabilities, including promissory notes with a yield payable at maturity, are recorded at the amount received plus accrued interest, determined by the days elapsed at the end of each month. Interest is charged to income of the year as accrued.

#### r. Labor liabilities

In accordance with the Federal Labor Law, the GRUPO is obliged to pay seniority premiums as well as other payments that employees may be eligible for in the event of separation under certain circumstances.

GRUPO records seniority premiums, pension plans and retirement payments as they accrue, in accordance with actuarial calculations based on the projected unit credit method, and in compliance with guidelines established in Statement D-3 "Labor Obligations", issued by the IMPC.

At December 31, 2002 and 2001, GRUPO has recorded estimated liabilities to cover the minimum required liabilities in accordance with Statement D-3 to cover obligations for pension plans and seniority premiums.

At the beginning of 2001, GRUPO implemented an optional defined contribution pension plan through which company contributes preestablished cash amounts to a specific investment fund. The benefits to the employees will consist in the sum of such contributions, plus or less the gains or minus in the administration of such funds. The responsibility of the company in relation with such plans is limited to the payment of the specified contributions are, and normally companies do not acquire the obligation to make complementary contributions.

#### s. Use of estimates

The preparation of these financial statements, in accordance with accounting criteria established by the COMMISSION, require that the GRUPO's management make estimates that affect the amount of certain assets and liabilities and certain income, costs and expenses at the report dates and for the years then ended, as well as the disclosure of contingent assets and liabilities. Actual results may defer from these estimates.

#### t. Stockholders' equity

Capital stock, retained earnings and net income of the year represent the historical amounts restated by UDI factors.

The deficit in restatement of capital account represents the accumulated gain or loss on monetary position and the initial recognition of the impact of inflation on the financial information.

#### u. Earnings per share

The basic earnings per share is determined by dividing the net income of the year by the weighted average shares outstanding, as well as the diluted earnings when there are shares that may be converted into common stock.

#### v. Foreign currency position and investment units

Foreign currency denominated transactions and UDI denominated transactions are recorded at the exchange rates or references values in effect on the date they are entered into. Assets and liabilities denominated in those currencies are stated in local currency (Mexican pesos) at the exchange rates or references values in effect issued by BANXICO at the balance sheet date. Differences are recorded in income according to the exchange rate fluctuations between the transaction date and their liquidation or valuation at year-end.

#### w. Guarantees granted

The amount of guarantees granted is presented in memorandum accounts and it is recognized in the balance sheet as part of the loan portfolio, once there is evidence of nonperformance by the debtor. Simultaneously, the liability payable by GRUPO is recognized.

#### x. Custody and administration of assets

GRUPO records the transactions it carries out for account of third parties in memorandum accounts, such as trading securities and derivative financial instruments, repo transactions and securities lending, as well as the contracts under which GRUPO accepts responsibility for safeguarding assets.

#### y. Trusts

Trust assets are recognized in memorandum accounts, based on the implied responsibility for the GRUPO to fulfill the purpose of those trusts.

### NOTE 5 – SIGNIFICANT DIFFERENCES WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN MEXICO:

I. The financial statements have been prepared in conformity with the accounting practices established by the COMMISSION. Those practices are approximately similar to domestic and international accounting standards, which provide comparability with any other international financial entity. However, there are some difference with regard to the provisions set forth in MEX GAAP, which are summarized below:

#### a. Consolidation

The consolidated financial statements include only the subsidiary companies belonging to the financial sector and those that render complementary or auxiliary services thereto, but not insurance and bonding companies, which were not consolidated. MEX GAAP requires consolidating all the subsidiaries that compose the financial group.

#### b. Available-for-sale securities valuation

The financial statements reflect changes in the available-for-sale securities valuation in stockholders' equity. MEX GAAP set forth that these changes should be recognized in the statement of income.

#### c. Repo transactions

Repo transactions are recognized as buy and sell transactions or temporary transfer of securities that guarantee the transaction. However, they are not accounted for in accordance with the substance of the transaction (financing). They are valued considering the present value of the price of the security at the maturity of the transaction, instead of recognizing the accrued premium on a straight-line basis.

#### d. Foreclosed assets

These assets are considered monetary assets; therefore they are not restated and they form part of the calculation basis of the gain or loss on monetary position of GRUPO. Accounting principles consider this type of assets as non-monetary assets.

II. Taking into consideration that credit institutions perform specialized transactions, the COMMISSION issues specific accounting rules, when it deems it convenient. In this respect, the COMMISSION has issued several official letters affecting the financial statements of the GRUPO, which reflect differences vis-à-vis MEX GAAP and in some cases, with the general accounting practices established by the COMMISSION. The following are among the most important of these cases:

a. Investment in shares of BANCRECER

At the end of the year, BANORTE acquired 100% of the capital stock of BANCRECER. Since the administrative control of this institution was not taken over until January 2, 2002, BANORTE recorded this investment, in the amount of Ps 1,783,951 (Ps 1,689,656 nominal value), within the held-to-maturity securities. Consequently, the financial statements of BANORTE at December 31, 2001 were not consolidated with those of BANCRECER, nor was such investment valued by the equity method. MEX GAAP established that such purchase should have been recorded in permanent investment in shares and valued by the equity method.

After the acquisition of BANCRECER was completed, the investment was consolidated with GRUPO (from January 2002 owned).

b. Property, furniture and equipment

In July 2000, property was restated by an appraisal performed by independent experts. In addition, furniture and equipment were restated by an appraisal performed by independent experts in March 2000. Effective the months in which the appraisals were recognized, those fixed assets are restated for inflation based on the UDI factor. MEX GAAP provides that this restatement should be effected through the application of general inflation factors.

NOTE 6 – CONSOLIDATION OF FINANCIAL STATEMENTS:

The financial statements include the assets, liabilities and income of all consolidated subsidiaries. All significant inter company balances and transactions have been eliminated in the consolidation.

At December 31, 2002 and 2001, the entities that consolidated with GRUPO were the following:

Subsidiary	Equity percentage	
	2002	2001
Banco Mercantil del Norte, S. A. (BANORTE)	96.11%	95.79%
Banco del Centro, S. A. (BANCEN)	99.99%	99.99%
Casa de Bolsa Banorte, S. A. de C. V. (CASADE BOLSA)	99.99%	99.99%
Arrendadora Banorte, S. A. de C. V. (ARRENDADORA)	99.99%	99.99%
Factor Banorte, S. A. de C. V. (FACTOR)	99.99%	99.99%
Almacenadora Banorte, S. A. de C. V. (ALMACENADORA)	99.99%	99.99%

The amounts of the balance sheets of consolidated subsidiaries are summarized below:

	2002			2001	
	Assets	Liabilities	Income of the year	Stockholders' equity	Stockholders' equity
BANORTE	Ps 193,353,263	Ps 185,198,496	Ps 1,469,848	Ps 8,154,767	Ps 6,765,728
BANCEN	4,810,051	1,999,142	412,467	2,810,909	2,672,282
CASADE BOLSA	453,067	127,193	80,088	325,874	251,298
ARRENDADORA	966,384	802,264	30,798	164,120	133,322
FACTOR	2,240,722	2,071,830	29,186	168,892	139,706
ALMACENADORA	372,359	313,217	14,088	59,142	63,109
Total	Ps 202,195,846	Ps 190,512,142	Ps 2,036,475	Ps 11,683,704	Ps 10,025,445

NOTE 7 – CASH AND CASH EQUIVALENTS:

As of December 31, 2002 and 2001, cash and cash equivalents were summarized as shown below:

Concept	2002	2001
Cash	Ps 4,437,148	Ps 2,173,826
Deposits in BANXICO	13,795,806	3,602,344
Domestic and foreign banks	4,767,284	2,029,217
Call money	360,000	204,100
Other deposits and cash equivalents	165,091	95,806
<b>Total</b>	<b>Ps 23,525,329</b>	<b>Ps 8,105,293</b>

The balance of cash and cash equivalents as of December 31, 2002 comprises US\$497,415 (US\$120,652 in 2001) and Ps 18,332,665 in Mexican pesos (Ps 6,998,974 in 2001).

NOTE 8 – INVESTMENT SECURITIES:

These investments are subject to several types of risks. The main risks that can be associated with investment securities are related to the market in which they are traded, interest rates associated with the term, exchange rates and inherent credit and market liquidity risks.

GRUPO's management policies, as well as an analysis of the risks that GRUPO is exposed to, are discussed in Note 34.

The investment securities position is summarized as shown below:

a. Trading securities

Instrument	No. of Certificates	Market value	2002			2001	
			Cost of acquisition	Interest	Unrealized gain or (unrealized loss)	Market value	
Commercial Paper	51,506,000	Ps 537,265	Ps 537,287	Ps -	( Ps 22 )	Ps 1,448,496	
Cetes (1)	83,580,414	818,264	793,491	24,833	( 60 )	86,423	
Bank Securities	1,351,849,713	1,337,923	1,083,246	243,269	11,828	758,739	
Bank Bonds	670	67	67	-	-	-	
Bondes	3,732	375	375	-	-	-	
Shares	27,167,494	149,848	163,114	-	( 13,266 )	-	
Nafin	-	-	-	-	-	39,319	
GEO	-	-	-	-	-	42,342	
Brems	-	-	-	-	-	2,597	
Pmp Private	-	-	-	-	-	99,624	
Others	3,265,674	140,360	135,936	3,894	530	-	
<b>Total</b>	<b>1,517,373,697</b>	<b>Ps 2,984,102</b>	<b>Ps 2,713,516</b>	<b>Ps 271,996</b>	<b>( Ps 990 )</b>	<b>Ps 2,529,798</b>	

(1) Federal Treasury Certificates.

b. Available-for-sale securities

Instrument	No. of Certificates	Market value	2002			2001	
			Cost of acquisition	Interest	Unrealized gain or (unrealized loss)	Market value	
Eurobonos	113,500,000	Ps 585,152	Ps 1,188,741	Ps 42,569	Ps 646,158	Ps 991,608	
United Mexican States (UMS)	57,000,000	723,956	672,706	20,524	( 30,726 )	123,147	
<b>Total</b>	<b>170,500,000</b>	<b>Ps 1,309,108</b>	<b>Ps 1,861,447</b>	<b>Ps 63,093</b>	<b>Ps 615,432</b>	<b>Ps 1,114,755</b>	

In March 2001 BANORTE was authorized by the COMMISSION to reclassify its portfolios of "EUROBONDS" from the category of "Held-to-maturity securities" to "Available-for-sale securities".

At December 31, 2002, BANORTE held US\$68.5 million of EUROBONDS issued by AHMSA and CYDSA that fall due in 2002, 2004, and 2009. An estimated loss reserve was created as of December 2001 in the amount of US\$60.1, (including US\$6 million corresponding to CYDSA). The effect of that valuation is recognized in stockholder equity under "Income from valuation of available-for-sale securities". BANORTE's management recognized such amount in 2002 under "Income from prior years" upon observing a sustained decrease in value for this type of securities.

Furthermore, by authorization of the COMMISSION, effective May 1999 interest ceased being accrued on AHMSA's EUROBONDS, which amounted to US\$2.9 million at that date.

At December 31, 2002, AHMSA and CYDSA's EUROBONDS suffered a decline in value amounting to US\$2.5 million (including US\$1.8 million from AHMSA) which was recognized to income of the year. Consequently, their market value amounted to US\$6.7 million at fiscal year-end.

At February 27, 2003, date of issuance of the financial statements, this EUROBONDS of AHMSA and CYDSA should a gain (loss) on market valuation of Ps 26,072 (Ps 9,234), respectively, of which only the loss on valuation of CYDSA was recognized in income for 2003.

#### c. Held-to-maturity securities

Instrument	2002			2001
	Cost of acquisition	Accrued interest	Net value	Net value
Special Federal Treasury Certificates	Ps 4,807,945	Ps 1,889,039	Ps 6,696,984	Ps 3,993,862
Shares of Bancrecer (1)	-	-	-	1,765,154
Clearing Master Trust (2) (Note 32)	108,466	-	108,466	91,586
Azteca Strip Bonds	263,554	-	263,554	-
Myra Bonds	9,060	111	9,171	-
Nemak	156,590	15	156,605	-
Trust rights	24,605	-	24,605	29,234
United Mexican States (UMS)	3,606,386	118,692	3,725,078	-
UDI Trust Bonds	( 3,291,368 )	-	( 3,291,368 )	( 2,672,428 )
<b>Total</b>	<b>Ps 5,685,238</b>	<b>Ps 2,007,857</b>	<b>Ps 7,693,095</b>	<b>Ps 3,207,408</b>

(1) As mentioned in Note 2a, BANORTE was authorized by the COMMISSION to record its investment in BANCRECER shares within this category of investment securities at December 31, 2001.

(2) This amount corresponds to the value of notes supporting the flow of remittances in transit pending collection; therefore, it is considered a restricted asset at the end of each month and each year.

NOTE 9 – SECURITIES AND DERIVATIVES TRADING:

a. Repo transactions

The repo transactions that GRUPO has carried out are summarized as shown below:

Selling entity (sale)

Instrument	2002			2001		
	Securities receivable	Payables under repo agreements	Difference	Securities receivable	Payables under repo agreements	Difference
Cetes	Ps 18,843,039	Ps 18,828,837	Ps 14,202	Ps 15,307,988	Ps 15,278,075	Ps 29,913
Udibonos	31,845	30,985	860	4,323,647	4,240,839	82,808
Bondes	3,702,693	3,707,311	( 4,618 )	58,459	58,421	38
Quarterly Bondes	10,942,862	10,952,445	( 9,583 )	-	-	-
Bondes 91	173,335	173,306	29	6,797,425	6,781,213	16,212
Bondes 182	7,785,555	7,774,548	11,007	-	-	-
Brems	34,946,337	34,948,193	( 1,856 )	33,375,201	33,417,730	( 42,529 )
PRLV	11,333,258	11,302,335	30,923	8,888,988	8,889,127	( 139 )
Cedes	22,721,871	22,763,989	( 42,118 )	22,558,786	22,553,931	4,855
Bank Bonds	2,293,269	2,285,803	7,466	9,148,408	9,149,411	( 1,003 )
Quarterly Bondes	2,778,697	2,774,716	3,981	2,082,446	2,089,885	( 7,439 )
IPAB Bonds	83,145,843	83,121,299	24,544	-	-	-
IPB IPBPAS Bonds	-	-	-	46,784,996	46,746,327	38,669
Bond	7,871,389	7,870,051	1,338	3,434,870	3,395,492	39,378
<b>Total</b>	<b>Ps 206,569,993</b>	<b>Ps 206,533,818</b>	<b>Ps 36,175</b>	<b>Ps 152,761,214</b>	<b>Ps 152,600,451</b>	<b>Ps 160,763</b>

With GRUPO as the selling entity, the accrued premiums charged to income amounted to Ps 1,853,243 in 2002 (Ps 15,188,733 in 2001).

Buying entity (purchase)

Instrument	2002			2001		
	Receivables under repo agreements	Securities payable	Difference	Receivables under repo agreements	Securities payable	Difference
Cetes	Ps 17,811,628	Ps 17,825,530	( Ps 13,902 )	Ps 10,957,551	Ps 10,978,744	( Ps 21,193 )
Udibonos	31,953	32,184	( 231 )	4,243,629	4,323,647	( 80,018 )
Bondes	3,707,805	3,702,693	5,112	29,141	29,167	( 26 )
Quarterly Bondes	10,816,837	10,804,406	12,431	-	-	-
Bondes 91	146,727	146,708	19	4,983,944	4,995,302	( 11,358 )
Bondes 182	7,761,318	7,785,555	( 24,237 )	-	-	-
Brems	20,349,364	20,332,977	16,387	23,575,741	23,527,272	48,469
PRLV	5,435,179	5,434,901	278	4,821,288	4,821,234	54
Cedes	11,381,969	11,360,938	21,031	11,435,491	11,437,756	( 2,265 )
Bank Bonds	1,144,927	1,147,651	( 2,724 )	4,310,986	4,309,771	1,215
Quarterly Bondes	1,697,360	1,700,783	( 3,423 )	1,452,054	1,445,542	6,512
IPAB Bonds	53,518,219	53,520,970	( 2,751 )	-	-	-
IPB IPBPAS Bonds	-	-	-	29,358,438	29,375,039	( 16,601 )
Bond	7,487,056	7,488,263	( 1,207 )	2,391,439	2,423,118	( 31,679 )
<b>Total</b>	<b>Ps 141,290,342</b>	<b>Ps 141,283,559</b>	<b>Ps 6,783</b>	<b>Ps 97,559,702</b>	<b>Ps 97,666,592</b>	<b>( Ps 106,890 )</b>

With GRUPO as the buying entity, the accrued premiums recognized in income amounted to Ps 1,931,987 in 2002 (Ps 9,972,610 in 2001).



b. Derivative financial instrument trading

GRUPO's trade the following derivative financial instruments: forwards, futures, swaps, warrants and options.

GRUPO's management follows the policy of trading derivative instruments to hedge its own position. It further trades on the money market, by hedging money market risk positions, anticipating changes in interest rates and taking maximum care of the shareholders' and customers' capital (see Note 34).

As of December 31, 2002 and 2001, derivative financial instrument positions are summarized as shown below:

Instrument	2002		
	Buy	Sell	Net
Foreign currency forwards:			
Market value	Ps 371,862	( Ps 29,126 )	Ps 342,736
Agreed price	( 362,069 )	28,544	( 333,525 )
	Ps 9,793	( Ps 582 )	Ps 9,211
Warrants and options:			
Hedging and trading			821
Net asset position			Ps 10,032
	Flow receivable	Flow payable	Net flows
Swap			
Cross Currency	Ps 5,202,371	( Ps 6,010,338 )	( Ps 807,967 )
Interest rate	19,202	( 27,827 )	( 8,625 )
	Ps 5,221,573	( Ps 6,038,165 )	( Ps 816,592 )
	Opening premium	Valued premium	Valuation
Foreign currency options:			
Premium collected	( Ps 663 )	( Ps 73 )	( Ps 736 )
Net liability position			( Ps 817,328 )
Instrument	2001		
	Flow receivable	Flow payable	Net flows
Swap			
Cross Currency	Ps 1,240,814	( Ps 1,211,929 )	Ps 28,885
Interest rate	26,966	( 39,722 )	( 12,756 )
Net asset position	Ps 1,267,780	( Ps 1,251,651 )	Ps 16,129
	Buy	Sell	Net
Foreign currency forwards:			
Market value	Ps 996,168	( Ps 599,208 )	Ps 396,960
Agreed price	( 1,008,701 )	601,532	( 407,169 )
	( Ps 12,533 )	Ps 2,324	( Ps 10,209 )
	Opening premium	Valued premium	Valuation
Foreign currency options:			
Premium collected	( Ps 366 )	Ps 300	( Ps 66 )
Warrants:			
Hedging and trading			( 119 )
Net liability position			( Ps 10,394 )

BANORTE and BANCEN's operations transactions for hedging purposes constitute foreign currency and interest rate swaps. Foreign currency swaps fall due between 2003 and 2011. Interest rate swaps fall due between 2003 and 2017, in order to offset the financial risk of long-term loans offered by BANORTE and BANCEN at a fixed rate.

GRUPO's operations for trading purposes are intended to provide a service to the customer who needs to have a hedge.

The collateral book value of the constituted by BANORTE to comply with obligations established in interest rate swap contracts at December 31, 2002, amounts to Ps 9,653 (Ps 21,901 in 2001), represented by debt instruments (special federal treasury certificates). In the case of foreign currency swaps, the collateral value at December 31, 2002, amounts to US\$356,832,000, represented by debt instruments (UMS), see Note 8c.

#### NOTE 10 – LOAN PORTFOLIO:

The loan management process is based on internal manuals drawn up by the GRUPO. Compliance with that manual is general, hence control over loan portfolio management is exercised in three central areas: the Branches (under the Commercial Banking Division), Operations Division and Risk Management Division.

The manual sets forth the policies and procedures established to determine concentrations of credit risks.

The process structure comprising credit management is divided into the following stages:

1. Promotion
2. Evaluation
3. Formalization
4. Operation
5. Management
6. Recovery

There are scheduled procedures which assure that the amounts applicable to past due portfolio are transferred and recorded in the accounting at the proper time and commercial loans with recovery problems are identified.

a. As of December 31, 2002 and 2001, the current loan portfolio of GRUPO is summarized as shown below:

Type of loan	2002		2001	
	Principal	Accrued interest	Total current portfolio	Total current portfolio
Commercial portfolio	Ps 34,773,425	Ps 182,740	Ps 34,956,165	Ps 24,422,542
Loans to financial intermediaries	6,557,221	6,359	6,563,580	93,738
Consumer loans	5,135,807	23,027	5,158,834	2,498,304
Mortgage loans	12,147,697	4,120	12,151,817	4,954,993
Loans to government entities	84,500,830	499,147	84,999,977	41,231,516
Loans to FOBAPROAor IPAB	6,128,627	-	6,128,627	10,402,800
<b>Total current loan portfolio</b>	<b>Ps 149,243,607</b>	<b>Ps 715,393</b>	<b>Ps 149,959,000</b>	<b>Ps 83,603,893</b>

The loans to government entities include a straight loan in the amount of Ps 32,387,437 granted to IPAB in November 2000 (Ps 37,357,100 in 2001). This loan is for a 10-year term (4 promissory notes issued that fall due in November 2010), repayable in six-monthly installments commencing in month No. 58.

The interest accrued on that loan is payable monthly from the date loan was granted, at the TIIE rate plus 0.85 percentage points. This transaction was carried out simultaneously with the settlement of the promissory notes signed by IPAB in favor of BANCEN and BANPAIS.

This item also includes Ps 46,282,816 corresponding to a straight loan granted in November 1999 to IPAB by BANCRECER, so that the IPAB would capitalize BANCRECER with a nominal amount of Ps 102,200,000. With these resources, BANCRECER paid for the collection rights added by BANXICO on the loan granted to IPAB, which falls due on November 1, 2009. The interest payment was established originally on a quarterly basis at the higher of the weighted average bank funds face, percentage points, adjustable every six months, are that equivalents the percentage change in the value of UDIs. On November 22, 2000, a change in interest rate was approved. The new rate is at the arithmetical average of the TIIE, published during each interest period, from plus 2.5 percentage points during January 2001, 2 percentage points during February 2001, 1.5 percentage points during March 2001, 1 percentage point during April 2001, and 0.40 percentage points as of May 1, 2001, interest will be paid monthly. At December 31, 2002 and 2001, interest accrued and recorded in income for the year amounted to Ps 3,988,203 and Ps 6,736,880, respectively.

Concept	2002			2001
	Principal	Interest	Total	Total
Straight loan to IPAB (BANCRECER)	Ps 45,940,407	Ps 342,409	Ps 46,282,816	Ps -

Likewise, the item of loans to government entities includes benefits granted to debtors in the amount of Ps 184,418 (Ps 520,643 in 2001). The Federal Government granted these benefits, through the implementation of various Supports to Bank Debtors Programs.

At December 31, 2002 and 2001, GRUPO recognized extraordinary revenues in the amount of Ps 175,716 and Ps 223,831, directly in income, respectively corresponding to interest received from the Federal Government from conditional support of the farming and corporate programs, respectively.

b. The past due loan portfolio and relative interest are summarized as shown below:

Type of credit	2002			2001
	Principal sum due	Interest due	Total past due portfolio	Total past due portfolio
Commercial portfolio	Ps 2,389,606	Ps 126,399	Ps 2,516,005	Ps 2,630,815
Consumer loans	305,671	30,369	336,040	343,719
Mortgage loans	1,719,975	199,606	1,919,581	1,795,957
Total past due loan portfolio	Ps 4,415,252	Ps 356,374	Ps 4,771,626	Ps 4,770,491

c. The rating of the portfolio and the allowances created by GRUPO as of December 31, 2002 and 2001, are summarized as shown below:

Risk	Rated loan portfolio				Allowance for loan losses	
	2002	2001		2002	2001	
	%	Amount	%	Amount	Amount	Amount
A	79.47%	Ps 44,855,271	75.49%	Ps 27,109,412	Ps 322,331	Ps 201,093
B	10.25%	5,788,089	9.27%	3,328,030	432,999	345,833
C	3.53%	1,995,157	4.54%	1,629,856	625,905	571,276
D	3.02%	1,705,660	4.62%	1,660,447	1,200,562	1,166,614
E	3.73%	2,099,541	6.08%	2,181,828	2,077,664	2,153,406
	100.00%	56,443,718	100.00%	35,909,573	4,659,461	4,438,222
Portfolio:						
Unrated		339,215		671,554		
Excepted		98,788,805		51,137,730		
Total		Ps 155,571,738		Ps 87,718,857		
Allowance for loan losses recorded					5,608,727	4,744,687
Allowance for loan losses created in excess					Ps 949,266	Ps 306,465

The rated portfolio by type of credit is comprised as follows:

December 31, 2002				
Risk degree	Commercial	Consumer	Mortgage	Total
A	Ps 32,994,785	Ps 4,296,982	Ps 7,563,504	Ps 44,855,271
B	1,319,760	605,262	3,863,067	5,788,089
C	1,085,119	119,535	790,503	1,995,157
D	63,133	145,203	1,497,324	1,705,660
E	1,906,441	193,100	-	2,099,541
<b>Rated portfolio</b>	<b>37,369,238</b>	<b>5,360,082</b>	<b>13,714,398</b>	<b>56,443,718</b>
Unrated	31,076	( 48,860 )	356,999	339,215
Excepted	98,788,805	-	-	98,788,805
<b>Total</b>	<b>Ps 136,189,119</b>	<b>Ps 5,311,222</b>	<b>Ps 14,071,397</b>	<b>Ps 155,571,738</b>

The allowance for loan losses constituted by GRUPO at December 31, 2002 and 2001, includes Ps 80,375 corresponding to the supplement to create a reserve for 100% of interest due as of year end (Ps 87,614 in 2001).

In conformity with the rules for rating the loan portfolio issued by the SHCP and the COMMISSION, GRUPO determined the allowance for loan losses by taking into account the capacity of debtors to pay. The commercial loans were rated at December 31, 2002.

The mortgage portfolio and consumer portfolio, based on the rules of the COMMISSION, are rated monthly based on the number of past due installments.

d. The changes in the allowance for loan losses are summarized below:

	2002	2001
Balance at beginning of year	Ps 4,744,687	Ps 4,638,447
Created with a charge to stockholders' equity	786,865	-
Increase in the allowance charged to income (1)	687,452	1,032,115
Benefits and reductions granted to UDI loan programs	-	( 102,065 )
Transfer of reserves due to purchase of segmented portfolio	-	174,166
Restatement effects	( 249,583 )	( 242,968 )
Reductions and benefits to mortgage debtors	( 143,647 )	( 135,701 )
Losses and write-offs	( 617,746 )	( 654,000 )
Appreciation of foreign currency items and UDIs	255,745	32,633
Benefits to FOPYME and FINAPE programs	( 12,793 )	( 11,838 )
Maturity of Segment I trust (Banpaís)	-	20,812
Others	157,747	( 6,914 )
<b>Balance at end of year</b>	<b>Ps 5,608,727</b>	<b>Ps 4,744,687</b>

(1) The allowance for loan losses created in the year amounted to Ps 823,746 (Ps 1,211,209 in 2001). This amount comprised Ps 687,452 (Ps 1,032,115 in 2001), charged directly to the corresponding provision and Ps 136,294 (Ps 179,094 in 2001), corresponding to the recognition of the loss shared with the IPAB, derived from the financial rescue program. This last amount is presented in the balance sheet under the caption "Loans to FOBAPROA or IPAB".

#### NOTE 11 – IPAB:

As part of the measures adopted to face the economic crisis that arose at the end of 1994, in December 1998, the Mexican Congress enacted the Bank Savings Protection Law, which went into effect on January 20, 1999. Under that law, the "Instituto para la Protección al Ahorro Bancario" (IPAB), was created. The latter replaced FOBAPROA. IPAB remains in operation for the sole purpose of administering the transactions of the program known as "capitalization and purchase of loan portfolio".

The purpose of the IPAB is to apply a series of preventive measures geared toward avoiding financial problems that can be faced by credit institutions, as well as to insure performance by these institutions with regard to depositors.

In exchange for the loan portfolio sold to FOBAPROA, BANORTE received promissory notes payable by FOBAPROA, which mature in 8 to 10 years, counted from the date of the transaction. BANORTE retained the obligation of sharing 29% and 25% of the loss suffered by FOBAPROA on the transferred portfolio. In the event any gains were generated on that portfolio, those gains would apply completely to BANORTE.

Payments made to the IPAB during 2002 for fees amounted to Ps 652,655 (Ps 377,155 in 2001). The loan swaps carried out by BANORTE and FOBAPROA will be assumed by the IPAB.

The item denominated "Loans to FOBAPROA or IPAB" in the balance sheet at December 31, 2002 and 2001, comprises the following promissory notes:

Trust	2002			2001
	Capital	Interest	Total	Total
477 Tranche I	Ps 161,101	Ps 1,414,489	Ps 1,575,590	Ps 1,564,609
477 Tranche II	430,547	964,976	1,395,523	1,385,969
477 Tranche III	336,885	911,111	1,247,996	1,239,298
490	2,040,771	4,295,187	6,335,958	6,277,321
508	467,073	857,317	1,324,390	1,297,734
19001	-	11,239	11,239	1,670,200
19000	-	23,436	23,436	3,482,750
Loss shared with FOBAPROA	-	-	( 2,405,058 )	( 2,502,269 )
FOBAPROA current account	-	-	( 3,380,447 )	( 4,012,812 )
	Ps 3,436,377	Ps 8,477,755	Ps 6,128,627	Ps 10,402,800

#### NOTE 12 – CONSOLIDATION OF TRUSTS FOR RESTRUCTURED LOANS DENOMINATED IN UDIs:

The rules of the COMMISSION require consolidating the trusts of restructured loans denominated in UDIs with GRUPO, in order to reflect the operating fund, which is presented similarly to an interest rate swap with the Federal Government.

a. The balances of the items corresponding to trust assets and liabilities, as of December 31, 2002 and 2001, are summarized as shown below:

Item	2002	2001
Banks	Ps 205,205	Ps 107,633
Government securities	8,010	7,597
Loan portfolio	3,549,137	2,948,783
Past due portfolio	904,232	868,676
Interest accrued on loans	9,522	9,652
Past due interest	48,393	49,060
Allowance for loan losses	( 1,298,733 )	( 1,199,639 )
<b>Total assets</b>	<b>Ps 3,425,766</b>	<b>Ps 2,791,762</b>
Trust bonds	Ps 3,291,367	Ps 2,672,427
Other accounts payable	8,226	-
Deferred taxes	121,371	113,440
Income of the year	4,802	5,895
<b>Total liabilities</b>	<b>Ps 3,425,766</b>	<b>Ps 2,791,762</b>

b. The total eliminations given effect to, in the consolidation of the trusts, are summarized below:

Recording by the trusts debit (credit)	2002	2001
Banks	( Ps 69,285 )	( Ps 63,505 )
Trust bonds	3,291,367	2,672,427
Administrative expenses recovered	( 99,698 )	( 101,449 )
Interest paid	( 150,015 )	( 139,194 )
Recording by GRUPO debit (credit)	2002	2001
Sundry creditors	Ps 69,285	Ps 63,505
Held-to-maturity securities	( 3,291,367 )	( 2,672,428 )
Fees collected	99,698	101,449
Interest earned	150,015	139,194

c. The amount of the total program of loans in UDIs as of December 31, 2002 and 2001 is summarized below:

Item	2002			2001	
	States and municipalities	Mortgage	Industrial sector	Total	Total
Current portfolio	Ps 1,149,515	Ps 2,264,377	Ps 135,245	Ps 3,549,137	Ps 2,948,783
Current interest	639	7,953	930	9,522	9,652
Past due portfolio	-	598,317	305,915	904,232	868,676
Past due's interest	-	26,490	21,903	48,394	49,060
<b>Total</b>	<b>Ps 1,150,154</b>	<b>Ps 2,897,137</b>	<b>Ps 463,993</b>	<b>Ps 4,511,284</b>	<b>Ps 3,876,171</b>

d. During fiscal 2002, an allowance for loan losses was created, using the profit margin of the trusts, amounting to Ps 55,914 (Ps 80,374 in 2001).

#### NOTE 13 – LOAN ASSETS PORTFOLIO:

At December 31, 2002 and 2001, the balance of the loan assets of GRUPO, at cost was as follows:

	2002	2001
Serfin Project (Trust 025174-2 Bancen)	Ps 778,852	Ps 1,217,248
GFS Santander Project	576,176	-
Bancrecer I Project	500,451	588,990
Meseta Project	-	608,793
Goldman Sachs	-	281,130
<b>Total credit assets portfolio</b>	<b>Ps 1,855,479</b>	<b>Ps 2,696,161</b>

As mentioned in Note 4k, this item represents the amount effectively paid by BANCEN to obtaining the rights over the flows generated by the loan asset packages acquired, less the accumulated amortization at December 31, 2002 and 2001.

At December 31, 2002 and 2001, the nominal amounting the loan portfolios purchased by BANCEN, was analyzed as follows:

	2002	2001
Serfin Project (Trust 025174-2 Bancen)	Ps 8,185,371	Ps 10,474,872
GFS Santander Project	1,964,992	-
Bancrecer I Project	1,816,245	2,137,587
Meseta Project	-	2,787,647
Goldman Sachs	-	1,453,107
<b>Total</b>	<b>Ps 11,966,608</b>	<b>Ps 16,853,213</b>

#### Serfin Project

At October 27, 1999, in compliance with the public tender bases and in accordance with instructions from IPAB, the trust division of Banca Serfin (SERFIN) selected BANORTE to supervise the management, recovery and collection of the loans and assets included in commercial portfolio Tranches I and II and mortgage portfolio Tranche III. Furthermore, said bases establish that BANORTE may propose a third party to enter into the corresponding agreement; therefore, on February 28, 2000, SERFIN signed such an agreement with BANCEN, whereby SERFIN and its trust division transferred to BANCEN the rights over the flows from portfolio Tranches I, II and III, totaling Ps 20,872,500 (nominal value). The price paid for these flows was Ps 2,474,465 (nominal value).

The agreement also establishes, the way in which cash flows will be distributed when generated, as a result of the management and collection activities performed by BANCEN:

- a. 100% for BANCEN, up to the recovery of 50% of the investment.
- b. 80% for BANCEN, up to recovery of 100% of the investment and the remaining 20% for SERFIN.
- c. 70% for BANCEN, until obtaining a 10 internal yield rate or IYR) on the investment and the remaining 30% for SERFIN.
- d. 60% for BANCEN, until obtaining a 20% IYR on the investment and the remaining 40% for SERFIN.
- e. 40% for BANCEN, until obtaining a 30% IYR on investment and the remaining 60% for SERFIN.
- f. 40% of the remaining flows for BANCEN, once the previous scenarios have been covered, until the termination of the agreement.

The agreement is effective for 4 years, up to the date on which BANCEN violates the agreement, with an adverse effect on SERFIN's rights.

#### Meseta, Bancrecer I, Goldman Sachs Serfin and Santander Projects

The agreements entered into by BANCEN with Sólida, for the transfer of rights over the flows generated by these portfolio packages do not establish any limitation as to the participation of flows, so that upon the signing of the respective agreements, BANCEN acquires the right over all the cash flows generated by such portfolios.

#### NOTE 14 – FORECLOSED ASSETS:

The amount of foreclosed assets as of December 31, 2002 and 2001 is summarized below:

Item	2002	2001
Personal property	Ps 364,847	Ps 356,554
Real property	799,553	915,316
Promised-for-sale assets	274,855	263,950
	1,439,255	1,535,820
Allowance for asset write down	( 222,874 )	( 104,021 )
<b>Total foreclosed assets</b>	<b>Ps 1,216,381</b>	<b>Ps 1,431,799</b>

In 2002, the amount generated from the recovery of personal and real property was Ps 26,046 (Ps 111,099 en 2001).

NOTE 15 – PROPERTY, FURNITURE AND EQUIPMENT:

Property, furniture and equipment as of December 31, 2002 and 2001 is summarized below:

Item	2002	2001
Buildings and constructions	Ps 3,865,976	Ps 2,143,247
Electronic computer equipment	952,549	802,160
Furniture and office equipment	802,482	549,308
Transportation equipment	331,390	258,711
Installations and improvements	1,382,965	1,007,215
Other equipment	7,736	23,153
	7,343,098	4,783,794
Accumulated depreciation	( 1,621,501 )	( 957,573 )
Total property, furniture and equipment, net	Ps 5,721,597	Ps 3,826,221

NOTE 16 – PERMANENT STOCK INVESTMENTS:

GRUPO maintains permanent stock investments in associated and subsidiary companies, which are not consolidated. These were valued by the equity method at December 31, 2002 and 2001, as follows:

Investee	2002		2001	
	Acquisition cost	Surplus or (deficit)	Total	Total
Siefore Banorte Generali, S. A. de C. V. SIEFORE	Ps 198,570	Ps 70,686	Ps 269,256	Ps 383,559
Servicio Panamericano de Protección, S. A. de C. V.	50,958	169,672	220,630	208,694
Sólida Administradora de Portafolios, S. A. de C. V.	65,050	6,427	71,477	73,837
Fianzas Banorte, S. A. de C. V.	37,225	44,950	82,175	74,622
Seguros Banorte Generali, S. A. de C. V.	28,050	87,589	115,639	73,894
Controladora Prosa, S. A. de C. V.	47,486	( 3,580 )	43,906	39,554
Pensiones Banorte Generali, S. A. de C. V.	57,324	7,188	64,512	64,431
Corporativo Edinbur, S. A. de C. V.	17,798	( 3,970 )	13,828	15,468
S. D. Indeval, S. A. de C. V.	9,515	14,249	23,764	15,545
Procesar, S. A. de C. V.	8,143	( 1,106 )	7,037	3,739
Sociedades de Inversión Bancen	11,719	972	12,691	12,683
Sociedades de Inversión Banorte	34,152	24,490	58,642	50,470
Sociedades de Inversión Casa de Bolsa	1,034	-	1,034	10
Afinad, S. A. de C. V. Norte (MD-A)	4,142	5,234	9,376	-
Bolsa Mexicana de Valores, S. A. de C. V.	16,576	-	16,576	16,557
Others	12,461	916	13,377	12,737
	Ps 600,203	Ps 423,717	Ps 1,023,920	Ps 1,045,800

NOTE 17 – DEFERRED TAXES:

The tax currently payable by GRUPO only reflects the taxable income of the year, measured in accordance with currently enacted tax legislation. However, due to the temporary differences in recognizing revenues and expenses for accounting and tax purposes, as well as the differences in balance sheet accounts between book and tax balances,



GRUPO has recognized a net deferred tax asset amounting to Ps 809,306 (Ps 750,470 in 2001), as shown below:

Item	2002			2001		
	Temporary differences	Deferred Income tax	Profit sharing	Temporary differences	Deferred Income tax	Profit sharing
Allowance for loan losses (not deducted)	Ps 8,435	Ps 2,952	Ps -	Ps 631,015	Ps 220,855	Ps -
Tax loss carryforwards (1)	1,170,617	409,716	-	4,029,008	1,410,153	-
Inflationary component of past due portfolio (2)	-	-	-	569	199	-
Loss on valuation of securities	583,682	204,270	58,380	613,114	214,590	61,312
Loss sharing with FOBAPROA	2,060,113	721,039	-	2,144,015	750,406	-
Asset tax recoverable	-	734	-	-	563	-
Excess of tax over book value of foreclosed assets	796,298	278,705	-	130,853	45,798	-
Loss on sale of stock	63,076	21,446	6,307	53,551	18,742	5,363
Others	153,005	53,537	13,316	9,413	3,294	-
<b>Total deferred assets</b>	<b>Ps 4,835,226</b>	<b>Ps 1,692,399</b>	<b>Ps 78,003</b>	<b>Ps 7,611,538</b>	<b>Ps 2,664,600</b>	<b>Ps 66,675</b>
Accrued interest and inflationary component of transactions with FOBAPROA (2)	Ps -	Ps -	Ps -	Ps 3,008,615	Ps 1,053,015	Ps -
Excess of book over tax value of fixed assets and prepaid expenses	1,887,896	660,730	44,409	1,877,507	657,128	44,675
Deduction of inventories	280,539	98,189	-	168,368	58,929	-
Unrealized surplus on investment in SIEFORE	38,712	13,549	-	116,965	40,938	-
Income tax payable from UDI trusts	-	121,371	-	-	113,438	-
Others	64,675	22,613	235	36,235	12,682	-
<b>Total deferred liabilities</b>	<b>Ps 2,271,822</b>	<b>Ps 916,452</b>	<b>Ps 44,644</b>	<b>Ps 5,207,690</b>	<b>Ps 1,936,130</b>	<b>Ps 44,675</b>
<b>Net difference</b>	<b>Ps 2,562,403</b>	<b>Ps 775,947</b>	<b>Ps 33,359</b>	<b>Ps 2,403,848</b>	<b>Ps 728,470</b>	<b>Ps 22,000</b>
<b>Deferred tax asset</b>			<b>Ps 809,306</b>			<b>Ps 750,470</b>

(1) Based on an analysis made by the GRUPO's management at the end of 2002, only Ps 1,170,617 of a total of Ps 8,847,890 of tax loss carryforwards are expected to be realized (see Note 31b).

(2) During 2002, the deferred tax calculation was decreased by a net amount of Ps 3,008,046 result of the reversal of temporary differences.

The deferred tax effect of the year was a decrease in the deferred tax asset in the amount of Ps 12,467, derived from the BANORTE's recognition of the initial effect of BANCRECER's subsidiaries for Ps 63,019, as well as a charge to income for the year of Ps 28,434 and an increase in stockholders' equity in item "effect from valuation of available-for-sale securities" in the amount of Ps 78,986. The decrease in income for the year in the amount of Ps 28,434 comprised a credit in the amount of Ps 7,168 shown in the statement of income in the item denominated "Deferred income tax" and a charge in the amount of Ps 48,504 included in the gain (loss) from monetary position of the year.

During the year GRUPO realized tax losses, due to the interest earned and the inflationary component of transactions with FOBAPROA. Also, the allowance for loan losses for prior years was fully deducted.

As a result of the amendments to the Income Tax Law, published on January 1, 2002, the tax rate (35%) will be reduced annually as from 2003, until it reaches 32% in 2005. At December 31, 2002, GRUPO determined the deferred tax by applying a 35% rate instead of the effective 34% rate; consequently, this decrease in the tax rate will reduce, in 2003, the deferred tax asset by Ps 21,559, decreasing the income for the year and the stockholders' equity in the amount of Ps 15,741 and Ps 5,818, respectively.

Management has drawn up financial and tax projections, based on economic forecasts estimated to be conservative. These allow management to be confident of recovering the deferred tax asset with future taxable income in the normal course of the operations of the GRUPO's.

#### NOTE 18 – OTHER ASSETS:

The following items recorded as of December 31, 2002 and 2001 are summarized below:

Asset	2002	2001
Investments of provisions for personnel pensions (see Note 23)	Ps 1,147,400	Ps 455,490
Provision for labor obligations (see Note 23)	( 1,076,449 )	( 455,490 )
Other deferred expenses	1,135,193	1,073,016
Accumulated amortization of other expenses	( 293,277 )	( 196,563 )
Storage inventory	280,540	-
Organization expenses (net)	248,153	335,571
Goodwill (see Note 2e)	61,295	-
Collateral deposits	16,206	14,986
Investments of the contingency reserves	2,898	3,388
Provision for the contingency reserve	( 2,898 )	( 3,388 )
Other assets	20,212	206,175
<b>Total</b>	<b>Ps 1,539,273</b>	<b>Ps 1,433,185</b>

#### NOTE 19 – DEMAND DEPOSITS:

The balance of this item as of December 31, 2002 and 2001 is summarized below:

Item	2002	2001
Checking accounts	Ps 36,328,518	Ps 24,644,582
US dollar denominated checking accounts	5,283,878	3,328,334
IPAB checking account	2,372,883	-
Demand deposits in current account	8,646,764	3,136,203
Deposits in savings accounts	31,444	38,084
Demand deposits in US dollar denominated current account	582	93
<b>Total</b>	<b>Ps 52,664,069</b>	<b>Ps 31,147,296</b>

These liabilities accrue interest at an annual interest rate that fluctuates between 0.55% and 3.26% (0.95% and 8.76% in 2001) depending on the type of instrument and the average balance maintained in the investments.

#### NOTE 20 – TERM DEPOSITS:

The balance of this item as of December 31, 2002 and 2001 is summarized below:

Item	2002	2001
Promissory notes with yield at maturity	Ps 23,636,206	Ps 41,737,533
Money desk promissory notes	56,206,407	-
US dollar denominated fixed term deposits	5,660,370	4,666,006
Fixed term deposits	3,054,741	293,571
Deposits withdraw able on preestablished days	293,131	291,766
Accrued interest payable	471,993	261,145
<b>Total</b>	<b>Ps 89,322,848</b>	<b>Ps 47,250,021</b>

These deposits accrue interest at annual rates ranging from 3.09% to 12.31% for 2002 (1.00% to 15.54% in 2001), depending on the balances and yields.

**NOTE 21 – OUTSTANDING BANK BONDS:**

As of December 31, 2002 and 2001, GRUPO had the following bonds outstanding:

	2002	2001
BANORTE 1-00 issue of 10,000,000 bonds with a face value of one hundred pesos each, due on May 1, 2003, with interest payable every 189 days at a 15.59% annual fixed rate.	Ps 1,000,000	Ps 1,055,807
BANORTE 2-00 issue of 2,500,000 bonds with a face value of one hundred pesos each, due on September 4, 2003, with interest payable every 189 days at a 16.00% annual fixed rate.	250,000	263,952
	1,250,000	1,319,759
Accrued interest payable	44,548	54,503
<b>Total</b>	<b>Ps 1,294,548</b>	<b>Ps 1,374,262</b>

The total interest expense on these bonds was Ps 198,621 (Ps 209,705 in 2001).

**NOTE 22 – INTERBANK AND OTHER ENTITY LOANS:**

The balance of this item as of December 31, 2002 and 2001 is summarized below:

	2002	2001
Deposits and bank loans	Ps 24,703,350	Ps 6,182,236
Deposits and loans from foreign banks	41,919	1,662,132
Loans on rediscounted portfolio	7,376,884	4,677,257
CPO's issued (see Note 33)	544,754	2,525,952
Call money	46,000	317,007
FOVI rediscounts	4,774,639	1,661,695
Provisions for interest	73,761	34,210
<b>Total</b>	<b>Ps 37,561,307</b>	<b>Ps 17,060,489</b>

The balance as of December 31, 2002 of interbank loans includes to US\$60,406,000 (US\$666,156,000 in 2001).

**NOTE 23 – LABOR LIABILITIES:**

GRUPO recognizes liabilities for pension plans and seniority premiums using the "Projected Unit Credit Method". This system considers the accrued benefits at the date of valuation, as well as the benefits generated during the year of the plan.

The amount of actuarial present value of benefit obligations and projected benefits as of December 31, 2002 and 2001 corresponding to the "Defined Benefit Pension and Seniority Premium Plan", determined by independent appraisers, is summarized below:

Concept	2002		2001	
	Personnel pensions	Seniority premiums	Personnel pensions	Seniority premiums
Projected benefit obligations (PBO)	Ps 603,240	Ps 99,727	Ps 270,692	Ps 69,934
Plan assets at market value	700,954	86,143	207,485	79,473
Plan financial situation	( 97,714 )	13,584	63,207	( 9,539 )
Unamortized transition liability (asset)	( 60,270 )	27,054	( 87,694 )	46,642
Prior service and amendments of plans, unamortized	5,169	7,381	104,600	8,527
Assumption changes and adjustments for experience, unamortized	-	-	( 52,999 )	( 22,062 )
Unrecognized actuarial loss	29,532	( 7,751 )	20,563	6,874
Projected net (asset) liability (1)	( Ps 123,283 )	Ps 40,268	Ps 47,677	Ps 30,442
		Medical services for retired personnel		
Projected benefit obligations (PBO)		Ps 731,309		
Plan assets at market value		136,570		
Financial situation		594,739		
Unamortized transition (liability) asset		( 441,412 )		
Prior service and amendments of plans, unamortized		-		
Assumption changes and adjustment for experience, unamortized		-		
Unrecognized (gain) loss		-		
Projected net liability (1)		Ps 153,327		

(1) Medical expenses for retired personnel in the amount of Ps 153,327 should be added to the projected net liability of BANORTE for the benefits this personnel receives after their retirement. Consequently, GRUPO has a net accounting provision with a balance in zeros, but has assets (in an external fund) that amounts to Ps 907,608 (including the corresponding medical expense for retired people) to face the amount of the aforementioned obligations, in conformity with Statement D-3 of the IMCP. The latter amount is recorded in "Other Assets" (see Note 18).

Dismissed indemnities and direct labor costs are expensed in the year they are paid.

Amounts of labor obligations for pension plans presented in this note, correspond to the defined benefit pension plan (prior plan), covering the personnel that decided to stay in this plan.

At the beginning of 2001, GRUPO implemented an optional defined contribution pension plan, which replaces the defined benefit pension plan. Employees participating in this new plan register voluntarily; therefore, there are also employees that decided to stay in the original plan denominated "Defined Benefit Pension Plan", which amounts to Ps 239,792 at December 31, 2002 (see Note 18).

Employees that decided to register in the defined contribution pension plan have the right to receive a benefit on prior services, assigning 50% of it immediately and the remaining 50% over a 10-year period (receiving the first installment at the date of implementation of the new plan).

Labor obligations from the defined contribution pension plan do not require an actuarial valuation in accordance with Statement D-3 of the IMPC, inasmuch as the cost of this plan is equal to the contributions made in favor of the participants.

The initial assignment of the benefit on prior services was financed by the defined benefit fund associated to the advance extinguishment of obligations, recognized under the guidelines of Statement D-3 of the IMCP.

NOTE 24 – OUTSTANDING SUBORDINATED DEBENTURES:

On November 28, 2002, GRUPO issued, through a public offering, non-convertible, non-preferential, non-cumulative outstanding subordinated debentures, indexed to the exchange rate in US dollars (BANORTE 02D) for an amount of Ps 1,500,000, with a 10-year term (due in November 2012), of which Ps 1,167,976 (Ps 1,136,000 at face value) were placed, with six-monthly interest payments and repayment of principal at the end of the 10-year term.

On June 21, 2001, BANORTE issued, through a public offering, non-convertible outstanding subordinated debentures (BANORTE 01U) amounting to 436,000 UDIs and equal to Ps 1,406,439 (Ps 1,301,000 face value) with an 8-year term (due June 2009). These debentures accrue interest at an 8% annual real interest rate, which will be fixed during the term of the issue, with six-monthly interest payments and repayment of principal at the end of the 8-year term.

These issues are summarized as follows:

	2002	2001
Debentures (BANORTE 02D) maturing November 2012 with interest at an annual 8.00% rate for the first 10 six-month periods, after which it issue be adjusted the remaining 10 six-month periods. The adjusted rate will not be less than 8.00% or more than 10.00%	Ps 1,167,976	Ps -
Debentures (BANORTE 01U) maturing June 2009 with interest at an annual 8.00% net real rate, which will be fixed during the term of the debentures.	1,406,439	1,406,439
Accrued interest payable	11,638	3,438
	Ps 2,586,053	Ps 1,409,877

At December 31, 2002 and 2001, interest charged to the income statement was Ps 119,847 (Ps 59,920 in 2001).

NOTE 25 – CONTINGENCIES AND COMMITMENTS:

As of December 31, 2002 and 2001, GRUPO had the following contingent obligations and commitments:

- a. GRUPO has commitments due to the opening of irrevocable letters of credit, and other contingent obligations in the amount of Ps 27,983,429 (Ps 11,377,571 in 2001), which are recorded in memorandum accounts.
- b. Separation payments in favor of personnel in case of unjustified lay-offs or death, under certain circumstances provided for in the Labor Law.
- c. Due to tax differences that could result from an eventual review of the tax returns filed by GRUPO and the differences in interpreting legal provisions between GRUPO and the tax authorities.
- d. There are lawsuits and commitments against the HOLDING in civil and commercial courts and others, that in the opinion of the lawyers of the HOLDING, at December 31, 2002 represent a probable liability of Ps 28,160, of which Ps 26,400. In addition, have been provided for in the financial statement. Lawsuits amounting to Ps 8,150 have been filed against GRUPO in its capacity as trustee.
- e. At December 31, 2002, GRUPO recorded interest effectively received in Other accounts receivable for Ps 28,500, corresponding to past due loan packages that it intends to sell to Sólida, and with which no formal agreement has been reached regarding their transfer.
- f. There are transactions during the year between subsidiary companies and GRUPO, and also transactions between the same subsidiary companies, in which tax authorities have the faculty to determine if they were carried out at market value or at the value that would be fixed by independent parties in comparable transactions.

g. BANCEN uses a methodology developed by BANORTE for the assignment of risk rating per debtor. At December 31, 2002, BANCEN had not been authorized to use such rating methodology for its commercial portfolio; if it applied the loan portfolio rating methodology established in Circular 1480, additional allowances that have not been gratified at the end of 2002 might be determined.

h. At December 31, 2002, GRUPO held proceedings against the sentence execution as a result of the trial promoted by the succession of Mr. Manuel Lace de la Torre, against Afin Casa de Bolsa, S. A. de C. V. (now Casa de Bolsa Banorte, S. A. de C. V., Grupo Financiero Banorte), originated by the recognition of such succession as stockholder and owner of 7.832% of the stock package, as well as the payment of dividends for the period comprised from 1990 to 1994, expenses and legal costs and certain statutory rights.

At February 27, 2003, a Civil and Work District judge declared a resolution acquitting the guarantee proceedings filed by the plaintiff. In this sense, the legal area of the HOLDING does not consider the sentence acquitting the proceedings has the necessary legal grounds and it estimates having the necessary elements to reach a favorable verdict before the corresponding courts.

#### NOTE 26 – ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY AND UDIs:

##### Foreign currency transactions

The amounts shown in this note are stated in thousands of US dollars, inasmuch as it is the preponderant foreign currency for the GRUPO.

The regulations of BANXICO set forth the following standards and limits for purposes of foreign currency transactions:

- a. The (short or long) position in US dollars should be equivalent to a maximum of 15% of GRUPO's net capital.
- b. Permitted foreign currency denominated liabilities should not exceed 183% of the basic capital of GRUPO.
- c. The rules governing foreign currency transactions require maintaining a minimum level of liquid assets, in accordance with a calculation mechanism established by BANXICO, based on the maturity date of foreign currency transactions.

As of December 31, 2002 and 2001, GRUPO had a foreign currency position denominated in US dollars, as summarized below:

	Thousands of US dollars	
	2002	2001
Assets	2,030,972	1,479,989
Liabilities	1,935,206	1,560,806
Long (short) position	95,766	( 80,817 )

As of December 31, 2002, the exchange rate set by BANXICO for the valuation of liabilities was \$10.4393 per US dollar (\$9.1695 in 2001).

##### Transactions denominated in UDIs

As of December 31, 2002, the value of the UDI determined by BANXICO and used by GRUPO to value its assets and liabilities denominated in UDIs was 3.225778 (3.055273 in 2001). At those same dates, GRUPO had assets and liabilities in UDI's, as shown below:

	Thousands of UDIs	
	2002	2001
Assets	1,972,162	460,113
Liabilities	669,088	798,275
Long (short) position	1,303,074	( 338,162 )

NOTE 27 – STOCKHOLDERS' EQUITY:

As of December 31, 2002, the fixed and variable capital stock of GRUPO was represented by 499,926,124 common Series "O" shares, with a par value of three pesos and fifty cents each, fully subscribed and paid. That capital stock is summarized below:

Description	Number of shares		Amount	
	2002	2001	2002	2001
Fixed capital stock	252,157,233	252,157,233	Ps 882,550	Ps 882,550
Variable capital stock	247,768,891	247,768,891	867,191	867,878
Increase from restatement			3,363,791	3,363,746
<b>Total</b>			<b>Ps 5,113,532</b>	<b>Ps 5,114,174</b>

GRUPO is required to should create a legal reserve fund by appropriating 5% of its earnings each fiscal year until that fund is equivalent to 20% of its capital stock.

Dividends paid by companies to legal entities resident in Mexico will be tax-free if they are paid out of the Cuenta de Utilidad Fiscal Neta (Net Taxable Income Account or "CUFIN"). Dividends paid in excess of the balance of the CUFIN are subject to 35% income tax on the result of multiplying the dividend paid by a 1.5385 factor. The resulting tax will be payable by GRUPO.

In addition to the foregoing, dividends paid to individuals or foreign residents are subject to a 5% withholding payable by the stockholder, on the result of multiplying does dividends by the 1.5385 factor (1.515 if the dividends are paid to individuals resident in Mexico if those dividends are paid out of the CUFIN at December 31, 1998).

When dividends are paid to residents in countries with which treaties have been entered into to avoid double taxation, the withholding will be made in accordance with the terms of the applicable treaty.

NOTE 28 – CAPITALIZATION:

The new standards issued by BANXICO for calculating the capitalization index the take into the credit and market risk of various assets.

The capitalization indexes of banking subsidiaries are summarized as shown below:

a. BANORTE

By considering only the credit risk, the capitalization index determined by BANORTE at December 2002 reached 16.11% (12.57% in 2001), with a basic capital of 12.77% (8.24% in 2001). By including market risks in the determination of assets weighted by risk, the total capitalization index of BANORTE reached 14.21% (10.97% in 2001), with a basic capital of 11.26% (7.20% in 2000). In both years the index was well above regulatory requirements.

Relevant events discussed in Note 2 affected the determination of net capital of BANORTE.

% of assets subject to risk	2002		2001	
	Credit risk	Credit and market risk	Credit risk	Credit and market risk
Basic capital	12.77%	11.26%	8.24%	7.20%
Supplementary capital	3.34%	2.95%	4.33%	3.77%
Net capital	16.11%	14.21%	12.57%	10.97%
Assets subject to credit risk		Ps 66,667,152		Ps 43,964,225
Assets subject to market risk		8,948,564		6,392,476
<b>Total assets subject to risk</b>		<b>Ps 75,615,716</b>		<b>Ps 50,356,701</b>

b. BANCEN

By considering only the credit risk, the capitalization index determined by BANCEN as of December 2002 reached 26.00% (17.96% in 2001), with a basic capital of 25.88% (17.96% in 2001). By aggregating market risk, the total capitalization index of BANCEN reached 19.61% (14.10% in 2001), with a basic capital of 19.51% (14.10% in 2001). In both years the index was above regulatory requirements.

Relevant events discussed in Note 2 affected the determination of net capital of BANCEN.

% of assets subject to risk	2002		2001	
	Credit risk	Credit and market risk	Credit risk	Credit and market risk
Basic capital	25.88%	19.51%	17.96%	14.10%
Supplementary capital	0.12%	0.09%	-	-
Net capital	26.00%	19.60%	17.96%	14.10%
Assets subject to credit risk		Ps 6,884,424		Ps 8,249,380
Assets subject to market risk		2,246,795		2,253,356
Total assets subject to risk		Ps 9,131,219		Ps 10,502,736

NOTE 29 – COMPREHENSIVE INCOME:

As provided for by Statement B-4 issued by the IMCP, the comprehensive income for the years ended December 31, 2002 and 2001 is summarized below:

	2002	2001
Net income, as shown in statement of income	Ps 2,015,863	Ps 1,587,888
Gain (loss) from holding non-monetary assets	92,628	( 517,957 )
Comprehensive income	Ps 2,108,491	Ps 1,069,931

NOTE 30 – NET EARNINGS PER SHARE:

As provided for by Statement B-14 Earnings per share, issued under MEX GAAP, the following is disclosed:

- Net earnings per share are the result of dividing the net earnings by the weighted average shares outstanding of GRUPO.
- Diluted earnings per share represent an adjustment to net earnings and the amount of outstanding shares, by considering the effect of future capitalizations of obligatorily convertible subordinated debentures into outstanding capital stock.
- Net earnings are adjusted by adding thereto the integral cost of financing (interest paid less the monetary gain) of the convertible debentures. Earnings adjusted as aforementioned are divided by the weighted average outstanding shares, including those applicable to future capitalizations of outstanding debentures.



The earnings per share determined on the above, basis were:

Concept	2002		2001	
	Earnings	Weighted average of shares	Earnings per share	Earnings per share
Earnings from continuing operations attributable to paid-in capital	Ps 2,015,863	499,926,124	Ps 4.0323	Ps 3.0250
Net earnings per share	2,015,863	499,926,124	4.0323	3.0250
Diluted earnings per share	2,015,863	499,926,124	4.0323	3.0250

NOTE 31 – INCOME TAX, EMPLOYEES' PROFIT SHARING AND ASSET TAX:

a. Income Tax

GRUPO and its subsidiaries are subject to income tax, which is calculated by considering certain impacts of inflation as taxable or deductible. Those impacts involve depreciation calculated on values in constant pesos, which allow for deducting current costs. Furthermore, the impact of inflation on certain assets and monetary assets and liabilities is taxed or deducted by using the inflationary component. The income tax rate in effect was 35% on the taxable income. GRUPO has to pay 30% income tax every year and the remaining 5% earnings are distributed. This remainder is recorded as a long-term liability.

b. Tax loss carryforwards

GRUPO and its consolidated subsidiaries have tax loss carryforwards that are indexed in this fiscal year in which they are realized. Those tax loss carryforwards can be realized against taxable income in a period not exceeding 10 years. The restated amount of those tax loss carryforwards at the date of the financial statements are the following:

Entity	Tax loss carryforwards
Banco del Centro, S. A.	Ps 3,717,566
Banco Mercantil del Norte, S. A.	3,964,463
Arrendadora Banorte, S. A. de C. V.	933,496
Almacenadora Banorte, S. A. de C. V.	232,365
	Ps 8,847,890

c. Asset tax

GRUPO and its subsidiaries are subject to asset tax, which is calculated by applying a 1.8% rate to the average of fixed assets and deferred charges, reduced by the average of the debts incurred to acquire those assets. The amount paid during the year was immaterial.

d. Employees' profit sharing

Employees' profit sharing is calculated in accordance with taxable income, considering tax depreciation at historical values, therefore the inflationary component is not considered.

NOTE 32 – MEMORANDUM ACCOUNTS:

The balance of this item is summarized as shown below:

	2002	2001
Transactions for account of third parties		
Customer banks (current accounts)	Ps 2,122	Ps 3,141
Liquidation of customer transactions	13,576,578	15,064,180
Securities of customers received in custody	125,103,234	99,981,604
Securities and notes received in guarantee	-	24,412
Customer repo transactions	25,610,812	26,971,472
Purchase transaction (option price)	54,883	38,581
Administrative trusts	1,515,427	1,042,364
	Ps 165,863,056	Ps 143,125,754
Transactions for own account		
Guarantees given	Ps -	Ps 3,146
Other contingent liabilities	27,142,317	10,826,183
Opening of irrevocable credits	841,112	548,242
Amounts committed in transactions with FOBAPROA	5,749,503	4,989,057
Asset deposits	464,086	96,589
Securities of the company delivered in custody	187,138	113,322
Government securities of the company in custody	375	91,006
Assets in trust or mandate	81,662,031	42,012,609
Assets in custody or administration	127,568,041	83,898,888
Investments of the funds of the retirement savings system	1,549,650	2,432,075
Investment banking transactions for account of third parties, net	73,531,913	108,963,576
Amounts contracted in derivative instruments	4,773,036	3,468,424
Other memorandum accounts	400,330,153	188,337,963
	Ps 723,799,355	Ps 445,781,080
Repo transactions		
Securities receivable under repo agreements	Ps 206,569,993	Ps 152,761,214
Less: Payables under repo agreements	206,533,818	152,600,451
	Ps 36,175	Ps 160,763
Receivables under repo agreements	Ps 141,290,342	Ps 97,559,702
Less: Securities payable under repo agreements	141,283,559	97,666,592
	Ps 6,783	( Ps 106,890 )

NOTE 33 – SECURITIZATION:

As part of the policies established by the general management and treasury of BANORTE, there are various operations at fiscal year-end whereby assets have been transferred to a trust in order for that trust to issue securities to be placed among the investing public. The foregoing results in the right to the yields or proceeds of the sale of the assets traded (securitization), which is present within the investment in securities (see Note 8) as a restricted asset.

The main characteristics of these operations are:

Certificates of BANORTE have been successfully placed on the international financial market among foreign investors, through foreign financial entities. At year-end, the balances thereof amount to Ps 544,754 (Ps 2,525,952 in 2001), equivalent to 51,985 (260,913 in 2001) million US dollars. This transaction allowed BANORTE to long-term financing in US dollars, in reliance on the cash flows from the US dollar remittances acquired from our customers through the branch network.

The US dollar remittances and cash flows derived there from belong to a trust established in New York, in favor of the foreign investors. The terms of the securitized remittances mature in the year 2006. They were for seven years and monthly installments, principal are paid. However, there are some events; such as the multiple coverage of remittance deposits, which should not fall under a 5 to 1 ratio for more than 3 months in a given year. Which if they occurred could result in the advance cancellation of the financing.

The main characteristics of these securitizations are summarized below:

	2002	2001
CPOs - Series 1999-2A covering 300 certificates with a face value of US 250,000 dollars each (75,000,000 dollars) payable in a 5-year term at a fixed interest rate of 8.94%	Ps 343,598	Ps 497,938
CPOs - Series 1999-2B covering 100 certificates with a face value of US 250,000 dollars each (25,000,000 dollars) payable in a 7-year term at a fixed interest rate of 9.49%	199,089	225,938
CPOs - Series 1999-1 covering 800 certificates with a face value of US 250,000 dollars each (200,000,000 dollars) payable in a 7-year term at a variable interest rate equivalent to LIBOR plus 1.15%	-	1,797,199
Accrued interest payable	2,067	4,877
	<b>Ps 544,754</b>	<b>Ps 2,525,952</b>

In 2002, GRUPO recognized interest derived from these securitizations in the amount of Ps 90,607 (Ps 191,721 in 2001).

#### NOTE 34 – RISK MANAGEMENT:

The Chief Risk Office is responsible for the function of identifying, measuring, monitoring and reporting the various types of risk to which GRUPO is exposed.

The Chief Risk Office reports to the Chief Executive Officer of GRUPO, thereby complying with the provisions of Circular 1423, “Disposiciones de Carácter Prudencial en Materia de Administración Integral de Riesgos” (Rules for Prudent Comprehensive Risk Management), with regard to the independence of the Business Areas.

In order to maintain appropriate Risk Management, GRUPO has corporate organs that set lay down risk policies and strategies and that follow-up thereon by overseeing their performance proper.

The Risk Policy Committee was established within those corporate organs. In turn, GRUPO has the following approval committees:

- Central Credit Committee
- Central Recovery Committee
- Treasury Committee
- Asset and Liability Committee
- Product Committee
- Operation and Technology Committee
- Trust Business Committee
- Communication and Control Committee

The Chief Risk Office channels the Risk Management efforts of the following management offices:

- Credit Risk Control and Standards;
- Financial Risk Control and Standards;
- Loan Portfolio Risk Control;
- Review of Assets Subject to Risk;

At present, GRUPO has methodologies for risk management in its various areas such as credit, legal, liquidity, market and operations.

The main objectives of the Chief Risk Office are summarized below:

- Standardize risk control and measurement;
- Protect the institution's capital against unexpected losses from market transactions, credit bankruptcies and operation risks;
- Develop valuation models for the different type of risks;
- Establish procedures to optimize the loan portfolio management;
- Make a diagnosis based on Risk Management, availability and quality of risk information.

GRUPO has divided risk evaluation and management as follows:

1. Credit risk: Volatility of income due to potential loan losses from unpaid balances of creditors or counterparties.
2. Market risk: Volatility of income due to changes in the market which influence the valuation of positions on asset and liability operations or those resulting in contingent liabilities, such as: interest rates, exchange rates, price indexes, etc.
3. Operation risk: The potential loss due to failures or deficiencies in information systems, in internal controls or due to mistakes in the processing of operations.
4. Liquidity risk: The potential loss due to the impossibility to renew liabilities or to contract others in normal conditions for GRUPO, or the advanced or forced sale of assets at unusual discounts in order to face its obligations.
5. Legal risk: The potential loss due to the non-compliance with applicable legal and administrative rules, the issuance of unfavorable administrative and judicial resolutions and the application of fines, in connection with GRUPO's operations.

In December 2000, GRUPO concluded the implementation of the regulations established in Circular 1423 issued by the COMMISSION. The Board of Directors approved, in turn, the corresponding Risk Policies Manual.

GRUPO has continued updating and improving the policies and procedures for risk management in accordance with the objectives established and with the participation of all areas involved, continuously maintaining the diffusion of the manual, through presentations via satellite, organizational communications and the continuous updating of GRUPO's Intranet.

#### Market Risk

In order to use the same methodology for the calculation of market risks, for the establishment and control of internal limits, as well as for their corresponding disclosure to the investing public and corresponding authorities; the Board of Directors approved the use of Value Risk through historical simulation as the methodology to be applied.

The Value Risk methodology through historical simulation (VaR) is applied in GRUPO through the simulation of the effect of the last 500 historical scenarios on current portfolios of GRUPO exposed to variations of risk factors directly affecting their valuation (local interest rates, foreign interest rates, exchange rates, among others), using a 99% confidence level and a 10-day period for holding portfolios.

The quarterly average of the VaR of the financial instrument portfolio of GRUPO (banking and brokerage sector) including bonds, shares, money market transactions, interest rate swaps, forwards, futures, and other derivatives on and off the balance sheet, was as follows:

Million of constant pesos at December 31, 2002

	1Q02	2Q02	3Q02	4Q02
VaR to 10 days	235	135	143	204

The Value Risk for the fourth quarter of 2002 calculated under the foregoing premises is analyzed by sector as follows:

Million pesos	10-day VaR
Banorte	Ps 173
Bancen	117
Consolidated Banking Sector	204
Stock brokerage	2
Consolidated Group	204

The consolidated Value Risk for the Banking Sector as well as for GRUPO considers the correlations of all the risk factors that influence the valuation of portfolios; therefore, the arithmetical sum of the Value Risk per Institution may not coincide.

Furthermore, the Value Risk per risk factor of the instrument portfolio described for GRUPO, is as follows:

Million pesos	Total
Local interest rate	Ps 105
Foreign interest rate	94
Exchange rate	55
Capital	20
Eurobond prices	172
Total GRUPO	204

### Liquidity Risk

The Chief Risk Office has continued with the processes related to the updating and improvement of policies and procedures for risk management, especially in the case of liquidity risks. It has done this through the application of additional methodologies for the calculation of gaps, a wider and deeper analysis of the composition of assets and liabilities in the balance sheet, complemented with the calculation of financial ratios. These measures are intended to monitor the liquidity risk.

### Credit Risk

The Banking Sector of GRUPO has credit risk methodologies that include the best and most up-to-date international practices with regard to the identification, measurement, control and follow-up of this type of risk.

These methodologies permit determination of the current value of the portfolio loans, this is, the credit exposure. The calculation of credit exposure entails the generation of the cash flow of each of the credits, principal as well as interest, and subsequently discounting it. This exposure is sensitive to changes in the market, making the calculation under different economic scenarios easier.

The calculations of the probability of non-compliance are also considered, the severity of the loss and the modeling of borrowers to calculate credit risk measures. The probability of non-compliance is the probability that borrowers will not comply with their debt obligation with the bank in accordance with the terms and conditions originally agreed upon. The probability of non-compliance is based in transition matrixes calculated as from the migration of the borrowers in the different levels of risk rating. The severity of the loss is the percentage of total exposure estimated to be lost in case the borrower does not comply. The modeling of borrowers is focused on associating the future behavior of the borrower in relation to credit and market factors.

Among the significant results obtained from the foregoing are the expected and unexpected loss in a time horizon of a year, as well as the analysis of credit concentration and quality. The expected loss is the mean of loss distribution of the loan portfolio. The unexpected loss is the maximum loss, given the loss distribution at a specific confidence level.

With respect to the rating methodology, in 2001 GRUPO obtained the certification of its internal methodology (Internal Risk Rating - CIR) from the COMMISSION. Through this methodology it is possible to obtain the debtor ratings of the customers with a balance equal to or greater than seven hundred investment units.

At December 31, 2002, the credit VaR to be considered for the current and past due loan portfolio of GRUPO is summarized below:

Millions of pesos	Total
Expected loss	Ps 3,688
Current portfolio	582
Past due portfolio	3,107
Unexpected loss	2,440

### Operation and Legal Risk

Policies and procedures have been defined in order to identify, measure and calculate the operation risk of GRUPO. The analysis of the operation risk includes the possible contingencies from operations with lending, borrowing, credit and debit cards, ATMs, and general cash operations as well as operation centers.

The operation risk of the Electronic media sub-direction, lending operations, borrowing operations, Operating support and Banking services is analyzed considering the following items: Internal control, process control, liquidation and custody.

Likewise, policies and procedure have been defined to manage and control the legal risk, for their measurement and analysis. Legal risk reports include the expected loss in lawsuits in process and a reserve is set up to cover contingencies.

### NOTE 35 – RELATED PARTIES:

GRUPO follows the practice of identifying those balances and transactions carried out with parent, subsidiary and associated companies which were eliminated for purposes of presentation of the consolidated financial statements, as well as for those companies that do not consolidate. The amounts thereof are immaterial.

### NOTE 36 – SEGMENT INFORMATION:

In order to analyze the financial information of GRUPO the most significant information is presented as of December 31, 2002.

a. The amounts by service sector of GRUPO are summarized below:

	2002
<b>Banking sector:</b>	
Net income	Ps 1,882,315
Stockholders' equity	10,442,879
Total portfolio	153,081,974
Past due portfolio	4,736,502
Allowance for loan losses	5,587,804
Net total assets	195,900,372
<b>Brokerage sector:</b>	
Net income	Ps 80,088
Stockholders' equity	325,874
Portfolio in custody	125,103,234
Net total assets	453,067
<b>Long-term savings sector:</b>	
Net income	Ps 323,912
Stockholders' equity	1,369,521
Net total assets	7,732,972
<b>Auxiliary credit organizations sector:</b>	
Net income	Ps 81,893
Stockholders' equity	474,329
Total portfolio	2,988,878
Past due portfolio	35,124
Allowance for loan losses	20,922
Net total assets	3,775,229

b. The current loan portfolio grouped by economic sector and geographic area is the following:

2002							
Geographic Area							
Economic Sector	Monterrey	Mexico City	West	Northwest	Northeast	Southeast	Total
Agriculture	Ps 269,895	Ps 3,435	Ps 243,395	Ps 241,660	Ps 193,465	Ps 6,299	Ps 958,149
Mining	139,831	28,758	11,126	2,269	46,871	14,819	243,674
Manufacturing	5,173,595	2,065,748	1,080,711	315,572	817,590	107,642	9,560,858
Construction	584,321	634,514	212,738	374,499	152,777	55,347	2,014,196
Energy, gas and water	598	5,507	1,002	1,800	2,443	1,524	12,874
Commerce, restaurants and hotels	2,006,818	1,888,307	1,387,669	1,061,298	1,062,062	664,615	8,070,769
Transportation and communications	964,856	1,138,423	50,739	46,554	73,016	47,694	2,321,282
Financial services	1,608,948	3,925,616	182,065	148,396	43,696	40,579	5,949,300
Community, social and personal services	814,279	1,131,246	311,127	236,167	466,610	260,810	3,220,239
Professional, civic, political and mercantile association	9,501	24,749	3,082	1,308	3,413	2,082	44,135
Public administration Services	1,991,929	10,249,972	247,310	532,718	900,460	1,059,571	14,981,960
Subtotal current loan portfolio							47,380,046
Credit card							1,578,190
Mortgage loans							12,151,817
Leasing loans							735,776
Factoring loans							2,217,978
Loans to FOBAPROA or IPAB, ADE, FOPYME and FINAPE							85,895,193
Total current loan portfolio							Ps 149,959,000

c. Past due loan portfolio grouped by economic sector and geographic area is summarized as shown below:

2002							
Geographic Area							
Economic Sector	Monterrey	Mexico City	West	Northwest	Northeast	Southeast	Total
Agriculture	Ps 14,047	Ps 4,799	Ps 16,856	Ps 13,422	Ps 143,826	Ps 1,171	Ps 194,121
Mining	265,703	14,218	742	-	406	-	281,069
Manufacturing	802,378	162,581	123,477	17,342	28,143	3,349	1,137,270
Construction	34,075	2,997	5,570	5,064	23,469	1,161	72,336
Energy, gas and water	65	42	77	178	1,490	1	1,853
Commerce, restaurants and hotels	113,094	94,234	121,402	39,380	217,863	99,099	685,072
Transportation and communications	21,906	9,806	3,050	3,338	17,568	3,761	59,429
Financial services	8,273	4,239	3,924	2,110	9,380	1,891	29,817
Community, social and personal services	122,976	30,368	28,588	15,633	52,716	12,886	263,167
Professional, civil, political and mercantile association	140	39	94	97	234	134	738
Public administration Services	1	-	-	7,729	-	-	7,730
Others	-	77	-	86	-	-	163
Subtotal past due loan portfolio							2,732,765
Credit card							84,097
Mortgage loans							1,919,640
Leasing loans							22,697
Factoring loans							12,427
Total past due loan portfolio							Ps 4,771,626

d. Deposits by product and geographic area are as follows:

Product	2002 Geographic Area						Direction Areas	Total
	Monterrey	Northwest	Mexico City	West	Northwest	Southeast		
Non-interest bearing								
checking (DC)	Ps 4,786,227	Ps 2,877,444	Ps 3,378,473	Ps 2,612,935	Ps 2,024,534	Ps 1,853,409	Ps 381,138	Ps 17,914,160
Interest bearing								
checking (DC)	4,134,284	3,137,280	4,401,437	2,762,954	2,061,208	2,042,290	( 31,305 )	18,508,148
Savings accounts	8,904	12,462	1,877	2,811	1,109	4,278	3	31,444
Current accounts	1,634,154	1,437,646	1,289,528	1,021,371	1,683,044	1,371,140	14,315	8,451,198
Fixed term deposits	31,339	26,335	10,521	7,830	3,733	6,049	92	85,899
Interest-bearing								
demand deposits	1,388,133	1,058,075	736,747	595,498	1,910,116	139,359	( 26,538 )	5,801,390
<b>Total</b>	<b>11,983,041</b>	<b>8,549,242</b>	<b>9,818,583</b>	<b>7,003,399</b>	<b>7,683,744</b>	<b>5,416,525</b>	<b>337,705</b>	<b>50,792,239</b>
Cedes	-	300	-	-	18,441	-	-	18,741
Promissory notes with								
yield at maturity	4,520,270	4,436,951	5,117,778	3,435,156	2,945,251	3,092,249	1,975	23,549,630
Time deposits (USD)	866,466	1,198,672	635,216	1,194,630	782,346	450,752	14,838	5,142,920
<b>Total traditional source</b>	<b>17,369,777</b>	<b>14,185,165</b>	<b>15,571,577</b>	<b>11,633,185</b>	<b>11,429,782</b>	<b>8,959,526</b>	<b>354,518</b>	<b>79,503,530</b>
Money desk customer	5,299,097	2,590,568	2,797,025	2,397,974	1,696,417	1,771,249	409,812	16,962,142
	22,668,874	16,775,733	18,368,602	14,031,159	13,126,199	10,730,775	764,330	96,465,672
Intermediary Cedes								
(DC and UDIS)	-	-	-	-	-	-	3,327,766	3,327,766
Intermediary promissory note	-	-	-	-	-	-	39,348,022	39,348,022
<b>Total intermediaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,675,788</b>	<b>42,675,788</b>
Bank bonds	-	-	-	-	-	-	1,250,000	1,250,000
<b>Total financial intermediaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,925,788</b>	<b>43,925,788</b>
<b>Total deposits</b>	<b>22,668,874</b>	<b>16,775,733</b>	<b>18,368,602</b>	<b>14,031,159</b>	<b>13,126,199</b>	<b>10,730,775</b>	<b>44,690,118</b>	<b>140,391,460</b>
FOBAPROAchecking (DC)	-	-	-	-	-	-	2,340,839	2,340,839
FOBAPROAchecking (USD)	-	-	-	-	-	-	32,043	32,043
Accrued interest							517,123	517,123
<b>Total</b>	<b>Ps 22,668,874</b>	<b>Ps 16,775,733</b>	<b>Ps 18,368,602</b>	<b>Ps 14,031,159</b>	<b>Ps 13,126,199</b>	<b>Ps 10,730,775</b>	<b>Ps 45,239,284</b>	<b>Ps 143,281,465</b>

DC (Domestic currency)